August 2020
Economic and Fiscal Update

ACT Government

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Government

GUIDE TO THE BUDGET PAPERS

August 2020 Economic and Fiscal Update

In light of rapidly evolving economic conditions, in late March 2020, all Australian governments undertook to defer the delivery of their 2020-21 budgets. This Economic and Fiscal Update serves to provide an overview of the current state of the Territory's economy and highlights the ACT Government's various responses to the COVID-19 pandemic.
Full consolidated financial statements are included in this Update.

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CHAPTER 1

Introduction

1.1 INTRODUCTION

Under normal circumstances, the Treasurer would deliver the Territory's annual budget in June. However, consistent with the position of all State and Territory Governments and the Commonwealth to not present a budget at this time, on 18 June 2020 the ACT Legislative Assembly passed a resolution to delay the 2020-21 Budget and Appropriation Bills until after the 2020 ACT Election.

On 18 June 2020, the Treasurer presented a Ministerial Statement on the ACT Economic Response to COVID-19 to the ACT Legislative Assembly. This Ministerial Statement outlined the various steps the Government has undertaken in response to the COVID-19 pandemic, including:

- providing information on the economic stimulus and recovery packages put in place to provide immediate support to the ACT community;
  - outlining the context to the decision to delay the 2020-21 Budget and appropriation bills and the need to increase supply funding;
  - reinforcing the importance of maintaining financial accountability and transparency; and
  - advising that the Government would release an Economic and Fiscal Update in late August 2020.

On 18 June 2020, the *Financial Management Act 1996* was also amended to increase the amount of funding available during the 2020-21 supply period to 100 per cent of the appropriation available in 2019-20.

Increasing the available supply was a vital step in ensuring the ongoing operations of government during these unusual times. In normal years, the supply period lasts two to three months and the *Financial Management Act 1996* provides for funding equivalent to 50 per cent of the appropriation provided by appropriation acts in the year immediately prior. By contrast, the supply period in 2020-21 is likely to last between six to nine months.

The Economic and Fiscal Update is an important element of the revised financial management arrangements put in place as a result of the need to delay the 2020-21 Budget. Budgets include more than new funding announcements – they also include a range of performance and accountability requirements. For this reason, as part of the resolution to delay the 2020-21 Budget, the ACT Legislative Assembly acknowledged that some amendments would be required to the reporting requirements prescribed by the *Financial Management Act 1996* and that alternative measures would be required until a budget could be presented.

Accordingly, from now until the presentation of the 2020-21 Budget, Economic and Fiscal Update estimates will be used as interim reporting measures where the *Financial Management Act 1996* normally prescribes the use of budget data. This includes important public reporting such as the Territory's Quarterly Consolidated Financial Statements and Capital Works Reporting. The August 2020 supply instrument (included in this document) details funding provided to agencies to carry out their operations in 2020-21 for the full year, including all new policy decisions outlined in this document. Sound financial process and controls remain in place, including the responsibility of Directors-General and Chief Executives to ensure the efficient and effective use of resources under their responsibility.

This update, and the impact of policy and parameter changes, incorporate activities up to 24 August 2020. The estimates have also been updated to reflect the financial impact of the Commonwealth's Economic and Fiscal Update delivered on 23 July 2020.

The financial statements included in this document are consistent with the requirements of the Uniform Presentation Framework. The 2019-20 interim actual outcome is used in the financial statements and elsewhere in the document where possible. For some items, including initiative descriptions, the 2019-20 estimated outcome is used instead, reflecting that the interim actual outcome contains information at a higher level of disaggregation.

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

2020 has been an extremely challenging year for the ACT. The year started with significant environmental events that tested the resilience of the community – the Orroral Valley bushfire, relentless smoke haze, and the worst hailstorm to hit an urban Australian area this century. This was all a prelude to a once-in-a-generation health and economic crisis has upended life as we know it.

The Economic and Fiscal Update presents an update on the Territory's economic conditions and whole-of-government statements. The Territory is the first jurisdiction in Australia to provide updated estimates across the entire four-year forward estimates period. It is a very difficult time to be undertaking economic forecasting, but it is necessary to start considering the medium-term impacts on the ACT Budget position to allow us to plan for the future.

We undertake this task aware that we remain in the middle of a global pandemic and there remains significant uncertainty. Here in the ACT, we are in one of the strongest positions around the world, due to our decisive early steps to reduce the risk of transmission, while supporting our economy and protecting jobs. Nonetheless, the pathway for recovery will not be smooth and it will not be easy.

The Economic and Fiscal Update details initiatives delivered by the Government to support the Territory in responding to the COVID-19 pandemic. It also includes an update to the Government's fiscal and budget strategy in light of the significant changes arising from the pandemic. It is supported by the ACT Jobs and Economic Recovery Plan –outlining how we will continue to protect and create jobs.

When our city faced the COVID-19 pandemic, the ACT Government dedicated hundreds of millions of dollars to support workers, households and businesses. The Government made sure our health system was ready for whatever lay ahead, and created new jobs in the ACT Public Service to support Canberrans that were left behind by Jobkeeper.

COVID-19's health and human toll is significant and ongoing, with hundreds of thousands of deaths, and many more affected by the loss of employment or underemployment.

As at the time of writing on 25 August 2020, Australia has suffered 510 deaths, and while the Territory has not emerged unscathed, with three deaths and 110 recovered cases; our relatively good outcomes are the result of actions taken by Government and our community to contain the spread of the virus.

This update also includes information on the Government's 2020-21 Capital Works Program and Indicative Land Release Program. A 12-month procurement pipeline will also be released, further assisting businesses in the construction, technical and professional services industries to plan with certainty.

Similarly, the Economic and Fiscal Update reaffirms and strengthens support provided for local businesses and outlines the continuation and expansion of key community sector programs and funding arrangements. Our focus remains the same as it has been throughout this health and economic crisis:

- *Investing in Health and Essential Services*
- *Keeping Canberrans Employed*

- *Supporting Businesses, Jobs and the Economy*
- *Supporting Families and Households*

CHAPTER 2

Economic Outlook

2.1 ECONOMIC OVERVIEW

The COVID-19 pandemic, and the resulting necessary public health actions taken by governments to contain the spread of the virus, have caused the largest disruptions to economic activity and people movement across the globe in the post-war period.

While both the ACT and Australia are expected to experience more moderate economic contractions than many economies, Australian GDP is estimated to have fallen by around 7 per cent in the June quarter 2020, the largest quarterly fall on record, pushing the national economy into the first recession in three decades.

It is important to recognise that if governments had not taken necessary measures to contain the spread of the virus, the economic impacts would likely have been significantly larger and longer lasting.

Economic activity in the ACT, as measured by State Final Demand, is expected to contract by around 6 per cent in the June quarter 2020, although there is significant uncertainty around the effects of changes in the level of Commonwealth spending in the ACT, given changes in the Commonwealth's policy settings in response to the crisis.

This may be the largest quarterly contraction on record and reflects the severity of the restrictions required to prevent the spread of the virus.

The combination of social distancing measures and restrictions on the movement of people and certain types of business activity led to significant increases in unemployment from mid-March through to June 2020.

The impacts of the crisis have been felt unevenly across the economy with industries directly impacted by trading restrictions related to social distancing and border closures experiencing the most significant initial impacts.

Workers in hospitality, the arts, and tourism-related industries suffered the largest job losses following the progressive implementation of Stage 2 restrictions from mid-March. By contrast, business services industries, public administration and construction had limited or no job losses.

As the pandemic evolves, so will the requirement for restrictions and social distancing. Our success in containing the virus will determine the ultimate scale of the disruption to economic activity and the resultant job losses and impacts on ACT businesses.

Over time, the pandemic and necessary health regulatory responses are likely to have secondary effects on the economy through reductions in business and consumer confidence and through lower aggregate demand as lockdowns reduce economic activity and income levels. These effects are highly uncertain.

Importantly, however, the ACT entered this health crisis with a very strong economy; the lowest unemployment rate in the nation at 2.7 per cent in February; and significant fiscal capacity to respond to the crisis.

State Final Demand increased by 2.1 per cent in the March quarter 2020, following solid quarterly growth over the second half of 2019.

While economic and employment growth was strong leading into the crisis, population growth had begun to slow over the year to December 2019 and will have slowed further as a result of border restrictions affecting people movement.

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 only reflect natural increases in the coming months until borders reopen.

Our economic and parameter assumptions assume borders will reopen from July 2021, with migration and overseas travel slowly returning from then.

Employment in the ACT has been severely affected by the COVID-19 outbreak, resulting in around 10,500 lost jobs over the period between April and May 2020, with female employees accounting for more than a half of the fall.

The industries directly affected by COVID-19 restrictions, notably accommodation and food services as well as arts and recreation, have experienced the sharpest contractions in employment.

Young people, particularly those who mostly work in hospitality-related industries, have also been heavily impacted by the restrictions implemented to contain the virus outbreak.

Encouragingly, more than 50 per cent of the jobs lost in April and May have since been regained in June and July. As the virus was quickly contained in the ACT, restrictions have also been able to be eased progressively and the ACT moved to stage 3.1 restrictions on 10 August 2020. Easing restrictions has helped to limit the economic damage and supported a recovery in confidence and economic activity.

Overall, employment in July is now around 2 per cent below the level in March. Female employment rose by 3,800 people in June and July, reversing around 70 per cent of the decline in female employment in April and May, while male employment rose by 1,900 people, reversing around 40 per cent of the decline in April and May.

Weekly ABS payroll data showed a solid and steady recovery in the number of payroll jobs for people under 20 over the months of May to July 2020. As a result, around two-thirds of the lost jobs in the accommodation and food services industry as well as arts and recreation industry were regained by July 2020.

Economic conditions in the ACT and in Australia have improved following the gradual easing of the restrictions from May 2020, supported by significant Commonwealth and ACT government fiscal stimulus and monetary policy measures. This is expected to lead to a gradual recovery in economic activity in the ACT from the September quarter 2020 relative to the June quarter 2020.

International visitors are expected to gradually increase following the lifting of international border restrictions over the course of 2021. Employment is expected to rise further as demand starts to pick up, although the tightening of the JobKeeper program may limit the increase in employment in 2020-21. The heightened restrictions in Victoria in response to the second COVID-19 outbreak are expected to affect the ACT economy through supply chain impacts and by reducing confidence, consumer spending and dampening investment by the private sector.

There is a demonstrated correlation between the effectiveness of the health response of governments and business and consumer confidence. In May and June 2020, business and consumer confidence saw a strong recovery as the spread of the virus was brought under control and states and territories began to gradually lift restrictions. The outbreak in Victoria and community transmission in New South Wales have subsequently had a negative impact on confidence in July and August 2020. Private investment will be reduced in the short term and increased public expenditure is necessary to protect and create jobs.

While a gradual economic recovery is underway, the shape and pace of the recovery remains highly uncertain as it depends on the cumulative efforts by the Government and community to successfully contain the virus. Further outbreaks of the virus and associated restrictions on activity, in addition to that reflected in the baseline forecast, are the key risks and ultimately the key determinants of activity, jobs and the economic outlook.

Assumptions

Box 2.1.1: Key assumptions

The COVID-19 pandemic is a health crisis which not only had a significant impact on the ACT economy in 2019-20, but also has significant implications for the ACT's economic outlook over the forward estimates. Moreover, uncertainty about the pace at which the ACT, Australian and global economies will resume activity following the lifting of restrictions pose further downside risks.

The Government's successful containment activity has resulted in one of the lowest number of cases in the country. This has enabled the Government to cautiously ease restrictions at close to the original timeline agreed by National Cabinet. Further information on easing of the ACT's COVID-19 restrictions is available on the COVID-19 website: https://www.covid19.act.gov.au/community/canberra-recovery.

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

- Restrictions in the ACT will be lifted in accordance with the three step process outlined following National Cabinet on 8 May 2020.
- Economic activity gradually resumes from the September quarter 2020 and social distancing rules are relaxed by July 2021.
- The recent outbreaks of COVID-19 in Victoria and New South Wales will not delay the re-opening of the ACT economy although confidence is impacted. The Victorian borders with New South Wales and South Australia are assumed to be closed until the situation improves; however, freight is assumed to be allowed to pass between the states along with essential travel.
- International border restrictions to be lifted from 1 July 2021 with international visitors gradually increasing following the lifting of restrictions. A two-week quarantine period is required on arrivals to Australia, in-line with national requirements. This is a less optimistic scenario than envisaged by the Commonwealth assumption of borders re-opening from 1 January 2021, but is in-line with the Reserve Bank of Australia's (RBA) assumption of borders re-opening from mid-2021. Note that for international borders to re-open implies that a vaccine is broadly available.
- Net overseas migration, which has been significantly affected by international travel restrictions and constraints on the ability of applicants to meet visa application requirements, is assumed to be a major drag on the ACT's population growth and therefore future state final demand.
- The baseline economic scenario assumes the ACT avoids a second wave of COVID-19 transmission.

2.2 ACT ECONOMIC OUTLOOK

As noted, the economic outlook for the ACT is highly uncertain and dependent on the evolution of the virus and the public health responses to it.

This is an extremely difficult time to undertake economic forecasting.

As a result, the economic parameters presented in this chapter reflect a baseline scenario derived from the set of plausible key assumptions set out in Box 2.1.1, rather than the central case forecasts normally presented in Budget documents.

There are a range of alternative plausible assumptions that would result in potentially quite different economic parameters. The *Alternative Scenarios and Risks* section presents the implications of alternative upside and downside scenarios.

As is the case in budget documents, the projections for key economic parameters are based on the technical assumption that growth rates of all parameters will converge to their long run average rate of growth in the final projection year (2023-24), stepping from the final forecast year in 2021-22 to the long run average in 2023-24, rather than modelled forecasts.

In recent budgets, a 15-year average has been used; however, following a review foreshadowed in the 2019-20 Budget Review, a 5-year average is now being used reflecting the RBA confirmed extended period of low interest rates. It is also anticipated that prices and wages will remain subdued as the economy recovers from the impacts of the COVID-19 pandemic.

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

Faster progress in controlling the virus in the near term would strengthen consumer and business confidence and could see a stronger economic recovery in the ACT than assumed under the baseline scenario.

On the other hand, more severe outbreaks leading to the rapid spread of the virus across jurisdictions, similar to the scale of the Victorian outbreak, would require tightening of restrictions, lowering cross border activity. If this were accompanied by a widespread resurgence in infections internationally in the short term, this could slow the economic recovery path for the ACT. Recovery in international tourism and education, key drivers of growth in the ACT, would be delayed and consumer and business confidence would likely be adversely affected, reducing spending and investment.

Table 2.2.1: Economic parameters, baseline forecasts, percentage change

	Actual	Estimate	Forecast		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACT						
Gross State Product[1]	3.0 (-1.25)	**1½ (-1½)**	-1½ (-4½)	4 (1)	3½	3¼
Employment[3,4]	1.5 (-0.5)	**-0.6 (-2.6)**	-¼ (-1¾)	3¼ (1¾)	2½ (¼)	2
Wage Price Index[4,5,6]	2.2 (-0.05)	**2 (-½)**	1½ (-1)	1¾ (-1)	2 (-1)	2
Consumer Price Index[4,5]	1.7 (-0.3)	**-0.6 (-2.6)**	3 (1)	1¼ (-1)	1½ (-1)	1¾
Population[5]	1.5 (-0.5)	**¾ (-¾)**	1 (-¾)	1¼ (-½)	1½ (-¼)	1¾
Australia						
Gross Domestic Product[1,2,7]	2.0	**-¼ (-2½)**	-2½ (-5¼)	n/a	n/a	n/a

Sources: ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate; Commonwealth Economic and Fiscal Update July 2020 and Commonwealth Mid-Year Economic and Fiscal Outlook 2019-20.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters. Projections for key economic parameters are based on the technical assumption that growth rates of all parameters will converge to their 5-year average rate of growth in the final projection year (2023-24). Numbers in brackets for ACT parameters represent the change from the ACT 2019-20 Budget Review.

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

Gross State Product

Under the baseline scenario, the ACT's Gross State Product (GSP) is expected to slow to 1½ per cent in 2019-20 as economic activity, measured by State Final Demand, is expected to have fallen by around 6 per cent in the June quarter 2020, following a strong 2.1 per cent increase in the March quarter 2020.

The ACT economy is expected to contract by 1½ per cent in 2020-21, despite economic activity starting to pick-up gradually from the September quarter 2020 relative to the June quarter 2020, in line with the easing of the restrictions.

The heightened restrictions in Victoria in response to the second COVID-19 outbreak is likely to affect the ACT economy through supply chain impacts and confidence (Box 2.2.1).

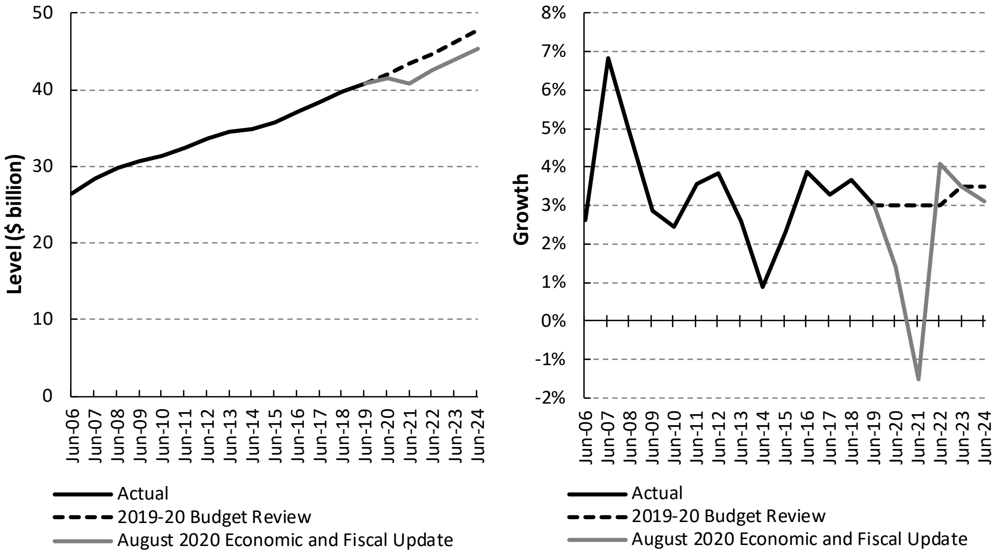
In a departure from our usual forecasting practice, GSP growth rates were estimated using the production approach. This was primarily due to the availability of employment and business activity data by industry, from which the COVID-19 impact could be estimated.

It has not been possible to reliably estimate GSP in the ACT using the expenditure approach due to uncertainty around estimating the impacts with limited data, in particular, for government consumption and total investment. Consequentially, this Update does not include estimates of State Final Demand.

GSP is expected to grow by 4 per cent in 2021-22, supported by a gradual increase in international visitors on the assumption that international border restrictions are lifted from 1 July 2021, before returning to the 5-year average growth of 3¼ per cent by 2023-24.

While the growth rate of GSP is expected to recover quickly as restrictions ease, the level of GSP is expected to remain below that estimated at the time of the 2019-20 Budget Review (Figure 2.2.1).

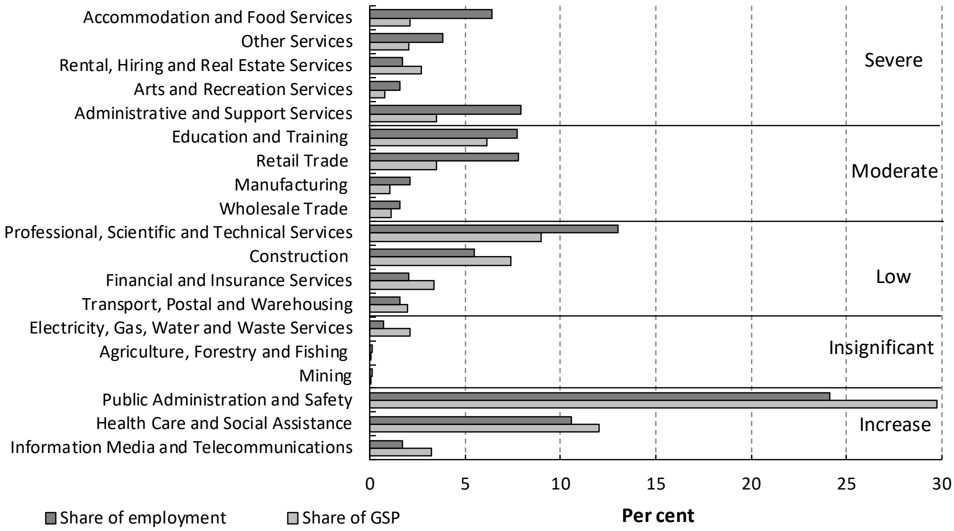
Figure 2.2.1: Gross State Product (GSP), ACT



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

The impact of COVID-19 on the ACT economy has been felt differently across industries. Further reinforcing the importance of targeted support. Those directly impacted by restrictions are expected to experience more severe negative impacts. Public administration and safety, health care and social assistance are expected to see increased government spending associated with managing the public health crisis and administering government stimulus and income support packages (Figure 2.2.2).

Figure 2.2.2: Share of employment and Gross Value Added intensity of COVID-19 impacts on the ACT



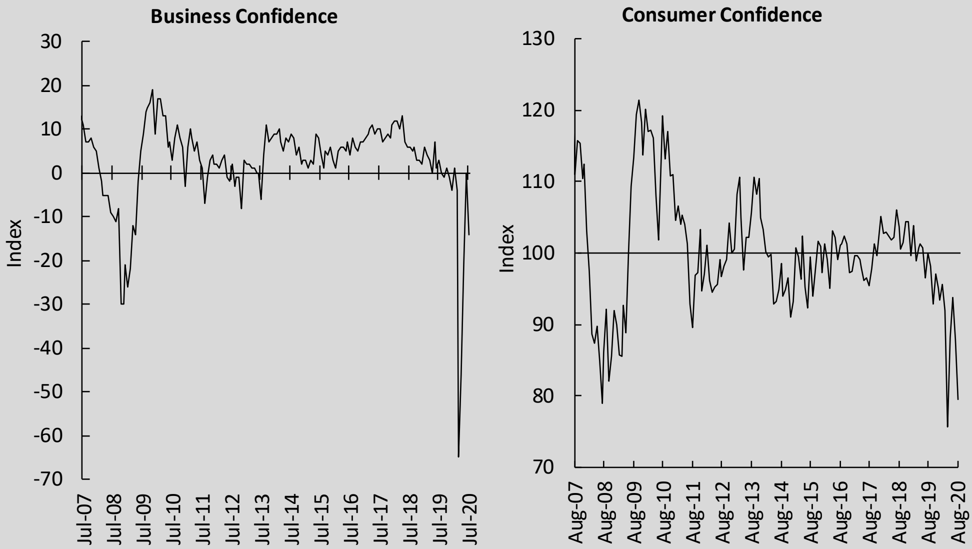
Sources: Chief Minister, Treasury and Economic Development Directorate's estimates; ABS Cat. No. 6202.0, 5220.0 and 6160.0.55.001

Notes: Legend for intensity of negative impact *Insignificant* = 0-5 per cent; *Low* = 5-10 per cent; *Moderate* = 10-20 per cent; *Severe* = 20-30 per cent; and *Increase* = positive impact 0-5 per cent

Box 2.2.1: Business and Consumer Confidence

The COVID-19 outbreak and containment measures implemented to curb its spread led to unprecedented falls in business and consumer confidence across the country, causing significant declines in household consumption, dwelling investment and business investment.

Figure 2.2.3: Business and Consumer Confidence



Sources: NAB Business Sentiment, July 2020 and Westpac-Melbourne Institute Consumer Sentiment, August 2020

Business confidence fell sharply in March 2020 and was well below the levels seen during the 2008 global financial crisis (GFC) and the 1990 recession. The COVID-19 containment measures introduced in late March to limit the growing infections led to the closure of businesses and restricted operations across industries.

Despite the stimulus measures announced by the Commonwealth and state and territory governments and monetary policy measures taken by the RBA, business confidence continued to drop in April 2020, leading to a significant deterioration in the labour market in March and April 2020, with over 870,000 people being laid off nationwide during the two-month period, including 10,500 Canberrans.

Consumer confidence also fell sharply in April 2020, although the introduction of JobKeeper likely prevented an even more significant fall. This was reflected in retail turnover which fell by 14.9 per cent in the ACT and by 17.7 per cent nationally that month. In May and June 2020, business and consumer confidence saw a strong recovery as the spread of the virus was brought under control and states and territories began to gradually lift restrictions. This led to retail turnover in the ACT rising by 12.2 per cent in May and by 3.8 per cent in June. However, the recent coronavirus outbreak in Victoria and increasing numbers of cases of community transmission in New South Wales, along with the associated restrictions including closure of interstate borders, has led to significant declines in business and consumer confidence in July and August 2020, unwinding more than half of the gains in May and June 2020.

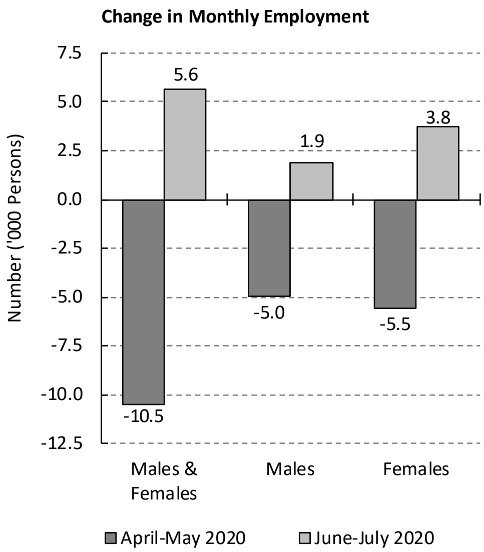
Labour Market

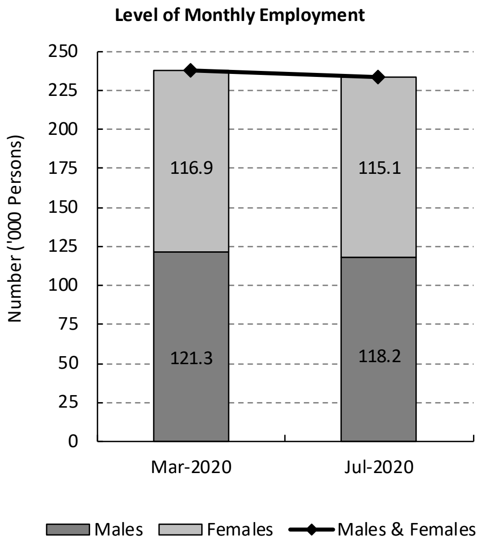
The impact of restrictions in the ACT has been less severe than experienced nationally, with ACT's employment falling by 0.6 per cent in 2019-20, compared to a 3.9 per cent fall nationally.

As restrictions were eased in the ACT, employment improved in July and is now only around 2 per cent below the level in March as the crisis hit.

Female employment, initially more severely impacted, rose by 3,800 persons in June and July, reversing around 70 per cent of the decline from April and May. Male employment rose by 1,900 persons, reversing around 40 per cent of the decline from April and May.

Figure 2.2.4: Change in monthly employment since March 2020, ACT

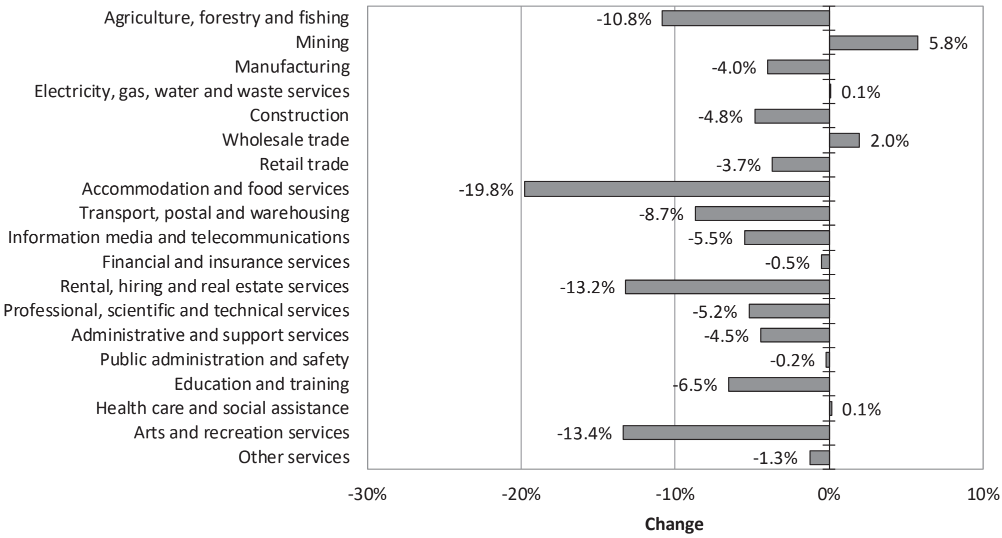




Source: ABS cat No. 6202.0

Weekly payroll jobs increased by 3.6 per cent from the low point at the end of April to the end of July. The recovery is, however, uneven across industries, with the number of payroll jobs still 4.5 per cent below levels in mid-March, when Australia recorded its 100th confirmed COVID-19 case (see Figure 2.2.5).

Figure 2.2.5: Change in payroll jobs by industry from week ending 14 March to week ending 25 July 2020, ACT



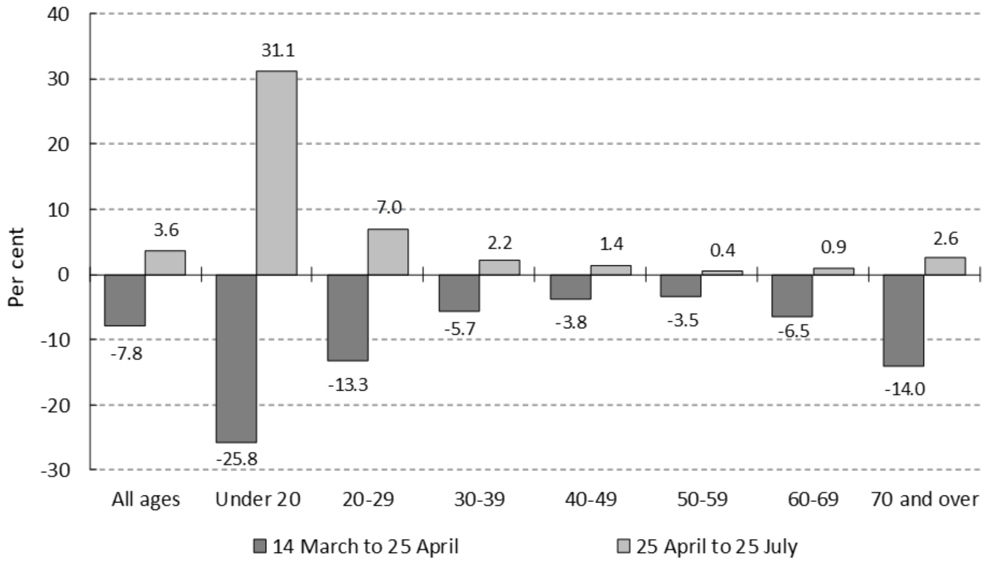
Source: ABS Cat. No. 6160.0.55.001

Furthermore, weekly data has shown improvements in payroll jobs across all age groups since the low point in late April 2020, with young people experiencing the largest improvement in recent weeks. The number of payroll jobs worked by people aged under 20 has increased by 31.1 per cent from the end of April to the end of July and it is now only 2.8 per cent below the level in mid-March (Figure 2.2.6).

This steady recovery in the number of payroll jobs for people aged under 20 between May and July 2020 resulted in around two-thirds of the lost jobs in the accommodation and food services industry as well as arts and recreation being regained by July 2020.

Looking forward, the success of actions to manage the spread of the virus and invest in training and skills development will determine employment outcomes for young employees in frontline industries.

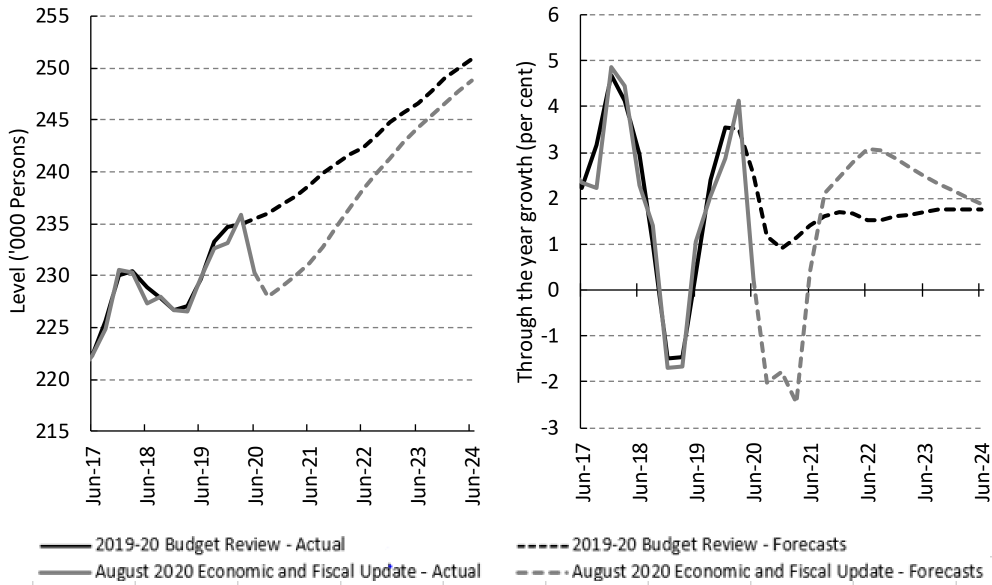
Figure 2.2.6: Change in payroll jobs by age group - week ending 25 April to 25 July 2020, ACT



Source: ABS Cat. No. 6160.0.55.001

While employment is expected to pick up slowly from the September quarter 2020, under the baseline scenario employment will contract by a ¼ of a percentage point in 2020-21. As a result of COVID-19, the level of employment in is not expected to return to the level seen in June 2020 (Figure 2.2.7). In part, this is due to the economic impact of the stage four restrictions in Victoria in response to the second COVID-19 outbreak and the impact of the tightening of the JobKeeper program, which will see income support progressively removed. The Victorian outbreak, including interstate border restrictions, will directly affect domestic tourism in the ACT, while disruptions to supply chains in Victoria will limit the supply of some goods and services dampening interstate trade.

Figure 2.2.7: Employment levels will remain lower than pre COVID-19 across the forward estimates



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

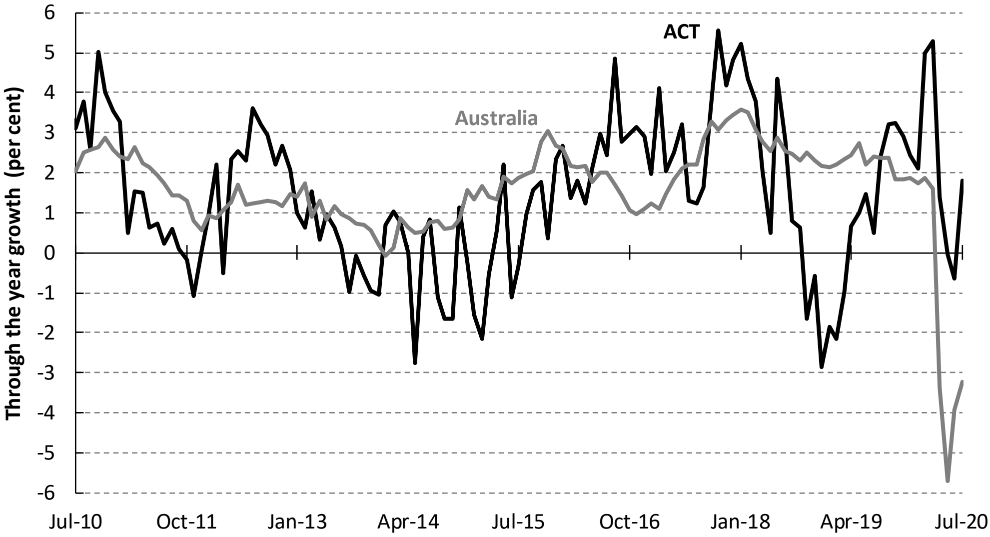
Employment is projected to recover strongly from 2021-22, growing by 3¼ per cent, in line with further improvements in the ACT's labour market conditions, and with growth returning to the 5-year average growth rate of 2 per cent in 2023-24.

Although employment is expected to outstrip growth in population, the employment-to-population ratio will remain lower than it was prior to the pandemic (69.8 per cent in March 2020).

The unemployment rate is expected to remain elevated in the short-term, peaking in the December quarter 2020, before falling gradually to the end of the projection period.

However, for the entire projection period unemployment will remain above the pre-COVID rate of 3.2 per cent in March 2020. This recovery is broadly consistent with the forecast trajectory anticipated by official forecasts for the national economy, reflecting a similar percentage point decline in employment in the ACT as seen nationally, despite the ACT entering the crisis from a stronger position (Figure 2.2.8).

Figure 2.2.8: Employment, ACT and Australia



Source: ABS Cat. No. 6202.0

Wage Price Index

Growth in the Wage Price Index (WPI) moderated to 2.0 per cent in 2019-20, reflecting the deferral of wage increases in the Australian Public Service (APS) and reductions in private sector wages paid by informal enterprise agreements in the June quarter 2020 as a result of the COVID-19 pandemic.

The detrimental impact of the pandemic on business has also seen a temporary reduction in wages for a number of highly paid jobs in the private sector experiencing a temporary wage cut.

However, given the relative size of the private sector in the ACT, this effect on the Territory's private sector wages was less than the impacts in the national data in the June quarter 2020.

Despite moderating, the ACT's wage growth of 2.0 per cent in 2019-20 was stronger than the national average of 1.8 per cent, underpinned by a relatively low level of spare capacity in the Territory's labour market prior to the crisis. In addition, the stability of wages paid by employers in the ACT appeared to be higher than was the case nationally during the pandemic period.[1]

Wage growth is expected to moderate to 1½ per cent in 2020-21 under the baseline scenario, mainly due to the deferral of wage increases in the Australian Public Service (APS) and expected low wage growth in the private sector.

WPI growth is then estimated to increase to 1¾ per cent in 2021-22, before stabilising at the 5-year average growth of 2 per cent in 2022-23 and 2023-24.

[1] ABS Cat. No. 6160.0.55.001 - Weekly Payroll Jobs and Wages in Australia, Week ending 25 July 2020

Consumer Price Index (CPI)

The CPI in the ACT fell by 0.6 per cent in 2019-20, largely due to the provision of free childcare over most of the June quarter 2020 as part of the Commonwealth Government stimulus package, and a significant fall in petrol prices to around $1 per litre.

The CPI is forecast to increase by 3 per cent in 2020-21 following the reintroduction of childcare fees from 13 July 2020 and a gradual rebound in petrol prices over the course of 2020-21.

The CPI is expected to be subdued over the projection period, largely reflecting the disinflationary effects from the spare capacity in the labour market and in the economy more generally, growing slowly from 1¼ per cent in 2021-22 to return to the 5-year average of 1¾ per cent in 2023-24.

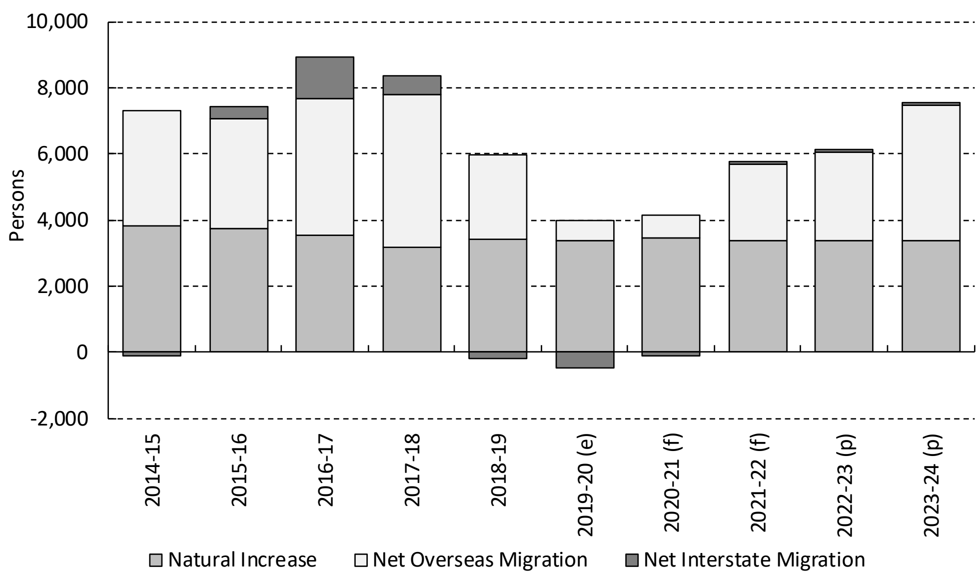
Population

The resident population for the ACT is expected to grow by ¾ of a percentage point in 2019-20 and by 1 per cent in 2020-21, due to a large decline in net overseas migration as a result of international border restrictions.

Population growth is forecast to steadily increase from 1¼ per cent in 2021-22 to be around 1¾ per cent in 2023-24, in line with the five-year average, following our assumption of a gradual re-opening of international borders from 1 July 2021 in the baseline scenario (Figure 2.2.9).

Growth in the ACT's resident population over the four years from 2019-20 to 2022-23 is estimated to be around 19,500 people, which is 9,000 people lower than the estimate at the time of the 2019-20 Budget Review of around 28,500 people.

Figure 2.2.9: Population growth by component, ACT



Sources: ABS Cat. No. 3101.0 and Chief Minister, Treasury and Economic Development Directorate

A key downside risk to this scenario is the delay of the ‘pilot program’, announced on 9 July 2020, to fly in international students to resume their studies in Australia, including Canberra, from semester two in 2020, due to the second COVID-19 outbreak in Victoria. While students may not arrive in the September quarter 2020 as initially expected, the forecast assumes that those students will arrive in the second half of 2020-21.

Additionally, on 10 July 2020, National Cabinet agreed to reduce the number of returning Australians allowed into the country by more than half, to ease pressure on the mandatory quarantine system. All states and territories are also moving towards charging people for the cost of mandatory quarantine. This could place further downward pressure on net overseas arrivals and population growth.

Housing Market

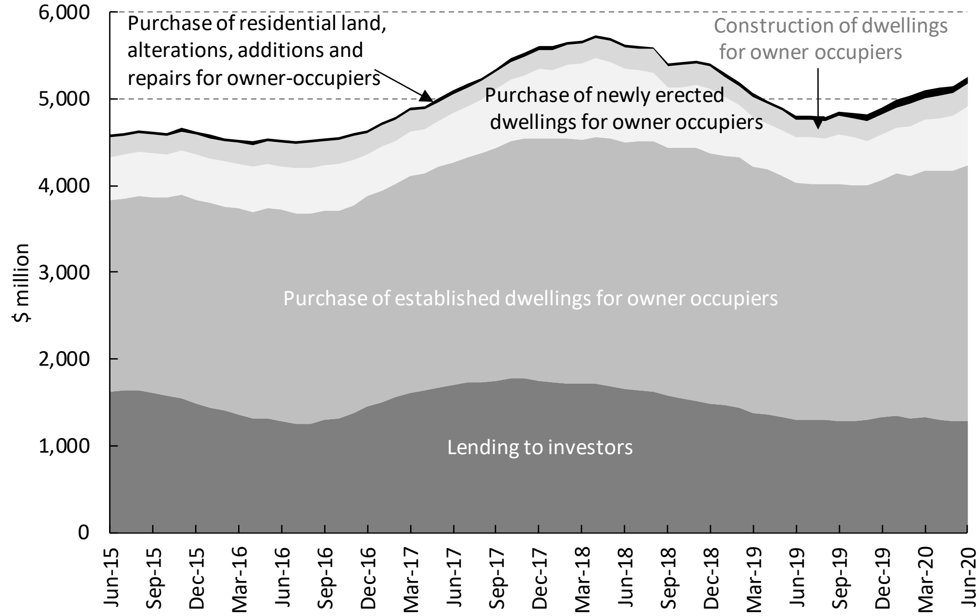
The ACT’s property market has remained resilient during the early stages of the COVID-19 outbreak, largely reflecting greater job security and stable household income in the ACT, relative to other jurisdictions, as a result of the large public sector.

Property prices in the ACT have been relatively stable during this period, supported by steady activity in both the new housing construction sector and solid demand for established houses, reflecting very low interest rates and relatively higher confidence in job security in the ACT.

Auction clearance rates in the ACT have improved since May 2020, following the easing of COVID-19 related restrictions which now allow onsite auctions and open home inspections.

The value of housing finance for both owner-occupiers and investors increased by 15.7 per cent in June 2020 compared to June 2019, bolstered by activity in the established housing segment.

Figure 2.2.10: Value of New Housing Finance Commitments (excluding refinancing), Original Data, 12 Month Moving Total, ACT



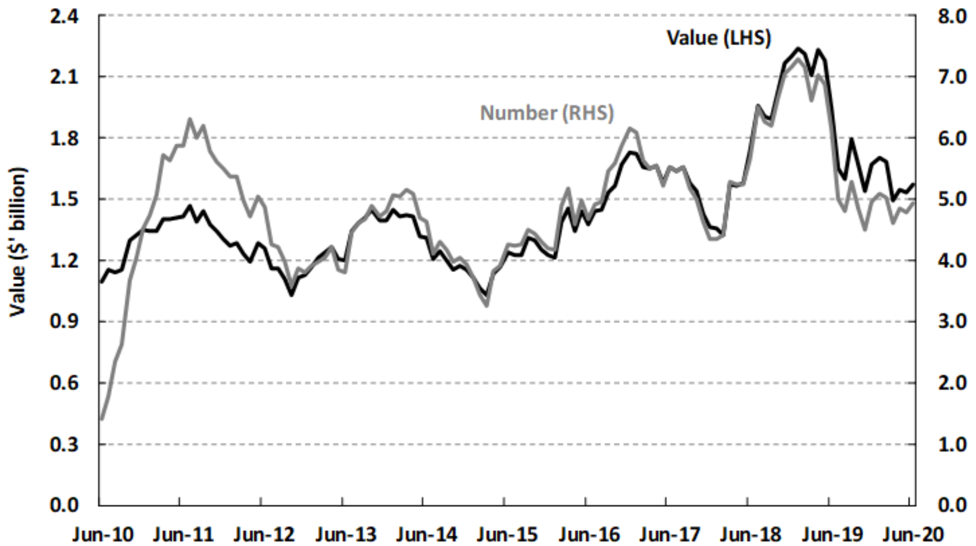
Source: ABS Cat. No. 5601.0

Building activity in the ACT has also remained relatively resilient to date, with recent residential building approvals data pointing to stable activity in the new housing construction sector in the near term.

The dwelling investment pipeline will also be supported by stimulus measures in the ACT, although activity will likely remain well below the recent peak in 2018-19.

In addition, there has been an increase in activity from the land sales program, likely driven by the Government's economic recovery initiative providing significant 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 2.2.11: Value and Number of Residential Building Approvals, Original Data



Source: ABS Cat. No. 8731.0

Looking ahead, further easing of restrictions is expected to continue to stimulate the ACT's housing market, supported by record low interest rates, and ACT and Commonwealth government stimulus programs.

In the ACT those initiatives include the extension of the Home Buyer Concession Scheme, stamp duty concessions for owner-occupiers and the Lease Variation Charge remission. Commonwealth Government programs include the existing First Home Loan Deposit Scheme for first home buyers and the new COVID-19 related HomeBuilder Program.

Lower population growth, however, will dampen activity in the housing market both in the short term and across the forward estimates period.

Alternative Scenarios and Risks

As noted, the economic impacts of the COVID-19 pandemic are highly uncertain, and the estimates presented reflect a baseline scenario derived from a plausible set of assumptions. Consistent with the approach taken by the RBA in the August monetary policy statement, alternative upside and downside scenarios are presented below. Figures 2.2.12 and 2.2.13 show the trajectory of recovery in the ACT economy under an upside and downside scenario relative to the baseline scenario described above.

Table 2.2.2: Forecasts of Gross State Product (GSP) and employment under different scenarios, percentage change

	Actual	Estimate	Forecast		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Gross State Product[1]						
Downside Scenario	3.0	**1½**	-2¼	2¾	2¼	2
Baseline Scenario	**3.0**	**1½**	**-1½**	**4**	**3½**	**3¼**
Upside Scenario	3.0	**1½**	-¾	5¼	4¾	4
2019-20 Budget Review[2]	**3.0**	**3**	**3**	**3**	**3½**	**3½**
Employment[3]						
Downside Scenario	2.2	**-0.6**	-¾	2	1½	1¼
Baseline Scenario	**1.5**	**-0.6**	**-¼**	**3¼**	**2½**	**2**
Upside Scenario	1.5	**-0.6**	¼	4	3	2½
2019-20 Budget Review[2]	**0.9**	**2**	**1½**	**1½**	**1¾**	**1¾**

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

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

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

Upside scenario

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

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

The opening of international borders from 1 July 2021 would further boost confidence and migration. Accordingly, the ACT's population could increase rapidly from foreign nationals seeking study or work opportunities in the ACT.

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

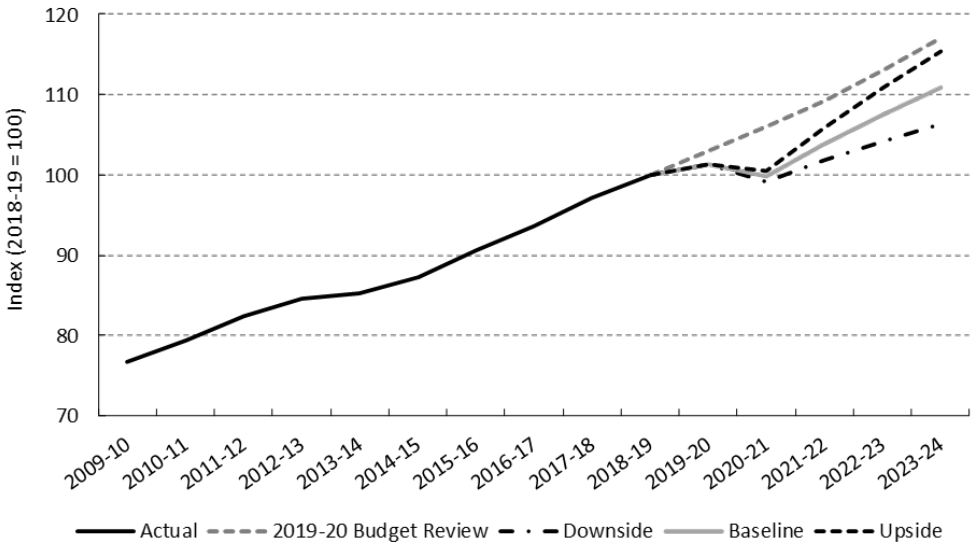
Downside scenario

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

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

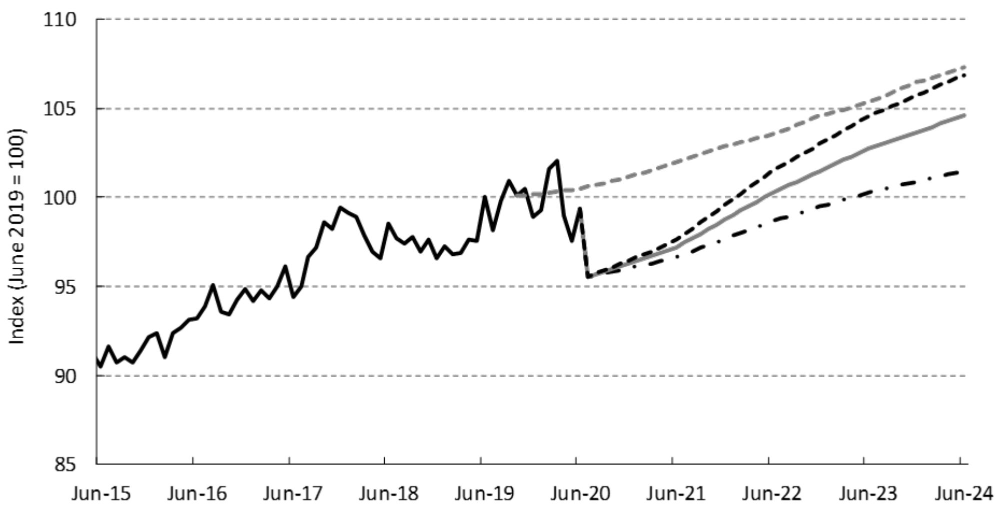
Under the downside scenario, the ACT economy would contract more than envisaged in the baseline scenario and an extended period of lockdown would see consumer spending and business investment continue to fall during the second half of 2020. The downside scenario assumes the current level of government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

Figure 2.2.12: Gross State Product (GSP), ACT – forecast scenarios, 2018-19 = 100



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

Figure 2.2.13: Employment, ACT – forecast scenarios, June 2019 = 100



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

Other risks and uncertainties

The baseline economic outlook assumes that the scale of the government stimulus and income support as well as monetary policy measures are effective in sustaining recovery from the pandemic. However, there remains significant uncertainty surrounding the ACT economic outlook as is the case with other economies across the globe.

While controlling the virus remains a significant challenge, the key downside risk is a major outbreak similar in scale to what has been seen in Victoria, occurring in other jurisdictions. In many countries around the world this scenario has played out, most recently in an outbreak in New Zealand. As noted, the second outbreak in Victoria and the resurgence of community transmission in New South Wales have led to significant declines in business and consumer confidence in July and August 2020, unwinding more than half of the gains in May and June 2020. The RBA estimates that around 2 per cent of national GDP will be lost in the September quarter following the implementation of stage 4 restrictions in Victoria to contain the virus.

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

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

In addition, any increase in the efficiency dividend for the Australian Public Service as the Commonwealth seeks to repair its fiscal position is a key medium-term downside risk to the ACT economy as 38.4 per cent of the Australian Public Service is in the Territory[2].

[2] APS Commission, *APS Employment Data, 31 December 2019 Release.*

2.3 AUSTRALIAN ECONOMIC OUTLOOK

The Commonwealth Economic and Fiscal Update, July 2020, forecast Australian GDP in real terms to contract by a ¼ of a percentage point in 2019-20, due to an expected sharp fall in the June quarter 2020 of 7 per cent, the largest economic contraction on record for Australia.

Activity is expected to pick up from the September quarter 2020 as a result of strong growth in household consumption and a gradual recovery in business and dwelling investment, supported by the further gradual easing of restrictions around most of the country that began in the latter part of the June quarter.

Despite the expected improvement in activity from the September quarter 2020, the Commonwealth Government has forecast real GDP to contract by 2½ per cent in 2020-21. However, this forecast assumed Stage 3 restrictions implemented across metropolitan Melbourne and Mitchell Shire would end in six weeks.

In light of the outbreak in Victoria and the stage four restrictions currently imposed, the RBA forecast real GDP to contract by 3 per cent in 2020-21 or ½ of a percentage point lower than the forecast in the Commonwealth Government's July Economic and Fiscal Update. The RBA then forecast GDP to grow by 5 per cent in 2021-22.

Following a significant fall of 4.4 per cent in 2019-20, the Commonwealth Government expects employment growth to recover to 1 per cent in 2020-21 as labour market conditions strengthen due to a pick-up in demand. However, due to the outbreak in Victoria, the RBA forecast employment to be flat in 2020-21, before rising by 4 per cent in 2021-22.

The RBA forecast the unemployment rate to peak in the December quarter 2020 at around 10 per cent, before falling to 9 per cent in 2020-21. For similar reasons, this is also higher than the forecast in the Commonwealth Economic and Fiscal Update, where the unemployment rate was expected to fall to 8¾ per cent in 2020-21 after peaking at 9¼ per cent in the December quarter 2020.

The Consumer Price Index is forecast to increase to 1¼ per cent in 2020-21 as childcare subsidy arrangements return to normal and petrol prices rise over the course of 2020-21. Wage Price Index growth is forecast to moderate to 1¼ per cent, from a 1.8 per cent increase in 2019-20, as the deterioration in labour market conditions and associated increase in spare capacity in the labour market continues to put downward pressure on wage price growth.

The Australian economic outlook is highly uncertain, with the range of possible outcomes for GDP and unemployment being substantially wider than at the 2019-20 Budget Review, as well as significant uncertainty around the pace and shape of the recovery. The recent COVID-19 outbreak in Victoria will weigh on economic activity in the coming months.

2.4 INTERNATIONAL ECONOMIC OUTLOOK

The International Monetary Fund (IMF), in its June World Economic Outlook[3], has revised down its global growth forecast in 2020 to a contraction of 4.9 per cent as a result of COVID-19 to be 1.9 percentage points lower than its April forecast of a 3.0 per cent contraction. This downward revision to global growth is due to the need to continue social distancing into the second half of 2020, greater scarring from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020 and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices.

The IMF forecast the global economy to recover and grow by 5.4 per cent in 2021 as containment measures are gradually lifted. The forecast for 2021 has been revised down by 0.4 of a percentage point compared to the April 2020 World Economic Outlook of 5.8 per cent.

In comparison, the Organisation for Economic Cooperation and Development (OECD) in its June update was somewhat more pessimistic, forecasting the world economy to contract by 6.0 per cent under a single-hit scenario and by 7.6 per cent under a double-hit scenario in 2020. Growth is forecast to recover by 5.2 per cent under the single hit scenario or by 2.8 per cent under a double hit scenario in 2021.[4]

In the June 2020 outlook, the IMF revised up the forecast for Australian GDP by 2.2 percentage points to a contraction of 4.5 per cent in 2020, from an earlier estimate of a 6.7 per cent contraction. This is slightly more pessimistic than the RBA baseline forecast published in the Statement on Monetary Policy in August 2020 of a 4 per cent contraction in 2020.

The IMF forecast Australian GDP to rebound by 4.0 per cent in 2021, reflecting a 2.1 percentage point downward revision compared to 6.1 per cent forecast in the April 2020 outlook. This is more optimistic than the 2 per cent recovery forecast by RBA, largely reflective of larger contraction in 2020 forecast by the IMF relative to that forecast by the RBA.

Growth experienced by Australia’s major trading partners is expected to decline by 3 per cent in 2020, though this is forecast to recover by 5½ per cent in 2021 according to the Commonwealth Government Economic and Fiscal Update, July 2020. This anticipated recovery is supported by the implementation of appropriate monetary and fiscal policies (including wage subsidy schemes) across the globe.

The global economic outlook remains uncertain, with the rate of recovery largely reliant on governments’ efforts in preventing further outbreaks, managing increasing debt, and supporting the rebuilding of confidence in the financial market.

Other sources of uncertainties include widespread social unrest across many countries and geopolitical tensions, which were already heightened before the outbreak.

[3] *World Economic Outlook,* International Monetary Fund, June 2020.
[4] *OECD Economic Outlook,* June 2020, Preliminary Version.
A double hit scenario reflects the possibility in which a second outbreak occurs in all economies towards the end of this year.

2.5 JURISDICTIONAL COMPARISON

There has not been a consistent approach among Australian jurisdictions reporting on the fiscal or economic impacts arising from the COVID-19 pandemic. However, there are a number of commonalities among jurisdictions: revenues have been significantly reduced; expenditures have increased due to support and stimulus measures; debt levels are rising; and budgets have moved into significant deficit positions. Table 2.5.1 summarises the available information on the reported effects on the Commonwealth, states and the Northern Territory.

Table 2.5.1: Key fiscal and economic information released by the Commonwealth, other states and the Northern Territory

Jurisdiction	Summary description
Commonwealth[5]	Real GDP is expected to fall by 0.25 per cent in 2019-20 and by 2.5 per cent in 2020-21. The underlying cash balance is forecast to decrease from balance in 2018-19 to an $85.8 billion deficit in 2019-20 and a $184.5 billion deficit in 2020-21. Since the 2019-20 MYEFO, tax receipts have been revised down by $31.7 billion in 2019-20 and $63.9 billion in 2020-21[6]. Economic support provided for workers, households and businesses of around $289 billion or the equivalent of 14.6 per cent of GDP in 2019-20.
New South Wales[7]	Revenue is expected to fall by as much as $20.3 billion over the five years to 2023-24. Health and economic response to COVID-19 forecast at more than $13.6 billion, including capital.
Victoria[8]	The Victorian economy is forecast to contract by 5.25 per cent in 2020 and to rebound strongly by 6.25 per cent in 2021, assuming the Stage 4 restrictions implemented across metropolitan Melbourne and Stage 3 restrictions implemented in Mitchell Shire end after six weeks[9]. The general government sector operating result in 2019-20 is expected to be a deficit of around $7.5 billion, compared to an

[5] Australian Government *Economic and Fiscal Update* July 2020 and associated media release by the Australian Treasurer, The Hon Josh Frydenberg MP, 23 July 2020.
[6] Using estimates in the Commonwealth's *2019-20 MYEFO*, this equates to reductions in tax receipts of 7 per cent and 13 per cent in 2019-20 and 2020-21 respectively.
[7] COVID-19 and State Economy parliamentary statement by the NSW Treasurer, The Hon Dominic Perrottet MP, on 16 June 2020 and associated media release.
[8] *Victorian Economic Update July 2020*, Department of Treasury and Finance, Victoria.
[9] *Victorian Economic Update July 2020*, Department of Treasury and Finance, Victoria.

	operating surplus estimated at $618 million in the 2019-20 Budget Update. Taxation revenue and GST grants are expected to be around $2.5 billion lower in 2019-20 and around $6 billion lower in 2020-21[10]. The Victorian Government has introduced measures to limit the economic damage from COVID-19, including over $9 billion in investments to support jobs and businesses, deliver frontline health response, and provide extra education, transport and social support.
Queensland	The operating deficit is expected to be $5.9 billion in 2019-20 rising to $8.5 billion in 2020-21. Total revenues expected to be at least $6.5 billion lower over 2019-20 and 2020-21, including a reduction of $2.5 billion in GST revenue over two years. Queensland General Government Sector Gross Debt was $43.8 billion in 2019-20 and is forecast to be $59.4 billion in 2020-21. [11] The Government has introduced COVID-19 relief measures totalling over $7 billion[12]
Western Australia[13]	Total general government revenue is forecast to be in the order of $1.8 billion lower in 2019-20 and 2020-21 than originally forecast. To support Western Australian households, small and medium businesses and community service organisations, the State Government has announced COVID-19 related measures totalling around $1.8 billion.
South Australia[14]	Forecast $91 million surplus revised to a net operating deficit of $1.9 billion for 2019-20. Net debt is forecast to increase by $1.6 billion in 2019-20[15]. GST revenues are expected to fall by $850 million in 2019-20 and around $1.1 billion in 2020-21. Other state revenues could be $230 million lower in 2019-20 and down $360 million in 2020-21. The Government has committed $1 billion in economic stimulus to protect jobs and industry.
Tasmania[16]	Tasmania expects its Gross State Product to contract by 1¼ per cent in 2019-20.

[10] Using estimates in the Victorian *2019-20 Budget Update*, this equates to reductions in taxation revenues of 6 per cent and 14 per cent in 2019-20 and 2020-21 respectively.
[11] Media release by the Queensland Treasurer, The Hon Cameron Dick, 23 July 2020.
[12] *Queensland's Economic Recovery Plan*, released 20 August 2020.
[13] Western Australian *Economic and Fiscal Update, 28 May 2020*.
[14] Media release by the Premier of South Australia, Mr Steven Marshall MP, 18 June 2020.
[15] Using estimates in the South Australian *2019-20 Mid-Year Review*, this equates to an increase of 17 per cent in 2019-20.
[16] Tasmanian *Economic and Fiscal Update Report - August 2020*.

	Taxation revenue is forecast to decrease by $146.1 million (11.7 per cent) in 2020-21. The net operating deficit is forecast at $936.7 million in 2020-21, compared to the original surplus estimate of $85.1 million. Net debt in 2020-21 is estimated at $1.6 billion, an increase of $935.5 million (145 per cent) above the original published estimate. Social and economic support measures will be in excess of $1 billion, including loans in excess of $200 million and the removal of efficiency dividends on agencies ($68 million).
Northern Territory[17]	The 2020-21 Net Operating Balance is expected to be in deficit of $1.5 billion, $1.1 billion (258.1 per cent) higher than previously forecasted in the 2019-20 Mid-Year Report. Net debt for 2020-21 is expected to be $1.35 billion (19.6 per cent) more than previously published estimates. The Territory Government's stimulus and support measures were cumulatively valued at $383 million in July 2020.

For those jurisdictions where there is available data, the graphs below compare the latest expected operating deficits for 2019-20 and 2020-21 against each jurisdiction's published mid-year projections on a headline and per capita basis.

[17] Northern Territory *COVID-19 Financial Report July 2020*, and associated media release by the Chief Minister of the Northern Territory, Mr Michael Gunner, 29 July 2020.

Figure 2.5.1: Cross-jurisdictional 2019-20 Headline Net Operating Balance (or equivalent)

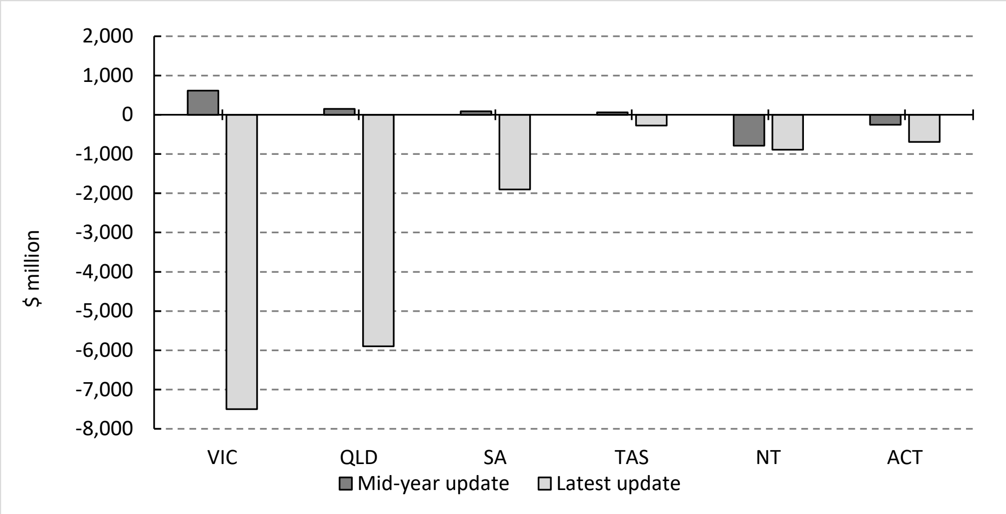


Figure 2.5.2: Cross-jurisdictional 2020-21 Headline Net Operating Balance (or equivalent)

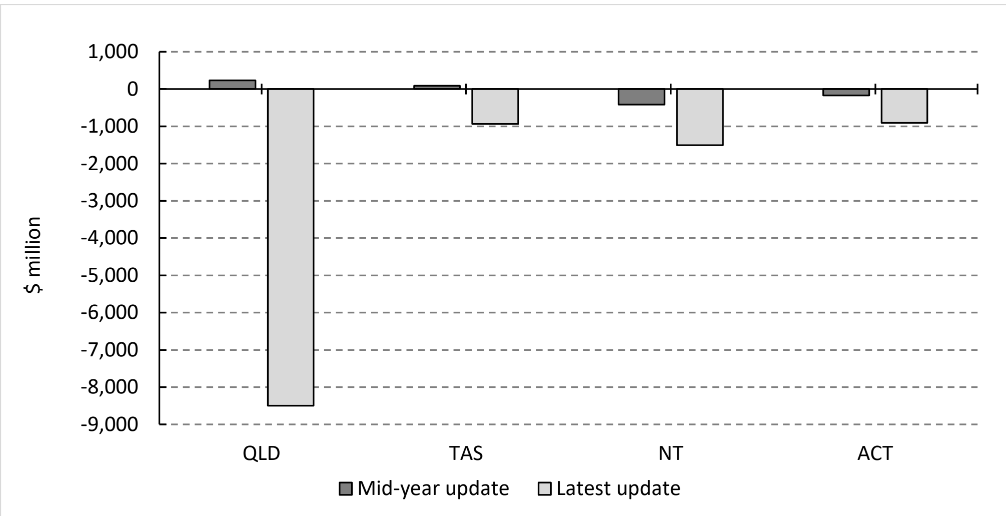


Figure 2.5.3: Cross-jurisdictional 2019-20 Headline Net Operating Balance (or equivalent) – per capita

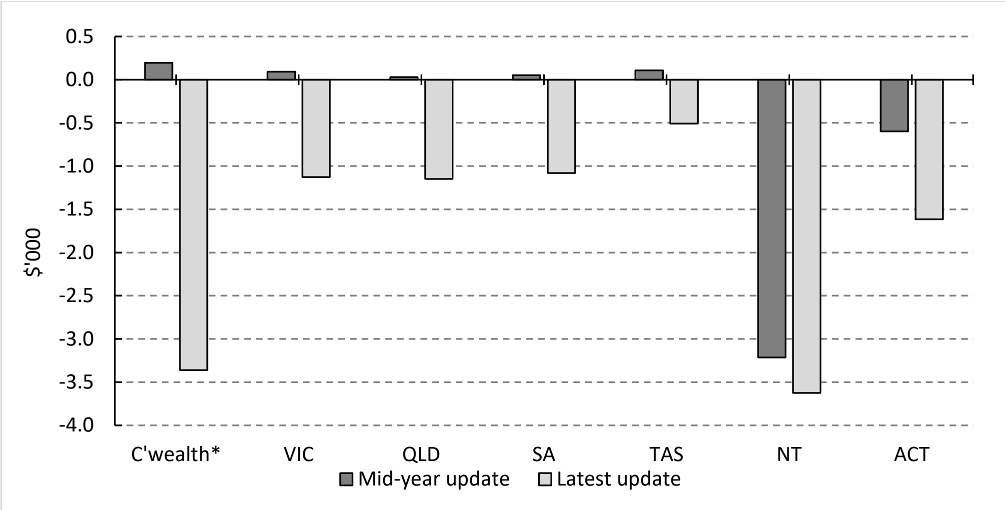
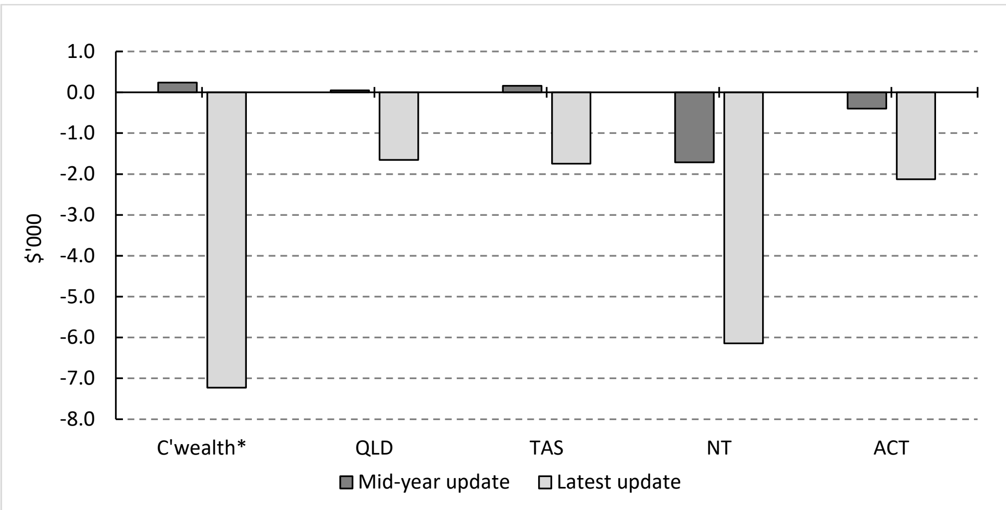


Figure 2.5.4: Cross-jurisdictional 2020-21 Headline Net Operating Balance (or equivalent) – per capita[18]



Notes:
* refers to the movement in the underlying cash balance

Noting that interjurisdictional comparisons can be challenging (unlike other states, the ACT performs local government functions and collects municipal rates, a generally more stable revenue line), the forecast per capita deficit in the ACT is significantly below the equivalent figure for the Northern Territory and broadly in line with other jurisdictions' published estimates.

[18] Comparable data is not available for NSW, Victoria or South Australia.

CHAPTER 3

Budget Outlook

3.1 OUTLOOK

The magnitude of the current fiscal shock is easily the most significant faced in the Territory's history.

The pandemic has given rise to severe contractions in economic activity around the globe, given the speed of the pandemic's spread, and the imposition of restrictions (of varying severity) aimed at halting the spread of the virus. To counter the economic effects of the COVID-19 pandemic, governments have provided significant support. At the ACT level, the first tranche of the Economic Survival Package was announced on 22 March 2020, followed by a further package on 2 April 2020. Additional announcements over the last five months have included the expansion of programs, targeted support for industries and communities suffering the most and our significant stamp duty reductions.

These initiatives represent the largest support package in the ACT's history, significantly eclipsing measures announced during the Global Financial Crisis. The Government's focus has been on measures to protect jobs, and support households and businesses.

Support for businesses includes payroll tax waivers and deferrals, waivers of licence fees, residential and commercial rates rebates, and utilities bill rebates. 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.

At a national level, the Commonwealth Government's fiscal stimulus packages have targeted business investment, household consumption, the labour market and trade activity, and been predominantly aimed at stimulating demand in the short-term, with the JobKeeper payment in particular introduced to address the labour market impacts associated with the imposition of COVID-19 health restrictions.

While these support packages have lessened the impact, the economic and fiscal effects of COVID-19 are nonetheless significant. As a result, the estimates outlined in this Economic and Fiscal Update indicate that the budget will remain in deficit over the forward estimates period. These estimates show a significant deterioration in the ACT's public finances relative to the 2019-20 Budget Review but are consistent with the experience of governments nationally and globally. As outlined in further detail elsewhere in this document, these estimates are based on a relatively rapid recovery; however, should a second wave continue to gather momentum then the fiscal impacts will be more severe.

Headline Net Operating Balance

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) is forecast to be in deficit at $909.5 million in 2020-21. This is a deficit increase of $739 million in comparison to the 2019-20 Budget Review, primarily as a result of the aforementioned additional expenditures and reductions in GST and own source revenues associated with the Government's COVID-19 responses.

Further details are provided in the Fiscal Strategy and Policy Decisions section (Chapter 3.2) 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 Headline Net Operating Balance.

Table 3.1.1: General Government Sector Headline Net Operating Balance

	Budget Review	Interim Outcome	Estimate	Projections		
	2019-20 $m	2019-20 $m	2020-21 $m	2021-22 $m	2022-23 $m	2023-24 $m
Revenue	5,768.3	5,600.9	5,579.9	5,886.0	6,203.7	6,413.2
Expenses	6,226.6	6,522.9	6,661.1	6,739.9	6,851.7	7,022.0
Superannuation return adjustment	202.8	231.5	171.6	183.7	196.0	209.0
HEADLINE NET OPERATING BALANCE	**-255.5**	**-690.5**	**-909.5**	**-670.2**	**-452.0**	**-399.8**
Net cash from operating activities	108.3	-104.5	-657.0	-139.7	255.8	269.0
Net debt (excluding superannuation)	3,075.5	3,310.8	4,730.6	6,068.3	6,942.4	7,709.4
Net financial liabilities	7,654.7	12,025.1	9,530.8	10,847.1	11,945.3	12,832.4

Note: Table may not add due to rounding.

Summary of Movements

Table 3.1.2 shows the variation in the GGS HNOB between the 2019-20 Budget Review and the 2019-20 Economic Fiscal Update. Further details of the major technical adjustments are shown in Table 3.1.3.

Table 3.1.2: Summary of Movements in the GGS Headline Net Operating Balance (HNOB)

	2019-20 Interim Outcome	2020-21	2021-22	2022-23
	$'000	$'000	$'000	$'000
2019-20 Budget Review	**-255,569**	**-170,516**	**9,609**	**250,606**
Revenue [1]				
Policy decisions	-26,962	-47,028	-52,206	-36,983
Technical adjustments	-140,425	-471,698	-458,640	-615,142
Expenses [2]				
Policy decisions	-109,186	-268,975	-68,995	-50,996
Technical adjustments	-187,054	92,329	-53,049	51,721
Superannuation return adjustment	28,750	-43,655	-46,937	-51,159
2019-20 EFU	**-690,446**	**-909,543**	**-670,218**	**-451,953**

Table 3.1.3: Summary of Major Technical Adjustments since the 2019-20 Budget Review

	2019-20 Interim Outcome	2020-21	2021-22	2022-23
	$'000	$'000	$'000	$'000
Revenue [1]				
Commonwealth grants	25,511	15,652	45,756	12,834
ICON water dividends and income tax equivalent payments	11,470	-24,061	-31,992	-16,121
Provisions	-38,600	17,612	64,587	20,044
Suburban Land Agency and City Renewal Authority dividends, income tax equivalent payments and contributed assets	-61,602	-47,036	-141,819	-233,450
Taxation revenue	-70,152	-108,989	-130,148	-102,905
GST revenue	-116,467	-274,241	-282,344	-301,248
Other parameter and technical adjustments	109,415	-50,635	17,320	5,704
Total Revenue – Technical Adjustments	**-140,425**	**-471,698**	**-458,640**	**-615,142**
Expenses[2]				
Revised funding profiles and rollovers	35,287	-70,146	-3,842	-3,022
Provisions	6,417	82,412	-16,617	110,783
Canberra Health Services	0	-60,000	0	0
Depreciation	-4,581	-8,588	11,761	11,656
Superannuation Provision and borrowings	-5,960	64,108	-41,244	-63,986
Commonwealth grants	-23,981	-16,083	-3,137	-4,207
Lifetime Care participant costs	-24,219	990	642	439
Treasurer's Advance	-41,322	0	0	0
Surrender of Energy Renewable Certificates	-91,476	0	0	0
Other parameter and technical adjustments	-37,219	99,363	-612	58
Total Expenses – Technical Adjustments	**-187,054**	**92,329**	**-53,049**	**51,721**

Notes: Table 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 2019-20 is expected to be $167.4 million lower than forecast in the 2019-20 Budget Review and $1,849 million lower over the four years to 2022-23. Significant movements in revenue over the forward estimates include:

- a decrease in GST revenue of $974.3 million over four years due to a significant writedowns in the national GST pool ($316.1 million);
- a decrease in revenue from the Suburban Land Agency and City Renewal Agency of $483.9 million over four years due to revisions to settlements for land associated with current economic conditions;
- a decrease in taxation revenue of $412.2 million over four years as a result of COVID-19 impacts on economic activity;
- a decrease in revenue of $163.2 million over four years as a result of the Government freezing a majority of fee increases, providing taxation relief, waiving fees and licenses and deferring payment of liabilities; and
- a decrease in revenue from ICON Water of $60.7 million over four years based on updated water consumption forecasts.

These decreases are partially offset by higher other Commonwealth Grants revenue of $99.8 million over four years which is largely matched by increased expenditure and/or capital acquisitions.

Total expenses in 2019-20 are expected to be $296.2 million higher than forecast in the 2019-20 Budget review and $594.2 million over the four years to 2022-23. Significant movements in expenses over the forward estimates include:

- additional funding for initiatives of $498.2 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 for the surrender of energy renewable certificates to meet the Government's energy renewable targets of $91.5 million in 2019-20;
- additional support in 2020-21 for Canberra Health Services of $60 million;
- an increase in expenses associated with Commonwealth Grants of $47.4 million over four years;
- an overall increase in expenses for the Superannuation Provision Account and Territory Banking Account, of $47.1 million over four years reflecting the outcome of the most recent actuarial review of the defined benefit superannuation liability and higher outstanding borrowings;
- revised funding profiles and rollovers of prior year funding for initiatives, with a net increase in expenses of $41.7 million over four years; and
- higher than anticipated numbers of new participants entering the Lifetime Care and Support Scheme during 2019-20 and the higher than average cost of a number of these new participants associated with their age and injury severity increasing expenses of $22.1 million.

These increases are partially offset by technical provision adjustments of $183 million over four years.

Infrastructure

The Government will invest $941 million in infrastructure and capital projects in 2020-21 and $4 billion from 2020-21 to 2023-24.

This includes more than $900 million over the next four years to continue our significant investment in health care infrastructure; more than $400 million over four years to build and upgrade our education infrastructure; and more than $1 billion over four years for public transport, active travel and roads projects.

Significant infrastructure projects include building a new Woden CIT Campus and Bus Interchange; building Light Rail to Woden and raising London Circuit; expanding the Canberra Hospital; and growing and renewing public housing. Further information on these initiatives can be found in Infrastructure and Capital (Chapter 3.5).

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 2019-20 Economic and Fiscal Update is a deficit of $104.5 million. This compares to the net cash position of $108.3 million at the time of the 2019-20 Budget Review. This decrease is associated with the decline 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
2019-20 Budget Review	108.3	429.9	695.1	930.3	na
Economic and Fiscal Update	-104.5	-657.0	-139.7	255.8	269.0

The Territory's credit rating

In April 2020, our AAA long-term and A-1+ short-term local currency credit ratings were reaffirmed; however, our outlook was revised to ‘negative’ after a similar revision to that of the Australian Government. This revision reflects Standard & Poor's view that it does not consider that any Australian state or territory can maintain stronger credit characteristics than the sovereign. Accompanying the ACT in the outlook adjustment were the other AAA-rated states in Australia, namely New South Wales and Victoria.

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's comprehensive stimulus package has invested in our health system to respond to the pandemic and support business and the community in these uncertain times.

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 2019-20 Budget Review estimate of 7.0 per cent, General Government Sector net debt as a percentage of Gross State Product increased in the 2019-20 interim outcome to 7.7 per cent.

Further details can be found at Revenue (Chapter 3, Section 3.7).

Net financial liabilities

Net financial liabilities are a broad measure of General Government Sector liabilities, including net debt and superannuation liabilities. Compared to the 2019-20 Budget Review estimate of 17.5 per cent in 2019-20, General Government Sector net financial liabilities as a percentage of Gross State Product for the interim outcome are 28.1 per cent. This increase largely reflects an increase in the defined benefit superannuation liability valuation. The valuation increased due to the use of a lower discount rate of 1.73 per cent at 30 June 2020, compared to the forecast long-term discount rate assumption of 5 per cent.

The variation is also reflective of increased borrowings to support the Government's response to the COVID-19 pandemic, as well as respond to significant reductions in own-source revenues.

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 2019-20 equivalent to 30.6 per cent of Gross State Product.

3.2 FISCAL STRATEGY AND POLICY DECISIONS

Fiscal and budget strategy

The bushfires, smoke, hailstorm and coronavirus pandemic of 2020 have significantly impacted our economy and changed the ACT Government financial and economic management priorities.

The Government's present objective is to support the people and businesses of the Territory as we tackle the COVID-19 pandemic.

This means continuing to provide economic support through the initiatives announced previously and expanding that support through the initiatives being announced as part of this Economic and Fiscal Update.

It means protecting and supporting jobs.

It means continuing to invest in our Territory to make sure it remains a great place to live.

It means continuing to fund health and essential services.

It also means continuing to support the people of the ACT as they face the economic and social impacts of this crisis.

The ACT Government cannot completely offset the impacts of COVID-19 on our economy, however, providing significant and targeted support now will help the ACT economy to emerge from the coronavirus-induced economic crisis stronger than would otherwise be the case.

Through increased and efficient expenditure, continuing regulatory and tax reforms and supporting vulnerable Canberrans the ACT Government will put the Territory in a position from which it can grow again.

Given the high levels of economic and public health uncertainty, the Government will need to continually monitor events and adjust policy settings for the circumstances we find ourselves in.

There is a high degree of uncertainty about the outlook and our economic recovery depends upon how successful we are in containing the virus.

As the ACT Government has done throughout this crisis, it will continue to adapt the response as the situation requires.

Support provided by the Government is not without cost to public finances. In 2020-21, the HNOB deficit is expected to be $910 million and net debt is expected to rise to $4.7 billion. This is the cost of supporting the ACT to survive COVID-19. The price of not increasing public expenditure now in a temporary and targeted way is to sit by and watch a deep recession become a prolonged depression, destroying our economy into the future.

As the health and economic impacts of coronavirus pass, the Government will work to restore the Territory's budget. For this reason, our fiscal strategy recognises the need to meet the cost of the economic and personal support by reducing debt. The Government will do this gradually and consistent with the pace of the economic recovery, to ensure it can continue to provide high quality essential services to the people of the ACT.

At the same time, the Government will take advantage of historically low interest rates to continue to invest in our city.

Interest rates are the lowest since federation. The wellbeing of our people is enhanced by having a safe, healthy and environmentally sustainable place in which to live.

The Government's continued investment will not only support employment in the short term, but enhance the Territory as a place to live and work in the longer term.

Overall, 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 and businesses to weather the effects of COVID-19, while recognising the need for prudent financial management to support intergenerational equity and ensure the enduring wellbeing of Canberrans in the medium to longer term.

Supporting the ACT economy to survive and recover

The Government's fiscal and economic strategy through the initial stages of the COVID-19 pandemic has been to provide significant financial support to businesses and individuals, to counteract the restrictions imposed to address the health emergency, which have had a significant negative impact on the ACT economy.

This strategy has seen increased funding for health, additional spending on vulnerable people and reduced revenue through tax waivers and deferrals for businesses.

The strategy has strongly prioritised the retention of jobs, the resilience of businesses and support for families and the community.

This approach has mitigated the effects on the ACT economy, and the Government is committed to continuing this economic support through the initiatives announced as part of this Economic and Fiscal Update, as well as future support that may be required.

The nature of economic support will evolve over time – particularly as the crisis eases and we shift from survival to recovery.

When the time is right there will be an enhanced focus on helping businesses to reopen their doors, employ more staff and adapt to the new normal operating environment.

Nonetheless, the direction of policy in the short term is unambiguous – the Government will continue to focus on helping businesses survive and providing direct support to individuals.

The Government will continue regulatory reforms to make it easier to do business in the Territory and will continue to invest in activities to stimulate and support economic diversification and the creation of new businesses and business activity.

The Government will play an active role in the creation and shaping of markets in the short-term as private expenditure and investment is significantly reduced.

Sound public finances

In the medium term, the Government expects its revenue will be lower as a result of COVID-19.

In addition, recent changes to the methodology to allocate GST to states and territories and a reduction in the GST pool have further reduced the flow of revenue from the Commonwealth.

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.

These estimates show an understandable deterioration in the ACT's public finances relative to the 2019-20 Budget Review, but are consistent with the experience of all governments nationally and globally.

As outlined in further detail elsewhere in this document, these estimates are based on a relatively quick recovery; however, should a second wave continue to gather momentum then the fiscal impacts will be more severe.

While it is difficult, budget repair is important. It is an essential step in ensuring intergenerational equity and to allow future governments to respond to emerging needs, respond to crises, and benefit from flexibility in investment choices.

For these reasons, the Government's fiscal and budget strategy for the medium to long term is focused on restoring public finances and reducing net debt.

We are also acutely aware of the disproportionate intergenerational impact that recessions, and depressions, have on the prospects of young people.

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 to ensuring intergenerational equity.

Strategically investing in infrastructure

It is crucial to ensure that the future infrastructure needs of the Territory are delivered.

Historically low interest rates provide a once in a generation opportunity to invest in productive infrastructure, which is also a key element of support to further assist the economic recovery of the Territory.

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 the use of the Government's Wellbeing Framework to identify priority areas for investment.

Key infrastructure projects included in this Economic and Fiscal Update include funding to expand Canberra Hospital, build more public housing, extend light rail to Woden, construct a new CIT Woden campus, and build a range of critical infrastructure to support land release into the future.

Significant funding is also included to expand and build new school facilities, including allocating funding for the new high school at Kenny, expanding Amaroo School, and additional modular classrooms to support increased enrolments.

Including the announcement of funding for significant and multi-year infrastructure projects provides certainty to the industry and aligns with the clear pipeline outlined in the ACT Infrastructure Plan. It is also consistent with the Government's longer-term fiscal and budget strategy of strategically investing in infrastructure that improves wellbeing in the longer term.

Box 3.2.1: Keeping an eye to our wellbeing – the ACT Wellbeing Framework

Addressing the changing situation of our public finances as outlined above, provides Government with an opportunity to reassess the basis for our policy decisions, and to provide better alignment with outcomes that impact on the quality of life of Canberrans.

In March this year the Government released the ACT Wellbeing Framework, incorporating high-level indicator outcomes for Canberra across a range of economic, social and environmental 'domains' that the community told us matter most to their quality of life. Alongside annual Budget reporting, the Government will report every two years on progress under the Framework and an initial dashboard of indicator measures will be released later this year.

In addition to publicly reporting on wellbeing, the Government will use the indicator data to help inform Government policy and program priority areas, including in the context of developing the annual ACT Budget. The delay in this year's Budget means that this process will now commence as part of future Budget processes.

The Framework will also be utilised to consider the wellbeing impacts of time-limited events affecting the ACT economy and community. The events of the past nine or so months, commencing with the blanketing of the ACT in smoke late last year, have had stark impacts on the wellbeing of our city, affecting our quality of life and testing our resilience. Our Wellbeing Framework will play an important part in telling this ongoing story and shaping our recovery going forward.

An important feature of the Framework is that its focus on outcomes across the range of wellbeing domains will encourage, in the policy and program development process, greater consideration of the linkages across domains that contribute to overall wellbeing outcomes. This should further strengthen the ACT policy development process.

ACT Economic Survival and Recovery Initiatives

In keeping with the Government's short-term fiscal and budget strategy of supporting the ACT economy to survive and recover from the COVID-19 pandemic, over the past six months the Government has implemented a range of initiatives designed to cushion the economic impact of COVID-19 and support households, businesses and jobs through these unprecedented times.

These decisions form the largest economic support package in the ACT's history, significantly eclipsing measures announced during the Global Financial Crisis.

In keeping with the rapidly evolving events of the past six months, the Government's response has been multi-staged and targeted. Accompanying the Ministerial Statement on the ACT Economic Response to COVID-19 of 18 June 2020, the Government published detailed information on the broad range of initiatives in place at that time.

And as foreshadowed in the Ministerial Statement, work has continued since that time on assessing the impacts of COVID-19 and developing policy responses to address current and emerging needs.

This Economic and Fiscal Update outlines a range of additional initiatives to complement those initiatives put in place in prior months, as well as extensions to some programs. The new and continued initiatives announced by Government are a vital element in supporting the recovery of the ACT economy and our community.

These announcements provide certainty and a clear indication of the Government's future direction.

The continuation of important support arrangements and the announcement of new initiatives will provide targeted and much-needed assistance to those individuals and businesses most affected by the COVID-19 crisis. These decisions are based on strong evidence and the Government's ongoing commitment to investing in keeping communities strong.

It is particularly important to support the most vulnerable members of our society at this time. It is well known that young people are disproportionately impacted by economic downturns; that those in financial hardship and without leave entitlements are more likely to continue working despite being sick; and that access to safe accommodation and food is a fundamental human right.

For these reasons, the Government has announced a youth support package, has established a hardship fund, and is providing additional support for homelessness and domestic violence services and the community sector, to mention but a few of the support initiatives in place.

We know that 2020 has been a particularly challenging year, and we also know that the retention and creation of jobs is not only crucial to the ongoing economic health of the Territory, but is equally important to the community's broader wellbeing and prosperity.

To protect jobs and help businesses withstand and adapt to recent and emerging challenges, the Government has also provided significant assistance to businesses through a diverse range of measures, including payroll tax waivers and deferrals, fee waivers, electricity rebates, and support to encourage commercial lessors to decrease rent where tenants face financial hardship.

To assist businesses taking advantage of this support, the Government has established a business liaison team, held business forums, and streamlined application processes.

These decisions will provide crucial support for the community and industry. They will support and create jobs while ensuring the economic recovery of the Territory. Importantly, they will ensure that critical services and infrastructure are in place to meet the needs and challenges of the future.

Initiatives have been developed in keeping with the following priorities of Government and are presented under these groupings:

- Supporting local business, jobs and the economy;
- Supporting families and households;
- Keeping Canberrans employed; and
- Investing in healthcare and essential services.

Initiatives published on 19 June 2020 as part of the release of the Ministerial Statement on the ACT Economic Response to COVID-19 of 18 June 2020 have been included again for completeness, noting that in some cases, the financial estimates have been revised or additional elements subsequently announced by Government.

Table 3.2.1: Summary of initiatives

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Expenses	-109,186	-266,692	-59,849	-40,874	-48,734	-525,335
Revenue	-26,962	-47,028	-52,206	-36,983	-36,128	-199,307
Depreciation	0	-2,283	-9,146	-10,122	-11,811	-33,362
Total operating impact	**-136,148**	**-316,003**	**-121,201**	**-87,979**	**-96,673**	**-758,004**
Capital impact	-56,092	51,487	-11,126	219,742	360,027	564,038

Table 3.2.2: Detailed Economic Survival and Recovery initiatives

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Supporting local business and the economy							
$1,000 electricity rebate for cafes, takeaways and restaurants	Expense	0	1,500	0	0	0	1,500
ACT participation in the JobTrainer Fund	Net Expense	0	16,850	0	0	0	16,850
ACT Stimulus Digital Voucher Program	Expense	0	623	0	0	0	623
Additional support for the Vocational Education and Training Sector	Expense	1,000	1,000	0	0	0	2,000
Automatic $750 electricity rebates for small businesses	Expense	9,790	304	0	0	0	10,094
CIT IT investment	Expense	800	195	0	0	0	995
City Centre Marketing and Improvements Levy – 50 per cent reduction	Revenue forgone	0	1,085	0	0	0	1,085

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
City Centre Marketing and Improvements Levy – 50 per cent reduction	Expense	0	-1,085	0	0	0	-1,085
Cladding – ACT Government properties – provision	Expense provision	0	3,000	10,000	6,000	0	19,000
Cladding – Non-Government Building Remediation Scheme	Expense provision	0	702	1,102	635	0	2,439
Commercial rates – delay of issuance	Expense	0	0	0	0	0	0
Commercial rates – fixed charge rebate and 2020-21 settings	Revenue forgone	15,876	6,872	7,285	7,722	8,185	45,940
Commercial rates – hardship deferrals	Expense	~	~	0	0	0	~
Commercial rates – rental relief and owner-occupier rebate scheme	Revenue forgone	466	11,084	0	0	0	11,550
Continuing Gaming machine Authorisation Surrender Incentive	Expense	1,635	2,115	0	0	0	3,750
Early payment of invoices	Expense	~	~	0	0	0	~
Expediting development application and unit titling approvals	Expense	0	475	490	503	0	1,468
Extending taxi industry support to lessees of privately-owned plates	Expense	810	0	0	0	0	810
Fee reduction – one-year waiver for food business registration, outdoor dining and liquor licensing fees	Revenue forgone	1,200	3,250	0	0	0	4,450
Fee reduction – one-year waiver for other business fees	Revenue forgone	29	89	0	0	0	118
Fee reduction – one-year waiver for ride share and hire car fees	Revenue forgone	5	205	0	0	0	210
Fee reduction – one-year waiver for taxi license fees	Revenue forgone	0	880	0	0	0	880
Fixed water and sewerage charges rebate for accommodation providers and community clubs	Expense	204	2,004	0	0	0	2,208
Implementing the UNSW Canberra City Campus proposal	Expense	0	195	0	0	0	195
Modernisation of the Belconnen Access Canberra Service Centre	Expense provision	0	150	0	0	0	150
Modernisation of the Belconnen Access Canberra Service Centre	Capital	0	1,330	0	0	0	1,330
Modernising ICT Network Infrastructure	Capital	0	4,000	0	0	0	4,000
Payroll tax – interest-free deferral for businesses with payroll under $10 million	Expense	0	900	1,900	0	0	2,800
Payroll tax – interest-free deferral for the construction industry	Expense	27	30	0	0	0	57

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Payroll tax – nine-month waiver of payroll tax for business operations directly impacted by the national 'prohibited activities and venues' list	Revenue forgone	3,300	4,400	0	0	0	7,700
Remediation of Canberra Technology Park	Expense	0	705	0	0	10,160	10,865
Rental relief – ACT Government properties	Revenue forgone	3,346	6,692	0	0	0	10,038
Supporting Community Clubs	Expense	5,138	0	0	0	0	5,138
Supporting our tourism and events industries	Expense	0	4,319	150	0	0	4,469
Supporting the economic recovery for the Creative Sector	Expense	1,500	825	0	0	0	2,325
Tax Reform – Stage 3	Revenue	0	0	-14,202	-10,619	-8,438	-33,259
Training Support – National Infection Control Fund	Expense	0	770	0	0	0	770
Supporting families and households							
$200 Residential utility concession rebate	Expense	5,410	1,590	0	0	0	7,000
ACT Hardship Fund	Expense	0	1,250	0	0	0	1,250
Additional frontline domestic violence and rape crisis services and safer families collaboration	Net Expense	0	242	0	0	0	242
Assistance for sport and recreation bodies	Revenue forgone	100	1,000	0	0	0	1,100
Conveyance Duty – Pensioner Duty Concession Scheme	Revenue forgone	0	0	560	570	600	1,730
Fee and charge reduction – one-year freeze on growth of Fire and Emergency Services Levy	Revenue forgone	0	1,760	1,790	1,840	1,880	7,270
Fee and charge reduction – one-year freeze on parking and public transport fees	Revenue forgone	0	1,200	1,300	1,400	1,400	5,300
Fee and charge reduction – one-year freeze on vehicle registration fees	Revenue forgone	0	3,800	4,000	4,200	4,400	16,400
Fee Waivers – Stromlo Forest Park, ACT Government Sportsgrounds, Schools and Aquatic Facilities	Revenue forgone	0	2,175	0	0	0	2,175
Fee Waivers – Stromlo Forest Park, ACT Government Sportsgrounds, Schools and Aquatic Facilities	Expenses offset	0	-2,175	0	0	0	-2,175
Freezing the Utilities Network Facilities Tax	Revenue forgone	2,052	2,108	2,178	2,252	2,334	10,924
Improving responses to family violence in Aboriginal and Torres Strait Islander families	Expense	0	150	0	0	0	150
Integrated Family Safety Risk Assessment and Response	Net Expense	0	0	0	0	0	0
Out of Home Care Funding	Net Expense	0	4,951	5,032	0	0	9,983

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Residential rates – 2020-21 setting	Revenue forgone	0	32,941	7,887	8,360	8,861	58,049
Residential rates – delay of issuance of residential rates and land tax bills	Expense	0	0	0	0	0	0
Residential stamp duty reductions	Revenue	0	-7,300	11,700	0	0	4,400
Residential tenancy relief	Revenue forgone	458	2,542	0	0	0	3,000
Support for international students	Expense	150	0	0	0	0	150
Supporting vulnerable children, youth and families	Expense	0	1,701	0	0	0	1,701
Utilities hardship	Expense	250	0	0	0	0	250
Volunteer Activation - Getting more people, more active in caring for nature	Expense	0	475	0	0	0	475
Keeping Canberrans employed							
Access to Portable Long Service Leave	Expense	0	0	0	0	0	0
ACT Bushfire and Flood Recovery Plan 2021	Expense	0	1,665	0	0	0	1,665
ACT Bushfire and Flood Recovery Plan 2021	Capital	0	305	0	0	0	305
ACT Bushfire and Flood Recovery Plan 2021	Revenue	0	599	0	0	0	599
Additional teachers and equitable funding for all students – Government School enrolment adjustment	Expense	0	10,432	10,745	11,067	11,399	43,643
Building Light Rail to Woden and raising London Circuit[1]	Net Expenses	-1,006	-401	0	0	0	-1,407
Building Light Rail to Woden and raising London Circuit[1]	Net Capital	-23,110	3,201	9,535	-39,413	124,700	74,913
Building the Woden CIT Campus and Transport Interchange[1]	Expense	0	900	1,000	1,000	1,000	3,900
Building the Woden CIT Campus and Transport Interchange[1]	Net Capital	0	15,300	49,000	85,000	93,000	242,300
Delivering the 2020 ACT Legislative Assembly election	Expense	0	3,726	0	0	0	3,726
Delivering the 2020 ACT Legislative Assembly election	Capital	0	120	0	0	0	120
Financial support for the Cultural Facilities Corporation	Expense	0	2,500	0	0	0	2,500
Further Operational Funding for the Integrity Commission	Net Expense	0	1,259	1,690	1,691	1,712	6,352
Improving Building Quality – More specialist staff	Expense	0	372	384	392	401	1,549
Improving Building Quality - Public Sector Building Certifiers	Expense	0	150	150	4,185	3,445	7,930
Jarramlee Subsidence Remediation	Expense	0	1,216	3,316	0	0	4,532
Jobs for Canberrans Fund	Net Expense	1,138	24,362	0	0	0	25,500
Meeting Schooling Demand - Modular Learning Centres	Expense	0	0	427	854	854	2,135

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Meeting Schooling Demand - Modular Learning Centres	Capital	0	17,082	0	0	0	17,082
New East Gungahlin High School	Net Expense	0	0	0	0	64	64
New East Gungahlin High School	Net Capital	0	-2,217	217	-2,000	4,000	0
North Gungahlin Investment - Amaroo School Expansion	Capital	0	2,000	10,730	0	0	12,730
Rapid rollout of 'screwdriver ready' minor capital works projects	Capital	17,800	10,200	0	0	0	28,000
Rapid rollout of 'screwdriver ready' minor capital works projects	Expense	5,000	2,000	0	0	0	7,000
Road Safety Works	Net Capital	0	0	0	0	0	0
Road Safety Works	Net Expenses	0	0	107	139	171	417
Rollover of contracts for any casual or contracted ACTPS staff	Expense	~	~	0	0	0	~
Local Roads and Community Infrastructure	Net Capital	0	0	0	0	0	0
Local Roads and Community Infrastructure	Net Expenses	0	0	0	80	159	239
Upgrading the ACT Materials Recovery Facility	Net Capital	0	4,500	4,800	1,000	1,000	11,300
Urban forest and other public realm maintenance functions	Expense	1,000	2,000	0	0	0	3,000
Utilities Concession for Asylum Seekers	Expense	0	72	0	0	0	72
William Hovell Drive, Athllon Drive and John Gorton Drive	Expense	0	0	0	0	52	52
William Hovell Drive, Athllon Drive and John Gorton Drive	Capital	0	-60,600	-104,830	131,000	136,200	101,770
Youth Support Package	Net Expense	0	1,075	1,000	0	0	2,075
Investing in healthcare and essential services							
ACT Policing support in response to the ACT Bushfires and COVID-19	Expense	0	879	0	0	0	879
Additional resources for the Victims of Crime Commissioner	Expense	0	130	0	0	0	130
An Early Childhood Strategy for the ACT	Net Expense	0	0	0	0	0	0
Calvary Hospital upgrades of critical infrastructure	Expense	0	7,950	0	0	0	7,950
Calvary Hospital upgrades of critical infrastructure	Capital	0	2,904	0	0	0	2,904
Canberra Hospital Expansion Project	Net Capital	-50,782	-1,518	22,300	30,000	0	0
Community Support Package	Expense	5,750	5,350	0	0	0	11,100
Contraband Detection and Intelligence Solution	Expense	0	212	0	0	0	212
Contraband Detection and Intelligence Solution	Capital	0	610	0	0	0	610

Initiatives	Impact	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	Total $'000
Critical Upgrade and Refurbishment of Buildings at Canberra Hospital	Net Capital	0	1,763	9,699	6,172	0	17,634
Education Digital Delivery	Expense	500	0	0	0	0	500
Emergency Services Agency critical ICT investment	Net Capital	0	297	0	0	0	297
Expanding investment in Social Housing	Net Expense	0	-3,177	0	0	0	-3,177
Expanding investment in Social Housing	Net capital	0	22,900	-42,000	0	0	-19,100
Increased Magistrates Court resourcing	Expense	0	310	0	0	0	310
Mental health support package	Net Expense	192	3,795	0	0	0	3,987
More ACT Fire & Rescue Staff and Construction of Acton Station	Expense	0	7,335	8,354	10,745	15,709	42,143
More ACT Fire & Rescue Staff and Construction of Acton Station	Capital	0	6,653	29,423	7,983	1,127	45,186
More support for the healthcare system	Expense	66,898	59,900	0	0	0	126,798
National Agreement on Closing the Gap - matched funding	Expense	0	195	195	195	195	780
New COVID-19 and disease response management system	Net Expense	0	0	0	0	0	0
New COVID-19 and disease response management system	Net Capital	0	0	0	0	0	0
Progressing the Gugan Gulwan Youth Aboriginal Corporation Accommodation	Expense	0	143	0	0	0	143
Public Housing – $250 rent rebate	Expense	3,000	0	0	0	0	3,000
Strategic accommodation study for Policing	Expense	0	687	0	0	0	687
Support for the Community sector – pay equity	Expense	0	50	2,037	3,420	3,520	9,027
Supporting Vulnerable Students	Expense	0	2,537	0	0	0	2,537
Waiver of fees for Early Childhood Education and Care service providers	Revenue forgone	130	0	0	0	0	130

Note:

1. This initiative contains funding beyond 2023-24. See individual descriptions for further details.

Supporting local business and the economy

$1,000 additional electricity rebate for cafes, takeaways and restaurants

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,500	0	0	0	**1,500**

The Government will provide eligible cafes, takeaways and restaurants with a one-off $1,000 rebate on their electricity bill during the first quarter of 2020-21, to help support these businesses during the economic recovery period.

Eligible businesses can apply via the Access Canberra website.

This initiative was published on 19 June and has been extended in the *Supporting our Tourism and Events Industries* initiative.

ACT participation in the JobTrainer Fund

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	100	0	0	0	**100**
Expenses – Provision	0	16,750	0	0	0	**16,750**
Total Expenses	**0**	**16,850**	**0**	**0**	**0**	**16,850**
Associated Revenue – Provision	0	8,375	0	0	0	**8,375**

The Government will establish a *JobTrainer Fund* with matched funding from the Commonwealth to invest in free or low fee VET courses for job seekers, school leavers and young people to support them into new jobs as the ACT emerges from the COVID-19 crisis.

A heads-of-agreement has been signed with the Commonwealth, with details of a National Partnership Agreement being negotiated between the Commonwealth and ACT Government. As details are subject to negotiation, ACT Government funding and associated Commonwealth Revenue have been provisioned at this time.

The Government will also provide $100,000 for the development of a *Vocational Education and Training Investment Strategy* that will ensure future VET expenditure is targeted at the highest priority industries and student cohorts.

ACT Stimulus Digital Voucher Program

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	623	0	0	0	**623**

The Government will support local businesses impacted by COVID-19 by piloting a digital voucher program to encourage Canberrans and visitors to shop local. The program will be facilitated through an online system where customers can access unique daily discount codes for use at eligible Canberra businesses.

Additional support for the Vocational Education and Training Sector

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	1,000	1,000	0	0	0	**2,000**

The Government is providing support for the Vocational Education and Training Sector by increasing subsidies for apprenticeships and traineeships to access nationally recognised training in areas linked to skills needs across a range of industries. Subsidies will be provided directly to Registered Training Organisations.

This initiative was published on 19 June and remains unchanged.

Automatic $750 Electricity rebates for small businesses

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	9,790	304	0	0	0	**10,094**

Small businesses with electricity usage below 100 megawatts per year will have a rebate of $750 automatically applied to their next electricity bill in May, June or July 2020. This will provide necessary cashflow support for small businesses.

This initiative was published on 19 June, but financial estimates have been revised to incorporate the extension of the rebate to non-licenced sporting clubs and community clubs in similar circumstances as small businesses.

CIT IT investment

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	800	195	0	0	0	**995**

The Government has fast tracked CIT's 'Study Work Anywhere Any Time' IT project to enable CIT to move delivery of components of its teaching and learning online. The expertise required to implement this project will be sourced from local Subject Matter Experts, which will support the local industry and help keep high value technology skills in the region.

City Centre Marketing and Improvements Levy – 50 per cent reduction

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	1,085	0	0	0	**1,085**
Offset – Expenses	0	-1,085	0	0	0	**-1,085**

The Government will reduce the City Centre Marketing and Improvements Levy (CCMIL) by 50 per cent in 2020-21, with the balance of the payment deferred until February 2021. The CCMIL is applied to all rateable commercial properties (more than 600) in the City, Braddon and New Acton.

This initiative was published on 19 June, but financial estimates have been revised.

Cladding – ACT Government properties

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses – Provision	0	3,000	10,000	6,000	0	**19,000**

The Government will develop a program of remediation works to remove potentially combustible cladding on ACT Government buildings. This will initially require building and façade engineering and other specialist advice in order to confirm the final scope and cost of the remediation works.

Cladding – Non-Government Building Remediation Scheme

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses – Provision	0	702	1,102	635	0	**2,439**

The Government has established a provision to commence a voluntary rectification support scheme in relation to potentially combustible cladding for eligible private buildings. The Government will facilitate financial support in the form of concessional loans to assist with initial testing and assessment of potentially combustible cladding material for eligible applicants.

Commercial rates – delay of issuance

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses	0	0	0	0	0	**0**

The Government is deferring the issuance of rates notices for the fourth quarter instalments of the 2019-20 commercial rates by four weeks. These will be then due a month later than the usual due date, providing significant immediate cash flow assistance to commercial property owners.

This initiative was published on 19 June and remains unchanged.

Commercial rates – fixed charge rebate and 2020-21 settings

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	15,876	6,872	7,285	7,722	8,185	**45,940**

The Government is providing owners of commercial property with an Average Unimproved Value (AUV) of $2 million or less a full rebate on their commercial rates fixed charge for the 2019-20 financial year. The credit of $2,622 (equivalent to the annual fixed charge) is being automatically applied to the fourth quarter bill of 2019-20.

The Government is also setting the average increase for commercial properties with an AUV of $2 million or less at 0 per cent. This means that no additional general rates revenue will be collected from this group of properties, but individual rates will change in line with changes in land values. General rates for around 4,600 commercial properties will be lower than in 2019-20.

In addition, the Government will freeze the 2020-21 Fire and Emergency Services Levy at the 2019-20 amount (refer to the *One-year freeze on growth of Fire and Emergency Services Levy* initiative for further information).

This initiative was published on 19 June, but financial estimates have been revised.

Commercial rates – hardship deferrals

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	~	~	0	0	0	**~**

The Government is supporting commercial property owners who have been significantly affected by COVID-19 to apply to the ACT Revenue Office to defer their rates charges up to 31 March 2021. No interest will be charged on the deferred amount.

Property owners who are experiencing financial hardship can apply by sending an email to debtmanagement@act.gov.au.

This initiative was published on 19 June and has been revised to incorporate an extension of the deferral arrangement from 30 September 2020 to 31 March 2021.

Commercial rates – rental relief and owner-occupier rebate scheme

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	466	11,084	0	0	0	**11,550**

The Government is providing general rates relief in 2019-20 and 2020-21 to commercial property owners who, consistent with the National Cabinet Mandatory Code of Conduct, negotiate in good faith to reduce rent for tenants affected by COVID-19. 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.

Assistance for owners of properties with an AUV of $2 million or below is based on the significance of the impact on their tenants. Owners of properties with an AUV above $2 million can apply on a case-by-case basis.

Eligible businesses can apply via the ACT Revenue Office website (under the *Commercial Property Owners* section).

This initiative was published on 19 June, but financial estimates have been revised to reflect activity to date and to incorporate the extension of the scheme until 31 December 2020.

Continuing the Gaming Machine Authorisation Surrender Incentive

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	1,635	2,115	0	0	0	**3,750**

The Government will extend the Gaming Machine Authorisation Surrender Incentive until 4 December 2020. The initiative will provide gaming machine licensees with the opportunity to access a payment of $15,000 per authorisation if they voluntarily surrender a gaming machine authorisation.

This initiative was published on 19 June, but it was included in the *Supporting Community Clubs* initiative. The financial estimates have been revised to reflect activity to date and to incorporate the extension of the scheme until 4 December 2020.

Early payment of invoices

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	~	~	0	0	0	**~**

Recognising the importance of cash flow to small and medium enterprises, the Government has accelerated the payment of invoices for local enterprises. The cost associated with this is due to the indirect loss of interest from these early payments.

This initiative was published on 19 June and remains unchanged.

Expediting development application and unit titling approvals

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	475	490	503	0	**1,468**

The Government will continue to fast-track development application and unit titling approvals to allow work to continue in the ACT's construction sector. The Government has allocated funding for additional staff in the Transport Canberra and City Services Directorate to speed up asset acceptance processes, and reprioritised staff to expedite approvals in Planning Delivery.

This initiative was published on 19 June and remains unchanged.

Extending taxi industry support to lessees of privately-owned plates

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	810	0	0	0	0	**810**

The Government is providing a one-off payment of up to $5,000 to taxi drivers who lease their taxi plates from private owners. This provides the same level of support as provided to those who lease Government plates in the Territory.

Eligible drivers should submit an application form available on the ACT COVID-19 website.

This initiative was published on 19 June and remains unchanged.

Fee reduction – one-year waiver for food business registration, outdoor dining and liquor licensing fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	1,200	3,250	0	0	0	**4,450**

The Government is providing a 12-month waiver of food business registration and liquor licencing fees from 1 April 2020 for licenced venues and off-licenced venues with gross liquor purchase value of below $3 million per annum. Until 30 June 2021, the Government will also waive the application fee payable by businesses who wish to apply for a general liquor licence to convert their temporary ability to sell liquor off licence (i.e. for takeaway purchases) during the public health emergency into a permanent arrangement.

The Government will also waive outdoor dining fees in 2020-21 and establish a new sub-category of off liquor licences – the first year micro-producer licence. The licence application fee for this category will be set at $250, a 90 per cent discount on the standard liquor licence application fee.

This initiative was published on 19 June, but financial estimates have been revised.

Fee reduction – one-year waiver for other business fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	29	89	0	0	0	**118**

The Government is providing a fee waiver for 12 months for businesses that require infection control licensing, which includes businesses such as beauty therapists, nail salons, tattoo parlours and dentists.

This fee waiver will be automatically applied through the normal licencing process, and businesses do not need to contact Health Protection Services.

This initiative was published on 19 June and remains unchanged.

Fee reduction – one-year waiver for ride share and hire car fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	5	205	0	0	0	**210**

The Government is waiving rideshare vehicle and hire car licence fees for 12 months for from 1 April 2020 as part of the normal licencing processes. This will assist workers who provide ride share services.

This fee waiver will be automatically applied through the normal licencing process. In cases where fees have been prepaid, a credit will be provided at the next due date.

This initiative was published on 19 June, but financial estimates have been revised.

Fee reduction – one-year waiver for taxi licence fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	880	0	0	0	**880**

The Government is waiving all Government-leased taxi plate fees ($5,000 for one year), including wheelchair accessible taxis to help support this vital service.

This fee waiver will be automatically applied through the normal licencing process.

This initiative was published on 19 June, but financial estimates have been revised.

Fixed water and sewerage charges rebate for accommodation providers and community clubs

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	204	2,004	0	0	0	**2,208**

The Government will provide a rebate of the fixed water and fixed sewerage charges payable on Icon Water bills for the full 2020-21 financial year to eligible accommodation providers including hotels, motels and serviced apartments, and a rebate for the fourth quarter of 2019-20 and first quarter of 2020-21 for community clubs. The rebate will help support these businesses during the economic recovery period.

The accommodation provider rebate component has been extended by a further two quarters, please refer to the Supporting our Tourism and Events Industries initiative.

This initiative was published on 19 June and remains unchanged.

Implementing the UNSW Canberra City Campus proposal

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	195	0	0	0	**195**

The Government will provide resourcing to continue oversight and management of the implementation of the UNSW Canberra City Campus on behalf of the ACT Government. This allocation of resources is indicative of the importance of continuing the progression of this city-shaping investment.

Modernisation of the Belconnen Access Canberra Service Centre

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	1,330	0	0	0	**1,330**
Depreciation	0	0	266	266	266	**798**
Associated Expenses – Provision	0	150	0	0	0	**150**
Total Expenses	**0**	**150**	**266**	**266**	**266**	948

The Government will fast-track investment to relocate and upgrade the Belconnen Access Canberra Service Centre to a new tenancy that is fit for purpose and more accessible to the public.

Modernising ICT Network Infrastructure

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	4,000	0	0	0	**4,000**
Depreciation	0	400	800	800	800	**2,800**

The Government will upgrade and replace core ICT infrastructure across critical ACT Health properties. This fast-tracked investment in necessary upgrades will ensure network standards are maintained.

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

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	900	1,900	0	0	**2,800**

The Government will provide 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.

The expense component of this item relates to financing costs.

Eligible businesses can apply via the ACT Revenue Office website.

This initiative was published on 19 June and remains unchanged.

Payroll tax – interest-free deferral for construction industry

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	27	30	0	0	0	**57**

The Government is supporting businesses in the construction industry by allowing them to defer their payroll tax liability for the nine months from April to 31 December 2020 to provide cashflow assistance to help them retain workers. No interest will be charged on deferred amounts until 1 January 2021.

The expense component of this item relates to financing costs.

This initiative was published on 19 June, but has been revised to incorporate the extension of the scheme until 31 December 2020.

Payroll tax – six-month waiver of payroll tax for business operations directly impacted by the national 'prohibited activities and venues' list

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	3,300	4,400	0	0	0	**7,700**

The Government is providing businesses whose operations were directly affected by restrictions and prohibitions as part of the COVID-19 public health response a six-month waiver of payroll tax from 1 April to 30 September 2020. Businesses covered include hotels, clubs, cafes, restaurants, creative arts and entertainment industries, gyms and indoor sporting venues, cinemas, beauty therapists and nail salons.

A further waiver of payroll tax for three months from 1 October to 31 December 2020 will be available to businesses that are unable, or essentially unable, to trade due to COVID-19 health related restrictions in place at that time. This ensures that should restrictions need to be tightened again, a payroll tax waiver will be accessible to assist businesses prevented from trading by those restrictions.

Eligible businesses can apply via the ACT Revenue Office website.

This initiative was published on 19 June, but financial estimates have been revised to reflect activity to date and to incorporate the extension of the scheme until 31 December 2020.

Remediation of Canberra Technology Park

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	705	0	0	10,160	**10,865**

The Government will remediate Canberra Technology Park at Block 1 Section 13 Watson to allow redevelopment and future use of the site by the Academy of Interactive Entertainment. This includes creating new, high quality, community open space and recreation facilities.

Rental relief – ACT government properties

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	3,346	6,692	0	0	0	**10,038**

From 1 April 2020 to 31 December 2020, the Government will not charge any 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. The Government is also providing up to $500,000 in funding to the head licensees of arts facilities to enable the waiving of fees for sub-licensees for nine months (supporting 65 smaller arts organisations).

Support is also available for commercial tenants of ACT Government owned properties where loss of revenue has resulted from COVID-19.

This initiative was published on 19 June, but financial estimates have been revised and reflect the extension of the scheme until 31 December 2020.

Supporting Community Clubs

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	5,138	0	0	0	0	**5,138**

The Government is providing further support to Canberra's community clubs and Casino, to enable them to keep staff employed through a waiver/refund of gaming machine tax liabilities for clubs for March 2020 activity (for larger clubs that pay gaming tax monthly) or for first quarter 2020 activity (for smaller clubs that pay gaming tax quarterly).

The Government has also made an additional $1.5 million contribution to the Clubs Diversification Fund, which will support clubs in the ACT to keep staff employed on the Clubs award rate.

This estimate has been revised down from the original estimate, due to initial take-up of measures being lower than originally estimated. The final cost of this initiative will depend on the final take-up of available measures.

Additionally, the Government has amended legislation to allow payment of award wages to staff to be claimed as community contributions where an emergency declaration has been made and provide incentives for clubs to prepare food for the vulnerable.

This initiative was published on 19 June, for presentation purposes, the voluntarily surrender of gaming machine authorisation component is now reflected in the *Continuing Gaming Machine Authorisation Surrender Incentive* initiative.

Supporting our tourism and events industries

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	4,319	150	0	0	**4,469**
Revenue forgone	0	333	111	0	0	**444**

The Government will support the economic recovery of the ACT tourism sector as restrictions are slowly wound back through a number of measures including:

- extending the fixed water and sewerage charge rebate for accommodation providers rebates to hotels on water and sewerage fixed charges for a further six months until 30 June 2021;
- providing eligible cafes, takeaways and restaurants with an additional one-off $1,000 rebate on their electricity bill during the first six months of 2021, to help support these businesses during the economic recovery period;
- preparing a new domestic tourism marketing campaign and establishing a cooperative marketing fund;
- contributing to the safe running of community events during the health pandemic;
- waiving certain vehicle registration fees for tourism operators; and
- piloting a new physical distancing technology for business events.

Supporting the economic recovery of the creative sector

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	1,500	825	0	0	0	**2,325**

The Government is providing $1.325 million to support arts development and the sustainability of arts practice. This includes $500,000 provided through a recent grant round in 2019-20 and a further $825,000 in 2021 to extend HOMEFRONT grants to over 50 additional Canberra based artists, and provide additional resourcing for programs to support the creative sector. This will include the establishment of a Creative Recovery and Resilience Framework to support the sector.

Acknowledging the role of the arts in our community's recovery, the ACT Government has also invested up to $1 million in Canberra arts organisations that have been impacted by the COVID-19 pandemic.

This initiative was published on 19 June under the title *Increased support for our arts community* but has been revised to reflect the additional $825,000 in 2020-21 for HOMEFRONT grants.

Tax Reform – Stage 3

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue – residential general rates economic stimulus	0	0	-9,846	-20,996	-33,572	**-64,414**
Revenue – residential conveyance duty	0	0	1,633	13,171	25,193	**39,997**
Revenue – commercial general rates economic stimulus	0	0	-5,215	-11,180	-17,968	**-34,363**
Revenue – commercial conveyance duty	0	0	-774	8,386	17,909	**25,521**
Total Revenue	**0**	**0**	**-14,202**	**-10,619**	**-8,438**	**-33,259**

The Government will bring forward Stage 3 of the tax reform program to commence in 2021-22, one year earlier than previously scheduled.

The increase in average general rates for residential and commercial properties during the five years of Stage 3 will be 3.75 per cent each year. This is lower than during Stage 2 (prior to COVID-19 household support measures) in light of the need to moderate the pace of general rates increases to provide economic stimulus in the current economic climate.

As a result, general rates revenue will be less than previously forecast over the forward estimates. This will slow the pace of conveyance duty reductions, resulting in slightly higher conveyance duty revenue over the forward estimates.

Revenue from average residential general rates increases above changes in the Wage Price Index will be used to fund reductions in residential conveyance duty each year.

The Government will forego additional revenue as an economic stimulus measure and to ensure that the reform remains revenue neutral rather than Budget neutral. This is both in the spirit of the Government's tax reform program and will allow for further reductions in residential conveyance duty for owner-occupiers targeted at the lowest property price thresholds.

The commercial conveyance duty tax-free threshold will be increased incrementally from $1.5 million to $2 million over the course of Stage 3.

Further explanation of these changes can be found in Chapter 3.4 Tax Reform.

Training Support – National Infection Control Fund

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses	0	770	0	0	0	**770**

The Government will contribute up to $670,000 towards the joint Commonwealth-Territory fund to deliver infection control training to workers, with a focus on customer facing roles in a range of industries. With Commonwealth matched funding, this will provide fully subsidised training for up to 3,800 people in the ACT. The Government will also fund an infection control support program to support the implementation of training and information to ensure appropriate safety protocols in the hospitality sector.

This initiative was published on 19 June, but financial estimates have been revised to incorporate the additional $100,000 provided to fund the infection control support program.

Supporting families and households

$200 Residential utility concession rebate

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses	5,410	1,590	0	0	0	**7,000**

Around 30,000 households receiving the Utilities Concession will automatically receive a further $200 rebate (in addition to the $700 annual rebate) on their electricity bill. This includes Centrelink Pensioner Concession Card holders, Centrelink Low Income Health Care Card holders and Department of Veterans’ Affairs Pensioner Concession Card or Gold Card holders.

This initiative was published on 19 June, but financial estimates have been revised.

ACT Hardship Fund

	2019-20 $’000	2020-21 $’000	2021-22 $’000	2022-23 $’000	2023-24 $’000	**Total $’000**
Expenses	0	1,250	0	0	0	**1,250**

The Government will establish a fund 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 will be available on application to help protect our community and most vulnerable Canberrans.

Additional frontline domestic violence and rape crisis services and safer families collaboration

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	662	0	0	0	**662**
Offset – Provision	0	-420	0	0	0	**-420**

The Government will establish the Safer Families Collaboration Program which will co-locate support workers from the Canberra Rape Crisis Centre and Domestic Violence Crisis Services within the Child and Youth Protection Service (CYPS). During the COVID-19 pandemic there has been an increase in the demand for these services. This will provide critical supports to the community in responding to complex cases of domestic and family violence.

Assistance for sport and recreation bodies

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	700	1,500	0	0	0	**2,200**
Offset – Expenses	-700	-1,500	0	0	0	**-2,200**
Revenue forgone	100	1,000	0	0	0	**1,100**

The Government has provided funding and relief equivalent to $3.3 million for Canberra's sports sector to address challenges associated with COVID-19. This funding incorporated an immediate financial injection of $700,000 in 2019-20 across ACT peak sport and recreation bodies, as well as enabling early access to approximately $1.5 million through the 2021 Sport and Recreation Grants Program.

The Government will also waive sportsground hire fees, along with waivers for rent for use of government properties and schools– see related initiative *Fee Waivers – Stromlo Forest Park, ACT Government Sportsgrounds, Schools and Aquatic Facilities*.

This initiative was published on 19 June and remains unchanged.

Conveyance Duty – Pensioner Duty Concession Scheme

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue	0	0	-560	-570	-600	**-1,730**

The Government will extend the Pensioner Duty Concession Scheme on an ongoing basis. The Scheme assists eligible pensioners to move to accommodation more suited to their needs – for example, moving from a house to a townhouse – by charging duty at a concessional rate. All pensioners, even those who do not receive a duty concession, are also able to defer payment of their duty until the next transfer of the property. The Government continues to reduce inefficient, unfair, and narrow transaction-based taxes.

Fee and charge reduction – one-year freeze on growth of Fire and Emergency Services Levy

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	1,760	1,790	1,840	1,880	**7,270**

The Government will freeze the Fire and Emergency Services Levy at its current 2019-20 level for the 2020-21 financial year. This will apply to all commercial and residential properties.

This initiative was published on 19 June and remains unchanged.

Fee and charge reduction – one-year freeze on parking and public transport fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	1,200	1,300	1,400	1,400	**5,300**

The Government will freeze parking and public transport fees at their current level for 2020-21.

This initiative was published on 19 June and remains unchanged.

Fee and charge reduction – one-year freeze on vehicle registration fees

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	3,800	4,000	4,200	4,400	**16,400**

The Government will freeze vehicle registration fees at their current level for 2020-21.

This initiative was published on 19 June and remains unchanged.

Fee Waivers – Stromlo Forest Park, ACT Government sportsgrounds, schools and aquatic facilities

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	2,175	0	0	0	**2,175**
Offset – Expenses	0	-2,175	0	0	0	**-2,175**

The Government will waive fees for the hire of Government sporting facilities by community and commercial groups for the Summer sporting season from 1 October 2020 to 31 March 2021.

This includes ACT Government sportsgrounds, the criterium and running track at Stromlo Forest, school sporting facilities and pools and lanes at Government owned aquatic facilities.

Freezing the Utilities Network Facilities Tax

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	2,052	2,108	2,178	2,252	2,334	**10,924**

The Government will freeze the Utilities Network Facilities Tax (UNFT) at its current level for the next year. Freezing the UNFT will enable utility providers to pass on savings to customers and support improved hardship measures for ACT customers.

The UNFT is paid by utility providers and applies to any network facility on land in the ACT, including networks for transmitting and distributing electricity, gas, sewage, water and telecommunications.

This initiative was published on 19 June, but financial estimates have been revised.

Improving responses to family violence in Aboriginal and Torres Strait Islander families

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	150	0	0	0	**150**

The Government will commence co-design of pilot programs as part of the second phase of the Government's response to the recommendations from the *We Don't Shoot Our Wounded* and *Change Our Future: Share What You Know* reports.

Integrated family safety risk assessment and response

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	180	437	470	0	**1,087**
Offset – Expenses	0	-180	-437	-470	0	**-1,087**

The Government will provide funding for the design and implementation of the *ACT Domestic and Family Violence Risk Assessment and Management Framework*, as part of a system-wide response to understanding and practice of screening and risk assessment for domestic and family violence. This initiative will be funded by the Safer Family Levy.

Out of Home Care funding

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	11,311	13,124	0	0	**24,435**
Offset – Provision	0	-6,360	-8,092	0	0	**-14,452**
Net Expenses	**0**	**4,951**	**5,032**	**0**	**0**	**9,983**

The Government will provide additional funding over two years under our out of home care strategy, *A Step Up for Our Kids*. This will support community organisations to meet their service delivery costs and effectively respond to the needs of Canberra's most vulnerable children, young people, their families and carers.

Residential rates – 2020-21 setting

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	0	32,941	7,887	8,360	8,861	**58,049**

The Government will automatically apply a $150 rebate to the fixed-charge components of all residential rates bills in 2020-21.

The Government is also setting the average rates increase for houses and units in 2020-21 at zero per cent, inclusive of the $150 fixed charge rebate. This means that general rates revenue collected from current rateable properties will not increase, but individual property rates may change in line with changes in land values. General rates for over 110,000 residential properties will be lower than in 2019-20.

This initiative was published on 19 June and remains unchanged.

Residential rates – delay of issuance of residential rates and land tax bills

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	0	0	0	0	**0**

The Government is deferring the issuing of rates notices for the fourth quarter instalments of the 2019-20 residential general rates and land tax assessments by four weeks. These will then be due a month later than the usual due date and provide significant immediate relief to household budgets.

This initiative was published on 19 June and remains unchanged.

Residential rates – expanding access to residential general rates hardship deferral

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	~	~	0	0	0	**~**

The Government has implemented a new process for rates deferrals for owner occupiers experiencing hardship because of COVID-19. No interest will apply to the deferred amount.

The deferral will be for 12 months where household income has been reduced by at least 25 per cent by circumstances such as unemployment, reduction in hours of work, or a loss of small business income.

An application form is available on the ACT Revenue Office website.

This initiative was published on 19 June and remains unchanged.

Residential stamp duty reductions

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue – deferred tax rate reductions	0	4,000	11,700	0	0	**15,700**
Revenue – owner occupier land and off-the-plan unit concessions	0	-11,300	0	0	0	**-11,300**
Total Revenue	**0**	**-7,300**	**11,700**	**0**	**0**	**4,400**

The Government has significantly reduced stamp duty for eligible owner occupier home buyers until 30 June 2021. This will save new home buyers thousands of dollars. This initiative will generate more work for the local construction industry and create more jobs.

The following concessions apply to contracts exchanged between 4 June 2020 and 30 June 2021:

- No stamp duty on single residential dwelling blocks
- No stamp duty on off-the-plan unit (unit-titled apartment and townhouses) purchases up to $500,000
- An $11,400 stamp duty reduction for off-the-plan unit (unit-titled apartment and townhouses) purchases between $500,000 and $750,000

The Government will delay the previously announced reductions to residential stamp duty tax rates in 2020-21 by one year.

This initiative was published on 19 June and remains unchanged.

Residential tenancy relief

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	458	2,542	0	0	0	**3,000**

The Government is providing a reduction land tax to residential landlords who reduce rents by at least 25 per cent for tenants who have been impacted by COVID-19.

The rebate will be equal to 50 per cent of the rent reduction, up to $1,300 per quarter (around $100 per week), for up to nine months. This will provide rent relief to impacted tenants of up to $200 per week.

This estimate has been revised down from the original estimate, due to initial take-up being lower than originally anticipated. The final cost of this initiative will depend on the final take-up rates. The Government has confirmed that the scheme will remain in place until 31 December 2020.

An application form is available on the ACT Revenue Office website.

This initiative was published on 19 June, but financial estimates have been revised and reflect the extension of the scheme until 31 December 2020.

Support for international students

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	150	0	0	0	0	**150**

The Government is providing assistance for international students during COVID-19, recognising that many people on temporary visas are not eligible for other forms of assistance, such as the Commonwealth's Job Keeper program. Funding will be provided to and subsequently managed by the Australian Red Cross. This funding supplements the $300,000 being provided to support asylum seekers and temporary visa holders as part of the $9 million Community Support Package.

This initiative was published on 19 June and remains unchanged.

Supporting vulnerable children, youth and families

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,701	0	0	0	**1,701**

The Government will fund a number of initiatives to support vulnerable children, youth and families:

- one-off payments for each child and young person in foster and kinship care to help ease the financial stress for those carers whose employment or income may have been affected during the COVID-19 pandemic
- an extended carer subsidy for those young people in foster or kinship care who turn 18 this year
- continue and expand the capacity of the Safe and Connected Youth Program to meet increased demand for this service
- one-off payments to non-government service providers to assist with direct service delivery, brokerage and support for young people and their families, including where culturally appropriate responses are not available through mainstream services
- assisted brokerage of up to $600 to support young carers to respond to the impacts of COVID-19.

Utilities hardship

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	250	0	0	0	0	**250**

The Government has provided up to $250,000 to a new hardship fund to assist any households severely affected by COVID-19 to pay their utility bills. All major retailers are participating in the fund, representing coverage of 99.6 per cent of residential electricity customers in the ACT.

This initiative was published on 19 June and remains unchanged.

Volunteer Activation – Getting more people, more active in caring for nature

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	475	0	0	0	**475**

The Government will support ACT non-government organisations in the environment sector including catchment management groups and ACT Wildlife. This will help facilitate important conservation work, improve waterways and provide care and treatment for injured wildlife.

Keeping Canberrans Employed

Access to Portable Long Service Leave

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	0	0	0	0	**0**

The Government has amended legislation to provide access to Long Service Leave to workers that suffer a loss of income. The legislation allows the Minister for Employment to permit early access to leave payments accrued by workers impacted by the COVID-19 pandemic.

This initiative was published on 19 June and remains unchanged.

ACT Bushfire and Flood Recovery Plan

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,665	0	0	0	**1,665**
Depreciation	0	0	20	20	20	**60**
Total Expenses	**0**	**1,665**	**20**	**20**	**20**	**1,725**
Associated Revenue	0	599	0	0	0	**599**
Associated Capital	0	305	0	0	0	**305**

The Government will use this funding to address high risk and priority recovery activities identified in the ACT Bushfire and Flood Recovery Plan. This work will support critical environmental, heritage and infrastructure work in Namadgi National Park and Tidbinbilla Nature Reserve following the devastating 2020 summer bushfire and flood events. This initiative will be partially offset by revenue from the Australian Government's Bushfire Recovery for Wildlife and Habitat Program.

Additional teachers and equitable funding for all students - Government School enrolment adjustment

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	10,432	10,745	11,067	11,399	**43,643**

The Government will support the educational needs of all students through funding the equivalent of 85 full-time learning professionals and support staff. This funding will support Canberra's growing school population (P-12) including added support for students with additional needs such as students with a disability and low English proficiency.

Building Light Rail to Woden and raising London Circuit

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	29,198	24,000	0	0	0	**53,198**
Capital – Provision	0	0	77,500	66,500	168,300	**312,300**
Offset – Capital and Capital Provision	-52,308	-20,799	-67,965	-105,913	-43,600	**-290,585**
Net Capital	**-23,110**	**3,201**	**9,535**	**-39,413**	**124,700**	**74,913**
Depreciation	0	0	0	0	0	**0**
Associated Expenses	6,412	2,000	0	0	0	**8,412**
Offset – Associated Expenses Provision	-7,418	-2,401				**-9,819**
Net Expenses	**-1,006**	**-401**	**0**	**0**	**0**	**-1,407**

In 2020-21 the Government will continue planning and work on extending light rail to Commonwealth Park and through the Parliamentary Zone to Woden.

The Government has provisioned for works to significantly improve safety and connectivity for pedestrians, cyclists and cars at the southern end of the City Hill precinct, by raising London Circuit to form a level intersection with Commonwealth Avenue.

This will be managed alongside construction of the light rail network. The Government has also set aside a provision for construction of a light rail stop at Woden in 2021-22. This investment helps implement the Government's vision of Canberra, outlined in *Canberra: A Statement of Ambition* and *the City Plan* and the *ACT Transport Strategy 2020*.

The total cost of this initiative is estimated to be between $1.5 billion and $1.9 billion.

Building the Woden CIT Campus and Transport Interchange

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	15,300	49,000	84,000	92,000	**240,300**
Capital – Provision	0	0	0	1,000	1,000	**2,000**
Total Capital	**0**	**15,300**	**49,000**	**85,000**	**93,000**	**242,300**
Depreciation	0	0	900	1,700	1,700	**4,300**
Associated Expenses	0	900	1,000	1,000	1,000	**3,900**
Total Expenses	**0**	**900**	**1,900**	**2,700**	**2,700**	**8,200**

The Government will design and construct a new Canberra Institute of Technology (CIT) campus at Woden, in conjunction with a new Woden Bus Interchange. This is a significant capital investment which will support our economy. The Woden Campus includes a Youth Foyer and a 20-bed integrated learning and accommodation setting for vulnerable young people who are committed to pursuing education and training.

This project also includes capital funding of $35.2 million in 2024-25, bringing the total capital cost to $278 million.

Delivering the 2020 ACT Legislative Assembly election

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	3,726	0	0	0	**3,726**
Capital	0	120	0	0	0	**120**

The Government will fund an expansion of early voting arrangements to allow the 2020 ACT Legislative Assembly election to be conducted safely in response to the COVID-19 pandemic. It will also provide additional resourcing to support social distancing requirements for Electoral Commission staff, volunteers and voters.

Financial support for the Cultural Facilities Corporation

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	2,500	0	0	0	**2,500**

The Government will provide additional financial support to the Cultural Facilities Corporation. This is a result of the loss of own-source revenue due to the sustained impact of COVID-19 on public gatherings, exhibition spaces and performance venues. This funding will support the arts community by allowing the Cultural Facilities Corporation to retain staff and provide rent abatements to tenants.

This initiative was published on 19 June and remains unchanged.

Further operational funding for the Integrity Commission

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,644	1,690	1,691	1,712	**6,737**
Depreciation	0	186	186	186	186	**744**
Offset – Expenses	0	-385	0	0	0	**-385**
Net Expenses	**0**	**1,445**	**1,876**	**1,877**	**1,898**	**7,096**

The Government will provide additional funding to the ACT Integrity Commission to increase the number of staff to undertake its legislated functions, including assessment, investigation and resolution of serious and systemic breaches of integrity in the public sector. The Government will also facilitate the ACT Integrity Commission's move to permanent office premises through capital funding from the fast-tracked capital program.

Improving Building Quality – More specialist staff

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	372	384	392	401	**1,549**

The Government will provide additional resourcing to support the Construction Occupation Registrar with a specialist engineering and building surveying technical capability to strengthen proactive compliance audit functions and provide technical expertise to investigate building quality issues.

Improving Building Quality – Public sector building certifiers

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	150	150	0	0	**300**
Expenses – Provision	0	0	0	4,185	3,445	**7,630**
Total Expenses	**0**	**150**	**150**	**4,185**	**3,445**	**7,930**

The Government will support investigative work into the regulatory challenges facing the current building certification system and alternative certification models including developing a fee-for-service public building certification service model.

Jarramlee subsidence remediation

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,216	3,316	0	0	**4,532**

The Government will remediate the subsidence at the Jarramlee Nature Reserve to enable land management activities in the area and to meet environmental offset commitments. The delivery of these works will provide support for industry, address risks at the site and increase opportunities for recreational activity for the residents of West Macgregor and surrounds.

Jobs for Canberrans Fund

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	1,138	27,362	0	0	0	**28,500**
Associated Revenue	0	3,000	0	0	0	**3,000**

The Government has established the Jobs for Canberrans Fund to allow the ACTPS to employ additional workers on short-term contracts to help deliver projects and programs of benefit to the Canberra community.

This provides opportunities for those in the casual workforce, such as those who are excluded from the Commonwealth's JobKeeper wage subsidy program.

Opportunities have been identified across the ACT Public Service and will focus on roles with minimal prerequisites that can be undertaken in a manner that is compliant with health restrictions.

The expense offset relates to the reinvestment of an estimated $3 million from the Partnership on COVID-19 Response.

This initiative was published on 19 June, but financial estimates have been revised and include an additional $500,000 in 2020-21.

Local roads and community infrastructure

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital (Commonwealth)	0	7,969	0	0	0	**7,969**
Total Capital	**0**	**7,969**	**0**	**0**	**0**	**7,969**
Depreciation	0	0	199	199	199	**597**
Associated Expenses	0	0	0	80	159	**239**
Total Expenses	**0**	**0**	**199**	**279**	**358**	**836**

The Government will continue to improve active travel infrastructure, improve Canberra's streetlights network, as well as upgrading a range of community and sporting facilities.

This is being facilitated by a Commonwealth grant.

Meeting schooling demand – Modular learning centres

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	17,082	0	0	0	**17,082**
Depreciation	0	854	1,708	1,708	1,708	**5,978**
Associated Expenses	0	0	427	854	854	**2,135**
Total Expenses	**0**	**854**	**2,135**	**2,562**	**2,562**	**8,113**

The Government will fast-track its investment to install and maintain thirteen Modular Learning Centres at eleven schools across Canberra to meet projected enrolment growth and support school expansions. The schools are Garran Primary (two units), North Ainslie Primary, Palmerston Primary, Miles Franklin Primary, Red Hill Primary, Forrest Primary, Taylor Primary, Fraser Primary, Mawson Primary, Telopea Park High and the Black Mountain School (double decker unit).

New East Gungahlin High School

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	1,500	33,674	33,316	4,000	**72,490**
Offset – Capital – Provision	0	-3,717	-33,457	-35,316	0	**-72,490**
Net Capital	**0**	**-2,217**	**217**	**-2,000**	**4,000**	**0**
Associated Expenses	0	0	0	3,190	3,254	**6,444**
Offset – Associated Expenses Provision	0	0	0	-3,190	-3,190	**-6,380**
Net Expenses	**0**	**0**	**0**	**0**	**64**	**64**

The Government will release the provision to design and construct a new Year 7 to 10 high school in the suburb of Kenny (East Gungahlin). The school will be completed at the end of 2022, in readiness for the school opening at the start of the 2023 school year. The school will have an initial capacity of 800 student places, with the potential to expand the capacity to 1,000 students.

North Gungahlin Investment – Amaroo School expansion

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	2,000	10,730	0	0	**12,730**
Depreciation	0	12	131	239	239	**621**

The Government will expand the capacity of Amaroo School (senior campus) by an additional 200 places, to meet growth in the student population in the Gungahlin region. This expansion will be completed by the end of 2022.

Rapid rollout of 'screwdriver ready' minor capital works projects

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	17,800	10,200	0	0	0	**28,000**
Expenses	5,000	2,000	0	0	0	**7,000**

The Government has provided $35 million for minor capital works projects to provide immediate support for small and medium-sized local businesses. The 2019-20 program related to works that could start immediately, be undertaken using local suppliers and workers, and that could be undertaken within social distancing requirements. The 2020-21 program builds on the success of the 2019-20 activities and will also provide $2 million for early planning and design works for longer-term projects.

The expense component of this initiative relates to expenditures that cannot be capitalised.

This initiative was published on 19 June, but financial estimates have been revised.

Road safety works

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	3,200	1,000	0	0	**4,200**
Offset – Capital (Commonwealth)	0	-1,600	0	0	0	**-1,600**
Offset – Capital	0	-1,600	-1,000	**0**	**0**	**-2,600**
Net Capital	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation	0	0	107	107	107	**321**
Associated Expenses	0	0	0	32	64	**96**
Net Expenses	**0**	**0**	**107**	**139**	**171**	**417**

The Government will invest in safety projects including safety barriers, uninterrupted power supply units for priority traffic lights and a variable speed limit system for the Tuggeranong Parkway between the Cotter Road and the Glenloch interchange.

Rollover of contracts for any casual or contracted ACTPS staff

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	~	~	0	0	0	**~**

The Government has committed to automatically extending staff employed under contracts in the ACT Public Service. This will provide job security during this difficult period.

This initiative was published on 19 June and remains unchanged.

Upgrading the ACT Materials Recovery Facility

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	10,400	8,800	2,000	2,000	**23,200**
Offset – Capital (Commonwealth)	0	-4,500	-4,000	-1,000	-1,000	**-10,500**
Offset – Capital	0	-1,400	0	0	0	**-1,400**
Net Capital	**0**	**4,500**	**4,800**	**1,000**	**1,000**	**11,300**

The Government will upgrade infrastructure at the ACT Materials Recovery Facility to enable the ACT to respond to the upcoming national ban on the export of waste plastic, paper and glass.

The enhancements to the facility will be undertaken through a bilateral agreement with the Commonwealth Government, in which the Commonwealth has agreed to co-fund the upgrades, providing $10.5 million over four years.

Urban forest and other public realm maintenance functions

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	1,000	2,000	0	0	0	**3,000**

The Government is spending $3 million on fast-tracking urban forest and public realm maintenance. This will redeploy staff who would otherwise have been employed under contract for work and events that are not expected to go ahead and provide positions for casual workers to undertake paid employment.

This initiative was published on 19 June and remains unchanged.

Utilities concession for asylum seekers

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	72	0	0	0	**72**

The Government will provide $72,000 to extend assistance provided through the Utilities Concession to eligible asylum seekers for 2020-21.

William Hovell Drive, Athllon Drive and John Gorton Drive

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	4,500	2,720	0	0	**7,220**
Capital – Provision	0	0	37,750	131,000	136,200	**304,950**
Offset – Capital Provision	0	-65,100	-145,300	0	0	**-210,400**
Net Capital	**0**	**-60,600**	**-104,830**	**131,000**	**136,200**	**101,770**
Depreciation	0	0	0	70	70	**140**
Associated Expenses	0	0	0	0	52	**52**
Total Expenses	**0**	**0**	**0**	**70**	**122**	**192**

The Government will plan and design the duplication of Athllon Drive and William Hovell Drive with construction funding provisioned. This construction will support the release of land by the Suburban Land Agency.

The Government will also continue detailed design for the last portion of John Gorton Drive, including a bridge crossing the Molonglo River. The delivery of this road and bridge will complete the 7.2 kilometre length of John Gorton Drive from Cotter Road in the south to William Hovell Drive in the north, and will replace the current low-level Coppins Crossing.

Youth Support Package

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	1,350	1,000	0	0	**2,350**
Offset – Expenses	0	-125	0	0	0	**-125**
Revenue foregone	0	150	0	0	0	**150**
Net Expenses	**0**	**1,075**	**1,000**	**0**	**0**	**2,075**

The Government will provide a $2.075 million package aimed at supporting young people by generating local employment and providing business incentives to employ young people. Components of this package include:

- $2 million to increase the 2021 ACT Public Service graduate program by around 20 per cent, which will directly support the employment of new graduates.
- A short-term payroll tax exemption (from 1 August 2020 to 31 January 2021) for wages paid to newly employed apprentices or trainees which will reduce the costs associated with taking on these new employees.
- A further $250,000 for youth mental health initiatives to build on the Government's $4.5 million COVID-19 Mental Health Support Package.

Investing in healthcare and essential services

ACT Policing support in response to the ACT Bushfires and COVID-19

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	879	0	0	0	**879**

The Government will provide one-off additional funding to ACT Policing for costs associated with combating the 2019-20 bushfire crisis and for initiatives to keep members of the community safe during the COVID-19 pandemic.

Additional resources for the Victims of Crime Commissioner

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	130	0	0	0	**130**

The Government will provide additional resources to the Victims of Crime Commissioner to meet increased demand for the Victims of Financial Assistance Scheme and the Victims Services Scheme during COVID-19. These schemes provide critical support to the victims of crime.

An Early Childhood Strategy for the ACT

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	980	1,661	1,734	1,806	**6,181**
Offset – Expenses – Provision	0	-980	-1,661	-1,734	-1,806	**-6,181**
Net Expenses	**0**	**0**	**0**	**0**	**0**	**0**

The Government will increase the number of priority places for children in early childhood education for three-year olds from 300 to 500.

The expansion will be funded through the reinvestment of funds associated with the *National Schools Reform Agreement*.

Calvary Hospital upgrades of critical infrastructure

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	2,904	0	0	0	**2,904**
Depreciation	0	0	581	581	581	**1,743**
Associated Expenses	0	7,950	0	0	0	**7,950**
Total Expenses	**0**	**7,950**	**581**	**581**	**581**	**9,693**

The Government will undertake a range of infrastructure upgrades at Calvary Public Hospital, including fire safety works, electrical works, and upgrades to endoscopy services. The Government will also upgrade Calvary Public Hospital's ICT infrastructure, install a new electronic access control system, and install a new electronic medical emergency alert system.

Canberra Hospital expansion project

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	15,918	40,782	0	0	0	**56,700**
Capital – Provision	0	0	149,200	189,000	229,600	**567,800**
Offset – Capital and Capital Provision	-66,700	-42,300	-126,900	-159,000	-229,600	**-624,500**
Net Capital	**-50,782**	**-1,518**	**22,300**	**30,000**	**0**	**0**

The Government will continue works on the Canberra Hospital Expansion Project, a modern, purpose-built and state-of-the-art emergency, surgical and critical healthcare facility on the Canberra Hospital campus. This expansion will help meet the healthcare needs of the growing community in the region. The total value of the project is $624.5 million inclusive of agency costs.

Community support package

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	5,750	5,350	0	0	0	**11,100**

The Government is providing additional funding of $11.1 million over two years for our non-government organisation partners to meet increased service demand for emergency relief. This provides support to partners to meet increased service demand for emergency and food relief, those in our Aboriginal and Torres Strait Islander communities who require culturally appropriate support, and those that may be experiencing domestic and family violence.

The development of the package has been undertaken through consultation with our non-government sector partners and includes:

- $2.25 million for the Canberra Relief Network (led by UnitingCare Kippax), for food relief coordination and delivery;
- $1.75 million to support community services organisations during the pandemic (including elements such as staff safety fixtures, and improved technology to support teleconferencing);
- $982,000 for strengthened homelessness prevention services;
- $580,000 to support a range of Aboriginal and Torres Strait Islander organisations;
- $875,000 for domestic and family violence prevention services;
- $300,000 to support asylum seekers and temporary visa holders who may be missing out on other avenues of support;
- $200,000 for expanded legal services (such as Legal Aid); and
- $350,000 for personal protective equipment to be supplied for people with a disability and community sector providers.

This initiative includes $265,000 for mental health services, in addition to the *Mental Health Support Package* initiative outlined below, bringing the total funding for expanded COVID19 mental health services to $4.5 million.

Acknowledging the role of the arts in our community's recovery, the ACT Government will also invest up to $1 million in Canberra arts organisations that have been impacted by the COVID-19 pandemic. Eligible arts organisations (currently funded Key Arts and Program organisations) have been invited to submit proposals for support by demonstrating their financial need this calendar year.

Enhanced operational capacity for public health services including contact tracing and COVID-19 testing

This cost will be shared between the Commonwealth and the ACT under the National Partnership on COVID-19 Response.

Also included in this initiative are financial assistance payments being made to facilitate the return of Canberrans stationed on the Victorian border who were impacted by the sudden change to New South Wales border rules and were unable to drive through the state and return home.

This initiative was published on 19 June, but financial estimates have been revised and include an additional $2.1 million to expand the PPE distribution; rapid response grants; Canberra Relief Network; support for homelessness and domestic and family violence components and financial assistance to return Canberrans impacted by Victorian and New South Wales border restriction.

Contraband detection and intelligence solution

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	610	0	0	0	**610**
Depreciation	0	0	58	58	58	**174**
Associated Expenses	0	212	0	0	0	**212**
Total Expenses	**0**	**212**	**58**	**58**	**58**	**386**

The Government will provide additional contraband detection equipment at the Alexander Maconochie Centre to improve operational safety and security for both staff and detainees.

Critical upgrade and refurbishment of buildings at Canberra Hospital

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	2,573	0	0	0	**2,573**
Capital – Provision	0	763	9,699	6,172	0	**16,634**
Offset – Capital	0	-1,573	0	0	0	**-1,573**
Total Capital	**0**	**1,763**	**9,699**	**6,172**	**0**	**17,634**
Depreciation	0	0	39	39	39	**117**
Total Expenses	**0**	**0**	**39**	**39**	**39**	**117**

The Government will undertake critical electrical infrastructure upgrades in Building 10 at the Canberra Hospital, providing greater support for critical pathology and research services. The Government will also install back-up generators for the heating, ventilation and air conditioning systems in Buildings 11 and 12.

Education digital delivery

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	500	0	0	0	0	**500**

The Government has provided Chromebooks or similar devices to all students in years 4-6 and free Wi-Fi in the homes of the most disadvantaged. This ensured that students who would otherwise not have had access to remote teaching materials were not be left behind as an increasing number of students were required to undertake remote learning.

This initiative was published on 19 June and remains unchanged.

Emergency Services Agency critical ICT investment

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	550	0	0	0	**550**
Offset – Capital	0	-253	0	0	0	**-253**
Net Capital	**0**	**297**	**0**	**0**	**0**	**297**
Depreciation	0	0	59	59	59	**177**

The Government will strengthen critical ICT systems and spatial awareness infrastructure used by front-line staff of the Emergency Services Agency in the delivery of emergency services to the ACT community.

Expanding investment in social housing

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	34,000	6,900	0	0	**40,900**
Offset – Capital	0	-11,100	-48,900	0	0	**-60,000**
Net Capital	**0**	**22,900**	**-42,000**	**0**	**0**	**-19,100**
Associated Expenses	0	300	0	0	0	**300**
Offset – Associated Expenses	0	-3,477	0	0	0	**-3,477**
Net Expenses	**0**	**-3,177**	**0**	**0**	**0**	**-3,177**
Depreciation	0	25	111	109	108	**353**
Associated Revenue	0	17,499	-12,893	-20	-30	**4,556**

The Government will extend the *Growing and Renewing more Public Housing 2019-24* program by one year by providing an additional $20 million in 2024-25, as well as allocating $32 million in 2020-21 to purchase land for the construction of new public housing dwellings.

The Government has also allocated an additional $8.9 million over two years for general property and energy efficiency upgrades.

Additionally, the Government will deliver new initiatives to increase the amount of public housing, community housing and affordable housing in the ACT. The cost of this project will be offset by savings returned from the Public Housing Renewal Taskforce. Additionally, as some of this land will be purchased from the Suburban Land Agency, there will be an associated increase in returns to the Government from the Suburban Land Agency.

Increased Magistrates Court resourcing

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	310	0	0	0	**310**

The Government will fund additional capacity in the Magistrates Court to quickly address any backlog of cases as a result of reduced court activity arising from the COVID-19 pandemic.

This initiative was published on 19 June and remains unchanged.

Mental Health Support Package

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	292	3,930	0	0	0	**4,222**
Offset – Expenses	-100	-135	0	0	0	**-235**

The Government is providing additional mental health support for Canberrans impacted by COVID-19. Increased support will be provided across a range of services, including early intervention, expanded step-down support and additional counselling services.

Funding will increase capacity of both government and non-government service delivery, including Lifeline. This initiative is partially funded from reprioritising existing resources.

This initiative was published on 19 June and remains unchanged.

More ACT Fire & Rescue Staff and Construction of Acton Station

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	7,335	8,354	10,745	15,709	**42,143**
Depreciation	0	0	0	0	1,690	**1,690**
Total Expenses	**0**	**7,335**	**8,354**	**10,745**	**17,399**	**43,833**
Associated Capital	0	6,653	29,423	7,983	1,127	**45,186**

The Government will provide an additional 99 firefighters by 2024-25 to ensure ACT Fire & Rescue operational response capability is able to meet the increased demand for its services.

The Government will also design and construct a joint ACT Fire & Rescue and ACT Ambulance Service station at Clunies Ross Street, Acton, which will become operational in the 2022-23 financial year. The new station will help to improve Fire & Rescue and the ACT Ambulance Service emergency response times.

More support for the healthcare system

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expense	66,898	59,900	0	0	0	**126,798**

The Government has provided an additional $126 million to combat COVID-19.

This additional funding is for:

- Health facility infrastructure, including additional emergency department surge capacity of up to 50 beds, flexing the bed base in Canberra Health Services by an additional 131 beds, and supporting Calvary Hospital to deliver dedicated COVID-19 wards and expanded ICU capacity
- Personal protective equipment
- Establishment of respiratory clinics and additional equipment
- The Emergency operations centre.

This initiative was published on 19 June but has been revised.

National Agreement on Closing the Gap – matched funding

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	195	195	195	195	**780**

The Government has signed the new ten-year National Partnership Agreement on Closing the Gap. Recognising the need for a shared collaborative approach to achieving quality outcomes, the Government will commit four years of funding, as part of a matched funding arrangement with the Commonwealth, to build the Aboriginal and Torres Strait Islander Community Controlled Sector to assist in the delivery of programs and services.

New COVID-19 and disease response management system

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Capital	0	7,515	0	0	0	**7,515**
Offset – Capital	0	-7,515	0	0	0	**-7,515**
Net Capital	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation	0	0	1,503	1,503	1,503	**4,509**
Associated Expenses	0	450	450	450	450	**1,800**
Offset – Associated Expenses	0	-450	-450	-450	-450	**-1,800**
Net Expenses	**0**	**0**	**1,503**	**1,503**	**1,503**	**4,509**

The Government will strengthen its COVID-19 response by upgrading the notifiable disease system which will support the ongoing operations of the Health Emergency and improve the management of other notifiable diseases. This investment will ensure alignment in ICT systems following similar investments by other jurisdictions. This initiative is funded through the allocation of capital funding from the ACT Health Core ICT systems project.

Progressing the Gugan Gulwan Youth Aboriginal Corporation accommodation

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	143	0	0	0	**143**

The Government will support the design and planning for suitable accommodation for the Aboriginal Community Controlled Organisation, Gugan Gulwan Youth Aboriginal Corporation, as part of our commitment to ensuring that Aboriginal and Torres Strait Islander families have access to quality services and support that meet cultural needs.

Public Housing – $250 rent rebate

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	3,000	0	0	0	0	**3,000**

The Government will make a payment of $250 to all 11,700 social housing households by 30 June 2020. This includes both public housing and community housing households that pay rent based on their income. This payment is to relieve the financial pressure that may be felt by those most vulnerable in our community during this time.

As at 9 July 2020, all eligible public housing tenants have been provided with the payment.

This initiative was published on 19 June and remains unchanged.

Strategic accommodation study for Policing

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	687	0	0	0	**687**

The Government will undertake two feasibility studies to consider strategic accommodation options for the Winchester Police Centre in Belconnen and the ACT Policing Gungahlin Police presence currently located at the Joint Emergency Services Centre in Gungahlin.

Support for the community sector – pay equity

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	50	2,037	3,420	3,520	**9,027**

The Government will support the continuation of indexed funding to the community sector to allow the ongoing provision of services under contracts linked to the *National Partnership Agreement on Pay Equity for the Social and Community Services Sector* when Commonwealth funding ends in November 2021. Reductions in Commonwealth funding for this purpose will not be on passed to the community sector.

Supporting vulnerable students

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	2,537	0	0	0	**2,537**

The Government will increase support for vulnerable students by increasing the capacity of the Muliyan Off-Campus Flexible Learning Program by an additional 10 students. The Government will also establish an Enrichment Centre for Aboriginal and Torres Strait Islander students who are at risk of disconnecting from education while transitioning from online to classroom learning.

Waiver of fees for Early Childhood Education and Care service providers

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Revenue forgone	130	0	0	0	0	**130**

The Government will waive fees ordinarily payable by approved early childhood education and care service providers during the 2020 calendar year under the Education and Care Services National Law. The Education Directorate will also refund any fees already paid for 2020.

This initiative was published on 19 June and remains unchanged.

Continuing the delivery of essential services for Canberrans

	2019-20 $'000	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	**Total $'000**
Expenses	0	86,203	177	75	0	**86,455**
Revenue	0	-1,905	0	0	0	**-1,905**
Depreciation	0	806	2,478	2,478	2,478	**8,240**
Total Expenses	**0**	**85,104**	**2,655**	**2,553**	**2,478**	**92,790**
Capital	0	14,688	0	0	0	**14,688**

The Government is continuing to deliver essential services required by Canberrans. These projects, programs and services were due to cease on 30 June 2020, and have been identified as essential to ensure the consistent delivery of services to the community in the face of COVID-19. These programs have been funded for one year, with a critical review of the programs to be undertaken during the next Budget process.

Table 3.2.3 below outlines the individual programs that are included in the funding profile above, and a reference to the original publication date.

Table 3.2.3: Continuing initiatives and their original publication dates

Initiative title	**Impact**	**2020-21 $'000**	**Publication reference**
ACT Early Childhood Strategy	Expense	204	2019-20 Budget Paper 3 p. 100
Better Government – Flexible payment options	Expense	475	2018-19 Budget Paper 3 p. 85
Better Government - Supporting government transparency	Expense	1,723	2018-19 Budget Review p. 55
Better Government – Supporting the Freedom of Information Act 2016	Expense	156	2018-19 Budget Review p. 55
Better healthcare for a growing community – ACT Mental Health Recovery College Trial	Expense	189	2018-19 Budget Paper 3 p. 114
Better healthcare for a growing community - More mental health outreach for young Canberrans	Expense	1,016	2018-19 Budget Paper 3 p. 116
Better schools for our Kids – Technology-Enabled Learning	Capital	7,286	2019-20 Budget Paper F p. 24
Better support when it matters – A Gender Agenda	Expense	150	2017-18 Budget Paper 3 p. 77
Better support when it matters – Integrating the Winnunga Model of Care and Enhancing Health Services in the Alexander Maconochie Centre	Expense	833	2017-18 Budget Review p. 59
Building a better city – City Renewal Authority - Operational funding	Expense	7,572	2017-18 Budget
Centre for Restorative Practice	Expense	287	N/A
Centre for Restorative Practice	Offset	-287	N/A
Charter of rights and additional support for victims of crime	Expense	204	2019-20 Budget Review p.58
Child Car Restraint Services – Fitting and Checking Service and provision of child restraints.	Expense	65	N/A
Child Car Restraint Services – Fitting and Checking Service and provision of child restraints.	Offset	-65	N/A
Stronger compliance to improve building quality	Expense	1,247	2019-20 Budget Paper 3 p.89

Initiative title	Impact	2020-21 $'000	Publication reference
Continue bulky waste for concession card holders[1]	Expense	318	2018-19 Budget Paper 3 p. 135
Delivering support for new parents experiencing domestic violence through Health Justice Partnerships	Expense	444	2019-20 Budget Paper 3 p. 421 and 423
Enhanced forensic medical services	Expense	729	2019-20 Budget Review p. 58
Establishing a Therapeutic Care Court within the ACT Children's Court	Expense	973	2019-20 Budget Paper 3 p. 123
Establishing a Therapeutic Care Court within the ACT Children's Court	Offset	-973	2019-20 Budget Paper 3 p. 123
Growing and Renewing more public housing	Capital	20,000	2019-20 Budget Paper 3 p. 157
Growing and Renewing more public housing	Offset-Capital	-20,000	2019-20 Budget Paper 3 p. 157
Improving and expanding online services	Capital	200	2019-20 Budget Review p.78
Improving and expanding online services	Offset-Capital	-200	2019-20 Budget Review p.78
Improving compliance for better animal management, healthier trees and a cleaner city	Expense	964	2019-20 Budget Paper 3 p. 129
Improving safety of older drivers	Expense	300	2019-20 Budget
Improving safety of older drivers	Offset	300	2019-20 Budget
Integrated Service Response Program Funding	Expense	640	2019-20 Budget Paper 3 p. 94
Leading Australia in responding to climate change – Solar grants for low income households	Expense	538	2016-17 Budget Paper 3 p. 103
Better supporting vulnerable witnesses and Building communities not prisons	Expense	1,096	2019-20 Budget Paper 3 p 121 and 122
Modernising Procurement Practices	Expense	196	2019-20 Budget Review p. 45
More and better jobs – Improving infrastructure planning and delivery	Expense	781	2017-18 Budget Paper 3 p. 80
More and better jobs – Sporting capital	Expense	1,300	2017-18 Budget Paper 3 p. 82
More Bus Drivers for Weekend Services	Expense	5,389	2019-20 Budget Review p. 67
More Bus Drivers for Weekend Services	Offset	-5,389	2019-20 Budget Review p. 67
More jobs for our growing city - Boosting local events	Expense	1,905	2018-19 Budget Paper 3 p. 87
More jobs for our growing city - Boosting local events	Offset	1,905	2018-19 Budget Paper 3 p. 87
More jobs for our growing city – Vocational training for stage and theatre	Expense	73	2018-19 Budget Paper 3 p. 101
More support for families and inclusion – Child and Youth Protection Quality Assurance and Improvement Committee	Expense	179	2018-19 Budget Paper 3 p. 96
More support for families and inclusion - Enhancing the Victims of Crime Financial Assistance Scheme	Expense	391	2018-19 Budget Review p. 57
More support for families and inclusion - Implementing the Commonwealth Redress Scheme for Institutional Child and Sexual Abuse	Expense	1,201	2018-19 Budget Paper 3 p. 127

Initiative title	Impact	2020-21 $'000	Publication reference
Moving delivery of more community services online	Expense	206	2019-20 Budget Paper 3 p. 142
Moving delivery of more community services online	Capital	7,402	2019-20 Budget Paper 3 p. 142
Integrated Service Response Program	Expense	375	2019-20 Budget Paper 3 p. 94
More jobs for our growing city - New Canberra Theatre Complex	Expense	400	2018-19 Budget Paper 3 p. 74
Ongoing funding for the Active Travel Office.	Expense	437	N/A
More and better jobs – Supporting Canberra businesses to diversify, grow and innovate	Expense	377	ScreenACT First funded 2012
Strengthening Services for Aboriginal and Torres Strait Islander children and Young People	Expense	592	2018-19 Budget
Supporting digitisation of committee activity	Expense	540	N/A
Supporting social inclusion through the Flexible Bus Service	Expense	75	2019-20 Budget Paper 3 p. 130
Growing future skills with more apprenticeship and vocational training places initiative	Expense	238	2019-20 Budget Paper 3 p. 87
Supporting growing demand for health services	Expense	60,000	2019-20 Budget Review p. 57

Note:

1. This program has funding in 2021-22 and 2022-23.

3.3 REVENUE

Revenue Overview

The COVID-19 containment measures and restrictions on activity have disrupted economic activity and employment and this has put downward pressure on wages and prices nationally and in the ACT.

Weak growth in the nominal economy, reflecting a moderation in price pressures, along with the reduction in population growth as a result of international border restrictions will significantly reduce both GST and own-source revenue in the ACT.

The reduction in GST collections as a result of the effects of the health restriction lockdowns on consumption and dwelling investment comes on top of an already significant reduction in the ACT's share of the GST in 2020-21 and across the forward estimates as a result of the Commonwealth Grants Commission's 2020 Methodology Review.

The Government has also leveraged its strong fiscal position to release $4.9 billion in stimulus in 2019-20 and over the next four years, including capital expenditure. This has included significant deferral, freezing of indexation and reductions in tax liabilities across most of the ACT's own-source revenue lines to support households and businesses to survive and recover from the pandemic. To date, the Government has granted 578 deferrals for either general rates and payroll tax, totalling $15.1 million, to provide cashflow support to households and businesses. The COVID-19 Economic Survival and Recovery Packages will support economic activity and employment in the ACT in 2020-21 and beyond.

The COVID-19 Economic Survival and Recovery Packages provide support across a range of own-source taxation revenue lines, including payroll tax, general rates, land tax, residential conveyance duty, motor vehicle registration fees, lease variation charge, utilities (network facilities) tax, fire and emergency levy, gambling tax, and the city centre marketing and improvements levy.

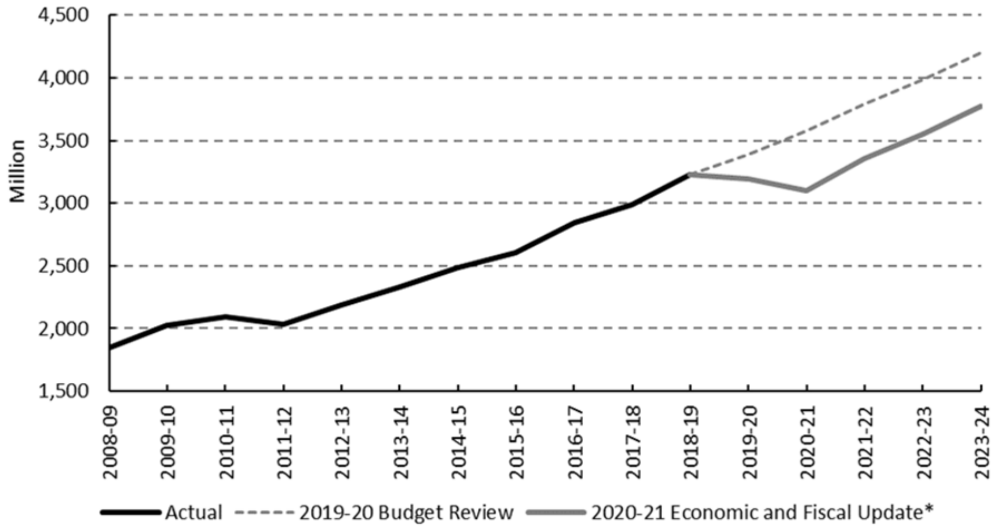
These revenue initiatives have reduced own-source revenue by $23.8 million, or 1.2 per cent, in 2019-20, and are expected to result in further revenue forgone of $136.3 million, or 1.5 per cent, from 2020-21 to 2023-24 due to the impact they have on each tax base on an ongoing basis.

In addition, as outlined in further detail in the next section, while continuing to press ahead with the tax reform program that commenced in 2012, the Government has decided to adjust elements of the program to provide further stimulus in recognition of the significant impacts of COVID-19 and announce the settings for the next five years of tax reform early to provide certainty to households and businesses.

Over the comparable four years reported in the 2019-20 Budget Review (2019-20 to 2022-23), revenue from own-source taxation and GST is expected to be $1.6 billion lower largely as a result of the public health and economic measures implemented by governments to address the pandemic.

GST revenue is forecast to decline by $974 million, while own-source taxation revenue is expected to decline by $581.3 million over four years.

Figure 3.3.1: Changes in total own-source taxation and GST revenue



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 plausible assumptions that would result in potentially quite different revenue estimates. Success in containing the virus and preventing community transmission that would see restrictions eased more quickly, particularly international border restrictions, would present upside risks to the baseline revenue estimates. Conversely, any further tightening of restrictions required in response to further widespread outbreaks would present downside risks to the baseline revenue estimates.

Table 3.3.1: General Government Sector revenue

	2019-20 Budget Review $'000	2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
Own-source taxation	2,035,837	1,949,207	1,958,486	2,139,335	2,272,434	2,424,061
Goods and Services Tax	1,356,410	1,239,910	1,144,680	1,221,880	1,285,189	1,354,032
Commonwealth grants	1,031,471	1,123,497	1,112,693	1,145,960	1,187,166	1,180,557
Gains from contributed assets	136,480	178,073	139,150	158,881	210,173	158,798
Sales of goods and services	583,552	546,992	566,647	594,972	610,482	627,710
Interest income	102,444	119,596	95,332	113,059	103,267	99,152
Distributions from financial investments	30,393	52,716	50,301	54,214	57,795	61,481
Dividend and income tax equivalents	301,214	220,335	320,870	268,014	278,129	305,530
Other	190,508	170,596	191,775	189,677	199,103	201,916
Total	**5,768,309**	**5,600,922**	**5,579,934**	**5,885,992**	**6,203,738**	**6,413,237**

Own source taxation revenue

Despite modest growth in the forward estimates period, own-source taxation revenue is estimated to be a total of $581.3 million lower than estimated between 2019-20 and 2022-23 compared to the estimates included in the 2019-20 Budget Review.

Own-source taxation revenue is estimated to be $1.9 billion in 2019-20. This is $86.6 million (4.3 per cent) lower than that expected at the time of the 2019-20 Budget Review.

Own-source taxation revenue is expected to be broadly flat in 2020-21, being only $9 million higher than in 2019-20. Own-source taxation revenue is then expected to grow modestly over the forward estimates period between 2021-22 and 2023-24 as the economy recovers.

Own-source taxation revenue is estimated to grow by an annual average of 5.6 per cent from 2020-21 to 2023-24, slightly above annual average growth of 4.6 per cent over the last five years, although the level of revenue remains lower than at the 2019-20 Budget Review. A significant part of this growth is the expected catch-up of the revenue falls due to the pandemic.

As noted, this reflects a combination of the impacts of COVID-19 on economic activity and employment, the Economic Survival and Recovery Initiatives the Government put in place to support households and businesses through the pandemic and the settings for Stage 3 of the tax reform program.

Table 3.3.2: Own-source taxation revenue

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	General tax					
582,476	Payroll Tax	561,775	556,199	606,910	660,276	717,554
2,317	Tax waivers	-	9,194	4,197	2,337	2,384
211,013	Commercial general rates[1]	210,421	219,019	241,320	255,794	270,980
82,113	Residential (unit titled) general rates	87,358	91,314	108,267	117,294	126,825
305,945	Residential (non-unit titled) and rural general rates	299,498	304,210	335,980	351,734	368,139
150,945	Land tax	143,378	145,344	158,169	168,075	176,437
1,334,809	**Total general tax**	**1,302,430**	**1,325,280**	**1,454,843**	**1,555,510**	**1,662,319**
	Duties					
73,538	Commercial conveyances	47,761	62,574	57,911	63,522	67,890
176,366	Residential conveyances	149,694	138,361	167,614	171,710	191,498
33,464	Motor vehicle registrations and transfers	36,330	31,500	32,603	32,961	33,653
283,368	**Total duties**	**233,785**	**232,435**	**258,128**	**268,193**	**293,041**
	Gambling taxes					
1,101	Tabcorp licence fee	1,087	1,129	1,159	1,186	1,216
34,993	Gaming tax	27,135	21,016	26,831	32,940	37,434
2,710	Casino tax	2,012	1,530	1,985	2,477	2,838
15,874	Interstate lotteries	14,828	13,342	15,010	17,095	17,522
8,980	Betting Operations Tax	11,458	12,216	13,242	14,169	14,976
63,658	**Total gambling taxes**	**56,521**	**49,233**	**58,227**	**67,867**	**73,986**
	Other taxes					
149,600	Motor Vehicle Registration[2]	155,718	152,082	156,705	162,054	168,015
25,603	Ambulance Levy	23,937	24,117	24,418	24,723	25,094
23,207	Lease Variation Charge	23,208	20,044	24,736	25,948	27,220
42,368	Utilities (Network Facilities) Tax	41,342	42,458	43,747	45,188	46,885
87,374	Fire and Emergency Service Levy	86,679	87,770	89,720	91,920	94,170
2,340	City Centre Marketing and Improvements Levy	2,150	1,085	2,170	2,170	2,170
3,530	Energy Industry Levy	3,392	3,674	3,373	3,432	3,499
15,080	Lifetime Care and Support Levy	15,145	15,308	18,168	20,229	22,362
4,900	Safer Families Levy	4,900	5,000	5,100	5,200	5,300
354,002	**Total other taxes**	**356,471**	**351,538**	**368,137**	**380,864**	**394,715**
2,035,837	**Total taxation**	**1,949,207**	**1,958,486**	**2,139,335**	**2,272,434**	**2,424,061**

Notes: Numbers may not add up due to rounding.

1. In 2019-20, the interim outcome includes as grant expenses rather than as a reduction to commercial rates revenue both the commercial rates fixed charge rebate and the commercial rates rent relief and owner-occupier rebate scheme totalling $15.884 million.
2. This includes revenue from the 'ACT Compulsory Third-Party Insurance Regulator Levy'.

Payroll tax

Over the four-year period to 2022-23 payroll tax is $207.4 million (8 per cent) less than estimated at the time of the 2019-20 Budget Review.

Payroll tax revenue in 2019-20 is estimated to be $561.8 million. This is $20.7 million (3.6 per cent) lower than the 2019-20 Budget Review estimate, reflecting subdued growth in employment and wages in the private sector as a result of the pandemic, and payroll tax waivers provided as part of the ACT Government's economic survival and recovery initiatives.

Payroll tax waivers have been provided to all businesses whose operations are directly impacted by the national 'prohibited activities and venues' list as part of the response to the pandemic crisis. This initiative, with a revenue impact of $7.7 million, commenced in April 2020 and was recently extended until the end of the calendar year for businesses that continue to be unable to trade, or able to trade on a very restricted basis only. Further explanation can be found in the Fiscal Strategy and Policy Decisions (Chapter 3.2).

Payroll tax revenue is forecast to decline further to $556.2 million in 2020-21, as employment growth remains soft and private sector wage growth weakens. However, payroll tax revenue is expected to grow at an average growth rate of 8.9 per cent over forward estimate period (2021-22 to 2023-24) on the back of an anticipated recovery in the private sector employment, despite the ongoing subdued wage growth in the private sector.

In aggregate, the payroll tax base has contracted, but only modestly, reflecting that large payroll tax liable businesses in some sectors have hired additional employees to respond to the increased demand during the pandemic as consumption patterns have changed, with many of the job losses felt in small and medium businesses that are below the payroll tax threshold. Less than 10 per cent of businesses in the Territory are liable for payroll tax.

The ACT Government, along with other jurisdictions, has decided to exempt JobKeeper payments from payroll tax, notwithstanding that such wages are counted for Commonwealth income tax assessment purposes. While around 11,800 ACT businesses applied for JobKeeper, the Commonwealth has not released data on the number of payroll employees covered by JobKeeper by jurisdiction. It is therefore not possible to estimate the cost of the decision to exempt JobKeeper wages from payroll tax. This decision does, however, help support our businesses who are in receipt of this payment.

As a result of COVID-19 Economic Survival and Recovery Initiatives, the expected revenue from tax waivers provided under the *Financial Management Act 1996* is estimated to increase significantly in 2020-21 and 2021-22. This is primarily due to tax waivers provided to businesses relating to payroll tax and commercial rates relief. See Fiscal Strategy and Policy Decisions (Chapter 3.2) for further information.

General rates

Over the four-year period to 2022-23, general rates revenue is expected to be $70.6 million (2.6 per cent) less than estimated at the time of the 2019-20 Budget Review as a result of the Government's COVID-19 support measures, including Stage 3 of tax reform.

General rates revenue in 2019-20 is estimated to be $597.3 million, which excludes the $2,622 rebate of the 2019-20 commercial rates fixed charge provided to commercial property owners as part of ACT’s Economic Survival Package. Taking into account the rebate, general rates revenue would be $581.4 million, $17.6 million lower than the 2019-20 Budget Review estimate, largely as a result of the general rates fixed charge rebate.

General rates revenue is forecast to increase to $614.5 million in 2020-21 and will rise modestly over the forward estimates period. However, the level of the revenue base will remain below the 2019-20 Budget Review estimates due to the Government’s COVID-19 support measures including the settings for Stage 3 of tax reform. Further explanation of these policy decisions is outlined in Fiscal Strategy and Policy Decisions (Chapter 3.2) and Tax Reform (Chapter 3.4).

Year-on-year increases in general rates revenue reflect 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 Wage Price Index are used to fund reductions in own-sourced revenue from the abolition of inefficient taxes such as insurance and conveyance duties. Further explanation can be found in Tax Reform (Chapter 3.4).

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 of 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 will not impact the total general rates revenue collected each year.

Commercial general rates

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. Rates relief is also available for affected owner-operators. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2).

Commercial general rates revenue is expected to be $210.4 million in 2019-20. This estimate excludes the rebate of the 2019-20 commercial rates fixed charge provided to commercial property owners as part of ACT’s Economic Survival Package. Taking into account the $2,622 rebate provided to all commercial properties with an average unimproved value below $2 million, commercial general rates for 2019-20 is $194.5 million, $16.5 million lower (7.8 per cent) than the 2019-20 Budget Review estimate.

While commercial general rates revenue is forecast to increase to $219 million in 2020-21, it remains below the 2019-20 Budget Review estimate due to COVID-19 support measures, partially offset by stronger growth in the number and value of new properties in the period.

In 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) will not increase. As rates charges are linked to AUVs, around 4,600 commercial property owners will see a reduction in their rates bills. However, general rates for some properties will increase due to relatively higher changes in the unimproved land values for those properties.

The Government has decided that average general rates for commercial properties with an AUV above $2 million will increase as scheduled, with an average general rates increase for these properties of 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 was adjusted to ensure an average increase of zero per cent 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 will have 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)
- marginal rating factors applied to the AUV of commercial properties – see Tables 3.3.3 and 3.3.4 for details.

Table 3.3.3: 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 3.3.4: 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

Residential general rates

Residential general rates revenue in 2019-20 is $386.9 million, similar to that estimated in the 2019-20 Budget Review. In 2020-21, residential general rates revenue is forecast to increase to $395.5 million, reflecting residential rates relief provided by the ACT Government to support households in the ACT, offset by growth in the number of properties.

In 2020-21, average general rates for residential properties will 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 will see a reduction to their 2020-21 rates bills.

However, general rates for some properties will increase due to relatively higher changes in the unimproved land values for those properties.

In setting the rating factors for 2020-21, the scheduled (pre-rebate) increase to average rates for non-unit titled and for unit-titled properties was applied 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 will have 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 3.3.5 and for units refer to Table 3.3.6.

Table 3.3.5: 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 3.3.6: 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 is 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 will have 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.

Land tax

Over the four-year period to 2022-23, land tax revenue is expected to be $27.1 million (4.2 per cent) lower than estimated at the time of the 2019-20 Budget Review.

Land tax revenue is estimated to be $143.4 million in 2019-20. This is $7.6 million lower than the 2019-20 Budget Review estimate, largely reflecting weaker-than-expected property investment in the ACT. As part of the Government's COVID-19 response, residential property owners who reduce rents for tenants directly impacted by COVID-19 can receive a land tax rebate. This initiative commenced in April 2020 and will remain in place until the end of this calendar year. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2).

Land tax revenue is forecast to increase marginally to $145.3 million in 2020-21, as property investment is expected to remain subdued, reflecting the reduced inflow of international students and a somewhat weaker job market in the ACT. Rents have also moderated along with expectations of the returns from capital growth, which will reduce the attractiveness of property investment.

In line with the baseline scenario assumptions, from 1 July 2021, property investment is anticipated to recover strongly from 2021-22, as international students return, and demand for rental property improves. Over the forward estimate period, land tax revenue is expected to grow at an average growth rate of 6.7 per cent.

Land tax assessments in 2020-21 will be 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 3.3.7 shows the land tax marginal rates that will apply to residential properties in 2020-21.

Table 3.3.7: 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

Conveyance duty revenue will be lower than it otherwise would have been over the forward estimates due to impact of the pandemic, the Government's COVID-19 support measures and the settings for Stage 3 of tax reform. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2) and Tax Reform (Chapter 3.4).

Residential conveyance duty

Residential conveyance duty revenue is estimated to be $149.7 million in 2019-20. This is $26.7 million (15.1 per cent) lower than the 2019-20 Budget Review estimate due to higher revenue forgone from the abolition of stamp duty for eligible home buyers[19] from 1 July 2019 and softer house prices than anticipated due to the restrictions put in place from March 2020 in response to COVID-19.

In 2020-21, residential conveyance duty revenue is forecast to fall by around 7.6 per cent to $138.4 million, largely due to less buoyant conditions in the property market, despite some improvements in auction clearance rates in recent months, and the impact of 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.

Over the forward estimates period, from 2021-22 to 2023-24, residential conveyance duty revenue is expected to grow at an average growth rate of around 11.4 per cent per annum on the back of a forecast solid recovery in property prices and turnover following the easing of restrictions. Policy settings as part of Stage 3 Tax Reform will moderate the pace of conveyance duty rate reductions. Further explanation can be found in Tax Reform (Chapter 3.4).

Overall, total residential conveyance duty over the four-year period from 2019-20 to 2022-23 of $627.4 million is $134.0 million lower than that estimated at the 2019-20 Budget Review due to the adverse impact of the COVID-19 pandemic and the cost of policy decisions.

There is potentially some downside risk to the baseline revenue estimates, especially in 2020-21, if first home buyer activity, and the uptake for the current stimulus for owner occupiers, supported by the existing First Home Loan Deposit Scheme for first home buyers and the new COVID-related HomeBuilder Program, make up a higher proportion of property sales than anticipated.

In 2019-20, the Government abolished conveyance duty for eligible first home buyers, making it easier for young Canberrans to own their own home.[20]

In 2020-21, the Government has 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 3.3.8 outlines residential conveyance duty thresholds and marginal tax rates for 2020-21.

[19] The *ACT Home Buyer Concession Scheme* has been extended to abolish stamp duty from 1 July 2019 for eligible home buyers, allowing them to purchase any property (including established houses) at any price subject to an income test.

[20] Ibid.

Table 3.3.8: 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.

Under the tax reform program, revenue from average residential general rates increases above growth in the Wage Price Index will be used to fund reductions in residential conveyance duty each year. Further explanation can be found in Tax Reform (Chapter 3.4).

Commercial conveyance duty

Over the four-year period to 2022-23, a total of $56.3 million (19.6 per cent) less commercial conveyance duty is expected to be collected than was estimated at the time of the 2019-20 Budget Review.

Commercial conveyance duty revenue is estimated to be $47.8 million in 2019-20. This is $25.8 million lower than the 2019-20 Budget Review estimate, largely reflecting lower volumes of transactions resulting from the restrictions put in place between March and June 2020 in response to COVID-19.

In 2018-19, the Government abolished conveyance duty on commercial properties worth $1.5 million as part of the ongoing tax reform program, meaning over 80 per cent of commercial transactions have no stamp duty. In 2020-21, a flat five per cent rate applies to the total value of a commercial property transaction where its value is greater than $1.5 million. Under Stage 3 of the tax reform program, the Government will continue to increase the threshold below which no conveyance duty is payable from 2021-22 to reach $2 million in 2025-26. Further detail is outlined in Tax Reform (Chapter 3.4).

Commercial conveyance duty revenue is forecast to increase to $62.6 million in 2020-21, based on the expected number of commercial property transactions.

Over the forward estimates period, commercial conveyance duty revenue is expected to grow at an average rate of 2.8 per cent, reflecting steady growth in commercial property transactions, partially offset by the Stage 3 of tax reform settings.

Gambling tax

Gambling tax revenue is estimated to be $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.

The Government has provided significant support to community clubs and Casino Canberra during the pandemic. A total of $3.3 million has been distributed to clubs from the *Diversification and Sustainability Support Fund* to keep staff employed. The Government is also supporting 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 if they voluntarily surrender gaming machine authorisations;
- a waiver/refund of gaming machine tax liabilities for clubs gaming activity (for clubs that pay tax monthly) in March 2020 or 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 decline to $49.2 million in 2020-21, as the social distancing measures will continue to restrict access to gaming machines. Despite gaming machine venues opening from 10 August 2020, social distancing measures remain in place.

In the 2018-19 Budget, the Government introduced a point of consumption wagering tax, for wagering activity related to bets placed in the ACT, or bets made by ACT residents online. Wagering activity turnover subject to the tax has held up during the pandemic period, with revenues received continuing to be higher than previous forecasts.

Over the forward estimates period, gambling tax revenue is expected to gradually recover, as gambling activity resumes in line with the easing of restrictions and decisions by patrons to return to venues.

Other own-source taxation revenue[21]

Over the four-year period to 2022-23 other own-source taxation revenue is expected to be $53.1 million (3.5 per cent) lower than estimated at the time of the 2019-20 Budget Review.

Other own-source taxation revenue is estimated to be $356.5 million in 2019-20. This is $2.5 million higher than the 2019-20 Budget Review estimate. This increase largely reflects higher-than-expected revenue from motor vehicle registration fees and duty on motor vehicle registrations, as motor vehicle sales surged following the hail-storm in January 2020.

Other own-source taxation revenue is forecast to decline to be $351.5 million in 2020-21 and remain below the level anticipated in the 2019-20 Budget Review estimate over the forward estimates period, largely due to lower growth in the Wage Price Index, lower levels of economic activity and revenue forgone from the Government's COVID-19 support measures. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2).

[21] Other own-source taxation revenue includes Motor Vehicle Registration fee, Ambulance Levy, Lease Variation Charge, Utilities (Network Facilities) Tax, Fire and Emergency Service Levy, City Centre Marketing and Improvements Levy, Energy Industry Levy, Lifetime Care and Support Levy, and Safer Families Levy.

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 our COVID-19 response, the Government decided not to increase FESL for residential and rural properties in 2020-21.

The FESL for residential and rural properties in 2020-21 will have the following elements:

- a fixed charge of $344
- a pensioner rebate of $98

The FESL for previously rateable commercial properties in 2020-21 will be 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 3.3.9 outlines the marginal rating factors for newly rateable commercial properties.

Table 3.3.9: 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 provide cleaning and security services across the City and Braddon districts. The collection area is divided into two zones and the levy is applied on the AUV of each property.

As part of our COVID-19 response, the levy charged will be halved in 2020-21. The levy will apply at the rate of 0.1496 per cent for the retail core, and 0.1080 per cent for the non-retail core. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2).

Safer Families Levy

The Government introduced the Safer Families Levy on 1 July 2016 to support a range of measures to prevent and respond to family violence. The levy remains at $30 a year and is applied to all residential and rural properties.

Alternative Scenarios and Risks to selected own-source taxation revenue

As noted, in the alternative scenarios and risks section in Economic Outlook (Chapter 2.1), the impacts from the COVID-19 pandemic are highly uncertain. The estimates presented in this economic and fiscal update reflect a baseline scenario derived from a plausible set of assumptions described in Economic Outlook (Chapter 2.1). Given the elevated level of uncertainty, alternative upside and downside scenarios are presented below for key revenue lines. Revenue impacts are quantified reflecting changes in economic parameters broadly in-line with the upside and downside scenarios described in Economic Outlook (Chapter 2.1).

Revenue forecasts and projections are typically based on indexation of key economic parameters. The parameter estimates and upside and downside scenarios are outlined in Table 3.3.10 below.

The analysis compares the baseline scenario as presented in Table 3.3.2 and the alternative upside scenario and a downside scenarios, for the largest own source revenue lines; payroll tax, residential conveyance, land tax and motor vehicle registrations.

Figure 3.3.2 shows the trajectory of the assumed pace of recovery in revenue in the upside and downside scenarios from Table 3.3.11 relative to the baseline scenario described in the chapter above.

Table 3.3.10: Economic parameter forecasts under different scenarios, percentage change

	Actual	Estimate	Forecast		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Gross State Product[1]						
Downside Scenario	3.0	**1½**	-2¼	2¾	2¼	2
Baseline Scenario	**3.0**	**1½**	**-1½**	**4**	**3½**	**3¼**
Upside Scenario	3.0	**1½**	-¾	5¼	4¾	4
2019-20 Budget Review[2]	**3.0**	**3**	**3**	**3**	**3½**	**3½**
Employment[3]						
Downside Scenario	2.2	**-0.6**	-¾	2	1½	1¼
Baseline Scenario	**1.5**	**-0.6**	**-¼**	**3¼**	**2½**	**2**
Upside Scenario	1.5	**-0.6**	¼	4	3	2½
2019-20 Budget Review[2]	**0.9**	**2**	**1½**	**1½**	**1¾**	**1¾**
Wage Price Index						
Downside Scenario	2.2	2	1¼	1½	1¾	1¾
Baseline Scenario	**2.2**	**2**	**1½**	**1¾**	**2**	**2**
Upside Scenario	2.2	2	1¾	2	2¼	2¼
2019-20 Budget Review[2]	**2.2**	**2½**	**2½**	**2½**	**2¾**	**3**
Consumer Price Index						
Downside Scenario	1.7	**-0.6**	3	1	1¼	1½
Baseline Scenario	1.7	**-0.6**	3	1¼	1½	1¾
Upside Scenario	1.7	**-0.6**	3¼	1½	1¾	2
2019-20 Budget Review[2]	**1.7**	**2**	**2**	**2¼**	**2½**	**2½**
Population[4]						
Downside Scenario	1.5	¾	¾	1	1¼	1½
Baseline Scenario	1.5	**¾**	1	1¼	1½	1¾
Upside Scenario	1.5	¾	1¼	1½	1¾	2
2019-20 Budget Review[2]	**1.5**	**1½**	1¾	1¾	1¾	1¾

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

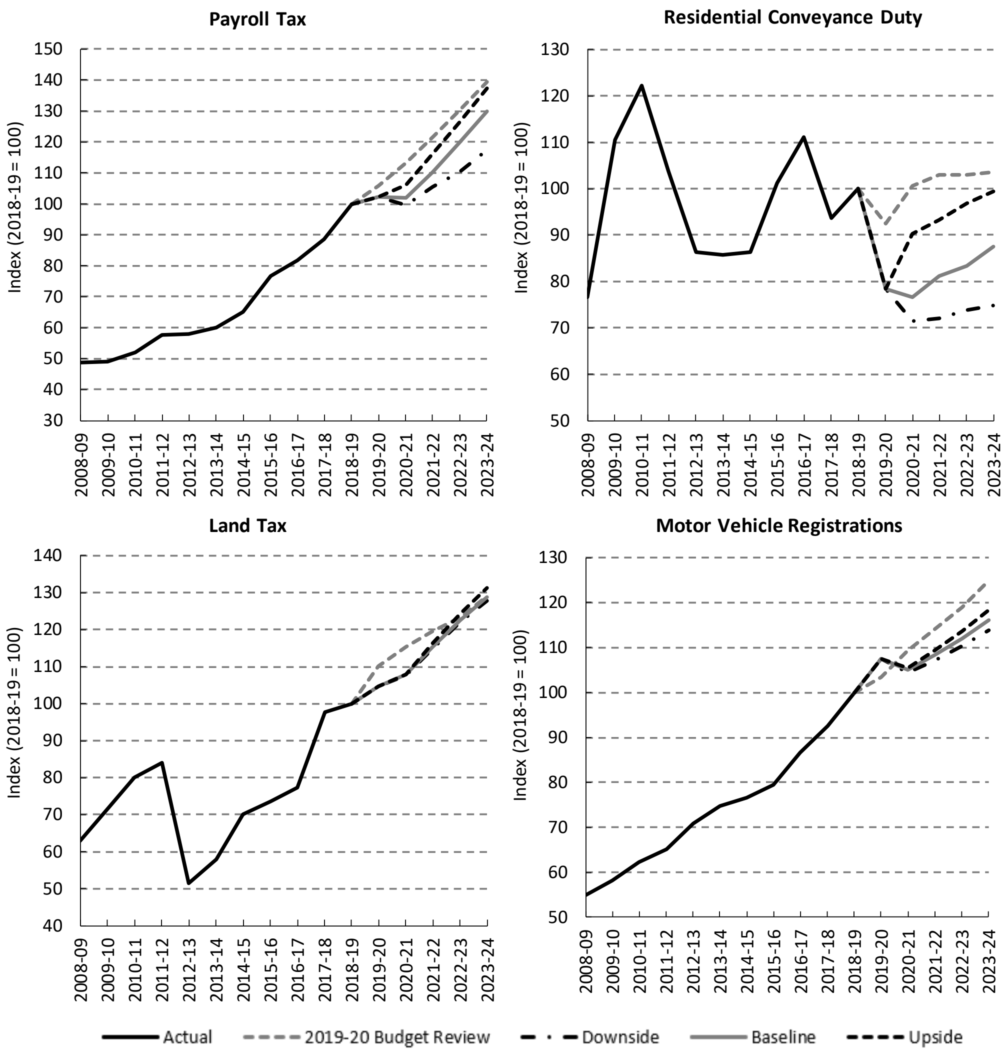
Notes: Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters.

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

Impact, 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 3.3.2: Selected own-source taxation revenue – forecast scenarios, 2018-19 = 100



Source: Chief Minister, Treasury and Economic Development Directorate.

Table 3.3.11: Revenue variance from the baseline due to economic parameters – forecast scenarios

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

Source: Chief Minister, Treasury and Economic Development Directorate.

Commonwealth Government grants

Total revenue expected to be received from Commonwealth Government grants in 2019-20 is $2.4 billion, decreasing to $2.3 billion in 2020-21. This compares to $2.4 billion in 2019-20 and $2.5 billion in 2020-21 at the time of the 2019-20 Budget Review implying reductions of approximately $24.5 million and $258.6 million, respectively.

This decrease in funding is associated with significant decreases in the ACT's estimated GST revenue in 2019-20 and 2020-21 (in fact over the entire five-year period covered in this update). Estimated increases in other Commonwealth Government grants have partially offset the reductions in GST revenue by approximately $92 million in 2019-20 and $15.7 million in 2020-21 when compared to the figures reported in the 2019-20 Budget Review. This has been driven by an increase in estimated funding from National Partnership Payments.

National Partnership Payments have increased since the 2019-20 Budget Review due to the signing of several new National Partnership Agreements since its release. It should be noted that significant number of National Partnership Agreements include the use of matched funding requirements – where the states and territories are required by the agreement to provide funding of equal value to the Commonwealth's grants as their own contribution to the objectives of the agreement. In particular, the ACT has become signatory to the National Partnership on COVID-19 Response, which provides the states and territories with 50 per cent of the costs incurred by states and territories in the management of the COVID-19 pandemic. Another agreement the ACT became signatory to with matched funding requirements in 2019-20 is the Project Agreement on the Infection Control Training Fund.

Consequently, this increase in National Partnership Payments is associated with an increase in ACT Government expenditure in order to deliver the outcomes of the relevant National Partnership Agreements.

Table 3.3.12: Commonwealth Government grants

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Current grants					
1,356,410	GST Revenue Grant	1,239,910	1,144,680	1,221,880	1,285,189	1,354,032
971,488	Other Commonwealth Government payments – current	1,110,919	1,023,997	1,051,786	1,102,977	1,136,368
2,327,898	**Total current grants**	**2,350,830**	**2,168,677**	**2,273,666**	**2,388,166**	**2,490,400**
	Capital grants					
59,983	National Partnership Payments (NPPs) – capital	12,577	88,696	94,174	84,189	44,189
59,983	**Total capital grants**	**12,577**	**88,696**	**94,174**	**84,189**	**44,189**
2,387,881	**Total Commonwealth Government funding**	**2,363,407**	**2,257,373**	**2,367,840**	**2,472,355**	**2,534,589**

Goods and Services Tax (GST)

The impact of the reduced GST pool and the lower ACT population share over the four years from 2020-21 to 2023-24 will decrease the ACT GST share by approximately $739 million.[22]

The GST is a major source of funding for the ACT, making up around 25 per cent of the ACT's general government sector revenue in 2019-20. The ACT's share of GST revenue is estimated to be $1.24 billion in 2019-20. This is $116 million lower than estimated in the 2019-20 Budget Review. National consumption expenditure and dwelling investment, key determinants of the GST pool, were severely impacted by the bushfires in late 2019 and early 2020. Consumer confidence then hit record lows as the impact of the COVID-19 pandemic required government restrictions on trading activity for many businesses across the nation. The RBA estimated that COVID-19 caused a peak to trough decline in GDP that is expected to be around 7 per cent over the first half of 2020.

COVID-19 is also expected to exacerbate the losses in the ACT's GST revenue share through reduced net overseas migration over 2020-21, and across the forward estimates period, negatively affecting the ACT's share of the Australian population.

[22] These figures do not incorporate the GST pool boost of $600 million in 2021-22 as per the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018*, given the uncertainties around the forecasts of national consumption which will impact the indexation process. The indexation adjustment will be incorporated in the ACT *2020-21 Budget* following the release of the Commonwealth *2020-21 Budget* This will increase GST revenue received by the ACT in 2021-22 and over the forward estimates.

In 2020-21 GST revenue is expected to fall by around 19.3 per cent to be $274 million lower than estimated at the time of the 2019-20 Budget Review. This reflects the impact of restrictions on business activity related to COVID-19 and the stage four lockdown in Victoria on GST collections, as well a significant reduction in the ACT's share of the GST as a result of the Commonwealth Grants Commission's 2020 Review. The ACT's GST relativity was reduced from 1.23759 in 2019-20 to 1.15122 in 2020-21, reducing our GST share over the four years from 2020-21 to 2023-24 by approximately $433 million in comparison to the 2019-20 Budget Review. While the likelihood of this outcome was foreshadowed in the Budget Review, it was not quantified at that time.

Consistent with the Commonwealth's July Economic and Fiscal Update and the RBA's August Statement on Monetary Policy, COVID-19 is expected to have a significant impact on GST liable consumption, dwelling investment and national price pressures in 2020-21 across the forward estimates period. As a result, the level of the GST pool is expected to remain lower over the forward estimates period relative to pre-COVID levels reported in the Commonwealth 2019-20 MYEFO.

While spending picked up in the latter part of the June quarter in some categories of retail expenditure, overall household consumption is expected to have declined by around 10 per cent. Restrictions imposed to contain the spread of COVID-19 affected spending on discretionary items such as clothing and footwear, and recreation and personal care and in bars, cafés and restaurants, which are all subject to GST.

The lower level of household spending coupled with the boost to household cash flow from income support measures has led to a significant increase in the savings rate in the June quarter. This has driven a substantial increase in household bank deposits and reduced credit card debt. This change in savings behaviour is likely to persist in the short-term, at least until consumer confidence returns to pre pandemic levels, or once the pandemic has been contained.

New dwelling investment across the country also has a significant impact on the GST pool. Some segments of the residential construction market have responded positively to the recent announcements by Government's to support the residential construction sector. However, overall conditions in the property market nationally remain subdued and are expected to be further affected by the significant restrictions imposed in the important real-estate market of Melbourne. While building approvals of both detached and higher-density housing have declined across Australia over the last few months, sales of off-the-plan apartments have also remained very soft, leading to developers delaying commencement of previously planned projects. This is in contrast to the more positive state of the property market in the ACT. Further detail on ACT property market conditions is in Economic Outlook (Chapter 2.1).

Price growth is also an important component of the nominal GST pool. Large temporary falls in prices led to negative growth in the Consumer Price Index in the June quarter. The June quarter saw the first decline in year-ended CPI inflation since the early 1960s and the largest quarterly decline since 1931, mostly as a result of free childcare services and significant falls in petrol prices due to reduced global demand. Short and long-term market-based measures of inflation expectations have reduced since the outbreak of the pandemic.

The total reduction in the GST pool in comparison to Commonwealth 2019-20 MYEFO is approximately $30.7 billion (11 per cent) over the 4-year period 2019-20 to 2022-23.

In total, taking into account the reduction in the ACT's GST share, the ACT's GST revenue is forecast to decline by $1.288 billion over the five-year period between 2019-20 and 2023-24, in comparison to the revenue figures forecast around the time of the 2019-20 Budget Review.

Under the baseline scenario the GST pool is assumed to return to the long-term growth rate by 2023-24, although the level remains well below the pre-COVID level reported in the *MYEFO*. If price pressures in the national economy remain subdued this would present some downside risks to this baseline scenario.

Table 3.3.13: GST Revenue: Economic and Fiscal Update compared to 2019-20 Budget Review

		2019-20 $m	2020-21 $m	2021-22 $m	2022-23 $m	2023-24 $m
2019-20 Commonwealth MYEFO/ACT Budget Review	Dec-19	1,356.4	1,418.9	1,504.2	1,586.4	1,668.0
2020 Methodology Review	Mar-20	1,356.4	1,319.4	1,398.8	1,475.3	1,551.4
	Variation	*0.0*	*-99.5*	*-105.4*	*-111.2*	*-116.5*
August 2020 Economic and Fiscal Update[1]	Aug-20	1,239.9	1,144.7	1,221.9	1,285.2	1,354.0
	Variation	*-116.5*	*-174.7*	*-176.9*	*-190.1*	*-197.4*
Total Variation since 2019-20 ACT Budget Review		*-116.5*	*-274.2*	*-282.3*	*-301.2*	*-313.9*

Note: Numbers may not add due to rounding. The 2019-20 estimate includes a balancing adjustment of - $11.6 million for over payment of GST in 2018-19.

1. All estimates and projections in the August 2020 Economic and Fiscal Update 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 share and broad estimates of parameter changes

Changes to the GST pool over the Budget year and the forward estimates considered in the baseline scenario will have an effect on the ACT's GST revenue share over this period. In addition, changes to the ACT's share of the Australian population from those considered in the baseline scenario will also affect our GST revenue share.

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 will reduce the ACT's GST share by $11.5 to $13.4 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 $2.6 billion, the ACT's GST share will reduce by $50 million over the same period. This assumes that the ACT's share of the Australian population is the same as in the baseline scenario, and that the ACT's GST relativity remains constant over that period.

If the ACT's share of the Australian population was lower than assumed in the baseline scenario, our GST revenue share would reduce by $6.8 to $8 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 share.

Contributed Assets

The estimated outcome for 2019-20 is $178.1 million and the forecast in 2020-21 is $139.2 million.

Table 3.3.14: Contributed assets

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Contributed assets					
136,480	Contributed assets	178,073	139,150	158,881	210,173	158,798
136,480	**Total contributed assets**	**178,073**	**139,150**	**158,881**	**210,173**	**158,798**

Sales of goods and services

Sales of goods and services revenue in 2019-20 is estimated at $547 million and is forecast to increase to $567 million in 2020-21. As part of the ACT Government's Economic Recovery Package, a range of government fees and charges were either frozen at the 2019-20 levels for the 2020-21 financial year, or waived for a period of time to help and support local businesses and the community. This includes government pay parking and parking permit fees, public transport fees, light vehicle registration fees, and a range of fees for regulatory services such as liquor licensing, transport regulation, waste acceptance, road safety, building levies and development applications.

Table 3.3.15: Sales of goods and services

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Sales of goods and services					
165,368	Regulatory fees	170,588	168,107	178,343	179,599	184,930
418,184	Other fees and charges	376,404	398,540	416,629	430,883	442,780
583,552	**Total sales of good and services**	**546,992**	**566,647**	**594,972**	**610,482**	**627,710**

Interest income and distributions from financial investments

Total interest received is expected to be $119.6 million in 2019-20. This is $17.2 million higher than estimated in the 2019-20 Budget Review largely due to the Territory Banking Account holding higher cash balances for liquidity management purposes. In 2020-21 interest received is expected to decline by $24.3 million to be $95.3 million, reflecting estimated bank account balances and lower interest income from Icon Water in relation to its inflation linked loans reflecting a lower CPI assumption.

Distributions from financial investments is expected to be $52.7 million in 2019-20, this is $22.3 million higher than estimated in the 2019-20 Budget Review, largely due to the asset allocation of the investment portfolio being different to what was anticipated, as well as the amount of distributable income available from investment unit trusts also differing from expectations. In 2020-21 distributions from financial investments is expected to be $50.3 million, the $2.4 million decline from 2019-20, reflects the estimated allocation of investments to unit trust funds during the year.

Table 3.3.16: Interest income and distributions from financial investments

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Interest income					
102,444	Interest received	119,596	95,332	113,059	103,267	99,152
	Distributions received					
30,393	Distributions from financial investments	52,716	50,301	54,214	57,795	61,481
132,837	**Total interest and distributions received**	**172,312**	**145,633**	**167,273**	**161,062**	**160,633**

Dividends and tax equivalents

Dividends and tax equivalents revenue is estimated to be $220.3 million in 2019-20 and is forecast to increase to $320.9 million in 2020-21.

The Suburban Land Agency's dividends in 2019-20 are expected to be $49.1 million, which is $45.4 million lower than the 2019-20 Budget Review estimate. The decrease is due to lower land sales resulting from subdued market conditions, the impact of the COVID-19 pandemic and deferred settlement of former Asset Recycling Initiative sites to future years. The dividend forecast for 2020-21 is $143.8 million. Refer to Indicative Land Release Program (Chapter 3.6) for more information on the land release program.

Table 3.3.17: Dividends and tax equivalents

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Dividends and tax equivalents					
227,443	Dividends	179,135	235,881	201,324	214,665	234,710
73,771	Tax Equivalents	41,200	84,989	66,690	63,464	70,820
301,214	**Total dividends and tax equivalents**	**220,335**	**320,870**	**268,014**	**278,129**	**305,530**

Other revenue

Other revenue is estimated to be $170.6 million in 2019-20 and is forecast to increase to $191.8 million in 2020-21.

Table 3.3.18: Other revenue

2019-20 Budget Review $'000		2019-20 Interim outcome $'000	2020-21 Revised estimate $'000	2021-22 Revised estimate $'000	2022-23 Revised estimate $'000	2023-24 Revised estimate $'000
	Fines					
52,430	Fines	41,483	51,353	54,596	56,203	58,218
	Other					
138,078	Other revenue	129,112	140,422	135,081	142,900	143,698
190,508	**Total Other Revenue**	**170,596**	**191,775**	**189,677**	**199,103**	**201,916**

3.4 TAX REFORM

Benefits of tax reform

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

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.

In this context, property tax reforms, such as those that continue to be delivered in the Territory, are being considered by other jurisdictions, acknowledging the importance of 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).

In the ACT, insurance duty was fully abolished by 2017, while stamp duty is being phased out gradually over time to minimise transitional impacts.

The tax reform program has had significant benefits for the Territory economy and allowed more first homebuyers purchase their first home.

The reform is deliberately designed to be revenue neutral, so tax revenue is not being increased through the reform process. This is ensuring that our ACT tax system raises revenue in the best possible way. It is providing the revenue needed while distributing tax fairly and minimising economic costs.

In the ACT, our tax revenue is used to fund a wide range of government services, from traditional 'state' level services such as health, education and policing as well as 'local government' services such as roads, rubbish collection, footpaths and the maintenance of public spaces.

In recognition of the significant impact of the COVID-19 pandemic on the Canberra community and business, the Government has decided to adjust elements of the tax reform program and release the settings for the next five years of tax reform early to provide certainty to households and businesses.

As part of the Government's initial response to the COVID-19 it ensured that average rates for households did not increase in 2020-21 while pressing ahead with stamp duty reductions through significant temporary concessions to support the land and housing market.

For owners of commercial properties with an average unimproved value of $2 million or less, average rates will also not increase in 2020-21.

The Government will continue the tax reform program targeting residential owner-occupiers and lower property price thresholds.

Stamp 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.

The Government has announced the settings for the next stage of the tax reform program which will commence in 2021-22.

Those settings were informed by both the economic circumstances we now find ourselves in and a detailed analysis of the impacts of tax reform on Canberra's economy, our revenue base and Canberrans across the income distribution.

This analysis was commissioned following the 2019-20 Budget.

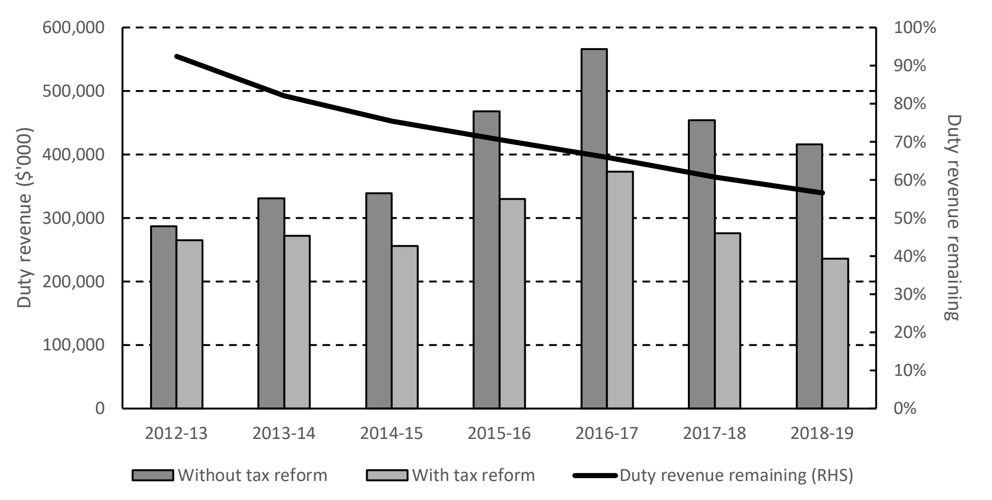
A key part of that work was to assess whether the reform program was delivering the expected benefits of a more efficient, fair, stable and sustainable tax system without collecting any more revenue than would otherwise have been the case.

The work was oversighted by a Tax Reform Advisory Group comprised of independent experts.

Tax reform to date

Every year since 2012-13, the proportion of insurance and stamp duty replaced by general rates has grown. By 2018-19, 43 per cent of insurance and stamp duty had been replaced with general rates.

Figure 3.4.1: Stamp duty and insurance duty revenue, 2012-13 to 2018-19



Source: ACT Government, 2020, Revenue Neutrality of Tax Reform.

Insurance duty was fully abolished by 2016-17. A household with a total annual insurance bill of $4,000 would have paid a further $400 in insurance duty without tax reform, as illustrated in the table below.

Table 3.4.1: Example insurance duty reductions

	Example cost	Without tax reform	With tax Reform	Difference
Motor vehicle comprehensive (two vehicles)	1,500	150	0	-150
Home contents + building insurance	1,400	140	0	-140
Death/TPD/income protection (two working adults)	950	95	0	-95
Travel insurance	150	15	0	-15
Total	**4,000**	**400**	**0**	**-400**

Because of the Government's tax reforms to date, the stamp duty charged for most residential properties in the ACT today is significantly lower than the national average, and the lowest of all jurisdictions except Queensland's rate for owner-occupied properties.

In 2019-20, we significantly expanded the Home Buyer Concession Scheme.

First home buyers with a household income under $160,000 now pay no duty on the purchase of their home, whether the home is new or existing, and regardless of the purchase price.

We have extended the Pensioner Duty Concession Scheme on an ongoing basis to assist eligible pensioners to move to accommodation more suited to their needs – for example, moving from a house to a townhouse.

As noted earlier, we have also put in place temporary stamp duty concessions for new land and off-the-plan unit purchases by owner occupiers as part of our COVID-19 pandemic economic recovery initiatives to support the residential construction and housing sector.

Table 3.4.2: Stamp duty reductions in 2020-21 by price (without concessions and not adjusted for inflation)

Property price ($)	**Without tax reform ($)**	**With tax reform ($)**	**Difference ($)**	**(%)**
300,000	9,500	4,600	-4,900	-52%
400,000	15,000	8,000	-7,000	-47%
500,000	20,500	11,400	-9,100	-44%
600,000	26,250	15,720	-10,530	-40%
700,000	32,000	20,040	-11,960	-37%
800,000	37,750	25,150	-12,600	-33%
900,000	43,500	31,050	-12,450	-29%
1,000,000	49,250	36,950	-12,300	-25%
2,000,000	116,750	90,800	-25,950	-22%

Increasing Economic Efficiency

Transaction taxes such as property stamp duties and insurance duties affect decisions made by taxpayers, reducing their willingness to engage in transactions that might benefit them, such as moving to a home that better suits their needs or having comprehensive insurance coverage. This results in costs not just for individuals, but also for the economy, with land not being used as productively as it could be and adverse financial implications of underinsurance.

Moving away from such transaction taxes to a broad-based land tax reduces the effect the tax system has on decisions made by taxpayers, and by reducing the impact on economic activity enables the Government to provide the same services with a smaller proportion of the ACT’s total income, leaving more for households and businesses to spend, save or invest.

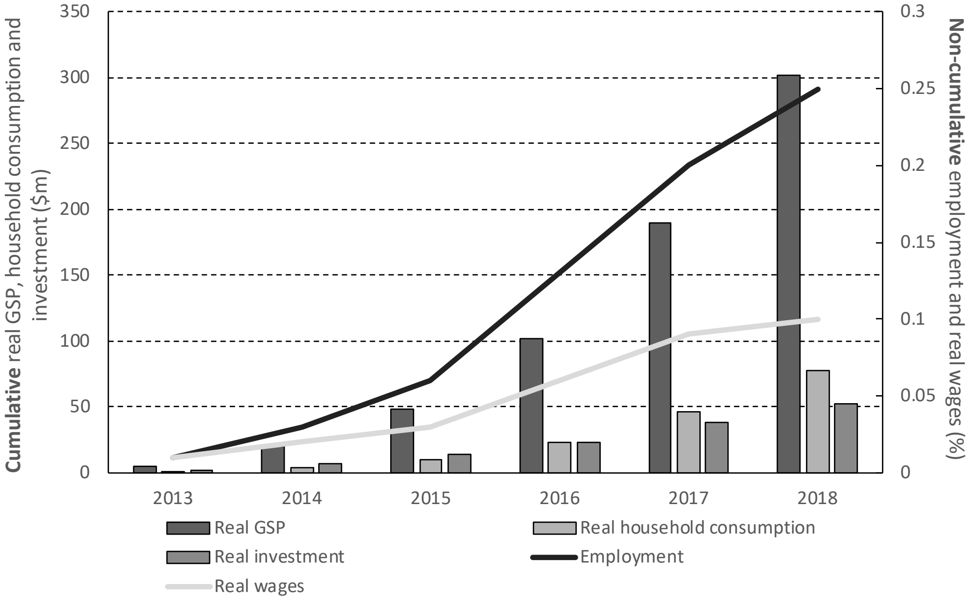
On a range of measures, it is clear that the tax reform program has improved the efficiency of the ACT’s tax system.

Analysis undertaken by the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra shows that tax reform has reduced the impact of stamp duty on people’s willingness to purchase properties, resulting in around 2,000 additional residential housing transactions over the first seven years of tax reform than would otherwise have been the case.

The tax reform program has also increased economic efficiency and resulted in economic growth. Analysis by the Centre of Policy Studies at Victoria University shows that real Gross State Product (GSP), household consumption and investment have increased in every year, with the increases growing over time. Over the reform period to date:

- real GSP has increased by $302 million (0.11 per cent a year on average);
- real household consumption has increased by $78 million (0.07 per cent a year on average);
- real investment has increased by $52 million (0.11 per cent a year on average);
- employment has increased by 0.11 per cent a year on average; and
- real wages have increased by 0.05 per cent a year on average.

Figure 3.4.2: Economic benefit of tax reform to the ACT, 2013-14 to 2018-19

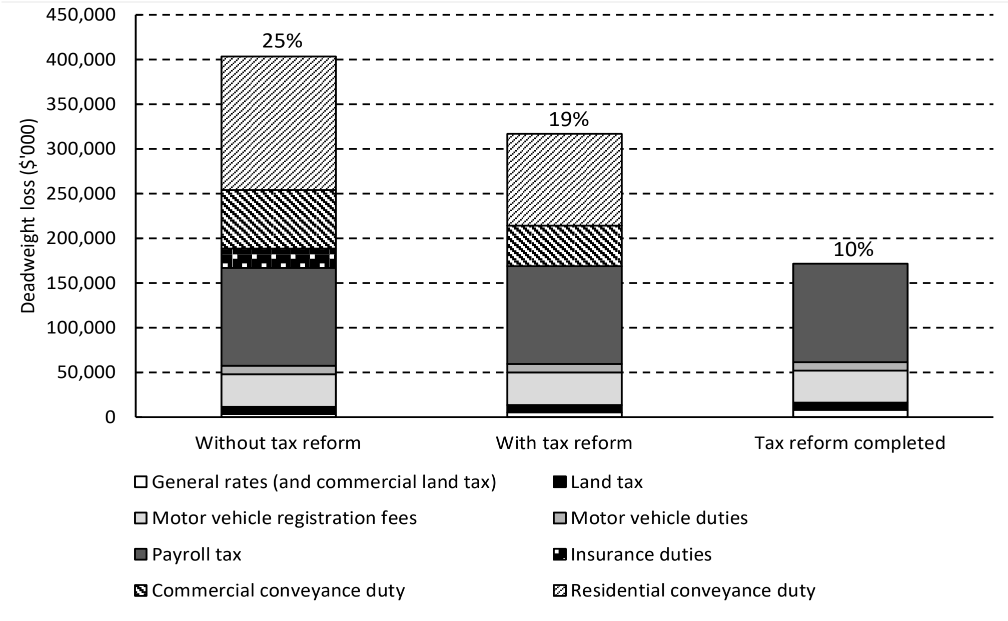


Source: Centre of Policy Studies, 2020, The Economic and Efficiency Impacts of Altering Elements of the ACT's Tax Mix.

In addition, the economic loss imposed by the ACT tax system has reduced significantly from 25 to 19 per cent of tax revenue raised (from the taxes included in the chart below) in 2018-19 as a result of tax reform meaning the tax system imposes a lower cost on the economy.

The chart below illustrates the economic loss will be 10 per cent of revenue from these taxes, once tax reform is complete and assuming all else remains the same as 2018-19 (note: stamp duty is being phased out gradually over a longer period of time to minimise transitional impacts). This illustrates just how beneficial ongoing tax reform is to the ACT's tax system, households and local businesses.

Figure 3.4.3: Economic deadweight loss of different tax systems for the ACT, 2018-19



Sources: ACT Government, 2020, Revenue Neutrality of Tax Reform and Commonwealth of Australia, 2010, Australia's Future Tax System Review. Estimates of deadweight loss are the estimated average excess burden for Australian taxes applied to the ACT context.

Fairness

Everyone should contribute a fair share to the provision of government services.

Households with similar wealth or income should contribute a similar amount, while those with greater capacity should contribute a greater amount. This contribution should change more than in proportion to the change in capacity; that is, the overall system should be progressive.

Property stamp duties are not fair. People who, for whatever reason, need to move often end up paying more and contributing a larger share to the provision of services than those who do not move as often, or at all.

Before tax reform commenced, stamp duty raised around a quarter of the Territory's taxation revenue from the properties bought and sold each year (around 9 per cent of properties). Those who lived in the same home for a long time did not pay much tax, regardless of how wealthy they might have been.

Through tax reform, we are ensuring services are funded by all taxpayers, not just the small proportion of households that move each year.

We are also removing a barrier for those who want to enter the property market and transition from renting to owning.

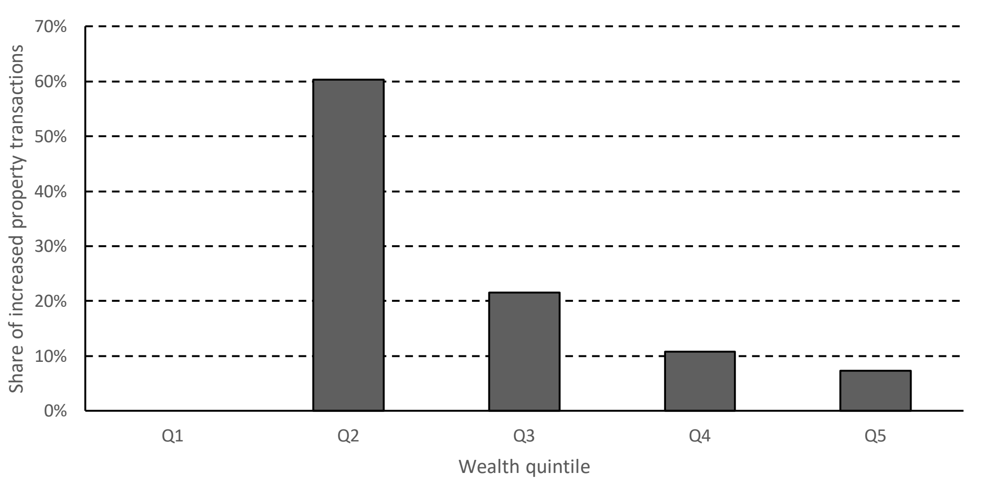
Through general rates, a household's tax contribution is based on the current value of the land they own; this is the best proxy the Territory has to estimate the wealth of a household and ensure that all households are contributing to the cost of services as fairly as possible.

Analysis by NATSEM and the Tax and Transfer Policy Institute at the Australian National University shows 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.

As the chart below shows, tax reform has increased property purchases most for households in the second lowest wealth quintile (Q2). Those in the lowest wealth quintile were found to not benefit as much as they did not have the sufficient resources to purchase a property. The Government continues to support those in the lowest quintile through programs such as the land rent scheme and shared equity schemes.

Figure 3.4.4: Increase in residential property purchases as a percentage of the total increase in residential property purchases, 2012-13 to 2018-19



Source: 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.

Residential stamp duty is more progressive as a result of tax reform, with lower income households paying a lower proportion of total stamp duty revenue. More households in the second wealth quintile can now afford to buy due to stamp duty reductions, therefore these households are paying a higher proportion of total stamp duty revenue as in the counterfactual they would not have been purchasing properties at all.

Figure 3.4.5: Change in percentage of total residential stamp duty revenue paid by quintile (percentage points), 2012-13 to 2018-19

Source: 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.

The general rates system is also now more progressive with lower income and wealth households paying a lower proportion of total residential general rates revenue.

Figure 3.4.6: Change in percentage of total residential general rates revenue paid by quintile (percentage points)

Source: 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.

During Stage 2 of tax reform, the Government fine-tuned how taxes are divided between residential units and other residential properties. Under the previous system, units were paying less in general rates than houses with comparable values despite having access to similar government services.

Even after these changes, average general rates for units are still significantly lower than average general rates for houses.

Stable and sustainable

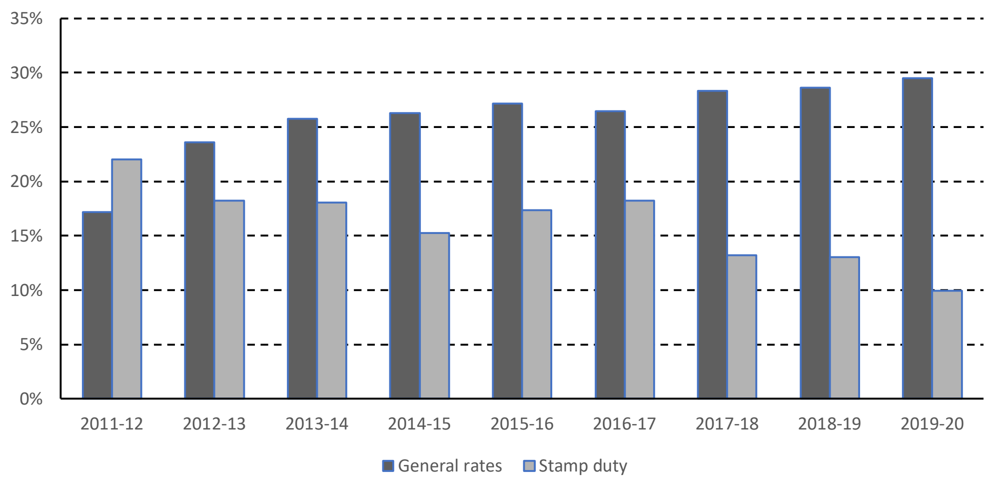
Prior to tax reform there was significantly volatility in the ACT's revenue base, with conveyance duty revenues which made up a significant proportion of revenue falling from the previous year's level on nine occasions.

Having a substantial revenue source with this level of volatility is not a sustainable way to fund essential services for the community. This has been further evidenced by the impacts on revenue collection of other jurisdictions.

General rates are a stable and predictable source of revenue for the Government and a stable and predictable tax contribution for taxpayers.

This means taxpayers can plan around their tax liability with confidence. A more stable tax base that is less reliant on transaction-based taxes also cushions government revenue from the impact of economic shocks – 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.

Figure 3.4.7: Stamp duty and general rates revenue as a proportion of total own source taxation revenue



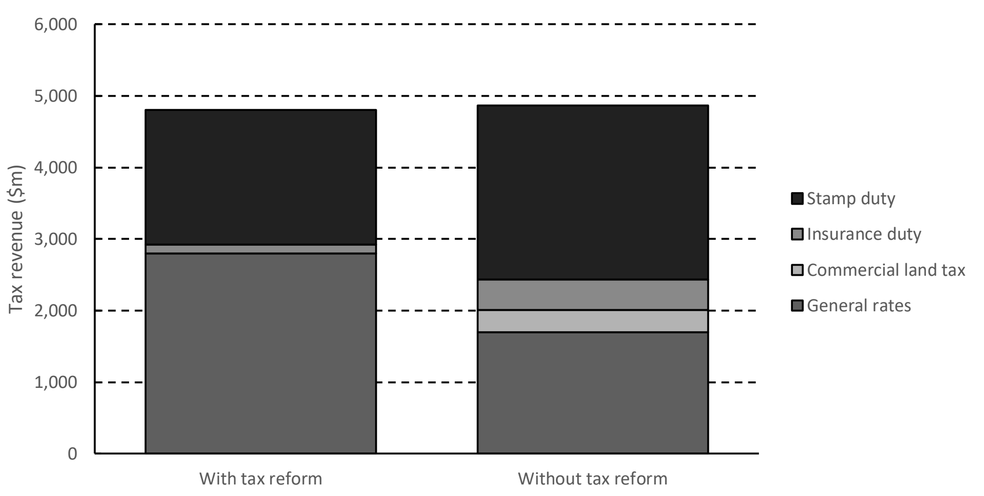
The Government is improving the stability and predictability of general rates for taxpayers by transitioning the basis on which they are calculated from a three-year to a five-year average of unimproved land value by 2021-22. This means that rate payers will have more time to adjust to any significant increases in their land value and can plan for associated increased general rates.

Changing tax mix, not the amount of revenue raised

Through tax reform we are changing how tax is raised and distributed among people; we are not changing how much tax revenue is collected to fund Government services.

Recent analysis shows combined tax revenue from stamp duty, insurance duty, commercial land tax and general rates has been slightly less (1.3 per cent) with tax reform than it would have been without tax reform, for the first seven years of tax reform.

Figure 3.4.8: Total combined tax revenue from Stamp duty, insurance duty, commercial land tax and general rates, 2012-13 to 2018-19



Source: ACT Government, 2020, Revenue Neutrality of Tax Reform.

Stage 3 of tax reform

Stage 3 of tax reform will commence in 2021-22, a year earlier than previously scheduled. This enables us to modify tax settings to suit the changing economic climate.

General rates

The increase in average general rates for residential and commercial properties during the five years of Stage 3 will be 3.75 per cent a year. This is lower than during Stage 2 (prior to COVID-19 household support measures) in light of the need to moderate the pace of general rates increases to meet lower wage growth and business income expectations in the current economic climate.

As a result of lower general rates increases, revenue from general rates will be less than previously forecast over the forward estimates.

The Government remains aware that depending on the economic circumstances at the time, rebates similar to the $150 rebate applied for 2020-21 general rates may need to be considered.

Stamp duty

The Government remains committed to reducing stamp duty in every Territory Budget.

The benefits of residential stamp duty reductions during Stage 3 will be targeted to provide the largest benefit to Canberrans accessing affordable housing. Stamp 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. The Pensioner Duty Concession Scheme has also been extended on an ongoing basis.

Residential stamp duty tax rates for 2021-22 will be set out in next year's Budget. These will be set so that estimated revenue from residential general rates above the increase in the WPI is used to reduce forecast residential stamp duty revenue by an equal amount.

During Stage 2 of tax reform, stamp duty was reduced to zero for commercial property purchases up to $1.5 million. As a result, no stamp duty is paid on around 80 per cent of commercial property purchases. Moving forward, more purchasers will benefit from paying no stamp duty. During Stage 3, the commercial stamp duty tax-free threshold will increase, to reach $2 million in 2025-26.

Revenue implications

The current estimated financial impact of these decisions over the five years of Stage 3 (2021-22 to 2025-26), is set out in the table below. As noted above, revenue from general rates will be less than previously forecast over the forward estimates due to lower general rates increases in Stage 3. Revenue from stamp duty will be higher (by a lesser amount than the increase in general rates) as there will be less general rates revenue available to fund stamp duty reductions.

The estimated net financial impact of $37.4 million in revenue forgone over the five-year period is due to the impact of Stage 3 commencing one year earlier and a lower forecast increase in the WPI than previously.

This net financial impact over the five years would be the same regardless of the general rates settings.

Table 3.4.3: Estimated net financial impact of Stage 3 tax reform decisions

	2021-22 $'000	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	Total $'000
Residential general rates	-9,846	-20,996	-33,572	-47,706	-63,541	**-175,660**
Residential stamp duty	1,633	13,171	25,193	38,703	53,282	**131,982**
Commercial general rates	-5,215	-11,180	-17,968	-25,659	-34,339	**-94,360**
Commercial stamp duty	-774	8,386	17,909	28,916	41,116	**95,553**
Net financial impact	**-14,201**	**-10,619**	**-8,438**	**-5,746**	**-3,481**	**-42,485**

Note:
Numbers may not add due to rounding.

3.5 INFRASTRUCTURE AND CAPITAL

Investing in infrastructure and capital is a key element of the Government's strategy to protect and create jobs, to help the economy recover and to improve the long-term wellbeing of Canberrans.

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.

To maximise the immediate employment benefits it is important to have an infrastructure investment program that is varied in both financial size and the nature of the work.

Our program does this by investing $4.0 billion over the next four years in civil and construction works, design and planning, ICT projects and the installation of plant and equipment.

The Government's long-term Infrastructure Plan forms the basis of our ambitious infrastructure investment program over the next five years.

Good infrastructure takes good planning – and for major projects there are many years between concept design, business case development and consideration and construction completion.

As the Reserve Bank Governor Philip Lowe observed in the middle of 2019, Governments need to have the top drawer full of projects that are "shovel-ready" in the event growth slows.

We're in that position thanks to our planning and industry can have confidence in a full pipeline of work over the next decade.

Optimising immediate employment support is why we're focussed on fast-tracking the delivery of major projects to which we've already undertaken considerable pre-construction planning and preparation such as the Canberra Hospital Expansion, building and renewing public housing, extending Light Rail to Woden and building the new CIT Woden Campus.

This is complemented by the $35 million fast-track program of small projects which targeted work with high local employment outcomes which could commence immediately.

The Infrastructure Investment Program is made up of hundreds and hundreds of projects of varying size from basic maintenance works in our schools and for our city services to the major projects referenced above.

We will also continue to manage our procurement processes to maximise the available pipeline of work in supporting industry capacity that will protect more jobs and support the on-time delivery of projects.

The 2020-21 Infrastructure Investment Program

The Government will invest $942 million in infrastructure and capital projects in 2020-21 and $4.0 billion from 2020-21 to 2023-24.

Over this four-year period, we will provide $2.3 billion for the capital works program, including $1.5 billion for ongoing projects and $796 million for new initiatives.

In addition, we are setting aside $1.7 billion in provisions for future works to be developed by the Government over the next four years.

Details of the four-year infrastructure investment program are provided in Table 3.5.1 below. New capital initiatives are outlined in Chapter 3.2.

Table 3.5.1: Summary of the 2020-21 Infrastructure Investment Program

	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	1,037	0	0	0	1,037
Construction	85,403	148,372	132,471	108,287	474,533
Information and Communications Technology	13,080	0	0	0	13,080
Plant and equipment	34,750	6,900	0	0	41,650
Capital grants	0	0	0	0	0
Sub-total new capital works	**134,270**	**155,272**	**132,471**	**108,287**	**530,300**
Fast Track Program[1]	**12,120**	**0**	**0**	**0**	**12,120**
Better Infrastructure Fund – base[2]	39,932	62,790	64,410	65,969	233,101
Better Infrastructure Fund – initiatives	20,191	0	0	0	20,191
Total Better Infrastructure Fund[1]	**60,123**	**62,790**	**64,410**	**65,969**	**253,292**
TOTAL NEW WORKS	**206,513**	**218,062**	**196,881**	**174,256**	**795,712**
Works-in-progress					
Early Planning and forward design	44,476	1,682	0	0	46,158
Construction	472,114	364,078	180,399	30,738	1,047,329
ICT	89,442	82,196	55,575	25,565	252,777
Plant and equipment	121,109	46,309	21,055	3,825	192,298
Capital grants	669	0	0	0	669
TOTAL WORKS–IN–PROGRESS	**727,810**	**494,265**	**257,029**	**60,128**	**1,539,232**
TOTAL CAPITAL WORKS PROGRAM	**934,322**	**712,327**	**453,910**	**234,385**	**2,334,944**
Capital provisions					
Construction	7,482	413,389	575,542	635,258	1,631,671
ICT	0	4,652	4,652	4,652	13,956
Plant and equipment	0	0	7,000	13,000	20,000
Total Infrastructure Investment Provisions	**7,482**	**418,041**	**587,194**	**652,910**	**1,665,627**
Public Private Partnerships					
ACT Law Courts Facilities	0	0	0	0	0
TOTAL INFRASTRUCTURE INVESTMENT PROGRAM INCLUDING PROVISIONS	**941,804**	**1,130,368**	**1,041,104**	**887,295**	**4,000,571**
Capital Works Reserve and offsetting provision[3]	**0**	**0**	**0**	**0**	**0**

Notes:

1. A total of $35 million was allocated to the Fast Track Program; $22.8 million was spent in 2019-20.
2. The lower Better Infrastructure Fund base funding in 2020-21 reflects the accelerated delivery of the initiative Better schools for our kids – Public school infrastructure upgrades in 2019-20.
3. The Capital Works Reserve will be determined in the formulation of the 2020-21 Budget. In 2019-20 $140 million was allocated to the Capital Works Reserve.

The Capital Works Program

Our capital investment priorities continue to be in 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, educated, 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.

Together, they form the core of our community's wellbeing, connectedness and prosperity that make Canberra one of the most liveable cities in the world.

The Government's four-year infrastructure investment program is consistent with the *ACT Infrastructure Plan* which articulates our vision for Canberra and investments plan over the short, medium and longer terms. The plan can be accessed here.[23]

Health Infrastructure

We will continue our significant investment in health care infrastructure with more than $900 million over the next four years.

The $624.5 million Canberra Hospital Expansion Project is expected to be completed by 2023-24 and the Government is expanding the Centenary Hospital for Women and Children project to significantly enhance gynaecology, pre and post-natal, and adolescent mental health services.

The Government will also invest $12 million in the new COVID-19 and disease response management system to ensure our health officials have upgraded IT systems to respond to crises. These projects are in addition to our ongoing $260 million investment program in Canberra and Calvary Public Hospitals, and the delivery of walk-in centres and community health centres across Canberra.

This is in addition to the $23 million we spent to build the pop-up COVID-19 emergency clinic, which was a critical investment for the ACT Government to undertake as part of our COVID-19 response.

Education Infrastructure

The Government is investing more than $400 million over four years, including provisions, to build and upgrade our education infrastructure including:

- Building a new East Gungahlin High School to open in 2023
- Delivering a new primary school at Throsby
- Building a P-6 and 7-10 school campus in Molonglo
- Expanding the Amaroo School Senior Campus
- Modernising Campbell Primary School

[23] https://apps.treasury.act.gov.au/__data/assets/pdf_file/0009/1432449/act-infrastructure-plan.pdf

- Improving ICT to supporting our School System
- Expanding Franklin Early Childhood School
- Delivering energy-efficient heating upgrades for ACT public schools.

The Government has also made significant infrastructure upgrades in all schools, including through the *Better schools for our kids – Public school infrastructure upgrades* initiative, an $85 million program that commenced in late 2016.

The Government will also use these projects to continue our commitment to take action on climate change. The East Gungahlin High School's buildings will be carbon neutral in their operation and include approximately 100kw of solar power generation.

In addition to this the Government has allocated $240 million over the four years to 2023-24 for the combined project to construct the Woden Canberra Institute of Technology campus and a new Woden transport interchange. The total investment for this project is $278 million.

Transport Infrastructure

Total investment in public transport, active travel and roads exceeds $1 billion over the four years to 2023-24.

In public transport, the Government will continue planning and work on extending Light Rail to Woden, and on raising London Circuit, investing $24 million in capital and $2 million in associated expenses for 2020-21.

A further $312 million is being provisioned over the next three years, including for the construction of a light rail stop in Woden. The total cost for completing light rail stage two, 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.

The duplication of Athllon Drive and William Hovell Drive will be delivered over the next four years – an investment of over $130 million, with $5 million allocated over 2020-21 and 2021-22 for the detailed planning and design stage. And the last portion of John Gorton Drive, including a bridge crossing the Molonglo River, has been allocated a provision of $178 million, of which $2 million has been allocated for detailed design in 2020-21, this bridge will replace the current low-level Coppins Crossing.

Public Housing Growth and Renewal

The growth and renewal of public housing is an important element of our infrastructure investment program.

The Government has injected an additional $61 million into a ten-year public housing renewal program of over $1 billion through a package of investments that will provide additional housing for people in need.

Strategic re-development of old and outdated public housing sites enables the building of new and flexible accommodation for residents, while allowing the development of vibrant residential and commercial precincts along new transport corridors linking major town centres and the city.

The Government will extend the *Growing and Renewing Public Housing 2019-24* program by one year and provide an additional $20 million in 2024-25, as well as allocating $32 million in 2020-21 to purchase land for the construction of 60 additional new public housing dwellings. We have also allocated an additional $9 million over two years for general property and energy efficiency upgrades.

With this investment, over 10 years to 2025, the ACT Government will have invested more than $1 billion in building new public housing right across Canberra.

Investment by Public Trading Enterprises

In addition to investment funded through the budget, significant capital works programs are also undertaken by public trading enterprises (PTEs), funded through each entity's own source revenue or borrowing.

The PTEs include the Suburban Land Agency (SLA), Icon Water, Housing ACT, the City Renewal Authority (CRA) and the ACT Public Cemeteries Authority.

The capital works programs for the PTEs for the four years to 2023-24 will be provided in the forthcoming 2020-21 Budget.

Together, the SLA, CRA and Housing ACT are the key agencies that help shape the land development and urban form of the Territory.

The SLA develops residential, commercial, industrial and community land in new suburban estates and through urban renewal projects. It buys and sells leases of land on behalf of the Territory to deliver a mixture of public and private housing.

As we approach the end of suburban residential land development in Gungahlin, the focus of land release is shifting to the next stage of the Molonglo Valley. The last releases in Taylor and Throsby in Gungahlin and the Molonglo Valley suburb of Wright are scheduled for 2020-21. The Indicative Land Release Program for 2020-21 is provided in Chapter 3.6.

The City Renewal Authority is responsible for leading, managing and facilitating the delivery of urban renewal projects within the City Renewal Precinct which spans Dickson, Northbourne Avenue, Haig Park, Civic and West Basin. The authority also buys and sells leases of land on behalf of the Territory for development within the City Renewal Precinct.

Housing ACT will continue to deliver the growth and renewal program with the additional $61 million investment of the Government outlined previously.

Risks and uncertainties

The main risks and uncertainties attached to our investment program arise from developments related to the COVID-19 pandemic.

Over the past six months, the social and economic impact of the pandemic has been felt worldwide including in all Australian states and territories. Lockdown restrictions and spatial distancing requirements have seen a significant slowdown in activities across all business and commercial activities.

To help cushion the impact of the pandemic, the Government introduced a series of revenue and expenditure measures to support our residents and local businesses. A key capital works initiative which has been introduced is the $35 million fast-track stimulus program which complements the Better Infrastructure Fund in providing funding for projects with a high local content which can commence immediately. Information on the Fast track program is provided at https://www.act.gov.au/fasttrack.

The short to medium term outlook for the ACT, and indeed the world, is highly uncertain as there is no clear indication at this stage when normal economic activities may resume. The Government will continue to be flexible in adjusting and implementing our policies and programs in response to developments, to provide maximum support for the ACT economy during these difficult times while ensuring that critical infrastructure is in place to promote growth in the longer term.

3.6 INDICATIVE LAND RELEASE PROGRAM

The ACT Government's Indicative Land Release Program is a vital tool in implementing the desired growth and settlement patterns of our city by establishing a program of land supply and release.

The Government is in the unique position of setting the strategic planning directions and shaping how our city will grow and change as well as balancing the supply of land to meet the needs of our growing and changing city.

Each year the Government prepares and publishes an Indicative Land Release Program.

The program is an important link in how the ACT Government delivers on the strategic directions in the ACT Planning Strategy and the Housing Strategy and is a key driver for the ACT Infrastructure Plan.

Ordinarily, a four-year program would be released with the budget.

However, in light of the delayed 2020-21 Budget, a detailed program of releases for the 2020-21 financial year has been provided with this Economic and Fiscal Update.

The 2020-21 program of releases has been informed by currently available data, including consideration of the potential impact of changes to market conditions, unforeseen delays and the implications of the current COVID-19 pandemic.

One significant impact of the COVID-19 pandemic is the decrease in forecast population growth due to a significant decline in net overseas migration as a result of international border restrictions.

In the short term, this is likely to have an impact on the demand for new housing and create some uncertainty for land release.

However, in response to the anticipated fall in demand flowing from the COVID-19 pandemic, as part of recent economic stimulus initiatives, the Government has put in place conveyance duty concessions for the purchase of land and off the plan apartments by owner-occupiers.

Along with extension of the Home Buyer Concession Scheme in 2019, these concessions are expected to stimulate activity in the housing market and make buying or building a new home more affordable.

The temporary conveyance duty concessions are expected to motivate potential homebuyers to bring forward purchasing decisions by 6-12 months to benefit from the concessions.

In addition, the Commonwealth Government's HomeBuilder Grant scheme of $25,000 for eligible owner-occupiers to build a new home or substantially renovate an existing home may provide some support to the residential construction market, including land sales.

Further, as noted in Chapter 2.1, the ACT's property market has remained relatively resilient during the COVID-19 pandemic reflecting job security and stable household income.

Property prices have also held up in the ACT to date as a result of continued activity in both the new housing construction sector and the established housing market.

The ACT Government will continue to actively monitor market conditions, the delivery of the 2020-21 program and manage risks to delivery through collaboration between relevant agencies.

If market conditions improve, the Government will adjust the forward land release program to reflect that improvement.

The Government will also use this program to maintain jobs for Canberrans in the land development and housing construction industry.

Principles of the Indicative Land Release Program

The ACT Government's Indicative Land Release Program plays a strategic part in building a compact, efficient and equitable city, attracting investment in the ACT land market and strengthening our economic advantage in the ACT region, by:

- delivering affordable housing choices and promoting housing diversity;
- stimulating urban renewal where it is appropriate and contributing to the delivery of up to 70 per cent of new housing within our existing urban footprint;
- balancing a stable supply of land with forecast demand and maintaining an appropriate inventory;
- attracting investment into Canberra while supporting a sustainable and competitive land development and construction industry to create jobs for Canberrans, and
- achieving satisfactory returns to Government from the sale of unleased Territory land and surplus property assets.

Summary of the Indicative Land Release Program

A summary of releases by suburb and release type contained in the 2020-21 program can be seen in Table 3.6.1.

Table 3.6.1: 2020-21 Indicative Land Release Program by Suburb

District	Suburb	Total residential releases (dwellings)	Mixed Use site (m2)	Commercial site area (m2)	Industrial site areas (m2)	Community site area (m2)
Central Canberra	Parkes	0	31,977			
Gungahlin	Casey	100		24,000		
Gungahlin	Gungahlin	408	22,940			
Gungahlin	Moncrieff	90	9,264	15,476		
Gungahlin	Taylor	588		5,121		6,837
Gungahlin	Throsby	82				
Gungahlin	Kenny	100				72,000
Molonglo Valley	Coombs	195	10,183	2,832		
Molonglo Valley	Wright	123	12,261			5,141
Molonglo Valley	Whitlam	510				
Belconnen	Strathnairn	300				
Belconnen	Belconnen	500	19,668			
Tuggeranong	Calwell	30				8,000
Jerrabomberra	Oaks Estate	17	4,380			
Jerrabomberra	Hume				18,000	
Total		**3,043**	**110,673**	**47,429**	**18,000**	**91,978**

Despite the significant uncertainty being driven by the COVID-19 pandemic, the Government has determined to release full details of the program for 2020-21 to provide as much market certainty as possible.

The Government has based its forward estimates on a four-year program of 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. Given the anticipated medium term effects of the COVID-19 pandemic, this is a reduction from the 2019-20 Indicative Land Release Program.

Residential

Availability of a choice of new homes in a variety of locations and price points contributes to the ACT being an attractive place to buy and live. The last releases in Taylor and Throsby in Gungahlin and the Molonglo Valley suburb of Wright are scheduled for 2020-21.

The new greenfield suburb of Strathnairn in West Belconnen continues to deliver affordability and diversity in land and housing types. Strathnairn is the first suburb to be developed as part of the Ginninderry development, a joint venture between the ACT Government and Riverview. Ginninderry is a six-star Green Star Community that will deliver a total of 11,500 new homes over the next 30 years as a cross-border development on land in the ACT and NSW.

The Government will continue its program of urban renewal with releases in the Gungahlin and Belconnen town centres as well as in Oaks Estate and Calwell.

The 2020-21 residential target is 3,043 dwellings. An indicative dwelling mix for the 2020-21 residential program is shown in Table 3.6.2 below.

Table 3.6.2: Residential Program - Indicative dwelling mix – 2020-21

	Total residential releases (dwellings)	Number of Single dwelling blocks	Number (and %) of Compact blocks and mid-density dwellings)	Number (and %) of Multi-unit dwellings - apartments	Number (and %) of dwellings in new suburban areas	Number (and %) of dwellings in existing suburbs
2020-21	3,043	1,194	223 (7%)	1,626 (53%)	1,798 (59%)	1,245 (41%)

Affordable, community and public housing targets

A goal of the *ACT Housing Strategy* is to deliver an equitable, diverse and sustainable supply of housing for the ACT community. To achieve this goal and to meet the housing needs of all Canberrans, the Government has set a target of delivering 15 per cent of the annual residential program for public, community and affordable homes.

The public, community and affordable housing target applies to releases that have not already had targets applied to them, or sites in suburbs that have not reached their allocated target. On this basis, the 2020-21 target is set at 302 and is made up of 53 new public housing dwellings, 10 new community housing dwellings and 239 individual dwellings dedicated for affordable home purchase to eligible low-income households.

This is equal to 16.2 per cent of eligible residential sites planned for release in 2020-21, noting residential land to be released in Whitlam, Taylor and Throsby has been excluded from the target calculation as these suburbs already have an allocation of public, community and affordable dwellings from previous years.

Table 3.6.3 below shows the Government's 2020-21 targets for affordable, community and public housing releases.

Table 3.6.3: Affordable, community and public housing targets for 2020-21

Number of public housing dwellings	Number of community housing dwellings	Number of affordable home purchase dwellings	2020-21 Total Housing Target - Number of dwellings of eligible residential dwelling releases from the 2020-21 Indicative Land Release Program
53	10	239	302

Mixed use

Mixed-use commercial releases promote a combination of residential living and commercial activity within a single building. Promoting mixed use development in appropriate areas such as commercial centres and along key transit corridors is an essential feature of the sustainable urban growth strategy for our city.

The Government has progressed 110,673 square metres of mixed-use land for release in 2020-21, with the majority of the releases in the Gungahlin and Belconnen town centres. Releases will also occur in the suburbs of Parkes, Coombs, Wright, Moncrieff and Oaks Estate. The release in Parkes reflects direct negotiations with the University of NSW to establish a campus and student accommodation near the city centre.

Commercial and Industrial

The 2020-21 Program targets the release of 47,429 square metres of commercial land and 18,000 square metres of industrial land in 2020-21. This will include the release of two new suburban commercial centres in Gungahlin.

Industrial and commercial land is the resource that supports and creates jobs and allows our city to function. Maintaining the supply of industrial land in strategic locations is necessary to support key growth industries, new investment and economic diversity. Delivering substantial commercial and industrial releases going forward will be dependent on Commonwealth consideration and approval of the Eastern Broadacre Strategic Assessment under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*.

In 2020-21, the 18,000 square metre site for release is the last land available in the Hume industrial estate.

Community

For 2020-21, the community land releases of 91,978 square metres are mainly comprised of a 72,000 square metre site for a new school in Gungahlin to deliver the Government's commitment of opening a new high school in 2023. Community land releases in Calwell and Wright will be suitable for a range of uses and a site in Taylor will be released by direct sale to a community group.

Risks

As discussed above, the outbreak of COVID-19 and the border restrictions put in place will impact the ACT's population growth rate and demand for new housing.

A number of local and Commonwealth Government stimulus measures have been implemented to ease the impacts of COVID-19 on new housing demand. However, the full impact of COVID-19 on new housing demand and the delivery of the Indicative Land Release Program is unknown at this point in time.

Within the ACT, factors unrelated to the pandemic such as concerns over building quality may continue to pose a downside risk to delivery of the program, but this may be countered by other factors such as Government policy initiatives to address concerns and low interest rates which are expected to continue while the local and national economy recovers.

3.7 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 3.7.1: Net debt (excluding superannuation)

	2019-20 Interim Outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
2019-20 Budget Review	3,075.5	3,780.5	4,029.7	3,924.6	n/a
Economic and Fiscal Update	3,310.8	4,730.6	6,068.3	6,942.4	7,709.4
Net debt to GSP (%)	7.7	11.1	13.5	14.7	15.6

Compared to the 2019-20 Budget Review, net debt has increased in each year. This increase is mainly as a result of increased borrowings to support the Government’s response to the COVID-19 pandemic and the impact of significant reductions in GST and own-source revenues.

Table 3.7.2: Net financial liabilities

	2019-20 Interim Outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
2019-20 Budget Review	7,654.7	8,349.1	8,726.2	8,896.6	n/a
Economic and Fiscal Update	12,025.1	9,530.8	10,847.1	11,945.3	12,832.4
Net financial liabilities to GSP (%)	28.1	22.3	24.2	25.4	26.0

Net financial liabilities in 2019-20 have increased compared to the 2019-20 Budget Review forecast by $4,370.4 million. This increase largely reflects a $3,992 million increase in the defined benefit superannuation liability valuation. The valuation increased due to the use of a lower discount rate of 1.73 per cent at 30 June 2020, compared to the forecast long-term discount rate assumption of 5 per cent.

The variation in 2019-20 and across the estimates is also reflective of an increase in borrowings due to the impacts described above.

Table 3.7.3: Net worth

	2019-20 Interim Outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
2019-20 Budget Review	17,669.9	17,612.7	17,709.3	17,996.4	n/a
Economic and Fiscal Update	13,110.3	16,158.2	15,449.6	14,881.4	14,382.2
Net worth to GSP (%)	30.6	37.9	34.4	31.6	29.1

Net worth has decreased in each year compared to the 2019-20 Budget Review mainly due to the impacts described above.

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 is unfunded and is not required to be paid until members retire.

The following estimates are based on the most recent actuarial review of the superannuation liability using the latest salary and membership data as at 30 June 2019.

ACT Employee Scheme Membership

As at 30 June 2019, 6,590 current ACT employees remain active contributors to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme.

Table 3.7.4 outlines the breakdown of the defined benefit superannuation scheme employee members as at 30 June 2019.

Table 3.7.4: ACT employee defined benefit scheme membership

	Contributors	Deferred beneficiaries	Current pensioners	Total
Group A Members[1]				
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 Members[2]				
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 3.7.5.

Table 3.7.5: Defined benefit superannuation liability valuation

	2019-20 Int. outcome $'000	2020-21 Estimate $'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 liability[3]	**12,053,516**	**8,281,129**	**8,506,561**	**8,716,078**	**8,908,864**

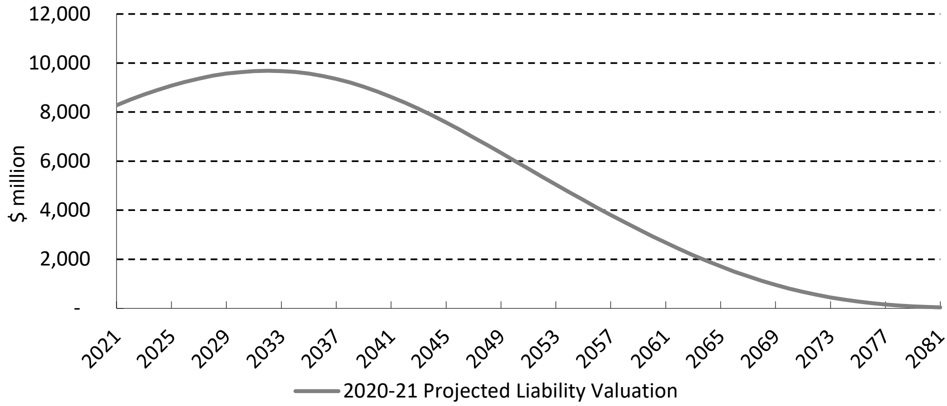
Notes

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.

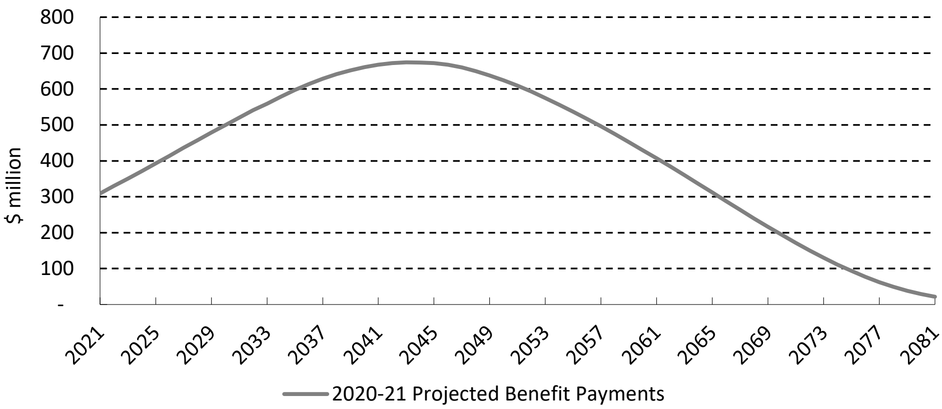
The projected valuation estimates for the Territory's projected defined benefit employer superannuation liability are illustrated in Figure 3.7.1.

Figure 3.7.1: Estimated employer superannuation liability



The projected estimates for the Territory's emerging cost payments to the Commonwealth are illustrated in Figure 3.7.2.

Figure 3.7.2: 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 estimated investment return outcome for 2019-20 of 1.9 per cent, or CPI plus 2.2 per cent, the Superannuation Provision Account portfolio will have generated an investment return of 7.6 per cent a year (nominal), or CPI plus 5.2 per cent a year, over the past 24 years (from 1996-97 to 2019-20), which exceeds the current long-term investment return objective.

The projected estimates for the investment asset pool are outlined in Table 3.7.6.

Table 3.7.6: Defined benefit superannuation assets

	2019-20 Int. outcome $'000	2020-21 Estimate $'000	2021-22 Estimate $'000	2022-23 Estimate $'000	2023-24 Estimate $'000
Opening assets	**4,237,105**	**4,320,846**	**4,606,361**	**4,912,076**	**5,238,328**
Net investment earnings[1]	80,544	289,534	309,833	330,472	352,494
Budget appropriation	289,811	308,993	330,357	350,469	371,001
Benefit payments	-282,062	-308,993	-330,357	-350,469	-371,001
Other payments	-4,553	-4,019	-4,118	-4,220	-4,324
Closing assets	**4,320,846**	**4,606,361**	**4,912,076**	**5,238,328**	**5,586,498**

Note:

1. The annual net investment earnings estimates from 1 July 2020 are based on the investment return objective of CPI plus 4.75 per cent (or 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 3.7.7.

Table 3.7.7: Superannuation liability funding

	2019-20 Int. outcome $'000	2020-21 Estimate $'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	4,320,846	4,606,361	4,912,076	5,238,328	5,586,498
Unfunded liability	7,732,670	3,674,768	3,594,485	3,477,750	3,322,366
Funding percentage	**36%**	**56%**	**58%**	**60%**	**63%**

Risks and Sensitivity

The outlook for investment returns continues to be challenging, with increasing economic uncertainty and financial market volatility amid the COVID-19 pandemic.

The current subdued economic conditions in Australia and the potential structural shift in Australian interest rates which could see them remain lower for longer, will require a re-assessment of the financial assumptions adopted for the superannuation liability valuation and the long-term investment return target.

Any negative impacts to both future investment earnings and the liability valuation will increase the risk of extending the timeframe to extinguish the Territory's unfunded superannuation liability.

Table 3.7.8 outlines the impact on the investment earnings estimates from a 1 per cent decrease in the investment return objective.

Table 3.7.8: Impact of a 1 percentage point decrease in the investment return objective

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

Table 3.7.9 outlines the impact to the Commonwealth defined benefit superannuation liability valuation and to the superannuation liability expense from a 1 per cent decrease in the discount rate assumption from the long-term budget assumption of 5 per cent.

Table 3.7.9: 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

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 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 Standard & Poor's.

Total Territory Borrowings

The Government's capital funding requirements are mainly achieved through the issuance of debt securities in the Australian wholesale capital markets.

The level of outstanding borrowings is influenced by:

- the need to invest in infrastructure and assets that 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 borrowing since the 2019-20 Budget will primarily support the Government's rapid and unprecedented response to the COVID-19 pandemic, as well as respond to the significant reduction in GST and own-source revenues.

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’s 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 are outlined below in Tables 3.7.10 and 3.7.11.

Table 3.7.10: Total Territory borrowings – Principal outstanding

2019-20 Budget Review $m		2019-20 Interim outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
	Total Territory					
5,965.1	Market borrowings	7,017.0	8,163.1	10,151.3	10,510.1	11,889.5
108.3	Historic Commonwealth Loans	108.3	99.4	90.5	81.6	73.2
887.9	Leases[1]	1,074.2	1,115.1	1,083.7	1,045.5	1,006.2
6,961.3	**Total**	**8,199.5**	**9,377.6**	**11,325.5**	**11,637.2**	**12,969.0**

Note:

1. Leases comprise operating and finance leases and public private partnership contracts.

Table 3.7.11: Total Territory borrowings – Interest expense

2019-20 Budget Review $m		2019-20 Interim outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
	Total Territory					
178.0	Market borrowings	177.3	187.0	225.5	234.6	254.3
5.7	Historic Commonwealth Loans	5.5	5.2	4.8	4.3	3.9
8.2	Commonwealth Asbestos Eradication Scheme Loan[1]	8.2	0.0	0.0	0.0	0.0
42.5	Leases	37.5	48.4	48.6	46.6	46.1
234.3	**Total**	**228.4**	**240.6**	**278.9**	**285.6**	**304.3**

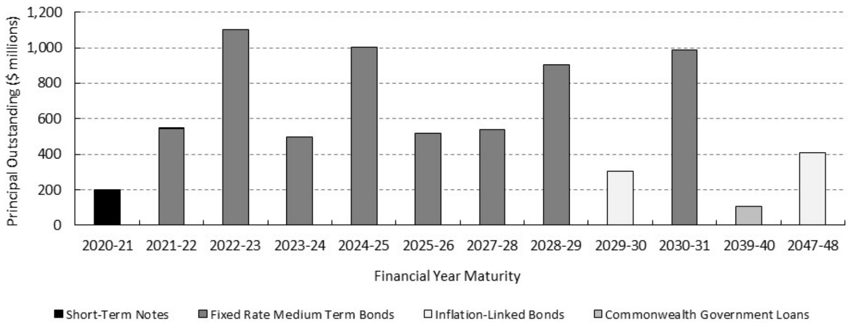
Note:

1. The outstanding principal balance of the Commonwealth Asbestos Scheme Loan ($900 million) was repaid in-full on Friday, 1 November 2019 after securing replacement financing at a lower cost of funds.

Total outstanding market borrowings and loans

Figure 3.7.3 shows the total estimated outstanding principal value of market borrowings and loans by funding type and year of maturity as at 30 June 2020.

Figure 3.7.3: Total external Territory market borrowings and loans – principal value



Note: Figure excludes leases

Table 3.7.12 provides details of the Territory's estimated outstanding issued nominal fixed rate bonds as at 30 June 2020.

Table 3.7.12: 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

Notes:

1. Estimated capital value outstanding as at 30 June 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 3.7.13 provides details of the Territory's estimated outstanding market issued inflation bonds as at 30 June 2020.

Table 3.7.13: 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 3.7.14 provides details of the Territory's outstanding Commonwealth loans as at 30 June 2020.

Table 3.7.14: Commonwealth loans

Interest Rate[1]	Maturity	Face value $m	Principal Outstanding[2] $m	Timing of payments	
12.57%	Jun 2023	19	1.7	Annual	Jun
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 3.7.15 details the Territory's projected gross borrowing program through the issuance of debt securities in the financial capital markets.

Table 3.7.15: Territory debt funding program

	2019-20 Interim outcome $m	2020-21 Estimate $m	2021-22 Estimate $m	2022-23 Estimate $m	2023-24 Estimate $m
New/pre-funding	1,856.2	1,149.9	1,986.3	353.5	1,376.0
Refinancing	1,476.4	0.1	548.7	1,101.5	499.0
Total funding requirement[1,2,3]	**3,332.6**	**1,150.0**	**2,535.0**	**1,455.0**	**1,875.0**

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).

Risks and Sensitivity

The 2019-20 financial year was very volatile in terms of movements in yields and access to financial markets to issue new bonds.

Australian financial markets were impacted in March in response to the COVID-19 outbreak, with interest rates increasing and liquidity decreasing, with the ability of all State and Territory governments to access funding becoming constrained. As part of a package of announced policy measures the RBA commenced a program of bond purchases to support liquidity in Australian financial markets noting that State and Territory governments would face increased liquidity risks if there was prolonged loss of access to funding at a time when there was a large increase in funding requirements.

These policy measures had a positive impact on Australian financial markets over the June quarter with increased liquidity and an improved ability by State and Territory governments to access funding.

There remains an ongoing risk of another deterioration in global and Australian financial markets impacting on the ability of the Territory to effectively access funding requirements.

CHAPTER 4

GGS Harmonised Financial Statements

4.1 GFS/GAAP HARMONISED FINANCIAL STATEMENTS

Australian Capital Territory
General Government Sector
Operating Statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Revenue						
Taxation revenue	2,035,837	1,949,207	1,958,486	2,139,335	2,272,434	2,424,061
Grants revenue						
Commonwealth grants	2,387,881	2,363,407	2,257,373	2,367,840	2,472,355	2,534,589
Sales of goods and services	583,552	546,992	566,647	594,972	610,482	627,710
Interest income	102,444	119,596	95,332	113,059	103,267	99,152
Distributions from financial investments	30,393	52,716	50,301	54,214	57,795	61,481
Dividend and income tax equivalents income	301,214	220,335	320,870	268,014	278,129	305,530
Other revenue						
Other revenue	190,508	170,596	191,775	189,677	199,103	201,916
Gains from contributed assets	136,480	178,073	139,150	158,881	210,173	158,798
Total revenue	**5,768,309**	**5,600,922**	**5,579,934**	**5,885,992**	**6,203,738**	**6,413,237**
Expenses						
Employee expenses	2,189,794	2,331,422	2,318,191	2,295,976	2,336,233	2,372,776
Superannuation expenses						
Superannuation interest cost	228,635	228,635	210,537	413,132	423,600	433,282
Other superannuation expense	460,389	474,373	479,589	349,025	346,820	349,217
Depreciation and amortisation	473,510	467,689	504,326	542,710	557,062	563,288
Interest expense	214,690	206,734	198,641	251,896	260,483	281,151
Other operating expenses						
Supplies and services	1,124,258	1,037,310	1,201,512	1,253,273	1,332,409	1,391,013
Other operating expenses	263,630	357,095	288,937	284,729	292,410	295,781
Grants and purchased services	1,271,734	1,419,622	1,459,400	1,349,204	1,302,654	1,335,503
Total expenses	**6,226,640**	**6,522,880**	**6,661,133**	**6,739,945**	**6,851,671**	**7,022,011**
UPF Net Operating Balance	**-458,331**	**-921,958**	**-1,081,199**	**-853,953**	**-647,933**	**-608,774**
Other economic flows - included in the operating result						
Dividends (market gains on land sales)	13,439	11,783	22,672	19,700	3,815	3,455
Net land revenue (undeveloped land value)	39,919	16,503	22,248	19,584	11,884	12,826
Net gain/(loss) on sale/(disposal) of non-financial assets	-98,708	-4,078	12,263	11,234	41,973	7,746
Net gain/(loss) on financial assets or liabilities at fair value	271,772	-9,235	184,144	197,913	211,158	224,547

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Doubtful debts	-10,646	-18,548	-10,787	-10,853	-10,853	-10,853
Operating result	**-242,555**	**-925,533**	**-850,659**	**-616,375**	**-389,956**	**-371,053**
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	-129,763	-100,474	-68,569	-31,095
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	-23,147	21,667	-20,059	-2,331	-2,528
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	11,731	133,154	62,711	-89,605	-69,107	-23,000
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in net assets of PTE	611,527	524,956	877	117,884	-38,231	-71,476
Total comprehensive income/(loss)	**3,636,649**	**-922,918**	**3,047,878**	**-708,629**	**-568,194**	**-499,152**
Key fiscal aggregates						
UPF net operating balance	**-458,331**	**-921,958**	**-1,081,199**	**-853,953**	**-647,933**	**-608,774**
less Net acquisition of non-financial assets						
Payments for non-financial assets	1,017,822	579,337	845,414	1,080,017	1,024,836	922,098
Sales of non-financial assets	-158,633	-87,130	-104,601	-91,879	-92,016	-58,933
Change in inventories	163	3,289	-4,419	164	164	164
Depreciation and amortisation	-473,510	-467,689	-504,326	-542,710	-557,062	-563,288
Other movements in non-financial assets	129,818	82,930	65,156	103,358	184,114	132,640
Total net acquisition of non-financial assets	*515,660*	*110,737*	*297,224*	*548,950*	*560,036*	*432,681*
Net lending / (borrowing)	**-973,991**	**-1,032,695**	**-1,378,423**	**-1,402,903**	**-1,207,969**	**-1,041,455**

GOVERNMENT FISCAL MEASURE - OPERATING SURPLUS/(DEFICIT)						
UPF Net Operating Balance	-458,331	-921,958	-1,081,199	-853,953	-647,933	-608,774
Superannuation return adjustment	202,762	231,512	171,656	183,735	195,980	209,046
HEADLINE NET OPERATING BALANCE	**-255,569**	**-690,446**	**-909,543**	**-670,218**	**-451,953**	**-399,728**

Australian Capital Territory
General Government Sector
Balance Sheet

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Financial assets						
Cash and Deposits	724,443	2,108,325	724,622	733,799	743,665	752,922
Advances Paid	1,846,883	1,850,505	1,886,114	1,921,600	1,928,232	1,954,717
Investments and Loans	5,566,627	4,896,253	6,300,810	7,189,867	6,955,838	7,853,336
Receivables	785,848	1,121,867	876,683	930,517	852,108	845,931
Investments in Other Public Sector Enterprises	7,801,653	7,715,082	7,715,959	7,833,843	7,795,612	7,724,136
Total financial assets	**16,725,454**	**17,692,032**	**17,504,188**	**18,609,626**	**18,275,455**	**19,131,042**
Non-Financial assets						
Produced assets						
Property, Plant and Equipment	12,394,588	12,590,276	12,844,603	13,453,764	13,996,347	14,434,184
Investment Properties	7,920	7,920	7,920	7,920	7,920	7,920
Intangibles	327,864	215,697	364,107	372,987	347,895	294,924
Inventories	19,238	22,364	17,945	18,109	18,273	18,437
Assets Held for Sale	83,004	44,196	47,534	16,198	16,198	16,198
Capital Works-in-Progress	767,086	521,195	755,178	681,690	730,763	803,748
Non-Produced Assets						
Property, Plant and Equipment	3,886,174	3,990,735	3,899,054	3,875,410	3,876,985	3,878,399
Biological Assets	28,798	25,494	28,798	28,798	28,798	28,798
Other Non-Financial Assets	8,296	2,485	7,911	7,911	7,911	7,911
Total Non-financial assets	**17,522,968**	**17,420,362**	**17,973,050**	**18,462,787**	**19,031,090**	**19,490,519**
Total assets	**34,248,422**	**35,112,394**	**35,477,238**	**37,072,413**	**37,306,545**	**38,621,561**
Liabilities						
Advances Received	59,357	59,357	54,868	50,203	45,353	40,863
Borrowings						
Finance Leases	565,569	758,126	803,254	782,886	756,711	731,104
Other Borrowings	6,002,298	7,026,028	8,177,713	10,168,424	10,529,750	11,911,868
Superannuation	8,066,684	12,055,934	8,286,596	8,512,366	8,722,233	8,915,383
Employee Benefits	785,023	863,491	822,939	860,550	900,300	941,595
Other Provisions	792,151	974,624	815,833	846,830	878,740	909,651
Payables	295,626	234,814	340,519	388,089	582,569	783,417
Other Liabilities	11,820	29,693	17,311	13,489	9,507	5,450
Total liabilities	**16,578,528**	**22,002,067**	**19,319,033**	**21,622,837**	**22,425,163**	**24,239,331**
Net Assets	**17,669,894**	**13,110,326**	**16,158,205**	**15,449,576**	**14,881,382**	**14,382,230**
Equity in Public Trading Entities	7,801,653	7,715,082	7,715,959	7,833,843	7,795,612	7,724,136
Accumulated Funds	3,612,413	-969,689	2,014,602	1,277,694	816,838	412,162
Asset Revaluation Surplus	6,254,598	6,363,703	6,426,414	6,336,809	6,267,702	6,244,702
Other Reserves	1,230	1,230	1,230	1,230	1,230	1,230
Net worth	**17,669,894**	**13,110,326**	**16,158,205**	**15,449,576**	**14,881,382**	**14,382,230**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Net Financial Worth	146,926	-4,310,036	-1,814,845	-3,013,211	-4,149,708	-5,109,289
Net Financial Liabilities	7,654,727	12,025,118	9,530,804	10,847,054	11,945,320	12,832,425
Net Debt (Excluding Superannuation Related Investments)	3,075,522	3,310,808	4,730,643	6,068,316	6,942,400	7,709,351

Australian Capital Territory
General Government Sector
Statement of Changes in Equity

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Opening equity						
Opening equity in public trading enterprises (PTE)	7,190,126	7,190,126	7,715,082	7,715,959	7,833,843	7,795,612
Opening accumulated funds	599,021	599,021	-969,689	2,014,602	1,277,694	816,838
Opening asset revaluation surplus	6,242,867	6,242,867	6,363,703	6,426,414	6,336,809	6,267,702
Opening other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Opening balance	**14,033,245**	**14,033,245**	**13,110,326**	**16,158,205**	**15,449,576**	**14,881,382**
Comprehensive income						
Included in accumulated funds:						
Operating result for the period	-242,555	-925,533	-850,659	-616,375	-389,956	-371,053
Payments to ACT government agencies	-144,409	-72,924	-129,763	-100,474	-68,569	-31,095
Transfer of assets to the 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	-23,147	21,667	-20,059	-2,331	-2,528
Included in equity in PTE entities:						
Increase/(Decrease) in net assets of PTE	611,527	524,956	877	117,884	-38,231	-71,476
Included in the asset revaluation surplus:						
Increase/(Decrease) in asset revaluation reserve surpluses due to revaluations	11,731	133,154	62,711	-89,605	-69,107	-23,000
Total comprehensive income/(loss)	**3,636,649**	**-922,918**	**3,047,878**	**-708,629**	**-568,194**	**-499,152**
Other						
Transfer to/(from) accumulated funds	0	12,318	0	0	0	0
Transfer to/(from) the asset revaluation surplus	0	-12,318	0	0	0	0
Total Other	**0**	**0**	**0**	**0**	**0**	**0**
Closing equity						
Closing equity in PTE	7,801,653	7,715,082	7,715,959	7,833,843	7,795,612	7,724,136
Closing accumulated funds	3,612,413	-969,689	2,014,602	1,277,694	816,838	412,162
Closing asset revaluation surplus	6,254,598	6,363,703	6,426,414	6,336,809	6,267,702	6,244,702
Closing other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Closing balance	**17,669,894**	**13,110,326**	**16,158,205**	**15,449,576**	**14,881,382**	**14,382,230**

Australian Capital Territory
General Government Sector
Cash Flow Statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash flows from operating activities						
Cash receipts						
Taxes received	2,020,998	1,653,322	1,839,180	2,139,445	2,415,921	2,487,341
Receipts from sales of goods and services	599,066	792,097	546,883	574,147	588,875	605,260
Grants/subsidies received	2,416,095	2,504,053	2,286,885	2,398,893	2,505,190	2,567,424
Distributions from financial investments	30,393	0	50,301	54,214	57,796	61,480
Interest receipts	106,844	107,509	86,437	96,409	86,904	82,364
Dividends and income tax equivalents	238,091	262,295	245,331	187,605	251,593	292,231
Other receipts	434,645	418,821	426,585	491,763	582,657	585,491
Total cash received from operating activities	***5,846,132***	***5,738,097***	***5,481,602***	***5,942,476***	***6,488,936***	***6,681,591***
Cash payments						
Payments for employees	-2,654,675	-2,734,046	-2,832,666	-2,822,084	-2,886,053	-2,950,451
Payments for goods and services	-1,143,642	-1,091,672	-1,228,181	-1,279,735	-1,360,085	-1,418,214
Grants/subsidies paid	-1,273,366	-1,321,063	-1,394,790	-1,303,037	-1,285,951	-1,318,921
Interest paid	-205,706	-196,055	-197,593	-242,542	-252,673	-271,664
Other payments	-460,405	-499,761	-485,402	-434,777	-448,321	-453,335
Total cash paid from operating activities	***-5,737,794***	***-5,842,597***	***-6,138,632***	***-6,082,175***	***-6,233,083***	***-6,412,585***
Net cash flows from operating activities	**108,338**	**-104,499**	**-657,030**	**-139,699**	**255,853**	**269,006**
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	158,633	87,130	104,601	91,879	92,016	58,933
Payments for non-financial assets	-1,017,822	-579,337	-845,414	-1,080,017	-1,024,836	-922,098
Net cash flows from investments in non-financial assets	**-859,189**	**-492,207**	**-740,813**	**-988,138**	**-932,820**	**-863,165**
Cash flows from investments in financial assets for policy purposes						
Cash receipts						
Repayment of loans	2,677	0	5,177	3,677	3,677	3,677
Capital receipts from government agencies	294,940	5,364	302,314	0	0	0
Dividends - market gains on land sales	13,439	11,783	22,672	19,700	3,815	3,455
Total cash received from investments in financial assets for policy purposes	***311,056***	***17,147***	***330,163***	***23,377***	***7,492***	***7,132***

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash payments						
Capital payments to government agencies	-144,409	-72,924	-128,589	-100,474	-68,569	-31,095
Total cash paid from investments in financial assets for policy purposes	***-144,409***	***-72,924***	***-128,589***	***-100,474***	***-68,569***	***-31,095***
Net cash flows from investments in financial assets for policy purposes	**166,647**	**-55,777**	**201,574**	**-77,097**	**-61,077**	**-23,963**
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	53,080	4,843	168,194	25,124	471,745	36,982
Payments for investments	-484,952	-35,808	-28,807	-715,071	-25,018	-707,604
Net cash flows from investments in financial assets for liquidity purposes	**-431,872**	**-30,965**	**139,387**	**-689,947**	**446,727**	**-670,622**
Net cash flows from investing activities	**-1,124,414**	**-578,949**	**-399,852**	**-1,755,182**	**-547,170**	**-1,557,750**
Cash flows from financing activities						
Cash receipts						
Borrowings	1,854,822	2,900,584	1,151,991	1,993,866	362,730	1,483,854
Total cash received from financing activities	***1,854,822***	***2,900,584***	***1,151,991***	***1,993,866***	***362,730***	***1,483,854***
Cash payments						
Borrowings	-1,333,146	-1,335,274	-96,745	-86,291	-57,847	-181,958
Total cash paid from financing activities	***-1,333,146***	***-1,335,274***	***-96,745***	***-86,291***	***-57,847***	***-181,958***
Net cash flows from financing activities	**521,676**	**1,565,310**	**1,055,246**	**1,907,575**	**304,883**	**1,301,896**
Net increase/(decrease) in cash and cash equivalents	**-494,400**	**881,862**	**-1,636**	**12,694**	**13,566**	**13,152**
Cash and cash equivalents at the beginning of reporting period	**1,217,477**	**1,217,477**	**736,626**	**734,990**	**747,684**	**761,250**
Cash and cash equivalents at the end of reporting period	**723,077**	**2,099,340**	**734,990**	**747,684**	**761,250**	**774,402**
Key fiscal aggregates						
Net cash from operating activities	108,338	-104,499	-657,030	-139,699	255,853	269,006
Investments in non-financial assets	-859,189	-492,207	-740,813	-988,138	-932,820	-863,165
Cash surplus (+) /deficit (-)	**-750,851**	**-596,706**	**-1,397,843**	**-1,127,837**	**-676,967**	**-594,159**

Appendices

APPENDIX A – STATEMENT OF RISKS

In accordance with Section 11(d) of the *Financial Management Act 1996* the Territory's Budget papers incorporate a Statement of Risks describing the risks – quantified if possible – that may affect the budget estimates. Item categories include economic and fiscal risks, contingent liabilities, other commitments, and outstanding claims liabilities.

The following risks have been identified at the time of publication of this Economic and Fiscal Update.

Economic risks

As noted in Economic Outlook (Chapter 2.1) this is a difficult time to undertake economic forecasting. The baseline scenario underlying the economic outlook assumes that there is not a widespread resurgence in the virus and the current trajectory of easing restrictions is maintained, including the opening of international borders in July 2021. It also assumes that the scale of the government stimulus and income support, as well as monetary policy measures are effective in sustaining the recovery from the pandemic. However, there remains significant uncertainty surrounding the evolution of the virus both in Australia and in the ACT, which is creating similar uncertainty in the economic outlook as is the case with other economies across the globe.

While controlling the virus remains a significant challenge, the key downside risk is a major outbreak similar in scale to what has been seen recently in Victoria, occurring in other jurisdictions. The second outbreak in Victoria and the resurgence of community transmission in New South Wales have led to significant declines in business and consumer confidence in July and August 2020, unwinding more than half of the gains in May and June 2020. The Reserve Bank of Australia estimates that around 2 per cent of national GDP will be lost in the September quarter following the implementation of stage 4 restrictions to contain the virus in Victoria. There will also be significant reductions in consumer spending in Victoria, reducing the national GST pool and the ACT GST receipts. Should the lockdown be extended or be required in other jurisdictions, further losses in GST revenue will occur.

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

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

In addition, any increase in the efficiency dividend for the Australian Public Service in the medium term as the Commonwealth seeks to repair its fiscal position is a key medium-term downside risk to the ACT economy as 38.4 per cent of the Australian Public Service is in the Territory[1].

On the upside, medical treatment and/or containment measures for COVID-19 could be both more effective and developed more quickly than currently anticipated leading to better health outcomes internationally, and in the ACT and Australia. These more positive health outcomes, along with significant government stimulus and income support, would likely strengthen consumer and business confidence, lifting household spending and business investment as well as enabling domestic travel. The opening of international borders would further boost confidence and migration and the ACT's population could increase rapidly from foreign nationals seeking study or work opportunities in the ACT.

Fiscal risks

As noted earlier in this document, the initiatives delivered previously in the survival and recovery packages, and as part of this Economic and Fiscal Update, represent the largest support package in the ACT's history. This support dwarfs the ACT Government's historical responses to fiscal and economic shocks, such as the Global Financial Crisis, Commonwealth cuts to health funding, and the Asbestos Eradication Scheme.

The Government's focus has been on measures to support households, businesses and jobs. The cost estimates associated with some initiatives (such as those related to rental relief) are demand driven, and as such, variation in take-up rates will impact the final cost of these initiatives. In other instances, the Government has elected to extend the duration of an initiative given its demonstrated need; future extension decisions will similarly impact expense estimates or the revenue-generation capacity of the Territory (in the instance of waivers).

Where applicable, the estimates presented in this Economic and Fiscal Update present revised profiles in comparison to those presented in the 19 June *ACT Economic Survival and Recovery Initiatives* booklet as they are based on the most current information available. The estimates presented are also generally based on an assumption that pandemic conditions and associated restrictions will progressively ease over the coming months, bringing with it the conditions to accelerate our economic recovery.

The level and nature of support provided by the Government will adapt over time. As an example, should restrictions ease as currently planned, business and industry survival will become a lesser focus, bringing with it a potential transition towards helping staff return to work and adapt to new ways of getting on with their jobs. The ultimate strategies employed by the Government will be dependent upon the prevailing conditions at the time.

These assumptions will not hold should we see a second wave of virus infections. Should a second wave gather significant momentum, the Government will need to 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.

Lessons learnt in responding to the initial phase of the virus will, however, assist in developing future strategies. More specific and targeted assistance will lengthen the duration that specific

[1] *APS Commission, APS Employment Data 31 December 2019 Release.*

initiatives can be applied, while capacity and skills developed during the initial phase (such as supply chain logistics and ICT support systems) will assist the Government in addressing more complex scenarios, should they arise.

Financial investment assets and liabilities

As noted in Key Balance Sheet Metrics (Chapter 3.7), the outlook for investment returns continues to be challenging, with increasing economic uncertainty and financial market volatility amid the COVID-19 pandemic. Interest rates are likely to remain lower for longer. The financial assumptions adopted for the superannuation liability valuation, long-term investment return targets and borrowing costs will require ongoing assessment. There remains a risk of deterioration in global and Australian financial markets impacting on the value of financial investment assets and on the ability to effectively access funding requirements.

Revenue risks

As noted in Revenue (Chapter 3.3), the revenue estimates presented this Update reflect the baseline scenario underlying the economic forecasts

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

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

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

Conversely, success in containing COVID-19 and limiting or preventing community transmission such that restrictions can be eased more quickly, particularly international border restrictions, present upside risks to the baseline revenue estimates. In this scenario, the forecast revenue from payroll and land taxes, residential conveyances and motor vehicle registration could be nearly $250 million higher over four years compared to the baseline scenario. Under this scenario, the GST pool is also likely to grow and along with it the ACT's GST revenue.

Further, as noted in Revenue (Chapter 3.3), the Government has granted deferrals across a range of own-source revenue lines to provide cashflow support to households and businesses during the pandemic. These are currently in the order of $15 million. There is a risk that once the deferral period ends, some households and businesses will not be able to pay the deferred amounts and they will become debts owed to the Government, some of which might not be recoverable.

In addition to deferred dividends from previous years of $154.9 million, the Government has deferred receiving the 2019-20 dividend from the Suburban Land Agency to support the

Agency’s cash flow during this period. The deferral of the Agency dividends is a low risk as they are expected to be paid at a later date as the economic recovery gathers pace. However, should the economic recovery not be as strong as anticipated, the risk would be greater.

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

Outstanding claims liability

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

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

Sensitivity to discount rate

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

Other commitments

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.

APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

Australian Capital Territory
Public Trading Enterprises
Operating Statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Revenue						
Controlled recurrent payments	258,362	264,988	276,409	266,379	270,287	272,362
Grants revenue						
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	49,576	60,245	75,453	79,777
Other sales of goods and services	450,728	454,055	437,584	455,383	466,507	479,053
Interest income	7,499	6,031	2,492	1,828	1,246	1,101
Other revenue						
Land revenue (value add component)	262,409	185,014	382,230	316,411	482,893	338,086
Other revenue	15,523	16,018	11,337	11,020	11,263	11,564
Gains from contributed assets	29,010	18,236	25,044	17,458	18,064	19,780
Total revenue	**1,094,548**	**1,004,169**	**1,185,549**	**1,129,491**	**1,326,480**	**1,202,490**
Expenses						
Employee expenses	198,081	203,709	211,760	229,483	233,841	237,985
Superannuation expenses	31,622	29,634	32,264	23,652	23,778	23,876
Depreciation and amortisation	138,734	138,663	136,453	142,064	145,612	152,039
Interest expense	95,229	96,456	94,291	94,490	95,933	93,030
Other property expenses (income tax equivalents)	73,876	72,234	84,990	66,690	63,463	70,819
Other operating expenses						
Supplies and services	291,490	269,233	299,193	285,808	278,962	281,684
Other operating expenses	121,108	27,136	218,691	160,639	268,286	164,401
Grants and purchased services	59,985	121,422	54,738	93,237	161,140	109,946
Total expenses	**1,010,125**	**958,486**	**1,132,380**	**1,096,063**	**1,271,015**	**1,133,780**
UPF Net Operating Balance	**84,423**	**45,683**	**53,169**	**33,428**	**55,465**	**68,710**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Other economic flows - included in the operating result						
Land revenue (market gains on land sales)	19,680	16,540	38,918	28,853	6,053	5,805
Net gain/(loss) on sale/(disposal) of non-financial assets	-8,438	-7,743	-2,995	-14,433	-13,965	-23,996
Net gain/(loss) on financial assets or liabilities at fair value	100	133	100	100	100	100
Doubtful debts	-2,930	-3,410	-3,936	-2,797	-2,869	-2,883
Operating result	**92,835**	**51,203**	**85,256**	**45,151**	**44,784**	**47,736**
Other economic flows - other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Other Movements	0	-44	0	0	0	0
Increase/(decrease) in asset revaluation reserve surpluses due to revaluation	70,517	24,443	-20,208	120,370	-10,926	5,190
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in other reserves	0	3,006	-3,006	0	0	0
Total comprehensive income/(loss)	**163,351**	**78,607**	**62,042**	**165,521**	**33,858**	**52,926**
Key fiscal aggregates						
UPF net operating balance *less* Net acquisition of non-financial assets	**84,423**	**45,683**	**53,169**	**33,428**	**55,465**	**68,710**
Payments for non-financial assets	313,858	195,349	341,821	315,444	241,307	161,828
Sales of non-financial assets	-82,262	-45,832	-168,513	-146,842	-141,909	-97,762
Change in inventories	143,245	162,794	22,950	86,148	-3,108	30,229
Depreciation and amortisation	-138,734	-138,663	-136,453	-142,064	-145,612	-152,039
Other movements in non-financial assets	-5,843	-74,007	-3,207	-49,021	-116,050	-62,860
Total net acquisition of non-financial assets	*230,264*	*99,641*	*56,598*	*63,665*	*-165,372*	*-120,604*
Net lending / (borrowing)	**-145,841**	**-53,958**	**-3,429**	**-30,237**	**220,837**	**189,314**

UPF Net Operating Balance	84,423	45,683	53,169	33,428	55,465	68,710
HEADLINE NET OPERATING BALANCE	**84,423**	**45,683**	**53,169**	**33,428**	**55,465**	**68,710**

Australian Capital Territory
Public Trading Enterprises
Balance Sheet

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Financial assets						
Cash and deposits	157,371	151,704	153,016	114,224	147,920	133,017
Advances paid	31,676	29,570	25,495	12,389	0	0
Investments and loans	47,000	33,000	30,000	30,000	30,000	30,000
Receivables	111,635	117,950	96,868	99,665	107,729	103,906
Investments accounted for using the equity method	1,038,749	1,043,771	1,072,619	1,095,425	1,119,790	1,139,066
Total financial assets	**1,386,431**	**1,375,995**	**1,377,998**	**1,351,703**	**1,405,439**	**1,405,989**
Non-financial assets						
Produced assets						
Property, plant and equipment	4,935,114	4,958,827	4,889,593	5,059,230	5,026,465	4,983,613
Investment properties	18,683	17,990	6,671	6,677	6,683	6,689
Intangibles	46,066	42,434	40,774	47,700	53,204	52,166
Inventories	496,891	516,439	539,389	625,537	622,429	652,658
Assets held for sale	17,233	15,899	13,129	11,367	7,388	5,656
Capital works-in-progress	207,088	182,113	264,141	240,669	244,535	240,567
Non-produced assets						
Property, plant and equipment	4,050,512	3,957,572	3,990,721	3,995,128	3,970,725	3,948,098
Other non-financial assets						
Deferred tax assets	22,646	21,513	21,245	21,245	21,245	21,245
Other non-financial assets	0	385	0	0	0	0
Total non-financial assets	**9,794,233**	**9,713,172**	**9,765,663**	**10,007,553**	**9,952,674**	**9,910,692**
Total assets	**11,180,664**	**11,089,167**	**11,143,661**	**11,359,256**	**11,358,113**	**11,316,681**
Liabilities						
Advances received	1,834,761	1,835,311	1,871,449	1,906,171	1,912,313	1,938,511
Borrowings – finance leases	322,307	316,031	311,856	300,849	288,760	275,081
Employee benefits	70,858	75,670	72,291	75,345	78,556	81,936
Other provisions	130,939	165,406	130,947	131,631	134,472	135,769
Payables	216,958	192,341	211,355	202,145	217,867	216,827
Other liabilities						
Current tax liability	25,053	-15,682	12,550	11,077	-595	10,968
Deferred tax liability	530,792	559,772	529,071	529,071	529,071	529,071
Other liabilities	247,343	245,235	288,183	369,124	402,057	404,382
Total liabilities	**3,379,011**	**3,374,085**	**3,427,702**	**3,525,413**	**3,562,501**	**3,592,545**

Net assets	**7,801,653**	**7,715,082**	**7,715,959**	**7,833,843**	**7,795,612**	**7,724,136**
Accumulated funds	3,399,034	3,371,481	3,417,573	3,437,087	3,431,782	3,377,116
Asset revaluation surplus	4,405,625	4,343,600	4,301,392	4,399,762	4,366,836	4,350,026
Other reserves	-3,006	0	-3,006	-3,006	-3,006	-3,006
Net worth	**7,801,653**	**7,715,082**	**7,715,959**	**7,833,843**	**7,795,612**	**7,724,136**
Net financial worth	-1,992,580	-1,998,090	-2,049,704	-2,173,710	-2,157,062	-2,186,556
Net debt	1,921,021	1,937,069	1,974,794	2,050,407	2,023,153	2,050,575

Australian Capital Territory
Public Trading Enterprises
Statement of Changes in Equity

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Opening equity						
Opening accumulated funds	2,836,024	2,836,024	3,371,481	3,417,573	3,437,087	3,431,782
Opening asset revaluation surplus	4,357,108	4,357,108	4,343,600	4,301,392	4,399,762	4,366,836
Opening other reserves	-3,006	-3,006	0	-3,006	-3,006	-3,006
Opening balance	**7,190,126**	**7,190,126**	**7,715,082**	**7,715,959**	**7,833,843**	**7,795,612**
Comprehensive income						
Included in accumulated funds:						
Operating result for the period	92,835	51,203	85,256	45,151	44,784	47,736
Other movements	0	-44	0	0	0	0
Included in the asset revaluation surplus:						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	70,517	24,443	-20,208	120,370	-10,926	5,190
Included in other reserves:						
Increase/(decrease) in other reserves	0	3,006	-3,006	0	0	0
Total comprehensive income/(loss)	**163,351**	**78,607**	**62,042**	**165,521**	**33,858**	**52,926**
Other						
Transfer to/(from) accumulated funds	22,000	37,951	22,000	22,000	22,000	22,000
Transfer to/(from) the 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	129,763	100,474	68,569	31,095
Transfer of assets from the general government sector	467,883	502,890	-119		0	0
Dividends approved	-164,117	-128,245	-190,808	-148,111	-140,658	-155,497
Total Transactions involving Owners Affecting Accumulated Funds	**448,175**	**447,569**	**-61,164**	**-47,637**	**-72,089**	**-124,402**
Closing equity						
Closing accumulated funds	3,399,034	3,371,481	3,417,573	3,437,087	3,431,782	3,377,116
Closing asset revaluation surplus	4,405,625	4,343,600	4,301,392	4,399,762	4,366,836	4,350,026
Closing other reserves	-3,006	0	-3,006	-3,006	-3,006	-3,006
Closing balance	**7,801,653**	**7,715,082**	**7,715,959**	**7,833,843**	**7,795,612**	**7,724,136**

Australian Capital Territory
Public Trading Enterprises
Cash flow statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash flows from operating activities						
Cash receipts						
Receipts from sales of goods and services	755,993	655,572	925,133	822,278	1,010,313	842,820
Grants/subsidies received	260,012	272,770	277,286	267,146	271,054	273,129
Interest receipts	6,120	5,136	866	934	1,034	1,101
Other receipts	108,455	115,344	28,030	66,777	78,287	92,306
Total cash received from operating activities	***1,130,580***	***1,048,822***	***1,231,315***	***1,157,135***	***1,360,688***	***1,209,356***
Cash payments						
Payments for employees	-172,910	-226,610	-180,423	-183,479	-186,189	-189,488
Payments for goods and services	-400,472	-268,209	-439,652	-438,337	-433,342	-448,816
Grants/subsidies paid	-25,132	-28,909	-26,353	-26,624	-26,891	-27,170
Interest paid	-99,594	-94,047	-72,274	-78,676	-80,931	-78,687
Other payments	-304,737	-331,512	-287,187	-296,020	-388,873	-239,370
Total cash paid from operating activities	***-1,002,845***	***-949,286***	***-1,005,889***	***-1,023,136***	***-1,116,226***	***-983,531***
Net cash flows from operating activities	**127,735**	**99,536**	**225,426**	**133,999**	**244,462**	**225,825**
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	82,262	45,832	168,513	146,842	141,909	97,762
Payments for non-financial assets	-313,858	-195,349	-341,821	-315,444	-241,307	-161,828
Net cash flows from investments in non-financial assets	**-231,596**	**-149,517**	**-173,308**	**-168,602**	**-99,398**	**-64,066**
Cash flows from investments in financial assets for policy purposes						
Cash receipts						
Repayment of loans	0	0	9,603	14,000	13,302	0
Capital receipts from government agencies	144,409	72,924	129,763	100,474	68,569	31,095
Total cash received from investments in financial assets for policy purposes	***144,409***	***72,924***	***139,366***	***114,474***	***81,871***	***31,095***

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash payments						
Issue of loans	-2,600	-850	-3,900	0	0	0
Dividends – market gains on land sales	-13,439	-11,783	-22,672	-19,700	-3,815	-3,455
Distributions to Government	-5,940	-5,940	0	0	0	0
Total cash paid from investments in financial assets for policy purposes	***-21,979***	***-18,573***	***-26,572***	***-19,700***	***-3,815***	***-3,455***
Net cash flows from investments in financial assets for policy purposes	**122,430**	**54,351**	**112,794**	**94,774**	**78,056**	**27,640**
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	247	2,549	9,983	184	184	184
Net cash flows from investments in financial assets for liquidity purposes	**247**	**2,549**	**9,983**	**184**	**184**	**184**
Net cash flows from investing activities	***-108,919***	***-92,617***	***-50,531***	***-73,644***	***-21,158***	***-36,242***
Cash flows from financing activities						
Cash receipts						
Advances received	292,300	384,249	59,092	47,649	17,952	138,268
Total cash received from financing activities	***292,300***	***384,249***	***59,092***	***47,649***	***17,952***	***138,268***
Cash payments						
Advances paid	-252,907	-343,216	-39,653	-32,099	-33,784	-133,185
Dividends paid	-58,981	-49,406	-107,379	-46,534	-98,640	-150,311
Other financing	-102,350	-111,335	-70,212	-68,163	-75,136	-59,257
Total cash paid from financing activities	***-414,238***	***-503,956***	***-217,244***	***-146,796***	***-207,560***	***-342,753***
Net cash flows from financing activities	**-121,938**	**-119,708**	**-158,152**	**-99,147**	**-189,608**	**-204,485**
Net increase/(decrease) in cash and cash equivalents	**-103,122**	**-112,789**	**16,743**	**-38,792**	**33,696**	**-14,902**
Cash and cash equivalents at the beginning of reporting period	**297,493**	**297,493**	**166,273**	**183,016**	**144,224**	**177,920**
Cash and cash equivalents at the end of reporting period	**194,371**	**184,704**	**183,016**	**144,224**	**177,920**	**163,018**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Key fiscal aggregates						
Net cash from operating activities	127,735	99,536	225,426	133,999	244,462	225,825
Net cash flows from investment in non-financial assets	-231,596	-149,517	-173,308	-168,602	-99,398	-64,066
Distributions paid	-161,331	-160,741	-177,591	-114,697	-173,776	-209,568
Cash surplus (+) /deficit (-)	**-265,192**	**-210,722**	**-125,473**	**-149,300**	**-28,712**	**-47,809**

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

APPENDIX C – TOTAL TERRITORY FINANCIAL STATEMENTS

Australian Capital Territory Consolidated Total Territory Operating Statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Revenue						
Taxation revenue	1,988,616	1,902,249	1,907,424	2,089,313	2,220,093	2,370,512
Grants revenue						
Commonwealth grants	2,417,514	2,365,430	2,258,250	2,368,607	2,473,122	2,535,356
Sales of goods and services						
Revenue from associates and joint ventures	69,367	57,805	49,576	60,245	75,453	79,777
Other sales of goods and services	940,149	918,691	911,146	952,099	976,259	1,003,687
Interest income	34,341	50,837	45,487	47,384	33,702	30,346
Distributions from financial investments	30,393	52,716	50,301	54,214	57,795	61,481
Dividend income	76,760	62,674	67,740	72,908	77,817	82,663
Other revenue						
Land revenue (value add component)	205,409	177,770	357,230	291,411	457,893	313,086
Other revenue	159,410	165,991	189,695	193,037	197,822	201,150
Gains from contributed assets	112,625	95,818	116,899	98,402	82,609	84,408
Total revenue	**6,034,584**	**5,849,981**	**5,953,748**	**6,227,620**	**6,652,565**	**6,762,466**
Expenses						
Employee expenses	2,381,531	2,528,787	2,523,607	2,519,115	2,563,730	2,604,210
Superannuation expenses						
Superannuation interest cost	228,635	228,635	210,537	413,132	423,600	433,282
Other superannuation expense	473,432	490,856	501,801	362,701	360,892	363,663
Depreciation and amortisation	612,244	606,352	640,779	684,774	702,674	715,327
Interest expense	234,317	228,399	240,595	278,883	285,605	304,274
Other operating expenses						
Supplies and services	1,359,333	1,260,204	1,437,021	1,476,017	1,540,828	1,600,121
Other operating expenses	272,769	286,010	402,070	341,613	454,201	352,584
Grants and purchased services	1,038,414	1,187,558	1,211,251	1,118,069	1,068,095	1,098,860
Total expenses	**6,600,675**	**6,816,801**	**7,167,661**	**7,194,304**	**7,399,625**	**7,472,321**
UPF Net Operating Balance	**-566,091**	**-966,820**	**-1,213,913**	**-966,684**	**-747,060**	**-709,855**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Other economic flows - included in the operating result						
Land revenue (market gains on land sales)	19,680	16,540	38,918	28,853	6,053	5,805
Net land revenue (undeveloped land value)	39,919	32,038	50,755	38,023	61,838	29,379
Net gain/(loss) on sale/(disposal) of non-financial assets	-107,146	-27,356	-9,439	-21,638	-21,946	-32,803
Net gain/(loss) on financial assets or liabilities at fair value	271,872	-9,102	184,244	198,013	211,258	224,647
Doubtful debts	-13,576	-21,958	-14,723	-13,650	-13,722	-13,736
Operating result	**-355,342**	**-976,657**	**-964,158**	**-737,083**	**-503,579**	**-496,563**
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	-23,562	21,667	-20,059	-2,331	-2,528
Increase/decrease in asset revaluation reserve surpluses due to revaluations	110,974	157,597	49,931	33,391	-77,590	-15,538
Items that may be subsequently reclassified to profit or loss						
Increase/decrease in other reserves	0	-115,984	115,984	0	0	0
Total comprehensive income/(loss)	**3,623,870**	**-1,015,991**	**3,166,350**	**-723,751**	**-583,500**	**-514,629**
Key fiscal aggregates						
UPF net operating balance	**-566,091**	**-966,820**	**-1,213,913**	**-966,684**	**-747,060**	**-709,855**
***less* Net acquisition of non-financial assets**						
Payments for non-financial assets	1,306,680	767,721	1,130,235	1,370,461	1,241,143	1,058,926
Sales of non-financial assets	-240,895	-119,327	-232,407	-220,282	-183,971	-140,142
Change in inventories	143,409	166,083	18,531	86,312	-2,944	30,393
Depreciation and amortisation	-612,244	-606,352	-640,779	-684,774	-702,674	-715,327
Other movements in non-financial assets	112,999	2,634	50,759	42,879	56,550	58,250
Total net acquisition of non-financial assets	*709,949*	*210,759*	*326,339*	*594,596*	*408,104*	*292,100*
Net lending / (borrowing)	**-1,276,040**	**-1,177,579**	**-1,540,252**	**-1,561,280**	**-1,155,164**	**-1,001,955**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
GOVERNMENT FISCAL MEASURE - OPERATING SURPLUS/(DEFICIT)						
UPF Net Operating Balance	-566,091	-966,820	-1,213,913	-966,684	-747,060	-709,855
Superannuation return adjustment	202,762	231,512	171,656	183,735	195,980	209,046
HEADLINE NET OPERATING BALANCE	**-363,329**	**-735,308**	**-1,042,257**	**-782,949**	**-551,080**	**-500,809**

Australian Capital Territory
Consolidated Total Territory
Balance Sheet

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Financial assets						
Cash and deposits	881,814	2,260,029	877,638	848,023	891,585	885,939
Advances paid	92,768	93,732	84,726	68,118	51,450	47,872
Investments and loans	5,613,627	4,929,253	6,330,810	7,219,867	6,985,838	7,883,336
Receivables	569,753	857,378	660,468	621,187	509,326	470,173
Investments accounted for using the equity method	1,038,749	1,043,771	1,072,619	1,095,425	1,119,790	1,139,066
Total financial assets	**8,196,711**	**9,184,163**	**9,026,261**	**9,852,620**	**9,557,989**	**10,426,386**
Non-Financial assets						
Produced assets						
Property, plant and equipment	17,329,702	17,549,102	17,734,196	18,512,994	19,022,812	19,417,797
Investment properties	26,603	25,910	14,591	14,597	14,603	14,609
Intangibles	373,930	258,131	404,881	420,687	401,099	347,090
Inventories	516,129	538,803	557,334	643,646	640,702	671,095
Assets held for sale	100,237	60,096	60,663	27,565	23,586	21,854
Capital works-in-progress	974,174	703,308	1,019,319	922,359	975,298	1,044,315
Non-produced assets						
Property, plant and equipment	7,936,686	7,948,307	7,889,775	7,870,538	7,847,710	7,826,497
Biological assets	28,798	25,494	28,798	28,798	28,798	28,798
Other non-financial assets	8,296	2,870	7,911	7,911	7,911	7,911
Total non-financial assets	**27,294,555**	**27,112,020**	**27,717,468**	**28,449,095**	**28,962,519**	**29,379,966**
Total assets	**35,491,266**	**36,296,184**	**36,743,729**	**38,301,715**	**38,520,508**	**39,806,352**
Liabilities						
Advances received	108,327	108,326	99,434	90,503	81,585	73,230
Borrowings						
Finance leases	887,876	1,074,157	1,115,110	1,083,735	1,045,471	1,006,185
Other borrowings	6,002,298	7,026,028	8,177,713	10,168,424	10,529,750	11,911,868
Superannuation	8,066,811	12,055,943	8,286,723	8,512,493	8,722,360	8,915,510
Employee benefits	855,754	939,152	895,103	935,768	978,729	1,023,404
Other provisions	877,693	1,064,106	895,351	926,348	958,258	989,169
Payables	446,205	388,548	486,977	524,953	732,609	934,196
Other liabilities	12,397	45,878	26,924	22,848	18,603	14,276
Total liabilities	**17,257,361**	**22,702,139**	**19,983,335**	**22,265,072**	**23,067,365**	**24,867,838**
Net assets	**18,233,905**	**13,594,044**	**16,760,394**	**16,036,643**	**15,453,143**	**14,938,514**
Accumulated funds	6,946,546	2,404,315	5,426,750	4,691,608	4,207,698	3,730,607
Asset revaluation surplus	11,170,145	11,188,499	11,216,430	11,227,821	11,128,231	11,090,693
Other reserves	117,214	1,230	117,214	117,214	117,214	117,214
Net worth	**18,233,905**	**13,594,045**	**16,760,394**	**16,036,643**	**15,453,143**	**14,938,514**

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Net financial worth	-9,060,650	-13,517,976	-10,957,074	-12,412,452	-13,509,376	-14,441,452
Net financial liabilities	10,099,399	14,561,747	12,029,693	13,507,877	14,629,166	15,580,518
Net debt (excluding superannuation related investments)	4,996,543	5,247,876	6,705,437	8,118,723	8,966,254	9,760,627

Australian Capital Territory
Consolidated Total Territory
Statement of Changes in Equity

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Opening equity						
Opening accumulated funds	3,411,650	3,411,650	2,404,315	5,426,750	4,691,608	4,207,698
Opening asset revaluation surplus	11,081,171	11,081,171	11,188,499	11,216,430	11,227,821	11,128,231
Opening other reserves	117,214	117,214	1,230	117,214	117,214	117,214
Opening balance	**14,610,035**	**14,610,035**	**13,594,045**	**16,760,394**	**16,036,643**	**15,453,143**
Comprehensive income						
Included in accumulated funds:						
Operating result for the period	-355,342	-976,657	-964,158	-737,083	-503,579	-496,563
Superannuation actuarial gain/(loss)	3,926,857	-57,384	3,942,926	0	0	0
Other movements	-58,619	-23,562	21,667	-20,059	-2,331	-2,528
Included in the asset revaluation surplus:						
Increase/(Decrease) in asset revaluation reserve surpluses due to revaluations	110,974	157,597	49,931	33,391	-77,590	-15,538
Included in other reserves:						
Increase/(Decrease) in other reserves	0	-115,984	115,984	0	0	0
Total comprehensive income/(loss)	**3,623,870**	**-1,015,991**	**3,166,350**	**-723,751**	**-583,500**	**-514,629**
Other						
Transfer to/(from) accumulated funds	22,000	50,269	22,000	22,000	22,000	22,000
Transfer to/(from) the asset revaluation surplus	-22,000	-50,269	-22,000	-22,000	-22,000	-22,000
Total other	**0**	**0**	**0**	**0**	**0**	**0**
Closing equity						
Closing accumulated funds	6,946,546	2,404,315	5,426,750	4,691,608	4,207,698	3,730,607
Closing asset revaluation surplus	11,170,145	11,188,499	11,216,430	11,227,821	11,128,231	11,090,693
Closing other reserves	117,214	1,230	117,214	117,214	117,214	117,214
Closing balance	**18,233,905**	**13,594,045**	**16,760,394**	**16,036,643**	**15,453,143**	**14,938,514**

Australian Capital Territory
Total Territory
Cash Flow Statement

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash flows from operating activities						
Cash receipts						
Taxes received	1,970,535	1,602,799	1,781,418	2,083,636	2,358,579	2,428,570
Receipts from sales of goods and services	1,208,215	1,368,166	1,340,756	1,282,622	1,483,317	1,330,152
Grants/subsidies received	2,416,776	2,506,088	2,286,795	2,398,691	2,504,988	2,567,222
Distributions from financial investments	30,393	0	50,301	54,214	57,796	61,480
Interest receipts	44,262	44,927	35,645	38,471	25,516	22,031
Dividends	76,760	101,300	67,740	72,908	77,817	82,663
Other receipts	502,490	513,910	438,891	548,476	645,946	662,964
Total cash received from operating activities	***6,249,431***	***6,137,189***	***6,001,546***	***6,479,018***	***7,153,959***	***7,155,082***
Cash payments						
Payments for employees	-2,815,904	-2,941,155	-3,001,624	-2,994,344	-3,061,480	-3,129,369
Payments for goods and services	-1,463,398	-1,277,435	-1,583,017	-1,634,420	-1,702,913	-1,775,532
Grants/subsidies paid	-1,047,082	-1,091,027	-1,154,361	-1,071,768	-1,051,257	-1,082,142
Interest paid	-236,598	-222,384	-218,209	-262,346	-271,182	-288,917
Other payments	-636,707	-764,822	-660,023	-643,098	-715,634	-602,307
Total cash paid from operating activities	***-6,199,689***	***-6,296,823***	***-6,617,234***	***-6,605,976***	***-6,802,466***	***-6,878,267***
Net cash flows from operating activities	**49,742**	**-159,634**	**-615,688**	**-126,958**	**351,493**	**276,815**
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	240,895	119,327	232,407	220,282	183,971	140,142
Payments for non-financial assets	-1,306,680	-767,721	-1,130,235	-1,370,461	-1,241,143	-1,058,926
Net cash flows from investments in non-financial assets	**-1,065,785**	**-648,394**	**-897,828**	**-1,150,179**	**-1,057,172**	**-918,784**
Cash flows from investments in financial assets for policy purposes						
Cash receipts						
Repayment of loans	2,677	0	14,780	17,677	16,979	3,677
Capital receipts from government agencies	289,000	0	303,488	0	0	0
Total cash received from investments in financial assets for policy purposes	***291,677***	***0***	***318,268***	***17,677***	***16,979***	***3,677***

	2019-20 Budget Review $'000	2019-20 Interim Outcome $'000	2020-21 Revised Estimate $'000	2021-22 Revised Estimate $'000	2022-23 Revised Estimate $'000	2023-24 Revised Estimate $'000
Cash payments						
Issue of loans	-2,600	-850	-3,900	0	0	0
Total cash paid from investments in financial assets for policy purposes	***-2,600***	***-850***	***-3,900***	***0***	***0***	***0***
Net cash flows from investments in financial assets for policy purposes	**289,077**	**-850**	**314,368**	**17,677**	**16,979**	**3,677**
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	70,021	7,392	194,873	42,002	488,623	53,860
Payments for investments	-501,646	-35,784	-55,303	-731,765	-41,712	-724,297
Net cash flows from investments in financial assets for liquidity purposes	**-431,625**	**-28,392**	**139,570**	**-689,763**	**446,911**	**-670,437**
Net cash flows from investing activities	**-1,208,333**	**-677,637**	**-443,890**	**-1,822,265**	**-593,282**	**-1,585,544**
Cash flows from financing activities						
Cash receipts						
Borrowings	1,610,598	2,571,936	1,141,261	1,989,857	359,855	1,380,939
Total cash received from financing activities	***1,610,598***	***2,571,936***	***1,141,261***	***1,989,857***	***359,855***	***1,380,939***
Cash payments						
Borrowings	-1,049,529	-965,592	-66,576	-66,732	-70,804	-73,960
Total cash paid from financing activities	***-1,049,529***	***-965,592***	***-66,576***	***-66,732***	***-70,804***	***-73,960***
Net cash flows from financing activities	**561,069**	**1,606,343**	**1,074,685**	**1,923,125**	**289,051**	**1,306,979**
Net increase/(decrease) in cash and cash equivalents	**-597,522**	**769,073**	**15,107**	**-26,098**	**47,262**	**-1,750**
Cash and cash equivalents at the beginning of reporting period	**1,514,970**	**1,514,970**	**902,899**	**918,006**	**891,908**	**982,920**
Cash and cash equivalents at the end of reporting period	**917,448**	**2,284,043**	**918,006**	**891,908**	**939,170**	**981,170**
Key fiscal aggregates						
Net cash from operating activities	49,742	-159,634	-615,688	-126,958	351,493	276,815
Investments in non-financial assets	-1,065,785	-648,394	-897,828	-1,150,179	-1,057,172	-918,784
Cash surplus (+) /deficit (-)	**-1,016,043**	**-808,028**	**-1,513,516**	**-1,277,137**	**-705,679**	**-641,969**