

AUSTRALIAN CAPITAL TERRITORY



ACT
Government

Budget

2013–14

Budget Overview

BUDGET PAPER

3

AUSTRALIAN CAPITAL TERRITORY



ACT
Government

Budget

2013-14

Budget Overview

BUDGET PAPER

3

GUIDE TO THE BUDGET PAPERS

Structure and content of the 2013-2014 Budget Papers

The 2013-2014 Budget is presented in four papers.

Budget Paper No. 1: Speech

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

Budget Paper No. 2: Building and transforming Canberra.

A summary of the overall budgetary position together with information on the Government's expenditure priorities in key service delivery areas.

Budget Paper No. 3: Budget Overview

Summarises the 2013-2014 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2013-2014 Budget results are provided, as well as background information on the development of the 2013-2014 Budget, including economic conditions and federal financial relations.

Also provides an overview of the Territory's infrastructure investment program and details of the 2013-2014 expenditure, revenue and capital initiatives.

The Appropriation Bill 2013-2014 and the Appropriation (*Office of the Legislative Assembly*) Bill 2013-2014 are appended.

Budget Paper No. 4: Budget Estimates

Information on each directorate and Territory authority and corporation is provided. This includes output classes (where relevant), descriptions of functions, roles and responsibilities, together with major strategic priorities. Full accrual financial statements and notes are provided for the general government sector as well as details of the Territory's public trading enterprises.

ISSN 1327-581X

© Australian Capital Territory, Canberra June 2013

Material in this publication may be reproduced provided due acknowledgement is made.

Produced for the Chief Minister and Treasury Directorate by Publishing Services (Shared Services Centre).

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

Publication No 13/0184

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

Telephone: Canberra 13ACT1 or 132281



TABLE OF CONTENTS

	Page No.
Structure of the ACT Government	v
Introduction	1
Chapter 1 Economic Performance and Outlook	
1.1 Overview	5
1.2 Global and National Economic Outlook	7
1.3 ACT Economic Outlook	9
1.4 Risks to the Economic Outlook	19
Chapter 2 Fiscal Strategy	
2.1 Budget Outlook	23
2.2 Fiscal and Economic Strategy	29
2.3 The Budget Plan and Savings	39
2.4 Cost of Living Statement	43
Chapter 3 Revenue	
3.1 Revenue and Forward Estimates	61
3.2 Revenue Initiatives	85
3.3 Taxation Reform	95
Chapter 4 Federal Financial Relations	
4.1 Federal Financial Relations	103
Chapter 5 Expenditure	
5.1 Expenditure and Forward Estimates	131
5.2 Expenditure Initiatives	137
5.3 Savings Initiatives	171

TABLE OF CONTENTS

Chapter 6	Infrastructure	
6.1	Infrastructure Investment Program	175
6.2	Supporting Land Supply and Land Release	181
6.3	The Territory's Infrastructure	185
6.4	Capital Initiatives	189
6.5	Capital Works Program	223
Chapter 7	Asset and Liability Management	
7.1	Introduction	247
7.2	Net Debt and Net Financial Liabilities	249
7.3	Unfunded Superannuation Liability	253
7.4	Management of Assets and Liabilities	259
Chapter 8	A Sustainable Territory	
8.1	A Sustainable Territory	267
Appendices		
A	Budget Consultation (Submission Acknowledgement)	275
B	Statement of Sensitivity of Budget Estimates	281
C	Statement of Risk	287
D	Classification of ACT Entities	287
E	Appropriation (Office of the Legislative Assembly) Bill 2013-14	299
F	Appropriation Bill 2013-14	307
G	2013-14 GFS/GAAP Harmonised Financial Statements	321
H	Glossary and Abbreviations	351

STRUCTURE OF THE ACT GOVERNMENT

KATY GALLAGHER MLA	ANDREW BARR MLA	SIMON CORBELL MLA	JOY BURCH MLA	SHANE RATTENBURY MLA
<p>Chief Minister</p> <p>With responsibility for: Access to Government information Arboretum ACT Public Service ACT Public Sector workers' compensation improvement Audit services to Government Centenary of Canberra Communication and community engagement Government strategy and policy Intergovernmental relations Sustainability policy and coordination Support to Cabinet</p>	<p>Deputy Chief Minister Treasurer</p> <p>With responsibility for: ACT Insurance Authority Borrowing and funds management Budget process and financial reporting Capital works Fiscal and economic policy including competition and regulatory reform Government business enterprises ownership policy Government property strategy Insurance policy Revenue Office Shared services, including transactional services, ICT services and procurement Taxation and revenue policy</p>	<p>Attorney-General</p> <p>With responsibility for: Administration of justice Electoral services Fair Trading and registration, inspection and regulatory services (including transport regulation and licensing) Human rights Legal policy and services Road safety and driver and vehicle licensing policy</p> <p>Minister for Police and Emergency Services</p> <p>With responsibility for: Emergency services and Policing</p>	<p>Minister for Education and Training</p> <p>With responsibility for: Education (including early childhood education) Childcare services and regulation Government and non-government schools Vocational education and training</p>	<p>Minister for Territory and Municipal Services</p> <p>With responsibility for: ACTION Canberra Connect Government accommodation and property services Land management and stewardship Municipal services Roads services</p>
<p>Minister for Health</p> <p>With responsibility for: Acute health services Aged care and rehabilitation services Cancer services Community health services Health policy and infrastructure Local hospital network Mental health services Population health services</p>	<p>Minister for Economic Development</p> <p>With responsibility for: Business support programs Coordinator-General Land development Land release policy (including the Land Release Program) Major land and property project facilitation Skills and economic development</p>	<p>Minister for Workplace Safety and Industrial Relations</p> <p>With responsibility for: Private sector industrial relations and workers compensation Work safety policy</p>	<p>Minister for Disability, Children and Young People</p> <p>With responsibility for: Disability policy and services Children's policy and services Child and family centre program Therapy services Youth policy and services (including youth justice) Care and protection services</p>	<p>Minister for Corrections</p> <p>With responsibility for: Corrective services</p>
<p>Minister for Regional Development</p> <p>With responsibility for: Regional development</p>	<p>Minister for Community Services</p> <p>With responsibility for: Community recovery Community sector reform Community support and development Concessions Management of community facilities</p>	<p>Minister for the Environment and Sustainable Development</p> <p>With responsibility for: ACT Planning and Land Capital Metro Climate change policy Electricity and natural gas, water and sewerage industry technical regulation Energy policy and energy efficiency programs Environment protection Environmental sustainability policy Government Architect Heritage Occupational licensing Planning, development and building control Strategic land use and transport planning Support to the Conservator of Flora and Fauna Survey and leasing Water policy and water efficiency programs</p>	<p>Minister for the Arts</p> <p>With responsibility for: Arts and cultural policy and services</p> <p>Minister for Women</p> <p>With responsibility for: Status of Women</p> <p>Minister for Multicultural Affairs</p> <p>With responsibility for: Multicultural affairs</p> <p>Minister for Racing and Gaming</p> <p>With responsibility for: Gaming and racing</p>	<p>Minister for Housing</p> <p>With responsibility for: Housing policy and services</p> <p>Minister for Aboriginal and Torres Strait Islander Affairs</p> <p>With responsibility for: Aboriginal and Torres Strait Islander affairs</p> <p>Minister for Ageing</p> <p>With responsibility for: Ageing</p>
<p>Minister for Higher Education</p> <p>With responsibility for: Higher education</p>	<p>Minister for Sport and Recreation</p> <p>With responsibility for: Sport and recreation</p> <p>Minister for Tourism and Events</p> <p>With responsibility for: Tourism and events (including Territory venues)</p>			

OFFICE OF THE HEAD OF SERVICE

Chief Minister and Treasury Directorate	Health Directorate	Economic Development Directorate	Commerce and Works Directorate	Justice and Community Safety Directorate	Environment and Sustainable Development Directorate	Education and Training Directorate	Community Services Directorate	Territory and Municipal Services Directorate	Capital Metro
Director-General Andrew Cappie-Wood	Director-General Dr Peggy Brown	Director-General David Dawes	Director-General Megan Smithies	Director-General Kathy Leigh	Director-General Dorte Ekelund	Director-General Diane Joseph	Director-General Natalie Howson	Director-General Gary Byles	Project Director Glenn Bain (interim)
<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>	<i>With responsibility for:</i>
<ul style="list-style-type: none"> - Access to Government information - ACT Public Service - ACT Public Sector workers compensation improvement - Audit services to Government - Borrowing and funds management - Budget process and financial reporting - Centenary of Canberra - Communication and community engagement - Fiscal and economic policy including competition and regulatory reform - Government strategy and policy - Insurance policy - Intergovernmental relations - Private sector industrial relations and workers compensation - Regional development - Sustainability policy and coordination - Support to Cabinet - Taxation and revenue policy - Work safety policy 	<ul style="list-style-type: none"> - Acute health services - Aged care and rehabilitation services - Cancer services - Community health services - Health policy and infrastructure - Local hospital network - Mental health services - Population health services 	<ul style="list-style-type: none"> - Business support programs - Coordinator-General - Gaming and racing - Land development - Land release policy (including the Land Release Program) - Major land and property project facilitation - Skills and economic development - Sport and recreation - Tourism and events (including Territory venues) 	<ul style="list-style-type: none"> - ACT Insurance Authority - Capital works - Government business enterprises ownership policy - Government property strategy - Revenue Office - Shared services, including transactional services, ICT services and procurement 	<ul style="list-style-type: none"> - Administration of justice - Corrective services - Electoral services - Emergency services and Policing - Fair Trading and registration, inspection and regulatory services (including transport regulation and licensing) - Human rights - Legal policy and services - Road safety and driver and vehicle licensing policy 	<ul style="list-style-type: none"> - ACT Planning and Land - Climate change policy - Electricity and natural gas, water and sewerage industry technical regulation - Energy policy and energy efficiency programs - Environment protection - Environmental sustainability policy - Government Architect - Heritage - Occupational licensing - Planning, development and building control - Strategic land use and transport planning - Support to the Conservator of Flora and Fauna - Survey and leasing - Water policy and water efficiency programs 	<ul style="list-style-type: none"> - Childcare services and regulation - Education(including early childhood education) - Government and non-government schools - Higher education - Therapy services - Vocational education and training - Youth policy and services (including youth justice) 	<ul style="list-style-type: none"> - Aboriginal and Torres Strait Islander affairs - Ageing - Arts and cultural policy and services - Care and protection services - Child and family centre program - Children’s policy and services - Community recovery - Community sector reform - Community support and development - Concessions - Disability policy and services - Housing policy and services - Management of community facilities - Multicultural affairs - Status of women - Therapy services - Youth policy and services (including youth justice) 	<ul style="list-style-type: none"> - ACTION - Arboretum - Canberra Connect - Government accommodation and property services - Land management and stewardship - Municipal services - Roads services 	<ul style="list-style-type: none"> - Design, procurement and delivery of Light Rail services between Gungahlin and the City - Coordination of economic development, land use and property strategies along the transit corridor

OTHER STATUTORY ENTITIES

INTRODUCTION

Overview of the 2013-14 Budget

The 2013-14 Budget includes:

- A forecast General Government Sector (GGS) Headline Net Operating Deficit of \$253.6 million in 2013-14.
- A forecast return to surplus in 2015-16 and 2016-17.
- A strong General Government Balance Sheet, with:
 - Net Worth of \$16.5 billion;
 - Net Financial Worth of \$1.5 billion;
 - Net Financial Liabilities of \$4.1 billion; and
 - Net Debt of \$847 million (excluding superannuation related investments).
- New additional GGS borrowings of \$396 million (net) are estimated in 2013-14. Over the Budget and forward estimates period, the total increase in GGS borrowings is \$192 million (net) to meet budget funding requirements.
- New policy initiatives with a net impact of \$127.7 million across 2013-14 and the forward estimates plus agency funded initiatives of \$19.8 million over four years.
- Savings of around \$142.6 million over four years, namely:
 - ceasing of initiatives of \$6.1 million over four years which do not accord with the Government's priorities;
 - continuing the Government's established track record of seeking out ways to reduce input costs and generate efficiencies, the Budget includes general savings of \$96.4 million over four years; and
 - reprioritisation of government services, generating \$40.1 million over four years, achieved through the redirection of lower priority programs and the ceasing of less important initiatives from past budgets, to enable investment in higher priority activities and service delivery.
- Significant new capital investments in infrastructure of \$242.6 million over four years, which includes:
 - New Capital Works, including feasibility and forward design (\$193.5 million); and
 - Capital Upgrades Program (\$49.1 million).
- New Information and Communication Technology (ICT) projects totalling \$24.9 million.
- New plant and equipment of \$4.7 million.
- The budget for works in progress flowing from previous years is \$998.2 million over four years, with \$598.2 million available for expenditure in 2013-14. The total Infrastructure Investment Program over four years is \$1.3 billion.

The key economic aggregates for the ACT are summarised below.

Economic Forecasts, Year Average Percentage Change

	Actual	Forecasts ¹	
	2011-12	2012-13 ²	2013-14
ACT			
Gross State Product	3.5	2¾	1¾
Employment	0.5	1½	¼
State Final Demand	4.2	2¾	¼
Consumer Price Index	2.5	2	2¼
Wage Price Index ³	3.3	4	3
Population ⁴	1.8	1½	1½
Australia			
Gross Domestic Product ⁵	3.4	3	2¾

Notes:

1. Forecasts are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. The forecasts incorporate the estimated impact of the Commonwealth carbon price scheme, which commenced in 2012-13.
3. Total hourly rates of pay excluding bonuses.
4. The population forecasts and projections reflect Chief Minister and Treasury Directorate estimates. The forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
5. 2013-14 Commonwealth Budget forecasts.

CHAPTER 1

ECONOMIC PERFORMANCE AND OUTLOOK

Chapter		Page
1.1	Overview	5
1.2	Global and National Economic Outlook	7
1.3	ACT Economic Outlook	9
1.4	Risks to the Economic Outlook	19

1.1 OVERVIEW

The ACT economy is performing well compared to other non-mining states. Economic growth as measured by Gross State Product (GSP) exceeded expectations and is now expected to be close to trend this financial year, an upward revision compared to the 2012-13 Budget Review forecasts. Population growth in the Territory has remained relatively high in recent years, exceeding the national average, and inflationary pressures are well contained.

The economic outlook for the ACT in 2013-14, however, remains challenging mainly due to Commonwealth Government fiscal consolidation, which is expected to continue. A number of downside economic risks continue to cloud the short term economic outlook, but the Territory is nevertheless in a good position to deal with the economic challenges that lie ahead given its strong economic fundamentals. The Territory should also benefit from the easier stance of monetary policy, which should support the interest rate sensitive parts of the economy.

Australia's economy is in good shape, with growth being around trend in 2012. Relatively strong economic conditions in Australia's major trading partners and still-strong investment in the pipeline in the resource sector are expected to support growth. There are early signs of economic rebalancing across industries, with growth gradually shifting from mining investment towards exports, non-mining business investment and household spending. However, the Commonwealth Treasury, in its 2013-14 Federal Budget warns of structural challenges including the high Australian dollar, global uncertainty and household caution that may prevent a seamless transition to non-resource drivers of growth.

Global economic growth outcomes continued to be mixed. The International Monetary Fund (IMF) expects growth to be slightly below trend in 2013, before strengthening a little in 2014. Economic conditions in the United States continued to improve in recent months, with further declines in the unemployment rate and recovering housing market activity. The euro area remains in recession and fragile, with high unemployment rates across the region. Growth in the Chinese economy has slowed, but is proceeding at a more sustainable pace. Global economic risks are on the downside; the banking and fiscal problems in the euro area in particular could escalate and spread further within the region.

1.2 GLOBAL AND NATIONAL ECONOMIC OUTLOOK

World Economy

Global economic growth has been close to trend recently and is expected to be supported by improved financial conditions, accommodative monetary policies and recovering confidence. Growth is forecast to be driven largely by emerging markets and developing economies, while activity in advanced economies is expected to pick-up during 2013-14.

World economic conditions have recently been somewhat more balanced, but continue to vary by region. Europe's conditions remained poor and fragile, with negative Gross Domestic Product (GDP) growth in the December quarter 2012 and the euro area's unemployment rate reaching a record high in recent months. The lingering sovereign debt crisis and volatile financial market in Europe remains a key risk to world economic growth.

The US economy continued to grow at a moderate pace, with private demand strengthening further, the unemployment rate declining and a recovery in the housing market and construction. The risks associated with fiscal conditions have also fallen, but the uncertain fiscal outlook is likely to continue to impact on growth.

The Chinese economic recovery turned out to be unstable and unexpectedly slower according to March quarter 2013 GDP growth and recent manufacturing data. However, continuing infrastructure spending and improvements in real estate investment is expected to support growth.

Australia's economic fortunes will be increasingly influenced by Asia, as it continues to grow and demand more of our goods and services exports. Last year, the Australian Government set out its commitment to broadening and deepening Australia's relationship with Asia, in particular China, with the release of the *Australia in the Asian Century* White Paper. This was reaffirmed by a historic agreement for a strategic partnership between Australia and China and direct trading between the Australian dollar and the Chinese renminbi (RMB).

It is expected that the enhanced relationship with China will secure greater bilateral communication and promote Australian tourism, trade and investment opportunities to the rapidly growing Chinese market. It also has economic and business opportunities for the ACT through education, government and community services, and tourism export links.

Australian Economy

The Australian economy grew at around its trend pace in 2012 and has recorded positive economic growth for more than two decades, making Australia one of the strongest and most resilient economies in the world.

Nonetheless, recent forecasts by the Commonwealth Government and the Reserve Bank of Australia (RBA) reflect that domestic economic growth is likely to be below trend in the near term. The economic performance is likely to remain uneven across industries as well as jurisdictions, with the high Australian dollar, fragile and volatile consumer confidence, weak labour market conditions and fiscal restraint exerting downward pressure on some industries.

The national economic outlook centres on the extent to which the resources sector will remain a key driver of economic growth in Australia. Mining investment in the pipeline remains strong and the completion of investment projects is expected to add to export volumes for resources. In the meantime, non-mining investment remains subdued despite low interest rates, raising concerns whether there will be enough momentum to offset the impact of slowing growth in the resources sector.

Fiscal restraint from the Commonwealth and State governments are weighing on public consumption and are expected to persist in the near term given the ongoing pressures on taxation revenue collections. Household spending is likely to increase at the rate of income growth, underpinned by low interest rates, solid population growth and improved household net worth. The relatively high household saving ratio, however, still indicates that households are cautious and prudently managing their funds.

National business surveys indicate labour demand in the mining sector eased further recently as a result of weaker commodity demand and a focus on minimising costs, while ongoing Commonwealth and State government fiscal consolidation have impacted public sector employment. As such, Commonwealth Government and RBA forecasts show that employment growth is expected to be modest, with the unemployment rate drifting slightly higher. Given the softer outlook for labour demand, wages growth is expected to be well contained. Weaker domestic demand and a high Australian dollar is expected to keep inflationary pressures contained in 2013-14.

The RBA has cut the official cash rate by a cumulative 200 basis points since the end of 2011 to 2.75 per cent in May 2013. Lower interest rates in the short term will support interest-sensitive components of the economy such as business investment, household spending and thus broader economic growth in the ACT and nationally. As has been the practice, the 2013-14 ACT Budget forecasts assume that interest rates in 2012-13 and 2013-14 will move broadly in line with market expectations.

1.3 ACT ECONOMIC OUTLOOK

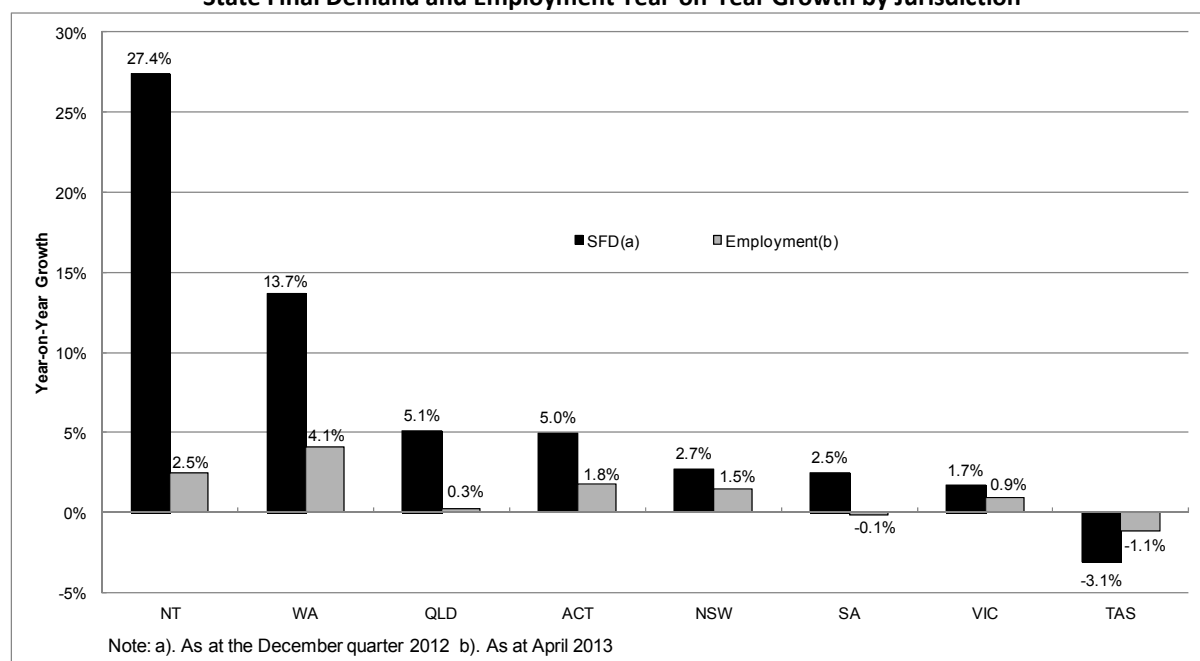
Recent Economic Developments and Outlook for 2012-13

The ACT economy continues to perform well compared to other non-mining states as demonstrated in Figure 1.3.1. The global economic and financial outlook has improved and therefore poses less risk to the forecasts compared to the 2012-13 Budget Review. Final demand and employment outcomes in the first half of 2012-13 were stronger than expected.

State Final Demand (SFD) growth in 2012-13 was revised upwards from 1¼ per cent to 2¾ per cent, reflecting stronger-than-expected public sector activity. The employment growth forecast for 2012-13 was revised upwards from 1 per cent to 1½ per cent, in line with stronger-than-expected Labour Force Survey results driven by strong public sector job gains.¹ The forecast for Gross State Product (GSP) growth in 2012-13 was revised upwards from 2¼ per cent to 2¾ per cent to reflect the stronger final demand and employment results.

Figure 1.3.1

State Final Demand and Employment Year-on-Year Growth by Jurisdiction



Source: ABS Cat No. 5206.0, 6202.0 and Chief Minister and Treasury Directorate calculations.

The ACT's economic fundamentals remain solid. Population growth continues to be strong and together with low interest rates should continue to underpin household consumption growth and underlying demand for residential property. The unemployment rate, while having trended upwards in recent months, remains the second lowest in the country, while the participation rate is the second highest in the country.

¹ To date, significant public sector job losses expected in the 2012-13 Commonwealth Budget are not evident in Australian Bureau of Statistics data. Public sector employment increased by 4.1 per cent in year-average terms to the February quarter 2013.

However, against the background of ongoing uncertainty around the global economic and financial outlook and Commonwealth Government fiscal consolidation, the short term ACT economic outlook remains subject to downside risks.

Economic Outlook for 2013-14

The prospects for the ACT economy in 2013-14 are sensitive to Commonwealth Government fiscal consolidation and future Commonwealth Government policy decisions.

This is reflected in the modest economic outlook for the ACT economy in the short term. The key economic aggregates for the ACT are summarised in Table 1.3.1.

Table 1.3.1
Economic Forecasts, Year-Average Percentage Change

	Actual	Forecasts ¹	
	2011-12	2012-13	2013-14 ²
ACT			
Gross State Product	3.5	2¾	1¾
Employment	0.5	1½	¼
State Final Demand	4.2	2¾	¼
Consumer Price Index	2.5	2	2¼
Wage Price Index ³	3.3	4	3
Population ⁴	1.8	1½	1½
Australia			
Gross Domestic Product ⁵	3.4	3	2¾

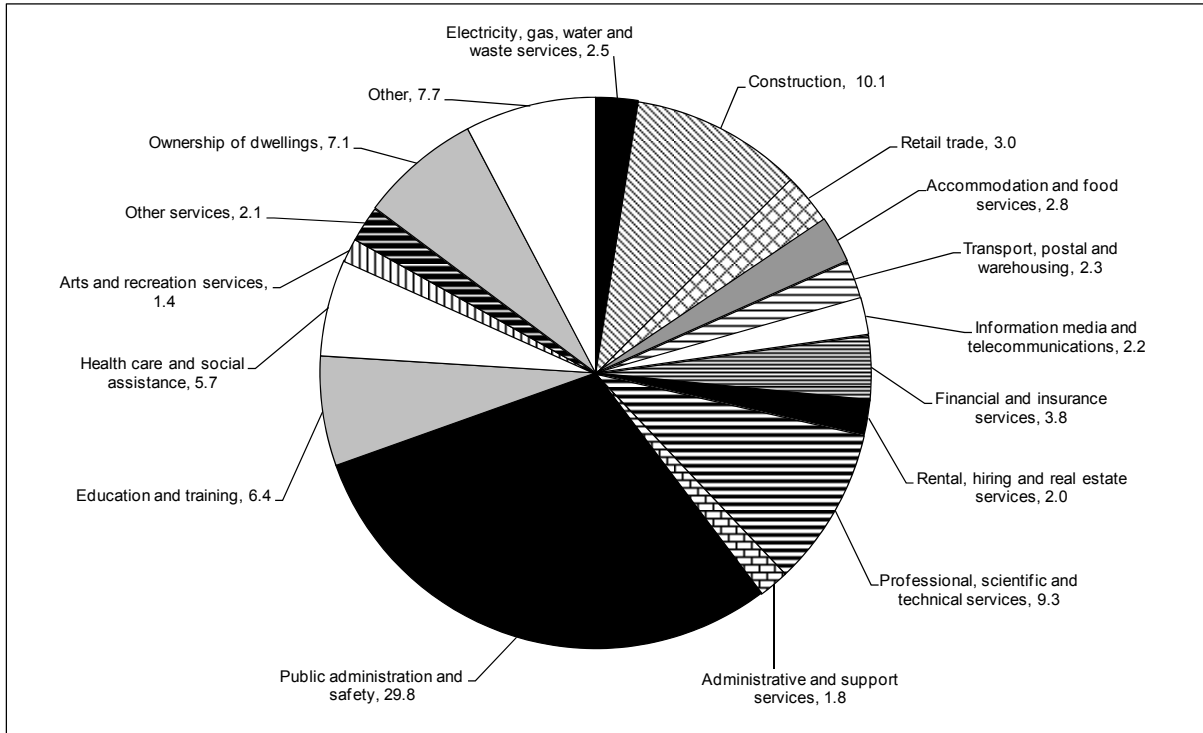
Notes:

1. Forecasts are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. The forecasts incorporate the estimated impact of the Commonwealth carbon price scheme, which commenced in 2012-13.
3. Total hourly rates of pay excluding bonuses.
4. The population forecasts and projections reflect Chief Minister and Treasury Directorate estimates. The forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
5. 2013-14 Commonwealth Budget forecasts for 2012-13 and 2013-14.

The Territory's economic growth in 2013-14 is expected to be significantly constrained by Commonwealth Government spending restraint and uncertainty weighing on household consumption expenditure growth. In addition investment growth is expected to proceed at a below-trend pace.

Gross State Product (GSP) growth, the Australian Bureau of Statistics' (ABS) headline measure of the ACT economy, is forecast to moderate to 1¾ per cent in 2013-14, reflecting among other things, the impact of Commonwealth fiscal consolidation as the Public Administration and Safety sector accounts for around one third of GSP (Figure 1.3.2). Moderating investment and household consumption growth are also expected to weigh on GSP growth.

Figure 1.3.2
Share of ACT Gross State Product 2011-12 Current Price Industry Value Added



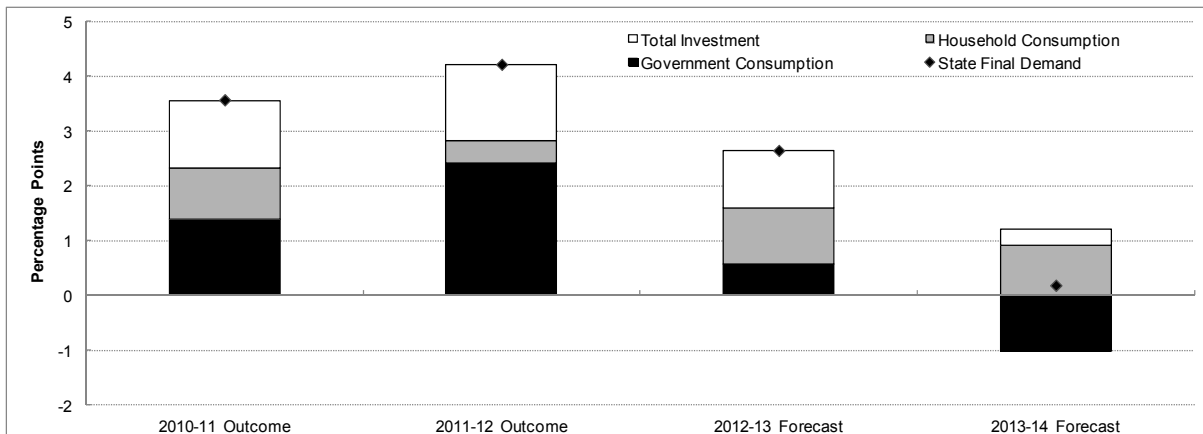
Source: ABS Cat No. 5220.0 and Chief Minister and Treasury Directorate calculations.

Note:

'Other' includes Agriculture, Forestry and Fishing, Mining, Manufacturing, Wholesale trade and Taxes less subsidies on products.

State Final Demand (SFD) growth is forecast to moderate to ¼ per cent in 2013-14. The forecast growth reflects contributions from household consumption and total investment, partly offset by a negative contribution from public consumption. The decrease in Commonwealth Government expenditure, combined with moderating household consumption growth and below trend investment growth is expected to lead to the lowest SFD growth in more than two decades. Contributions to SFD growth from the various components are shown in Figure 1.3.3.

Figure 1.3.3
Contributions to Growth in ACT State Final Demand



Source: ABS Cat No. 5206.0 and Chief Minister and Treasury Directorate calculations.

Public Final Demand

Comprised of the Federal Parliament, Commonwealth Government agencies and national institutions, and the ACT Government and its public corporations, public final demand is important to the future prospects of the Canberra community and business.

The ACT's position as the seat of the Commonwealth Government means that the economy is sensitive to the decisions and actions of the Commonwealth Government. Over the past few years, fiscal tightening by the Commonwealth Government has been a consistent theme, implying a contraction in spending and job losses for the ACT community. Expenditure restraint is expected to continue given fiscal pressures faced by the Commonwealth Government.

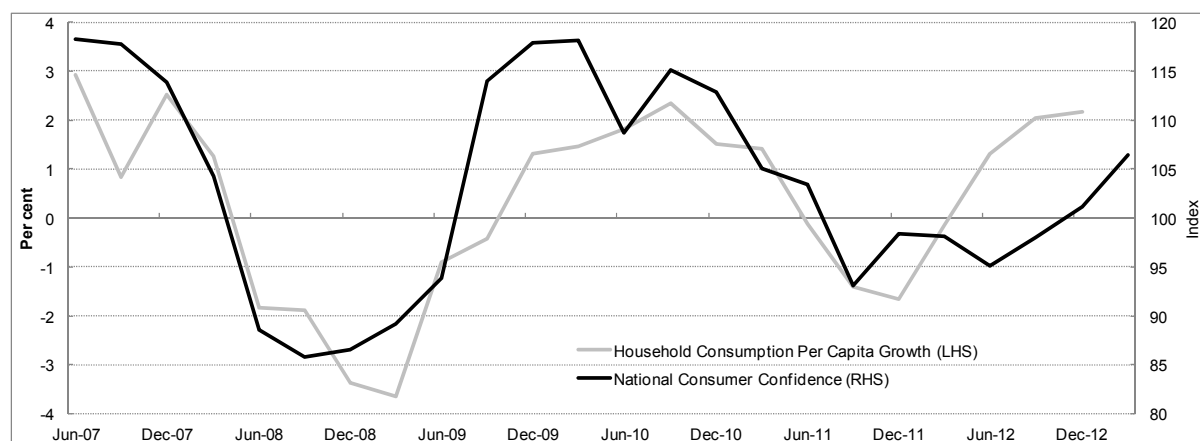
The ACT Government remains committed to the delivery of its capital works program to support economic growth and jobs. This includes significant upgrades to transport infrastructure, education, health and community-based facilities across the Territory as well as continuing the land release program.

Household Consumption

Household consumption has recovered from the weak growth seen in recent years, with year-to-date consumption being above its long term trend. Sales of motor vehicles in the Territory have continued to grow strongly assisted by the high Australian dollar and sales incentives by car manufacturers. Stronger-than-expected wages and employment growth, solid population growth, together with low interest rates have also supported spending.

Nevertheless, the softening labour market, weaker consumer confidence as well as the uncertainty around Commonwealth Government fiscal consolidation is expected to put downward pressure on household consumption in 2013-14 (Figure 1.3.4).

Figure 1.3.4
Consumer Confidence and ACT Household Consumption Per Capita

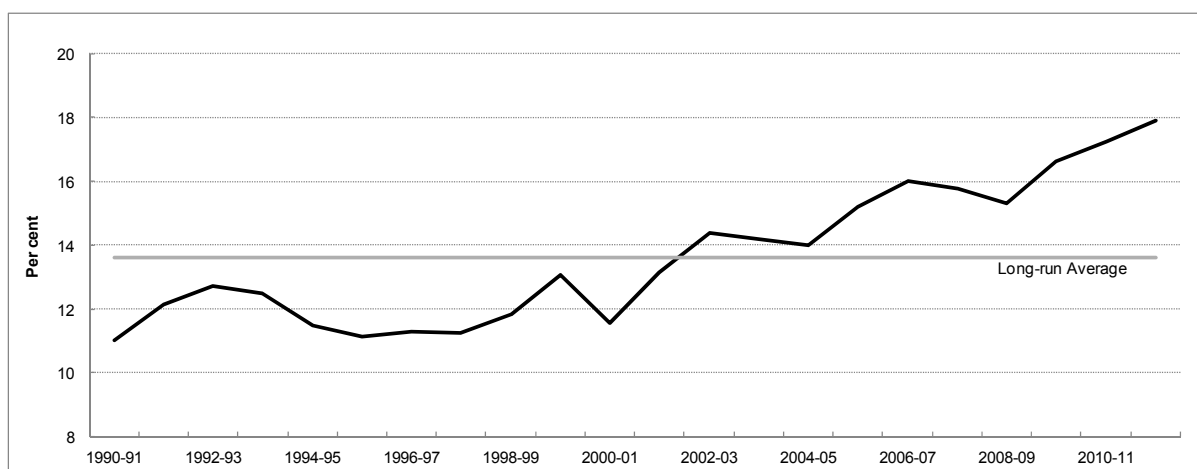


Source: ABS Cat No. 5206.0, 3101.0, Westpac-Melbourne Institute Survey of Consumer Sentiment and Chief Minister and Treasury Directorate calculations.

Investment

Total investment in recent years has been one of the key economic drivers in the ACT, with investment as a ratio of SFD at record levels (Figure 1.3.5). The landscape of the ACT has changed significantly over the past decade. The ACT has experienced significant investment from the private and public sector in the residential property market, new office buildings, town centres, retail stores as well as roads and bridges, health care centres and schools to service a fast-growing Canberra. However, with key projects having reached, or reaching completion and a smaller set of new projects to replace them, investment growth is expected to moderate in 2012-13 and 2013-14. The level of investment as a ratio of SFD is nevertheless expected to remain at around record levels.

Figure 1.3.5
ACT Investment as a Share of State Final Demand
Per cent Annual Data



Source: ABS Cat No. 5206.0 and Chief Minister and Treasury Directorate calculations.

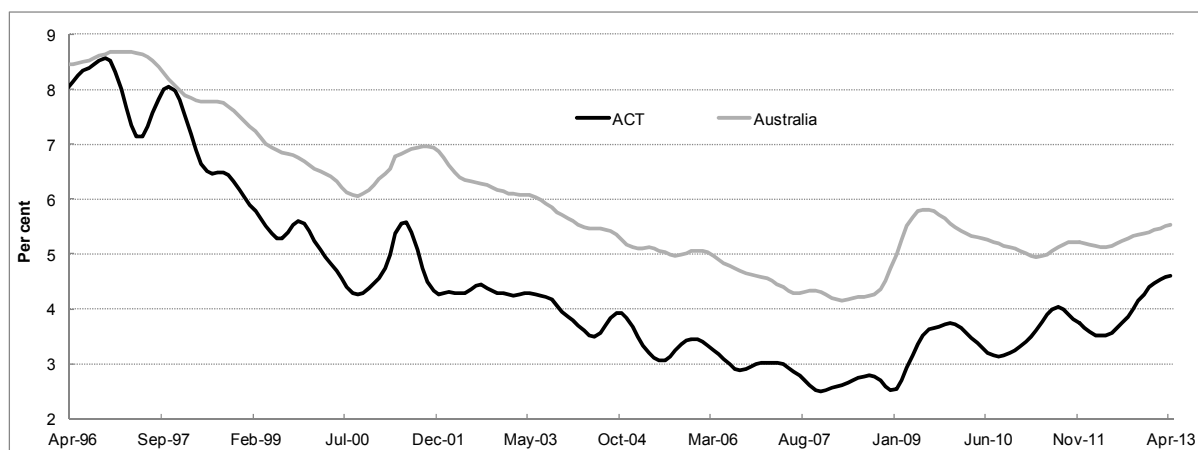
Leading indicators point to a deceleration in **dwelling investment** growth in 2012-13 and 2013-14. However, strong population growth and a low interest rate environment should support demand in the housing construction sector over the forecast period. The Federal Election appears to be causing some uncertainty and therefore caution amongst prospective home buyers, particularly property investors.

The value of non-dwelling construction in the pipeline is trending downwards, pointing to a softening in **non-dwelling investment** as the value of projects commencing is struggling to replace the value of projects being completed. **Engineering** construction activity is performing strongly with high levels of investment still in the pipeline for water and transport infrastructure, such as the \$288 million Majura Parkway link and pipeline values increasing for telecommunications due to the construction of the National Broadband Network (NBN) in the ACT.

Labour Market

Labour market outcomes in the ACT have been soft in the past few months. In trend terms, monthly employment growth since the beginning of the 2012-13 financial year has been well below that recorded in the second half of 2011-12. The unemployment rate trended gradually higher over the past year and the participation rate has also trended lower recently, reflecting softer labour market conditions (Figure 1.3.6).

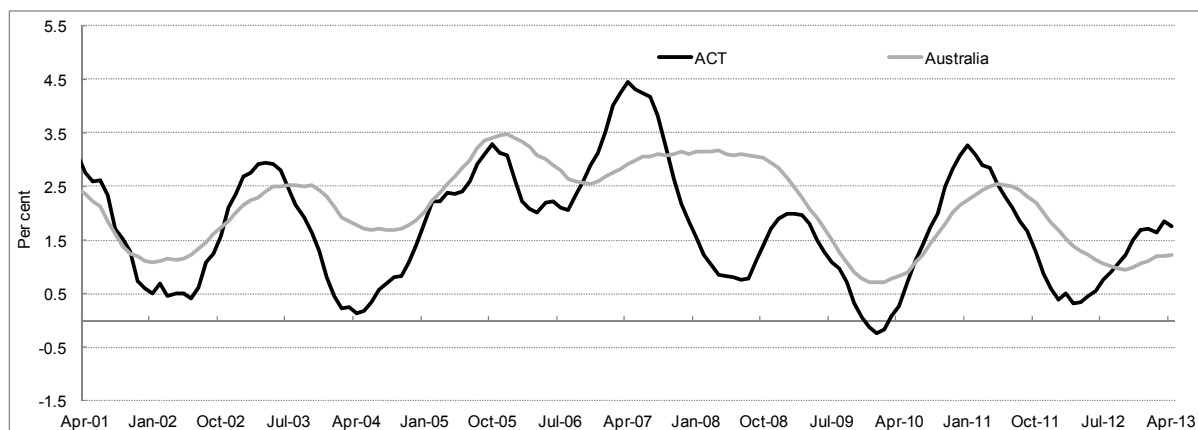
Figure 1.3.6
Unemployment Rate, ACT and Australia
Monthly Trend Data



Source: ABS Cat No. 6220.0.

Despite the softening labour market, year-on-year employment growth to April 2013 was 1.8 per cent in the ACT compared to 1.2 per cent nationally (Figure 1.3.7).

Figure 1.3.7
Employment Growth, ACT and Australia
Monthly Original Data



Source: ABS Cat No. 6220.0.

Leading indicators of labour demand continue to point to soft conditions in coming months. The ABS measure of job vacancies has halved in the three months to February 2013, compared to the same period last year.

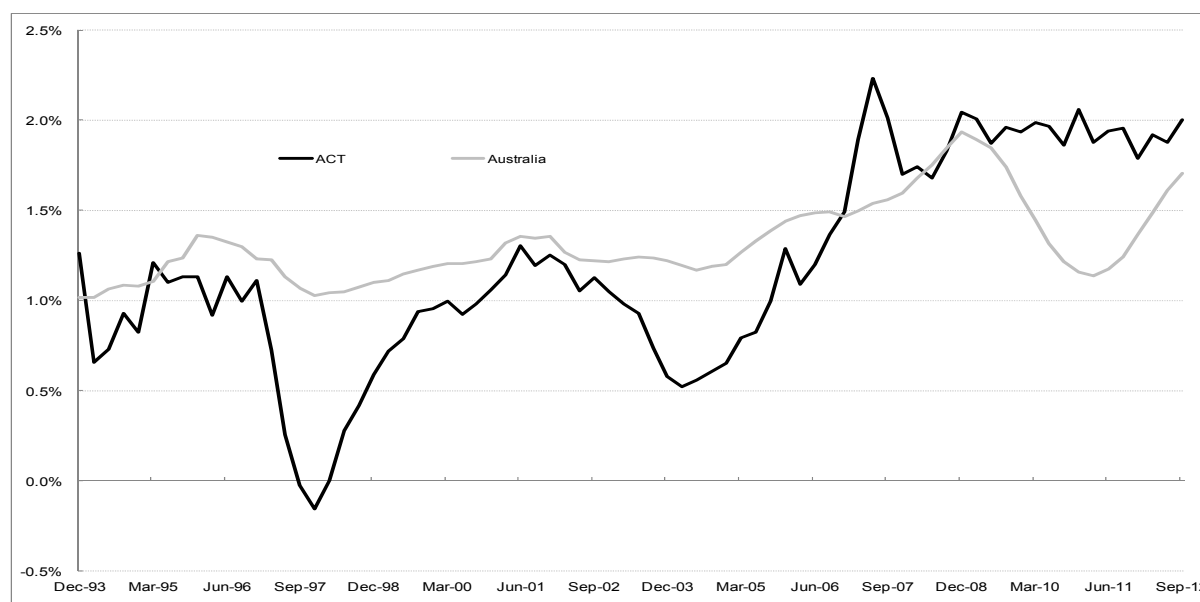
Labour market activity is forecast to ease further in 2013-14 consistent with moderating economic growth. Employment growth is expected to moderate to $\frac{1}{4}$ per cent in 2013-14.

Risks to the labour market outlook continue to be on the downside due to Commonwealth Government fiscal consolidation and uncertainty about future Commonwealth Government policy settings that might impact on business hiring intentions and recruitment plans.

Population

Population growth has been remarkably strong since the Global Financial Crisis (Figure 1.3.8), mainly attributed to natural increase and overseas migration. Strong population growth, above the national average, has helped to support consumer spending, the demand for housing as well as labour supply. The ACT population is projected to grow by 1½ per cent in both 2012-13 and 2013-14, taking into account Estimated Resident Population data as released by the ABS, as well as the estimates of fertility, mortality and migration. These assumptions indicate the ACT's population growth will be predominantly influenced by natural increase and net overseas migration, with net interstate migration projected to have little effect on overall population growth.

Figure 1.3.8
ACT Population, Through-the-Year Growth

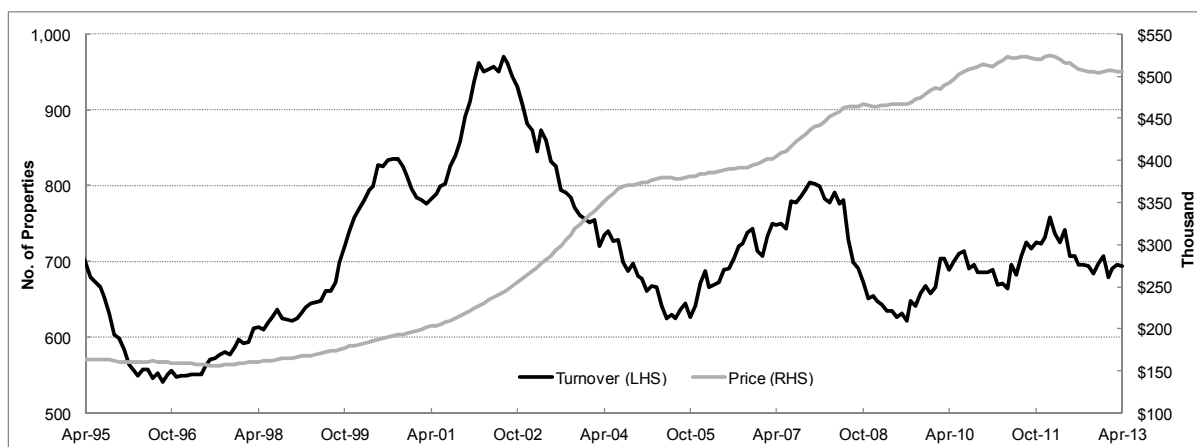


Source: ABS Cat No. 3101.0 and Chief Minister and Treasury Directorate calculations.

Housing Market

The Canberra housing market has softened during 2012-13, with prices remaining flat and a fall in turnover levels recorded compared to recent highs as shown in Figure 1.3.9. The recent performance in price partly reflects compositional change in the property market in the ACT, with unit sales now accounting for more than half of the total property turnover. This is partly due to the ACT Government residential land release program.

Figure 1.3.9
ACT Residential Property Turnover and Average Price, 12-Month Moving Average, Monthly Original Data

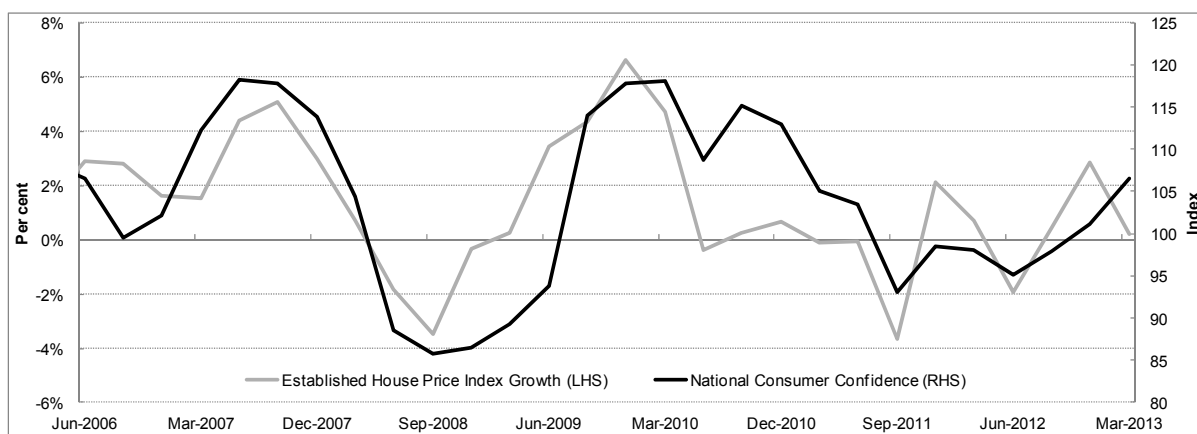


Source: ACT Planning and Land and Chief Minister and Treasury Directorate calculations. Solid population growth and historically low interest rates are expected to support housing demand. The ACT Government housing affordability initiatives, policies including the ACT Government's land release program and the reduction in residential conveyance duty rates being implemented as part of the long term ACT taxation reforms are also expected to support local housing market activity. However, risks to the outlook remain on the downside.

The underlying trend in residential building approvals indicates that the residential construction cycle has weakened over the past year, following strong building activity in previous years.

The major challenge facing the ACT property market will continue to be ongoing fiscal constraint by the Commonwealth Government and uncertainty around future Commonwealth Government policy settings, which might have a dampening impact on market sentiment, particularly among property investors and developers (Figure 1.3.10).

Figure 1.3.10
Consumer Confidence and Established House Prices



Source: ABS Cat No.6416.0, Westpac-Melbourne Institute Survey of Consumer Sentiment and Chief Minister and Treasury Directorate calculations.

The weekly rent for a three-bedroom house in Canberra in the year to the December quarter 2012 declined slightly and the rental vacancy rate in the ACT increased marginally during 2012-13. The easier monetary policy stance of the RBA and the increasing supply of rental properties are expected to alleviate some upward pressure on rents in the short to medium term. Nevertheless, the ACT rental market continues to provide an attractive investment option, with relatively high rental yields, strong long term growth in house prices, solid population growth and a relatively stable and high income labour market.

Consumer Price Inflation and Wages

Consumer Prices

Quarterly Consumer Price Index (CPI) growth in Canberra has moderated substantially from 1.1 per cent in the September quarter 2012, which included the impact of the introduction of carbon pricing, to 0.1 per cent in the March quarter 2013.

Year-on-year to the March quarter 2013, CPI growth for Canberra was lower than the national average. The lower CPI outcome in Canberra reflected a larger Australian dollar impact on Canberra's 'tradeable CPI' than nationally and continuing discounting in the retail sector that has led to never-before seen deflation in Canberra's 'Goods' CPI.

The RBA expects that national inflation over the next one to two years will be consistent with the 2-3 per cent target. Consumer price inflation in Canberra should also remain well contained over the medium term given the outlook for economic growth.

Annual core inflation in Canberra, as measured by the 'all groups measure excluding food and energy' and 'all groups measure excluding volatile items', stabilised in the March quarter 2013, following four consecutive quarters of deterioration. This indicates that following the muted underlying inflation pressures in the local economy in 2012-13, inflation may rebound slightly in 2013-14.

Wages

Overall wage growth outcomes in 2012-13 in the Territory were strong as a result of an adjustment following delays in the implementation of Enterprise Bargaining Agreements (EBAs) in the Commonwealth public sector. The late finalisation of the EBAs had an upward impact on public sector wages growth and hence on overall wages growth in the Territory in 2012-13.

Wages growth, as measured by the Wage Price Index (WPI), is expected to be well below trend in 2013-14. Factors contributing to this outcome include the impact on final demand from ongoing fiscal consolidation by the Commonwealth Government, continued subdued demand for labour in the private sector, the relatively low agreed wage increases for Commonwealth Government departments for 2013-14 and the stated intention of the ACT Government for a low EBA wage growth outcome for ACT public servants. In addition, forward-looking indicators of labour demand, including hiring expectations and job vacancies have continued to weaken. Business surveys at the national level also suggest that private sector wage pressures will continue to ease, while public sector wages are likely to remain below trend in the context of Commonwealth and State government fiscal consolidation.

Forward Year Projections

Forward year projections are reflected in Table 1.3.2 below. Projections are based on long-run averages and are provided for planning purposes only and do not reflect an expectation (forecast) of actual outcomes.

**Table 1.3.2
Economic Projections, Year-Average Percentage Change**

	Projections ¹		
	2014-15	2015-16	2016-17
ACT			
Gross State Product	3	3	3
Employment	1¾	1¾	1¾
State Final Demand	4¾	4¾	4¾
Consumer Price Index	2½	2½	2½
Wage Price Index ²	3¾	3¾	3¾
Population ³	1½	1½	1½
Australia			
Gross Domestic Product ⁴	3	3	3

Notes:

1. Projections are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in estimating economic parameters.
2. Total hourly rates of pay excluding bonuses.
3. The population projections reflect Chief Minister and Treasury Directorate estimates. The estimates are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other projections.
4. 2014-15 is a forecast year in the 2013-14 Commonwealth Budget.

1.4 RISKS TO THE ECONOMIC OUTLOOK

The ACT economy faces global risks that may transpire through financial, trade, tourism and confidence channels. The global economic outlook appears to be more balanced compared to the time of the 2012-13 Budget Review given recent economic and financial market developments, accommodative monetary policies, the partial resolution of the fiscal situation in the United States and some success in policy measures in the euro area. Risks, however, remain to the downside. Many advanced economies continue to face challenges such as persistently high unemployment rates, fiscal consolidation, still tight credit conditions and fragile business and consumer confidence. As such, the global economic recovery is expected to remain slow, diverse across economic regions and fragile.

The performance of the domestic economy also poses risks to the Budget forecasts. The main risk is related to the extent of the down-turn in mining activity and the response of non-mining construction activity to fill the gap.

The most important risk to the ACT economic outlook lies with the fiscal tightening of the Commonwealth Government. The Territory's economic outlook also remains dependent on spending and hiring decisions following the outcome of the upcoming Federal election.

CHAPTER 2

FISCAL STRATEGY

Chapter		Page
2.1	Budget Outlook	23
2.2	Fiscal and Economic Strategy	29
2.3	The Budget Plan and Savings	39
2.4	Cost of Living Statement	43

2.1 BUDGET OUTLOOK

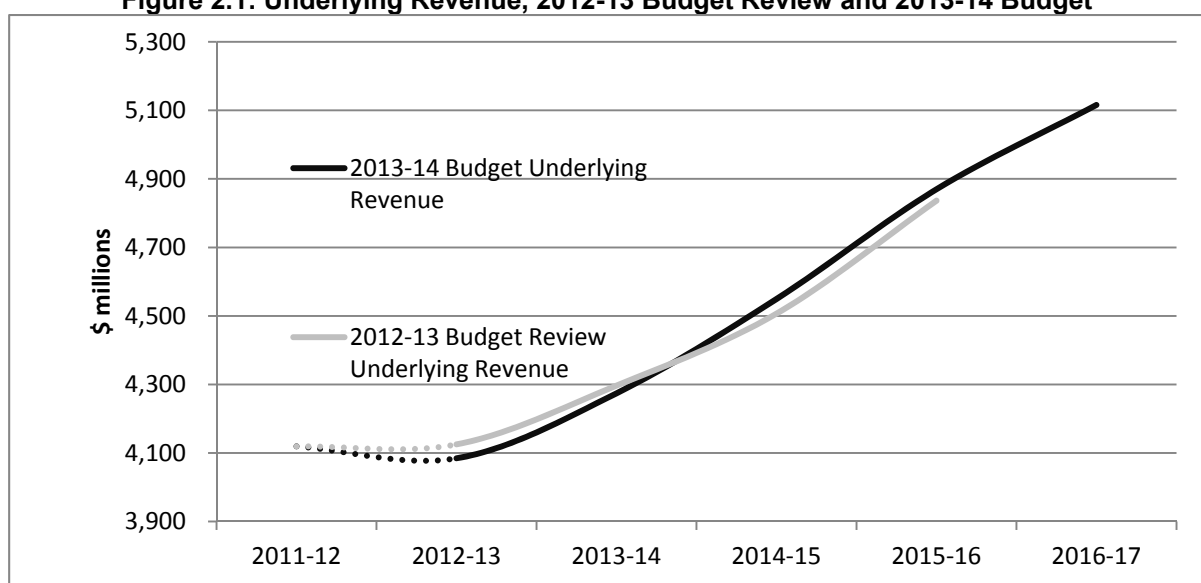
The Context of the 2013-14 Budget

The Territory's budget has been shaped in the context of an expected fragile economic outlook in 2013-14 due to continued fiscal consolidation by the Commonwealth. A number of downside risks do exist and the Territory's outlook is dependent on decisions following the upcoming Federal election. However, the Territory maintains strong economic fundamentals.

The underlying foundations of the Budget Plan remain and the Territory has maintained a forecast return to surplus in 2015-16 which is also maintained in 2016-17.

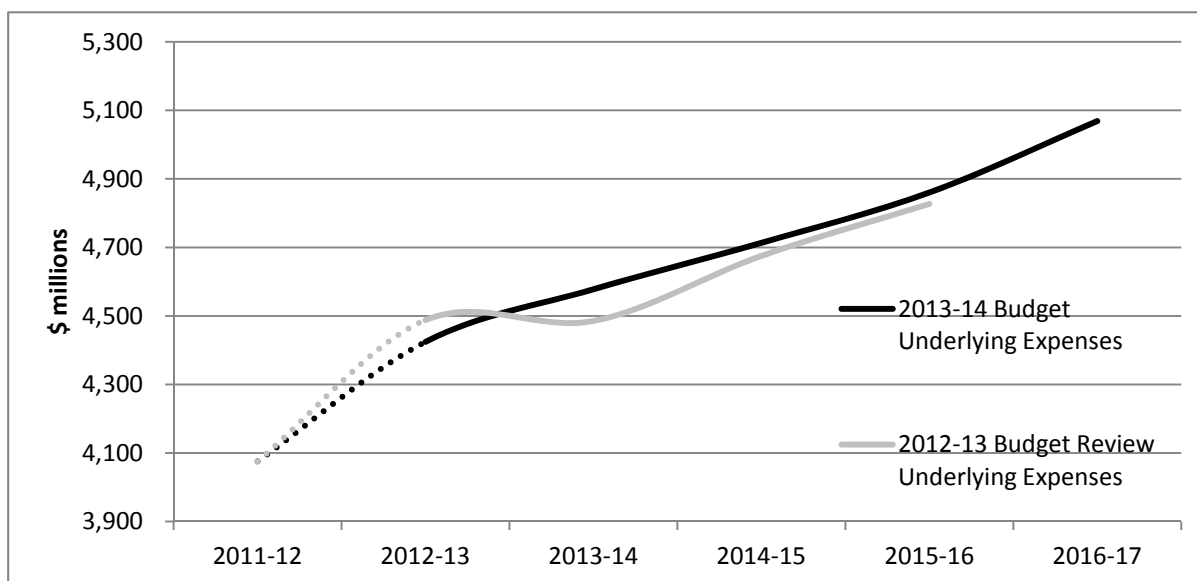
Compared to the 2012-13 Budget Review, revenue is expected to be slightly weaker in 2013-14 but slightly stronger from 2014-15 onwards.

Figure 2.1: Underlying Revenue, 2012-13 Budget Review and 2013-14 Budget



Forecast expenses over the five year period have marginally increased compared to the 2012-13 Budget Review. The Government has constrained expenditure in this budget to an underlying growth of 3.5 per cent per annum as a result of limiting new initiatives to only high priority activity and implementing a range of savings measures involving the ceasing of initiatives that no longer align with Government priorities, further administrative savings and the reprioritisation of program expenditure.

Figure 2.2: Underlying Expenses, 2012-13 Budget Review and 2013-14 Budget



2013-14 Budget

The 2013-14 Budget remains committed to the original budget plan target of a return to surplus in 2015-16. The Government has taken a sharper focus in this budget on restructuring the Territory's expenditure and revenue base to plan for future challenges.

The forecast Headline Net Operating Balance in 2013-14 is a deficit of \$253.6 million, and return to surpluses in 2015-16 and 2016-17 of \$29.3 million and \$47.1 million.

**Table 2.1.1
General Government Sector – Headline Net Operating Balance**

	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m
Headline Net Operating Balance ¹	-253.6	-99.5	29.3	47.1

Note:

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

Across the Budget and forward estimates period, aggregate revenues grow at around 5.8 per cent per annum, 0.55 of a percentage point higher than the Budget Plan parameters.

Forecast expense growth across this period of 3.5 per cent per annum compares to the Budget Plan forecast of 4.5 per cent per annum and 2012-13 Budget forecast of 4 per cent.

2013-14 Headline Net Operating Balance and Forward Estimates

One of the key financial objectives for the Government is to achieve an operating surplus: temporary deficits must only occur if they are offset by surpluses at other times. The Budget is in deficit in 2013-14 and 2014-15. In 2009-10 the Government accepted these temporary deficits as part of the Budget Plan and targeted a return to a balanced budget in 2015-16. This objective has been maintained.

Since the 2012-13 Budget Review, the Net Operating Balance has decreased in 2013-14, largely due to a reduction in forecast taxation revenue growth, revised funding profiles and dividends. Aggregate revenues over this period are broadly in line with those of the 2012-13 Budget Review. Aggregate expenses are temporarily higher compared to the 2012-13 Budget Review over the period from 2012-13 to 2015-16. Expenses over this period have been affected by higher employee, supplies and services, grants and interest expenses.

Table 2.1.2 below provides the Headline Net Operating Balance for the 2012-13 estimated outcome, the 2013-14 Budget and the forward estimates.

Table 2.1.2
2013-14 Budget – GGS Headline Net Operating Surplus/Deficit

	2012-13 Est. Outcome \$m	2013-14 Budget \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
Revenue	3,999.9	4,237.3	4,519.6	4,788.3	5,006.8
Expenses	4,424.3	4,577.9	4,713.5	4,860.2	5,068.6
UPF Net Operating Balance	-424.5	-340.6	-193.9	-71.9	-61.8
Investment Return Differential	84.7	87.0	94.4	101.1	108.9
Adjustment on Superannuation Investments					
HEADLINE NET OPERATING BALANCE	-339.8	-253.6	-99.5	29.3	47.1

Note: Table may not add due to rounding.

Table 2.1.3 provides an overview of variations in the General Government Sector Headline Net Operating Balance since the 2012-13 Budget and 2012-13 Budget Review.

Table 2.1.3
Summary of Movements in the GGS Headline Net Operating Balance from the 2012-13 Budget

	2012-13 Estimate \$m	2013-14 Estimate \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
2012-13 Original Budget Papers	-318.3	-130.2	-51.3	25.2	
Parameter Impacts					
GST Revenues	17.1	14.5	17.2	20.1	
Other Commonwealth Revenue	-5.5	0.0	0.0	0.0	
Superannuation Expenses	-83.0	0.0	0.0	0.0	
Superannuation Investment Earnings	0.0	-6.6	-6.7	-6.8	
Taxation Revenue – Conveyance	4.3	-5.1	-2.7	0.0	
Taxation Revenue – Payroll	3.7	3.9	4.1	4.4	
Taxation Revenue – Other	0.3	-0.5	-1.3	-2.2	
Land Rent Scheme	1.6	2.1	2.1	2.1	
Dividends and Income Tax Equivalents	-2.8	9.1	-2.7	-2.7	
Territory Banking Account – Interest (net)	-2.0	-3.1	-2.5	-1.6	
Insurance Claims Expense	3.4	7.5	8.7	9.2	
Policing Agreement Indexation	0.0	0.0	0.0	3.5	
Other / End of Year Outcome Flow-on	2.3	0.2	0.3	0.3	
Sub-Total (Parameter Impacts)	-60.7	22.0	16.5	26.2	
Policy Impacts					
Grant to Pace Farm	0.0	-3.8	0.0	0.0	
National Disability Insurance Scheme – Respite Pilot	0.0	-3.7	-3.7	-3.7	
Revenue Reduction – Extension of Time to Commence and Complete Fees	-2.1	-2.2	-2.3	-2.4	
University of Canberra – Extension of Borrowings	0.1	0.3	0.4	0.4	
Sub-Total (Policy Impacts)	-2.0	-9.4	-5.6	-5.7	
2012-13 Pre-Election Budget Update	-381.1	-117.6	-40.4	45.6	
2012-13 Budget Review					
Parameter Impacts					
GST Revenues	26.7	9.2	11.2	13.6	
Other Commonwealth Revenue	-1.2	-0.8	-0.5	-1.4	
Superannuation Investment Earnings	-7.6	4.4	4.3	4.2	
Interest (net)	9.6	-5.3	-9.1	-18.7	
Revised Conveyance Estimates	-10.4	-12.3	-14.6	-9.9	
Revised Payroll Tax Estimates	1.5	1.6	1.7	1.8	
Revised General Rates Tax Estimates	-5.0	0.0	0.0	0.0	
Revised Taxation Revenue – Other	-0.4	-0.4	-0.4	-0.4	
Revised Lease Variation Charge Estimates	-4.0	0.0	0.0	0.0	
Revised Gambling Tax Estimates	2.1	0.6	0.6	0.6	
Revised Waste Management Fees	-1.9	-2.0	-2.2	-2.4	
LDA – Revised Dividends and Income Tax Equivalents	33.0	-5.0	-60.6	-12.7	

	2012-13 Estimate \$m	2013-14 Estimate \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
ACTEW – Revised Dividends and Income Tax Equivalent	24.5	-15.0	0.3	0.5	
ACTTAB – Revised Dividends and Income Tax Equivalent	-2.1	-1.1	-0.8	-0.5	
Health – Revised Outcome	-11.6	0.0	0.0	0.0	
Education and Training – Revised Depreciation	-7.9	-7.9	-7.9	-7.9	
Impact of Other Audit and Estimated Outcome	1.6	-0.7	-0.9	-0.6	
Appropriation Rollovers (2011-12 to 2012-13)	-35.5	0.0	0.0	0.0	
Operating Impact of Capital Re-profiling and Rollovers	12.5	0.1	2.2	3.3	
Sub-Total (Parameter Impacts)	23.9	-34.6	-76.6	-30.5	
Policy Impacts					
Reduction in Treasurer's Advance Expenditure Reduction	0.0	3.4	3.6	3.7	
Supplementary Appropriation	-5.8	0.0	0.0	0.0	
Sub-Total (Policy Impacts)	-5.8	13.4	13.8	14.2	
2012-13 Budget Review	-362.9	-138.7	-103.2	29.3	
2013-14 Budget					
Parameter Impacts					
Commonwealth Revenue	-13.5	-6.1	10.2	11.5	17.7
Investments and Interest (net)	1.1	4.8	5.0	-2.0	6.3
Taxation Revenue	-37.2	-38.3	-22.0	-16.4	5.0
Land Rent	0.1	0.8	1.0	0.5	0.7
PTE – Dividends and Income Tax	-13.5	-32.5	6.3	-12.8	78.4
Contributed Asset Gains	17.0	16.9	13.4	33.4	33.4
Revised Funding Profiles	45.6	-40.4	-6.4	-0.2	-0.3
Estimated Outcome / Other	24.3	44.3	18.5	-13.2	11.2
Sub-Total (Parameter Impacts)	23.9	-50.5	26.0	0.8	152.4
Policy Impacts					
Government Policy Decisions (net)	-0.5	-64.4	-22.4	-0.8	0
Sub-Total (Policy Impacts)	-0.5	-64.4	-22.4	-0.8	0
2013-14 Budget	-339.8	-253.6	-99.5	29.3	47.1

Note: This table may not add due to rounding.

2.2 FISCAL AND ECONOMIC STRATEGY

Economic and Fiscal Strategy

In 2013-14 economic growth is forecast to moderate, from around trend levels in 2012-13, due to continued Commonwealth Government fiscal consolidation, uncertainty weighing on household consumption growth and investment growth expected to proceed at a below-trend pace.

In order to maintain its Budget Plan, and to maintain fiscal discipline, the Government has more than offset the cost of new initiatives in this Budget with savings. The net recurrent cost of new initiatives is \$127.7 million over four years, and savings are \$142.6 million over four years

The Government does however expect a temporary slowdown in revenue growth in the 2013-14 Budget compared to the 2012-13 Budget. Given current economic conditions, and in order to maintain reasonable levels of expenditure and investment, the Government will allow a temporary deterioration in the operating position reflecting the operation of the Budget's automatic stabilizers.

Economic Reform Agenda

The Government has a significant economic reform agenda aimed at supporting economic growth, promoting business activity and setting the ACT on a path of fiscal sustainability to ensure that high quality services can continue to be provided to the community in the long term.

The Government's nation leading Taxation Reform is a bold plan that will stimulate economic activity by removing transaction taxes that create disincentives to invest, live and work in the ACT. Taxation Reform will attract business and skilled labour by improving the mobility of resources.

Taxation Reform is focused on the long term and will help to create a strong, vibrant and diverse business community that attracts and retains skilled labour.

By distancing revenue sources from volatile cyclical movements in the economy, the Government can build a more sustainable fiscal environment for the long-run and provide greater certainty in planning and provision of services.

The ACT Business Development Strategy (BDS) is a long term plan that promotes business activity by encouraging innovation, supporting investment and fostering the right business environment.

The BDS is especially important today in light of current high levels of economic uncertainty and downside risks to the economic outlook.

With the short term economic forecasts pointing to a challenging time ahead for the small to medium business community in Canberra, support from the BDS is timely in helping to keep business owners confident of their future in the ACT.

As part of the BDS the ACT Government has convened a Red Tape Reduction Panel (RTRP), which aims to identify regulations that impose unnecessary burdens, costs or disadvantages on business activity, and to recommend ways to remove and improve outdated, unworkable and illogical regulations.

Other relevant initiatives under the BDS include: increasing the payroll tax threshold; adding a new small business criterion to Requests for Tenders putting a weight against whether the tenderer is a local SME; a 'listening to small business' consultation program to be delivered in partnership with Canberra Business Council and Chamber of Commerce; and establishing InvestACT – a dedicated service responsible for coordinating and facilitating investment across Government.

Canberra has a strong, growing economy, supported by an efficient and sustainable taxation system. The attraction of business and skilled labour drive regional economic growth. The Government is investing in initiatives that make Canberra a progressive, modern city with a sustainable economy that can respond effectively to change.

Initiatives in this budget will specifically target tourism, education and construction sectors.

Fiscal Strategy

The Government remains committed to the principles of responsible financial management.

In the 2013-14 Budget, the Budget Plan target of returning to surplus in 2015-16 has been maintained. The surplus is also maintained in 2016-17.

The Government continues to maintain its fiscal strategy which has been successful in ensuring that priority services are sustainable.

The financial objectives and key measures of this strategy are to:

- achieve a General Government Sector Net Operating Surplus;
- maintain operating cash surpluses;
- maintain an AAA credit rating;
- manage debt prudently and maintain net financial liabilities within the range of all AAA rated jurisdictions;
- fully fund the Territory's unfunded superannuation liability by 2030;
- maintain quality services and infrastructure;
- make targeted investments to achieve strategic objectives of economic growth, reducing future costs and addressing chronic disadvantage; and
- maintain taxation revenues at sustainable levels.

In recognition of the current fiscal environment and the need to maintain reasonable levels of expenditure and investment, the Government has added two new objectives to this strategy:

- to deliver more efficient and productive public services, within tight financial constraints; and
- to build a more productive and competitive economy.

Objective: Achieve a General Government Sector Net Operating Surplus

The Government's objective is to achieve a net operating surplus: temporary deficits must only occur if they are offset by surpluses at other times.

The Government adopted a Budget Plan in the 2009-10 Budget to return the Budget to surplus by 2015-16. In 2011-12, the Plan was updated to target a surplus by 2013-14. Due to changes in the economic and financial circumstances, the Government reverted back to the original target in the 2012-13 Budget.

The objectives of the Budget Plan remain in the 2013-14 Budget with a return to surplus in 2015-16 which is maintained in 2016-17. Surpluses allow the Government to invest in increased infrastructure assets.

The Government's primary fiscal measure of the Budget's position is the Headline Net Operating Balance, which includes an adjustment for long term expected superannuation investment earnings (consistent with the long term expected return objective of CPI plus 5 per cent).

The Headline Net Operating Balance is estimated to be in deficit of \$253.6 million, with a forecast deficit position until 2015-16.

The Headline Net Operating Balance is expected to return to surplus by 2015-16, largely due to expenditure growth constrained at 3.5 per cent per annum and forecast growth in revenues at 5.8 per cent per annum.

**Table 2.2.1
The Budget Operating Surplus/Deficit**

	2012-13	2013-14	2014-15	2015-16	2016-17
	Est.Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m
UPF Net Operating Balance	-424.5	-340.6	-193.9	-71.9	-61.8
<i>Plus:</i> Investment Return Differential	84.7	87.0	94.4	101.2	108.9
Adjustment on Superannuation Investments ¹					
Headline Net Operating Balance	-339.8	-253.6	-99.5	29.3	47.1

Note: Table may not add due to rounding.

1. This component of the Territory's overall returns from superannuation assets varies with assumed changes in the strategic allocation of assets held in the Superannuation Provision Account (SPA). However, in all years this adjustment, together with interest and dividend revenues, provides for expected returns on the total superannuation asset portfolio of 7.5 per cent per annum (CPI plus 5 per cent per annum (net of fees)).

The Headline Net Operating Balance has been consistently presented in this way in the ACT Government’s Budget Statements since 2006-07. The continued use of the Headline Net Operating Balance ensures that comparable, comprehensive and informed assessments can be made of the Territory’s financial performance over time.

The measure takes into account the full impact of the long term expected earnings on assets dedicated to fund and support the accruing costs associated with servicing the Government’s long term defined superannuation obligations. Superannuation expenses will be paid over the next 40 to 60 years. The objective of the Government’s superannuation investments held in the Superannuation Provision Account (SPA) is to fund these future cash payments. The inclusion of the full amount of the long term investment earnings is necessary to provide an accurate assessment of the longer term sustainability of the budget position.

Changes to Australian Accounting Standard AASB 119 *Employee Benefits*, effective from 1 July 2013, will effect how other jurisdictions calculate superannuation net interest expense; specifically the amount of the offset arising from assets held in their public sector superannuation schemes. Due to the way the ACT’s superannuation arrangements are structured, the changes to the accounting standard do not have the same effect on the Territory’s expense calculation. As a result, the Headline Net Operating Balance will generally not be directly comparable to the Net Operating Balance of other jurisdictions¹. However, it will be consistent with the previous figures.

The Government considers that the Headline Net Operating Balance provides the most relevant and meaningful information to users for making long term budget and resource allocation decisions.

Objective: To Maintain an AAA Credit Rating

The current ACT Government credit rating provided by Standard & Poor’s Rating Services is a ‘AAA’ (Triple A) long term credit rating and a ‘A-1+’ short term credit rating, in both local and foreign currencies.

The ‘AAA’ and ‘A-1+’ ratings are the highest ratings assigned by Standard & Poor’s. Standard & Poor’s assessed the outlook for the ACT’s finances as continuing to be ‘Stable’. Only Victoria and the ACT hold this outlook.

	Local Currency Long Term	Local Currency Short Term	Foreign Currency Long Term	Foreign Currency Short Term
Standard & Poor’s	AAA	A-1+	AAA	A-1+

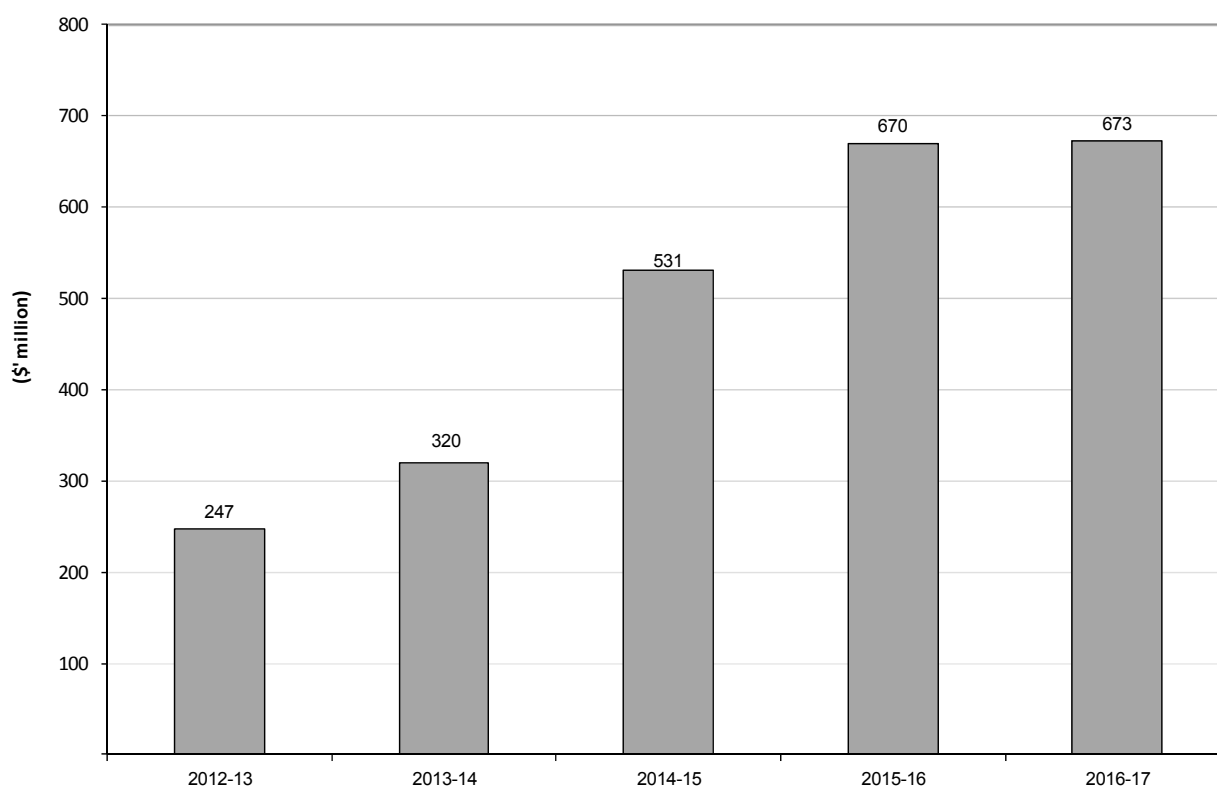
¹ The Government Fiscal Result published by the Victorian Government, which includes an adjustment for the impact of the accounting standard, will be comparable to the Headline Net Operating Balance.

Objective: Maintain Operating Cash Surpluses

The Government's objective is to maintain operating cash surpluses in the General Government Sector at all times. The operating cash balance measures all operating cash receipts each year (for example, taxes, fees and fines, and operating grants from the Commonwealth Government) less all operating cash payments (including wages and salaries, cash superannuation payments and payments for goods and services).

Figure 2.2.1 below shows that the General Government Sector Operating Cash Surplus is expected to be \$320.4 million in 2013-14, with surplus balances across the forward estimates. A revised operating cash surplus of \$247 million is estimated for 2012-13. A strong operating cash balance ensures that there is sufficient cash generated from operations to cover the net outlay of the capital investment, to repay debt, and to put aside to address unfunded superannuation liabilities.

Figure 2.2.1
Net Cash Flows from Operating Activities: General Government Sector



Objective: Maintain a Strong Balance Sheet

The ACT's Balance Sheet continues to be one of the strongest of any Australian government. The Budget continues to maintain flexibility to support high priority investments.

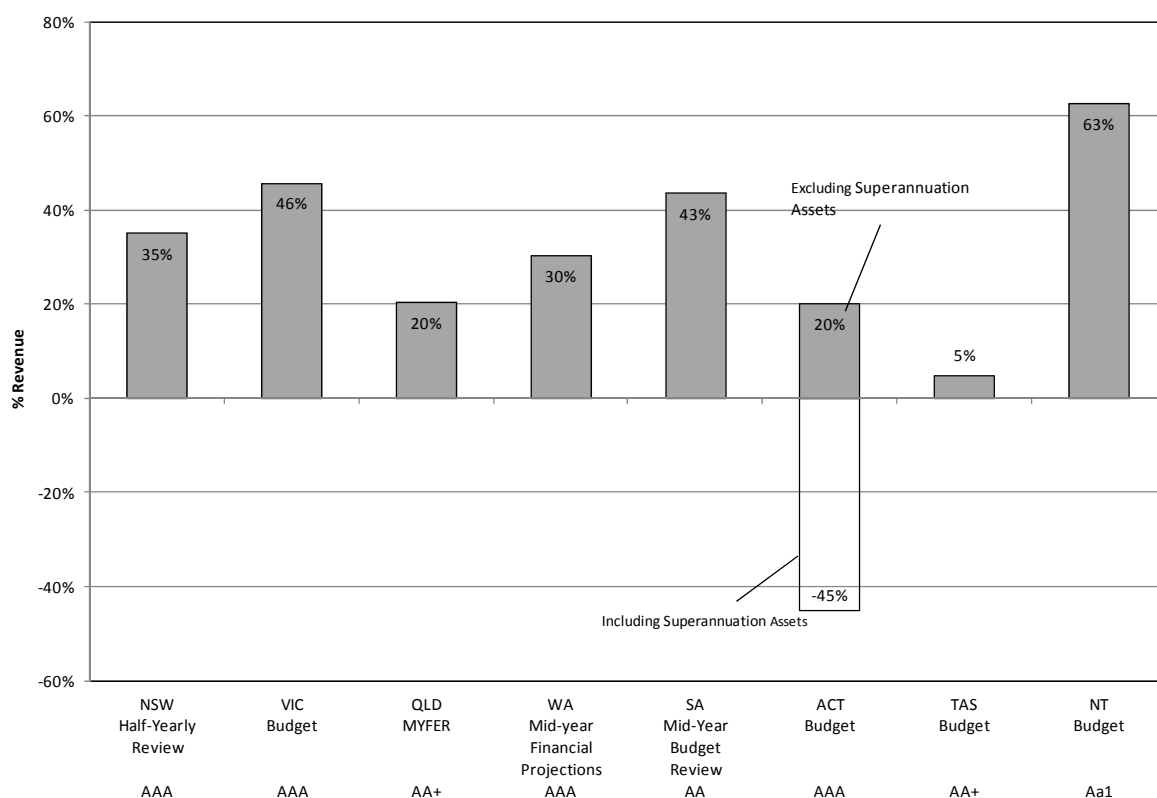
Net Debt

A key balance sheet measure in the GFS framework is the net debt to revenue ratio, which takes into account gross debt liabilities as well as financial assets (such as cash reserves and investments). The Commonwealth Government, for example, highlights net debt as the key measure of government debt.

Figure 2.2.2 below shows that the ACT is estimated to have positive General Government Sector net debt in 2013-14. This indicates that the Territory's General Government Sector cash reserves and investments are lower than gross debt liabilities.

The figures below have been sourced from other jurisdictions' Budget documentation as indicated.

Figure 2.2.2
Net Debt to Revenue Ratio General Government Sector: 2013-14



Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction's most current Budget documentation. Differing sources have been employed as not all jurisdictions have released their 2013-14 Budgets.

Net Financial Liabilities

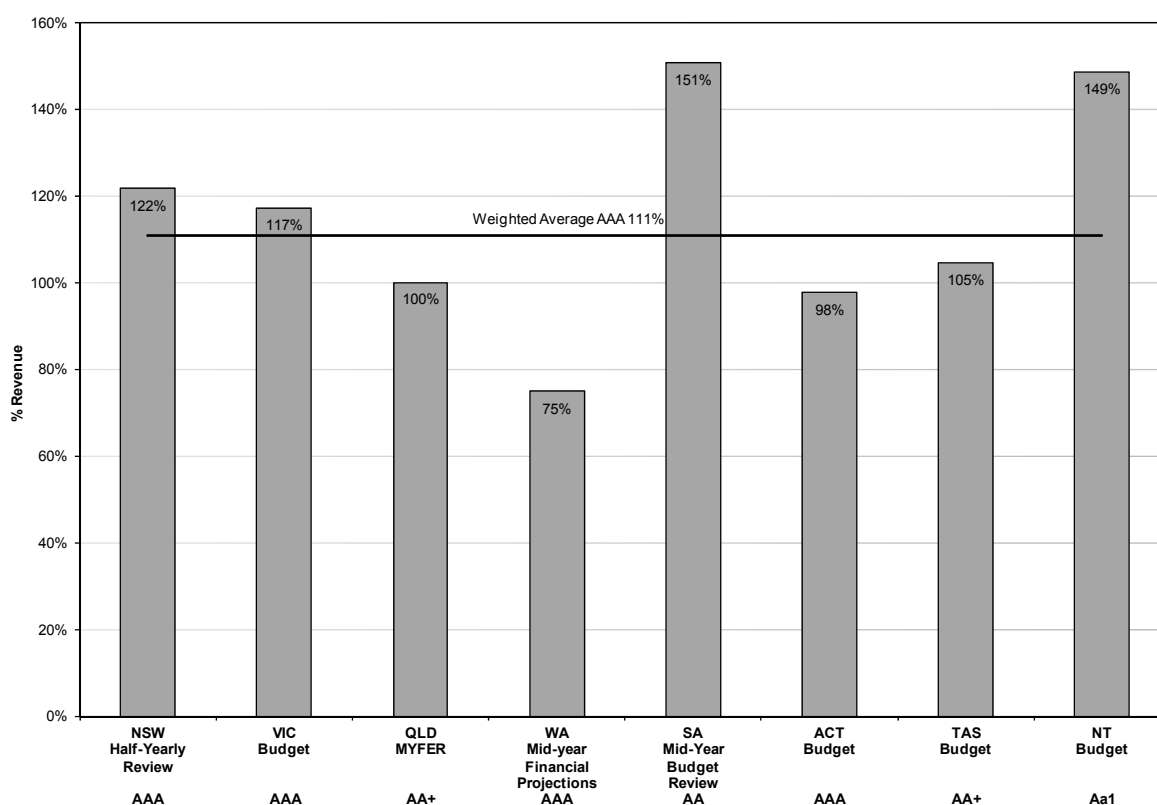
Net financial liabilities are a broad measure of General Government Sector liabilities, including net debt and superannuation liabilities. The net financial liability to revenue ratio has remained stable at 98 per cent compared to the 2012-13 Budget of 97 per cent.

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

The ratios appearing in Figure 2.2.3 for all other jurisdictions are based on each jurisdiction's most current Budget documentation.

Figure 2.2.3 below compares the ACT's net financial liabilities as a proportion of revenue with other jurisdictions. The ACT also continues to remain below the weighted average for other AAA rated jurisdictions.

Figure 2.2.3
Net Financial Liabilities to Revenue Ratio General Government Sector: 2013-14



Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction's most current Budget documentation. Differing sources have been employed as not all jurisdictions have released their 2013-14 Budgets.

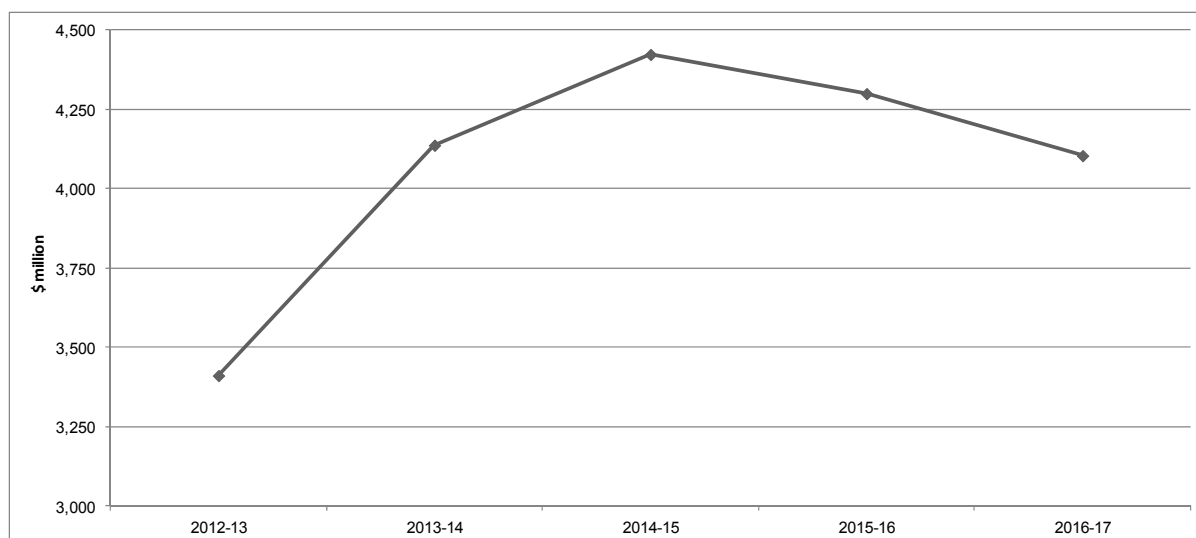
A key question for governments is whether to borrow to invest in new capital assets. It is widely recognised as appropriate for governments with strong balance sheets to incur some debt, provided the debt is used to finance high quality assets in areas of community need. This is because these assets (for example, new roads, schools and hospital facilities) provide benefits to the community over a long period of time.

It is important, however, that the level of debt is sustainable. The ratio of net financial liabilities to revenue provides an indicator of the sustainability of a jurisdiction's debt.

The Government's objective is to maintain this ratio within the range of all AAA rated jurisdictions in Australia. While this ratio is subject to volatility (in particular, net financial liabilities can fluctuate, sometimes substantially, depending on the condition of financial markets), it is desirable that it remains broadly stable over time while maintaining sustainable levels of borrowings.

The 2013-14 Budget and forward estimates anticipates additional new general government sector borrowings for capital purposes of \$192 million by 2016-17. The continued investment in infrastructure funded by debt, as required, will assist the ACT economy, consumer confidence, and enhance service delivery for ACT residents. This trend in debt is a major driver in the level of Net Financial Liabilities as displayed below at Figure 2.2.4.

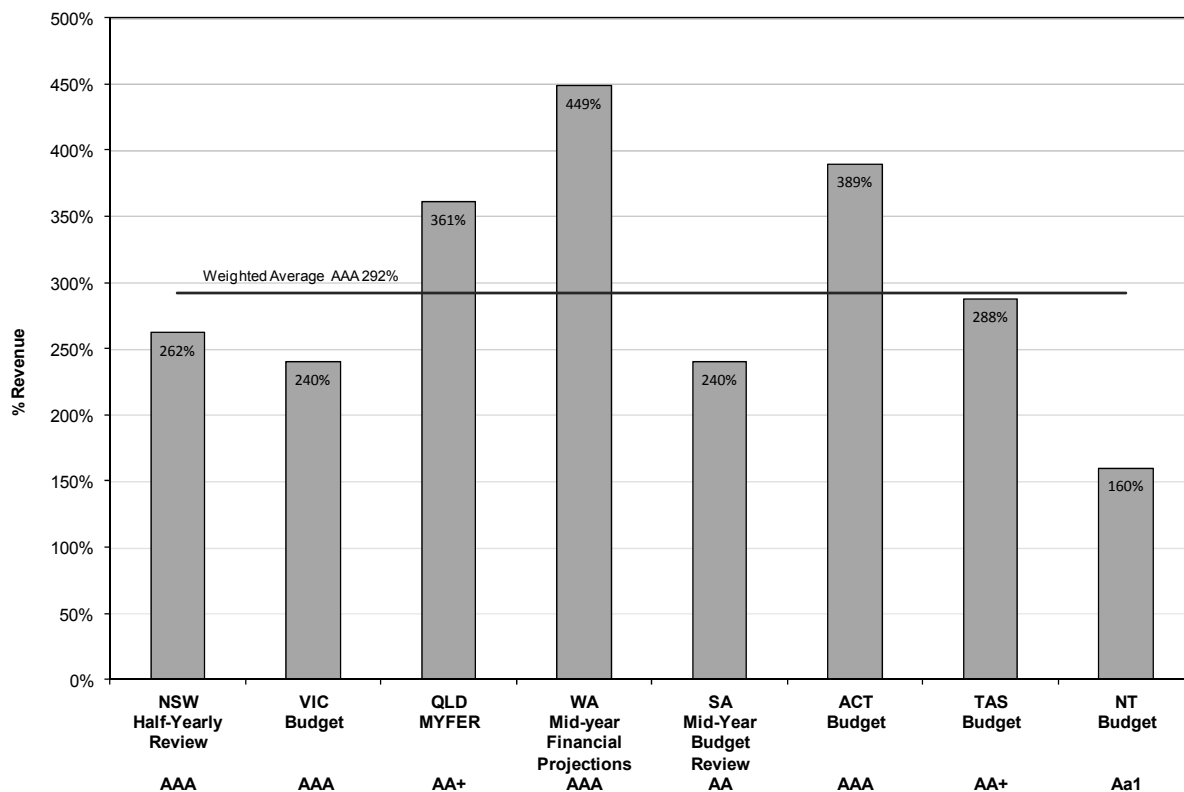
Figure 2.2.4
General Government Sector – Net Financial Liabilities



Net Worth

The broadest measure of a jurisdiction's balance sheet is net worth, which measures the total value of all assets less all liabilities. The ACT has strong positive net worth, and as a proportion of revenue, continues to be one of the strongest of all Australian jurisdictions.

Figure 2.2.4
Net Worth to Revenue Ratio General Government Sector: 2013-14



Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction's most current Budget documentation. Differing sources have been employed as not all jurisdictions have released their 2013-14 Budgets.

2.3 THE BUDGET PLAN AND SAVINGS

Budget Plan

The Budget Plan was introduced in the 2009-10 Budget in response to the impact of the global financial crisis on the Territory's finances. The objectives of the Budget Plan are to:

- adopt a measured approach to addressing the deficit;
- achieve a balanced Budget by 2015-16;
- identify annual savings over the forward estimates period that align revenue and expenditure trajectories;
- ensure that in returning to surplus government services are maintained to a high standard; and
- plan for adequate growth in expenditure to meet priority services such as health and education and to meet the needs of growing community.

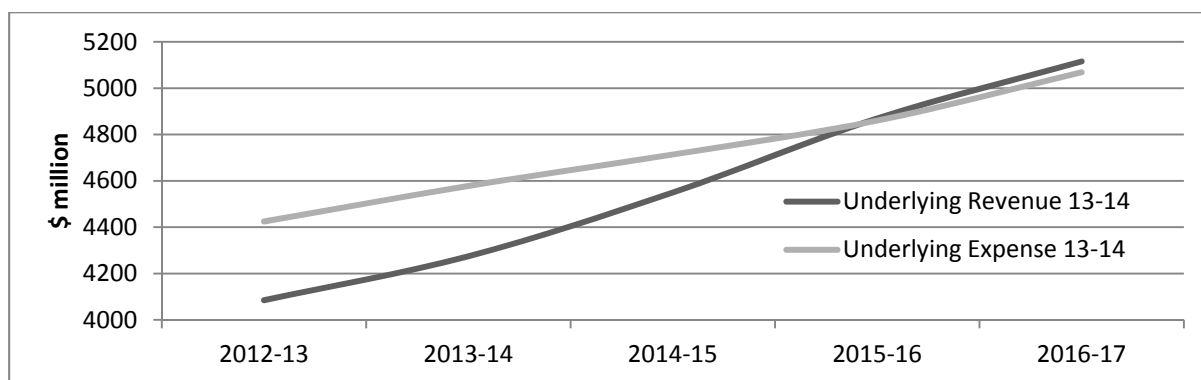
The Budget Plan accepted temporary deficits to allow the flexibility to preserve service levels and meet growth in demand. The Budget Plan adopted a long term approach of constraining expenditure below the revenue trajectory.

The 2013-14 Budget recommits to the original target of a return to surplus in 2015-16. It takes a sharper focus on restructuring the Territory's expenditure and revenue base and plan for the future challenges ahead. In the 2013-14 Budget:

- work on tax reform, commenced in the last budget, continues with further initiatives to make our system fairer, simpler and more efficient;
- includes \$142.6 million in additional savings over four years;
- net borrowings of \$192 million over the 2013-14 budget and forward estimates are supporting service delivery and key infrastructure projects;
- the focus on services is maintained. Funding for growth has been included for health and government school education at around 7 per cent and 3 per cent respectively; and
- allowance is made for the ACT's participation in the National Education Reform and the National Disability Insurance Scheme (now DisabilityCare Australia).

The revenue and expenditure trajectories of the 2013-14 Budget are shown below and are separately discussed.

Figure 2.3.1: Underlying Revenue and Expenditure – 2013-14 Budget



Aggregate underlying revenue across the budget and forward estimates grows at a compound average annual rate of 5.8 per cent, which is above the original planning parameters of 5.25 per cent.

This is also above the 2012-13 Budget's forecast annual average revenue growth rate of 4.75 per cent, which was largely attributed to expected flat revenue growth in 2012-13.

At the aggregate level, underlying revenue in the 2013-14 Budget and forward estimates remains largely consistent with the 2012-13 Budget projections. However, over the forward estimates, there are variations from the 2012-13 Budget associated with increases in Commonwealth grants, offset by reduced taxation and lower dividend revenue.

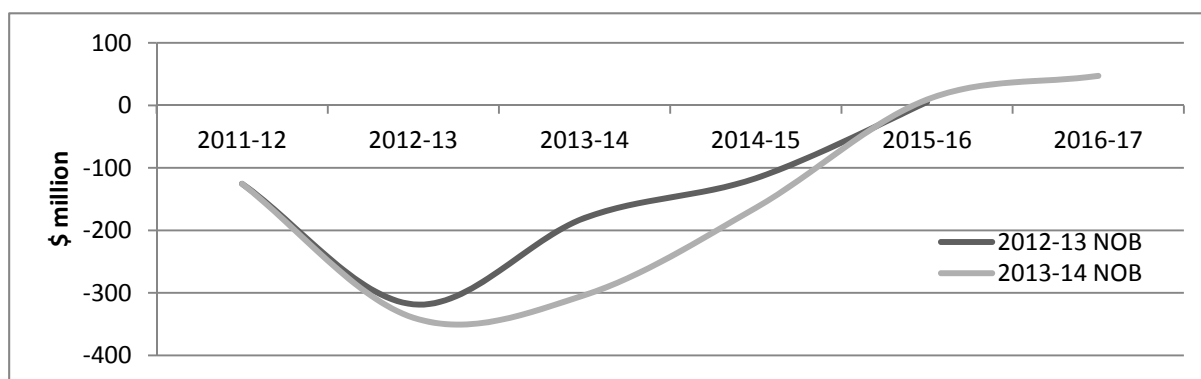
Aggregate underlying expenditure across the budget and forward estimates grows at a compound average annual rate of 3 ½ per cent, which is below the original planning parameters of 4 ½ per cent.

This is also below the 2012-13 Budget annual average growth rate of 4 per cent.

At the aggregate level, underlying expenditure in the 2013-14 Budget and forward estimates is above the 2012-13 Budget projections. The 2012-13 total estimated outcome is \$77 million above the original budget largely due to superannuation expenses resulting from the increased 30 June 2012 superannuation liability. Across the forward estimates expenditure remains higher, primarily due to increases in employee, supplies and services, grants and interest expenses.

Compared to the 2012-13 Budget, the 2013-14 Budget net operating balance has deteriorated between 2012-13 and 2014-15. This is primarily due to the growth in expenditure discussed above, with the budget returning to surplus in 2015-16.

Figure 2.3.2: Underlying Net Operating Balance – 2012-13 Budget and 2013-14 Budget



Savings

The ACT Government has continued to seek out ways to improve the efficiency of services delivered to the Territory. The 2013-14 Budget introduces a range of savings initiatives totalling \$142.6 million over four years. These initiatives focus on reducing input costs, both in staff and non-staff resources consumed, to facilitate a redirection of expenditure to higher priority areas of Government.

Table 2.3.1 shows Government savings implemented since the 2009-10 Budget.

**Table 2.3.1
2013-14 and Past Budget Savings Initiatives**

Across Government Savings	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m
<i>2009-10 Budget</i>					
Wages Policy	35	35	35	35	35
Efficiency Dividend (commencing 1 July 2010)	19	19	19	19	19
<i>2010-11 Budget</i>					
Efficiency Dividend ¹ (commencing 1 July 2011)	14	22	22	22	22
Treasurer's Advance Reduction	8	8	8	8	8
Deferral of Tree Planting	4	0	0	0	0
<i>2011-12 Budget</i>					
Savings Initiative	38	38	40	40	40
<i>2012-13 Budget</i>					
Agency Savings	25	37	46	54	54
Ceasing Initiatives	2	4	5	7	7
<i>2013-14 Budget</i>					
Ceasing Initiatives	0	1	2	2	2
General Savings including Whole of Government procurement	0	15	20	27	35
Service Reprofiting	0	6	8	12	14
Total Savings	145	185	205	226	236

Note: Savings introduced in Budget Review are included in the totals for the 2013-14 Budget

Further details in relation to the 2013-14 savings are presented in Chapter 5.3.

¹ Revised in the 2011-12 Budget

2.4 COST OF LIVING STATEMENT

In this Budget, the ACT Government sets out a plan to build a healthier and smarter city, transform Canberra through urban renewal, grow the Territory economy and improve liveability and opportunity that the city offers its citizens.

The ACT Government delivers a wide range of services and infrastructure to Canberrans: from schools and hospitals, buses and municipal services, emergency services, to sports, arts and cultural events. It delivers services to support the most vulnerable and disadvantaged in our community. The Government also delivers programs to stimulate job and business growth and promote economic investment in the ACT. These services, programs and supports boost the ACT economy and generate local jobs. The services improve the quality of living for ACT residents. The Government also provides support to ease cost of living pressures and help those who need assistance.

On average, ACT residents have the highest incomes in the country and are among the healthiest, smartest and most productive members of the Australian community. Canberrans also donate more money and volunteer more time to community activities than their counterparts across the country. The ACT's economy continues to perform strongly, with one of the country's lowest unemployment rates, one of its highest workforce participation rates and population growth well above the national average.

The Government is committed to making sure taxes, fees and charges remain affordable, that important services are available to low income households and that assistance is provided to those who need it. The Government is mindful that not all households will at all times be able to share equally in the prosperity delivered by a strong economy. The Government wants to ensure that when families and individuals find themselves in difficult situations, appropriate support programs, targeted assistance and concessions are available.

This Cost of Living Statement provides an overview of Canberra households and an outline of the services and infrastructure delivered by the ACT Government. It outlines the effect of the Government's taxes, fees and charges and the concessions that offset these taxes, fees and charges¹. It provides a snapshot of a range of representative households to highlight ACT Government taxes and charges, available concessions and where these will apply in different circumstances and different life stages.

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

ACT Households

ACT residents are on average relatively younger, have a higher level of education and higher incomes than the rest of Australia. Canberra families have an average of 1.8 children and 48 per cent of people aged 15 and over are married. At the 2011 Census, 10.7 per cent of the ACT's population was 65 years of age and over, and 25.3 per cent were 19 years of age or under.

Employment status in the ACT mirrors that of the rest of Australia – with 65 per cent working full-time and 25 per cent working part-time. The majority of households (67.3 per cent) own their own home, with or without a mortgage, while 30.6 per cent rent. The vast majority (91.8 per cent) of households own at least one motor vehicle.²

In the ACT, the median weekly family income for families with children was \$3,060 while for the rest of Australia it is \$2,310³. Furthermore, wages in the ACT have increased; the wages price index in the ACT rose by 3.4 per cent from the March quarter 2012 to the March quarter 2013, compared to a lower increase of 3.2 per cent nationally. Since June 2012, the Reserve Bank of Australia has decreased the cash rate four times, from 3.75 per cent to 2.75 per cent. Lowering the cash rate reduces pressure on mortgage holders and helps to improve housing affordability.

ACT Government

Public services

Canberrans expect and experience a high standard of public services. That is why the ACT Government continues to provide high quality public services across the Territory. The provision of these public services shields households from some cost of living pressures. For example, households with school age children in public education receive its benefit at nil cost. On a national basis, ABS data indicates health care costs are rising by 10.05 per cent per annum⁴ hence households are significantly shielded from this increasing cost of health care.

The table and chart below show where and to what age group ACT Government services and infrastructure are delivered.

² 2011 Census Australian Capital Territory STE. QuickStats.

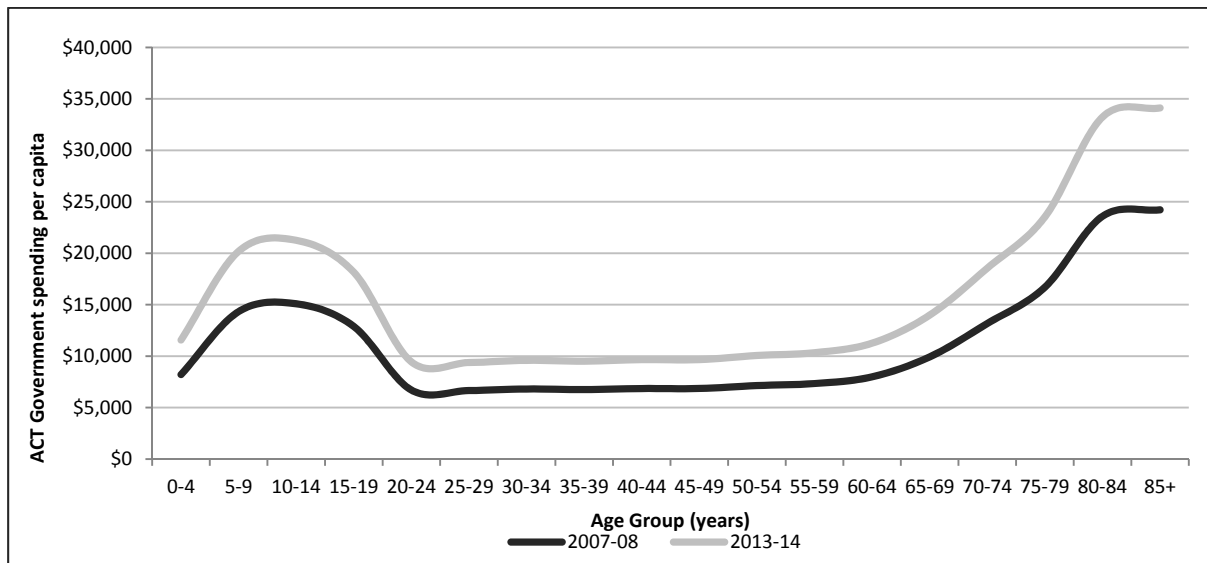
³ 2011 Census Australian Capital Territory STE. QuickStats.

⁴ CAGR for Health Costs since 2000-01 – Australian Bureau of Statistics Cat. No. 5512.0 General Government Expenditure by Purpose

**Table 2.4.1
What Your Money Delivers**

Total government expenditure on services: \$4,578 million in 2013-14	
Health and Community Care	\$1,300.0 m
Government schooling	\$657.0 m
Territory and Municipal Services	\$444.5 m
Disability and Community Services	\$283.5 m
Non-government schooling	\$225.9 m
Justice and Community Safety	\$205.7 m
Housing	\$156.7 m
Policing	\$152.3 m
Planning and Regulation	\$149.3 m
Environment, Sustainability and Land Management	\$147.8m
Vocational Education and Training (VET)	\$144.8 m
Public Transport	\$136.7 m
Emergency Services	\$122.7 m
Government Operations	\$111.2m
Sport and Recreation	\$46.2 m
Tourism Venues and Events	\$41.3 m
Arts, Culture and Heritage	\$28.2 m
Land and Property Services	\$27.1 m
Business and Industry Development	\$10.6 m

**Chart 2.4.1
ACT Government Spending Per Capita by Age Group**



Source: Chief Minister and Treasury Directorate

ACT Government Taxes and Fees

The ACT Government collects revenue directly via taxes and fees. The revenue is used to support the provision of high quality services and infrastructure to the community as detailed throughout the Budget papers. About 31 per cent of ACT Government revenue is derived from own-source taxation. Another 43 per cent is provided by the Commonwealth Government, as outlined in Chapter 4, Federal Financial Relations. The remainder is provided from a range of other income sources including the sales of goods and services, interest and dividend income.

The ACT Government's own-source revenue is generated mostly from annual taxes levied on businesses, households and investors. Annual taxes levied on businesses include commercial conveyance, rates, insurance duty, and payroll. Investors are subject to land tax (included in rates for the commercial sector) and, where relevant, the Lease Variation Charge. The annual taxes levied on households are on property, general and other insurance. Annual fees are charged for motor vehicles licensing and registration and public transport. Other administrative fees, charged on a one-off-basis, cover the costs of transactions and include such things as commemorative certificates and land title fees.

ACT Government taxation forms a small part of overall household costs. The most recent ABS data shows average taxation per capita in the ACT is below the national average and that ACT per capita taxation is lower than Western Australia, Victoria and New South Wales.⁵

In the 2012-13 Budget, the ACT Government announced a taxation reform package to make the Territory's taxes fairer, simpler and more efficient. The first phase of the changes, the 5 Year Reform Plan, sets out the broad direction for reform and makes some measured changes to the taxation system, which are continued in this Budget. The plan improves the overall fairness of the taxation system and sets the Territory's taxation system on a path to a more sustainable footing.

Other Taxes and Fees – Utilities

Utilities costs are outside the direct influence of the ACT Government, but they are nonetheless a significant cost of living consideration for many households, a fact recognised by the Government in the provision of a range of utility concessions. Water and sewerage service charges and electricity charges are determined by the Independent Competition and Regulatory Commission (ICRC) through an independent process. Though the ACT Government is able to and does make submissions to the ICRC during the determination process, prices are set independently of the ACT Government. Natural gas prices are not regulated in the ACT. All utility charges incorporate the costs of factors of production, the impact of various Commonwealth, state and territory energy and environmental programs, as well as taxes and charges.

A wide range of everyday living expenses are outside the direct influence of the ACT Government such as food and fuel prices. These impacts are not included in the Statement.

⁵ Taxation Revenue, Australia 2011-12, Australian Bureau of Statistics – Cat. No. 5506.0

Targeted Assistance and Concessions

Targeted assistance and concessions programs help offset cost of living pressures for some households, especially those on low incomes. These programs apply differently to households depending on their circumstances and are reviewed and adjusted on a regular basis to ensure they remain targeted and appropriate.

The ACT Government provides a number of concessions and rebates to help with housing costs. In this Budget the First Home Owner Grant is being increased from \$7,000 to \$12,500 for home buyers purchasing their first home. This can be applied to any new property with a total value of \$750,000 or less. Eligible purchasers also have access to the Home Buyer Concession Scheme, which assists persons purchasing residential land or a home by charging stamp duty at a concessional rate; for certain eligible households the stamp duty is reduced to \$20. In addition, the Home Buyer Concession Scheme has also been expanded in the 2013-14 Budget. The income eligibility criteria has been increased from \$150,000 to \$160,000. The property threshold for which a full concession is available will increase from the 25th to the 40th percentile. This will provide a full duty concession for a property valued up to \$425,000 with a partial concession available for a property valued up to \$525,000 (the 65th percentile). Alternatively, eligible purchasers can defer the duty on their property through the Deferred Duty Scheme.

The ACT Government also assists low income households in the rental market through the provision of affordable housing programs. This is in addition to the provision of public housing for people who have difficulty obtaining housing in the private rental market and/or have special needs. The total rent rebate provided by Government for public housing concessions (the gap between the market rent of the portfolio versus the amount collected in rebated rents from tenants) was in the order of \$133 million in 2012-13. This made a significant difference to people on low incomes, easing their cost of living pressures.

The 2012 Targeted Assistance Strategy (the Strategy) was aimed at those people and families who sit just above the concessions safety net and are not receiving government income support but are at risk of 'financial shock'. These families are more likely to experience financial stress but less likely to seek assistance from community or welfare organisations. The focus of the Strategy was on how to ease household pressures and reduce the shock of a big bill hitting the family budget. The Strategy provides a total of 34 short, medium and long term recommendations on how Government, business and community groups can better target assistance to Canberrans in need. The ACT Government continues to work across all its Directorates to advance the recommendations.

One outcome of the the Strategy was to establish the ACT Government Assistance website www.assistance.act.gov.au. Launched in April 2013, the website provides a single portal for government and community assistance. It has been promoted by Government and its community sector partners and has received positive feedback from the community as well as over 76,000 visits in its first year. Other initiatives have included targeted energy efficiency schemes; building financial capacity through the flexible payment of fees and fines and better access to public dental schemes.

Eligibility for concessions is based on incomes and asset tests, determined by the Commonwealth. Persons eligible for concessions are generally holders of Commonwealth Health or Pensioner cards. There are also a number of age related concessions through the Seniors Card which qualify a holder for public transport and motor vehicle registration concessions. Concessions are predominantly targeted to low income earners, i.e. young people, people with a disability, concession card holders and seniors.

Assistance to Households through Concessions

In 2013-14, the ACT Government will provide a significant range of concessions to households, most notably in the areas of General Rates, the Fire and Emergency Services Levy, driver licence and motor vehicle registration fees, public transport fares and utility charges. Concessions are also available for some eligible individuals for spectacles, the energy costs of life support equipment, the Taxi Subsidy Scheme, energy and water efficiency programs and EWaste. Information on available concessions can be found on the ACT Government's Assistance website and/or by phoning Canberra Connect.

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

Cost of Living Statement

Under Section 11(1)(f) of the *Financial Management Act 1996*, the Territory is required to provide a statement about the effect of Territory taxes and fees on households and the concessions that offset these taxes and fees.

The Government is mindful that in calculating the impact of taxes, fees and charges on a representative household, it is not possible to capture the full range of household types, financial circumstances, or specific usage patterns of government service. A number of household scenarios are presented as a basis for highlighting the differential impact for different household types and different circumstances.

ACT Household Scenarios

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

When comparing these tables to the 2012-13 Cost of Living Statement, please note parking costs have been included in the 2013-14 Cost of Living Statement. Water and sewerage are presented with a range of prices because the ICRC will not issue its final pricing determination for 2013-14 until 12 June 2013. Also note that the Commonwealth Government *Clean Energy Household Assistance Package* helps low and middle income households manage the impact of the carbon price on their costs of living and utility charges. See Table Notes for the full breakdown of figures represented in the tables.

Household One

Shashi and Ravi are a single income family renting in Monash. They have a household income of \$65,000 a year and access to Centrelink Health Care Cards. Their daughter, Aanya, has a disability and the family currently receive support through Disability ACT, their local school and other community organisations. As a result of initiatives funded in this Budget they will be able to apply for a number of grants under the Enhanced Service Offer as part of the ACT transition to DisabilityCare. The grants are available for:

- up to \$12,000 to purchase flexible supports and services through to December 2014;
- up to \$10,000 for aids, equipment and minor modifications; and
- up to \$5,000 for items, activities and supports which may enhance their quality of life.

Table 2.4.2 shows the costs of taxes, fees and charges net of concessions and the percentage change from 2012-13 to 2013-14 for Shashi, Ravi and their family.

Table 2.4.2
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2013-14 on Household One

Government Taxes and Fees, and Utility Charges	Net of Concessions	Gross	Concessions	Net of Concessions	Change	Savings
	2012-13	2013-14	2013-14	2013-14		2013-14
	\$	\$	\$	\$	%	\$
Property						
Savings: Reduction in duty on contents insurance						-13.64
Transport						
Fees: Driver licence fee, vehicle registration, road safety fees and CTP insurance and ACTION fares	1,143.56	2,222.40		1,249.00	9.22	
Concessions: Drivers license, registration, ACTION fares			-973.40			
Savings: Reduction in duty on car insurance						-28.00
Utilities						
Fees: Electricity, gas, water and sewerage	3,581.48	4,001.60		3,595.45	0.39	
		4,163.60		3,757.45	2.53	
Concessions: Energy, utility, water and sewerage			-406.15			
Other Concessions Potentially Available through DisabilityCare						
Flexible supports and services through to December 2014			12,000.00			
Aids, equipment and minor modifications			10,000.00			
Items, activities and supports which may enhance their quality of life.			5,000.00			

Source: Chief Minister and Treasury Directorate

Other concessions available to Shashi and Ravi include:

- being a priority household for the purposes of the Energy Efficiency Improvement Scheme to help manage utility costs;
- Special Needs Transport to and from school for Aanya;
- free ambulance travel;
- a range of free dental health services are available for all family members;
- the No Interest Loan Scheme to purchase essential household items; and
- access to the Land Rent Scheme, if the family decides to enter the property market.

Household Two

Sam and Cameron are currently renting in Gungahlin and will buy their first house in Franklin in 2013-14. They will buy a townhouse for \$410,000. Their household income is \$120,000.

As a result of initiatives announced in this Budget, Sam and Cameron will have access to the First Home Owner Grant which has increased in 2013-14 from \$7,000 to \$12,500 for the purchase of a new home. They will also be eligible for the Home Buyer Concession Scheme (HBCS) which will allow them to reduce conveyance duty on their home purchase from \$13,050 to \$20.

Sam works full time and Cameron studies and works part-time. Sam catches the Red Rapid bus service to work, to save on parking costs. Cameron cycles to work in Dickson and university most days. They will use the Franklin Community Recreation Irrigated Park, funding for which is included in this Budget.

Table 2.4.3 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2012-13 to 2013-14 for Sam and Cameron for their new home.

Table 2.4.3
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2013-14 on Household Two

Government Taxes and Fees, and Utility Charges	Net of Concessions	Gross	Concessions	Net of Concessions	Change	Savings
	2012-13	2013-14	2013-14	2013-14		
	\$	\$	\$	\$	%	\$
Property						
Fees: <i>General rates, Fire and Emergency Services Levy</i>	1,089.28	1,189.13		1,189.13	9.17	
Savings:						
<i>Duty from home and contents and life insurance</i>						-46.00
<i>First Home Owners Grant</i>						-12,500.00
<i>Home Buyer Concessions Scheme</i>						-13,030.00
Transport						
Fees: <i>Driver licence fee, vehicle registration, road safety fees and CTP insurance and ACTION fares</i>	902.60	966.88		966.88	7.12	
Savings: <i>Rewards for Safe Driving and reduction in duty on car insurance</i>						-38.78
Utilities						
Fees: <i>Electricity, gas, water and sewerage</i>						
<i>from</i>	4,656.78	4,557.84		4,557.84	-2.12	
<i>to</i>		4,886.22		4,886.22	4.93	

Source: Chief Minister and Treasury Directorate

Household Three

Arthur and Jessie live in their own home in Waramanga and both receive a full pension. Arthur has had an ACTION Gold Concession Card for two years, since he turned 75 and this year Jessie, 72, will have hers as a result of the initiative funded in this Budget which reduces the eligible age to 70. Jessie catches the bus to Woden most weekdays to volunteer and twice a week they drive to local community-run Seniors Groups.

Table 2.4.4 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2012-13 to 2013-14 for Arthur and Jessie.

Table 2.4.4
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2013-14 on Household Three

Government Taxes and Fees, and Utility Charges	Net of Concessions	Gross	Concessions	Net of Concessions	Change	Savings
	2012-13	2013-14	2013-14	2013-14		2013-14
	\$	\$	\$	\$	%	\$
Property						
Fees: <i>General rates, Fire and Emergency Services Levy</i>	947.40	1,749.00		1,067.50	12.68	
Concessions: <i>Rates, Fire and Emergency Services Levy</i>			-681.50			
Savings: <i>Home and contents insurance savings, life insurance</i>						-60.00
Transport						
Fees: <i>Driver licence fee, vehicle registration, road safety fees, CTP insurance and ACTION fares</i>	802.60	1,953.60		598.20	-25.47	
Concessions: <i>Drivers license, registration, and ACTION fares</i>			-1355.40			
Savings: <i>Reduction in duty on car insurance</i>						-28.00
Utilities						
Fees: <i>Electricity, gas, water and sewerage</i>						
<i>from</i>	3,185.98	3,935.21		3,151.06	-1.10	
<i>to</i>		4,231.05		3,333.90	4.64	
Concessions: <i>Energy, utility, water and sewerage</i>						
<i>from</i>			-784.15			
<i>to</i>			-897.15			
Other Concessions Potentially Available						
Spectacles			22.00			
Dog owner licenses			29.90			
Life support energy			121.87			

Source: Chief Minister and Treasury Directorate

Other concessions available to Arthur and Jessie include:

- being a priority household for the purposes of the Energy Efficiency Improvement Scheme to help manage utility costs;
- if one or both of the couple have a disability that prevents them, for a minimum period of six months, from using public transport, they would be entitled to access the Taxi Subsidy Scheme. The scheme provides a 50 per cent to 75 per cent subsidy towards the cost of taxi transport. This is up to \$22.50 or \$34.50 per trip, depending on whether they can use a standard taxi or not, or a maximum of \$2,835 or \$4,347 respectively per year;
- as Arthur and Jessie age, if one of them find themselves needing to use electrically operated life support equipment at home (such as a dialysis machine or respirator, as prescribed by an ACT medical practitioner), they would be entitled to a Life Support Rebate of \$121.87 per annum on their electricity account. If the equipment depended on a fresh supply of water, they may also be entitled to a reduction in water usage charges; and
- an exemption from the normal \$831 Emergency Ambulance Service fee, if they use an ambulance to travel to hospital in an emergency.

Household Four

Ainslie and Brook live in Kaleen. They have an annual household income of \$156,000, own their own home (valued at \$555,000) and both work full time. They have two children: Morgan in primary school and Katie in high school. They share school drop offs for Morgan and Katie catches the bus to school. Most days one of them catches the bus to work and the other drives their family sedan. They have building and contents insurance for their home and life insurance.

Both children belong to local sports clubs and play sport at ovals around the city. The whole family regularly use their local library. As a result of initiatives included in this Budget the family will be able to use the Belconnen Community Health Centre and the Walk-In Centre.

Table 2.4.5 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2012-13 to 2013-14 for Ainslie, Brook and their family.

Table 2.4.5
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2013-14 on Household Four

Government Taxes and Fees, and Utility Charges	Net of Concessions	Gross	Concessions	Net of Concessions	Change	Savings
	2012-13	2013-14	2013-14	2013-14		
	\$	\$	\$	\$	%	\$
Property						
Fees: <i>General rates, Fire and Emergency Services Levy</i>	1,508.80	1,660.00		1,660.00	10.02	
Savings: <i>Reduction in duty on home and contents and life insurance</i>						-66.00
Transport						
Fees: <i>Driver licence fee, vehicle registration, road safety fees and CTP insurance and ACTION fares</i>	4,122.22	4,600.61		4,600.61	11.61	
Savings: <i>Rewards for Safe Driving and reduction in duty on car insurance</i>						-38.78
Utilities						
Fees: <i>Electricity, gas, water and sewerage</i>						
	<i>from</i>	5,252.14	5,160.04	5,160.04	-1.75	
	<i>to</i>		5,512.72	5,512.72	4.96	

Source: Chief Minister and Treasury Directorate

Household Five

Francis lives in social housing in Narrabundah and is on full Centrelink benefits. She uses the local bus at a full concessional rate and participates in a range of community programs to improve her skills. She recently took out a No Interest Loan to replace her washing machine and in 2013-14 will apply for a micro-credit loan under the micro-credit initiative announced in this Budget. This will provide Francis some capital to start her own cleaning business as well as provide her with business skills and mentoring to give her business the best chance of success.

Table 2.4.6 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2012-13 to 2013-14 for Francis.

Table 2.4.6
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2013-14 on Household Five

Government Taxes and Fees, and Utility Charges	Net of	Gross	Concessions	Net of	Change	Savings
	Concessions			Concessions		
	2012-13	2013-14	2013-14	2013-14	2013-14	2013-14
	\$	\$	\$	\$	%	\$
Transport						
Fees: <i>ACTION fares</i>	258.00	1,020.00		280.80	8.84	
Concessions: <i>ACTION</i>			-739.20			
Utilities						
Fees: <i>Energy and gas</i>	1,580.23	2,026.10		1,619.95	2.51	
Concessions: <i>Energy and utility</i>			-406.15			

Source: Chief Minister and Treasury Directorate

Other concessions available to Francis include:

- the Supportive Tenancy Service which provides support to people in housing stress, or who may have an 'at risk' tenancy regardless of the reason.

TABLE NOTES

ACT Household Scenarios

General

Costs for 2012-13 are as per the 2012-13 Budget Cost of Living Statement unless otherwise indicated. Costs for 2013-14 may include changes that occurred during 2012-13 that were not forecast at the time of the 2012-13 Budget.

Transport

Where CTP premiums apply – CTP premiums increased from 1 September 2012. The CTP Regulator Levy, included in the CTP premium (at \$0.50) in 2012-13, came into effect as a separate levy (\$1.00) on 1 May 2013.

For drivers licence fees, the cost of a five year drivers licence is divided proportionally for each year. For 2013-14, drivers are assumed to receive the 20 per cent Rewards for Safe Driving discount.

Parking costs have been included in the 2013-14 Cost of Living Statement (they were not included in the 2012-13 Budget).

Utilities

Consumption

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

Note: ACT average residential consumption: electricity (8,200 kWh); natural gas (47.42 GJ); and water (180 kL). Sources: ICRC and National Water Commission. The average number of persons per household in the ACT is 2.6. Source: Australian Bureau of Statistics, 2011 Census QuickStats: Australian Capital Territory.

Pricing

An increase in electricity price for 2013-14 is based on the estimated increase in the Consumer Price Index for 2013-14 in lieu of the Independent Competition and Regulatory Commission's (ICRC) regulated retail electricity price reset for 2013-14. An increase in natural gas price for 2013-14 is based on the New South Wales Independent Pricing and Regulatory Tribunal draft increase in the regulated retail price for gas supplied by ActewAGL for 2013-14.

Water and sewerage – the ICRC's final price determination for water and sewerage services for 2013-14 is due by 12 June 2013. A range of costs is presented for water and sewerage charges in 2013-14. These reflect the possible upper and lower prices, respectively, the prices contained in ACTEW Corporation's submission to the ICRC of April 2013 and the ICRC's draft price direction for water and sewerage services of February 2013.

Revisions for 2012-13 Figures

Electricity – figures are rebased for consumption (as above) and price. Natural gas – figures are rebased for consumption (as above) and price (including GST).

Water – figures are rebased for consumption (as above).

Electricity pricing for the 2012-13 is based on the *Always Home@ActewAGL Plan*.

Natural gas – pricing for 2012-13 is based on the *Always Home@ActewAGL Plan*. Water and sewerage prices are based on ACTEW ACT residential prices for 2012-13.

Household One (Table 2.4.2)

Property

For 2013-14, savings comprise a reduction in duty on insurance (\$13.64).

Assumptions

Insurance premiums are \$341.03 for contents insurance.

Transport

For 2013-14, transport fees net of concession comprise: vehicle registration (\$10); Road Rescue Fee (\$16.00); Road Safety Contribution (\$2.00); CTP insurance (\$579.20); CTP Regulator Levy (\$1.00); and the Adult 5 Days a Week ACTION fare (\$640.80).

For 2013-14, savings comprise the impact of reducing the duty on car insurance (\$28.00).

For 2013-14, concessions comprise: driver licence (\$31.40); and vehicle registration (\$294.00); and ACTION's concession fare (\$648.00).

Assumptions

Fees are calculated based on one driver and one car with a vehicle tare weight of 1,155kg to 1,504kg.

Health Card Concession card holders receive one year licences at no charge and a car registration surcharge of \$10.00.

Insurance premiums for 2013-14 are \$700 for comprehensive car insurance.

The Centrelink Healthcare Card provides access to ACTION's concession fare. Shashi travels twice a day at peak time 5 days a week and reaches the monthly travelling cap of 36 (for the 2012 Calendar year) and 40 (for the 2013 Calendar year).

Utilities

For 2013-14, utility charges net of concessions comprise: electricity (\$1,593.61); natural gas (\$1,597.84); water (\$404.00 to \$566.00).

For 2013-14, applicable concessions include: energy and utility concessions (\$406.15). Note, energy and utility concessions are netted from electricity only.

Assumptions

Consumption per year: electricity (8,700 kWh); natural gas (51 GJ); and water (200 kL). Water consumption used is consistent with the 'typical customer' used by the ICRC in its ICRC's draft price direction for water and sewerage services of February 2013.

Supply charges for water and sewerage are assumed to be paid by the lessor as per the Residential Tenancies Act 1997. No concession is provided for water, as Shashi and Ravi are not eligible and the water rebate applies to supply charges only.

Household Two (Table 2.4.3)

Property

For 2013-14, property fees comprise: general rates (\$1,069.13); and Fire and Emergency Services Levy (\$120.00).

For 2013-14, property savings include: the impact of reducing the duty on insurance (\$46.00); First Home Owners Grant (\$12,500) and Home Buyer Concession Scheme (\$13,030).

Assumptions

A townhouse with a AUV of \$180,000 in Franklin.

Insurance premiums for 2013-14 are: \$1,500 for home and contents insurance; and \$300 for life insurance.

Transport

For 2013-14, transport fees comprise: driver licence fees (\$53.90); vehicle registration (\$304.00); Road Rescue Fee (\$16.00); Road Safety Contribution (\$2.00); CTP Insurance (\$579.20); and CTP Regulator Levy (\$1.00).

For 2013-14, transport savings comprise the impact of reducing the duty on car insurance (\$28.00).

Assumptions

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155kg to 1,504kg.

Insurance premiums for 2013-14 are \$700 for comprehensive car insurance.

Utilities

For 2013-14, utility charges comprise: electricity (\$1,697.76); natural gas (\$1,358.25); water (\$423.20 to \$568.98); and sewerage (\$456.24 to \$606.44).

Assumptions

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

Concessions

None.

Household Three (Table 2.4.4)

Property

For 2013-14 property fees net of concessions comprise: general rates (\$1,007.50); and Fire and Emergency Services Levy (\$60.00).

For the 2013-14 property savings comprise: reduced duty on home and contents insurance (\$60.00).

Assumptions

Median rates in Waramanga.

In 2013-14, insurance premiums are \$1,500 for home and contents insurance.

Transport

For 2013-14, transport fees net of concessions comprise: driver licence fees (\$0.00); vehicle registration (\$0.00); Road Rescue Fee (\$16.00); Road Safety Contribution (\$2.00); CTP Insurance (\$579.20); and CTP Regulator Levy (\$1.00).

For 2013-14, transport savings comprise the impact of reducing the duty on car insurance (\$28.00).

For 2013-14, concessions comprise: drivers license (\$31.40); vehicle registration (\$304.00); and ACTION (\$1,020.00).

Assumptions

Fees are calculated based on one driver and one car with a vehicle tare weight of 1,155kg to 1,504kg.

Insurance premiums for 2013-14 are \$700 for comprehensive car insurance.

For 2012-13, Jessie accesses the off-peak single trip 5 days a week and reached the monthly travelling cap of 36 (for the 2012 Calendar year) and 40 (for the 2013 Calendar year).

Utilities

For 2013-14, utility charges net of concessions comprise: electricity (\$1,291.61); natural gas (\$1,358.25); water (\$355.20 to \$489.98); and sewerage (\$146.00 to \$194.06).

For 2013-14, applicable concessions include: energy and utility concessions (\$406.15); water rebate (\$68.00 to \$79.00); and sewerage rebate (\$310.24 to \$412.38). Note, energy and utility concessions are netted from electricity only.

Assumptions

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

Household Four (Table 2.4.5)

Property

For 2013-14, property fees comprise: general rates (\$1,540.00); and Fire and Emergency Services Levy (\$120.00).

For 2013-14, property savings include the impact of reducing the duty on insurance (\$66).

Assumptions

Median rates for Kaleen.

Insurance premiums for 2013-14 are: \$1,500 for home and contents insurance; and \$300 for life insurance.

Transport

For 2013-14 transport fees comprise: driver licence fees (\$53.90), vehicle registration (\$304.00), Road Rescue Fee (\$16.00), Road Safety Contribution (\$2.00), CTP Insurance (\$579.20), CTP Regulator Levy (\$1.00), School Student ACTION fare (\$264.93), Adult ACTION fare (\$1,288.80) and Parking (\$2,080.00).

For 2013-14, transport savings comprise the impact of reducing the duty on insurance (\$28).

Assumptions

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155kg to 1,504kg.

Insurance premiums for 2013-14 are \$700 for comprehensive car insurance.

A 30 ride paid cap for students is reached taking rides to and from school.

ACTION fare is \$2.65 with MyWay Card capped at 40 paid trips per month. The 2012-13 figure has been amended to take the increase in the cap from 36 to 40 into account.

Parking costs have been included in the 2013-14 Cost of Living Statement (they were not included in the 2012-13 Budget). A 12 month parking voucher is purchased for Zone B City Centre parking.

Utilities

For 2013-14, utility charges comprise: electricity (\$2,301.75); natural gas (\$1,837.44); water (\$564.60 to \$767.08); and sewerage (\$456.24 to \$606.44).

Assumptions

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

Concessions

None.

Household Five (Table 2.4.6)

Transport

For 2013-14, transport fees net of concessions comprises the Adult 5 Days a Week ACTION fare (\$280.80). Concessions comprise ACTION's concession fare (\$739.20).

Assumptions

The Centrelink Card provides access to ACTION's concession fare. Francis is assumed to travel off peak time 5 days a week twice a day and reaches the monthly travelling cap of 36 (for the 2012 Calendar year) and 40 (for the 2013 Calendar year).

Utility Charges

For 2013-14, utility charges net of concessions comprise: electricity (\$741.43); and natural gas (\$878.52).

For 2013-14, applicable concessions include: energy and utility concessions (\$406.15). Note, energy and utility concessions are netted from electricity only.

Assumptions

Consumption per year: electricity (5,700 kWh); natural gas (33 GJ); and water (125 kL). Water and sewerage charges are paid by Housing ACT. Otherwise they are valued at: water (\$352.50 to \$469.93); and sewerage (\$456.24 to \$606.44).

CHAPTER 3

REVENUE

Chapter		Page
3.1	Revenue and Forward Estimates	61
3.2	Revenue Initiatives	85
3.3	Taxation Reform	95

3.1 REVENUE AND FORWARD ESTIMATES

Total ACT General Government Sector (GGS) revenue is estimated to be \$4.0 billion in 2012-13 compared with an original 2012-13 Budget estimate of \$3.952 billion and a 2012-13 Budget Review estimate of \$4.060 billion.

The decrease of \$59.7 million in expected revenue for 2012-13 compared to the 2012-13 Budget Review, is driven by lower than expected conveyance revenue due to a continued softening of the property market, lower than expected sales of goods and services as a result of a change in the flow of funding from NSW for cross border health costs, and lower dividends and income tax equivalents from the Public Trading Enterprises. This is partially offset by higher than expected grants from the Commonwealth.

Total revenue is expected to increase in 2013-14 by \$237 million or 5.9 per cent to \$4.237 billion. This largely reflects growth in Commonwealth grants of 8 per cent and growth in own-source taxation revenue of 5 per cent.

The majority of General Government Sector (GGS) revenue in 2013-14 is from grants from the Commonwealth Government (43 per cent) and own source taxation (31 per cent).

The 2013-14 Budget includes the Government's decision to accelerate abolition of conveyance duty fees under the Government's Tax Reform program. A new threshold will be introduced and take effect from 5 June 2013, which will accelerate the abolition of this inefficient tax. Revenue lost through this reform will be replaced through the General Rates system.

While conveyance revenue has fallen significantly compared with the estimates contained in the 2012-13 Budget, the Government will not seek to recover this loss in revenue which has arisen because of lower activity in the property market. Increases in general rates will only seek to recover impacts from the Tax Reform program.

Aggregate underlying revenue across the budget and forward estimates grows at a compound average annual rate of 5.8 per cent, which is above the original planning parameters of 5.25 per cent.

2013-14 Budget and Forward Estimates Revenues

Figure 3.1.1 provides an overview of the sources of ACT Government revenue.

Figure 3.1.1
Components of 2013-14 General Government Revenue

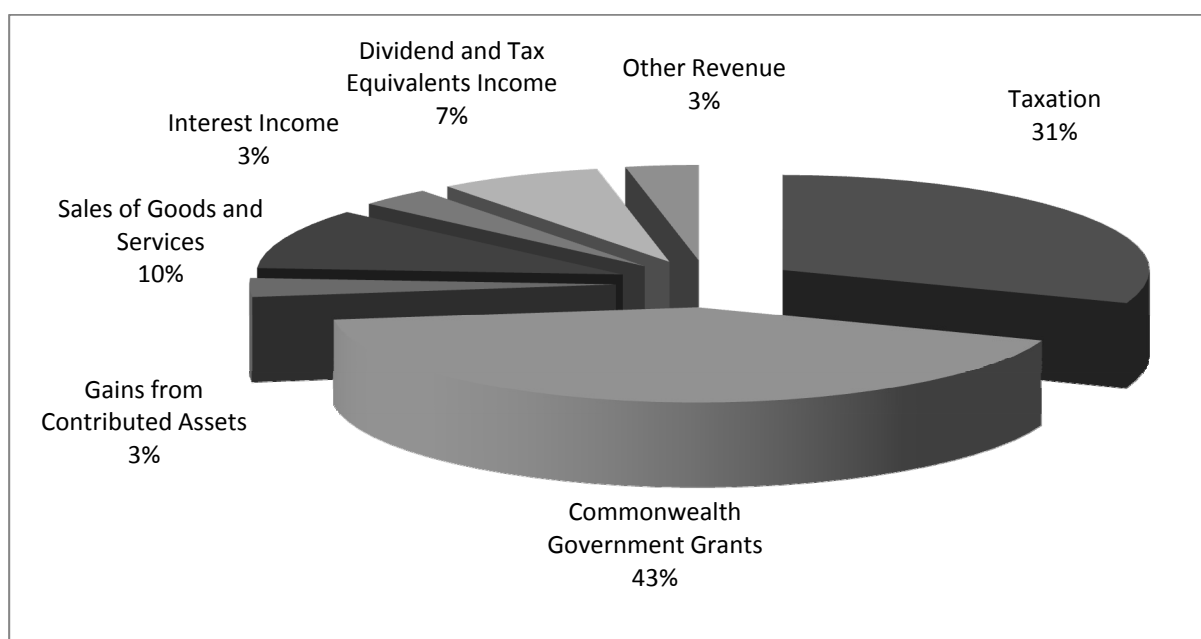


Table 3.1.2 provides a summary of 2012-13 estimated general government revenue, the 2013-14 Budget forecast and forward estimates by revenue source.

Table 3.1.2
General Government Revenue

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Revenue						
1,277,992	Taxation	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331
1,568,718	Commonwealth Grants	1,653,501	1,793,539	8	1,931,427	1,990,390	2,110,687
91,681	Gains from Contributed Assets	108,243	135,538	25	126,681	115,652	115,663
472,932	Sales of Goods and Services	419,138	437,792	4	461,237	475,235	488,386
142,775	Interest Income	143,708	135,658	-6	146,001	151,303	155,033
282,858	Dividend and Tax Equivalents Income	321,045	304,637	-5	337,645	450,725	436,508
114,765	Other Revenue	117,812	131,421	12	132,720	134,476	136,185
3,951,721	Total Revenue	3,999,853	4,237,273	6	4,519,556	4,788,348	5,006,793

As can be seen from this table, the majority of GGS revenue is from grants from the Commonwealth Government (43 per cent) and own source taxation (31 per cent).

The ACT has a number of revenue raising disadvantages in comparison with other jurisdictions, where a significant proportion of the Territory's economic activity is generated by Commonwealth Government expenditure within the Territory. Commonwealth employment, which drives much of the Territory's expenditure, is exempt from payroll tax.

The Territory has a moderate private employment base in the education, small scale manufacturing sectors and wholesale trade. Employment in agricultural and mining industries, important contributors to the diversity and growth in other jurisdictions' payroll tax bases, is small in the ACT.

While the ACT is compensated for these limitations through the Commonwealth Grants Commission's assessment, it nevertheless has comparatively less capacity and flexibility to raise own source revenue than other jurisdictions.

The Territory's revenue forecasts are based on the continuation of the Government's Tax Reform program which commenced in 2012-13 and will see the replacement of conveyance duty with general rates revenue over a 20 year period. In the 2013-14 Budget, the Government reaffirms the conveyance rate cuts announced in the 2012-13 Budget. In addition, the Government confirms its commitment to abolish insurance taxes over a five year period.

The Government has decided to accelerate the rate of reduction of conveyance duty. From 5 June 2013, the rate applying to sales of properties above \$1.650 million will be determined at a flat rate of 5.5 per cent. To offset the loss in revenue, the Government will increase general rates, in particular on large commercial properties, the sector which will benefit most from the conveyance duty reduction. These rates are outlined in this chapter.

Taxation

The estimated outcome for taxation revenue in 2012-13 is \$1.2 billion, which is \$41.6 million (3.3 per cent) lower than the original budget. A significant portion of the decrease is due to a softening in the housing market resulting in lower than expected conveyance duty.

For 2013-14, taxation revenue is forecast to increase by \$62.3 million (5 per cent) in the 2013-14 Budget. This is due to growth in payroll tax, general rates, land tax and Fire and Emergency Service Levy (FESL).

Beyond 2013-14, moderate increases are forecast for most revenue lines. The forecast for payroll tax growth reflects expectations of growth in employment and wages in relevant sectors of the ACT economy. General rates are forecast to increase in line with rises in the Wage Price Index (WPI) plus new property growth and taxation reforms. Duties on general insurance and life insurance will be abolished by 2016-17.

Table 3.1.3
Taxation

2012-13 Budget \$'000	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
General Tax						
324,524	325,322	347,417	7	372,771	400,352	429,548
315	1,948	161	-92	165	169	172
297,051	291,974	338,377	16	376,262	417,300	461,805
66,488	69,549	72,888	5	76,268	79,731	83,281
688,378	688,793	758,843	10	825,466	897,552	974,806
Duties						
272,609	225,653	216,493	-4	231,908	242,975	259,846
37,158	44,927	35,381	-21	24,767	13,002	-
1,726	2,140	1,653	-23	1,147	596	-
31,152	29,079	29,079	-	30,068	31,090	32,147
342,645	301,799	282,606	-6	287,890	287,663	291,993
Gambling Taxes						
1,548	1,728	1,859	8	1,882	1,907	1,956
34,925	34,925	35,711	2	36,604	37,519	38,457
2,166	1,900	1,943	2	1,992	2,041	2,092
12,761	15,000	13,825	-8	14,151	14,486	14,829
51,400	53,553	53,338	..	54,629	55,953	57,334
Other Taxes						
98,659	100,637	105,141	4	110,661	116,518	122,626
16,380	17,404	18,275	5	19,188	20,148	21,156
23,484	17,674	17,674	-	18,469	19,300	20,169
23,429	23,429	24,402	4	25,418	26,475	27,387
29,526	29,026	34,407	19	38,163	42,987	44,877
1,971	1,971	1,882	-5	1,788	1,744	1,700
2,120	2,120	2,120	-	2,173	2,227	2,283
195,569	192,261	203,901	6	215,860	229,399	240,198
1,277,992	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331

Payroll Tax

The payroll tax rate in the ACT remains unchanged at 6.85 per cent on wages and other taxable payments made by employers, where the Australia wide wages exceed the ACT threshold of \$1.75 million per annum.

The 2012-13 estimated outcome is \$325.3 million and the forecast for 2013-14 is \$347.4 million. The expected \$22.1 million increase in 2013-14 and further in the forward years reflects forecast growth in employment and wages in relevant sectors of the ACT economy.

Tax Waivers

Tax waivers represent the amount of revenue that has been waived. The revenue forgone generally relates to payroll tax, general rates and duties. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses enables tax treatments to be transparent.

The estimated outcome for 2012-13 is \$1.9 million which is \$1.6 million higher than the original budget mainly due to a large one-off waiver. The forecast for 2013-14 is \$0.2 million.

General Rates

General rates are levied on commercial and residential property owners to provide funding for a wide range of services for the ACT community.

The 2012-13 estimated outcome for rates revenue is \$292 million. This is expected to increase to \$338.4 million in 2013-14. General rates revenue from existing properties will increase in 2013-14 by WPI and revenue replacement from taxation reforms. This will result in an average annual general rates increase of around 10 per cent or \$139 for residential properties and around 20 per cent or \$3,388 for commercial properties.

General rates revenue estimates include expected revenue from both existing and new properties, less amounts for pensioner rebates and discounts for early payment. The rating system in 2013-14 will have the following elements:

- a fixed charge of:
 - \$626 for residential properties;
 - \$139 for rural properties; and
 - \$1,749 for commercial properties.
- a valuation based charge on the AUV for 2011, 2012 and 2013 land values;
- marginal rating factors applied to the AUV of residential properties (table 3.1.4):

**Table 3.1.4
General Rates Marginal Rates**

AUV	Residential
\$1 to \$150,000	0.2306%
\$150,001 up to \$300,000	0.3241%
\$300,001 up to \$450,000	0.3876%
\$450,001 and above	0.4312%

- marginal rating factors applied to the AUV of commercial properties (table 3.1.5):

**Table 3.1.5
General Rates Marginal Rates**

AUV	Commercial
\$1 to \$150,000	2.2069%
\$150,001 up to \$275,000	2.6429%
\$275,001 and above	3.5369%

- a rating factor of 0.1524 per cent applied to the AUV of rural properties; and
- a pensioner rebate cap for post 1 July 1997 applicants of \$622.

Land Tax

Land tax applies to any residential property that is rented, or any residential property owned by a corporation or a trustee, even if the property is not rented. Land tax assessments in 2013-14 will be based on the most recent Average Unimproved Land Values that incorporates the 2013 unimproved land value.

Table 3.1.6 shows the land tax marginal rates that will apply to residential properties in 2013-14.

**Table 3.1.6
Land Tax Marginal Rates**

AUV	Residential
up to \$75,000	0.60%
\$75,001 up to \$150,000	0.70%
\$150,001 up to \$275,000	0.89%
\$275,001 and above	1.80%

The estimated outcome from land tax revenue is \$69.6 million in 2012-13 and is estimated to increase to \$72.9 million in 2013-14 due to an increase in property AUV and new property growth.

Duty on Conveyances

Duty is levied on the agreement for sale or transfer of land, a Crown lease or a land use entitlement located in the ACT. The conveyance rates up until 4 June 2013 range from \$2.40 to \$7.25 per \$100, or part thereof. From 5 June 2013, the conveyance duty thresholds and rates will change. Table 3.1.7 outlines the new duty thresholds and rates.

**Table 3.1.7
Conveyance Duty Thresholds and Rates**

Thresholds	2013-14	2014-15	2015-16	2016-17
Up to \$200,000	2.20%	2.00%	1.80%	1.48%
\$200,001 to \$300,000	3.70%	3.50%	3.00%	2.50%
\$300,001 to \$500,000	4.50%	4.15%	4.00%	4.00%
\$500,001 to \$750,000	5.00%	5.00%	5.00%	5.00%
\$750,001 to \$1,000,000	6.50%	6.50%	6.50%	6.50%
\$1,000,001 to \$1,649,999	7.00%	7.00%	7.00%	7.00%
\$1,650,000 and above	5.5%*	5.5%*	5.5%*	5.5%*

* **Note:** the 5.5% rate is a flat rate.

A new threshold of \$1.650 million will be introduced, effective 5 June 2013. Properties valued at and above \$1.650 million will have duty determined at a flat rate of 5.5 per cent. The progressive rate scale will continue to apply to properties below \$1.650 million.

With this change, the ACT will go from having the highest top rate for large properties in Australia to an effective rate aligned to other jurisdictions. This will ensure the Territory is competitive with other jurisdictions.

The duty rates are generally applied to the transfer value of the property. A concessional rate applies for persons qualifying under the ACT Home Buyer Concession Scheme and for pensioners qualifying under the ACT Pensioner Duty Concession Scheme. For changes to the Home Buyer Concession Scheme, see Chapter 3.3.

The estimated outcome for 2012-13 has decreased from the original budget of \$272.6 million by \$47 million to \$225.7 million which reflects a softening in the property market.

Since the 2012-13 Budget Review expected revenue in 2012-13 has decreased by \$59.7 million. This variance is mainly driven by a forecast decrease in conveyance revenue of \$47 million. This is due to continued softness in the property market and implementation of the new flat rate of 5.5 per cent on transactions above \$1.650 million. The Government is not seeking to recover the loss in revenue which has arisen because of current conditions in the property market. Future increases in conveyance revenue are anticipated as turnover in the property market increases in response to the duty cuts and as market conditions improve more generally.

Duty on General Insurance

From 1 October 2012, general insurance premiums incur duty at the rate of 8 per cent of the net premiums received. The duty rate will reduce to 6 per cent from 1 July 2013. The estimated outcome for 2012-13 is \$44.9 million and the forecast for 2013-14 is \$35.4 million.

Duty on Life Insurance

Duty on life insurance contracts (including term, temporary or insurance rider policies) will be calculated until 30 June 2013 at the rate of 4 per cent of the first year's premium. The duty rate will reduce to 3 per cent from 1 July 2013.

Duty on all other life insurance contracts will be calculated until 30 June 2013 at the rate of 0.08 per cent of the total sum insured where the sum insured is greater than \$2,000, and \$0.80 for each contract where the sum insured is \$2,000 or less.

From 1 July 2013 duty on all other life insurance contracts will reduce to 0.06 per cent of the total sum insured where the sum insured is greater than \$2,000, and \$0.60 for each contract where the sum insured is \$2,000 or less. Life insurance annuities are exempt from duty.

The estimated outcome for 2012-13 is \$2.1 million with \$1.7 million forecast for 2013-14.

Duty on Motor Vehicle Registrations and Transfers

Duty is payable on an application to register a motor vehicle or to transfer its registration.

The 2012-13 estimated outcome is \$29.1 million, a decrease of \$2.1 million from the original budget reflecting a softening in vehicle sales, with the 2013-14 Budget expecting to remain stable.

ACTTAB Licence Fee

ACTTAB pays a licence fee for its totalisator and sports betting licences. Revenue from the licence fees for 2012-13 is estimated at \$1.7 million and the forecast for 2013-14 is \$1.9 million.

Gaming Tax

Gaming tax revenue incorporates gaming machine taxes and interactive gaming taxes. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as monthly gaming machine revenue less amounts paid out in prize money. Estimated total gaming tax revenue for 2012-13 is \$34.9 million and the forecast for 2013-14 is \$35.7 million.

Casino Tax

The tax applying to Casino Canberra is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2012-13 and 2013-14 is \$1.9 million.

Interstate Lotteries

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Estimated revenue for 2012-13 is \$15 million and the forecast for 2013-14 is \$13.8 million.

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2012-13 is \$100.6 million and the forecast for 2013-14 is \$105.1 million. The increase largely reflects annual indexation and population growth.

Ambulance Levy

The Ambulance Levy is payable each month by private health insurance companies to offset the cost of providing ambulance services in the Territory. The levy is calculated on the number and type of private health insurance contributions.

The funding for ambulance services is appropriated through the normal Budget process.

The estimated revenue for 2012-13 is \$17.4 million. The forecast for the 2013-14 Budget is \$18.3 million in 2012-13.

Lease Variation Charge

The 2012-13 outcome is estimated at \$17.7 million, which is lower than the original budget of \$23.5 million. In 2013-14, this is forecast to remain stable at \$17.7 million, reflecting expected activity levels in the residential and commercial redevelopment sectors.

Utilities (Network Facilities) Tax

The Utilities (Network Facilities) Tax applies to the owner of a utility network facility that is installed on or under land in the ACT. The tax rate for 2012-13 is \$921 per kilometre of network route length, indexed to WPI in future years. The 2012-13 estimated outcome is \$23.4 million, with \$24.4 million forecast in 2013-14 rising slightly across the forward estimates.

Fire and Emergency Services Levy

A FESL is charged on all rateable properties in the ACT. Revenue from the levy provides funding to offset the cost of providing fire and emergency services in the Territory. FESL revenue from existing properties will increase in 2013-14 from 2012-13 levels by the WPI growth of 4.27 per cent (over the year to the December quarter 2012). In addition, FESL in 2013-14 will be subject to a general increase of approximately 10 per cent. This will result in an annual increase of \$15.2 in the fixed charge for residential and rural properties and an average increase of \$357.60 for commercial properties.

The estimates for FESL revenue include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The estimated outcome from FESL revenue is \$29 million in 2012-13, which is expected to increase to \$34.4 million in 2013-14.

The FESL in 2013-14 will have the following elements:

- a fixed charge of \$120 for residential and rural properties;
- a pensioner rebate of 50 per cent; and
- a valuation-based charge for commercial properties with a rating factor of 0.5041 per cent applied to the average of the 2010, 2011 and 2012 unimproved land values.

City Centre Marketing and Improvements Levy (CCMIL)

The revenue collected from the CCMIL is used to promote, maintain and improve the amenities of the City Centre area. The estimated outcome for 2012-13 is \$2 million and the forecast for 2013-14 is \$1.9 million.

The CCMIL applies to all rateable commercial properties in the City and selected areas in Braddon and Turner, adjacent to the City Centre. The collection area is divided into two zones and the levy is applied on the AUV of each property at the rate of 0.2992 per cent for the retail core and the rate of 0.2161 per cent for the non-retail core.

Energy Industry Levy

An Energy Industry Levy was introduced in 2007-08 via amendments to the *Utilities Act 2000* to fund:

- the Territory's national regulatory obligations and costs for the Australian Energy Market Commission and the Ministerial Council on Energy's responsibilities under the Australian Energy Market Agreement; and
- local regulatory costs incurred by the Territory in relation to energy utility services.

Introduction of the levy anticipated the transfer, over time, of agreed regulatory responsibilities for energy sector distribution and retail utilities to the Australian Energy Regulator commencing in 2007-08. From that year, agencies providing local regulatory services (the Independent Competition and Regulatory Commission (ICRC), the ACT Planning and Land Authority, and the ACT Civil and Administrative Tribunal) have received budget funding for regulatory costs. The levy was first determined for national regulatory obligations and costs in 2007-08 and for local regulatory costs in 2008-09. Until 2008-09, these activities were funded through the collection of annual utility licence fees by the ICRC. The estimated outcome and the forecast for 2013-14 is \$2.1 million.

ACT Taxes Compared to NSW

Table 3.1.8 shows the comparative rates of tax between the ACT and NSW for major taxation items. Please note that NSW Budget on 18 June may change the information below.

**Table 3.1.8
Major ACT Taxes compared with NSW**

Tax Type	ACT	NSW (as of 24 May 2013)
Payroll Tax	6.85 per cent From 1 July 2013, first \$1,750,000 exempt.	5.45 per cent from 1 July 2012. From 1 July 2012, first \$689,000 exempt
Land Tax	<p>Applied quarterly on three year Average Unimproved Value (AUV).</p> <p>Residential – applied on rateable properties that are rented, or owned by a trust or a corporation even if they are not rented (excluding land owned by a building or development company).</p> <p>From 1 July 2013, the marginal rates are as follows:</p> <ul style="list-style-type: none"> • AUV up to \$75,000 – 0.60% • AUV \$75,001 – \$150,000 – 0.70% • AUV \$150,001 – \$275,000 – 0.89% • AUV \$275,001 and above – 1.80% <p>Commercial – Effective 1 July 2012, commercial properties will not be subject to land tax due to the ACT Government’s Taxation Reforms.</p> <p>Land used for primary production is exempt from land tax.</p>	<p>Applied annually on aggregated unimproved land value of all property except the principal place of residence or land used for primary production.</p> <p>Rate is \$100 plus 1.6 per cent of the land value between the threshold \$406,000 (three year average) and the premium rate threshold of \$2,482,000. A further premium rate of 2 per cent applies if the land value is above \$2,482,000.</p> <p>For land owned by a trustee of a special trust, flat rate of 1.6 per cent without any land value threshold applies; then 2 per cent after the premium threshold.</p> <p>For land owned by a company, 1.6 per cent of the land value between the threshold \$406,000 and the premium rate threshold \$2,482,000; then 2 per cent in excess of the premium threshold.</p>
Duty on Conveyances	<p>Residential Conveyance</p> <p>The greater of \$20 or the amount resulting from applying the rates of \$2.40 - \$7.25 per \$100 or part thereof for transactions dated from 6 June 2012 to 4 June 2013.</p> <p>The greater of \$20 or the amount resulting from applying the rates of \$2.20 - \$7.00 per \$100 or part thereof for transactions dated from 5 June 2013.</p> <p>New Flat Rate</p> <p>The new rate will be effective 5 June 2013. Properties valued at and above \$1.650 million will have duty determined at a flat rate of 5.5 per cent while properties valued below \$1.650 million will continue to use the progressive rates system as indicated in residential conveyance.</p>	<p>The greater of \$10 or the amount resulting from applying the rates of \$1.25 - \$5.50 per \$100 or part thereof.</p> <p>For residential properties above \$3,000,000, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3,000,000.</p>

Tax Type	ACT	NSW (as of 24 May 2013)
Duty on Conveyances cont.	<p>Home Buyers Concession Scheme</p> <p>Existing properties The Home Buyers Concession Scheme ceased for existing properties from 1 September 2012.</p> <p>New or substantially renovated properties The Home Buyers Concession Scheme only applies to new or substantially renovated properties and vacant blocks for transactions dated on or after 5 June 2013.</p> <ul style="list-style-type: none"> • income threshold of \$160,000 (plus further allowance for children); • concession for house and land value up to \$525,000; and • concession for vacant land value of up to \$290,000. <p>The property value thresholds are determined biannually of each year, taking into account movements in the market.</p> <p>Pensioner Duty Concession Scheme:</p> <p>For transactions dated from 1 July 2013:</p> <ul style="list-style-type: none"> • concession for house and land value up to \$733,000. • concession for vacant land value up to \$350,000. <p>The property value thresholds are determined biannually of each year, taking into account movements in the market.</p>	<p>First Home – New Home Scheme</p> <p>The First Home – New Home Scheme provides exemptions on the transfer of new homes valued at or below \$550,000 and concessions on the transfer of new homes valued between \$550,000 and \$650,000 from 1 July 2012. With respect to vacant land, no duty for value up to \$350,000 and concessions on the transfer of vacant land valued between \$350,000 and \$450,000 from 1 July 2012.</p>
Mortgages and Loan Security Duty	<p>Not applied in the ACT.</p>	<p>\$0 - \$16,000: \$5.00 above \$16,000: \$5.00 plus \$4.00 per \$1,000 or part thereof in excess of \$16,000 Not chargeable on advances made to natural persons for owner occupied housing or investment housing. Mortgage Duty will be abolished on 1 July 2013.</p>

Tax Type	ACT	NSW (as of 24 May 2013)
Duty on Motor Vehicle Registrations	<p>No green vehicle rating Valued at \$45,000 or less \$3 per \$100</p> <p>Valued at more than \$45,000 \$1,350+\$5 per \$100 or part thereof over \$45,000</p> <p>Green vehicle rating Applies to new motor vehicles not previously registered. Rates depend on green vehicle rating (environmental performance score) and value.</p> <p>Valued at \$45,000 or less A rated (16 or more) = nil B rated (14 or more but < 16) = \$2 per \$100 C rated (9.5 or more but < 14) = \$3 per \$100 D rated (less than 9.5) = \$4 per \$100</p> <p>Valued at more than \$45,000 A rated (16 or more) = nil B rated (14 or more but < 16) = \$900 plus \$4 per \$100 above \$45,000 C rated (9.5 or more but < 14) = \$1,350 plus \$5 per \$100 above \$45,000 D rated (less than 9.5) = \$1,800 plus \$6 per \$100 above \$45,000</p>	<p>Under \$45,000 = \$3 per \$100 Over \$45,000 = \$1,350+\$5 per \$100 or part thereof over \$45,000</p>
Duty on General Insurance	6 per cent of value of premium from 1 July 2013.	2.5 per cent to 9 per cent of the premium, depending on the type of insurance.
Duty on Life Insurance	<p>Term, temporary or insurance rider policies 3 per cent of the first year's premium from 1 July 2013.</p> <p>All other From 1 July 2013: Sum insured \$0 to \$2,000 - \$0.60 Sum insured Over \$2,000 - \$0.60 plus \$0.12 per \$200 or part thereof in excess of \$2,000.</p>	<p>Term, temporary or insurance rider policies 5 per cent of the first year's premium</p> <p>Trauma or disability policies 5% of the premium paid</p> <p>All other Sum insured \$0 to \$2,000 - \$1 Sum insured Over \$2,000 - \$1 plus \$0.20 per \$200 or part thereof in excess of \$2,000.</p>

Commonwealth Government Grants

Total revenue received from Commonwealth Government Grants is forecast to increase by \$84.8 million from the 2012-13 Budget estimate of \$1.569 billion to the estimated outcome of \$1.654 billion, and increase again by \$140 million to the 2013-14 Budget estimate of \$1.794 billion. This is largely attributable to the increase in GST revenue and Commonwealth funding for the Majura Parkway as reflected in the 2012-13 Budget. Further information on funding from the Commonwealth Government can be found in Chapter 4.1, Federal Financial Relations.

**Table 3.1.9
Commonwealth Government Grants**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Current Grants							
938,130	GST Revenue Grant	970,600	1,021,800	5	1,078,900	1,144,600	1,208,500
36,832	ACT Municipal Services	36,832	37,495	2	38,208	38,934	39,634
485,183	National Specific Purpose Payments (SPPs)	505,742	463,140	-8	389,715	434,509	483,461
23,597	Financial Assistance Grants to Local Government	46,940	24,225	-48	50,540	52,829	55,170
46,023	National Partnership Payments (NPP) – Current	53,719	173,229	222	275,141	274,953	294,516
10,592	Other Commonwealth Government Payments – Current	14,808	7,429	-50	12,471	13,025	14,185
1,540,357	Total Current Grants	1,628,641	1,727,318	6	1,844,975	1,958,850	2,095,466
Capital Grants							
28,361	National Partnership Payments (NPPs) – Capital	24,860	66,221	166	86,452	31,540	15,221
28,361	Total Capital Grants	24,860	66,221	166	86,452	31,540	15,221
1,568,718	Total Commonwealth Government Funding	1,653,501	1,793,539	8	1,931,427	1,990,390	2,110,687

Contributed Assets

Table 3.1.10 provides a summary of contributed assets. Contributed assets largely relate to land development infrastructure assets transferred to the GGS from the Land Development Agency (LDA) and private developers.

The variations between the 2012-13 estimated outcome, the 2013-14 Budget and across the forward estimates are mainly attributable to revisions in the timing of asset transfers from the LDA to the GGS as a result of changes to the Indicative Land Release Program and revisions in the asset completion and subsequent transfer dates.

**Table 3.1.10
Contributed Assets**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Contributed Assets						
91,062	Gains from Contributed Assets	107,984	135,281	25	126,425	115,387	115,387
619	Resources Received Free of Charge	259	257	-1	256	265	276
91,681	Total Contributed Assets	108,243	135,538	25	126,681	115,652	115,663

Sale of Goods and Services

The sale of goods and services is estimated to decrease by \$53.8 million from the original budget of \$472.9 million. This is largely attributable to a change in the flow of funds of cross border health receipts (a portion of these funds are now received as part of the National Healthcare SPP from the Commonwealth).

The 2013-14 forecast for sales of goods and services is expected to increase by \$18.7 million from the 2012-13 estimated outcome. The largest contributors to sale of goods and services are service receipts, cross border health receipts and fees for regulatory services. Details of sale of goods and services are provided in Table 3.1.11.

**Table 3.1.11
Sale of Goods and Services**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Regulatory Fees						
846	Casino Licence Fees	832	850	2	872	894	916
9,941	Drivers Licences	9,941	9,430	-5	9,934	10,328	10,736
2,932	Taxi Licences	2,340	2,411	3	2,501	2,594	2,691
67,896	Fees for Regulatory Services	69,382	70,994	2	74,530	77,076	79,360
26,344	Water Abstraction Charge	26,344	26,802	2	27,218	27,607	27,607
107,959	Total Regulatory Fees	108,839	110,487	2	115,055	118,499	121,310
	Other						
18,564	Parking Fees	16,184	19,394	20	20,122	20,876	21,659
31,138	Patient Fees	32,638	32,838	1	33,618	34,417	35,206
4,939	Non-Patient Fees	4,850	5,088	5	5,176	5,374	5,569
3,703	Meals and Accommodation	3,703	3,783	2	3,873	3,973	4,023
120,000	Cross Border Health Receipts	66,302	76,750	16	79,249	81,053	82,896
17,935	Sales	26,194	27,762	6	27,818	28,453	28,816
121,085	Service Receipts (Non ACT Government)	104,440	105,942	1	119,706	124,718	129,915
7,099	Rent from Tenants	13,831	14,176	2	14,211	14,423	14,462
20,114	Miscellaneous	20,046	20,640	3	21,009	21,512	22,034
20,396	User Charges - ACT Government	22,111	20,932	-5	21,400	21,937	22,496
364,973	Total Other	310,299	327,305	5	346,182	356,736	367,076
472,932	Total Sale of Goods and Services	419,138	437,792	4	461,237	475,235	488,386

Casino Licence Fees

The casino licensee pays the casino licence fee to the ACT Gambling and Racing Commission. The Commission also collects casino employees' licence fees for licensing staff employed by the casino. The forecast for 2013-14 for the combined total of all casino licence fees is \$0.850 million.

Drivers Licences

The revenue from drivers licences in 2012-13 is estimated at \$9.9 million and the forecast for 2013-14 is \$9.4 million. The decrease from 2012-13 mainly reflects the Government's commitment to reward safer driving, aligning with the ACT Road Safety Strategy.

Taxi Licences

The revenue from taxi licences in 2012-13 is estimated at \$2.3 million and the forecast for 2013-14 is \$2.4 million.

Fees for Regulatory Services

The 2012-13 estimated outcome for fees for regulatory services is \$69.4 million and is expected to increase to \$71 million in 2013-14.

Water Abstraction Charge

The water abstraction charge in 2012-13 is estimated to be \$26.3 million and is expected to increase to \$26.8 million in 2013-14.

Parking Fees

The estimated revenue from parking fees in 2012-13 is \$16.2 million and the forecast for 2013-14 is \$19.4 million. This mainly reflects increases of car parking fees announced in the 2010-11 Budget as part of the Government's integrated approach to achieving a more sustainable transport system for Canberra and the region.

Patient Fees

Patient fees and non-patient fees are payments for the provision of hospital and related services, which are collected at the Canberra Hospital. Patient fees relate to admitted patients, while non-patient fees are primarily for accident and emergency services, specifically the ambulance service.

The 2012-13 estimated outcome for patient fees is \$32.6 million, and \$4.9 million for non-patient fees. The 2013-14 Budget estimates are \$32.9 million and \$5.1 million respectively.

Cross Border Health Receipts

Cross Border Health Receipts are payments from other State and Territory Governments (predominantly NSW) for the provision of medical services provided to non-ACT residents at ACT public hospitals. The estimated revenue for 2012-13 is \$66.3 million, a \$53.7 million decrease from the 2012-13 Budget of \$120 million. The forecast for 2013-14 is \$76.8 million. The decrease is due to a change in the flow of funding from NSW for cross border health costs. The Commonwealth proportion of cross border activity is now paid through the *National Healthcare Agreement SPP*. The increase of \$10.5 million in the 2013-14 Budget from the 2012-13 estimated outcome relates to growth in activity for treatment of interstate patients.

Sales

Revenues from sales include those generated from entry fees to sporting and cultural facilities, such as the Canberra Theatre Centre and hire of those venues. Sales of merchandise, programs and giftware in these venues or the rights to sell these, are also included.

The estimated outcome for 2012-13 is \$26.2 million which is an increase of \$8.3 million from the 2012-13 Budget. This is associated with additional large events at Canberra Stadium, as well as the Centenary Cricket Matches at Manuka Oval. The 2013-14 Budget is estimated to remain relatively stable at \$27.8 million.

Service Receipts (non-ACT Government)

This item includes payments from clients for the provision of services, such as facility fees to physicians at hospitals, medical supplies, sterilising services, capital linen and commercial training.

The 2012-13 estimated outcome has fallen to \$104.4 million, \$16.7 million lower than the 2012-13 Budget estimate of \$121.1 million. This is mainly due to reclassification of the Commonwealth contribution to the ACT Government's emergency service funding. The 2013-14 Budget forecast is \$105.9 million, which will now be provided by appropriation to the Justice and Community Safety Directorate.

Miscellaneous

Miscellaneous revenue is estimated at \$20.1 million for 2012-13 and the 2013-14 Budget forecast is \$20.6 million.

User Charges – ACT Government

This item includes revenue for rent, property management, shared services and insurance that is collected from ACT agencies in the Public Trading Enterprise (PTE) sector. The 2012-13 estimated outcome is \$1.7 million higher than the 2012-13 Budget at \$22.1 million, decreasing to \$20.9 million in the 2013-14 financial year. This is mainly due to the five year water pricing review undertaken by the Independent Competition and Regulatory Commission.

Interest Income

Table 3.1.12 provides a summary of interest received.

**Table 3.1.12
Interest Income**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Interest Received						
31,922	Interest Received from Banks	47,098	28,569	-39	26,942	29,816	28,330
72,400	Interest Received on Advances and Loans to Agencies	75,030	75,983	1	79,627	83,995	87,834
-	Interest Received from Private Sector	444	2,798	530	5,275	3,865	3,651
9,935	Interest Received – Other	7,536	9,734	29	12,697	10,593	10,491
28,518	Interest from Financial Investments	13,600	18,574	37	21,460	23,034	24,727
142,775	Total Interest Received	143,708	135,658	-6	146,001	151,303	155,033

Interest Received from Banks

This item represents the interest income recognised by the Territory Banking Account for general government investments. Interest income from banks is interest earnings on cash, short term securities and fixed interest assets. General government investments comprise the surplus balances of the Territory Banking Account and investments made on behalf of government directorates and some Territory Authorities.

The increase of \$15.2 million in the 2012-13 estimated outcome from the original budget is due mainly to higher levels of investment balances held during the year.

The decrease of \$18.5 million in the 2013-14 Budget from the 2012-13 estimated outcome reflects a decrease in investment earnings due to a lower level of funds to be held on investments during the year and lower estimated investment returns.

Interest Received on Advances and Loans to Agencies

The increase of \$2.6 million in the 2012-13 estimated outcome from the original budget is mainly due to higher interest received from ACTEW Corporation in relation to inflation linked bonds and increased levels of borrowings in 2012-13.

The increase of \$1 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to increased levels of borrowings offset by lower interest costs in relation to inflation linked bonds.

Other Interest Income

Other interest income includes income mainly recognised by the Home Loan Portfolio, the Chief Minister and Treasury Directorate, the Territory and Municipal Services Directorate and the Environment and Sustainable Development Directorate.

Other interest income will decrease by \$2.4 million from the original budget of \$9.9 million to the 2012-13 estimated outcome of \$7.5 million, however is expected to increase in the 2013-14 Budget by \$2.2 million to \$9.7 million. This is mainly due to variations in land held by the LDA for future sale.

Interest from Financial Investments

This item represents the interest income recognised by the Superannuation Provision Account for the investment assets set aside to fund the defined benefit superannuation liability. Interest from financial investments is interest earnings on short term money market securities and fixed interest assets.

The decrease of \$14.9 million in the 2012-13 estimated outcome from the original budget is due to a component of earnings from the inflation-linked debt securities being classified as capital gains, and the timing of income distributions.

The increase of \$5 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to the timing of the receipt of the unit trust income distribution from 2012-13.

Dividends and Tax Equivalents

The estimated outcome for total dividends and tax equivalents is expected to increase by \$38.2 million above the original 2012-13 Budget. This is followed by an estimated decrease of \$16.4 million in 2013-14. Table 3.1.13 provides a summary of dividends and tax equivalents in 2012-13, the 2013-14 Budget and the forward estimates.

**Table 3.1.13
Dividends and Tax Equivalents**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Dividends						
85,169	Dividends – ACTEW	88,144	99,403	13	107,086	111,054	118,682
2,866	Dividends – ACTTAB	1,540	1,582	3	1,437	1,288	849
800	Dividends – CIT Solutions	250	500	100	500	500	500
60,084	Dividends – Land Development Agency	86,714	40,868	-53	59,776	132,282	109,301
66,393	Dividends from Financial Investments	66,037	83,526	26	88,259	95,014	101,801
215,312	Total Dividends	242,685	225,879	-7	257,058	340,138	331,133
	Tax Equivalents						
67,546	Income Tax Equivalent	78,360	78,758	1	80,587	110,587	105,375
67,546	Total Tax Equivalents	78,360	78,758	1	80,587	110,587	105,375
282,858	Total Dividend and Tax Equivalents	321,045	304,637	-5	337,645	450,725	436,508

ACTEW

ACTEW's estimated 2012-13 dividend of \$88.1 million is \$3 million above the original 2012-13 Budget. This is due to increased revenue associated with joint ventures with ActewAGL, partially offset by lower than anticipated water consumption.

The increase of \$11.3 million in the 2013-14 Budget from the estimated outcome reflects a forecast revenue increase and a one off gain of ActewAGL's water and sewage business in the previous year.

ACTTAB

ACTTAB's estimated 2012-13 dividend of \$1.5 million is \$1.3 million below the original 2012-13 Budget primarily due to a decline in retail turnover.

Land Development Agency

The LDA's 'nominal' surplus is not fully recognised as revenue in the General Government Sector Net Operating Balance, consistent with the GFS accounting principles. In general, LDA's nominal surplus comprises sale of assets (for example, undeveloped commercial land) and profit from development and marketing activities. Proceeds from asset sales (including gains from land re-zoning) are treated as capital distributions and only profits from development and marketing activities are recognised as dividend revenue.

The increase in the dividend of \$26.6 million in the 2012-13 estimated outcome compared to the original budget is mainly due to improved profitability of land releases. This is partially offset by a decrease in the market gain component due to reduced commercial sales.

In 2013-14, the forecast dividend is \$40.9 million, which is \$45.9 million lower than the 2012-13 estimated outcome. This is largely due to decreased land sales and an increase in the market gain component due to increased commercial sales.

Dividends from Financial Investments

Estimated dividends of \$66 million in the 2012-13 estimated outcome is in line with the original budget of \$66.4 million.

The 2013-14 Budget increases by \$17.5 million from the 2012-13 estimated outcome. This is mainly due to the anticipated receipt of a distribution from the Territory's currency-hedged international share investments, as well as growth in dividend receipts from an expanding portfolio of share investments.

Income Tax Equivalent

This represents income tax equivalent payments made by the PTE sector. The estimated outcome for 2012-13 of \$78.4 million reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime.

The increase of \$10.8 million in the 2012-13 estimated outcome from the original budget reflects additional land revenue from GST refunds related to prior year land sales and a higher share of operating results from Joint Ventures partially offset by lower than anticipated land settlements.

Other Revenue

Table 3.1.14 provides the 2012-13 estimated outcome, the 2013-14 Budget and the forward estimates for other revenue. The 2012-13 outcome is expected to be broadly in-line with the original budget. Other revenue is expected to increase by 8 per cent to \$96.4 million in 2013-14.

**Table 3.1.14
Other Revenue**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Fines						
18,484	Traffic Infringement Fines	18,402	23,530	28	23,898	24,016	24,179
308	Court Fines	202	615	204	638	640	643
9,175	Parking Fines	9,758	10,444	7	10,498	10,551	10,606
399	Other Fines	399	410	3	417	428	436
28,366	Total Fines	28,761	34,999	22	35,451	35,635	35,864
	Other						
16,832	Superannuation Contribution	14,836	14,224	-4	13,541	12,893	12,317
10,043	Rents and Commutation	12,384	14,339	16	15,665	16,537	16,813
18,693	Contributions	18,693	18,670	..	18,647	18,647	18,647
40,831	Other Miscellaneous Revenue	43,138	49,189	14	49,416	50,764	52,544
86,399	Total Other	89,051	96,422	8	97,269	98,841	100,321
114,765	Total Other Revenue	117,812	131,421	12	132,720	134,476	136,185

Traffic Infringement Fines

The estimated revenue from traffic infringement fines in 2012-13 is \$18.4 million and the forecast for 2013-14 is \$23.5 million. The increase of \$5.1 million mainly reflects initiatives, indexation and an increase in penalty units applied.

Parking Fines

Parking fine revenue is expected to increase slightly from \$9.8 million in 2012-13 to \$10.4 million in 2013-14.

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Territory Banking Account (TBA) by the PTE sector and external sector (ActewAGL). The contribution calculations are based on annual actuarially determined employer contribution rates for either the CSS or PSS membership. This item also includes the employee contributions to the TBA by those Members of the Legislative Assembly who are members of the defined benefit superannuation arrangement.

Rents and Commutation

Rents and commutation income is expected to increase by \$2.3 million in the estimated outcome from the original budget and increase by \$2 million in the 2013-14 Budget from the estimated outcome. The increases are due to higher rental revenue received under the land rent scheme.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by Schools and the Education and Training Directorate.

Other Miscellaneous Revenue

Other miscellaneous revenue will increase from \$43.1 million in the 2012-13 estimated outcome to \$49.2 million in the 2013-14 Budget. The increase is mainly due to legal recoveries and investment fee rebates.

**Table 3.1.15
Breakdown – Other Miscellaneous Revenue**

	2012-13	2013-14	2014-15	2015-16	2016-17
	Est. Outcome	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Public Monies	1,100	-	-	-	-
Revenue from Financial Investments	2,343	4,024	4,265	4,581	4,921
Donations	1,064	1,064	1,084	1,104	1,124
Sponsorships	193	198	203	203	203
Other Grants	22,546	23,104	23,801	24,470	25,170
Recoveries	7,271	12,407	12,171	12,411	13,062
Salary Packaging	1,674	1,693	1,716	1,740	1,764
Contributions	1,164	1,500	1,035	1,126	1,124
Perpetual Care Trust	1,712	1,904	1,952	2,001	2,081
Problem Gambling Assistance Fund and Racefield Payments	1,162	1,111	1,139	1,168	1,197
Regulatory Fees	1,355	1,363	1,364	1,366	1,368
Unclaimed Monies	30	31	32	32	33
Miscellaneous	1,524	790	654	562	497
Total Other Miscellaneous Revenue	43,138	49,189	49,416	50,764	52,544

3.2 REVENUE INITIATIVES

Revenue initiatives in the 2013-14 Budget total \$46.1 million over four years.

A summary of revenue initiatives is shown at Table 3.2.1 below.

**Table 3.2.1
Summary Revenue Initiatives**

Summary Revenue Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	Total 4 Year \$'000
<i>Revenue</i>	8,388	10,485	12,352	14,874	46,099
Revenue Initiatives	8,388	10,485	12,352	14,874	46,099

Table 3.2.2 provides a summary of these initiatives by portfolio.

Note that Table 3.2.1 above does not include details of revenue associated with recurrent initiatives. This information is presented in Table 5.2.4.

Summary of Revenue Initiatives by Portfolio

Table 3.2.2
Revenue Initiatives

Revenue Initiatives ¹	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Chief Minister and Treasury Directorate				
Private Sector Workers' Compensation Levy	1,871	3,155	4,500	6,861
Health Directorate				
General Revenue	2,710	2,767	2,825	2,884
Economic Development Directorate				
Direct Land Sales – Recovery of Site Investigation Costs and Increased Fees	125	128	131	135
Major Events – Sponsorship Revenues	50	100	100	100
Sponsorship at Major Sports Venues	0	160	160	160
Commerce and Works Directorate				
Payroll Tax Rebate – Post School Options for People with Disabilities (<i>Revenue Foregone</i>)	-370	-370	0	0
Justice and Community Safety Directorate				
Change in Court Fees	52	140	143	145
Increase in Dangerous Substance Fees	100	105	109	113
ACT Fire and Rescue Fee Increases	500	520	541	563
Align the Victims Support Levy to Fund Victim Support ACT	1,960	2,323	2,334	2,388
Commemorative Certificates	0	25	25	25
Land Titles Fees	1,000	1,000	1,000	1,000
Environment and Sustainable Development Directorate				
Conservation Management Plan Fee	45	47	49	51
Survey Plan Lodgement Fee	300	312	324	337
Territory and Municipal Services Directorate				
Asset Acceptance Fees	15	18	18	18
Camping Fees	20	25	28	29
Application Fee for Tree Assessments Involving Tree Damaging Activity	10	10	20	20
Cost Recovery for Floral Displays	0	20	45	45
TOTAL REVENUE INITIATIVES	8,388	10,485	12,352	14,874

¹ These initiatives exclude changes to rates and conveyance duty under the auspices of tax reform. These changes are described in Chapter 3.3 Taxation Reform.

CHIEF MINISTER AND TREASURY DIRECTORATE

Table 3.2.3

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Private Sector Workers' Compensation Levy	1,871	3,155	4,500	6,861
Total Initiatives	1,871	3,155	4,500	6,861

Private Sector Workers' Compensation Levy

A regulatory levy will be collected from workers' compensation insurers to offset the cost of administering workers' compensation laws in 2013-14. Subject to the passage of enabling legislation, the levy will be expanded from 2014-15 to also include the cost of administering the Territory's work health and safety laws.

HEALTH DIRECTORATE

Table 3.2.4

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
General Revenue	2,710	2,767	2,825	2,884
Total Initiatives	2,710	2,767	2,825	2,884

General Revenue

This initiative will generate additional revenue from increased fees associated with radiation safety inspections and cross border health services, partially offset by a reduction in other miscellaneous revenue.

ECONOMIC DEVELOPMENT DIRECTORATE

Table 3.2.5

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Direct Land Sales – Recovery of Site Investigation Costs and Increased Fees	125	128	131	135
Major Events – Sponsorship Revenues	50	100	100	100
Sponsorship at Major Sports Venues	0	160	160	160
Total Initiatives	175	388	391	395

Direct Land Sales – Recovery of Site Investigation Costs and Increased Fees

This initiative introduces the partial recovery of costs incurred in preparing a direct land sale site for release, and increases application fees to ensure the sustainability of the service.

Major Events – Sponsorship Revenues

This initiative aims to maximise the use of major Territory events, such as Floriade, NightFest and Enlighten to leverage revenue from partnership and sponsorship opportunities.

Sponsorship at Major Sports Venues

This initiative aims to maximise sponsorship revenues of major Territory sports venues through granting exclusive sponsorship opportunities to appropriate parties.

COMMERCE AND WORKS DIRECTORATE

Table 3.2.6

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Payroll Tax Rebate – Post School Options for People with Disabilities	-370	-370	0	0
Total Initiatives	-370	-370	0	0

Payroll Tax Rebate – Post School Options for People with Disabilities

This initiative provides a payroll tax rebate of up to \$4,000 to organisations which employ recent school leavers with a disability.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

Table 3.2.7

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Change in Court Fees	52	140	143	145
Increase in Dangerous Substance Fees	100	105	109	113
ACT Fire and Rescue Fee Increases	500	520	541	563
Align the Victims Support Levy to Fund Victim Support ACT	1,960	2,323	2,334	2,388
Commemorative Certificates	0	25	25	25
Land Titles Fees	1,000	1,000	1,000	1,000
Total Initiatives	3,612	4,113	4,152	4,234

Change in Court Fees

This initiative includes increases to existing Court fees and the introduction of a number of new Court fees, which are designed to ensure efficient use of Court resources and achieve parity of equivalent fees for services provided by other jurisdictions.

Increase in Dangerous Substance Fees

This initiative will increase fees and charges under the *Dangerous Substances Act 2004*, *Dangerous Substances (Explosives) Regulations 2004* and the *Dangerous Substances (General) Regulations 2004* to recover costs in provision of related services.

ACT Fire and Rescue Fee Increases

Following a triennial review of ACT Fire and Rescue fees, this initiative will increase and amend a number of fees primarily associated with the Automated Fire Alarm Network and false alarms under the *Emergencies Act 2004*. The measure aims to align ACT fees with similar fees in other jurisdictions, particularly New South Wales.

Align the Victims Support Levy to Fund Victim Support ACT

This initiative will ensure that victims support services are cost recovered by increasing the Victims Support Levy to \$30 from the current level of \$10 for traffic infringements and court imposed fines.

Commemorative Certificates

This initiative will increase the fee for commemorative certificates by \$10.

Land Titles Fees

The initiative will increase Land Titles Fees under the *Land Titles Act 1925* by 10 per cent.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT DIRECTORATE

Table 3.2.8

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Conservation Management Plan Fee	45	47	49	51
Survey Plan Lodgement Fee	300	312	324	337
Total Initiatives	345	359	373	388

Conservation Management Plan Fee

This initiative is to introduce a fee for the assessment and endorsement of a Conservation Management Plan by the Heritage Unit. The fee covers the cost of approving a plan, including Heritage Council administration and staffing costs.

Survey Plan Lodgement Fee

This initiative provides for the introduction of a new fee for the lodgement of all plans and unit plans. The fee is a fair representation of the costs associated with completing the administrative work associated with plan lodgement such as checking for errors and completeness, registration and analysis.

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Table 3.2.9

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Asset Acceptance Fees	15	18	18	18
Camping Fees	20	25	28	29
Application Fee for Tree Assessments Involving Tree Damaging Activity	10	10	20	20
Cost Recovery for Floral Displays	0	20	45	45
Total Initiatives	45	73	111	112

Asset Acceptance Fees

This initiative is to increase the fees payable for applications where a proposed development will have implications for waste, driveways or stormwater. The fees are designed to provide an incentive to improve the quality of applications and thereby reduce the number of inspections required.

Camping Fees

This initiative is to increase the fees for camping at the five formal campgrounds including Cotter, Woods Reserve, Orroral, Honeysuckle and Mt Clear. The fee structure will be tiered to recognise the facilities provided, allow discounts for concession and seniors card holders and allow children less than 15 years of age to camp free. Following the increase, ACT fees will be comparable to those in similar facilities in New South Wales.

Application Fee for Tree Assessments Involving Tree Damaging Activities

This initiative introduces a fee for appeals and additional assessments for tree damaging activities. The fee is intended to discourage multiple applications for assessments of the same tree and to partially recover the costs paid to Tree Advisory Panel members.

Cost Recovery for Floral Displays

This initiative is to investigate options for the recovery of costs associated with the planting and maintenance of floral displays requested by not-for-profit organisations or government agencies. This may be in the form of fees or sponsorships. These displays are located at City Hill, the corner of Northbourne Avenue and Antill Street in Lyneham and on Drakeford Drive in Kambah.

3.3 TAXATION REFORM

The Government is committed to making the Territory's taxation system fairer, simpler and more efficient for the future. The ACT Government is the only jurisdiction in Australia to go down the path of major tax reform. Significant reforms to the Territory's taxation system commenced in the 2012-13 Budget.

The first tranche of major reforms announced included:

- abolishing duty on insurance policies over five years;
- abolishing conveyance duty over 20 years;
- abolishing commercial land tax;
- increasing the tax free threshold for payroll tax; and
- making residential land tax and the general rates system more progressive.

These reforms are being undertaken in a staged approach to allow ACT households and the economy time to adjust. Reforms have been funded through General Rates to ensure revenue neutrality overall, while preserving capacity for government services and ensuring future generations do not bear the higher economic costs of an unfair and inefficient tax system.

To assist households and cushion the impacts of taxation reform, a number of concession schemes were provided in the 2012-13 Budget. These measures included:

- expanding the Home Buyer Concession Scheme;
- extending the Pensioner Duty Concession Scheme;
- increasing the rates rebate scheme; and
- expanding the eligibility for the Rates Deferral Scheme.

These tax reforms and targeted assistance measures have all been implemented.

Each year the Government will announce a rolling five year strategy for tax reform. This will be announced later in 2013 and will propose conveyance rates for 2017-18 which does not form part of the forward estimates.

Building on the First Tranche of Reform from 2012-13

The reforms to abolish conveyance duty and duty on insurance policies will continue in 2013-14. These reforms are outlined below.

Duty on Insurance

The 2012-13 Budget announced the abolition of duty on insurance policies over a five year period. As part of the 2012-13 Budget, the Government reduced duty rates on general insurance from 10 per cent to 8 per cent, and duty on life insurance from 5 per cent to 4 per cent.

From 1 July 2013, the Government will reduce duty on insurance policies from 8 per cent to 6 per cent, and duty on life insurance from 4 per cent to 3 per cent. The reduced rates for insurance duty in the budget forward years are shown in Table 3.3.1.

Table 3.3.1
Duty on Insurance Taxes

	2013-14 (%)	2014-15 (%)	2015-16 (%)	2016-17 (%)
General insurance	6	4	2	0
Life insurance	3	2	1	0

Households and businesses with insurance will save 4 per cent on general insurance over the first two years of reform. For example, an ACT household paying around \$2,500 per year in insurance will save around \$100 as a result of this reform. In addition, the reduction on insurance will lead to lower GST on insurance as GST applies to State and Territory taxes on insurance products.

Conveyance Duty

The Government is abolishing conveyance duty over the next 20 years. This will mean that the conveyance duty rates are progressively reduced each year during that period.

The 2012-13 Budget outlined the duty rates for the first five years of reform. The rates will reduce again in 2013-14 commencing 5 June 2013. These rates are shown in 3.3.2 below.

Table 3.3.2
Conveyance Duty Rates

2012-13	Threshold	2013-14	Reduction	2014-15	2015-16	2016-17
2.4	Up to \$200,000	2.2	0.2	2.0	1.8	1.48
3.75	\$200,001 to \$300,000	3.7	0.05	3.5	3.0	2.5
4.75	\$300,001 to \$500,000	4.5	0.05	4.15	4.0	4.0
5.5	\$500,001 to \$750,000	5.0	0.5	5.0	5.0	5.0
6.5	\$750,001 to \$1,000,000	6.5	0	6.5	6.5	6.5
7.25	\$1,000,001 to \$1,649,999 ¹	7.0	0.25	7.0	7.0	7.0
7.25	\$1,650,000 and above	5.5 ²	1.75 ²	5.5 ²	5.5 ²	5.5 ²

Notes:

1. From 5 June 2013, the abolition of conveyance duty on large properties above \$1.65 million will be accelerated – this is a 2013-14 Budget tax reform initiative.
2. The 5.5 per cent rate is a flat rate.

The table below shows the duty payable through lower conveyance duty rates for a range of property values. For example, a house valued at \$500,000 experienced a reduction of \$2,450 in 2012-13. Duty on a similar house will fall by a further \$950 in 2013-14 meaning an overall decrease of \$3,400 since the start of tax reform.

Table 3.3.3
Conveyance Duty by Threshold

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Savings in 2012-13	Additional savings in 2013-14	
	Property value thresholds (\$)	Duty Payable (\$)						
5,500	200,000	4,800	4,400	4,000	3,600	2,960	700	400
9,500	300,000	8,550	8,100	7,500	6,600	5,460	950	450
20,500	500,000	18,050	17,100	15,800	14,600	13,460	2,450	950
34,875	750,000	31,800	29,600	28,300	27,100	25,960	3,075	2,200
49,250	1,000,000	48,050	45,850	44,550	43,350	42,210	1,200	2,200

General Rates

The 2012-13 Budget announced changes to the General Rates system to make it more progressive. Over the 20 year tax reform period, the revenue lost from the abolition of inefficient taxes will be replaced through changes to the General Rates system.

The 2013-14 Budget builds on this reform, by continuing to use the General Rates system as the mechanism for replacing revenue lost through the abolition of inefficient taxes. For the residential sector, a series of four thresholds and rating factors were introduced from 1 July 2012. The four thresholds introduced in the 2012-13 Budget will continue, however, there will be a change to the rating factors and the fixed charge.

The 2012-13 Budget also introduced progressivity in the commercial General Rates system. Three different thresholds and marginal rates were introduced. The thresholds will remain the same as in the 2012-13 Budget, however, there will be changes to the rating factors and the fixed charge.

The thresholds and marginal tax rates for the General Rates in the residential and commercial sectors are shown in Tables 3.3.4 and 3.3.5 below.

Other Reforms

Significant reform was undertaken in the 2012-13 Budget to residential land tax, payroll tax and the Utilities Network Facilities Tax. No further reform will be undertaken to these taxes in the 2013-14 Budget.

2013-14 Tax Reform Measures

The 2013-14 Budget will introduce new tax reform initiatives.

These changes form part of the next step towards achieving the long-term objectives of tax reform, while further supporting Canberra businesses, households and the local economy.

The reforms included in the 2013-14 Budget are outlined below.

Conveyance Duty

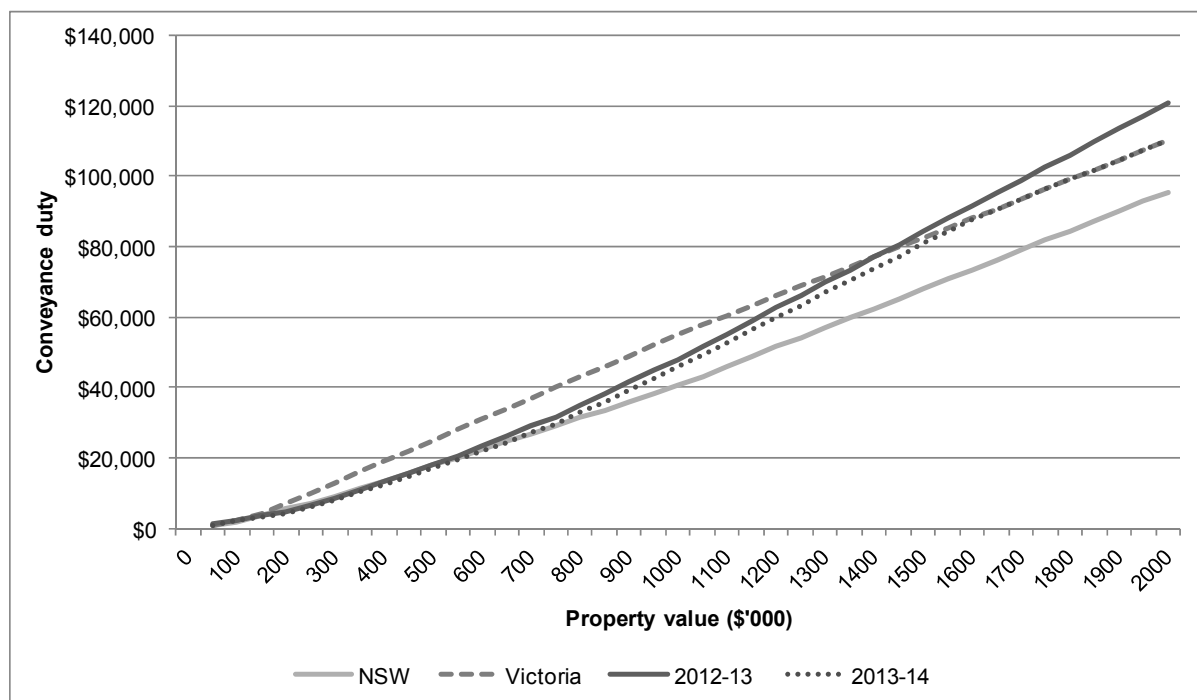
In the 2013-14 Budget, the Government is further accelerating the reduction in conveyance duty for properties valued over \$1.65 million. For properties valued above this amount, a flat rate of 5.5 per cent will be applied. This will significantly reduce the amount of conveyance duty payable for these properties.

For example, a property valued at \$3 million would receive a saving of \$28,000 in 2013-14 compared with 2012-13.

Properties valued below \$1.65 million will continue to use the progressive rates system as shown in Table 3.3.2.

To offset the cost of this initiative (as with other tax reform initiatives) the Government will replace the lost revenue through the General Rates system.

**Figure 3.3.4
Comparison of Conveyance Duty Payable with NSW and Victoria**



General Rates

The General Rates system continues to be the mechanism for replacing revenue lost through the abolition of inefficient taxes – both the continuation of the reforms introduced in the 2012-13 Budget and the accelerated reduction of conveyance duty announced in this Budget.

Overall, General Rates on residential properties will increase by an average of around 10 per cent in 2013-14.

The thresholds and marginal tax rates for the residential sector for 2013-14 are shown in 3.3.4 below. The fixed charge will be increased to \$626.

**Table 3.3.4:
Residential General Rates**

Threshold	2012-13 Marginal Rate	2013-14 Marginal Rate
0 to \$150,000	0.2236%	0.2306%
\$150,000 to \$300,000	0.3136%	0.3241%
\$300,000 to \$450,000	0.3736%	0.3876%
\$450,000 and above	0.4136%	0.4312%
Fixed Charge	\$555	\$626

General Rates on commercial properties will increase overall by around 20 per cent in 2013-14.

The thresholds and marginal tax rates for the commercial sector are shown in Table 3.3.5 below. The fixed charge will increase to \$1,749. The thresholds will remain the same as in the 2012-13 Budget, however, there are changes to the rating factors.

**Table 3.3.5
Commercial General Rates**

Threshold	2012-13	2013-14
0 to \$150,000	1.9070%	2.2069%
\$150,000 to \$275,000	2.2670%	2.6429%
\$275,000 and above	2.6070%	3.5369%
Fixed Charge	\$1,213	\$1,749

Affordable Housing Package

The 2013-14 Budget will make reforms to improve affordable housing in the Territory. These changes include: retargeting the First Home Owner Grant to new homes only, expanding the Home Buyer Concession Scheme and retargeting the Land Rent Scheme by only offering it to eligible low income households. These reforms are outlined below.

First Home Owner Grant

The First Home Owner Grant will be retargeted to new and substantially renovated properties from 1 September 2013. The value of the grant will be increased from \$7,000 to \$12,500.

These changes will align the First Home Owner Grant with the Home Buyer Concession Scheme with a common objective of stimulating the construction of new housing in the Territory. It will also provide greater support to the construction industry. These changes will align the ACT with other states, including NSW, QLD, VIC and SA, who have implemented similar reforms to their First Home Owner Grant arrangements.

The current First Home Owner Grant will continue until 31 August 2013, to allow households already in the market to purchase an existing dwelling to have access to the grant.

Land Rent Scheme

The Land Rent Scheme was introduced in the Territory in 2008 to provide an alternative option for households to enter the housing market. Two different rental rates exist for those wishing to enter the scheme, including a discount rate of 2 per cent for low income households and a standard 4 per cent rate for all other households. The scheme underwent an external evaluation in 2012 and was found to be performing well.

As part of the 2013-14 Budget, the Land Rent Scheme will be modified to provide improved access to housing for low to medium income households, by retargeting the eligibility requirements to focus on those cohorts. From 1 October 2013, access to the scheme for new entrants will be available to applicants who meet the defined eligibility criteria. The eligibility criteria include:

- none of the lessees own other real property;
- the total income of lessees, is below the defined income threshold amount; and
- at least one of the lessees lives on the parcel of land under the lease.

New entrants will no longer be able to access the scheme at the standard rate. However, existing lessees currently in the scheme at the standard (4 per cent rate) will be able to continue in the scheme.

Home Buyer Concession Scheme

The Home Buyer Concession Scheme underwent significant reform as part of the 2012-13 Budget. The scheme was retargeted towards new houses only and the income threshold was significantly increased. As part of the 2013-14 Budget, the Home Buyer Concession Scheme is being further expanded to assist first home buyers in the Territory.

As part of these changes, the income eligibility criteria will increase from \$150,000 to \$160,000. The property threshold up until which a full concession is available will increase from the 25th to the 40th percentile. This will provide a full duty concession up to a property value of \$425,000. A partial concession will be available for property values up to \$525,000 (the 65th percentile).

Further information on other concessions provided by the ACT Government is provided in Chapter 2.4 Cost of Living Statement.

CHAPTER 4

FEDERAL FINANCIAL RELATIONS

Chapter		Page
4.1	Federal Financial Relations	103

4.1 FEDERAL FINANCIAL RELATIONS

This chapter outlines developments in the ACT's financial relations with the Commonwealth, States and the Northern Territory that occurred in 2012-13, likely flow-on effects into 2013-14 and possible developments in the forward years.

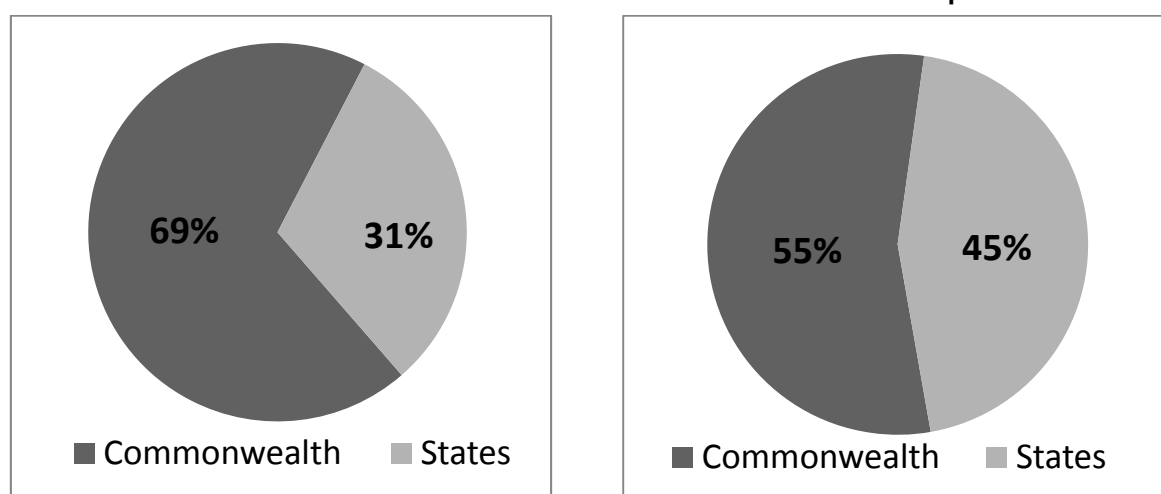
The Structure of Australia's Federal Financial Relations

The Australian federal financial relations system is characterised by two distinct features: a high degree of vertical fiscal imbalance (VFI) remedied by the transfer of revenue under a horizontal fiscal equalisation (HFE) system.

Australia experiences a relatively high degree of VFI, partly on account of Constitutional limitations on States'¹ revenue raising powers. The Commonwealth Government has access to a relatively large tax base while having relatively low service delivery responsibilities. In contrast, the States have significant service provision responsibilities but only a relatively small revenue base.

To put the concept of VFI into perspective, presently, the Australian Government collects around 69 per cent of combined Federal and State Government tax revenue (14.4 per cent of Federal revenue being from the GST) but is responsible for only about 55 per cent of total government spending. In contrast, the States collect around 31 per cent of combined tax revenue, but are responsible for around 45 per cent of total government spending. Figure 4.1 below depicts the distribution of Federal-State spending and revenue collection (including the GST).

Figure 4.1
2011-12 Distribution of Federal-State Revenue Collection and Expenditure



Source: ABS, *Government Financial Statistics 2011-12 (5512.0)* and Chief Minister and Treasury Directorate calculations.

Note: Capital expenditure is not included.

¹ The word 'States' refers to the States and Territories unless otherwise indicated.

While VFI necessitates that, for equity and efficiency reasons, the Commonwealth Government distributes a portion of its revenues to the States, the States have differing capacities to raise revenues and deliver services. That is, as the States' economies have evolved, horizontal fiscal imbalances have arisen for historical and geographical reasons. Therefore, to ensure all Australian residents have access to a similar level of services, GST revenues are distributed to each of the States according to HFE principles which are designed to ensure State governments receive funding in proportion to their relative needs. Australia's HFE system engenders stability and confidence in the States' fiscal situations.

It is against this background that the ACT itself has emerged as an independent member of the Federation with all the checks and balances underlining its unique circumstances as a City/State in a National Capital setting.

However, in the longer term, the ACT Government, in conjunction with the other States, is concerned cooperative federal financial relations are at risk without comprehensive national tax reform. Funding adequacy is set to become a more acute problem as the population ages and pressure to increase State spending grows faster than States' ability to raise revenue from their existing taxes. The ACT has undertaken major tax reform to establish a more sustainable revenue base, but this needs to be complemented by significant taxation reform at the national level.

This outlook will only be exacerbated by the increasing costs of, and demand for, State service delivery, in particular in the areas of education and health. Major social reforms are also expected to have a large cost impact, in conjunction with demographic changes.

Intergovernmental Agreement on Federal Financial Relations (IGA-FFR)

The distribution of Commonwealth transfers, including GST revenues, amongst the States is enshrined in the IGA-FFR. The IGA-FFR came into effect on 1 January 2009 and was agreed to by the Federal Government and all State governments; it is ongoing unless and until terminated by all parties.

The IGA-FFR provides the framework under which governments collaborate on policy development and service delivery, and facilitates the implementation of economic and social reforms in areas of national importance.

The IGA-FFR consists of a core agreement and a series of schedules that can be modified only by unanimous agreement of Federal and State Treasurers.

Details of the framework are outlined in the schedules covering: institutional arrangements; taxation reform; public accountability and performance reporting; payment arrangements; funding mechanisms and policy reform objectives.

While the IGA-FFR has been a success to date from an ACT Government perspective, there is a risk of the IGA-FFR's influence being eroded by the recent tendency of new agreements to include provisions such as input controls, maintenance of effort clauses and onerous reporting requirements. In addition, there has been a proliferation of agreements for relatively small amounts of funding with high administration and reporting costs. The ACT Government believes a re-commitment to the general reform objectives is required at all levels of government.

Further details on the IGA-FFR can be found at www.federalfinancialrelations.gov.au.

Intergovernmental Forums

The Commonwealth and State Governments have put in place various forums for progressing issues which may impact on federal financial arrangements. The primary forums are discussed below.

Council of Australian Governments (COAG)

COAG is the peak intergovernmental forum in Australia. Its role is to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments. It comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association.

COAG itself is serviced by a myriad of supporting fora including the [State] Council for the Australian Federation, which acts as a State forum to progress COAG related issues and other State specific matters; the Business Advisory Forum (BAF) Taskforce charged with reviewing progress towards completing a number of key BAF competition and deregulation reforms; and a Senior Officials Group comprised of the Secretaries of First Minister's Departments.

During the course of 2012-13, the Prime Minister and First Ministers reaffirmed their ongoing commitment to a National Disability Insurance Scheme (NDIS) signing an intergovernmental agreement for its first stage. The agreement provides the foundation for all governments to work together to develop and implement the initial phase of the NDIS.

COAG also considered the National Education Reform Agreement (NERA), including the National Plan for School Improvement and amendments to the IGA-FFR and the National Education Agreement. Both reforms are discussed in more detail later in the Chapter.

Other current matters of strategic importance subject to ongoing deliberations include a package of measures to develop a national response to gang violence and organised crime and initiatives drawn from the Australia in the Asian Century White Paper.

The ACT Government supports the COAG process as a model of co-operative federalism. The ACT has played a key role in a number of the policy deliberations, including being one of the first jurisdictions to agree to be a launch site for the NDIS.

Further information on COAG can be found at www.coag.gov.au.

COAG Reform Council (CRC)

The CRC is responsible for reporting to COAG on jurisdictions' performance against National Agreement outcomes and performance benchmarks, and assessing whether predetermined performance benchmarks have been achieved before reward payments are made under National Partnerships (NPs).

The CRC's latest report on progress, released in December 2012, asserted that the federal financial relations framework was still a powerful vehicle for driving change, and noted that significant progress on reform was being made, though some of the reforms were taking longer than expected.

Further information on the CRC can be found at www.coagreformcouncil.gov.au.

Standing Council on Federal Financial Relations (SCFFR)

SCFFR is comprised of Federal and State Treasurers and plays an important supporting role to COAG.

In addition to monitoring economic conditions and coordinating and sharing information to inform fiscal policy settings across jurisdictions, SCFFR is also responsible for monitoring and progressing a range of policy items of interest to COAG. Current agenda issues comprise:

- general oversight of the operation of the IGA-FFR;
- progressing the recommendations in the GST Distribution Review Report;
- Commonwealth Grants Commission (CGC) Annual Reports on GST Revenue Sharing Relativities;
- promoting State tax reforms within the bounds of existing fiscal constraints currently challenging all economies;
- the development of minimum National Injury Insurance Scheme benchmarks for medical, workplace accidents and general injury; and
- reviewing the appropriateness of the low value GST threshold.

SCFFR itself is serviced by the Heads of Treasuries forum and other sub-groups with the ACT Chief Minister and Treasury Directorate fully represented in all major groups including all deliberations with the Commonwealth Grants Commission.

Further information regarding SCFFR can be found at www.federalfinancialrelations.gov.au.

Australian Loan Council

The Australian Loan Council was established under the *Financial Agreement Act 1927 (C'wealth)* to manage the call on national savings by the Australian public sector as a whole and is comprised of Federal and State Treasurers.

Each year, the Commonwealth and States nominate their proposed borrowings for the coming financial year for all general government and public trading entities in their jurisdiction. The estimated Loan Council Allocations (LCA) measure each jurisdiction's call on financial markets.

The Loan Council also considers the macroeconomic implications of proposed expenditure from the nation building funds: the Building Australia Fund; the Health and Hospitals Fund; and the Education Investment Fund. The Loan Council then reports to the Commonwealth to inform the Government's final decision regarding funding of projects from these funds.

At the annual meeting of 3 April 2013 all parties agreed to their nominated borrowings while noting each jurisdiction's fiscal position and infrastructure requirements, and the associated underlying macroeconomic settings.

The 2013-14 LCA Nomination for the ACT was \$427 million based on the 2012-13 Budget Review (a positive allocation indicates a net borrowing position and cash being drawn from financial markets or investments).

The Budget time estimate has been revised to \$642 million reflective of the impact of Government policy decisions and decreased taxation receipts due to a softening housing market.

Federal Financial Relations Update

GST Distribution Review

On 30 March 2011 the Commonwealth Government announced a review of the GST distribution system. Specifically, the GST Distribution Review (the Review) was to consider whether the current form of HFE ensures Australia is best placed to respond to significant structural changes in the economy and maintain public confidence in the federation's financial relationships.

The Review was initiated because of the contention from 'donor' States (NSW, VIC, QLD and WA) that the present HFE system was inequitable and inefficient. In particular, WA and QLD argued for changes to HFE on efficiency grounds, claiming that the mining States were being 'penalised' and the system was broken as a significant proportion of their mining revenues were being redistributed away to other States, through reduced shares of GST funding.

The Review's findings were released in a final report in October 2012 which generally supported the stance taken by the ACT from the outset of the review that the principle of HFE and its current application is not fractured. The Review concluded that many of the concerns about HFE have turned out to be overstated. In the Panel's view, these concerns represented symptoms of the present economic times rather than problems with HFE.

Importantly, the Review considered that mining revenues should continue to be equalised through the HFE system on the same basis as other own source revenue.

The Review's recommendations are relatively modest with no radical changes to the way GST is distributed. Instead the recommendations set out to provide substantive improvements to the HFE system designed to:

- improve understanding of the HFE system in Australia; increase the transparency of the process and strengthen governance arrangements; and
- help simplify the system; improve the assessment of costs related to mining and also increase the stability of States' shares.

The operational, governance and communication recommendations are to be progressed by Commonwealth and State officials in conjunction with the Federal Treasurer to enhance the overall understanding of the HFE system. These are desirable objectives which the ACT Government supports.

At its April 2013 meeting, the SCFFR agreed that the recommendations on assessment methods from the GST Distribution Review would form part of a shortened 18 month CGC Methodology Review, as opposed to a normal five year process. Enhanced reporting will form part of the arrangements with a 12 month interim report to be provided to Treasurers. Consideration of the recommendations as part of a Methodology Review was deemed crucial to ensure there is recognition of the linkages and interactions between the recommendations and to avoid any unintended consequences. It is expected that changed assessment methods as a result of the Methodology Review would be implemented to distribute the 2015-16 GST Pool. The Chief Minister and Treasury Directorate will be fully engaged with the Methodology Review process to ensure a fair and equitable outcome for the Territory.

Arising from the issue raised by the Federal Treasurer of supplementary terms of reference to the Review Panel in November 2011, which asked the Panel to examine the interaction of Commonwealth resource rent taxes and State royalties, discussions about how they might best operate in tandem will continue.

The Panel also laid out a longer term fiscal vision which mooted more significant changes. The Review stated that a longer term vision need not necessarily include the current concept of HFE, although it will still need to recognise and accommodate the needs of fiscally weaker States. This vision is predicated on a number of key changes to fundamental fiscal characteristics such as national tax reform; changes in overall government size; roles and responsibilities; and a reduction in VFI through changes in revenue-raising responsibilities between the levels of government.

The Principle of HFE

The CGC Reports are based on the principle of HFE and recommend a distribution of GST revenue which will give each of the States the fiscal capacity to deliver services and associated infrastructure at the same standard to their population irrespective of where they live.

The assessments take into account existing differences between State economies such as natural resource endowments, population characteristics and remoteness.

State capacities are compared to the Australian average in order to determine whether a jurisdiction needs more or less than its population share of GST.

A State's fiscal capacity is determined by the sum of its assessed needs, relative to an assessed average policy or an average level of activity.

The advice on achieving equal fiscal capacities is provided in terms of 'relativities', which are per capita weights used to calculate the share of the GST revenue a State requires to achieve HFE. A State's GST entitlement is calculated by multiplying a State's population by the respective relativity to derive its weighted population. Its share of the national population is then calculated and applied to the national GST collections to determine its GST entitlement.

The ACT has a lower fiscal capacity than four of the other States and Territories, in part because the Commonwealth Government is exempt from State taxes such as payroll tax. The other specific factors which negatively influence the ACT's fiscal capacity, leading to an above equal per capita amount of GST funding, are:

- below average capacity to raise revenue:
 - mining – the absence of a mining industry in the ACT means it lacks a major revenue source available to other resource rich jurisdictions;
 - land tax – reduced revenue raising capacity stems from the lower than average value of taxable land in the Territory; and
 - motor taxes – low revenue raising capacity is associated with low heavy vehicle ownership, reflective of a low level of manufacturing and the absence of mining.
- a number of expense disabilities, such as:
 - the relatively small population, leading to diseconomies of a small scale;
 - Canberra's status as a regional centre within southeast NSW, which inevitably leads to the provision of services to non-ACT residents; and
 - the role and status of Canberra as the national capital and the unavoidable imposts this place on the Territory, as well as the legacies inherited from the Commonwealth at self-government².
- lower per capita share of Commonwealth payments:
 - of those Specific Purpose Payments (SPPs) included in the CGC's assessments, the ACT received less than an average per capita amount over the three year assessment period:
 - : by 2014-15, the new IGA-FFR requires an equal per capita distribution of the National SPPs to be fully phased in – this will increase the ACT's share of the SPP pool because the Territory currently receives a below population share of the pool, but it will be offset by a reduction in the ACT's per capita relativity.

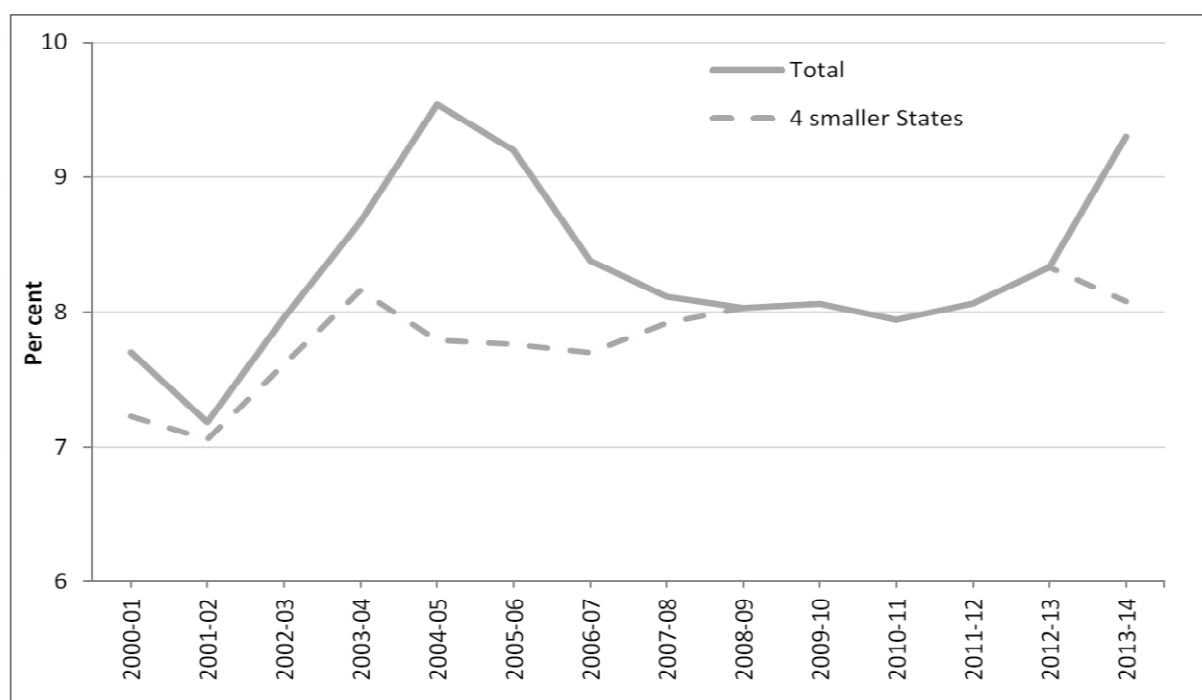
The above effects are partly offset by a below average assessed cost of providing services.

Hence, as explained, HFE is crucial to the smaller States like the ACT and delivers significantly more GST funding than what would be allocated if the GST pool was distributed on a population share basis. The four smaller States (SA, TAS, the ACT and the NT) all strongly support HFE. Allocation of the GST based on population share would lead to either sub-standard government services being provided in some parts of Australia or a significant variation in the extent and effort required of tax regimes in some jurisdictions with significant ramifications for many Australians.

² The low cost of the ACT's relatively young, urbanised, higher socio-economic status population more than offsets these additional costs.

Figure 4.2 below illustrates that the redistribution to the four smaller States has been stable over time and small, within the bounds of 7-8.5 per cent of the pool. The redistribution has increased above this level predominantly when large States have become recipients. For example, when QLD and WA were recipient States together during the period 2004-05 to 2006-07, this added to the redistribution above that of the four smaller States. Despite this, the proportion of the pool redistributed has still remained small.

Figure 4.2
Proportion of the GST redistributed to States with below average fiscal capacities, 2000-01 to 2013-14



Note: The redistribution is derived on the basis of a pool comprising GST revenue only.
 Source: Commission calculation.

Report on GST Revenue Sharing Relativities - 2013 Update

Within the five year methodology cycle, the CGC advises the Commonwealth Government each year on the distribution of the GST pool among the States.

The latest assessments in the *Report on GST Revenue Sharing Relativities – 2013 Update* were calculated on the basis of the latest three years (2009-10 to 2011-12) of socio-economic and demographic data and led to an increase in the ACT’s GST relativity from 1.19757 (2012 Update) to 1.22083 (2013 Update). The relativities were subsequently adopted by the SCFFR at its 3 April 2013 meeting and will be used to distribute the 2013-14 GST pool.

Table 4.1 below illustrates the jurisdictional relativities, implied shares of GST revenue and GST impacts. The updated assessment increases the shares most notably for QLD but also for the ACT, TAS and NSW. It reduces the shares most notably for the NT and WA, but also for SA and VIC.

Importantly, HFE delivers \$191 million to the ACT above what would be delivered if the GST were allocated on a population share basis.

**Table 4.1
Comparison of GST Relativities and Impact on 2013-14 GST Funding**

	2012 Update	2013 Update	2012-13 share of GST %	2013-14 share of GST %	Change 2012-13 to 2013-14 \$m	Change 2012-13 to 2013-14 \$pc	Above / below EPC share \$m
NSW	0.95312	0.96576	30.6	30.9	193	26.13	-495
Vic	0.92106	0.90398	22.9	22.6	-207	-35.90	-1,173
Qld	0.98477	1.05624	19.9	21.5	696	148.12	624
WA	0.55105	0.44581	5.9	4.9	-549	-216.91	-3,075
SA	1.28472	1.26167	9.4	9.1	-82	-49.07	980
Tas	1.58088	1.61454	3.6	3.6	36	69.77	704
ACT	1.19757	1.22083	2.0	2.0	18	46.75	191
NT	5.52818	5.31414	5.7	5.4	-107	-453.39	2,245

Source: CGC Report on GST Revenue Sharing Relativities 2013 Update and Chief Minister and Treasury Directorate calculations. Note that these figures were calculated using the 2012-13 MYEFO GST Pool Estimate.

The major reasons for the increase in the ACT's 2013 Update relativity were the:

- increase in the ACT's population growth relative to other States, increasing its requirement for new infrastructure;
- increased burden on the ACT government to supply community health services as a result of below average Commonwealth and private community health services provision;
- new census data which led to an 18 per cent increase in the national estimate of Indigenous people, resulting in a downward revision to average spending per Indigenous person. The overall impact is a redistribution of GST towards States with relatively small Indigenous populations, such as the ACT; and
- these positive impacts were partially offset by major upward revisions to the ABS estimates of private sector payrolls for the ACT, leading to a higher revenue raising capacity from payroll tax for the Territory.

A further pleasing result in the Update Report was the decision by the CGC to quarantine the \$55.2 million of Centenary Grant Funding paid to the ACT in 2011-12, after a decision by the Commonwealth Government. This decision was made on the basis that it was a gift to the nation, from which all Australians would benefit. Failure to do this would have seen the \$55.2 million redistributed amongst States.

Table 4.2 below based on Table 27 of the Update Report, shows the impact of the components contributing to the ACT's assessed GST funding of \$1,037 million³ and how this results in a figure of \$191 million above an equal per capita share.

³ Based on Commonwealth 2012-13 Mid-Year Economic and Fiscal Outlook using a GST pool of \$51 billion for 2013-14.

Table 4.2
ACT Assessed GST Funding and Above Equal Per Capita funding 2013-14

	\$pc	\$m
Equal per capita share (1.66%)	2,199	846
Expense requirement	-208	-80
Investment ¹	36	-14
Net lending ²	+9	+4
Revenue	+531	+204
Commonwealth payments ³	+201	+77
Assessed GST (2.03%)⁴	2,695	1,037
Total difference from EPC distribution	496	191

Note: Table may not add due to rounding.

1. The investment assessment provides each State with the capacity to acquire the average level of new physical infrastructure. It is the equivalent to 'net acquisition of non-financial assets' that appears in the ABS Government Finance Statistics State operating statement.
2. The net lending assessment provides each State with the capacity to acquire the average level of income from their net financial assets, i.e. the outcome of an operating budget calculated as expenses and expenditures on non-financial assets, change in inventories, etc less State own source revenues and revenues received from the Australian Government.
3. Includes the impact on the revenue side only. The impact on the expense side is incorporated in the expense requirement line.
4. GST = equal per capita share plus sum of needs.

Further information on the CGC 2013 Update Report can be found at www.cgc.gov.au.

Sources of Federal Funding

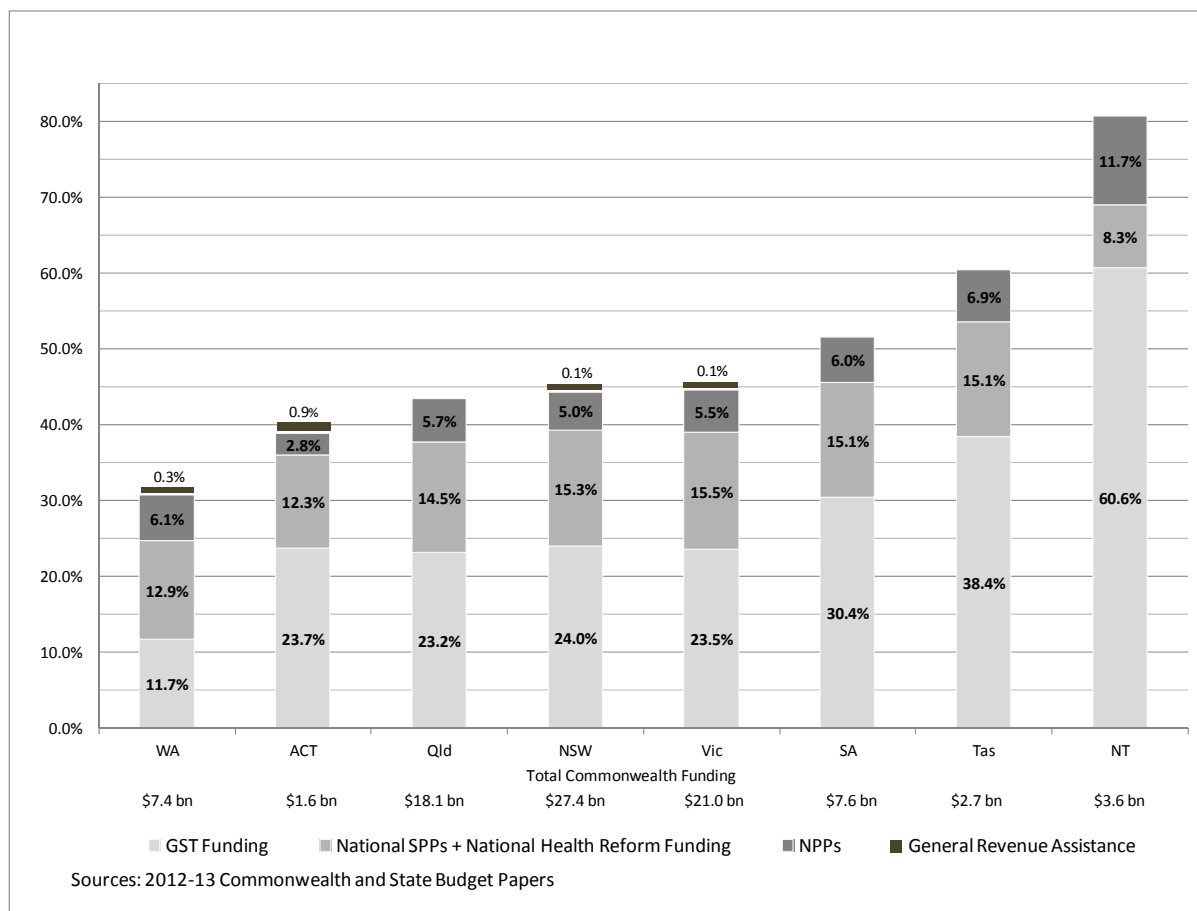
Sources of Federal funding are General Revenue Assistance, inclusive of GST, Financial Assistance Grants, National Specific Purpose Payments (SPPs) and National Partnership Payments (NPPs).

Figure 4.3 below illustrates the sources of Commonwealth revenue payments to the States for 2012-13. On average, the States received 44.5 per cent of their funding from the Commonwealth.

Interestingly, the figure shows that the ACT is less dependent on Commonwealth funding than most other States. The ACT's relatively high GST allocation is offset by relatively lower SPP and NPP funding compared with other States.

An understanding of the aggregate transfer to jurisdictions is particularly important when comparing respective shares of any one individual stream of transfers such as the GST redistribution.

Figure 4.3
State-Territory Revenue Profile from the Commonwealth 2012-13



For 2013-14, the ACT will receive the following receipts from the Federal Government:

- General Revenue Assistance, comprising:
 - GST of \$1,021.8 million; representing an increase of \$51.1 million over 2012-13; and
 - ACT Municipal Services payments of \$37.5 million; representing an increase of \$0.7 million over 2012-13;
- National Specific Purpose Payments of \$534.7 million; representing an increase of \$57.3 million over 2012-13; and
- National Partnership Payments of \$141.9 million; representing an increase of \$51.1 million over 2012-13.

Each of these streams of funding and the movements between the Estimated 2012-13 Outcome and Budget year 2013-14 are discussed below in more detail.

General Revenue Assistance (GRA)

GRA transfers from the Commonwealth Government provide a major source of revenue for the Territory, and will comprise 43 per cent of the ACT's General Government Sector revenues in 2013-14. Table 4.3 below summarises the expected level of GRA funding to the ACT across the Budget and Forward Estimates.

Table 4.3
Commonwealth Government General Revenue Assistance Funding to the ACT

	2012-13	2013-14	Variation		2014-15	2015-16	2016-17
	Est. Out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
General Revenue Assistance							
GST Revenue	970.7	1,021.8	51.1	5.3	1,078.9	1,144.6	1,208.5
ACT Municipal Services	36.8	37.5	0.7	1.9	38.2	38.9	39.6
Total General Revenue Assistance	1,007.5	1,059.3	51.8	5.1	1,117.1	1,183.5	1,248.1

Note: Table may not add due to rounding.

GST Revenues

GST payments to the ACT in any year reflect the total national GST pool; the ACT's GST relativity; and the Australia Bureau of Statistics' estimates of the ACT and national populations.

The GST is distributed to the States as 'untied' payments consistent with the principle of HFE.

For forward estimates, the GST revenue receipts to the ACT are based on the 2013-14 Federal Budget estimates of the GST pool and of the ACT's population as a percentage of the national total. However, the relativity is held constant at the 2013-14 level through the out-years as it is difficult to forecast future relativities with any degree of accuracy.

The overall movement throughout the year since the 2012-13 Budget release is illustrated in Table 4.4 below.

**Table 4.4
Reconciliation of GST Revenue Grants to the ACT**

GST Grants to the ACT		2012-13	2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m	\$m
2012-13 ACT Budget	5 June 2012	938.1	993.7	1,047.5	1,101.0		4,080.3
	<i>Variation (1)</i>	<i>17.1</i>	<i>14.5</i>	<i>17.2</i>	<i>20.1</i>		<i>68.9</i>
2012-13 ACT PEBU	31 August 2012	955.2	1,008.2	1,064.7	1,121.1	-	4,149.2
	<i>Variation (2)</i>	<i>26.7</i>	<i>9.2</i>	<i>11.2</i>	<i>13.6</i>		<i>60.7</i>
2012-13 MYEFO	22 October 2012*	981.9	1,017.4	1,075.9	1,134.7	-	4,209.9
	<i>Accumulated Variation (1+2)</i>	<i>43.8</i>	<i>23.7</i>	<i>28.4</i>	<i>33.7</i>		<i>129.6</i>
ACT Budget Review	January 2013	981.9	1,017.4	1,075.9	1,134.7		4,209.9
	<i>Variation (3)</i>	<i>0.0</i>	<i>19.7</i>	<i>20.9</i>	<i>22.2</i>	-	<i>62.8</i>
CGC 2013 Update Report	February 2013	981.9	1,037.1	1,096.8	1,156.9	-	-
	<i>Variation (4)</i>	<i>-11.2</i>	<i>-15.3</i>	<i>-17.9</i>	<i>-12.3</i>	-	<i>-56.8</i>
2013-14 Federal Budget	14 May 2013	970.7	1,021.8	1,078.9	1,144.6	1,208.5	-
2013-14 ACT Budget		970.7	1,021.8	1,078.9	1,144.6	1,208.5	
Accumulated variation from 2012-13 Budget to 2013-14 Budget**		32.5	28.2	31.4	43.6	-	135.62

Note: Table may not add due to rounding.

*includes the underpayment of GST revenue in 2011-12

** total does not include 2016-17

Parameter Variations:

1. 2012-13 ACT Pre-Election Budget Update: Revised population estimates.
2. 2012-13 Commonwealth Mid Year Economic and Fiscal Outlook (MYEFO): Revised GST revenue pool and population estimates.
3. CGC 2013 Update Report: Revised GST relativities.
4. 2013-14 Federal Budget: Revised GST revenue pool and population estimates.

ACT Municipal Services

The Commonwealth provides GRA to the ACT to meet the additional municipal costs arising from Canberra's role as the national capital and the national capital planning influences on the provision of water and sewerage services.

This funding is additional to the Financial Assistance Grants to Local Government, which support normal municipal functions in the Territory. (Financial Assistance Grants are discussed later in this chapter).

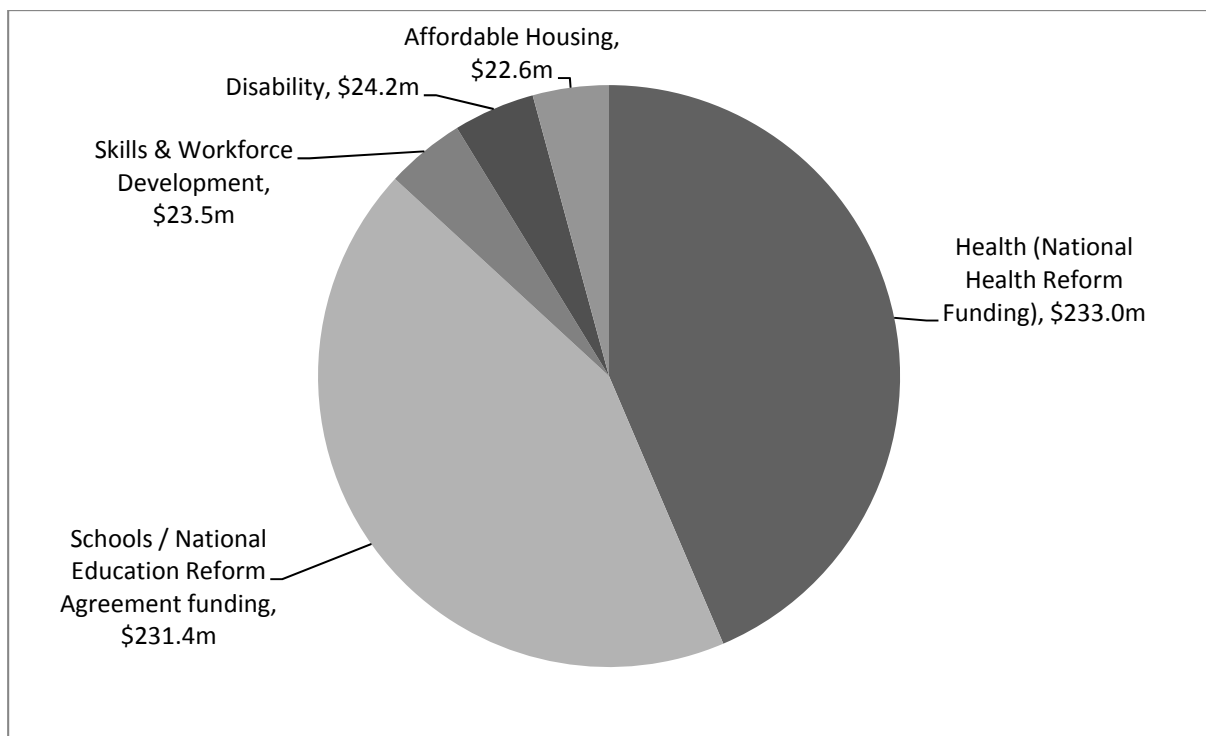
National Specific Purpose Payments

SPPs are paid to the States under five broad categories:

- National Health Reform Funding;
- National Schools SPP;
- National Skills and Workforce Development SPP;
- National Affordable Housing SPP; and
- National Disability SPP.

The relative distribution of these SPPs across sectors is illustrated in the Figure 4.4 below.

Figure 4.4
2013-14 National Specific Purpose Payments to the ACT by sector (\$ millions)



Source: Federal Budget 2013-14 Paper No.3.

The funding received through these National SPPs provides the ACT with the capacity to fund the policy objectives contained in each of the National Agreements to which they relate. The Commonwealth's SPP funding to the ACT is detailed in Table 4.5 below.

**Table 4.5
Commonwealth National Specific Purpose Payments to the ACT**

	2012-13	2013-14	Variation		2014-15	2015-16	2016-17
	Est. Out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
Health Reform	202.5	233.0	30.5	15.1	270.5	311.6	356.8
Schools	208.1	113.3	-94.8	-45.6	-	-	-
National Education Reform Agreement funding	-	118.1	118.1	-	243.7	258.1	273.4
Sub-total Education	208.1	231.4	23.3	11.2	243.7	258.1	273.4
Skills and Workforce Development	23.3	23.5	0.2	0.9	23.9	24.4	25.0
Community Services	20.0	24.2	4.2	21.0	25.6	26.9	28.2
Affordable Housing	23.5	22.6	-0.9	-3.8	21.8	22.2	22.7
Total National Specific Purpose Payments	477.4	534.7	57.3	12.0	585.5	643.2	706.1

Note: Table may not add due to rounding.

The ACT is required to spend the funding it receives under each National SPP in the service sector relevant to the SPP. For example, the National Schools SPP must be expended in the education sector – but the ACT has full budget flexibility to allocate funds within that sector as it sees fit to achieve any mutually agreed objectives for that sector.

Distribution of National SPPs

In accordance with the IGA-FFR, by 2014-15, National SPPs will be fully distributed to States based on their population shares (with the exception of the government schools component of the National Schools SPP, which will be distributed based on a State's proportion of full-time equivalent student enrolments in government schools). In 2013-14, the Health Reform and Disability SPPs will be distributed 100 per cent on a population share basis, with the other SPPs being distributed 80 per cent on population share and 20 per cent on a historical basis. The distribution of the SPPs on an equal per capita basis is aimed at ensuring that all Australians, regardless of their location, receive the same share of Commonwealth funding support for State service delivery.

Further major change to the National SPPs is also expected to occur during the forward estimates period as a result of the proposed introduction of the National Education Reform Agreement (NERA) and associated Schooling Resource Standard (SRS) from 2014, and the transition to the full National Disability Insurance Scheme (NDIS), starting from 2014-15.

These major reforms are based on individual funding for students and people with disabilities, rather than the historical block funding approach which originally determined allocation of SPP funding. Negotiations on State funding contributions to the new schemes have not yet been finalised, and treatment of the State expenditure and associated Commonwealth payments under the HFE arrangements is still under discussion.

The use of national funding pools for both Health and Disability will also replace the SPPs which previously underpinned Commonwealth support for States in these sectors, fundamentally changing the nature of Commonwealth financial support from an outcomes focus to one based primarily on outputs and maintenance of funding. The situation with the SPPs is further complicated by the requirement to undertake a review of funding adequacy and related outcomes under the IGA-FFR, which is due to be conducted in 2013.

National Disability Insurance Scheme (DisabilityCare Australia)

DisabilityCare Australia establishes a national disability insurance scheme which provides lifetime care and support for eligible people who have significant and permanent disabilities. Funding for DisabilityCare will be paid by the Commonwealth and all States into a single national funding pool.

The ACT is participating in trials for the NDIS and will begin the transition to the full scheme in 2014-15, with the full national scheme commencing in 2019-20. Additional Commonwealth and State funding under NDIS will not be subject to equalisation under the HFE process during the Launch period of NDIS, which extends through the Budget and out-years.

Table 4.9 includes the expected National Partnership payments from the Commonwealth supporting preparation for the NDIS Launch, estimated at \$6.4 million in 2013-14.

National Education Reform Agreement (NERA)

Following the release of the Review of Funding for Schooling (the Gonski Review), the Commonwealth embarked on large-scale reform in school education, including fundamental change to funding arrangements. Under the broad framework of NERA, the Schooling Resource Standard (SRS) will establish funding for individual students, with loadings to cover factors such as disability, indigeneity, remoteness, socio-economic disadvantage and lack of proficiency in English. The NERA changes will also include the roll-up of a number of education-related NPPs into the Schooling SPP, which will increase certainty for State budget planning and reduce the administrative and compliance workload imposed by the current large number of education NPs. These changes are to come into effect from the start of 2014.

Under the proposed agreement the Government is expected to increase its contribution to schools by at least three per cent per annum. These estimates have been included in the 2013-14 Budget. Table 4.5 includes the expected National Specific Purpose payments for NERA, which commence in 2013-14 at \$118.1 million for the initial half-year period.

Commonwealth payments under the NERA are expected to be treated by inclusion in HFE, but this is not yet confirmed.

COAG also agreed in April 2013 to extend the National Partnership Agreement on Early Childhood Education for 18 months. This agreement recommits to universal access to pre-school for four year old children. Provision has been made in the 2013-14 Budget for the funding under the new agreement.

Health Reform

New funding arrangements under the National Health Reform Agreement came into operation for all States from July 2012. For 2012-13 and 2013-14, these arrangements include the continued provision of funding by the Commonwealth to the level which would have applied under the previous National Healthcare SPP. From 2014-15 to 2016-17, the Commonwealth will maintain its previous percentage of base funding and fund 45 per cent of volume growth, both at the national efficient price (which is determined annually by an independent authority). From 2017-18, the level of Commonwealth funding for growth will move to 50 per cent.

Under the Health Reform arrangements, the Commonwealth funding contributions flow to the State where a patient receives treatment, rather than solely on the basis of State population shares. This reduces the amounts previously flowing between States for cross-border provision of services.

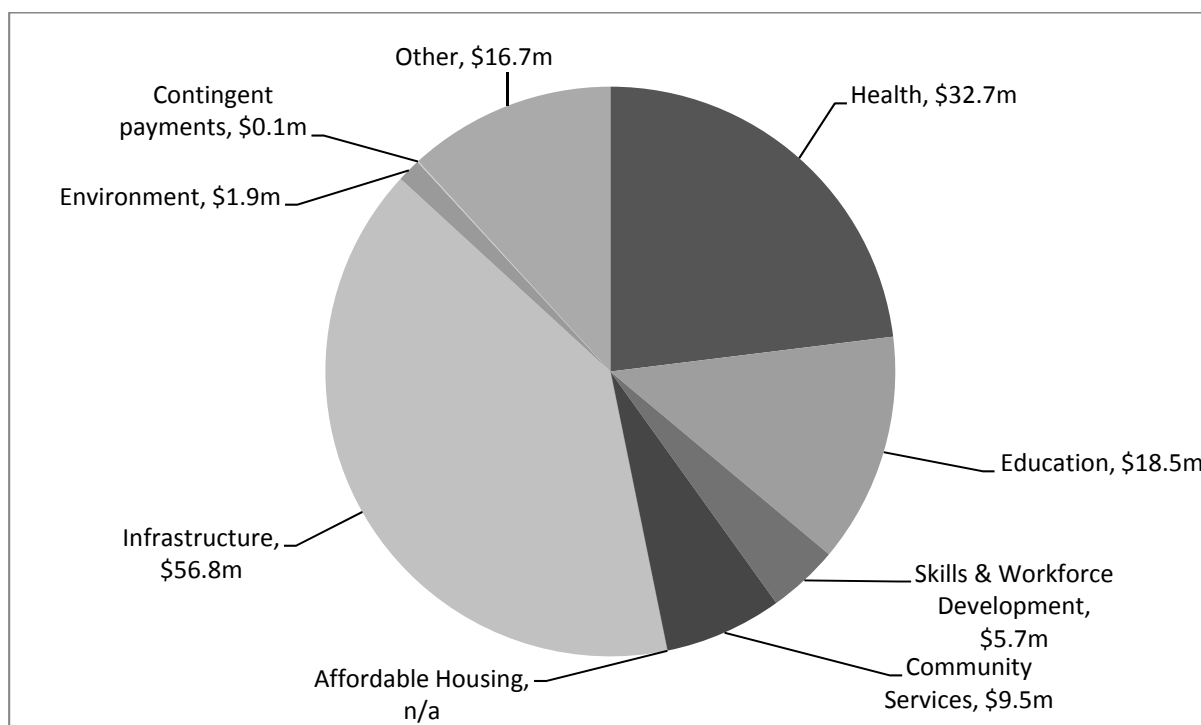
The activity based approach to funding has similarities to other Commonwealth reforms (e.g. Skills Reform, Early Childhood Education) in creating a demand-driven system.

National Partnership Payments

Within the context of the IGA-FFR, the Commonwealth provides NP payments to the States, in addition to GRA and Specific Purpose payments, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

The distribution of these payments for the ACT across sectors is shown in Figure 4.5 below.

Figure 4.5
2013-14 Major NP payments to the ACT by sector (\$ millions)



Source: Federal Budget 2013-14 Paper No.3.

Note: n/a = not available: State allocations of funding for Affordable Housing (Homelessness NP) yet to be finalised at time of publication.

The distribution of NP payments across sectors reflects both major areas of State service delivery, such as Health and Education, and the significant role played by the Commonwealth in funding State infrastructure, such as hospitals, roads and rail. However, because of its small area and relatively compact population, the ACT receives considerably less for infrastructure in proportion to its population than do other States.

All NPs currently delivering funding to the ACT are summarised by sector in Table 4.6 below.

**Table 4.6
Commonwealth NP Payments to the ACT**

	2012-13 [#]	2013-14 [#]	Variation		2014-15	2015-16	2016-17
	Est. Out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
Health	29.7	32.7	3.0	10.1	26.6	22.2	24.7
Education	24.3	18.5	-5.8	-23.9	8.3	4.3	8.0
Skills and Workforce Development	5.7	5.7	0.0	0.0	6.4	6.1	8.3
Community Services	3.9	9.5	5.6	143.6	7.3	11.4	19.7
Affordable Housing	2.4	n/a*	n/a*	n/a*	-	-	-
Infrastructure	4.3	56.8**	52.5	1,220.9	84.1**	28.5	29.6
Environment	3.7	1.9	-1.8	-48.6	2.3	1.7	1.7
Contingent Payments	0.1	0.1	0.0	0.0	0.1	0.1	-
Other	16.7	16.7	0.0	0.0	9.5	9.8	10.0
Total NP Payments	90.8	141.9	51.1	56.3	144.6	84.1	102.0

Note: Table may not add due to rounding.

* n/a = not available: State allocations for Affordable Housing (Homelessness NP) not finalised at time of publication. Provision has been made for funding in the Federal Budget.

** The large increase in infrastructure funding in 2013-14 and 2014-15 relates to the Majura Parkway project.

\$6.1 million of the 2013-14 Commonwealth payments shown in the table will be brought forward into 2012-13. This comprises: Essential Vaccines \$3.9 million, Preventive Health \$0.9 million, Long Stay Older Patients \$0.8 million and Certain Concessions for Pensioners and Seniors \$0.6 million.

Given the short-term nature of NP payments (average three years) and the ongoing change arising from extensions, absorption into SPPs, bring-forwards between years, and other policy influences, it is only possible to give a snapshot of the totality of NP funding at a point in time. For example, NP payments in some sectors, particularly Education, will be affected over the forward estimates period by the major national reforms described above. This is likely to involve expiry of payments under some existing agreements and the rolling up of others into the SPPs.

As a result, an overall reduction in the number of NPs and associated NP payments funding is expected over the out-years. Allowing for this impact, and the lumpy nature of payments for infrastructure projects, the funding levels for NP payments to the ACT are quite stable across the Budget and out years.

A dissection of some of the major drivers follows.

Expiring National Partnership Agreements

A large number of NPs which were signed in the period immediately after the establishment of the IGA-FFR expired or were due to expire during the period June 2012 to June 2013.

In order to address the need for ongoing funding to support increased service levels achieved through many of the original agreements, the NSW Treasurer, on behalf of all States, wrote to the Federal Treasurer on 28 September 2012 about the future of NPs expiring by June 2014. This issue was also considered by a Senior Officials' Working Group of First Ministers' and Treasury department representatives, which presented a report on Expiring NPs to the December 2012 meeting of COAG.

States generally took the view that, where agreements had achieved ongoing increased levels of service delivery, the relevant payments should be rolled up into SPPs to provide a stable, indexed source of funding, with greater certainty for State budget planning. The Commonwealth took a different view, preferring to retain the option of continuing funding through NPPs, particularly where reform objectives had not been fully realised, and aiming to ensure greater flexibility in its budget considerations.

In negotiations with States during 2012-13, the Commonwealth put forward one-year interim agreements or short extensions to new agreements in key policy areas such as homelessness and literacy and numeracy. These and other new agreements were characterised by a shift away from the outcomes focus and avoidance of input controls originally envisaged in the IGA-FFR by including elements such as maintenance of effort. While these developments clearly reflect Commonwealth concern over achievement of specific objectives, they also create greater uncertainty for States in planning their budgets.

The treatment in the 2013-14 Federal Budget of expiring NPs to which the ACT is a party and where the States sought continuation of funding is detailed in Table 4.7 below.

In total, approximately \$21.6 million of NPs that expired in 2012-13 have been extended or replaced with new NPs totalling \$16.5 million in 2013-14 and further amounts in out-years.

Table 4.7
Expiring National Partnership Payments to the ACT 2012-13 and 2013-14

Sector	Title	Funding 2012-13 (\$000)	Funding 2013-14 (\$000)	Federal Budget treatment
Health	Hospital & Health Workforce Reform	610	0	Discontinued from 2013-14.
	Indigenous Early Childhood Development – Health Component	240	250	Funding after 2013-14 not decided.
	Financial Assistance for Long Stay Older Patients	3,100	783	Funding after 2013-14 not decided.
	National Perinatal Depression Initiative	158	281	Funding to continue to 2016-17.
Education	Digital Education Revolution	3,804	0	Discontinued from 2013-14.
	Literacy & Numeracy	1,751	878	New NPA agreed - funding to 2013-14.
	Smarter Schools - Improving Teacher Quality	320	3,128	Funding after 2013-14 not decided.
	Early Childhood Education – Universal Access	7,313	6,444	New NPA being finalised – funding to 2014-15.
	National Quality Agenda for Early Childhood Education & Care	227	212	Funding beyond 2013-14 subject to COAG review.
	Indigenous Early Childhood Development – Family Centres	1,110	1,107	Funding after 2013-14 not decided.
	More Support for Students with Disabilities	1,359	1,406	Funding extended to 2014-15. Intended to roll into NERA from Jan 2015.
	MoneySmart Schools	74	91	New NPA agreed – funding to 2016-17.
Skills	Youth Attainment and Transitions	662	1,135	Funding after 2013-14 not decided.
Community Services	Certain Concessions for Pensioner Concession Card and Seniors Card Holders	2,110	2,180	New NPA agreed – funding to 2016-17.
Housing	Homelessness	2,401	n/a*	New NP proposed – funding for 2013-14 not finalised.
Environment	Natural Disaster Resilience	1,305	1,305	New NP being negotiated – funding to continue to 2016-17.
Other	Legal Assistance Services	4,420	4,486	Funding after 2013-14 not decided.
Total Expiring		30,964	23,686	

* n/a = not available: Funding provided in Federal Budget but State allocations not finalised at time of publication.

New National Partnership Agreements

The 2013-14 Federal Budget also included a number of new National Partnerships which are expected to involve additional funding for the ACT, including:

- Canberra Hospital – Dedicated Paediatric Emergency Care (\$5 million in 2014-15);
- Assisting Preparation Towards the Launch of the National Disability Insurance Scheme (\$10.1 million over two years – 2013-14 and 2014-15);
- Pay Equity for the Social and Community Services Sector (\$6.6 million over four years);
- Implementing Water Reform in the Murray-Darling Basin (\$1.2 million over four years); and
- National Insurance Affordability Initiative (\$0.5 million over two years – 2013-14 and 2014-15).

Two other National Partnerships were announced in the Federal Budget but have not been included in the ACT Budget:

- Early Psychosis Youth Centres (\$35.1 million over four years) – this initiative was included as a National Partnership Payment in the Federal Budget but is now to be funded as a Commonwealth Own Purpose Expense; and
- Assistance to States for DisabilityCare Australia (\$21.8 million over two years – 2015-16 and 2016-17) – this funding will not be paid as a National Partnership Payment but will be drawn from the DisabilityCare Australia Fund.

Negotiations on most of these NPs are still in progress between the ACT and the Commonwealth, however approximately \$13.8 million of new funding has been identified in the 2013-14 Budget.

The Commonwealth has also brought forward funding of \$5.6 million of Health National Partnership Payments and \$0.6 million of Community Services National Partnership Payments from 2013-14 to 2012-13.

These movements in National Partnerships, including existing National Partnerships, are fully reflected in Table 4.9 below – Total Commonwealth Funding to the ACT.

Financial Assistance Grants to Local Government

Financial assistance grants (FAGs) to local governments are outside the federal funding framework and are paid to State governments for on-passing to local governments through the State Grants Commissions. Financial assistance grants to local government are untied and can be spent according to local government priorities.

As the ACT Government has responsibility for both State and municipal functions, the financial assistance grants are paid direct to the Territory to be spent according to its budget priorities, at approximately two per cent of the financial assistance grants pool.

The ACT's FAGs funding is shown in Table 4.8 below.

**Table 4.8
Commonwealth Government Financial Assistance Grants Funding to the ACT**

	2012-13 Est. Out. \$m	2013-14 Budget \$m	Variation		2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
			\$m	%			
Financial Assistance Grants	46.9	24.2	-22.7	-48.4	50.5	52.8	55.2

The ACT will receive \$46.9 million in 2012-13, decreasing to \$24.2 million in 2013-14. The decrease is due to the Commonwealth's 2013-14 Budget decision to bring forward the first two quarterly instalments of the expected 2013-14 grants to 2012-13, amounting to \$24.8 million for the ACT. The bringing forward of these instalments continues the approach followed by the Commonwealth for FAGs in recent Budgets.

Total Commonwealth Funding to the ACT

All estimated and expected revenue transfers from the Commonwealth Government to the ACT over the Budget period are detailed in Table 4.9 below

Table 4.9
Details of Commonwealth Government Grants

2012-13 Budget \$'000	FUNDING CATEGORIES (1)	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	General Revenue Assistance					
938,130	GST Revenue	970,600	1,021,800	1,078,900	1,144,600	1,208,500
36,832	ACT Municipal Services	36,832	37,495	38,208	38,934	39,634
974,962	Total General Revenue Assistance	1,007,432	1,059,295	1,117,108	1,183,534	1,248,134
	Health Services					
	<i>National Healthcare SPP and Payments under the National Health Reform Agreement</i>					
203,526	National Healthcare SPP	0	0	0	0	0
0	National Health Reform Payment (2)	244,684	279,536	318,438	360,980	407,623
203,526	<i>Total National Healthcare SPP and Payments under the National Health Reform Agreement</i>	<i>244,684</i>	<i>279,536</i>	<i>318,438</i>	<i>360,980</i>	<i>407,623</i>
	Health Services NPPs					
548	Health Services NPPs (3)	455	1,113	8,913	5,510	7,018
620	Mental Health (Reform Program) NPP	620	620	620	620	0
1,320	Hospital and Health Workforce Reform NPP	610	0	0	0	0
10,935	Health and Hospital Fund Projects NPP	6,420	4,444	70	0	0
2,563	Preventative Health NPP	2,069	0	894	894	2,181
240	Indigenous Early Childhood Development NPP (Health Component)	240	250	0	0	0
2,568	Essential Vaccines NPP	6,007	106	3,937	3,684	4,000
9,664	National Health Reforms NPPs (4)	12,573	11,383	1,483	1,483	1,483
1,669	National Health Reforms (Emergency Departments) NPP (Capital)	1,669	0	0	0	0
0	Hepatitis C Settlement Fund	33	0	0	0	0
1,102	Treating More Public Dental Patients	1,102	2,471	1,904	0	0
31,229	<i>Total Health Services NPPs</i>	<i>31,798</i>	<i>20,387</i>	<i>17,821</i>	<i>12,191</i>	<i>14,682</i>
234,755	Total Health Services	276,482	299,923	336,259	373,171	422,305
	Housing					
23,313	National Affordable Housing SPP	23,536	22,611	21,763	22,222	22,687
	Housing NPP's					
325	First Home Owners Boost NPP	38	0	0	0	0
2,401	Homelessness NPP	2,401	0	0	0	0
2,726	<i>Total Housing NPPs</i>	<i>2,439</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
26,039	Total Housing	25,975	22,611	21,763	22,222	22,687

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Community Services					
20,269	National Disability Services SPP	19,961	24,166	25,601	26,880	28,201
	Community Services NPPs					
787	Transitioning Responsibilities for Aged Care and Disability Services NPP	787	0	0	0	0
149	Home and Community Care Services for Veterans NPP	149	141	0	0	0
95	Aged Care Assessment NPP	95	0	0	0	0
1,110	Indigenous Early Childhood Development NPP (Family Centres)	1,110	1,107	0	0	0
199	National Reciprocal Transport Concessions NPP (Formerly Concessions for Pensioners)	170	170	170	170	170
1,911	Certain Concessions for Pensioners and Senior Card Holders NPP	2,511	1,376	2,057	2,144	2,233
0	NDIS Readiness and Enhanced Service Officer Project	500	6,424	3,700	0	0
0	Pay Equity for Social and Community Services Sector	280	764	1,329	1,949	2,603
4,251	Total Community Services NPPs	5,602	9,982	7,256	4,263	5,006
24,520	Total Community Services	25,563	34,148	32,857	31,143	33,207
	Education & Early Childhood					
	National Schools SPP's and National Education Reform Agreement Funding					
60,053	National Schools SPP – Government Schools Component	59,577	32,225	0	0	0
154,996	National Schools SPP – Non-Government Schools Component	148,504	81,069	0	0	0
0	National Education Reform – Government	0	35,704	73,050	76,447	80,040
0	National Education Reform – Non-Government	0	82,425	170,606	181,690	193,314
215,049	Total National Schools SPP's and National Education Reform Agreement Funding	208,081	231,423	243,656	258,137	273,354
	Education and Early Childhood NPP's					
2,189	Digital Education Revolution NPP – Government Schools	2,189	0	0	0	0
1,615	Digital Education Revolution NPP – Non-Government Schools	1,615	0	0	0	0
728	Smarter Schools – Low Socio-Economic Status School Communities NPP	728	279	0	0	0
3,448	Smarter Schools - Improving Teacher Quality NPP	320	3,128	0	0	0
0	Smarter Schools - Literacy and Numeracy NPP - Government	1,171	587	0	0	0
0	Smarter Schools - Literacy and Numeracy NPP - Non-Government	580	291	0	0	0
7,080	Early Childhood Education – Universal Access NPP	7,313	6,444	3,728	0	0

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
1,536	Trade Training Centres Schools NPP – Government Schools	4,622	4,027	1,888	2,287	4,442
1,864	Trade Training Centres Schools NPP – Non-Government Schools	1,546	498	1,624	1,928	3,424
0	Industry and Indigenous Skills Centres	181	0	0	0	0
1,530	National Solar Schools Plan NPP – Government Schools	1,194	382	0	0	0
108	National Solar Schools Plan NPP – Non-Government Schools	108	0	0	0	0
662	Youth Attainment and Transitions NPP	662	1,135	0	0	0
74	Money Smart Schools NPP	74	91	86	94	109
1,079	Support for Students with Disability NPP – Government Schools	1,079	1,072	802	0	0
280	Support for Students with Disability NPP – Non Government Schools	280	334	194	0	0
134	Reward for School Improvement NPP – Government Schools					
177	Reward for Great Teachers NPP – Government Schools	143	0	0	0	0
0	Reward for Great Teachers NPP – Non-Government Schools	34	0	0	0	0
186	Training Places for Single and Teen Parents NPP	186	248	248	0	0
3,820	VET Training (Building Australia's Future Workforce – Skills Reform) NPP	3,820	3,820	6,046	6,050	8,276
0	Commonwealth / State and Territory Joint Group Training Program NPP	293	0	0	0	0
227	National Quality Agenda for Early Childhood Education and Care NPP	227	212	0	0	0
26,737	Total Education & Early Childhood NPPs	28,365	22,548	14,616	10,359	16,251
241,786	Total Education & Early Childhood	236,446	253,971	258,272	268,496	289,605
	Vocational Education & Training					
23,026	National Skills and Workforce Development SPP	23,273	23,533	23,913	24,427	24,950
	Vocational Education & Training NPP's					
847	TAFE Fee Waivers for Childcare Qualifications NPP	560	490	155	0	0
23,873	Total Vocational Education & Training	23,833	24,023	24,068	24,427	24,950
	Infrastructure					
	Infrastructure NPP's					
484	Nation Building Program NPP (Roads)	484	442	443	443	443
0	Off Network Projects NPP (Roads)	0	0	300	0	0
463	Interstate Road Transport NPP	389	404	420	437	455
3,427	Roads to Recovery NPP	1,932	0	5,600	5,600	5,600
162	Heavy Vehicle Safety NPP	55	4,887	799	668	668
966	Black Spots Projects NPP	888	876	975	975	975

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
0	Centenary of Canberra Gift NPP - Constitution Avenue Redevelopment component	0	0	10,000	0	0
0	Building Australia Fund Roads NPP - Majura Parkway construction	0	50,000	64,500	20,000	0
0	Parliament House Walk	100	0	0	0	0
0	Regional Infrastructure Fund	81	0	696	82	112
5,502	Total Infrastructure NPPs	3,929	56,609	83,733	28,205	8,253
5,502	Total Infrastructure	3,929	56,609	83,733	28,205	8,253
Environmental Services						
Environmental Services NPP's						
1,359	Caring for Our Country NPP	1,359	0	0	0	0
0	Exotic Disease Preparedness NPP	10	10	20	20	20
251	Water for the future NPP - States	883	259	201	70	0
0	Water Reform in the Murray Darling Basin	98	221	327	327	327
0	National Insurance Affordability Initiative	0	133	416	0	0
1,610	Total Environmental Services NPPs	2,350	623	964	417	347
1,610	Total Environmental Services	2,350	623	964	417	347
Other Services						
Other Services NPP's						
4,420	Legal Aid NPP	4,420	4,468	4,558	4,641	4,724
4,026	A Seamless National Economy NPP	1,610	2,416	0	0	0
33	Local Government Reform Fund NPP					
2,040	Centenary of Canberra - Joint National Program NPP	2,040	991	0	0	0
250	Sustainable Australia - Liveable Cities NPP	357	157	0	0	0
1,305	Natural Disaster Resilience Program NPP	1,305	1,305	1,305	1,305	1,305
0	ACT Fire Fighting Assistance for RFS, SES and Emergency Management	4,000	4,000	0	0	0
0	Provision of Fire Fighting Services to Commonwealth Buildings	4,612	4,774	0	0	0
12,074	Total Other Services NPPs	18,344	18,111	5,863	5,946	6,029
23,597	Financial Assistance Grants - Local Government	46,940	24,225	50,540	52,829	55,170
35,671	Total Other Services	65,284	42,336	56,403	58,775	61,199
1,568,718	Total Commonwealth Government Funding	1,667,294	1,793,539	1,931,427	1,990,390	2,110,687

Notes:

1. Funding Categories reflect ACT Government Directorate responsibilities.
2. Includes Commonwealth payments under the Health Reform arrangements for cross-border services provided to residents of other States and Territories – Commonwealth estimates of \$46.3m in 2012-13 and \$46.5m in 2013-14; ACT estimates of \$47.9m in 2014-15, \$49.4m in 2015-16 and \$50.8m in 2016-17
3. Health Services NPPs includes the following NPPs: Breastscreen Australia Program Expansion, National Bowel Cancer Screening Program – Participant Follow-up, National Perinatal Depression Initiative, OzFoodNet, Canberra Hospital – Dedicated Paediatric Emergency Care, Adult Public Dental Services, Vaccine Preventable Diseases Surveillance.
4. National Health Reforms NPPs comprises the following NPPs: Improving Public Hospital Services, Financial Assistance for Long Stay Older Patients.

CHAPTER 5

EXPENDITURE

Chapter		Page
5.1	Expenditure and Forward Estimates	131
5.2	Expenditure Initiatives	137
5.3	Savings Initiatives	171

5.1 EXPENDITURE AND FORWARD ESTIMATES

Total expenditure in the General Government Sector in 2012-13 is estimated to be \$4.424 billion increasing to \$4.578 billion in 2013-14. Approximately 48 per cent of the expenditure relates to employees' wages and superannuation. Functionally, around 55 per cent of total expenditure relates to the portfolios of health and education (including vocational education).

The ACT's recurrent expenditure needs, assessed as part of the Commonwealth Grants Commission's distribution of GST funding in its Report on *GST Revenue Sharing Relativities – 2013 Update*, are below the national average by around \$202 per person. The demographic characteristics of the ACT lead to lower than average assessed service need.

The expenditure assessments redistribute GST funding away from the ACT overall, given they are in large part driven by the costs of providing services to people from Indigenous and low socio-economic status backgrounds and those who are located in remote areas. The ACT has below average proportion of these persons relative to the other States and Territories.

These relatively lower service needs are, however, offset in part by the ACT's status as a regional centre, which leads to the servicing of interstate residents in areas that are not covered by bilateral compensation agreements.

The recurrent expenditure in the ACT continues to be well above the national average, at around 21 per cent above its assessed level of need.

The forecast outcome for expenditure in 2012-13 is approximately \$76.9 million (or 1.8 per cent) above the original ACT Government's forecast largely due to the impact of a lower than estimated discount rate used to value the superannuation liability.

In 2013-14 expenses are forecast to increase by 3.5 per cent to \$4.578 billion, largely reflecting increases associated with growth in service activities and the net (of savings) impact of government initiatives.

Across the Budget and forward estimates, expenses are forecast to grow at an annual average rate of 3.5 per cent. The growth in expenditure generally reflects growth in employee expenses, supplies and services and the depreciation and amortisation of assets.

Expenditure estimates incorporate a range of savings measures totalling \$142.6 million across the budget year and forward estimates. Savings measures include ceasing of initiatives that no longer align with government priorities, further administrative savings and reprioritisation of program expenditure.

This chapter provides details of the 2012-13 estimated outcome, the 2013-14 Budget and forward estimates for expense items, including a discussion of the major variances of expenditure items.

**Table 5.1.1
General Government Expenditure**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Expenses						
1,527,566	Employee Expenses	1,544,167	1,583,362	3	1,621,453	1,670,382	1,749,612
	Superannuation Expenses						
297,660	Superannuation Interest Cost	264,214	313,777	19	330,007	345,899	361,386
236,567	Other Superannuation Expense	346,794	242,113	-30	244,906	248,675	257,892
324,488	Depreciation and Amortisation	320,838	338,863	6	360,671	366,250	369,092
112,728	Interest Expense	123,618	149,775	21	166,662	172,665	168,894
	Other Operating Expenses						
888,385	Supplies and Services	869,974	919,472	6	965,030	1,013,421	1,078,533
199,840	Other Operating Expenses	180,317	199,788	11	203,513	210,117	208,131
760,187	Grants Expenses	774,419	830,726	7	821,225	832,825	875,035
4,347,421	Total Expenses	4,424,341	4,577,876	3	4,713,467	4,860,234	5,068,575

Note: Numbers may not add due to rounding.

Factors Affecting Expenditure Levels

Employee Expenses

For 2012-13, employee expenses are estimated to be \$1.544 billion. This is an increase of \$16.6 million or 1.1 per cent from the original budget of \$1.528 billion mainly due to the impact of revised wage parameters and changes in the workforce profile.

Employee expenses are forecast to grow by \$39.2 million or 2.5 per cent in 2013-14 from the 2012-13 estimated outcome. These increases are largely due to the impact of indexation on employee expenses and growth in health related initiatives.

Superannuation Interest Cost and Other Superannuation Expenses

Superannuation interest cost and other superannuation expenses represent superannuation expenses in relation to the defined benefit CSS/PSS liabilities and accumulation superannuation arrangements including PSSap and fund of choice. The following variance explanation is in relation to the aggregate of these two items.

The increase of \$76.8 million in the 2012-13 estimated outcome from the original budget is due mainly to the impact of the lower actual discount rate as at 30 June 2012 of 3.41 per cent used for the annual superannuation liability valuation. This compares to the long term average rate of 6 per cent used in the 2012-13 Budget.

Depreciation and Amortisation

The 2012-13 estimated outcome for depreciation and amortisation of \$320.8 million is \$3.7 million below the original 2012-13 Budget of \$324.5 million. This largely results from the timing of capital works projects and the flow on impact of asset revaluations undertaken in 2011-12.

Depreciation and amortisation expenses are estimated to increase in 2013-14 by \$18 million or 5.6 per cent from the 2012-13 estimated outcome reflecting the completion of major infrastructure projects and asset purchases.

Interest Expense (Borrowing Costs)

This item mainly represents the interest payments for borrowings.

The increase of \$10.9 million in the 2012-13 estimated outcome from the original budget is mainly due to higher borrowing interest costs as a result of the timing and level of new borrowings undertaken through the year.

The increase of \$26.2 million in the 2013-14 Budget from the 2012-13 estimated outcome is mainly due to increased interest payments from higher levels of borrowings.

Supplies and Services

Supplies and services expense consists of supplies (such as pharmaceuticals), repairs and maintenance, consultants and contractors expenses and payments for ACT Policing.

The 2012-13 estimated outcome for supplies and services expenses is expected to decrease by \$18.4 million or 2.1 per cent from the original budget.

Expenses are forecast to increase in 2013-14 by \$49.5 million or 5.7 per cent from the 2012-13 estimated outcome. The variance reflects increased expenditure associated with the implementation of new initiatives.

Other Operating Expenses

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

The 2012-13 estimated outcome for other expenses is expected to decrease by \$19.5 million or 9.8 per cent from the original 2012-13 Budget. This is primarily attributed to a decrease in the average frequency and amounts in insurance claims and a funding reduction from New South Wales for cross border health costs.

The increase of \$19.5 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to the forecast value of insurance claim expenses returning to anticipated long run levels, and the full year impact of operation of the ACT State Pool Account under the National Health Reform Arrangements.

Grants Expenses

The 2012-13 estimated outcome for grants is expected to increase by \$14.2 million from the original budget. This is mainly attributed to the reclassification of expenses to other expense line items to more closely align with expected expenditure patterns and grants to Calvary Hospital to be used for capital works in their Emergency Department.

The 2013-14 Budget forecast for grants expenses of \$830.7 million is \$56.3 million higher than the 2012-13 estimated outcome of \$774.4 million. This is mainly due to the impact of Government initiatives and increased community sector grants.

Community Service Obligations

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

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

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

The separate identification of CSOs provides transparency on the full costs of services and the financial implications of Government decisions in the provision of services to specific targeted groups in the community.

Table 5.1.2 lists Community Service Obligations funded in the 2013-14 Budget.

**Table 5.1.2
CSOs Funded in the 2013-14 Budget**

CSO provided by:	2013-14 Budget \$'000	Description
Territory and Municipal Services Directorate		
Yarralumla Nursery	270	Free plant issue.
ACT Forests	2,329	Provision and upkeep of public use areas within ACT Forests.
ACTION	91,230	Funding provided to ACTION to operate network services.
Economic Development Directorate		
Exhibition Park Corporation	425	Compensation for charging below market rates, as a result of Ministerial direction, or in agreement entered into by the ACT Government.
Community Services Directorate		
ACTEW	1,656	Half cost of water use for schools and churches.
ACTEW	3,779	Half cost of sewerage services to churches, hospitals, benevolent, charitable institutions and schools.
ACTEW	98	Compensation for water and sewerage rates for lease granted under the (repealed) <i>Church Land Act 1924</i> .
ACTEW	274	Administration cost for rebates.
ACTEW	6,965	Rebates on water and sewerage charges to pensioners.
ActewAGL & TRUenergy	8,581	Rebates on electricity bills to pensioners.
ACTEW/ActewAGL	58	Rebates on utility bills.
ACTEW	157	Rebates on electricity supply to properties operated by non profit organisations.
Several Transport Providers	1,620	Part subsidy for taxi fares for eligible persons with disability.
Several Funeral Directors	50	Funerals Assistance Program.
Public Trustee for the ACT		
Public Trustee	473	Financial Management under ACAT orders, Enduring Power of Attorney, welfare funerals, AFP callouts, estates and trusts administered valued less than \$100,000, examination of external ACAT orders and will preparation.
Total Community Service Obligation	117,965	

Community Sector Funding

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

Annual funding increases are calculated using the following formula:

$$\text{Community Sector Funding Rate} = (\text{Wage Price Index} \times 0.80) + (\text{Consumer Price Index} \times 0.20)$$

For the 2013-14 Budget the following rates have been applied to eligible community sector funding.

Table 5.1.3
Community Sector Funding Rate

	2013-14 Budget %
Wage Price Index	3.0
Consumer Price Index	2.25
Community Sector Funding Rate	2.85

Note: An adjustment of 0.34 per cent will be made to eligible service funding agreements managed by Housing ACT, the Community Services Directorate and the Health Directorate as a contribution to the "ACT Community Sector Reforms" initiative.

5.2 EXPENDITURE INITIATIVES

Net new expenditure initiatives in the 2013-14 Budget total \$127.7 million over four years.

The Budget provides for expenditure initiatives totalling \$103.9 million in 2013-14 and \$331.4 million across the Budget and forward estimates. This includes \$128.0 million covered by the Health Funding Envelope, and \$75.7 million covered by revenue resulting from the new initiatives.

The net cost of new initiatives (\$127.7 million over four years) is more than covered by savings initiatives of \$142.6 million over four years. Savings initiatives are described in chapter 5.3.

Additionally, \$19.8 million of agency funded initiatives are provided for in 2013-14 and across the forward estimates.

A summary of recurrent expenditure is shown at Table 5.2.1 below.

Table 5.2.1
Summary Expenditure Initiatives

Summary Expenditure Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	Total 4 Year \$'000
Expenditure Initiatives	103,925	79,587	72,046	75,863	331,421
Revenue	15,142	17,874	20,005	22,697	75,718
Health Funding Envelope Employed	26,640	33,229	33,718	34,426	128,013
Net Budget Impact – Expenditure Initiatives	62,143	28,484	18,323	18,740	127,690

Note: Revenue listed above reflects (a) revenue associated with expenditure initiatives and (b) revenue initiatives presented in Chapter 3.2.

Tables 5.2.2 to 5.2.6 provide a summary of these initiatives by portfolio.

Summary of Expenditure Initiatives by Portfolio

Table 5.2.2
Recurrent Initiatives

Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Chief Minister and Treasury Directorate				
Centenary Chair for Cancer Research	500	500	500	0
Directorate Operational Reviews	1,300	400	0	0
Study Canberra	205	718	664	504
Health				
Enhanced Cancer Outpatients Services	900	1,225	1,251	1,277
General Inpatient Beds and Hospital in the Home	8,600	12,063	12,316	12,575
Establish an Outpatient Service for Drug and Alcohol Services	180	184	188	192
Expand Services at the Centenary Hospital for Women and Children	1,529	1,561	1,594	1,627
Enhancement of Services for Women, Youth and Children	781	797	814	831
Establishment of a Public Obesity Management Service	500	1,021	1,042	1,064
Enhanced Belconnen Health Centre and Walk-in Centre	1,650	2,391	2,441	2,492
Expand Access to Emergency Medicine and Rapid Assessment Services at ACT Public Hospitals	2,000	3,267	3,336	3,406
Continuing Access to Elective Surgery Services for Patients on the Public Elective Surgery Waiting List	8,000	8,168	8,339	8,515
Growth in Community Mental Health Services	1,000	1,021	1,042	1,064
Growth in Outpatient Services	1,000	1,021	1,042	1,064
Aboriginal and Torres Strait Islander Smoking Cessation Program	200	204	0	0
Advanced Care Planning	300	306	313	319
Economic Development Directorate				
International Tourism Marketing Campaigns – Phase One (New Zealand and Singapore)	500	0	0	0
Horsefest	100	0	0	0
Enlighten Festival	1,100	1,200	1,300	0
Increased Funding for the Canberra Convention Bureau	200	200	0	0
Tourism Major Events Fund	1,000	1,000	0	0
National Capital Educational Tourism Project	100	100	100	0
Global Connect	750	750	0	0
University of Canberra Sports Commons	1,000	1,500	1,500	1,000
Increasing Maintenance of Our Sportsgrounds	150	350	0	0
Increased Sports Grants (Asset Repair and Maintenance Grants)	400	0	0	0
Commerce and Works Directorate				
Increase Tax Compliance Activity	567	577	588	598
Increase in Application Fee for Certificate of Rates, Land Tax and Other Charges	250	250	250	250
Justice and Community Safety Directorate				
More Police Safer Roads (RSOT expansion)	1,202	1,214	1,254	1,318
Community Legal Centres Hub Accommodation	180	280	290	300

Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
ACT Fire & Rescue Platform on Demand Staffing	1,325	894	920	948
Motor Vehicle Infringement Management	884	897	911	925
Statutory Office Holders – Remuneration Tribunal Adjustment	195	195	195	195
Eastman Inquiry	2,824	0	0	0
Official Visitor Scheme	356	361	366	372
Rewards for Safer Driving	1,032	1,078	1,125	1,175
ESA – Supporting Operational Capacity	3,755	3,810	0	0
ESA – Workers Compensation Premium	3,090	0	0	0
Alcohol Interlocks	259	353	461	469
12 Additional Worksafe Inspectors	1,031	1,524	1,552	1,581
Corrective Services – Supporting Operational Capacity	1,467	1,500	1,532	1,566
Corrective Services – Workers’ Compensation Premium Costs	942	0	0	0
Probation and Parole Officers and Community Services Work Unit	294	0	0	0
Environment and Sustainable Development Directorate				
Canberra Urban and Regional Futures	250	250	0	0
Support for Construction Services	205	210	215	221
Extension of Energy Efficiency Scheme Administration	377	613	626	0
Government Architect	100	0	0	0
Supporting Business Systems Transition	1,500	0	0	0
Capital Metro Agency				
Capital Metro Agency Operating Costs	3,000	3,042	3,084	3,127
Education and Training Directorate				
Secondary Bursary Scheme	77	158	162	162
Certificate III in Children’s Services	240	0	0	0
Supporting Non Government Preschools	1,300	1,329	1,359	1,389
Degree Scholarships for Early Childhood Educators	10	54	95	136
Special Needs Transport	1,579	0	0	0
ACT Base Funding Adjustment – National Schools Reform ¹	0	930	11,799	17,568
Savings Reinvestment to Transition to Gonski	4325	0	0	0
Community Services Directorate				
Intervention Services	297	790	874	896
Youth Engagement and Family Support for Youth	1,130	1,230	1,279	1,293
Parents as Teachers Program	177	359	366	372
National Multicultural Festival	100	100	0	0
Micro-credit Program	100	103	105	108
Community Helping Aboriginal Australians to Negotiate Choices Leading to Employment and Success (CHANCES)	220	220	220	220
Indigenous Scholarship Program	100	100	100	100
Children and Young People Equipment Loan Scheme (CAYPELS)	104	0	0	0
Fourth Unit at Bimberi Youth Justice Centre	973	989	0	0
Out of Home Care Strategy	200	0	0	0

Note:

1. This initiative includes both Controlled and Territorial funding resulting in a net positive contribution by the ACT Government towards Gonski reforms.

Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Community Facilities – Management, Repairs and Maintenance	520	0	0	0
Children and Young People Death Review Committee	218	221	0	0
DisabilityCare – Mobile Attendant Care and Evening Services (MACES)	360	0	0	0
DisabilityCare – Additional Support for Post-school Options	245	0	0	0
DisabilityCare – Readiness and Service Enhancements	3,075	1,850	0	0
Housing ACT				
National Partnership Agreement on Homelessness Extension	580	0	0	0
Housing and Homelessness Advocacy and Policy Services	80	82	0	0
Territory and Municipal Services Directorate				
Transport for Canberra – Public Transport Improvements	835	150	160	160
Additional Park Rangers	229	235	514	529
Enhanced Biodiversity Stewardship	1,326	0	0	0
Canberra's Urban Treescape	1,000	0	0	0
Expanded Municipal Service Delivery	2,354	2,046	2,097	2,150
Support for RSPCA Services	170	174	0	0
ACTION – Supporting Operational Capacity	14,289	9,760	0	0
Transport for Canberra – Real Time Passenger Information System Operations	646	700	723	740
Transport for Canberra – MyWay System Management	625	638	652	665
Kerbside Waste Collection	960	374	390	400
Parks and City Services – Supporting Operational Capacity	5,500	0	0	0
Continuation of Bulky Waste Collection Service	235	0	0	0
Legal Aid Commission (ACT)				
Expensive Cases Fund	200	0	0	0
Eastman Inquiry	516	0	0	0
TOTAL EXPENDITURE INITIATIVES	103,925	79,587	72,046	75,863
<i>Revenue</i>	15,142	17,874	20,005	22,697
<i>Health Funding Envelope Employed</i>	26,640	33,229	33,718	34,426
NET EXPENDITURE INITIATIVES	62,143	28,484	18,323	18,740

**Table 5.2.3
Agency Funded Initiatives**

Agency Funded Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Economic Development Directorate				
Physical Activity Foundation	25	0	0	0
Events Assistance Program	50	50	50	50
Indoor Sport Infrastructure Study	50	0	0	0
Multicultural Sports Grants	25	26	26	27
Environment and Sustainable Development Directorate				
Review of Parking Requirements	25	0	0	0
Parking Offset Fund	25	0	0	0
Education and Training Directorate				
Canteen Grants	200	0	0	0
Support for Students with Disabilities	1,250	0	0	0
Aboriginal and Torres Strait Islander Education Scholarship Program	25	25	25	25
Investing in Our Teachers	500	1,000	1,000	1,000
Preschool Matters	45	90	91	92
Supporting Non Government School Students	2,701	2,768	2,836	2,906
Supporting Non Government Schools ICT	625	625	625	625
Community Services Directorate				
Fringe Festival Arts Funding	20	20	20	20
Community Language School	25	26	26	27
Older Persons Assembly	0	50	0	50
Interpreter Scholarships	12	12	12	12
TOTAL AGENCY FUNDED INITIATIVES	5,603	4,692	4,711	4,834

**Table 5.2.4
Revenue Associated with Recurrent Initiatives**

Revenue Associated with Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Justice and Community Safety Directorate				
Alcohol Interlocks	259	353	461	469
12 Additional Worksafe Inspectors	1,031	1,524	1,552	1,581
More Police Safer Roads (RSOT expansion)	779	701	701	701
Rewards for Safer Driving	2,429	2,515	2,603	2,695
Commerce and Works Directorate				
Increase Tax Compliance Activity	1,800	1,840	1,880	1,921
Increase in Application Fee for Certificate of Rates, Land Tax and Other Charges	456	456	456	456
TOTAL REVENUE ASSOCIATED WITH RECURRENT INITIATIVES	6,754	7,389	7,653	7,823

Note: Additional details regarding revenue proposals are presented in Chapter 3.2.

**Table 5.2.5
Capital Expenditure Associated with Recurrent Initiatives**

Capital Expenditure Associated with Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Justice and Community Safety Directorate				
More Police Safer Roads	64	0	0	0
Community Services Directorate				
Intervention Services	200	0	0	0
Youth Engagement and Family Support for Youth	70	0	0	0
Territory and Municipal Services Directorate				
Kerbside Waste Collection	1,631	0	0	0
TOTAL CAPITAL EXPENDITURE ASSOCIATED WITH RECURRENT INITIATIVES	1,965	0	0	0

**Table 5.2.6
Depreciation Associated with Recurrent Initiatives**

Depreciation Associated with Recurrent Initiatives	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Justice and Community Safety Directorate				
More Police Safer Roads	13	13	13	13
Territory and Municipal Services Directorate				
Kerbside Waste Collection	0	163	163	163
TOTAL DEPRECIATION ASSOCIATED WITH RECURRENT INITIATIVES	13	176	176	176

CHIEF MINISTER AND TREASURY DIRECTORATE

Table 5.2.7

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Centenary Chair for Cancer Research	500	500	500	0
Directorate Operational Reviews	1,300	400	0	0
Study Canberra	205	718	664	504
Total Initiatives	2,005	1,618	1,164	504

Centenary Chair for Cancer Research

This initiative will support the Australian National University in establishing a Canberra Centenary Chair for Cancer Research. The Chair will be associated with the John Curtin School of Medical Research (JCSMR) and the Canberra Region Cancer Centre, enhancing collaborative projects between cancer centre clinicians and cancer researchers at the JCSMR.

Directorate Operational Reviews

This initiative will involve targeted reviews of ACT Government activities to identify ways to improve services, while delivering operational efficiencies in the following areas: ACTION; Emergency Services Agency; Corrections; and Parks and Conservation Services.

Study Canberra

This initiative will support activities to promote Canberra as Australia's study destination of choice for local, national and international students. It aims to increase the capacity of ACT tertiary education for research and innovation and to promote the contribution of education to the ACT economy.

HEALTH DIRECTORATE

Table 5.2.8

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Enhanced Cancer Outpatients Services	900	1,225	1,251	1,277
General Inpatient Beds and Hospital in the Home	8,600	12,063	12,316	12,575
Establish an Outpatient Service for Drug and Alcohol Services	180	184	188	192
Expand Services at the Centenary Hospital for Women and Children	1,529	1,561	1,594	1,627
Enhancement of Services for Women, Youth and Children	781	797	814	831
Establishment of a Public Obesity Management Service	500	1,021	1,042	1,064
Enhanced Belconnen Health Centre and Walk-in Centre	1,650	2,391	2,441	2,492
Expand Access to Emergency Medicine and Rapid Assessment Services at ACT Public Hospitals	2,000	3,267	3,336	3,406
Continuing Access to Elective Surgery Services for Patients on the Public Elective Surgery Waiting List	8,000	8,168	8,339	8,515
Growth in Community Mental Health Services	1,000	1,021	1,042	1,064
Growth in Outpatient Services	1,000	1,021	1,042	1,064
Aboriginal and Torres Strait Islander Smoking Cessation Program	200	204	0	0
Advanced Care Planning	300	306	313	319
Total Initiatives	26,640	33,229	33,718	34,426

Enhanced Cancer Outpatients Services

This initiative provides for additional capacity for outpatient cancer services and more services in a non-inpatient environment at the new Canberra Region Cancer Centre.

General Inpatient Beds and Hospital in the Home

This initiative provides an additional 31 inpatient beds across the Canberra and Calvary Hospitals to meet increasing demand for hospital-based services, with a further six bed equivalents to be provided through expansion of the Hospital in the Home program.

Establish an Outpatient Service for Drug and Alcohol Services

This initiative will enable the establishment of a new outpatient service within the Canberra Hospital and Health Services for drug and alcohol services.

Expand Services at the Centenary Hospital for Women and Children

This initiative will increase services available within the Centenary Hospital for Women and Children with three additional beds in the neonatal Intensive care, paediatric and foetal medicine units.

Enhancement of Services for Women, Youth and Children

This initiative will enhance the level of health services provided for women, youth and children through additional community based care, expansion of outpatient services and improved transfer of care between the Emergency Department and paediatric inpatient services at the Canberra Hospital.

Establishment of a Public Obesity Management Service

This initiative will establish an obesity management service to improve the health of patients with severe obesity through coordinated intervention and prevention services.

Enhanced Belconnen Health Centre and Walk-in Centre

This initiative will expand services provided from the new Belconnen Health Centre to include high quality health services, including a walk-in centre, breast screening, aged care and rehabilitation services, a pathology collection service and community mental health services.

Expand Access to Emergency Medicine and Rapid Assessment Services at ACT Public Hospitals

This initiative will increase staffing and resources available to the Canberra Hospital which will directly impact on patient flow into, through and out of the Emergency Department and also establish a new 8-bed rapid assessment unit at Calvary Public Hospital improving access to specialist services.

Continuing Access to Elective Surgery Services for Patients on the Public Elective Surgery Waiting List

This initiative will enable continued access to elective surgery to ensure ongoing reductions in the number of people waiting beyond standard timeframes for care.

Growth in Community Mental Health Services

This initiative will expand community mental health services to provide short term psychosocial support to people with a mental illness upon exiting the Alexander Maconochie Centre; antenatal and postnatal mental health support; suicide research; return to work support and expansion of the forensic mental health service.

Growth in Outpatient Services

This initiative will provide for additional capacity to meet growing demand for outpatient services at Canberra Hospital.

Aboriginal and Torres Strait Islander Smoking Cessation Program

This initiative will enable continued implementation of the *ACT Aboriginal and Torres Strait Islander Tobacco Control Strategy*.

Advanced Care Planning

This initiative is aimed at increasing community awareness and uptake of Advanced Care Plans through education programs and a mobile clinic.

ECONOMIC DEVELOPMENT DIRECTORATE

Table 5.2.9

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
International Tourism Marketing Campaigns – Phase One (New Zealand and Singapore)	500	0	0	0
Horsefest	100	0	0	0
Enlighten Festival	1,100	1,200	1,300	0
Increased Funding for the Canberra Convention Bureau	200	200	0	0
Tourism Major Events Fund	1,000	1,000	0	0
National Capital Educational Tourism Project	100	100	100	0
Global Connect	750	750	0	0
University of Canberra Sports Commons	1,000	1,500	1,500	1,000
Increasing Maintenance of Our Sportsgrounds	150	350	0	0
Increased Sports Grants (Asset Repair and Maintenance Grants)	400	0	0	0
Total Initiatives	5,300	5,100	2,900	1,000
Agency Funded Initiatives				
Physical Activity Foundation	25	0	0	0
Events Assistance Program	50	50	50	50
Indoor Sport Infrastructure Study	50	0	0	0
Multicultural Sports Grants	25	26	26	27
Total Agency Funded Initiatives	150	76	76	77

International Tourism Marketing Campaigns – Phase One (New Zealand and Singapore)

This initiative is to support international marketing campaigns to maximise the number of international tourists to the ACT.

Horsefest

This initiative provides for the development of the Horsefest 2014 event, which will include horse competitions, demonstrations, stunts and retail for the equestrian sector.

Enlighten Festival

This initiative supports the continuation and expansion of the Enlighten Festival as a signature event for Canberra.

Increased Funding for the Canberra Convention Bureau

This initiative aims to encourage more business visitors to Canberra and grow the value of business events to the ACT economy.

Tourism Major Events Fund

This initiative provides for the Tourism Major Events Fund, which will create positive economic outcomes by providing partnership funding for new major tourism events that would increase the number of visitors to the ACT and enhance the ACT's status as a tourism destination.

National Capital Educational Tourism Project

This initiative provides for targeted marketing strategies to encourage more interstate school visits to Canberra.

Global Connect

This initiative provides for a suite of programs to support the continuing diversification and internationalisation of the ACT economy, including Trade Connect, Trade Missions, Centre for Exporting Government Solutions, the ACT Exporters' Network, the ACT Chief Minister's Export Awards and the International Student Ambassador Program.

University of Canberra Sports Commons

This initiative provides for a grant to the University of Canberra for the development of a Sports Hub at its Belconnen campus to support community sporting organisations and to enhance student learning.

Increasing Maintenance of Our Sportsgrounds

This initiative provides additional maintenance resources to assist in providing quality playing surfaces and reflects growth in the Territory's sportsground asset base.

Increased Sports Grants (Asset Repair and Maintenance Grants)

This initiative supports the creation of an additional funding category within the existing Sport and Recreation Grants Program to provide grants for repairs and maintenance of facilities owned, managed and leased by community sporting organisations.

Agency Funded Initiatives

Physical Activity Foundation

This initiative provides for further support to the Active Kids Challenge and supports the Foundation to deliver a wider range of activities.

Events Assistance Program

This initiative is aimed at supporting existing and new events that can demonstrate measurable economic benefits by increasing the number of visitors to the ACT.

Indoor Sport Infrastructure Study

This initiative enables a study to assess the need for, and potential scope and location of, an additional indoor sports space in Canberra.

Multicultural Sports Grants

This initiative will provide grants for multicultural specific sporting programs and support the Global Cricket Challenge, a one day event that aims to build relationships between different communities and provide a positive environment for multicultural young people to participate in healthy activities.

COMMERCE AND WORKS DIRECTORATE

Table 5.2.10

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Increase Tax Compliance Activity	567	577	588	598
Increase in Application Fee for Certificate of Rates, Land Tax and Other Charges	250	250	250	250
Total Initiatives	817	827	838	848
Revenue Associated with Recurrent Initiatives				
Increase Tax Compliance Activity	1,800	1,840	1,880	1,921
Increase in Application Fee for Certificate of Rates, Land Tax and Other Charges	456	456	456	456
Total Revenue	2,256	2,296	2,336	2,377

Increase Tax Compliance Activity

This initiative will provide an additional five staff to the ACT Revenue Office to encourage more tax compliant behaviour through education and more targeted taxpayer communication, and to undertake tax compliance activities that will uphold the integrity of the tax system. This is expected to result in improved compliance with taxation legislation and generate an additional \$1.8 million per annum in taxation revenue.

Increase in Application Fee for Certificate of Rates, Land Tax and Other Charges

This initiative will revise fees for Certificate of Rates, Land Tax and Other Charges to levels comparable with other jurisdictions. This is expected to result in additional revenue of \$456,000 per annum, part of which will be allocated to administration of the system.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

Table 5.2.11

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
More Police Safer Roads (RSOT expansion)	1,202	1,214	1,254	1,318
Community Legal Centres Hub Accommodation	180	280	290	300
ACT Fire & Rescue Platform on Demand Staffing	1,325	894	920	948
Motor Vehicle Infringement Management	884	897	911	925
Statutory Office Holders – Remuneration Tribunal Adjustment	195	195	195	195
Eastman Inquiry	2,824	0	0	0
Official Visitor Scheme	356	361	366	372
Rewards for Safer Driving	1,032	1,078	1,125	1,175
ESA – Supporting Operational Capacity	3,755	3,810	0	0
ESA – Workers’ Compensation Premium	3,090	0	0	0
Corrective Services – Supporting Operational Capacity	1,467	1,500	1,532	1,566
Corrective Services – Workers’ Compensation Premium	942	0	0	0
Probation and Parole Officers and Community Services Work Unit	294	0	0	0
Alcohol Interlocks	259	353	461	469
12 Additional Worksafe Inspectors	1,031	1,524	1,552	1,581
Total Initiatives	18,836	12,106	8,606	8,849
Revenue Associated with Recurrent Initiatives				
More Police Safer Roads (RSOT expansion)	779	701	701	701
Rewards for Safer Driving	2,429	2,515	2,603	2,695
Alcohol Interlocks	259	353	461	469
12 Additional Worksafe Inspectors	1,031	1,524	1,552	1,581
Total Revenue	4,498	5,093	5,317	5,446
Capital Associated with Recurrent Initiatives				
More Police Safer Roads (RSOT expansion)	64	0	0	0
Total Capital	64	0	0	0
Expenses – Depreciation				
More Police Safer Roads (RSOT expansion)	13	13	13	13
Total Expenses	13	13	13	13

More Police Safer Roads (RSOT expansion)

This initiative extends the existing Road Safety Operations Team (RSOT) to enforce drug driving legislation and enhance delivery of road safety activities in the ACT, including four dedicated vehicles with Recognition and Analysis of Plates Identification (RAPID) technology. The RAPID system uses cameras and optical character recognition software to instantaneously identify if a vehicle registration is identical to one on a 'vehicle of interest' list. This initiative will be offset by increased traffic infringement revenue.

Community Legal Centres Hub Accommodation

Community Legal Centres (CLCs) provide free legal services to disadvantaged groups within the ACT community. This initiative will assist in providing rental accommodation for a group of CLCs, the Welfare Rights and Legal Centre, the Women's Legal Centre and the Tenants Union.

ACT Fire & Rescue Platform on Demand Staffing

This initiative provides additional staffing to enhance the ACT Fire & Rescue Platform on Demand capability designed to transport and deploy specialised equipment such as urban search and rescue and hazmat equipment.

Motor Vehicle Infringement Management

As highlighted in the ACT Government's Targeted Assistance Strategy, this initiative will establish a program to assist those in need by providing more flexible arrangements to manage motor vehicle infringement notices. It will support people to regain or retain their driver licence, vehicle registration or right to drive in the ACT while acquitting their infringement notices by entering into time to pay, work and development programs or other arrangements.

Statutory Office Holders – Remuneration Tribunal Adjustment

This initiative provides for the increase in remuneration, allowances and other entitlements for the Human Rights Commissioners, the Director of Public Prosecutions, and the Solicitor-General for the ACT as a result of determinations made by the ACT Remuneration Tribunal.

Eastman Inquiry

This initiative provides for the continuation of funding for the Board of Inquiry into the murder conviction of Mr David Eastman, and to cover the estimated resources required by the Director of Public Prosecutions, ACT Policing, the ACT Courts, and ACT Corrective Services, to respond to and appear before the Board of Inquiry as directed.

Official Visitor Scheme

The Official Visitor Scheme provides an essential scrutiny and reporting function in the Territory and currently operates in the 'closed' environments of youth and adult corrections and mental health. This initiative expands the appointment of official visitors to protect vulnerable people in 'open' environments, people with disability and those at risk of homelessness, and the appointment of Aboriginal or Torres Strait Islander official visitors.

Rewards for Safer Driving

The Rewards for Safer Driving scheme will implement discounted driver licence fees for those full licence holders who have attracted no demerit points and no traffic infringements for at least the last five years. This initiative will be offset by an increase in the value of penalty units, on which penalties for Territory offences are based, from \$110 to \$140 per penalty unit for individuals and from \$550 to \$700 for corporation. This initiative is aimed at increasing penalties for drivers disobeying road rules and rewarding good drivers through driver licence discounts.

ESA – Supporting Operational Capacity

This initiative will enable the Emergency Services Agency (ESA) to meet increases in employee and supplies and services costs whilst maintaining the quality and effectiveness of its services.

ESA – Workers' Compensation Premium

This initiative provides for additional funding as a result of an increase in the Workers' Compensation Premium rate.

Corrective Services – Supporting Operational Capacity

This initiative will provide additional resources to enable Corrective Services to meet recent increases in service demand and trainee expenses to ensure an appropriately secure and functional environment.

Corrective Services – Workers' Compensation Premium

This initiative provides for additional funding as a result of an increase in the Workers' Compensation Premium rate.

Probation and Parole Officers and Community Services Work Unit

This initiative will allow for the continuation of current Probation and Parole resourcing to manage offenders either on parole or court ordered sanctions. This supports specific non-custodial options as part of the ACT Government's ongoing commitment to reducing recidivism and improving community safety.

Alcohol Interlocks

This initiative will introduce mandatory alcohol interlocks for all ACT drivers that are convicted or found guilty of high range or repeated drink driving offences. This will aim to reduce drink driving in the ACT, particularly recidivist drink driving. This initiative will be offset by user charging arrangements.

12 Additional Worksafe Inspectors

This initiative provides for 12 additional personnel for WorkSafe ACT to increase the regulation of the construction industry and to increase its expertise in investigating complex breaches of legislation. This initiative will be offset by imposing a levy on workers' compensation insurers.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT DIRECTORATE

Table 5.2.12

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Canberra Urban and Regional Futures	250	250	0	0
Support for Construction Services	205	210	215	221
Extension of Energy Efficiency Scheme Administration	377	613	626	0
Government Architect	100	0	0	0
Supporting Business Systems Transition	1,500	0	0	0
Total Initiatives	2,432	1,073	841	221
Agency Funded Initiatives				
Review of Parking Requirements	25	0	0	0
Parking Offset Fund	25	0	0	0
Total Agency Funded Initiatives	50	0	0	0

Canberra Urban and Regional Futures

This initiative provides funding for the Canberra Urban and Regional Futures (a partnership between the University of Canberra and the Australian National University) to enable research and preparation of reports to the ACT Government. The research would involve data extraction and analysis and inform policy and decisions relating to the potential impacts of climate change, particularly in the development and management of regional services, partnerships, spatial planning issues and solutions.

Support for Construction Services

This initiative will provide for vehicles and operating equipment needed by regulatory inspectors to perform on-site investigations safely.

Extension of Energy Efficiency Scheme Administration

This initiative provides for additional administration and compliance functions associated with growth and expansion of the Energy Efficiency Scheme, including compliance auditing, training and reporting.

Government Architect

This initiative provides for the continued engagement of the ACT Government Architect. This role will continue to assist the Government by facilitating a coordinated and whole of government approach to planning and design.

Supporting Business Systems Transition

This initiative supports the operations of the Directorate, in particular the delivery of development assessment and planning approvals.

Agency Funded Initiatives

Review of Parking Requirements

This initiative will provide for a review of parking provision rates for various land uses. The review will consider how changes to transport and land use policy should be reflected in revised parking provision rates.

Parking Offset Fund

This initiative will provide for the development of options for a Parking Offset Fund, which permits development contributions when adequate parking cannot be provided on-site due to site constraints.

CAPITAL METRO AGENCY

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiative				
Capital Metro Agency Operating Costs	3,000	3,042	3,084	3,127
Total Initiatives	3,000	3,042	3,084	3,127

Capital Metro Agency Operating Costs

This initiative will provide for the establishment of the Capital Metro Agency, including engaging a Chair of the Project Board and a Project Director and recruiting a skilled workforce. The Capital Metro Agency will be responsible for the design, procurement and delivery of a light rail service between Gungahlin and the City.

EDUCATION AND TRAINING DIRECTORATE

Table 5.2.13

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Secondary Bursary Scheme	77	158	162	162
Certificate III in Children's Services	240	0	0	0
Supporting Non Government Preschools	1,300	1,329	1,359	1,389
Degree Scholarships for Early Childhood Educators	10	54	95	136
Special Needs Transport	1,579	0	0	0
ACT Base Funding Adjustment – National Schools Reform ¹	0	930	11,799	17,568
Savings Reinvestment to Transition to Gonski	4325	0	0	0
Total Initiatives	7,531	2,471	13,415	19,255
Agency Funded Initiatives				
Canteen Grants	200	0	0	0
Support for Students with Disabilities	1,250	0	0	0
Aboriginal and Torres Strait Islander Education Scholarship Program	25	25	25	25
Investing in our Teachers	500	1,000	1,000	1,000
Preschool Matters	45	90	91	92
Supporting Non Government School Students	2,701	2,768	2,836	2,906
Supporting Non Government Schools ICT	625	625	625	625
Total Agency Funded Initiatives	5,346	4,508	4,577	4,648

Note:

1. This initiative includes both Controlled and Territorial funding resulting in a net positive contribution by the ACT Government towards Gonski reforms.

Secondary Bursary Scheme

This initiative increases the Secondary Bursary payment for eligible students from \$500 to \$750 per year. This initiative financially supports students from low socio-economic families reducing disadvantage in accessing education.

Certificate III in Children's Services

This initiative provides support to the children's services sector to up-skill its workforce to meet requirements of the National Quality Framework.

Supporting Non Government Preschools

This initiative provides capital grants to non government schools to establish and upgrade preschool infrastructure.

Degree Scholarships for Early Childhood Educators

This initiative provides support for up to 25 childcare educators to gain a university degree in early childhood education to meet new qualification requirements under the National Quality Framework.

Special Needs Transport

This initiative supports the transport of students with disabilities ensuring access to ACT Public Schools.

ACT Base Funding Adjustment – National Schools Reform

This initiative provides the ACT Government's contribution to the Gonski reforms.

Savings Reinvestment to Transition to Gonski

This initiative assists transition arrangements of the Gonski reforms through a partial reinvestment of prior year saving targets.

Canteen Grants

This initiative provides a one-off grant to the ACT Parents' and Citizens' Association to support parent and citizen run canteen services in public schools, promote healthy food choices for students and provide access to an online ordering system.

Support for Students with Disabilities

This initiative provides additional support for students with complex learning needs in ACT public schools.

Aboriginal and Torres Strait Islander Education Scholarship Program

This initiative expands the existing Aboriginal and Torres Strait Islander teachers' scholarships for ACT Aboriginal and Torres Strait Islander secondary students who wish to pursue a career in health.

Investing in Our Teachers

This initiative provides support to experienced teachers to increase their professional qualifications and undertake research during their careers.

Preschool Matters

This initiative provides support to assist parents of children entering preschool to engage in the school community and in their child's education.

Supporting Non Government School Students

This initiative provides funding to non government schools to better support student needs in the following areas: students with disabilities; students from Aboriginal and Torres Strait Islander background; students from low socio-economic backgrounds, and students with a low level of English language proficiency. This initiative is funded through utilising unallocated funds from the Interest Subsidy Scheme.

Supporting Non Government Schools ICT

This initiative provides additional funding to support non government school students' access to high quality ICT infrastructure that meets their need now and into the future. This initiative is funded through utilising unallocated funds from the Interest Subsidy Scheme.

COMMUNITY SERVICES DIRECTORATE

Table 5.2.14

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Intervention Services	297	790	874	896
Youth Engagement and Family Support for Youth	1,130	1,230	1,279	1,293
Parents as Teachers Program	177	359	366	372
National Multicultural Festival	100	100	0	0
Micro-credit Program	100	103	105	108
Community Helping Aboriginal Australians to Negotiate Choices Leading to Employment and Success (CHANCES)	220	220	220	220
Indigenous Scholarship Program	100	100	100	100
Children and Young People Equipment Loan Scheme (CAYPELS)	104	0	0	0
Fourth Unit at Bimberi Youth Justice Centre	973	989	0	0
Out of Home Care Strategy	200	0	0	0
Community Facilities – Management, Repairs and Maintenance	520	0	0	0
Children and Young People Death Review Committee	218	221	0	0
DisabilityCare – Mobile Attendant Care and Evening Services (MACES)	360	0	0	0
DisabilityCare – Additional Support for Post-school Options	245	0	0	0
DisabilityCare – Readiness and Service Enhancements	3,075	1,850	0	0
Total Initiatives	7,819	5,962	2,944	2,989
Agency Funded Initiatives				
Fringe Festival Arts Funding	20	20	20	20
Community Language School	25	26	26	27
Older Persons Assembly	0	50	0	50
Interpreter Scholarships	12	12	12	12
Total Agency Funded Initiatives	57	108	58	109
Capital Associated with Recurrent Initiatives				
Intervention Services	200	0	0	0
Youth Engagement and Family Support for Youth	70	0	0	0
Total Capital	270	0	0	0

Intervention Services

This initiative establishes a Trauma Recovery and Research Centre that will provide a best practice service aimed at facilitating healing and recovery, therapeutic intervention and improving positive life outcomes for children and young people who have experienced abuse, neglect and other trauma.

Youth Engagement and Family Support for Youth

This initiative will augment current services that support young people who seek assistance in transitioning from care, and expand youth engagement and family support for youth services by providing additional frontline service supports including youth centre activity, outreach and youth engagement. This will also increase services and supports for targeted at-risk groups including Aboriginal and Torres Strait Islander families, culturally and linguistically diverse families such as new migrants and refugees, and – through Diversity ACT – lesbian, gay, bisexual, transgendered and intersex young people and their families. As part of this initiative Diversity ACT will receive \$120,000 per annum in recurrent costs. There is also one off funding of \$70,000 in 2013-14 to construct additional facilities for Diversity ACT.

Parents as Teachers Program

This initiative expands the 'Parents as Teachers' program, an intensive home visiting program for vulnerable children (from birth to 3 years of age) that focuses on parent-child interaction, facilitating child development and family wellbeing. The expansion will allow service provision for an additional 80 vulnerable families.

National Multicultural Festival

This initiative will meet the increasing cost of services associated with record Festival attendance, including infrastructure and set up, and essential hygiene services.

Micro-credit Program

This initiative will establish a micro-credit program and advice and support service for eligible people from a range of target groups including migrants, Aboriginal and Torres Strait Islander people, young people and women. The program will provide interest and fee-free loans to eligible low income earners who wish to establish or expand a small business activity.

Community Helping Aboriginal Australians to Negotiate Choices Leading to Employment and Success (CHANCES)

This initiative will continue the CHANCES pilot program established in 2012. CHANCES provides nationally accredited training to members of the local Aboriginal and Torres Strait Islander community, particularly those who are deemed to be at risk of homelessness, re-offending or facing long term unemployment.

Indigenous Scholarship Program

This initiative will support members of the local Aboriginal and Torres Strait Islander communities who wish to study or train to gain qualifications. Support can include transport, childcare, materials, equipment, meals allowance, text books and other learning aids.

Children and Young People Equipment Loan Scheme (CAYPELS)

This initiative will provide funding for the operational costs required for the CAYPELS, such as repairs, maintenance and replacement of equipment.

Fourth Unit at Bimberi Youth Justice Centre

This initiative provides funding to continue the fourth unit at the Bimberi Youth Justice Centre. This unit provides intensive and targeted programs to young people to assist with moving from custody to the community while in detention at the Centre. The programs have had positive impacts on transition outcomes for young people leaving custody and on improved safety and security impacts across the whole Centre.

Out of Home Care Strategy

This initiative will develop a strategy and operational framework that will reform the delivery of out of home care services in the ACT. The objectives of the strategy will be to deliver positive outcomes for children and young people in out-of-home care.

Community Facilities – Management, Repairs and Maintenance

This initiative will support repairs and maintenance of the community facilities managed by the Directorate on behalf of the ACT Government.

Children and Young People Death Review Committee

This initiative will continue the activities of the Children and Young People Death Review Committee for a further two years. The Committee has responsibility for establishing a Register of deaths of children and young people in accordance with the *Children and Young People Act 2008*, identifying patterns and trends in relation to the deaths of children and young people and identifying information that may be used to avoid preventable deaths in the future.

DisabilityCare – Mobile Attendant Care and Evening Services (MACES)

This initiative will provide drop-in support services for people with a core profound disability in the ACT. MACES supports the use of environmental aids and equipment by providing personal assistance when required outside normal business hours. This initiative will enable persons with a disability to live more independently and reduce the impact of their personal care needs on their families.

DisabilityCare – Additional Support for Post-school Options

This initiative will provide additional funding for young people with a disability who have graduated from school to access services that support their participation and engagement in socially valued activities.

DisabilityCare – Readiness and Service Enhancements

This initiative provides for a suite of services and programs to prepare the ACT for the launch of DisabilityCare. This includes increasing the resources available to people eligible for support and preparing people with a disability, families, government and community providers.

Agency Funded Initiatives

Fringe Festival Arts Funding

This initiative will engage a creative producer for an arts-based Fringe Festival to be held in the city centre alongside the annual National Multicultural Festival.

Community Language School

This initiative provides additional support for the Community Language School enabling the provision of more training for language other than English teachers and trainers; community consultation on the implementation of the ACT Language Policy; benchmarking of completion and graduation figures for language courses; and an audit of student numbers and community language gaps.

Older Persons Assembly

This initiative will support an Older Persons Assembly which provides an opportunity for older Canberrans to talk and propose solutions directly to politicians and Government about the issues that are important to them.

Interpreter Scholarships

This initiative will provide 10 scholarships for members of emerging community groups to train as Interpreters and Translators through the National Accreditation Authority for Translators and Interpreters.

HOUSING ACT

Table 5.2.15

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
National Partnership Agreement on Homelessness Extension	580	0	0	0
Housing and Homelessness Advocacy and Policy Services	80	82	0	0
Total Initiatives	660	82	0	0

National Partnership Agreement on Homelessness Extension

This initiative builds on the homelessness and supported accommodation programs funded under the 2009-2013 *National Partnership Agreement on Homelessness*. It will continue funding for a further year, the programs and initiatives to provide supported accommodation, outreach support and assistance to sustain tenancies for low income and vulnerable families.

Housing and Homelessness Advocacy and Policy Services

This initiative provides funding for two years towards an enhanced capacity for strategic advice and advocacy on housing and homelessness policy issues which affect people on low incomes.

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Table 5.2.16

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Transport for Canberra – Public Transport Improvements	835	150	160	160
Additional Park Rangers	229	235	514	529
Enhanced Biodiversity Stewardship	1,326	0	0	0
Canberra’s Urban Treescape	1,000	0	0	0
Expanded Municipal Service Delivery	2,354	2,046	2,097	2,150
Support for RSPCA Services	170	174	0	0
ACTION – Supporting Operational Capacity	14,289	9,760	0	0
Transport for Canberra – Real Time Passenger Information System Operations	646	700	723	740
Transport for Canberra – MyWay System Management	625	638	652	665
Kerbside Waste Collection	960	374	390	400
Parks and City Services – Supporting Operational Capacity	5,500	0	0	0
Continuation of Bulky Waste Collection Service	235	0	0	0
Total Initiatives	28,169	14,077	4,536	4,644
Capital Associated with Recurrent Initiatives				
Kerbside Waste Collection	1,631	0	0	0
Total Capital	1,631	0	0	0
Expenses – Depreciation				
Kerbside Waste Collection	0	163	163	163
Total Expenses	0	163	163	163

Transport for Canberra – Public Transport Improvements

This initiative enables the continuation of the Centenary Bus Loop to the end of 2013. It also allows the qualifying age for the Seniors Gold Card to be reduced from 75 to 70 years and trialling of fare discounts, such as extended off-peak periods.

Additional Park Rangers

This initiative will provide five additional park rangers to improve the environmental condition of protected areas. Priorities will include an increased focus on rural land adjacent to high conservation areas, providing indigenous cultural heritage interpretation training and mentoring and enhanced land management that will improve the resilience of Canberra Nature Park areas.

Enhanced Biodiversity Stewardship

This initiative improves the capacity of parks and reserves to withstand the impact of threats such as overgrazing and pest plant and animal infestation. Additional rabbit and weed control will be undertaken, in addition to restoration works in the Lower Cotter Catchment and the development of operational plans for key Canberra Nature Park units.

Canberra's Urban Treescape

This initiative will improve the quality of the existing urban tree population and extend the safe and useful life of trees by continuing planting programs and cyclical tree maintenance regimes.

Expanded Municipal Service Delivery

This initiative provides for the maintenance of municipal assets created in new suburbs, including lighting, parks and reserves, roads and stormwater assets.

Support for RSPCA Services

This initiative will allow the RSPCA to continue to provide care and protection for stray, seized, neglected and other vulnerable animals.

ACTION – Supporting Operational Capacity

This initiative is to allow ACTION to meet the increased costs of delivering public transport services to the community.

Transport for Canberra – Real Time Passenger Information System Operations

This initiative provides for the maintenance and operation of the Real Time Passenger Information System (NXTBUS), commencing in 2013. The real time system will provide live information about bus arrival times to assist passengers in planning journeys and transferring between services.

Transport for Canberra – MyWay System Management

This initiative supports the increasing demand for MyWay Services which includes providing information on ACTION services, MyWay cards, recharge facilities and access for customers with special needs including the elderly and people with disabilities.

Kerbside Waste Collection

This initiative provides for the new domestic recyclables and waste collection service contract for single unit and multi-unit developments which will commence in October 2013. This initiative includes a capital allocation of \$1.631 million for the purchase of waste and recycling hoppers used at multi-unit properties.

Parks and City Services – Supporting Operational Capacity

This initiative provides for the land management and regulatory activities of TAMS including management of national parks and reserves for conservation and recreation purposes, maintaining urban parks, trees and community spaces and regulatory activities associated with animal welfare and community safety.

Continuation of Bulky Waste Collection Service

This initiative will continue the bulky waste collection service. The service provides for the collection of up to two cubic metres of waste, once a year, at no cost to eligible concession card holders. The service also ensures the appropriate disposal of bulky waste items and supports the separation, recycling and reuse of items.

LEGAL AID COMMISSION (ACT)

Table 5.2.17

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Initiatives				
Expensive Cases Fund	200	0	0	0
Eastman Inquiry	516	0	0	0
Total Initiatives	716	0	0	0

Expensive Cases Fund

This initiative will allow the Commission to meet the costs of abnormally expensive criminal cases in 2013-14, such as those involving serious charges or multiple accused, which cost in excess of \$40,000 per case.

Eastman Inquiry

This initiative will meet the Commission's costs in relation to the Inquiry into the conviction of Mr David Eastman.

5.3 SAVINGS INITIATIVES

The 2013-14 Budget introduces a range of savings initiatives totalling \$142.6 million over four years. These initiatives focus on reducing costs to facilitate a redirection of expenditure to higher priority areas of Government including the Labor election commitments and items in the Parliamentary Agreement.

The redirection of resources is sought through savings across most ACT Government agencies in a range of areas including ceasing of initiatives, seeking out ways to reduce input costs and generate efficiencies, the reprioritisation of government services and whole of government procurement savings.

None of these savings result in the total FTE for the ACT Public services falling below 2012-13 levels.

Table 5.3.1
2013-14 Budget Savings Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	Total \$'000
Ceasing Initiatives	988	1,678	1,704	1,731	6,101
General Savings	14,993	14,695	17,102	19,586	66,376
Service Reprofiting	5,778	8,220	12,198	13,882	40,078
Total Agency Savings	21,759	24,593	31,004	35,199	112,555
Procurement Whole of Government Savings	0	5,000	10,000	15,000	30,000
Total 2013-14 Budget Savings	21,759	29,593	41,004	50,199	142,555

Ceasing initiatives

The Government will be ceasing some initiatives previously funded which do not accord with ongoing Government priorities. This includes withdrawing from memberships the Territory is a member of and reducing grant programs.

General savings

Continuing the Government's established track record of seeking out ways to reduce input costs and generate efficiencies. Some areas of focus include reduced consultancy expenses, better utilising Worksafe Funds, energy savings measures, outsourcing vehicles efficiently, reducing corporate overheads, organisational restructure of the CIT, implementing various demand management measures, increasing sponsorships for venues and events and reprioritising youth programs.

Service reprofiling

Reprioritisation of government services, generating \$40.078 million over four years, achieved through the redirection of lower priority programs and ceasing initiatives from past budgets, providing opportunities to invest in higher priority activities and service delivery. Activities include reprofiling some court services, refining the ACTSmart program to gain efficiencies, increasing electronic processing of invoices, consolidating out of home care providers and savings from red tape reductions.

Procurement Whole of Government Savings

Enhanced goods and services procurement processes will be developed and pursued to achieve better value for money and reduce spending across agencies, including opportunities to increase the number of whole of government contracts, bundling of goods across agencies, and better examination of current spending patterns and demand analysis. Savings of \$5 million for 2014-15, rising to \$15 million by 2016-17 have been targeted.

CHAPTER 6

INFRASTRUCTURE

Chapter		Page
6.1	Infrastructure Investment Program	175
6.2	Supporting Land Supply and Land Release	181
6.3	The Territory's Infrastructure	185
6.4	Capital Initiatives	189
6.5	Capital Works Program	223

6.1 INFRASTRUCTURE INVESTMENT PROGRAM

Summary

The 2013-14 Infrastructure Investment Program (the Program) continues to build and transform Canberra into a thriving and liveable city, with world class services. The Program responds to the needs of a growing city by enhancing our productive capacity and providing a foundation for improved services to the community. The total Infrastructure Investment Program over four years is \$1.270 billion.

A substantial part of the 2013-14 Program continues to deliver works in progress that commenced in previous years, whilst many of the newer initiatives reflect Government commitments during and since the election. This Program provides a focus on feasibility and forward design funding for major new projects. The Government is also improving delivery of the Program through project planning and procurement, and progressing the policy framework for Public Private Partnerships (PPPs) on major projects in the Territory.

In 2013-14, further progress will be made towards meeting the goals of Transport for Canberra and making Canberra a truly sustainable and creative city. This budget provides an initial investment of \$5 million to complete early design work for Capital Metro, a light rail network in Canberra, the first stage of which would transform the City to Gungahlin corridor. This initial investment will provide important scoping work for the project while the Government has also provided recurrent funding of \$12 million over four years to establish the Capital Metro Agency. A further \$1.4 million will also be invested for the preparation of a light rail master plan for Canberra.

The Program supports new health projects with a capital value of \$68.4 million over four years. These projects build on the already substantial investments in enhancing health infrastructure to meet the growing demands placed on the ACT Health system. This includes an \$8.3 million investment toward establishing the sub-acute Public Hospital being co-located with the University of Canberra.

In addition, the Government is currently consulting on the City to the Lake project. This Budget will progress necessary feasibility works required relating to changes to Parkes Way. It will also progress the business case for the Australia Forum.

The Government has provided infrastructure funding of \$40.9 million over four years to support continued land release in the 2013-14 Budget to assist in delivering affordable housing and establishing an inventory of serviced land. In addition, the Government is investing \$7.4 million in specific public housing projects, to address the needs of more vulnerable members of the community.

The Government will strengthen Justice and Community Safety with an investment of \$17.4 million to construct a new fire station in South Tuggeranong as part of the emergency services facilities upgrade and relocation program. It will also explore the business case to invest in New ACT Court Facilities under a Public Private Partnership arrangement, as later discussed under the Capital Planning, Delivery and Management heading in this Section.

As the city grows, infrastructure upgrades and renewals are important to ensure that the vibrancy and sustainability of the city are maintained and enhanced. The Government is investing in improving urban amenities in newer suburbs and in more established parts of Canberra by upgrading schools, ovals and sporting facilities. The Urban Improvement Program will continue to improve recreational facilities, upgrade our parks and shopping centres, and support improvements to roads, paths and cycling infrastructure. The Government will invest \$49.1 million through the Capital Upgrades Program to improve the Territory's existing assets in 2013-14.

To support the Territory's ICT Systems, the Government is investing \$12 million in the replacement of critical network infrastructure to support the delivery of business operations and services to the community across the Territory.

The Government is also investing \$10.1 million over the next three years in sustainable digital learning directed toward maintaining a modern schools ICT network, and a refresh of hardware, including computers, interactive whiteboards and wireless access points.

Objectives of the Program

The objectives of the infrastructure investment program are to:

- increase the productive capacity of the economy by expanding infrastructure capacity;
- reduce future (social, environmental and economic) costs; and
- provide for growth in the economy and maintain a competitive edge against other urban centres.

2013-14 Infrastructure Investment Program

The 2013-14 Budget provides for new investments in infrastructure of \$272.198 million over four years. This comprises new Capital Works, including feasibility and forward design (\$193.546 million), Plant and Equipment (\$4.692 million) and ICT (\$24.862 million). The Capital Upgrades Program will provide \$49.098 million.

The value of works in progress flowing from previous years (excluding P&E and ICT) is \$859.987 million over four years, with \$538.186 million available for expenditure in 2013-14. The total Infrastructure Investment Program over four years is \$1.270 billion.

Significant infrastructure investment commitments made in the 2013-14 Budget include:

- Clinical Services and Inpatient Unit Design and Infrastructure Expansion (\$40.780 million);
- Cravens Creek Water Quality Control Pond (\$21 million);
- ESA Station Upgrade and Relocation – South Tuggeranong Station (\$17.360 million);
- Canberra College Cares – New Building at Phillip Campus (\$14 million);
- Whole of Government Digital Network (\$10.887 million);
- Sustaining Smart Schools (\$10.1 million);

- University of Canberra Public Hospital (Design) (\$8.252 million);
- Horse Park Drive Water Quality Control Pond (\$7.5 million);
- Common Ground Supportive Housing (\$7 million);
- Capital Metro (Design) (\$5 million);
- Manuka Oval – New Spectator Facilities and Media Infrastructure (\$4.056 million);
- Woden Bus Interchange Redevelopment (Finalisation of Design) (\$2.5 million);
- Childcare Centre Upgrades – Stage 2 (\$2 million); and
- ACT Light Rail Master Plan (Feasibility) (\$1.4 million).

Summary of the 2013-14 Budget Infrastructure Program by Type

Table 6.1.1
Capital Program – by Type

	2013-14 Allocation \$'000	2014-15 Allocation \$'000	2015-16 Allocation \$'000	2016-17 Allocation \$'000	Total Value \$'000
Capital Works					
Feasibility Studies	4,280	2,550	0	0	6,830
Forward Design	25,556	4,332	0	0	29,888
Construction	78,530	65,918	8,715	3,665	156,828
Capital Upgrades	49,098	0	0	0	49,098
Sub-Total (Capital Works)	157,464	72,800	8,715	3,665	242,644
Information and Communication Technology (ICT)	17,186	4,454	3,222	0	24,862
Plant and Equipment (P&E)	2,681	2,011	0	0	4,692
Sub-Total (ICT and P&E)	19,867	6,465	3,222	0	29,554
TOTAL NEW CAPITAL PROGRAM	177,331	79,265	11,937	3,665	272,198
Works in Progress					
2012-13 and Prior Year Programs	458,070	166,440	30,006	4,442	658,958
2012-13 Rollovers/Re-profiling	80,116	100,308	20,605	0	201,029
Sub-Total (Works in Progress)	538,186	266,748	50,611	4,442	859,987
Information and Communication Technology (ICT)	37,439	25,076	11,000	0	73,515
Plant and Equipment (P&E)	22,557	14,255	14,255	13,659	64,726
Sub-Total (ICT and P&E)	59,996	39,331	25,255	13,659	138,241
TOTAL WORKS IN PROGRESS	598,182	306,079	75,866	18,101	998,228
TOTAL CAPITAL PROGRAM	775,513	385,344	87,803	21,766	1,270,426

In addition to the 2013-14 Budget Infrastructure Program, significant works are delivered each year through the Territory's Public Trading Enterprises (PTEs) and other agencies. Those are financed through own-source revenue or debt and are largely related to land servicing, water and wastewater works and public housing. The value of off-budget works for 2013-14 is \$222 million. This will be delivered by Housing ACT, ACTEW Corporation, the Land Development Agency and ACT Public Cemeteries Authority.

Financing the Program

The Government will continue to finance its investment in high quality infrastructure assets through borrowings to ensure a stable construction sector and the development of assets that help to increase the productive capacity of the economy. These assets will continue providing benefits to the community over a long period of time.

General government borrowings for capital expenditure totalled a net \$794 million in 2012-13.

The 2013-14 Budget and forward years anticipates new general government sector borrowing for capital purposes of \$192 million. The continued investment in infrastructure will assist the ACT economy, consumer confidence, and enhance service delivery for ACT residents.

Capital Planning, Delivery and Management

Improving Capital Works Planning and Delivery

Over recent years, the Government has improved how capital works projects are planned and managed. In 2013-14, the Government will continue this work, for example, enhancing the up-front planning process for capital works to improve:

- service and asset planning, and business case development;
- project definition and scope, through processes such as:
 - expanded use of Investment Logic Mapping workshops (a methodology developed by the Victorian Government) for significant projects during early planning;
 - greater use of Value Management Workshops during the design phase of projects;
 - improved project documentation; and
 - contingency workshops in which risk estimates for capital projects are clearly identified to establish higher budget certainty before project approval.
- risk and project management through:
 - engaging specialist expertise;
 - using information technology tools;
 - continuing to develop appropriate skills and knowledge in project teams; and
 - selecting an appropriate delivery model and contract type.

Delivery models and contracts that may be utilised include Design and Construct, which may include Maintain and Operate elements; Managing Contractor; and Public Private Partnership models.

The selective use of Gateway reviews (such as the Gate 2 Delivery Strategy Review of Majura Parkway) will continue.

The Government is also undertaking detailed analysis of the roles and responsibilities in delivering capital works across Directorates so that the people and skills employed for each role align as effectively and efficiently as possible.

The recommendations of the 'Getting Home Safely' Report are being implemented. For example, active certification and safety as a weighted criterion will be implemented for 2013-14. The Active Certification Process and a Weighted Assessment Criterion applies to government construction contractors within the construction industry.

The objective of Active Certification is to determine, using safety audits and a demerits point system, whether organisations have an adequate safety record to retain eligibility (prequalification) to apply for significant Government projects. Principal Contractors will still be required to fulfil their work health and safety responsibilities as covered under the *Work Health and Safety Act 2011*, *Work Safety Regulations 2011*, all relevant Codes of Practice, Australian Standards and applicable guidelines.

The Weighted Assessment Criterion ensures consideration of a Principal Contractor's ability to provide a safe work environment compliant with relevant legislative, policy requirements and codes of practice. Essentially this system will reward those who have chosen to invest in effective health and safety systems.

Finally, the Territory continues to participate in the Council of Australian Governments' Infrastructure Working Group (COAG IWG), which is progressing a program of reform aimed at promoting productivity and quality outcomes in infrastructure projects. Under the auspices of the Australasian Procurement and Construction Council, jurisdictions are collaborating to further improve mutual recognition of pre-qualification arrangements for non-residential construction, to develop skills and capabilities in assessing complex procurement, and develop a national framework for traditional contracting of infrastructure, promoting best practice procurement.

Capital Metro Agency

Transforming Canberra's public transport services and improving residents' transport choices is a priority for the Government. Capital Metro, a light rail network in the Territory, will contribute to the achievement of the Government's Transport for Canberra objectives through the provision of scheduled route services, initially through the first stage between the City and Gungahlin.

The Government is establishing the Capital Metro Agency, with the principal objective of delivering the first stage of a light rail network. The Government is providing recurrent funding of \$12 million over four years to establish the Agency. The business and corporate strategies of the Agency provide the framework within which activity can be focussed on the delivery of key priorities. These priorities include developing a delivery strategy for the first stage of light rail as well as preliminary design studies and preparatory works to ensure the project is a success.

Public Private Partnerships

Public Private Partnerships (PPP) are a method of infrastructure delivery that includes financing in the delivery model. They have been used widely in other Australian jurisdictions for major projects. Under this model, project risks are allocated to the party who is best placed to manage these risks. A PPP arrangement can increase the likelihood of a project being delivered on time and on budget, as the contractor is not paid until the asset is commissioned and accepted. They also have a greater focus on whole-of-life costs. However, PPPs can require considerable up-front planning and may involve higher bid costs and procurement costs, as well as longer procurement lead times than traditionally delivered construction projects.

The Government is setting up a specialist team to develop a policy framework and guidance notes for PPP delivery in the Territory. The Government will draw on the National Public Private Partnership Policy and Guidelines endorsed by the Council of Australian Governments in November 2008, as well as best practice from other governments. This work will provide a firm basis for considering the appropriateness of PPPs as a delivery model for major infrastructure investment in the Territory, both now and in the future. As a result, the Government expects to be able to significantly improve value for taxpayer funds, whilst fostering economic and industry growth.

During 2013-14, the Government will be evaluating the potential business case for developing the New ACT Court Facilities under a Public Private Partnership arrangement, amongst other delivery methodologies. Interstate experiences with PPP arrangements for court facilities will also be considered as part of this evaluation.

6.2 SUPPORTING LAND SUPPLY AND LAND RELEASE

The supply and release of land is a central part of the Government's economic and social strategy and supports the needs of a growing population, changing households and an expanding economy.

In the 2012-13 Budget Review, gross revenue from land sales was forecast to decrease by \$287.4 million compared to the estimates provided in the 2012-13 Budget. Adjustments were made to the anticipated timing of settlements which resulted in reductions in sales revenue over the following four years.

The four-year indicative Land Release Programs are intended to provide guidance on the Government's land release intentions and seek to balance economic, social, financial and environmental objectives, including:

- promoting the economic and social development of the Territory;
- meeting the demand for land in the Territory;
- establishing an appropriate inventory of serviced land;
- facilitating the provision of affordable housing; and
- achieving satisfactory returns from the sale of unleased Territory land.

The Indicative Residential Land Release Program includes a release target of 18,000 dwelling sites between 2013-14 and 2016-17. Of these, 4,800 dwelling sites are planned for release in 2013-14, 4,700 dwelling sites in 2014-15, 4,500 dwelling sites in 2015-16 and 4,000 dwelling sites in 2016-17. These targets aim to meet housing demand and establish an inventory of serviced land. Initiatives arising from the Government's Affordable Housing Action Plan are also taken into account in establishing the Program.

The 2013-14 residential land releases of 4,800 dwelling sites comprise 71 per cent infill sites and 29 per cent greenfield sites. These include 1,061 dwelling sites in Gungahlin, 1,752 in Belconnen, 1,146 in central Canberra, 350 in Molonglo and 456 in Tuggeranong.

The Indicative Commercial Land Release Program seeks to ensure that adequate and affordable commercial land is available to support the needs of a growing economy. The Commercial Program includes a target for the release of 370,440 square metres of commercial land over the next four years. Much of the commercial land allows mixed use development and it is anticipated to include a large proportion of apartments. In 2013-14 commercial land releases are planned to total 122,438 square metres.

The Indicative Industrial Land Release Program includes a release target of 240,000 square metres of industrial land over the next four years, of which the 2013-14 release is 45,642 square metres in Hume. This lower target reflects an expectation of reduced demand for industrial land in the near term.

The Indicative Community and Non-Urban Land Release Program identifies a range of community facility sites including aged care sites. The Program includes a target of 310,726 square metres of community and non-urban land over the four-year period. A number of these sites will be released through an expression of interest process rather than a traditional direct sale. In 2013-14 releases are planned to total 98,929 square metres.

To support the objectives of the Indicative Land Release Programs, the 2013-14 Budget includes \$28.5 million for Water Quality Control Ponds:

- Cravens Creek Pond (\$21 million) – a major part of the stormwater network supporting land development in Molonglo; and
- Horse Park Drive Pond (\$7.5 million) – supporting land development in north Gungahlin.

A range of feasibility studies and forward design projects are also funded in 2013-14 to support future land development in Molonglo, Gungahlin and West Belconnen, as well as within established areas to support urban intensification in Canberra's town centres.

A number of projects funded in the 2012-13 Budget will continue to be delivered throughout 2013-14, including:

- Horse Park Drive Extension from Burrumarra Avenue to Mirrabai Drive (\$11.5 million);
- Molonglo 2 – Uriarra Road Upgrade (\$17 million);
- Molonglo 2 – Sewer and Pedestrian Bridge over Molonglo River (\$12.4 million); and
- John Gorton Drive Extension to Molonglo 2 and Group Centre (\$65.1 million).

In addition to the capital investments being made by the Government in the 2013-14 Budget to support its land development activities, the Land Development Agency (LDA) is also budgeting for significant infrastructure works in its program. In 2013-14, the value of works to be funded by LDA is in the order of \$120 million.

The 2013-14 Budget maintains a strong focus on ensuring that urban developments are sustainable, with LDA continuing to incorporate the principles of environmentally sensitive development into its activities.

A summary of the Indicative Land Release Programs is set out in Table 6.2.1.

This program is reviewed six monthly and will be updated again in the 2013-14 Budget Review.

**Table 6.2.1
Indicative Land Release Programs**

Indicative Residential Land Release Program				
	2013-14	2014-15	2015-16	2016-17
Location	Number of Dwelling Sites			
Gungahlin	1,061	1,188	1,057	1,100
Belconnen	1,752	700	950	500
Central Canberra	1,146	1,138	917	1,050
Molonglo	350	520	1,278	850
Woden and Weston	0	680	0	150
Tuggeranong	456	446	229	300
Other	35	28	69	50
Total	4,800	4,700	4,500	4,000

Indicative Commercial Land Release Program (site area)				
	2013-14	2014-15	2015-16	2016-17
Location	m²	m²	m²	m²
Gungahlin	13,961	22,183	18,049	13,741
Belconnen	32,581	0	5,263	3,800
Central Canberra	29,627	46,272	23,153	42,171
Molonglo	8,150	0	0	0
Woden and Weston	10,391	23,780	6,547	0
Tuggeranong	27,728	17,624	15,419	10,000
Total	122,438	109,859	68,431	69,712

Indicative Industrial Land Release Program (site area)				
	2013-14	2014-15	2015-16	2016-17
Location	m²	m²	m²	m²
Fyshwick	0	0	10,000	10,000
Hume	45,642	63,062	47,775	45,871
Symonston	0	0	10,000	7,650
Total	45,642	63,062	67,775	63,521

Indicative Community and Non-Urban Land Release Program (site area)				
	2013-14	2014-15	2015-16	2016-17
Location	m²	m²	m²	m²
Gungahlin	62,064	10,000	5,554	10,395
Belconnen	3,865	0	45,082	3,000
Central Canberra	3,000	15,616	6,900	0
Molonglo	0	3,500	0	0
Woden and Weston	10,000	14,937	0	1,300
Tuggeranong	20,000	45,000	5,000	45,513
Total	98,929	89,053	62,536	60,208

6.3 THE TERRITORY'S INFRASTRUCTURE

The Territory's Asset Base

The majority of the Territory's physical assets consist of public housing, stormwater infrastructure, roads, community and heritage assets and schools, as well as the land on which they are situated.

Table 6.3.1 below shows the Territory's physical asset base split between the General Government Sector and the Public Trading Enterprise Sector. The total value of physical assets, net of depreciation, is estimated to increase during 2012-13 to \$19.7 billion by June 2013. Factoring in the combination of existing and new capital works projects reaching completion, coupled with asset revaluations, it is expected that the value of the Territory's total physical assets will increase further to \$20.9 billion by June 2014.

Table 6.3.1
Total Territory Physical Assets: Value by Sector

As at 30 June	2009	2010	2011	2012	2013	2014
	Actual \$m	Actual \$m	Actual \$m	Actual \$m	Estimate \$m	Budget \$m
General Government Sector	10,795	11,496	12,305	13,021	13,558	14,319
Public Trading Enterprise Sector	5,119	5,526	5,735	5,787	6,182	6,568
Total Territory	15,914	17,022	18,040	18,808	19,740	20,887

Figure 6.3.1 below shows that as at 30 June 2012, the majority of the Territory's assets were classed as Infrastructure Assets (40.5 per cent), Buildings (23.5 per cent) and Land (21.6 per cent).

Figure 6.3.1
Total Territory Physical Assets:
Distribution by Category as at 30 June 2012

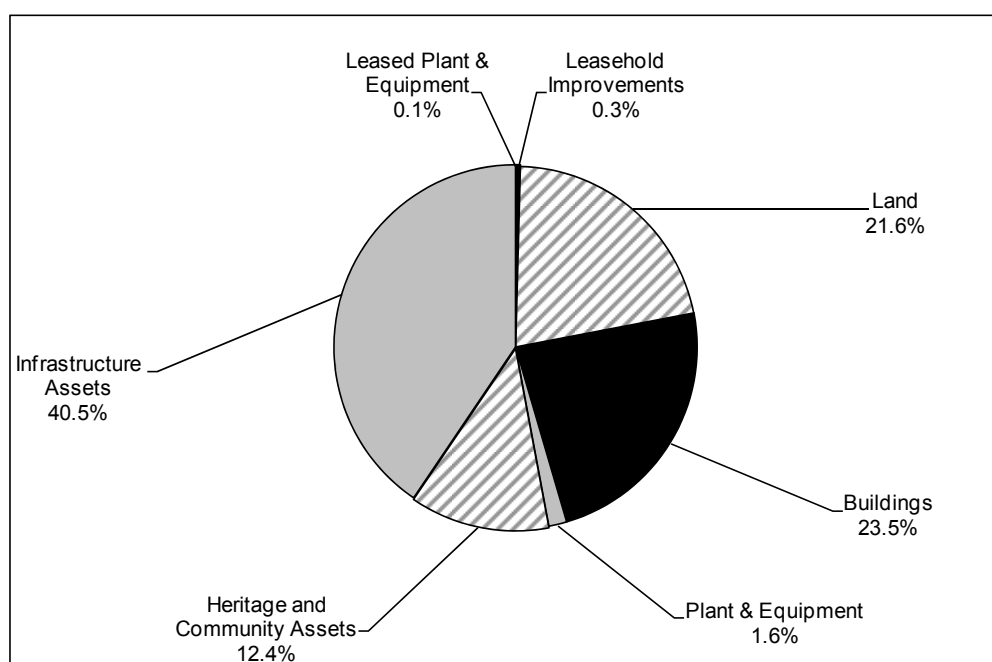


Figure 6.3.2 below shows that as at 30 June 2012, the Territory and Municipal Services Directorate was the owner of 47.9 per cent of the Territory’s physical assets. Housing ACT had responsibility for 22.9 per cent, the Education and Training Directorate held 10 per cent and ACTEW Corporation held 7 per cent.

Figure 6.3.2
Total Territory Physical Assets:
Distribution by Agency as at 30 June 2012

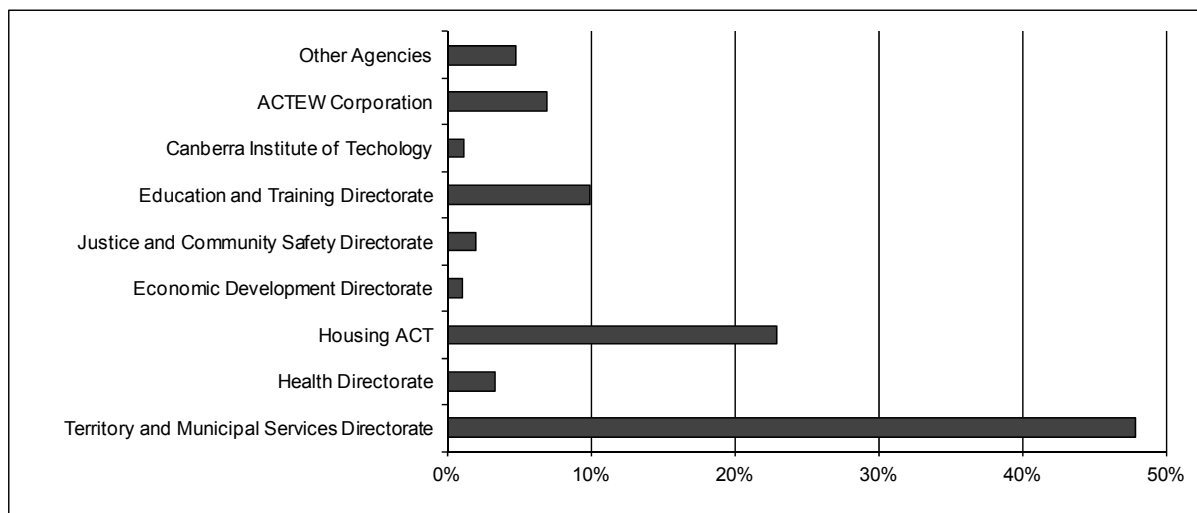
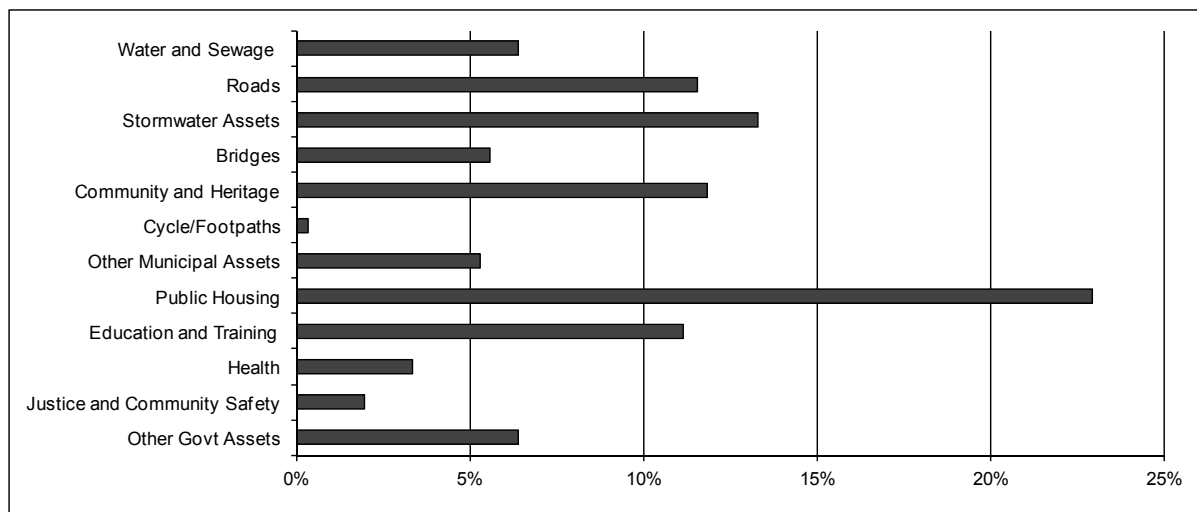


Figure 6.3.3 below highlights that the majority of the Territory’s assets relate to the provision of public housing, followed by an array of infrastructure supporting the delivery of municipal services to the community.

Figure 6.3.3
Total Territory Physical Assets:
Distribution by Asset Type as at 30 June 2012



Capital Expenditure Trend

The Territory's annual capital works expenditure for 2012-13 is estimated at \$552.437 million (excluding ICT and PPE). This represents a forecast that is broadly in line with the previous three financial years.

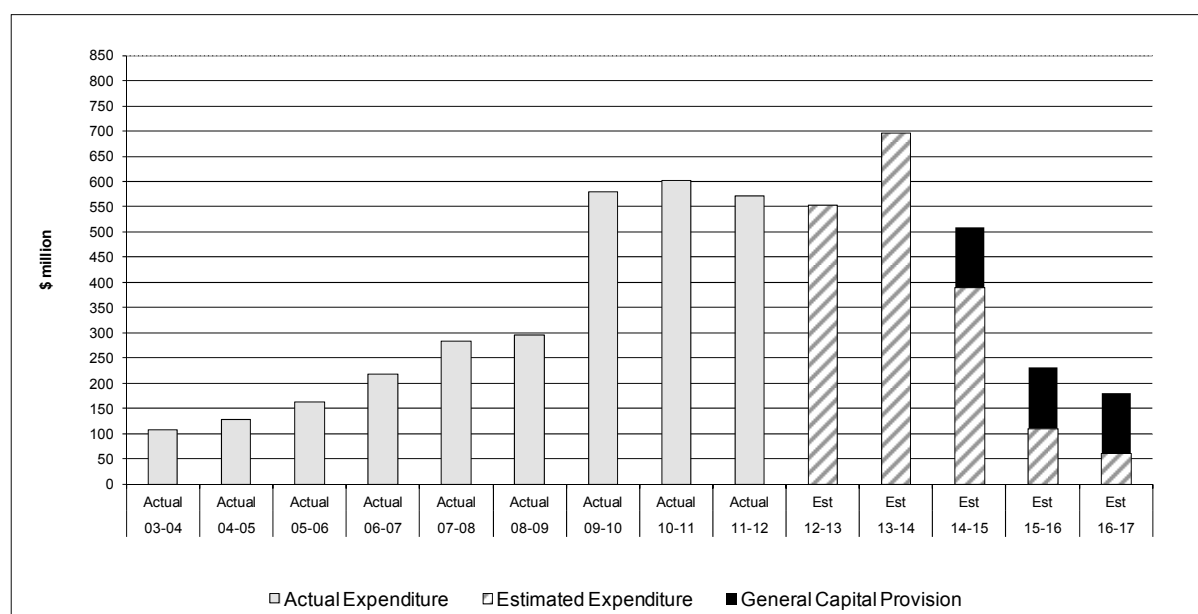
Table 6.3.2
Capital Works Expenditure Summary

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total	296,472	580,461	601,655	572,055	552,437	695,650	389,873	110,909	60,980

Note: These totals include Capital Upgrade expenditure and forecasts but not the future unallocated capital provision.

Figure 6.3.4 below highlights that annual expenditure on capital works has been steadily increasing over time, with major injections made in recent Budgets. A New Works Program of \$242.644 million over four years has been announced as part of the 2013-14 Budget, as part of the total infrastructure investment program of \$1.270 billion over four years.

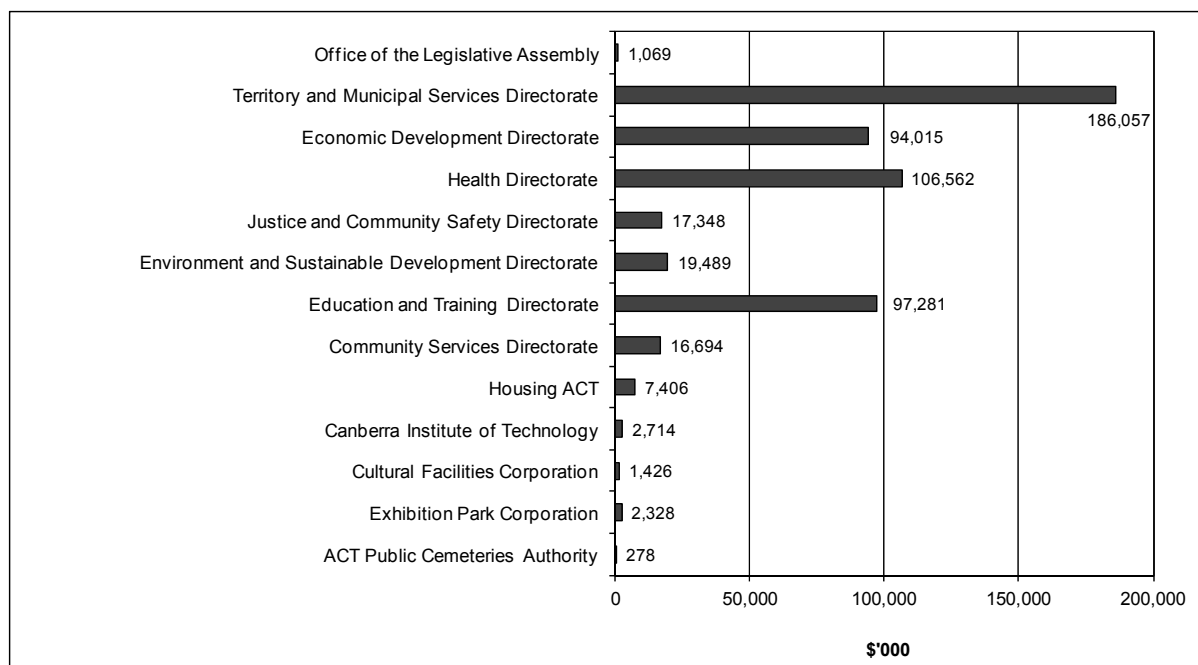
Figure 6.3.4
Capital Works Expenditure Program:
2003-04 to 2016-17



The reductions in the expenditure program in the forward estimates reflect the fact that new capital initiatives are considered and announced in each Budget.

Figure 6.3.5 below shows estimated capital works expenditure for 2012-13 by agency. Territory and Municipal Services Directorate has the largest forecast spend (\$186.1 million). This is followed by the Health Directorate (\$106.6 million), Education and Training Directorate (\$97.3 million), Economic Development Directorate (\$94 million) and the Environment and Sustainable Development Directorate (\$19.5 million).

**Figure 6.3.5
Estimated Capital Expenditure by Agency in 2012-13**



Repairs and Maintenance

Ensuring that appropriate Repairs and Maintenance are carried out on the Territory's existing assets is important to sustain the Territory's physical asset base into the future.

Maintenance expenditure identified in Table 6.3.3 below does not include 'maintenance-related' works which are classified as capital in nature. For example, a portion of agencies' annual Capital Upgrade funding (budgeted at \$49.1 million in 2013-14) is also utilised for sustaining the Territory's asset base.

**Table 6.3.3
Repairs and Maintenance**

2006-07 Actual \$'000	2007-08 Actual \$'000	2008-09 Actual \$'000	2009-10 Actual \$'000	2010-11 ¹ Actual \$'000	2011-12 Actual \$'000	2012-13 Estimate \$'000
109,552	121,373	136,667	161,073	147,554	159,879	155,894

Note:

1. The variance between the 2009-10 and 2010-11 actual spend is due to an overstatement of the 2009-10 actual repairs and maintenance spend (\$9.442 million) and the increased level of activity that resulted from the December 2010 flood damage.

6.4 CAPITAL INITIATIVES

The total value of 2013-14 New Capital Initiatives is \$223.1 million over four years. This includes new Capital Works (\$193.546 million), Plant and Equipment (\$4.692 million) and Information and Communication Technology (\$24.862 million). The 2013-14 Budget also includes \$3.678 million across the Budget and forward estimates, in recurrent expenditure associated with capital initiatives.

**Table 6.4.1
Total New Capital Initiatives**

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	Total Investment \$'000
Capital Works	108,366	72,800	8,715	3,665	193,546
Plant and Equipment	2,681	2,011	0	0	4,692
Information and Communication Technology (ICT)	17,186	4,454	3,222	0	24,862
NEW INFRASTRUCTURE INVESTMENT PROGRAM	128,233	79,265	11,937	3,665	223,100

**Table 6.4.2
Operating Impact of New Capital Initiatives**

	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	Total Investment \$'000
Recurrent Expenditure Associated with New Program	938	715	779	1,246	3,678
Operating Impact of New Feasibility Studies	4,280	2,550	0	0	6,830
Depreciation Associated with New Program	313	4,461	6,436	7,641	18,851
OPERATING IMPACT OF NEW INFRASTRUCTURE PROGRAM	5,531	7,726	7,215	8,887	29,359

**Table 6.4.3
Capital Works**

Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Health Directorate				
Calvary Hospital Car Park (Design)	1,300	0	0	0
University of Canberra Public Hospital (Design)	5,220	3,032	0	0
Continuity of Health Services Plan – Essential Infrastructure ¹	11,475	3,933	2,292	2,667
Belconnen and Tuggeranong Walk-In Centres	951	0	0	0
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	18,500	22,280	0	0
Economic Development Directorate				
Lyneham Sports Precinct – Central Amenities (Design)	500	0	0	0
Franklin – Community Recreation Irrigated Park Enhancement	500	0	0	0
Greenway Oval Improvements (Design)	40	0	0	0
Manuka Oval – New Spectator Facilities and Media Infrastructure	2,956	1,100	0	0
Cravens Creek Water Quality Control Pond	4,000	12,000	5,000	0
Horse Park Drive Water Quality Control Pond	3,000	4,500	0	0
Woden Bus Interchange Redevelopment (Finalisation of Design)	2,000	500	0	0
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	500	0	0	0
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	1,000	0	0	0
Kenny – Floodways, Road Access and Basins (Design)	500	0	0	0
Throsby – Access Road (Design)	1,000	0	0	0
Majura Parkway Estate Development (Design)	600	0	0	0
Stromlo Forest Park – Enclosed Oval (Feasibility)	200	0	0	0
Kingston Foreshore – Structured Carpark (Feasibility)	100	0	0	0
Coppins Crossing Road and William Hovell Drive Intersection and Road Upgrades (Feasibility)	150	750	0	0
Molonglo 3 – Hydraulic Services Concept Masterplanning (Feasibility)	300	150	0	0
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	200	75	0	0
Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)	250	100	0	0
West Belconnen – Stormwater, Hydraulic and Utility Services (Feasibility)	200	150	0	0
West Belconnen – Roads and Traffic (Feasibility)	250	75	0	0
Isabella Weir Spillway Upgrades (Feasibility)	300	0	0	0
City to the Lake Assessment (Feasibility)	800	0	0	0
Netball Infrastructure Upgrades (Design)	200	0	0	0
Melrose Synthetic Football Facility (Design)	200	0	0	0
Narrabundah Velodrome Upgrade	650	0	0	0
Co-location of Racing Codes Study (Feasibility)	250	0	0	0
Justice and Community Safety Directorate				
ESA Station Upgrade and Relocation – South Tuggeranong Station	7,847	8,589	924	0
Alexander Maconochie Centre Additional Facilities (Design)	3,000	0	0	0

Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Environment and Sustainable Development Directorate				
ACT Light Rail Master Plan (Feasibility)	400	1,000	0	0
Greenfields Planning for Affordable Housing (Feasibility)	200	150	0	0
Capital Metro Agency				
Capital Metro (Design)	5,000	0	0	0
Education and Training Directorate				
Canberra College Cares – New Building at Phillip Campus	5,000	9,000	0	0
School Infrastructure for the Future	3,345	0	0	0
Belconnen High School Modernisation – Stage 1	2,000	0	0	0
Childcare Centre Upgrades – Stage 2	2,000	0	0	0
Tuggeranong Introductory English Centre	800	1,000	0	0
Coombs Primary School (Finalisation of Design)	550	0	0	0
Community Services Directorate				
Ainslie Music Hub	1,500	0	0	0
Gorman House Multi-Art Hub	500	500	0	0
Kingston Visual Arts Hub (Feasibility Study)	300	0	0	0
More Men's Sheds	100	100	0	0
Disability Housing – Respite and Congregate Living Housing (Design)	80	0	0	0
Housing ACT				
Common Ground Supportive Housing	7,000	0	0	0
Housing for Elderly Public Housing Tenants (Design)	290	0	0	0
Housing for Older People in the Aboriginal and Torres Strait Islander Community (Design)	75	0	0	0
Territory and Municipal Services Directorate				
National Arboretum Canberra – Water Security	1,060	1,023	499	998
Red Hill Nature Reserve Remediation (Finalisation of Design)	135	0	0	0
Kingston – Wentworth Avenue Pavement Rehabilitation Stage 2 (Design)	200	0	0	0
Transport for Canberra – Real Time Passenger Information System – Passenger Information Displays and Signage	190	0	0	0
Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3	2,000	0	0	0
Barry Drive – Bridge Strengthening on Commercial Routes	479	0	0	0
Ashley Drive – Stage 2 (Design)	775	800	0	0
Transport for Canberra – Walking and Cycling Infrastructure Stage 4 (Design)	1,673	0	0	0
Yarralumla – Canberra Brickworks Site Remediation	1,167	1,733	0	0
Local Shopping Centre Upgrade Program (Design)	360	0	0	0
Drinking Fountains and Refill Stations	80	160	0	0
Local Area Traffic Management	1,000	0	0	0
Transport for Canberra – Park and Ride Facilities (Design)	120	0	0	0
Weston Creek – Group Centre Parking (Design)	48	0	0	0
Stormwater Augmentation (Feasibility)	100	0	0	0
Canberra Institute of Technology				
Improved VET Provision in South Canberra (Feasibility Study)	180	0	0	0

Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Cultural Facilities Corporation				
Lanyon Heritage Precinct Community Access Roads	300	100	0	0
Exhibition Park Corporation				
New Camping Area	300	0	0	0
Car Park Upgrade to Enhance Accessibility	120	0	0	0
TOTAL CAPITAL WORKS INITIATIVES	108,366	72,800	8,715	3,665

Note:

1. This funding includes \$3.850 million to be provided as a capital grant in 2013-14 for improvements at Calvary Hospital.

**Table 6.4.4
Plant and Equipment**

Initiatives – Plant and Equipment	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Health Directorate				
Mobile Dental Clinic	600	0	0	0
Justice and Community Safety Directorate				
Traffic Cameras Replacement	1,555	0	0	0
Territory and Municipal Services Directorate				
Mitchell – Capital Linen – Replacement of HVAC System	526	2,011	0	0
TOTAL PLANT AND EQUIPMENT INITIATIVES	2,681	2,011	0	0

**Table 6.4.5
Information and Communication Technology (ICT)**

Initiatives – Information and Communication Technology	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Chief Minister and Treasury Directorate				
Mobile Canberra Applications	40	0	0	0
Commerce and Works Directorate				
Whole of Government Digital Network	6,661	2,504	1,722	0
Storage Network Switch Refresh	1,020	0	0	0
Application Security Assurance and Web Inspection System (ASAWIS)	250	0	0	0
Justice and Community Safety Directorate				
ACT Legislation Register	515	0	0	0
Environment and Sustainable Development Directorate				
Upgrade to Critical Document Management System	500	0	0	0
Enhancement of eDevelopment Interface	900	400	0	0
Education and Training Directorate				
Sustaining Smart Schools	7,100	1,500	1,500	0
Community Services Directorate				
Children and Young People System Upgrade	200	50	0	0
TOTAL ICT INITIATIVES	17,186	4,454	3,222	0

**Table 6.4.6
Recurrent Expenditure Associated with Capital Initiatives**

Recurrent Expenditure Associated with Capital Initiatives	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Health Directorate				
Mobile Dental Clinic	141	303	309	316
Economic Development Directorate				
Franklin – Community Recreation Irrigated Park Enhancement	35	71	73	75
Manuka Oval – New Spectator Facilities and Media Infrastructure	0	0	0	41
Cravens Creek Water Quality Control Pond	0	0	0	210
Horse Park Drive Water Quality Control Pond	0	0	0	75
Commerce and Works Directorate				
Application Security Assurance and Web Inspection System (ASAWIS)	0	20	20	20
Justice and Community Safety Directorate				
ESA Station Upgrade and Relocation – South Tuggeranong Station	0	152	183	255
Traffic Cameras Replacement	50	0	0	0
Education and Training Directorate				
Childcare Centre Upgrades – Stage 2	0	0	20	40
Housing ACT				
Common Ground Supportive Housing	566	0	0	0
Territory and Municipal Services Directorate				
National Arboretum Canberra – Water Security	82	83	94	117
Red Hill Nature Reserve Remediation (Finalisation of Design)	25	25	0	0
Barry Drive – Bridge Strengthening on Commercial Routes	0	0	4	10
Drinking Fountains and Refill Stations	39	56	57	58
Local Area Traffic Management	0	0	10	20
Exhibition Park Corporation				
New Camping Area	0	5	9	9
Net Recurrent Expenditure Associated with Capital Initiatives	938	715	779	1,246
Agency Funded Recurrent Expenditure Associated with Capital Initiatives				
Education and Training Directorate				
Canberra College Cares – New Building at Phillip Campus	0	0	70	210
Tuggeranong Introductory English Centre	0	0	0	18
Investing in Healthy Canberra Kids	44	44	44	44
Net Agency Funded Recurrent Expenditure Associated with Capital Initiatives	44	44	114	272

CHIEF MINISTER AND TREASURY DIRECTORATE

**Table 6.4.7
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Information and Communication Technology				
Mobile Canberra Applications	40	0	0	0
Total ICT Initiatives	40	0	0	0
Total Capital Initiatives	40	0	0	0

**Table 6.4.8
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Mobile Canberra Applications Expenses (Depreciation)	7	14	14	14
Total Expenses	7	14	14	14

Information and Communication Technology

Mobile Canberra Applications

This project will enable the Canberra community to access useful ACT Government information through mobile applications. These mobile apps will provide information such as the location of bus stops, car parks, and public toilets, as well as cycling routes and other useful locations of community interest.

HEALTH DIRECTORATE

**Table 6.4.9
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Calvary Hospital Car Park (Design)	1,300	0	0	0
University of Canberra Public Hospital (Design)	5,220	3,032	0	0
Continuity of Health Services Plan – Essential Infrastructure	11,475	3,933	2,292	2,667
Belconnen and Tuggeranong Walk-In Centres	951	0	0	0
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	18,500	22,280	0	0
Total Capital Works Initiatives	37,446	29,245	2,292	2,667
Plant and Equipment				
Mobile Dental Clinic	600	0	0	0
Total Plant and Equipment Initiatives	600	0	0	0
Total Capital Initiatives	38,046	29,245	2,292	2,667

**Table 6.4.10
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Continuity of Health Services Plan – Essential Infrastructure Expenses (Depreciation)	0	0	56	90
Belconnen and Tuggeranong Walk-In Centres Expenses (Depreciation)	28	69	69	69
Mobile Dental Clinic Expenses (Depreciation)	30	60	60	60
Expenses	141	303	309	316
Total Expenses	199	432	494	535

Capital Works

Calvary Hospital Car Park (Design)

This project is to design a multi-storey car park for up to 700 vehicles on the Calvary Hospital campus.

University of Canberra Public Hospital (Design)

This project will complete facility planning and forward design to final sketch plan stage for the University of Canberra Public Hospital.

Continuity of Health Services Plan – Essential Infrastructure

This program provides the design and construction (or fit-out) of a range of facilities to allow additional bed capacity to be provided across the public health system in the Territory. It also allows for implementation of new campus infrastructure, and the replacement and expansion of existing infrastructure to ensure that essential infrastructure can support current, new and future services and facilities. This funding includes \$3.850 million to be provided as a capital grant in 2013-14 for improvements at Calvary Hospital.

Belconnen and Tuggeranong Walk-In Centres

This project provides the design and construction (fit-out) of new Walk-in Centres at the Tuggeranong Health Centre and the Belconnen Health Centre.

Clinical Services and Inpatient Unit Design and Infrastructure Expansion

This project will prepare a proof of concept and forward design for major clinical buildings at the Canberra Hospital, expansion of the Emergency Department on finalisation of proof of concept, and provision of a paediatric service in the Canberra Hospital Emergency Department.

Plant and Equipment

Mobile Dental Clinic

This initiative is to provide a bulk equipped van that enables dental services to be brought to community members who are unable to travel to the centralised dental clinics.

ECONOMIC DEVELOPMENT DIRECTORATE

Table 6.4.11
Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Lyneham Sports Precinct – Central Amenities (Design)	500	0	0	0
Franklin – Community Recreation Irrigated Park Enhancement	500	0	0	0
Greenway Oval Improvements (Design)	40	0	0	0
Manuka Oval – New Spectator Facilities and Media Infrastructure	2,956	1,100	0	0
Cravens Creek Water Quality Control Pond	4,000	12,000	5,000	0
Horse Park Drive Water Quality Control Pond	3,000	4,500	0	0
Woden Bus Interchange Redevelopment (Finalisation of Design)	2,000	500	0	0
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	500	0	0	0
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	1,000	0	0	0
Kenny – Floodways, Road Access and Basins (Design)	500	0	0	0
Throsby – Access Road (Design)	1,000	0	0	0
Majura Parkway Estate Development (Design)	600	0	0	0
Stromlo Forest Park – Enclosed Oval (Feasibility)	200	0	0	0
Kingston Foreshore – Structured Carpark (Feasibility)	100	0	0	0
Coppins Crossing Road and William Hovell Drive Intersection and Road Upgrades (Feasibility)	150	750	0	0
Molonglo 3 – Hydraulic Services Concept Masterplanning (Feasibility)	300	150	0	0
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	200	75	0	0
Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)	250	100	0	0
West Belconnen – Stormwater, Hydraulic and Utility Services (Feasibility)	200	150	0	0
West Belconnen – Roads and Traffic (Feasibility)	250	75	0	0
Isabella Weir Spillway Upgrades (Feasibility)	300	0	0	0
City to the Lake Assessment (Feasibility)	800	0	0	0
Total Capital Works Initiatives	19,346	19,400	5,000	0
Agency Funded Initiatives				
Netball Infrastructure Upgrades (Design)	200	0	0	0
Melrose Synthetic Football Facility (Design)	200	0	0	0
Narrabundah Velodrome Upgrade	650	0	0	0
Co-location of Racing Codes Study	250	0	0	0
Total Agency Funded Initiatives	1,300	0	0	0
Total Capital Initiatives	20,646	19,400	5,000	0

**Table 6.4.12
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Franklin – Community Recreation Irrigated Park Enhancement Expenses	35	71	73	75
Manuka Oval – New Spectator Facilities and Media Infrastructure Expenses (Depreciation) Expenses	0 0	74 0	101 0	101 41
Cravens Creek Water Quality Control Pond Expenses (Depreciation) Expenses	0 0	0 0	0 0	210 210
Horse Park Drive Water Quality Control Pond Expenses (Depreciation) Expenses	0 0	0 0	150 0	150 75
Total Expenses	35	145	324	862

Capital Works

Lyneham Sports Precinct – Central Amenities (Design)

This project provides for the design of central amenities at Southwell Park to support the multitude of sporting community users and attract greater recreational access.

Franklin – Community Recreation Irrigated Park Enhancement

This project provides for the construction, in partnership with the Land Development Agency, of a Community Recreation Irrigated Park in Franklin. The facility will provide the local community with a high quality recreation space that will support a range of informal sport, recreation and physical activity outcomes.

Greenway Oval Improvements (Design)

This project provides for the design of upgrades of existing facilities at the Greenway Enclosed Oval to improve the size and accessibility of amenities to support the Tuggeranong Hawks Football Club, the Bushrangers Rugby League Club and the Tuggeranong Tornados Gridiron Club.

Manuka Oval – New Spectator Facilities and Media Infrastructure

This project will increase Manuka Oval's capacity by an additional 1,400 seats and enhance its spectator facilities and media infrastructure, which will improve its commercial viability and reduce subsidies required to host major events.

Cravens Creek Water Quality Control Pond

This project facilitates the construction of a water quality control pond at Cravens Creek which is required to treat urban stormwater run-off from Denman Prospect before it reaches the Molonglo River.

Horse Park Drive Water Quality Control Pond

This project facilitates the construction of a water quality control pond adjacent to Horse Park Drive which will treat urban stormwater run-off from Jacka and Taylor and provide flood protection to the eastern portion of the proposed suburb of Moncrieff.

Woden Bus Interchange Redevelopment (Finalisation of Design)

This project provides for the design of a new integrated and modern bus interchange at Woden which will improve public safety and public transport infrastructure and support urban redevelopment opportunities in Woden.

Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)

This project facilitates a feasibility study for an East-West Arterial road in Molonglo 2 which is required to allow road and service connections to the new suburb of Denman Prospect.

Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)

This project is to undertake the design of water quality control ponds, sewers and a cycle path to enable infrastructure servicing of the proposed Molonglo Group Centre, which includes commercial and community releases.

Kenny – Floodways, Road Access and Basins (Design)

This project includes the design of two floodways and stormwater retardation basins to mitigate stormwater flows through Kenny. It will also provide a floodway that will service part of Throsby.

Throsby – Access Road (Design)

This project provides for the design of a road into the new suburb of Throsby from Horse Park Drive to facilitate land releases and development.

Majura Parkway Estate Development (Design)

This project provides for assessment and design of infrastructure requirements to facilitate a potential commercial development in the vicinity of the Majura Parkway adjacent to the Canberra Airport commercial precinct.

Stromlo Forest Park – Enclosed Oval (Feasibility)

This project provides for a feasibility study of an enclosed oval within Stromlo Forest Park to service the needs of the community and sporting groups, in particular AFL, football, rugby union and rugby league codes.

Kingston Foreshore – Structured Carpark (Feasibility)

This project allows for investigation of the feasibility and delivery options for a multi-level car park in the Kingston Foreshore area.

Coppins Crossing Road and William Hovell Drive Intersection and Road Upgrades (Feasibility)

This feasibility study will include options for the upgrade of Coppins Crossing Road and related intersections, which will be required to accommodate increased traffic as a result of current and future land development in the Molonglo Valley.

Molonglo 3 – Hydraulic Services Concept Masterplanning (Feasibility)

This masterplanning process is to investigate options for water supply, sewers, stormwater management including water quality control ponds and wetlands to support development in north Molonglo, which is identified for future release.

Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)

This project will provide for investigation of the soils and substrata in north Molonglo, which is identified for future release.

Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)

This project is to investigate the options and cost of relocating existing 132kV high voltage overhead electrical transmission power lines that currently cross proposed land release areas in north Molonglo.

West Belconnen – Stormwater, Hydraulic and Utility Services (Feasibility)

The Government's land release program includes the development of land in West Belconnen. This project is to investigate the options for servicing this proposed development with water, sewer, stormwater and other services.

West Belconnen – Roads and Traffic (Feasibility)

This project provides for the investigation of the potential impact of land release in West Belconnen on the existing transport network and examining options to address any issues identified.

Isabella Weir Spillway Upgrades (Feasibility)

This project provides for an assessment of the scope of works needed to increase the capacity of Isabella Weir to reduce the risk of flooding during extreme storm events and development of flood management response measures.

City to the Lake Assessment (Feasibility)

This project will assess the requirements and costs of relocating existing roads, stormwater, sewers, water mains and other services as proposed as part of the City to the Lake project. This will include modifications to Parkes Way and West Basin foreshore, to inform future infrastructure investment in the City Centre and progressing the Australia Forum proposal to investment ready status.

Netball Infrastructure Upgrades (Design)

This project provides for the design of upgrades at various netball facilities across the Territory to improve safety, quality and accessibility.

Melrose Synthetic Football Facility (Design)

This project provides for the design of a synthetic football facility at Melrose High School. The final design will serve both the needs of the school and football communities, providing critical infrastructure to meet growing participation levels.

Narrabundah Velodrome Upgrade

This project is to facilitate urgent remediation of the Narrabundah Velodrome following closure of the facility due to safety reasons. The works will ensure the safety and functionality of the facility for cycling participants in the Territory.

Co-location of Racing Codes Study

This project will involve the Government working collaboratively with the ACT racing industry to conduct an investigation and cost-benefit analysis of co-locating harness, thoroughbred and greyhound racing at a single site.

COMMERCE AND WORKS DIRECTORATE

**Table 6.4.13
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Information and Communication Technology				
Whole of Government Digital Network	6,661	2,504	1,722	0
Storage Network Switch Refresh	1,020	0	0	0
Application Security Assurance and Web Inspection System (ASAWIS)	250	0	0	0
Total ICT Initiatives	7,931	2,504	1,722	0
Total Capital Initiatives	7,931	2,504	1,722	0

**Table 6.4.14
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Whole of Government Digital Network Expenses (Depreciation)	0	1,332	1,833	2,177
Storage Network Switch Refresh Expenses (Depreciation)	0	204	204	204
Application Security Assurance and Web Inspection System (ASAWIS) Expenses (Amortisation)	0	50	50	50
Expenses	0	20	20	20
Total Expenses	0	1,606	2,107	2,451

Information and Communication Technology

Whole of Government Digital Network

This project is for replacing a range of ageing hardware components that support the ACT Government computer network, and contribute to maintaining services across all government agencies.

Storage Network Switch Refresh

This project is to replace crucial end-of-life ACT Government data storage network equipment with fully supported equipment that delivers improved system reliability and greatly enhanced data transfer speeds, in support of government and business critical ICT systems.

Application Security Assurance and Web Inspection System (ASAWIS)

New software will be purchased to improve the security of existing e-business applications and the quality of future web-based systems.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

Table 6.4.15
Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
ESA Station Upgrade and Relocation – South Tuggeranong Station	7,847	8,589	924	0
Alexander Maconochie Centre Additional Facilities (Design)	3,000	0	0	0
Total Capital Works Initiatives	10,847	8,589	924	0
Plant and Equipment				
Traffic Cameras Replacement	1,555	0	0	0
Total Plant and Equipment Initiatives	1,555	0	0	0
Information and Communication Technology				
ACT Legislation Register	515	0	0	0
Total ICT Initiatives	515	0	0	0
Total Capital Initiatives	12,917	8,589	924	0

Table 6.4.16
Expenses Associated with Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
ESA Station Upgrade and Relocation – South Tuggeranong Station				
Expenses (Depreciation)	0	0	317	476
Expenses	0	152	183	255
Traffic Cameras Replacement				
Expenses (Depreciation)	155	310	310	310
Expenses	50	0	0	0
Total Expenses	205	462	810	1,041

Capital Works

ESA Station Upgrade and Relocation – South Tuggeranong Station

This project is for the construction of a new (relocated) fire station in South Tuggeranong (Calwell/Conder) as part of the emergency services facilities upgrade and relocation program.

Alexander Maconochie Centre Additional Facilities (Design)

This project will allow for the development of final sketch plans for a facility to meet medium term accommodation requirements.

Plant and Equipment

Traffic Cameras Replacement

This funding provides for the replacement of fixed red light/speed and mobile cameras reaching the end of their operational lives.

Information and Communication Technology

ACT Legislation Register

This project provides resourcing for the redevelopment of the legislation register up to delivery of the system architecture (including investigation of open source technologies) and implementation plan.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT DIRECTORATE

**Table 6.4.17
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
ACT Light Rail Master Plan (Feasibility)	400	1,000	0	0
Greenfields Planning for Affordable Housing (Feasibility)	200	150	0	0
Total Capital Works Initiatives	600	1,150	0	0
Information and Communication Technology				
Upgrade to Critical Document Management System	500	0	0	0
Enhancement of eDevelopment Interface	900	400	0	0
Total ICT Initiatives	1,400	400	0	0
Total Capital Initiatives	2,000	1,550	0	0

**Table 6.4.18
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Upgrade to Critical Document Management System Expenses (Depreciation)	0	100	100	100
Enhancement of eDevelopment Interface Expenses (Depreciation)	0	0	260	260
Total Expenses	0	100	360	360

Capital Works

ACT Light Rail Master Plan (Feasibility)

This project is for a master planning process which will investigate and identify issues for a future Canberra-wide light rail and assess its feasibility. The project will also guide strategic transport and land use planning associated with any future expansion of light rail and identify network issues.

Greenfields Planning for Affordable Housing (Feasibility)

This project will allow for continued planning and infrastructure investigations in greenfields areas to support Government priorities, land supply and land release related to the provision of affordable housing.

Information and Communication Technology

Upgrade to Critical Document Management System

This project will enhance functionality and maintain support for the Objective Integrated Document Management System and ensure that this recordkeeping system for key areas of the Government is fully compliant with the *Territory Records Act 2002*.

Enhancement of eDevelopment Interface

This project is for enhancements and maintenance of the eDevelopment system to maintain client services and improve operability for industry users of the system.

CAPITAL METRO AGENCY

Table 6.4.19
Capital Initiatives

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
Capital Works				
Capital Metro (Design)	5,000	0	0	0
Total Capital Works Initiatives	5,000	0	0	0
Total Capital Initiatives	5,000	0	0	0

Capital Works

Capital Metro (Design)

This project will deliver preliminary design studies and a delivery strategy to progress the Light Rail Transit corridor between Gungahlin and the City, via Flemington Road and Northbourne Avenue, as well as identifying any necessary preparatory works.

EDUCATION AND TRAINING DIRECTORATE

**Table 6.4.20
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Canberra College Cares – New Building at Phillip Campus	5,000	9,000	0	0
School Infrastructure for the Future	3,345	0	0	0
Belconnen High School Modernisation – Stage 1	2,000	0	0	0
Childcare Centre Upgrades – Stage 2	2,000	0	0	0
Tuggeranong Introductory English Centre	800	1,000	0	0
Coombs Primary School (Finalisation of Design)	550	0	0	0
Total Capital Works Initiatives	13,695	10,000	0	0
Information and Communication Technology				
Sustaining Smart Schools	7,100	1,500	1,500	0
Total ICT Initiatives	7,100	1,500	1,500	0
Agency Funded Initiatives				
Investing in Healthy Canberra Kids	80	80	80	80
Total Agency Funded Initiatives	80	80	80	80
Total Capital Initiatives	20,875	11,580	1,580	80

**Table 6.4.21
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Canberra College Cares – New Building at Phillip Campus				
Expenses (Depreciation)	0	100	200	270
School Infrastructure for the Future				
Expenses (Depreciation)	33	67	67	67
Belconnen High School Modernisation – Stage 1				
Expenses (Depreciation)	0	40	40	40
Childcare Centre Upgrades – Stage 2				
Expenses (Depreciation)	0	40	40	40
Expenses	0	0	20	40
Tuggeranong Introductory English Centre				
Expenses (Depreciation)	0	18	36	36
Sustaining Smart Schools				
Expenses (Depreciation)	0	1,775	2,150	2,525
Total Initiative Expenses	33	2,040	2,553	3,018

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Agency Funded Expenses				
Canberra College Cares – New Building at Phillip Campus Expenses	0	0	70	210
Tuggeranong Introductory English Centre Expenses	0	0	0	18
Investing in Healthy Canberra Kids Expenses (Depreciation)	10	10	10	10
Expenses	44	44	44	44
Total Agency Funded Expenses	54	54	124	282
Total Expenses	87	2,094	2,677	3,300

Capital Works

Canberra College Cares – New Building at Phillip Campus

This project will construct a new purpose-built facility for the Canberra College Cares (CC Cares) program at the Canberra College Woden campus. The new facility will provide learning spaces and facilities to support young pregnant and parenting students and their children.

School Infrastructure for the Future

This project provides for repairs, maintenance and upgrades to ACT public schools, addressing ageing building fabric and changes to education services delivery.

Belconnen High School Modernisation – Stage 1

This project provides for improvements at Belconnen High School. This project funds improvement works to six classrooms, the school front office and administration areas and the school hall.

Childcare Centre Upgrades – Stage 2

This project provides for the refurbishment and upgrade of ACT Government owned childcare centres. The project will enable childcare centres to expand in areas of need across Canberra.

Tuggeranong Introductory English Centre

This project provides for the establishment of a new introductory English centre at the Wanniasa Hills Primary School. The new facility will give students with limited or no English speaking background, who have recently arrived in Australia and Canberra, the opportunity for intensive language tuition before settling into a mainstream school in the Tuggeranong school network.

Coombs Primary School (Finalisation of Design)

This project will complete designs for the Coombs Primary School that will provide essential public preschool and primary school facilities, at Molonglo.

Investing in Healthy Canberra Kids

This project provides up to two water refill stations in selected ACT public schools. This initiative will increase water consumption and improve the health of students.

Information and Communication Technology

Sustaining Smart Schools

This project provides funding to maintain a reliable and modern schools ICT network. The project will enable the ongoing maintenance and upgrade of infrastructure as well as the refresh of hardware including computers, interactive whiteboards and wireless access points.

COMMUNITY SERVICES DIRECTORATE

Table 6.4.22
Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Ainslie Music Hub	1,500	0	0	0
Gorman House Multi-Art Hub	500	500	0	0
Kingston Visual Arts Hub (Feasibility Study)	300	0	0	0
More Men's Sheds	100	100	0	0
Disability Housing – Respite and Congregate Living Housing (Design)	80	0	0	0
Total Capital Works Initiatives	2,480	600	0	0
Information and Communication Technology				
Children and Young People System Upgrade	200	50	0	0
Total ICT Initiatives	200	50	0	0
Total Capital Initiatives	2,680	650	0	0

Capital Works

Ainslie Music Hub

This project will enable upgrades to the Ainslie Arts Centre to enhance its use as a Music Hub, with a focus on music for young people and to provide a public access community performance space.

Gorman House Multi-Art Hub

This project will upgrade the Gorman House Arts Centre as a key multi-arts facility that promotes connection and collaboration between hosted organisations and activities, artists and the broader community.

Kingston Visual Arts Hub (Feasibility Study)

This project provides funding to undertake feasibility and planning work to progress the development of a Kingston Visual Arts Precinct, including a purpose-built visual arts facility to house Key Visual Arts Organisations. This project will add to the existing visual arts facilities at the precinct such as the Canberra Glassworks and Megalo Print Studio and Gallery.

More Men's Sheds

This project provides funding for a feasibility and design study to establish additional Men's Sheds across Canberra. Men's Sheds provide an opportunity to address a range of issues associated with men's health, their physical, emotional and social well-being; supporting the social interaction of men in transitional periods such as bereavement, retirement or ill-health; and sharing, disseminating and preserving skills, abilities and interests of men.

Disability Housing – Respite and Congregate Living Housing (Design)

This project will provide for forward design to renovate existing respite properties operated by Disability ACT to improve service delivery to people with a disability.

Information and Communication Technology

Children and Young People System Upgrade

This project will scope and implement enhancements and upgrades to the Children and Young People System. In addition, a scoping study will be undertaken into a longer term replacement system for the Children and Young People System.

HOUSING ACT

**Table 6.4.23
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Common Ground Supportive Housing	7,000	0	0	0
Housing for Elderly Public Housing Tenants (Design)	290	0	0	0
Housing for Older People in the Aboriginal and Torres Strait Islander Community (Design)	75	0	0	0
Total Capital Works Initiatives	7,365	0	0	0
Total Capital Initiatives	7,365	0	0	0

**Table 6.4.24
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
Common Ground Supportive Housing Expenses	566	0	0	0
Total Expenses	566	0	0	0

Capital Works

Common Ground Supportive Housing

This project provides funding to construct a Common Ground supportive housing complex, providing a model of housing targeting singles and couples, without children, who are homeless or at risk of becoming homeless. This initiative offers affordable housing combined with on-site and assertive support to address the issues and causes of the individual's homelessness.

Housing for Elderly Public Housing Tenants (Design)

This project provides funding to design options for older public housing tenants wishing to relocate to more appropriate and suitable housing that better suits their needs and age. This will free up the larger homes for housing those priority high needs families on the Social Housing Register.

Housing for Older People in the Aboriginal and Torres Strait Islander Community (Design)

This project provides funding to design culturally appropriate housing that best suits the needs of elderly Aboriginal and Torres Strait Islander people.

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Table 6.4.25
Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
National Arboretum Canberra – Water Security	1,060	1,023	499	998
Red Hill Nature Reserve Remediation (Finalisation of Design)	135	0	0	0
Kingston – Wentworth Avenue Pavement Rehabilitation Stage 2 (Design)	200	0	0	0
Transport for Canberra – Real Time Passenger Information System – Passenger Information Displays and Signage	190	0	0	0
Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3	2,000	0	0	0
Barry Drive – Bridge Strengthening on Commercial Routes	479	0	0	0
Ashley Drive – Stage 2 (Design)	775	800	0	0
Transport for Canberra – Walking and Cycling Infrastructure Stage 4 (Design)	1,673	0	0	0
Yarralumla – Canberra Brickworks Site Remediation	1,167	1,733	0	0
Local Shopping Centre Upgrade Program (Design)	360	0	0	0
Drinking Fountains and Refill Stations	80	160	0	0
Local Area Traffic Management	1,000	0	0	0
Transport for Canberra – Park and Ride Facilities (Design)	120	0	0	0
Weston Creek – Group Centre Parking (Design)	48	0	0	0
Stormwater Augmentation (Feasibility)	100	0	0	0
Total Capital Works Initiatives	9,387	3,716	499	998
Plant and Equipment				
Mitchell – Capital Linen – Replacement of HVAC System	526	2,011	0	0
Total Plant and Equipment Initiatives	526	2,011	0	0
Total Capital Initiatives	9,913	5,727	499	998

**Table 6.4.26
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
National Arboretum Canberra – Water Security Expenses (Depreciation)	0	21	41	52
Expenses	82	83	94	117
Red Hill Nature Reserve Remediation (Finalisation of Design) Expenses	25	25	0	0
Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3 Expenses (Depreciation)	0	50	50	50
Barry Drive – Bridge Strengthening on Commercial Routes Expenses (Depreciation)	0	10	10	10
Expenses	0	0	4	10
Drinking Fountains and Refill Stations Expenses (Depreciation)	0	3	8	8
Expenses	39	56	57	58
Local Area Traffic Management Expenses (Depreciation)	0	20	20	20
Expenses	0	0	10	20
Mitchell – Capital Linen – Replacement of HVAC System Expenses (Depreciation)	0	0	169	169
Total Expenses	146	268	463	514

Capital Works

National Arboretum Canberra – Water Security

This project is for the design and construction of irrigation infrastructure at the National Arboretum Canberra to provide automated water security to turf, plants and forests.

Red Hill Nature Reserve Remediation (Finalisation of Design)

This project enables further environmental testing and development of a remediation action plan to manage contamination at the old dump site on Red Hill Nature Reserve.

Kingston – Wentworth Avenue Pavement Rehabilitation Stage 2 (Design)

This project is for the forward design and cost estimation for the second stage of pavement rehabilitation along Wentworth Avenue, between Dawes Street and Telopea Park for the city bound lanes.

Transport for Canberra – Real Time Passenger Information System – Passenger Information Displays and Signage

This project will install passenger information displays at selected bus stations and major stops for the Real Time Passenger Information System (NXTBUS). This system will enable improved planning of trips and connections by passengers and also provides service information that will contribute to public transport planning.

Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3

This project continues the improvement of bus stops and shelters across the Territory to achieve compliance with the *Disability Discrimination Act 1992* standards. It aims to assist people with a disability by making public transport infrastructure more accessible.

Barry Drive – Bridge Strengthening on Commercial Routes

This project will upgrade the bridge of Barry Drive over Sullivans Creek to enable it to carry vehicles up to unrestricted B-double capacity and to be compliant with the relevant load ratings. This bridge has been identified as a priority on the proposed expanded ACT Higher Mass Limits network and the upgrade is being jointly funded by the Commonwealth Government.

Ashley Drive – Stage 2 (Design)

This project will allow for the forward design for the duplication of Ashley Drive between Erindale Drive and Johnson Drive. The duplication would seek to address traffic congestion and delays at major intersections along the length of Ashley Drive and provide improved shared path access and on road cycling.

Transport for Canberra – Walking and Cycling Infrastructure Stage 4 (Design)

This project is for feasibility and forward design of walking and cycling infrastructure improvements across the Territory. The program supports the objectives of the *Transport for Canberra Plan* relating to modal shift and active travel methods.

Yarralumla – Canberra Brickworks Site Remediation

This project allows for the removal of asbestos and other hazardous waste from the Canberra Brickworks site to improve public safety for current and future users of the site.

Local Shopping Centre Upgrade Program (Design)

This project will deliver forward designs for refurbishing local shopping centres across the Territory. The proposed refurbishments will include paving, seating, parking arrangements, lighting, and improvements to accessibility to ensure the centres meet current Australian Standards and provide safe public spaces.

Drinking Fountains and Refill Stations

This project is for the installation of thirty new drinking fountains in key public locations across Canberra including town centres, sporting fields, hospitals and schools, and provides drinking and refill stations at public events.

Local Area Traffic Management

This project enables the forward design of prioritised traffic management works in four locations, and the construction of a number of high priority measures to address amenity and safety considerations.

Transport for Canberra – Park and Ride Facilities (Design)

This project facilitates the design of Park and Ride and Bike and Ride facilities at Erindale, Wanniasa and Gungahlin. The facilities extend the catchment of major public transport routes and aim to provide an effective and efficient method of accessing town centres using private vehicles and public transport.

Weston Creek – Group Centre Parking (Design)

This project will alleviate pressure on the existing parking at the group centre and address future demand, with a portion of parking to be allocated as Park and Ride facilities. Forward design is to be undertaken for the provision of eighty additional car parking spaces and pedestrian crossings at two sites in Weston Creek, including Liardet Street and Dillon Close.

Stormwater Augmentation (Feasibility)

This feasibility study will identify options to augment the existing stormwater network in Duffy, Deakin, Ainslie and Campbell to reduce the risk of flooding of private residences and property.

Plant and Equipment

Mitchell – Capital Linen – Replacement of HVAC System

This project will improve the function and extend the asset life of the depot by installing a new heating, ventilation and air conditioning (HVAC) system.

CANBERRA INSTITUTE OF TECHNOLOGY

Table 6.4.27
Capital Initiatives

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
Capital Works				
Improved VET Provision in South Canberra (Feasibility Study)	180	0	0	0
Total Capital Works Initiatives	180	0	0	0
Total Capital Initiatives	180	0	0	0

Capital Works

Improved VET Provision in South Canberra (Feasibility Study)

This feasibility study will investigate how Canberra Institute of Technology education can be best provided for in the Woden Valley, Weston Creek, Tuggeranong and Molonglo communities.

CULTURAL FACILITIES CORPORATION

Table 6.4.28
Capital Initiatives

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
Lanyon Heritage Precinct Community Access Roads	300	100	0	0
Total Capital Works Initiatives	300	100	0	0
Total Capital Initiatives	300	100	0	0

Capital Works

Lanyon Heritage Precinct Community Access Roads

This initiative implements Stage 1 of a major upgrade of roads within the Lanyon Heritage Precinct, so as to facilitate community access to, and within, the precinct.

EXHIBITION PARK CORPORATION

**Table 6.4.29
Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Capital Works				
New Camping Area	300	0	0	0
Car Park Upgrade to Enhance Accessibility	120	0	0	0
Total Capital Works Initiatives	420	0	0	0
Total Capital Initiatives	420	0	0	0

**Table 6.4.30
Expenses Associated with Capital Initiatives**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Initiatives				
New Camping Area				
Expenses (Depreciation)	0	5	5	5
Expenses	0	5	9	9
Car Park Upgrade to Enhance Accessibility				
Expenses (Depreciation)	0	3	3	3
Total Expenses	0	13	17	17

Capital Works

New Camping Area

This project will develop a site adjacent to the existing camping grounds to suit larger caravans, rigs and converted buses.

Car Park Upgrade to Enhance Accessibility

This project will create 25 accessible car parking spaces at the northern car park of Exhibition Park in Canberra, by sealing and properly marking accessible parking bays with a sealed walkway, and drop off points at the northern entry gate.

6.5 CAPITAL WORKS PROGRAM

Capital Works Program at a Glance

The Territory's Capital Works Program is a component of the Total Capital Investment Program. Capital Works relate to fixed physical infrastructure.

- The total value of the 2013-14 New Works Program is \$242.6 million over four years.
- Total cash provided in 2013-14 for New Works and Works-in-Progress (WIP) is \$695.7 million:
 - total cash provided for New Works in 2013-14 is \$157.5 million; and
 - total cash provided to continue WIP in 2013-14 is \$538.2 million.

2013-14 Capital Works Program

New Works Program

The value of New Works included in the 2013-14 Infrastructure Investment Program is \$242.644 million over four years, with a financing requirement in 2013-14 of \$157.464 million.

Table 6.5.1
Summary of 2013-14 Budget New Works Program

	2013-14	2014-15	2015-16	2016-17	Four Year
	\$'000	\$'000	\$'000	\$'000	Investment
					\$'000
Feasibility Studies	4,280	2,550	0	0	6,830
Forward Design	25,556	4,332	0	0	29,888
Construction Projects	78,530	65,918	8,715	3,665	156,828
Capital Upgrades	49,098	0	0	0	49,098
Budget Funded New Works Program	157,464	72,800	8,715	3,665	242,644

Feasibility Studies and Capital Planning

The Feasibility Study and Capital Planning component of the 2013-14 New Works Program has a total value of \$6.830 million, with a financing requirement of \$4.280 million in 2013-14 and \$2.550 million in 2014-15.

Feasibility studies recognise the longer lead times involved in major construction activities and provide agencies with the capacity to undertake preliminary feasibility, planning and policy development work associated with larger, more complex proposals. Feasibility studies also provide a framework for a more comprehensive assessment of the viable options and alternatives, including linkages to the Government's service delivery objectives.

Table 6.5.2 outlines the feasibility studies and capital planning projects.

Table 6.5.2
Summary of 2013-14 Budget Feasibility Studies and Capital Planning

Project	Financing 2013-14 \$'000	Financing 2014-15 \$'000
Economic Development Directorate		
Stromlo Forest Park – Enclosed Oval (Feasibility)	200	0
Kingston Foreshore – Structured Carpark (Feasibility)	100	0
Coppins Crossing Road and William Hovell Drive Intersection and Road Upgrades (Feasibility)	150	750
Molonglo 3 – Hydraulic Services Concept Masterplanning (Feasibility)	300	150
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	200	75
Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)	250	100
West Belconnen – Stormwater, Hydraulic and Utility Services (Feasibility)	200	150
West Belconnen – Roads and Traffic (Feasibility)	250	75
Isabella Weir Spillway Upgrades (Feasibility)	300	0
City to the Lake Civil Works Assessment (Feasibility)	800	0
Co-location of Racing Codes Study (Feasibility)	250	0
Total	3,000	1,300
Environment and Sustainable Development Directorate		
ACT Light Rail Master Plan (Feasibility)	400	1,000
Greenfields Planning for Affordable Housing (Feasibility)	200	150
Total	600	1,150
Community Services Directorate		
More Men's Sheds	100	100
Kingston Visual Arts Hub (Feasibility Study)	300	0
Total	400	100
Territory and Municipal Services Directorate		
Stormwater Augmentation (Feasibility)	100	0
Total	100	0
Canberra Institute of Technology		
Improved VET Provision in South Canberra (Feasibility Study)	180	0
Total	180	0
Total Feasibility Studies	4,280	2,550

Forward Design

The 2013-14 Budget invests in forward design projects to the value of \$29.888 million, with financing of \$25.556 million provided in 2013-14 and \$4.332 million in 2014-15.

Formal planning and design of large infrastructure projects allows for detailed specifications and scope to be fully developed, and helps mitigate potential risk associated with delays and/or cost escalations during the construction phase of a project.

Table 6.5.3 outlines the 2013-14 forward design program.

Table 6.5.3
Summary of 2013-14 Budget Forward Design Projects

Project	Financing 2013-14 \$'000	Financing 2014-15 \$'000
Health Directorate		
Calvary Hospital Car Park (Design)	1,300	0
University of Canberra Public Hospital (Design)	5,220	3,032
Total	6,520	3,032
Economic Development Directorate		
Lyneham Sports Precinct – Central Amenities (Design)	500	0
Greenway Oval Improvements (Design)	40	0
Woden Bus Interchange Redevelopment (Finalisation of Design)	2,000	500
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	500	0
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	1,000	0
Kenny – Floodways, Road Access and Basins (Design)	500	0
Throsby – Access Road (Design)	1,000	0
Majura Parkway Estate Development (Design)	600	0
Netball Infrastructure Upgrades (Design)	200	0
Melrose Synthetic Football Facility (Design)	200	0
Total	6,540	500
Justice and Community Safety Directorate		
Alexander Maconochie Centre Additional Facilities (Design)	3,000	0
Total	3,000	0
Capital Metro		
Capital Metro (Design)	5,000	0
Total	5,000	0
Education and Training Directorate		
Coombs Primary School (Finalisation of Design)	550	0
Total	550	0
Community Services Directorate		
Disability Housing – Respite and Congregate Living Housing (Design)	80	0
Total	80	0

Project	Financing 2013-14 \$'000	Financing 2014-15 \$'000
Housing ACT		
Housing for Elderly Public Housing Tenants (Design)	290	0
Housing for Older People in the Aboriginal and Torres Strait Islander Community (Design)	75	0
Total	365	0
Territory and Municipal Services Directorate		
Red Hill Nature Reserve Remediation (Finalisation of Design)	135	0
Kingston – Wentworth Avenue Pavement Rehabilitation Stage 2 (Design)	200	0
Transport for Canberra – Real Time Passenger Information System – Passenger Information Displays and Signage	190	0
Ashley Drive – Stage 2 (Design)	775	800
Transport for Canberra – Walking and Cycling Infrastructure Stage 4 (Design)	1,673	0
Local Shopping Centre Upgrade Program (Design)	360	0
Transport for Canberra – Park and Ride Facilities (Design)	120	0
Weston Creek – Group Centre Parking (Design)	48	0
Total	3,501	800
Total Forward Design Projects	25,556	4,332

Construction Projects

The construction component of the New Works Program has a total value of \$156.828 million, with financing of \$78.530 million provided in 2013-14.

Table 6.5.4 outlines the program of 2013-14 Budget construction projects.

**Table 6.5.4
Summary of 2013-14 Budget Construction Projects**

Project	Financing 2013-14 \$'000	Financing 2014-15 \$'000	Financing 2015-16 \$'000	Financing 2016-17 \$'000
Health Directorate				
Continuity of Health Services Plan – Essential Infrastructure ¹	11,475	3,933	2,292	2,667
Belconnen and Tuggeranong Walk-In Centres	951	0	0	0
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	18,500	22,280		
Total	30,926	26,213	2,292	2,667
Economic Development Directorate				
Franklin – Community Recreation Irrigated Park Enhancement	500	0	0	0
Manuka Oval – New Spectator Facilities and Media Infrastructure	2,956	1,100	0	0
Cravens Creek Water Quality Control Pond	4,000	12,000	5,000	0
Horse Park Drive Water Quality Control Pond	3,000	4,500	0	0
Narrabundah Velodrome Upgrade	650	0	0	0
Total	11,106	17,600	5,000	0
Justice and Community Safety Directorate				
ESA Station Upgrade and Relocation – South Tuggeranong Station	7,847	8,589	924	0
Total	7,847	8,589	924	0
Education and Training Directorate				
Canberra College Cares – New Building at Phillip Campus	5,000	9,000	0	0
School Infrastructure for the Future	3,345	0	0	0
Belconnen High School Modernisation – Stage 1	2,000	0	0	0
Childcare Centre Upgrades – Stage 2	2,000	0	0	0
Tuggeranong Introductory English Centre	800	1,000	0	0
Total	13,145	10,000	0	0
Community Services Directorate				
Ainslie Music Hub	1,500	0	0	0
Gorman House Multi-Art Hub	500	500	0	0
Total	2,000	500	0	0
Housing ACT				
Common Ground Supportive Housing	7,000	0	0	0
Total	7,000	0	0	0
Territory and Municipal Services Directorate				
National Arboretum Canberra – Water Security	1,060	1,023	499	998
Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3	2,000	0	0	0
Barry Drive – Bridge Strengthening on Commercial Routes	479	0	0	0

Project	Financing 2013-14 \$'000	Financing 2014-15 \$'000	Financing 2015-16 \$'000	Financing 2016-17 \$'000
Yarralumla – Canberra Brickworks Site Remediation	1,167	1,733	0	0
Drinking Fountains and Refill Stations	80	160	0	0
Local Area Traffic Management	1,000	0	0	0
Total	5,786	2,916	499	998
Cultural Facilities Corporation				
Lanyon Heritage Precinct Community Access Roads	300	100	0	0
Total	300	100	0	0
Exhibition Park Corporation				
New Camping Area	300	0	0	0
Car Park Upgrade to Enhance Accessibility	120	0	0	0
Total	420	0	0	0
Total Construction Projects	78,530	65,918	8,715	3,665

Note:

1. \$3.850 million is to be provided as a capital grant in 2013-14 for improvements at Calvary Hospital.

Urban Improvement Program

The Urban Improvement Program is funded by revenue from the Lease Variation Charge. It provides for works that improve the amenity of our growing city. The existing program of projects allocated in the 2012-13 Budget will continue into 2013-14.

The program will continue to be reviewed annually, and further projects may be considered in the 2014-15 Budget.

Projects to continue in 2013-14 are as follows.

Inner North – Off Leash Dog Park

This project will facilitate the design and construction of a fenced off leash dog park in the Inner North of Canberra, which will be designed and constructed to provide access to social activities, exercise and training opportunities for dogs and their owners.

Upgrade to Public Toilet Facilities

This will provide for completing the refurbishment of public toilet facilities at priority locations including Dickson and Kambah Village Shops.

Playground Design and Safety Upgrades

This project will provide for completing the design and renewal of playgrounds in a number of district parks across the ACT. Upgrade works will occur at Yerrabi Pond District Park, John Knight Memorial Park and Kambah District Park.

Upgrade to Furniture and Bins in Parks and Shopping Centres Across the City

This project is for the upgrade of furniture and bins in parks and shopping centres across the City, including Hawker, Kingston, Manuka, Jamison and Mawson. In addition, log bollards and barriers will be installed and refurbished around Lake Tuggeranong, Fadden Pines, Tuggeranong Parkway and District Parks and gravel car parks improved at Alexandrina Drive Yarralumla, Molonglo Reach Latrobe Park and other district parks and hill top reserves.

Molonglo Riverside Park Stage 1

This will provide for essential infrastructure in the Molonglo River Park for the emerging community of Molonglo and fire protection for new suburbs and protect endangered species and communities.

Transport for Canberra – Belconnen to City Transitway – College Street Section

This project will construct bus priority measures on the Blue Rapid route along College Street and Hayden Drive, between Coinda and Battye Streets. These priority measures will reduce travel times for buses between Belconnen and the City and improve services for residents in Belconnen.

Transport for Canberra – Walking and Cycling Infrastructure Stage 3

This program of works will improve cycling and walking infrastructure across the Territory through the construction of new on and off road cycle and community paths and related signage.

Transport for Canberra – Barton Bus Station

This project is for the construction of bus stops, shelters and associated facilities on National Circuit between Kings Avenue and Bligh Street which will provide a consolidated bus stop location in the Parliamentary Triangle that is safe, sheltered and efficient for passengers.

Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 2

This project is for continued improvement of bus stops and shelters across the Territory to ensure compliance with the *Disability Discrimination Act 1992* standards. This assists people with a disability by ensuring that public transport infrastructure is accessible to all.

Transport for Canberra – Erindale Bus Station (Design)

This provides for the design of a bus station in the Erindale Group Centre, including road works to better accommodate buses and improved bus stops, shelters and associated facilities for the local community.

Improve the Quality of Sportsgrounds

This project provides for water demand activities to reduce irrigation requirements at sportsgrounds including replacement of inefficient irrigation systems and expanding the use of drought tolerant grass species.

Restoration of Sportsgrounds – Bonython, Watson and Weetangera

This project will restore and upgrade Neighbourhood Ovals in Bonython, Watson and Weetangera to provide local communities with high quality sporting facilities. Restoration will involve the installation of irrigation systems, synthetic cricket wickets and practice nets, floodlights and a small pavilion and toilet block at each oval.

Gungahlin Enclosed Oval – Construction of Grandstand

This project will provide for a grandstand to be constructed on the western side of Gungahlin Enclosed Oval to support sport in Gungahlin and provide a high quality facility for the local community. The grandstand will provide covered seating for 580 people, open seating for a further 850 people, change rooms for teams and officials, public toilets, a first aid room, kiosk, club room and storage facilities.

Capital Upgrades Program

Capital upgrades include works that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets. Upgrade funding is distinct from routine maintenance.

Funding for capital upgrades is provided to agencies annually, with indicative allocations included in their forward estimates. This allows agencies to better prioritise and manage their upgrade programs according to asset management needs and plans.

Funding of \$49.098 million has been allocated in 2013-14 for capital upgrades.

Table 6.5.5 below outlines the 2013-14 Capital Upgrades Program, by agency and, where available, by program, type of works or physical location.

Table 6.5.5
Summary of 2013-14 Budget Capital Upgrades Program

Project	2013-14 Financing \$'000
Office of the Legislative Assembly	
<u>Building structure</u>	
Building Fabric Restoration	50
Window and Door Refurbishment	40
<u>Building plant</u>	
CCTV and Access control system Upgrade	80
<u>Occupational Health and Safety</u>	
Fire Systems Upgrade	30
<u>Improved Environmental Measures</u>	
Installation of Shade Sails	10
Window Furnishings Replacement	30
Total	240
Health Directorate	
<u>ACT Health</u>	
Building Upgrades to address Condition Report findings and Improve Signage at Various Health Facilities	705
Electrical, Fire and Safety Upgrades to Improve Personal Safety at Various Health Facilities	570
Upgrade heating, ventilation and air conditioning units as part of hospital building upgrades	375
Patient and Medical Facility Upgrades including at Brian Hennessy House and Clare Holland House	660
Workplace Improvements to Relocate and Upgrade the Cryogenic Laboratory, Extend Loading Dock and Undertake Improvements to the Outpatients Area at The Canberra Hospital	890
Upgrade Medical and Administration Offices to Meet Organisational Change and Growth	646
<u>Calvary Hospital</u>	
Liquid Oxygen (LOX) Vessel Upgrade to meet Current and Future Demand	15
Building Management System (BMS) Upgrade and Associated Field Information Devices (FID)	100
Install Chiller 5 in accordance with the Environmental Cooling Strategy	300
Fire Safety Upgrade to Improve the Fire Safety System to meet Expected Audit Recommendations	200
Replace multiple floor finishes as required to a single type in Xavier Building levels 4-6 to meet WHS requirements	150
Total	4,611
Economic Development Directorate	
<u>Major Venues – Facilities Upgrades</u>	
Minor Upgrades to Address Compliance with Public Safety, Building and Sports Codes Standards and Improve Operational Efficiency and Public Amenity at Manuka Oval	450
Minor Upgrades to Address Compliance with Public Safety, Building and Sports Codes Standards and Improve Operational Efficiency and Public Amenity at Canberra Stadium	450
Staged Upgrade of Recreational Trails at Stromlo Forest Park	200

Project	2013-14 Financing \$'000
Sports Facilities	
Facilities Improvement Program – Upgrades to Ageing Infrastructure and Enhancement of Existing Facilities including Pavilions, Toilet Blocks, Flood Lighting Systems, Perimeter Fencing, Cricket Nets, Turf Cricket Wickets and Canteens	1,400
Water Demand Management Program to Reduce Irrigation Requirements at ACT Sportsgrounds including Replacement of Old and Inefficient Irrigation Systems and Expanding the Use of Drought Tolerant Grass Species	500
Pools Improvement Program – Provides for Refurbishments at Civic, Tuggeranong, Manuka and Dickson Pools	726
Infrastructure Planning and Design	
Land Release Infrastructure Design for Earthworks, Roads, Stormwater, Sewers, Water Supply, Utilities and Landscaping	270
Total	3,996
Justice and Community Safety Directorate	
Emergency Services Agency Projects	
ESA Facilities Upgrades, Security and WHS Upgrades	299
Directorate Projects	
Courts & Tribunal Facilities Upgrades	198
Corrective Services Upgrades	168
Energy Efficiencies, Office Accommodation and WHS Related Upgrades	411
Territorial Projects	
ACT Policing Facilities and Security Upgrades	240
Total	1,316
Environment and Sustainable Development Directorate	
Heritage – Canberra Tracks Signage Updates and Additions	135
Total	135
Education and Training Directorate	
Older School Upgrades	
Hughes Primary School	2,740
Yarralumla Primary School	
New School Facilities	
Playground – Taylor Primary School	960
Staffroom Refurbishments – Macquarie Primary School	
School Infrastructure Improvements	
Classroom Refurbishments – Mt Rogers Primary School and Turner School	4,670
Toilet Refurbishments – Forrest Primary School	
Science Lab Refurbishments – Stromlo High School	
Roof Upgrades – Canberra High School	
Transportable classroom (relocation) – Malkara School	
Construction of New Bin Enclosures – Various Public Schools	

Project	2013-14 Financing \$'000
<u>Building Compliance Upgrades</u>	1,060
Lift Replacement – Canberra College	
Disability Access Program – Various Public Schools	
Glazing Upgrade Program – Various Public Schools	
<u>School Security Improvements</u>	1,220
School Security Fencing Program – Red Hill School, Mt Rogers Primary School, Macgregor Primary School, Wanniasa School (senior campus)	
Electronic Security System Program – Various Public Schools	
<u>School Safety Improvements</u>	1,660
New Walkway – Narrabundah College	
Access Ramps – Melrose High School	
Carpark Upgrades and Traffic Safety Improvements – Various Public Schools	
<u>Environmentally Sustainable Design Initiatives</u>	1,220
Solar Panels – Remaining Public Schools	
Pulse Meters – Remaining Public Schools	
Water Refill Stations – Various Public Schools	
Solar Tubes/LED Lighting – Various Public Schools	
Irrigation System Improvements – Dickson College, Lyneham High School and Lyneham Primary School	
<u>Childcare Facilities</u>	425
Building Upgrades and Improvements	
Total	13,955
Community Services Directorate	
<u>Community and Youth Facilities</u>	
Building Renovations and Extensions such as Refurbishments and Extensions to Rooms	440
Building Upgrades such as Roofing, Energy Efficiency Upgrades and Lighting	1,249
Grounds Upgrades such as Fencing, Security and Playground Equipment	100
<u>Arts Facilities</u>	
Building Upgrades such as Painting and Electrical Works to Gorman House and Strathnairn Homestead	150
Grounds Upgrades such as Landscaping and Audit/Rectification of Roads and Paving at Arts Facilities	150
Total	2,089
Territory and Municipal Services Directorate	
<u>Yarralumla Nursery</u>	
Upgrade of Unisex Toilet – Yarralumla Nursery	30
Refurbishment of Yarralumla Nursery	650
<u>National Arboretum Canberra</u>	
Carpark Upgrades	700
Stormwater Drainage Infrastructure	100

Project	2013-14 Financing \$'000
<u>Road Safety Measures and Rehabilitation</u>	
Road Safety Measures – Canberra Avenue and Yamba Drive	250
Bridge Bearing Replacement – Cotter Road and Streeton Drive	450
Traffic Light Upgrades – Replacing Incandescent Lights with Energy Efficient LED Lights	760
Road Batter Slope Improvements to Prevent Rock Falls	600
Infill Lighting in Neighbourhood Developments including Pathway Lighting	250
Continuation of Arterial Lighting on the Monaro Highway between Isabella Drive and Long Gully Road in Hume	250
Bridge Strengthening on the B-Double Network	600
Road Barrier Improvements – Continuation of the Program to Upgrade Selected High Priority Barriers on Belconnen Way, Ginninderra Drive and Adelaide Avenue	520
Upgrade of Melrose Drive and Eggleston Crescent to Improve Road Safety	380
Upgrade of Welcoming Signs into Canberra	100
Canberra Avenue Signage and Landscaping Improvements – Hindmarsh Drive to the ACT Border	200
Upgrade Access Arrangements at Lake Ginninderra	100
<u>Water Resources/Stormwater Improvements</u>	
Stormwater Improvement Program – Scullin, Page, Narrabundah, O'Connor, Campbell, Braddon and Reid	1,800
Improve Pollution Control Measures at Gross Pollutant Traps	250
<u>Sustainable Transport Initiatives</u>	
Footpath and Cyclepath Improvements – Construction of High Priority Footpaths in Holt, Belconnen, Ainslie, Watson and Phillip	1,100
<u>Neighbourhood Improvements</u>	
Energy Efficient Lighting – Replacement of Streetlights with Energy Efficient LED Lights throughout 60 Canberra Suburbs	1,875
Traffic Management at Schools in Central Canberra	200
Replacement of Street Light Cabling	1,500
<u>Residential Street Improvements</u>	
Residential Street Improvements – Maribyrnong Avenue in Kaleen and Sternberg Crescent in Wanniasa	250
<u>Open Space Improvement</u>	
Irrigation Infrastructure Upgrade – Black Mountain Peninsula and Other Parks	520
Skate Park Upgrades – Eddison Park and Kambah Adventure Playground	200
Barbeque Upgrades	200
Government Horse Paddocks and Agistment Lands – Replacement of Fencing and other Infrastructure	140
Depot Security Upgrades	350
<u>ACT NoWaste</u>	
Recycling Drop Off Centres Road – Infrastructure Improvements	120
Recycling Drop Off Centre – Paper Cage Upgrades	100
<u>ACTION</u>	
Continuation of Bus Engine Overhauls	475

Project	2013-14 Financing \$'000
Replacement of ACTION Bus Driver Seats	150
Refurbishment of Belconnen Bus Depot	250
Upgrade Drivers Facilities	150
Refurbishment of Tuggeranong Bus Depot	250
Continuation of Upgrades to Belconnen Workshop	300
Refurbishment of Passenger Seats	250
Bus Station CCTV System Upgrade Program	275
 <u>Property Upgrades</u>	
Fire Services Upgrades – Various Locations Including 1 Moore Street and the Blaxland Centre	250
Canberra Museum and Gallery North Building – Flooring and Wall Refurbishments	200
Removal of Asbestos from ACT Government Buildings	300
Convention Centre – Paving and Roof Upgrades	200
Carpark Resurfacing and Marking – Erindale Bus Park and 255 Canberra Avenue, Fyshwick	300
Yarralumla Brickworks Security Fencing	300
Woden Business Park – Safety and Security Upgrades – Workshop 2	200
Toilet Upgrades – 1 Moore Street	497
Library Upgrades	153
 <u>Canberra Connect</u>	
Refit of Woden Canberra Connect Shopfront	318
 <u>Domestic Animal Services</u>	
Upgrades of Dog Pens and Transport Pods	100
Total	19,463
 Canberra Institute of Technology	
 <u>Health and Safety Improvements</u>	
Asbestos Removal – Bruce Campus	120
Upgrade Fire Alarm Panels – Bruce Campus	280
Upgrade Security and Access Control – Fyshwick Campus	120
Separation of Fire and Building Management System – Bruce Campus	250
Upgrade Tecom Security System – All Campuses	174
Security Upgrade – Monterey Apartments Student Residences	90
 <u>Energy Management/Educational Improvements</u>	
Solar Hot Water system – D Block Bruce Campus	110
Upgrade Air-Conditioning – D Block and F Block Reid Campus	300
Upgrade Air-Conditioning – G Block Reid Campus	250
 <u>Building Improvements</u>	
Upgrade Signage – All Campuses	300
Upgrade Coolrooms – K Block Reid Campus	120
Upgrade Classroom B107 and B207	200
Upgrade Bakery Kitchen	80
Total	2,394

Project	2013-14 Financing \$'000
Cultural Facilities Corporation	
<u>Canberra Theatre Centre</u>	
Upgrades to Canberra Theatre Centre	60
<u>Canberra Museum and Galleries and Historic Places</u>	
Upgrades to Canberra Museum and Gallery	150
Upgrades to Historic Places	150
Total	360
Exhibition Park Corporation	
<u>Infrastructure and Equipment</u>	
Power Provision and Safety Improvement	130
Upgrade of Arena Lights and Infrastructure	130
Continuation of Internal Venue Signage Upgrades	70
Main Pedestrian Thoroughfare Upgrade	35
Upgrade Flooring at the Coorong Pavilion and the Terrace	75
Upgrade Venue Plant Equipment	19
Upgrade Venue Booking System	80
Total	539
Total 2012-13 Capital Upgrades Program	49,098

Total 2013-14 Budget Funded Capital Works Program

The total value of the Government's Capital Works Program over the next four years, including both new works and outstanding WIP, is \$1.103 billion (excluding ICT and Plant and Equipment initiatives). This includes the total cost of new capital projects as part of the 2013-14 Budget and the total of cost of projects within the existing program, less financing to date.

The value of WIP over the four years is \$860 million, with a financing requirement in 2013-14 of \$538.2 million.

Table 6.5.6 below shows a breakdown by agency of the New Works and WIP financing for the 2013-14 Capital Works Program.

**Table 6.5.6
2013-14 Budget Capital Works Program**

	Financing 2013-14 \$'000	Financing 2014-15 \$'000	Financing 2015-16 \$'000	Financing 2016-17 \$'000	Total Program \$'000
Office of the Legislative Assembly					
Capital Upgrades	240	0	0	0	240
Total	240	0	0	0	240
Health Directorate					
New Works	37,446	29,245	2,292	2,667	71,650
Capital Upgrades	4,611	0	0	0	4,611
Works-in-Progress	130,998	43,679	1,000	0	175,677
Total	173,055	72,924	3,292	2,667	251,938
Economic Development Directorate					
New Works	20,646	19,400	5,000	0	45,046
Capital Upgrades	3,996	0	0	0	3,996
Works-in-Progress	136,818	68,527	7,800	0	213,145
Total	161,460	87,927	12,800	0	262,187
Justice and Community Safety Directorate					
New Works	10,847	8,589	924	0	20,360
Capital Upgrades	1,316	0	0	0	1,316
Works-in-Progress	16,759	99	0	0	16,858
Total	28,922	8,688	924	0	38,534
Environment and Sustainable Development Directorate					
New Works	600	1,150	0	0	1,750
Capital Upgrades	135	0	0	0	135
Works-in-Progress	10,785	0	0	0	10,785
Total	11,520	1,150	0	0	12,670
Capital Metro Agency					
New Works	5,000	0	0	0	5,000
Total	5,000	0	0	0	5,000

	Financing 2013-14 \$'000	Financing 2014-15 \$'000	Financing 2015-16 \$'000	Financing 2016-17 \$'000	Total Program \$'000
Education and Training Directorate					
New Works	13,695	10,000	0	0	23,695
Capital Upgrades	13,955	0	0	0	13,955
Works-in-Progress	43,492	2,888	3,287	4,442	54,109
Total	71,142	12,888	3,287	4,442	91,759
Community Services Directorate					
New Works	2,480	600	0	0	3,080
Capital Upgrades	2,089	0	0	0	2,089
Works-in-Progress	9,537	0	0	0	9,537
Total	14,106	600	0	0	14,706
Housing ACT					
New Works	7,365	0	0	0	7,365
Works-in-Progress	8,136	6,162	3,719	0	18,017
Total	15,501	6,162	3,719	0	25,382
Territory and Municipal Services Directorate					
New Works	9,387	3,716	499	998	14,600
Capital Upgrades	19,463	0	0	0	19,463
Works-in-Progress	179,337	144,900	34,805	0	359,042
Total	208,187	148,616	35,304	998	393,105
ACT Public Cemeteries Authority					
Works-in-Progress	294	0	0	0	294
Total	294	0	0	0	294
Canberra Institute of Technology					
New Works	180	0	0	0	180
Capital Upgrades	2,394	0	0	0	2,394
Total	2,574	0	0	0	2,574
Cultural Facilities Corporation					
New Works	300	100	0	0	400
Capital Upgrades	360	0	0	0	360
Works-in-Progress	1,830	493	0	0	2,323
Total	2,490	593	0	0	3,083
Exhibition Park Corporation					
New Works	420	0	0	0	420
Capital Upgrades	539	0	0	0	539
Works-in-Progress	200	0	0	0	200
Total	1,159	0	0	0	1,159
New Works	108,366	72,800	8,715	3,665	193,546
Capital Upgrades	49,098	0	0	0	49,098
Total New Works	157,464	72,800	8,715	3,665	242,644
Works-in-Progress	538,186	266,748	50,611	4,442	859,987
TOTAL PROGRAM VALUE	695,650	339,548	59,326	8,107	1,102,631

Total 2013-14 Commonwealth Funded Program

The Commonwealth Government is funding a number of capital works projects in the ACT. This funding is not included in the ACT's total Budget funded capital works program.

The 2013-14 program of \$186 million over four years will assist in improving educational facilities, improving urban amenities and improving the quality of our roads.

Table 6.5.7
Summary of 2013-14 Commonwealth Funded Program

	Project Value \$'000	Estimated Expenditure Pre 2013-14 \$'000	2013-14 Financing \$'000	2014-15 Financing \$'000	2015-16 Financing \$'000	2016-17 Financing \$'000
Works-in-Progress						
<u>Roads to Recovery</u>						
Black Spot Program	10,754	6,890	966	966	966	966
<u>Building Australia Program</u>						
Majura Parkway ¹	144,000	9,500	50,000	64,500	20,000	0
<u>Centenary of Canberra</u>						
Constitution Avenue	42,000	7,000	20,000	15,000	0	0
<u>Other</u>						
Trade Training Centres	17,269	4,625	4,027	1,888	2,287	4,442
Total Commonwealth Program	214,023	28,015	74,993	82,354	23,253	5,408

Note:

1. \$9.5 million provided through the Roads to Recovery Program.

Off Budget Capital Works Program

The value of off budget new works for 2013-14 is \$222 million. Off budget works are those financed by Public Trading Enterprises and other agencies through own-source revenue and/or debt.

Table 6.5.8
Summary of 2013-14 Off Budget Works

Agency	Financing 2013-14 \$'000	Financing 2014-15 \$'000	Financing 2015-16 \$'000	Financing 2016-17 \$'000
Housing ACT	44,908	28,225	27,400	18,485
ACT Public Cemeteries Authority ¹	740	0	0	0
ACTEW Corporation	56,304	103,318	131,890	117,268
Land Development Agency	120,064	107,372	82,524	85,524
Total Off Budget Projects	222,016	238,915	241,814	221,277

Note:

1. The Off Budget Capital Works Program for ACT Public Cemeteries Authority is allocated annually.

Housing ACT – \$44.9 million

Housing ACT undertakes a program of buying and selling, as well as upgrading and refurbishing properties each year. The funding for this program is derived from the sale of properties and funds from operations. The size of the program largely depends on the sales program, and in particular, the composition and size of the portfolio assets to be sold or redeveloped.

ACT Public Cemeteries Authority – \$0.7 million

The ACT Public Cemeteries Authority will undertake a modest program of works to upgrade and enhance the Territory's public cemeteries. Planned works for 2013-14 include the following:

- Gungahlin Cemetery – new plaque beams, road works, the upgrade of water capture infrastructure, a new memorial garden, and a new premium headstone area.
- Woden Cemetery – new plaque beams, road works, toilet, refurbishment of waiting rooms and upgrade of public toilets to include disabled facilities.

ACTEW Corporation – \$56.3 million

Following completion of the Murrumbidgee to Googong Water Transfer Pipeline and the Enlarged Cotter Dam during 2013-14, ACTEW proposes to reduce its capital expenditure program in the 2013-14 financial year. Key capital works projects proposed to be conducted in 2013-14 include the rehabilitation of sewer mains; the upgrade of fluoridation systems at Googong Water Treatment Plant; the development of new infrastructure to service the Molonglo Valley, including water mains and a new reservoir; the initial stages of aeration and filter systems upgrades at Lower Molonglo Water Quality Control Centre; depot and office works; and sewerage pump station upgrade works.

ACTEW's proposed capital works program for 2013-14 may be affected by the Final Report into Regulated Water and Sewerage Services to be delivered by the Independent Competition and Regulatory Commission in June 2013.

Land Development Agency – \$120.1 million

The Land Development Agency sells and develops land on behalf of the Government. Infrastructure works to be undertaken in 2013-14 and the forward estimates include: roadworks; road lines and signs; stormwater; water supply to blocks; sewerage infrastructure to blocks; electricity and gas connections; computer cabling; landscaping; parks and recreational areas; concrete paths linking parts of an estate; driveways; and street lighting.

The bulk of the works will be undertaken at the major land development fronts in the suburbs of Bonner, Harrison, Jacka, Kenny, Moncrieff and Throsby in Gungahlin, Coombs and Wright in Molonglo, and Lawson in Belconnen. Works will also be undertaken in Campbell, Greenway, Hume and at the Kingston Foreshore.

2012-13 Budget Funded Capital Works Estimated Outcomes

The 2012-13 Budget provided financing of \$815 million for capital works projects. This figure was adjusted for additional appropriation rolled over from the 2011-12 program, net of opening financial year adjustments and revisions to Commonwealth funding. These additions provided total appropriations of \$822 million available for expenditure during 2012-13.

Table 6.5.9 provides a summary of expected outcomes for each agency, compared to 2012-13 Budget allocations.

Table 6.5.9
Summary of 2012-13 Capital Works Expenditure¹

	Total Financing 2012-13 \$'000	Estimated Expenditure 2012-13 \$'000	Financing Rolled Fwd 2012-13 \$'000	Project Savings 2012-13 \$'000
Office of the Legislative Assembly	1,069	1,069	0	0
Health Directorate	207,427	106,499	100,687	241
Economic Development Directorate	180,668	94,015	74,028	12,625
Justice and Community Safety Directorate	20,703	17,348	3,355	0
Environment and Sustainable Development Directorate	28,378	19,489	7,935	954
Education and Training Directorate	119,913	97,281	8,632	14,000
Community Services Directorate	23,359	16,694	6,665	0
Housing ACT	10,532	7,463	3,069	0
Territory and Municipal Services Directorate	222,823	186,057	36,766	0
ACT Public Cemeteries Authority	572	278	294	0
Canberra Institute of Technology	2,714	2,714	0	0
Cultural Facilities Corporation	1,426	1,426	0	0
Exhibition Park Corporation	2,528	2,104	200	224
Total	822,112	552,437	241,631	28,044

Note:

1. Financing from 2012-13 is rolled forward into 2013-14 and the out years. A number of projects have also been accelerated and/or re-profiled.

Project Rollovers and Re-profiling

The expected rollover amount from 2012-13 is \$241.6 million. Major projects contributing to each agency's net underspend are described below. It should be noted that a range of further small adjustments are included in the totals for each agency.

Health Directorate – \$100.7 million (net rollover)

- Enhanced Community Health Centre – Belconnen (\$17.3 million).
- Enhancement of Canberra Hospital Facilities (Design) (\$13.6 million).
- Women and Children's Hospital (\$11.0 million).
- Staging and Decanting – Moving To Our Future (\$10.2 million).
- Integrated Cancer Care Centre – Phase 2 (\$8.7 million).

- Health Infrastructure Program – Project Management (\$8.1 million).
- Staging, Decanting and Continuity of Services (\$5.6 million).
- Provision for Project Definition Planning (\$5.3 million).
- Tuggeranong Health Centre – Stage 2 (\$4.9 million).
- Central Sterilising Service (\$4.8 million).

Total rollovers for the Health Directorate are offset by the following project which is proceeding ahead of schedule and has been accelerated:

- Integrated Cancer Centre – Phase 1 (\$7.2 million).

Economic Development Directorate – \$74 million (net rollover)

- John Gorton Drive Extension to Molonglo 2 and Group Centre (\$12.9 million).
- Horse Park Drive Extension to Moncrieff Group Centre (\$8.0 million).
- Molonglo 2 – Water Supply, Trunk Sewer and Stormwater Infrastructure – Stage 1 (\$7.7 million).
- North Weston – Road Intersection Reconstruction (\$6.6 million).
- Manuka Oval Redevelopment – Stage 1A (\$5.0 million).
- Lyneham Precinct – Asbestos Remediation (\$4.2 million).
- "Where Will We Play" Outdoor Facilities Water Reduction Strategies (\$3.8 million).
- Horse Park Drive Extension from Burrumarra Avenue to Mirrabei Drive (\$3.0 million).
- Narrabundah Long Stay Park – Symonston (\$3.0 million).
- Molonglo 2 – Trunk Sewer and Stormwater Infrastructure from Holdens Creek (\$2.9 million).
- Molonglo 2 – Uriarra Road Upgrade (\$2.0 million).

Total rollovers for the Economic Development Directorate are offset by the following projects which are proceeding ahead of schedule and have been accelerated:

- Gungahlin Enclosed Oval (Sports Complex) (\$2.0 million).
- Gungahlin Pool (\$1.8 million).
- City Action Plan Stage 1 – Edinburgh Avenue Improvements (\$1.1 million).
- Gungahlin Enclosed Oval – Construction of Grandstand (\$1.0 million).
- Australia Forum (\$1.0 million).
- Canberra CBD Upgrade Program (\$0.5 million).

Justice and Community Safety Directorate – \$3.4 million

- Alexander Maconochie Centre (\$2.6 million).

Total rollovers for the Justice and Community Safety Directorate are offset by the following project which is proceeding ahead of schedule and has been accelerated:

- ESA Station Upgrade and Relocation – Charnwood Station (\$2.6 million).

Environment and Sustainable Development Directorate – \$7.9 million (net rollover)

- Carbon Neutral Government (\$2.2 million).

Education and Training Directorate – \$8.6 million (net rollover)

- West Macgregor Development – Macgregor Primary School Expansion (\$3 million).
- Holder Early Childhood Centre (\$3 million).

Total rollovers for the Education and Training Directorate are offset by the following projects which are proceeding ahead of schedule and have been accelerated:

- Franklin Early Childhood School (\$2 million).
- Bonner Primary School (\$1.5 million).
- Carbon Neutral Schools – Stage 1 (\$0.5 million).

Community Services Directorate – \$6.7 million (net rollover)

- Fitters' Workshop Kingston Foreshore (\$3.6 million).

Total rollovers for the Community Services Directorate are offset by the following projects which are proceeding ahead of schedule and have been accelerated:

- Tuggeranong Arts Centre Improvements (\$0.4 million).
- Flynn Regional Community Hub (\$0.030 million).

Housing ACT – \$3.1 million (net rollover)

- Expansion of Social Housing (\$2.7 million).

Territory and Municipal Services Directorate – \$36.8 million (net rollover)

- Transport for Canberra – Majura Parkway (\$9.0 million).
- Constitution Avenue (\$6.0 million).
- Transport for Canberra – Canberra Avenue Bus Priority Measures (\$4.3 million).
- Ashley Drive – Stage 1 (\$4.2 million).
- Molonglo Riverside Park – Stage 1 (\$3.3 million).

Total rollovers for the Territory and Municipal Services Directorate are offset by the following projects which are proceeding ahead of schedule and have been accelerated:

- Strategic Bushfire Management Plan Version 2 (\$0.790 million).

- Transport for Canberra – Walking and Cycling Infrastructure Stage 3 (\$0.750 million).
- Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 2 (\$0.750 million).
- Transport for Canberra – West Belconnen Transit Stops and Terminus Improvements (Design) (\$0.050 million).

Project Savings

Funding of \$43.021 million is to be withdrawn from the Capital Works Program (\$28.044 million in 2012-13). These projects have been delivered under budget and savings returned to the Budget, as follows:

- Franklin Early Childhood School – Education and Training Directorate (\$14.0 million).
- Bonner Primary School – Education and Training Directorate (\$14.0 million).
- Mitchell – Sandford Street Extension to the Federal Highway – Economic Development Directorate (\$12.625 million).
- New Court Facilities – Forward Design – Justice and Community Safety Directorate (\$0.750 million).
- Molonglo Stage 2 – Suburbs 3 and 4 Environmental Impact Statement and Clearances (Feasibility) – Environment and Sustainable Development Directorate (\$0.5 million).
- ACT Health Skills Development Centre – Health Directorate (\$0.290 million).
- Various minor savings – Environment and Sustainable Development Directorate (\$0.288 million).
- Non-Potable Water for Irrigation – Exhibition Park Corporation (\$0.224 million).
- Enhancement of Canberra Hospital Facilities (Design) – Health Directorate (\$0.178 million).
- Continuation of Urban Infill Program (Feasibility) – Environment and Sustainable Development Directorate (\$0.166 million).

CHAPTER 7

ASSET AND LIABILITY MANAGEMENT

Chapter		Page
7.1	Introduction	247
7.2	Net Debt and Net Financial Liabilities	249
7.3	Unfunded Superannuation Liability	253
7.4	Management of Assets and Liabilities	259

7.1 INTRODUCTION

The strength of the Government's finances is measured by the fiscal outcomes for each year and the accumulated financial position from prior years. The balance sheet shows the estimated assets, liabilities and net worth of the Government as at 30 June each financial year reflecting the impact of current budget settings.

It is important for the Government to maintain a strong balance sheet to provide it with the stability, flexibility and capacity to deal with any emerging financial and economic pressures as well as capacity to support high priority investments and to provide high quality services expected by the ACT community.

A number of key measures are used to assess the strength of Government finances including Net Debt, Net Financial Liabilities and Net Worth. The Government's unfunded defined benefit superannuation liability also represents a significant component of the balance sheet.

Credit Rating

The Australian Capital Territory and Victoria are the only jurisdictions with an S&P AAA stable outlook.

On 27 September 2012, S&P affirmed its issuer credit ratings on the Australian Capital Territory at 'AAA/A-1+'. The outlook is stable.

The AAA and A-1+ ratings are the highest ratings assigned by S&P.

7.2 NET DEBT AND NET FINANCIAL LIABILITIES

Table 7.2.1 provides a summary of the key balance sheet measures for the General Government Sector (GGS).

**Table 7.2.1
GGS Key Balance Sheet Measures**

	2012-13 Est. Outcome \$m	2013-14 Budget \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
Net Financial Liabilities	3,411.7	4,137.0	4,422.6	4,299.3	4,104.1
Net Debt (excluding super)	207.9	847.1	1,022.0	800.5	528.4
Net Worth	16,408.0	16,503.0	16,664.4	16,984.3	17,325.5

The ACT continues to maintain one of the strongest balance sheets in Australia. For the 2013-14 Budget, key measures as a portion of revenue are among the top three jurisdictions in Australia when compared to each jurisdiction's most current budget documentation.

Net Financial Liabilities

Net Financial Liabilities are a broad measure of GGS liabilities, including net debt and superannuation liabilities. Table 7.2.2 below presents Net Financial Liabilities and net financial liabilities to revenue for the GGS.

**Table 7.2.2
General Government Sector Net Financial Liabilities**

	2012-13 Est. Outcome \$m	2013-14 Budget \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
Net Financial Liabilities	3,411.7	4,137.0	4,422.6	4,299.3	4,104.1
Net Financial Liabilities to Revenue	85%	98%	98%	90%	82%

Over the budget and forward estimates Net Financial Liabilities are forecast to temporarily increase as further borrowings are undertaken to support continued investment in essential infrastructure supporting the ACT economy, consumer confidence and enhanced service delivery. Net Financial Liabilities begin to decline in 2015-16 mainly as result of a lower level of outstanding borrowings. Net Financial Liabilities are also impacted by forecast growth in the superannuation liability.

The net financial liabilities to revenue ratio has remained stable at 98 per cent compared to the 2012-13 Budget of 97 per cent. The ACT continues to maintain one of the strongest net financial liabilities to revenue ratios of all jurisdictions in Australia, second only to Western Australia at 75 per cent (based on the Western Australia 2012-13 Mid Year Projections Financial Statement).

The ratio of net financial liabilities to revenue provides an indicator of the sustainability of a jurisdiction's debt. The Government's objective is to maintain this ratio within the range of all AAA rated jurisdictions in Australia, currently 111 per cent. While this ratio is subject to volatility (in particular, Net Financial Liabilities can fluctuate, sometimes substantially,

depending on the condition of financial markets), it is desirable that it remains broadly stable over time while maintaining sustainable levels of borrowings.

Further comparative details to other jurisdictions can be found in chapter 2.2 Fiscal and Economy Strategy.

Net Debt

Net Debt is a key balance sheet measure taking into account gross debt liabilities as well as financial assets (such as cash reserves and investments). The Commonwealth Government, for example, highlights net debt as the key measure of government debt. Table 7.2.3 below presents Net Debt and net debt to revenue for the GGS.

**Table 7.2.3
General Government Sector Net Debt**

	2012-13 Est. Outcome \$m	2013-14 Budget \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
Net Debt (excluding super)	207.9	847.1	1,022.0	800.5	528.4
Net Debt to Revenue	5%	20%	23%	17%	11%

Net Debt over the budget and forward estimates period is positive indicating that GGS cash reserves and investments are lower than gross debt liabilities. Compared to the 2012-13 Budget Net Debt has increased reflecting a net increase in borrowings over the Budget and forward years. Net Debt improves from 2015-16 as a result of a stronger cash position as the Budget returns to surplus.

The ACT's portion of net debt to revenue of 20 per cent is among the strongest in Australia. Further comparative details to other jurisdictions can be found in chapter 2.2 Fiscal and Economy Strategy.

Net Worth

Net Worth reflects the broadest measure of the balance sheet taking into account the value of all assets less liabilities. The ACT maintains strong positive net worth. Table 7.2.4 below presents Net Worth and net worth to revenue for the GGS.

**Table 7.2.4
General Government Sector Net Worth**

	2012-13 Est. Outcome \$m	2013-14 Budget \$m	2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
Net Worth	16,408.0	16,503.0	16,664.4	16,984.3	17,325.5
Net Worth to Revenue	410%	389%	369%	355%	346%

Net Worth over the budget and forward estimates is forecast to increase from \$16.5 billion to \$17.3 billion mainly as a result of a stronger investment and cash position and the lower level of outstanding borrowings.

With Net Worth to revenue at 389 per cent, the ACT has the second highest Net Worth ratio behind resource rich Western Australia at 449 per cent (based on the Western Australia 2012-13 Mid Year Projections Financial Statement).

The Government's objective is to maintain this ratio above the weighted average of all AAA rated jurisdictions in Australia, currently 292 per cent.

Further comparative details to other jurisdictions can be found in chapter 2.2 Fiscal and Economy Strategy.

7.3 UNFUNDED SUPERANNUATION LIABILITY

Introduction

ACT Government employees are members of a number of different superannuation schemes as arrangements have changed over time. Currently approximately half of all current full time ACT employees are members of defined benefit superannuation schemes that are closed to new ACT employee members, and where the liabilities are unfunded until retirement. All superannuation liabilities incurred for new employees since 1 July 2005 are fully funded through defined contribution scheme arrangements.

Managing the defined benefit superannuation liability over time remains one of the key financial objectives of the Government. Unlike other jurisdictions, the ACT Government does not operate a superannuation fund for employees. The Government has established a Superannuation Provision Account (SPA) for the purpose of holding and investing financial assets set aside to meet the Government's employer superannuation benefit obligations (emerging cost payments).

ACT Government Employee Superannuation Arrangements

Superannuation arrangements for employees vary due to the type of superannuation scheme available at the time of commencing employment. The superannuation arrangements applicable to permanent ACT Government employees are outlined below.

Defined Benefit Superannuation Schemes

The defined benefit superannuation schemes are the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). The CSS has been closed to new members since 1 July 1990 and the PSS closed since 30 June 2005.

The CSS and PSS are types of defined benefit superannuation schemes, in which some or all of the benefits payable to members are defined in advance according to a set of formulas which are linked to factors such as years of service, final average salary and level of individual member contribution over time. With the exception of employer productivity contributions, the employer financed component of entitlements is unfunded and is not required to be paid until a member takes their benefit entitlement.

The CSS and PSS are administered by the Commonwealth Government agency, ComSuper, with all benefits paid to employees by ComSuper. The ACT Government reimburses ComSuper for the annual cost of superannuation benefits paid in respect of current and former ACT Government employees that reflects the period of service with the ACT Government.

Public Sector Superannuation Accumulation Plan (PSSap)

From 1 July 2005, all new ACT Government employees were required to become members of the PSSap, a defined contribution plan (accumulation) arrangement where the employer (ACT Government) is required to contribute 15.4 per cent of an employee's salary. Existing CSS and PSS members were not able to transfer to the new superannuation scheme. The PSSap closed to new ACT Public Service employees on 6 October 2006.

Post 6 October 2006 – Fund of Choice Arrangements

From 6 October 2006, the ACT Government introduced superannuation fund of choice arrangements for all new employees. Employees can elect to join a super fund of their choice. If an employee does not elect a fund, he or she becomes an automatic member of the Government's appointed default superannuation fund.

The fund of choice arrangement is one where employees must join a defined contribution (accumulation) fund into which the employer (ACT Government) is required to contribute 9 per cent (increasing to 9.25 per cent in 2013-14 followed by gradual incremental increases up to 12 per cent by 2019-20) of the employee's salary. The ACT Government will contribute an additional 1 per cent for employees who contribute 3 per cent or more of their salary to the fund.

Members of the Legislative Assembly (MLAs)

There are two superannuation arrangements for Members of the ACT Legislative Assembly. Members who were elected before the 2008 general election and have a relevant period of service, and no discontinuance, are members of an unfunded defined benefit superannuation arrangement (DB Scheme), prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*.

Those Members elected at or after the 2008 general election, and who were not an existing member of the DB Scheme prior to the election, assume membership of a choice of fund accumulation scheme. The Territory is required to contribute the equivalent of 14 per cent of the Member's eligible salary. The ACT Government will contribute an additional 1 per cent for Members who contribute 3 per cent or more of their salary to the fund.

Defined Benefit Unfunded Superannuation Liabilities

The value of accrued defined benefit employer superannuation liabilities is calculated as the present value of the future payment of benefits that have actually accrued in respect of service at the calculation date. This approach is in accordance with *AASB 119 Employee Benefits* and the requirement to use a projected unit credit valuation approach.

Table 7.3.1 sets out details on the estimation and calculation of the liability.

Table 7.3.1
Defined Benefit Superannuation Liability

	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Opening Liability	7,489,965	5,088,070	5,362,666	5,631,678	5,894,212
Service Cost	256,952	139,033	134,679	130,287	125,577
Interest Cost	264,214	313,777	330,007	345,899	361,386
Benefit Payments	-146,722	-178,215	-195,674	-213,651	-233,781
Actuarial (Gain)/Loss ¹	-2,776,338	0	0	0	0
Closing Liability	5,088,070	5,362,666	5,631,678	5,894,212	6,147,395

Notes:

This table may not add due to rounding

1: The actuarial gain is the change in the present value of the superannuation liability resulting from a change in the actuarial discount rate assumption. The liability valuation at 30 June 2013 and the forward years utilises a long term discount rate of 6 per cent. The actual discount rate at 30 June 2012 was 3.41 per cent.

The defined benefit superannuation liability is estimated to grow to approximately \$6.147 billion by 30 June 2017. The service cost associated with the accrual of new employee superannuation benefits is forecast to decrease over time as ACT employee members leave the schemes through resignation or retirement. The interest cost is forecast to increase due to past benefits accrued by ACT employee members becoming one year closer to payment.

Apart from the annual changes to the discount rate, which is required by accounting standards, the annual actuarial review incorporates updated annual salary and membership data.

Every three years the actuary undertakes a more comprehensive review of the defined benefit employer superannuation liability by also incorporating a review of all financial and demographic assumptions, following a comprehensive review of actual outcomes and membership experience over time. The outcomes from this analysis form the basis for the financial and demographic assumptions adopted for the annual reviews of the liability and emerging cost projections.

The 2013-14 Budget estimates for the SPA incorporate the latest annual actuarial review of the defined benefit employer superannuation liabilities using salary and membership data as at 30 June 2012.

As at 30 June 2012 there were 10,215 active contributing members currently employed by the ACT Government (i.e. eligible employees of directorates, authorities, Territory-owned Corporations, ActewAGL and Calvary public hospital).

There were also 10,337 current deferred beneficiaries, who have left the schemes and ACT employment, but are owed a benefit upon retirement by the ACT Government, and 8,447 pensioners who are receiving ongoing retirement benefits from the ACT Government.

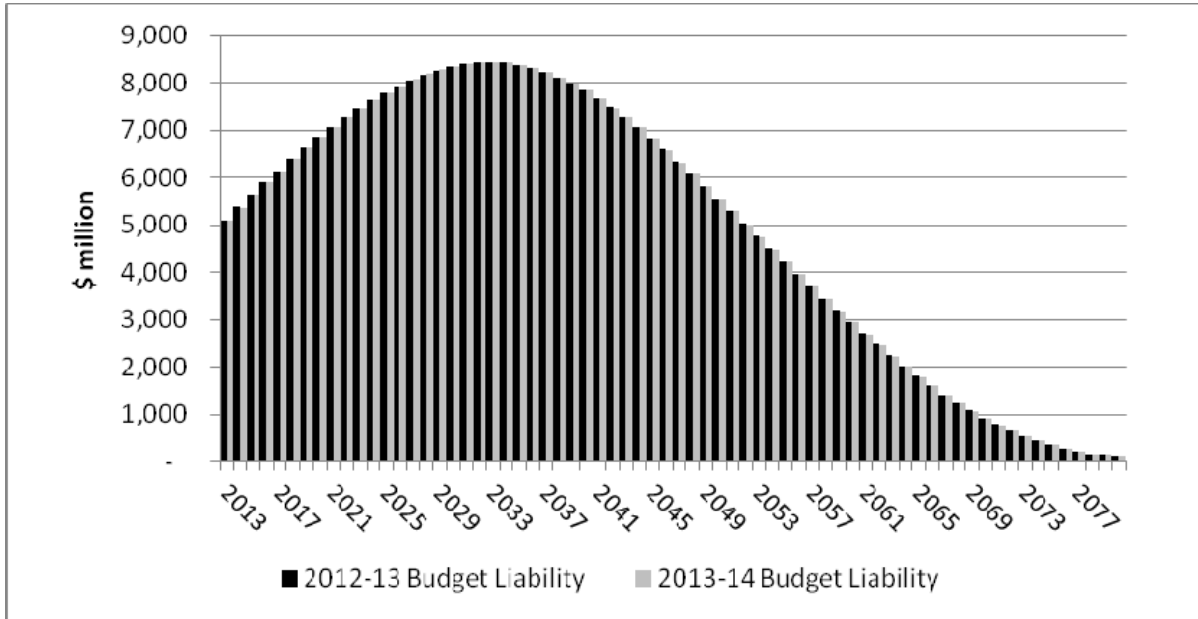
In addition, as at 30 June 2012, there are also 6,572 scheme members (contributors and deferred beneficiaries), who had previously been employed, but are not currently employed by the ACT Government, that have accrued a superannuation benefit with the ACT Government.

There are also 1,510 current pensioners who were not employees of the ACT Government when they retired but had previous ACT Government employment experience and are paid a partial benefit.

The results from the annual actuarial review as at 30 June 2012 were in-line with the triennial actuarial review as at 30 June 2011 with no material changes to the liability valuation or benefit payment estimates.

The impact on the estimates for the projected defined benefit employer superannuation liabilities is illustrated in Figure 7.3.1, with the impact on the benefit payment estimates illustrated in Figure 7.3.2.

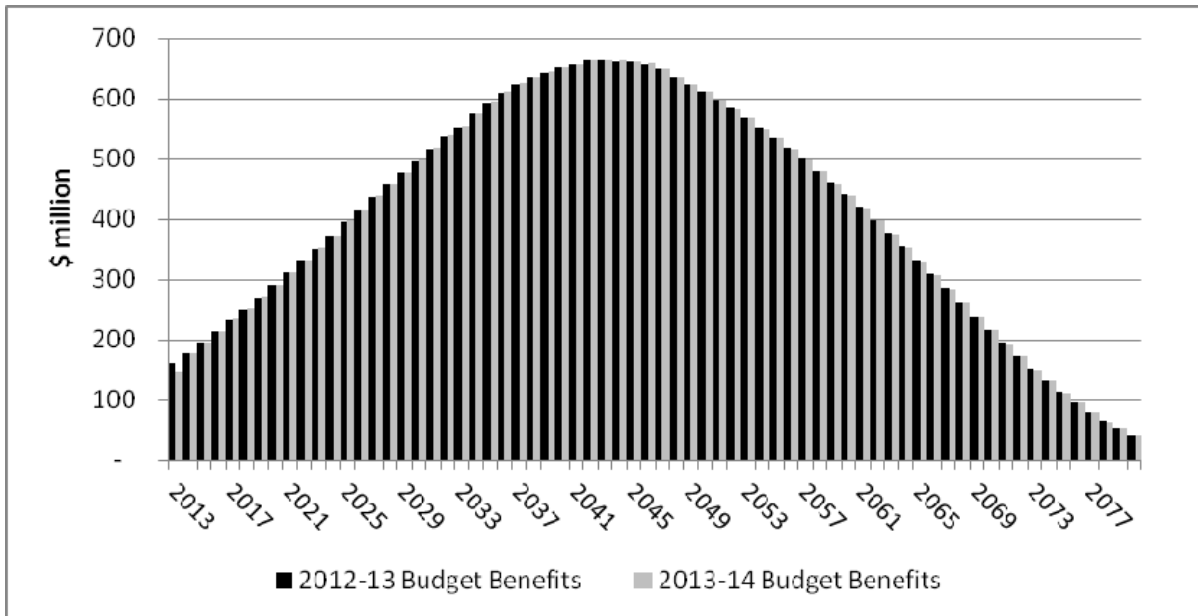
Figure 7.3.1
Annual Actuarial Revision to the Estimated Employer Superannuation Liability



The defined benefit superannuation liability is still projected to peak, in nominal terms, at approximately \$8.4 billion by 2033.

The impact on the estimates for the Territory’s projected emerging cost payments is illustrated below in Figure 7.3.2.

Figure 7.3.2
Actuarial Revision to Estimated Employer Emerging Cost Payments



The annual cash (employee superannuation benefit) payments (in nominal terms) made to the Commonwealth to extinguish the liabilities are projected to increase over time from approximately \$147 million in 2012-13 to a peak of \$664 million by 2043.

The total expected retirement benefit payments across the 2013-14 Budget and forward years are projected to be \$821 million.

Defined Benefit Superannuation Funding

The Government maintains as a key financial objective, a funding plan to extinguish the Territory's unfunded defined benefit superannuation liability by way of accumulating funds in the SPA which are sourced from both annual budget appropriation and investment earnings.

The 2013-14 Budget reflects a revision to the defined benefit superannuation funding plan by the Government through an annual increase in Budget appropriation to the SPA to a level that matches the annual benefit payments. This will allow the SPA financial investment assets to grow with all earnings unencumbered by the management of cash flows associated with benefit payments, supporting the Government's financial objective of fully funding the defined benefit superannuation liability. The Government will review this arrangement once the Budget returns to surplus.

Details on the movement in assets are set out below in Table 7.3.2.

**Table 7.3.2
Superannuation Assets**

	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Opening Assets	2,257,863	2,577,646	2,766,679	2,970,033	3,188,644
Net Investment Earnings	324,395	195,122	209,552	225,067	241,753
Appropriation	147,649	178,216	195,674	213,650	233,781
Benefit Payments	-146,722	-178,216	-195,674	-213,650	-233,781
Other Payments	-5,539	-6,090	-6,198	-6,455	-6,689
Closing Assets	2,577,646	2,766,679	2,970,033	3,188,644	3,423,708

Note: This table may not add due to rounding

Providing funding for superannuation helps reduce the longer term cost of defined benefit superannuation as investment returns provide a source of funding for future liabilities.

The margin between the liability and assets represents the level of unfunded superannuation liability in the defined benefit schemes. The estimated funding level of defined benefit employer superannuation liabilities over the Budget and forward years is projected to increase as illustrated below in Table 7.3.3.

**Table 7.3.3
Superannuation Liability Funding**

	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Superannuation Liability	5,088,070	5,362,666	5,631,678	5,894,212	6,147,395
Investments	2,577,646	2,766,679	2,970,033	3,188,644	3,423,708
Unfunded Liability	2,510,424	2,595,987	2,661,645	2,705,568	2,723,687
Funding Percentage	51%	52%	53%	54%	56%

7.4 MANAGEMENT OF ASSETS AND LIABILITIES

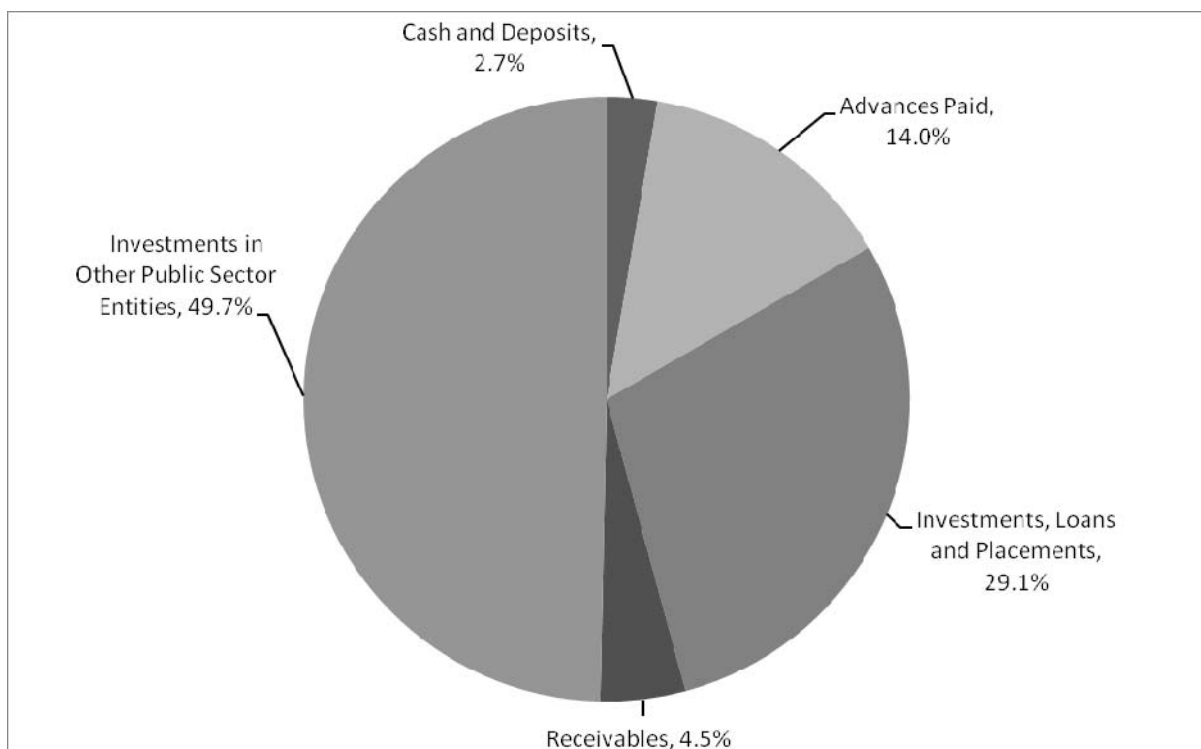
Financial Assets

The Territory's financial assets account for approximately 44 per cent of total assets held by the GGS.

Figure 7.4.1 shows the proportion of these assets by category. GGS investment in other public sector entities (the Public Trading Enterprise (PTE) sector) makes up half of the Territory's financial assets.

Investments held to meet future liabilities, such as superannuation also represent a significant portion of total financial assets at 29.1 per cent.

Figure 7.4.1
General Government Sector Estimated Financial Assets



Investments in Other Public Sector Entities

Investments in other public sector entities reflect the GGS investment in the PTE sector as the carrying amount of the net assets held by the sector. Significant assets held by the PTE sector include land, water and sewerage infrastructure and public housing.

Financial Investments

The Chief Minister and Treasury Directorate manage the Territory Banking Account (TBA) and Superannuation Provision Account (SPA) investment portfolios.

The purpose and role of the investment portfolios is to derive competitive financial returns, based on prudent financial and portfolio management principles, with an investment structure that is low cost, efficient to manage, and effective in deriving market-based returns. Investment decisions are made on an overall risk and return basis incorporating many factors and considerations, such as economic, financial and identified environmental, social and corporate governance risks.

The Government has a strong balance sheet and holds significant financial investments. Table 7.4.1 outlines the components of investments held by the GGS including the TBA, SPA and other investments.

**Table 7.4.1
General Government Sector Investments**

Budget 30/06/13 \$'000		Est.Outcome 30/06/13 \$'000	Estimate 30/06/14 \$'000	Var %	Estimate 30/06/15 \$'000	Estimate 30/06/16 \$'000	Estimate 30/06/17 \$'000
203,878	Cash and Deposits	296,000	307,144	4	320,937	335,939	351,505
3,026,185	Investments, Loans and Placements	3,421,720	3,321,133	-3	3,590,681	3,787,770	4,087,664
3,230,063	Total Investments	3,717,720	3,628,277	-2	3,911,618	4,123,709	4,439,169
	Comprising:						
2,505,141	Superannuation Provision Account	2,578,146	2,767,179	7	2,970,533	3,189,144	3,424,208
2,154	Territory Banking Account	343,666	45,623	-87	68,129	17,638	59,625
20,249	Investments held on behalf of PTE Agencies	16,502	11,839	-28	19,298	31,753	38,954
364,289	ACTIA Investments	357,873	378,924	6	427,483	455,220	482,393
111,228	Home Loan Portfolio	120,038	115,639	-4	110,441	107,426	104,240
227,002	Other GGS Agency Investments	301,495	309,073	3	315,734	322,528	329,749
3,230,063	Total Investments	3,717,720	3,628,277	-2	3,911,618	4,123,709	4,439,169

Territory Banking Account Investment Portfolio

The cash of the general government not required for immediate expenditure is invested domestically with exposures to shorter term money markets and fixed interest securities, including cash, bank term deposits, bank bill securities, residential mortgage backed securities and bonds issued by the Commonwealth and State Governments and some corporate investment grade bonds. The investments are made via allocations to three externally managed funds: Cash Fund; Cash Enhanced Fund; and Fixed Interest Fund.

The estimated 2012-13 net nominal return for the total portfolio of invested funds is 5 per cent (original budget estimate 3.75 per cent net of fees).

The budgeted full year return (net of fees) for 2013-14 is 2.75 per cent.

Superannuation Provision Account Investment Portfolio

Funds set aside in the SPA are to assist the Government in meeting its long term defined benefit employer superannuation obligations. These funds are invested in accordance with an established asset allocation strategy that takes into account the long term nature of the superannuation liability and projected cash flow requirements.

The long term investment return objective for the SPA is CPI plus 5 per cent per annum (net of fees). The investment strategy recognises the risk associated with targeting the long term investment return objective and the asset allocation modelling indicates a risk of negative investment returns once every four to five years.

The long term Strategic Asset Allocation consistent with this long term investment objective, currently equates to 70 per cent of the portfolio invested in growth assets (such as shares and property) and 30 per cent of the portfolio being invested in defensive assets (such as cash and fixed interest investments).

The nominal return of the portfolio for 2012-13 is estimated to be in the order of 14.2 per cent (net of fees).

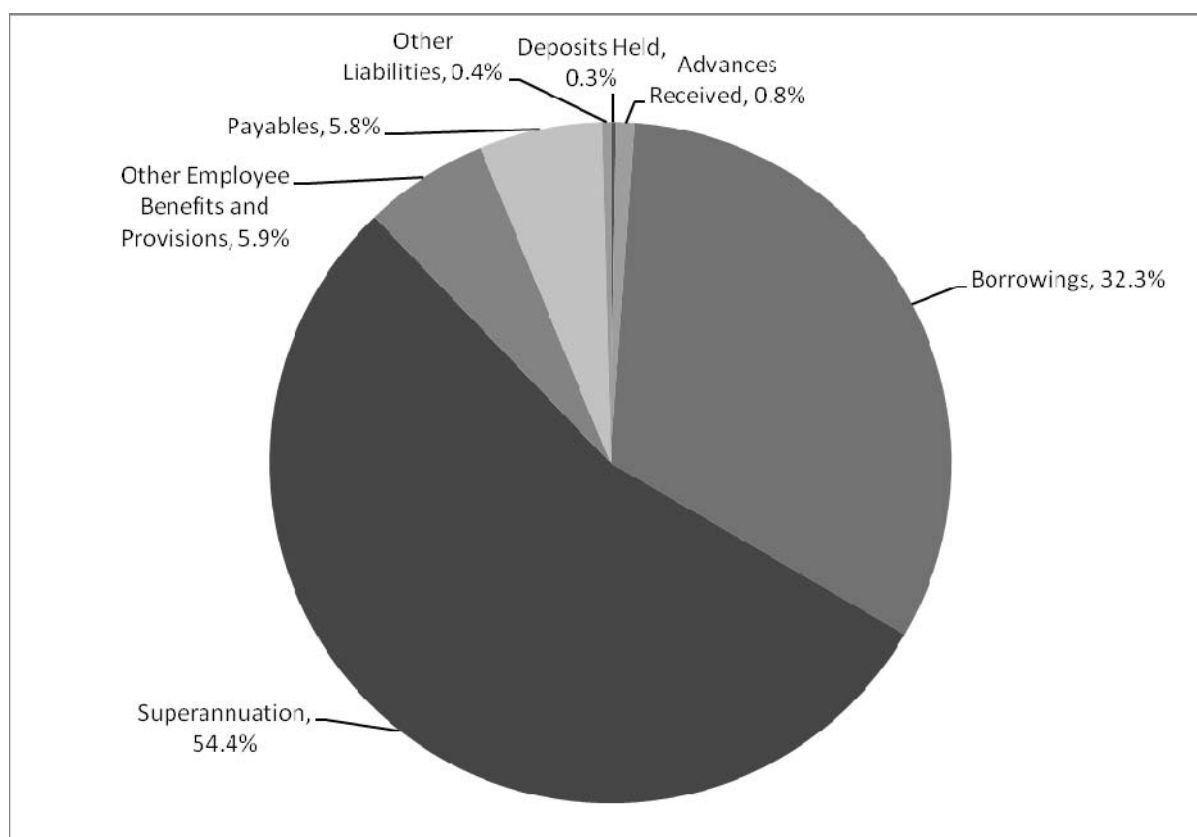
Incorporating this estimated outcome for 2012-13, the SPA portfolio will have returned an annualised net return of CPI plus 4.5 per cent over the past 17 years, compared with the current target investment return objective of CPI plus 5 per cent (net of fees). In dollar terms, the SPA portfolio earnings equate to a net gain of approximately \$324 million in 2012-13.

Total Liabilities

Figure 7.4.2 demonstrates the proportion of liabilities by category. The majority of the GGS liabilities comprise superannuation (54.4 per cent) and borrowings (32.3 per cent).

Further details regarding the superannuation liability can be found in chapter 7.3 Unfunded Superannuation Liability.

Figure 7.4.2
General Government Sector Liabilities



Borrowings

The funding and management of the Government's borrowings is undertaken by the Chief Minister and Treasury Directorate. The Government's funding requirements are achieved by the issuance of debt securities in the domestic capital markets, including long-term fixed interest securities and short-term discount securities with a mix of durations under the Government's debt issuance program.

Debt management objectives include: establishing select debt maturity bond lines of volume around \$500 million; maximising investor diversification; minimising refinancing risk and managing the Government's liquidity requirements.

General Government Sector

Borrowings for the GGS comprise debt issued in the domestic capital markets (estimated \$1.344 billion at 30 June 2013) and historic Commonwealth Government debt (estimated \$86 million at 30 June 2013).

Net additional GGS borrowings of \$396 million are estimated in 2013-14. Over the Budget and forward estimates period, the forecast total net increase in GGS borrowings is \$192 million to meet budget funding requirements.

The level of GGS debt peaks at \$2.073 billion in 2014-15 before declining as a result of debt maturities and repayments primarily as a result of the Government's Budget measures.

Public Trading Enterprise Sector

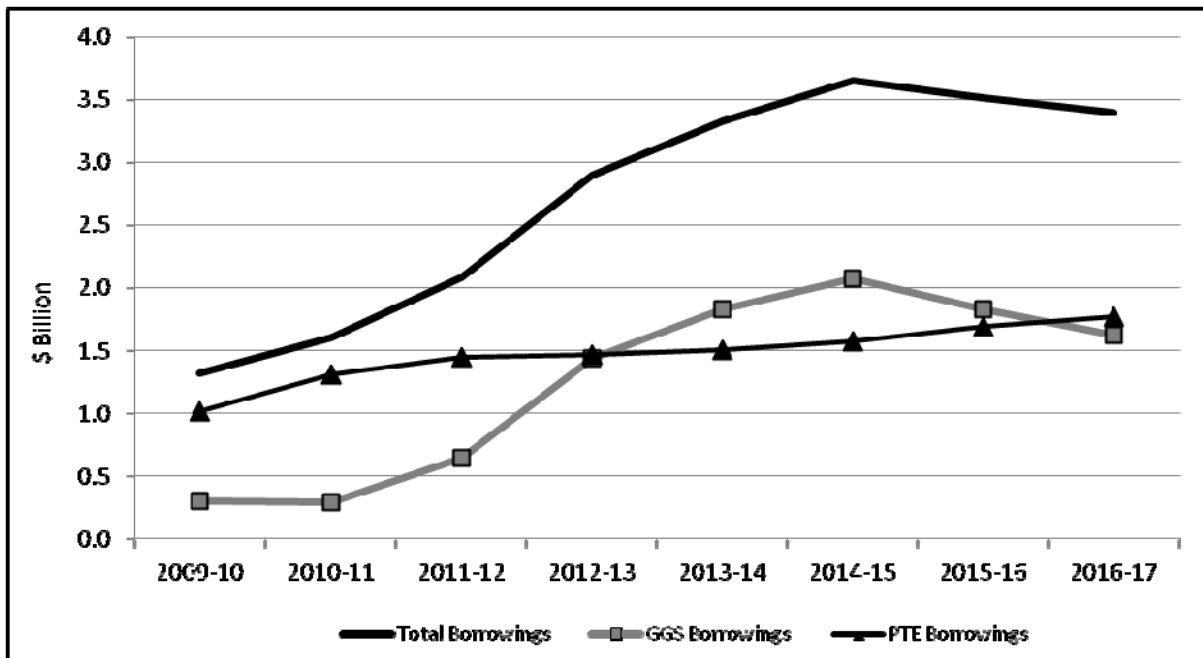
Borrowings for the Public Trading Enterprise (PTE) sector are related to ACTEW Corporation borrowings (estimated \$1.382 billion at 30 June 2013) and historic Commonwealth Government debt (estimated \$82 million at 30 June 2013).

Net additional PTE sector borrowings of \$36 million are estimated in 2013-14. Over the Budget and forward estimates period, the forecast total net increase in PTE sector borrowings is forecast to increase by \$309 million (net) to \$1.772 billion by 2016-17.

Total Outstanding Borrowings

Figure 7.4.3 summarises the outstanding levels of borrowings separated between the GGS and the PTE Sector.

Figure 7.4.3
Total External Territory Borrowings



CHAPTER 8

A SUSTAINABLE TERRITORY

Chapter		Page
8.1	A Sustainable Territory	267

8.1 A SUSTAINABLE TERRITORY

The ACT Government Sustainability Framework

The Government adopts a triple bottom line approach to sustainability, and recognises the interdependence of social, economic and environmental wellbeing. It also recognises the need for a long term perspective on sustainability and engaging the community in major government decision making. *People, Place, Prosperity (2009)*, the Government's sustainability policy, aligns with the *Canberra Plan: Towards our Second Century*.

As part of ongoing work the Government has released a range of policy documents supporting sustainability principles, including the:

- *ACT Planning Strategy – Planning for a sustainable city (2012)*;
- *AP2: A New Climate Change Strategy and Action Plan for the ACT (2012)*; and
- *Transport for Canberra – Transport for a Sustainable City 2012–2031 (2012)*.

Action Plan 2: A New Climate Change Strategy and Action Plan for the ACT (AP2)

In October 2012, the Government released AP2, which aims to set the Territory on the path to meet its 2020 greenhouse gas reduction target and establish a strong foundation to achieve the overall target of being carbon neutral by 2060.

The ACT has the most ambitious greenhouse gas reduction targets of any jurisdiction in Australia. By 2020, the ACT has a target of 40 per cent reduction in greenhouse gas emissions from 1990 levels.

Weathering the Change: Action Plan 1 (AP1), released in 2007, established actions to reduce emissions and increase awareness of climate change across the Government and the community. AP2 builds on AP1, as it sets out a strategic pathway for the ACT to become carbon neutral by 2060. AP2 sets out to achieve the following four primary outcomes:

- Minimising the ACT's impact on global warming by achieving the ACT's legislated greenhouse gas reduction targets.
- Ensuring a fair society in a low-carbon economy.
- Strengthening the ACT's capacity to a changing climate.
- Creating a more sustainable future.

How is the Government Supporting the Community to reduce the ACT's footprint?

The *Energy Efficiency (Cost of Living) Improvement Act 2012 (EEIS)* was passed and commenced operations on 1 January 2013. The objectives of the scheme are to:

- encourage the efficient use of energy;
- reduce greenhouse gas emissions associated with stationary energy use in the Territory;
- reduce household and business energy use and costs; and
- increase opportunities for priority households to reduce energy use and costs.

The scheme establishes energy savings targets and mandatory energy savings obligations for energy retailers. The scheme will provide targeted assistance to low income households.

The ACT Large-scale Solar Auction process has set a national benchmark for large-scale solar generation policy design and, subject to a review of the auction later this year, will be the model used to pursue the 690 megawatts of renewable capacity required to achieve our 2020 greenhouse gas emission targets.

The Government's *ACTSmart* range of programs has been supporting households and small businesses by providing education and expert energy efficiency advice. The Outreach program assists low income householders in improving energy efficiency in their homes and reducing energy bills by providing advice and energy efficient appliances and fittings.

The *ACTSmart Office and Business Program* has been successful in providing advice, training, signage and planning that helps businesses achieve waste reductions. Significant progress was made during the year with the Tuggeranong Hyperdome being the first large shopping centre in the Territory to participate in the program.

Sustainability in the Built Environment

For over a decade the ACT has led the way on disclosure requirements for building energy efficiency. The Territory has been recognised internationally in the development of these standards. The Government recognises the role of urban planning and ensures a sustainable future by incorporating innovative planning and design in developments, delivered through the Land Development Agency.

The ACT continues to lead in addressing sustainability issues with the early adoption of new building standards for energy efficiency, a well established energy rating scheme and the introduction of licensing for residential building energy efficiency assessors.

The *ACT Planning Strategy – Planning for a sustainable city*, released in July 2012, establishes how the Territory will develop to meet the environmental, social and economic challenges.

Sustainability in Transport

In 2012, the Government released the *Transport for Canberra* policy which aims to reduce traffic congestion and greenhouse gas emissions while increasing the number of people using active travel and public transport.

Transport for Canberra sets about creating a transport system that:

- is safe for moving people however they get around;
- provides sustainable travel options and reduces transport emissions;
- makes active travel, like walking and cycling, the easy way to get around;
- is integrated with land use planning ;
- is accessible for everybody whatever their level of mobility; and
- is efficient and cost effective, providing value for money for Government, business and the community.

The Government is committed to sustainable transport, including progressing light rail in the Territory. The 2013-14 Budget provides for the:

- creation of the Capital Metro Agency to progress light rail;
- preliminary design of the network; and
- detailed system master planning.

The Government is continuing to replace the ageing ACTION bus fleet to ensure it meets the targets in the *Disability Discrimination Act 1992* and clean energy legislation.

Sustainability in Waste Management

The Government released the *ACT Waste Management Strategy 2011-2025: Towards a Sustainable Canberra* in December 2011. The current waste strategy outlines a comprehensive framework to increase resource recovery to over 90 per cent by 2025.

In 2011, the Government trialled a bulky waste household collection service, which annually provides one free collection per dwelling to eligible Concession Card holders. Due to the success of the program, the Government has provided further funding for this service in the 2013-14 Budget.

The Government is committed to exploring other waste management programs including methods to reduce the level of organic waste going to landfill, through strategies such as comprehensive waste education programs and subsidising home composting equipment. The Government is also increasing resource recovery by progressing the development of the new recycling drop off centre in Gungahlin.

Sustainability in Water Management

The Government will continue to maintain programs to reduce demand for potable water and increase the use of cost effective fit-for-purpose non-potable water where effective.

The review of *Think water, act water* has been completed and the release of a draft new water strategy, *Water for the Future: Striking the Balance*, is expected in Spring 2013. The strategy will provide for a new coordinated framework for managing the Territory's water resources, in particular, the improvement of the water quality of our lakes, streams and catchment management.

The issue of water quality in our lakes, which has arisen in a number of reports, will be addressed through the Government's proposed Murray-Darling Basin Priority project which is to be submitted to the Commonwealth Government for approval.

In 2013-14, ACTEW Corporation will improve the ACT's water security by completing the Enlarged Cotter Dam, finalising a pump station and pipeline from the Murrumbidgee River to Googong Dam and through the acquisition of water rights to supplement future supply needs.

Sustainability in Public Housing

All new public housing dwellings are built to the Gold level of the Liveable Design Standard. The dwellings are also constructed to achieve 6-star energy ratings. Water saving measures are also included such as water tanks and grey water systems.

As part of the continuous refurbishment and upgrade of properties water saving shower heads and dual flush cisterns are installed.

The Government has provided \$30 million over ten years to improve the energy efficiency of public housing, with approximately 4,400 dwellings (approximately 36 per cent of housing stock) already upgraded. Works undertaken include ceiling and wall insulation, draught sealing, pelmets and curtain rods, energy efficient hot water systems and heating appliances.

How is the Government reducing its own footprint?

The 2012-13 Budget Papers announced a \$5 million *Carbon Neutral Government* fund (the Fund). The Fund replaces and expands the *Resource Management Fund*.

Projects supported under the Fund include upgrades to lighting technology at 28 Government sites, energy efficient lighting, controls and mechanical upgrades in 15 community facilities, installation of solar-tube lighting at Exhibition Park in Canberra and upgrade of lighting at two public libraries.

It is expected that the number of applications to the Fund will increase over time, in part through three initiatives supporting the identification of potential projects, including a trial of the *ACTSmart Government Energy and Water Program* which provides advice and assessment of energy savings opportunities; the recruitment of two officers to perform a whole of government energy efficiency service; and the establishment of a Sustainability Data Management System to provide comprehensive data on the Government's operations.

Sustainability in Health

The *Sustainability Strategy* developed by ACT Health provides a roadmap for a collaborative sustainable future and contains actions for seven focus areas – Models of Care, Buildings and Infrastructure, the Digital Health Environment, Transport, Regulatory Environment, Workforce, and Partnerships and External Service Delivery.

One of the key actions of the strategy is the delivery of the Environmental Principles and Guidelines for Building and Infrastructure Projects, which guides future sustainable development of ACT Health facilities with the aim of reducing carbon emissions. Initiatives to reduce carbon emissions and energy costs include:

- installation and/or upgrade of water pressure pumps, boiler heat recovery and upgrade of Medical Air Compressors in Building 1 at Canberra Hospital;
- boiler Replacement in Buildings 2,7,10 and 12 at the Canberra Hospital;
- new backflow prevention installed on potable water feed from Gilmore Crescent to the Canberra Hospital; and
- installation of light sensors and energy efficient lights in various buildings.

Sustainability in Schools

The Government is assisting schools to reduce water, energy consumption and waste going to landfill through programs and learning tools implemented through the *ACT Sustainable Schools Initiative*. The Government will build on the continued success of this initiative in 2013-14 by:

- supporting ACT public school, all of which have registered with the Australian Sustainable Schools Initiative (AuSSI) program;
- supporting the existing non government schools in the AuSSI program;

- developing curriculum materials to complement the Australian curriculum sustainability priority;
- providing professional development for teachers in components of sustainability; and
- engaging with the environmentally sustainable design (ESD) champion at each public school to facilitate the introduction and management of more ESD activities.

The installation of solar power generation systems at public schools will continue in 2013-14 which will assist in the reduction in the use of electrical power and increase student awareness of solar power generation. The Directorate will also expand the use of smart metering to include water and gas meters at all public schools.

Stage 1 of the *Carbon Neutral Schools* project involves the implementation of energy efficient lighting and insulation at ten schools. Additional works will be trialled at two of these schools including improving heating system efficiency, thermal resistance of existing windows, and providing covered and secure bike shelters.

Further sustainability measures to be pursued in 2013-14 include:

- finalising the connection of three schools – Dickson College, Lyneham High School and Lyneham Primary School –to the North Canberra Urban Waterway System;
- trialling solar reflective paint on two school roofs ;and
- installing water refill stations at ACT public schools to support the Government’s *Investing in Healthy Canberra Kids* initiative.

Protecting the Environment

Environmental protection will continue to be a high priority for the Government during 2013-14. Conserving the Territory’s environment for future generations entails balancing development needs with the responsible and efficient use of available resources.

Key priorities include the provision of five additional park rangers by 2015-16, funding for continued improvements to Canberra’s urban treescape, and support for management of national parks and reserves, and maintenance of urban parks, trees and community spaces.

In addition, a review of the level of service, quality and quantity of land management and regulatory activities will be undertaken to inform future service provision.

Agreed recommendations detailed in the Commissioner for Sustainability and the Environment’s various inquiries will be implemented. Work has progressed on implementing these recommendations. The Googong Foreshores Plan of Management (POM) has been developed, work has commenced on a review of the Canberra Nature Park POM, and a POM for the Lower Cotter Catchment has been commenced.

The Government has also acted to reintroduce threatened species into native habitats, for example:

- Eastern Bettongs have been successfully translocated from Tasmania to Tidbinbilla Nature Reserve and Mulligans Flat in 2011-12. From the 30 bettongs translocated to Tidbinbilla there are now 53 adults and 19 pouched young. In Mulligans Flat the population has increased from 32 to over 50 adult bettongs.
- The Corroborree Frog program has also seen success with the release of captive-bred frogs back to sphagnum moss bogs in Namadgi National Park.

Community Engagement

The Government has been involving the community in all aspects of climate change and environment policies. The Government is committed to supporting the community in undertaking activities that complement the delivery of environmental priorities. In 2013-14, the Government will continue to provide support to community partners including the Canberra and South East Region Environment Centre, the Conservation Council and SEE-Change ACT.

ACT environment grants will continue to support worthwhile community projects addressing native habitat rehabilitation and control of weeds and pest animals.

APPENDICES

Appendix		Page
A	Budget Consultation (Submission Acknowledgement)	275
B	Statement of Sensitivity on Budget Estimates	281
C	Statement of Risk	287
D	Classification of ACT Entities	295
E	Appropriation (Office of the Legislative Assembly) Bill 2013-14	299
F	Appropriation Bill 2013-14	307
G	2013-14 GFS/GAAP Harmonised Financial Statements	321
H	Glossary and Abbreviations	351

APPENDIX A

BUDGET CONSULTATION (SUBMISSION ACKNOWLEDGEMENT)

BUDGET CONSULTATION (SUBMISSION ACKNOWLEDGEMENT)

The 2013-14 Budget consultation process was launched on 18 December 2012, encouraging interested community members, businesses and local organisations to share their views and suggestions on how the ACT Government's resources are allocated, where services could be enhanced, and where possible efficiencies could be made. Submissions expressing ideas and comments were sought by 28 February 2013.

Background information and links to relevant documentation, including previous Budget Papers, were made available to the community through the Budget Consultation Website <http://www.budgetconsultation.act.gov.au/>.

A total of 104 written submissions were received. The submissions covered a diverse range of issues including disability, health, education, community services, sports and recreation, arts and entertainment, the building industry, public infrastructure, sustainability and public transport, as well as ACT finances. Submissions were made publically available on the Budget Consultation Website unless a confidentiality request was received. Authors of confidential items have not been included in the list below. Additionally, some authors and organisations have provided multiple submissions to the consultation process.

Directorates and agencies reviewed the submissions for consideration in the development of proposals for the 2013-14 Budget. Views and suggestions provided by the community were also used to inform decision making, drawing on the knowledge and experiences of users and providers of government services.

The Government would like to thank and acknowledge the following individuals, community groups and organisations for their contributions and participation in the 2013-14 Budget consultation process.

ACT Anti Poverty Week Coordinating Committee
ACT Council of Parents & Citizens Associations
ACT Council of Social Services
ACT Deafness Resource Centre
The ACT Equestrian Association (ACTEA)
ACT Gifted and Talented Local Support Group
ACT Hepatitis Resource Centre
ACT Medicare Local
ACT Shelter
ACT Women's Services Network (WSN)
Advocacy for Inclusion
AIDS Action Council of the ACT (AAC)
Alcohol Tobacco and Other Drug Association ACT (ATODA)
Appleby, Corinne Ms
Association of Independent Schools of the ACT (AISACT)
Association of Parents and Friends of ACT Schools (APFACTS)
Association of Professional Engineers, Scientists and Managers, Australia (APESMA)
Australian Education Union - ACT Branch (AEU)
Australian Foundation for Mental Health Research (AFFIRM)

Australian Nursing Federation – ACT Branch (ACT ANF)
Australian Red Cross
Bluearth Foundation
Canberra Alliance for Harm Minimisation and Advocacy (CAHMA)
Canberra Area Theatre Awards (CAT)
Canberra Convention Bureau
Canberra Environment Centre (CEC)
The Canberra Institute
Canberra Mothercraft Society
Canberra Preschool Society
Carers ACT
Casino Canberra
Catholic Education Commission
The Childers Group
ClubsACT
Community and Public Sector Union (CPSU)
Communities@Work
Construction, Forestry, Mining and Energy Union (CFMEU)
Council on the Ageing ACT (COTA ACT)
Diversity ACT
Domestic Violence Crisis Service (DVCS)
Donald Horne Institute for Creative and Cultural Research at the University of Canberra
Environmental Defender's Office ACT
Families ACT
Friends of Grasslands
Friends of Mt Majura (FOMM)
Fusion
Heart Foundation
Housing Industry Association (HIA)
Inner South Canberra Community Council (ISCCC)
Jerrabomberra Wetlands Board of Management
Kidsafe ACT
Lifeline Canberra
Lynch, Austin Mr (Old Narrabundah Community Council)
Marymead
Mental Health Community Coalition ACT (MHCC)
Migrant and Refugee Settlement Services of the ACT (MARSS)
Ministerial Advisory Council on Women (MACW)
National Council of Women of the Australian Capital Territory (NCW ACT)
National Disability Services (NDS)
National Roads and Motorists' Association (NRMA)
National Seniors Australia
National Trust ACT
Neal, John Mr
No Sweat Fashions
Non Government Schools Education Council (NGSEC)
Nutrition Australia ACT

Pedal Power ACT
Printing Industries Association of Australia (PIAA)
Property Council of Australia (ACT)
Relationships Australia Canberra and Region (RACR)
Royal Life Saving ACT
SEE-Change
SmartStart for Kids
Söderblom, Jason Mr
Special Olympics ACT
Superannuated Commonwealth Officers' Association
Tandem House
Tandem Respite & Home Help Service ACT
Tax Institute
Tourism and Transport Forum Australia
UnionsACT
UnitingCare Kippax
Victims of Crime Assistance League ACT (VOCAL)
Wain, James (Vietnam Veterans and Veterans Federation ACT Inc.)
Welfare Rights and Legal Centre
Winnunga Nimmityjah Aboriginal Health Service
Woden Valley Community Council (WVCC)
Women with Disabilities ACT
Women's Centre for Health Matters (WCHM)
Women's Electoral Lobby ACT
Wood, Coralie Ms (Canberra Area Theatre Awards)
Young, Ian Professor (AO) (Australian National University Vice-Chancellor)
Youth Coalition of the ACT
YWCA of Canberra

APPENDIX B

STATEMENT OF SENSITIVITY OF BUDGET ESTIMATES

STATEMENT OF SENSITIVITY OF BUDGET ESTIMATES

This statement of sensitivity is made pursuant to Section 11(1)(c) of the *Financial Management Act 1996*.

Sensitivity of Budget Estimates

The following sensitivity analysis has been applied to economic parameters used in the formulation of the revised forward estimates.

Territory revenues are sensitive to changes in economic conditions, both in the ACT and nationally, for example, through GST revenues.

Territory expenses are less sensitive to economic conditions. However, over time changes in demographic variables may affect the demand for government services. In response, policy decisions may be taken to vary expenditure levels to accommodate the change in demand.

Sensitivity of Economic Assumptions

Consumer Price Index

A change in the Consumer Price Index (CPI) will affect the forecast for revenues such as general insurance, life insurance, leases, Commonwealth Government grants and sales. CPI changes have not been factored into the sensitivity analysis for conveyance as there is not a direct relationship between it and property turnover or property price.

If the CPI were to increase by 1 percentage point more than the forecast in each year (e.g. from 2.5 to 3.5 per cent) of the budget period, forecast revenue would increase by the amounts shown in Table B.1.

CPI increases generate cost increases for agencies. An estimate for the impact of a 1 percentage point increase in CPI is shown in Table B.1.

Table B.1
Impact of 1 Percentage Point Increase in CPI on GGS Revenues and Expenses

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
Taxation Revenue	575	614	647	67
Sales of Goods and Services, Commonwealth Government Grants ¹ and Other Revenue	0	9,804	21,107	33,211
Expenses	0	19,416	40,327	63,900

Note:

1. Refers to Specific Purpose Payments only.

Wage Price Index

Various fees are indexed to WPI in future years. If WPI increased by 1 percentage point more than the forecast in each year of the budget period, forecast revenue would increase by the estimates shown in Table B.2. However, the revenue in 2012-13 is not expected to vary, as the 2012-13 estimates are based on the March 2013 result.

Table B.2
Impact of a 1 Percentage Point Increase in WPI on GGS Revenue

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
Taxation Revenue	0	3,789	8,154	13,158
Sales of Goods and Services, and Other Revenue	0	4,446	9,205	14,529

Interest

Interest on cash investment portfolios held by the Territory Banking Account (TBA) and the Superannuation Provision Account (SPA) are affected by interest rate variations. The impact of a 1 percentage point variation in the estimated interest returns as forecast in the Budget estimates for interest revenue is shown in Table B.3.

Table B.3
Impact of a 1 Percentage Point (+/-) Interest Rate Change on Interest Revenue

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
TBA	10,551	8,778	10,076	9,058
SPA	1,381	1,483	1,592	1,710

The impact of a 1 percentage point variation in the assumptions used to calculate the interest costs on the Territory's variable rate borrowing exposures is shown in Table B.4

Table B.4
Impact of a 1 Percentage Point (+/-) Interest/CPI Rate Change on Borrowing Costs

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
TBA – Total Borrowings	9,496	11,152	11,932	9,866

Currency

The estimated impact on international asset valuations from a 1 per cent variation in the Australian dollar against all unhedged international currency holdings, with everything else constant, is shown in Table B.5.

Table B.5
Impact from a 1 Per Cent (+/-) Movement of the Australian Dollar on Valuations

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	5,504	5,911	6,349	6,820

Equity Valuation

Table B.6 outlines the impact to the SPA equity portfolio valuation from a 1 per cent variation in equity security valuations.

Table B.6
Impact of a 1 Per Cent (+/-) Change in Equity Valuations

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	15,135	16,255	17,459	18,754

Superannuation Liabilities

Table B.7 outlines the impact to the CSS/PSS defined benefit superannuation liability from a 1 per cent increase in the discount rate from the budgeted discount rate of 6 per cent.

Table B.7
Impact of a 1 Per Cent Increase in the Liability Discount Rate

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	-680,000	-710,000	-730,000	-750,000

Table B.8 outlines the impact to the CSS/PSS defined benefit superannuation liability from a 1 per cent decrease in the discount rate from the budgeted discount rate of 6 per cent.

Table B.8
Impact of a 1 Per Cent Decrease in the Liability Discount Rate

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	870,000	900,000	920,000	940,000

Table B.9 outlines the impact on CSS/PSS defined benefit superannuation expense from a 1 per cent increase in the discount rate from the budgeted discount rate of 6 per cent.

Table B.9
Impact of a 1 Per Cent Increase in the Discount Rate on Superannuation Expense

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	-23,000	-21,000	-19,000	-16,000

Table B.10 outlines the impact on CSS/PSS defined benefit superannuation expense from a 1 per cent decrease in the discount rate from the budgeted discount rate of 6 per cent.

Table B.10
Impact of a 1 Per Cent Decrease in the Discount Rate on Superannuation Expense

	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
SPA	26,000	24,000	21,000	18,000

Sensitivity of Other Assumptions

Employee Wage Negotiations

Wages make up the single largest cost in providing government services. As a result, the budget estimates are sensitive to the outcome of enterprise bargaining negotiations. The 2013-14 Budget and forward estimates make provision for a moderate level of wages growth.

APPENDIX C

STATEMENT OF RISK

STATEMENT OF RISK

This chapter discusses some of the risks facing the Territory, particularly in regard to economic risk, Commonwealth Government funding, investments and borrowings, superannuation liabilities and insurable risk.

Economic Risk

The global economic and financial outlook has improved since the 2012-13 Budget Review. Risks, however, remain to the downside. Many advanced economies continue to face challenges such as persistently high unemployment rates, fiscal consolidation, persistently tight credit conditions and volatile business and consumer confidence. As such, the global economic recovery is expected to remain slow, diverse across economic regions and fragile. Global risks impact the Territory mainly through financial, confidence and export channels.

The most significant risk to the economic forecasts in the ACT relate to the spending and hiring decisions of the Commonwealth Government. These risks remain tilted to the downside despite shifting the target to return to surplus from the 2012-13 financial year to 2015-16. The Commonwealth Government budget remains under pressure, leading to likely ongoing expenditure restraint.

The possibility of changes to future Commonwealth Government policy decisions also adds to uncertainty. Large public sector job cuts and significant savings may damage consumer and business confidence in the Territory and harm the Territory's economic prospects in the short to medium term.

Commonwealth Government Funding

The major risk to Commonwealth funding relates to the Goods and Services Tax (GST) grant to the ACT which represents more than 20 per cent of total ACT revenue. The GST is a broad-based tax on final consumption of goods and services and therefore GST revenue collections are subject to national economic performance.

Risks to the ACT's GST grant may come from:

- reductions in the GST Pool; and
- variation in the ACT's relative share of that Pool.

The GST Pool is sensitive to changes in level and pattern of consumer spending:

- household spending on goods and services generally not subject to GST (e.g. health and education services, fresh food and rent) is tending to increase relative to spending on goods subject to GST; and
- the prices of goods and services which are not subject to GST are increasing relative to the prices of goods and services subject to GST.

The ACT's share of the GST Pool remains subject to revision year on year based on recommendations from the Commonwealth Grants Commission (CGC) as to per capita relativities.

In the longer term, the method of distributing the GST Pool could be subject to further change as a result of the upcoming CGC Methodological Review. The Standing Council on Federal Financial Relations has agreed to the Terms of Reference requesting the CGC to review the methodological approach to determining the per capita relativities to be used to distribute the GST. Any changes from that Review are likely to eventuate in 2015-16. Further details of the Review are provided in Chapter 4 of Budget Paper 3.

Some current National Partnership Agreements are scheduled to expire by the end of 2013-14, but negotiations between the Commonwealth and the States have resulted in the extension of most of these agreements or their replacement with comparable agreements. Therefore, given the current environment, there is only a minor risk to the ACT from residual uncertainty about future funding of National Partnerships.

Government Investment and Borrowings

The large majority of the Territory's financial investment and borrowing transactions are conducted in the global financial markets. A large portion of these financial investment assets and financial liabilities have some exposure to a number of risks. These are set out below.

Market Risk – Investment Assets and Financial Liabilities

Market risk associated with the management of the Territory's investment assets and liabilities is the risk that the value of an investment will decrease, or the value of a liability increase, due to changes in financial market conditions. Changes in market conditions that give rise to market risk comprise, but are not limited to, changes in interest rates, foreign exchanges rates, equity prices, and credit.

Budget revenues and expenses are susceptible to the performance of global financial markets as well as prevailing interest rates.

Interest Rate Risk – Territory Banking Account and Superannuation Provision Account Investments

The Territory's financial investments include diversification across the domestic money and capital markets, including cash, short term debt instruments (maturity less than twelve months) and fixed interest bonds (maturity greater than twelve months), each of which have unique risk/return characteristics. The diversification across these markets provides some trade off between returns and interest rate risk. Changes in the market valuations of investments as a result from movements in interest rates, will directly impact the Territory's net operating balance and balance sheet.

Interest Rate Risk – Territory Borrowings

Total Territory borrowings are accounted for at amortised cost and are typically held to maturity, or repaid on an amortising basis.

Approximately 85 per cent of general government sector borrowings are held on a fixed rate basis with the remainder on a variable rate basis. Approximately 35 per cent of public trading enterprise sector borrowings are held on a fixed rate basis with the remainder on a variable rate basis. The variable rate borrowings exposure is mainly related to inflation linked bonds issued for ACTEW with the variable exposure being movements in CPI. An increase or decrease in market interest rates or CPI will have a direct impact on the interest costs of variable rate borrowings.

Currency Risk – Territory Banking Account and Superannuation Provision Account Investments and Territory Borrowings

The Territory does not have any financial borrowings in non-Australian denominated currency and its borrowings are therefore not exposed to currency risk.

Approximately \$1.1 billion (41 per cent) of Superannuation Provision Account investments are denominated in foreign currency through the purchase and holding of international equity and fixed interest securities. Currently 53 per cent (\$563 million) of these investments are fully hedged back to Australian dollars using currency derivatives. The use of currency hedging mitigates the impact on international asset valuations in Australian dollar terms from the changes in exchange rates.

Without currency hedging, an appreciation of the Australian dollar against foreign currency asset holdings would have an adverse impact on the valuation of the investments in Australian dollar terms. In relation to unhedged foreign investments, holding a diversified basket of currency investments also serves to reduce overall currency risk.

Equity Risk – Superannuation Provision Account Investments

The Superannuation Provision Account invests in both domestic and international equity securities as part of a long term investment strategy. Unintended equity risk is mitigated through diversification of the number of equity securities held, through broad sector and industry allocations, and broad country allocations.

Changes in the market valuations of equity investment exposures, resulting from changes in equity prices, will have a direct impact on the Territory's net operating balance and balance sheet.

Credit Risk – Territory Banking Account and Superannuation Provision Account Investments

Credit risk or default risk, is the risk of loss due to counter-party default on a contract, or more generally the risk of loss due to some 'credit event'.

The level of credit risk exposure to the Territory's investment portfolios with allocations to debt securities is managed through limiting allowable investment securities to either a Standard and Poor's or Moody's investment grade credit rating as required by the *Financial Management (Investment and Borrowing) Guidelines 2011* and the *Superannuation Management Guidelines 2011*.

Defined Benefit Employer Superannuation Liabilities

The value of accrued superannuation liabilities is calculated as the present value of the future payment of benefits that have actually accrued in respect of service at the calculation date. The ultimate cost of a defined benefit plan is uncertain due to the long term influence by many different financial and membership demographic variables. The superannuation liability valuation is most sensitive to inflation, wages growth, rates and patterns of retirement and resignation, and the proportion of benefits taken in pension form.

Sensitivity to Discount Rate

The discount rate reflects both the estimated average timing of benefit payments and the time value of money. Australian Accounting Standards *AASB119 Employee Benefits* requires the defined benefit employer superannuation liabilities to be valued at 30 June each year, using a discount rate equivalent to a Commonwealth Government long term bond rate.

The discount rate adopted for the annual actuarial review can have a substantial impact on the liability valuation. Small changes in the discount rate adopted for each review can lead to significant variations in the liability valuation and annual superannuation expense.

For consistency and planning purposes, as well as being reflective of the long term nature of the superannuation liability, the budget is prepared using a 20 year average estimate of the long term discount rate, which is approximately 6 per cent.

The discount rate, referenced to the relevant Commonwealth bond yield (April 2029 bond), is currently around 4 per cent. If the discount rate remains at this level by 30 June 2013, the impact will be an increase to the valuation of the liability as at 30 June 2013 of approximately \$1.7 billion to \$6.8 billion, with the defined benefit superannuation expense for the 2013-14 financial year increasing by approximately \$52 million to \$505 million. Changes in the defined benefit superannuation expense flow directly through to the Territory's Headline Net Operating Balance.

Sensitivity to Demographic Assumptions

Demographic assumptions incorporated in the reviews by the actuary are used to provide an estimate of the current and future liability valuations for the Territory. The assumptions incorporated include variables such as salary increases from promotions, invalidity, mortality, retirement, resignation, preservation, pension election by Public Sector Superannuation (PSS) members, member contribution levels for the PSS, and spouse assumptions. Over time these assumptions will change based on actual membership experience and will impact upon future liability valuations.

Contingent Liabilities

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

Under the *Financial Management Act 1996*, it is the responsibility of the Government to identify contingent liabilities that may affect the budget estimates.

Types of claims lodged against the Territory include property damage, contract disputes, economic loss, personal injury and tax related claims. Further details of the Territory's contingent liabilities are provided each year in the Australian Capital Territory Consolidated Annual Financial Statements available at <http://apps.treasury.act.gov.au/publications>.

Outstanding Insurance Claims Liability

The value of insurance liabilities is the present value of the future claim payments that have accrued at the calculation date. This approach is required under Australian Accounting Standard *AASB1023 General Insurance Contracts*.

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

Sensitivity to Discount Rate

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. Australian Accounting Standards *AASB1023 General Insurance Contracts* requires the outstanding claims liabilities to be valued using a 'risk free' rate of return, which are generally accepted to be the discount rate derived from market yields on Commonwealth Government Bonds. The discount rates adopted match the weighted term to maturity of insurance claims. The long term nature of the projected cashflows from the liability mean that small changes in the discount rate adopted can lead to significant variations in the liability valuations and the claims expense.

The outstanding claims provision as at 31 December 2012 was \$324.8 million. A one percentage point variation in the discount rate results in an estimated change to the liability of approximately \$14-15 million (actuarial gain or loss), equivalent to a 4.5 per cent change.

Other Risks

ACT Launch of DisabilityCare Australia - A National Disability Insurance Scheme

Under the bilateral agreement for the launch of the National Disability Insurance Scheme (now DisabilityCare Australia), the ACT's contribution is capped, with the Commonwealth taking responsibility for 100 per cent of upside risk for higher than anticipated client numbers and average package cost.

The full year required ACT contribution to the DisabilityCare Launch is estimated at around \$122 million in 2016-17. The ACT is required to finalise the nature of its contribution by February 2014. This involves identifying eligible existing services provided by the ACT Government to determine if there is a need for additional investment.

The Pre-Election Budget Update estimated an additional investment of \$40 million in 2015-16 for the first full year cost. However, since this estimate, the phasing has changed with the full year cost now being incurred from 2016-17.

The 2013-14 Budget does not include additional investment in the scheme, beyond pre-launch funding. The need for investment has reduced by offsetting additional specialist disability services that were not previously identified. The Commonwealth has also announced the ACT will be allocated around \$7 million in 2015-16 and \$14.7 million in 2016-17 from the increase in the Medicare levy. This will further offset the ACT contribution.

Further work between the Commonwealth and ACT will determine the extent of any requirement for additional investment beyond existing services and the extent to which the ACT needs to fund ongoing disability services that are not covered by DisabilityCare Australia.

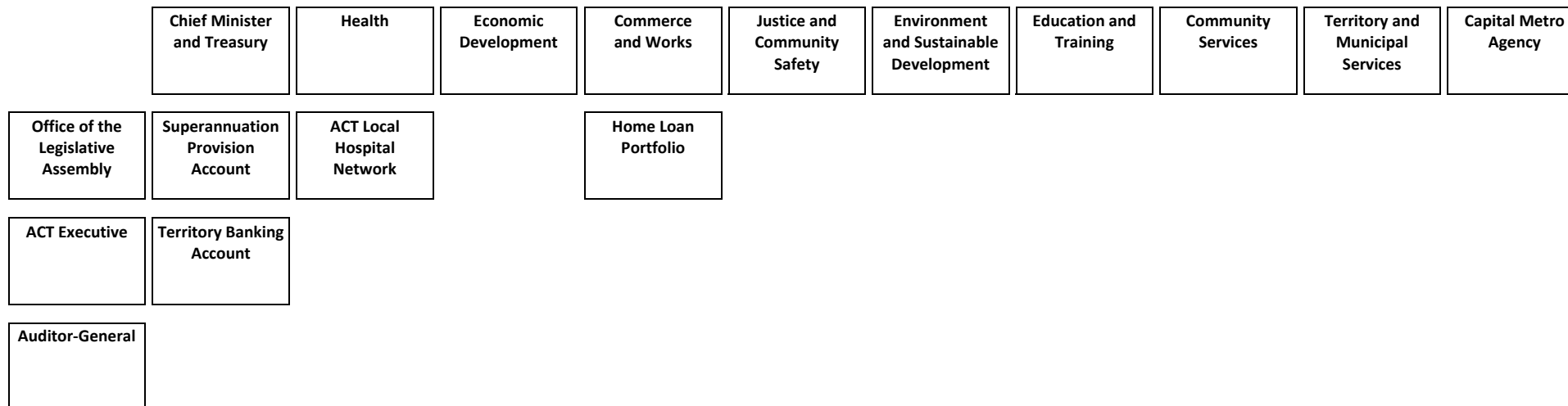
National Rollout of DisabilityCare Australia - A National Disability Insurance Scheme

There is risk associated with the Commonwealth Grants Commission's (CGC's) future determination regarding treatment of the scheme once it is operating nationally. The ACT transitions in 2019-20. For the launch the scheme is being treated outside of the CGC's assessment processes.

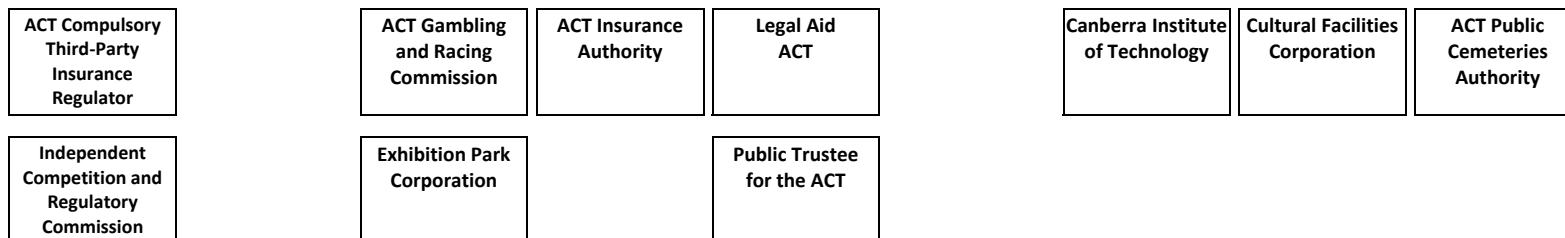
APPENDIX D

CLASSIFICATION OF ACT ENTITIES

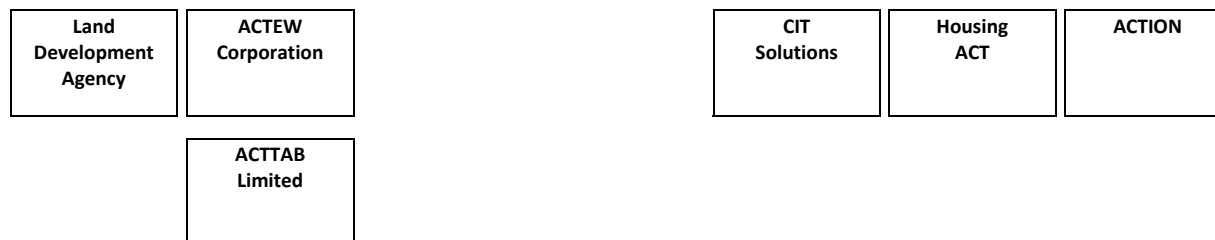
GENERAL GOVERNMENT SECTOR – DIRECTORATES



GENERAL GOVERNMENT SECTOR – OTHER ENTITIES



PUBLIC TRADING ENTERPRISES / PUBLIC NON-FINANCIAL CORPORATION



APPENDIX E

APPROPRIATION (OFFICE OF THE LEGISLATIVE ASSEMBLY) BILL 2013-2014

2013

THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Treasurer)

Appropriation (Office of the Legislative Assembly) Bill 2013-2014

Contents

	Page
1 Name of Act	2
2 Commencement	2
3 Purposes of Act	2
4 Definitions for Act	2
5 Terms used in Financial Management Act	2
6 Appropriation of \$13 479 000 for Office of the Legislative Assembly	3
7 Class of outputs	3

2013

THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Treasurer)

Appropriation (Office of the Legislative Assembly) Bill 2013-2014

A Bill for

An Act to appropriate money for expenditure in relation to the Office of the Legislative Assembly for the financial year beginning on 1 July 2013, and for other purposes

The Legislative Assembly for the Australian Capital Territory enacts as follows:

1 Name of Act

This Act is the *Appropriation (Office of the Legislative Assembly) Act 2013-2014*.

2 Commencement

This Act commences, or is taken to have commenced, on 1 July 2013.

Note The naming and commencement provisions automatically commence on the notification day (see Legislation Act, s 75 (1)).

3 Purposes of Act

This Act is made for the purposes of—

- (a) the Self-Government Act, section 57 and section 58; and
- (b) the Financial Management Act, section 6 and section 8.

4 Definitions for Act

In this Act:

Financial Management Act means the *Financial Management Act 1996*.

financial year means the year beginning on 1 July 2013.

5 Terms used in Financial Management Act

A term used in the Financial Management Act has the same meaning in this Act.

6 Appropriation of \$13 479 000 for Office of the Legislative Assembly

- (1) The amount mentioned in table 6, column 1 is appropriated to the Office of the Legislative Assembly for the net cost of providing outputs by the office in the financial year.
- (2) The amount mentioned in table 6, column 2 is appropriated to the Office of the Legislative Assembly for capital injection for the office in the financial year, and that appropriation is for, or partly for, the net cost of purchasing or developing assets.
- (3) The amount mentioned in table 6, column 3 is appropriated to the Office of the Legislative Assembly for payments to be made by the office on behalf of the Territory in the financial year.

Table 6 Appropriation—Office of the Legislative Assembly

column 1 net cost of outputs	column 2 capital injection	column 3 payments on behalf of Territory	column 4 total
\$	\$	\$	\$
7 490 000	245 000	5 744 000	13 479 000

7 Class of outputs

The Office of the Legislative Assembly is identified as a class of outputs for the Financial Management Act.

Endnotes

1 Presentation speech

Presentation speech made in the Legislative Assembly on 2013.

2 Notification

Notified under the Legislation Act on 2013.

3 Republications of amended laws

For the latest republication of amended laws, see www.legislation.act.gov.au.

APPENDIX F

APPROPRIATION BILL 2013-2014

2013

THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Treasurer)

Appropriation Bill 2013-2014

Contents

	Page
1 Name of Act	2
2 Commencement	2
3 Purposes of Act	2
4 Definitions for Act	2
5 Terms used in Financial Management Act	2
6 Appropriations of \$4 215 425 000	3
7 Appropriation units and output classes	3
8 Net appropriations for capital injections	3
9 Commonwealth grants	4
10 Payments to the Commonwealth	4
11 Superannuation appropriation	4

Contents

	Page
Schedule 1 Appropriations	5
Schedule 2 Appropriation units and output classes	8

2013

THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

(As presented)

(Treasurer)

Appropriation Bill 2013-2014

A Bill for

An Act to appropriate money for the purposes of the Territory for the financial year beginning on 1 July 2013, and for other purposes

The Legislative Assembly for the Australian Capital Territory enacts as follows:

1 Name of Act

This Act is the *Appropriation Act 2013-2014*.

2 Commencement

This Act commences, or is taken to have commenced, on 1 July 2013.

Note The naming and commencement provisions automatically commence on the notification day (see Legislation Act, s 75 (1)).

3 Purposes of Act

This Act is made for the purposes of—

- (a) the Self-Government Act, section 57 and section 58; and
- (b) the Financial Management Act, section 6 and section 8.

4 Definitions for Act

In this Act:

agency means a directorate, territory authority or territory-owned corporation.

Financial Management Act means the *Financial Management Act 1996*.

financial year means the year beginning on 1 July 2013.

5 Terms used in Financial Management Act

A term used in the Financial Management Act has the same meaning in this Act.

6 Appropriations of \$4 215 425 000

- (1) If an agency is mentioned in a part of schedule 1, column 1—
 - (a) the amount mentioned in that part, column 3 is appropriated to the agency for the net cost of providing outputs in the financial year for the appropriation unit mentioned in that part, column 2 (the *relevant appropriation unit*); and
 - (b) the amount mentioned in that part, column 4 is appropriated to the agency for capital injection in the financial year for the relevant appropriation unit; and
 - (c) the amount mentioned in that part, column 5 is appropriated to the agency for payments to be made on behalf of the Territory in the financial year for the relevant appropriation unit.
- (2) The amount mentioned in schedule 1, part 1.26 (Treasurer's Advance), column 6 is appropriated to the Treasurer's Advance for the Financial Management Act, section 18.

7 Appropriation units and output classes

- (1) A group of outputs mentioned in schedule 2, column 2 is identified as a class of outputs for the Financial Management Act.
- (2) An appropriation unit mentioned in schedule 2, column 1 consists of the classes of outputs, or the group of output classes, mentioned in that schedule, column 2 opposite the appropriation unit.

8 Net appropriations for capital injections

For the Financial Management Act, section 9A, the appropriations for capital injections mentioned in schedule 1 (except the appropriations for capital injections mentioned in part 1.4 (Superannuation Provision Account) and part 1.5 (Territory Banking Account)) are for, or partly for, the net cost of purchasing or developing assets.

9 Commonwealth grants

The Financial Management Act, section 17 applies to all appropriations mentioned in schedule 1 except—

- (a) the appropriations to the following agencies:
 - (i) ACT Executive;
 - (ii) Auditor-General;
 - (iii) Chief Minister and Treasury Directorate;
 - (iv) Superannuation Provision Account;
 - (v) Territory Banking Account;
 - (vi) Justice and Community Safety Directorate;
 - (vii) ACT Gambling and Racing Commission;
 - (viii) Cultural Facilities Corporation;
 - (ix) Independent Competition and Regulatory Commission;
 - (x) Public Trustee for the ACT; and
- (b) the appropriation to the Treasurer's Advance.

10 Payments to the Commonwealth

The Financial Management Act, section 17A applies to the appropriation mentioned in schedule 1, part 1.10 (Justice and Community Safety Directorate), column 5.

11 Superannuation appropriation

For the *Territory Superannuation Provision Protection Act 2000*, dictionary, definition of *superannuation appropriation*, the appropriation mentioned in schedule 1, part 1.4 (Superannuation Provision Account), column 4 is for superannuation.

Schedule 1 Appropriations

(see s 6)

column 1 agency	column 2 appropriation unit	column 3 net cost of outputs	column 4 capital injection	column 5 payments on behalf of Territory	column 6 total
		\$	\$	\$	\$
Part 1.1 ACT Executive	ACT Executive			7 151 000	7 151 000
Part 1.2 Auditor-General	Auditor-General	2 598 000			2 598 000
Part 1.3 Chief Minister and Treasury Directorate	Chief Minister and Treasury Directorate	59 833 000	2 651 000		62 484 000
Part 1.4 Superannuation Provision Account	Superannuation Provision Account		178 216 000		178 216 000
Part 1.5 Territory Banking Account	Territory Banking Account		214 000	66 620 000	66 834 000
Part 1.6 Health Directorate	Health Directorate	231 100 000	190 408 000	4 615 000	426 123 000
Part 1.7 ACT Local Hospital Network	ACT Local Hospital Network	550 054 000			550 054 000
Part 1.8 Economic Development Directorate	Economic Development Directorate	86 082 000	152 843 000	7 945 000	246 870 000
Part 1.9 Commerce and Works Directorate	Commerce and Works Directorate	31 856 000	133 828 000	13 065 000	178 749 000
Part 1.10 Justice and Community Safety Directorate	Justice and Community Safety Directorate	264 902 000	43 767 000	155 525 000	464 194 000

Schedule 1 **Appropriations**

column 1 agency	column 2 appropriation unit	column 3 net cost of outputs	column 4 capital injection	column 5 payments on behalf of Territory	column 6 total
		\$	\$	\$	\$
Part 1.11 Environment and Sustainable Development Directorate	Environment and Sustainable Development Directorate	68 992 000	10 455 000	1 800 000	81 247 000
Part 1.12 Capital Metro Agency	Capital Metro Agency	3 000 000	5 000 000		8 000 000
Part 1.13 Education and Training Directorate	Education and Training Directorate	589 429 000	80 122 000	238 609 000	908 160 000
Part 1.14 Community Services Directorate	Community Services Directorate	241 428 000	14 026 000	42 849 000	298 303 000
Part 1.15 Housing ACT	Housing ACT	43 075 000	22 501 000		65 576 000
Part 1.16 Territory and Municipal Services Directorate	Territory and Municipal Services Directorate	315 968 000	218 117 000		534 085 000
Part 1.17 ACT Gambling and Racing Commission	ACT Gambling and Racing Commission	4 451 000			4 451 000
Part 1.18 ACT Public Cemeteries Authority	ACT Public Cemeteries Authority		294 000		294 000
Part 1.19 ACTEW Corporation	ACTEW Corporation	10 615 000			10 615 000
Part 1.20 Canberra Institute of Technology	Canberra Institute of Technology	66 054 000	3 757 000		69 811 000

Appropriations

Schedule 1

column 1 agency	column 2 appropriation unit	column 3 net cost of outputs	column 4 capital injection	column 5 payments on behalf of Territory	column 6 total
		\$	\$	\$	\$
Part 1.21 Cultural Facilities Corporation	Cultural Facilities Corporation	7 958 000	2 490 000		10 448 000
Part 1.22 Exhibition Park Corporation	Exhibition Park Corporation	425 000	1 159 000		1 584 000
Part 1.23 Independent Competition and Regulatory Commission	Independent Competition and Regulatory Commission	526 000			526 000
Part 1.24 Legal Aid Commission (ACT)	Legal Aid Commission (ACT)	10 246 000			10 246 000
Part 1.25 Public Trustee for the ACT	Public Trustee for the ACT	706 000			706 000
<i>Total appropriated to agencies</i>		2 589 298 000	1 059 848 000	538 179 000	4 187 325 000
Part 1.26 Treasurer's Advance	Treasurer's Advance				28 100 000
<i>Total appropriations</i>		2 589 298 000	1 059 848 000	538 179 000	4 215 425 000

Schedule 2 Appropriation units and output classes

(see s 7)

column 1 appropriation unit		column 2 class of output
ACT Executive	1	ACT Executive
Auditor-General	1	Auditor-General
Chief Minister and Treasury Directorate	1	Government Strategy
	2	Financial and Economic Management
Superannuation Provision Account	1	Superannuation Provision Account
Territory Banking Account	1	Territory Banking Account
Health Directorate	1	Health and Community Care
ACT Local Hospital Network	1	ACT Local Hospital Network
Economic Development Directorate	1	Economic Development
Commerce and Works Directorate	1	Revenue and Government Business Management
	2	Shared Services ICT
	3	Shared Services Procurement
	4	Shared Services Human Resources
	5	Shared Services Finance
Justice and Community Safety Directorate	1	Justice Services
	2	Corrective Services
	3	Courts and Tribunal
	4	Emergency Services
Environment and Sustainable Development Directorate	1	Environment and Sustainable Development
Capital Metro Agency	1	Light Rail Network Stage 1
Education and Training Directorate	1	Public School Education
	2	Non Government Education
	3	Vocational Education and Training

column 1 appropriation unit	column 2 class of output	
Community Services Directorate	1	Disability and Therapy Services
	2	Early Intervention Services
	3	Community Participation
	4	Children, Youth and Family Services
Housing ACT	1	Social Housing Services
Territory and Municipal Services Directorate	1	Municipal Services
	2	Enterprise Services
ACT Gambling and Racing Commission	1	Gambling Regulation and Harm Minimisation
ACT Public Cemeteries Authority	1	ACT Public Cemeteries Authority
ACTEW Corporation	1	ACTEW Corporation
Canberra Institute of Technology	1	Canberra Institute of Technology
Cultural Facilities Corporation	1	Cultural Facilities Management
Exhibition Park Corporation	1	Exhibition Park Corporation
Independent Competition and Regulatory Commission	1	Independent Competition and Regulatory Commission
Legal Aid Commission (ACT)	1	Legal Aid Services
Public Trustee for the ACT	1	Public Trustee for the ACT

Endnotes

1 Presentation speech

Presentation speech made in the Legislative Assembly on 2013.

2 Notification

Notified under the Legislation Act on 2013.

3 Republications of amended laws

For the latest republication of amended laws, see www.legislation.act.gov.au.

APPENDIX G

2013-14 GFS/GAAP HARMONISED FINANCIAL STATEMENTS

2013-14 GFS/GAAP HARMONISED FINANCIAL STATEMENTS

**Table G.1
Australian Capital Territory
General Government Sector
Operating Statement**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Revenue							
1,277,992	Taxation Revenue	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331
	Grants Revenue						
1,568,718	Commonwealth Grants	1,653,501	1,793,539	8	1,931,427	1,990,390	2,110,687
91,681	Gains from Contributed Assets	108,243	135,538	25	126,681	115,652	115,663
472,932	Sales of Goods and Services	419,138	437,792	4	461,237	475,235	488,386
142,775	Interest Income	143,708	135,658	-6	146,001	151,303	155,033
282,858	Dividend and Income Tax Equivalents Income	321,045	304,637	-5	337,645	450,725	436,508
114,765	Other Revenue	117,812	131,421	12	132,720	134,476	136,185
3,951,721	Total Revenue	3,999,853	4,237,273	6	4,519,556	4,788,348	5,006,793
Expenses							
1,527,566	Employee Expenses	1,544,167	1,583,362	3	1,621,453	1,670,382	1,749,612
	Superannuation Expenses						
297,660	Superannuation Interest Cost	264,214	313,777	19	330,007	345,899	361,386
236,567	Other Superannuation Expense	346,794	242,113	-30	244,906	248,675	257,892
324,488	Depreciation and Amortisation	320,838	338,863	6	360,671	366,250	369,092
112,728	Interest Expense	123,618	149,775	21	166,662	172,665	168,894
	Other Operating Expenses						
888,385	Supplies and Services	869,974	919,472	6	965,030	1,013,421	1,078,533
199,840	Other Operating Expenses	180,317	199,788	11	203,513	210,117	208,131
760,187	Grant Expenses	774,419	830,726	7	821,225	832,825	875,035
4,347,421	Total Expenses	4,424,341	4,577,876	3	4,713,467	4,860,234	5,068,575
-395,700	UPF Net Operating Balance	-424,488	-340,603	20	-193,911	-71,886	-61,782
Other Economic Flows – included in the Operating Result							
12,228	Dividends – Market Gains on Land Sales	8,905	37,793	324	14,668	10,496	11,641
120,445	Net Land Revenue (Undeveloped Land Value)	56,996	202,846	256	138,323	172,082	160,579
-379	Net Gain/(Loss) on Sale of Non-Financial Assets	-22,641	-365	98	-106	153	148
77,376	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	246,966	86,960	-65	94,366	101,146	108,914
-3,350	Doubtful Debts	-4,690	-4,370	7	-4,409	-4,484	-4,587
-189,380	Operating Result	-138,952	-17,739	87	48,931	207,507	214,913

Table G.1
Australian Capital Territory
General Government Sector
Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Items that will not be reclassified subsequently to the Operating Result							
-	Superannuation Prior Year Actuarial Movement	2,776,338	-	-100	-	-	-
-	Prior Year Adjustment	-159	-	100	-	-	-
-1,271	Other Movements	4	5	25	729	889	889
13,604	Increase/(Decrease) in Asset Revaluation Surplus	12,842	15,963	24	17,704	19,536	21,429
571	Increase/(Decrease) in Other Reserves	1,055	1,918	82	-	-	-
-176,476	Total Comprehensive Income	2,651,127	147	-100	67,364	227,932	237,231
-395,700	UPF Net Operating Balance	-424,488	-340,603	20	-193,911	-71,886	-61,782
	<i>less Net Acquisition of Non-Financial Assets</i>						
993,089	Purchases of Non-Financial Assets	803,461	863,636	7	589,309	322,329	264,114
-4,548	Sales of Non-Financial Assets	-7,716	-2,661	66	-2,624	-2,873	-2,796
-134,766	Land Revenue (Net Cash Receipts)	-56,380	-164,675	-192	-133,345	-199,631	-182,847
-324,488	Depreciation and Amortisation	-320,838	-338,863	-6	-360,671	-366,250	-369,092
90,657	Other Movements in Non-Financial Assets	99,179	134,281	35	126,425	115,387	115,387
619,944	<i>Total Net Acquisition of Non-Financial Assets</i>	<i>517,706</i>	<i>491,718</i>	<i>-5</i>	<i>219,094</i>	<i>-131,038</i>	<i>-175,234</i>
-1,015,644	Net Lending / (Borrowing)	-942,194	-832,321	12	-413,005	59,152	113,452
GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/ DEFICIT							
-395,700	UPF Net Operating Balance	-424,488	-340,603	20	-193,911	-71,886	-61,782
77,376	Investment Return Differential Adjustment on Superannuation Investments	84,678	86,960	3	94,366	101,146	108,914
-318,324	HEADLINE NET OPERATING BALANCE	-339,810	-253,643	25	-99,545	29,260	47,132

Table G.2
Australian Capital Territory
General Government Sector
Balance Sheet

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Financial Assets						
203,878	Cash and Deposits	296,000	307,144	4	320,937	335,939	351,505
1,450,190	Advances Paid	1,519,922	1,590,033	5	1,669,407	1,778,501	1,862,956
3,026,185	Investments, Loans and Placements	3,421,720	3,321,133	-3	3,590,681	3,787,770	4,087,664
398,673	Receivables	451,297	518,040	15	524,708	528,482	529,356
	Equity						
5,689,022	Investments in Other Public Sector Entities	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309
10,767,948	Total Financial Assets	11,213,972	11,395,492	2	11,881,723	12,318,909	12,840,790
	Non-Financial Assets						
	Produced Assets						
10,540,867	Property, Plant and Equipment	11,118,626	11,495,347	3	11,768,099	11,698,156	11,676,211
2,500	Investment Properties	2,400	2,400	-	2,400	2,400	2,400
78,717	Intangibles	29,645	56,730	91	68,302	63,423	48,458
13,470	Inventories	12,670	12,986	2	13,301	13,616	13,931
1,135	Assets Held for Sale	1,025	1,004	-2	983	963	943
779,190	Capital Works-in-Progress	598,047	678,547	13	612,639	654,430	592,979
	Non-Produced Assets						
2,603,826	Property, Plant and Equipment	2,503,819	2,705,325	8	2,816,910	2,933,994	3,056,953
26,045	Biological Assets	28,429	28,429	-	28,429	28,429	28,429
14,045,750	Total Non-Financial Assets	14,294,661	14,980,768	5	15,311,063	15,395,411	15,420,304
24,813,698	Total Assets	25,508,633	26,376,260	3	27,192,786	27,714,320	28,261,094
	Liabilities						
35,466	Deposits Held	32,159	27,496	-14	34,955	47,410	54,611
86,420	Advances Received	86,420	82,975	-4	79,400	75,679	71,835
	Borrowings						
24,131	Finance Leases	22,236	21,265	-4	20,512	19,806	19,026
2,446,296	Other Borrowings	2,726,618	3,166,519	16	3,497,658	3,370,624	3,260,838
5,104,557	Superannuation	5,097,830	5,373,065	5	5,642,754	5,906,009	6,159,953
548,856	Other Employee Benefits and Provisions	556,991	586,347	5	614,212	641,404	668,569
626,698	Payables	553,345	574,220	4	624,241	654,274	685,710
21,432	Other Liabilities	25,070	41,417	65	14,623	14,818	15,013
8,893,856	Total Liabilities	9,100,669	9,873,304	8	10,528,355	10,730,024	10,935,555
15,919,842	Net Assets	16,407,964	16,502,956	1	16,664,431	16,984,296	17,325,539
5,689,022	Equity in Public Trading Entities	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309
5,555,625	Accumulated Funds	5,743,373	5,686,375	-1	5,713,298	5,901,400	6,100,122
4,677,126	Asset Revaluation Surplus	5,141,427	5,157,390	..	5,175,094	5,194,630	5,216,059
-1,931	Other Reserves	-1,869	49	103	49	49	49
15,919,842	Net Worth	16,407,964	16,502,956	1	16,664,431	16,984,296	17,325,539
1,874,092	Net Financial Worth	2,113,303	1,522,188	-28	1,353,368	1,588,885	1,905,235
3,814,930	Net Financial Liabilities	3,411,730	4,136,954	21	4,422,622	4,299,332	4,104,074
-2,087,940	Net Debt (including Superannuation related Investments)	-2,370,209	-1,920,055	19	-1,948,500	-2,388,691	-2,895,815
417,201	Net Debt (excluding Superannuation related Investments)	207,937	847,124	307	1,022,033	800,453	528,393

Table G.3
Australian Capital Territory
General Government Sector
Statement of Changes in Equity

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Opening Equity						
5,569,410	Opening Equity in Public Trading Entities	5,523,094	5,525,033	..	5,659,142	5,775,990	5,888,217
5,794,794	Opening Accumulated Funds	3,143,726	5,743,373	83	5,686,375	5,713,298	5,901,400
4,663,522	Opening Asset Revaluation Surplus	5,128,585	5,141,427	..	5,157,390	5,175,094	5,194,630
-2,502	Opening Other Reserves	-2,924	-1,869	36	49	49	49
16,025,224	Opening Balance	13,792,481	16,407,964	19	16,502,956	16,664,431	16,984,296
	Comprehensive Income						
	<i>Included in Accumulated Funds:</i>						
-189,380	Operating Result for the Period	-138,952	-17,739	87	48,931	207,507	214,913
-	Superannuation Prior Year Actuarial Movement	2,776,338	-	-100	-	-	-
-1,271	Other Movements	-155	5	103	729	889	889
	<i>Included in Asset Revaluation Surplus</i>						
13,604	Increase/(Decrease) in Asset Revaluation Surplus	12,842	15,963	24	17,704	19,536	21,429
	<i>Included in Other Reserves:</i>						
571	Increase/(Decrease) in Other Reserves	1,055	1,918	82	-	-	-
-176,476	Total Comprehensive Income	2,651,127	147	-100	67,364	227,932	237,231
	Transactions Involving Owners Affecting Accumulated Funds						
	<i>Included in Accumulated Funds:</i>						
-48,518	Capital Injections	-37,584	-39,264	-4	-22,737	-20,294	-17,080
	<i>Included in Equity in Public Trading Entities:</i>						
119,612	Increase/(Decrease) in Net Assets of PTE Entities	1,939	134,109	#	116,848	112,227	121,092
71,094	Total Transactions Involving Owners Affecting Accumulated Funds	-35,645	94,845	366	94,111	91,933	104,012
	Closing Equity						
5,689,022	Closing Equity in Public Trading Entities	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309
5,555,625	Closing Accumulated Funds	5,743,373	5,686,375	-1	5,713,298	5,901,400	6,100,122
4,677,126	Closing Asset Revaluation Surplus	5,141,427	5,157,390	..	5,175,094	5,194,630	5,216,059
-1,931	Closing Other Reserves	-1,869	49	103	49	49	49
15,919,842	Balance at the End of the Reporting Period	16,407,964	16,502,956	1	16,664,431	16,984,296	17,325,539

Table G.4
Australian Capital Territory
General Government Sector
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Cash Flows from Operating Activities							
Cash Receipts							
1,279,178	Taxes Received	1,219,469	1,312,428	8	1,396,218	1,481,267	1,604,579
470,368	Receipts from Sales of Goods and Services	455,508	583,992	28	575,031	654,230	651,506
1,568,158	Grants/Subsidies Received	1,649,485	1,786,063	8	1,923,767	1,982,645	2,105,260
140,052	Interest Receipts	148,007	132,012	-11	145,481	150,804	154,522
251,379	Dividends and Income Tax Equivalents	371,401	292,783	-21	366,462	446,118	411,605
436,994	Other Receipts	369,688	365,589	-1	363,419	365,196	368,613
4,146,129	Total Cash Received from Operating Activities	4,213,558	4,472,867	6	4,770,378	5,080,260	5,296,085
Cash Payments							
-1,773,777	Payments for Employees	-1,780,253	-1,858,107	-4	-1,919,125	-1,995,788	-2,109,369
-874,583	Payments for Goods and Services	-827,068	-866,437	-5	-909,625	-958,949	-1,016,218
-773,610	Grants and Subsidies Paid	-778,903	-844,464	-8	-836,557	-849,233	-893,691
-106,809	Interest Paid	-118,620	-148,555	-25	-165,836	-171,755	-167,987
-432,410	Other Payments	-461,679	-434,948	6	-408,621	-434,661	-436,276
-3,961,189	Total Cash Paid from Operating Activities	-3,966,523	-4,152,511	-5	-4,239,764	-4,410,386	-4,623,541
184,940	Net Cash Flows from Operating Activities	247,035	320,356	30	530,614	669,874	672,544
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
139,314	Sales of Non-Financial Assets	7,716	2,661	-66	2,624	2,873	2,796
-993,089	Purchase of Non-Financial Assets	-803,461	-863,636	-7	-589,309	-322,329	-264,114
-853,775	Net Cash Flows from Investments in Non-Financial Assets	-795,745	-860,975	-8	-586,685	-319,456	-261,318
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
1,684	Repayment of Loans	1,918	1,852	-3	1,790	1,766	1,673
12,228	Dividends – Market Gains on Land Sales	8,905	37,793	324	14,668	10,496	11,641
13,912	Total Cash Received from Investments in Financial Assets for Policy Purposes	10,823	39,645	266	16,458	12,262	13,314
Cash Payments							
-3,902	Issue of Loans	-5,142	-64	99	-64	-62	-62
-48,518	Capital Payments to Government Agencies	-37,584	-39,264	-4	-22,737	-20,294	-17,080
-52,420	Total Cash Paid from Investments in Financial Assets for Policy Purposes	-42,726	-39,328	8	-22,801	-20,356	-17,142
-38,508	Net Cash Flows from Investments in Financial Assets for Policy Purposes	-31,903	317	101	-6,343	-8,094	-3,828

Table G.4
Australian Capital Territory
General Government Sector
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Cash Flows from Investments in Financial Assets for Liquidity Purposes						
553,129	Sales of Investments	99,767	420,568	322	132,177	136,670	131,756
-389,115	Purchase of Investments	-246,729	-232,899	6	-299,226	-219,141	-320,693
164,014	Cash Flows from Investments in Financial Assets for Liquidity Purposes	-146,962	187,669	228	-167,049	-82,471	-188,937
-728,269	Net Cash Flows from Investing Activities	-974,610	-672,989	31	-760,077	-410,021	-454,083
	Cash Flows from Financing Activities						
	Cash Receipts						
550,522	Borrowings	837,941	458,394	-45	350,309	24,866	27,167
550,522	Total Cash Received from Financing Activities	837,941	458,394	-45	350,309	24,866	27,167
	Cash Payments						
-15,350	Borrowings	-85,157	-94,617	-11	-107,053	-269,717	-230,062
-15,350	Total Cash Paid from Financing Activities	-85,157	-94,617	-11	-107,053	-269,717	-230,062
535,172	Net Cash Flows from Financing Activities	752,784	363,777	-52	243,256	-244,851	-202,895
-8,157	Net Increase/(Decrease) in Cash Held	25,209	11,144	-56	13,793	15,002	15,566
227,252	Cash and Cash Equivalents at the Beginning of Reporting Period	270,791	296,000	9	307,144	320,937	335,939
219,095	Cash and Cash Equivalents at the End of Reporting Period	296,000	307,144	4	320,937	335,939	351,505
	Key Fiscal Aggregates						
184,940	Net Cash from Operating Activities	247,035	320,356	30	530,614	669,874	672,544
-853,775	Investments in Non-Financial Assets	-795,745	-860,975	-8	-586,685	-319,456	-261,318
-668,835	Cash Surplus (+) / Deficit (-)	-548,710	-540,619	1	-56,071	350,418	411,226
	A positive number denotes a cash inflow, a negative sign denotes a cash outflow.						
	Derivation of ABS GFS Cash Surplus/Deficit						
-668,835	Cash Surplus (+) / Deficit (-)	-548,710	-540,619	1	-56,071	350,418	411,226
-	Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-	-	-
-668,835	ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-548,710	-540,619	1	-56,071	350,418	411,226

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

Table G.5
Australian Capital Territory
Public Trading Enterprise
Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Revenue							
146,651	Government Payment for Outputs	148,223	157,463	6	151,672	142,691	145,165
405	Gains from Contributed Assets	8,805	1,000	-89	-	-	-
Sales of Goods and Services Revenue							
104,308	Revenue from Associates and Joint Ventures	128,230	82,578	-36	83,703	119,447	118,647
452,448	Other Sales of Goods and Services	439,028	471,902	7	483,506	505,353	525,351
16,486	Interest Income	6,709	4,286	-36	3,626	2,477	3,054
0	Distribution from Investments with the Territory Banking Account*	4,246	3,060	-28	2,625	2,659	2,686
Other Revenue							
243,946	Land Revenue (Value Add Component)	196,076	227,672	16	394,479	471,504	378,999
11,569	Other Revenue	21,903	14,479	-34	14,371	14,748	15,180
975,813	Total Revenue	953,220	962,440	1	1,133,982	1,258,879	1,189,082
Expenses							
160,916	Employee Expenses	169,157	173,775	3	173,307	171,629	175,091
18,933	Superannuation Expenses	19,016	19,290	1	19,451	19,637	19,967
66,092	Depreciation and Amortisation	60,180	71,127	18	72,695	75,083	78,191
93,336	Interest Expenses	83,679	86,662	4	92,752	95,579	102,284
70,225	Other Property Expenses (Income Tax Expense)	85,399	79,046	-7	80,631	111,632	105,501
Other Operating Expenses							
156,551	Supplies and Services	234,614	213,826	-9	219,988	222,904	228,394
182,133	Other Operating Expenses	71,987	73,227	2	209,963	238,925	179,078
87,292	Grants Expenses	103,605	109,235	5	98,618	88,262	89,087
835,478	Total Expenses	827,637	826,188	..	967,405	1,023,651	977,593
140,335	UPF Net Operating Balance	125,583	136,252	8	166,577	235,228	211,489
Other Economic Flows – included in the Operating Result							
17,469	Land Revenue (Market Gains on Land Sales)	12,722	53,991	324	20,955	14,995	16,630
-23,582	Net Gain/(Loss) on Sale of Non-Financial Assets	-1,018	-35,591	#	-32,520	-18,618	-18,615
298	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	298	480	61	518	514	512
-1,904	Doubtful Debts	-1,916	-1,966	-3	-2,029	-2,092	-2,165
132,616	Operating Result	135,669	153,166	13	153,501	230,027	207,851

*From 2011-12 interest received from investments with the Territory Banking Account are no longer presented as Interest Income. These amounts are now reflected under the line item Distributions from the Territory Banking Account. This treatment is not reflected in the 2012-13 Budget figures.

Table G.5
Australian Capital Territory
Public Trading Enterprise
Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Items that will not be reclassified subsequently to the Operating Result						
99,625	Increase/(Decrease) in Asset Revaluation Surplus	14,239	121,825	756	124,077	117,526	137,134
232,241	Total Comprehensive Income	149,908	274,991	83	277,578	347,553	344,985
140,335	UPF Net Operating Balance	125,583	136,252	8	166,577	235,228	211,489
	less Net Acquisition of Non-Financial Assets						
258,096	Purchases of Non-Financial Assets	233,296	142,492	-39	154,097	179,726	158,568
-33,055	Sales of Non-Financial Assets	-40,396	-44,229	-9	-43,694	-46,304	-36,694
-27,310	Land Revenue (Net Cash Receipts)	-49,645	-63,438	-28	-23,458	-43,436	-50,353
-66,092	Depreciation and Amortisation	-60,180	-71,127	-18	-72,695	-75,083	-78,191
-57,579	Other Movements in Non-Financial Assets	-49,179	-84,281	-71	-76,425	-65,387	-65,387
74,060	Total Net Acquisition of Non-Financial Assets	33,896	-120,583	-456	-62,175	-50,484	-72,057
66,275	Net Lending / (Borrowing)	91,687	256,835	180	228,752	285,712	283,546
140,335	UPF Net Operating Balance	125,583	136,252	8	166,577	235,228	211,489
140,335	HEADLINE NET OPERATING BALANCE	125,583	136,252	8	166,577	235,228	211,489

Table G.6
Australian Capital Territory
Public Trading Enterprise
Balance Sheet

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Financial Assets						
49,763	Cash and Deposits	113,986	80,234	-30	80,679	131,754	134,329
89,751	Investments, Loans and Placements	64,988	63,418	-2	71,650	85,290	93,089
130,526	Receivables	170,636	203,019	19	208,273	170,829	143,986
625,311	Equity – Investments Accounted for Using the Equity Method	627,480	642,100	2	665,739	693,726	712,465
895,351	Total Financial Assets	977,090	988,771	1	1,026,341	1,081,599	1,083,869
	Non-Financial Assets						
	Produced Assets						
3,323,821	Property, Plant and Equipment	2,850,567	3,303,492	16	3,391,540	3,507,118	3,606,566
24,702	Intangibles	22,593	22,582	..	22,627	22,812	24,214
219,909	Inventories	175,358	232,240	32	208,675	185,370	190,613
4,336	Assets Held for Sale	21,594	21,863	1	22,132	22,401	22,670
134,301	Capital Works-in-Progress	505,695	120,848	-76	121,238	119,340	117,947
	Non-Produced Assets						
3,195,175	Property, Plant and Equipment	3,094,836	3,180,017	3	3,253,371	3,325,417	3,403,183
	Other Non-Financial Assets						
27,551	Deferred Tax Assets	31,499	31,208	-1	31,161	31,113	30,972
6,027	Other Non-Financial Assets	5	8	60	11	14	17
6,935,822	Total Non-Financial Assets	6,702,147	6,912,258	3	7,050,755	7,213,585	7,396,182
7,831,173	Total Assets	7,679,237	7,901,029	3	8,077,096	8,295,184	8,480,051
	Liabilities						
1,439,815	Advances Received	1,468,617	1,503,947	2	1,580,314	1,690,166	1,775,617
	Borrowings						
845	Finance Leases	978	996	2	1,016	1,035	1,054
177,485	Other Employee Benefits and Provisions	183,800	186,293	1	186,992	187,140	187,826
152,975	Payables	84,900	130,509	54	142,424	122,589	103,834
	Other Liabilities						
16,754	Current Tax Liability	24,627	20,824	-15	21,204	28,549	26,767
351,624	Deferred Tax Liability	329,068	329,068	-	329,068	329,068	329,068
2,653	Other Liabilities	62,214	70,250	13	40,088	48,420	46,576
2,142,151	Total Liabilities	2,154,204	2,241,887	4	2,301,106	2,406,967	2,470,742
5,689,022	Net Assets	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309
2,177,395	Accumulated Funds	2,150,143	2,184,427	2	2,199,198	2,215,899	2,221,857
3,501,797	Asset Revaluation Surplus	3,362,050	3,461,875	3	3,563,952	3,659,478	3,774,612
9,830	Other Reserves	12,840	12,840	-	12,840	12,840	12,840
5,689,022	Net Worth	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309
-1,246,800	Net Financial Worth	-1,177,114	-1,253,116	-6	-1,274,765	-1,325,368	-1,386,873
1,301,146	Net Debt	1,290,621	1,361,291	5	1,429,001	1,474,157	1,549,253

Table G.7
Australian Capital Territory
Public Trading Enterprise
Statement of Changes in Equity

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Opening Equity						
2,135,408	Opening Accumulated Funds	2,140,443	2,150,143	..	2,184,427	2,199,198	2,215,899
3,424,172	Opening Asset Revaluation Surplus	3,369,811	3,362,050	..	3,461,875	3,563,952	3,659,478
9,830	Opening Other Reserves	12,840	12,840	-	12,840	12,840	12,840
5,569,410	Opening Balance	5,523,094	5,525,033	..	5,659,142	5,775,990	5,888,217
	Comprehensive Income						
	<i>Included in Accumulated Funds:</i>						
132,616	Operating Result for the Period	135,669	153,166	13	153,501	230,027	207,851
	<i>Included in Asset Revaluation Surplus:</i>						
99,625	Increase/(Decrease) in Asset Revaluation Surplus	14,239	121,825	756	124,077	117,526	137,134
232,241	Total Comprehensive Income	149,908	274,991	83	277,578	347,553	344,985
	Other						
22,000	Transfer to/(from) Accumulated Funds	22,000	22,000	-	22,000	22,000	22,000
-22,000	Movement in Asset Revaluation Surplus	-22,000	-22,000	-	-22,000	-22,000	-22,000
0	Total Other	0	0		0	0	0
	Transactions Involving Owners Affecting Accumulated Funds						
48,518	Capital Injections	37,584	39,264	4	22,737	20,294	17,080
-161,147	Dividends Approved	-185,553	-180,146	3	-183,467	-255,620	-240,973
-112,629	Total Transactions Involving Owners Affecting Accumulated Funds	-147,969	-140,882	5	-160,730	-235,326	-223,893
	Closing Equity						
2,177,395	Closing Accumulated Funds	2,150,143	2,184,427	2	2,199,198	2,215,899	2,221,857
3,501,797	Closing Asset Revaluation Surplus	3,362,050	3,461,875	3	3,563,952	3,659,478	3,774,612
9,830	Closing Other Reserves	12,840	12,840	-	12,840	12,840	12,840
5,689,022	Balance at the End of the Reporting Period	5,525,033	5,659,142	2	5,775,990	5,888,217	6,009,309

Table G.8
Australian Capital Territory
Public Trading Enterprise
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Cash Flows from Operating Activities							
Cash Receipts							
857,456	Receipts from Sales of Goods and Services	748,218	931,981	25	1,038,990	1,224,018	1,141,542
146,651	Grants/Subsidies Received	146,523	157,840	8	151,672	142,691	145,165
16,139	Interest Receipts	6,747	3,912	-42	3,223	4,074	3,055
0	Distributions from Investment with the Territory Banking Account*	4,355	3,185	-27	2,750	2,659	2,686
85,262	Other Receipts	83,643	61,333	-27	92,563	103,242	108,157
1,105,508	Total Cash Received from Operating Activities	989,486	1,158,251	17	1,289,198	1,476,684	1,400,605
Cash Payments							
-188,262	Payments for Employees	-185,700	-194,333	5	-195,367	-195,148	-199,709
-147,518	Payments for Goods and Services	-206,167	-209,667	2	-214,025	-216,374	-219,731
-29,308	Grants and Subsidies Paid	-30,400	-24,115	-21	-22,425	-23,188	-24,188
-86,417	Interest Paid	-83,617	-86,597	4	-92,685	-95,570	-102,274
-455,417	Other Payments	-228,412	-444,329	95	-456,422	-527,347	-476,093
-906,922	Total Cash Paid from Operating Activities	-734,296	-959,041	31	-980,924	-1,057,627	-1,021,995
198,586	Net Cash Flows from Operating Activities	255,190	199,210	-22	308,274	419,057	378,610
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
33,055	Sales of Non-Financial Assets	40,396	44,229	9	43,694	46,304	36,694
-258,096	Purchase of Non-Financial Assets	-233,296	-142,492	-39	-154,097	-179,726	-158,568
-225,041	Net Cash Flows from Investments in Non-Financial Assets	-192,900	-98,263	49	-110,403	-133,422	-121,874
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
48,518	Capital Receipts from Government Agencies	37,584	39,264	4	22,737	20,294	17,080
48,518	Total Cash Received from Investment in Financial Assets for Policy Purposes	37,584	39,264	4	22,737	20,294	17,080
Cash Payments							
-12,228	Dividends – Market Gains on Sales	-8,905	-37,793	324	-14,668	-10,496	-11,641
-12,228	Total Cash Paid from Investment in Financial Assets for Policy Purposes	-8,905	-37,793	324	-14,668	-10,496	-11,641
36,290	Net Cash Flows from Investments in Financial Assets for Policy Purposes	28,679	1,471	-95	8,069	9,798	5,439

*From 2011-12 interest receipts from investments with the Territory Banking Account are no longer presented as Interest Receipts. These amounts are now reflected under the line item Distributions from Investments with the Territory Banking Account. This treatment is not reflected in the 2012-13 Budget figures.

Table G.8
Australian Capital Territory
Public Trading Enterprise
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
188,341	Sales of Investments	189,151	166,949	-12	128,966	128,844	133,298
-60,000	Purchase of Investments	-117,499	-124,499	6	-133,999	-141,299	-140,499
128,341	Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	71,652	42,450	-41	-5,033	-12,455	-7,201
-60,410	Net Cash Flows from Investing Activities	-92,569	-54,342	41	-107,367	-136,079	-123,636
Cash Flows from Financing Activities							
Cash Receipts							
16,814	Borrowings	31,300	49,300	58	90,300	125,300	103,300
16,814	Total Cash Received from Financing Activities	31,300	49,300	58	90,300	125,300	103,300
Cash Payments							
-25,462	Borrowings	-12,196	-13,464	10	-14,560	-16,615	-18,847
-183,833	Dividends Paid	-208,168	-131,828	-37	-196,330	-236,144	-230,078
-97,839	Other Financing	-105,019	-82,561	-21	-80,207	-104,242	-107,157
-307,134	Total Cash Paid from Financing Activities	-325,383	-227,853	-30	-291,097	-357,001	-356,082
-290,320	Net Cash Flows from Financing Activities	-294,083	-178,553	39	-200,797	-231,701	-252,782
-152,144	Net Increase/(Decrease) in Cash Held	-131,462	-33,685	74	110	51,277	2,192
266,256	Cash and Cash Equivalents at the Beginning of Reporting Period	288,516	157,054	-46	123,369	123,479	174,756
114,112	Cash and Cash Equivalents at the End of Reporting Period	157,054	123,369	-21	123,479	174,756	176,948
Key Fiscal Aggregates							
198,586	Net Cash from Operating Activities	255,190	199,210	-22	308,274	419,057	378,610
-225,041	Net Cash Flows from Investments in Non-Financial Assets	-192,900	-98,263	49	-110,403	-133,422	-121,874
-281,672	Distributions Paid	-313,187	-214,389	32	-276,537	-340,386	-337,235
-308,127	Cash Surplus (+) / Deficit (-)	-250,897	-113,442	55	-78,666	-54,751	-80,499
A positive number denotes a cash inflow, a negative sign denotes a cash outflow.							
Derivation of ABS GFS Cash Surplus/Deficit							
-308,127	Cash Surplus (+) / Deficit (-)	-250,897	-113,442	55	-78,666	-54,751	-80,499
-	Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-	-	-
-308,127	ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-250,897	-113,442	55	-78,666	-54,751	-80,499

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

Table G.9
Australian Capital Territory
Consolidated Total Territory
Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Revenue						
1,248,598	Taxation Revenue	1,204,290	1,261,901	5	1,342,730	1,430,494	1,523,163
	Grants Revenue						
1,568,718	Commonwealth Grants	1,653,501	1,793,529	8	1,931,427	1,990,390	2,110,687
18,697	Gains from Contributed Assets	48,759	48,757	..	48,756	48,765	48,776
	Sales of Goods and Services						
104,308	Revenue from Associates and Joint Ventures	128,230	82,578	-36	83,703	119,447	118,647
856,344	Other Sales of Goods and Services	783,360	834,530	7	867,963	901,499	933,244
77,971	Interest Income	72,182	58,178	-19	61,152	62,944	63,412
66,393	Dividend and Income Tax Equivalents Income	66,037	83,526	26	88,259	95,014	101,801
201,646	Land Revenue (Value Add Component)	84,076	134,534	60	372,179	449,204	356,699
112,387	Other Revenue	126,064	134,503	7	136,295	138,985	141,650
4,255,062	Total Revenue	4,166,499	4,432,036	6	4,932,464	5,236,742	5,398,079
	Expenses						
1,688,477	Employee Expenses	1,713,324	1,757,137	3	1,794,760	1,842,011	1,924,703
	Superannuation Expenses						
297,660	Superannuation Interest Cost	264,214	313,777	19	330,007	345,899	361,386
242,668	Other Superannuation Expenses	354,974	251,179	-29	254,816	259,419	269,542
390,580	Depreciation and Amortisation	381,018	409,990	8	433,366	441,333	447,283
124,774	Interest Expenses	125,194	151,611	21	168,314	174,749	173,817
	Other Operating Expenses						
1,013,176	Supplies and Services	1,066,450	1,094,389	3	1,145,342	1,195,046	1,264,735
286,145	Other Operating Expenses	156,000	182,716	17	315,042	350,479	287,982
654,710	Grants Expenses	675,283	708,759	5	704,626	726,211	767,102
4,698,190	Total Expenses	4,736,457	4,869,558	3	5,146,273	5,335,147	5,496,550
-443,128	UPF Net Operating Balance	-569,958	-437,522	23	-213,809	-98,405	-98,471
	Other Economic Flows – included in the Operating Result						
17,469	Land Revenue (Market Gains on Land Sales)	12,722	53,991	324	20,955	14,995	16,630
120,445	Net Land Revenue (Undeveloped Land Value)	56,996	202,846	256	138,323	172,082	160,579
-23,961	Net Gain/(Loss) on Sale of Non-Financial Assets	-22,159	-34,456	-55	-31,126	-16,965	-16,967
77,674	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	247,642	87,440	-65	94,884	101,660	109,426
-5,254	Doubtful Debts	-6,606	-6,336	4	-6,438	-6,576	-6,752
-256,755	Operating Result	-281,363	-134,037	52	2,789	166,791	164,445

Table G.9
Australian Capital Territory
Consolidated Total Territory
Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Items that will not be reclassified subsequently to the Operating Result						
-	Superannuation Prior Year Actuarial Movement	2,776,338	-	-100	-	-	-
-	Prior Year Adjustment	-159	-	100	-	-	-
-1,271	Other Movements	4	5	25	729	889	889
113,229	Increase/(Decrease) in Asset Revaluation Surplus	31,864	141,319	344	147,860	143,193	163,390
571	Increase/(Decrease) in Other Reserves	1,055	1,918	82	-	-	-
-144,226	Total Comprehensive Income	2,527,739	9,205	-100	151,378	310,873	328,724
-443,128	UPF Net Operating Balance	-569,958	-437,522	23	-213,809	-98,405	-98,471
	<i>less Net Acquisition of Non-Financial Assets</i>						
1,178,885	Purchases of Non-Financial Assets	877,715	889,828	1	721,106	479,755	400,382
-37,603	Sales of Non-Financial Assets	-48,112	-46,890	-3	-46,318	-49,177	-39,490
-132,076	Land Revenue (Net Cash Receipts)	-58,983	-204,951	247	-156,803	-243,067	-233,200
-390,580	Depreciation and Amortisation	-381,018	-409,990	8	-433,366	-441,333	-447,283
18,078	Other Movements in Non-Financial Assets	48,500	48,500	-	48,500	48,500	48,500
636,704	<i>Total Net Acquisition of Non-Financial Assets</i>	<i>438,102</i>	<i>276,497</i>	<i>-37</i>	<i>133,119</i>	<i>-205,322</i>	<i>-271,091</i>
-1,079,832	Net Lending / (Borrowing)	-1,008,060	-714,019	29	-346,928	106,917	172,620
-443,128	UPF Net Operating Balance	-569,958	-437,522	23	-213,809	-98,405	-98,471
77,376	Investment Return Differential Adjustment on Superannuation Investments	84,678	86,960	3	94,366	101,146	108,914
-365,752	HEADLINE NET OPERATING BALANCE	-485,280	-350,562	28	-119,443	2,741	10,443

**Table G.10
Australian Capital Territory
Consolidated Total Territory
Balance Sheet**

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Financial Assets							
253,641	Cash and Deposits	409,986	387,378	-6	401,616	467,693	485,834
95,399	Advances Paid	132,921	162,974	23	161,247	155,790	150,122
3,095,667	Investments, Loans and Placements	3,470,186	3,372,692	-3	3,643,013	3,841,287	4,141,779
303,999	Receivables	396,349	364,823	-8	388,846	353,491	340,307
625,311	Investments Accounted for Using the Equity Method	627,480	642,100	2	665,739	693,726	712,465
4,374,017	Total Financial Assets	5,036,922	4,929,967	-2	5,260,461	5,511,987	5,830,507
Non-Financial Assets							
Produced Assets							
13,864,688	Property, Plant and Equipment	13,969,193	14,798,839	6	15,159,639	15,205,274	15,282,777
2,500	Investment Properties	2,400	2,400	-	2,400	2,400	2,400
103,419	Intangibles	52,238	79,312	52	90,929	86,235	72,672
231,379	Inventories	163,477	220,675	35	197,425	174,435	179,993
5,471	Assets Held for Sale	22,619	22,867	1	23,115	23,364	23,613
913,491	Capital Works-in-Progress	1,103,742	799,395	-28	733,877	773,770	710,926
Non-Produced Assets							
5,801,115	Property, Plant and Equipment	5,598,987	5,886,014	5	6,071,305	6,260,890	6,462,070
32,045	Biological Assets	28,429	28,429	-	28,429	28,429	28,429
27	Other Non-Financial Assets	5	8	60	11	14	17
20,954,135	Total Non-Financial Assets	20,941,090	21,837,939	4	22,307,130	22,554,811	22,762,897
25,328,152	Total Assets	25,978,012	26,767,906	3	27,567,591	28,066,798	28,593,404
Liabilities							
15,217	Deposits Held	15,657	15,657	-	15,657	15,657	15,657
171,444	Advances Received	168,036	159,863	-5	151,554	143,134	134,618
Borrowings							
24,976	Finance Leases	23,214	22,261	-4	21,528	20,841	20,080
2,446,296	Other Borrowings	2,726,618	3,166,519	16	3,497,658	3,370,624	3,260,838
5,104,731	Superannuation	5,098,092	5,373,329	5	5,643,024	5,906,233	6,160,183
673,424	Other Employee Benefits and Provisions	685,577	715,130	4	742,297	769,038	795,797
742,371	Payables	612,706	641,427	5	698,807	733,137	769,178
40,173	Other Liabilities	28,143	44,546	58	16,514	16,709	16,904
9,218,632	Total Liabilities	9,358,043	10,138,732	8	10,787,039	10,975,373	11,173,255
16,109,520	Net Assets	16,619,969	16,629,174	..	16,780,552	17,091,425	17,420,149
7,850,876	Accumulated Funds	7,964,916	7,852,884	-1	7,878,402	8,068,082	8,255,416
8,250,745	Asset Revaluation Surplus	8,644,082	8,763,401	1	8,889,261	9,010,454	9,151,844
7,899	Other Reserves	10,971	12,889	17	12,889	12,889	12,889
16,109,520	Net Worth	16,619,969	16,629,174	..	16,780,552	17,091,425	17,420,149
-4,844,615	Net Financial Worth	-4,321,121	-5,208,765	-21	-5,526,578	-5,463,386	-5,342,748
5,469,926	Net Financial Liabilities	4,948,601	5,850,865	18	6,192,317	6,157,112	6,055,213
-786,774	Net Debt (including Superannuation related Investments)	-1,079,568	-558,744	48	-519,479	-914,514	-1,346,542
1,718,367	Net Debt (excluding Superannuation related Investments)	1,498,578	2,208,435	47	2,451,054	2,274,630	2,077,666

Table G.11
Australian Capital Territory
Consolidated Total Territory
Statement of Changes in Equity

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Opening Equity						
8,086,902	Opening Accumulated Funds	5,448,096	7,964,916	46	7,852,884	7,878,402	8,068,082
8,159,516	Opening Asset Revaluation Surplus	8,634,218	8,644,082	..	8,763,401	8,889,261	9,010,454
7,328	Opening Other Reserves	9,916	10,971	11	12,889	12,889	12,889
16,253,746	Opening Balance	14,092,230	16,619,969	18	16,629,174	16,780,552	17,091,425
	Comprehensive Income						
	<i>Included in Accumulated Funds:</i>						
-256,755	Operating Result for the Period	-281,363	-134,037	52	2,789	166,791	164,445
-	Superannuation Prior Year Actuarial Movement	2,776,338	-	-100	-	-	-
-1,271	Other Movements	-155	5	103	729	889	889
	<i>Included in Asset Revaluation Surplus:</i>						
113,229	Increase/(Decrease) in Asset Revaluation Surplus	31,864	141,319	344	147,860	143,193	163,390
	<i>Included in Other Reserves:</i>						
571	Increase/(Decrease) in Other Reserves	1,055	1,918	82	-	-	-
-144,226	Total Comprehensive Income	2,527,739	9,205	-100	151,378	310,873	328,724
	Other						
22,000	Transfer to/(from) Accumulated Funds	22,000	22,000	-	22,000	22,000	22,000
-22,000	Movement in Asset Revaluation Surplus	-22,000	-22,000	-	-22,000	-22,000	-22,000
0	Total Other	0	0	-	0	0	0
	Closing Equity						
7,850,876	Closing Accumulated Funds	7,964,916	7,852,884	-1	7,878,402	8,068,082	8,255,416
8,250,745	Closing Asset Revaluation Surplus	8,644,082	8,763,401	1	8,889,261	9,010,454	9,151,844
7,899	Closing Other Reserves	10,971	12,889	17	12,889	12,889	12,889
16,109,520	Balance at the End of the Reporting Period	16,619,969	16,629,174	..	16,780,552	17,091,425	17,420,149

Table G.12
Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Cash Flows from Operating Activities							
Cash Receipts							
1,249,784	Taxes Received	1,205,668	1,270,288	5	1,352,123	1,440,985	1,532,841
1,171,397	Receipts from Sales of Goods and Services	914,388	1,150,102	26	1,365,170	1,561,518	1,492,435
1,568,158	Grants/Subsidies Received	1,649,485	1,786,440	8	1,923,767	1,982,645	2,105,260
79,285	Interest Receipts	77,577	54,926	-29	60,632	64,414	63,285
0	Dividends*	68,380	87,550	28	92,524	99,595	106,722
488,092	Other Receipts	418,325	394,832	-6	423,943	436,317	445,122
4,556,716	Total Cash Received from Operating Activities	4,333,823	4,744,138	9	5,218,159	5,585,474	5,745,665
Cash Payments							
-1,949,207	Payments for Employees	-1,955,117	-2,042,216	4	-2,104,957	-2,181,994	-2,300,764
-937,067	Payments for Goods and Services	-957,301	-988,945	3	-1,028,122	-1,078,350	-1,138,339
-668,539	Grants and Subsidies Paid	-673,352	-723,659	7	-720,191	-742,933	-786,247
-116,320	Interest Paid	-120,705	-150,969	25	-167,699	-174,202	-173,283
-721,263	Other Payments	-597,352	-649,472	9	-657,139	-681,750	-655,413
-4,392,396	Total Cash Paid from Operating Activities	-4,303,827	-4,555,261	6	-4,678,108	-4,859,229	-5,054,046
164,320	Net Cash Flows from Operating Activities	29,996	188,877	530	540,051	726,245	691,619
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
37,603	Sales of Non-Financial Assets	48,112	46,890	-3	46,318	49,177	39,490
-1,178,885	Purchase of Non-Financial Assets	-877,715	-889,828	1	-721,106	-479,755	-400,382
-1,141,282	Net Cash Flows from Investments in Non-Financial Assets	-829,603	-842,938	-2	-674,788	-430,578	-360,892
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
1,684	Repayment of Loans	1,918	1,852	-3	1,790	1,766	1,673
1,684	Total Cash Received from Investment in Financial Assets for Policy Purposes	1,918	1,852	-3	1,790	1,766	1,673
Cash Payments							
-3,902	Issue of Loans	-5,142	-64	-99	-64	-62	-62
-3,902	Total Cash Paid from Investment in Financial Assets for Policy Purposes	-5,142	-64	-99	-64	-62	-62
-2,218	Net Cash Flows from Investments in Financial Assets for Policy Purposes	-3,224	1,788	155	1,726	1,704	1,611

* From 2011-12 dividends on superannuation investments have been reclassified from other receipts to dividends. This treatment is not reflected in the 2012-13 Budget figures.

Table G.12
Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Cash Flows from Investments in Financial Assets for Liquidity Purposes						
583,971	Sales of Investments	150,667	525,854	249	194,643	191,714	192,054
-291,724	Purchase of Investments	-158,478	-295,735	87	-366,725	-286,640	-388,192
292,247	Cash Flows from Investments in Financial Assets for Liquidity Purposes	-7,811	230,119	#	-172,082	-94,926	-196,138
-851,253	Net Cash Flows from Investing Activities	-840,638	-611,031	27	-845,144	-523,800	-555,419
	Cash Flows from Financing Activities						
	Cash Receipts						
550,367	Borrowings	821,566	440,671	-46	331,438	4,054	4,269
550,367	Total Cash Received from Financing Activities	821,566	440,671	-46	331,438	4,054	4,269
	Cash Payments						
-23,735	Borrowings	-49,678	-41,058	-17	-12,442	-140,220	-122,711
-23,735	Total Cash Paid from Financing Activities	-49,678	-41,058	-17	-12,442	-140,220	-122,711
526,632	Net Cash Flows from Financing Activities	771,888	399,613	-48	318,996	-136,166	-118,442
-160,301	Net Increase/(Decrease) in Cash Held	-38,754	-22,541	42	13,903	66,279	17,758
493,508	Cash and Cash Equivalents at the Beginning of Reporting Period	491,810	453,054	-8	430,513	444,416	510,695
333,207	Cash and Cash Equivalents at the End of Reporting Period	453,054	430,513	-5	444,416	510,695	528,453
	Key Fiscal Aggregates						
164,320	Net Cash from Operating Activities	29,996	188,877	530	540,051	726,245	691,619
-1,141,282	Investments in Non-Financial Assets	-829,603	-842,938	-2	-674,788	-430,578	-360,892
-976,962	Cash Surplus (+) / Deficit (-)	-799,607	-654,061	18	-134,737	295,667	330,727
	A positive number denotes a cash inflow, a negative sign denotes a cash outflow.						
	Derivation of ABS GFS Cash Surplus/Deficit						
-976,962	Cash Surplus (+) / Deficit (-)	-799,607	-654,061	18	-134,737	295,667	330,727
-	Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-	-	-
-976,962	ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-799,607	-654,061	18	-134,737	295,667	330,727

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

**Table G.13
General Government Sector Taxes**

	2012-13 Est.Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Taxes on Employers' Payroll and Labour Force					
Taxes on Property	327,270	347,578	372,936	400,521	429,720
Land Taxes	69,549	72,888	76,268	79,731	83,281
Stamp Duties on Financial and Capital Transactions	-	-	-	-	-
Financial Institutions' Transactions Taxes	-	-	-	-	-
Other	535,301	572,544	626,639	679,575	741,820
Total Taxes on Property	604,850	645,432	702,907	759,306	825,101
Taxes on the Provision of Goods and Services					
Excises and Levies	-	-	-	-	-
Taxes on Gambling	53,553	53,338	54,629	55,953	57,334
Taxes on Insurance	64,471	55,309	45,102	33,746	21,156
Total Taxes on the Provisions of Goods and Services	118,024	108,647	99,731	89,699	78,490
Taxes on Use of Goods and Performance of Activities					
Motor Vehicle Taxes	129,716	134,220	140,729	147,608	154,773
Franchise Taxes	-	-	-	-	-
Other	56,546	62,811	67,542	73,433	76,247
Total Taxes on Use of Goods and Performance of Activities	186,262	197,031	208,271	221,041	231,020
Total Taxation Revenue	1,236,406	1,298,688	1,383,845	1,470,567	1,564,331

Note: Numbers may not add due to rounding.

**Table G.14
General Government Sector Grant Revenue**

	2012-13 Est.Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Current Grant Revenue					
Current Grants from the Commonwealth					
GST Revenue and Municipal Grant	1,007,432	1,059,295	1,117,108	1,183,534	1,248,134
Non Government School Grants	149,398	164,119	170,800	181,690	193,314
Other Contributions and Grants	471,811	503,904	557,067	593,626	654,018
Total Current Grant Revenue	1,628,641	1,727,318	1,844,975	1,958,850	2,095,466
Capital Grant Revenue					
Capital Grants from the Commonwealth					
Non Government School Grants	3,269	498	1,624	1,928	3,424
Other Contributions and Grants	129,834	201,261	211,509	145,264	127,460
Total Capital Grant Revenue	133,103	201,759	213,133	147,192	130,884
Total Grant Revenue	1,761,744	1,929,077	2,058,108	2,106,042	2,226,350

Note: Numbers may not add due to rounding.

**Table G.15
General Government Sector Grant Expense**

	2012-13 Est.Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Current Grant Expense					
Private and Not-for-Profit Sector	169,843	192,959	189,096	190,366	200,180
Non Government School Grants	149,398	164,119	170,800	181,690	193,314
Grants to Other Sectors of Government	425,725	455,203	451,593	451,221	472,185
Total Current Grant Expense	744,966	812,281	811,489	823,277	865,679
Capital Grant Expense					
Private and Not-for-Profit Sector	17,379	16,947	8,112	7,620	5,932
Non Government School Grants	3,269	498	1,624	1,928	3,424
Grants to Other Sectors of Government	8,805	1,000	0	0	0
Total Capital Grant Expense	29,453	18,445	9,736	9,548	9,356
Total Grant Expense	774,419	830,726	821,225	832,825	875,035

Note: Numbers may not add due to rounding.

Table G.16
General Government Sector Dividend and
Income Tax Equivalent Income

	2012-13	2013-14	2014-15	2015-16	2016-17
	Est.Outcome	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Dividend from PNFC Sector	176,648	142,353	168,799	245,124	229,332
Dividends from Superannuation Investments	66,037	83,526	88,259	95,014	101,801
Income Tax Equivalent	78,360	78,758	80,587	110,587	105,375
Total GGS Dividend and Income Tax Equivalent Income	321,045	304,637	337,645	450,725	436,508

Note: Numbers may not add due to rounding.

**Table G.17
General Government Sector Expenses by Function**

		2012-13	2013-14	2014-15	2015-16	2016-17
		Est.Outcome	Budget	Estimate	Estimate	Estimate
		\$'000	\$'000	\$'000	\$'000	\$'000
01	General Public Services	576,765	507,930	563,210	605,784	633,977
03	Public Order and Safety	371,795	385,899	387,999	390,041	397,009
04	Education	907,517	946,824	963,767	993,005	1,031,633
05	Health	1,131,793	1,196,222	1,263,324	1,348,483	1,453,595
06	Social Security	218,416	230,793	228,888	221,364	226,724
07	Housing and Community Amenities	194,805	183,324	169,996	153,908	151,834
08	Recreation and Culture	151,053	160,266	157,828	155,717	160,362
09	Fuel and Energy	25,682	22,421	22,505	21,591	21,720
10	Agriculture, Forestry, Fishing and Hunting	3,799	4,215	4,189	4,239	4,297
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	34,578	12,831	11,638	10,667	10,733
12	Transport and Communications	262,625	281,951	280,526	272,406	275,480
13	Other Economic Affairs	82,083	89,786	72,264	69,433	70,784
14	Other Purposes	463,431	555,414	587,333	613,595	630,429
Total Expenses		4,424,341	4,577,876	4,713,467	4,860,234	5,068,575

Note: Numbers may not add due to rounding.

**Table G.18
General Government Sector Expenses by Function**

		2012-13	2013-14	2014-15	2015-16	2016-17
		Est.Outcome	Budget	Estimate	Estimate	Estimate
		\$'000	\$'000	\$'000	\$'000	\$'000
01	General Public Services	576,765	507,930	563,210	605,784	633,977
011	Government Superannuation Benefits	13	22	22	23	23
019	Other General Public Services	576,752	507,908	563,188	605,761	633,954
03	Public Order and Safety	371,795	385,899	387,999	390,041	397,009
031	Police and Fire Protection Services	200,766	206,564	208,934	210,209	213,871
0311	<i>Police Services</i>	148,215	152,276	154,640	155,660	158,037
0312	<i>Fire Protection Services</i>	52,551	54,288	54,294	54,549	55,834
032	Law Courts and Legal Services	84,737	88,945	89,301	90,324	92,379
033	Prisons and Corrective Services	60,250	62,812	62,207	61,930	62,993
039	Other Public Order and Safety	26,042	27,577	27,556	27,578	27,765
04	Education	907,517	946,824	963,767	993,005	1,031,633
041	Primary and Secondary Education	745,357	781,591	797,727	824,386	858,565
0411	<i>Primary Education</i>	367,277	385,104	393,635	406,955	423,885
0412	<i>Secondary Education</i>	378,081	396,487	404,092	417,430	434,681
0419	<i>Primary and Secondary Education n.e.c.</i>	0	0	0	0	0
042	Tertiary Education	100,374	100,092	101,587	102,936	105,060
0421	<i>University Education</i>	7,319	7,615	8,086	8,657	9,370
0422	<i>Technical and Further Education</i>	93,055	92,477	93,501	94,279	95,690
0429	<i>Tertiary Education n.e.c.</i>	0	0	0	0	0
043	Pre-School Education and Education not Definable by Level	55,041	57,388	58,130	59,779	62,088
0431	<i>Pre-School Education</i>	32,788	34,289	34,839	35,913	37,353
0432	<i>Special Education</i>	22,253	23,099	23,292	23,866	24,735
0439	<i>Other Education not Definable by Level</i>	0	0	0	0	0
044	Transportation of Students	6,744	7,754	6,323	5,904	5,920
0441	<i>Transportation of Non-Urban School Children</i>	0	0	0	0	0
0449	<i>Transportation of Other Students</i>	6,744	7,754	6,323	5,904	5,920
049	Education n.e.c.	0	0	0	0	0
05	Health	1,131,793	1,196,222	1,263,324	1,348,483	1,453,595
051	Acute Care Institutions	826,270	877,377	928,667	994,327	1,075,597
0511	<i>Admitted Patient Services in Acute Care Institutions</i>	589,195	625,150	661,804	708,557	766,450
0512	<i>Non-Admitted Patient Services in Acute Care Institutions</i>	237,076	252,227	266,862	285,769	309,147
052	Mental Health Institutions	7,843	8,169	8,681	9,289	10,048
053	Nursing Homes for the Aged	596	615	654	703	756
054	Community Health Services	193,247	200,553	210,395	221,961	236,931
0541	<i>Community Mental Health</i>	59,137	61,545	65,079	69,177	74,291
0542	<i>Patient Transport</i>	31,376	32,193	32,446	32,888	33,917
0549	<i>Other Community Health Services</i>	102,735	106,815	112,870	119,895	128,722
055	Public Health Services	56,109	60,077	62,920	66,406	70,620
056	Pharmaceutical, Medical Aids and Appliances	27,000	27,579	29,111	31,639	34,028
057	Health Research	8,695	9,013	9,553	10,243	11,100
059	Health Administration n.e.c.	12,033	12,840	13,342	13,915	14,514

**Table G.18
General Government Sector Expenses by Function**

		2012-13	2013-14	2014-15	2015-16	2016-17
		Est.Outcome	Budget	Estimate	Estimate	Estimate
		\$'000	\$'000	\$'000	\$'000	\$'000
06	Social Security	218,416	230,793	228,888	221,364	226,724
061	Social Security	0	0	0	0	0
062	Welfare Services	216,270	228,512	226,622	219,083	224,382
0621	<i>Family and Children Services</i>	91,626	92,800	91,918	85,646	86,630
0622	<i>Welfare Services for the Aged</i>	22,994	23,795	24,659	25,590	26,811
0623	<i>Welfare Services for People with a Disability</i>	81,624	91,434	89,648	87,366	90,090
0629	<i>Welfare Services n.e.c.</i>	20,026	20,483	20,398	20,481	20,851
069	Social Security and Welfare n.e.c.	2,145	2,282	2,266	2,281	2,342
07	Housing and Community Amenities	194,805	183,324	169,996	153,908	151,834
071	Housing and Community Development	161,271	142,279	129,666	125,230	122,031
0711	<i>Housing</i>	78,877	66,019	55,819	53,557	50,525
0712	<i>Aboriginal Community Development</i>	0	0	0	0	0
0719	<i>Other Community Development</i>	82,394	76,260	73,847	71,673	71,506
072	Water Supply	13,627	14,414	13,641	13,843	14,215
0721	<i>Aboriginal Community Water Supply</i>	0	0	0	0	0
0729	<i>Other Water Supply</i>	13,627	14,414	13,641	13,843	14,215
073	Sanitation and Protection of the Environment	7,934	13,827	13,820	1,677	2,073
0731	<i>Aboriginal Community Sanitation</i>	0	0	0	0	0
0739	<i>Other Sanitation and Protection of the Environment</i>	7,934	13,827	13,820	1,677	2,073
079	Other Community Amenities	11,974	12,804	12,869	13,158	13,514
0791	<i>Aboriginal Community Amenities</i>	0	0	0	0	0
0799	<i>Other Community Amenities</i>	11,974	12,804	12,869	13,158	13,514
08	Recreation and Culture	151,053	160,266	157,828	155,717	160,362
081	Recreation Facilities and Services	106,457	112,382	110,459	109,827	113,675
0811	<i>National Parks and Wildlife</i>	9,861	8,833	8,697	8,671	8,852
0819	<i>Recreation Facilities and Services n.e.c.</i>	96,596	103,549	101,762	101,156	104,823
082	Cultural Facilities and Services	44,500	47,743	47,234	45,888	46,686
083	Broadcasting and Film Production	0	0	0	0	0
089	Recreation and Culture n.e.c.	96	141	135	1	1
09	Fuel and Energy	25,682	22,421	22,505	21,591	21,720
091	Fuel Affairs and Services	59	58	65	67	68
0911	<i>Gas</i>	59	58	65	67	68
0919	<i>Fuel Affairs and Services n.e.c.</i>	0	0	0	0	0
092	Electricity and Other Energy	10,177	10,023	11,157	11,435	11,719
0921	<i>Aboriginal Community Electricity</i>	0	0	0	0	0
0922	<i>Other Electricity</i>	10,177	10,023	11,157	11,435	11,719
0929	<i>Other Energy</i>	0	0	0	0	0
099	Fuel and Energy n.e.c.	15,446	12,340	11,283	10,089	9,932
10	Agriculture, Forestry, Fishing and Hunting	3,799	4,215	4,189	4,239	4,297
101	Agriculture	2,068	2,325	2,340	2,339	2,339
102	Forestry, Fishing and Hunting	1,731	1,890	1,849	1,900	1,957
11	Mining and Mineral Resources other than Fuels, Manufacturing and Construction	34,578	12,831	11,638	10,667	10,733
111	Mining and Mineral Resources other than Fuels	0	0	0	0	0
112	Manufacturing	0	0	0	0	0
113	Construction	34,578	12,831	11,638	10,667	10,733

**Table G.18
General Government Sector Expenses by Function**

	2012-13 Est.Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	
12	Transport and Communications	262,625	281,951	280,526	272,406	275,480
121	Road Transport	262,558	278,906	277,442	269,280	272,311
1211	Aboriginal Community Transport	0	0	0	0	0
1212	Road Maintenance	165,872	171,577	175,272	176,457	177,951
1213	Road Rehabilitation	0	0	0	0	0
1214	Road Construction	0	0	0	0	0
1219	Road Transport n.e.c.	96,686	107,329	102,170	92,823	94,360
122	Water Transport	0	0	0	0	0
1221	Aboriginal Community Water	0	0	0	0	0
1222	Urban Water Transport Services	0	0	0	0	0
1223	Non-Urban Water Transport Services	0	0	0	0	0
123	Rail Transport	0	2,978	3,017	3,059	3,101
1231	Urban Rail Transport Services	0	2,978	3,017	3,059	3,101
1232	Non-Urban Rail Transport Freight Services	0	0	0	0	0
1233	Non-Urban Rail Transport Passengers Services	0	0	0	0	0
124	Air Transport	0	0	0	0	0
1241	Aboriginal Community Air Transport	0	0	0	0	0
1249	Other Air Transport Services	0	0	0	0	0
125	Pipelines	0	0	0	0	0
128	Other Transport	0	0	0	0	0
1281	Multi-Mode Urban Transport	0	0	0	0	0
1289	Other Transport n.e.c.	0	0	0	0	0
129	Communication	67	67	67	67	68
13	Other Economic Affairs	82,083	89,786	72,264	69,433	70,784
131	Storage, Saleyards and Markets	0	0	0	0	0
132	Tourism and Area Promotion	32,112	41,433	29,614	27,479	26,554
133	Labour and Employment Affairs	33,717	31,044	25,249	25,535	27,558
1331	Vocational Training	31,504	31,044	25,249	25,535	27,558
1339	Other Labour and Employment Affairs	2,213	0	0	0	0
139	Other Economic Affairs	16,255	17,309	17,401	16,420	16,672
14	Other Purposes	463,431	555,414	587,333	613,595	630,429
141	Public Debt Transactions	390,093	465,796	498,734	520,406	531,916
142	General Purpose Inter-Government Transactions	73,126	89,362	88,335	92,919	98,243
143	Natural Disaster Relief	0	0	0	0	0
149	Other Purposes n.e.c.	212	256	264	270	270
	Total Expenses	4,424,341	4,577,876	4,713,467	4,860,234	5,068,575

Note: Numbers may not add due to rounding.

Table G.19
General Government Sector
Purchases of Non-Financial Assets by Function

		2012-13	2013-14	2014-15	2015-16	2016-17
		Est.Outcome	Budget	Estimate	Estimate	Estimate
		\$'000	\$'000	\$'000	\$'000	\$'000
01	General Public Services	167,182	179,509	199,810	185,652	180,632
03	Public Order and Safety	29,293	41,546	14,625	5,607	4,263
04	Education	124,839	85,594	34,120	24,937	25,022
05	Health	161,056	200,777	104,906	26,959	16,978
06	Social Security	7,217	6,514	963	768	784
07	Housing and Community Amenities	25,384	21,962	12,662	7,975	6,351
08	Recreation and Culture	89,822	114,430	68,973	20,743	10,767
09	Fuel and Energy	0	0	0	0	0
	Agriculture, Forestry, Fishing and	0	0	0	0	0
10	Hunting					
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	49,505	72,416	42,669	8,002	2,307
12	Transport and Communications	145,634	136,949	108,889	40,097	15,483
13	Other Economic Affairs	1,531	2,339	1,691	1,588	1,527
14	Other Purposes	1,998	1,601	0	0	0
Purchases of Non-Financial Assets		803,461	863,636	589,309	322,329	264,114

Note: Numbers may not add due to rounding.

Loan Council Allocation

The ACT's Loan Council Allocation (LCA) agreed to at the 2013 Loan Council meeting was \$427 million, based on an accrual Government Finance Statistics cash surplus of \$402 million.

The nomination established a tolerance limit for the Budget-time estimate of between \$329 million and \$525 million (+/- 2 per cent of total public sector receipts).

The Budget-time estimate has been revised to \$642 million, and now exceeds the upper LCA nomination tolerance limit by \$117 million. The variance largely reflects the impact of Government policy decisions and a decrease in taxation receipts associated with a softening housing market.

Table G.20
Loan Council Allocations

	Loan Council Nomination \$'m	Budget-Time Estimate \$'m
	356	540
	46	113
	402	653
	0	0
equals	402	653
less	2	2
	400	651
<i>plus</i>	27	-9
Loan Council Allocation	427	642

Notes:

- (a) Cash surplus/deficits and finance leases are displayed with the opposite sign to that under which they are reported in cash flow statements. That is, a surplus is displayed as a negative number and vice versa.
- (b) May not directly equate to the sum of the General Government Sector (GGS) and Public Non Financial Corporation (PNFC) sector cash surplus/deficit due to intersectoral transfers which are netted out, and or rounding.
- (c) Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as which they are reported in cash flow statements.
- (d) Memorandum items are used to adjust the ABS GFS cash surplus/deficit to include in LCA's transactions – such as operating leases - that have many of the characteristics of public sector borrowings, but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the ABS GFS cash surplus/deficit transactions that Loan Council has agreed should not be included in LCAs, for example, the funding of more than employers emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities. Memorandum items also include the net surplus/deficit of public Universities in the jurisdiction controlled by the Government. For ACT, University of Canberra has been included to reflect its financing requirement.

Tolerance Limit

Nomination – 2 per cent public sector receipts (\$4.915 billion) +/- \$98 million
Budget – 2 per cent of public sector receipts (\$4.744 billion) +/- \$95 million.

APPENDIX H

GLOSSARY AND ABBREVIATIONS

GLOSSARY & ABBREVIATIONS

Accountability Indicators

A measure of an agency's effectiveness and efficiency in delivering its outputs. These indicators are subject to audit and may be measures of outcomes, outputs or inputs.

Accounting Policy

Specific accounting principles and practices applied in preparing and presenting financial statements.

Accrual Accounting

The recognition of income, expenses, assets, liabilities and equity when an economic transaction occurs giving rise to a movement of resources, irrespective of the timing of any related movement in cash.

Accrued Expenses

Expenses incurred during the accounting period that are yet to be paid at the end of the reporting period. The expenses are expected to be paid in the next accounting period.

Accrued Income

Income earned during the accounting period, but not yet received by the end of the reporting period. The income is expected to be received in a future accounting period.

Accumulated Amortisation

This is the total accumulation of amortisation expenses at a given point in time, charged for intangible assets (refer to Amortisation).

Accumulated Depreciation

This is the total accumulation of depreciation expenses at a given point in time, charged for a particular depreciable asset or class of assets (refer to Depreciation).

Accumulated Funds

Represents the capital the Government has injected into an agency, less any capital distributions to Government, plus the surpluses and deficits accumulated in an agency as a result of operations. For directorates, capital injections and distributions may occur as a result of a change in administrative arrangements.

Agency

This term is defined as an ACT Government directorate, a Territory authority or a Territory-owned Corporation.

Amortisation

The systematic allocation of the cost of an intangible asset over its useful life. The term amortisation is often used interchangeably with the term depreciation. However, depreciation is used in relation to non current assets that have physical substance (for example property, plant and equipment), while amortisation is used in relation to intangible non current assets.

Appropriation

The maximum amount of public money authorised by the ACT Legislative Assembly under a legislative authority for transfer from the Territory Banking Account to an agency.

Assets

Future economic benefits, or service potential, controlled by an agency as a result of past transactions or other events.

Asset Classes

A grouping of assets of a similar nature and use in the operation of an agency.

Australian Accounting Standards (The Standards)

The accounting and reporting framework issued and maintained by the Australian Accounting Standards Board (AASB). The Standards prescribe the acceptable methods of measuring and recording accounting transactions and the required level of disclosure of those transactions in financial statements.

Australian Business Number (ABN)

A unique identifier for all business dealings with the Australian Taxation Office and for future dealings with other government agencies.

Budget Papers

These accompany an Appropriation Bill and contain detailed information on the Budget, as well as explanatory material on the context of the Budget.

Capital

The accumulated wealth that an agency is responsible for, resulting from Government contributions as owner and the retained earnings in the agency.

Capital Expenditure

Funds expended in the course of adding to the future economic benefits provided by an asset as a result of a physical addition, improvement or extension of the useful life of the asset. Capital expenditure also includes the purchase or development of new assets.

Capital Grants

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another. Cash is transferred to enable the recipient to acquire another asset or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.

Capital Injections

The means by which the Government injects funds into an agency for purposes such as the purchase or development of assets, the payment of debt, or to increase an agency's working capital. On occasion capital injections may be repayable, in which case the terms of these loans are outlined in the budget papers.

Capital Upgrades

Activities and minor works intended to extend the effective useful life of an existing asset, or improve an asset's service potential. They may also include works for ongoing programs vital to an agency's service delivery objectives.

Capital upgrades do not include ongoing repairs and maintenance which do not extend the useful life of an asset and are funded through an agency's recurrent appropriation.

Capital Works Capital

Capital works are defined as:

- the creation of a new Territory asset, including new construction projects, and additions to assets;
- alterations to buildings and other assets;
- demolition work;
- furniture and fittings, equipment or plant which are provided as an integral component in the construction and upgrade of buildings or works;
- work which significantly increases the service delivery capability of an asset, for example the major reconstruction of roads and bridges;
- design fees; and
- site testing and field investigations related to an approved capital works proposal or project.

Cash

Comprises cash on hand and demand deposits.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Cash Flows

Inflows and outflows of cash and cash equivalents.

Cash Surplus / Deficit

The net cash received from operating activities less net sales and purchases of non-financial assets. A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of the capital works program. This measure is located at the bottom of the consolidated harmonised Cash Flow Statement.

Commitment

A firm intention (usually represented by a contractual obligation) at the end of the reporting period which will give rise to a future payment or sacrifice of service potential or benefits.

Commonwealth Grants

Includes general revenue in the form of Goods and Services Tax (GST) grants from the Commonwealth Government for the purpose of contributing to the financing of the current operations of the recipient. This is in addition to monies received for specific purposes, where the Commonwealth Government wishes to have some involvement in the direction of the expenditure. These take the form of either Specific Purpose Payments or National Partnership Payments. Grants are also received for on-passing to third parties (for example to non government schools), where the Territory has no discretion in their allocation.

Commonwealth Grants Commission (CGC)

Established by the Commonwealth Government in 1933, the CGC is a statutory authority whose main function is to recommend GST relativities to the Commonwealth Government concerning the distribution of the GST pool among the States and Territories in accordance with the principles of Horizontal Fiscal Equalisation (HFE).

Consumer Price Index (CPI)

The CPI measures the changes in the price of a fixed basket of goods and services, acquired by household consumers who are resident in the eight State/Territory capital cities.

Controlled Items

They are items over which the directorate or agency has discretion, responsibility and authority. An item is considered to be a controlled item if the directorate or agency has:

- capacity to benefit from the use of the asset or funds in the pursuit of its objectives and to deny or regulate the access of others to those assets or funds; or
- discretion and responsibility for how the funds are spent; or
- expended funds, incurred a liability, or received free services, related to the operations under its control.

Council for the Australian Federation (CAF)

Established by State Premiers and Chief Ministers in October 2006 to support and enhance collaborative federalism by providing an intergovernmental forum for State and Territory leaders to work together on issues of importance.

Council of Australian Governments (COAG)

The peak intergovernmental forum in Australia comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). Its role includes initiating, developing, endorsing and monitoring the implementation of policy reforms of national significance which require cooperative action by Australian Governments.

Current Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised or is intended for sale or consumption in the agency's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or a cash equivalent.

Current Grant Expenses

Payments of a current nature to individuals or organisations for general assistance or a particular purpose that, by virtue of their payment, contribute to the achievement of the program's objectives.

Current Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the agency's normal operation cycle; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- the agency does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Debt

A legal obligation to make payments of principal and (in some cases) interest according to a predetermined schedule. Debt includes obligations arising from loans (including advances from the Commonwealth Government), bonds, notes and other securities on issue, the capitalised value of outstanding lease commitments under finance lease arrangements, supplier/buyer credits, bank overdrafts, and deferred contract payments.

Debt Servicing

Payments of interest and repayments of principal associated with borrowings and Commonwealth Government advances.

Depreciation Expense

The systematic allocation of the cost of a non current asset that has a physical substance less its residual value over the remainder of its useful life.

Directorate (previously Department)

The term used to define the functional units of the ACT Public Service.

Dividend

A portion of a corporation's after tax earnings paid to shareholders.

Employee

An employee is a natural person who receives benefits in exchange for services provided to an employer.

Employee Benefits

Benefits that employees accumulate as a result of providing their services to an employer up to the reporting date. These may include, but are not limited to, annual leave, long service leave, superannuation benefits and other post employment benefits.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurred liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

The whole of government harmonised Operating Statement expenses include all mutually agreed transactions that decrease net worth, in accordance with Government Finance Statistics (GFS) principles.

Finance Lease

A finance lease transfers from the lessor to the lessee substantially all the risks and rewards incidental to the ownership of an asset. Title may or may not eventually be transferred.

Financial Assets

Assets that derive value because of a contractual claim.

First Home Owner Boost Scheme (FHOB)

The FHOB supplements the First Home Owner Grant Scheme (FHOG). The FHOB was funded by the Commonwealth Government and applied to contracts entered into on or before 31 December 2009. The FHOB does not apply to contracts made after 31 December 2009.

First Home Owner Grant Scheme (FHOG)

States and Territories are required to fund a FHOG to offset the impact of the Goods and Services Tax (GST) on the price of new homes.

Full-Time Equivalent (FTE)

A measure of the total level of staff resources used. The FTE of a full-time staff member is equal to 1.0. The calculation of an FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff performing similar duties. Contractors are excluded.

Gains (agency reporting only)

Represent items other than revenue that meet the definition of income and may, or may not, arise in the course of the ordinary activities of an agency. Gains may arise, for example, on the disposal of non-current assets.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of uniform standards, rules, conventions and procedures for reporting financial information established by the AASB.

Government Business Enterprise (GBE)

Organisational units within the public sector that produce goods and services which are, or could be, sold or tendered in the market place without compromising government's economic and social objectives.

General Government Sector (GGS)

This is an Australian Bureau of Statistics (ABS) categorisation of certain public sector agencies. It covers agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

General Revenue Assistance (GRA)

Covers a broad range of payments including GST payments which are provided to the States and Territories by the Commonwealth without conditions to be spent according to their own budget priorities.

Goods and Services Tax (GST)

The GST is an indirect, broad-based consumption tax.

GST Revenue

GST revenue collected by the Commonwealth Government is transferred to the States and Territories as untied financial assistance in accordance with the principle of Horizontal Fiscal Equalisation.

Government Finance Statistics (GFS)

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the General Government sector or the public component of the business sector (the Public Trading Enterprise sector) in accordance with an internationally accepted set of concepts and definitions.

Government Payment for Outputs (GPO)

The appropriated revenue that agencies use to produce outputs. The Legislative Assembly approves the appropriation as part of the annual budget.

Grants (non ACT Government)

These include payments to individuals or organisations for general assistance or for a particular purpose that contribute to the achievement of the program's objectives. Grants may be for capital and the grant name or category reflects the use of the grant. Grants are usually made subject to terms and conditions contained in legislation or contracts, or stipulated in correspondence. An individual or organisation may apply for a grant based on eligibility criteria being met. Capital grants do not reflect an investment by the Government and are not included as Territory assets.

Gross State Product

The total value of production within a State or Territory which is the State/Territory equivalent of Gross Domestic Product.

Harmonised Financial Statements

These are consolidated financial statements prepared in accordance with the 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

Horizontal Fiscal Equalisation (HFE)

A concept used to distribute GST Revenue amongst the State and Territory governments such that each would have the fiscal capacity to provide services and the associated infrastructure at the same standard, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency.

Income (agency reporting only)

Income arises from increases in economic benefits during the accounting period in the form of inflows or enhancements of assets, or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Income encompasses both revenue and gains.

Industry Value Added

The value of output in a particular industry minus the intermediate inputs used in the production of that output.

Intergovernmental Agreement on Federal Financial Relations (IGA-FFR)

The current Intergovernmental Agreement on Federal Financial Relations was signed by COAG in December 2008. The IGA-FFR replaced the 1999 IGA on the Reform of Commonwealth-State Financial Relations.

Federal legislation providing appropriation in respect of the fiscal grants, outlined in Schedule D of the IGA, was signed by the Commonwealth Government in the form of the *Federal Financial Relations Act 2009* on 1 April 2009.

Inventories

Includes assets (but does not include depreciable assets):

- held for sale or consumption in the ordinary course of service delivery; or
- in the process of production for such sale or consumption; or
- to be used up in the production of goods, other property or services for sale or consumption including consumable stores and supplies.

Investments

Assets held by an agency primarily for the accumulation of wealth through receipt of distributions (such as interest, royalties, dividends and rentals) or for capital appreciation.

Input Tax Credit

Organisations that are registered for GST are entitled to claim as a credit, from the Australian Taxation Office, any GST paid on purchases they made for a creditable acquisition.

Liabilities

Liabilities represent a present obligation of an agency arising from past events, the settlement of which is expected to result in an outflow from the agency of resources embodying economic benefits. Liabilities are a broader concept than debt. They also include obligations which do not have a predetermined repayment schedule, and those which do not require payments of interest, such as unfunded liabilities of superannuation funds, liabilities in respect of other employee benefits (long service and annual leave) and trade creditors.

Loan Council

Established under the *Financial Agreement Act 1927*, the Australian Loan Council has the objective of managing the call on national savings by the Australian public sector as a whole. The Loan Council consists of a Commonwealth Government representative as chairman and a representative of each of the States and Territories.

Loan Council Allocation (LCA)

A measure of the call on national savings by a jurisdiction. The Australian Loan Council allocates, by mutual agreement, an annual target for total net financing by each jurisdiction. The LCA is calculated on the basis of a government's cash position, and resulting call on financial markets in any given year, required to meet its budget obligations.

Local Health Network (LHN)

The ACT LHN consists of a networked system that will hold service contracts with the ACT Health Directorate. The ACT LHN will be comprised of the Canberra Hospital, Calvary Public Hospital, Clare Holland House (CHH) and the Queen Elizabeth II Family Centre (QEII). The ACT LHN has its own set of financial accounts and performance indicators, providing transparency and accountability of funding flows to the ACT LHN from the National Health Funding Pool.

Materiality

Materiality is the concept of establishing the importance of financial data in accordance with Australian Accounting Standard *AASB1031 Materiality*. In general, an item of information is material if its omission, non-disclosure or misstatement would cause the financial statements to mislead users when making evaluations or decisions. The size or nature of the item, or a combination of both, could be the determining factor.

Memorandum Items

The size of a jurisdiction's Loan Council Allocation is determined by adding the General Government sector cash deficit/surplus, the Public Trading Enterprise sector's net financing requirement and certain memorandum items.

These memorandum items are included because their nature is sufficiently similar to financing transactions in their economic impact to justify inclusion. These include:

- the net movement of operating leases with a net present value of payments greater than \$5 million;
- private sector involvement in public sector infrastructure;
- sales of assets on a recourse basis;
- the net cash surplus/deficit of universities in the jurisdiction controlled by the Government (for example the University of Canberra); and
- adjustments to exclude all superannuation payments to externally managed and controlled superannuation funds from outlays.

Mid-Year Economic and Fiscal Outlook (MYEFO)

The Commonwealth Government generally updates its Federal budget estimates in November/December in any given year.

National Agreements

National Agreements define the objectives, outcomes, outputs and performance indicators, and clarify the roles and responsibilities that will guide the Commonwealth and the States in the delivery of services across a particular sector.

There are currently six National Agreements covering key areas of healthcare, education, skills and workforce development, disability services, affordable housing and Indigenous reform. Each National Agreement, with the exception of the National Indigenous Reform Agreement, is associated with a National Specific Purpose Payment (National SPP) which is required to be spent in the relevant sector.

National Partnership Agreement (NPA)

A key element of the federal financial relations framework set out in the IGA-FFR is National Partnership agreements which define the mutually agreed objectives, outcomes, outputs and performance benchmarks or milestones related to the delivery of specific projects, improvements in service delivery or reform.

Implementation Plans (IPs) are subsidiary documents to some National Partnership agreements and outline what is to be achieved by a jurisdiction and when.

Project Agreements (PAs) are a type of National Partnership used to implement projects that are considered low-value and/or low risk. Project Agreements are simple, standalone, outputs-focused documents that are generally bilateral although they may be multilateral in certain limited circumstances.

National Partnership Payment (NPP)

A Commonwealth payment to the States and Territories, in respect of a National Partnership Agreement, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

National Specific Purpose Payment (SPP)

A Commonwealth financial contribution to support State and Territory delivery or services in a particular sector. Each National SPP is associated with a National Agreement.

National Tax Equivalent Regime (NTER)

An administrative arrangement between the Commonwealth Government, States and Territories which notionally applies relevant taxation laws to nominated State and Territory GBEs.

Net Debt

The sum of deposits held, advances received and borrowings minus the sum of cash and deposits, advances paid, investments, loans and placements. Net debt is a useful measure to judge the overall strength of the Government's fiscal position. A negative position indicates that General Government sector cash reserves and investments are greater than gross liabilities.

Net Financial Liabilities

Net financial liabilities takes into account unfunded superannuation liabilities and provides a broader measure of debt than net debt. Net financial liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes the value of equity held by the General Government sector in public corporations.

Net Financial Worth

The amount by which total financial assets exceed financial liabilities. It is a measure of net holdings of financial assets.

Net Increase / (Decrease) in Cash Held

The sum of the net cash flows from all operating, investing and financing activities.

Net Lending / Borrowing

The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

Net Operating Balance

This is calculated on the harmonised whole of government operating statement as revenue minus expenses. It is equivalent to the change in net worth arising from transactions.

Net Worth

Defined as total assets less total liabilities. It is an economic measure of wealth and reflects the contribution of jurisdictions to the wealth of Australia.

Nominal Superannuation Expense

Refers to the imputed interest accrued each quarter on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds which is an interest expense. The cost of these 'borrowed' funds is presented in operating statements as nominal interest.

Non-Financial Assets

Refers to all assets other than financial assets. Primarily includes property, plant and equipment, such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

Non-Financial Public Sector (NFPS)

Represents the consolidated transactions and assets and liabilities of the General Government and Public Non-Financial Corporation (PNFC) sectors. In compiling statistics for the NFPS transactions and debtor-creditor relationships between subsectors are eliminated to avoid double counting. This process is known as consolidation.

Operating Leases

Leasing arrangements in which all substantial risks and rewards incidental to ownership of a leased asset effectively remain with the lessor (the owner of the asset) rather than passing to the lessee (which would make it a finance lease).

Operating Result

Operating profit or loss for the period being reported.

Other Economic Flows

For the whole of government harmonised operating statement, other economic flows includes changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

Output

Goods produced or services provided by, or on behalf of, an agency to the community. Outputs allow for the measurement of the cost of an agency to provide goods or services to the ACT community.

Output Class

A collection of a set of outputs within an agency.

Payments for Expenses on Behalf of the Territory (EBT)

Territorial (administered) revenues, which the Government appropriates to agencies for the payment of grants, subsidies and transfer payments (refer Territorial).

Performance Indicator

An accountability indicator or a strategic indicator.

Performance Measure

Quantifiable units of measurement used to determine and assess the delivery of outputs.

Prepayments

Payments made in one reporting period, in respect to goods or services that an agency expects to receive or consume in future periods.

Property, Plant and Equipment

Property, plant and equipment are assets that:

- are held by the agency for use in the production or supply of goods and services, for rental to others, or for administrative purposes;
- have been acquired, obtained or constructed with the intention of being used on a continuing basis; and
- are not intended for sale in the ordinary course of business or service delivery.

Provision

Liability for which the amount or timing of the future sacrifice of economic benefits that will be made is uncertain.

Public Non-Financial Corporation (PNFC) Sector

The PNFC sector is also known as the Public Trading Enterprise (PTE) sector. The PNFC sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved. In general PNFCs are legally distinguishable from the government which owns them.

Public Trading Enterprises (PTEs)

This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

Receipts

Cash inflows for a period, irrespective of when the moneys are earned.

Relativity (GST)

A per capita weight assessed by the CGC for use by the Australian Treasury to calculate the share of the GST revenue a State or Territory requires to achieve HFE. The Australian average relativity is 1.0. By way of example, a jurisdiction assessed by the CGC as having a relativity of 2.0 would require twice as much GST revenue per capita than the Australian average to achieve HFE.

Reserves

Reserves are recognised for the increases on revaluation of non current assets or other intended uses of accumulated funds.

Retained Earnings (or Earnings)

Retained earnings are the accumulated operating results since the 1996-97 audited financial statements not transferred to reserves or to the Government.

Revenue

Revenue is an inflow of economic benefit which arises in the course of the ordinary activities of an agency. For the whole of government operating statement, revenue includes all mutually agreed transactions that increase net worth in accordance with GFS principles.

Service Purchasing

Refers to funding arrangements by which the Territory (as purchaser) contracts with a provider for delivery of specified services. These are identified as specific outputs which contribute toward the achievement of the Government's desired outcomes. Providers are required to report against agreed indicators in order to assist the Territory to meet its accountability obligations to the community.

State Final Demand

The aggregate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government.

Standing Council for Federal Financial Relations (SCFFR)

The SCFFR was formally launched by the Prime Minister in January 2012, replacing the Ministerial Council for Federal Financial Relations under the new COAG system. It has responsibility for the general oversight of the operation of the IGA-FFR on behalf of COAG and is comprised of all State and Territory Treasurers, chaired by the Commonwealth Treasurer.

Strategic Indicators

Performance indicators aimed at measuring the Government's performance against longer-term strategic outcomes which impact upon the ACT community. An agency has some accountability for performance against these indicators, although it cannot be held fully responsible for achieving the specified targets, as there are external factors which will influence the result. Strategic indicators are not subject to audit.

Strategic Objectives

The effect or difference an agency aims to make in the ACT community in the short to medium term. Strategic objectives contribute to government priorities and goals and can be influenced by an agency in the medium term. The objectives are measurable and/or verifiable through strategic indicators.

Superannuation Provision Account (SPA)

A provisioning account established in 1991 to assist the Government in managing its unfunded superannuation liabilities for employees who are members of the Commonwealth Government's CSS and PSS schemes. Its operations are subject to the legislative requirements of the *Territory Superannuation Provision Protection Act 2000* which limits moneys standing to the credit of the account to be used for superannuation purposes only, not for the general purposes of government.

Supplies and Services

This category of expenses is one of a number identified according to their nature or type for disclosure in the operating statement. This category includes such types of expenses as travel, office requisites, postage, computer services, consultants and telecommunications services.

Tax-Equivalent Payments

Refers to payments that a GBE is required to make in order to ensure it has the same taxation obligations as private sector firms, usually for competitive neutrality reasons. For example, although GBEs are ordinarily exempt from Commonwealth Government income taxes, they are required by their owner governments to make payments calculated on the same basis as income tax.

Territorial

Territorial (administered) items are income, expenses, assets and liabilities that an agency administers but does not control. These items relate to activities performed on behalf of the Territory. An item would generally be regarded as a Territorial (administered) item if the agency:

- has restricted or no discretion in relation to the item; or
- has restricted or no discretion to increase or decrease the item; or
- has responsibility for the item, but restricted or no authority over its use; or
- is responsible only for the collection and/or transfer of the item.

Items are Territorial (administered) where decisions relating to their use are primarily made by the Government.

Territory Banking Account (TBA)

The TBA is a banking account required to be opened and maintained for the purposes of the Territory in accordance with Section 33 of the *Financial Management Act 1996*.

Territory Owned Corporation (TOC)

A company owned by the Territory which is specified in Schedule 1 of the *Territory-Owned Corporations Act 1990*. Territory Owned Corporations are subject to the obligations imposed by *Territory-Owned Corporations Act 1990* as well as other legal obligations imposed on them by any other law such as the *Commonwealth Corporations Act 2001* or the constitution of the company.

Territory Unencumbered Cash (TUC)

A measure of excess capacity (cash and investments) at a point in time that has not been formally allocated, excluding agency balances. TUC needs to be considered in the context of its balance over the Budget and Forward Estimates period, in order to ensure cash reserves are maintained at a reasonable level.

Total Comprehensive Income

A measure of the total change in value of the agency during a financial year arising from revenue, expenses and both realised and unrealised movements in the valuation of assets and liabilities. Total Comprehensive Income is the equivalent to the increase or decrease in Net Assets during the financial year.

Treasurer's Advance

Funds available under Section 18 of the *Financial Management Act 1996* for expenditure in excess of specific appropriations or not specifically provided for by existing appropriations.

Trust Money

Money an agency holds in trust on behalf of a third party. The agency acts as administrator of funds and is not permitted to spend these funds on the agency's controlled activities. This money is accounted for separately from either controlled or territorial money.

Uniform Presentation Framework (UPF)

By agreement between the Commonwealth Government and the States and Territories, each jurisdiction presents financial information on a UPF basis in their budget papers, and in mid-year budget updates and in budget outcome reporting. The primary objective of the UPF is to ensure that the Commonwealth Government, State and Territory governments provide a common 'core' of financial information in their budget papers to enable direct comparisons of each government's budget and financial results. The UPF is based on the harmonised whole of government reporting standard.

User Charges

Revenues resulting from the sale of goods and services to consumers. User charges include revenue that the reporting agency controls, and excludes Territory (administered) revenue. User charges exclude Government Payment for Outputs.

Vertical Fiscal Imbalance

The difference between the relative revenue raising capacity and spending responsibilities of the Commonwealth and States and Territories.

Wage Price Index (WPI)

The WPI is a price index which measures changes over time in wages and salaries for employee jobs, unaffected by changes in the quality or quantity of work performed. Changes in wages and salaries resulting from changes in the composition of the labour market are excluded from the WPI movements.

Whole of Government Harmonised Standard

The term refers to the harmonisation of GAAP and Government Finance Statistics. 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*' requires a single set of government reports which are auditable, comparable between jurisdictions, and in which the outcome statements are directly comparable to the relevant budget statements. The standard requires governments to report according to accounting standards, choosing options that are consistent with GFS accounting where available, and present according to the GFS principles.

ABBREVIATIONS

AA	Administrative Arrangements
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ACAT	ACT Civil and Administrative Tribunal
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
ACTAS	ACT Ambulance Services
ACTBIS	ACT Business Incentive Scheme
ACTCOSS	ACT Council of Social Service
ACTG&R	ACT Gambling and Racing Commission
ACTIA	ACT Insurance Authority
ACTION	ACT Internal Omnibus Network
ACTPL	ACT Planning and Land
ACTPS	ACT Public Service
AEU	Australian Education Union
AFP	Australian Federal Police
AGEST	Australian Government Employees Superannuation Trust
AHCA	Australian Health Care Agreement
AIFRS	Australian Equivalents to International Financial Reporting Standards
ALGA	Australian Local Government Association
AMC	Alexander Maconochie Centre
ANU	Australian National University
ASBA	Australian School-Based Apprenticeships
ATO	Australian Taxation Office
AUV	Average Unimproved Value
AWE	Average Weekly Earnings
AWOTE	Average Weekly Ordinary Time Earnings
BCA	Building Code of Australia
BCI	Building and Construction Industry
BER	Building Education Revolution
BSSS	Board of Senior Secondary Studies
CADP	Capital Asset Development Plan
CAF	Council for the Australian Federation
CATT	Consumer and Trading Tribunal
CBC	Canberra Business Council
CBDF	Canberra Business Development Fund
CCARC	Climate Change Adaptation Research Centre
CCMIL	City Centre Marketing and Improvement Levy
CCTV	Closed Circuit Television
CFC	Cultural Facilities Corporation
CGC	Commonwealth Grants Commission
CHC	Community Housing Canberra
CIC	Criminal Injuries Compensation
CIT	Canberra Institute of Technology

CIT Solutions	CIT Solutions Pty Limited
CLO	Court Liaison Officer
CMA	Capital Metro Agency
CMTD	Chief Minister and Treasury Directorate
COAG	Council of Australian Governments
CPI	Consumer Price Index
CPS	Child Protection Services
CRC	COAG Reform Council
CSD	Community Services Directorate
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSO	Community Service Obligations
CSS	Commonwealth Superannuation Scheme
CTP	Compulsory Third Party
CWD	Commerce and Works Directorate
DFD	Domestic Final Demand
DPP	Director of Public Prosecutions
EAP	Events Assistance Program
EBT	Expense(s) on Behalf of the Territory
EDD	Economic Development Directorate
EDP	Estate Development Plans
EEO	Equal Employment Opportunity
EPC	Equal Per Capita
EPC	Exhibition Park Corporation
EPHC	Environment Protection and Heritage Council
EPP	Environmental Protection Policy
ERP	Estimated Resident Population
ESA	Emergency Services Agency
ESD	Environmentally Sustainable Design
ESDD	Environment and Sustainable Development Directorate
ETD	Education and Training Directorate
FHOB	First Home Owner's Boost
FHOG	First Home Owner Grant Scheme
FMA	<i>Financial Management Act 1996</i>
FMC	Forensic Medical Centre
FOI	Freedom of Information
FTE	Full-time Equivalent (in relation to staff positions)
GAAP	Generally Accepted Accounting Principles
GBE	Government Business Enterprise
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GGS	General Government Sector
GHG	Greenhouse Gas Emissions
GIS	Geographic Information System
GP	General Practitioner
GPC	Government Purpose Classification
GPO	Government Payment for Outputs
GRA	General Revenue Assistance

GSO	Government Solicitor's Office
GSP	Gross State Product
GST	Goods and Services Tax
GSTAS	Goods and Services Tax Administration Sub-Committee
HFE	Horizontal Fiscal Equalisation
HoTs	Heads of Treasuries
HSAR	Housing Supply Affordability Reform
ICRC	Independent Competition and Regulatory Commission
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IGA-FFR	Intergovernmental Agreement on Federal Financial Relations
ILP	Individual Learning Plan
IPs	Implementation Plans
IR	Industrial Relations
JACS	Justice and Community Safety Directorate
KPI	Key Performance Indicator
LAMS	Legislative Assembly Ministerial Staff
LCA	Loan Council Allocation
LDA	Land Development Agency
LHN	Local Health Network
MBA	Master Builders Australia
MCFFR	Ministerial Council for Federal Financial Relations
MEPS	Minimum Energy Performance Standard
MHAU	Mental Health Assessment Unit
MYEFO	Mid-Year Economic and Fiscal Outlook (Commonwealth Government)
MYR	Mid-Year Review
NA	National Agreement
NAIDOC	National Aborigines and Islanders Day Observance Committee
NAPLAN	National Assessment Program – Literacy and Numeracy
NBJP	Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now
NCA	National Capital Authority
NCC	National Competition Council
NDIS	National Disability Insurance Scheme (<i>now</i> DisabilityCare Australia)
NFPS	Non-Financial Public Sector
NGO	Non-Government Organisation
NHT	National Heritage Trust
NHR	National Health Reform
NICTA	National ICT Australia
NP	National Partnership
NPA	National Partnership Agreement
NPN	National Partnership Network
NPPs	National Partnership Payments
NRM	Natural Resource Management
NRSS	National Road Safety Strategy
NSW	New South Wales
NTER	National Tax Equivalent Regime

NWI	National Water Initiative
ORS	Office of Regulatory Services
PA	Partnership Agreement
PEFO	Pre-Election Economic and Fiscal Outlook
PNFC	Public Non-Financial Corporation
PPP	Public Private Partnership
PSS	Public Superannuation Scheme
PSSap	Public Superannuation Scheme Accumulation Plan
PTACT	Public Trustee for the ACT
PTE	Public Trading Enterprise
RADAR	Rapid Assessment of the Deteriorating and At-Risk
RBA	Reserve Bank of Australia
RBT	Revenue(s) collected on Behalf of the Territory
RIS	Regulatory Impact Statement
RLCIP	Regional, Local and Community Infrastructure Program
RPL	Recognition of Prior Learning
RSPCA	Royal Society for the Prevention of Cruelty to Animals
RTO	Registered Training Organisation
SA	South Australia
SAMP	Strategic Asset Management Plan
SBI	State Budget Impacts
SBMP	Strategic Bushfire Management Plan
SCAN	Student Centred Appraisal of Need
SCFFR	Standing Council on Federal Financial Relations
SEF	School Equity Funds
SFD	State Final Demand
SLA	Service Level Agreement
SMART	Service Measurement and Report Tracking
SOE	Standard Operating Environment
SPA	Superannuation Provision Account
SPPs	Specific Purpose Payments
SSC	Shared Services Centre
TAMS	Territory and Municipal Services Directorate
TBA	Territory Banking Account
TCH	The Canberra Hospital
TOC	Territory-Owned Corporation
TPA	<i>Trade Practices Act 1974</i>
TRS	Territory Revenue System
TUC	Territory Unencumbered Cash
UC	University of Canberra
UEFO	Updated Economic and Fiscal Outlook
UIP	Urban Improvement Program
UNEC	United Ngunnawal Elders Council
UPF	Uniform Presentation Framework
VET	Vocational Education and Training
VFI	Vertical Fiscal Imbalance
VMO	Visiting Medical Officer

VoCC	Victims of Crime Coordinator
VSS	Victims Services Scheme
WAC	Water Abstraction Charge
WIP	Work in Progress
WPI	Wage Price Index
YCACT	Youth Coalition of the ACT