



ACT
Government

Australian Capital Territory

Budget 2021-22

Budget Review

Structure and Content of the 2021-22 Budget Papers

Budget Review

The purpose of the Budget Review is to provide updated information to allow an assessment of the Government's financial performance against its financial policy objectives and strategies as set out in the previous Budget.

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Together, 2019 by **Selina Walker**

Artwork for the *CMTEDD Stretch Reconciliation Action Plan 2020-2023*

ACKNOWLEDGEMENT OF COUNTRY

Yuma (Hello).

The ACT Government pay our respects to the Traditional Custodians of the ACT, the Ngunnawal People, on whose lands we live and work. We acknowledge that these lands are Aboriginal lands and pay our respect and celebrate their ongoing cultural traditions and contributions to the ACT.

We also acknowledge that many other Aboriginal and Torres Strait Islander Peoples from across Australia have now made Canberra their home, and we pay respect and celebrate their cultures, diversity and contributions to the ACT.

We support the Aboriginal and Torres Strait Islander Peoples' right to self-determination and acknowledge the valuable contribution they make to our social, economic and cultural life.

As we reflect on the continuing impact of government policies and practices, both past and present, we affirm our commitment to working together with Aboriginal and Torres Strait Islander Peoples, families and communities, to deliver improved social, cultural and economic wellbeing.



CHAPTER 1 ACT BUDGET REVIEW OVERVIEW

1.1 OVERVIEW

2021-22 Budget Review – purpose and objectives

Section 20A of the *Financial Management Act 1996* requires the preparation of a budget review for each financial year.

The 2021-22 Budget Review provides updated information to allow an assessment of the Government's financial performance against its financial policy objectives and strategies as set out in the 2021-22 Budget.

The 2021-22 Budget Review:

- provides an update to the financial forecast projections for the current financial year and the next three financial years;
- updates financial and economic parameters, and incorporates the consequential changes to the estimated outcome and the forward years' forecasts;
- identifies the impact of policy initiatives that have been decided since the 2021-22 Budget;
- identifies the impact of refined cash expenditure forecasts associated with the Territory's Infrastructure Investment Program;
- identifies events that have emerged since the 2021-22 Budget, and incorporates them where they are certain and quantifiable; and
- presents a view of the Territory's financial position and risks to that position.

This update, and the impact of policy and parameter changes, incorporate activities up to 17 March 2022. The estimates have been updated to reflect the financial impact of the Commonwealth's *2021-22 Mid-Year Economic and Fiscal Outlook (2021-22 MYEFO)*, released on 16 December 2021.

This report also contains statements that are consistent with the requirements of the Uniform Presentation Framework. Where significant issues have been identified but are not certain, or are unable to be quantified with reasonable certainty, they have been identified as potential risks to the estimates (risks that remain unchanged from publication of the 2021-22 Budget have not been reproduced in this update). These risks may have either positive or negative budgetary implications.

2021-22 Budget Review Context

While the 2021-22 Budget was released less than six months ago, public health restrictions and day-to-day activities of Canberrans are significantly different now compared to October 2021.

With the arrival of the Omicron variant and subsequent changes to public health and border restrictions, many within the Canberra community have experienced COVID-19 firsthand. Throughout this time, our nation-leading vaccination rates have assisted in minimising hospital admissions and the severity of cases.

At the same time, the Government has continued to focus on the medium to longer-term agenda to improve the economic, social and environmental outcomes that are enjoyed by the community – including a values-based vision for economic growth as set out in the ACT's Economic Development Priorities 2022-25.

However, as we head into the colder months, we must also remain vigilant and prepared for the possibility of new variants and the effect of seasonal illnesses such as influenza.

The 2021-22 Budget Review has been developed with this dual focus in mind – continuing to address the immediate public health emergency and improving the wellbeing and quality of life of Canberrans into the future.

This 2021-22 Budget Review also recognises that while the extremely high levels of vaccination within the Territory and more broadly across the country have allowed us to ease public health social measures, some businesses and people within our community continue to be adversely affected by the COVID-19 pandemic.

Economic and fiscal outlook

The 2021-22 Budget Review reports an improvement in our fiscal position in all years compared to the 2021-22 Budget. This is primarily the result of increases in the national GST pool and own-source taxation revenue, reflecting an improved economic outlook. These increases in revenue have been partially offset by additional Government investment in essential services, including support in response to the ongoing health emergency and to further facilitate the economic recovery.

The economic recovery to date has been assisted by the Government's significant economic support packages, totalling more than \$475 million since the start of the pandemic, and supporting policies and plans such as the Government's *Jobs and Economic Recovery Plan* that targets 250,000 local jobs by 2025.

The economic recovery has also been supported by the Canberra community embracing the vaccine booster rollout and enjoying the relaxation of public health restrictions by returning to their shopping precincts, supporting local hospitality venues and events. However, high fuel prices, supply constraints and potentially higher interest rates are cost of living increases that may impact household spending and savings. These effects are compounded by ongoing geopolitical instability.

We will continue to work with heads of industry and the Commonwealth Government to mitigate these impacts on Canberrans as much as possible, and will continue to follow the advice of the health experts as we navigate any new COVID-19 variants.

The ACT economy – cautious optimism

The ACT economy has demonstrated significant resilience in the face of the disruptions to economic activity caused by COVID-19 over the last two years and is expected to continue to grow over the coming period.

While the Delta outbreak and the associated lockdown in the ACT resulted in a downturn in economic activity during the September quarter 2021, there was a strong bounce back in the December quarter 2021, with State Final Demand increasing by 1.9 per cent in the quarter. Although the spread of the Omicron variant is expected to impact growth in the March quarter 2022, recent evidence suggests the ACT is likely to record positive growth for the first half of 2022.

The 2021-22 Budget Review forecasts Gross State Product to grow by 2½ per cent in 2021-22, 3¼ per cent in 2022-23 and to stabilise at around 3 per cent per year from 2023-24. These forecasts reflect anticipated improvements in the private sector in 2022-23 on the back of rising consumer and business confidence and stronger demand.

The spread of Omicron has also caused labour market disruptions, however, it is not expected to have a lasting impact on labour demand. Labour force data in February 2022, along with the trajectory of other employment market indicators, shows a jobs recovery is underway, with the unemployment rate falling to 3 per cent – the lowest of all states and territories.

The 2021-22 Budget Review forecasts employment to grow by ¼ of a percentage point in 2021-22 and by 1¼ per cent per year in 2022-23 and 2023-24, before increasing to 1½ per cent in 2024-25.

Despite the overall positive economic and jobs outlook, considerable risks remain. This is especially the case for inflation with ongoing supply constraints and the Ukraine crisis potentially exacerbating these risks. Other risks to the baseline forecasts include the possible emergence of a new strain of COVID-19 or a decline in the effectiveness of current vaccines requiring the reintroduction of further significant restrictions on activity.

The ACT's key economic aggregates are set out in Table 1.1.1 below:

Table 1.1.1: Economic parameters, baseline forecasts, percentage change

	2020-21 Actual	2021-22 Estimate	2022-23 Forecast	2023-24 Projection	2024-25 Projection
Gross State Product ^{1,2}	2.8 (3)	2½ (2½)	3¼ (3¼)	3 (3)	3 (3)
State Final Demand ^{1,2}	3.1 (3¼)	1¾ (2)	2¼ (3)	2¼ (2¼)	2½ (2½)
Employment ³	1.7 (1¾)	¼ (½)	1¼ (1)	1¼ (1¼)	1½ (1¼)
Wage Price Index ^{3,4}	1.7	2¾ (1¾)	3 (2)	3 (2¼)	3 (2½)
Consumer Price Index ³	4.8	3¼ (1¾)	2¼ (1¾)	2½ (2)	2½ (2¼)
Population ³	¼ (¼)	¼ (¼)	1¼ (1)	1¼ (1)	1¼ (1)

Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; National, State and Territory Populations; CMTEDD estimates; 2021-22 MYEFO.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. Numbers in brackets are estimates published in the 2021-22 Budget.

1. Real values.
2. Year average basis.
3. Through the year growth (current quarter relative to the same quarter in previous year).
4. Total hourly rates of pay, excluding bonuses.

The 2021-22 Budget Review fiscal position

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) deficit is estimated to be \$770.2 million in 2021-22. This is an improvement of \$181.3 million compared to the estimate in the 2021-22 Budget, and reflects increases in the national GST pool and own-source taxation revenue, partially offset by new policy decisions.

Revenue is expected to be \$210 million higher in 2021-22, and \$855.8 million higher over the four years to 2024-25, than forecast in the 2021-22 Budget.

Expenses are expected to be \$28.1 million higher in 2021-22, and \$375.8 million higher over the four years to 2024-25, than forecast in the 2021-22 Budget.

Net debt is forecast to be \$5.364 billion in 2021-22 and \$9.090 billion in 2024-25. These estimates are \$357.4 million and \$491.2 million lower than 2021-22 Budget estimates for 2021-22 and 2024-25, reflecting the decrease in forecast budget deficits.

The General Government Sector Headline Net Operating Balance is detailed in Table 1.1.2 below:

Table 1.1.2: General Government Sector Headline Net Operating Balance

	2020-21 Actual	2021-22 Budget	2021-22 Budget Review	2022-23 Revised Estimate	2023-24 Revised Estimate	2024-25 Revised Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	6,311.3	6,597.1	6,807.2	6,775.9	6,897.5	7,162.9
Expenses	6,808.0	7,764.7	7,792.8	7,496.1	7,556.7	7,798.6
Superannuation return adjustment	123.5	216.1	215.4	230.0	246.3	263.8
HEADLINE NET OPERATING BALANCE	-373.2	-951.5	-770.2	-490.2	-412.8	-371.9
Net cash from operating activities	237.6	-328.4	-125.3	-62.0	58.1	85.6
Net debt (excluding superannuation)	4,354.5	5,721.0	5,363.6	6,472.6	7,776.8	9,089.7
Net financial liabilities	13,339.8	11,747.8	11,492.7	12,360.4	13,576.5	14,677.7

Note: Table may not add due to rounding.



CHAPTER 2 ECONOMIC OUTLOOK

2.1 ECONOMIC OVERVIEW

The pandemic has resulted in significant disruption to economic activity over the last couple of years. However, the ACT economy has demonstrated a high level of resilience over the COVID-19 affected period and is expected to continue to grow.

The Gross State Product (GSP) of the ACT grew 2.8 per cent in 2020-21, the third highest growth rate among all states and territories and well above the national growth rate of 1.5 per cent.

The Delta outbreak and the associated lockdown in the ACT resulted in a downturn in State Final Demand (SFD) during the September quarter 2021; however, SFD bounced back strongly to increase by 1.9 per cent in the December quarter 2021 and be 2.3 per cent higher over the year.

Although the spread of the Omicron variant is expected to impact growth in the March quarter 2022, the effect on economic activity is expected to be much smaller than the previous waves of COVID-19. Recent evidence suggests the ACT is likely to record positive growth for the first half of 2022 despite the Omicron outbreak. For the month of January 2022 retail trade turnover in the ACT rose by 0.4 per cent and in February 2022 unemployment fell to 3.0 per cent. Importantly, the spread of Omicron is not expected to have a lasting impact on labour demand.

The outlook for consumption is also positive, supported by an improvement in labour market outcomes, as well as increases in household wealth. The household savings ratio across Australia currently sits at a healthy 13.6 per cent, indicating households have significant savings to fall back on even in the face of higher inflation and potentially higher interest rates.

Despite the overall positive economic outlook, considerable risks remain. This is especially the case for inflation with ongoing supply constraints and the Ukraine crisis potentially exacerbating these risks. Other risks to the baseline forecasts include the possible emergence of a new strain of COVID-19 or a decline in the effectiveness of current vaccines requiring the reintroduction of further significant restrictions on activity.



ORIGINAL FOOD
daana
Sanjay

Sanjay

2.2 ACT ECONOMIC OUTLOOK

Overall the ACT economy has performed relatively well during the COVID-19 pandemic, although some sectors of the economy have been impacted more than others and have required support from the Government. The economic forecasts for the ACT set out in Table 2.2.1 reflect a baseline scenario based on assumptions outlined in Box 1. This approach is consistent with that taken since the *August 2020 Economic and Fiscal Update*. Alternative upside and downside scenarios are outlined later in this chapter to demonstrate the level of uncertainty and risk to the baseline forecasts.

Table 2.2.1: Economic parameters, baseline forecasts, percentage change

	2020-21 Actual	2021-22 Estimate	2022-23 Forecast	2023-24 Projection	2024-25 Projection
Gross State Product ^{1,2}	2.8 (3)	2½ (2½)	3¼ (3¼)	3 (3)	3 (3)
State Final Demand ^{1,2}	3.1 (3¼)	1¾ (2)	2¾ (3)	2¼ (2¼)	2½ (2½)
Employment ³	1.7 (1¾)	¼ (½)	1¼ (1)	1¼ (1¼)	1½ (1¼)
Wage Price Index ^{3,4}	1.7	2¾ (1¾)	3 (2)	3 (2¼)	3 (2½)
Consumer Price Index ³	4.8	3¾ (1¾)	2¾ (1¾)	2½ (2)	2½ (2¼)
Population ³	¼ (¼)	¼ (¼)	1¼ (1)	1¼ (1)	1¼ (1)

Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; National, State and Territory Populations; CMTEDD estimates; 2021-22 MYEFO.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. Numbers in brackets are estimates published in the 2021-22 Budget.

1. Real values.
2. Year average basis.
3. Through the year growth (current quarter relative to the same quarter in previous year).
4. Total hourly rates of pay, excluding bonuses.

Assumptions

Box 1: Key assumptions

The key assumptions that underpin the economic forecasts are set out below. Outcomes could be substantially different to the baseline estimates, depending on the extent to which the following assumptions hold:

- there are no additional large-scale outbreaks of COVID-19 in the ACT or Australia more broadly over the forecast period, and localised outbreaks do not overwhelm the hospital system;
- no restrictions are imposed on international or cross jurisdiction travel;
- the conflict in Ukraine ceases to have material effects on economic activity beyond the September quarter 2022;
- the unwinding of temporary stimulus measures over the course of 2022 does not have a material impact on private consumption and private investment; and
- the Reserve Bank of Australia does not raise interest rates earlier than indicated in its February 2022 *Statement of Monetary Policy*.

Gross State Product

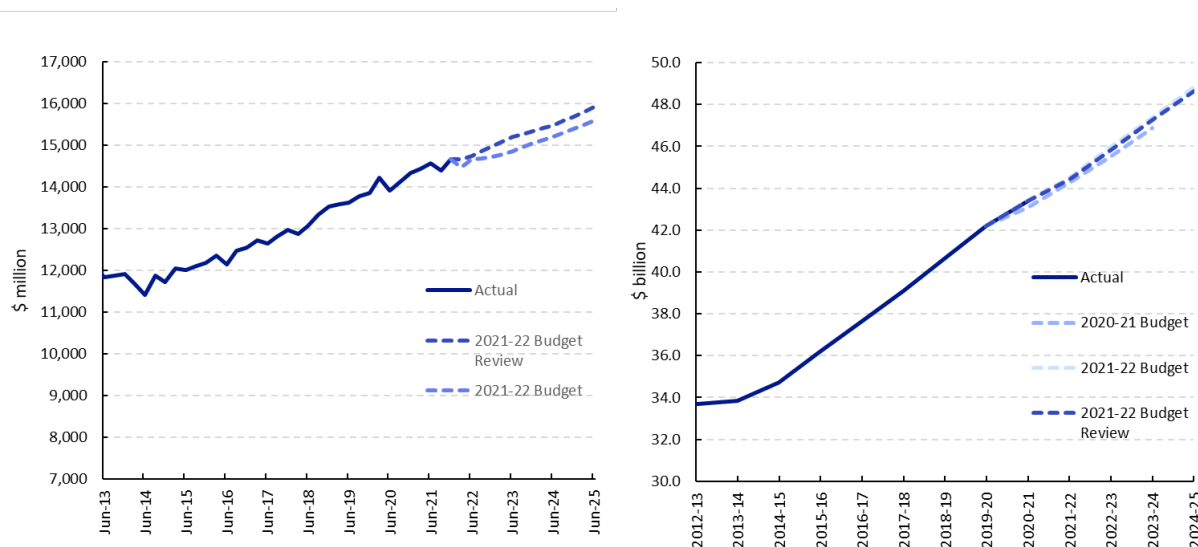
The ACT economy is steadily recovering from the negative impacts of the outbreak of the Delta variant of COVID-19. Given the resilience the ACT economy has shown, consistent with our previous expectations, Gross State Product (GSP) growth forecasts have remained unchanged from the budget and forward estimates period from 2021-22 Budget forecasts (Figure 2.2.1).

Despite the weak September quarter 2021 SFD outcome for the ACT, there was a strong bounce back in the December quarter, with SFD growing 1.9 per cent.

Notably, household consumption showed strong growth of 8.4 per cent in the December quarter 2021, similar to the quarterly growth in September quarter 2020, as the economy recovered from the first outbreak of COVID-19. Household consumption; however, is still expected to detract from economic growth in 2021-22, primarily due to the large contraction of 11 per cent observed in the September quarter 2021 associated with the necessary restrictions in place before widespread vaccination coverage of the Canberra community was achieved.

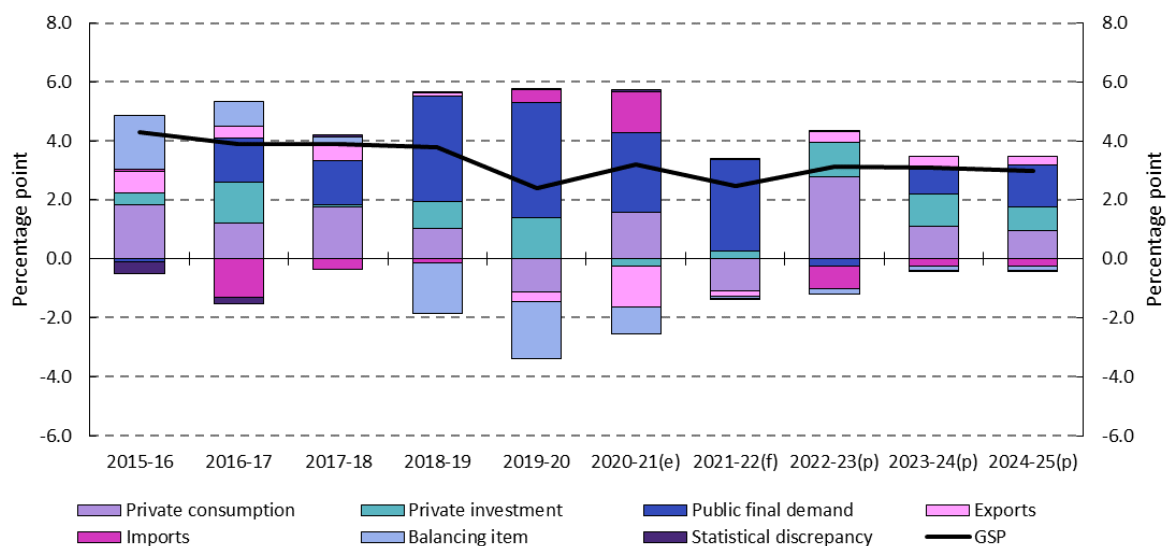
GSP growth in 2022-23 is forecast to accelerate to 3¼ per cent, as activity in the private sector gathers momentum on the back of rising consumer and business confidence and stronger demand. Over the medium term, GSP growth is expected to stabilise at around 3 per cent (Figure 2.2.2).

Figure 2.2.1: State Final Demand and Gross State Product forecasts



Sources: ABS Australian National Account, State Accounts and CMTEDD estimates.

Figure 2.2.2: Contribution to GSP growth, ACT



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

Housing market

The ACT’s residential construction sector remained buoyant in 2021, in line with national trends. This momentum was supported by continuing low interest rates, government incentives and strong demand.

The number of dwelling unit commencements increased by 41 per cent through the year to the September quarter 2021, with an increase in commencements for both new detached houses and new other residential dwellings. Moreover, the value of residential construction work done increased by 7.6 per cent through the year to the December quarter 2021.

Building activity in the ACT remains strong, with leading indicators suggesting a solid dwelling investment pipeline for detached and semi-detached houses. The total number of residential dwellings approved increased by 120 per cent through the year to December 2021, led by increases in approvals for both apartments and detached houses.

Tighter borrowing conditions are expected to slow housing price growth and moderate demand for housing.

Labour market

Employment growth in 2021-22 has been downgraded in the 2021-22 Budget Review by $\frac{1}{4}$ of a percentage point and is now expected to grow by $\frac{1}{4}$ of a percentage point over the year to the June quarter 2022. Labour force data in February 2022, as well as other employment market indicators, show a jobs recovery is underway, and reduced COVID-19 infections will support economic activity continuing to improve.

Employment growth is expected to improve in 2022-23 on the back of international borders re-opening from early 2022 and an inflow of skilled migrant workers, as well as an expected increase in the participation rate. In addition, strong demand for skilled workers, a tight labour market and elevated job vacancies are expected to put downward pressure on the unemployment rate.

The outlook for employment growth is positive over the remaining forward estimates period. Employment is forecast to grow at $1\frac{1}{4}$ per cent in 2022-23 and 2023-24, before increasing to $1\frac{1}{2}$ per cent in 2024-25.

Consumer Price Index

Inflation has risen faster than previously expected due to price pressures in new dwelling construction, durable goods and automotive fuel. Increased domestic demand and global supply shortages have also added to inflationary pressures. In addition, the Russian invasion of Ukraine is expected to exacerbate inflationary pressures via commodity prices.

As a result of these factors, Consumer Price Index (CPI) growth forecasts from the 2021-22 Budget have been upgraded in this Review. CPI is forecast to grow $3\frac{3}{4}$ per cent in 2021-22, higher than the 2021-22 Budget forecast of $1\frac{3}{4}$ per cent.

CPI growth is expected to slow to $2\frac{3}{4}$ per cent in 2022-23 as supply chain disruptions and demand pressures ease by the end of 2022 and then grow at $2\frac{1}{2}$ per cent in 2023-24 and 2024-25. However, these rates of price growth are all higher than those forecast in the 2021-22 Budget.

Wage Price Index

The outlook for Wage Price Index (WPI) growth has been increased in the 2021-22 Budget Review and is expected to remain solid over the forward estimates period.

The WPI is forecast to grow by 2¾ per cent in 2021-22, representing a one per cent upward revision compared to the 2021-22 Budget estimates. This upward revision reflects stronger than expected wage growth in the December quarter 2021 and wage pressures due to labour shortages from international border closures and growing demand for skilled workers. In our baseline scenario, the return of skilled international migrants is expected to be gradual.

WPI growth is forecast to be 3 per cent per annum from 2022-23 onwards. The upward revision to wages growth forecasts is consistent with stronger employment and price inflation forecasts as well as the estimates contained in the Commonwealth Government's *2021-22 Mid-Year Economic and Fiscal Outlook*.

Population

ACT population forecasts have been upgraded in comparison to the 2021-22 Budget. Population is expected to grow by a modest ¼ per cent in 2021-22, as net overseas migration, which contributed around 50 per cent to the ACT's pre-pandemic annual population growth, is anticipated to remain negative.

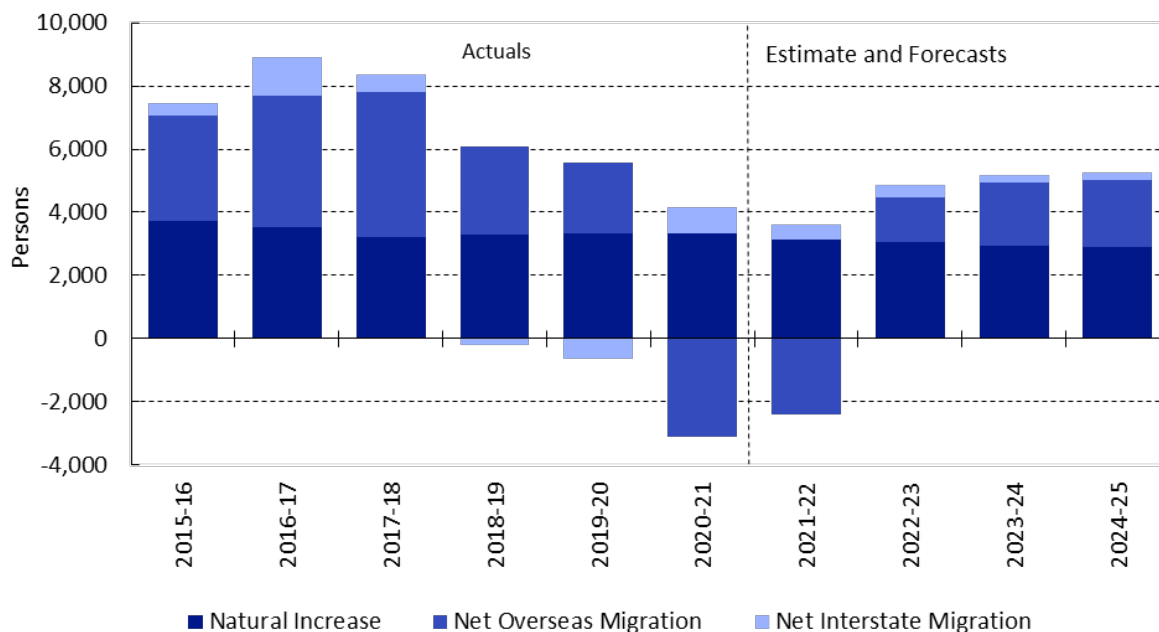
Population growth is then expected to increase to 1¼ per cent in 2022-23 and stabilise at this rate in 2023-24 and 2024-25, which is ¼ of a percentage point higher than 2021-22 Budget forecasts. The upward revision in population growth forecasts reflects updated data on net overseas migration and net interstate migration. Net overseas migration forecasts have been increased from 2022-23 onwards as immigration is expected to grow at a faster rate than was estimated at the time of the 2021-22 Budget. Increases in net interstate migration forecasts are based on higher expected inflows to the ACT relative to outflows, consistent with the relative strength of the ACT economy.

Figure 2.2.3 shows the contribution of the three components, natural increase, net overseas migration and net interstate migration – to the ACT's population over the ten-year period from 2015-16 to 2024-25.

The Australian Bureau of Statistics (ABS) has recently indicated that both net overseas migration and net interstate migration estimates can be volatile for a number of reasons. Medicare address changes, which are used to model net interstate migration, have significantly increased due to COVID-19 vaccination requirements. While such changes do not reflect recent movements, they present a more accurate picture of Estimated Resident Population in a state or territory. However, they are difficult to forecast and present a risk to population forecasts.

Data quality issues affecting overseas arrivals and their state of residence has the possibility of affecting net overseas migration forecasts in 2021-22, which presents another element of risk to our population forecasts.

Figure 2.2.3: Population growth by component, ACT



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

Alternative scenarios and risks

There are a number of risks and uncertainties facing the ACT and Australian economies. The estimates presented in this Budget Review reflect a baseline scenario consistent with the assumptions outlined in Box 1. Given the uncertainties, a range within which our economic forecasts may reasonably be expected to fall is presented in Table 2.2.2.

The shaded areas in Figures 2.2.4, 2.2.5 and 2.2.6 show the range of possible outcomes for the ACT’s GSP, employment and population in the upside and downside scenarios, relative to the baseline scenario. The actual outcomes will depend on how the risks outlined in the upside and downside scenarios eventuate.

Table 2.2.2: Economic parameter forecasts under different scenarios, percentage change

	2021-22 Budget Review	2022-23 Forecast	2023-24 Projection	2024-25 Projection
Gross State Product				
Downside Scenario	2¼	2¾	2½	2½
Baseline Scenario	2½	3¼	3	3
Upside Scenario	2½	3½	3¼	3¼
2021-22 Budget	2½	3¼	3	3
Employment				
Downside Scenario	-¼	1	1	1¼
Baseline Scenario	¼	1¼	1¼	1½
Upside Scenario	½	1½	1½	1½
2021-22 Budget	½	1	1¼	1¼
Wage Price Index				
Downside Scenario	2½	2¾	2¾	2¾
Baseline Scenario	2¾	3	3	3
Upside Scenario	3	3¼	3¼	3¼
2021-22 Budget	1¾	2	2¼	2½
Consumer Price Index				
Downside Scenario	3¾	2¼	2¼	2¼
Baseline Scenario	3¾	2¾	2½	2½
Upside Scenario	4¾	3¼	2¾	2¾
2021-22 Budget	1¾	1¾	2	2¼
Population				
Downside Scenario	¼	1	1	1
Baseline Scenario	¼	1¼	1¼	1¼
Upside Scenario	½	1½	1½	1½
2021-22 Budget	¼	1	1	1

Sources: ABS Australian National Accounts; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia, Consumer Price Index, Australia, National, State and Territory Populations; and CMTEED estimates.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. GSP is in real terms, employment and population is growth through the June quarter.

Upside scenario

The upside scenario assumes that the opening of international borders leads to a higher number of returning skilled migrants, international students and tourists, including working holiday makers, than that of the baseline scenario. This would lead to an increase in the ACT population through higher net overseas migration over the budget and forward estimates period. A higher inflow of skilled migrants would also bolster employment in the ACT.

This scenario maintains the baseline assumption that there are no additional large-scale outbreaks of COVID-19 in Australia or the ACT over the forecast period and localised outbreaks do not overwhelm the hospital system.

This scenario also assumes that the conflict in Ukraine ceases to have material effects on economic activity by June 2022. This would be expected to assist in stabilising prices and boosting consumer confidence in 2022-23, which is in turn assumed to increase private consumption and drive output higher than forecast in the baseline scenario.

In the upside scenario, population is expected to grow by $\frac{1}{4}$ of a percentage point higher than the baseline forecasts over the budget and forward estimates period. Employment is forecast to grow by $\frac{1}{4}$ of a percentage point higher over the period 2021-22 to 2023-24 and equal the growth in the baseline scenario in 2024-25. Real GSP is forecast to grow at the same rate as the baseline forecast in the 2021-22 Budget year and then is expected to be higher by $\frac{1}{4}$ of a percentage point over the forward estimates period.

Downside scenario

This scenario assumes that a new variant of COVID-19, a decline in the effectiveness of current vaccines or an increase in the number of active cases of COVID-19 affect employment and some employees decide not to return to work, resulting in a lower participation rate.

The downside scenario also assumes that the conflict in Ukraine continues to have material effects on economic activity until the end of calendar year 2022, with persistently high oil prices significantly affecting prices across a range of consumer products. This is expected to lead to a reduction in household savings, with a resultant reduction in consumption.

In this scenario, it is also assumed that the Reserve Bank of Australia (RBA) will raise interest rates earlier than in the baseline case, which would then impact consumption and investment.

Population growth is expected to be affected marginally with no change in population growth in the 2021-22 year and then lower by $\frac{1}{4}$ of a percentage point over the forward estimates period. Employment growth is expected to be consistently lower than forecasts in the baseline scenario, with growth expected to be negative in 2021-22 and lower by $\frac{1}{4}$ of a percentage point over the forward estimates period. Real GSP growth is also expected to be $\frac{1}{4}$ to $\frac{1}{2}$ of a percentage point lower than the forecasts in the baseline scenario, with greater impacts over the forward estimates period.

Figure 2.2.4: Gross State Product (GSP), ACT – forecast scenarios, March qtr 2020 = 100

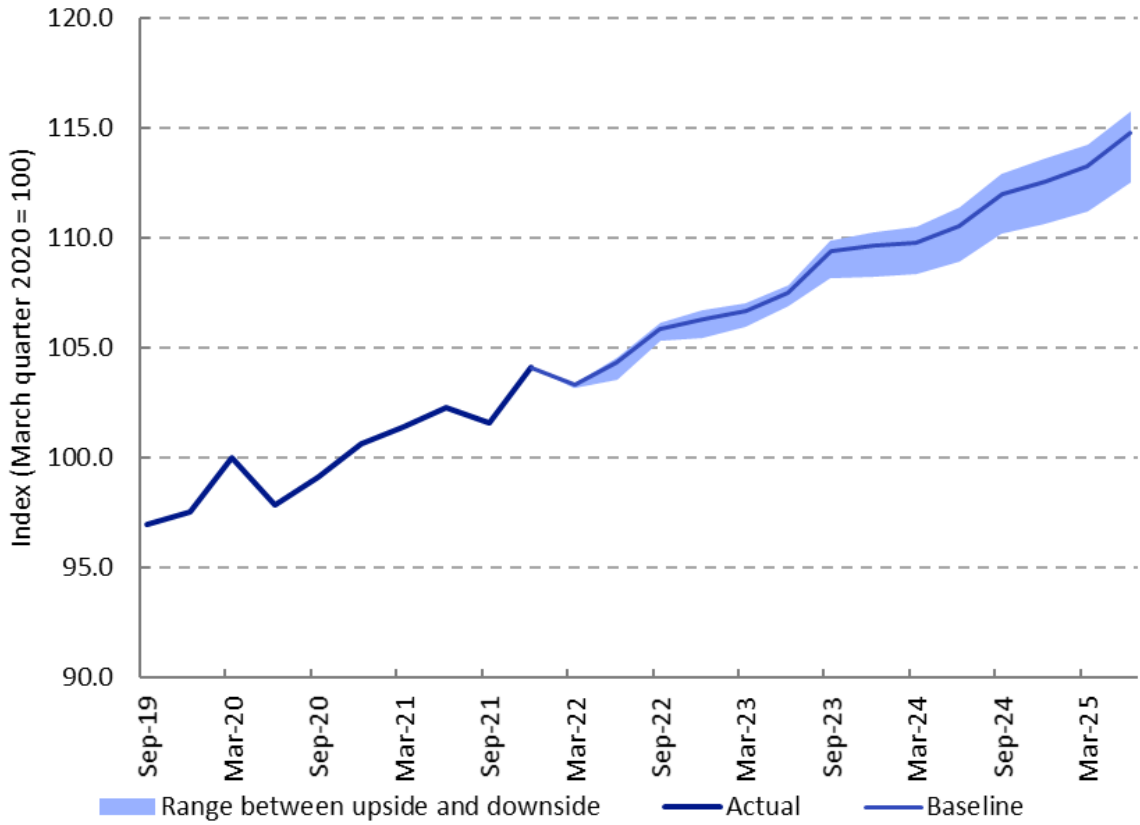


Figure 2.2.5: Employment, ACT – forecast scenarios, March 2020 = 100

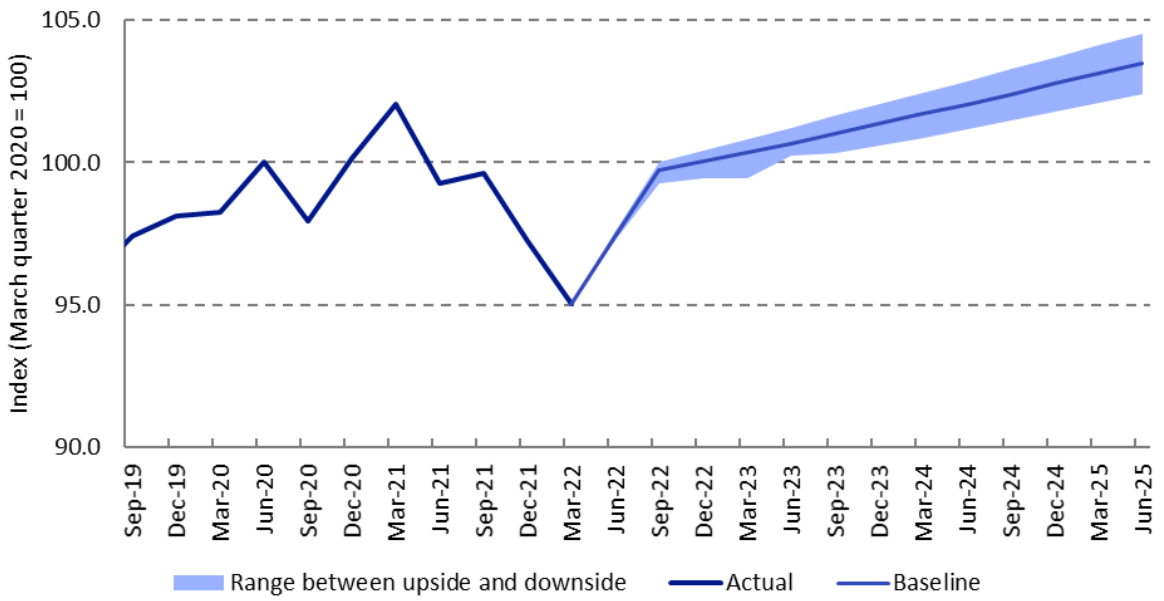
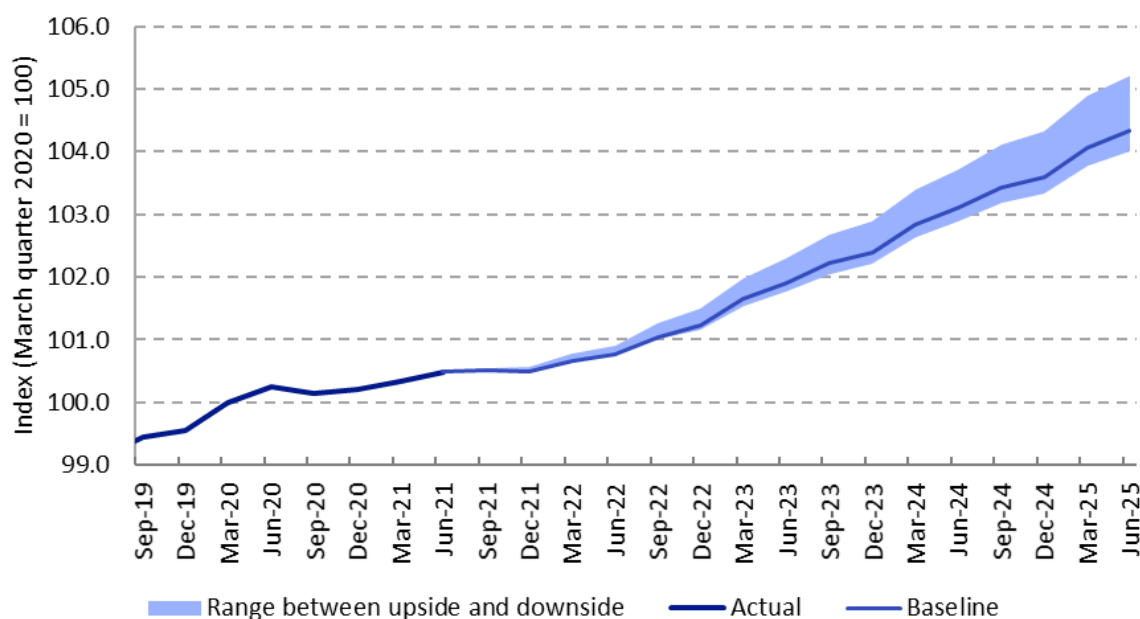


Figure 2.2.6: Population, ACT – forecast scenarios, March qtr 2020 = 100



Other risks to the economic outlook

The economic outlook is subject to significant uncertainty and risk from both within and beyond the Territory’s borders. The ongoing global pandemic still presents significant risks to the outlook, as demonstrated by the impact of the recent Omicron variant. The potential emergence of new virus variants or the decline in the effectiveness of current vaccines could lead to the introduction of further significant restrictions on activity and disrupt the economy.

Rising geopolitical tensions and the Ukraine crisis pose ongoing risks to energy prices and uncertainty around inflation. Furthermore, the International Monetary Fund (IMF) downgraded the world economic outlook in its January 2022 World Economic Outlook report, including its growth forecasts for Australia’s major trading partners. This may detract from the Australian economic outlook and have flow-on implications for the ACT economy.

The recent devastating floods in New South Wales and Queensland are expected to have adverse impacts on prices by raising horticulture and meat prices. While the overall impacts cannot yet be fully assessed, a continuation of the flood conditions will pose more significant risks to the growth outlook for the ACT.

The Commonwealth Government will be releasing its 2022-23 Budget on 29 March 2022. Its fiscal outlook and budget measures have the potential to impact the ACT economy due to the significant size of public demand in the ACT.



2.3 AUSTRALIAN ECONOMIC OUTLOOK

Economic support and stimulus measures provided by the Commonwealth, state and territory governments, and the RBA have seen the national economy rebound strongly from the impact of the Delta outbreaks.

After experiencing a drop of 1.9 per cent in GDP in the September quarter 2021 due to the disruptive wave of Delta outbreak, the Australian economy bounced back strongly in the December quarter as several states emerged from lockdowns. GDP increased by 3.4 per cent in the December quarter 2021.

The labour market is also showing signs of improvement following the bounce back in economic activity. The unemployment rate dropped to 4.0 per cent in February 2022. Given case numbers of COVID-19 infections have reduced since January, the labour market is expected to improve over the rest of 2021-22.

The CPI grew by 1.3 per cent in the December quarter of 2021 to be 3.5 per cent higher through the year, with automotive fuel and the cost of constructing new dwellings the most significant contributors.

The Russian invasion of Ukraine, however, is a risk to the Australian economic outlook. While an increase in commodity prices is expected to benefit Australian exports, significant price increases due to the conflict can negatively affect growth in all key economic parameters – consumption, dwelling investment and business investment. The RBA Governor has already indicated that higher inflation triggered by the conflict could be more persistent and broad-based, necessitating a larger monetary policy response¹.

¹ P. Lowe, 2022, *Recent Economic Developments*, AFR Business Summit 9 March 2022. <https://www.rba.gov.au/speeches/2022/sp-gov-2022-03-09.html>



2.4 INTERNATIONAL ECONOMIC OUTLOOK

The International Monetary Fund (IMF) 2022 *World Economic Outlook* forecasts the global growth rate for 2022 to be 4.4 per cent, 0.5 per cent lower than its forecast in October 2021. This downgrade primarily reflected revisions in the two largest economies, the United States of America (USA) and China.

Economic growth in the USA for 2022 is forecast to be lower than the 5.2 per cent growth forecast in the October 2021 *World Economic Outlook*. This is due to the USA eliminating the *Build Back Better* fiscal policy package and withdrawing monetary policy accommodation combined with the continuing supply shortages. In China, the zero-tolerance COVID-19 policy and its associated disruptions, as well as the prolonged financial stress among property developers, have resulted in a downgrade to its forecast growth.

The October 2021 *World Economic Outlook* had forecast that inflation in both advanced and emerging economies would reduce to pre-pandemic levels by mid-2022. However, the latest report forecasts that elevated inflation is expected to continue for a longer period, stemming from continued supply chain disruptions and high energy prices. Inflation is now expected to gradually stabilise in 2023, supported by the recovery in supply chains and tighter monetary policy in major economies.

The IMF considers downside risks remain prominent due to the continued negative impacts of COVID-19 risks and the associated supply chain disruptions. Another source of risk is the tight labour markets that could dampen the recovery by raising wages and causing persistently higher inflation. The adjustments to the stance of monetary policy in the USA and China's real estate slowdown are other sources of critical risks.

Since the publication of the *World Economic Outlook* in January 2022, the Russian invasion of Ukraine has added another dimension of risks to economic growth across the world.



CHAPTER 3 BUDGET OUTLOOK

3.1 INVESTING IN CANBERRA'S FUTURE

As we enter the third year of the COVID-19 pandemic, we continue to address challenges associated with the virus through our strong public health response and focus on the health of Canberrans.

The 2021-22 Budget Review continues to support the Territory's economic recovery – investing in the immediate needs of the public health emergency but also providing further investments for the future wellbeing of Canberrans.

Together we navigated the pandemic and carefully emerged from the lockdown in October 2021 as we achieved global-leading vaccination rates. Our resilient economy was supported by increased consumer confidence, reflected in strong growth of 8.4 per cent in household consumption in the December quarter 2021. We have pressed ahead with our *Jobs and Economic Recovery Plan*, creating and protecting local jobs across a range of industry sectors and providing targeted support to those businesses and households that continued to be adversely affected by COVID-19. This has been further supported by the recent release of *CBR Switched on – ACT's Economic Development Priorities 2022-25*, which outlines the Government's vision for values and mission based economic growth.

During these uncertain times, we continue to invest in **the future wellbeing of Canberrans**. Expanding the delivery of essential services, protecting the environment and investing in transformative infrastructure will secure the economic future of Canberrans. This involves constructing and modernising public schools, progressing the Canberra Hospital Expansion, and developing sustainable infrastructure to support our growing city and protecting our suburban waterways.

The Government also remains committed to its progressive legislative reform agenda. For more than two decades, this jurisdiction has advanced nation-leading reforms that have ensured Canberra remains one of the most liveable, inclusive and progressive cities in the world.

Noting ongoing challenges, we need to be flexible in our fiscal response and there remains considerable uncertainty associated with our economic and fiscal outlook for the foreseeable future. At the same time, we are looking ahead to the task of progressively improving the fiscal position of the Territory over the medium term.

Headline Net Operating Balance

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) is forecast to be in deficit by \$770.2 million in 2021-22. This deficit is \$181.3 million lower than the 2021-22 Budget estimate, primarily as a result of higher GST revenue and stronger own-source taxation revenue, partially offset by new policy decisions, outlined in further detail in Chapter 3.3 New policy decisions.

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

Table 3.1.1: General Government Sector Headline Net Operating Balance

	2020-21 Actual	2021-22 Budget	2021-22 Budget Review	2022-23 Revised Estimate	2023-24 Revised Estimate	2024-25 Revised Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	6,311.3	6,597.1	6,807.2	6,775.9	6,897.5	7,162.9
Expenses	6,808.0	7,764.7	7,792.8	7,496.1	7,556.7	7,798.6
Superannuation return adjustment	123.5	216.1	215.4	230.0	246.3	263.8
HEADLINE NET OPERATING BALANCE	-373.2	-951.5	-770.2	-490.2	-412.8	-371.9
Net cash from operating activities	237.6	-328.4	-125.3	-62.0	58.1	85.6
Net debt (excluding superannuation)	4,354.5	5,721.0	5,363.6	6,472.6	7,776.8	9,089.7
Net financial liabilities	13,339.8	11,747.8	11,492.7	12,360.4	13,576.5	14,677.7

Note: Table may not add due to rounding.

Summary of Movements

Table 3.1.2 below shows the variations in the GGS HNOB between the 2021-22 Budget and the 2021-22 Budget Review. Further details of the major technical adjustments are shown in Table 3.1.3.

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

	2021-22 Budget \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000
2021-22 Budget	-951,484	-564,272	-530,352	-474,085
Revenue¹				
Policy decisions	-999	-12	-84	-1,854
Technical adjustments	211,035	234,158	201,363	212,189
Expenses²				
Policy decisions	-49,282	-23,865	-17,957	-14,663
Technical adjustments	21,201	-134,892	-64,377	-91,915
Superannuation return adjustment	-657	-1,343	-1,439	-1,542
2021-22 Budget Review	-770,186	-490,226	-412,846	-371,870

Notes: Table may not add due to rounding.

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

Table 3.1.3: Summary of major technical adjustments since the 2021-22 Budget

	2021-22 Budget \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000
Revenue¹				
Other Commonwealth grants	49,248	18,287	20,633	19,113
Own source taxation	99,951	37,520	39,673	41,285
GST revenue	104,941	89,692	106,988	117,833
Provision adjustments	-66,112	71,512	9,300	39,700
Other parameter and technical adjustments	23,007	17,147	24,769	-5,742
Total revenue – Technical adjustments	211,035	234,158	201,363	212,189
Expenses²				
Provision adjustments	1,215	-2,323	-10,697	-22,090
Revised funding profiles and rollovers	83,664	-78,561	6,122	-628
Economic parameters	-971	-4,810	-6,534	-4,522
Interest expense	-12,916	-21,534	-37,079	-53,265
Commonwealth grants	-40,493	-7,936	-7,447	-8,253
Other parameter and technical adjustments	-9,298	-19,728	-8,742	-3,157
Total Expenses – Technical adjustments	21,201	-134,892	-64,377	-91,915

Notes: Table may not add due to rounding.

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

Revenue and Expenses

Despite the significant impacts on economic activity and employment in the first eight months of this financial year due to COVID-19, total revenue in 2021-22 is expected to be \$210 million higher than forecast in the 2021-22 Budget and \$855.8 million higher over the four years to 2024-25. Significant movements in revenue over the forward estimates include:

- an increase in estimated GST revenue of \$104.9 million in 2021-22 (\$419.5 million over four years), primarily due to a higher forecast GST pool and an increase in the budget balancing adjustment as a result of a higher than expected GST pool in 2020-21;
- an increase in estimated own-source taxation revenue of \$100 million in 2021-22 (\$211.1 million over four years) largely attributable to higher payroll tax revenue and stronger conveyance duty revenue due to elevated demand, particularly in the commercial property market; and
- higher other Commonwealth grants revenue of \$49.2 million in 2021-22 (\$107.3 million over four years) primarily due to the Commonwealth's contribution to health, non-government schools, COVID-19 Business Support Grants and an increase in Financial Assistance Grant payments.

Total expenses in 2021-22 are expected to be \$28.1 million higher than forecast at the time of the 2021-22 Budget and \$375.8 million higher over the four years to 2024-25. Significant movements in forecast expenses in 2021-22 and over the forward estimates include:

- additional funding of \$49.3 million in 2021-22 (\$105.8 million over four years) for new initiatives. Further information on these initiatives can be found in Chapter 3.3 – New policy decisions;
- an increase in Commonwealth grants of \$40.5 million in 2021-22 (\$64.1 million over four years); and
- an increase in interest expenses of \$12.9 million in 2021-22 (\$124.8 million over four years), largely due to an increase in borrowing costs due to higher financial market interest rates.

These increases are partially offset by the reprofiling of \$83.7 million of funding from 2021-22 to outyears as a result of slower than anticipated delivery of projects, including as a result of COVID-19 pressures.

Infrastructure

The 2021-22 Budget Review includes \$185.8 million over five years for the delivery of new infrastructure projects.

The new investments funded in the 2021-22 Budget Review bring the Infrastructure Investment Program to \$6.6 billion over five years. This includes budget-funded works of \$5.148 billion and self-funded works by Public Trading Enterprises of \$1.448 billion.

As our city grows, we are supporting the delivery of new and renewed facilities. Key priorities for the Government include our public healthcare and education systems, our growing transport network, supporting the local arts and entertainment precincts and a continued focus on the sustainable housing and environmental needs of the community.

Net Operating Cash balance

Net Operating Cash (Table 3.1.4) is the cash counterpart to the accrual Net Operating Balance. It measures all operating cash receipts for a financial year – for example, taxes, fees and fines, and operating grants from the Commonwealth Government – less all operating cash payments – including wages and salaries, cash superannuation payments and payments for goods and services.

The revised net operating cash position for the General Government Sector in the 2021-22 Budget Review is a deficit of \$125.3 million. This compares to the forecast deficit position of \$328.4 million at the time of the 2021-22 Budget. The improvement is associated with the decrease in the deficit HNOB position discussed above.

Table 3.1.4: Net Operating Cash

	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m
2021-22 Budget	-328.4	-130.3	-42.3	-3.3
2021-22 Budget Review	-125.3	-62.0	58.1	85.6

The Territory's credit rating

Following the 2021-22 Budget, on 29 November 2021 our AAA long-term and A1+ short-term local currency credit ratings were reaffirmed by Standard and Poor's (S&P) Global Ratings. S&P Global Ratings also maintained the negative long-term rating outlook for the Territory.

S&P Global Ratings indicated our rating reflected the Territory's robust financial management, very high-income economy, and our exceptional level of liquidity. Our rating is also underpinned by Australia's excellent institutional framework.

The Territory's AAA credit rating continues to outperform all other state or territory governments in the Asia Pacific region.

The ACT and the Commonwealth Government remain the only Australian jurisdictions that hold AAA credit ratings from S&P Global Ratings.

A strong balance sheet

The robust base of the ACT's balance sheet has allowed the Government to respond to COVID-19 in a timely and decisive manner in the provision of health, economic and financial supports to the ACT community.

The Government is also continuing to provide time-limited targeted support to areas of the economy that require additional assistance.

Net debt

Net debt is a key balance sheet measure in the Government Finance Statistics. It takes into account gross debt liabilities as well as financial assets such as cash reserves and investments. Compared to the 2021-22 Budget estimate of 12.6 per cent, General Government Sector net debt as a percentage of Gross State Product is now expected to be 11.6 per cent at 30 June 2022.

Net financial liabilities

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

General Government Sector net financial liabilities as a percentage of GSP are now expected to be 24.9 per cent in 2021-22, compared to the 2021-22 Budget estimate of 25.8 per cent.

Net worth

The broadest measure of a jurisdiction's balance sheet is net worth, which measures the total value of all assets less the value of all liabilities. The ACT has positive net worth in 2021-22 equivalent to 35.1 per cent of GDP.



3.2 FISCAL AND BUDGET STRATEGY

Fiscal and budget strategy

The release of the 2021-22 Budget Review marks just over two years since the first COVID-19 case was reported in the Territory on 12 March 2020. Coincidentally, this was also the day the ACT Wellbeing Framework was launched.

Both the COVID-19 pandemic and the Wellbeing Framework continue to frame the Government's actions and priorities. The Wellbeing Framework helps to inform and focus attention on matters that best support the wellbeing of the Canberra community – those to address the needs of the community in response to the pandemic in the short term and those to improve the liveability of Canberra in the longer term.

While the pandemic is by no means over, compared to the situation at the time of the release of the 2021-22 Budget less than six months ago, we have been able to ease public health social measures, including the easing of density limits, the reopening of both interstate and international borders and the resumption of public events.

This Budget Review continues to be guided by the principles that have underpinned the Government response over the past two years:

- investing in healthcare and essential services;
- protecting and creating jobs; and
- protecting our most vulnerable.

Continuing our focus on these core principles will help our community move forward together as we recover from the pandemic and adapt to future challenges.

While the recovery from the COVID-19 pandemic is well under way, some in the community and business sector are continuing to experience ongoing impacts. Uncertainty also remains as the COVID-19 virus continues to evolve and we prepare for the upcoming winter season, and, at an international level, broader world events are creating economic volatility.

Noting these uncertainties, the 2021-22 Budget Review focuses on ensuring that there is certainty about the things that matter to Canberrans in their day-to-day lives. The Government continues to provide as much information as possible to support households and businesses in making their own investment decisions.

This includes support in response to the ongoing public health emergency and to facilitate the economic recovery. It also includes committing to projects that support the community and provide a pipeline of work for industry. And – above all – this is supported by the Government's ongoing commitment to actively monitor, plan, and be ready to swiftly respond should circumstances change.

The necessary health and economic investments for the ACT community have had a significant impact on the Territory's finances. However, these investments are essential as we recover and respond to the evolving circumstances resulting from the pandemic.

The path back to budget balance will continue to be a priority for the Government over the medium term. However, the need to balance the competing priorities of the immediate health response and building on the foundations for Canberra's economic recovery and growth outweighs the immediate need to balance the budget. Improving the wellbeing of the community will continue to be a priority of the Government even as it focuses on the challenges ahead.

The Government is committed to:

- supporting the continuing public health and economic and jobs recovery response to the COVID-19 pandemic;
- restoring public finances once the community and economy have fully recovered from the impact of COVID-19 by systematically reducing debt over the long term; and
- strategically investing in infrastructure that improves wellbeing and supports economic growth and jobs in the longer term.

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

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

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

Sustainable economic growth

Sustainable economic growth is reflected in the Government's policies of providing a strong public health and economic and jobs recovery response to the COVID-19 pandemic. This Budget Review continues the Government's focus on timely, effective and appropriate support for Canberra businesses and the community.

The Government has provided more than half a billion dollars in additional health funding, allocated nearly half a billion dollars in targeted support for small and medium businesses, and more than \$200 million in additional funding for education and skills.

Ongoing support to businesses impacted by the Omicron wave over the summer has been included in this Budget Review, to help them maintain their businesses while as a community we adjust to the new environment. This public investment has already delivered positive economic outcomes as shown by the continued growth in the ACT economy over the past two years – 2020-21 marking the 31st consecutive year of economic growth for the ACT.

The Government is continuing its recovery plan of focusing on creating and protecting local jobs in diverse industries, including health, education, construction, retail, renewable energy, tourism and hospitality, cyber, defence, and the technical, scientific and professional services that have seen a significant level of employment growth in our city in recent years.

Sound public finances

The Government's strong financial position has provided the foundation for a clear and effective public health response, in turn underpinning consumer confidence that has seen our economy bounce back as we have been able to ease public health social measures.

The Territory's strong balance sheet has allowed the Government to respond strongly over the past two years to the economic and financial impacts COVID-19 has had on both individuals and businesses. The Territory's AAA credit rating, reaffirmed by S&P Global Ratings, continues to outperform all other state or territory governments in the Asia Pacific region.

However, the COVID-19 pandemic has significantly affected the Government's ability to generate own-source revenue which, combined with strong investment in public health, economic assistance and stimulus measures, has extended the period in which the Government expects to return to a balanced budget. The alternative to not making these investments would have been to accept a more significant and prolonged negative impact on the economy, public finances and community health and wellbeing.

Quality and efficient services

The 2021-22 Budget was the first Budget undertaken with a wellbeing focus and this Budget Review reaffirms the Government's commitment to improve the wellbeing of Canberrans through investments in services that affect quality of life, including significant investments in:

- the ACT public health system to meet future demand, address current increased needs resulting from COVID-19 and support more complex health service delivery now and into the future;
- police funding to maintain specialist protective services such as tactical responses, intelligence and search and rescue capability, allowing other resources to be directed towards other areas; and
- public education and school construction and redevelopment to support children and young people's learning, recognising the importance that education has in life-long wellbeing.

These investments include a significant focus on infrastructure projects, which not only provide crucial infrastructure for our growing city, but also provide an important boost to employment during construction.

Sustainable taxation and revenue

The pandemic has highlighted the need to continually improve the efficiency and productivity of the economy to support economic growth. In this environment, it is vital we continue to raise revenue in the most efficient, fair, simple, and sustainable way and provide a stable source of funding to deliver services to the community.

The ACT Government is achieving this through our nation-leading tax reform program which is phasing out conveyance duty. Since 2012-13, insurance and conveyance duty rates have progressively decreased, with revenue forgone replaced by incremental increases in general rates. Insurance duty was fully abolished by 2017, while conveyance duty is being phased out gradually over time to minimise transitional impacts.

Through tax reform we are improving the fairness of the tax system and minimising economic costs of collecting taxes. While we are changing the amount of tax revenue we receive from different tax bases, we are not changing how much tax revenue is collected to fund government services. This gives the Government and institutional investors significant confidence in the forecasts for a greater proportion of ACT Government own-source revenue.

The 2021-22 Budget Review further supports the progress of taxation reform, expanding the off-the-plan unit conveyance duty concession by increasing the cap to \$600,000 from 1 April 2022. This will ensure that the concession remains effective in supporting affordable housing purchases by owner-occupiers as property prices increase.

Investments in the wellbeing of Canberrans

The Wellbeing Framework provides a basis for considering the potential impacts of our policy and investment choices across 12 areas (or domains) that the Canberra community identified as being most important to our quality of life.

The Government's wellbeing approach focuses on our people, institutions and environment. To live our best lives, we need a strong and vibrant economy; a strong sense of social connection, identity and belonging; great access to connected places and services; access to quality education and lifelong learning opportunities; good physical and mental health; suitable housing, and a climate-resilient environment and community – backed by strong and trusted institutional settings and the time to live the lives we aspire to.



Bringing a wellbeing focus to our Budget process, broader policy development processes and program implementation ensures that we are explicitly considering those factors that most influence our quality of life throughout the policy process – from design to decision to delivery. This includes recognising that some groups in our community do not have the same overall level of wellbeing as the population and developing policies with this in mind to ensure the most vulnerable within the community are supported.

In the context of the COVID-19 pandemic, this means recognising that some people are affected more in the challenging times that we have seen or may take longer to recover and targeting supports accordingly.

That is why the Government, in partnership with the community sector, has targeted – in previous Budgets and in this Budget Review – support and investment for those in the community who continue to do it tough.



3.3 NEW POLICY DECISIONS

This chapter presents detailed descriptions for each initiative funded through the 2021-22 Budget Review, grouped by agency or agency group in the case of health initiatives. If an initiative has financial impacts across multiple agencies, the description is included in the lead agency section but outlines the financial impacts for supporting agencies. Consolidated financial impacts are presented in Tables 3.3.1 and 3.3.2 below.

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

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

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

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

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

Table 3.3.1 Financial Impacts of new policy decisions

	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total \$'000
Expenses					
Expenses	505,386	24,622	21,323	13,787	565,118
Expense provisions	0	2,837	0	0	2,837
Revenue forgone	1,063	1,600	2,927	4,732	10,322
Depreciation	0	986	1,313	3,142	5,441
Total expenses	506,449	30,045	25,563	21,661	583,718
<i>offset by</i>					
Health funding envelope	-2,426	0	0	0	-2,426
Expense offsets	-236,875	-4,580	-4,679	-2,266	-248,400
Commonwealth revenue	-216,803	0	0	0	-216,803
Revenue	-64	-1,588	-2,843	-2,878	-7,373
Total offsets	-456,168	-6,168	-7,522	-5,144	-475,002
Net cost of services	50,281	23,877	18,041	16,517	108,716
Capital works					
Capital	10,445	61,361	77,380	64,919	214,105
Total capital	10,445	61,361	77,380	64,919	214,105
<i>offset by</i>					
Capital offsets	-927	-800	-2,168	-4,379	-8,274
Capital offset provisions	0	-13,750	-36,000	-24,000	-73,750
Total capital offsets	-927	-14,550	-38,168	-28,379	-82,024
Net capital	9,518	46,811	39,212	36,540	132,081

Table 3.3.2 Detailed initiatives by lead agency

Initiative title (by agency)	Net cost / Net capital	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total \$'000
Chief Minister, Treasury and Economic Development Directorate						
2021-22 tax settings – Expanding off-the-plan unit duty concessions	Net cost	313	1,580	2,927	4,732	9,552
Asbestos Disease Support Scheme ¹	Net cost	NFP	NFP	NFP	NFP	16,000
COVID-19 Business Support – Amp it Up! Grants – Round two	Net cost	500	0	0	0	500
COVID-19 Business Support – Business Support Grants and Extension Payments	Net cost	16,866	0	0	0	16,866
COVID-19 Business Support – Food business registration fee waiver	Net cost	100	0	0	0	100
COVID-19 Business Support – Indoor Play Centre assistance	Net cost	120	0	0	0	120
COVID-19 Business Support – Liquor licence fee waivers	Net cost	650	0	0	0	650
COVID-19 Business Support – Nightclub assistance	Net cost	100	0	0	0	100
COVID-19 Business Support – Small Business Hardship Scheme	Net cost	-31,546	0	0	0	-31,546
COVID-19 response – Pandemic Leave Disaster Payment – Non-Australian residents	Net cost	0	0	0	0	0
COVID-19 Response – Further extension of temporary contract positions ²	Net cost	0	0	0	0	0
COVID-19 Response Fund – Extension	Net cost	20,000	0	0	0	20,000
Permanent Home for Dragon Boating in the ACT	Net cost	0	0	32	51	83
Permanent Home for Dragon Boating in the ACT	Net capital	50	1,250	0	0	1,300
Supporting Canberra’s professional football teams – Brumbies Performance Partnership Agreement	Net cost	0	-38	-289	0	-327
Supporting Canberra’s professional football teams – Canberra Raiders Performance Partnership Agreement	Net cost	0	-12	-25	336	299
Supporting Lifeline Canberra	Net cost	25	0	0	0	25
Veteran, vintage and historic vehicle conditional registration scheme	Net cost	-64	-101	-249	-364	-778
Veteran, vintage and historic vehicle conditional registration scheme	Net capital	0	108	0	0	108

Initiative title (by agency)	Net cost / Net capital	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total \$'000
Community Services Directorate						
COVID-19 Response – Provision of accessible information to people experiencing vulnerability	Net cost	0	0	0	0	0
COVID-19 Response – Canberra Relief Network	Net cost	0	0	0	0	0
Education Directorate						
COVID-19 Response – Supporting COVID-safe school operations	Net cost	-3,100	820	820	820	-640
COVID-19 Response – Supporting COVID-safe school operations	Net capital	8,200	0	0	0	8,200
New and expanded schools – Garran Primary School ¹	Net cost	0	0	0	624	624
New and expanded schools – Garran Primary School ¹	Net capital	0	-800	-19,600	2,000	-18,400
New and expanded schools – Narrabundah College	Net cost	0	0	0	320	320
New and expanded schools – Narrabundah College	Net capital	0	3,000	17,430	11,480	31,910
New and expanded schools – Strathnairn Primary School ¹	Net cost	0	0	200	2,374	2,574
New and expanded schools – Strathnairn Primary School ¹	Net capital	0	5,200	15,600	26,000	46,800
Environment, Planning and Sustainable Development Directorate						
Protecting Canberra's unique environment – Further Expanding Healthy Waterways	Net cost	90	2,237	235	352	2,914
Protecting Canberra's unique environment – Further Expanding Healthy Waterways	Net capital	267	11,406	0	0	11,673
Protecting Canberra's unique environment – Further protecting ecosystems through kangaroo management	Net cost	0	422	427	434	1,283
Health Portfolio Agencies						
COVID-19 Response Continuation – Ongoing COVID-19 Public Health support package ²	Net cost	40,100	0	0	0	40,100
Improving Canberra's health infrastructure – Canberra Hospital Expansion operational commissioning	Net cost	0	4,905	4,719	2,266	11,890
Improving Canberra's health infrastructure – Canberra Hospital Expansion operational commissioning	Net capital	0	1,981	2,915	1,439	6,335
Improving our public health system – Elective surgeries	Net cost	0	0	0	0	0

Initiative title (by agency)	Net cost / Net capital	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total \$'000
Housing ACT						
COVID-19 Response – Expanding specialist homelessness service capacity	Net cost	906	0	0	0	906
Justice and Community Safety Directorate						
ACT Policing – Specialist Protection Services Resources	Net cost	4,587	4,587	4,587	4,587	18,348
COVID-19 Response – Rent Relief Fund for vulnerable Canberrans	Net cost	0	0	0	0	0
Independent facilitation of a Restorative Coronial Reform process	Net cost	-495	187	22	22	-264
Independent facilitation of a Restorative Coronial Reform process	Net capital	330	0	0	0	330
Responding to Recommendation 15 in the final report from the Sexual Assault Prevention and Response Steering Committee	Net cost	549	2,837	0	0	3,386
Surrender of Gaming Machine Authorisation Surrender Incentive – further extension	Net cost	625	860	0	0	1,485
Major Projects Canberra						
Concessional loan scheme to remediate cladding on private buildings ¹	Net cost	0	5,250	4,294	-644	8,899
Concessional loan scheme to remediate cladding on private buildings ¹	Net capital	0	25,000	22,832	-4,379	43,453
Transport Canberra and City Services Directorate						
ACT NoWaste Food Organics Garden Organics facility	Net cost	0	0	NFP	NFP	NFP
ACT NoWaste Food Organics Garden Organics facility	Net capital	104	NFP	NFP	NFP	NFP
ACT NoWaste weighbridge system replacement	Net cost	-123	80	81	82	120
ACT NoWaste weighbridge system replacement	Net capital	351	-750	0	0	-399
Cat registration	Net cost	78	-30	-102	-113	-167
Cat registration	Net capital	216	0	0	0	216
Climate action – Woden Bus Depot Electrification	Net cost	0	0	0	261	261
Climate action – Woden Bus Depot Electrification	Net capital	0	0	35	0	35
Intelligent transport systems to better manage traffic congestion	Net cost	0	293	362	377	1,032
Intelligent transport systems to better manage traffic congestion	Net capital	0	0	0	0	0

Initiative title (by agency)	Net cost / Net capital	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total \$'000
Managing traffic disruption: Mawson Park and Ride	Net capital	0	0	0	0	0

Notes

1. This program has funding fall outside the forward estimates.
2. This program is delivered by multiple agencies.

Chief Minister, Treasury and Economic Development Directorate

2021-22 tax settings – Expanding off-the-plan unit duty concessions



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Revenue forgone	313	1,580	2,927	4,732	9,552
Net cost of services	313	1,580	2,927	4,732	9,552

The Government will expand the off-the-plan unit conveyance duty concession by increasing the cap to \$600,000 from 1 April 2022. This will ensure that the concession remains effective in supporting affordable housing purchases by owner occupiers as property prices increase.

This initiative is part of the Government's ongoing tax reform program progressively phasing out inefficient conveyance duty and replacing it with more efficient and stable revenue from general rates. Reductions in conveyance duty are targeted at lower value homes and off-the-plan units to live in and are aimed at stimulating new affordable housing construction.

Further increases to the cap will be considered from 1 July 2023 and 1 July 2024.

This initiative contributes to the wellbeing domains of Housing and home and Economy.

Asbestos Disease Support Scheme



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	NFP	NFP	NFP	NFP	16,000
Net cost of services	NFP	NFP	NFP	NFP	16,000

The Government has established the \$16 million Loose Fill Asbestos Disease Support Scheme, jointly funded by the ACT and Commonwealth Governments. The Scheme will provide financial assistance to people who contract an asbestos-related disease as a result of having lived in a loose fill asbestos insulation affected residential property in the ACT.

This initiative contributes to the wellbeing domain of Living standards.

COVID-19 Business Support – Amp it Up! Grants – Round two



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	500	0	0	0	500
Net cost of services	500	0	0	0	500

The Government will deliver a second round of the Amp it Up! Grant Program to assist small to medium sized live music venues to recover from the impacts of COVID-19.

This initiative builds on the first round of Amp it Up! grants, bringing total funding provided through the program to \$950,000.

It contributes to the wellbeing domains of Economy and Social connection.

COVID-19 Business Support – Business Support Grants and Extension Payments



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	330,567	0	0	0	330,567
Offset – Commonwealth funding	-163,788	0	0	0	-163,788
Offset – Expenses	-149,913	0	0	0	-149,913
Net cost of services	16,866	0	0	0	16,866

The Government has continued support for ACT businesses impacted by the COVID-19 pandemic through payments under the COVID-19 Business Support Grants Scheme and the Tourism, Accommodation Provider and Hospitality Industry Support Fund, with grants jointly funded by the Commonwealth. The final cost of this initiative will vary based on demand.

This initiative was originally published in the 2021-22 Budget as *COVID-19 Business Support – Business Support Grants and Extension Payments* and *COVID-19 Business support – Tourism, Accommodation Provider and Hospitality Industry Support Fund*, with an estimated value of payments to eligible businesses of \$298.115 million at that time.

This initiative contributes to the wellbeing domain of Economy.

COVID-19 Business Support – Food business registration fee waiver



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Revenue forgone	100	0	0	0	100
Net cost of services	100	0	0	0	100

As part of its ongoing support to the local hospitality industry during the COVID-19 pandemic, the Government will extend the food business registration fee waiver to 30 June 2022.

This initiative contributes to the wellbeing domain of Economy.

COVID-19 Business Support – Indoor Play Centre assistance



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	120	0	0	0	120
Net cost of services	120	0	0	0	120

The Government has provided one-off grants to indoor play centres that were affected by COVID-19 public health directions that limited their ability to trade.

This initiative builds on a range of recent Government actions to support local businesses throughout the COVID-19 pandemic and contributes to the wellbeing domain of Economy.

COVID-19 Business Support – Liquor licence fee waivers



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Revenue forgone	650	0	0	0	650
Net cost of services	650	0	0	0	650

The Government will increase and extend the reduction in liquor licence fees from 50 per cent to 100 per cent for nightclubs, restaurants and cafés, bars, general and special licensees, catering businesses and clubs from 1 April 2022 to 30 June 2022.

This initiative is part of the Government's ongoing support to the local hospitality industry that has been significantly affected during the COVID-19 pandemic and contributes to the wellbeing domain of Economy.

COVID-19 Business Support – Nightclub assistance



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	100	0	0	0	100
Net cost of services	100	0	0	0	100

The Government has provided one-off grants to licenced nightclubs affected by COVID-19 public health directions that limited their ability to trade.

This initiative builds on a range of recent Government actions to support local businesses throughout the COVID-19 pandemic and contributes to the wellbeing domains of Economy and Social connection.

COVID-19 Business Support – Small Business Hardship Scheme



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	15,234	0	0	0	15,234
Offset – Expenses	-46,780	0	0	0	-46,780
Net cost of services	-31,546	0	0	0	-31,546

The Government has continued support to businesses that have been significantly impacted during the COVID-19 pandemic under the Small Business Hardship Scheme, which was first announced in the 2021-22 Budget. The scheme provides reimbursements to eligible businesses that can demonstrate a 30 per cent loss in revenue for utilities, rates and commercial vehicle registration up to a maximum of \$10,000. The final cost of this initiative may vary based on demand.

This initiative contributes to the wellbeing domain of Economy.

COVID-19 response – Pandemic Leave Disaster Payment – Non-Australian residents



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	3,747	0	0	0	3,747
Offset – COVID-19 Response Fund	-3,747	0	0	0	-3,747
Net cost of services	0	0	0	0	0

The Government has continued support to non-Australian residents in the ACT who cannot earn an income because they are caring for others, self-isolating or quarantining due to COVID-19. The Pandemic Leave Disaster Payment is a Commonwealth scheme, with the ACT contributing to the non-Australian resident component of the scheme.

The cost, which will vary depending on demand, will be offset from the COVID-19 Response Fund.

This initiative contributes to the wellbeing domains of Living standards and Economy.

COVID-19 Response – Further extension of temporary contract positions



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	1,800	0	0	0	1,800
Offset – COVID-19 Response Fund	-1,800	0	0	0	-1,800
Net cost of services	0	0	0	0	0

The Government further extended ACT public sector temporary employment contracts to provide greater job security during the ongoing COVID-19 pandemic.

This initiative contributes to the wellbeing domains of Living standards, Economy and Governance and institutions.

COVID-19 Response Fund – extension



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	20,000	0	0	0	20,000
Net cost of services	20,000	0	0	0	20,000

The Government will increase funding allocated to the *COVID-19 Response Fund* to further support quick and flexible responses to the public health emergency. Funding will be used to offset a number of initiatives in the 2021-22 Budget Review, as well as providing increased flexibility for any additional public health and support measures.

This initiative extends the total funding to \$70 million for the 2021-22 Budget initiative *COVID-19 Response Fund* and contributes to the wellbeing domains of Health, Living standards, Economy, Education and life-long learning and Safety.

Permanent Home for Dragon Boating in the ACT



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	50	1,450	0	0	1,500
Offset – Capital – Canberra Dragon Boat Association	0	-200	0	0	-200
Net capital	50	1,250	0	0	1,300
Depreciation	0	0	32	32	64
Expenses	0	0	0	19	19
Net cost of services	0	0	32	51	83

The Government will construct a permanent facility for the sport of dragon boating at Grevillea Park, Barton supported by a funding contribution from the Canberra Dragon Boat Association.

This initiative contributes to the wellbeing domains of Social connection and Health.

Supporting Canberra’s professional football teams – Brumbies Performance Partnership Agreement



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense	0	2,029	1,814	0	3,843
Offset – Expenses	0	-2,067	-2,103	0	-4,170
Net cost of services	0	-38	-289	0	-327

The Government will continue to support the Brumbies through the extension of two-year Performance Partnership Agreement, assisting in developing and showcasing elite sport in the Territory.

The cost of this initiative will be offset from existing funding.

This initiative contributes to the wellbeing domains of Economy and Social connection.

Supporting Canberra’s professional football teams – Canberra Raiders Performance Partnership Agreement



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense	0	2,501	2,551	2,602	7,654
Offset – Expenses	0	-2,513	-2,576	-2,266	-7,355
Net cost of services	0	-12	-25	336	299

The Government will continue to support the Canberra Raiders through the extension of a five-year Performance Partnership Agreement, assisting in developing and showcasing elite sport in the Territory, including a provision for a future NRL Women’s Team if the Canberra Raiders are granted a licence by the NRL.

The cost of this initiative will be largely offset from existing funding.

This initiative contributes to the wellbeing domains of Economy and Social connection.

Supporting Lifeline Canberra



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	25	0	0	0	25
Net cost of services	25	0	0	0	25

The Government has made a donation to support Lifeline Canberra due to an unexpected disruption to its bookfair in February 2022.

This initiative contributes to the wellbeing domains of Health and Social connection.

Veteran, vintage and historic vehicle conditional registration scheme



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	108	0	0	108
Depreciation	0	22	22	22	66
Expenses	0	89	2	2	93
Offset – Revenue	-64	-212	-273	-388	-937
Net cost of services	-64	-101	-249	-364	-778

The Government will modify the Veteran, Vintage and Historic Vehicle (VVH) Conditional Registration Scheme by moving from a distance-based to a day-based limit for registrations, introducing a logbook system, and introducing a modified historic class for VVH vehicles. Changes to the scheme will ensure any registration plate eligible for use in the ACT can be used on vehicles under the VVH arrangements.

This initiative contributes to the wellbeing domain of Access and connectivity.

Community Services Directorate

COVID-19 Response – Provision of accessible information to people experiencing vulnerability



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	150	0	0	0	150
Offset – COVID-19 Response Fund	-150	0	0	0	-150
Net cost of services	0	0	0	0	0

The Government has continued support for people experiencing vulnerability during the COVID-19 pandemic, by providing additional funding to community partners to support the delivery of accessible updated COVID-19 information through appropriate community sector channels.

This initiative contributes to the wellbeing domains of Health and Social connection.

COVID-19 Response – Canberra Relief Network



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	982	0	0	0	982
Offset – COVID-19 Response Fund	-982	0	0	0	-982
Net cost of services	0	0	0	0	0

The Government supported the extension of the Canberra Relief Network (CRN) until February 2022 with additional funding of \$982,000, to continue to provide centralised distribution of essential and non-perishable food and other items and link clients with essential services. The CRN was established with \$1.5 million in funding during the first COVID-19 lockdown in 2020 and was reactivated with funding of \$713,000 until mid-December 2021.

This initiative contributes to the wellbeing domains of Living standards, Health and Identity and belonging.

Education Directorate

COVID-19 Response – COVID-safe school operations



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	8,200	0	0	0	8,200
Depreciation	0	820	820	820	2,460
Expenses	12,869	0	0	0	12,869
Offset – COVID-19 Response Fund	-13,738	0	0	0	-13,738
Offset – Commonwealth funding	-2,231	0	0	0	-2,231
Net cost of services	-3,100	820	820	820	-640

The Government supported the safe return of staff and students to schools in term four of the 2021 school year and continues to provide COVID-safe learning environments in the first semester of the 2022 school year by:

- providing additional cleaning of public schools, distributing masks and hand sanitiser, offering extra telehealth counselling services and employing additional relief staff;
- delivering ventilation improvements in school rooms and constructing shade structures in public schools to reduce potential transmissions in schools; and
- undertaking risk assessment functions to support COVID-19 response operations in educational settings.

This initiative will be partially offset from the COVID-19 Response Fund and through a cost sharing arrangement between the Commonwealth and the Territory.

It contributes to the wellbeing domains of Education and life-long learning and Health.

New and expanded schools – Garran Primary School



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	5,200	10,400	26,000	41,600
Offset – Capital – Provision	0	-6,000	-30,000	-24,000	-60,000
Net capital	0	-800	-19,600	2,000	-18,400
Depreciation	0	0	0	624	624
Net cost of services	0	0	0	624	624

The Government will modernise Garran Primary School and expand its capacity to 800 students. The first stage of the school’s modernisation, the construction of a new school campus, is scheduled to be completed by the 2025 school year. Following the opening of the new campus, other community facilities will be delivered. The total capital cost of the project is \$62.4 million, including \$20.8 million of capital funding in 2025-26.

This initiative builds on recent Government actions to meet enrolment growth in the Woden region and greenfield suburbs, including opening schools in Throsby and Denman Prospect and constructing new high schools in Kenny and Taylor.

It contributes to the wellbeing domain of Education and life-long learning.

New and expanded schools – Narrabundah College



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	3,000	17,430	11,480	31,910
Depreciation	0	0	0	320	320
Net cost of services	0	0	0	320	320

The Government will continue to modernise Narrabundah College by replacing an existing school building, providing additional modular learning centres and preparing for future modernisation works.

This initiative follows on from recent work at the college, including replacing existing contaminated buildings with high quality specialist transportable buildings and early planning works for the next stages of renewal.

It contributes to the wellbeing domain of Education and life-long learning.

New and expanded schools – Strathnairn Primary School



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	5,200	15,600	26,000	46,800
Depreciation	0	0	0	624	624
Expenses	0	0	200	1,750	1,950
Net cost of services	0	0	200	2,374	2,574

The Government will construct a new primary school (P-6) with 600 student capacity and an Early Childhood Education Centre (ECEC) with 130 places in Strathnairn, the first suburb of the new Ginninderry Joint Venture Development in West Belconnen. The school is scheduled to be open by the 2025 school year with a total capital cost of \$62.4 million, including \$15.6 million of capital funding in 2025-26.

This initiative is part of the Government’s commitment to meeting enrolment growth in greenfield suburbs, including opening schools in Throsby and Denman Prospect and constructing new high schools in Kenny and Taylor.

It contributes to the wellbeing domain of Education and life-long learning.

Environment, Planning and Sustainable Development Directorate

Protecting Canberra's unique environment – Further Expanding Healthy Waterways



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	332	11,406	0	0	11,738
Offset – Capital	-65	0	0	0	-65
Net capital	267	11,406	0	0	11,673
Depreciation	0	0	235	235	470
Expenses	90	2,237	0	117	2,444
Net cost of services	90	2,237	235	352	2,914

The Government will provide funding to continue the expanded Healthy Waterways Project, building on the initial Healthy Waterways Project (2014-2021), the 2020-21 Budget initiatives *Clean Catchments*, *Clean Waterways* and *Expanding Healthy Waterways*. The key focus over the remainder of 2021-22 and 2022-23 will be on improving catchments and waterways that supply Lake Tuggeranong to help prevent incidences of algal blooms. The Government will also work to improve water quality in rural catchments, streams and rivers which are affected by sediments from pastoral or bushfire affected areas.

This initiative contributes to the wellbeing domain of the Environment and climate.

Protecting Canberra's unique environment – Further protecting ecosystems through kangaroo management



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	0	422	427	434	1,283
Net cost of services	0	422	427	434	1,283

As part of the broader program for managing the kangaroo population funded in the 2021-22 Budget, the Government will introduce a kangaroo fertility control program using the GonaCon vaccine, which will enable non-lethal population management in designated areas. The initiative also includes funding for a senior ecologist for the coordination of the fertility control and research programs and a fauna ecologist for the delivery of ecological response surveys.

This initiative contributes to the wellbeing domain of the Environment and climate.

Health portfolio agencies

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

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

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

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

COVID-19 Response – Ongoing COVID-19 Public Health support package



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses – Health Portfolio	105,286	0	0	0	105,286
Expenses – Community Services Directorate	1,794	0	0	0	1,794
Expenses – Justice and Community Safety Directorate	523	0	0	0	523
Offset – Expenses – COVID-19 Response Fund	-16,719	0	0	0	-16,719
Offset – Commonwealth funding	-50,784	0	0	0	-50,784
Net cost of services	40,100	0	0	0	40,100

The Government continues to respond to the COVID-19 pandemic through its public health response activities.

This funding supports the ongoing work of the Health Emergency Control Centre, mass booster vaccination and paediatric vaccination rollout, expansion of hospital and testing services, additional ICT requirements to support response activities, and the operation of quarantine facilities.

This initiative will be partially funded through a cost sharing arrangement between the Commonwealth and ACT Governments.

This initiative contributes to the wellbeing domain of Health.

Improving Canberra's health infrastructure – Canberra Hospital Expansion operational commissioning



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	1,981	2,915	1,439	6,335
Expenses	0	4,905	4,719	2,266	11,890
Net cost of services	0	4,905	4,719	2,266	11,890

The Government will provide funding to support the planning and operational commissioning activities required for the relocation and mobilisation of clinical and non-clinical services into the new Critical Services Building at the Canberra Hospital. The new facility is scheduled to open in the second half of 2024.

This initiative contributes to the wellbeing domain of Health.

Improving our public health system – Elective surgeries



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,426	0	0	0	2,426
Offset – Health Funding Envelope	-2,426	0	0	0	-2,426
Net cost of services	0	0	0	0	0

The Government will provide additional funding in response to the ongoing impact of COVID-19 on elective surgery delivery in public hospitals in 2021-22.

This initiative contributes to the wellbeing domain of Health.

Housing ACT

COVID-19 Response Continuation – Expanding specialist homelessness service capacity



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,552	0	0	0	2,552
Offset – COVID-19 Response Fund	-1,646	0	0	0	-1,646
Net cost of services	906	0	0	0	906

The Government will provide additional support to homelessness services to enhance their capacity to provide accommodation and support to people experiencing or at risk of homelessness. This includes transitioning Winter Lodge from a six-month to a 12-month operation for both crisis and transitional accommodation, enhanced integrated support, including a community mental health specialist for 12 months, to transition rough sleepers into long-term accommodation and support to increase capacity for OneLink to respond to a sustained increase in demand and client complexity.

This initiative builds on funding of \$8.630 million in the 2021-22 Budget to expand specialist homelessness services and programs that commenced operation in response to the COVID-19 pandemic.

It contributes to the wellbeing domains of Housing and home and Health.

Justice and Community Services Directorate

ACT Policing – Specialist Protection Services Resources



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	4,587	4,587	4,587	4,587	18,348
Net cost of services	4,587	4,587	4,587	4,587	18,348

The Government will provide additional support to ACT Policing to maintain the delivery of Specialist Protective Services to the ACT community, including ACT Policing's tactical response, bomb response, aerial support, tactical intelligence as well as search and rescue capabilities.

This initiative builds on the support provided to ACT Policing enabling services in the 2021-22 Budget and contributes to the wellbeing domain of Safety.

COVID-19 Response – Rent Relief Fund for vulnerable Canberrans



	2021-22	2022-23	2023-24	2024-25	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	133	0	0	0	133
Offset – COVID-19 Response Fund	-133	0	0	0	-133
Net cost of services	0	0	0	0	0

The Government established a rent relief fund to provide direct financial assistance to eligible tenants who were suffering financial difficulties after the end of the 2021 COVID-19 lockdown period.

This initiative builds on other emergency measures implemented by Government to ease the economic impacts of the COVID-19 pandemic, including \$5.250 million in emergency support to tenants and landlords affected by the 2021 lockdown.

This initiative contributes to the wellbeing domain of Housing and home.

Independent facilitation of a Restorative Coronial Reform process



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	330	0	0	0	330
Depreciation	0	22	22	22	66
Expenses	85	165	0	0	250
Offset – Expenses	-580	0	0	0	-580
Net cost of services	-495	187	22	22	-264

The Government will engage an independent facilitator to identify ways of enhancing the accessibility, timeliness, and transparency of the coronial system, by placing families at the heart of the reform process and building on the appointment of a dedicated Coroner for the ACT. The Government will also fit out the office of the newly established dedicated Coroner for the ACT.

This initiative will be offset from within the Directorate's existing resources and contributes to the wellbeing domains of Governance and institutions and Safety.

Responding to Recommendation 15 in the final report from the Sexual Assault Prevention and Response Steering Committee



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	549	0	0	0	549
Expenses – Provision	0	2,837	0	0	2,837
Net cost of services	549	2,837	0	0	3,386

In response to the independent report commissioned by the Government regarding the ACT's response to sexual assault, the Government will establish a cross-agency taskforce to review sexual assault cases which occurred in the ACT from 1 July 2020 to 31 December 2021 that were reported to ACT Policing but did not progress to charge, as part of a broader consideration of the justice system.

This initiative contributes to the wellbeing domain of Safety.

Surrender of Gaming Machine Authorisation Surrender Incentive – further extension



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Expenses	900	840	0	0	1,740
Revenue forgone	0	20	0	0	20
Offset – Expenses	-275	0	0	0	-275
Net cost of services	625	860	0	0	1,485

The Government will reintroduce an incentive payment of \$15,000 for each Gaming Machine Authorisation surrendered until 31 December 2022. Venues that surrender all Gaming Machine Authorisations and are therefore 'pokie-free' will receive an incentive payment of \$20,000 per authorisation.

This initiative will be partially offset by \$275,000 from unused funds available from the previous scheme.

This initiative contributes to the Health and Economy wellbeing domains.

Major Projects Canberra

Concessional loan scheme to remediate cladding on private buildings



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital – Loan asset	0	25,000	25,000	0	50,000
Offset – Capital – Loan repayments	0	0	-2,168	-4,379	-6,547
Net capital	0	25,000	22,832	-4,379	43,453
Expenses	0	6,441	6,675	1,646	14,762
Offset – Revenue impacts	0	-1,191	-2,382	-2,290	-5,863
Net cost of services	0	5,250	4,293	-644	8,899

The Government will establish a \$50 million concessional loan scheme for eligible Owners Corporations to undertake works to remediate combustible cladding.

Loans will be offered for up to ten years with a maximum limit of \$15 million per Owners Corporation, and the loans will be administered by an external service provider.

The loan scheme builds on the support the Government provided to Owners Corporations to undertake assessments of the risk posed by potentially combustible cladding on their buildings.

The initiative contributes to the wellbeing domains of Safety and Housing and home.

Transport Canberra and City Services Directorate

ACT NoWaste Food Organics Garden Organics facility



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	104	416	0	0	520
Capital – Provision	0	NFP	NFP	NFP	NFP
Net capital	104	NFP	NFP	NFP	NFP
Depreciation	0	0	NFP	NFP	NFP
Net cost of services	0	0	NFP	NFP	NFP

The Government will establish a food organics and garden organics (FOGO) waste recovery facility to support the diversion of this waste from landfill, and its use as a resource, through industrial scale composting. This initiative is the next stage of Government investment, after funding was provided in the 2021-22 Budget to pilot a FOGO waste collection service, which is currently being conducted in Belconnen. This facility will provide essential processing capability to enable a future citywide expansion of FOGO collection services.

This initiative contributes to the wellbeing domains of Environment and climate and Economy.

ACT NoWaste weighbridge system replacement



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	351	0	0	0	351
Offset – Capital – Provision	0	-750	0	0	-750
Net capital	351	-750	0	0	-399
Depreciation	0	19	19	19	57
Expenses	289	61	62	63	475
Offset – Expenses	-412	0	0	0	-412
Net cost of services	-123	80	81	82	120

The Government will replace the ACT NoWaste weighbridge system at Mugga Lane Landfill, Mugga Lane Transfer Station, Mugga 2 Quarry and Mitchell Transfer Station, to facilitate efficient waste drop-off for residents and businesses within the Canberra Region.

The project will be partially offset from an existing capital provision and expense funding provided through the 2021-22 Budget initiative *Weighbridge system replacement*.

This initiative contributes to the wellbeing domains of Environment and climate and Access and connectivity.

Cat registration



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	216	0	0	0	216
Depreciation	0	43	43	43	129
Expenses	78	112	43	44	277
Offset – Revenue	0	-185	-188	-200	-573
Net cost of services	78	-30	-102	-113	-167

The Government will implement key components of the *ACT Cat Plan 2021-31* by introducing new cat registration and containment requirements from 1 July 2022. To make it quick and easy for residents to register their cats, the digital platform through which registration information and renewals are processed will be upgraded.

This initiative contributes to the wellbeing domain of Environment and climate.

Climate action – Woden Bus Depot Electrification



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	0	7,000	6,035	0	13,035
Offset – Capital – Provision	0	-7,000	-6,000	0	-13,000
Net capital	0	0	35	0	35
Depreciation	0	0	0	261	261
Net cost of services	0	0	0	261	261

The Government will advance works on the Woden Bus Depot to support the transition from diesel buses to battery-electric buses. This will include construction works required to run electrical distribution and connection equipment, allowing the depot to house, maintain and charge battery electric buses. The facility will support the expanded fleet of electric buses in the ACT under the *Zero Emission Plan for Transport Canberra*.

This initiative contributes to the wellbeing domains of Environment and climate and Access and connectivity.

Intelligent transport systems to better manage traffic congestion



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	600	600	0	0	1,200
Offset – Capital	-600	-600	0	0	-1,200
Net capital	0	0	0	0	0
Depreciation	0	60	120	120	300
Expenses	0	233	242	257	732
Net cost of services	0	293	362	377	1,032

The Government will help to manage and mitigate disruption associated with the raising of London Circuit, construction of light rail to Woden and other major projects through improved Intelligent Transport System capability. This will provide real-time data to assist road network operators to rapidly implement changes to traffic signals and messaging systems to assist the community with journey planning and minimise traffic delays.

The capital funding will be fully offset from savings within the Transport Canberra and City Services Directorate's capital works program.

This initiative builds on recent Government actions delivered through the Disruption Taskforce. This includes funding provided through the *Connected and sustainable Canberra* package in the 2021-22 Budget, to signalise the intersection of Parkes Way and Coranderrk Street.

This initiative contributes to the wellbeing domain of Access and connectivity.

Managing traffic disruption: Mawson Park and Ride



	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	Total \$'000
Capital	262	0	0	0	262
Offset – Capital	-262	0	0	0	-262
Net capital	0	0	0	0	0

The Government will establish a Park and Ride facility at Mawson Oval with space for 70 cars. This will include installation of car park lighting and the construction of a footpath link from the carpark to bus stops on Athllon Drive which are serviced by Rapid routes.

The project will be fully offset from within Transport Canberra and City Services' investment program for active travel upgrades.

This initiative contributes to the wellbeing domain of Access and connectivity.



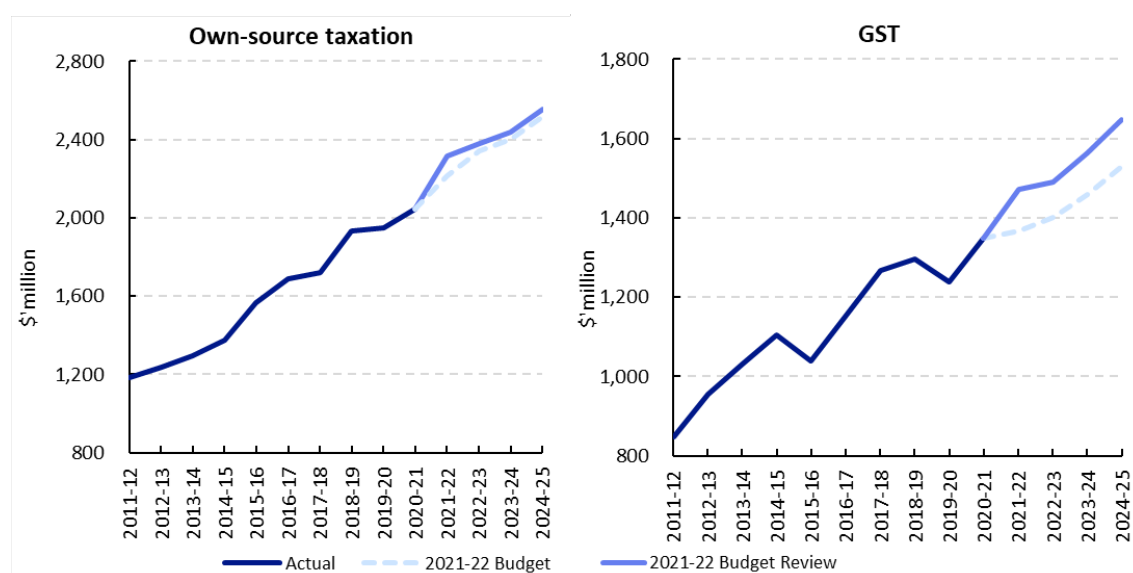
3.4 REVENUE

Revenue overview

GGS revenue is now estimated to be \$6.8 billion in 2021-22, falling in 2022-23 due primarily to a reduction in Commonwealth Grants. GGS revenue is forecast to be \$27.6 billion from 2021-22 to 2024-25, stronger than expected at the time of the 2020-21 Budget.

In line with the improved economic outlook, GST revenue and own-source taxation revenue combined are forecast to be \$630 million higher over the four years to 2024-25 relative to the 2021-22 Budget. GST revenue is expected to be \$419 million stronger while own-source taxation revenue is anticipated to be \$211 million stronger.

Figure 3.4.1: Changes in the total of own-source taxation and GST revenue



Sources: CMTEDD estimates.

Table 3.4.1 General Government Sector Revenue

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000
Own-source taxation	2,043,428	2,216,163	2,315,144	2,380,414	2,437,877	2,557,594
Goods and Services Tax	1,349,090	1,367,761	1,472,702	1,489,788	1,564,694	1,646,742
Commonwealth grants	1,157,745	1,399,790	1,449,038	1,355,244	1,428,441	1,350,045
Sales of goods and services	583,772	602,401	605,050	632,946	650,617	662,953
Investment revenue	262,161	245,643	281,632	269,273	273,957	283,991
Dividend and income tax equivalents	463,004	252,490	300,918	232,433	96,274	266,144
Other revenue	241,950	206,424	203,623	202,716	201,410	254,999
Gains from contributed assets	210,198	306,473	179,074	213,038	244,272	140,458
Total	6,311,349	6,597,145	6,807,181	6,775,852	6,897,542	7,162,926

Own-source taxation revenue

Total own-source taxation revenue is estimated to be \$2.3 billion in 2021-22, which is \$99.0 million (4.5 per cent) higher than expected at the time of the 2021-22 Budget. This is largely attributable to stronger than expected payroll tax revenue and elevated demand in the commercial and residential property markets.

Over the four-year period to 2024-25, total own-source taxation revenue is estimated to be \$211.1 million higher than the estimates published in the 2021-22 Budget. This is largely the result of the improved economic outlook being reflected in payroll tax and transaction-related property taxes.

Over the forward estimates period, the annual average growth rate for own-source revenue is expected to be 3.4 per cent. This is lower than the 5.4 per cent annual average growth rate estimated at the time of the 2021-22 Budget.

Table 3.4.2 Own-source taxation revenue

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Budget Review \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000
General tax						
Payroll tax	576,294	588,846	621,664	664,559	716,062	770,662
Tax waivers	-	4,497	4,497	2,354	2,413	2,473
General rates	612,338	660,691	674,191	716,059	756,062	798,693
Land tax	149,082	157,957	157,957	177,675	181,925	188,711
Total general tax	1,337,714	1,411,991	1,458,309	1,560,647	1,656,462	1,760,539
Duties						
Commercial conveyances	31,769	85,949	107,206	87,841	69,884	68,708
Residential conveyances	214,314	265,035	288,930	252,782	213,936	209,610
Motor vehicle registrations and transfers	38,992	34,440	34,440	35,165	36,106	37,588
Total duties	285,075	385,424	430,576	375,788	319,926	315,906
Gambling taxes						
Tabcorp licence fee	1,101	1,120	1,120	1,151	1,180	1,210
Gaming tax	35,703	27,356	32,957	36,090	35,799	35,517
Casino tax	3,041	2,071	2,671	2,919	2,992	3,067
Interstate lotteries	14,384	14,704	15,904	15,112	15,489	15,877
Betting Operations Tax	14,994	16,960	16,960	17,835	19,085	20,230
Total gambling taxes	69,222	62,211	69,612	73,107	74,545	75,901
Other taxes						
Motor vehicle registration	157,122	158,168	158,168	164,036	167,012	176,166
Ambulance Levy	25,461	25,701	25,811	26,644	27,485	28,334
Lease Variation Charge	28,005	21,498	21,498	23,030	28,963	30,547
Utilities (Network Facilities) Tax	43,982	44,979	44,979	46,837	48,790	50,824
Fire and Emergency Service Levy	87,259	94,060	94,060	97,330	100,700	104,170
City Centre Marketing and Improvements Levy	1,168	2,350	2,350	2,350	2,350	2,350
Energy Industry Levy	3,510	3,631	3,631	3,565	3,574	3,777
Safer Families Levy	4,910	6,150	6,150	7,080	8,070	9,080
Total other taxes	351,417	356,537	356,647	370,872	386,944	405,248
Total taxation	2,043,428	2,216,163	2,315,144	2,380,414	2,437,877	2,557,594

Payroll tax

Payroll tax revenue in 2021-22 is forecast to be \$32.8 million higher than the 2021-22 Budget estimate and grow at 7.9 per cent in this financial year. This reflects stronger than expected year-to-date collections and expectations that this strength in payroll tax payments will continue for the rest of 2021-22 as employment continues to recover from the impact of the Omicron outbreak. The strong rebound in payroll tax estimated in 2021-22 was preceded by subdued growth in 2019-20 and 2020-21 due to the impacts of the COVID-19 pandemic and payroll tax support provided by the Government.

Over the four years to 2024-25, payroll tax revenue is expected to be \$94.9 million above the 2021-22 Budget estimates. This forecast growth in payroll tax revenue is in line with the long-run trend rate of growth and consistent with continued growth in private sector wages and employment.

General rates

General rates revenue in 2021-22 is estimated to be \$13.5 million higher than the 2021-22 Budget estimate. The increase reflects a change in the design of the *COVID-19 Small Business Hardship Scheme* from waivers on general rates to reimbursement of general rates paid, which while maintaining the intended support, changed the accounting treatment of the scheme from revenue forgone to expenditure.

Over the forward estimates period, general rates revenue forecasts remain unchanged from the 2021-22 Budget estimates.

General rates are less affected by economic shocks compared to transaction-based taxes. The shift from transaction-based taxes to broad-based land tax through the ACT's tax reform program will progressively improve the stability and predictability of the ACT's revenue base into the future. The current period of economic uncertainty reinforces the value of a stable and predictable revenue base to fund the essential services of Government.

Conveyance duty

Conveyance duty is a transaction-based tax making it a less predictable source of revenue than other property-based taxes. It tends to vary significantly depending on both the activity and prices in the property market. The ongoing tax reform seeks to improve the stability and predictability of the ACT's revenue base by shifting to broad-based land taxes into the future from transaction-based taxes such as conveyance duty.

Residential conveyance duty

The ACT's property market has outperformed expectations compared to the 2021-22 Budget given the exceptional strength in demand for housing, in part due to demand factors such as interest rates remaining at the historical low levels and favourable federal tax settings.

The strength in the property market has resulted in a \$23.9 million upward revision in this financial year compared to the 2021-22 Budget estimate, largely reflecting higher-than-expected transaction volumes. Despite this, total revenue from residential conveyance duty is expected to represent less than 12 per cent of total taxation revenue in 2021-22, compared to 17 per cent prior to tax reform.

Overall, revenue from residential conveyance duty is forecast to be \$49.0 million higher compared to the 2021-22 Budget estimates over the four years to 2024-25, with the revenue forecasts over the forward estimates period also revised up.

Despite the upward revision, residential conveyance duty is expected to progressively reduce over the forward estimates due to the ACT Government's ongoing tax reform and expectations that the property market will cool with the prospect of rising interest rates and tightening of lending conditions.

Commercial conveyance duty

Commercial conveyance duty in 2021-22 is forecast to be \$21.3 million higher than the 2021-22 Budget estimate. This is a result of higher-than-expected activity in industrial property and Grade A offices, and higher-than-expected duties collected from large transactions during the second half of 2021.

Commercial conveyance duty is forecast to decline over the forward estimates period, reflecting the progressive increase in the commercial conveyance duty tax-free threshold as part of ongoing tax reform as well as an easing in activity in the commercial property market, partly as a result of forecast future interest rate rises.

Overall, revenue from commercial conveyance duty over the four years to 2024-25 is expected to be \$23.6 million higher than the 2021-22 Budget estimates.

Gambling taxes

Gambling tax revenue in 2021-22 is forecast to be \$7.4 million higher than at the time of 2021-22 Budget as a result of the stronger-than-expected revenue from gaming tax and interstate lotteries tax.

This increase in the forecasts for gaming tax reflects gambling venues reopening earlier than expected due to winding back of the lockdown restrictions in the ACT. Interstate lotteries tax is also expected to be stronger than the 2021-22 Budget estimate due to higher-than-expected gambling activity as a result of higher jackpot prizes offered.

Over the forward estimates period, gambling tax revenue has been revised down by \$3.7 million as activity is forecast to revert to the steady downward trend apparent prior to the COVID-19 pandemic.

Other own-source taxation revenue

Over the four years to 2024-25, other own-source taxation revenue is estimated to be \$23.3 million higher than the 2021-22 Budget estimates, predominantly due to upward revisions to population, inflation and wages growth. This is mainly reflected in upward revisions to revenue collected from motor vehicle registration fees, the Utilities (Network Facilities) Tax, the Fire and Emergency Services Levy, the Lease Variation Charge and the Ambulance Levy. The annual average growth rate for other own-source taxation revenue is expected to be 3.6 per cent.

Alternative scenarios and risks to selected major revenue lines

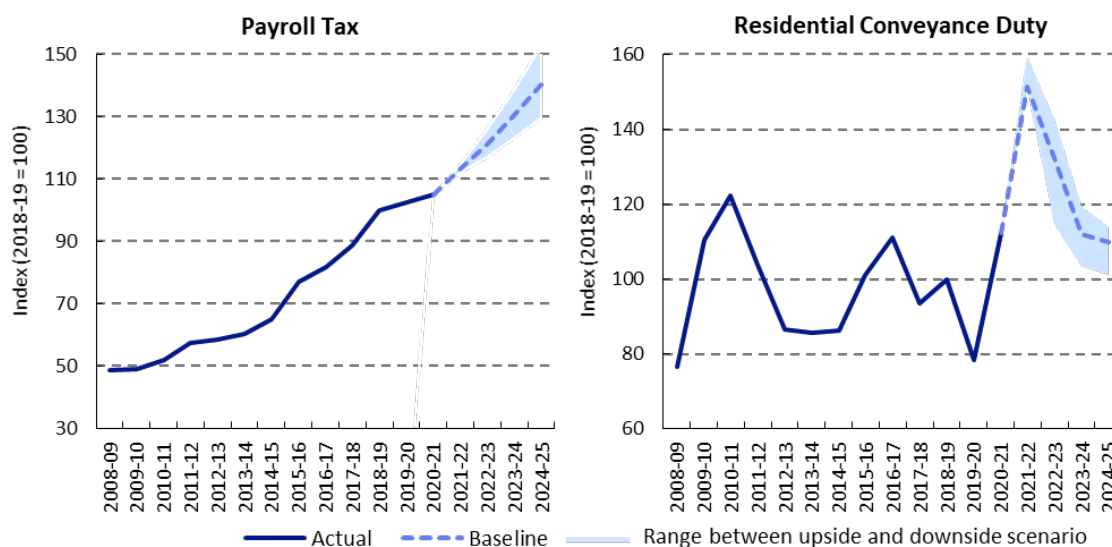
As noted in the alternative scenarios and risks section in Chapter 2 – Economic Outlook, the economic and revenue impacts from the COVID-19 pandemic remain highly uncertain. The presence of the virus in our community and the emergence of new COVID-19 variants could delay the return of international students and skilled migrants and stall economic recovery. Further, heightened inflationary pressures flowing from the Russian invasion of Ukraine have increased the risk of an interest rate hike being brought forward by the Reserve Bank of Australia. This will weigh on housing demand.

The estimates presented in this Budget Review reflect a baseline scenario derived from a plausible set of assumptions described in Chapter 2 – Economic Outlook. Due to these elevated uncertainties, a range within which outcomes may reasonably fall is presented below for key revenue lines. Revenue impacts are quantified reflecting changes in key economic parameters broadly in line with the upside and downside ranges described in Chapter 2 – Economic Outlook (Table 2.2.2 Economic parameter forecasts under different scenarios).

The analysis compares the baseline scenario as presented in Table 3.4.2 and an alternative upside range and a downside range for the largest potentially impacted own-source taxation revenue lines, which are payroll tax and residential conveyance duty.

Figure 3.4.2 shows the range depicted in the shaded area within which revenue may fall in the upside and downside scenarios, with the estimates presented in Table 3.4.3 relative to the baseline scenario.

Figure 3.4.2: Selected own-source taxation revenue – forecast scenarios, 2018-19 = 100



Sources: CMTEDD estimates.

Table 3.4.3: Selected own-source taxation revenue variance from the baseline due to economic parameters – forecast scenarios

	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	2024-25 Estimate \$'000	Total Estimate \$'000
Payroll Tax					
Downside	-5,763	-21,558	-39,304	-59,220	-125,845
Upside	8,644	24,999	44,175	66,549	144,367
Residential Conveyances					
Downside	0	-33,082	-16,336	-16,480	-65,898
Upside	15,080	19,195	13,937	7,896	56,108
Total					
Downside	-5,763	-54,640	-55,640	-75,700	-191,743
Upside	23,725	44,194	58,111	74,445	200,475

Source: Chief Minister, Treasury and Economic Development Directorate.

Note: Numbers may not add due to rounding.

Commonwealth Government grants

Estimated payments to the ACT for General Revenue Assistance, Specific Purpose Payments (SPPs) and National Partnership Payments (NPPs) total \$11.8 billion over four years (2021-22 to 2024-25), \$527 million higher than the estimates published in the 2021-22 Budget. This increase in the estimates reflects information contained in the Commonwealth's *2021-22 Mid-Year Economic and Fiscal Outlook (2021-22 MYEFO)* and estimated increases in Commonwealth funding for the *National Partnership on COVID-19 response* and the ACT Business Support Package.

General Revenue Assistance

The ACT receives General Revenue Assistance from the Commonwealth in the form of Goods and Services Tax (GST) revenue grants and ACT Municipal Services payments.

GST Revenue

The Commonwealth increased its GST pool forecast for 2021-22 and the forward years in the 2021-22 MYEFO released in December 2021, relative to the 2021-22 Commonwealth Budget.

The ACT has upgraded its GST pool forecasts for the budget and forward estimates period based on the 2021-22 MYEFO release. However, while a higher GST pool for 2021-22 has been estimated than at the time of the ACT's 2021-22 Budget, the GST pool estimate included in the 2021-22 Budget Review remains \$1.1 billion lower than the Commonwealth's estimate of \$73.1 billion in the 2021-22 MYEFO.

This lower estimate reflects recent consumer sentiment data that indicate that households are concerned about impending interest rate rises and higher inflation. Lower sentiment, coupled with the Omicron outbreak through much of January and February, suggests that household consumption will be weaker in the first half of 2022 compared to the 2021-22 MYEFO assumptions.

The GST pool is expected to grow by 5.9 per cent in 2022-23, and revert to the 2021-22 MYEFO estimates of the GST pool from 2023-24.

A budget balancing adjustment of \$65.8 million for underpayment of GST in 2020-21 is included in the estimates for 2021-22. The estimate for this balancing adjustment in the 2021-22 Budget was \$56.2 million. Consistent with the previous years, the ACT's GST relativity from the Commonwealth Grants Commission's *2021 Update of GST Revenue Sharing Relativities* has been held constant for the Budget year and across the forward estimates period.

With the Commonwealth Government releasing its 2022-23 Budget on 29 March 2022, and the upcoming release of the Commonwealth Grants Commission's *2022 Update of GST Revenue Sharing Relativities*, there is a risk to Goods and Services Tax revenue forecasts if there are any changes to the forecast parameters.

Table 3.4.4: GST revenue grant forecasts for the ACT

	2021-22	2022-23	2023-24	2024-25	Total 2021-22 to 2024-25
	\$m	\$m	\$m	\$m	\$m
2021-22 Budget Review	1,473	1,490	1,565	1,647	6,174
Increase from 2021-22 Budget	105	90	107	118	419
Reduction from 2021-22 MYEFO estimates	-21	-22	0	0	-43

Sensitivity of ACT GST estimates

The estimates of GST revenue are sensitive to changes in the GST pool and the ACT's GST relativity. **A one per cent reduction in the GST pool in any year would reduce the ACT's GST share by between \$14.1 million and \$16.5 million, depending on the year affected.** In total, if the forecast for the GST pool over the budget and forward estimates period reduces by one per cent (around \$3.1 billion), the ACT's GST share will reduce by \$61 million over the same period. This assumes that the ACT's share of the Australian population is the same as that reported in the 2021-22 MYEFO and the ACT's GST relativity from the Commonwealth Grants Commission's 2021 Update is held constant.

If the ACT's share of the Australian population was 0.01 percentage point lower than the corresponding 2021-22 MYEFO estimate, the ACT's GST revenue share would decline by between \$8.4 million and \$9.8 million, depending on the year affected. A reduction in the ACT's population share would also likely reduce the ACT's GST relativity for that year, further increasing the reduction in GST revenue.

A one per cent increase in the GST pool or 0.01 percentage point increase in the ACT's population share would increase the ACT's GST share by the equivalent amounts.

ACT Municipal Services

The Commonwealth also provides General Revenue Assistance to the ACT to assist in meeting the additional municipal costs that arise from Canberra's unique role as the national capital.

The ACT is expected to receive \$41.7 million in 2021-22 and \$170.5 million over the four years to 2024-25, an increase of \$214,000 since the 2021-22 ACT Budget.

Specific Purpose Payments (SPPs), National Partnership Payments (NPPs), and other payments to the ACT

Significant Commonwealth funding increases to the ACT since the 2021-22 Budget include:

- A \$50.8 million increase in 2021-22 for the *National Partnership on COVID-19 response*. These estimates differ from those included in the Commonwealth's 2021-22 MYEFO primarily due to more recent information on the booster vaccination rollout and a surge in testing activity due to the Omicron variant. The Commonwealth Government announced on 11 March 2022 that this agreement would be extended to 30 September 2022, however as the final arrangements are yet to be settled this has not been reflected in the 2021-22 Budget Review;
- Non-government schools (Quality Schools funding) – an increase of \$32.0 million over four years (including the GST gross-up);
- COVID-19 Business Support Grants – an increase of \$15.6 million in 2021-22; and
- Financial Assistance Grants – an increase of \$5.8 million over four years.

These increases were partially offset by a decrease of \$3.9 million over the four-year period from 2021-22 to 2024-25 for the *National Partnership Agreement on Land Transport Infrastructure Projects*; however, this decrease is mostly due to the re-profiling of Commonwealth funding beyond the 2024-25 outyear to the 2025-26 financial year and beyond.

COVID-19 support measures

The ACT Government and the Commonwealth Government partnered to support the ACT economy and the health response to the COVID-19 pandemic. This includes the Pandemic Leave Disaster payment, with the ACT Government providing more than \$3.7 million for non-Australian residents, and the jointly-funded \$330.5 million ACT Business Support package.

Other jointly-funded COVID-19 economic support measures scheduled to end either in 2021-22 or 2022-23 include the:

- JobTrainer Fund (2022-23) (\$33.5 million);
- COVID-19 stimulus projects under the 'Road Investment' component of the *National Partnership Agreement on Land Transport Infrastructure Projects* (2021-22) (\$34.6 million); and
- the Tourism Accommodation Provider and Hospitality Industry Support Fund (2021-22) (\$7.2 million).

Wholly Commonwealth-funded programs that are also scheduled to conclude either in 2021-22 or 2022-23 are the:

- *National Partnership on HomeBuilder* (2022-23) (\$53.5 million); and
- the *National Partnership on COVID-19 Domestic and Family Violence Responses* (2021-22) (\$2.7 million).



3.5 INFRASTRUCTURE AND CAPITAL

New investments

The 2021-22 Budget Review includes \$185.8 million over five years for the delivery of new infrastructure projects.

The new investments funded in the 2021-22 Budget Review bring the Infrastructure Investment Program to \$6.6 billion over five years. This includes budget-funded works of \$5.148 billion and self-funded works by Public Trading Enterprises of \$1.448 billion.

Significant infrastructure projects announced in the 2021-22 Budget Review include:

- **construction of a new primary school in Strathnairn, the redevelopment of Garran Primary School, and the modernisation of Narrabundah College – \$156.7 million;**
- **establishment of a Food Organics and Garden Organics (FOGO) Waste recovery facility (value not for publication ahead of procurement processes);**
- **Woden Bus Depot Electrification works – \$13 million;**
- **Expanding Healthy Waterways – \$11.7 million; and**
- **construction of a permanent home for dragon boating in the ACT – \$1.5 million.**

The financial impact of these new infrastructure investments has been partially offset by previously provisioned funding of \$60 million for infrastructure improvements in schools and the \$13 million for the Woden Bus Depot Electrification works and a \$200,000 contribution from Dragon Boating ACT.

Further information on 2021-22 Budget Review initiatives can be found in Chapter 3.3.

Delivering better infrastructure for Canberra

We are investing in the sustainable, productivity-improving and growth-enabling infrastructure to prepare our city for the future. Our Infrastructure Investment Program is an integral part of our economic recovery providing a pipeline of activity to support the economy and create jobs.

Work is continuing on delivery of the Government's transformative Infrastructure Investment Program. The 2021-22 Budget Review includes the acceleration of funding from outyears to 2021-22 for the Canberra Hospital Expansion project and Raising London Circuit, reflecting faster than anticipated delivery of these projects. Other major projects underway include:

- delivery of the new CIT Woden Campus and Public Transport Interchange;
- extending Light Rail;

- expanding Margaret Hendry Primary School, construction of a new primary school in Throsby and new high schools in Taylor and Kenny, capacity expansions at schools across Canberra and more than \$100 million in school maintenance and upgrades over four years;
- expanding the Centenary Hospital for Women and Children and Clare Holland House, planning for future hospital infrastructure in Canberra's north, establishing a new Cancer Research Centre and delivering a new Digital Health Record;
- continuing the Public Housing Growth and Renewal Program – as of December 2021, 165 dwellings had been constructed, 72 dwellings were acquired, 101 land sites purchased, and 242 public housing properties sold under the Program;
- upgrading public housing properties as part of the \$80 million Securing High Quality Public Housing initiative announced in the 2021-22 Budget;
- construction of Common Ground 2 in Dickson and planning for a build-to-rent affordable rental project to be co-located with Common Ground Gungahlin;
- delivery of a purpose-built facility with the Gugan Gulwan Youth Aboriginal Corporation on their current premises in Wanniasa;
- completing John Gorton Drive in Molonglo, duplicating William Hovell Drive, and upgrading the Monaro Highway and roads in south-west Canberra;
- undertaking active travel investments across Canberra to improve opportunities for walking and cycling and improvements to play spaces, dog parks, local shopping centres, sport and recreation facilities and other community infrastructure;
- delivery of the Home of Football at Throsby, improving parking at Stromlo Forest Park and constructing a community recreation park in Casey;
- delivery of the Big Canberra Battery, growing our urban forest, expanding Healthy Waterways and enhancing the Franklin Nature Reserve;
- development of an Acton Station for ACT Fire & Rescue, improvements to accommodation at the Gungahlin Joint Emergency Services Centre and vehicle replacements for the Emergency Services Agency; and
- upgrades to the Tuggeranong Arts Centre Theatre, Canberra Museum and Gallery and the North Building and Lanyon Homestead.

Revised 2021-22 Infrastructure Investment Program

In addition to the new 2021-22 Budget Review initiatives and acceleration of funding for the Canberra Hospital Expansion project and Raising London Circuit projects, the 2021-22 Budget Review includes reprofiling of a range of other projects and other technical program adjustments – reflecting updated information about project delivery.

Across Australia there is significant pressure on public and private infrastructure projects due to a range of challenges including workforce constraints, supply chain issues and weather conditions.

Table 3.5.1: Summary of the revised Infrastructure Investment Program

	2021-22 Allocation \$'000	2022-23 Allocation \$'000	2023-24 Allocation \$'000	2024-25 Allocation \$'000	2025-26 Allocation \$'000	Total Investment \$'000
New Capital Works						
Early planning	7,911	9,163	296	28	0	17,398
Design	5,182	15,069	500	0	0	20,751
Construction	130,254	204,715	177,975	158,469	81,150	752,563
ICT	20,626	12,961	13,103	10,373	5,033	62,096
ICT early planning	0	0	0	0	0	0
PP+E	25,077	17,722	12,849	11,680	3,000	70,328
Capital grants	8,721	20,377	11,700	0	0	40,798
Total New Works	197,771	280,007	216,423	180,550	89,183	963,934
Total Better Infrastructure Fund	97,584	77,340	76,096	79,857	83,322	414,199
Works-in-Progress						
Early planning	8,516	2,636	0	0	0	11,152
Design	2,605	2,027	800	0	0	5,432
Construction	533,767	694,894	544,449	175,521	9,259	1,957,890
ICT	88,048	66,428	37,673	11,330	7,321	210,800
PP+E	46,703	54,536	23,592	5,977	5,977	136,785
Capital grants	14,250	16,363	8,810	0	0	39,423
Total Works-in-Progress	693,889	836,884	615,324	192,828	22,557	2,361,482
Central Capital Provisions						
Early planning	0	0	0	0	0	0
Design	0	0	0	0	0	0
Construction	0	254,511	273,826	296,566	346,655	1,171,558
ICT	0	5,519	0	0	0	5,519
PP+E	0	31,496	35,809	45,627	13,000	125,932
Capital grants	0	37,308	35,000	7,329	25,788	105,425
Total Central Capital Provisions	0	328,834	344,635	349,522	385,443	1,408,434
Total Capital Works Program	989,244	1,523,065	1,252,478	802,757	580,505	5,148,049
Capital Delivery Provision	-60,000	-490,000	-50,000	400,000	200,000	0
Total Capital Works Program Forecast	929,244	1,033,065	1,202,478	1,202,757	780,505	5,148,049
Public Trading Enterprises (PTE)	353,748	349,769	389,277	271,165	84,080	1,448,039
Total Infrastructure Investment Program	1,282,992	1,382,834	1,591,755	1,473,922	864,585	6,596,088
Capital Works Reserve and offsetting provision	190,000	-190,000	0	0	0	0

Note: Numbers may not add due to rounding.



3.6 KEY BALANCE SHEET METRICS

Net debt, net financial liabilities and net worth are three key indicators of the strength of Government finances.

Net debt is defined as the sum of the Government's gross debt, less financial assets such as cash and investments. Net financial liabilities consider unfunded superannuation liabilities and provide a broader measure of the Government's financial position. Net worth is the sum of all the Government's financial and non-financial assets, less liabilities.

The tables below provide a summary of these key balance sheet measures for the General Government Sector.

Table 3.6.1: Net debt (excluding superannuation)

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2022-23 Estimate \$m	2023-24 Estimate \$m	2024-25 Estimate \$m
2021-22 Budget	4,352.8	5,721.0	6,875.9	8,245.2	9,580.9
2021-22 Budget Review	4,354.5	5,363.6	6,472.6	7,776.8	9,089.7
Net debt to GSP (%)	10.0	11.6	13.2	15.1	16.7

Compared to the 2021-22 Budget, net debt is forecast to decrease by \$357.4 million in 2021-22 largely due to higher revenue. Net debt is also forecast to be lower each year over the forward estimates than was expected at the 2021-22 Budget.

Table 3.6.2: Net financial liabilities

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2022-23 Estimate \$m	2023-24 Estimate \$m	2024-25 Estimate \$m
2021-22 Budget	13,301.0	11,747.8	12,674.8	13,969.8	15,092.4
2021-22 Budget Review	13,339.8	11,492.7	12,360.4	13,576.5	14,677.7
Net financial liabilities to GSP (%)	30.7	24.9	25.3	26.3	27.0

Net financial liabilities are forecast to decrease in 2021-22 by \$255.1 million compared to the 2021-22 Budget, with further decreases in each year over the forward estimates. These decreases are largely due to the variations in net debt above.

Table 3.6.3: Net worth

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2022-23 Estimate \$m	2023-24 Estimate \$m	2024-25 Estimate \$m
2021-22 Budget	13,693.0	16,055.6	15,404.8	15,007.1	14,490.1
2021-22 Budget Review	13,707.8	16,203.1	15,624.3	15,353.8	14,938.7
Net worth to GSP (%)	31.6	35.1	32.0	29.8	27.5

The changes to net worth in each year compared to the 2021-22 Budget are mainly due to the impacts described above, partially offset by a lower level of forecast contributed assets from the Public Trading Enterprises Sector which were transferred in 2020-21, earlier than forecast at the time of the 2021-22 Budget.

Unfunded Superannuation Liability

Defined benefit superannuation liability

The Government recognises a defined benefit superannuation liability on behalf of 28,784 past employees and 6,275 current employees with membership in the Commonwealth's closed defined benefit superannuation schemes – the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme (the Schemes).

Apart from employer productivity contributions, the employer-financed component of member entitlements for both schemes are unfunded and not required to be paid until members retire.

Defined benefit superannuation liability valuation estimates

Retirement benefits for the Commonwealth superannuation schemes can include both lump sum and ongoing pension payments. As these retirement benefits will continue to be paid well into the future, the estimated financial obligation is measured on a discounted basis. The liability valuation is the present value of the future expected benefit payments resulting from employee service in the current and prior periods.

Actuarial assumptions of future events are necessary to measure the present value of the financial obligation. The financial and demographic assumptions are the best estimates of the variables that determine the annual benefit payments and the ultimate cost of the financial obligation. The financial and demographic assumptions are reviewed on an ongoing basis, in consultation with Treasury's appointed actuary.

Superannuation Provision Account investment assets

The Government maintains a funding plan to extinguish the Territory's unfunded defined benefit superannuation liability by 2030. The funding plan involves the accumulation of investment assets in the Superannuation Provision Account through generating investment returns and the reinvestment of income. The account receives budget appropriation and makes ongoing benefit payments to the Commonwealth to extinguish the Territory's employer superannuation liability.

Territory Borrowings

Total Territory borrowings comprise short-term and long-term debt securities, Commonwealth Government loans and leases (which include public private partnership contracts and service concession liabilities).

The Government's capital funding requirements are mainly achieved through the issuance of debt securities in the domestic capital markets.

Territory debt management objectives

The primary debt management objectives are to manage the liquidity, financial payment obligations and ongoing capital funding requirements of the Territory.

Territory credit rating

The Australian Capital Territory is rated AAA (negative) by S&P Global Ratings (S&P).

The Territory's AAA long-term and A1+ short-term local currency credit ratings were last reaffirmed by S&P following the 2021-22 Budget on 29 November 2021.

The Territory's AAA credit rating continues to outperform all other state or territory governments in the Asia Pacific region.

Total Territory borrowings

The level of outstanding borrowings is influenced by:

- the investment required in infrastructure and assets to generate economic growth and improve Canberra's liveability;
- cash liquidity provisions to meet day-to-day and medium-term financial obligations; and
- the financial impacts of the COVID-19 pandemic including the Government's response to protect the health of the community, jobs and support the economy and the households.

A summary of the current borrowing estimates is set out below in Tables 3.6.4 and 3.6.5.

Table 3.6.4: Total Territory borrowings – Principal outstanding

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2021-22 Revised Budget \$m	2022-23 Revised Estimate \$m	2023-24 Revised Estimate \$m	2024-25 Revised Estimate \$m
Market Borrowings	8,015.2	9,763.2	9,514.0	10,176.5	12,178.5	13,174.8
Commonwealth Loans	98.3	90.0	90.0	81.6	73.2	64.7
Leases/other ¹	1,363.9	1,359.0	1,362.7	1,324.9	1,275.6	1,224.1
Total	9,477.4	11,212.2	10,966.6	11,583.0	13,527.4	14,463.7

Notes: Numbers may not add due to rounding.

1. Leases/other comprise operating and finance leases, public private partnership contracts and service concession liabilities.

Table 3.6.5: Total Territory borrowings – Interest expense

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2021-22 Revised Budget \$m	2022-23 Revised Estimate \$m	2023-24 Revised Estimate \$m	2024-25 Revised Estimate \$m
Market Borrowings	170.9	206.9	220.2	253.4	305.1	344.5
Commonwealth Loans	4.8	4.4	4.4	4.0	3.7	3.3
Leases/other	44.2	47.1	47.1	45.9	44.3	42.9
Total	219.9	258.5	271.7	303.3	353.0	390.6

Notes: Numbers may not add due to rounding.

The Territory's projected gross borrowing program by issuing debt securities in the Australian capital markets is set out below in Table 3.6.6.

Table 3.6.6: Territory debt funding program

	2020-21 Actual Outcome \$m	2021-22 Budget \$m	2021-22 Revised Budget \$m	2022-23 Revised Estimate \$m	2023-24 Revised Estimate \$m	2024-25 Revised Estimate \$m
New Borrowings	996.7	1,740.0	1,490.0	655.0	1,995.0	990.0
Maturities	-	550.0	550.0	1,100.0	500.0	1,000.0
Total^{1, 2, 3}	996.7	2,290.0	2,040.0	1,755.0	2,495.0	1,990.0

Notes:

1. Estimated funding requirements will be sourced by issuing debt securities in accordance with the Territory's Australian Dollar Debt Issuance Program.
2. Projections are based on a range of assumptions and will vary with changes to assumptions and budget estimates.
3. The projections are the total estimated funding requirements for the Territory comprising the General Government Sector and the Public Trading Enterprise Sector (Icon Water).



CHAPTER 4 GFS/GAAP FINANCIAL STATEMENTS

Table 4.1: Australian Capital Territory General Government Sector – Operating Statement

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Revenue						
Taxation revenue	2,043,428	2,216,163	2,315,144	2,380,414	2,437,877	2,557,594
Commonwealth grants	2,506,835	2,767,551	2,921,740	2,845,032	2,993,135	2,996,787
Sales of goods and services from contracts with customers	583,772	602,401	605,050	632,946	650,617	662,953
Investment revenue	262,161	245,643	281,632	269,273	273,957	283,991
Dividend and income tax equivalents income	463,004	252,490	300,918	232,433	96,274	266,144
Other revenue						
Other revenue	241,950	206,424	203,623	202,716	201,410	254,999
Gains from contributed assets	210,198	306,473	179,074	213,038	244,272	140,458
Total revenue	6,311,349	6,597,145	6,807,181	6,775,852	6,897,542	7,162,926
Expenses						
Employee expenses	2,469,087	2,532,911	2,605,872	2,556,407	2,632,107	2,703,076
Superannuation expenses						
Superannuation interest cost	210,537	302,379	302,379	404,714	413,652	421,708
Other superannuation expense	492,935	549,002	559,080	431,756	427,309	423,908
Depreciation and amortisation	496,828	539,817	528,090	564,863	589,065	609,574
Interest expense	198,329	239,084	255,082	287,636	338,336	377,238
Other operating expenses						
Supplies and services	1,091,188	1,415,144	1,412,843	1,413,238	1,440,004	1,509,871
Other operating expenses	386,654	327,334	299,512	304,644	311,918	321,297
Grants and purchased services	1,462,481	1,859,018	1,829,912	1,532,835	1,404,303	1,431,883
Total expenses	6,808,037	7,764,689	7,792,770	7,496,093	7,556,694	7,798,555
UPF net operating balance	(496,688)	(1,167,544)	(985,589)	(720,241)	(659,152)	(635,629)
Other economic flows – included in the operating result						
Dividends (market gains on land sales)	66,649	2,756	2,442	50,575	44,068	22,902
Net land revenue (undeveloped land value)	47,492	41,952	25,540	28,741	34,389	28,562
Net gain/(loss) on sale/(disposal) of non-financial assets	(2,282)	(8,800)	(4,350)	(9,877)	(10,973)	(12,117)
Net gain/(loss) on financial assets or liabilities at fair value	692,242	229,223	184,188	247,437	264,975	283,618
Doubtful debts	(5,068)	(12,928)	(12,996)	(10,823)	(11,089)	(11,358)
Operating surplus/(deficit)	302,345	(915,341)	(790,765)	(414,188)	(337,782)	(324,022)
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Payments to ACT Government agencies	(120,133)	(156,786)	(134,938)	(110,820)	(102,913)	(17,511)
Transfer of assets to the Public Trading Enterprises (PTE) sector	(10,710)	(12,000)	(12,000)	0	0	0

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Superannuation actuarial gain/(loss)	(994,929)	3,412,160	3,412,160	0	0	0
Other movements	298	(18,760)	(15,171)	10,421	410	484
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	192,950	(92,375)	(90,015)	(69,181)	(22,926)	(23,509)
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in net assets of PTE	1,307,684	145,646	125,960	4,966	192,724	(50,534)
Total comprehensive income/(deficit)	677,505	2,362,544	2,495,231	(578,802)	(270,487)	(415,092)
Key fiscal aggregates						
UPF net operating balance less net acquisition of non-financial assets	(496,688)	(1,167,544)	(985,589)	(720,241)	(659,152)	(635,629)
Payments for non-financial assets	671,334	1,052,744	1,021,057	762,314	1,152,294	1,245,822
Sales of non-financial assets	(97,312)	(75,266)	(75,261)	(37,787)	(38,404)	(38,977)
Change in inventories	19,473	285	155	629	25	22
Depreciation and amortisation	(496,828)	(539,817)	(528,090)	(564,863)	(589,065)	(609,574)
Other movements in non-financial assets	71,667	251,096	123,697	160,173	222,149	123,483
<i>Total net acquisition of non-financial assets</i>	<i>168,334</i>	<i>689,042</i>	<i>541,558</i>	<i>320,466</i>	<i>746,999</i>	<i>720,776</i>
Net borrowing	(655,023)	(1,856,586)	(1,527,147)	(1,040,707)	(1,406,151)	(1,356,405)
GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/(DEFICIT)						
UPF net operating balance	(496,688)	(1,167,544)	(985,589)	(720,241)	(659,152)	(635,629)
Superannuation return adjustment	123,533	216,060	215,403	230,015	246,306	263,759
HEADLINE NET OPERATING BALANCE	(373,155)	(951,484)	(770,186)	(490,226)	(412,846)	(371,870)

Table 4.2: Australian Capital Territory General Government Sector – Balance Sheet

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Financial assets						
Cash and deposits	2,609,659	2,518,801	2,534,368	2,025,294	2,547,515	2,081,844
Advances paid	1,898,178	1,881,956	1,963,477	1,955,910	2,046,430	2,106,820
Investments and loans	5,394,424	6,245,886	6,222,674	6,641,426	7,090,139	7,569,641
Receivables	1,325,291	886,647	789,030	959,135	935,698	994,968
Equity investments						
Investments in other public sector enterprises	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793
Investments accounted for using the equity method	20	0	0	0	0	0
Total financial assets	20,158,249	20,553,897	20,566,186	20,643,368	21,874,109	21,957,066
Non-financial assets						
Produced assets						
Property, plant and equipment	12,867,867	13,309,042	13,127,730	12,902,236	13,416,584	14,190,314
Investment properties	7,920	7,920	7,920	7,920	7,920	7,920
Intangibles	177,247	273,327	253,826	279,001	243,388	195,577
Inventories	41,836	42,121	41,991	42,620	42,645	42,667
Non-current assets held for sale	30,001	19,837	29,069	29,069	29,069	29,069
Capital works-in-progress	701,204	885,616	872,661	1,364,220	1,632,247	1,638,996
Non-produced assets						
Property, plant and equipment	4,252,261	4,206,232	4,267,302	4,259,396	4,263,691	4,267,677
Biological assets	27,148	27,148	27,148	27,148	28,882	28,882
Other non-financial assets	11,454	11,511	11,511	11,511	11,511	11,511
Total non-financial assets	18,116,939	18,782,754	18,639,158	18,923,121	19,675,937	20,412,613
Total assets	38,275,187	39,336,651	39,205,344	39,566,489	41,550,046	42,369,679
Liabilities						
Advances received	53,761	49,649	49,649	45,354	40,864	36,172
Borrowings						
Lease liabilities	1,046,766	1,066,307	1,063,317	1,036,732	998,250	958,270
Other borrowings	8,024,148	9,763,243	9,513,955	10,176,525	12,178,535	13,174,844
Superannuation	13,231,437	10,103,197	10,103,199	10,346,454	10,568,264	10,766,361
Employee benefits	916,443	958,436	955,422	999,777	1,045,740	1,092,991
Other provisions	953,295	988,002	997,867	1,015,271	1,038,256	1,069,921
Payables	297,024	319,413	276,930	281,150	286,310	293,276
Contract liabilities	27,807	15,325	27,193	28,124	29,055	29,986
Other liabilities	16,658	17,496	14,733	12,825	10,982	9,160
Total liabilities	24,567,339	23,281,068	23,002,265	23,942,212	26,196,256	27,430,981
Net assets	13,707,848	16,055,583	16,203,079	15,624,277	15,353,790	14,938,698
Equity in public trading enterprises	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793
Accumulated funds	(1,740,254)	610,685	722,152	207,565	(232,720)	(573,769)
Asset revaluation surplus	6,516,195	6,423,061	6,423,060	6,353,879	6,330,953	6,307,444
Other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Net worth	13,707,848	16,055,583	16,203,079	15,624,277	15,353,790	14,938,698
Net financial worth	(4,409,091)	(2,727,171)	(2,436,079)	(3,298,844)	(4,322,147)	(5,473,915)
Net financial liabilities	13,339,767	11,747,778	11,492,716	12,360,447	13,576,474	14,677,708
Net debt (excluding superannuation related investments)	4,354,517	5,721,000	5,363,559	6,472,640	7,776,775	9,089,725

Table 4.3: Statement of changes in equity

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Opening equity						
Opening equity in public trading enterprises (PTE)	7,622,993	8,874,961	8,930,677	9,056,637	9,061,603	9,254,327
Opening accumulated funds	(946,123)	(1,701,708)	(1,740,254)	722,152	207,565	(232,720)
Opening asset revaluation surplus	6,352,243	6,518,556	6,516,195	6,423,060	6,353,879	6,330,953
Opening other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Opening balance	13,030,343	13,693,038	13,707,848	16,203,079	15,624,277	15,353,790
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	302,345	(915,341)	(790,765)	(414,188)	(337,782)	(324,022)
Payments to ACT Government agencies	(120,133)	(156,786)	(134,938)	(110,820)	(102,913)	(17,511)
Superannuation actuarial gain/(loss)	(994,929)	3,412,160	3,412,160	0	0	0
Transfer of assets to the PTE sector	(10,710)	(12,000)	(12,000)	0	0	0
Other movements	298	(18,760)	(15,171)	10,421	410	484
<i>Included in equity in PTE:</i>						
Increase/(decrease) in net assets of PTE	1,307,684	145,646	125,960	4,966	192,724	(50,534)
<i>Included in the asset revaluation surplus:</i>						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	192,950	(92,375)	(90,015)	(69,181)	(22,926)	(23,509)
Total comprehensive income/(deficit)	677,505	2,362,544	2,495,231	(578,802)	(270,487)	(415,092)
Other						
Transfer to/(from) accumulated funds	28,998	3,120	3,120	0	0	0
Transfer to/(from) the asset revaluation surplus	(28,998)	(3,120)	(3,120)	0	0	0
Total other	0	0	0	0	0	0
Closing equity						
Closing equity in PTE	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793
Closing accumulated funds	(1,740,254)	610,685	722,152	207,565	(232,720)	(573,769)
Closing asset revaluation surplus	6,516,195	6,423,061	6,423,060	6,353,879	6,330,953	6,307,444
Closing other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Closing balance	13,707,848	16,055,583	16,203,079	15,624,277	15,353,790	14,938,698

Table 4.4: Australian Capital Territory General Government Sector – Statement of cash flows

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Cash flows from operating activities						
Receipts						
Taxes received	1,875,146	2,206,443	2,302,168	2,259,716	2,386,870	2,504,847
Sales of goods and services from contracts with customers	725,711	585,184	561,173	630,381	658,214	663,223
Grants and contributions	2,414,771	2,775,172	2,929,361	2,853,791	3,002,053	3,005,705
Investment receipts	268,752	242,438	262,653	262,169	268,251	278,207
Dividends and income tax equivalents	474,670	361,144	412,746	198,810	162,637	255,355
Other receipts	516,167	444,937	442,603	392,801	392,095	446,547
Total receipts from operating activities	6,275,216	6,615,318	6,910,704	6,597,668	6,870,120	7,153,884
Payments						
Payments for employees	(2,940,265)	(3,100,494)	(3,189,139)	(3,123,559)	(3,224,764)	(3,324,047)
Payments for goods and services	(1,085,455)	(1,456,805)	(1,428,322)	(1,447,963)	(1,474,822)	(1,545,197)
Grants/subsidies paid	(1,346,960)	(1,741,752)	(1,775,758)	(1,424,391)	(1,389,765)	(1,422,459)
Interest paid	(188,647)	(228,766)	(238,378)	(264,430)	(314,612)	(359,223)
Other payments	(476,329)	(415,913)	(404,387)	(399,365)	(408,070)	(417,354)
Total payments from operating activities	(6,037,656)	(6,943,730)	(7,035,984)	(6,659,708)	(6,812,033)	(7,068,280)
Net cash flows from operating activities	237,560	(328,412)	(125,280)	(62,040)	58,087	85,604
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	97,312	75,266	75,261	37,787	38,404	38,977
Payments for non-financial assets	(671,334)	(1,052,744)	(1,021,057)	(762,314)	(1,152,294)	(1,245,822)
Net cash flows from investments in non-financial assets	(574,022)	(977,478)	(945,796)	(724,527)	(1,113,890)	(1,206,845)
Cash flows from investments in financial assets for policy purposes						
Receipts						
Repayment of loans	193	259	1,559	4,534	9,605	14,715
Capital receipts from government agencies	0	313,113	313,113	0	0	0
Dividends (market gains on land sales)	66,649	2,756	2,442	50,575	44,068	22,902
Total receipts from investments in financial assets for policy purposes	66,842	316,128	317,114	55,109	53,673	37,617
Payments						
Issue of loans	0	0	(13,680)	(55,529)	(55,529)	(30,529)
Capital payments to government agencies	(120,133)	(156,786)	(134,938)	(110,820)	(102,913)	(17,511)

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Total payments from investments in financial assets for policy purposes	(120,133)	(156,786)	(148,618)	(166,349)	(158,442)	(48,040)
Net cash flows from investments in financial assets for policy purposes	(53,291)	159,342	168,496	(111,240)	(104,769)	(10,423)
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	4,851	43,613	60,388	72,633	92,245	112,679
Payments for investments	(5,220)	(633,818)	(603,837)	(284,475)	(312,592)	(348,688)
Net cash flows from investments in financial assets for liquidity purposes	(370)	(590,205)	(543,449)	(211,842)	(220,347)	(236,009)
Net cash flows from investing activities	(627,683)	(1,408,341)	(1,320,749)	(1,047,609)	(1,439,006)	(1,453,277)
Cash flows from financing activities						
Receipts						
Borrowings	997,732	1,749,678	1,497,581	663,709	2,003,601	997,333
Total receipts from financing activities	997,732	1,749,678	1,497,581	663,709	2,003,601	997,333
Payments						
Borrowings	(55,837)	(55,313)	(61,602)	(19,489)	(58,430)	(52,302)
Repayments of lease liabilities – principal	(50,418)	(46,987)	(46,987)	(49,146)	(50,835)	(52,313)
Total payments from financing activities	(106,255)	(102,300)	(108,589)	(68,635)	(109,265)	(104,615)
Net cash flows from financing activities	891,478	1,647,378	1,388,992	595,074	1,894,336	892,718
Net increase/(decrease) in cash and cash equivalents	501,355	(89,375)	(57,037)	(514,575)	513,417	(474,955)
Cash and cash equivalents at the beginning of reporting period	2,099,337	2,600,693	2,600,693	2,543,655	2,029,080	2,542,497
Cash and cash equivalents at the end of reporting period	2,600,693	2,511,317	2,543,655	2,029,080	2,542,497	2,067,542
Key fiscal aggregates						
Net cash from operating activities	237,560	(328,412)	(125,280)	(62,040)	58,087	85,604
Investments in non-financial assets	(574,022)	(977,478)	(945,796)	(724,527)	(1,113,890)	(1,206,845)
Cash deficit	(336,462)	(1,305,890)	(1,071,076)	(786,567)	(1,055,803)	(1,121,241)



APPENDIX A – STATEMENT OF RISKS

Consistent with section 11(d) of the *Financial Management Act 1996*, each budget update is required to provide a statement describing the risks – quantified if possible – that may affect the budget estimates. Full details of economic and fiscal risks, contingent liabilities, other commitments, and outstanding claims liabilities were provided in Appendix I to the 2021-22 Budget Outlook.

The following risks have been identified at the time of publication of the 2021-22 Budget Review. Unless indicated below, risks identified in the 2021-22 Budget Outlook are unchanged.

Economic risks

The economic outlook is subject to significant uncertainty and risk from both within and beyond the Territory's borders. The ongoing global pandemic still presents significant risks to the outlook, as demonstrated by the recent Omicron variant. In addition, the emergence of new virus variants or the decline in the effectiveness of current vaccines could introduce further significant restrictions on activity and disrupt the economy.

Rising geopolitical tensions and the Ukraine crisis could potentially exacerbate energy prices and pose uncertainty around inflation. Furthermore, the International Monetary Fund downgraded the world economic outlook in its January 2022 *World Economic Outlook* report, including its growth forecasts for Australia's major trading partners. This may negatively impact the Australian economic outlook and have flow-on implications for the ACT economy.

The recent devastating floods in NSW and Queensland are expected to increase horticulture and meat prices and have a measurable impact on the CPI. While the overall impacts cannot yet be fully assessed, a continuation of the flood conditions would pose more significant risks to the growth outlook for the ACT.

The Commonwealth Government will be releasing its 2022-23 Budget on 29 March 2022. Its fiscal outlook and budget measures have the potential to impact the ACT economy due to the significant size of public demand in the ACT.

Fiscal risks

The current fiscal risks are broadly consistent with the 2021-22 Budget, and predominantly relate to the ongoing evolution of the pandemic and its effects on our public health response and on economic activity and jobs.

Since the release of the 2021-22 Budget, supported by our high vaccination rates, public health and social measures have progressively eased, assisting the recovery of economic activity and jobs.

However, risks remain, particularly with the onset of the cooler months potentially giving rise to additional cases, new variants and risks of influenza breakouts. The potential emergence of new COVID-19 variants remains a concern if increased transmission rates lead to pressure on health system capacity.

The BA.2 Omicron sub-variant is now known to have been circulating across the country since late January 2022. It has become the dominant variant in NSW over the past month, and is also becoming the dominant variant here in the ACT.

Evidence from across the world indicates that the BA.2 sub-variant is more transmissible than the original BA.1 Omicron variant. However, the evidence also suggests that the new variant presents similar risks of causing severe illness. Importantly, BA.2 has been made a research priority around the world and there is no evidence of significantly reduced vaccine effectiveness against symptomatic disease.

As a result, expenditure on the public health response, including the vaccination program, and economic support measures, may be higher or lower depending on the path of the pandemic and how evolving circumstances impact the need for particular programs. There is scope, however, for the Government to address any deterioration in our circumstances and future increases in expenditure.

The \$50 million COVID-19 Response Fund was established in the 2021-22 Budget for the Government to draw upon should additional pandemic responses be required, or support programs extended or re-instated. The 2021-22 Budget Review increased the COVID-19 Response Fund by \$20 million to ensure capacity for a continued and agile response against unexpected pandemic-related demands faced by the community.

The risks to the economic outlook from geopolitical tensions and the Ukraine conflict are already affecting the local economy, with high oil prices and supply chain disruptions driving broader price increases and creating cost-of-living pressures for some households. These events also have the potential to increase the costs of service delivery and global supply shortages for infrastructure-related materials, which could result in delays to, or cost impacts for, the Infrastructure Investment Program.

Revenue risks

The revenue impacts from the COVID-19 pandemic remain highly uncertain. The presence of the virus in our community, and the potential emergence of new COVID-19 variants, continue to create risks for consumption, business activity and labour supply and therefore also continues to pose a risk to revenue.

Further, heightened inflationary pressures flowing from the Russian invasion of Ukraine have increased the risk of an interest rate hike being brought forward by the Reserve Bank of Australia. This will weigh on housing demand, potentially impacting residential conveyance duty.

With the Commonwealth Government releasing its 2022-23 Budget on 29 March 2022, and the upcoming release of the Commonwealth Grants Commission's *2022 Update of GST Revenue Sharing Relativities*, there is a risk to GST revenue forecasts if there are any changes to the forecast parameters.

Financial investment assets and liabilities

The short-term outlook for investment returns continues to be very challenging with continuing economic uncertainty and financial market volatility, with increasing commodity prices, inflationary pressures and interest rates and the Russian/Ukraine situation leading to further global supply chain disruption. Any negative impact on investment earnings over the short to medium-term could increase the likelihood that the timeframe to extinguish the Territory's unfunded superannuation liability will need to be extended.

Increasing domestic interest rates will increase the cost of future Territory borrowings. Any significant deterioration in global and Australian financial markets could present risks to the ability of the Territory to effectively access financial markets to raise capital through the issuance of new bonds.

Enterprise Bargaining negotiations

Employee expenses are the largest expense incurred by the Territory. The majority of ACT Government directorate enterprise agreements expired on 31 October 2021 and were rolled over for one year, so are now due to expire by October 2022.

Negotiation processes for future agreements have commenced and it is possible that the outcomes of these negotiations may impact on expenses incurred within the forward estimates period.

ACT Early Childhood Strategy/Non-Government school funding

The 2021-22 Budget Review estimates contain a provision of \$22.7 million reflecting the reinvestment of estimated savings associated with a reduction in the ACT Government's share of non-government schools funding into the ACT Early Childhood Strategy. In accordance with the *National School Reform Agreement*, signed in December 2018, the Commonwealth funding share of the School Resource Standard for non-government schools increases over time and the ACT Government's share reduces. Any possible further Commonwealth changes to private school arrangements may mean the forecast savings are not realised to the currently budgeted extent.

Land Release Program

The ACT Government's Land Release Program is a source of revenue for the Territory. The program is susceptible to risks related to the capacity of the ACT residential property market to grow and sustain the sale of all released land at forecast prices. If the demand for land is higher than supply, then there may be upward pressure on prices which would see an increase to Government revenues, in the absence of a supply response. On the other hand, lower than expected demand and/or sale prices would reduce revenue for the Government.

Land releases in 2021-22 have been well received by the market largely due to continued low interest rates and government incentives. The strong demand for land in the ACT has been met with stable land supply. It is anticipated that continuing momentum in housing market activity will remain strong over the medium term, and could be strengthened by higher than expected population growth from interstate and international migration as border restrictions ease. However, activity may be affected by increases to interest rates in 2022-23 and supply constraints that could impact both releases and prices.

In addition to market conditions, planning outcomes such as environmental approvals and community consultation can also impact available inventory and the timing of forecast releases. Other risks to the program include: achieving statutory clearances; the capacity of industry to deliver necessary infrastructure and estate works (exacerbated by labour and materials shortages domestically and globally); and slippage associated with environmental, commercial or other considerations.

Contingent liabilities

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

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

APPENDIX B – PUBLIC TRADING ENTERPRISES FINANCIAL STATEMENTS

Table B.1: Australian Capital Territory Public Trading Enterprises – Operating Statement

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Revenue						
Controlled recurrent payments	282,670	285,626	285,668	291,734	288,044	290,319
Commonwealth grants	2,360	9,189	9,189	9,351	9,538	9,753
Sales of goods and services revenue						
Revenue from associates and joint ventures	41,539	77,093	76,795	78,721	76,638	72,079
Other sales of goods and services from contracts with customers	416,419	472,872	465,579	474,028	479,375	491,889
Investment revenue	2,286	816	2,282	625	873	1,114
Other revenue						
Land revenue (value add component)	696,902	377,277	460,141	391,701	362,898	390,261
Other revenue	35,939	10,093	9,793	9,806	10,000	10,252
Gains from contributed assets	20,163	23,712	23,712	19,441	21,034	24,350
Total revenue	1,498,280	1,256,678	1,333,159	1,275,407	1,248,400	1,290,017
Expenses						
Employee expenses	211,707	217,591	219,271	222,160	225,654	228,979
Superannuation expenses	31,451	34,812	35,623	36,292	36,787	37,331
Depreciation and amortisation	145,988	159,215	159,695	160,394	166,288	171,429
Interest expense	81,944	89,265	95,151	89,732	89,158	87,415
Other property expenses (income tax equivalents)	153,735	80,624	92,003	88,043	50,695	88,953
Other operating expenses						
Supplies and services	263,249	300,402	303,250	297,018	301,417	296,927
Other operating expenses	306,792	103,558	220,175	260,647	220,447	212,865
Grants and purchased services	143,944	174,782	110,495	92,133	200,060	101,492
Total expenses	1,338,811	1,160,249	1,235,663	1,246,419	1,290,506	1,225,391
UPF Net Operating Balance	159,469	96,429	97,496	28,988	(42,106)	64,626
Other economic flows – included in the operating result						
Land revenue (market gains on land sales)	96,638	4,322	4,038	80,931	64,748	33,951
Net gain/(loss) on sale/(disposal) of non-financial assets	6,857	(48,729)	(20,797)	(16,177)	(21,717)	(25,475)
Net gain/(loss) on financial assets or liabilities at fair value	2,440	100	100	100	100	100

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Doubtful debts	(5,916)	(3,208)	(3,208)	(3,482)	(3,543)	(3,634)
Operating surplus/deficit	259,488	48,914	77,629	90,360	(2,518)	69,568
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Other movements	4,476	0	0	0	0	0
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	1,249,507	103,495	103,494	1,281	198,968	51,306
Total comprehensive income	1,513,470	152,409	181,123	91,641	196,450	120,874
Key fiscal aggregates						
UPF net operating balance	159,469	96,429	97,496	28,988	(42,106)	64,626
Less Net acquisition of non- financial assets						
Payments for non-financial assets	245,547	346,458	318,816	304,023	273,036	150,091
Sales of non-financial assets	(121,306)	(101,691)	(101,691)	(189,056)	(149,966)	(35,045)
Change in inventories	(144,875)	18,851	(32,333)	51,671	(39,665)	10,679
Depreciation and amortisation	(145,988)	(159,215)	(159,695)	(160,394)	(166,288)	(171,429)
Other movements in non- financial assets	(104,130)	(124,209)	(64,712)	(45,802)	(156,463)	(54,349)
<i>Total net acquisition of non- financial assets</i>	<i>(270,752)</i>	<i>(19,806)</i>	<i>(39,615)</i>	<i>(39,558)</i>	<i>(239,346)</i>	<i>(100,053)</i>
Net lending	430,221	116,235	137,111	68,546	197,240	164,679
UPF Net Operating Balance	159,469	96,429	97,496	28,988	(42,106)	64,626
HEADLINE NET OPERATING BALANCE	159,469	96,429	97,496	28,988	(42,106)	64,626

Table B.2: Australian Capital Territory Public Trading Enterprises – Balance Sheet

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Financial assets						
Cash and deposits	325,146	142,247	206,620	210,041	257,292	184,222
Advances paid	927	0	0	0	0	0
Investments and loans	40,000	40,000	10,000	10,000	10,000	10,000
Receivables	86,582	69,568	88,219	92,573	91,534	94,650
Equity investments	967,944	993,607	989,238	1,006,459	1,016,097	1,019,176
Total financial assets	1,420,598	1,245,422	1,294,077	1,319,073	1,374,923	1,308,048
Non-Financial assets						
Produced assets						
Property, plant and equipment	5,446,597	5,504,657	5,559,430	5,512,399	5,743,463	5,779,135
Investment properties	25,581	25,587	25,587	25,593	25,599	25,605
Intangibles	41,896	50,959	40,018	48,621	48,026	40,573
Inventories	371,564	390,415	339,231	390,902	351,237	361,916
Non-current assets held for sale	12,988	11,226	11,226	7,247	6,132	5,017
Capital works-in-progress	156,128	205,749	208,068	210,106	175,846	139,983
Non-produced assets						
Property, plant and equipment	4,877,826	4,898,028	4,898,028	4,893,105	4,874,314	4,896,009
Other non-financial assets						
Deferred tax assets	0	18,105	18,105	18,105	18,105	18,105
Total non-financial assets	10,932,580	11,104,726	11,099,693	11,106,078	11,242,722	11,266,343
Total assets	12,353,178	12,350,148	12,393,770	12,425,151	12,617,645	12,574,391
Liabilities						
Advances received	1,878,690	1,921,206	1,929,824	1,939,484	1,987,642	2,030,039
Borrowings						
Lease liabilities	12,477	4,332	10,974	10,877	10,810	10,810
Other borrowings	304,684	288,380	288,380	277,286	266,563	255,065
Employee benefits	78,173	79,795	81,126	82,896	84,795	86,841
Other provisions	178,110	181,410	168,777	166,416	166,772	167,719
Payables	159,897	178,259	145,598	158,183	174,032	154,758
Contract liabilities	40,419	18,464	39,894	39,735	39,735	39,735
Other liabilities						
Current tax liability	131,198	31,311	53,338	57,435	10,455	33,135
Deferred tax liability	572,833	567,867	581,991	562,162	573,225	556,087
Other liabilities	66,019	58,517	37,231	69,074	49,289	36,409
Total liabilities	3,422,501	3,329,541	3,337,133	3,363,548	3,363,318	3,370,598
Net assets	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793
Accumulated funds	3,434,470	3,499,246	3,478,936	3,504,621	3,520,377	3,440,537
Asset revaluation surplus	5,496,207	5,521,361	5,577,701	5,556,982	5,733,950	5,763,256
Net worth	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793
Net financial worth	(2,001,903)	(2,084,119)	(2,043,056)	(2,044,475)	(1,988,395)	(2,062,550)
Net debt	1,525,095	1,743,291	1,724,178	1,730,320	1,731,160	1,846,627

Table B.3: Australian Capital Territory Public Trading Enterprises – Statement of changes in equity

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Opening equity						
Opening accumulated funds	3,279,392	3,435,095	3,434,470	3,478,936	3,504,621	3,520,377
Opening asset revaluation surplus	4,343,600	5,439,866	5,496,207	5,577,701	5,556,982	5,733,950
Opening balance	7,622,993	8,874,961	8,930,677	9,056,637	9,061,603	9,254,327
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	259,488	48,914	77,629	90,360	(2,518)	69,568
Other movements	4,476	0	0	0	0	0
<i>Included in the asset revaluation surplus:</i>						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	1,249,507	103,495	103,494	1,281	198,968	51,306
Total comprehensive income	1,513,470	152,409	181,123	91,641	196,450	120,874
Other						
Transfer to/(from) accumulated funds	96,900	22,000	22,000	22,000	22,000	22,000
Transfer to/(from) the asset revaluation surplus	(96,900)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)
Total other	0	0	0	0	0	0
Transactions involving owners affecting accumulated funds						
Capital injections	120,133	156,786	134,938	110,820	102,913	17,511
Capital distributions	(625)	0	0	0	0	0
Transfer of assets from the General Government Sector	10,710	11,073	11,073	0	0	0
Dividends approved	(336,004)	(174,622)	(201,174)	(197,495)	(106,639)	(188,919)
Total transactions involving owners affecting accumulated funds	(205,786)	(6,763)	(55,163)	(86,675)	(3,726)	(171,408)
Closing equity						
Closing accumulated funds	3,434,470	3,499,246	3,478,936	3,504,621	3,520,377	3,440,537
Closing asset revaluation surplus	5,496,207	5,521,361	5,577,701	5,556,982	5,733,950	5,763,256
Closing balance	8,930,677	9,020,607	9,056,637	9,061,603	9,254,327	9,203,793

Table B.4: Australian Capital Territory Public Trading Enterprises – Statement of cash flows

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Cash flows from operating activities						
Receipts						
Sales of goods and services from contracts with customers	1,187,743	878,505	934,833	956,563	929,210	931,859
Grants and contributions	284,973	294,815	294,856	301,083	297,582	300,072
Interest receipts	2,106	816	2,282	625	873	1,114
Other receipts	100,708	95,308	91,264	104,298	108,677	103,976
Total receipts from operating activities	1,575,530	1,269,444	1,323,235	1,362,569	1,336,342	1,337,021
Payments						
Payments for employees	(240,801)	(190,475)	(190,482)	(193,555)	(196,358)	(198,887)
Payments for goods and services	(257,682)	(408,621)	(415,559)	(401,432)	(404,812)	(402,909)
Grants/subsidies paid	(27,342)	(31,549)	(31,549)	(31,941)	(27,673)	(27,769)
Interest paid	(75,409)	(80,939)	(86,641)	(83,055)	(83,960)	(82,177)
Other payments	(303,414)	(307,267)	(274,273)	(379,372)	(372,348)	(340,197)
Total payments from operating activities	(904,649)	(1,018,851)	(998,504)	(1,089,355)	(1,085,151)	(1,051,939)
Net cash flows from operating activities	670,881	250,593	324,731	273,214	251,191	285,082
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	121,306	101,691	101,691	189,056	149,966	35,045
Payments for non-financial assets	(245,547)	(346,458)	(318,816)	(304,023)	(273,036)	(150,091)
Net cash flows from investments in non-financial assets	(124,241)	(244,767)	(217,125)	(114,967)	(123,070)	(115,046)
Cash flows from investments in financial assets for policy purposes						
Receipts						
Repayment of loans	29,216	926	927	0	0	0
Capital receipts from government agencies	120,133	156,786	134,938	110,820	102,913	17,511
Total receipts from investments in financial assets for policy purposes	149,348	157,712	135,865	110,820	102,913	17,511
Payments						
Issue of loans	(625)	(927)	(927)	0	0	0
Dividends (market gains on land sales)	(66,649)	(2,756)	(2,442)	(50,574)	(44,069)	(22,902)
Total payments from investments in financial assets for policy purposes	(67,274)	(3,683)	(3,369)	(50,574)	(44,069)	(22,902)
Net cash flows from investments in financial assets for policy purposes	82,075	154,029	132,496	60,246	58,844	(5,391)

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	2,047	184	184	184	182	182
Net cash flows from investments in financial assets for liquidity purposes	2,047	184	184	184	182	182
Net cash flows from investing activities	(40,119)	(90,554)	(84,445)	(54,537)	(64,044)	(120,255)
Cash flows from financing activities						
Receipts						
Advances received	50,567	40,763	40,763	5,776	145,790	40,806
Total receipts from financing activities	50,567	40,763	40,763	5,776	145,790	40,806
Payments						
Advances paid	(21,439)	(7,642)	(2,033)	(6,166)	(105,346)	(5,587)
Dividends paid	(428,844)	(180,633)	(232,700)	(117,394)	(81,954)	(177,908)
Repayments of lease liabilities – principal	(4,779)	(14,916)	(14,796)	(16,056)	(17,704)	(17,763)
Other financing	(45,825)	(180,511)	(180,046)	(81,416)	(80,683)	(77,447)
Total payments from financing activities	(500,888)	(383,702)	(429,575)	(221,032)	(285,687)	(278,705)
Net cash flows from financing activities	(450,321)	(342,939)	(388,812)	(215,256)	(139,897)	(237,899)
Net increase/(decrease) in cash and cash equivalents	180,442	(182,900)	(148,526)	3,421	47,250	(73,072)
Cash and cash equivalents at the beginning of reporting period	184,704	365,146	365,146	216,620	220,041	267,291
Cash and cash equivalents at the end of reporting period	365,146	182,248	216,620	220,041	267,291	194,219
Key fiscal aggregates						
Net cash from operating activities	670,881	250,593	324,731	273,214	251,191	285,082
Net cash flows from investments in non-financial assets	(124,241)	(244,767)	(217,125)	(114,967)	(123,070)	(115,046)
Distributions paid	(474,670)	(361,144)	(412,746)	(198,810)	(162,637)	(255,355)
Cash surplus/(deficit)	71,971	(355,318)	(305,140)	(40,563)	(34,516)	(85,319)

APPENDIX C – TOTAL TERRITORY FINANCIAL STATEMENTS

Table C.1: Australian Capital Territory Consolidated Total Territory – Operating Statement

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Revenue						
Taxation revenue	1,994,644	2,163,866	2,264,088	2,326,073	2,381,803	2,500,344
Commonwealth grants	2,509,196	2,767,551	2,921,740	2,845,032	2,993,135	2,996,787
Sales of goods and services						
Revenue from associates and joint ventures	41,539	77,093	76,795	78,721	76,638	72,079
Other sales of goods and services from contracts with customers	915,873	1,007,080	1,000,396	1,034,552	1,055,904	1,078,349
Investment revenue	204,121	176,567	205,383	195,879	200,355	211,089
Other revenue						
Land revenue (value add component)	663,633	350,186	460,141	366,701	337,898	365,261
Other revenue	243,296	200,883	197,765	202,286	195,865	249,493
Gains from contributed assets	103,396	177,474	114,362	167,236	87,809	86,109
Total revenue	6,675,698	6,920,700	7,240,670	7,216,480	7,329,407	7,559,511
Expenses						
Employee expenses	2,675,536	2,744,955	2,819,596	2,772,892	2,851,922	2,926,045
Superannuation expenses						
Superannuation interest cost	210,537	302,379	302,379	404,714	413,652	421,708
Other superannuation expense	511,510	571,626	582,569	455,818	451,725	448,719
Depreciation and amortisation	642,816	699,032	687,785	725,257	755,353	781,003
Interest expense	219,933	258,457	271,702	303,349	353,019	390,637
Other operating expenses						
Supplies and services	1,300,292	1,680,284	1,677,753	1,677,729	1,703,704	1,768,423
Other operating expenses	562,646	317,273	416,019	448,700	412,346	411,367
Grants and purchased services	1,210,643	1,609,273	1,580,126	1,282,082	1,152,882	1,178,146
Total expenses	7,333,914	8,183,279	8,337,929	8,070,541	8,094,603	8,326,048
UPF net operating balance	(658,216)	(1,262,579)	(1,097,259)	(854,061)	(765,196)	(766,537)
Other economic flows - included in the operating result						
Land revenue (market gains on land sales)	96,638	4,322	4,038	80,931	64,748	33,951
Net land revenue (undeveloped land value)	(3,285)	42,315	25,791	29,409	34,998	29,155
Net gain/(loss) on sale/(disposal) of non-financial assets	3,801	(57,529)	(25,147)	(26,054)	(32,690)	(37,592)
Net gain/(loss) on financial assets or liabilities at fair value	694,682	229,323	184,288	247,537	265,075	283,718
Doubtful debts	(10,984)	(16,136)	(16,204)	(14,305)	(14,632)	(14,992)
Operating surplus/(deficit)	122,636	(1,060,284)	(924,493)	(536,543)	(447,697)	(472,297)

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Capital distributions	(625)	0	0	0	0	0
Superannuation actuarial (loss)/gain	(994,929)	3,412,160	3,412,160	0	0	0
Other movements	4,774	(19,687)	(16,098)	10,421	410	484
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	1,530,312	(25,024)	48,003	(63,155)	180,455	31,901
Total comprehensive income/(deficit)	662,168	2,307,166	2,519,572	(589,277)	(266,832)	(439,912)
Key fiscal aggregates						
UPF net operating balance	(658,216)	(1,262,579)	(1,097,259)	(854,061)	(765,196)	(766,537)
less net acquisition of non-financial assets						
Payments for non-financial assets	866,331	1,372,111	1,312,782	1,041,337	1,400,330	1,370,913
Sales of non-financial assets	(192,108)	(176,957)	(176,952)	(226,843)	(188,370)	(74,022)
Change in inventories	(125,403)	19,135	(32,179)	52,300	(39,640)	10,701
Depreciation and amortisation	(642,816)	(699,032)	(687,785)	(725,257)	(755,353)	(781,003)
Other movements in non-financial assets	(32,462)	126,887	63,775	114,371	65,686	69,134
<i>Total net acquisition of non-financial assets</i>	<i>(126,459)</i>	<i>642,144</i>	<i>479,641</i>	<i>255,908</i>	<i>482,653</i>	<i>595,723</i>
Net borrowing	(531,758)	(1,904,723)	(1,576,900)	(1,109,969)	(1,247,849)	(1,362,260)
GOVERNMENT FISCAL MEASURE - OPERATING SURPLUS/(DEFICIT)						
UPF net operating balance	(658,216)	(1,262,579)	(1,097,259)	(854,061)	(765,196)	(766,537)
Superannuation return adjustment	123,533	216,060	215,403	230,015	246,306	263,759
HEADLINE NET OPERATING BALANCE	(534,683)	(1,046,519)	(881,856)	(624,046)	(518,890)	(502,778)

Table C.2: Australian Capital Territory Consolidated Total Territory – Balance sheet

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Financial assets						
Cash and deposits	2,934,805	2,661,048	2,740,988	2,235,335	2,804,807	2,266,066
Advances paid	64,980	1,050	73,953	52,658	91,155	105,283
Investments and loans	5,434,424	6,285,886	6,232,674	6,651,426	7,100,139	7,579,641
Receivables	1,057,984	620,823	696,782	845,633	879,733	923,283
Investments accounted for using the equity method	967,944	993,607	989,238	1,006,459	1,016,097	1,019,176
Total financial assets	10,460,137	10,562,414	10,733,635	10,791,511	11,891,931	11,893,449
Non-financial assets						
Produced assets						
Property, plant and equipment	18,314,464	18,813,699	18,687,160	18,414,635	19,160,047	19,969,449
Investment properties	33,501	33,507	33,507	33,513	33,519	33,525
Intangibles	219,143	324,286	293,844	327,622	291,414	236,150
Inventories	413,401	432,536	381,222	433,522	393,882	404,583
Non-current assets held for sale	42,989	31,063	40,295	36,316	35,201	34,086
Capital works-in-progress	857,332	1,091,363	1,080,729	1,574,326	1,808,093	1,778,979
Non-produced assets						
Property, plant and equipment	9,130,087	9,104,260	9,165,330	9,152,501	9,138,005	9,163,686
Biological assets	27,148	27,148	27,148	27,148	28,882	28,882
Other non-financial assets	11,318	11,375	11,375	11,375	11,375	11,375
Total non-financial assets	29,049,382	29,869,239	29,720,610	30,010,958	30,900,418	31,660,715
Total assets	39,509,520	40,431,653	40,454,245	40,802,469	42,792,349	43,554,164
Liabilities						
Advances received	98,327	89,949	89,949	81,586	73,231	64,674
Borrowings						
Lease liabilities	1,059,243	1,070,639	1,074,291	1,047,609	1,009,060	969,080
Other borrowings	8,328,832	10,051,623	9,802,335	10,453,811	12,445,098	13,429,909
Superannuation	13,231,501	10,103,261	10,103,263	10,346,518	10,568,328	10,766,425
Employee benefits	994,552	1,038,167	1,036,484	1,082,609	1,130,471	1,179,768
Other provisions	1,081,488	1,116,205	1,125,759	1,143,163	1,166,148	1,197,813
Payables	384,333	447,500	375,227	390,695	411,325	398,656
Contract liabilities	68,121	33,751	67,029	67,801	68,732	69,663
Other liabilities	23,784	32,163	20,998	19,044	17,155	15,287
Total liabilities	25,270,181	23,983,258	23,695,335	24,632,836	26,889,548	28,091,275
Net assets	14,239,338	16,448,395	16,758,910	16,169,633	15,902,801	15,462,889
Accumulated funds	1,800,617	4,067,324	4,297,306	3,793,184	3,367,897	2,918,084
Asset revaluation surplus	12,437,491	12,379,841	12,460,374	12,375,219	12,533,674	12,543,575
Other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Net worth	14,239,338	16,448,395	16,758,910	16,169,633	15,902,801	15,462,889
Net financial worth	(14,810,044)	(13,420,844)	(12,961,700)	(13,841,325)	(14,997,617)	(16,197,826)
Net financial liabilities	15,777,988	14,414,451	13,950,938	14,847,784	16,013,714	17,217,002
Net debt (excluding superannuation related investments)	6,184,297	7,752,671	7,376,117	8,480,246	9,774,498	11,191,417

Table C.3: Australian Capital Territory Consolidated Total Territory – Statement of changes in equity

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Opening equity						
Opening accumulated funds	2,423,873	1,710,015	1,800,617	4,297,306	3,793,184	3,367,897
Opening asset revaluation surplus	11,152,068	12,429,985	12,437,491	12,460,374	12,375,219	12,533,674
Opening other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Opening balance	13,577,170	14,141,229	14,239,338	16,758,910	16,169,633	15,902,801
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	122,636	(1,060,284)	(924,493)	(536,543)	(447,697)	(472,297)
Capital distributions	(625)	0	0	0	0	0
Superannuation actuarial gain/(loss)	(994,929)	3,412,160	3,412,160	0	0	0
Other movements	4,774	(19,687)	(16,098)	10,421	410	484
<i>Included in the asset revaluation surplus:</i>						
Increase/(Decrease) in asset revaluation reserve surpluses due to revaluations	1,530,312	(25,024)	48,003	(63,155)	180,455	31,901
Total comprehensive income/(deficit)	662,168	2,307,166	2,519,572	(589,277)	(266,832)	(439,912)
Other						
Transfer to/(from) accumulated funds	244,888	25,120	25,120	22,000	22,000	22,000
Transfer to/(from) the asset revaluation surplus	(244,888)	(25,120)	(25,120)	(22,000)	(22,000)	(22,000)
Total other	0	0	0	0	0	0
Closing equity						
Closing accumulated funds	1,800,617	4,067,324	4,297,306	3,793,184	3,367,897	2,918,084
Closing asset revaluation surplus	12,437,491	12,379,841	12,460,374	12,375,219	12,533,674	12,543,575
Closing other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Closing balance	14,239,338	16,448,395	16,758,910	16,169,633	15,902,801	15,462,889

Table C.4: Australian Capital Territory Consolidated Total Territory – Statement of cash flows

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Cash flows from operating activities						
Receipts						
Taxes received	1,827,588	2,148,971	2,250,975	2,205,372	2,330,793	2,447,594
Sales of goods and services from contracts with customers	1,791,956	1,351,214	1,384,197	1,466,059	1,460,155	1,472,085
Grants and contributions	2,416,745	2,774,203	2,928,392	2,852,822	3,001,084	3,004,736
Investment receipts	214,951	182,380	198,359	199,267	204,208	214,757
Other receipts	599,704	518,517	512,193	480,809	479,145	528,690
Total receipts from operating activities	6,850,943	6,975,285	7,274,116	7,204,329	7,475,385	7,667,862
Payments						
Payments for employees	(3,162,829)	(3,273,234)	(3,361,940)	(3,299,209)	(3,402,912)	(3,504,404)
Payments for goods and services	(1,291,919)	(1,805,673)	(1,783,078)	(1,793,940)	(1,818,951)	(1,886,558)
Grants/subsidies paid	(1,099,642)	(1,496,423)	(1,530,388)	(1,173,402)	(1,138,106)	(1,168,482)
Interest paid	(208,149)	(248,831)	(258,443)	(283,958)	(333,656)	(376,836)
Other payments	(678,817)	(617,178)	(580,653)	(666,456)	(660,119)	(641,251)
Total payments from operating activities	(6,441,357)	(7,441,339)	(7,514,502)	(7,216,965)	(7,353,744)	(7,577,531)
Net cash flows from operating activities	409,587	(466,055)	(240,387)	(12,636)	121,641	90,331
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	192,108	176,957	176,952	226,843	188,370	74,022
Payments for non-financial assets	(866,331)	(1,372,111)	(1,312,782)	(1,041,337)	(1,400,330)	(1,370,913)
Net cash flows from investments in non-financial assets	(674,223)	(1,195,154)	(1,135,830)	(814,494)	(1,211,960)	(1,296,891)
Cash flows from investments in financial assets for policy purposes						
Receipts						
Repayment of loans	29,409	1,185	2,486	4,535	9,604	14,715
Capital receipts from government agencies	0	313,113	313,113	0	0	0
Total receipts from investments in financial assets for policy purposes	29,409	314,298	315,599	4,535	9,604	14,715
Payments						
Issue of loans	(625)	(927)	(14,607)	(55,529)	(55,529)	(30,529)
Total payments from investments in financial assets for policy purposes	(625)	(927)	(14,607)	(55,529)	(55,529)	(30,529)
Net cash flows from investments in financial assets for policy purposes	28,784	313,371	300,992	(50,994)	(45,925)	(15,814)

	2020-21 Actual Outcome \$'000	2021-22 Budget \$'000	2021-22 Revised Budget \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000	2024-25 Revised Estimate \$'000
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	7,042	43,798	60,573	72,818	92,431	112,866
Payments for investments	(5,220)	(633,819)	(603,838)	(284,476)	(312,595)	(348,691)
Net cash flows from investments in financial assets for liquidity purposes	1,281	(590,021)	(543,265)	(211,658)	(220,164)	(235,825)
Net cash flows from investing activities	(643,617)	(1,471,804)	(1,378,103)	(1,077,146)	(1,478,049)	(1,548,530)
Cash flows from financing activities						
Receipts						
Borrowings	992,074	1,748,113	1,498,344	664,485	2,004,391	998,139
Total receipts from financing activities	992,074	1,748,113	1,498,344	664,485	2,004,391	998,139
Payments						
Borrowings	(21,050)	(25,179)	(28,187)	(25,223)	(23,344)	(22,457)
Repayment of lease liabilities – principle	(55,196)	(57,351)	(57,231)	(60,634)	(63,971)	(65,508)
Total payment from financing activities	(76,247)	(82,530)	(85,418)	(85,857)	(87,315)	(87,965)
Net cash flows from financing activities	915,827	1,665,583	1,412,926	578,628	1,917,076	910,174
Net increase/(decrease) in cash and cash equivalents	681,796	(272,276)	(205,564)	(511,154)	560,668	(548,025)
Cash and cash equivalents at the beginning of reporting period	2,284,042	2,965,842	2,965,839	2,760,276	2,249,122	2,809,790
Cash and cash equivalents at the end of reporting period	2,965,839	2,693,564	2,760,276	2,249,122	2,809,790	2,261,765
Key fiscal aggregates						
Net cash from operating activities	409,587	(466,055)	(240,387)	(12,636)	121,641	90,331
Investments in non-financial assets	(674,223)	(1,195,154)	(1,135,830)	(814,494)	(1,211,960)	(1,296,891)
Cash deficit	(264,636)	(1,661,209)	(1,376,217)	(827,130)	(1,090,319)	(1,206,560)