



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),

Mr Johnathan Davis MLA

Standing Committee on Economy and Gender and Economic Equality

Inquiries into Annual and Financial Reports 2019–2020 and ACT Budget 2020–2021

Responses to **questions taken on notice** at public hearing of 22 February 2021

Treasury portfolio

ACT Standing Committee on Economy and Gender and Economic Equality

Inquiries into Annual and Financial reports 2019–20 and ACT Budget 2020–21

Index QToN—Public hearing—22 February 2021

Treasury portfolio

No.	Date	Member	Subject	Minister	Answered
T1	22 Feb 21	Coe	Credit rating—hyperlink to S&P rating report (Sept 20)	Treasurer	1 March 21
T2	22 Feb 21	Lawder	Tax Expenditure statement for 2019–20 financial year, to understand the scope and financial implications of various concessional tax treatments—not available for 2019–20—QToN—total amount of revenue forgone in 2019–20 due to Covid-19 measures?	Treasurer	1 March 21
T3	22 Feb 21	Lawder	Budget Outlook (p. 128)—Supplies and Services—detailed breakdown of expenses across specific categories?	Treasurer	1 March 21
T4	22 Feb 21	Lawder	Budget Outlook (p. 128)—Supplies and Services—across whole of government—(a) how many consultants have been hired since 2019; and (b) how many contractors have been hired since 2019?	Treasurer	2 March 21
T5	22 Feb 21	Coe	Infrastructure finance—embedded/or effective interest rate for Courts infrastructure project?	Treasurer	1 March 21
T6	22 Feb 21	Lawder	Revenue Management (p. 154)—hardcopy—Table 3.5.13: Sales of goods and services—(a) rationale/explanation for increase in parking fees from budgeted amount 2020–21 to estimated amounts across the budget outyears from 2022–23; and (b) rationale/explanation for increase in outpatient fees from budgeted amount 2020–21 to estimated amounts across the budget outyears from 2022–23. [Treasurer indicated that the health portfolio related question would be referred to health for an answer]	Treasurer	1 March 21
T7	22 Feb 21	Coe	Assumptions built into the budget re outlook for property prices—(a) transactions and property growth; and (b) any working numbers for what might be given with post-budget data availability?	Treasurer	3 March 21
T8	22 Feb 21	Lawder	Territory Banking Account (p. 200, Vol 2.1—CMTEDD Annual Rpt 2019–20—(a) explanation for increase in reported assets figure; and (b) explanation for total expenses being 439.8 million lower than budgeted amount?	Treasurer	2 March 21



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QTON No. 1

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by ALISTAIR COE MLA:

In relation to:

MR COE: It was a political promise. With regard to the credit rating, firstly, is that report public? Is it published?

Mr Barr: The—

MR COE: The Standard & Poor's report?

Mr Barr: So they have issued a note in August and then they issued a budget day response but they have not yet publicly determined the rating from that period.

MR COE: Yes. But I think the report that, I think, came out in September of last year—

Mr Barr: I think it is on their website. It is up to them in—

MR COE: So they have—

Mr Barr: Yes, I mean, they make these advisories for the market, not for—

MR COE: Well that is right, but you actually own that, you actually own the IP, do not you, because you do buy it?

Mr Barr: I think we buy their services, but I do not think we own the IP, I think they publish that on their website as part of—

THE CHAIR: Perhaps for reference, you could send the link through to the committee.

Mr Barr: Yes, yes, that is fine.

ANDREW BARR MLA: The answer to the Member's question is as follows:—



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S&P Global Ratings credit ratings research can be accessed at https://www.standardandpoors.com/en_AU/web/guest/login. A registration process must be completed to access the website.

The S&P Global Ratings Research Update report on the ACT's credit rating dated 10 September 2020 is attached.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: *Andrew Barr*

Date: 1.3.21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QTON No. 2

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
Ms NICOLE LAWDER MLA (CHAIR), Ms SUZANNE ORR MLA (DEPUTY CHAIR), Mr JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by NICOLE LAWDER MLA:

In relation to:

THE CHAIR: Yes, Mr Coe. Thank you. Treasurer, often in February we get the ACT tax expenditure statement. Has that been released this year?

Ms Vroombout: So, Sue Vroombout, Acting Deputy Under Treasurer. No, it has not been released yet but we are anticipating that it will be released with the budget, so the August budget.

THE CHAIR: Okay. Do you know the total amount of revenue foregone in 2019-20?

Mr Barr: Well, yes, it will be greater than—so that—you are seeking that, that was foregone related to COVID, just? Yes, we will report it on that so we will provide that information for you.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

The ACT Tax Expenditure Statement 2019-20 is currently being prepared and will be released in the coming months.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: *Andrew Barr*

Date: 1. 3. 21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
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QTON No. 3

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY

MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by NICOLE LAWDER MLA:

In relation to:

THE CHAIR: Okay. I would like to ask about something in the budget outlook, page 128 about supplies and services which the expenses comprised supplies, repairs and maintenance, consultant and contractor expenses as well as payments for ACT policing. I wonder if you or maybe someone else or—have I got the right person? Expenses are forecast to increase by 14 per cent. Can you tell me which specific categories which we will see an increase in expenses?

Mr Miners: We will have to take that one on notice. They do – the increase is spread across a range of categories. That explanation at the top is all the things that are actually covered under supplies and services. So to get a more detailed breakdown I will need to take that on notice and come back to you.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

Supplies and services expenses are forecast to increase from the \$1,041 million reported in the 2019-20 Audited Outcome to \$1,190 million in 2020-21, which is an increase of 14 per cent (table 3.4.2). The main drivers of this increase are new initiatives announced in the 2020-21 Budget or previous budgets and the re-profiling of funding from 2019-20 to 2020-21. The following agencies have increases in supplies and services expenses in 2020-21:

- CMTEDD (\$58.2 million) – this is largely due to new initiatives and the reprofiling of initiatives from 2019-20 to 2020-21, partially offset by the transfer of WorkSafe ACT to the Office of the Work Health and Safety Commissioner on 1 July 2020.
- ACT Health Directorate and Canberra Health Services (\$34.0 million) – this increase is due to COVID-19 response and vaccination program, Commonwealth Community, Health and Hospitals Program funding, as well as the rollover of funding from 2019-20.
- Justice and Community Safety Directorate (\$33.0 million) – this increase is due to higher payments to the Australian Federal Police relating to an ACT Policing initiative “Strengthening and Supporting ACT Policing to build capability and meet future needs”.



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- Transport Canberra and City Services Directorate (\$17.8 million) – this increase is due to new initiatives including various stimulus packages, the Jobs for Canberrans program, as well as the additional light rail services funded as part of the 2019-20 Budget Review.
- Community Services Directorate (\$7.1 million) – this increase includes higher than budgeted legal services provided free of charge by the Justice and Community Safety Directorate and increased operational expenditures associated with new initiatives.
- Environment, Planning and Sustainable Development Directorate (\$6.7 million) – this increase is due to an increase in project related expenses in line with an increase in land sales.
- Electoral Commission (\$5.8 million) – this increase mainly relates to increased resources required for the 2020 ACT Legislative Assembly election and delivering the election in a COVID-safe format.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: *Andrew Barr*

Date: 1.3.21

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LEGISLATIVE ASSEMBLY
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QTON No. 4

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by NICOLE LAWDER MLA:

In relation to:

THE CHAIR: Thank you. Could you also take on notice, or if you know the answer now, how many consultants have been hired by the government since 2019 and how many contractors have been hired by the government since 2019?

Mr Miners: So you are talking within CMTEDD or across the whole of government?

THE CHAIR: Across the whole of the government.

Mr Miners: Yes, I will have to take that on notice. I do not have those numbers.

ANDREW BARR MLA: The answer to the Member's question is as follows:–

From 1 January 2019 to 24 February 2021, based on figures from the ACT government Notifiable Contracts Register and the Professional Services Panel database, there were a total of 622 consultants engaged through a services agreement. The ACT government's Notifiable Contracts Register records contracts (including those identified as being for consultancies) valued over \$25,000. It does not include contracts with a value of less than \$25,000. The Professional Services Panel database registers all contracts raised under the Professional Services Panel, regardless of value.

From 1 January 2019 to 24 February 2021, 1,989 contractors were engaged by the ACT government via a labour hire arrangement through Contractor Central (now known as Beeline). Not all contractors are engaged through this platform however, and so data from Contractor Central would not accurately represent all contract labour hire activity by the government. As with the case for ascertaining whole of government numbers for consultants, contractors not engaged on the platforms visible to Procurement ACT that do not meet the value threshold for inclusion on the Notifiable Contracts Register, would not be picked up in this data set. Compounding the lack of data, even for any relevant arrangement that would be included on the Notifiable Contracts Register, there is no specific flag to identify such contracts.

The total number of contractors or consultants is not a standard reportable item in directorate reports. Extracting the information to determine a more comprehensive set of figures would be unreasonably burdensome on directorates.



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QTON No. 4

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Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: *Andrew Barr*

Date: 2.3.21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
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QTON No. 5

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by ALISTAIR COE MLA:

In relation to:

MR COE: Yes. So what is the—what is the embedded or effective interest rate for that courts project?

Mr Barr: Courts?

Mr Miners: I do not have that off the top of my head, no sorry, we would have to take that on notice.

Mr Barr: Yes, if you could, yes, thank you.

THE CHAIR: Taking that on notice?

Mr Miners: Yes.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

The ACT Courts Facilities Public Private Partnership finance lease is an interest-bearing liability. As per the 2019-20 *Justice and Community Safety Directorate Annual Report*, the implicit rates used to calculate the interest component on the finance lease are: 8.13% for Stage 1, 7.89% for Stage 2A.1, 7.80% for Stage 2A.2 and Stage 2B.

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Signature: 

Date: 1.3.21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
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QTON No. 6

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY

MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21

ANSWER TO QUESTION TAKEN ON NOTICE

22 February 2021

Asked by NICOLE LAWDER MLA:

In relation to:

THE CHAIR: Parking fees are forecast to increase by 14.8 per cent in 21-22, and then 13.9 per cent in 22-23, what is the rationale for such big jumps in parking fines?

Ms Vroombout: So I think we have to take on notice the detail of that but there were some freezes in parking fees as one of the COVID initiatives that would then explain part of the increase but I would have to take on notice the further detail.

THE CHAIR: Thank you. And in a similar vein, why are inpatient—sorry, outpatient fees forecast to increase by 34 per cent in the 2022-23 in the same table?

Ms Vroombout: So that one again, I would have to take on notice.

Mr Barr: Yes, it is a health question, but we will take it on notice, let them know and they can—yes.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

Response to parking fees

The social distancing restrictions implemented in response to COVID-19 have had a significant effect on reducing movement of people and traffic. As a result, revenue from parking fees is expected to fall sharply in 2020-21. As restrictions are progressively lifted and economic increases, we anticipate the revenue from parking fees to return to around what was expected for 2021-22 prior to the pandemic and hence the large increase in 2021-22.

The significant growth in the revenue from parking fees in 2022-23 is largely a result of an expected increase in the parking capacity at Kingston Foreshore upon the delivery of the Kingston Arts Precinct. This forms part of the initiative "More jobs for our growing city – delivering the Kingston Arts Precinct" announced in the 2018-19 Budget Review.



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MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Response to Outpatient fees (CHS)

The projected increase relates to Outpatient revenue, not fees. This is the result an anticipated increase Medicare Benefits Schedule (MBS) revenue in 2022-23 due to the planned commissioning of imaging services at the Weston Creek Walk-in Centre.

The majority of these services will be outpatient appointments and other referrals from Walk-in Centres and General Practitioners. While these services will be free for patients, many of the appointments will be eligible for MBS billing, which explains the \$2.6 million increase in overall Outpatient revenue for Canberra Health Services.

The primary benefits of this facility will be improved outpatient access to services and a reduction in demand for the same services at the Canberra Hospital which will lead to more efficient scan times on emergency and inpatient services.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: *Andrew Barr*

Date: 1.3.21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
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QTON No. 7

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY

MS NICOLE LAWDER MLA (CHAIR), MS SUZANNE ORR MLA (DEPUTY CHAIR), MR JOHNATHAN DAVIS MLA

Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by ALISTAIR COE MLA:

In relation to:

MR COE: So in terms of the assumptions that are built into this budget, what is the outlook for property price increases?

Mr Miners: Just a few seconds.

Mr Barr: Who has got the—

Mr Miners: Sorry, we will just—

Mr Barr: We will get the right —

MR COE: There is housing market commentary on page 31, or it might be 29 maybe in yours?

Mr Miners: Yes. So I mean, there is also commentary on page 143 where it talks about residential conveyance duty. So again, reflecting just the movements in the housing market. So we are getting, again, higher activity as well as higher prices and that will drive additional revenue through that sector.

MR COE: That is right.

Mr Miners: Again subject to policy decisions by the government.

MR COE: Yes, but I am curious as to obviously there are some assumptions that are built in.

Mr Miners: Yes.

MR COE: So what would they be in terms of either—obviously population growth is another variable in all this but there has still got to be some assumptions on property prices.

Mr Hedley: Do you want me to take that?



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Mr Miners: Yes, certainly.

Mr Hedley: Hi. I am David Hedley, I am the executive branch manager in the revenue and forecasting area that looks at these rates. I agree to the privilege statement.

THE CHAIR: Yes.

Mr Hedley: We will have to take on notice the exact property price numbers that are applied but we do have assumptions around the volume of transactions and property prices. I guess the simple way of answering this is the property markets picked up quite quickly in the ACT and nationally. I think at the time that we prepared the budget estimates we had seen some of that and we had built in some of the improvement in property prices into the revenue estimates here but I think it is fair to say the market has picked up quite quickly and is continuing to improve and so we won't have necessarily captured all of that.

So I guess what that means in terms of conveyance duty we probably expect conveyance duty to continue to pick up but that is just reflective of the, I guess, strength in the market and the confidence in ACT economy of people purchasing and transacting properties here.

Mr Miners: Can I say those — the assumptions we make are also, as you mention, very highly dependent around what happens with population growth into the future and so, at the moment, in the estimates we are using population growth based on what the commonwealth is telling us because the main, the main driver of population at the moment is purely natural increase and will very much depend on when the borders are open.

So certainly as we look through into the future, that is one of the key assumptions that is being taken. We are using the commonwealth numbers on population and that is flowing through. I think that there is probably some upside to that and to that population, the population numbers being put out by the commonwealth and if we get that, then that will certainly ...(indistinct)... [11.15.54] to all the estimates and again create flow through right through the lend or lease program et cetera as well.

MR COE: Just to clarify, if you are able to take on notice what assumptions are in the—in this budget for the number of transactions and property growth and then perhaps if you have any sort of working numbers for what it might be, given you have now got more evidence and more information and it is constantly evolving, that would be useful.

Mr Barr: Yes. Happy to do that. That would be—an observation I would make obviously is that revenue forecasting for rates, though the Treasury have been able to get generally within several thousand dollars of accuracy—



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MR COE: I realise that and—

Mr Barr: And this one is wildly fluctuating.

MR COE: And that is going to be easier when you reverse engineer it.

Mr Barr: Indeed, yes, that is right. But you cannot reverse engineer the property market, as Mr Davis would know.

MR COE: That is right, but yes, there has still got to be some figures that you are using.

Mr Barr: Sure, yes, happy to—

ANDREW BARR MLA: The answer to the Member's question is as follows:—

Table 1 below presents the assumptions for the number of transactions and growth in residential average transaction prices for property in the ACT that underpin the residential conveyance duty forecasts in the 2020-21 Budget.

In forecasting residential conveyance duty revenue, an estimate of the average price of the properties that are expected to be transacted is used rather than the headline property price index. It would not be appropriate to use this forecast as a proxy for a forecast of the headline property price index in the ACT.

The average transaction price used in the Budget forecasts captures changes in the composition of properties sold in the period, as well as actual price changes. This means that if a number of high value properties are sold in a period, the average price will be higher than if lower priced properties are sold. By contrast, the CoreLogic Hedonic Home Value Index takes into account housing characteristics to determine price changes between periods and abstracts from compositional changes in the value of properties in the base. As a result, the average transaction price is not directly comparable with the CoreLogic Hedonic Home Value Index.

The 2020-21 Budget forecasts apply the announced conveyance duty rates and factor in the impact of tax reform and concessions, including stamp duty concession for eligible owner occupiers purchasing blocks of land and off-the-plan units, Home Buyer Concessions Scheme, Pensioner Duty Concession, Disability Duty Concession Scheme.



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Table 1. Number of transactions and price growth, residential properties

	2020-21	2021-22	2022-23	2023-24
Number of transactions				
Detached houses	7,000	7,180	7,370	7,550
Other dwellings ¹	6,000	6,120	6,230	6,350
Total dwellings	13,000	13,300	13,600	13,900
Growth in average transaction values²				
Detached houses (%)	4.6	2.8	3.8	4.5
Other dwellings ¹ (%)	4.0	1.5	1.8	2.0
Total dwellings (%)	4.6	2.2	2.9	3.5

Notes:

1. Other dwellings include semi-detached, row or terrace houses, townhouses and flats units or apartments.
2. Growth in the average dutiable value of all transactions, in year average terms.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: 

Date: 3.1.21

By the Treasurer, Andrew Barr MLA



LEGISLATIVE ASSEMBLY
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QTON No. 8

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
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Inquiries into Annual and Financial Reports 2019–20 and ACT Budget 2020–21
ANSWER TO QUESTION TAKEN ON NOTICE
22 February 2021

Asked by NICOLE LAWDER MLA:

In relation to:

THE CHAIR: You mentioned in the annual report, volume 2.1, the territory banking account total assets increased by \$629.9 million, could you explain why, where did that increase come from?

Mr Barr: Cash at the bank, at a moment in time, really. It was a—money was not expended, it is still in the bank account, that is probably the short answer, is not it?

Mr McAuliffe: I mean, last year we also—through the—well we had a number of large growing transactions that we did last year, the first big one was the refinance—the asbestos loan and then we went to market probably around about April, I think it was, with the onset of COVID, marks were pretty tight so we did borrow a lot of extra money at that point in time to have sufficient liquidity to manage that risk of not being able to access the markets again and all that uncertainty that was going on around the, you know, the whole revenue base for the territory, so just trying to find the page but my—I am pretty sure it was just a higher cash—held at the end of the year.

THE CHAIR: It would be around page 200, depending on whether you have an online or a paper version. Volume 2.1. And in a similar vein, the total expenses for 2019-20 were \$438.9 million lower than the original budget. Can you explain why that was the case?

Mr Barr: Just a moment here, wrong document. We may have to take that on notice, I think.

THE CHAIR: Sure.

Mr McAuliffe: Yes, let me just—I will come back here with those. I dare say that the main reason the expenses will be lower interests costs, both through the lower interests rates on our debt and also the expense number also includes the interest that we pay to the agencies to invest through the central investment platform that we have, so our earnings last year were a lot lower than expected. So—but I will clarify that in our response.



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ANDREW BARR MLA: The answer to the Member's question is as follows:—

The Territory Banking Account total assets as at 30 June 2020 were \$692.9 million higher than the 2019-20 original budget as a result of:

- higher cash at bank of \$1.323 billion in the 2019-20 audited outcome from the original budget due to increased cash liquidity held during the year;
- lower current and non-current receivables (comprising accrued transfer revenue receivables from agencies and loans provided to agencies (Icon Water, ACTION and CMTEED) of \$164.724 million in the 2019-20 audited outcome from the original budget mainly due to a decrease in accrued transfer revenue receivables from agencies; and
- lower financial investment assets of \$465.234 million in the 2019-20 audited outcome from the original budget due to the lower than expected investment returns in the 2019-20 financial year.

The Territory Banking Account total expenses for 2019-20 were \$438.9 million lower than the 2019-20 original budget mainly due to:

- lower agency investment expenses (which are the investment earnings on agency investments held with the Territory Banking Account and comprise investment distributions and net capital gains or losses) of \$236.540 million in the 2019-20 audited outcome from the original budget due to the lower than expected investment returns in the 2019-20 financial year; and
- net lower budget appropriation payments to agencies of \$198.212 million in the 2019-20 audited outcome from the original budget as a result of lower capital injection payments of \$371.766 million partly offset by higher controlled recurrent payments of \$144.434 million. These variances are driven by agency requirements.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature: 

Date: 2.3.21

By the Treasurer, Andrew Barr MLA