



STANDING COMMITTEE ON COMMITTEE ON PUBLIC ACCOUNTS
Mr Ed Cocks MLA (Chair), Mr Michael Pettersson MLA (Deputy Chair),
Mr Andrew Braddock MLA

**Inquiry into Appropriation Bill 2023-2024 (No 2) and
Appropriation (Office of the Legislative Assembly) Bill 2023-2024 (No 2)
ANSWER TO QUESTION TAKEN ON NOTICE
29 February 2024**

Asked by Ms Elizabeth LEE MLA on 29 February 2024: Mr Andrew BARR MLA took on notice the following question(s):

[Ref: Hansard Uncorrected Proof Transcript 29 February 2024 p 20]

In relation to:

MS LEE: Can you tell me if there is any breakdown in terms of for the \$18.45 billion of total borrowings in the forward estimates, can you provide a breakdown in how much of that is for infrastructure that is already in the pipeline that has been budgeted for and how much is for other aspect?

Mr Barr: We could give some broad indications. There were certainly borrowings historically associated with Mr Fluffy borrowings associated with COVID, payments to business, COVID health costs, etcetera. I think we have canvased those.

They would all be provided to this committee on notice, or the Estimates Committee on notice. I do not think there is anything particularly new in any of that, but, certainly, the territory has, over an extended period, delivered tens of billions of dollars' worth of infrastructure. We can certainly provide a consolidated list of every infrastructure project over the last 20 years. Yes.

MS LEE: Yes. What I am getting at is the extra billion dollars. If you can provide that in terms of the breakdown of infrastructure versus everything else. Is that something that you can provide?

Mr Barr: Well, I will see what I can do. I will take something on notice.

Andrew Barr MLA: The answer to the Member's question is as follows:—

Variation to Total Territory Borrowings in 2026-27 – 2023-24 Budget Review compared to 2023-24 Budget (\$m) [refer Table 3.8.8 on page 283 of the 23-24 Budget Outlook, and Table 3.5.4 on page 111 of the 2023-24 Budget Review]:

2026-27	Budget	Budget Review	Difference
Market Borrowings	16,224	16,666	443
Commonwealth Loans	49	49	0
Leases/Other	1,167	1,735	568
Total	17,439	18,450	1,011

Breakdown of \$1 billion increase (\$m)	
<i>Leases/Other</i>	
Light Rail Stage 2A Service Concession Arrangement	548
Finance Leases	14
Courts Public Private Partnership	6
Total Leases/Other	568
<i>Market Borrowings</i>	
Appropriation Changes Comprising:	417
- <i>Recurrent Appropriation</i>	365
- <i>Capital Injection</i>	52
Other Movements	26
Total Market Borrowings	443

Appropriation changes incorporate parameter/technical changes as well as policy initiatives. Lower own-source revenue as well as new policy initiatives and additional expenses due to the on-passing of Commonwealth grants have affected overall expenses. The estimates also include changes related to interest and investment earnings as well as changes to borrowing costs as domestic interest rates increased since the 2023-24 Budget.

The breakdown in the table related to Leases/Other, includes the impacts of the ACT Government entering a service concession arrangement (SCA) in December 2023 with Canberra Metro for Light Rail Stage 2A. This will involve Canberra Metro designing, financing, constructing, maintaining, and operating Light Rail Stage 2A. At the end of the SCA, this infrastructure will become Territory assets. The 2023-24 Budget Review continues to adopt the accounting standard AASB 1059: 'Service Concession Arrangements: Grantors' (AASB 1059), which prescribes the accounting treatment for these arrangements from the perspective of the government grantor.

Under AASB 1059, service concession assets are required to be recognised on the balance sheet from the start of the arrangement or over the construction period, with a corresponding liability to reflect any payments due to the operator, and/or where the Government has granted the operator a right to charge users of the asset. Further details on the accounting treatment, and the financial impact of the SCA, are provided on pp. 105-106 of the 2023-24 Budget Review.

Approved for circulation to the Standing Committee on Public Accounts

Signature: 

Date: 15.3.24

By the Treasurer, Andrew Barr MLA