



ACT
Government

Annual Report

2019–20

Chief Minister, Treasury and
Economic Development **Directorate**
Volume 2.1





Annual Report

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The Chief Minister, Treasury and Economic Development Directorate wish to acknowledge the Traditional Custodians of the ACT, the Ngunnawal People. We wish to acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.



Together, 2019 by Selina Walker
Artwork for the CMTEDD Stretch Reconciliation Plan 2020-2023

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Summary of volumes

The 2019-20 CMTEDD Annual Report has two volumes, with Volume 2 consisting of two parts.

Volume 1

Contains all Transmittal Certificates and Organisational Overview and Performance reporting for CMTEDD and all public sector bodies required to have their annual report annexed to the CMTEDD Annual Report. Each entity's reporting includes, where relevant:

- Organisational overview
- Performance analysis
- Scrutiny
- Risk management
- Internal audit
- Fraud prevention
- Freedom of information
- Community engagement and support
- Aboriginal and Torres Strait Islander reporting
- Work health and safety
- Human resources management
- Ecologically sustainable development
- Reporting by exception and annual report requirements for specific reporting entities.

Volume 1 includes the following entities:

- ACT Architects Board
- ACT Construction Occupations
- ACT Executive
- ACT Government Procurement Board
- Default Insurance Fund
- Director of Territory Records
- Environment Protection Authority
- Lifetime Care and Support Fund
- Motor Accident Injuries Commission (including ACT Compulsory Third-Party Insurance Regulator)
- Office of the Nominal Defendant of the ACT
- Office of the Work Health and Safety Commissioner
- Public Sector Workers Compensation Fund.

Volume 2.1

Contains all Financial Management reporting sections for:

- CMTEDD
- The Territory Banking Account
- The Superannuation Provision Account.

Each entity's Financial Management reporting includes, where relevant:

- Financial management analysis (management discussion and analysis)
- Financial statements
- Capital works
- Asset management
- Government contracting
- Statement of performance.

Volume 2.2

Contains all Financial Management reporting sections for:

- ACT Executive
- ACT Compulsory Third Party Insurance Regulator
- Default Insurance Fund (DIF)
- Lifetime Care and Support Fund
- Motor Accident Injuries Commission
- Office of the Nominal Defendant of the ACT
- Public Sector Workers Compensation Fund.

Each entity's Financial Management reporting includes, where relevant:

- Financial management analysis (management discussion and analysis)
- Financial statements
- Capital works
- Asset management
- Government contracting
- Statement of performance.

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Section

Financial management reporting

**Chief Minister, Treasury and Economic
Development Directorate**

Including:

Territory Banking Account

Superannuation Provision Account



Chief Minister, Treasury and Economic Development Directorate

**Financial statements for the year ended
30 June 2020**

Management Discussion and Analysis

Chief Minister, Treasury and Economic Development Directorate for the Year Ended 30 June 2020

General Overview

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) leads the ACT Public Service (ACTPS) working collaboratively with both government and the community to deliver government priorities and drive initiatives aimed at making Canberra a better place to live. The Directorate also shapes the strategic direction of the ACTPS to ensure it is well positioned to perform its role.

As a central agency, CMTEDD:

- supports the Chief Minister, the Directorate's Ministers and the Cabinet by providing informed and innovative advice;
- provides support and direction across the ACTPS on policy and strategy;
- leads the ongoing development of the ACTPS;
- drives the evolution of Canberra into a smart and connected digital city, through leading-edge initiatives;
- improves the liveability and productivity of the city in collaboration with business, education institutions and industry partners;
- provides strategic financial and economic advice to the ACT Government with the aim of improving the Territory's financial position and economic management;
- supports government through the provision of financial, information and communication technology (ICT), human resources and procurement services;
- connects businesses and communities to government through Access Canberra's 'one-stop shop' licensing and regulatory services; and
- keeps the Canberra community informed about what government is doing and involves Canberrans in the decisions that impact their lives.

During 2019-20, CMTEDD also played a lead role in addressing a Territory wide response to the bushfires, associated air quality (smoke) events, and the COVID-19 health emergency.

Risk Management

The Directorate's approach to risk management is based on the Australian and New Zealand Risk Management Standard (AS ISO 31000:2018) ('The Standard') and *ACT Government Risk Management Policy 2019*, released by the ACT Insurance Authority (ACTIA). The *CMTEDD Risk Management Framework and Policy Statement* and the *CMTEDD Risk Management Plan* provide the foundation and processes for all staff within the Directorate to ensure a consistent, effective and efficient approach to the identification, treatment and management of risk. The Executive Management Group (EMG), Workplace Health and Safety Committee (WHSC) and CMTEDD Audit and Risk Committee have oversight of risk management within the Directorate.

Further information on the Directorate's risk management can be found in Volume 1 of the Annual Report.

Directorate Financial Performance

The Directorate's operations and finances have been impacted by the COVID-19 health emergency, however, it is estimated that given the transactions to date the likely impact for the Directorate overall is immaterial.

The COVID-19 financial impact on the Directorate's controlled accounts largely reflects:

- rent relief provided to tenants of ACT Government properties and revenue forgone mostly as a result of cancelled events; and
- expenses associated with ensuring appropriate hygiene and physical distancing practices across CMTEDD premises, enhancing ICT capability to support ongoing government operations in a largely work from home

environment, and the provision of a range of grants and waivers to support local business, community and non-government organisation partners.

The 2019-20 Annual Financial Statements accompanying this MD&A uses the original budget as published in the 2019-20 Budget Papers for comparative purposes.

The Management Discussion and Analysis (MD&A) is based on the Directorate's audited annual financial statements for 2018-19 and 2019-20, the 2019-20 Revised Budget, and the forward estimates contained in the 2019-20 Supplementary Budget Papers. The Legislative Assembly resolved on 18 June 2020 to delay the introduction of Appropriation Bill 2020-2021 and the 2020-21 Budget until after the 2020 election has been held (October 2020) and a government formed.

The following table provides information on changes between the 2019-20 Original Budget and 2019-20 Revised Budget, and variances between the 2019-20 Revised Budget and 2019-20 Actual results.

Information is provided throughout this MD&A and financial statements where the COVID-19 health emergency has had a material financial impact on specific items being reported.

CMTEDD's financial statements (and this MD&A) present information about the Directorate as a whole, therefore transactions between the Directorate's business units are eliminated from (not shown in) the Directorate's financial statements. A higher value of internal trading transactions are generally eliminated from actual reporting periods than from the Revised Budget due to a greater level of detail being available to identify such transactions. This has an impact on variances reported between the revised budget and actual results for some items.

Table 1: 2019-20 Operating Statement, Net Cost of Services and Net Assets/(Liabilities) Movements between Original Budget, Revised Budget, and Actual Results

Description	Original Budget	Supp Approp No. 1 ¹	Plus AA Transfers ²	Revised Budget	Actual	Variance Including Transfers	
	2019-20	2019-20	2019-20	2019-20	2019-20	\$m	%
	\$m	\$m	\$m	\$m	\$m		
Income							
Controlled Recurrent Payments	378.8	6.0	-	384.8	396.8	12.0	3.1%
Own Source Revenue							
Fees	0.2	-	-	0.2	0.4	0.1	51.0%
Sales of Goods and Services from Contracts with Customers	259.0	(18.3)	-	240.7	249.5	8.7	3.6%
Grants and Contributions and Resources Received Free of Charge	4.3	(0.4)	-	3.9	7.2	3.3	84.4%
Investment Revenue	1.5	-	-	1.5	0.7	(0.8)	-53.8%
Other Revenue and Gains	4.4	1.2	-	5.7	10.9	5.2	92.6%
Total Own Source Revenue	269.4	(17.4)	-	252.0	268.6	16.6	6.6%
Total Income	648.2	(11.4)	-	636.8	665.4	28.6	4.5%
Expenditure							
Employee and Superannuation	287.5	(15.3)	-	272.2	303.5	31.3	11.5%
Supplies and Services	238.5	3.3	-	241.7	223.4	(18.3)	-7.6%
Depreciation and Amortisation	92.7	(1.3)	-	91.4	90.2	(1.2)	-1.3%
Grants and Purchased Services	69.9	0.1	-	70.0	67.4	(2.6)	-3.7%
Borrowing Costs	8.6	-	-	8.6	7.3	(1.3)	-15.5%
Other Expenses	10.0	-	-	10.0	4.0	(6.0)	-60.0%
Total Expenditure	707.2	(13.2)	-	694.0	695.8	1.8	0.3%
Operating Surplus/(Deficit)	(59.0)	1.8	-	(57.2)	(30.4)	26.7	-46.8%
Total Expenditure	707.2	(13.2)	-	694.0	695.8	1.8	0.3%
Total Own Source Revenue	269.4	(17.4)	-	252.0	268.6	16.6	6.6%
Net Cost of Services	437.8	4.2	-	442.0	427.2	(14.7)	-3.3%
Total Assets	1 641.6	(8.4)	(44.5)	1 588.7	1 824.5	235.7	14.8%
Total Liabilities	619.1	38.3	(51.7)	605.7	791.1	185.5	30.6%
Net Assets/(Liabilities)	1 022.5	(46.7)	7.3	983.1	1 033.3	50.3	5.1%

¹ This column reflects the CMTEDD Controlled impact of *Appropriation Bill 2019-2020 (No. 2)*, as reflected in the Territory's 2019-20 Supplementary Budget Papers.

² The figures reflect the impact of the transfer of the whole of government capital works function from CMTEDD to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

Operating Result

The Directorate's operating result was a deficit of **\$30.4 million** for the 2019-20 financial year, which is a **\$26.7 million** lower deficit than the revised budget deficit of **\$57.2 million**, and a **\$30.2 million** lower deficit than the 2018-19 financial year deficit of **\$60.6 million**. These variances are largely due to the reasons outlined below in relation to the Net Cost of Services. In addition to this, the Directorate also received additional appropriation in 2019-20 due to the rollover of funding from 2018-19, largely resulting from delays in the progression of projects/programs, and the receipt of a Treasurer's Advance to assist with meeting cost pressures associated with the COVID-19 health emergency economic recovery.

Table 2: Operating Result

	Actual 2020 \$m	Revised Budget 2020 \$m	Actual 2019 \$m
Total Income	665.4	636.8	628.5
Total Expenditure	695.8	694.0	689.2
Operating Surplus/(Deficit)	(30.4)	(57.2)	(60.6)

Net Cost of Services

The net cost of services facilitates an assessment of performance by showing the full cost and composition of resources consumed in conducting the Directorate's operations. The net cost of services also reflects the extent to which the Directorate relies on government appropriation to fund its expenses.

Net cost of services is calculated as total expenditure minus own source revenue. Own source revenue represents total income minus Controlled Recurrent Payments (CRP) appropriation.

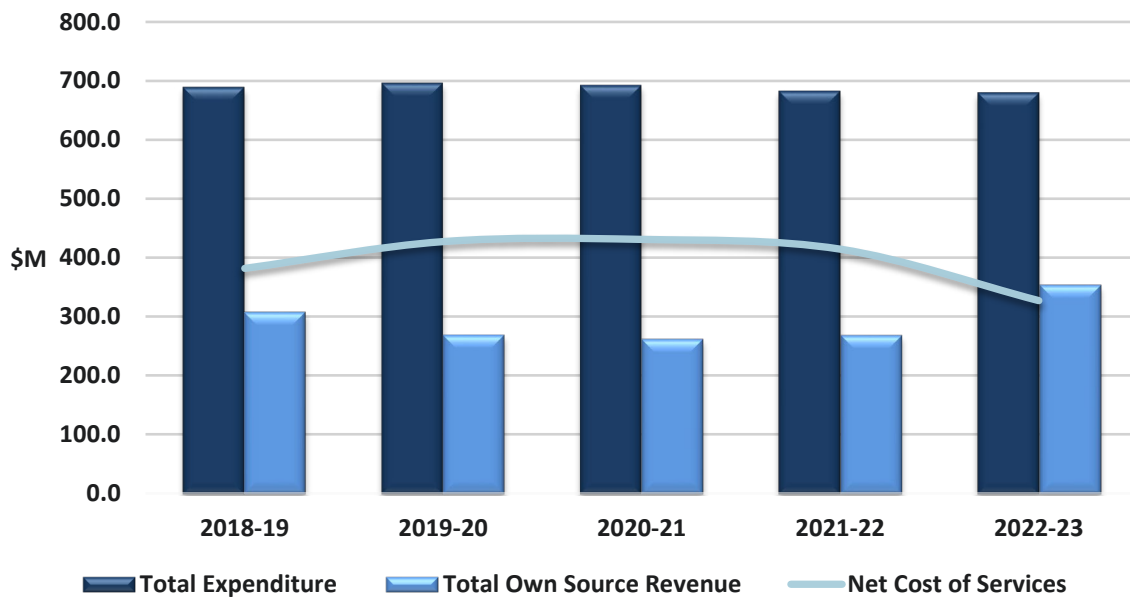
Table 3: Total Net Cost of Services

	Actual 2018-19 \$m	Revised Budget 2019-20 \$m	Actual 2019-20 \$m	Forward Estimate 2020-21 \$m	Forward Estimate 2021-22 \$m	Forward Estimate 2022-23 \$m
Total Expenditure	689.2	694.0	695.8	692.4	682.3	679.9
Total Own Source Revenue	307.4	252.0	268.6	261.4	268.0	352.9
Net Cost of Services	381.8	442.0	427.2	431.0	414.4	327.0

The Directorate's net cost of services for 2019-20 of **\$427.2 million** was **\$14.8 million** or **3.3 per cent** lower than the revised 2019-20 Budget.

In comparison to the 2018-19 result of **\$381.8 million**, the net cost of services was **\$45.4 million** or **11.9 per cent** higher, mainly reflecting lower own source revenue due to reduced economic activity in the six month period to June 2020 as a consequence of the COVID-19 health emergency, and the changed funding model for Shared Services whereby they are directly appropriated for their provision of HR and financial services since 1 July 2019.

Figure 1: Net Cost of Services, Including Future Trends



The 2019-20 outcome reflects the impact of the Shared Services Cost Model Review, which reduces Shared Services user charges revenue. Funding (which is not part of the net cost of services) is now appropriated directly to Shared Services rather than Shared Services charging agencies for the fixed component of delivering HR, finance and records management services.

The Directorate’s net cost of services is relatively stable for the next several years, but is forecast to decrease in 2022-23 due to the completion and transfer of the Kingston Arts Precinct from the Suburban Land Agency (SLA).

Total Expenditure

The Directorate’s expenditure for 2019-20 totalled **\$695.8 million**, and was **\$1.8 million** or **0.3 per cent** higher than the revised budget of **\$694.0 million**.

Figure 2: Components of Expenditure for 2019-20

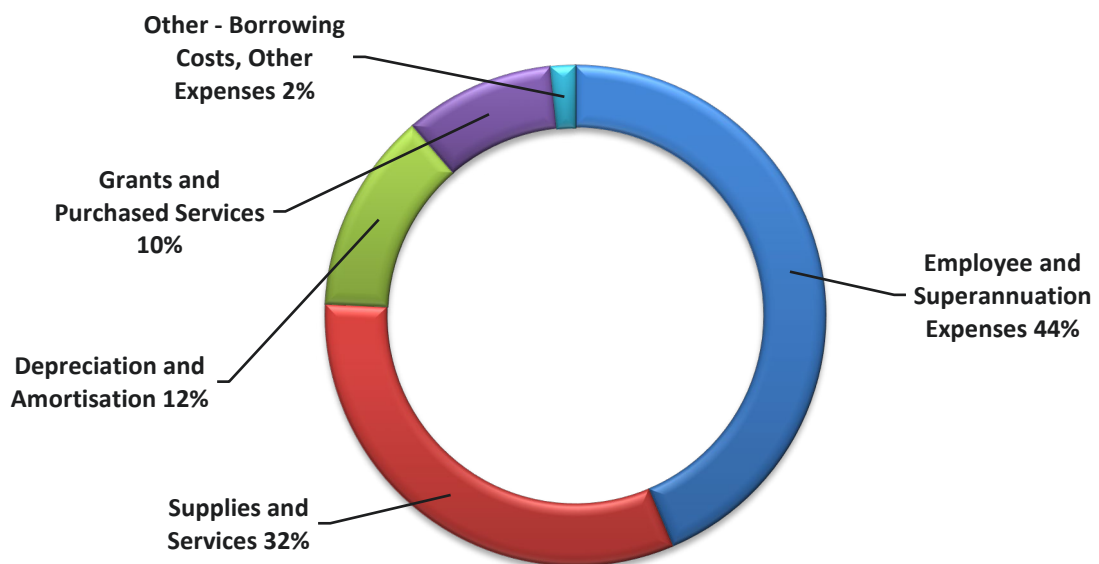


Table 4: Line Item Explanations of 2019-20 Expenditure Variations from the Revised Budget

	Revised Budget 2019-20 \$m	Actual 2019-20 \$m	Variance \$m
Employee and Superannuation ¹	272.2	303.5	31.3
Supplies and Services ²	241.7	223.4	(18.3)
Depreciation and Amortisation	91.4	90.2	(1.2)
Grants and Purchased Services	70.0	67.4	(2.7)
Borrowing Costs	8.6	7.3	(1.3)
Other Expenses	10.0	4.0	(6.0)
Total Expenditure	694.0	695.8	1.7

¹ The higher amount is largely due to a change in the discount rate used to measure the present value of annual leave and long service leave based provisions.

² The lower amount is mainly due to a smaller reduction in lease (rent) expenses from the implementation of AASB 16, 'Leases', from 1 July 2019, compared to the budget estimate.

In comparison to the 2018-19 result of **\$689.2 million**, expenses were **\$6.6 million** or **1.0 per cent** higher, largely due to the implementation of the AASB 16, 'Leases', from 1 July 2019 (which resulted in an increase in depreciation (\$37 million) and interest (\$7 million), partially offset by a decrease in lease (rent) expenses (\$36 million)), the impact of the recent Enterprise Agreement (EA) outcome on salaries as well as a movement in the provisions for annual leave and long service leave due to a change in the discount rate used to measure the present value of those liabilities, largely offset by reduced supplies and services and lower transfers of completed capital works and other assets transferred to other ACT Government agencies during 2019-20.

Total Own Source Revenue

The Directorate's own source revenue for 2019-20 totalled **\$268.6 million**, and was **\$16.6 million** or **6.6 per cent** higher than the revised budget.

Figure 3: Components of Own Source Revenue for 2019-20

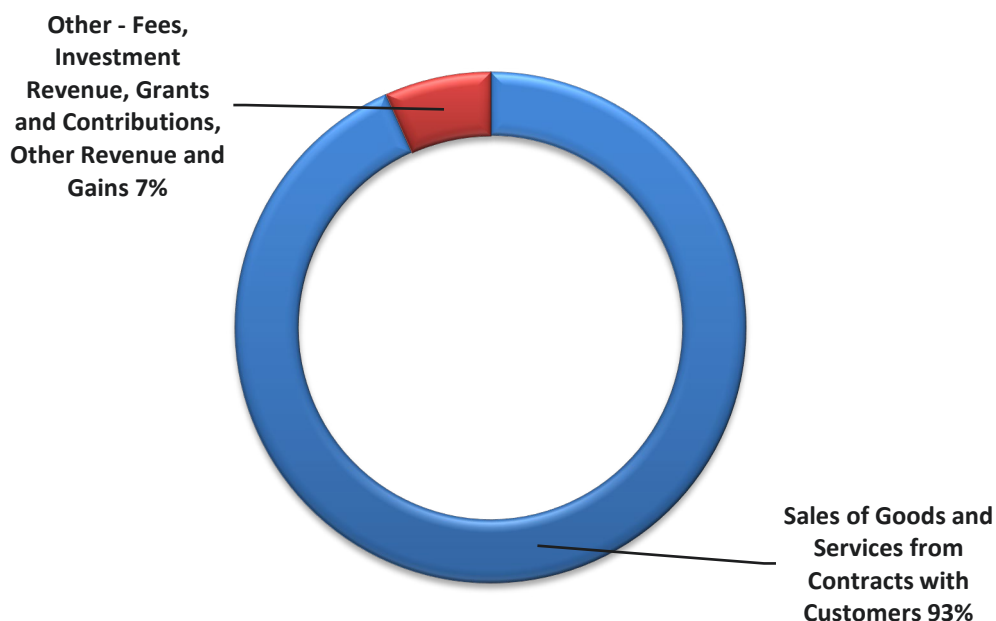


Table 5: Line Item Explanations of 2019-20 Own Source Revenue Variations from the Revised Budget

	Revised Budget 2019-20 \$m	Actual 2019-20 \$m	Variance \$m
Fees	0.2	0.4	0.2
Sales of Goods and Services from Contracts with Customers ¹	240.7	249.5	8.8
Investment Revenue	1.5	0.7	(0.8)
Grants and Contributions and Resources Received Free of Charge	3.9	7.2	3.3
Other Revenue and Gains	5.7	10.9	5.2
Total Own Source Revenue	252.0	268.6	16.6

¹ This increase is largely due to: unbudgeted demand driven services being undertaken by Shared Services on behalf of other agencies, including project management, asset rental and cloud services; and major project works being undertaken by the ACT Property Group on behalf of other ACT Government directorates, including major gardening and landscaping work at the Harrison School.

In comparison to the 2018-19 result of **\$307.4 million**, own source revenue was **\$38.8 million** or **12.6 per cent** lower, due to the changed funding model for Shared Services whereby they are directly appropriated for their provision of HR and financial services to ACT Government agencies since 1 July 2019.

Directorate's Financial Position

Net Assets/(Liabilities)

The Directorate's net assets for the financial year ended 30 June 2020 were **\$1 033.3 million**, which is **\$50.3 million** higher than the revised budget net assets of **\$983.1 million**, and **\$102.5 million** higher than the 30 June 2019 actual net assets of **\$930.9 million**. Reasons for these variations are explained in the following sections.

Table 6: Net Assets/(Liabilities)

	Actual 2020 \$m	Revised Budget 2020 \$m	Actual 2019 \$m
Total Assets	1 824.5	1 588.7	1 226.9
Total Liabilities	791.1	605.7	296.0
Net Assets/(Liabilities)	1 033.3	983.1	930.9

Total Assets

The Directorate's total asset position as at 30 June 2020 was **\$1.824 billion**, and was **\$235.7 million** or **14.8 per cent** higher than the revised budget of **\$1.589 billion**.

Figure 4: Total Assets as at 30 June 2020

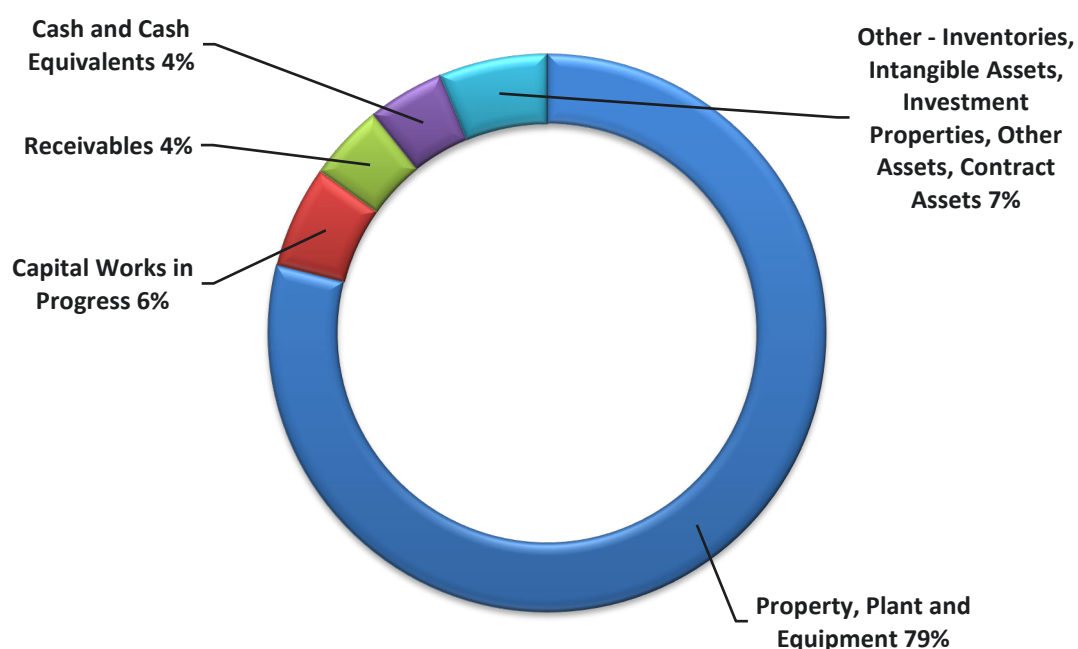


Table 7: Line Item Explanations of 30 June 2020 Asset Variations from the Revised Budget

	Revised Budget 2020 \$m	Actual 2020 \$m	Variance \$m
Cash and Cash Equivalents	68.4	81.0	12.5
Receivables	81.3	81.3	-
Contract Assets	-	5.0	5.0
Inventories	4.0	4.7	0.6
Property, Plant and Equipment ¹	1 175.9	1 440.3	264.4
Investment Properties	7.9	7.9	-
Intangible Assets	108.5	63.8	(44.7)
Capital Works in Progress	132.6	107.6	(25.0)
Other Assets	10.1	32.8	22.7
Total Assets	1 588.7	1 824.5	235.7

¹ The higher amount is mainly associated with: additions relating to Shared Services purchases of IT Infrastructure, and acquisition of laptops, monitors and desktop equipment, including the replacement of obsolete equipment, across the ACT Government directorates; the impact of including the value of lease extension options associated with accommodation leases in right-of-use assets, which was not included in the original budget; and the net impact of the 2020 valuation of ACT Property Group (ACTPG), National Arboretum Canberra (NAC), Access Canberra and Venues Canberra assets.

In comparison to the 30 June 2019 result of **\$1.227 billion**, total assets were **\$597.6 million** or **48.7 per cent** higher, mainly associated with the adoption of the new accounting standard AASB 16, 'Leases', from 1 July 2019, by recognising right-of-use assets associated with motor vehicles leased for CMTEDD use and accommodation and data centres leased by the Directorate for CMTEDD use and on behalf of other government agencies.

Total Liabilities

The Directorate's total liabilities position as at 30 June 2020 was **\$791.1 million**, and was **\$185.5 million** or **30.6 per cent** higher than the revised budget of **\$605.7 million**.

Figure 5: Total Liabilities as at 30 June 2020

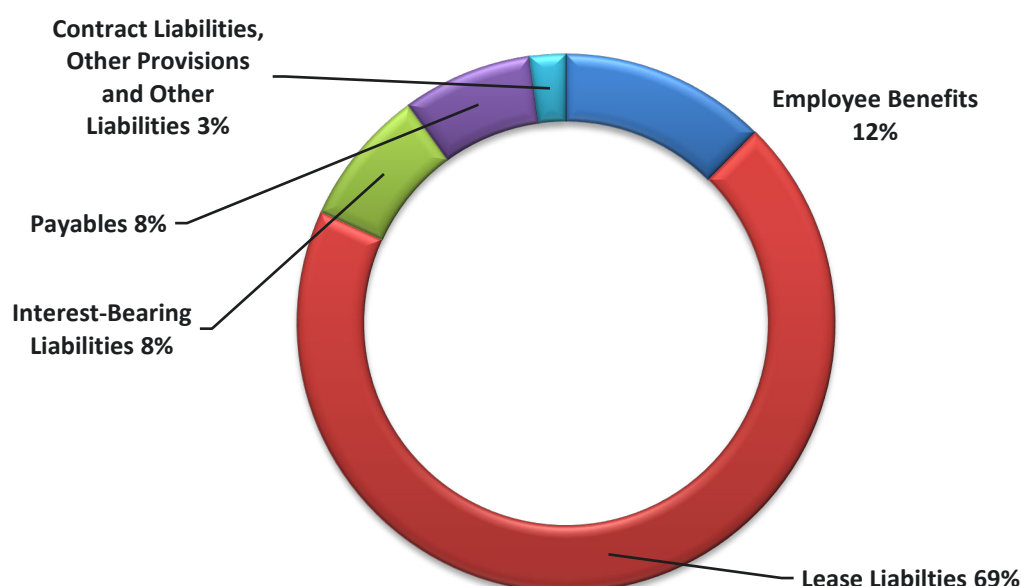


Table 8: Line Item Explanations of 30 June 2020 Liability Variations from the Revised Budget

	Revised Budget 2020 \$'000	Actual 2020 \$m	Variance \$m
Payables	64.8	61.7	(3.1)
Contract Liabilities	-	10.9	10.9
Interest-Bearing Liabilities Unsecured	62.6	65.2	2.6
Lease Liabilities ¹	372.9	548.9	176.0
Employee Benefits ²	89.1	98.2	9.2
Other Provisions	5.1	3.3	(1.8)
Other Liabilities	11.4	3.0	(8.4)
Total Liabilities	605.7	791.1	185.4

¹ This variance is due to the impact of including the value of lease extension options associated with accommodation leases, which was not included in the original budget.

² This variance is due to the movement in the provisions for annual leave and long service leave due to a change in the discount rate used to calculate the present value of these liabilities.

In comparison to the 30 June 2019 result of **\$296.0 million**, total liabilities were **\$495.1 million** or **167.3 per cent** higher, largely due to: the impact of implementing AASB 16, 'Leases' in 2019-20 that changes the way building, vehicle and ICT leases are accounted for; partially offset by the transfer of a bank overdraft, employee and other liabilities along with the whole of government capital works function to Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

Territorial Financial Performance

The Directorate's territorial accounts have been impacted by the COVID-19 health emergency, however, it is estimated that given the transactions to date, the likely impact for the Directorate overall is immaterial. Where COVID-19 has had a large enough impact to influence a variance explanation from a prior year comparative or budget figure, the nature of the impact is disclosed in the relevant note to these financial statements.

The COVID-19 financial impact on the Directorate's territorial accounts largely reflects:

- a reduction in GST revenue received from the Commonwealth, primarily due to lower goods and services consumption on account of COVID-19;
- a reduction in revenue compared to the same period last year due to cancelled events and lower parking fees and traffic fines; and
- forgone revenue due to taxation and fee relief provided in the form of waivers, rebates, tenancy relief, deferrals and freeze on various fees and charges; partially offset by:
- utilities (electricity) concession rebates paid to residential and small business customers (for which Expenses on Behalf of the Territory (EBT) appropriation was received).

Consistent with the Directorate's controlled accounts, the following information is based on the audited annual financial statements for 2018-19, the 2019-20 Budget, and the forward estimates contained in the 2019-20 Supplementary Budget Papers.

The following table provides information on changes between the 2019-20 Original Budget and 2019-20 Revised Budget, and variances between the 2019-20 Revised Budget and 2019-20 Actual results.

Table 9: 2019-20 Statement of Income and Expenses on Behalf of the Territory and Net Assets/(Liabilities) Movements between Original Budget, Revised Budget and Actual Results

Description	Original Budget	Supp Approp No. 1 ¹	Revised Budget	Actual 2019-20	Variance Including Transfers	
	2019-20	2019-20	2019-20		2019-20	\$m
	\$m	\$m	\$m	\$m	\$m	%
Income						
Payments for Expenses on Behalf of the Territory	72.3	-	72.3	72.3	-	0.0%
Taxes, Licences, Fees and Fines	2 249.5	(43.7)	2 205.8	2 092.3	(113.5)	-5.1%
Land Revenue	119.0	-	119.0	46.6	(72.4)	-60.9%
Sales of Goods and Services from contracts with Customers	22.6	-	22.6	19.2	(3.4)	-15.0%
Grants from the Commonwealth	2 004.1	(56.4)	1 947.7	1 883.5	(64.2)	-3.3%
Dividends	231.3	(64.1)	167.2	128.5	(38.7)	-23.1%
Other Revenue and Gains	0.4	-	0.4	0.6	0.2	54.2%
Total Income	4 699.2	(164.2)	4 535.0	4 242.9	(292.1)	-6.4%
Expenditure						
Supplies and Services	12.2	-	12.1	12.3	0.2	1.4%
Grants and Purchased Services	52.2	-	52.2	72.2	20.0	38.3%
Cost of Land Sold	113.0	-	113.0	33.8	(79.2)	-70.1%
Other Expenses	10.1	-	10.1	9.8	(0.3)	-3.2%
Transfer to Government	4 511.7	(164.2)	4 347.5	4 133.1	(214.4)	-4.9%
Total Expenditure	4 699.2	(164.2)	4 535.0	4 261.2	(273.8)	-6.0%
Operating Surplus/(Deficit)	-	-	-	(18.3)	(18.3)	100.0%
Total Assets	1 019.4	(84.8)	934.5	865.3	(69.2)	-7.4%
Total Liabilities	717.5	(63.8)	653.7	604.0	(49.7)	-7.6%
Net Assets/(Liabilities)	301.8	(21.0)	280.8	261.3	(19.5)	-7.0%

¹ This column reflects the CMTEDD Territorial impact of *Appropriation Bill 2019-2020 (No. 2)*, as reflected in the Territory's 2019-20 Supplementary Budget Papers.

Territorial Operating Result

The Directorate's 2019-20 territorial operating result was a deficit of **\$18.3 million**, which was **\$18.3 million** lower than the original budget operating result of **nil**, and a **\$14.3 million** lower deficit than the 2018-19 operating deficit of **\$3.9 million**. These operating deficits are due to the use of cash balances available at the beginning of the year for the payment of concessions and community service obligations and the timing of accessing the appropriated funds associated with these types of payments towards the end of the year.

Table 10: Territorial Operating Result

	Actual 2020	Revised Budget 2020	Actual 2019
	\$m	\$m	\$m
Total Income	4 242.9	4 535.0	4 414.8
Total Expenditure	4 261.2	4 535.0	4 418.7
Territorial Operating Surplus/(Deficit)	(18.3)	-	(3.9)

Total Territorial Income

The Directorate's territorial income for 2019-20 totalled **\$4.243 billion**, and was **\$292.1 million** lower than the revised budget of **\$4.535 billion**.

Figure 6: Components of Territorial Income for 2019-20

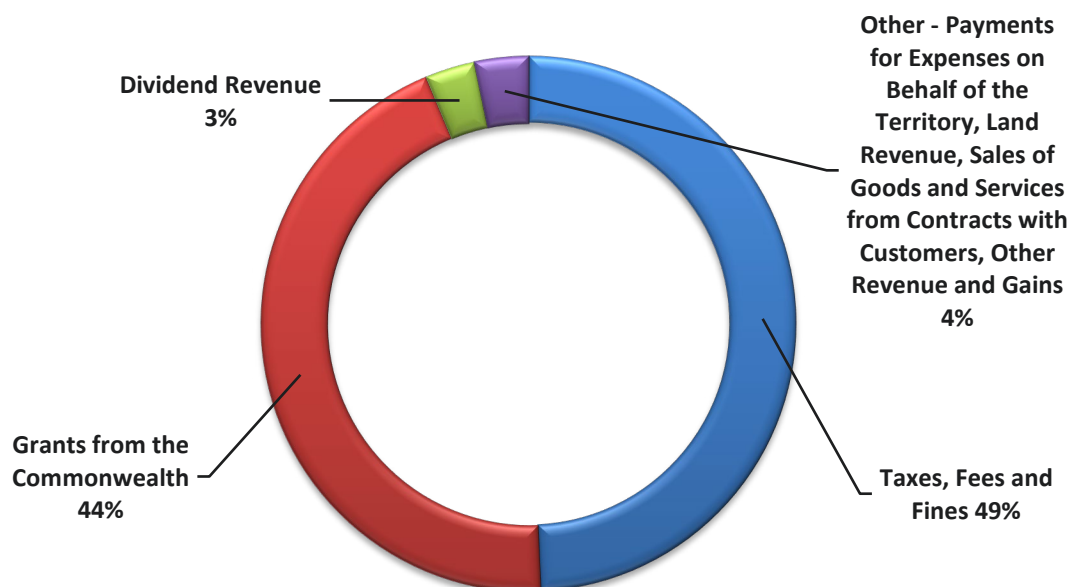


Table 11: Line Item Explanations of 2019-20 Territorial Income Variations from the Revised Budget

	Revised Budget 2019-20 \$m	Actual 2019-20 \$m	Variance \$m
Payments for Expenses on Behalf of the Territory	72.3	72.3	-
Taxes, Licences, Fees and Fines ¹	2 205.8	2 092.3	(113.5)
Land Revenue	119.0	46.6	(72.4)
Sales of Goods and Services from Contracts with Customers	22.6	19.2	(3.4)
Grants from the Commonwealth ²	1 947.6	1 883.5	(64.2)
Dividends	167.2	128.5	(38.7)
Other Revenue and Gains	0.4	0.6	0.2
Total Territorial Income	4 535.0	4 242.9	(292.1)

¹ This variance is mainly driven by the impact of the COVID-19 health emergency, largely through the Government's Economic Stimulus Packages that provided for a range of taxation and fee relief in the form of rebates, deferrals and freezes to support local business and industry, families and households, community and non government organisation partners.

² The variance is largely due to a reduction in the GST entitlements for the ACT. The GST collections in 2019-20 were less than the Commonwealth's estimate of the GST pool at the time of the Commonwealth Mid-Year Economic and Fiscal Outlook (MYEFO). As a result, all jurisdictions received cash payments that were in excess of each jurisdiction's entitlement. A provision was created on the balance sheet to recognise this reduction in revenue.

In comparison to the 2018-19 result of **\$4.415 billion**, territorial income was **\$171.9 million** lower. This is mainly due to lower residential conveyancing duty, largely due to lower land sales resulting from subdued property market conditions and a take up of Home Buyer Concessions following the discontinuation of the First Home Owner's Grant, which results in home buyers not having to pay the duty; lower commercial conveyancing duty, due to fewer ownership transfers of high value properties and a larger number of low value property transfers, for which no duty is payable; lower payroll tax driven by lower taxable wages in the ACT labour market due to the JobKeeper exemption and payroll tax waivers provided to support the

community through the COVID-19 health emergency; reduced dividend revenue reflecting lower distributions from Icon Water Limited; the impact of the COVID-19 health emergency, largely through the Government's Economic Stimulus Packages that provided for a range of taxation and fee relief in the form of rebates, deferrals and freezes to support local business and industry, families and households, community and non-government organisation partners.

Note: Dividend Revenue reported by CMTEDD reflects dividends declared annually by the ACT Property Group (ACTPG) within the CMTEDD Controlled accounts, the Public Trustee and Guardian, Icon Water Limited, the Suburban Land Agency (SLA), and the City Renewal Authority (CRA). No dividends were recorded against ACTPG or the Public Trustee and Guardian in 2019-20 or the prior year. For further information regarding the dividends declared and/or performance of the dividend paying agencies, refer to the respective entity's 2019-20 Annual Financial Statements.

Total Territory Expenditure

The Directorate's territorial expenditure for 2019-20 totalled **\$4.261 billion**, and was **\$273.8 million** lower than the revised budget of **\$4.535 billion**.

Figure 7: Components of Territorial Expenses for 2019-20

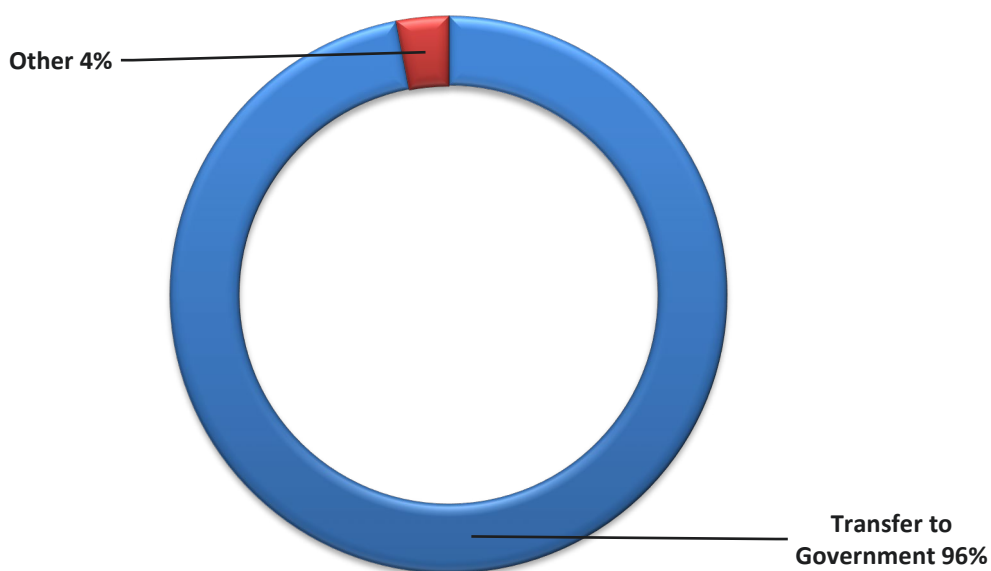


Table 12: Line Item Explanations of 2019-20 Territorial Expenditure Variations from the Revised Budget

	Revised Budget 2019-20 \$m	Actual 2019-20 \$m	Variance \$m
Supplies and Services	12.1	12.3	0.2
Grants and Purchased Services	52.2	72.2	20.0
Cost of Land Sold	113.0	33.8	(79.2)
Other Expenses	10.1	9.8	(0.3)
Transfer to Government ¹	4 347.5	4 133.1	(214.4)
Total Territorial Expenditure	4 534.9	4 261.2	(273.8)

¹ This variance is primarily due to lower Taxes, Fees and Fines, Grants from Commonwealth and Dividend revenue being on-passed to the Territory Banking Account (TBA).

In comparison to the 2018-19 result of **\$4.419 billion**, territorial expenses were **\$157.5 million** lower, primarily due to lower revenue being on-passed to the Territory Banking Account (TBA).

Territorial Financial Position

Territorial Net Assets/(Liabilities)

The Directorate's territorial net assets for the financial year ended 30 June 2020 were **\$261.3 million**, which is **\$19.5 million** or **7.0 per cent** lower than the revised budget net assets of **\$280.8 million**. Reasons for these variations are explained in the following sections.

Table 13: Territorial Net Assets/(Liabilities)

	Actual 2020 \$m	Revised Budget 2020 \$m	Actual 2019 \$m
Total Assets	865.3	934.5	850.3
Total Liabilities	604.0	653.7	541.2
Territorial Net Assets/(Liabilities)	261.3	280.8	309.2

Total Territorial Assets

The Directorate's total territorial asset position as at 30 June 2020 was **\$865.3 million**, and was **\$69.2 million** or **7.4 per cent** lower than the revised budget of **\$934.5 million**.

Figure 8: Total Territorial Assets as at 30 June 2020

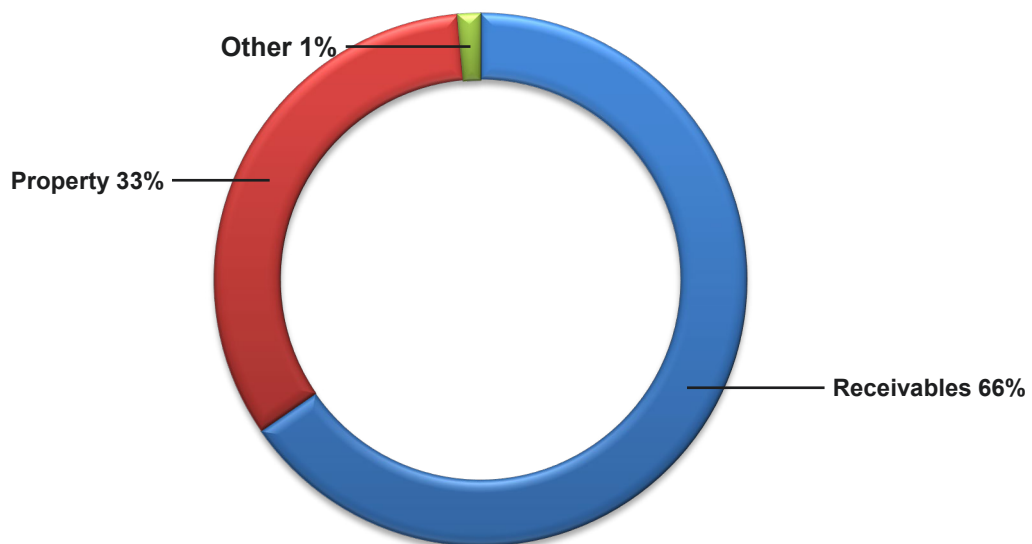


Table 14: Line Item Explanations of 30 June 2020 Territorial Asset Variations from the Revised Budget

	Revised Budget 2020 \$m	Actual 2020 \$m	Variance \$m
Cash	17.2	8.9	(8.3)
Receivables ¹	630.5	565.2	(65.2)
Inventories and Other Assets	1.5	-	(1.5)
Investments	3.8	3.9	0.1
Property	281.6	287.3	5.6
Total Territorial Assets	934.5	865.3	(69.3)

¹ This variance largely reflects Icon Water Limited and the Suburban Land Agency (SLA) moving into deferred tax asset positions by 30 June 2020, due to paying more tax throughout the year than required.

In comparison to the 30 June 2019 result of **\$850.3 million**, total territorial assets were **\$15.0 million** higher, largely due to the reasons explained above for Receivables.

Total Territorial Liabilities

The Directorate’s total territorial liabilities position as at 30 June 2020 was **\$604.0 million**, and was **\$49.7 million** lower than the revised budget of **\$653.7 million**.

Figure 9: Total Territorial Liabilities as at 30 June 2020

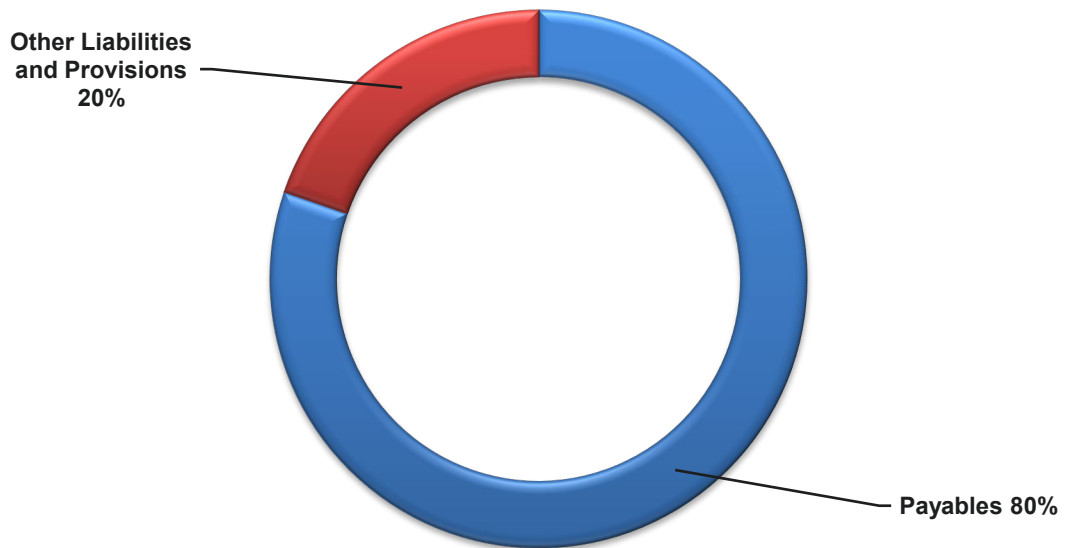


Table 15: Line Item Explanations of 30 June 2020 Territorial Liability Variations from the Revised Budget

	Revised Budget 2020 \$m	Actual 2020 \$m	Variance \$m
Payables ¹	648.6	484.9	(163.7)
Other Provisions ²	4.8	119.0	114.2
Other Liabilities	0.3	0.2	(0.1)
Total Territorial Liabilities	653.7	604.0	(49.7)

¹ This variance is largely due to lower dividend, income tax and fees and fines receivables, which will be on-passed to the Territory Banking Account (TBA) once collected.

² This variance reflects an estimated overpayment of GST revenue received from the Commonwealth, which will be recouped during 2020-21 through reductions in scheduled GST payments. For more information refer to Note 37, 'Other Provisions - Territorial'.

In comparison to the 30 June 2019 result of **\$541.2 million**, total territorial liabilities were **\$62.9 million** higher, largely due to the Refund of GST Revenue provision relating to an estimated reduction in the GST entitlements of each jurisdiction where cash has already been received from the Commonwealth in excess of the ACT's entitlement. This provision reflects the estimated overpayment that will be recouped by the Commonwealth during 2020-21 through reductions in scheduled GST payments.

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Chief Minister, Treasury and Economic Development Directorate (Directorate) for the year ended 30 June 2020 which comprise the:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, statement of cash flows and controlled statement of appropriation;
- Territorial financial statements – statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, statement of cash flows on behalf of the Territory and territorial statement of appropriation; and
- Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Directorate's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Directorate in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Directorate for the financial statements

The Director-General is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Directorate to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Directorate.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Directorate's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directorate;
- conclude on the appropriateness of the Directorate's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Directorate's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Directorate to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris
Auditor-General
29 September 2020

Chief Minister, Treasury and Economic Development Directorate
Financial Statements
For the Year Ended 30 June 2020

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2020 and the financial position of the Directorate on that date.



Kathy Leigh
Director-General
Chief Minister, Treasury and Economic Development Directorate

27 September 2020

**Chief Minister, Treasury and Economic Development Directorate
Financial Statements
For the Year Ended 30 June 2020**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with Australian Accounting Standards, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2020 and the financial position of the Directorate on that date.



Paul Ogden
Chief Finance Officer
Chief Minister, Treasury and Economic Development Directorate

25 September 2020

Chief Minister, Treasury and Economic Development Directorate

**Controlled Financial Statements for the year
ended 30 June 2020**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income				
<i>Revenue</i>				
Controlled Recurrent Payments	#	396 794	378 821	321 147
Fees		361	239	213
Sales of Goods and Services from Contracts with Customers	4	249 452	258 989	285 952
Grants and Contributions		7 163	-	-
Resources Received Free of Charge		-	4 251	5 055
Investment Revenue		702	1 518	1 603
Other Revenue		10 495	4 378	10 914
Total Revenue		664 966	648 196	624 884
<i>Gains</i>				
Gains from Disposal of Assets		413	-	-
Other Gains		-	46	3 656
Total Gains		413	46	3 656
Total Income		665 379	648 242	628 540
Expenses				
Employee Expenses	5	264 905	246 225	254 178
Superannuation Expenses	6	38 559	41 265	33 572
Supplies and Services	7	223 406	238 454	256 744
Depreciation and Amortisation	12, 13	90 209	92 712	56 384
Grants and Purchased Services	8	67 436	69 936	59 996
Borrowing Costs		7 303	8 643	1 422
Other Expenses	9	3 990	9 969	26 887
Total Expenses		695 808	707 204	689 183
Operating Surplus/(Deficit)		(30 429)	(58 962)	(60 643)
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase/(Decrease) in the Asset Revaluation Surplus		38 973	-	59 094
Total Other Comprehensive Income		38 973	-	59 094
Total Comprehensive Income/(Deficit)		8 544	(58 962)	(1 549)

The above Operating Statement should be read in conjunction with the accompanying notes.

Refer to the Statement of Appropriation.

Chief Minister, Treasury and Economic Development Directorate
Balance Sheet
As at 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash and Cash Equivalents	10	80 965	53 318	72 325
Receivables	11	22 250	38 972	56 321
Contract Assets		5 040	-	-
Inventories		4 665	3 440	4 022
Other Assets		19 415	15 824	9 149
Total Current Assets		132 335	111 554	141 817
Non-Current Assets				
Receivables	11	59 080	58 112	60 995
Property, Plant and Equipment	12	1 440 263	1 194 866	844 682
Investment Properties		7 920	5 410	7 920
Intangible Assets	13	63 822	116 975	75 295
Capital Works in Progress	14	107 634	153 516	83 479
Other Assets		13 425	1 214	12 706
Total Non-Current Assets		1 692 144	1 530 093	1 085 077
Total Assets		1 824 479	1 641 647	1 226 894
Current Liabilities				
Bank Overdraft	15	-	8 511	37 211
Payables	16	61 681	65 260	64 741
Contract Liabilities		10 884	-	-
Interest-Bearing Liabilities and Borrowings	17	5 219	2 678	2 666
Lease Liabilities	18	23 162	22 286	-
Employee Benefits	19	92 918	88 306	85 804
Other Provisions		1 469	2 273	3 071
Other Liabilities	20	2 742	12 569	16 534
Total Current Liabilities		198 075	201 883	210 027
Non-Current Liabilities				
Interest-Bearing Liabilities and Borrowings	17	59 947	59 979	62 612
Lease Liabilities	18	525 731	350 569	-
Employee Benefits	19	5 330	5 254	5 040
Other Provisions		1 840	1 426	2 516
Other Liabilities	20	214	-	15 830
Total Non-Current Liabilities		593 062	417 228	85 998
Total Liabilities		791 137	619 111	296 025
Net Assets		1 033 342	1 022 536	930 869
Equity				
Accumulated Funds		701 618	783 860	635 045
Asset Revaluation Surplus		331 724	238 676	295 824
Total Equity		1 033 342	1 022 536	930 869

The above Balance Sheet should be read in conjunction with the accompanying notes.

Chief Minister, Treasury and Economic Development Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2020

	Note	Accumulated Funds Actual 2020 \$'000	Asset Revaluation Surplus Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Original Budget 2020 \$'000
Balance at 1 July 2019		635 045	295 824	930 869	992 487
Change in Accounting Policy	3	(24 614)	-	(24 614)	(29 839)
Restated Balance at 1 July 2019		610 431	295 824	906 255	962 648
Comprehensive Income					
Operating Surplus/(Deficit)		(30 429)	-	(30 429)	(58 962)
Increase/(Decrease) in the Asset Revaluation Surplus		-	38 973	38 973	-
Total Comprehensive Income/(Deficit)		(30 429)	38 973	8 544	(58 962)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		113 440	-	113 440	130 964
Capital Distributions		(4 905)	-	(4 905)	(5 567)
Net Liabilities Transferred out as part of an Administrative Restructure ¹	21	7 256	-	7 256	(2 939)
Net Assets Transferred in from Other Agencies		2 427	-	2 427	-
Other Movements		323	-	323	-
Dividend Approved		-	-	-	(3 608)
Total Transactions Involving Owners Affecting Accumulated Funds		118 541	-	118 541	118 850
Movement in the Asset Revaluation Surplus					
Transfers of the Asset Revaluation Surplus to/(from) Accumulated Funds		3 073	(3 073)	-	-
Total Movement in the Asset Revaluation Surplus		3 073	(3 073)	-	-
Balance at 30 June 2020		701 618	331 724	1 033 342	1 022 536

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ This reflects the transfer of responsibility for the whole of government Capital Works function from CMTEDD to the newly established Major Projects Canberra (MPC) on 1 July 2019.

Chief Minister, Treasury and Economic Development Directorate
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2020

	Accumulated Funds Actual 2019 \$'000	Asset Revaluation Surplus Actual 2019 \$'000	Total Equity Actual 2019 \$'000
Note No.			
Balance at 1 July 2018	754 906	241 378	996 284
Change in Accounting Policy	235	-	235
Restated Balance at 1 July 2018	755 141	241 378	996 519
Comprehensive Income			
Operating Surplus/(Deficit)	(60 643)	-	(60 643)
Increase/(Decrease) in the Asset Revaluation Surplus	-	59 094	59 094
Total Comprehensive Income/(Deficit)	(60 643)	59 094	(1 549)
Net Effect of Correction of an Error	(11 712)	-	(11 712)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	63 561	-	63 561
Capital Distributions	(5 363)	-	(5 363)
Net Assets transferred in/(out) to Other Agencies ¹	(110 589)	-	(110 589)
Total Transactions Involving Owners Affecting Accumulated Funds	(52 391)	-	(52 391)
Movement in the Asset Revaluation Surplus			
Transfers of the Asset Revaluation Surplus to/(from) Accumulated Funds	4 648	(4 648)	-
Total Movement in the Asset Revaluation Surplus	4 648	(4 648)	-
Balance at 30 June 2019	635 045	295 824	930 869

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ This mainly accounts for the transfer of responsibility for the Civil Infrastructure and Capital Works function from CMTEDD to the Transport Canberra and City Services (TCCS) Directorate on 1 July 2018.

Chief Minister, Treasury and Economic Development Directorate
Statement of Cash Flows
For the Year Ended 30 June 2020

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities			
Receipts			
Controlled Recurrent Payments	396 794	378 821	321 147
Sales of Goods and Services from Contracts with Customers	247 610	270 401	281 584
Fees	361	239	213
Capital Works Receipts ¹	-	589 742	232 170
Interest Received	703	1 477	1 603
Goods and Services Tax Input Tax Credits from the Australian Taxation Office (ATO)	49 480	75 868	76 764
Goods and Services Tax Collected from Customers	28 118	79 338	61 362
Other	8 283	3 666	9 990
Total Receipts from Operating Activities	731 349	1 399 552	984 833
Payments			
Employee	251 268	244 201	247 526
Superannuation	38 207	41 101	33 850
Supplies and Services	228 079	240 956	230 621
Grants and Purchased Services	67 988	79 718	60 274
Borrowing Costs	7 295	8 644	1 368
Capital Works ¹	-	589 742	248 951
Other Payments	4 310	1 653	10 368
Goods and Service Tax Remitted to the ATO	28 214	79 314	63 700
Goods and Services Tax Paid to Suppliers	50 525	75 777	71 619
Total Payments from Operating Activities	675 886	1 361 106	968 277
Net Cash Inflows/(Outflows) from Operating Activities²⁶	55 463	38 446	16 555
Cash Flows from Investing Activities			
Receipts			
Proceeds from the Sale of Assets	256	162	493
Proceeds from Repayments of Loans Receivable	69	2 677	2 677
Total Receipts from Investing Activities	325	2 839	3 170
Payments			
Relating to Property, Plant and Equipment	15 244	41 596	18 264
Relating to Capital Works in Progress	111 049	92 813	69 496
Relating to Intangibles	302	-	3 830
Relating to Loans	638	-	-
Total Payments from Investing Activities	127 233	134 409	91 590
Net Cash Inflows/(Outflows) from Investing Activities	(126 908)	(131 570)	(88 420)

Chief Minister, Treasury and Economic Development Directorate
Statement of Cash Flows - Continued
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Financing Activities				
Receipts				
Capital Injections		113 440	130 964	63 561
Total Receipts from Financing Activities		113 440	130 964	63 561
Payments				
Distributions to Government		4 905	5 566	5 363
Repayment of Borrowings		112	2 680	2 650
Repayment of Lease Liabilities		28 338	30 184	-
Payment of Dividend		-	3 608	-
Transfer of Cash/(Bank Overdraft) Balances		(37 211)	-	-
Total Payments from Financing Activities		(3 856)	42 038	8 012
Net Cash Inflows/(Outflows) from Financing Activities		117 296	88 926	55 549
Net Increase/(Decrease) in Cash and Cash Equivalents		45 851	(4 471)	(16 316)
Cash and Cash Equivalents at the Beginning of the Reporting Period		35 114	49 278	51 430
Cash and Cash Equivalents at the End of the Reporting Period	26	80 965	44 807	35 114

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

¹ This reflects the transfer of responsibility for the whole of government Capital Works function from CMTEDD to the newly established Major Projects Canberra (MPC) on 1 July 2019.

Chief Minister, Treasury and Economic Development Directorate

Controlled Statement of Appropriation

For the Year Ended 30 June 2020

Under the *Financial Management Act 1996* (FMA), funds are appropriated to the Directorate as Controlled Recurrent Payments (CRP) or Capital Injections. CRP is recognised as revenue, and Capital Injections as an increase in equity, when the Directorate gains control over the funding, which occurs on the receipt of cash.

The Directorate uses CRP appropriation to fund the cost of delivering outputs, and Capital Injections appropriation for the construction or purchase of assets as agreed by the Government.

In the following table the:

- *Original Budget* column shows the amounts that appear in the Changes to Appropriation tables in the 2019-20 Budget Statements (These amounts also appear in CMTEDD's Statement of Cash Flows);
- *Total Appropriated* column includes all appropriation variations occurring after the Original Budget; and
- *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year (These amounts appear in the Statement of Cash Flows).

	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Total Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
Controlled				
Controlled Recurrent Payments (CRP) ¹	378 821	396 794	396 794	321 147
Capital Injections ²	130 964	151 791	113 440	63 561
Total Controlled Appropriation	509 785	548 585	510 234	384 708

¹ The increase in CRP appropriation drawn in 2019-20 compared to 2018-19 is mainly due to new initiatives funded in the 2018-19 Budget Review and 2019-20 Budget (refer to the New Initiatives section of the 2018-19 Budget Review and the CMTEDD Changes to Appropriation table included in 2019-20 Budget Papers for more information), the impacts of the Shared Services Cost Model Review, which directly appropriated Shared Services for the provision of the fixed cost component of HR, finance and record management services, and funding reprofiling from 2018-19 to 2019-20 (as detailed in CMTEDD's 2018-19 Financial Statements).

² The increase in Capital Injections appropriation drawn in 2019-20 compared to 2018-19 is mainly due to the impact of new capital initiatives and significant progress in several high value projects, including *Building a better city – Dickson office accommodation* (\$20.403 million drawn) and *Better Services – Weston Creek and Stromlo swimming pool and leisure centre* (\$20.099 million drawn).

Reconciliation of Appropriation Table for 2019-20

The following table and associated footnotes explain the movements between:

- the Original Budget and the Total Appropriated; and
- the Total Appropriated and the Appropriation Drawn.

	Controlled Recurrent Payments \$'000	Capital Injections \$'000
Original Budget	378 821	130 964
Changes in Appropriation during 2019-20		
s13 - Supplementary Appropriations ³	5 924	9 138
s16B - Rollover of Undisbursed Appropriation ⁴	5 534	11 689
s17 - Variation of Appropriation for Commonwealth Grants ⁵	125	-
s18 - Treasurer's Advance ⁶	6 390	-
Total Change in Appropriation during 2019-20	17 973	20 827
Total Appropriated	396 794	151 791
Undrawn Funds ⁷	-	(38 351)
Total Appropriation Drawn	396 794	113 440

Chief Minister, Treasury and Economic Development Directorate

Controlled Statement of Appropriation - Continued

For the Year Ended 30 June 2020

Variations between 'Original Budget' and 'Total Appropriated'

³ The *Appropriation Act 2019-20 (No 2)* authorised additional appropriations and impacted the Directorate's Controlled Recurrent Payments (CRP) and Capital Injections (CI) during 2019-20, including the following.

Controlled Recurrent Payments

- *An independent Worksafe ACT to better protect workers in the ACT* (\$0.739 million).
- *Meeting future ACT Government accommodation needs* (\$0.919 million).
- *Reducing fees for businesses* (\$0.063 million).
- *Supporting tourism by strengthening Canberra's major event venues* (\$3.117 million).
- *Tax Reform Advisory Group* (\$0.466 million).

Capital Injections

- *Meeting future ACT Government accommodation needs* (\$9.138 million).

⁴ CRP and CI appropriation was rolled over from 2018-19 to 2019-20. The rollovers relate to 17 CRP funded projects and 33 Capital Injections funded projects, and largely result from either delays in the progression, or timing associated with the development, of projects/programs. Of these rollovers, the most significant relate to following projects/programs.

Controlled Recurrent Payments

- *Belconnen Fire and Ambulance Station Remediation from the Justice and Community Safety Directorate* (\$1.061 million).
- *More and better jobs – Improving infrastructure planning and delivery* (\$0.772 million).
- *ICT Transformation – Hybrid Cloud computing* (\$0.743 million).
- *Digital Records for Digital Government* (\$0.502 million).
- *More and better jobs – Ensuring continuity of the Human Resource Information Management System* (\$0.5 million).
- *Whole of Government Software Upgrade* (\$0.487 million).

Capital Injections

- *Better Services – Weston Creek and Stromlo Swimming pool and leisure centre* (\$4.349 million).
- *Building a better city – Civic and Dickson office accommodation* (\$3.223 million).
- *More and better jobs – Ensuring continuity of the Human Resources Information Management System* (\$1.491 million).
- *Better Infrastructure Fund* (\$1.147 million).
- *More jobs for our growing city – Better facilities for Manuka Oval* (\$0.916 million).

⁵ During 2019-20, the Directorate received additional Commonwealth grant funding for the National Skills and Workforce Development Specific Purpose Payment (SPP).

⁶ Treasurer's Advance was received during the year to meet cash requirements for a variety of activities, as follows.

Controlled Recurrent Payments

- A Treasurer's Advance of \$6.390 million was received during the year to assist with meeting cost pressures associated with the COVID-19 health emergency economic recovery.

Variations between 'Total Appropriated' and 'Appropriation Drawn'

⁷ Capital Injection funds remaining undrawn as at 30 June 2020 represent anticipated rollovers of funding to 2020-21 and future years, mostly due to either delays in the progression, or timing associated with the development, of projects, including the following.

- *Building a better city – Civic and Dickson office accommodation* (\$11.539 million).
- *Meeting future ACT government accommodation needs* (\$8.8 million).
- *Supporting smarter working in the new ACT Government office projects* (\$5.048 million).
- *More services for our suburbs – Upgrading the Old Kingston Bus Depot* (\$2.953 million).
- *Moving delivery of more community services online* (\$2.3 million).

The remaining undrawn CI funds relate to appropriation that was expected to be spent prior to the end of the 2019-20 financial year, but was ultimately not drawn down due to unforeseen delays.

Chief Minister, Treasury and Economic Development Directorate
Summary of Directorate Output Classes
For the Year Ended 30 June 2020

	Output Class 1 Government Strategy	Output Class 2 Access Canberra	Output Class 3 Economic Development	Output Class 4 Financial and Economic Management	Output Class 5 Workforce Injury Management and Industrial Relations Policy	Output Class 6 Revenue Management	Output Class 7 Shared Services	Output Class 8 ¹ Infrastructure Finance and Procurement	Output Class 9 ¹ Property Services and Venues	Intra- Directorate Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020											
Total Income	43 247	112 055	128 000	23 663	11 655	26 768	217 363	9 430	152 655	(59 456)	665 379
Total Expenses	45 775	120 634	116 671	21 553	11 529	30 281	225 201	11 922	169 347	(57 104)	695 808
Operating Surplus/(Deficit)	(2 528)	(8 580)	11 329	2 110	126	(3 512)	(7 837)	(2 492)	(16 693)	(2 353)	(30 429)
2019											
Total Income	32 876	108 230	104 118	19 536	14 911	23 382	206 240	25 062	151 838	(57 653)	628 540
Total Expenses	35 386	109 029	115 457	20 411	15 382	26 455	211 473	25 451	184 546	(54 410)	689 183
Operating Surplus/(Deficit)	(2 510)	(800)	(11 337)	(876)	(471)	(3 074)	(5 234)	(389)	(32 708)	(3 244)	(60 643)

¹ Procurement ACT was transferred from Output Class 9 to Output Class 8 from 1 July 2019, resulting in name changes for both of those Output Classes.

Note 1: The income and expenses of each output class are reported inclusive of overhead allocations and internal transactions to/from other output classes. This method ensures each output class is measured at the full cost of the outputs. Transactions between output classes are shown above as Intra-Directorate Eliminations, and are eliminated from the Directorate's Operating Statement.

Note 2: On 1 July 2019, responsibility for the whole of government capital works function was transferred from CMTEDD to the newly established Major Projects Canberra (MPC) following the Administrative Arrangements (AAs) of that date, which had an impact on the Directorate's 2019-20 Actual results.

Note 3: The bushfire, associated air quality (smoke) events, and the COVID-19 health emergency, have affected delivery of some output class functions during 2019-20.

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 1
Government Strategy
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 1, 'Government Strategy', included:

- advice and support to the Chief Minister, the Head of Service and the Director-General on strategic policy, including high priority reforms and effective delivery of Government policies and priorities;
- an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the Government and the community;
- management of whole of government capacity building programs;
- communications and engagement support and protocol services to the ACT Government and community; and
- advice, support and project delivery for the digital transformation of government services.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	33 324	32 541	26 479
Sales of Goods and Services from Contracts with Customers	7 954	5 582	5 602
Grants and Contributions	1 960	-	-
Resources Received Free of Charge	-	908	783
<i>Total Revenue</i>	43 238	39 031	32 865
<i>Gains</i>			
Gains from Disposal of Assets	9	-	-
Other Gains	-	1	11
<i>Total Gains</i>	9	1	11
Total Income	43 247	39 032	32 876
Expenses			
Employee Expenses	24 675	21 038	20 029
Superannuation Expenses	3 717	4 873	2 687
Supplies and Services	12 786	11 258	9 959
Depreciation and Amortisation	2 147	1 631	393
Grants and Purchased Services	2 438	2 432	2 308
Borrowing Costs	-	-	7
Other Expenses	11	46	3
Total Expenses	45 775	41 278	35 386
Operating Surplus/(Deficit)	(2 528)	(2 246)	(2 511)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 2
Access Canberra
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 2, 'Access Canberra', included:

- providing protection to the community through compliance, licencing and regulation;
- providing services and collecting revenue on behalf of other Directorates; and
- providing customer services to businesses, community groups and individuals through a 'no wrong door' approach.

	Actual	Original	Actual
	2020	Budget	2019
	\$'000	\$'000	\$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	96 273	90 971	91 904
Sales of Goods and Services from Contracts with Customers	11 984	12 845	13 856
Grants and Contributions	2 617	-	-
Resources Received Free of Charge	-	2 217	1 369
Investment Revenue	68	158	107
Other Revenue	986	323	917
Total Revenue	111 928	106 514	108 153
<i>Gains</i>			
Gains from Disposal of Assets	127	-	-
Other Gains	-	12	77
Total Gains	127	12	77
Total Income	112 055	106 526	108 230
Expenses			
Employee Expenses	66 996	55 862	58 155
Superannuation Expenses	9 486	9 473	7 479
Supplies and Services	35 582	37 988	37 615
Depreciation and Amortisation	5 377	3 998	3 833
Grants and Purchased Services	2 945	1 807	1 893
Borrowing Costs	37	37	24
Other Expenses	212	1 437	29
Total Expenses	120 634	110 602	109 029
Operating Surplus/(Deficit)	(8 579)	(4 076)	(800)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 3
Economic Development
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 3, 'Economic Development', included:

- delivery of programs, initiatives and business policy advice that promoted the economic development of the broader capital region, including universities, research organisations, commercialisation entities, business organisations and other government agencies;
- creation and implementation of a range of innovative tourism marketing and development programs, in partnership with local industry, national bodies and institutions, aimed at increasing visitation to the ACT and region;
- supporting Canberra's participation in organised sport and recreation through delivery of programs, facilities and pathways;
- management and delivery of major events such as Floriade, Floriade NightFest, the Enlighten Festival, Australia Day and the Canberra Festival;
- implementation of the ACT Arts Policy through supporting great art and great artists, supporting and recognising the vitality of the Canberra region arts ecology and engaging with Aboriginal and Torres Strait Islander arts and culture;
- working with universities and higher education institutions to support the growth and development of the tertiary education sector; and
- provision and management of vocational education and training in the Territory.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	121 203	107 322	99 877
Sales of Goods and Services from Contracts with Customers	2 922	1 241	2 786
Grants and Contributions	2 809	-	-
Resources Received Free of Charge	-	1 316	682
Other Revenue	1 000	184	763
Total Revenue	127 934	110 063	104 107
<i>Gains</i>			
Gains from Disposal of Assets	66	-	-
Other Gains	-	4	11
Total Gains	66	4	11
Total Income	128 000	110 067	104 118
Expenses			
Employee Expenses	24 093	15 112	21 945
Superannuation Expenses	3 399	3 000	2 725
Supplies and Services	26 945	35 354	28 491
Depreciation and Amortisation	2 536	2 155	2 713
Grants and Purchased Services	59 403	59 779	53 136
Borrowing Costs	2	3	7
Other Expenses	294	667	6 442
Total Expenses	116 671	116 070	115 457
Operating Surplus/(Deficit)	11 330	(6 003)	(11 338)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 4
Financial and Economic Management
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 4, 'Financial and Economic Management', included:

- economic analysis and advice to the Government and agencies;
- management of Federal financial relations;
- provision of accounting, financial framework, and insurance policy advice; and
- analysis, monitoring and reporting on major projects and the financial performance of agencies and the Territory's budget to assist the ACT Government to achieve its policy objectives.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	22 178	23 563	17 798
Sales of Goods and Services from Contracts with Customers	89	-	79
Grants and Contributions	763	-	-
Resources Received Free of Charge	-	354	302
Investment Revenue	629	1 334	1 349
Other Revenue	-	29	2
Total Revenue	23 659	25 280	19 530
<i>Gains</i>			
Gains from Disposal of Assets	4	-	-
Other Gains	-	-	6
Total Gains	4	-	6
Total Income	23 663	25 280	19 536
Expenses			
Employee Expenses	13 950	9 193	12 373
Superannuation Expenses	2 066	1 873	1 615
Supplies and Services	4 095	7 791	3 432
Depreciation and Amortisation	429	413	608
Grants and Purchased Services	382	5 171	1 030
Borrowing Costs	629	1 334	1 353
Other Expenses	1	-	-
Total Expenses	21 553	25 775	20 412
Operating Surplus/(Deficit)	2 110	(495)	(876)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 5
Workforce Injury Management and Industrial Relations Policy
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 5, 'Workforce Injury Management and Industrial Relations Policy', included:

- provision of health and work sustainability solutions, focusing on risks arising from work and the relationship between employers and workers;
- managing ACT workers' compensation, work health and safety and industrial relations regulatory and policy frameworks, and reviewing and developing associated policies; and
- supporting the Public Sector Workers Compensation Commissioner in the management of the Public Sector Workers' Compensation Fund.

	Actual	Original	Actual
	2020	2020	2019
	\$'000	\$'000	\$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	7 650	8 668	10 828
Sales of Goods and Services from Contracts with Customers	3 800	3 752	3 714
Grants and Contributions	202	-	-
Resources Received Free of Charge	-	100	74
Other Revenue	-	-	290
Total Revenue	11 652	12 520	14 907
<i>Gains</i>			
Gains from Disposal of Assets	3	-	-
Other Gains	-	-	4
Total Gains	3	-	4
Total Income	11 655	12 520	14 911
Expenses			
Employee Expenses	7 705	9 455	7 247
Superannuation Expenses	1 119	953	1 030
Supplies and Services	2 322	1 819	2 096
Depreciation and Amortisation	266	96	933
Grants and Purchased Services	117	288	115
Borrowing Costs	-	-	2
Other Expenses	-	37	3 960
Total Expenses	11 529	12 648	15 382
Operating Surplus/(Deficit)	126	(128)	(471)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 6
Revenue Management
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 6, 'Revenue Management', included:

- administration of the ACT Government's taxation revenue, including collecting taxation revenue in accordance with legislation, providing high quality and timely advice to assist taxpayers in meeting their obligations, and processing objections to assessments and decisions;
- ensuring the integrity, consistency and effectiveness of the ACT's taxation system through prioritised compliance programs and regular reviews of legislation;
- processing of concessions in accordance with legislation; and
- administering Rental Bonds.

	Actual	Original	
	2020	Budget	Actual
	\$'000	2020	2019
		\$'000	\$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	22 702	20 979	20 653
Sales of Goods and Services from Contracts with Customers	322	572	454
Grants and Contributions	2 402	-	-
Resources Received Free of Charge	-	1 333	553
Investment Revenue	27	32	36
Other Revenue	1 373	1 416	1 627
<i>Total Revenue</i>	26 825	24 332	23 324
<i>Gains</i>			
Gains from Disposal of Assets	(56)	-	-
Other Gains	-	-	58
<i>Total Gains</i>	(56)	-	58
Total Income	26 768	24 332	23 382
Expenses			
Employee Expenses	10 786	11 487	10 323
Superannuation Expenses	1 788	2 252	1 527
Supplies and Services	12 605	10 950	11 035
Depreciation and Amortisation	4 244	3 346	3 526
Grants and Purchased Services	-	10	-
Borrowing Costs	-	-	6
Other Expenses	858	24	38
Total Expenses	30 281	28 069	26 455
Operating Surplus/(Deficit)	(3 512)	(3 737)	(3 074)

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 7
Shared Services
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 7, 'Shared Services', included the provision of a range of ICT and corporate services to directorates and agencies, including:

- infrastructure, applications support and development, ICT project services, managing the whole of government data and communications network and providing general service and help desk functions; and
- human resource and finance services such as payroll and personnel, recruitment, records management and mail, and financial reporting.

	Actual	Original	
	2020	Budget	Actual
	\$'000	2020	2019
		\$'000	\$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	60 503	60 614	25 890
Sales of Goods and Services from Contracts with Customers	154 589	148 668	177 539
Grants and Contributions	351	-	-
Resources Received Free of Charge	-	526	403
Investment Revenue	29	24	101
Other Revenue	1 697	1 885	1 691
Total Revenue	217 169	211 717	205 625
<i>Gains</i>			
Gains from Disposal of Assets	194	-	-
Other Gains	-	-	615
Total Gains	194	-	615
Total Income	217 363	211 717	206 240
Expenses			
Employee Expenses	89 548	90 818	84 261
Superannuation Expenses	13 133	12 877	11 252
Supplies and Services	95 509	92 818	91 785
Depreciation and Amortisation	26 481	22 517	23 999
Borrowing Costs	191	7	-
Other Expenses	338	21	177
Total Expenses	225 201	219 058	211 473
Operating Surplus/(Deficit)	(7 837)	(7 341)	(5 234)

Chief Minister, Treasury and Economic Development Directorate

Operating Statement for Output Class 8

Infrastructure Finance and Procurement

For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 8, 'Infrastructure Finance and Procurement',¹ included:

- advising government on the development and management of infrastructure projects, including unsolicited proposals and the use of private finance where appropriate, partnering with directorates to ensure that project business cases provide the required evidence and analysis to justify the funding decisions of government;
- providing advice and assistance to Territory entities under the *Government Procurement Act 2001* in undertaking procurement activities for goods and services;
- establishing, managing and advising on whole of government procurement arrangements and policies and offering procurement training, support and resources across government; and
- administering whole of government online tendering and procurement support systems.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	5 139	7 980	4 717
Sales of Goods and Services from Contracts with Customers	4 075	23 342	20 183
Grants and Contributions	214	-	-
Resources Received Free of Charge	-	401	127
Other Revenue	-	63	26
<i>Total Revenue</i>	9 427	31 786	25 052
<i>Gains</i>			
Gains from Disposal of Assets	2	-	-
Other Gains	-	-	10
<i>Total Gains</i>	2	-	10
Total Income	9 430	31 786	25 062
Expenses			
Employee Expenses	6 586	18 321	17 934
Superannuation Expenses	1 139	2 702	2 359
Supplies and Services	3 823	9 656	4 998
Depreciation and Amortisation	143	1 359	(85)
Grants and Purchased Services	1	-	-
Borrowing Costs	-	2	4
Other Expenses	230	261	241
Total Expenses	11 922	32 301	25 451
Operating Surplus/(Deficit)	(2 492)	(515)	(389)

¹ Output Class 8, 'Infrastructure Finance and Procurement', was formerly known as 'Infrastructure Finance and Capital Works'. The new name reflects the transfer of Procurement ACT from Output Class 9 to Output Class 8 from 1 July 2019, and the 1 July 2019 transfer of responsibility for the whole of government capital works function to the newly established Major Projects Canberra (MPC) following the Administrative Arrangements (AAs) of that date.

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 9
Property Services and Venues
For the Year Ended 30 June 2020

Description

During 2019-20, Output Class 9, 'Property Services and Venues', included:

- management of Territory-owned commercial buildings, government office accommodation, community/multipurpose buildings, aquatic/leisure facilities and leased commercial buildings on behalf of the Territory;
- promotion and management of major events at venues including GIO Stadium, Exhibition Park in Canberra and Manuka Oval; and
- management of the National Arboretum Canberra and Stromlo Forest Park.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	27 822	26 183	23 001
Fees	361	-	614
Sales of Goods and Services from Contracts with Customers	118 284	106 766	118 348
Grants and Contributions	1 691	-	-
Resources Received Free of Charge	-	1 096	761
Investment Revenue	38	40	66
Other Revenue	4 475	478	6 181
<i>Total Revenue</i>	152 671	134 563	148 972
<i>Gains</i>			
Gains from Disposal of Assets	(17)	-	-
Other Gains	-	29	2 866
<i>Total Gains</i>	(17)	29	2 866
Total Income	152 655	134 592	151 838
Expenses			
Employee Expenses	20 660	18 450	24 144
Superannuation Expenses	2 689	3 262	3 079
Supplies and Services	86 367	75 033	118 136
Depreciation and Amortisation	48 584	57 197	20 463
Grants and Purchased Services	2 114	449	1 645
Borrowing Costs	6 534	7 330	74
Other Expenses	2 398	7 476	17 006
Total Expenses	169 347	169 197	184 546
Operating Surplus/(Deficit)	(16 693)	(34 605)	(32 708)

Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities
As at Year Ended 30 June 2020

As at 30 June 2020

Assets	Output Class 1 Government Strategy	Output Class 2 Access Canberra	Output Class 3 Economic Development	Output Class 4 Financial and Economic Management	Output Class 5 Workforce Injury Management and Industrial Relations Policy	Output Class 6 Revenue Management	Output Class 7 Shared Services	Output Class 8 ¹ Infrastructure Finance and Procurement	Output Class 9 ¹ Property Services and Venues	Intra- Directorate Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current											
Cash and Cash Equivalents	329	8 324	13 305	228	128	8 357	41 948	325	8 019	-	80 965
Receivables	384	2 570	1 391	5 222	85	363	4 082	2 812	9 836	(4 491)	22 250
Contract Assets	362	830	318	5	4	355	3 621	4	1 053	(1 515)	5 040
Inventories	4	-	45	-	-	-	4 269	-	349	-	4 665
Other Assets	392	617	1 607	22	6	347	15 603	29	947	(157)	19 415
Total Current	1 471	12 341	16 666	5 477	223	9 422	69 523	3 170	20 204	(6 163)	132 335
Non-Current											
Receivables	-	1	-	60 056	-	329	-	-	-	(1 306)	59 080
Property, Plant and Equipment	28	6 588	90 602	-	107	-	68 620	198	1 274 116	-	1 440 263
Investment Properties	-	-	-	-	-	-	-	-	7 920	-	7 920
Intangible Assets	15 027	8 541	698	975	187	28 171	9 874	15	334	-	63 822
Capital Works in Progress	8 304	3 718	20 420	298	-	1 822	21 287	289	51 497	-	107 634
Other Assets	-	-	-	-	-	-	2 005	-	11 421	-	13 425
Total Non-Current	23 359	18 848	111 720	61 329	294	30 322	101 786	502	1 345 288	(1 306)	1 692 144
Total Assets	24 830	31 189	128 386	66 806	517	39 744	171 309	3 672	1 365 492	(7 469)	1 824 479

Footnotes for the Output Class note references above can be found under the Summary of Directorate Output Classes table at the beginning of this section of the financial statements.

**Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at Year Ended 30 June 2020**

As at 30 June 2020 - Continued

Liabilities	Output Class 1 Government Strategy	Output Class 2 Access Canberra	Output Class 3 Economic Development	Output Class 4 Financial and Economic Management	Output Class 5 Workforce Injury Management and Industrial Relations Policy	Output Class 6 Revenue Management	Output Class 7 Shared Services	Output Class 8 ¹ Infrastructure Finance and Procurement	Output Class 9 ¹ Property Services and Venues	Intra- Directorate Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current											
Payables	1 027	2 255	2 760	399	566	2 375	8 106	248	11 992	31 945	61 681
Contract Liabilities	1 110	3 176	1 248	-	247	-	4 344	-	1 132	(373)	10 884
Borrowings ^a	-	-	-	5 075	-	-	-	-	220	(75)	5 219
Lease Liabilities	2	887	51	1	1	8	2 095	-	20 118	-	23 162
Employee Benefits	8 479	21 111	7 842	6 351	2 256	4 634	32 127	2 631	7 481	6	92 918
Other Provisions	206	266	28	17	187	219	151	364	29	-	1 469
Other Liabilities	-	75	29	-	-	-	-	-	2 550	87	2 742
Total Current	10 824	27 770	11 958	11 843	3 257	7 236	46 823	3 243	43 522	31 590	198 075
Non-Current											
Borrowings ^a	-	-	-	59 414	-	-	-	-	1 835	(1 302)	59 947
Lease Liabilities	4	789	46	2	1	10	13 044	1	511 834	-	525 731
Employee Benefits	672	1 314	537	194	145	229	1 708	112	418	-	5 330
Other Provisions	-	1 639	-	-	-	-	201	-	-	-	1 840
Other Liabilities	-	-	-	-	-	-	-	-	214	-	214
Total Non-Current	676	3 742	583	59 610	146	239	14 953	113	514 301	(1 302)	593 062
Total Liabilities	11 500	31 512	12 541	71 453	3 403	7 475	61 776	3 356	557 823	30 288	791 137
Net Assets/ (Liabilities)	13 330	(323)	115 845	(4 647)	(2 886)	32 269	109 533	316	807 669	(37 757)	1 033 342

Footnotes for the Output Class note references above can be found under the Summary of Directorate Output Classes table at the beginning of this section of the financial statements.

^a 'Borrowings' includes interest-bearing liabilities and borrowings.

**Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at Year Ended 30 June 2020**

As at 30 June 2019

Assets	Output Class 1 Government Strategy	Output Class 2 Access Canberra	Output Class 3 Economic Development	Output Class 4 Financial and Economic Management	Output Class 5 Workforce Injury Management and Industrial Relations Policy	Output Class 6 Revenue Management	Output Class 7 Shared Services	Output Class 8 ¹ Infrastructure Finance and Procurement	Output Class 9 ¹ Property Services and Venues	Intra- Directorate Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current											
Cash and Cash Equivalents	851	6 361	2 364	67	50	1 403	53 028	120	8 081	-	72 325
Receivables	5 126	1 918	1 154	2 841	44	893	9 821	34 748	7 320	(7 544)	56 321
Inventories	4	-	45	-	-	-	3 704	-	269	-	4 022
Other Assets	110	435	530	23	10	10	4 078	114	3 884	(45)	9 149
Total Current	6 091	8 714	4 093	2 931	104	2 306	70 631	34 982	19 554	(7 589)	141 817
Non-Current											
Receivables	-	-	-	61 989	-	383	-	-	-	(1 377)	60 995
Property, Plant and Equipment	107	7 521	89 845	91	400	375	56 584	381	689 378	-	844 681
Investment Properties	-	-	-	-	-	-	-	-	7 920	-	7 920
Intangible Assets	19 641	7 602	761	1 273	141	29 535	9 614	6 528	200	-	75 295
Capital Works in Progress	2 911	2 570	10 967	966	-	3 219	12 471	1 553	48 822	-	83 479
Other Assets	-	-	-	-	-	-	651	-	12 056	-	12 707
Total Non-Current	22 659	17 693	101 573	64 319	541	33 512	79 320	8 462	758 376	(1 377)	1 085 077
Total Assets	28 750	26 407	105 666	67 250	645	35 818	149 951	43 444	777 930	(8 966)	1 226 894

Footnotes for the Output Class note references above can be found under the Summary of Directorate Output Classes table at the beginning of this section of the financial statements.

**Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at Year Ended 30 June 2020**

As at 30 June 2019 - Continued

Liabilities	Output Class 1 Government Strategy	Output Class 2 Access Canberra	Output Class 3 Economic Development	Output Class 4 Financial and Economic Management	Output Class 5 Workforce Injury Management and Industrial Relations Policy	Output Class 6 Revenue Management	Output Class 7 Shared Services	Output Class 8 ¹ Infrastructure Finance and Procurement	Output Class 9 ¹ Property Services and Venues	Intra- Directorate Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current											
Bank Overdraft	-	-	-	-	-	-	-	37 211	-	-	37 211
Payables	665	1 824	4 925	329	164	695	17 277	1 650	10 733	26 479	64 741
Borrowings ^a	-	-	-	2 573	-	-	-	-	165	(72)	2 666
Employee Benefits	6 690	17 511	6 856	5 305	2 028	3 638	28 899	6 797	8 074	6	85 804
Other Provisions	118	823	113	63	224	647	654	203	236	(10)	3 071
Other Liabilities	1 052	1 623	1 286	-	249	-	5 515	4 023	3 273	(487)	16 534
Total Current	8 525	21 781	13 180	8 270	2 665	4 980	52 345	49 884	22 481	25 916	210 027
Non-Current											
Borrowings ^a	-	-	-	61 988	-	-	-	-	2 001	(1 377)	62 612
Employee Benefits	513	1 122	466	219	122	203	1 634	264	497	-	5 040
Other Provisions	-	1 958	-	-	-	-	149	409	-	-	2 516
Other Liabilities	-	-	-	-	-	-	-	-	15 830	-	15 830
Total Non-Current	513	3 080	466	62 207	122	203	1 783	673	18 328	(1 377)	85 998
Total Liabilities	9 038	24 861	13 646	70 477	2 787	5 183	54 128	50 557	40 809	24 539	296 025
Net Assets/ (Liabilities)	19 712	1 546	92 020	(3 227)	(2 142)	30 635	95 823	(7 113)	737 121	(33 505)	930 869

Footnotes for the Output Class note references above can be found under the Summary of Directorate Output Classes table at the beginning of this section of the financial statements.

^a 'Borrowings' includes interest-bearing liabilities and borrowings.

Chief Minister, Treasury and Economic Development Directorate

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For the Year Ended 30 June 2020

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Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

INTRODUCTORY NOTES

NOTE 1. OBJECTIVES

Operations and Principal Activities

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD or the Directorate) is a not-for-profit ACT Government entity. As a central agency, CMTEDD provides strategic advice and support to the Chief Minister, the Directorate's Ministers and the Cabinet on policy, economic and financial matters, service delivery, whole of government issues and intergovernmental relations.

The Directorate:

- provides advice to the ACT Government and ACT agencies on the Territory's budget and financial management, economic and revenue policy, infrastructure financing, federal financial relations, workers' compensation policy and procurement;
- supports the ACT Public Service (ACTPS) through the provision of financial, information and communication technology (ICT), records management and human resources services across government;
- makes it easier for community members to interact with the ACT Government through the provision of unified service centres, call centres, online services and regulatory functions;
- provides advice, support and project delivery for the digital transformation of government services and ensures alignment of government ICT and digital priorities and initiatives across the ACTPS;
- seeks to increase the economic performance of the ACT by facilitating business development, new investment, tourism and events, sports and recreation and arts, often in coordination with the private sector; and
- ensures the Canberra community is well informed on government programs, policies and services, and has meaningful opportunities to inform government decision making.

Restructuring During 2019-20

On 1 July 2019, responsibility for the whole of government capital works function was transferred from CMTEDD to the newly established Major Projects Canberra (MPC). The primary financial impacts were the transfer of a \$37 million overdraft, partially offset by \$38 million of receivables. More information is provided in Note 21, 'Restructure of Administrative Arrangements'.

Impact of COVID-19

The Directorate has experienced financial impacts resulting from the COVID-19 health emergency, with most of those impacts occurring in the last few months of the financial year. The following provides a summary of the estimated financial impacts for 2019-20.

	Controlled	Territorial
	2020	2020
	\$'000	\$'000
Income (excluding appropriation)	(5 037)	(141 450)
Expenses (excluding transfers to government)	6 177	8 695
Operating Surplus/(Deficit)	(11 215)	(150 144)

The COVID-19 financial impact on the Directorate's controlled accounts largely reflects:

- rent relief provided to tenants of ACT Government properties and revenue forgone mostly as a result of cancelled events at GIO Stadium, Manuka Stadium and Exhibition Park in Canberra; and

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 1. OBJECTIVES - CONTINUED

- expenses associated with ensuring appropriate hygiene and physical distancing practices across CMTEDD premises, enhancing ICT capability to support ongoing government operations in a largely work-from-home environment, and the provision of a range of grants and waivers to support local business, community and non-government organisation partners. This support includes one-off payments to taxi operators for licence fees, support for the Vocation Education and Training sector and establishing work opportunities in the ACT Public Service, and is partially offset by lower expenses due to some of the event cancellations mentioned above.

The territorial impact largely reflects:

- a reduction in GST revenue received from the Commonwealth, primarily due to lower goods and services consumption on account of COVID-19;
- a reduction in revenue due to lower parking fees and traffic fines compared to the same period last year, and waivers of liquor licence fees as a result of cancelled events; and
- forgone revenue due to taxation and fee relief provided in the form of waivers, rebates, tenancy relief, deferrals and freeze on various taxes and rates; partially offset by:
- utilities (electricity) concession rebates paid to residential and small business customers (for which Expenses on Behalf of the Territory (EBT) appropriation was received).

Management has also assessed the impact of the current economic uncertainty on the financial statements. In addition to the revenues and expenses mentioned above, the recoverability of receivables and values of property, plant and equipment are the areas that have been assessed as being potentially impacted. The Directorate has concluded that it is too early to estimate the impact COVID-19 will have on these or other balances or transactions throughout the financial statements with any certainty. It is estimated that given the direct impact COVID-19 has had on the Directorate's balances and transactions to date that the impact for the Directorate overall is likely to be immaterial. Where COVID-19 has had a large enough impact to influence a variance explanation from a prior year comparative or budget figure, the nature of the impact is disclosed in the relevant note to these financial statements.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government Agencies.

The FMA and the *Financial Management Guidelines* issued under the FMA require the Directorate's financial statements to include:

- i. an Operating Statement for the reporting period;
- ii. a Balance Sheet at the end of the reporting period;
- iii. a Statement of Changes in Equity for the reporting period;
- iv. a Statement of Cash Flows for the reporting period;
- v. a Statement of Appropriation for the reporting period;
- vi. an Operating Statement for each class of output for the reporting period;
- vii. the significant accounting policies adopted for the reporting period; and
- viii. other statements as necessary to fairly reflect the financial operations of the Directorate during the reporting period and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared in accordance with:

- i. Australian Accounting Standards (as required by the FMA); and

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

ii. ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to historical cost convention, except for assets such as those included in investment properties, property, plant and equipment and financial instruments that are valued at fair value in accordance with the re/valuation policies applicable to the Directorate during the reporting period.

Currency

These financial statements are presented in Australian dollars, which is the Directorate's functional currency.

Controlled and Territorial Items

The Directorate produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Directorate has control. The Territorial financial statements include income, expenses, assets and liabilities that the Directorate administers on behalf of the ACT Government, but does not control.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Directorate's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of preparation described above applies to both Controlled and Territorial financial statements except where specified otherwise.

Comparative Figures

Budget Figures

To facilitate a comparison with the budget, as required by the FMA, budget information for 2019-20 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the 2019-20 Budget Statements.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in CMTEDD's 2018-19 financial statements.

Where the presentation or classification of items in the financial statements is amended, where practical the comparative amounts have been reclassified. Where a material reclassification has occurred, the nature, amount and reason for the reclassification is provided.

CMTEDD has applied the modified retrospective approach to the adoption of AASB 9, 'Financial Instruments' (Territorial only), AASB 15, 'Revenue from Contracts with Customers', AASB 1058, 'Income of Not-for-Profit Entities' and AASB 16, 'Leases'. The comparative information is not restated. Changes from the adoption of these standards have been recognised against the opening equity at 1 July 2019. Refer Note 3, 'Change in Accounting Policy' for further information.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of the "-" symbol represents zero amounts or amounts rounded up or down to zero. Some totals throughout this report may not add due to rounding.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Going Concern

As at 30 June 2020, the Directorate's current assets of \$132.3 million are insufficient to meet its current liabilities of \$198.1 million by \$65.7 million.

This is not considered a liquidity risk, as the Directorate's cash needs are largely funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole of government cash management framework, which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

The Directorate's 2019-20 financial statements have been prepared on a going concern basis as the ongoing functions, activities and funding of the Directorate are set out in the 2019-20 Supplementary Budget Papers, and the Directorate has been funded for 2020-21.

NOTE 3. CHANGE IN ACCOUNTING POLICY

Change in Accounting Policy

Initial Application of Australian Accounting Standard Updates

The following changes to accounting standards relate to both Controlled and Territorial unless otherwise specified.

Information provided below explains the impact of the adoption of AASB 9, 'Financial Instruments' for the Directorate's Territorial accounts, AASB 15, 'Revenue from Contracts with Customers', AASB 1058, 'Income of Not-for-Profit Entities', and AASB 16, 'Leases', on CMTEDD's financial statements.

Initial Application of AASB 9, 'Financial Instruments' – Territorial Only

AASB 9, 'Financial Instruments', replaces AASB 139, 'Financial Instruments: Recognition and Measurement', for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

CMTEDD adopted AASB 9 as at 1 July 2018, however, at the time AASB 9 was not applicable to statutory receivables, which are reported in the Territorial section of CMTEDD's financial statements (CMTEDD Territorial).

With statutory receivables now being assessed under AASB 9, it has resulted in changes in accounting policies and adjustments to the amounts recognised in CMTEDD Territorial. In accordance with AASB 9, the Directorate has not restated the comparative information in CMTEDD Territorial, which continues to be reported under AASB 139. Differences arising from adoption have been recognised in opening territorial accumulated funds.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

The effect of adopting AASB 9 as at 1 July 2019 for CMTEDD Territorial was as follows.

	At 1 July 2019
	Territorial \$'000
Expenses	
Other Expenses	7 201
Transfer to Government	(7 201)
Total Expenses	-
Assets	
Secured Receivables - General Rates, Land Tax and Levies	(1 193)
Secured Receivables - Land Rent	(2 883)
Duties Receivable	(6 657)
Payroll Tax Receivables	3 967
Fees, Fines and Other Receivables	(435)
Total Assets	(7 201)
Payables	
Payable to the Territory Banking Account	(7 201)
Total Payables	(7 201)

Classification and Measurement

Under AASB 9, financial assets are measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: CMTEDD's Territorial business model for managing the assets; and whether the asset's contractual cash flows represent 'solely payments of principal and interest' on the principal outstanding.

The assessment of CMTEDD's Territorial business model was made at the date of initial application (1 July 2019). The assessment of whether contractual cash flows on financial assets are comprised solely of principal and interest was made based on the facts and circumstances at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on CMTEDD Territorial. Following is the classification of CMTEDD's financial assets under AASB 9.

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest (SPPI) Test (basic lending characteristics)	Classification
Cash	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost

Impairment

The adoption of AASB 9 has changed CMTEDD's Territorial accounting for impairment losses for financial assets by replacing AASB 139's incurred loss model with a forward-looking Expected Credit Loss (ECL) approach. AASB 9 requires CMTEDD Territorial to recognise an allowance for ECLs for all financial assets other than those held at fair value through Profit and Loss.

In summary, upon the adoption of AASB 9 CMTEDD Territorial had the following required (or elected) changes as at 1 July 2019.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

The following table provides a reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

	AASB 139	AASB 9	
	Amortised Cost \$'000	Remeasurement \$'000	Amortised Cost \$'000
Effected Territorial Receivables			
Secured Receivables - General Rates, Land Tax and Levies	124 072	(1 193)	122 879
Secured Receivables - Land Rent	7 255	(2 883)	4 372
Duties	56 832	(6 657)	50 175
Payroll Tax	10 373	3 967	14 340
Fees, Fines and Other Receivables	5 929	(435)	5 494
Total Impact on Territorial Assets	204 461	(7 201)	197 260
Allowance for Impairment Losses (included in the above)	(9 777)	(7 201)	(16 978)

Initial Application of AASB 15, 'Revenue from Contracts with Customers', and AASB 1058, 'Income of Not-for-Profit Entities'

AASB 15 replaces AASB 118, 'Revenue', AASB 111, 'Construction Contracts', AASB 1004, 'Contributions', and related interpretations for annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities.

CMTEDD has adopted the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Directorate recognises the cumulative effect of initially applying the standard as an adjustment to the opening balance of equity as at the date of initial application (1 July 2019).

Revenue Recognition under AASB 15

Under AASB 15, the Directorate recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service and it is based on the transfer of control rather than the transfer of risks or rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

Revenue Recognition under AASB 1058

CMTEDD receives income from appropriations and other agreements that are recognised under AASB 1058. AASB 1058 is applied to not-for-profit agencies for recognising income that either does not arise from an enforceable contract with customers or does not have sufficiently specific performance obligations. The timing of income recognition under AASB 1058 depends upon whether such a transaction gives rise to a liability or a contribution by owners, related to an asset (such as cash or another asset recognised by an agency).

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

Contract Balances

When either party to the contract has performed the required obligation, both parties must present the contract in the balance sheet as a contract asset or contract liability. Any unconditional rights to consideration are presented separately as receivables.

To clarify:

- i. a contract asset is recognised if an agency transfers goods or services to a customer before the customer pays consideration or the payment is due;
- ii. a contract liability is recognised if a customer pays consideration before the Directorate transfers a good or service to the customer; and
- iii. a receivable is the Directorate's right to consideration that is unconditional and only passage of time is required before payment of the consideration is due.

Comparison of Financial Statement Line Items under AASB 15 and AASB 1058 Compared to Previous Standards for the Current Year

For CMTEDD's territorial accounts there was no impact from adopting these standards. For CMTEDD's controlled accounts the impact was immaterial, with no change to the recognition of the revenue and only a classification change for the balance sheet items, as reflected in the final table in this note.

Initial Application of AASB 16, 'Leases'

For reporting periods beginning on or after 1 January 2019, AASB 16, 'Leases', supersedes AASB 117, 'Leases', Interpretation 4, 'Determining whether an Arrangement contains a Lease', Interpretation 115, 'Operating Leases-Incentives' and Interpretation 127, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees and lessors. The main changes introduced by the new standard include identification of a lease within a contract and a new lease accounting model for lessees that requires lessees to recognise all leases (previously operating and finance leases) in the Balance Sheet as a right-of-use asset and lease liability, except for short-term leases (leases of 12 months or less at commencement date) and low-value assets (valued at less than \$10,000).

The operating and finance lease distinction no longer exists for lessees.

CMTEDD has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. The cumulative effect of initially applying this standard is shown as an adjustment to the opening balance of accumulated funds. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Given CMTEDD has adopted AASB 16 using the modified retrospective (cumulative catch-up) method from 1 July 2019, comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 and associated Accounting Interpretations.

Impact of Adoption of AASB 16 (CMTEDD as a Lessee)

Under AASB 117, CMTEDD assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Directorate or remained with the lessor.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

Under AASB 16, the concept of operating and finance leases no longer exists for the lessee and therefore all leases that meet the definition of a lease are recognised on the balance sheet (except for short-term leases and leases of low value assets).

The Directorate has elected to use the exception to lease accounting for short-term leases and leases of low value assets so the lease expense relating to these leases is recognised in the operating statement on a straight-line basis.

AASB 16 includes several practical expedients that can be used on transition. CMTEDD has used the following expedients.

- Contracts that had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Directorate's incremental borrowing rate at 1 July 2019, based on the remaining lease term.
- Right-of-use assets as at 1 July 2019 have been measured at an amount equal to the lease liability for all non-building leases, and adjusted by the prepaid or accrued lease payments for building leases where the historical information is not readily available.
- Leases with an expiry date prior to 30 June 2020 have been excluded from the balance sheet and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Hindsight was used when determining the lease term for contracts containing options to extend or terminate the lease.

Financial Statement Impact of Adoption of AASB 16 (CMTEDD as a Lessee)

CMTEDD has applied the *AASB16 Leases Territory Policy for Transition Dec 2019*, available on the ACT Government's Accounting Policy website (<https://apps.treasury.act.gov.au/accounting>).

At 1 July 2019, the Directorate recognised right-of-use assets of \$330.2 million and lease liabilities of \$365.9 million for leases previously classified as operating leases. This includes motor vehicle leases for CMTEDD use and all ACT Government accommodation leased by the ACT Property Group for CMTEDD and on behalf of other ACT Government agencies.

The weighted average lessee's incremental borrowing rate applied to lease liabilities as at 1 July 2019 was 1.81 per cent.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

The following table provides a reconciliation of the difference between the operating lease commitments note at 30 June 2019 and the recorded lease liability at 1 July 2019.

	1 July 2019 \$'000
Measurement of Lease Liabilities	
Operating Lease Commitments Disclosed as at 30 June 2019 (refer Note 23, 'Capital and Other Expenditure Commitments')	1 075 102
(Less):	
Removal of GST from Commitments Disclosed as at 30 June 2019	(97 309)
Adjusted for Operating Lease Commitments Not Commenced as at 1 July 2019	(684 714)
Discounted Using Incremental Borrowing Rate at Date of Initial Application	(70 691)
ShortTerm Leases Included in Commitments Note	(7 312)
Low Value Leases Included in Commitments Note	(11)
Discounted Impacts of Extension Options Exercised	(25 646)
Add:	
Extension Options Reasonably Certain to be Exercised Not Included in Commitments Note (refer Note 18, 'Lease Liabilities - CMTEDD as Lessee')	176 420
Variable Lease Payments Linked to an Index	56
Lease Liability recognised as at 1 July 2019	365 895

CMTEDD as a Lessor

There are no significant accounting policy changes on adoption of AASB 16 where the Directorate is a lessor, except for sub-leases that have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

The Directorate has applied AASB 15, 'Revenue from Contracts with Customers', to allocate consideration in the contract to each lease and non-lease component.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 3. CHANGE IN ACCOUNTING POLICY - CONTINUED

Summary of Financial Impacts due to the Implementation of Accounting Standard Updates

The following tables provide a summary of the financial impact of the implementation of the adoption of AASB 15, 'Revenue from Contracts with Customers', AASB 1058, 'Income of Not-for-Profit Entities', and AASB 16, 'Leases', on CMTEDD's financial statements as at 1 July 2019.

	Controlled Adjustments as at 1 July 2019		
	AASB 15 and AASB 1058 \$'000	AASB 16 \$'000	Totals \$'000
Assets			
Receivables	(5 040)	-	(5 040)
Contract Assets	5 040	-	5 040
Property, Plant and Equipment	-	330 198	330 198
Other Assets	-	(636)	(636)
Total Assets	-	329 562	329 562
Liabilities			
Contract Liabilities	10 884	-	10 884
Lease Liabilities	-	365 895	365 895
Other Liabilities	(10 884)	(11 719)	(22 603)
Total Liabilities	-	354 176	354 176
Total Assets	-	(24 614)	(24 614)
Equity			
Change in Accounting Policy	-	(24 614)	(24 614)
Total Equity	-	(24 614)	(24 614)

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

INCOME NOTES

Revenue Recognition

Revenue is recognised in the Operating Statement in accordance with AASB 15, 'Revenue from Contracts with Customers', where the contracts are enforceable and contain sufficiently specific performance obligations, otherwise revenue is within the scope of AASB 1058, 'Income of Not-for-Profit Entities'.

AASB 15

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows.

- i. Identify the contract with the customer.
- ii. Identify the performance obligations.
- iii. Determine the transaction price.
- iv. Allocate the transaction price.
- v. Recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however, where there is a difference it will result in the recognition of a receivable, contract asset or contract liability.

None of the Directorate's revenue streams have significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

AASB 1058

Where revenue streams are in the scope of AASB 1058, CMTEDD recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

Chief Minister, Treasury and Economic Development Directorate
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NOTE 4. SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

This note has been renamed from 'User Charges' in the prior year due to the application of AASB 15, 'Revenue from Contracts with Customers', from 1 July 2019. Some prior year results included in this note have been reclassified where required to provide consistent comparative information.

CMTEDD earns revenue from providing goods and services to other ACT Government agencies and to the public. Where payment is not required at the time of purchase, payments from customers are generally required within 30 days of the provision of services.

Contract assets are recorded when the Directorate has performed the required services, but has yet to issue an invoice. A receivable in relation to these services is recognised when invoiced, as this is the time that the consideration is unconditional because only the passage of time is required before the payment.

Sale of Goods

CMTEDD's sale of goods revenue is mostly from national sporting fixture ticketing and food and beverage concession agreements at major sporting venues, merchandising of tourist products and revenue earned from tourism activities including Floriade, Nightfest and Enlighten.

Sale of Goods revenue is recognised at the time when physical possession of the goods transfers to the customer. Corporate hospitality and ticket sales revenue is recognised when the event is provided.

Provision of Services

The Directorate's provision of services mainly relates to property, procurement, operational support, rehabilitation and injury management, and Shared Services Information and Communication Technology (ICT), Human Resources (HR) and finance services provided to ACT Government agencies. It also includes Property Group Project Services relating to recoveries of the cost of maintenance work performed at rental properties, and services provided on a cost recovery basis through ACT Government Shopfronts.

Provision of Services revenue is mostly recorded over time as the Directorate provides the services and they are consumed by the customer. Property Group services are billed on an at-cost basis. This is a total charge determined by the recovery rates of the labour, materials and tools used to provide the services.

Rental Revenue

Revenue from the rental of properties (including investment properties) is recognised by the Directorate on a straight-line basis over the term of the lease, or the period of agreement for event venues and sites.

Significant Accounting Judgements and Estimates – Revenue Recognition: Provision of Services

Sales of Goods and Services from Contracts with Customers revenue is recognised upon delivery of the related service to customers, or by reference to the stage of completion of contracts or agreements for the services involved. The stage of completion is determined on the basis of the ratio of costs incurred to date to the estimated total costs of the transaction.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 4. SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS - CONTINUED

	2020 \$'000	2019 \$'000
Non-ACT Government Customers		
<i>Sale of Goods</i>		
Event Venues - Food and Beverage Revenue ¹	1 319	2 050
Event Venues - Corporate Hospitality and Ticket Sales ¹	1 371	1 820
<i>Provision of Services</i>		
Provision of Services on Cost Recovery Basis - ACT Government Shopfront ²	2 841	3 876
Other	3 745	5 626
<i>Rental Revenue</i>		
Rent from Tenants ³	5 271	6 771
Rent from Event Venues and Sites ¹	3 047	3 868
Total Sales of Goods and Services from Non-ACT Government Customers	17 594	24 011
ACT Government Customers		
<i>Provision of Services</i>		
ICT Services	129 882	119 681
Property Group Project Services ⁴	35 250	29 783
Procurement, Records, HR, Finance and Publishing Services ⁵	6 799	52 615
Operational Support Services	5 101	6 371
Rehabilitation and Injury Management Services	3 754	3 674
Other	2 990	3 738
<i>Rental Revenue</i>		
Rent from Tenants	48 082	46 079
Total Sales of Goods and Services from ACT Government Customers	231 858	261 941
Total Sales of Goods and Services from Contracts with Customers	249 452	285 952

¹ This decrease is largely due to revenue lost as a result of cancelled events at GIO Stadium, Manuka Stadium and Exhibition Park Canberra as a result of COVID-19 restrictions.

² This decrease is due to reduced economic activity towards the end of 2019-20 as a result of COVID-19 restrictions.

³ This decrease reflects rental waivers provided to support non-ACT Government tenants of ACT Government properties during the COVID-19 health emergency.

⁴ This increase is mainly due to a higher demand for project management services from other directorates for ACTPG to assist with implementation of COVID-19 stimulus projects.

⁵ This decrease reflects a changed funding model for Shared Services, whereby from 1 July 2019 Shared Services is directly appropriated for the provision of the fixed cost component of HR, financial and record management services to other ACT Government agencies rather than charging agencies for these services.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

EXPENSE NOTES

NOTE 5. EMPLOYEE EXPENSES

Employee expenses include:

- short-term employee expenses such as wages and salaries, annual leave loading, and applicable on-costs, settled within the annual reporting period in which the employees render the related services;
- other long-term expenses such as long service leave and annual leave; and
- termination expenses.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

See Note 19, 'Employee Benefits', for information on accrued wages and salaries, and annual and long service leave.

	2020	2019
	\$'000	\$'000
Wages and Salaries	241 947	232 723
Long Service Leave Expense	7 603	9 002
Annual Leave Expense	8 360	6 163
Workers' Compensation Insurance Premium	3 529	4 177
Termination Expense	1 802	1 443
Other Employee Expenses	1 664	670
Total Employee Expenses	264 905	254 178

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 6. SUPERANNUATION EXPENSES

Employees of the Directorate have different superannuation arrangements due to the type of superannuation scheme available at the time of commencing employment, including both *defined benefit* and *defined contribution* superannuation arrangements.

For employees who are members of the *defined benefit* Commonwealth Superannuation Scheme (CSS) or Public Sector Superannuation Scheme (PSS) the Directorate makes employer superannuation contribution payments to the Territory Banking Account (TBA) at a rate determined by CMTEDD. The Directorate also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation (CSC), which has responsibility for the administration of these schemes.

For employees who are members of *defined contribution* superannuation schemes (the Public Sector Superannuation accumulation plan (PSSap) and schemes of employee choice (funds of choice)) the Directorate makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

Superannuation Expense and Liability Recognition

The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid, and superannuation liabilities are not recognised at an individual agency level. The Directorate's superannuation liability is recognised by:

- the Superannuation Provision Account (SPA) for CSS and PSS liabilities;
- the CSC for the productivity component and PSSap liabilities; and
- external schemes for liabilities associated with fund of choice arrangements.

	2020	2019
	\$'000	\$'000
Superannuation Contributions to the Territory Banking Account for CSS and PSS ¹	17 488	14 164
Payments to the CSC for the Superannuation Productivity Benefit and PSSap	3 217	3 125
Superannuation to External Providers	17 854	16 283
Total Superannuation Expenses	38 559	33 572

¹ This increase largely reflects the contribution rate increase in 2019-20 for CSS and PSS related superannuation contributions to CSC, salary increases under enterprise agreements and remuneration tribunal outcomes.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 7. SUPPLIES AND SERVICES

Costs incurred in the normal daily operation of the Directorate are recorded as supplies and services expenses.

Repairs and Maintenance

The Directorate undertakes major cyclical maintenance on its infrastructure assets. Where the maintenance leads to an upgrade of the asset, and increases the service potential of the existing infrastructure asset, the cost is capitalised. Maintenance expenses that do not increase the service potential of the asset are expensed.

CMTEDD also undertakes repairs and maintenance on behalf of other directorates. These costs are recovered from other directorates.

Lease Rental Payments

The ACT Property Group leases office accommodation for use by CMTEDD and on behalf of other directorates. Where office accommodation is leased for other directorates, those costs are recovered from the occupant directorates.

	2020	2019
	\$'000	\$'000
Audit Services ¹	648	586
Consultant Fees, Contractors and Professional Services	54 521	58 146
Information Technology (IT) Costs and Office Equipment	48 100	44 495
Insurance and Workers Compensation	1 587	1 665
Lease Rental Payments - Directorate Accommodation ²	1 418	3 143
Lease Rental Payments - Accommodation on Behalf of Other Agencies ²	18 177	50 495
Lease Rental Payments - Motor Vehicles ²	673	2 378
Marketing Expenses	5 707	6 586
Materials and Consumables	4 405	3 676
Postage, Printing, Stationery and Freight	6 206	6 398
Repairs and Maintenance - Directorate	4 491	3 777
Repairs and Maintenance - on Behalf of Other Agencies	38 297	35 138
Resources Received Free of Charge - Primarily Legal Services	6 551	5 056
Staff Related Expenses	3 199	3 858
Telecommunications	5 468	5 176
Territory Venues Management Costs	1 372	1 891
Training and Development	3 131	4 125
Utilities	9 351	8 842
Other	10 104	11 313
Total Supplies and Services	223 406	256 744

¹ Fees are paid to the ACT Audit Office (the Office) for the audit of the Directorate's financial statements and limited assurance engagement on the Directorate's statement of performance. As shown in the table below, the Office also provides financial audit services to other entities within the CMTEDD portfolio, which are paid for by the Directorate. No other services are provided by the Office.

Audit Fees Paid or Payable to the ACT Audit Office for the audit of CMTEDD Portfolio Financial Statements

Chief Minister, Treasury and Economic Development Directorate	448	391
Territory Banking Account	44	43
Consolidated Australian Capital Territory	156	152
Total Fees Paid or Payable to the ACT Audit Office	648	586

² These decreases are mainly due to the implementation of AASB 16, 'Leases', from 1 July 2019 (refer Note 3, 'Change in Accounting Policy', for more information).

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 8. GRANTS AND PURCHASED SERVICES

Grants are amounts provided by the Directorate to other ACT Government agencies or external parties for general assistance or for a particular purpose. Grants may be provided for capital or operating purposes. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

In response to the COVID-19 health emergency, a range of grants have been provided to support local business, community and non-government organisation partners.

Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties.

For a further breakdown of the grants refer to Volume 1 of CMTEDD's Annual Report.

	2020 \$'000	2019 \$'000
Grants		
artsACT ¹	11 601	10 106
Innovation, Trade and Investment	3 415	2 453
Skills Canberra ²	30 005	26 976
Events, Sport and Recreation and VisitCanberra ³	16 495	15 037
Other	2 388	1 518
Total Grants	63 903	56 090
Purchased Services		
ACT Ombudsman	1 956	1 917
Healthy Weight Initiative	-	208
Other	1 576	1 781
Total Purchased Services	3 533	3 906
Total Grants and Purchased Services	67 436	59 996

¹ This increase is mainly due to grant payments to eligible arts organisations that have been impacted by the COVID-19 health emergency and higher grant funding provided to Canberra artists.

² This variance is due to an increase in the vocational education and training subsidy costs associated with the Skilled Capital and User Choice grants, including additional support for the vocational education and training sector in response to the COVID-19 health emergency, and an increase in the proportion of students enrolling in courses to achieve high level (i.e. higher cost) qualifications.

³ This variance is mainly due to increased performance fees to sports clubs and support provided to several ACT sporting organisations and affiliated ACT clubs to assist in relieving cost pressures unable to be covered by normal revenues due to the COVID-19 health emergency.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 9. OTHER EXPENSES

Other expenses include waivers, impairment losses, write-offs and the impact of transferring completed capital works and other assets to other ACT Government entities.

Waivers

Debts that are waived under section 131 of the *Financial Management Act 1996* (FMA) are expensed during the year in which the right to payment was waived.

Impairment Losses and Write-Offs - Receivables

For more information about allowances for the impairment and write-off of receivables, see Note 11, 'Receivables'.

	2020	2019
	\$'000	\$'000
Impairment and Write-off of Fixed Assets and Receivables	964	207
Losses on Disposal of Assets	320	622
Transfer of Completed Capital Works and Other Assets to Other ACT Government Entities ¹	2 502	21 619
Other ^{2,3}	204	4 439
Total Other Expenses	3 990	26 887

¹ The value of completed capital works and other assets transferred to other ACT Government agencies during 2019-20 was lower than 2018-19. The 2019-20 projects transferred include the partial transfer of the Compulsory Third-Party Insurance database (\$0.856 million) to the Motor Accident Injuries Commission (MAIC), the transfer of the Alkira Community Childcare and preschool (\$0.3 million) to Suburban Land Agency (SLA) and transfer of amenities improvements for the Lake Tuggeranong Rowing Club (\$0.2 million) to the Education Directorate (ED).

² This decrease mainly reflects the finalisation of centralised workers' compensation agency supplementation payments in 2018-19.

³ The number and value of waivers provided are as follows.

	No. of	2020	No. of	2019
	Items	\$'000	Items	\$'000
Other Waivers	15	142	2	3
Total Waivers	15	142	2	3

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

ASSET NOTES

Assets – Current and Non-Current

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets that do not fall within the current classification are classified as non-current.

NOTE 10. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid, investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are included in cash and cash equivalents in the Statement of Cash Flows, but in the Balance Sheet are shown as a separate liability rather than being included in cash and cash equivalents. The bank overdraft was transferred to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

The Directorate holds a number of bank accounts with Westpac Banking Corporation as part of the whole of government banking arrangements. Under the cash management policies of the Territory, agencies are generally not entitled to earn interest on their bank accounts. The Directorate holds cash balances for:

- general operations - which includes working capital for the Directorate generally, and Shared Services;
- salary packaging - which is funding received and dispersed for ACT Government employees on their behalf (the corresponding liability to these accounts is included in Note 20, 'Other Liabilities'); and
- Human Resources Management System (HRMS) salaries - which represents payroll funding received and dispersed for ACT Government directorates and agencies on their behalf.

	2020	2019
	\$'000	\$'000
Cash on Hand	79	44
Cash at Bank		
- Operating Cash ¹	78 725	67 961
- Salary Packaging Account	822	3 484
- Human Resource Management System (HRMS) Salaries Account	1 339	836
Total Cash and Cash Equivalents	80 965	72 325

¹ The increase is mainly due to timing of cash flows toward the end of the year.

NOTE 11. RECEIVABLES

Accounts receivable (including trade receivables and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. See Note 9, 'Other Expenses', for more information.

The Directorate's receivables represent amounts owing to the Directorate for core activities, and includes the interest and principal owed to the Directorate for loan facilities provided to Community Housing Canberra Limited (CHC) and Home Loan Portfolio (HLP), for which CMTEDD is the first mortgagee for all of the related properties.

Community Housing Canberra (CHC) Loans Receivable

Refer to Note 22, 'Financial Instruments', for more information.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 11. RECEIVABLES - CONTINUED

Significant Accounting Judgements and Estimates – Expected Credit Loss Allowance

The Directorate has made a significant estimate in the calculation of the expected credit loss allowance for receivables. This is based on two categorisations of receivables and the use of an expected credit loss provision matrix. The categorisations are considered by management to be appropriate and accurate, based upon the demonstrated pattern of collections in recent financial years, general economic conditions and an assessment of both the current and forecast direction of conditions as at the reporting date.

	2020 \$'000	2019 \$'000
Current Receivables		
Trade Receivables ¹	13 154	47 526
Less: Expected Credit Loss Allowance	(870)	(495)
Total Trade Receivables	12 284	47 031
Accrued Revenue ²	-	4 759
Accrued Interest	7	7
Loans Receivable ³	5 059	2 576
Net GST Receivable from the Australian Taxation Office (ATO)	4 408	1 445
Other Current Receivables	492	503
Total Current Receivables	22 250	56 321
Non-Current Receivables		
Loans Receivable	59 102	61 016
Less: Expected Credit Loss Allowance	(22)	(21)
Total Non-Current Receivables	59 080	60 995
Total Receivables	81 330	117 316
Classification of ACT Government/Non-ACT Government Receivables		
Net Trade Receivables	9 689	44 134
Accrued Revenue	-	3 730
Net Other Receivables	185	314
Total Receivables from ACT Government Entities	9 874	48 178
Net Trade Receivables	2 594	2 897
Accrued Revenue	7	1 036
Net Home Loans	389	459
Loan Receivable - Community Housing Canberra Limited	63 112	63 112
Special Disaster Loans (SDLs) Receivable ⁴	638	-
Net GST Receivable from the Australian Taxation Office (ATO)	4 409	1 445
Net Other Receivables	307	189
Total Receivables from Non-ACT Government Entities	71 456	69 138
Total Receivables	81 330	117 316

¹ This decrease is largely due to the transfer of the whole of government capital works function to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

² From 1 July 2019, Accrued Revenue is recorded in Contract Assets, as 'Work Performed on Contracts with Customers not yet Invoiced' on application of AASB 15, 'Revenue from Contracts with Customers'.

³ This increase is due to the deferral of a CHC loan principal repayment from 30 June 2020 to 31 December 2020.

⁴ Three SDLs were issued during 2020 to support small businesses and a not-for-profit organisation impacted by the 2019-20 bushfires.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 11. RECEIVABLES - CONTINUED

The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. CMTEDD has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loss rates are calculated separately for groupings of customers with similar loss patterns. The Directorate has determined there are two material groups for measuring expected credit losses based on the sale of goods and services reflecting customer profiles for revenue streams. The first group includes Special Disaster Loans (SDLs) issued to support small businesses and a not-for-profit organisation affected by the 2019-20 bushfires, and loans issued to Community Housing Canberra Limited (CHC). The second group includes non-ACT Government trade and other receivables. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last three years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

Inter-agency loans and receivables between ACT Government agencies are expected to have low credit risks. Consequently, the ACT Government policy is that receivables internal to the ACT Government are not assessed for credit losses.

Impact of COVID-19

It is not yet clear the extent to which the COVID-19 health emergency has impacted CMTEDD's ability to collect outstanding receivables. While the expected credit loss allowance has increased during 2019-20, and may be partially or largely attributable to COVID-19, the increase is immaterial. That said, the value of receivables has decreased compared to 2018-19 as a result of sport and other event cancellations due to COVID-19.

**Expected Credit Loss Allowance Provision Matrix - Ageing of Non-ACT Government Receivables
Community Housing Canberra and Special Disaster Loans**

	Total \$'000	Not Overdue \$'000	Overdue			
			Less than 30 Days \$'000	30 to 60 Days \$'000	60 to 90 Days \$'000	Greater than 90 Days \$'000
30 June 2020						
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated Total Gross	63 750	63 750	-	-	-	-
Carrying Amount at Default						
Expected Credit Loss	-	-	-	-	-	-
30 June 2019						
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated Total Gross	63 112	63 112	-	-	-	-
Carrying Amount at Default						
Expected Credit Loss	-	-	-	-	-	-

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 11. RECEIVABLES - CONTINUED

Expected Credit Loss Allowance Provision Matrix - Ageing of Non-ACT Government Receivables - Continued
 Receivables Excluding Community Housing Canberra and Special Disaster Loans, Accrued Revenue and ATO Receivables

	Total \$'000	Not Overdue \$'000	Overdue			
			Less than 30 Days \$'000	30 to 60 Days \$'000	60 to 90 Days \$'000	Greater than 90 Days \$'000
30 June 2020						
Expected Credit Loss Rate	21.33%	6.13%	8.36%	19.14%	34.82%	45.14%
Estimated Total Gross	4 182	1 011	813	789	942	627
Carrying Amount at Default						
Expected Credit Loss	(892)	(62)	(68)	(151)	(328)	(283)
30 June 2019						
Expected Credit Loss Rate	12.71%	3.33%	6.51%	17.39%	32.20%	43.01%
Estimated Total Gross	4 061	2 165	968	46	59	823
Carrying Amount at Default						
Expected Credit Loss	(516)	(72)	(63)	(8)	(19)	(354)
					2020	2019
					\$'000	\$'000
Reconciliation of the Loss Allowance for Receivables						
Allowance at the Beginning of the Reporting Period					(516)	(848)
Reduction in Allowance from Amounts Recovered During the Reporting Period					-	78
Reduction in Allowance from Amounts Written-off During the Reporting Period					336	323
Expected Credit Loss Expense					(712)	(69)
Loss Allowance at the End of the Reporting Period					(892)	(516)

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For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition

Property, plant and equipment is initially recorded at cost. Where property, plant and equipment is acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However, property, plant and equipment acquired at no cost or minimal cost as part of a restructuring of Administrative Arrangements is measured at the transferor's book value.

Property, plant and equipment with a value equal to or exceeding \$5,000 is capitalised.

Major Cyclical Maintenance - Infrastructure Assets

The Directorate undertakes major cyclical maintenance on its infrastructure assets. Where the maintenance leads to an upgrade increasing the service potential of the existing infrastructure asset, the cost is capitalised.

Measurement

Property, plant and equipment is valued using the cost or revaluation model of valuation. Land, land improvements, buildings, leasehold improvements, community and heritage assets, and infrastructure assets are measured at fair value.

Right-of-use assets are initially measured at cost. After the commencement date, right-of-use assets are measured at cost less any accumulated depreciation and accumulated losses and adjusted for any re-measurement of the lease liability.

Significant Accounting Judgements and Estimates - Estimation of Useful Lives of Property, Plant and Equipment

The Directorate has made a significant estimate in determining the useful lives over which its assets are depreciated. This estimation of useful lives is based on the historical experience of similar assets and has been based on valuations provided by independent valuers. The useful lives are assessed on an annual basis and adjustments are made when necessary.

Significant Accounting Judgements and Estimates – Estimation of Right-of-Use Asset Values

CMTEDD enters into property lease arrangements for office space for itself and, by the ACT Property Group for other ACT Government entities. Accommodation leases often have options to extend the right-of-use asset beyond the initial lease term. These option periods are included in the measurement of the right-of-use asset and lease liability when management makes the judgement that the option is reasonably certain to be exercised based on historical experience and the specific location.

Valuation of Non-Current Assets

Land, land improvements, buildings, infrastructure assets, leasehold improvements, and community and heritage assets are revalued on a 3 year rolling basis. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation is written back against the gross carrying amount so that the net carrying amount of those assets after revaluation equals its revalued amount.

The latest valuations were undertaken in June 2020 by Opteon (ACT) Pty Ltd on land, land improvements, buildings, infrastructure, and community and heritage assets.

Impact of COVID-19

As at 30 June 2020, there was no measurable impact of the COVID-19 health emergency on the fair value of the assets held. Past cycles of economic events indicate that there is a lag for when property, construction and plant and equipment markets react to such events. The potential impacts of the COVID-19 health emergency are likely to become more measurable in the subsequent months as the market evidence becomes available.

Chief Minister, Treasury and Economic Development Directorate
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NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value

Fair value is the price that would be received or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach, the cost approach or the income approach valuation technique as appropriate. In estimating the fair value of an asset or liability, the Directorate takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

For disclosure purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the significance of the inputs to the fair value measurement and the extent to which the inputs to the valuation techniques used are observable. The fair value hierarchy is made up of the following three levels.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Directorate can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs) that are unobservable for particular assets or liabilities.

Significant Accounting Judgements and Estimates - Fair Value of Assets

The Directorate has made a significant judgement regarding the fair value of its assets. The fair value of land is measured using market prices for similar land in a similar location and condition. The revaluations undertaken each year for rating purposes are used as fair values. Property, plant and equipment have been recorded at fair value based on a combination of market value and depreciated replacement cost as determined by an independent valuer. Market value seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. Significant estimates have been applied where the market evidence is not exactly the same as the asset. Adjustments are made, either up or down, to estimate what the comparable asset would have been sold for if it had the same characteristics as the asset being valued. This leads to an indication of the most probable selling price. Significant judgements and estimates are used in estimating current replacement cost in determining the fair value, including any optimisation of the asset along with due consideration to any functional obsolescence factors affecting the existing asset. The fair value of assets is subject to management assessment between formal valuations.

Impairment of Assets

The Directorate assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any resulting impairment losses, for land, buildings, infrastructure, and community and heritage assets, are recognised as a decrease in the Asset Revaluation Surplus relating to these classes of assets. This is because these asset classes are measured at fair value and have an Asset Revaluation Surplus attached to them. Where the impairment loss is greater than the balance of the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement (See Note 9, 'Other Expenses').

Impairment losses for plant and equipment and leasehold improvements are recognised in the Operating Statement (see Note 9, 'Other Expenses'), as plant and equipment is carried at cost and leasehold improvements are carried at fair value, but do not have an Asset Revaluation Surplus attached to them. The carrying amount of the asset being impaired is also reduced to its recoverable amount.

Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

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Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Depreciation and Amortisation of Assets

Non-current assets with a limited useful life are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued, it is depreciated or amortised over its newly assessed remaining useful life.

All depreciation and amortisation is calculated after first deducting any residual values that remain for each asset, and is determined as follows.

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Buildings and Land Improvements	Straight Line Depreciation	10-99
Leasehold Improvements	Straight Line Depreciation	2-30
Plant and Equipment	Straight Line Depreciation	2-20
Infrastructure	Straight Line Depreciation	3-100
Community and Heritage *	Straight Line Depreciation	5-100

* Heritage assets are not depreciated.

The useful lives of all major assets held are reassessed on an annual basis.

Property, plant and equipment includes the following classes of assets (excluding assets held for sale or investment properties). Right-of-Use (ROU) assets recognised under AASB 16, 'Leases', are disclosed under the relevant class of property, plant and equipment.

- *Land*: includes leasehold land held by the Directorate, but excludes land under infrastructure.
- *Land Improvements*: are improvements to land.
- *Buildings*: include office buildings, pre-schools, pavilions, amenity blocks, boat sheds and buildings at the Exhibition Park in Canberra (EPIC), Manuka Oval, Stromlo Forest Park, and right-of-use assets associated with data centres, and accommodation for CMTEDD and other ACT Government agencies.
- *Leasehold Improvements*: represent capital expenditure incurred in relation to leased assets. These include fit-outs of leased buildings used for administrative purposes.
- *Plant and Equipment*: includes mobile plant, air conditioning and heating systems, catering equipment, grounds and maintenance equipment, office, computer equipment, furniture and fittings, other mechanical and electronic equipment, and right-of-use assets associated with the Directorate's motor vehicles.
- *Community and Heritage Assets*: are defined as those non-current assets that the ACT Government intends to preserve indefinitely because of their unique historical, cultural or environmental attributes. A common feature of heritage assets is that they cannot be replaced and they are not usually available for sale or for redeployment. Community and Heritage assets are those assets that are provided essentially for general community use or services. Community and Heritage assets held by the Directorate include various public artworks around Canberra developed and maintained by artsACT, historical buildings, memorials, swimming pools and forests located at the National Arboretum Canberra.
- *Infrastructure Assets*: comprise public utilities that provide essential services and enhance the productive capacity of the economy. Infrastructure assets held by the Directorate include data network infrastructure assets, data centre equipment and a range of assets utilised for Whole of Government data storage and applications management, site improvement, irrigation systems, lighting systems and car parks, fences, gates and electrical upgrades. Land under infrastructure is not included in infrastructure assets, however, when owned by the Directorate, it is included in land assets.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of 2019-20 Property, Plant and Equipment

	Land \$'000	Land Improvements \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Community and Heritage Assets \$'000	Infrastructure Assets \$'000	Total \$'000
Total as at 1 July 2019, represented by:								
Gross Book Value	263 538	3 609	356 225	28 317	107 431	133 754	96 988	989 862
Accumulated Depreciation and Impairment	-	(309)	(19 571)	(11 232)	(57 146)	(3 437)	(53 485)	(145 180)
Carrying Amount as at 1 July 2019	263 538	3 300	336 654	17 085	50 285	130 317	43 503	844 682
Additions - Right-of-Use Assets as at 1 July 2019 ¹	-	-	326 296	-	3 902	-	-	330 198
Restated Carrying Amount as at 1 July 2019	263 538	3 300	662 950	17 085	54 187	130 317	43 503	1 174 880
Acquisition/(Disposal) through Administrative Restructuring ²	-	-	-	(351)	-	-	-	(351)
Additions ³	-	-	764	631	13 245	196	408	15 244
Additions - Right-of-Use Assets ⁴	-	-	214 521	-	929	-	-	215 450
Completed Capital Works Transferred in from Capital Works in Progress ⁵	-	-	43 706	29 111	839	102	2 820	76 578
Disposals	(284)	(186)	(194)	-	(89)	(64)	(399)	(1 216)
Assets Transferred (to)/from Other Agencies ⁶	(1 210)	-	(182)	-	-	62	-	(1 330)
Revaluation Increment/(Decrement) ⁷	17 516	52	15 049	1 833	-	1 047	4 840	40 337
Impairment Losses Recognised in the Operating Surplus/(Deficit)	-	-	(17)	-	-	-	-	(17)
Depreciation ⁸	-	(146)	(14 356)	(4 423)	(15 480)	949	(6 815)	(40 271)
Depreciation - Right-of-Use Assets	-	-	(35 425)	-	(1 807)	-	-	(37 232)
Increase/(Decrease) in Make Good Provision	-	-	-	(1 809)	-	-	-	(1 809)
Other Movements ⁹	6 417	3 337	(1 830)	6 491	(6 491)	(7 471)	(453)	-
Total as at 30 June 2020, represented by:								
Gross Book Value	285 977	6 812	401 641	55 597	111 368	126 814	61 181	1 049 390
Accumulated Depreciation and Impairment	-	(455)	(22 047)	(7 029)	(69 059)	(1 676)	(17 277)	(117 543)
Carrying Amount of Right-of-Use Assets	-	-	505 392	-	3 024	-	-	508 416
Carrying Amount as at 30 June 2020	285 977	6 357	884 986	48 568	45 333	125 138	43 904	1 440 263

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

- ¹ These adjustments reflect the implementation of the new accounting standard AASB 16, 'Leases', from 1 July 2019, by recognising the right-of use assets associated with motor vehicles leased for CMTEDD use and accommodation and data centres leased by the Directorate for CMTEDD use and on behalf of other government directorates.
- ² This movement mainly relates to the transfer of the whole of government capital works function to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.
- ³ Additions mainly relate to Shared Services purchases of goods and services for IT Infrastructure, and acquisition of laptops, monitors and desktop equipment, including the replacement of obsolete equipment, across the ACT Government directorates.
- ⁴ These movements largely reflect the addition of leases associated with the new Dickson Government Office Block and replacement motor vehicles.
- ⁵ These increases result from the completion, or partial completion to a usable stage, of capital works projects, mainly related to the construction of the New Stromlo Aquatic Centre, Dickson Government Office Building fitout, Manuka Pool, and fitouts in Callam Offices and the Canberra Visitors Centre.
- ⁶ These movements mainly relate to the transfer of assets from the ACT Property Group (ACTPG), including the transfer of the Alkira Community Childcare and Preschool to the Suburban Land Agency (SLA), Hackett City Park Depot to the Justice and Community Safety Directorate (JACSD) and Haig Park Depot to the City Renewal Authority (CRA), partially offset by the transfer of artworks crafted by Sian Watson to CMTEDD from the Environment, Planning and Sustainable Development Directorate (EPSDD).
- ⁷ These movements mainly relate to the net impact of the 2020 valuation of the ACTPG, National Arboretum Canberra (NAC), Access Canberra and Venues Canberra assets.
- ⁸ The depreciation shown for Community and Heritage Asses reflects an adjustment to reverse the impact of depreciation incorrectly applied against heritage assets in prior years.
- ⁹ Other Movements mainly relate to transfers between asset classes to improve the consistency of reporting.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of 2018-19 Property, Plant and Equipment

	Land \$'000	Land Improvements \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Community and Heritage Assets \$'000	Infrastructure Assets \$'000	Total \$'000
Carrying Amount as at 1 July 2019	229 693	6 335	340 739	15 392	49 981	126 102	44 722	812 964
Additions ¹	-	-	-	204	15 432	311	2 317	18 264
Completed Capital Works Transferred in from Capital Works in Progress ²	-	1 052	4 866	1 437	1 112	5 691	5 147	19 305
Disposals ³	-	-	-	-	(147)	-	(1 973)	(2 120)
Assets Transferred (to)/from Other Agencies ⁴	(13 902)	(3 887)	(988)	-	-	-	-	(18 777)
Revaluation Increment/(Decrement)	50 063	26	7 299	-	-	318	-	57 706
Depreciation	-	(56)	(16 708)	(4 149)	(14 653)	(2 893)	(7 380)	(45 839)
Increase in Make Good Provision	-	-	-	2 064	-	-	-	2 064
Other Movements ⁵	(2 316)	(170)	1 446	2 137	(1 440)	788	670	1 115
Carrying Amount as at 30 June 2020	263 538	3 300	336 654	17 085	50 285	130 317	43 503	844 682

¹ Additions mainly relate to the acquisition of laptops, monitors and desktop equipment, including the replacement of obsolete equipment.

² These increases result from the completion, or partial completion to a usable stage, of capital works projects mainly related to the *Project Management and Reporting System (PMARS)*, *Modernising ICT Network Infrastructure* and upgrades to Manuka Oval and Arboretum Water Security Infrastructure.

³ These movements mainly relate to the disposal of obsolete IT infrastructure, laptops, monitors and desktop equipment.

⁴ These movements mainly relate to the transfer of assets from the ACT Property Group (ACTPG), including: the transfer of the old Canberra Visitors Centre, Old Belconnen Health Centre and Former Quiros Street Preschool to the Suburban Land Agency (SLA); Narrabundah Long Stay Caravan Park to Housing ACT; Mitchell Depot and Parkwood Recycling Estate to the Transport Canberra and City Services (TCCS) Directorate; partially offset by the transfer of assets to ACTPG, including: Emma Ruby House from the Community Services Directorate (CSD); and Domestic Animal Services building works and Capital Linen Service leasehold improvements from TCCS.

⁵ Other movements mainly relate to transfers between asset classes to improve consistency of reporting.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Hierarchy

The Directorate is required to classify property, plant and equipment at fair value into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value.

Details of the Directorate's property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2020 and 30 June 2019 are as follows.

30 June 2020

	Classification According to the Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment at Fair Value				
Land	-	210 289	75 688	285 977
Land Improvements	-	-	6 357	6 357
Buildings	-	379 594	-	379 594
Leasehold Improvements	-	-	48 568	48 568
Community and Heritage Assets	-	11 410	113 728	125 138
Infrastructure Assets	-	-	43 904	43 904
Total Property, Plant and Equipment at Fair Value	-	601 293	288 245	889 538

30 June 2019

Property, Plant and Equipment at Fair Value				
Land	-	187 850	75 688	263 538
Land Improvements	-	-	3 300	3 300
Buildings	-	336 654	-	336 654
Leasehold Improvements	-	-	17 085	17 085
Community and Heritage Assets	-	16 589	113 728	130 317
Infrastructure Assets	-	-	43 503	43 503
Total Property, Plant and Equipment at Fair Value	-	541 093	253 304	794 397

Transfers between Categories

There were no transfers between categories during 2019-20 or the prior year.

Valuation Techniques, Inputs and Processes

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar land and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

Level 3 Valuation Techniques and Significant Unobservable Inputs

Valuation Technique: Where this is no active market or significant restrictions, land is valued through the market approach.

Significant Unobservable Inputs: Selecting land with similar approximate utility. In determining the value of land with similar approximate utility significant adjustment to market based data was required.

Valuation Technique: Buildings, leasehold improvements, infrastructure assets, and community and heritage assets were considered specialised assets by the valuers and measured using the cost approach.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Significant Unobservable Inputs: Estimating the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For buildings, historical costs per square metre of floor area was also used in measuring fair value. For infrastructure assets the historical costs per cubic metre was also used in measuring fair value. In determining the value of buildings, leasehold improvements, infrastructure assets and community and heritage assets regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal to the Directorate.

There has been no change to the above valuation techniques during the year.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Level 3 Fair Value Measurements using Significant Unobservable Inputs - Continued

2020	Land \$'000	Land Improvements \$'000	Leasehold Improvements \$'000	Community and Heritage Assets \$'000	Infrastructure Assets \$'000	Total \$'000
Fair Value at the Beginning of the Reporting Period	75 688	3 300	17 085	113 728	43 503	253 304
Acquisitions/(Disposals) through Administrative Restructuring	-	-	(351)	-	-	(351)
Additions	-	-	631	-	408	1 039
Completed Capital Works Transferred in from Capital Works in Progress	-	-	29 111	-	2 820	31 931
Disposals	-	(186)	-	-	(399)	(585)
Revaluation Increments/(Decrements) recognised in Other Comprehensive Income	-	52	1 833	-	4 840	6 725
Depreciation	-	(146)	(4 423)	-	(6 815)	(11 384)
Other Movements	-	3 337	4 682	-	(453)	7 566
Fair Value at the End of the Reporting Period	75 688	6 357	48 568	113 728	43 904	288 245
2019						
Fair Value at the Beginning of the Reporting Period	91 906	6 335	15 392	109 513	44 722	267 868
Additions	-	-	99	320	2 511	2 930
Completed Capital Works Transferred in from Capital Works in Progress	-	1 052	1 541	5 691	4 953	13 237
Disposals	-	-	-	-	(1 973)	(1 973)
Assets Transferred (to)/from Other Agencies	(13 902)	(3 887)	-	-	-	(17 789)
Revaluation Increments/(Decrements) recognised in Other Comprehensive Income	-	26	-	318	-	344
Depreciation	-	(56)	(4 149)	(2 893)	(7 380)	(14 478)
Other Movements	(2 316)	(170)	4 202	779	670	3 165
Fair Value at the End of the Reporting Period	75 688	3 300	17 085	113 728	43 503	253 304

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 13. INTANGIBLE ASSETS

The Directorate has internally generated and externally purchased software which are measured at cost.

Amortisation of Intangibles

Intangible assets are amortised over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

Amortisation for intangible assets is determined as follows.

Class of Asset	Amortisation Method	Useful Life (Years)
Internally Generated Intangibles	Straight Line Amortisation	2-5
Externally Purchased Intangibles	Straight Line Amortisation	2-10

The Directorate's internally generated software includes the whole of government finance, banking, accident and injury prevention and management information systems and iConnect. Externally purchased software includes taxation revenue systems, the government budget management system, the HRMS (Chris21) Payroll Software, TM1 Reporting Software, and the Self Insurance Management System.

Reconciliation of 2019-20 Intangible Assets

	Internally Generated Software \$'000	Externally Generated Software \$'000	Total \$'000
2020			
Total as at 1 July 2019, represented by:			
Gross Book Value	47 321	60 620	107 941
Accumulated Amortisation	(12 971)	(19 675)	(32 646)
Carrying Amount at the Beginning of the Reporting Period	34 350	40 945	75 295
Acquisition/(Disposal) through Administrative Restructuring ¹	(6 528)	-	(6 528)
Additions	-	302	302
Completed Capital Works Transferred in from Capital Works in Progress ²	-	7 637	7 637
Disposals	(180)	-	(180)
Amortisation	(10 018)	(2 686)	(12 704)
Total as at 30 June 2020, represented by:			
Gross Book Value	40 314	68 559	108 873
Accumulated Amortisation	(22 690)	(22 361)	(45 051)
Carrying Amount at the End of the Reporting Period	17 624	46 198	63 822

¹ This movement is due to the transfer of the *Project Management and Reporting System* (PMARS) project along with the whole of government capital works functions to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

² This movement mainly relates to the transfer of completed capital works, including upgrades to the Territory Revenue System, Land Title System Modernisation and the Long Service Leave Automation system.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 13. INTANGIBLE ASSETS - CONTINUED

Reconciliation of 2018-19 Intangible Assets

2019	Internally Generated Software \$'000	Externally Generated Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	16 770	36 396	53 166
Additions	-	3 830	3 830
Capital Works in Progress Completed and Transferred to Intangibles ¹	26 163	3 068	29 231
Amortisation	(8 330)	(2 215)	(10 545)
Other Changes	(253)	(134)	(387)
Carrying Amount at the End of the Reporting Period	34 350	40 945	75 295

¹ These movements mainly relate to the capitalisation of completed capital works, including the *iConnect* and *Project Management and Reporting System (PMARS)* projects.

NOTE 14. CAPITAL WORKS IN PROGRESS

Capital works in progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital Works in Progress are not depreciated as the Directorate is not currently deriving any economic benefits from them.

Capital works in progress have been grouped similar to the asset classes included in the Directorate's property, plant and equipment and intangibles. Refer Note 12, 'Property, Plant and Equipment', and Note 13, 'Intangible Assets', for a description of assets that may be under construction at any given time. The 'Other' category relates to projects where the assets will be allocated across more than one asset class.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 14. CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of 2019-20 Capital Works in Progress

	Buildings and Leasehold Improvements Works in Progress \$'000	Plant and Equipment Works in Progress \$'000	Heritage and Community Works in Progress \$'000	Infrastructure Works in Progress \$'000	Intangible Works in Progress \$'000	Other Works in Progress \$'000	Total Works in Progress \$'000
Carrying Amount at the Beginning of the Reporting Period	39 875	212	17 756	3 557	19 368	2 711	83 479
Additions	72 040	782	524	10 768	28 253	2 553	114 920
CWIP Completed and Transferred to Property, Plant and Equipment ¹	(72 817)	(839)	(102)	(2 820)	-	-	(76 578)
CWIP Completed and Transferred to Intangible Assets ²	-	-	-	-	(7 637)	-	(7 637)
CWIP Completed and Transferred to Other Agencies ³	(192)	-	-	(8)	(911)	-	(1 111)
CWIP Transferred to Other Agencies ⁴	-	-	-	-	(20)	-	(20)
CWIP Corrected and Recognised in the Operating Surplus/(Deficit) ⁵	(15)	-	-	-	(5 404)	-	(5 419)
Carrying Amount at the End of the Reporting Period	38 891	155	18 178	11 497	33 649	5 264	107 634

¹ This mainly reflects the practical completion of several capital works projects, including the *Weston Creek & Stromlo Aquatic Leisure Centre* (\$34.547 million), fit-out works for the *Dickson Government Office Building* (\$26.022 million) and other minor projects.

² This mainly reflects the practical completion of several ICT projects, including *Oracle Whole of Government licencing* (\$3.633 million), *More Efficient Public Service Administration – Long service leave calculations* (\$2.297 million) and *ACT Land Titles system modernisation* (\$1.683 million).

³ These figures represent the transfer of completed CWIP projects to other Directorates that have operational responsibility for the associated assets. This includes the partial transfer of a database funded through the *More support for families and inclusion – Delivering a new Compulsory Third Party Insurance scheme* project (\$0.856 million) to the Motor Accident Injuries Commission, and the transfer of Lake Tuggeranong Rowing Club amenity improvements to the Education Directorate (\$200,000).

⁴ This figure represents the transfer of incomplete whole of government capital works function CWIP projects to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

⁵ This mainly represents a change made to the accounting treatment applied to the *Human Resources Information Management System (HRIMS)* project, to recognise an expense rather than capital works in progress.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 14. CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of 2018-19 Capital Works in Progress

	Buildings and Leasehold Improvements Works in Progress \$'000	Plant and Equipment Works in Progress \$'000	Heritage and Community Works in Progress \$'000	Infrastructure Works in Progress \$'000	Intangible Works in Progress \$'000	Other Works in Progress \$'000	Total Works in Progress \$'000
Carrying Amount at the Beginning of the Reporting Period	12 322	2 045	10 556	132 661	19 367	9 713	186 664
Additions	34 552	240	10 888	6 054	22 613	654	75 001
CWIP Completed and Transferred to Property, Plant and Equipment ¹	(6 303)	(1 112)	(5 691)	(5 147)	-	(1 052)	(19 305)
CWIP Completed and Transferred to Intangible Assets ²	-	-	-	-	(29 232)	-	(29 232)
CWIP Completed and Transferred to Other Agencies ³	(414)	-	-	(7 331)	-	(578)	(8 323)
CWIP Transferred to Other Agencies ⁴	-	-	(38)	(103 096)	-	(23)	(103 157)
CWIP Write-Offs Recognised against Net Effect of Correction of an Error ⁵	(2 797)	-	(4 054)	(6 935)	-	(2 690)	(16 476)
CWIP Write-Offs Recognised in the Operating Surplus/(Deficit)	(958)	-	(196)	(201)	(327)	(11)	(1 693)
Other Movements ⁶	3 473	(961)	6 291	(12 448)	6 947	(3 302)	-
Carrying Amount at the End of the Reporting Period	39 875	212	17 756	3 557	19 368	2 711	83 479

¹ These movements mainly reflect the practical completion of several capital works projects, including the *National Arboretum Canberra - Water Security* project (\$3.460 million) and a number of projects completed by the ACT Property Group.

² This mainly reflects the practical completion of several ICT projects, including the *iConnect* (\$19.641 million) and the *Project Management and Reporting System (PMARS)* (\$6.522 million) projects.

³ These figures represent the transfer of completed CWIP projects to other Directorates. This includes the *Urban Renewal Program – Melrose football precinct* project (\$6.294 million) to the Education Directorate and the *Canberra Theatre – Temporary Carpark* project (\$1.087 million) to the Transport Canberra and City Services (TCCS) Directorate.

⁴ These figures represent the transfer of incomplete CWIP projects to TCCS on 1 July 2018, following a change in responsibility for projects relating to the Civil Infrastructure and Capital Works (CICW) function.

⁵ These figures reflect the write-off of residual balances for a number of projects that were physically and financially completed in previous financial years, and have since been either recorded in CMTEDD's property, plant and equipment (PPE), or have been recognised as transfers in of completed capital works by other directorates, but have remained recorded in CMTEDD's CWIP balance.

⁶ These movements mainly result from reclassifications between types of CWIP during the year to more closely align with the likely PPE class assets that will be recorded in when project works are completed.

Chief Minister, Treasury and Economic Development Directorate
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LIABILITY NOTES

Liabilities - Current and Non-Current

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities that do not fall within the current classification are classified as non-current.

NOTE 15. BANK OVERDRAFT

Prior to 1 July 2019, the Directorate held a bank overdraft to provide extra working capital to enable payment to external parties for completed capital works related activities prior to invoicing other ACT Government agencies on a 'cost recovery' basis for work managed on their behalf. The Directorate was not charged interest on the bank overdraft.

	2020	2019
	\$'000	\$'000
Whole of Government Capital Works ¹	-	37 211
Total Bank Overdraft	-	37 211

¹ This decrease reflects the transfer of the overdraft supporting the whole of government capital works function to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administration Arrangements (AAs) of that date.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 16. PAYABLES

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include accrued expenses and other payables, which include trade payables.

	2020	2019
	\$'000	\$'000
Current Payables		
Accrued Expenses	59 191	62 563
Other Payables	2 490	2 178
Total Current Payables	61 681	64 741
Total Payables	61 681	64 741
Payables are aged as follows:		
Not Overdue	61 487	64 056
Overdue for Less than 30 Days	194	628
Overdue for 30 to 60 Days	-	14
Overdue for More than 60 Days	-	42
Total Payables	61 681	64 741
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Accrued Expenses	35 846	39 121
Other Payables	1 776	-
Total Payables with ACT Government Entities	37 622	39 121
Payables with Non-ACT Government Entities		
Accrued Expenses	23 346	23 442
Other Payables	713	2 179
Total Payables with Non-ACT Government Entities	24 059	25 621
Total Payables	61 681	64 741

Chief Minister, Treasury and Economic Development Directorate
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NOTE 17. INTEREST-BEARING LIABILITIES AND BORROWINGS

Interest-Bearing Liabilities

Interest-bearing liabilities are a financial liability and are measured at fair value when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount being recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

The Directorate's interest-bearing liabilities include loans from the Territory Banking Account (TBA):

- on behalf of Community Housing Canberra Limited (CHC) to facilitate the provision of affordable homes for low and moderate income households for rent and sale; and
- Exhibition Park in Canberra (EPIC) (which is part of the Directorate) to enable the purchase of a block of land in Gungahlin for the purpose of leasing the block to a third party to develop and operate low cost accommodation facilities.

Borrowings

The Directorate also has 2 Carbon Neutral Government Fund loans (3 as at 30 June 2019) from the Environment, Planning and Sustainable Development Directorate (EPSDD) to fund a range of projects, including the installations of a Heating, Ventilation and Cooling (HVAC) system at the North Building, Canberra City, and a solar photovoltaic and battery storage and generator back-up system at the National Arboretum Canberra (NAC). These borrowings are non interest-bearing and are repayable in regular instalments, with 5 and 7 years remaining respectively.

For more information on the principle and interest arrangements on the CHC loans, refer to Note 22, 'Financial Instruments'.

	2020	2019
	\$'000	\$'000
Interest-Bearing Liabilities and Borrowings		
ACT Government Borrowing - interest bearing	64 488	64 561
ACT Government Borrowing - non interest-bearing	678	717
Total Interest-Bearing Liabilities and Borrowings	65 166	65 278
Unsecured Borrowings - Current		
ACT Government - interest-bearing ¹	5 074	2 572
ACT Government - non interest-bearing	145	94
Total Current Interest-Bearing Liabilities and Borrowings	5 219	2 666
Unsecured Borrowings - Non-Current		
ACT Government - interest-bearing	59 414	61 988
ACT Government - non interest-bearing	533	624
Total Non-Current Interest-Bearing Liabilities and Borrowings	59 947	62 612
Total Interest-Bearing Liabilities and Borrowings	65 166	65 278

¹ This increase is due to the deferral of a CHC loan principal repayment from 30 June 2020 to 31 December 2020.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 18. LEASE LIABILITIES

Lease liabilities include the net present values of:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that termination option.

After the commencement date, lease liabilities are measured by:

- increasing the carrying amount to reflect interest on the lease liabilities;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the rate on the ACT Treasury Accounting website is used.

The Directorate has applied AASB 16, 'Leases', using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117, 'Leases', and related Interpretations.

Refer to Note 24, 'CMTEDD as Lessor', for information relevant to CMTEDD as a lessor.

NOTE 18. LEASE LIABILITIES – CMTEDD AS LESSEE

Accounting policies under AASB 16, 'Leases' – applicable from 1 July 2019 – CMTEDD as Lessee

At inception of a contract, the Directorate assesses whether a lease exists (i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration).

This involves an assessment of whether:

- the contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement (if the supplier has a substantive substitution right then there is no identified asset);
- the Directorate has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Directorate has the right to direct the use of the asset (i.e. decision-making rights in relation to changing how and for what purpose the asset is used).

The Directorate has elected to separate non-lease components from lease components for leases.

Where the non-lease components have been separated, they are recognised as an expense in the operating statement as incurred.

At the lease commencement date, CMTEDD recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Directorate is reasonably certain that the option will be exercised.

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 18. LEASE LIABILITIES – CMTEDD AS LESSEE - CONTINUED

The right-of-use asset is measured using the cost model where the cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, less any lease incentives received.

The estimated cost of removal of fitout and restoration of accommodation is included in the financial statements of the sub-lessee ACT Government agencies.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. For motor vehicle leases commencing on or after 1 July 2019 the discount rate used is the rate implicit in the lease. All other leases use the incremental borrowing rate published by ACT Treasury that most closely matches the remaining lease term.

After initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI), or a change in the Directorate's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in the operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Directorate has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (\$10,000 or less at the commencement of the lease), and recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The Directorate has leases over a range of building and IT equipment assets and has elected not to adopt AASB 16 for leases of intangible assets.

Nature, Terms and Conditions of Leases

Building Leases – Office Facilities

- The Directorate has 31 non-cancellable operating leases for office buildings, with lease terms of up to 20 years.
- The leases have varying terms, escalation clauses and renewal rights in order to provide flexibility to the Directorate and the extension options are exercisable only by the Directorate.

Plant and Equipment Leases – Motor Vehicles and IT Equipment

- The Directorate:
 - holds 175 motor vehicle leases, with terms varying from 2-3 years; and
 - has numerous leases for equipment, including office equipment and IT equipment.
- Where the lease contains a purchase option, the purchase price is included in the lease liability where the Directorate believes it is reasonably certain that the purchase option will be exercised.
- Lease payments are fixed and are not subject to increases throughout the lease term.

Chief Minister, Treasury and Economic Development Directorate
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NOTE 18. LEASE LIABILITIES – CMTEDD AS LESSEE - CONTINUED

Extension Options

Significant Accounting Judgements and Estimates – Estimation of the Impact of Lease Extension Options

Where a lease contains extension options, at commencement date and at each subsequent reporting date, the Directorate assesses whether it is reasonably certain that the extension options will be exercised.

All lease extension options available have been assessed and amounts included in the value of leases where extension options are reasonably certain.

Refer Note 12, 'Property, Plant and Equipment)', 'Significant Accounting Judgements and Estimates – Estimation of Right-of-Use Asset Values' for more information.

	2020	2019
	\$'000	\$'000
Current Lease Liabilities	23 162	-
Non-Current Lease Liabilities	525 731	-
Total Lease Liabilities	548 893	-

Right-of-Use-Assets

The opening and closing balances and movements for right-of-use-assets are recorded in the first reconciliation table included in Note 12, 'Property, Plant and Equipment'.

Lease Liabilities

The maturity analysis of lease liabilities at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.

Payable:		
- within one year	31 449	-
- later than one year but not later than five years	127 085	-
- later than five years	538 630	-
Total Undiscounted Lease Liabilities	697 164	-
Less: Future Interest on Lease Liabilities	(148 271)	-
Total Lease Liabilities	548 893	-

Operating Statement

The amounts recognised in the operating statement relating to leases where the Directorate is a lessee are shown below.

Depreciation of Right-of-Use Assets	37 232	-
Interest on Lease Liabilities	6 662	-
Variable Lease Payments Based on Usage not Included in the Lease Liability	490	-
Expenses Relating to Short-Term Leases	8 615	-
Expenses Relating to Leases of Low-Value Assets	331	-
Total Impact on Operating Statement	53 330	-

Statement of Cashflows

The total cash outflows of leases are recorded in Note 26, 'Cash Flow Reconciliation'.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 19. EMPLOYEE BENEFITS

Employee Benefits and accumulated entitlements relating to employee expenses are listed in Note 5, 'Employee Expenses'.

Wages and Salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before 12 months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual and long service leave liabilities have been estimated on the assumption they will be wholly settled within 3 years. In 2019-20 the rate used to estimate the present value of future payments for:

- annual leave is 100.9% (101.6% in 2018-19); and
- long service leave is 113.6% (110.1% in 2018-19).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in-service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Directorate has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Significant Accounting Judgements and Estimates

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wages and salary levels, experience of employee departures, probability that leave will be taken in service, and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in April 2019. An assessment by an actuary is performed every 3 years. However, it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2019 report. The next actuarial review is expected to be undertaken by early 2022.

Chief Minister, Treasury and Economic Development Directorate
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For the Year Ended 30 June 2020

NOTE 19. EMPLOYEE BENEFITS - CONTINUED

	2020 \$'000	2019 \$'000
Current Employee Benefits		
Annual Leave	34 547	31 830
Long Service Leave	53 563	51 370
Accrued Salaries	4 012	2 173
Accrued Superannuation	715	377
Other Employee Benefits	81	54
Total Current Employee Benefits	92 918	85 804
Non-Current Employee Benefits		
Long Service Leave	5 330	5 040
Total Non-Current Employee Benefits	5 330	5 040
Total Employee Benefits	98 248	90 844

At the end of the 2019-20 financial year, the Directorate had 2,425.7 Full Time Equivalent (FTE) staff. There were 2,382.3 FTE staff as at 30 June 2019.

Estimate of when Employee Benefits are Payable

Estimated Amount Payable within 12 months		
Annual Leave	17 672	18 219
Long Service Leave	4 857	4 514
Accrued Salaries	4 012	2 173
Accrued Superannuation	715	377
Other Employee Benefits	81	54
Total Employee Benefits Payable within 12 months	27 337	25 337
Estimated Amount Payable after 12 months		
Annual Leave	16 875	13 612
Long Service Leave	54 035	51 895
Total Employee Benefits Payable after 12 months	70 910	65 507
Total Employee Benefits	98 248	90 844

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 20. OTHER LIABILITIES

The Directorate's other liabilities includes lease incentives and revenue received in advance for a range of activities, including salary packaging, which represents transactions received and disbursed on behalf of ACT Government employees (see also Note 10, 'Cash and Cash Equivalents').

Revenue Received in Advance

Prior to 1 July 2019, revenue received in advance was recognised as a liability if there is a present obligation to return the funds received, otherwise all amounts were recorded as revenue. From 1 July 2019, revenue received in advance is included in Contract Liabilities.

	2020	2019
	\$'000	\$'000
Current Other Liabilities		
Revenue Received in Advance	-	14 527
Lease Incentives ¹	2 049	1 004
Other Liabilities	693	1 003
Total Current Other Liabilities	2 742	16 534
Non-Current Other Liabilities		
Lease Incentives ¹	214	15 830
Total Non-Current Other Liabilities	214	15 830
Total Other Liabilities	2 956	32 364

¹ The overall lease incentive decrease results from the 1 July 2019 implementation of accounting standard AASB 16, 'Leases', due to the incorporation of the rent-free period lease incentive associated with the ACT Property Group's (ACTPG's) lease of Penhryn House from an external lessor. The remaining 30 June 2020 balance reflects the rent-free period lease incentive provided by ACTPG to the Health Directorate for the sub-lease of Penhryn House.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

OTHER NOTES

NOTE 21. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

Restructure of Administrative Arrangements during 2019-20

On 1 July 2019, *Administrative Arrangements 2019 (No 1)* (Notifiable Instrument NI2019-424) came into effect. This Instrument transferred responsibility for the whole of government capital works function from CMTEDD to the newly established Major Projects Canberra (MPC).

Income and Expenses

Due to the timing of this transfer mentioned above CMTEDD recorded no income or expenses associated with the whole of government capital works function during 2019-20.

Assets and Liabilities

The assets and liabilities transferred with the whole of government capital works function from CMTEDD to MPC with the Administrative Arrangements (AAs) of 1 July 2019 are detailed in the table below, along with the total assets and liabilities transferred out of CMTEDD during 2019-20 are also shown in the table.

	Amounts Transferred on 1 July 2019 to MPC 2019-20 \$'000
Assets	
Cash	1
Current Receivables	37 591
Property, Plant and Equipment	351
Intangibles	6 528
Capital Works in Progress	20
Total Assets Transferred	44 491
Liabilities	
Overdraft	37 211
Payables	950
Current and Non-Current Employee Benefits	5 530
Current and Non-Current Other Liabilities	7 567
Current and Non-Current Other Provisions	489
Total Liabilities Transferred	51 747
Net Assets/(Liabilities) Transferred	(7 256)

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 22. FINANCIAL INSTRUMENTS

The Directorate's financial assets are classified as subsequently measured at amortised cost, based on both the business model for managing assets as being held to collect, and the contractual cash flow characteristics of the financial assets.

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in the relevant notes in these financial statements.

The carrying amount of all financial assets and liabilities reflect their fair value.

The Directorate has no exposure to price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Directorate's exposure to interest rate risk is mostly in relation to interest on the loan to Community Housing Canberra Limited (CHC).

CMTEDD's loans to CHC are subject to variable interest rates. However, as the loans to CHC mirror the Directorate's borrowing arrangements with the Territory Banking Account (TBA), the impact of an interest rate change on CMTEDD's income and expense and equity is neutralised.

Sensitivity Analysis

A sensitivity analysis has not been undertaken as it is considered that CMTEDD's exposure to this risk is insignificant and would have an immaterial impact on its financial results.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Directorate's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment loss.

Cash and cash equivalents are held with the Westpac Banking Corporation in accordance with the whole of government banking arrangements. These arrangements minimise risk by ensuring that cash is held with high quality financial institutions under whole of government banking arrangements.

The Directorate's non-loan receivables are spread across a large number of ACT Government agencies. The Directorate manages credit risk for receivables through the careful monitoring of the invoicing process, following up for payment, and promptly resolving disputed invoices. The Directorate expects to collect all financial assets that are not impaired.

CMTEDD's receivables also include loan facilities to the value of \$70 million established under agreements between CHC and the Territory (see also Note 11, 'Receivables', and Note 17, 'Interest-Bearing Liabilities and Borrowings'). CHC is a not-for-profit company, which provides affordable homes to low and moderate income households for rent and sale.

These loans are secured by the Territory placing mortgages over CHC's assets to the value of \$75 million in the 2011-12 financial year. The properties are valued every two years and were last valued for CHC at \$88.110 million in June 2019, by independent property valuers, Jones Lang LaSalle.

The loan facilities comprise:

- a \$50 million interest only loan, which converted to principal and interest on 1 January 2018 and has a maturity date of 31 December 2037; and
- a \$20 million interest only loan, which converts to principal and interest on 1 July 2021 and has a maturity date of 31 December 2036.

Chief Minister, Treasury and Economic Development Directorate
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For the Year Ended 30 June 2020

NOTE 22. FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk - Continued

Interest on both loans is calculated at the applicable interest rate and is payable quarterly in arrears. The annual principal payable for the \$50 million loan is \$2.5 million. From 2018-19, a payment is required in June each year, although the 30 June 2020 payment was deferred until 31 December 2020. CMTEDD's credit risk in relation to the amount receivable against these loans is limited to the fair value of the mortgaged properties and is neutralised by the Directorate's borrowing arrangements with the TBA, as indicated above. The balance of the CHC loans outstanding as at 30 June 2020 was \$63.1 million (\$63.1 million as at 30 June 2019) (refer Note 11, 'Receivables').

The Directorate regularly reviews CHC's financial position through the analysis of CHC's quarterly reports, annual reports and the Statement of Corporate Intent. The Territory's housing market is monitored to assess the effect of any potential changes on CHC's operations. CMTEDD's loan to CHC is not considered to have a significantly increased risk compared with last year.

Other than the loans mentioned above, there is no significant concentration of credit risk that has been identified in this analysis.

Impact of COVID-19

It is not yet clear the extent to which the COVID-19 health emergency has impacted CMTEDD's ability to collect outstanding receivables. That said, the value of trade receivables has decreased compared to 2018-19 as a result of sport and other event cancellations due to COVID-19, and remains a small portion of CMTEDD's overall receivables balance.

Liquidity Risk

Liquidity risk is the risk that CMTEDD will be unable to meet its financial obligations as they fall due. The Directorate's main financial liabilities relate to ACT Government borrowings, the payment of grants and the purchase of supplies and services.

The main source of cash to pay these obligations is appropriation from Government, which is usually paid fortnightly during the year on a cash needs basis. CMTEDD manages its liquidity risk through forecasting appropriation drawdown requirements to enable payment of financial liabilities.

CMTEDD's exposure to liquidity risk is considered immaterial based on experience from prior years and the current assessment of risk.

The Directorate's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period. Refer also the Maturity Analysis of Financial Assets section later in this note.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 22. FINANCIAL INSTRUMENTS - CONTINUED

Maturity Analysis of Financial Assets and Liabilities

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2020 and 30 June 2019. Except for non-current payables, financial assets and liabilities that have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

30 June 2020	Note No.	Weighted Average Interest Rate	Floating Interest \$'000	Fixed Interest Maturing In:			Non Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000		
Financial Assets								
Cash and Cash Equivalents	10	-	-	-	-	-	80 965	80 965
Receivables ^a	11	-	-	-	-	-	12 783	12 783
Loans Receivable	11	0.3%	64 139	-	-	-	-	64 139
Total Financial Assets			64 139	-	-	-	93 748	157 887
Financial Liabilities								
Payables ^a	16	-	-	-	-	-	61 681	61 681
ACT Government Borrowings	17	0.4%	63 112	75	342	960	677	65 166
Total Financial Liabilities			63 112	75	342	960	62 358	126 847
Net Financial Assets/ (Liabilities)			1 027	(75)	(342)	(960)	31 390	31 040

^a The Receivables and Payables figures exclude net GST Receivables/Payables.

30 June 2019

Financial Assets								
Cash and Cash Equivalents	10	-	-	-	-	-	72 325	72 325
Receivables ^a	11	-	-	-	-	-	52 299	52 299
Loans Receivable	11	1.9%	63 571	-	-	-	-	63 571
Total Financial Assets			63 571	-	-	-	124 624	188 195
Financial Liabilities								
Bank Overdraft	15	-	-	-	-	-	37 211	37 211
Payables ^a	16	-	-	-	-	-	64 741	64 741
ACT Government Borrowings	17	2.0%	63 112	72	325	1 052	717	65 278
Total Financial Liabilities			63 112	72	325	1 052	102 669	167 230
Net Financial Assets/ (Liabilities)			459	(72)	(325)	(1 052)	21 955	20 965

^a The Receivables and Payables figures exclude net GST Receivables/Payables.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 22. FINANCIAL INSTRUMENTS - CONTINUED

	Note No.	2020 \$'000	2019 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability			
Financial Assets			
Loans and Receivables Measured at Amortised Cost ^a	11	76 922	115 870
Financial Liabilities			
Financial Liabilities Measured at Amortised Cost ^a	15, 16, 17	126 847	167 230

^a The Loans and Receivables and Financial Liabilities Measured at Amortised Cost figures exclude net GST Receivables/Payables.

The Directorate does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and, as such, these categories are not included above. Also, the Directorate does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

NOTE 23. CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Non-Cancellable Future and Low Value Operating Lease Commitments

Prior to 1 July 2019, the Directorate had various non-cancellable operating leases for buildings and motor vehicles. These leases had varying terms, escalation clauses and renewal rights. There were conditions in several building lease agreements requiring the Directorate to restore the sites that the leased buildings are situated on. The operating lease agreements gave the Directorate the right to renew the leases. Renegotiations of the leased terms occurred on renewal of the leases.

Following the implementation of accounting standard AASB 16, 'Leases', on 1 July 2019, all existing leases valued at more than \$10,000 and with more than 12 months remaining were recognised as lease liabilities in the Directorate's Balance Sheet (refer Note 3, 'Change in Accounting Policy', and Note 18, 'Lease Liabilities', for more information). Low value leases are considered immaterial, so are no longer recorded as commitments.

The 2019-20 commitment values reflect the impact of the Directorate's commitment to enter into operating lease arrangements, including the new Civic government office block after it is ready to be occupied.

	2020 \$'000	2019 \$'000
Payable:		
- within one year	13 139	52 638
- later than one year but not later than five years	74 255	188 603
- later than five years	362 554	833 860
Total Non-Cancellable Operating Lease Commitments	449 948	1 075 102

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 23. CAPITAL AND OTHER EXPENDITURE COMMITMENTS - CONTINUED

Capital Commitments

The Directorate's capital commitments include various building and infrastructure capital works projects, and contracted maintenance and upgrade works for the ACT Property Group.

Capital commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows.

	2020	2019
	\$'000	\$'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
- within one year	5 130	41 275
- later than one year but not later than five years	384	15 879
Total Capital Commitments - Property, Plant and Equipment ¹	5 514	57 154
Capital Commitments - Intangible Assets		
Payable:		
- within one year	18 951	16 377
- later than one year but not later than five years	4 620	12 740
Total Capital Commitments - Intangible Assets ²	23 571	29 117
Total Capital Commitments	29 085	86 271

Other Commitments

The Directorate's Other Commitments relate mainly to grants programs administered by Skills Canberra, the delivery of programs by Innovate Canberra, Active Canberra, Events and artsACT and software licences, ICT support and maintenance, and parking related support services.

Other commitments that have not been recognised as liabilities are payable as follows.

Payable:		
- within one year	81 155	89 138
- later than one year but not later than five years	72 930	88 458
- later than five years	26 267	612
Total Other Commitments	180 352	178 208

¹ This decrease is largely due to the completion of the fit out for the Dickson Government Office Block (GOB) and the progression of the fitouts for the Civic GOB.

² This decrease is mainly due to major milestones being reached with the development of the new Human Resources Information Management System (HRIMS).

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 24. CMTEDD AS LESSOR

Agency as Lessor

Where the Directorate is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease. CMTEDD had no finance lease arrangements in place with lessees during the reporting period.

When the Directorate has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15, 'Revenue from Contracts with Customers'.

The lease income from operating leases is recognised on a straight-line basis over the lease term.

Operating Leases – Office Accommodation and ICT Equipment

CMTEDD leases office accommodation to other ACT Government agencies, commercial and community organisations, and ICT Equipment to other ACT Government agencies. These leases have been classified as operating leases, and the underlying property and ICT assets are included property, plant and equipment in the balance sheet.

The amounts recognised in the operating statement relating to where the Directorate is a lessor of office accommodation and ICT Equipment are shown below.

	2020	2019
	\$'000	\$'000
Lease Income - Fixed - Owned	43 770	-
Lease Income - Fixed - Subleased	22 547	-
Total Income Relating to Operating Leases ¹	66 317	-

A maturity analysis of the undiscounted lease payments to be received after reporting date for office accommodation and ICT Equipment related operating leases is provided in the table below.

Office Accommodation and ICT Equipment Operating Lease Receivable:

- within one year	61 945	-
- later than one year but not later than five years	157 595	-
- later than five years	546 257	-
Total Office Accommodation and ICT Equipment Operating Lease Receivable ¹	765 797	-

¹ There is no 2018-19 comparative information shown in this note because this disclosure is a new requirement for 2019-20 as a result of the implementation of Accounting Standard AASB 16, 'Leases', from 1 July 2019. Refer Note 3, 'Change in Accounting Policy', for more information.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 25. CONTINGENT LIABILITIES

The Directorate has contingent liabilities, as indicated below.

	2020	2019
	\$'000	\$'000
Land Restoration	7 335	7 494
Legal Claims	5 290	1 867
Total Contingent Liabilities	12 625	9 361

Land Restoration

The Directorate manages 48 sites (49 as at 30 June 2019) that contain contaminated materials. The contamination includes fuel tanks, sheep dips, chemical contaminations, asbestos and other hazardous materials. While there is no present obligation to remediate these sites, a contingent liability reflecting the possible future costs has been estimated.

Legal Claims

The Directorate's contingent liabilities includes the value of claims lodged against the Territory relating to matters associated with either contractual disputes or economic loss. Due to the protracted nature of legal proceedings and the various discoveries that can be made over the foreseeable future, it is not possible, with any certainty, to make an assessment of liability for some legal claims.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 26. CASH FLOW RECONCILIATION

	2020 \$'000	2019 \$'000
Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the Related Items in the Balance Sheet		
Total Cash and Cash Equivalents Disclosed in the Balance Sheet	80 965	72 325
Total Bank Overdraft Disclosed in the Balance Sheet	-	(37 211)
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	80 965	35 114
Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflows/(Outflows) from Operating Activities		
Operating Surplus/(Deficit)	(30 429)	(60 643)
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment & Amortisation of Intangibles	90 209	56 384
Administrative Arrangements - Net Asset/Liability Transfer (excluding Cash)	(23 379)	-
Miscellaneous	1 595	55
Impairment Losses on Debts and Waivers	945	24
Add/(Less) Items Classified as Investing or Financing		
Reversal of Lease Incentive Assets and Liabilities on Implementation of AASB 16, 'Leases'	11 083	-
Asset Sales, Transfers and Retirements	2 579	17 877
Cash Before Changes in Operating Assets and Liabilities	52 603	13 699
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	35 986	(21 480)
(Increase)/Decrease in Inventories	(643)	(584)
(Increase)/Decrease in Contract Assets	(5 040)	-
(Increase)/Decrease in Other Assets	(10 985)	6 902
Increase/(Decrease) in Payables	(3 060)	9 580
Increase/(Decrease) in Contract Liabilities	10 884	-
Increase/(Decrease) in Other Provisions	(2 278)	(174)
Increase/(Decrease) in Employee Benefits	7 404	6 645
Increase/(Decrease) in Other Liabilities	(29 408)	1 967
Net Changes in Operating Assets and Liabilities	2 860	2 856
Net Cash Inflows/(Outflows) from Operating Activities	55 463	16 555

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 26. CASH FLOW RECONCILIATION - CONTINUED

Reconciliation of 2019-20 and 2018-19 Liabilities Arising from Financing Activities

2020	Interest-Bearing Liabilities and Borrowings \$'000	Lease Liabilities \$'000	Debt \$'000
Carrying Amount at the Beginning of the Reporting Period	65 278	-	65 278
Carrying Amount as at 1 July 2019	-	365 895	365 895
Restated Carrying Amount at the Beginning of the Reporting Period	65 278	365 895	431 173
Non-Cash - New Leases	-	211 336	211 336
Cash decreases (-)	(112)	(28 338)	(28 450)
Carrying Amount at the End of the Reporting Period	65 166	548 893	614 059
2019			
Carrying Amount at the Beginning of the Reporting Period	67 928	-	67 928
Cash decreases (-)	(2 650)	-	(2 650)
Carrying Amount at the End of the Reporting Period	65 278	-	65 278

NOTE 27. THIRD PARTY MONIES

The following tables and associated commentary provide information about monies held by the Directorate on behalf of third parties.

Third Party Monies held in the ACT Superannuation Trust Account

The ACT Superannuation Trust Account was specifically set up for the settlement of superannuation claims. The claims relate to current and former members of the ACT Government who did not receive the correct superannuation entitlements as required under superannuation law at the time of their employment.

	2020 \$'000	2019 \$'000
Balance at the Beginning of the Reporting Period	1 396	1 364
Cash Receipts	-	32
Transfer out to the Superannuation Provision Account ¹	(1 396)	-
Balance at the End of the Reporting Period ¹	-	1 396

Third Party Monies held for Tourism Accommodation Bookings

VisitCanberra takes accommodation bookings from visitors on behalf of accommodation and attraction vendors. Payments are made to vendors on a fortnightly basis.

	2020	2019
Balance at the Beginning of the Reporting Period	73	60
Cash Receipts	68	98
Cash Payments	(71)	(85)
Balance at the End of the Reporting Period	70	73

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 27. THIRD PARTY MONIES - CONTINUED

Unclaimed Lottery Prize Monies held in Trust for the Gambling and Racing Commission

The Directorate holds unclaimed lottery prize monies on behalf of the ACT Gambling and Racing Commission.

	2020 \$'000	2019 \$'000
Balance at the Beginning of the Reporting Period	2 385	2 330
Cash Receipts	37	55
Balance at the End of the Reporting Period	2 422	2 385

Security Deposits held for Procurement

Third Party Monies held in the ACT Procurement Trust Account are monies received from Contractors who have entered into agreements with the Territory. Those agreements have clauses that specify the amount of 'security' to be held and at what point those securities can be released to the Contractor, and also clauses around how the Territory can access those securities if agreement terms have not been met.

Balance at the Beginning of the Reporting Period	983	1 255
Cash Receipts	-	751
Cash Payments	-	(1 023)
Transfer out to Major Projects Canberra (MPC) ²	(983)	-
Balance at the End of the Reporting Period ^{2,3}	-	983

Rental Bonds Trust Account

The Rental Bonds Trust Account was set up for the purposes of receipting and refunding bonds in relation to residential tenancy agreements (*Residential Tenancies Act 1997*).

Balance at the Beginning of the Reporting Period	78 418	74 680
Cash Receipts ⁴	45 549	39 682
Cash Payments ⁴	(41 763)	(35 944)
Balance at the End of the Reporting Period ³	82 204	78 418

Road User Services (RUS) Trust Account

The Road User Services (RUS) Trust Account was set up for the purpose of holding third party funds collected with vehicle registration payments, which are distributed to insurers and other parties as required for the administration of third party insurance activities.

Balance at the Beginning of the Reporting Period	2 623	3 619
Cash Receipts	173 632	187 212
Cash Payments	(170 969)	(188 208)
Balance at the End of the Reporting Period	5 286	2 623
Total Third Party Monies	89 982	85 878

¹ This trust was closed in 2019-20, and the remaining balance was transferred to the Superannuation Provision Account (SPA). All eligible future claims will be made from the SPA.

² This trust was transferred to MPC on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

³ These trusts include amounts held by the Public Trustee and Guardian for the ACT.

⁴ The increase in rental bonds trust account transactions reflects increased activity in Canberra's rental market.

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 28. RELATED PARTY DISCLOSURES

A related party is a person or entity that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of their reporting entity, directly or indirectly.

CMTEDD's KMP are its Portfolio Ministers, Director-General (DG) and certain members of the Senior Management Team.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government, and therefore are also related parties of CMTEDD.

- Disclosures relating to the compensation of all Ministers, including CMTEDD's Portfolio Ministers, are included in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2020, on behalf of the ACT Government.
- Disclosures relating to the compensation of the Head of Service (who is also CMTEDD's DG) is included in this note on behalf of the ACT Government.

This note does not include typical citizen transactions between the KMP and CMTEDD that occur on terms and conditions no different to those applying to the general public.

Controlling Entity

CMTEDD is an ACT Government controlled entity.

Key Management Personnel

Compensation of Key Management Personnel

The total number of KMPs has decreased from 16 in 2018-19 to 15 in 2019-20, reflecting the transfer of a former CMTEDD KMP along with the whole of government capital works function to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

Compensation provided to the Directorate's KMP is set out below, as per the criteria mentioned above.

	2020	2019
	\$'000	\$'000
Short-term Employee Benefits	5 146	4 941
Post Employment Benefits	919	737
Other Long-term Benefits	122	116
Termination Benefits	281	238
Total Compensation by the CMTEDD to KMP ¹	6 468	6 032

¹ This increase largely reflects a rate increase in 2019-20 for Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) related contributions to the Commonwealth Superannuation Corporation (CSC), and salary increases as per remuneration tribunal outcomes, partially offset by the impact of the reduction in KMP mentioned above.

Transactions with Other ACT Government Controlled Entities

All material transactions with ACT Government controlled entities are disclosed in the relevant notes to CMTEDD's financial Statements.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. BUDGETARY REPORTING

The following are brief explanations of major line item variances between the 2019-20 Original budget (as published in the 2019-20 Budget Statements) and the 2019-20 actual outcomes. The Original Budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with the Directorate's annual financial statements.

Significant Accounting Judgements and Estimates

Significant judgements have been applied in determining what variances are considered as 'major variances'. Variances are considered to be major variances if **both**:

- the line item is a significant line item: that is, the line item's actual amount accounts for more than 10% of the relevant associated category (e.g. Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- the variances (original budget to actual) are greater than plus (+) or minus (-) 5% and \$15 million for the financial statement line item.

In the following table, a '#' sign in the 'Variance %' column indicates a percentage variance of greater than +/- 999 per cent.

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Operating Statement Line Items					
Revenue					
Controlled Recurrent Payments	396 794	378 821	17 973	5%	This variance is mainly due to the rollover of appropriation from 2018-2019 to 2019-20 for a number of projects, supplementary funding provided with the 2019-20 Budget Review and Treasurer's Advance funding received during the year. For more information on appropriation movements refer to the 'Controlled Statement of Appropriation'.
Expenses					
Employee Expenses	264 905	246 225	18 680	8%	The variance is mainly due to an extension of temporary job contracts due to the COVID-19 health emergency, additional staff to undertake COVID-19 related tasks and higher leave liabilities. This is partially offset by a reduction in expenses associated with the transfer of staff responsible for the whole of government capital works function to the newly established Major Projects Canberra (MPC) on 1 July 2019, following the Administrative Arrangements (AAs) of that date.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. BUDGETARY REPORTING - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Operating Statement Line Items - Continued					
<i>Expenses - Continued</i>					
Supplies and Services	223 406	238 454	(15 048)	(6%)	The variance is mainly due to the transfer of general operating expenses associated with the whole of government capital works function to MPC on 1 July 2019, following the AAs of that date, the reprofiling of initiative expenditure to 2020-21 and future years, including <i>More jobs for our growing city - Key industry sector development, Smarter government spending - Centralising property custodianship, More and better jobs - Improving infrastructure planning and delivery, Supporting smarter working in the new ACT Government office projects, Demolition of the Belconnen Fire and Ambulance Stations and Digital Canberra (CBR WiFi Free)</i> .
<i>Other Comprehensive Income</i>					
Increase/(Decrease) in the Asset Revaluation Surplus	38 973	-	38 973		# This movement is due to the net impact of the 2020 valuation of ACT Property Group, National Arboretum Canberra, Venues Canberra and Access Canberra assets. CMTEDD does not budget for the valuation of assets.
Balance Sheet Line Items					
<i>Assets</i>					
Cash and Cash Equivalents	80 965	53 318	27 647	52%	The higher amount reflects the timing of cashflows around the end of the financial year.
Receivables - Current	22 250	38 972	(16 722)	(43%)	The lower amount mainly reflects the timing of GST recoveries and the transfer of the whole of capital works function to MPC on 1 July 2019, following the AAs of that date.
Property, Plant and Equipment	1 440 263	1 194 866	245 397	21%	This variance largely reflects the incorporation of the value of lease extension options into right-of-use assets where it has been determined that the lease extensions are likely to be taken up. The impact of lease extension options was not included in the original budget. For more information on AASB16, 'Leases', refer to Note 3, 'Change in Accounting Policy'.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. BUDGETARY REPORTING - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Balance Sheet Line Items - Continued					
Liabilities					
Lease Liabilities - Non-Current	525 731	350 569	175 162	50%	This variance largely reflects the incorporation of lease extension options for accommodation leases where it has been determined that the lease extensions are likely to be taken up. The impact of lease extension options was not included in the original budget. For more information on AASB16, 'Leases', refer to Note 3, 'Change in Accounting Policy'.
Statement of Cash Flows Line Items					
Cash Flows from Operating Activities					
Receipts					
Controlled Recurrent Payments	396 794	378 821	17 973	5%	This variance is mainly due to the rollover of appropriation from 2018-2019 to 2019-20 for a number of projects, supplementary funding provided with the 2019-20 Budget Review and Treasurer's Advance funding received during the year. For more information on the appropriation movements refer to the 'Controlled Statement of Appropriation'.
Sales of Goods and Services from Contracts with Customers	247 610	270 401	(22 791)	(8%)	This variance is largely due to the timing of cash receipts associated with 2018-19 sales, and revenue forgone as a result of cancelled events and rental waivers provided to support non-ACT Government tenants of ACT Government properties during the COVID-19 health emergency.
Capital Works Receipts	-	589 742	(589 742)	(100%)	The variance is due to the transfer of whole of government capital works function to MPC on 1 July 2019, following the AAs of that date.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. BUDGETARY REPORTING - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Cash Flows Line Items - Continued					
Cash Flows from Operating Activities - Continued					
Payments					
Capital Works	-	589 742	(589 742)	(100%)	The variance is due to the transfer of whole of government capital works function to MPC on 1 July 2019, following the AAs of that date
Cash Flows from Investing Activities					
Payments					
Relating to Purchase of Property, Plant and Equipment	15 244	41 596	(26 352)	(63%)	The variance is mainly due to payments relating to several capital works projects being recorded as property, plant and equipment payments in the original budget, but capital works payments in actual reporting. These initiatives include <i>Building a better city - Civic and Dickson office accommodation</i> and <i>Building a better city – Dickson office accommodation</i> , and <i>More and better jobs - Ensuring continuity of the Human Resources Information Management System</i> .

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. BUDGETARY REPORTING - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Cash Flows Line Items - Continued					
Cash Flows from Investing Activities - Continued					
Payments - Continued					
Relating to Capital Works in Progress	111 049	92 813	18 236	20%	The variance is mainly due to payments relating to several capital works projects being recorded as property, plant and equipment payments in the original budget, but capital works payments in actual reporting. These initiatives include <i>Building a better city - Civic and Dickson office accommodation</i> and <i>Building a better city – Dickson office accommodation</i> , and <i>More and better jobs - Ensuring continuity of the Human Resources Information Management System</i> .
Cash Flows from Financing Activities					
Receipts					
Capital Injections	113 440	130 964	(17 524)	(13%)	This variance is mainly driven by the reprofiling of capital works initiatives from 2019-20 to 2020-21 and future years (-\$31.432 million), including \$25.115 million associated with the new Government Office Building projects, partially offset by the impact of funding rollovers from 2018-19 (\$11.689 million).

Chief Minister, Treasury and Economic Development Directorate

**Territorial Financial Statements for the year
ended 30 June 2020**

Chief Minister, Treasury and Economic Development Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income				
<i>Revenue</i>				
Payments for Expenses on Behalf of the Territory	#	72 319	72 309	85 434
Taxes, Licences, Fees and Fines	30	2 092 258	2 249 509	2 119 995
Land Revenue		46 566	119 013	51 074
Sales of Goods and Services from Contracts with Customers		19 222	22 641	19 604
Grants from the Commonwealth	31	1 883 484	2 004 102	1 913 377
Dividend Revenue	32	128 515	231 299	224 316
Other Revenue		465	369	256
Total Revenue		4 242 829	4 699 242	4 414 056
<i>Gains</i>				
Gain from the Remeasurement of Assets		104	-	738
Total Gains		104	-	738
Total Income		4 242 933	4 699 242	4 414 794
Expenses				
Supplies and Services		12 316	12 178	11 306
Grants and Purchased Services		72 243	52 225	50 331
Cost of Land Sold		33 804	113 042	39 182
Other Expenses	33	9 750	10 073	22 991
Transfer to Government		4 133 079	4 511 724	4 294 906
Total Expenses		4 261 192	4 699 242	4 418 716
Operating Surplus/(Deficit)		(18 259)	-	(3 922)
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase/(Decrease) in the Asset Revaluation Surplus		760	19 697	3 238
Total Other Comprehensive Income/(Deficit)		760	19 697	3 238
Total Comprehensive Income/(Deficit)		(17 499)	19 697	(684)

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

Refer to the Territorial Statement of Appropriation.

Chief Minister, Treasury and Economic Development Directorate
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash		8 869	6 384	17 163
Receivables	34	376 854	650 038	380 096
Inventories and Other Assets		-	1 804	1 457
Total Current Assets		385 723	658 226	398 716
Non-Current Assets				
Receivables	34	188 394	58 072	135 588
Investments		3 925	3 083	3 821
Property	35	287 293	299 998	312 195
Total Non-Current Assets		479 612	361 153	451 604
Total Assets		865 335	1 019 379	850 320
Current Liabilities				
Payables	36	296 458	656 884	400 387
Other Provisions	37	118 964	1 535	4 815
Other Liabilities		212	1 045	360
Total Current Liabilities		415 634	659 464	405 562
Non-Current Liabilities				
Payables	36	188 394	58 072	135 588
Total Non-Current Liabilities		188 394	58 072	135 588
Total Liabilities		604 028	717 536	541 150
Net Assets		261 307	301 843	309 170
Equity				
Accumulated Funds		195 060	200 201	243 683
Asset Revaluation Surplus		66 246	101 642	65 486
Total Equity		261 307	301 843	309 170

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

Chief Minister, Treasury and Economic Development Directorate
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2020

	Accumulated Funds Actual \$'000	Asset Revaluation Surplus Actual \$'000	Total Equity Actual \$'000	Original Budget \$'000
Balance as at 1 July 2019	243 683	65 486	309 170	370 188
Comprehensive Income				
Operating Surplus/(Deficit)	(18 259)	-	(18 259)	-
Increase/(Decrease) in Asset Revaluation Surplus	-	760	760	19 697
Total Comprehensive Income	(18 259)	760	(17 499)	19 697
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	3 414	-	3 414	25 000
Capital (Distributions)	(33 804)	-	(33 804)	(113 042)
Other Movements	25	-	25	-
Total Transactions Involving Owners Affecting Accumulated Funds	(30 365)	-	(30 365)	(88 042)
Balance as at 30 June 2020	195 060	66 246	261 307	301 843
Balance as at 1 July 2018	277 451	62 248	339 700	
Comprehensive Income				
Operating Surplus/(Deficit)	(3 922)	-	(3 922)	
Increase/(Decrease) in the Asset Revaluation Surplus	-	3 238	3 238	
Total Comprehensive Income	(3 922)	3 238	(684)	
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	8 718	-	8 718	
Capital (Distributions)	(38 600)	-	(38 600)	
Other Movements	35	-	35	
Total Transactions Involving Owners Affecting Accumulated Funds	(29 847)	-	(29 847)	
Balance as at 30 June 2019	243 683	65 486	309 170	

The above Statements of Changes in Equity on Behalf of the Territory should be read in conjunction with the accompanying notes.

Chief Minister, Treasury and Economic Development Directorate
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		72 319	72 309	85 434
Taxes, Licences, Fees and Fines		2 119 731	2 232 231	2 052 870
Sales of Goods and Services from Contracts with Customers		19 500	22 591	16 931
Grants received from the Commonwealth		1 999 984	2 002 467	1 913 376
Dividends		61 189	65 784	138 390
Land Rental Receipts		5 792	6 915	6 166
Goods and Services Tax and Other Receipts		3 643	9 927	3 291
Total Receipts from Operating Activities		4 282 158	4 412 224	4 216 458
Payments				
Supplies and Services		12 321	10 543	11 361
Grants and Purchased Services		74 248	52 225	64 385
Transfer of Territory Receipts to the ACT Government		4 203 471	4 342 044	4 120 492
Goods and Services Tax and Other Payments		3 310	6 227	18 302
Total Payments from Operating Activities		4 293 350	4 411 039	4 214 540
Net Cash Inflows/(Outflows) from Operating Activities	40	(11 191)	1 185	1 918
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Land		40 253	111 857	44 190
Total Receipts from Investing Activities		40 253	111 857	44 190
Payments				
Purchase of Land		6 964	25 000	5 448
Total Payment from Investing Activities		6 964	25 000	5 448
Net Cash Inflows/(Outflows) from Investing Activities		33 289	86 857	38 742
Cash Flows from Financing Activities				
Receipts				
Capital Injections from Government		3 414	25 000	8 718
Total Receipts from Financing Activities		3 414	25 000	8 718
Payments				
Distributions to Government		33 804	113 042	38 600
Total Payments from Financing Activities		33 804	113 042	38 600
Net Cash Inflows/(Outflows) from Financing Activities		(30 391)	(88 042)	(29 882)
Net Increase/(Decrease) in Cash and Cash Equivalents		(8 293)	-	10 778
Cash and Cash Equivalents at the Beginning of the Reporting Period		17 163	6 384	6 385
Cash and Cash Equivalents at the End of the Reporting Period	40	8 869	6 384	17 163

The above Statement of Cash Flows on Behalf of the Territory should be read in conjunction with the accompanying notes.

Chief Minister, Treasury and Economic Development Directorate

Territorial Statement of Appropriation

For the Year Ended 30 June 2020

Under the *Financial Management Act 1996* (FMA) funds can be appropriated for Expenses on Behalf of the Territory (EBT). EBT is recognised as revenue when the Directorate gains control over the funding, which occurs upon receipt of cash.

The Directorate receives this appropriation to make payments on behalf of the Territory, mainly relating to grants to non-government organisations and individuals, concessions, and Community Service Obligations (CSOs).

In the following table the:

- *Original Budget* column shows the amounts that appear in the Changes to Appropriation tables in the 2019-20 Budget Papers (These amounts also appear in the Statement of Cash Flows on Behalf of the Territory);
- *Total Appropriated* column includes all appropriation variations occurring after the Original Budget; and
- *Appropriation Drawn* is the total amount of appropriation received during the year (These amounts also appear in the Statement of Cash Flows on Behalf of the Territory).

	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
Territorial				
Payment for Expenses on Behalf of the Territory ¹	72 309	72 413	72 319	85 434
Capital Injections ²	25 000	25 000	3 414	8 718
Total Territorial Appropriation	97 309	97 413	75 733	94 152

¹ The decrease in EBT appropriation drawn in 2019-20 compared to 2018-19 largely reflects receipt of a Treasurer's Advance in 2018-19 to make a compensation payment to Tabcorp ACT following commencement of the ACT Betting Operations Tax on 1 January 2019.

² The decrease in Capital Injections appropriation drawn in 2019-20 compared to 2018-19 is due to a lower than expected take up of land rent blocks under the Land Rent Scheme during 2019-20.

Reconciliation of Territorial Appropriation for 2019-20

The following table and associated footnotes explain the movements between:

- the Original Budget and the Total Appropriated; and
- the Total Appropriated and the Appropriation Drawn.

	Payment for Expenses on Behalf of the Territory \$'000	Capital Injections \$'000
Original Budget	72 309	25 000
Changes in Territorial Appropriation during 2019-20		
s130 - Act of Grace Payments ³	104	-
Total Change in Territorial Appropriation during 2019-20	104	-
Total Appropriated	72 413	25 000
Undrawn Funds ⁴	(94)	(21 586)
Total Appropriation Drawn	72 319	3 414

Chief Minister, Treasury and Economic Development Directorate

Territorial Statement of Appropriation - Continued

For the Year Ended 30 June 2020

Variances between 'Original Budget' and 'Total Appropriated'

- ³ The Directorate's EBT was increased to enable land tax and general rates refunds to be paid to eligible individuals in the form of act of grace payments.

Variances between 'Total Appropriated' and 'Appropriation Drawn'

- ⁴ The EBT appropriation remaining undrawn as at 30 June 2020 is due to the increased appropriation provided to make act of grace payments not being drawn. The act of grace payments, however, were made by the Directorate prior to 30 June 2020 out of pre-existing appropriation.

The undrawn Capital Injections appropriation results from a lower than expected take up of land rent blocks under the Land Rent Scheme during 2019-20.

Chief Minister, Treasury and Economic Development Directorate
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For the Year Ended 30 June 2020

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Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

INCOME NOTES – TERRITORIAL

Revenue Recognition Policy

The Payment for Expenses on Behalf of the Territory is recognised as revenue when the Directorate gains control over the funding, which is obtained upon the receipt of the cash.

Impact of COVID-19

The Directorate's territorial revenue has been impacted by the COVID-19 health emergency, largely through the Government's Economic Stimulus Packages that provided for a range of taxation and fee relief in the form of rebates, deferrals and freezes to support local business and industry, families and households, community and non-government organisation partners.

NOTE 30. TAXES, LICENCES, FEES AND FINES - TERRITORIAL

Taxes are recognised as revenue when an assessment is raised.

Licence revenue, apart from short-term licenses (12 months or less) and low-value licenses (\$10,000 or less) are recognised consistent with the licence's performance obligations. In which case licence revenue is either recognised when the licence is issued or amortised over the licence term.

Payroll tax revenue is recognised in the period the return relates to.

Fees are generally either recognised as revenue at the time of receipt or when the fee is incurred. Water abstraction charges are recognised over time as water is abstracted.

Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payment, the penalty amount is recognised as revenue on issue of the late payment notice.

	2020	2019
	\$'000	\$'000
Taxes		
General Rates and Land Tax	740 988	695 876
Duties and Levies ¹	349 992	391 325
Payroll Tax and Income Tax Equivalents	604 604	656 337
Other Taxes	73 617	72 055
Total Taxes	1 769 201	1 815 593
Licences		
Driver's Licences	13 791	14 194
Other Licences	3 490	3 393
Total Licences	17 281	17 587
Fees		
Fees for Regulatory Services	230 892	216 204
Water Abstraction Charge ²	35 001	31 614
Total Fees	265 893	247 818
Fines		
Traffic and Other Fines ³	25 758	23 894
Parking Fines	14 125	15 103
Total Fines	39 883	38 997
Total Taxes, Licences, Fees and Fines	2 092 258	2 119 995

Chief Minister, Treasury and Economic Development Directorate

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 30. TAXES, LICENCES, FEES AND FINES - TERRITORIAL - CONTINUED

¹ This variance largely reflects decreases in:

- residential conveyancing duty, mainly reflecting lower land sales due to subdued property market conditions and a take up of Home Buyer Concessions following the discontinuation of the First Home Owner's Grant, which result in home buyers not having to pay the duty; and
- commercial conveyancing duty, due to fewer ownership transfers of high value properties and a larger number of low value property transfers, for which no duty is payable;

partially offset by increases in:

- motor vehicle stamp duties as a result of vehicles purchased by persons who had cars written-off in the January 2020 hailstorm;
- the fire and emergency services levy due to annual indexation; and
- the ambulance levy due to higher health insurance contributions.

² This variance is mainly due to an increase in the water abstraction charge per kilolitre in 2019-20 to recover catchment management and environmental costs associated with water extraction.

³ This increase is mainly due to fixed and red-light traffic cameras on Northbourne Avenue returning to normal operations following completion of the Light Rail in April 2019.

NOTE 31. GRANTS FROM THE COMMONWEALTH - TERRITORIAL

All Commonwealth Government Grants are recognised as revenue when the Directorate gains control over the grant received or receivable, which occurs in most cases when cash is received.

The Directorate receives Commonwealth Grants on behalf of the Territory. This includes General Revenue Assistance (GRA), National Specific Purpose Payments (SPPs), National Reform Payments (NRPs), National Partnership Payments (NPPs) and grants specific to local government functions. Under Federal financial arrangements, CMTEDD receives the majority of the Commonwealth Grant funding on behalf of the Territory. All grant funding received is immediately transferred to the Territory Banking Account (TBA). Funds are then appropriated to ACT Government agencies, as required, for management of the related service output/s.

- *General Revenue Assistance*: includes GST and Municipal Services payments. GST payments represent the distribution of GST revenue collected by the Commonwealth Government and on-passed to State and Territory Governments without conditions attached. Municipal Services payments represent Commonwealth grants for assistance for water and sewage services and national capital influences, which compensate the Territory for a number of factors, such as 'rating disability', due to the number of national institutions in the ACT that cannot be taxed.
- *National Specific Purpose Payments and National Reform Payments*: are Commonwealth contributions to support the delivery of services in a particular sector.
- *National Partnership Payments*: are Commonwealth payments in respect of a National Partnership Agreement to support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.
- *Other Commonwealth Grants*: represent Financial Assistance Grants for Local Governments (FAGs), which are paid outside of the federal funding framework, for on-passage to local governments. As the ACT Government also has responsibility for municipal functions, the FAGs are paid direct to the Territory to be spent according to the Territory's budget priorities.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 31. GRANTS FROM COMMONWEALTH - TERRITORIAL - CONTINUED

	2020 \$'000	2019 \$'000
General Revenue Assistance		
GST Revenue Grant	1 239 910	1 308 527
ACT Municipal Services	40 677	40 115
Total General Revenue Assistance	1 280 587	1 348 641
National Specific Purpose, Reform and Partnership Payments		
National Specific Purpose Payments and National Reform Payments	445 041	407 487
National Partnership Payments	102 748	103 353
Total National Specific Purpose, Reform and Partnership Payments	547 789	510 840
Other Commonwealth Grants		
Financial Assistance Grants for Local Government	55 108	53 895
Total Other Commonwealth Grants	55 108	53 895
Total Grants from the Commonwealth	1 883 484	1 913 377

NOTE 32. DIVIDEND REVENUE - TERRITORIAL

Dividend revenue is recognised when the Directorate's right to receive payment is established.

The Directorate collects dividends from several ACT Government entities. The reported dividend revenue reflects dividends declared by those agencies. For further information regarding the dividends declared and/or performance of the agencies listed below, refer to the respective agency's 2019-20 Financial Statements.

Public Trading Enterprises Sector Dividends

Icon Water Limited	51 278	67 780
Suburban Land Agency (SLA)	67 531	190 997
<i>less: SLA Dividend Reprieve</i> ¹	-	(34 215)
City Renewal Authority (CRA)	11 713	867
<i>less: CRA Dividend Reprieve</i> ¹	(2 008)	(1 113)
Total Dividend Revenue	128 515	224 316

¹ These items reflect dividend reprieves provided to SLA and CRA, as approved by the Treasurer in 2018-19.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

EXPENSE NOTES – TERRITORIAL

NOTE 33. OTHER EXPENSES - TERRITORIAL

Territorial other expenses includes act of grace payments, waivers, impairment losses, write-offs, and losses on investments on the Territory's investment in the Canberra Business Development Fund (CBDF).

Act of Grace Payments

Under Section 130 of the *Financial Management Act 1996* (FMA) the Treasurer may, in writing, authorise act of grace payments to be made by the Territory.

Act of grace payments are a method of providing equitable remedies to entities or individuals that may have been unfairly disadvantaged by the Government, but have no legal claim to the payment.

Waivers

Debts that are waived under Section 131 of the FMA are expensed during the year in which the right to payment was waived. There are also a number of Legislative provisions, including section 15(2)(b) of the *Court Procedure Act 2004* and Part 3 Section 31G of the *Road Transport (General) Act 1999* that allow the Courts and the Office of Regulatory Services (ORS), Access Canberra, to make decisions to waive the payment of debt owing to the Directorate on behalf of the Territory from third parties.

Expected Credit Losses and Write-Offs - Receivables

For more information about expected credit loss allowances and write-off of territorial receivables, see Note 34, 'Receivables - Territorial'.

	2020 \$'000	2019 \$'000
Act of Grace Payments ¹	114	59
Waivers ^{1, 2}	3 892	2 189
Impairment Losses and Write-Offs	5 731	5 602
Other ³	13	15 141
Total Other Expenses	9 750	22 991

¹ The number and value of act of grace payments and waivers provided and impairment losses and write-offs recorded are as follows.

	No. of Items	2020 \$'000	No. of Items	2019 \$'000
Payments Relating to Refund of Fees	167	114	121	59
Total Act of Grace Payments	167	114	121	59
Payroll Tax Waivers	78	3 299	4	1 820
Other Waivers	451	593	260	369
Total Waivers	529	3 892	264	2 189

² This increase is largely due to the number of payroll tax waivers to provide support to local business during the COVID-19 health emergency.

³ This decrease is largely due to the one-off payment of compensation to Tabcorp ACT made in 2018-19.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

ASSET NOTES – TERRITORIAL

Assets – Current and Non-Current

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets that do not fall within the current classification are classified as non-current.

Cash - Territorial

The Directorate holds a number of bank accounts with the Westpac Bank as part of the whole of government banking arrangements. Under these arrangements, the Directorate does not earn interest on the balances of its territorial bank accounts. The Directorate's territorial bank accounts generally do not hold cash balances for long periods of time. The end of year balances usually reflect appropriation drawn down prior to the end of the financial year for payments that are required within the first few weeks of the new financial year.

NOTE 34. RECEIVABLES - TERRITORIAL

The Directorate's territorial trade receivables arise from the collection of general rates, duties, land rent, levies, fees, fines, payroll tax and income tax equivalents. These are generally due within 30 days after the issue of the notice and/or assessment letters unless other due dates are specified in the notice/assessment letter. In the event of a tax default by taxpayers, under Section 25 of the *Taxation Administration Act 1999* (TAA), the taxpayer is liable to pay interest on the overdue amount. The interest is charged according to Section 26 of the TAA, which is the sum of the market and premium rate, except for rates, land rent and land tax. Interest is charged according to Section 21 of the *Rates Act 2004* for rates, Section 19 of the *Land Tax Act 2004* for land tax and Section 21 of the *Land Rent Act 2008* for land rent.

In some cases, the Directorate enters into arrangements (such as deferred payments or use of payment plans) with some taxpayers under Section 52 of the TAA when payment is not received by the due date.

Significant Accounting Judgements and Estimates - Allowance for Impairment Losses

The Directorate has made a significant estimate in the calculation of the allowance for impairment losses for territorial receivables. This is based on several categorisations of receivables, and the use of an expected credit loss provision matrix. The categorisations are considered by management to be appropriate and accurate, based upon the demonstrated pattern of collections in recent financial years, general economic conditions and an assessment of both the current and forecast direction of conditions as at reporting date.

The Directorate also collects dividends from several ACT Government agencies. Where part of the dividend declared is not paid in the year of declaration, the Directorate records a receivable equal to the amount to be paid the following year. For further information regarding the dividends declared and/or performance of the agencies listed in this note, refer to the respective entity's 2019-20 Annual Financial Statements.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

	2020 \$'000	2019 \$'000
Current Receivables		
Fees and Fines ¹	18 770	11 339
Less: Expected Credit Loss Allowance	(6 649)	(5 599)
Total Fees and Fines	12 121	5 740
General Rates ²	102 075	85 685
Land Tax ²	35 353	26 710
Levies	15 680	11 677
Less: Expected Credit Loss Allowance	(2 795)	-
Land Rent	7 776	7 255
Less: Expected Credit Loss Allowance	(3 638)	-
Total Secured Receivables	154 451	131 327
Duties ³	44 662	56 956
Less: Expected Credit Loss Allowance	(5 258)	(124)
Total Unsecured Receivables	39 404	56 832
Payroll Tax	16 746	14 427
Less: Expected Credit Loss Allowance	(224)	(4 054)
Total Payroll Tax	16 522	10 373
Other	226	189
Total Other Receivables	226	189
Total Current Trade Receivables, Fees and Fines	222 724	204 461
Current Dividend Receivables by Agency		
Icon Water Limited	4 127	11 340
City Renewal Authority	9 705	-
Suburban Land Agency	66 230	40 012
Total Current Dividend Receivables ⁴	80 062	51 352
Payroll Tax	51 643	48 580
Duties	6 022	5 237
Income Tax Equivalents ⁵	3 896	53 739
Other Accrued Revenue ¹	12 508	16 727
Total Accrued Revenue	74 069	124 283
Total Current Receivables	376 854	380 096
Non-Current Receivables		
Suburban Land Agency Dividends ⁴	153 533	114 918
Lease Variation Charge Receivables ⁶	34 861	20 670
Total Non-Current Receivables	188 394	135 588
Total Receivables	565 248	515 684

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

	2020 \$'000	2019 \$'000
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Net Trade Receivables, Fees and Fines	7 565	544
Dividend Receivables	233 595	166 270
Accrued Revenue	7 992	63 127
Total Receivables with ACT Government Entities	249 152	229 941
Receivables with Non-ACT Government Entities		
Net Trade Receivables, Fees and Fines	250 020	224 587
Accrued Revenue	66 076	61 156
Total Receivables with Non-ACT Government Entities	316 096	285 743
Total Receivables	565 248	515 684

¹ This increase mostly reflects Icon Water invoicing for 2018-19 Water Abstraction Charges in July 2019 rather than June as per usual practice.

² This increase is largely due to the issue of quarter four notices being delayed in response to the COVID-19 health emergency.

³ This variance mainly reflects decreases in:

- residential conveyancing duty, largely reflecting lower land sales due to subdued property market conditions and a take up of Home Buyer Concessions following the discontinuation of the First Home Owner's Grant, which results in home buyers not having to pay the duty; and
- commercial conveyancing duty, due to fewer ownership transfers of high value properties and a larger number of low value property transfers, for which no duty is payable.

⁴ The overall increase in dividends receivable largely reflects a Government agreement for the Suburban Land Agency (SLA) to defer payment of its outstanding 30 June 2020 dividend payable to be made in instalments over the next four years. For further information regarding the performance and/or activities of these entities refer to the respective entity's 2019-20 Annual Financial Report (refer also Note 32, 'Dividend Revenue - Territorial').

⁵ This decrease reflects Icon Water Limited and the Suburban Land Agency (SLA) moving into deferred tax asset positions by 30 June 2020, due to paying more tax throughout the year than required. As a result, an income tax equivalent payable has been recognised (refer to Note 36, 'Payables - Territorial').

⁶ This increase is due to developers continuing to take up the option to defer payment of lease variation charges under the Lease Variation Charge Deferred Payment Scheme introduced in 2018-19. A corresponding increase in the territorial payable to TBA has been recorded.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

Impairment losses for territorial receivables were recognised in 2018-19 and prior years on an incurred loss basis. The allowance for impairment losses for the Directorate's territorial receivables was determined by whether the debt was secured or unsecured. Land tax, general rates and land rent are secured against the property to which they relate, so the Directorate estimated that all outstanding receivables would be paid on these secured receivables. The allowance for unsecured debts, including payroll tax, duties, First Home Owner's Grants and levies was mainly based on assessments of the likelihood of bankruptcy and past write-offs.

From 2019-20, an 'Expected Credit Loss Expense' is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. CMTEDD has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loss rates are calculated separately for groupings of customers with similar loss patterns. The Directorate has determined there are six material groups for measuring expected credit losses based on the nature of revenue streams. These groups are as follows.

- Secured Receivables – General Rates, Land Tax and Levies.
- Secured Receivables – Land Rent.
- Duties Receivable.
- Payroll Tax Receivable.
- Lease Variation Charge Receivables.
- Fees, Fines and Other Receivables.

The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last three years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

Inter-agency dividends and receivables between ACT Government agencies are expected to have low credit risks. Consequently, the ACT Government's policy is that receivables internal to the ACT Government are not assessed for credit losses.

Impact of COVID-19

It is not yet clear the extent to which the COVID-19 health emergency has impacted CMTEDD's ability to collect outstanding territorial receivables. Some of the Directorate's territorial receivables balances have increased compared to 2018-19 due to a delay in the issue of notices as a result of COVID-19 (refer footnote 2), but it is not yet evident whether taxpayer capacity to pay is a significant issue.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

Expected Credit Loss Allowance Provision Matrix - Ageing of Non-ACT Government Territorial Receivables

Secured Receivables - General Rates, Land Tax and Levies

	Total	Not Overdue	Overdue			
			Less than 30 Days	30 to 60 Days	60 to 90 Days	Greater than 90 Days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020						
Expected Credit Loss Rate	1.83%	0.13%	0.40%	1.43%	2.31%	3.13%
Estimated Total Gross	153 108	59 475	5 752	70	7 002	80 809
Carrying Amount at Default						
Expected Credit Loss	(2 795)	(80)	(23)	(1)	(162)	(2 529)
2019 (Restated)						
Expected Credit Loss Rate	0.96%	0.08%	0.23%	0.66%	1.17%	1.53%
Estimated Total Gross	124 072	35 263	9 556	6 342	3 430	69 481
Carrying Amount at Default						
Expected Credit Loss	(1 193)	(28)	(22)	(42)	(40)	(1 061)

Secured Receivables - Land Rent

2020						
Expected Credit Loss Rate	46.78%	12.95%	23.09%	0.00%	47.06%	50.75%
Estimated Total Gross	7 776	448	498	-	34	6 796
Carrying Amount at Default						
Expected Credit Loss	(3 638)	(58)	(115)	-	(16)	(3 449)
2019 (Restated)						
Expected Credit Loss Rate	39.74%	11.29%	0.00%	30.39%	39.29%	41.92%
Estimated Total Gross	7 255	310	-	543	28	6 374
Carrying Amount at Default						
Expected Credit Loss	(2 883)	(35)	-	(165)	(11)	(2 672)

Duties Territorial Receivables

2020						
Expected Credit Loss Rate	11.77%	2.60%	19.89%	43.09%	52.78%	59.18%
Estimated Total Gross	44 662	36 007	1 926	181	216	6 332
Carrying Amount at Default						
Expected Credit Loss	(5 258)	(936)	(383)	(78)	(114)	(3 747)
2019 (Restated)						
Expected Credit Loss Rate	11.91%	2.91%	18.00%	34.71%	42.90%	48.36%
Estimated Total Gross	56 956	43 247	1 467	4 440	986	6 816
Carrying Amount at Default						
Expected Credit Loss	(6 781)	(1 257)	(264)	(1 541)	(423)	(3 296)

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

Expected Credit Loss Allowance Provision Matrix - Ageing of Non-ACT Government Territorial Receivables - Continued

Payroll Tax Territorial Receivables

	Total \$'000	Not Overdue \$'000	Overdue			
			Less than 30 Days \$'000	30 to 60 Days \$'000	60 to 90 Days \$'000	Greater than 90 Days \$'000
2020						
Expected Credit Loss Rate	1.34%	0.00%	0.76%	1.18%	1.45%	1.62%
Estimated Total Gross	16 746	-	3 796	2 540	2 211	8 199
Carrying Amount at Default						
Expected Credit Loss	(224)	-	(29)	(30)	(32)	(133)
2019 (Restated)						
Expected Credit Loss Rate	0.60%	0.47%	0.61%	0.77%	0.75%	0.83%
Estimated Total Gross	14 427	5 139	5 899	1 163	536	1 690
Carrying Amount at Default						
Expected Credit Loss	(87)	(24)	(36)	(9)	(4)	(14)

Lease Variation Charge Territorial Receivables

2020						
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated Total Gross	34 861	34 861	-	-	-	-
Carrying Amount at Default						
Expected Credit Loss	-	-	-	-	-	-
2019 (Restated)						
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated Total Gross	20 670	20 670	-	-	-	-
Carrying Amount at Default						
Expected Credit Loss	-	-	-	-	-	-

Fees, Fines and Other Territorial Receivables

2020						
Expected Credit Loss Rate	35.00%	12.96%	14.86%	25.67%	34.42%	47.61%
Estimated Total Gross	18 996	4 198	1 467	1 227	1 447	10 657
Carrying Amount at Default						
Expected Credit Loss	(6 649)	(544)	(218)	(315)	(498)	(5 074)
2019 (Restated)						
Expected Credit Loss Rate	36.90%	14.60%	18.55%	29.13%	37.80%	51.08%
Estimated Total Gross	16 352	3 089	2 372	1 236	1 119	8 536
Carrying Amount at Default						
Expected Credit Loss	(6 034)	(451)	(440)	(360)	(423)	(4 360)

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 34. RECEIVABLES - TERRITORIAL - CONTINUED

	2020 \$'000	2019 \$'000
Reconciliation of the Loss Allowance for Receivables		
Loss Allowance at the Beginning of the Reporting Period	(9 777)	(8 832)
Change in Accounting Policy (refer Note 3, 'Change in Accounting Policy and Net Effect of Correction of Prior Period Errors')	(7 201)	-
Restated Loss Allowance at the Beginning of the Reporting Period	(16 978)	(8 832)
Additional Allowance Recognised During the Reporting Period	-	(2 247)
Reduction in Allowance from Amount Written Back against Receivables	64	1 302
Expected Credit Loss Expense	(1 651)	-
Loss Allowance at the End of the Reporting Period	(18 565)	(9 777)

NOTE 35. PROPERTY - TERRITORIAL

Property includes land, but not assets held for sale or investment properties.

Land includes leasehold land held by CMTEDD on behalf of the Territory for the Land Rent Scheme (the Scheme), which commenced on 1 July 2008. The Scheme is part of the ACT Government's Affordable Housing Action Plan and it provides the public with the option of renting blocks of residential land rather than purchasing the land outright. CMTEDD purchases the land from the Suburban Land Agency (SLA). As at 30 June 2020, CMTEDD held 813 land blocks (905 blocks as at 30 June 2019) rented under the Scheme.

Valuation of Property

The ACT Valuation Office has performed revaluations on CMTEDD's land rent assets. The latest valuation of land assets was performed as at 1 January 2020. The purchase price of all blocks purchased after 1 January 2020 is approximately fair value.

Reconciliation of Property

The following table shows the movement of Property during 2019-20 and 2018-19.

Carrying Amount at the Beginning of the Reporting Period	312 195	342 344
Additions	6 964	5 448
Cost of Assets Sold and Reclassified as Inventories ^a	(32 626)	(38 835)
De-recognition of Revaluation Increment for Assets Sold	(8 483)	(8 787)
Revaluation Increment/(Decrement)	9 243	12 025
Carrying Amount at the End of the Reporting Period	287 293	312 195

^a Land Rent blocks are reclassified as inventory when they become the subject of either an application for sale or lease surrender. The Land Rent blocks reclassified as inventory are usually sold within 12 months.

Fair Value Hierarchy

The Directorate is required to classify property into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. Refer to the Fair Value explanation in Note 12, 'Property, Plant and Equipment', for more information.

Transfers Between Categories

The Directorate's property is classified as Level 2, and there were no transfers between Levels 1, 2 and 3 during the current or previous reporting period.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 35. PROPERTY - TERRITORIAL - CONTINUED

Valuation Techniques, Inputs and Processes

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value land is the market approach that reflects recent transaction prices for similar properties (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

LIABILITY NOTES – TERRITORIAL

Liabilities - Current and Non-Current

Liabilities are classified as current or non-current in the Statement of Assets and Liabilities on Behalf of the Territory and in the relevant notes. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities that do not fall within the current classification, are classified as non-current.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 36. PAYABLES - TERRITORIAL

The Directorate collects the majority of the Territory's taxes, licences, fees and fines revenue, as well as dividends from several ACT Government agencies. Where an amount of taxes, fees or fines revenue has not been collected by the end of the financial year, or part of a declared dividend is not paid in the year of declaration, the Directorate records a receivable equal to the amount to be paid the following year. Whenever the Directorate is required to record a receivable, an equivalent payable to the Territory Banking Account (TBA) is also recorded, as all Territorial revenue received must be forwarded to the TBA immediately after receipt.

	2020 \$'000	2019 \$'000
Current Payables		
Trade Payables	308	481
Income Tax Equivalents ¹	20 548	-
Accrued Expenses	15 161	17 631
Payable to TBA (including accruals) ²	260 355	382 143
Net Goods and Services Tax Payable to the Australian Taxation Office	86	132
Total Current Payables	296 458	400 387
Non-Current Payables		
Payable to TBA (including accruals) ³	188 394	135 588
Total Non-Current Payables	188 394	135 588
Total Payables	484 852	535 975
Payables are Aged as Follows:		
Not Overdue	484 850	535 827
Overdue for Less than 30 Days	2	148
Total Payables	484 852	535 975
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Accrued Expenses	24 197	10 740
Payable to TBA (including accruals)	448 749	517 731
Total Payables with ACT Government Entities	472 946	528 471
Payables with Non-ACT Government Entities		
Trade Payables	308	481
Accrued Expenses	11 512	6 891
Net Goods and Services Tax Payable to the Australian Taxation Office	86	132
Total Payables with Non-ACT Government Entities	11 906	7 504
Total Payables	484 852	535 975

¹ This increase reflects Icon Water Limited and the Suburban Land Agency (SLA) moving into deferred tax asset positions by 30 June 2020, due to paying more tax throughout the year than required.

² This decrease mainly reflects the impact of the Commonwealth recouping a \$116 million overpayment of GST Revenue provided during 2019-20 by offsetting it from GST Revenue in 2020-21. A provision for the 'refund' of GST has been recorded in Other Provisions.

³ This increase reflects all of SLA's outstanding dividends scheduled to be paid more than a year after the period to which they relate.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 37. OTHER PROVISIONS - TERRITORIAL

	2020	2019
	\$'000	\$'000
Current Other Provisions		
Provision for the Refund of Tax	2 464	4 815
Provision for the Refund of GST Revenue	116 500	-
Total Current Other Provisions	118 964	4 815
Total Other Provisions	118 964	4 815

Provision for the Refund of Tax

The Directorate receives taxes from ACT Government, non-ACT Government entities and individuals. In some circumstances, taxes are overpaid by taxpayers. When this occurs, a provision is taken up to account for refunding these payments.

Reconciliation of the Provision for the Refund of Tax

Provision from the Refund of Tax at the Beginning of the Reporting Period	4 815	1 535
Additional Provision Recognised	1 189	4 455
Reduction in the Provision as a Result of Payments	(3 540)	(1 175)
Provision for the Refund of Tax at the End of the Reporting Period	2 464	4 815

Provision for the Refund of GST Revenue

In 2019-20, the Commonwealth paid GST revenue to all jurisdictions based on the GST pool and population numbers included in the Commonwealth's 2019-20 Mid-Year Economic and Fiscal Outlook (MYEFO). Since the release of the Commonwealth's MYEFO, the GST pool has been significantly impacted by the current COVID-19 health emergency, resulting in an estimated reduction in the GST entitlements of each jurisdiction.

Given cash has already been received from the Commonwealth in excess of the ACT's entitlement, this provision reflects the estimated overpayment that will be recouped by the Commonwealth during 2020-21 through reductions in scheduled GST payments.

Reconciliation of the Provision for the Refund of GST Revenue

Provision for the Refund of GST Revenue at the Beginning of the Reporting Period	-	-
Additional Provision Recognised	116 500	-
Provision for the Refund of GST Revenue at the End of the Reporting Period	116 500	-

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

OTHER NOTES - TERRITORIAL

NOTE 38. FINANCIAL INSTRUMENTS - TERRITORIAL

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in the relevant note in these financial statements.

The carrying amount for all financial assets and liabilities reflect their fair value and are non-interest bearing.

The Directorate is not subject to interest rate risk as all of its territorial financial assets and financial liabilities are held in non-interest bearing arrangements.

The Directorate is not subject to liquidity risk, and has an immaterial exposure to price risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Directorate's territorial credit risk is limited to the amount of the financial assets held less any allowance for impairment losses. The Directorate expects to collect all territorial financial assets that are not past due or impaired.

Cash and cash equivalents are held with the Westpac Banking Corporation, in accordance with the whole of government banking arrangements. These arrangements minimise risk by ensuring that cash is held with high quality financial institutions under whole of government banking arrangements.

With regard to taxes, licences, fees and fines receivables, CMTEDD has no choice in providing credit. If the debtor does not pay, the Territory (through the Directorate) has a number of options under the *Taxation Administration Act 1999*, including recovery by court action, power to make a payment arrangement, and garnishee. In the case of unpaid rates, land tax, and land rent, the Directorate has the further option of selling the related property in order to meet outstanding rate debts.

The Directorate manages the credit risk for receivables by regularly monitoring its receivables and issuing monthly statements to overdue account holders (late payers) where required. Other than dividends receivable, there is no significant concentration of credit risk that has been identified in this analysis.

Dividends receivable are not considered a credit risk, as they are from ACT Government entities.

Impact of COVID-19

It is not yet clear the extent to which the COVID-19 health emergency has impacted CMTEDD's ability to collect outstanding territorial receivables. Some of the Directorate's territorial receivables balances have increased compared to 2018-19 (refer Note 34, 'Receivables - Territorial'), but it is not yet evident whether taxpayer capacity to pay is a significant issue. This will continue to be monitored by the Directorate.

NOTE 39. CONTINGENT LIABILITIES - TERRITORIAL

The Directorate's territorial contingent liabilities largely result from claims for damages/costs related to outstanding objections associated with payroll tax and duties and matters being settled by the ACT Government Solicitor's Office.

	2020	2019
	\$'000	\$'000
Claims of Damages/Costs ¹	27 790	33 157
Total Contingent Liabilities	27 790	33 157

¹ This decrease mainly reflects a lower number and value of ACAT appeals and objections to tax assessments and valuations.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 40. CASH FLOW RECONCILIATION - TERRITORIAL

	2020	2019
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the Related Items in the Statement of Assets and Liabilities on Behalf of the Territory		
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	8 869	17 163
Cash at the End of the Reporting as Recorded in the Statement of Cash Flows on Behalf of the Territory	8 869	17 163
Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflows/(Outflows)		
Operating Surplus/(Deficit)	(18 259)	(3 922)
Impairment of Receivables	5 731	2 247
Land at Valuation	(1 457)	(348)
Miscellaneous	308	35
(Gain)/Loss on Investment in Canberra Business Development Fund (CBDF)	(104)	(738)
Add/(Less) Items Classified as Investing or Financing		
Net Proceeds from Sale of Land	(6 449)	(5 008)
Cash Before Changes in Operating Assets and Liabilities	(20 230)	(7 734)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(55 295)	(168 671)
(Increase)/Decrease in Inventories	1 457	329
Increase/(Decrease) in Payables	(51 124)	175 117
Increase/(Decrease) in Other Liabilities	(148)	(403)
Increase/(Decrease) in Other Provisions	114 149	3 280
Net Changes in Operating Assets and Liabilities	9 039	9 652
Net Cash Inflows/(Outflows) from Operating Activities	(11 191)	1 918

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 41. BUDGETARY REPORTING - TERRITORIAL

The following are brief explanations of major line item variances between the 2019-20 Original budget (as published in the 2019-20 Budget Statements) and the 2019-20 actual outcomes. The Original Budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with the Directorate's annual financial statements.

Significant Accounting Judgements and Estimates

Significant judgements have been applied in determining what variances are considered as 'major variances'. Variances are considered to be major variances if **both**:

- the line item is a significant line item: that is, the line item's actual amount accounts for more than 10% of the relevant associated category (e.g. Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- the variances (original budget to actual) are greater than plus (+) or minus (-) **5% and \$15 million** for the financial statement line item.

In the following table, a '#' sign in the 'Variance %' column indicates a percentage variance of greater than +/- 999 per cent.

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Income and Expenses on Behalf of the Territory Line Items					
Revenue					
Taxes, Licences, Fees and Fines	2 092 258	2 249 509	(157 251)	(7%)	This variance is mainly driven by the impact of the COVID-19 health emergency, largely through the Government's Economic Stimulus Packages that provided for a range of taxation and fee relief in the form of rebates, deferrals and freezes to support local business and industry, families and households, community and non-government organisation partners.
Grants from the Commonwealth	1 883 484	2 004 102	(120 618)	(6%)	This variance is mainly due to lower GST revenue from the Commonwealth. In 2019-20, the Commonwealth paid GST revenue to all jurisdictions based on the GST pool and population numbers included in the Commonwealth's 2019-20 Mid-Year Economic and Fiscal Outlook (MYEFO). Since the release of the Commonwealth's MYEFO the GST pool has been significantly impacted by the current COVID-19 health emergency, resulting in an estimated reduction in the GST entitlements of each jurisdiction, and a reduction in the Directorate's territorial revenue.

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 41. BUDGETARY REPORTING - TERRITORIAL - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Income and Expenses on Behalf of the Territory Line Items - Continued					
Expenses					
Transfer to Government	4 133 079	4 511 724	(378 645)	(8%)	This variance is mainly driven by lower revenue from taxes, fees and fines and grants from Commonwealth, as mentioned earlier in this note; and dividend revenue, reflecting the performance of dividend paying ACT Government agencies.
Other Comprehensive Income					
Increase/(Decrease) in the Asset Revaluation Reserve	760	19 697	(18 937)	(96%)	This variance reflects a lower December 2019 revaluation of land rent property assets compared to a budget estimate, which is based on historical revaluation outcomes.
Statement of Assets and Liabilities on Behalf of the Territory Line Items					
Assets					
Receivables - Current	376 854	650 038	(273 184)	(42%)	This variance is mainly due to lower dividends from the Suburban Land Agency (SLA) due to the deferral of dividend payments to future years, and Icon Water Limited and the Suburban Land Agency (SLA) moving into deferred tax asset positions by 30 June 2020, due to paying more tax throughout the year than required.
Receivables - Non-Current	188 394	58 072	130 322	224%	This variance reflects the portion of SLA's outstanding dividends that will be paid more than a year after the period to which they relate, and developers continuing to take up the option to defer payment of lease variation charges under the Lease Variation Charge Deferred Payment Scheme introduced in 2018-19.
Liabilities					
Payables - Current	296 458	656 884	(360 426)	(55%)	This variance largely reflects the higher current receivables, as all funds expected to be received are on-passed to the Territory Banking Account (TBA).

Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 41. BUDGETARY REPORTING - TERRITORIAL - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Assets and Liabilities on Behalf of the Territory Line Items - Continued					
Liabilities - Continued					
Other Provisions	118 964	1 535	117 429		# In 2019-20, the ACT received GST revenue from the Commonwealth in excess of ACT's entitlement. The higher provision largely reflects the estimated overpayment that will be recouped by the Commonwealth during 2020-21 through reductions in scheduled GST payments. Refer Note 37, 'Other Provisions', for further details.
Payables - Non-Current	188 394	58 072	130 322	224%	This variance reflects the higher non-current receivables, as all funds expected to be received are on-passed to the TBA.

Statement of Cash Flows on Behalf of the Territory Line Items

Cash Flows from Operating Activities

Receipts

Taxes, Licences, Fees and Fines	2 119 731	2 232 231	(112 500)	(5%)	This variance is mainly driven by the impact of the COVID-19 health emergency, largely through the Government's Economic Stimulus Packages that provided for a range of taxation and fee relief in the form of rebates, deferrals and freezes to support local business and industry, families and households, community and non-government organisation partners.
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Cash Flows from Investing Activities

Receipts

Proceeds from the Sale of Land	40 253	111 857	(71 604)	(64%)	This variance reflects fewer than expected sales of Land Rent blocks to eligible lessees.
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Chief Minister, Treasury and Economic Development Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 41. BUDGETARY REPORTING - TERRITORIAL - CONTINUED

	Actual 2019-20 \$'000	Original Budget 2019-20 \$'000	Variance \$'000	Variance %	Explanation of Variances
Statement of Cash Flows on Behalf of the Territory Line Items - Continued					
Cash Flows from Investing Activities - Continued					
Payments					
Purchase of Land	6 964	25 000	(18 036)	(72%)	This variance represents fewer than expected purchases of Land Rent blocks from the Suburban Land Agency (SLA) due to a lower than expected take up of land renters into the Land Rent scheme.
Cash Flows from Financing Activities					
Receipts					
Capital Injections from Government	3 414	25 000	(21 586)	(86%)	This variance is driven by a lower than estimated entry of land renters into the Land Rent scheme, resulting in fewer Land Rent block purchases being made from the SLA.
Payments					
Distributions to Government	33 804	113 042	(79 238)	(70%)	This variance reflects fewer than expected Land Rent blocks sales to eligible lessees.

Capital works

Capital works 2019-20

Table 1: 2019-20 Capital works – new, in progress and complete

Projects	Estimated completion date	Original project value (\$'000)	Revised project value (\$'000)	Prior year expenditure (\$'000)	2019-20 Actual expenditure (\$'000)	Total expenditure to date (\$'000)
New projects						
2019-20 Better Infrastructure Fund	Sep-20	7,788	7,788	-	7,170	7,170
ACT Land Titles system modernisation	Jun-21	912	912	-	854	854
Better online services through Access Canberra	Jul-20	1,000	1,000	-	581	581
Delivering the Home of Football at Throsby	Jun-22	20,000	20,000	-	30	30
Delivering graduated licensing to reduce road deaths and accidents	Sep-20	100	100	-	72	72
Further works for a new Rectangular Canberra Stadium	Aug-20	200	200	-	138	138
Meeting future ACT government accommodation needs	Jun-22	9,138	9,138	-	180	180
Moving delivery of more community services online	Mar-21	7,368	7,368	-	4,813	4,813
More facilities for Stromlo Forest Park	Jun-21	200	200	-	31	31
Oracle Whole of Government licensing	Jun-21	3,700	3,700	-	3,633	3,633
Replacing the Human Resource Information Management System	Jul-21	33,708	33,708	-	8,455	8,455
Strengthening security at GIO Stadium	Sep-20	440	440	-	322	322
Supporting smarter working in the new ACT Government office projects	Jun-21	9,884	9,884	-	973	973
Upgrading local arts facilities	Jun-22	1,675	1,675	-	136	136

Projects	Estimated completion date	Original project value (\$'000)	Revised project value (\$'000)	Prior year expenditure (\$'000)	2019-20 Actual expenditure (\$'000)	Total expenditure to date (\$'000)
Upgrading local community centres	Jun-23	1,000	1,000	-	-	-
Works in progress						
Better Government – Boosting government digital security	Jun-22	1,178	1,178	578	126	704
Better Government – Streamlining debt management	Sep-20	592	592	159	267	426
Better support when it matters – Protecting vulnerable Canberrans	Ongoing - \$313,000 per annum			3,698	382	4,080
Better Services – Weston Creek and Stromlo swimming pool and leisure centre	Dec-20	33,000	33,000	15,118	18,121	33,239
Building a better city – Civic and Dickson office accommodation	Nov-20	39,544	39,544	4,859	12,950	17,809
Building a better city – Dickson office accommodation	Jun-21	26,000	26,000	6,658	18,556	25,214
Building a better city – Improving major venues	Dec-20	1,000	1,000	535	290	825
Building a better city – Indoor Sports Centres – Early planning	Jun-21	160	160	2	83	85
CBR Free Wifi	Jun-21	-	547	339	1	340
Fairer revenue – Strengthening the mobile safety camera network	Dec-20	238	238	-	-	-
Government Budget Management System	Jun-23	5,302	5,302	2,222	143	2,365
Improving Road Safety – Traffic camera adjudication system upgrades	Jul-20	1,160	1,160	749	182	931
Keeping our growing city moving – Keeping Canberrans safe on our roads	Mar-21	1,400	1,400	66	-	66
Learning Management System	Jun-21	500	500	-	115	115
More jobs for our growing city – Better arts facilities	Jun-21	250	250	75	46	121

Projects	Estimated completion date	Original project value (\$'000)	Revised project value (\$'000)	Prior year expenditure (\$'000)	2019-20 Actual expenditure (\$'000)	Total expenditure to date (\$'000)
More jobs for our growing city – Better facilities for GIO Stadium	Feb-21	3,331	3,331	441	2,709	3,150
More jobs for our growing city – Better facilities for Manuka Oval	Sep-20	2,741	2,741	75	2,071	2,146
More jobs for our growing city – Better infrastructure at the National Arboretum	Jul-20	2,401	2,401	6	1,634	1,640
More jobs for our growing city – Early planning for an upgraded amphitheatre at the National Arboretum Canberra - Capital Component	Jul-20	120	120	-	48	48
More jobs for our growing city – Early planning for an upgraded amphitheatre at the National Arboretum Canberra - Expense Component	Jul-20	90	90	-	157	157
More jobs for our growing city – Government facilities upgrade	Jun-22	7,500	7,500	121	2,658	2,779
More jobs for our growing city – New tracks and trails at the National Arboretum	Aug-20	450	450	196	220	416
More services for our suburbs – Upgrading the Old Kingston Bus Depot	Jun-21	5,953	5,953	-	175	175
More support for families and inclusion – Delivering a new Compulsory Third Party Insurance scheme	Sep-20	2,939	2,939	896	1,613	2,509
More and better jobs – Data analytics for smarter policy	Jun-21	995	995	410	255	665
More and better jobs – Expanding Belconnen Arts Centre	Jun-21	15,000	15,000	4,197	10,337	14,534
More and better jobs – Improving Manuka Oval facilities – Stage 2	Sep-20	3,706	3,706	3,622	-	3,622

Projects	Estimated completion date	Original project value (\$'000)	Revised project value (\$'000)	Prior year expenditure (\$'000)	2019-20 Actual expenditure (\$'000)	Total expenditure to date (\$'000)
More and better jobs – Modernising government ICT infrastructure	Jun-21	15,001	15,001	6,237	2,930	9,167
Office Accommodation	Ongoing - \$500,000 per annum			3,426	226	3,652
Public Arts Scheme	Jun-21	7,571	7,348	7,246	-	7,246
Rego ACT – Ongoing Investment	Ongoing - \$431,000 per annum			4,734	429	5,163
Smarter Regulation – Red tape reduction	Nov-20	2,510	2,510	1,359	912	2,271
Stromlo Forest Park – Enclosed Oval (Early Planning)	Dec-20	200	200	41	-	41
Stromlo Forest Park – Implementation of bushfire management plan	Jul-20	1,650	1,650	637	13	650
Throsby – Multisport Complex (Design)	Dec-20	500	500	321	56	377
Complete (pending final physical and financial acquittal)						
2018-19 Better Infrastructure Fund	Complete	7,956	7,956	6,545	1,368	7,913
Better Government – National Facial Biometric Matching Service	Complete	224	224	200	24	224
Canberra Theatre – Temporary Carpark	Complete	-	1,200	1,092	13	1,105
Canberra Regional Visitors Centre Relocation	Complete	-	5,294	5,257	34	5,291
Commonwealth Grants – National Register of Foreign Ownership of Land Titles	Complete	800	694	689	4	693
iConnect – CRM, Secure Online Correspondence, Authentication, Identity and Access Management for customers	Complete	15,875	20,065	19,366	699	20,065
Improved Arts Facilities for Canberra – Street Theatre	Complete	180	180	143	41	184
Land Title Business System Modernisation	Complete	1,790	1,790	1,698	92	1,790

Projects	Estimated completion date	Original project value (\$'000)	Revised project value (\$'000)	Prior year expenditure (\$'000)	2019-20 Actual expenditure (\$'000)	Total expenditure to date (\$'000)
More Men's Sheds	Complete	200	200	140	60	200
More and better jobs – Ensuring continuity of the Human Resources Information Management System	Complete	11,000	11,000	5,964	5,036	11,000
More and better jobs – Canberra Theatre Complex community consultation	Complete	100	100	1	-	1
More Efficient Public Service Administration – Long service leave calculations	Complete	1,883	1,883	2,102	-	2,102
More jobs for our growing city – Better facilities for the Tuggeranong Rowing Club	Complete	200	200	-	200	200

Reconciliation schedules

Table 2: Reconciliation of current year capital works program financing to capital injection as per cash flow statement

	\$'000
Original capital injection financing	130,964
Add: Capital works program projects funded by Controlled Recurrent Payments	2,063
Original capital works program financing	133,027
Add: Instruments and other variations	22,016
Less: Net reprofiling of funding from 2019-20 to future years	-29,432
Less: Savings returned to Budget	-2,249
Revised capital works program budgeted financing	123,362
Less: Revised funding for capital works projects funded by Controlled Recurrent Payments	-2,274
Less: Provision for capital injection rollovers from 2019-20 to 2020-21	-7,648
Actual capital injection financing	113,440
Capital injections per cash flow statement	113,440
Variance	-

Asset management

Assets managed

The directorate managed assets with a total value of \$1,111.1 million as at 30 June 2020, comprising \$931.8 million of property, plant and equipment, \$63.8 million of intangible assets, \$107.6 million of capital works in progress and \$7.9 million of investment property. The managed assets exclude the value of Right of Use (ROU) assets associated with leases, as ROU assets are not physical assets. The value of ROU assets as at 30 June 2020 are \$505.4 million for buildings and \$3 million for plant and equipment.

Assets managed by CMTEDD as at 30 June 2020 are summarised in the following table.

Table 3: Assets managed by CMTEDD as at 30 June 2020

Asset	Property, plant and equipment (\$million)	Intangible assets (\$million)	Capital works in progress (\$million)	Investment property (\$million)	Total value (\$million)
Land	285.9	0.0	0.0	7.9	293.8
Land improvements	6.4	0.0	0.0	0.0	6.4
Buildings	379.6	0.0	27.8	0.0	418.5
Leasehold improvements	48.6	0.0	11.1	0.0	48.6
Plant and equipment	42.3	0.0	0.1	0.0	42.4
Community and heritage assets	125.1	0.0	18.2	0.0	143.3
Infrastructure assets	43.9	0.0	11.5	0.0	55.4
Intangible assets	0.0	63.8	33.6	0.0	97.4
Other works	0.0	0.0	5.3	0.0	5.3
Total	931.8	63.8	107.6	7.9	1,111.1

During 2019-20, additions to CMTEDD's assets included:

- \$114.9 million for the completion, or partial completion to a usable stage, of capital works projects, including the construction of the new Weston Creek and Stromlo Aquatic Leisure Centre, the expansion of the Belconnen Arts Centre and fit-out works for the Dickson and Civic Government Office Buildings, as well as other minor projects.
- \$40.3 million related to the net impact of the 2020 valuation of ACT Property Group (ACTPG), National Arboretum Canberra (NAC), Access Canberra and Venues Canberra assets.
- \$13.2 million mainly for the acquisition of laptops, monitors, IT Infrastructure and desktop equipment, including the replacement of obsolete equipment.

During 2019-20, decreases in the directorate's assets included:

- \$53.0 million relating to the annual depreciation and amortisation of assets.
- \$6.9 million from the transfer of the Project Management and Reporting System (PMARS) project, along with the whole of government capital works function to the newly established Major Projects Canberra on 1 July 2019, following the Administrative Arrangements of that date.

On 30 June 2020, the directorate had eleven properties that were not being utilised by the directorate or had been identified as potentially surplus. These are:

- Fyshwick Depot, 141 Canberra Ave – on divestment list.
- Westlund House, City – on divestment list.
- Wakefield Gardens, Ainslie – to be refurbished in 2020-21.
- Finlay St Depot, Gowrie – to be upgraded for occupancy.
- Throsby St Depot, Griffith – to be cleaned up for re-occupancy.
- Belconnen Traffic Centre – on divestment list.
- Canberra Brickworks, Yarralumla – to be transferred to the Suburban Land Agency.
- Newcastle House, Fyshwick – on divestment list.
- Lyneham Depot – to be transferred to the Environment, Planning and Sustainable Development Directorate.
- Gold Creek Homestead – on divestment list.
- Couranga and Tralee Homestead, Hume – on divestment list.

Asset maintenance and upgrades

There were several asset upgrades funded outside the capital works program in 2019-20, which related to Aquatic Centres, Belconnen Ambulance Fire Station and Callam Offices.

The expenditure on repairs and maintenance was \$42.8 million, which represented 3.2 percent of the Directorate's total insured asset replacement value.

In 2019-20, the directorate conducted 15 building condition assessments, equivalent to 5 per cent of the directorate's buildings, 60 hazardous materials reports, equivalent to 21 per cent of the directorate's buildings and 181 routine building inspections, covering 64 per cent of the directorate's buildings.

Accommodation

As at 30 June 2020, CMTEDD occupied a total of 27,909 square metres of office space across 11 locations.

The annual survey of office utilisation occurred when ACT Government office-based staff were primarily working at home or remotely due to COVID-19. This resulted in lower than normal occupancy rates across office buildings (52.6m²). Due to the high variance a second measure was undertaken to count the number of workstations within the office spaces to provide the capacity rates. Using the measure of workstations the capacity rate for CMTEDD would be 10.8m² per workstation.

Table 4: Office utilisation at 30 June 2020¹

Location	Address	Staff numbers on site 30 June ²	Area occupied (m ²)
Winyu House	125 Gungahlin Place, Gungahlin	212	7,620
Canberra Nara Centre	1 Constitution Avenue, Canberra City	71	6,587
Cosmopolitan Centre	21 Bowes Street, Woden	90	2,781
220 Northbourne Avenue	220 Northbourne Avenue, Braddon	10	2,450
Dame Pattie Menzies House	16 Challis Street, Dickson	17	1,661
255 Canberra Avenue	255 Canberra Avenue, Fyshwick	15	1,101
221 London Circuit	221 London Circuit, Canberra City	6	1,536
TransACT House	470 Northbourne Avenue, Dickson	50	1,407
109 Flemington Road	109 Flemington Road, Mitchell	16	1,110
Record Services Mitchell	Building 6, 7, Mitchell	25	1,224
Nature Conservation House ³	153 Emu Bank, Belconnen	0	432
Total		512	27,909

Notes:

1. Data for utilisation rate, staff number, workstation number and office area per location is provided by ACTPG.
2. Staffing numbers are reduced due to whole of government actions in line with steps taken to respond to COVID-19. For employment staffing numbers, refer to the Human Resources Management section in Volume 1 of CMTEDD's Annual Report.
3. Nature Conservation House (NCH). The reduction in space compared to the previous year is due to the formation of Major Projects Canberra (MPC) as an independent directorate. MPC was formerly part of CMTEDD. NCH level 2 is now occupied by Infrastructure, Finance and Reform (5 per cent) and Shared Services (25 per cent).

Other locations

The table above outlines measures for CMTEDD's office-based locations. The directorate's facilities also include the following non-office-based locations:

- The Canberra and Region Visitors' Centre (Regatta Point)
- Exhibition Park in Canberra
- GIO Stadium Canberra
- Manuka Oval
- Stromlo Forest Park
- National Arboretum Canberra
- ACT Academy of Sport (located at the Australian Institute of Sport)
- Hume Motor Vehicle Inspection Station
- Access Canberra Service Centres at Gungahlin, Belconnen, Dickson, Civic and Tuggeranong.

Further information on Capital Works and Asset Management (Assets Managed) sections

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Further information on Asset Management (Accommodation) section

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Government contracting

Aboriginal and Torres Strait Islander Procurement Policy

Table 5: CMTEDD 2019-20 Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP) performance measures in the financial year 2019-20

Number	ATSIPP Performance Measure	Result
1	The number of unique Aboriginal and Torres Strait Islander Enterprises that respond to Territory tender and quotation opportunities issued from the Approved Systems	7
2	The number of unique Aboriginal and Torres Strait Islander Enterprises attributed a value of Addressable Spend in the financial year	24
3	Percentage of the financial year's Addressable Spend of \$270.70 million that is spent with Aboriginal and Torres Strait Islander Enterprises	0.16

Note: CMTEDD's total expenditure with Aboriginal and Torres Strait Islander Enterprises in 2019-20 was \$446,000.

Creative Services Panel expenditure

The Creative Services Panel is a whole of government arrangement for the purchase of creative services, including:

- Advertising
- Marketing
- Communications and engagement
- Digital
- Graphic design
- Photography and video
- Media buying.

During 2019-20, CMTEDD spent a total of **\$1,916,967** through the panel. This includes COVID-19 information campaigns, Floriade and Enlighten. Major purchases through this panel in 2019-20 are published on the ACT Government Contracts Register and are included in the following contract lists.

ACT Government Contracts Register

The online ACT Government Contracts Register records contracts with suppliers of goods, services and works, with a value of \$25,000 or more.

The following tables include details of CMTEDD contracts notified on the ACT Government Contracts Register with an execution date between 1 July 2019 and 30 June 2020. Contracts for all public sector bodies with an annual report annexed to this report are included in this section. This section also includes whole of government contracts arranged by CMTEDD.

In 2019-20 CMTEDD had no exemptions from the secure local jobs code under section 22G of the *Government Procurement Act 2001*.

CMTEDD contracts

Table 6: CMTEDD contracts of \$25,000 or more, executed 1 July 2019 – 30 June 2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
Project No 69406	dataACT	quotation	Services	No	Socrata Inc	174,325	01/07/2019	30/06/2020
ACTGOVRFQ-1-1037	Cooperative Marketing Agreement, VisitCanberra and Concrete Playground	quotation	Services (non-consultancy)	No	Concrete Playground Pty Ltd	165,000	01/07/2019	30/06/2020
CM2019/2516	Provision of Audit and Risk Committee Independent Deputy Chair Services for the Chief Minister Treasury and Economic Development	quotation	Consultancy	No	Johanson, Jennifer	50,000	02/07/2019	23/06/2022
ED20190626CMPC ONFIG	Configuration of CMP in ServiceNow	quotation	Services (non-consultancy)	No	BT Automation Pty Ltd	198,600	08/07/2019	06/09/2019
54639-NCT-001	Feasibility and Forward Design - Proposed Tourist Facility Development	public	Consultancy	No	Tonkin Zulaikha Greer Pty Limited	153,910	12/07/2019	30/09/2019
54638-NCT-001	Feasibility and Forward Design - Amphitheatre Upgrade	public	Consultancy	No	Tonkin Zulaikha Greer Pty Limited	45,680	12/07/2019	30/09/2019
2019.30101.110.2	Provision of Investment Asset Transition Management Services	public	Services (non-consultancy)	No	Citigroup Global Markets Australia Pty Limited	500,000	19/07/2019	18/07/2024
EF22072019	4.5mm Clear PETG covers for WAP Project To Manage Infection Control.	quotation	Goods	No	All Star Plastics Pty Ltd	46,570	22/07/2019	23/07/2019
30160.21	Provision of licenses and professional services for MapR data technology platform	public	Goods	No	Gulanga Group Pty Ltd	535,200	22/07/2019	30/06/2022

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
31063.110	Cisco Hardware Maintenance and Software Support	selective	Services (non-consultancy)	Yes	Cirrus Networks Pty Ltd	5,747,925	25/07/2019	31/03/2022
CM2019/4974	Koomarri Service Agreement	single select	Services (non-consultancy)	Yes	Koomarri	42,000	25/07/2019	09/05/2020
19/113277	Building Condition Audits for ACT Property Group	quotation	Services (non-consultancy)	No	Assetwise Pty Ltd	188,411	29/07/2019	31/07/2020
ACTGOVRFQ-1-1070	Design and supply of the Night Lighting for Floriade NightFest 2019	quotation	Services (non-consultancy)	No	Mandylights Pty Ltd	200,000	30/07/2019	15/12/2020
PSG-DM-6-2019	Data Control Monitoring and Audit Tool for Payroll	quotation	Services (non-consultancy)	No	Satori Assurance Pty Ltd	192,720	31/07/2019	31/07/2021
ACTGOVRFQ-1-1085	Events ACT First Aid Service	selective	Services (non-consultancy)	No	St John Ambulance Australia (Act) Incorporated	73,013	31/07/2019	31/07/2020
ACTGOVRFQ-1-1107	Training Provider Financial Viability Assessment	single select	Services (non-consultancy)	No	Equifax Australasia Credit Ratings Pty Limited	83,720	05/08/2019	30/09/2023
F19200049	Tree Condition Assessment Audit	selective	Works	No	Treeworks (ACT/NSW) Pty Limited	31,370	09/08/2019	09/11/2019
415.229.260	MuleSoft Order Form	single select	Services (non-consultancy)	Yes	MuleSoft, LLC	149,999	14/08/2019	14/08/2020
EVACTID-192	Move and Assemble Flowerbeds, Frames & fountain for Floriade 2019	quotation	Services (non-consultancy)	No	Plantabox Pty Ltd	94,600	15/08/2019	15/12/2019
VC-MO-SN001	Relocation of Manuka Oval Data Network Core Assets	quotation	Services (non-consultancy)	No	OPC IT Limited	97,556	16/08/2019	27/01/2020
F19200068	Albert Hall - Internal Painting	selective	Works	No	Horizon Coatings (ACT) Pty Ltd	113,344	20/08/2019	20/11/2019
ACTGOVRFQ-1-1100	Site Option Analysis to inform potential relocation of REID CIT to Woden Town Centre	quotation	Consultancy	No	Urbis Pty Ltd	142,959	22/08/2019	31/10/2019
634952	Customer experience solution	public	Services (non-consultancy)	No	System Partners Pty Ltd	1,039,223	26/08/2019	25/08/2022
2019.29254.210	Provision of Mailroom and Courier Services	public	Services (non-consultancy)	No	Canon Business Services Australia Pty Ltd	7,298,000	29/08/2019	28/08/2022
ACTGOVRFQ-1-1008	Management of Leisure Facility - Canberra Olympic Pool	quotation	Services (non-consultancy)	No	Young Men's Christian Association of Sydney	208,145	30/08/2019	30/06/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
ACTGOVRFQ-1-1109	Floriade Earthmoving	selective	Services (non-consultancy)	No	Ford Earthmoving Pty Ltd	152,130	30/08/2019	30/09/2020
1908DGO	Executive Search Services	quotation	Consultancy	No	Rossarden Pty Ltd	68,200	02/09/2019	31/01/2020
ACTGOVRFQ-1-1104	ACT Government Stand at Pacific 2019	quotation	Services (non-consultancy)	No	Exponet Pty Ltd	51,195	03/09/2019	18/10/2019
F19200108	Installation of Air Conditioning in South Building	selective	Works	No	King Air Pty Ltd	101,714	04/09/2019	04/12/2019
F19200189	Audio Visual Services for Floriade and NightFest 2019	quotation	Services (non-consultancy)	No	Event Audio Visual Services Pty Ltd	192,000	12/09/2019	25/10/2019
ACTGOVRFQ-1-1094	ACT Government Stand at MilCIS 2019	quotation	Services (non-consultancy)	No	SBX Pty Ltd	26,345	16/09/2019	20/11/2019
ACTGOVRFQ-1-1082	Cooperative Marketing Agreement, VisitCanberra and Expedia	quotation	Services (non-consultancy)	No	Travelscape, LLC d/b/a Expedia Group Media Solutions	132,000	19/09/2019	07/05/2020
1909DGO	Executive Search Services	quotation	Consultancy	No	Chandler Macleod Group Limited	35,200	20/09/2019	17/02/2020
CM635830	Provision of a Free Consumer Legal Service to Low Income and Vulnerable Consumers	single select	Services (non-consultancy)	Yes	C A R E Inc	1,200,000	26/09/2019	03/07/2023
2019.2397.2	Design and Facilitation WWVP Future State	single select	Consultancy	Yes	ThinkPlace Australia Pty Ltd	92,995	27/09/2019	03/10/2019
2019.29777.230	Turf Maintenance Services for Venues Canberra- Stromlo Forest Park	public	Services (non-consultancy)	No	Green Options Pty Limited	707,000	27/09/2019	27/09/2022
F19200215	Replace Electric and Diesel Pumps at Mitchell Depot Pump House	selective	Works	No	Wormald Australia Pty Ltd	52,536	03/10/2019	03/01/2020
DTA RFQ 4334	ACT Government Technology Roadmap Facilitation	quotation	Consultancy	No	Business Aspect Group	29,040	04/10/2019	04/11/2019
2019.29777.220	Turf Management Services for Venues Canberra- GIO Stadium	public	Services (non-consultancy)	No	CB Integrity Pty Ltd	1,900,000	10/10/2019	10/10/2022
CM2190137	Skills Canberra Business Process Review	quotation	Consultancy	No	Policy Partners Pty Ltd	199,000	14/10/2019	20/02/2020
GS001058.210	Supply, Delivery, Preparation and Laying of Turf for Floriade 2019	single select	Goods	Yes	The Trustee for THE MCMAHON FAMILY TRUST	385,000	14/10/2019	30/06/2020
Q-00411-1	StreamSets Software License Premium Edition	quotation	Goods	No	StreamSets	161,940	15/10/2019	14/10/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
F19200280	Concrete Repairs to GIO Stadium	selective	Works	No	Complex Co. Pty Ltd	59,698	18/10/2019	18/01/2020
ACTGOVRFQ-1-1071	Waste and Cleaning Services - Multiple Events 2019-2020	public	Services (non-consultancy)	No	Closed Loop Environmental Solutions Pty Ltd	160,006	21/10/2019	28/02/2020
00777588	Adobe Enterprise Term License Agreement	single select	Services (non-consultancy)	Yes	Adobe Systems Pty Ltd	2,121,464	23/10/2019	22/10/2022
54535-NCT-001	Manuka Oval Temporary LED Video Replay Boards	public	Works	No	kydan pty ltd	222,804	23/10/2019	13/03/2020
2019.31117.210	Executive Producer Services for the Enlighten Festival 2020-2022	public	Services (non-consultancy)	No	Visabel Pty Ltd	401,000	28/10/2019	30/06/2022
2019.31118.210	Executive Producer Services for the Floriade and Nightfest Festivals 2020-2024	public	Services (non-consultancy)	No	Visabel Pty Ltd	935,450	28/10/2019	30/06/2025
CM2190204	Territory Short Form Contract	quotation	Services (non-consultancy)	No	KPMG	55,000	04/11/2019	15/11/2019
F19200364	Mt Rogers Community Centre - Replacement of Fire System	selective	Works	No	The trustee for The Yeo Family Trust	60,368	06/11/2019	06/02/2020
CM3190258	Information and Data Sharing Consultancy	quotation	Consultancy	No	Mentally Friendly Pty Ltd	69,168	07/11/2019	29/02/2020
CM3190101	Wage and Entitlements Information Service for Australian Apprenticeships	quotation	Services (non-consultancy)	No	Canberra Business Chamber Ltd	88,000	11/11/2019	12/11/2021
3010198	Whole of Government Social Enterprise License Agreement	public	Services (non-consultancy)	Yes	SFDC Australia Pty Limited	7,777,499	11/11/2019	10/11/2022
2019.2397.1	Co-Design and User Testing for the Working with Vulnerable People Project	quotation	Consultancy	No	ThinkPlace Australia Pty Ltd	41,300	11/11/2019	06/12/2019
FLO20LandscapeDesign	Landscape Design Floriade 2020	quotation	Services (non-consultancy)	No	OXIGEN Pty Ltd	89,450	14/11/2019	14/05/2021
54142-NCT-01	Better Facilities for GIO Stadium - Second Video Replay Board	public	Works	No	kydan pty ltd	1,768,776	18/11/2019	20/02/2021
CM-02570-BTA	Service Now Technical Consultant	Public	Contract	Yes	BT Automation Pty Ltd	384,000	15/11/2019	17/07/2020
F19200404	Supply and Installation of Catwalks in Roof Space of Building 4, 9 Sandford St Mitchell	selective	Works	No	Aris Building Services Pty Ltd	402,641	19/11/2019	19/02/2020
JH01	Services Agreement Senior Developer CTP/MAISI Project	selective	Services (non-consultancy)	Yes	Project Health Services (Payroll) Pty Ltd	185,929	21/11/2019	30/06/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
636693	Learning Management System and Support Services Agreement	single select	Goods	Yes	Veritec Pty Ltd	223,922	21/11/2019	30/03/2022
F19200492	HVAC Installation for Theatre One, Foyer and Exhaust Fans @ The Street Theatre	Tender	Contract	No	King Air Pty Ltd	212,300	25/11/2019	30/06/2021
CM3190117	Jessica Clark- Soft Tissue Therapy	quotation	Services (non-consultancy)	No	Myogen Performance Movement Therapy Pty Ltd	64,064	26/11/2019	18/11/2020
CM3190110	Fireworks for NYE 2019-20 and Australia day 2020	quotation	Goods	No	Fireworks Australia (Importers) Pty Ltd	159,500	29/11/2019	21/01/2021
GS001067.210B	Analysis of the Impacts and Outcomes of Tax Reform	public	Consultancy	No	Victoria University	46,925	04/12/2019	03/06/2020
F19200516	Floor Coverings at Maitland Community Centre	selective	Works	No	Pike's Flooring Pty Ltd	65,354	05/12/2019	05/03/2020
F19200507	Floor Coverings at Albert Hall	selective	Works	No	Canberra Floorcraft Pty Limited	118,985	05/12/2019	05/03/2020
VC2018550101	Venues Canberra Induction System	quotation	Goods	No	Arventa Pty Ltd	112,167	09/12/2019	13/12/2024
F1 9200543	Marquee supply and fitout-2019-2020	quotation	Goods	No	Mashera Pty Ltd	100,870	10/12/2019	30/06/2020
GS001067.210A	Analysis of the Impacts and Outcomes of Tax Reform	public	Consultancy	No	Australian National University	110,318	11/12/2019	25/05/2020
2019.29777.210	Turf Maintenance Services for Venues Canberra- Manuka Oval	public	Services (non-consultancy)	No	ACT Cricket Association Inc	2,146,113	12/12/2019	12/12/2022
2019.2397.03	Change Management for WWVP-NDIS Project	quotation	Consultancy	No	KPMG	199,592	13/12/2019	30/06/2021
54476-SFC-001	Maxwood Technology	single select	Goods	Yes	Maxwood Technology Australia Limited	98,790	16/12/2019	28/02/2020
2019.30017.210	MASTER CUSTODY AND INVESTMENT ADMINISTRATION SERVICES	public	Services (non-consultancy)	No	The Northern Trust Company	5,500,000	16/12/2019	16/12/2024
54389-NCT-001	Estate Development Plan for Throsby Estate Development Plan (DPF) Home of Football	public	Consultancy	No	SMEC Australia Pty Ltd	499,292	17/12/2019	17/12/2020
SSICT023	Cisco Enterprise Licence Agreement Unified Communications	single select	Services (non-consultancy)	Yes	Cisco Systems Australia Pty Limited	1,710,257	18/12/2019	17/12/2022
C3190311	Venues Canberra Hygiene	quotation	Goods	No	Flick-Anticimex Pty Ltd	200,000	19/12/2019	19/01/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
CM2190213	Trade Strategy and Implementation Plan	quotation	Services (non-consultancy)	No	Brickfielder Insights Pty Ltd	166,650	19/12/2019	19/12/2021
SSICT012	Oracle compliance monitoring	quotation	Consultancy	No	Invictus Partners	157,300	20/12/2019	20/12/2022
CM2190293	Venues Canberra Waste	quotation	Goods	No	J.J. Richards & Sons Pty Ltd	200,000	20/12/2019	20/12/2021
VC-Venues-AVS001	Maintenance and Event Day Operation of Public Address Systems for GIO Stadium Canberra and Manuka Oval	quotation	Services (non-consultancy)	No	Sound Advice	195,000	21/12/2019	01/01/2022
F19200565	Major Events Evaluation	quotation	Services (non-consultancy)	No	The Trustee for THE IER UNIT TRUST	188,980	22/12/2019	30/04/2022
ACT leadership Program	Events ACT – Leadership and Team Development Program	quotation	Services (non-consultancy)	No	Define Potential Pty Ltd	38,625	23/12/2019	02/01/2021
CM2190296	Occupational Therapy Driver Assessment Services	single select	Services (non-consultancy)	Yes	G.A Baker & J.D Price	240,000	23/12/2019	14/06/2021
54141-NCT-001	1 Moore street - Base Building Refurbishment	public	Works	No	IQon Pty Ltd	6,696,881	06/01/2020	29/10/2021
54333-NCT-100	National Arboretum Overflow Carpark Upgrade - Construction	public	Works	No	Simeonov Civil Engineering Pty Ltd	1,974,138	09/01/2020	30/04/2021
31242-NCT-100	Maintenance Services for Fire Alarm Monitoring	public	Services (non-consultancy)	No	Tyco Australia Group Pty Limited	1,083,720	21/01/2020	21/01/2023
GS001110	Motor Accident Injuries Defined Benefits Information Services	selective	Consultancy	Yes	C A R E Inc	204,145	23/01/2020	31/07/2021
2001DGO	Executive Search Services	quotation	Consultancy	No	Rossarden Pty Ltd	37,400	24/01/2020	23/04/2020
CM2190354	Consultant	quotation	Consultancy	No	The trustee for Bedoya No 2 Trust	200,000	24/01/2020	24/01/2023
CM2190345	Venues Canberra Traffic Management	quotation	Services (non-consultancy)	No	Care Traffic Management Pty Ltd	200,000	28/01/2020	31/12/2020
F19200666	Eclipse Lighting and Sound for NYE 2019 and Australia day 2020	quotation	Goods	No	Eclipse Lighting and Sound Pty Ltd	63,909	29/01/2020	27/02/2020
Vlocity	Vlocity	public	Goods	No	Vlocity Inc	241,598	31/01/2020	30/01/2023
HM-04021-ETH	Cisco B28 Video Conferencing Equipment	quotation	Goods	No	Ethan Group Pty Ltd	151,694	04/02/2020	03/02/2021
ACT31079	Facility Management Services for the Stromlo Leisure Centre	public	Services (non-consultancy)	No	Young Men's Christian Association of Sydney	614,048	17/02/2020	30/06/2022

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2020.50719.100	Maintenance Services for Emergency Exit Lighting in ACT Government Assets on behalf of ACT Property Group LATE	public	Services (non-consultancy)	No	GLS Electrical Contractors Pty Ltd	414,878	27/02/2020	24/01/2023
TRO19/2	TRO consultant engagement to support the development of a digital information management strategy across the ACT Government	quotation	Services (non-consultancy)	No	Cordelta Pty Ltd	25,920	29/02/2020	11/06/2020
29384.110	Provision of Asset Logistics Services	public	Services (non-consultancy)	No	Verser Technology Lifecycles Pty Ltd	2,844,000	02/03/2020	28/02/2023
TRO19-1313	Fire Station Occurrence Books - Digitisation and Access	quotation	Services (non-consultancy)	No	The Information Management Group Pty Ltd	31,724	03/03/2020	30/06/2020
HM-04048-CCC	Cisco equipment for Regional Node Moves to DCs	quotation	Goods	No	Cirrus Correct Communications (ACT) Pty Ltd	111,914	03/03/2020	29/01/2021
CM3200392	SFIA SkillsTX	quotation	Goods	No	Digital Skills Management Pty Ltd	52,734	10/03/2020	31/03/2021
GS01015.210	Provision of Bill Payment Services	single select	Services (non-consultancy)	Yes	Australian Postal Corporation	1,216,000	12/03/2020	12/03/2022
GS001101.210	Proxy Voting Services	public	Services (non-consultancy)	No	Institutional Shareholder Services (Australia) Pty Ltd	350,000	18/03/2020	17/03/2025
F19200791	First Aid Services - Enlighten Festival 2020	quotation	Services (non-consultancy)	No	Deale, Ryan Geoffrey	28,670	18/03/2020	30/04/2020
CMTEDD683	Design (to the Extent Specified) & Construction Fitout of Level 3 Callam Offices	public	Works	No	Project Coordination (Australia) Pty Ltd	1,059,663	20/03/2020	30/06/2021
CM2200467	Canberra Business Advice and Support Services	single select	Services (non-consultancy)	Yes	Queanbeyan Enterprise Centre Incorporated	55,000	23/03/2020	23/03/2021
HM-04142-DAT	Cisco WebEx Room Kit with 55" Dual screen	quotation	Goods	No	Datacom Systems (AU) Pty Ltd	29,934	23/03/2020	23/03/2021
CM1200503	Liftsmart WRT15 Walkie reach stacker	quotation	Goods	No	Specialised Forklift Services	25,850	28/03/2020	30/06/2020
F19200847	Waste and Cleaning Services -Enlighten Festival 2020	quotation	Services (non-consultancy)	No	Kaleja Pty Ltd	45,989	31/03/2020	30/04/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
GS0001735	Provision of Salary Packaging Employee Benefits Cards	single select	Services (non-consultancy)	Yes	EML Payment Solutions Limited	650,000	01/04/2020	31/03/2025
SSICT195	VMware Virtual Infrastructure	single select	Services (non-consultancy)	Yes	Datacom Systems (AU) Pty Ltd	637,535	03/04/2020	02/04/2021
CM2200393	Conservation Management Plans	quotation	Services (non-consultancy)	No	The Trustee for LEESON FAMILY TRUST	57,860	03/04/2020	03/04/2021
HM-04216-DT3	SSICT163 - NMP – Access Stream – PE replacements and parts	selective	Goods	No	Data#3 Limited	384,417	06/04/2020	18/03/2021
GS001079.210	Investment Consulting Services	public	Consultancy	No	Frontier Advisors Pty Ltd	3,260,125	07/04/2020	06/04/2025
CS35482	Purchase of Cisco Webex Boards	single select	Goods	Yes	Solar Electric & Engineering Supplies Pty Ltd	35,908	07/04/2020	07/04/2021
14284-NCT-001	Stromlo Forest Park Mountain Bike Trail Construction Project	public	Works	No	Makin Trax Australia Pty Ltd	99,000	15/04/2020	18/06/2021
54476-SFC-003	Belconnen Arts Centre Stage 2 Lighting Equipment	quotation	Services (non-consultancy)	No	Wordstation Pty Ltd	187,254	16/04/2020	28/05/2020
CS37047	Cisco Webex Boards	quotation	Goods	No	Data#3 Limited	114,964	17/04/2020	07/04/2021
SM-02573-MCW	SSICT177 - Articulate 260 Licences	quotation	Goods	No	The Trustee for the David Looke Family Trust	39,941	21/04/2020	21/03/2021
NAC-CAFE2020	National Arboretum Canberra - Servery Expansion	single select	Works	No	Blackett Commercial Pty Limited	411,510	22/04/2020	30/06/2020
11215-NCT-001	Kingston Former Transport Depot - Urgent Works	public	Works	No	Monarch Building Solutions Pty Ltd	3,999,639	23/04/2020	30/04/2021
RPAlicensing_2020-2021	Automation Anywhere Inc	single select	Services (non-consultancy)	Yes	Automation Anywhere, Australia Pty Ltd	88,476	23/04/2020	05/01/2021
HM-04413-DT3	Cisco Network Swtiches and Routers	single select	Goods	Yes	Data#3 Limited	309,640	24/04/2020	22/04/2021
HM-04318-CCC	Cisco Firewalls and Routers	quotation	Goods	No	Cirrus Correct Communications (ACT) Pty Ltd	193,854	24/04/2020	24/04/2021
F19200947	DAS Compound Mugga Way Symonston - Supply Generator	selective	Works	No	Southern Generators and Electrical Pty Ltd	50,710	24/04/2020	24/07/2020
SM-02586-AMN	Vulnerability Management Software	quotation	Goods	No	Amnesium Pty Ltd	56,857	29/04/2020	22/04/2021

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
CM2019/7803	Enlighten 2020 - Electrical Service	quotation	Services (non-consultancy)	No	The Trustee for The Doggett Business Trust	150,000	30/04/2020	15/03/2020
F19200955	Sound and lighting for Enlighten Festival 2020	quotation	Services (non-consultancy)	No	Eclipse Lighting and Sound Pty Ltd	173,384	30/04/2020	30/04/2020
HM-04601-CCC	Purchase of IP Phones	quotation	Goods	No	LtdCirrus Correct Communications (ACT) Pty Ltd	74,611	01/05/2020	01/05/2021
HM-04669-DAT	Cisco Webex Boards	quotation	Goods	No	Datacom Systems (AU) Pty Ltd	43,572	01/05/2020	13/04/2021
HM-04602-DT3	Cisco wired and wireless model headsets	quotation	Goods	No	Data#3 Limited	111,590	01/05/2020	01/05/2021
SM-02606-AIT	Citrix Software Support and Maintenance	selective	Services (non-consultancy)	Yes	AcronymIT Pty Ltd	224,213	04/05/2020	30/06/2021
S19200392	Citrix MFA Annual Support and Maintenance	quotation	Services (non-consultancy)	No	OneSpan Australia Pty Ltd	27,643	04/05/2020	15/03/2020
HM-04688-OUT	Cisco Webex Boards	quotation	Goods	No	Outcomex Pty Ltd	70,944	05/05/2020	05/05/2021
SSICT033	Brokerage Services for ICT Asset Disposal	quotation	Services (non-consultancy)	Yes	Falzon Pty Limited	450,000	05/05/2020	04/05/2023
HM-04407-ETH	ICT Hardware for Dickson Government Office Block	selective	Goods	Yes	Ethan Group Pty Ltd	662,200	06/05/2020	06/05/2021
HM-04407-HPP	ICT Hardware for Dickson Government Office Building	selective	Goods	Yes	HP PPS Australia Pty Ltd	310,118	06/05/2020	06/05/2021
DB03	Services Agreement Senior Web Services Developer CTPI Project	selective	Services (non-consultancy)	Yes	Project Health Services (Payroll) Pty Ltd	345,946	07/05/2020	30/06/2021
F19200976	National Convention Centre - Operable Wall Replacement	selective	Works	No	Monarch Building Solutions	49,995	8/05/2020	8/08/2020
F19200972	Callam Offices - B2 Concept Design Documentation	selective	Works	No	The Trustee for I P M S Service Trust	61,978	08/05/2020	08/08/2020
F19200979	Yarralumla Nursery - Hail Damage Repairs	selective	Works	No	Aris Building Services Pty Ltd	168,564	08/05/2020	08/08/2020
F19200989	QE11 - Remove existing high walls and install VRV, one cassette and one server room high wall	selective	Works	No	The Trustee for Canberra Air Conditioning Services Trust	116,270	11/05/2020	11/08/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
F19200991	University of Canberra - Fit Out	selective	Works	No	Colda Constructions Pty Ltd	47,272	12/05/2020	12/08/2020
F19200998	Mitchell Depot - Building 2 Capital Linen - Installation of 2 Air Conditioning Systems in Soiled Linen Area	selective	Works	No	The Trustee for Canberra Air Conditioning Services Trust	42,535	12/05/2020	15/08/2020
SM-02691-AIT	Barracuda Email Gateway Software Licences	quotation	Goods	No	AcronymIT Pty Ltd	116,414	14/05/2020	16/09/2021
F192009	Watson Hostel - Electrical Upgrade	selective	Works	No	The Hall Family Trust	41,183	14/05/2020	14/08/2020
F19200996	255 Canberra Avenue (grey brick building) - Building Works	selective	Works	No	Tri-Delt Pty Ltd	80,495	14/05/2020	14/08/2020
O-OUT-ACTR-125-2020-V01	OutSystems Order	selective	Services (non-consultancy)	No	OutSystems Software Pty Ltd	812,122	14/05/2020	30/06/2023
CM2200522	Salesforce Case Management System	single select	Services (non-consultancy)	No	ProQuest IT Pty Ltd	205,700	18/05/2020	01/11/2020
CM2200578	Micromex Systems Pty Ltd (t/as Micromex Research) (Supplier)	single select	Services (non-consultancy)	Yes	Micromex Systems Pty Ltd	41,602	21/05/2020	21/08/2020
F19201011	Nicholls Early Childhood Centre - Various Building Works	selective	Works	No	Mindal Constructions Pty Ltd	27,288	21/05/2020	21/08/2020
CM3190121	Speed Equipment Calibration	selective	Services (non-consultancy)	Yes	SGS Australia Pty Ltd	190,000	22/05/2020	22/05/2023
CompasCR04	Services Agreement Team Leader Service Desk Revenue Collection Transformation Program	selective	Services (non-consultancy)	Yes	Compas Pty Ltd	224,484	22/05/2020	30/06/2021
JH02	Services Agreement Senior Developer CTPI/MAIS Project	selective	Services (non-consultancy)	Yes	Project Health Services (Payroll) Pty Ltd	94,380	22/05/2020	30/09/2020
2019.30719.100	Comprehensive Maintenance Services For Lifts on behalf of ACT Property Group	public	Works	No	Thyssenkrupp Elevator Australia Pty Limited	824,930	22/05/2020	31/12/2022
28026.210	Cleaning Services for Venues Canberra	public	Services (non-consultancy)	No	Quayclean Australia Pty Ltd	705,555	22/05/2020	30/06/2023
F19201026	TCCS Various Sites - Totalling Nine (exclude Kippax Library)	selective	Works	No	SMART RENEWABLES PTY LTD	143,445	25/05/2020	25/08/2020
F19201032	TCCS Various Sites Totalling Nine (excluding Kippax Library)	selective	Works	No	SMART RENEWABLES PTY LTD	56,000	25/05/2020	25/08/2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
S19200426	Admin Studio Software Maintenance	quotation	Services (non-consultancy)	No	Computer Systems (Australia) Pty Ltd	26,796	25/05/2020	20/05/2021
F19201031	Hume Helibase - Construction of Garage	selective	Works	No	Complete Constructions (Aust) Pty Ltd	146,338	25/05/2020	25/08/2020
2020.1064.210	Provision of Horticultural Services for Floriade	public	Services (non-consultancy)	No	M.J Quigley & N.G Quigley	1,587,300	28/05/2020	01/06/2022
54334-NCT-001	Better Infrastructure Review - National Arboretum Canberra	public	Consultancy	No	Tonkin Zulaikha Greer Pty Limited	407,775	04/06/2020	30/09/2020
2020.1088.210	Supply and Removal of Growing Medium for Floriade 2020-2023	public	Goods	No	Martins Yass Pty Ltd	971,720	11/06/2020	11/06/2022
F19201099	Stromlo Aquatic Centre - Perimeter Fencing	selective	Works	No	The Trustee for Greenway Prime Unit Trust	79,774	12/06/2020	12/09/2020
HM-04508-DT3	Cisco Switches and WAPS for Callum Offices	quotation	Goods	Yes	Data#3 Limited	68,053	15/06/2020	15/06/2021
S19200472	Cloud configuration and container security software	quotation	Goods	No	AcronymIT Pty Ltd	64,170	17/06/2020	17/06/2021
31078.210	CashLink Receipting and Payments Business System	single select	Goods	Yes	Open Office Holdings Pty Ltd	1,438,404	18/06/2020	17/06/2023
2020.2397.08	Threat Risk Assessment and Security Risk Management Plan	quotation	Consultancy	No	PricewaterhouseCoopers Consulting (Australia) Pty Ltd	108,922	24/06/2020	31/07/2020
CM2020/2889	Services for the ACT Innovation Community in Response to COVID-19	single select	Services (non-consultancy)	Yes	Canberra Innovation Network Limited	117,700	26/06/2020	30/06/2021
F19201135	Bowes Street Bldg 2 New Training Room	quotation	Works	No	Monarch Building Solutions Pty Ltd	249,117	29/06/2020	29/09/2020
CM20/689	Provision of Consultant for Audit of ACT Valuation Methodology	quotation	Services	No	University of Technology Sydney	38,960	06/04/2020	30/06/2020

CMTEDD panel contracts

When panel contracts are established there is no set contract amount, so all overarching panel contracts will have a zero value for this field. The total anticipated panel amount is available on the ACT Government Contracts Register. Contracts awarded under these arrangements, which have an estimated value of \$25,000 or more, are listed in the CMTEDD Contracts table above.

Table 7: CMTEDD panel contracts with anticipated contract values of \$25,000 or more, executed 1 July 2019 – 30 June 2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2019.31120.220	Security and Traffic Management Services for Events ACT 2019-2023	public	Services (non-consultancy)	No	The Trustee for the Blackhawk Security Trust	0	17/09/2019	5/11/2022
2015.25314.110.14	Panel of WHS Active Certification Auditors	public	Consultancy	No	Property Risk Australia Pty Ltd	0	23/10/2019	31/08/2020
2019.31120.210	Security and Traffic Management Services for Events ACT 2019-2023	public	Services (non-consultancy)	No	Sydney Night Patrol & Inquiry Co Pty Ltd	0	5/11/2019	5/11/2022

Whole of government contracts

Whole of government arrangements are established agreements for the supply of goods and services that are commonly accessed by all Territory agencies. As the whole of government procurement function (Procurement ACT) sits within CMTEDD, these contracts are reported in CMTEDD's Annual Report.

Table 8: Whole of government contracts arranged by CMTEDD with values of \$25,000 or more, executed 1 July 2019 – 30 June 2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
31061.210	Whole of Government Media Monitoring Services	public	Services (non-consultancy)	No	Isentia Pty. Limited	620,000	31/07/2019	26/07/2022
ACT31082.210	Whole of Government Video Editing Services	public	Services (non-consultancy)	No	Shootsta PTY LTD	770,880	6/08/2019	31/07/2022
2020/2974	Provision of scribing services for ACTPS Graduate Program Assessment Centres	quotation	Services (non-consultancy)	No	HorizonOne Recruitment Pty Ltd	37,000	05/08/2019	31/12/2019
WhoAG Contract 2	WhoAG Travel Management Services	single select	Services (non-consultancy)	Yes	Department of Finance	676,919	4/10/2019	30/06/2021

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
C0010	Vendor Managed Services	single select	Services (non-consultancy)	Yes	Beeline.com Inc	250,000	31/10/2019	9/03/2022
ACT31131	Whole of Government (WhoG) Supply of Electricity to ACT Government sites	public	Goods	No	Icon Retail Investments Limited and AGL ACT Retail Investments Pty Ltd	118,688,028	11/12/2019	1/01/2024
GS001043	Provision of Electricity Metering and Data Management Services to ACT Government Large Market Facilities	public	Goods	No	Icon Distribution Investments and Jemena Networks (ACT) Pty Ltd	298,000	20/01/2020	20/01/2025
SSICT153	350 x Samsung Monitors for Dickson Government Office Building	quotation	Goods	Yes	The Trustee for Kirra Services Unit Trust	254,485	23/03/2020	23/03/2021

Whole of government panel contracts

When panel contracts are established there is no set contract amount, so all overarching panel contracts will have a zero value for this field. The total anticipated panel amount is available on the ACT Government Contracts Register. As the whole of government procurement function sits within CMTEDD, these contracts are reported in CMTEDD's Annual Report. CMTEDD contracts awarded under these panel contract arrangements, where valued at \$25,000 or more, are listed in the CMTEDD contracts list above.

Table 9: Whole of government panel contracts arranged by CMTEDD with anticipated contract values of \$25,000 or more, executed 1 July 2019 – 30 June 2020

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2019.22912.21006	Professional and Consulting Services Panel	public	Consultancy	No	AlphaBeta Advisors Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21010	Professional and Consulting Services Panel	public	Consultancy	No	Australian Healthcare Associates Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21014	Professional and Consulting Services Panel	public	Consultancy	No	BIS Oxford Economics Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21015	Professional and Consulting Services Panel	public	Consultancy	No	Callida Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21019	Professional and Consulting Services Panel	public	Consultancy	No	Cordelta Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21021	Professional and Consulting Services Panel	public	Consultancy	No	Curijo Pty Ltd	0	04/11/2019	31/01/2024

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2019.22912.21027	Professional and Consulting Services Panel	public	Consultancy	No	Explicate Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21033	Professional and Consulting Services Panel	public	Consultancy	No	KPMG	0	04/11/2019	31/01/2024
2019.22912.21034	Professional and Consulting Services Panel	public	Consultancy	No	Leaders Insight Group Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21040	Professional and Consulting Services Panel	public	Consultancy	No	NCEconomics Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21047	Professional and Consulting Services Panel	public	Consultancy	No	Paxton Consulting Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21048	Professional and Consulting Services Panel	public	Consultancy	No	Reason Group Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21054	Professional and Consulting Services Panel	public	Consultancy	No	QVC Solutions Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21002	Professional and Consulting Services Panel	public	Consultancy	No	ACIL Allen Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21057	Professional and Consulting Services Panel	public	Consultancy	No	Rubik3 Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21058	Professional and Consulting Services Panel	public	Consultancy	No	SAFM Solutions Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21060	Professional and Consulting Services Panel	public	Consultancy	No	Shoal Group Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21063	Professional and Consulting Services Panel	public	Consultancy	No	DPM Conferencing Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21065	Professional and Consulting Services Panel	public	Consultancy	No	Whereto Research Based Consulting Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21004	Professional and Consulting Services Panel	public	Consultancy	No	Aither Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21011	Professional and Consulting Services Panel	public	Consultancy	No	Axiom Associates (Aust) Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21016	Professional and Consulting Services Panel	public	Consultancy	No	Capability Driven Acquisition Pty. Ltd.	0	04/11/2019	31/01/2024
2019.22912.21062	Professional and Consulting Services Panel	public	Consultancy	No	Synergy Group Australia Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21059	Professional and Consulting Services Panel	public	Consultancy	No	ServeGate Australia Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21018	Professional and Consulting Services Panel	public	Consultancy	No	Charterpoint Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21053	Professional and Consulting Services Panel	public	Consultancy	No	The Quantum Group Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21022	Professional and Consulting Services Panel	public	Consultancy	No	DELOITTE TOUCHE TOHMATSU	0	04/11/2019	31/01/2024
2019.22912.21026	Professional and Consulting Services Panel	public	Consultancy	No	Ethos CRS Consulting Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21045	Professional and Consulting Services Panel	public	Consultancy	No	Omni Executive Pty Ltd	0	04/11/2019	31/01/2024

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2019.22912.21044	Professional and Consulting Services Panel	public	Consultancy	No	O'Connor Marsden & Associates Pty Limited	0	04/11/2019	31/01/2024
2019.22912.21029	Professional and Consulting Services Panel	public	Consultancy	No	Fyusion Asia Pacific Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21039	Professional and Consulting Services Panel	public	Consultancy	No	MXA Consulting Services Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21030	Professional and Consulting Services Panel	public	Consultancy	No	Grosvenor Performance Group	0	04/11/2019	31/01/2024
2019.22912.21037	Professional and Consulting Services Panel	public	Consultancy	No	Mentally Friendly Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21035	Professional and Consulting Services Panel	public	Consultancy	No	Lockbridge Pty Ltd	0	04/11/2019	31/01/2024
2019.22912.21036	Professional and Consulting Services Panel	public	Consultancy	No	Armac Sixty-Four Pty Ltd & Others	0	04/11/2019	31/01/2024
2019.22912.21001	Professional and Consulting Services Panel	public	Consultancy	No	ABT Associates Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21007	Professional and Consulting Services Panel	public	Consultancy	No	Apis Group Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21024	Professional and Consulting Services Panel	public	Consultancy	No	Elysium EPL Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21043	Professional and Consulting Services Panel	public	Consultancy	No	NTT Australia Digital Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21066	Professional and Consulting Services Panel	public	Consultancy	No	Yellow Edge Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21012	Professional and Consulting Services Panel	public	Consultancy	No	Barrett Family Trust No 2 & Others	0	13/11/2019	31/01/2024
2019.22912.21051	Professional and Consulting Services Panel	public	Consultancy	No	Proximity Advisory Services Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21005	Professional and Consulting Services Panel	public	Consultancy	No	Allen And Clarke Policy and Regulatory Specialists	0	13/11/2019	31/01/2024
2019.22912.21042	Professional and Consulting Services Panel	public	Consultancy	No	Nous Group Pty Ltd	0	13/11/2019	31/01/2024
2019.22912.21064	Professional and Consulting Services Panel	public	Consultancy	No	Allara VCA Trust & Others	0	22/11/2019	31/01/2024
2019.22912.21008	Professional and Consulting Services Panel	public	Consultancy	No	Arrow Projects Pty Ltd	0	22/11/2019	31/01/2024
2019.22912.21052	Professional and Consulting Services Panel	public	Consultancy	No	QinetiQ Australia	0	22/11/2019	31/01/2024
2019.22912.21013	Professional and Consulting Services Panel	public	Consultancy	No	Bendelta Pty Ltd	0	22/11/2019	31/01/2024
2019.22912.21055	Professional and Consulting Services Panel	public	Consultancy	No	RPS AAP Consulting Pty Ltd	0	22/11/2019	31/01/2024
2019.22912.21061	Professional and Consulting Services Panel	public	Consultancy	No	Synergistiq Pty Ltd	0	29/11/2019	31/01/2024
2019.22912.21041	Professional and Consulting Services Panel	public	Consultancy	No	Noetic Solutions Pty Ltd	0	29/11/2019	31/01/2025

Contract number	Contract title	Procurement methodology	Procurement type	Exemption from quotation and tender threshold requirements	Contractor name	Contract amount (\$)	Execution date	Expiry date
2019.22912.21050	Professional and Consulting Services Panel	public	Consultancy	No	Sententia Consulting Pty Ltd	0	29/11/2019	31/01/2024
2019.22912.21046	Professional and Consulting Services Panel	public	Consultancy	No	The Trustee for the Paxon Consulting Group Trust	0	29/11/2019	31/01/2024
2019.22912.21020	Professional and Consulting Services Panel	public	Consultancy	No	The trustee for CTOG Unit Trust	0	05/12/2019	31/01/2024
2019.22912.21025	Professional and Consulting Services Panel	public	Consultancy	No	The Trustee for DC Family Trust & The Trustee for LNPA Family Trust & The Trustee for TBTFW Trust	0	05/12/2019	31/01/2024
2019.22912.21031	Professional and Consulting Services Panel	public	Consultancy	No	Hudson Global Resources (Aust) Pty Limited	0	11/12/2019	31/01/2024
2019.22912.21023	Professional and Consulting Services Panel	public	Consultancy	No	The trustee for Exeter Family Trust	0	11/12/2019	31/01/2024
2019.22912.21049	Professional and Consulting Services Panel	public	Consultancy	No	PricewaterhouseCoopers Consulting (Aust) Pty Ltd	0	11/12/2019	31/01/2024
31022.01	Medical Services Scheme	public	Services (non-consultancy)	No	Aspen Corporate Medical Options Pty Ltd	0	16/12/2019	30/06/2023
2019.22912.21028	Professional and Consulting Services Panel	public	Consultancy	No	Ernst & Young	0	17/12/2019	31/01/2024
31022.02	Medical Services Scheme	public	Services (non-consultancy)	No	MedHealth Pty Ltd	0	19/12/2019	30/06/2023
2019.22912.21003	Professional and Consulting Services Panel	public	Consultancy	No	AECOM Australia Pty Ltd	0	10/01/2020	31/01/2024
2019.22912.21017	Professional and Consulting Services Panel	public	Consultancy	No	The Trustee for Centium Group Unit Trust	0	20/01/2020	31/01/2024
31022.03	Medical Services Scheme	public	Goods	No	Cogent Advisory Pty Ltd	0	03/02/2020	30/06/2023
31022.05	Medical Services Scheme	public	Goods	No	The Pharmacy Guild of Australia	0	10/03/2020	30/06/2023
2019.22912.21056	Professional and Consulting Services Panel	public	Consultancy	No	RSM Australia Pty Ltd	0	15/04/2020	31/01/2024

Work orders

When a panel contract is established work orders can be raised. Work orders notified on the ACT Government Contracts Register identify and add to the expenditure against a panel contract over its life.

Table 10: Work orders raised by CMTEDD between 1 July 2019 – 30 June 2020

Panel deed number	Panel deed title	Contractor name	Work order number	Work order description	Commencement date	Expiry date	Work order amount (\$)
2016.24389.230	Cash Collection Services	Sydney Night Patrol & Inquiry Co Pty Ltd	-	SNP Security Contract	05/05/2020	31/12/2021	317,284
2016.24389.210	Cash Collection Services	Prosecur Australia PTY LTD	Work Order 2	Dropping Off, Collecting or Depositing Cash	25/05/2020	30/12/2021	73,000
2018.29133.110.01	Infrastructure Commercial Advisors Panel	AECOM Australia Pty Ltd	54142-SUB-001	Better Facilities for GIO Stadium - Second VRB	01/07/2019	30/09/2019	24,965
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO104	Manuka Pool Refurbishment	19/08/2019	31/08/2019	5,040
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO115	Manuka Oval Amenity Improvements- Spectator Facilities	01/10/2019	24/10/2019	5,040
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO117	Belconnen Arts Centre Stage 2	11/10/2019	11/11/2019	3,360
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO124	GIO Stadium Change Room & Corporate Upgrades	29/11/2019	24/12/2019	5,040
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO128	Belconnen Arts Centre Stage 2	03/02/2020	03/03/2020	3,360
2015.25314.110.06	Panel of WHS Active Certification Auditors	Kaizen Management Services Pty Ltd	WO143	1 Moore Street Refurbishment	27/05/2020	05/06/2020	5,040
2019.22912.21066	Professional and Consulting Services Panel	Yellow Edge Pty Ltd	CMTEDD20200417	Executive Coaching for CMTEDD	17/04/2020	31/12/2020	64,560
2010.12639.260	Provision of ICT Hardware and Commercial Off-the-shelf (COTS) Software Under a Panel Arrangement	Data#3 Limited	31114.11	Cisco Unified Communications Licences	30/10/19	18/12/2022	1,710,257
2010.12639.220	Provision of ICT Hardware and Commercial Off-the-shelf (COTS) Software Under a Panel Arrangement	NTT AUSTRALIA PTY LTD	GE28102019-01	Security Information and Event Management (SIEM) for CIT	08/11/2019	31/01/2021	80,427

Panel deed number	Panel deed title	Contractor name	Work order number	Work order description	Commencement date	Expiry date	Work order amount (\$)
2017.27954.241	Whole of Government Creative Services Panel	NATION CREATIVE	2019-VPR293543	Enlighten Festival 2020 Work Order	21/11/2019	15/03/2020	33,000
2017.27954.227	Whole of Government Creative Services Panel	CRE8IVE Australasia Pty Ltd	2020-VP183163	COVID-19 Public Information awareness campaign	30/03/2020	30/06/2020	150,000
2017.27954.241	Whole of Government Creative Services Panel	NATION CREATIVE	2020-HW07	The supplier is to design and produce six short animated videos that will provide further information on each of the action areas in the Mentally Healthier Workplaces Pledge.	04/05/2020	31/07/2020	33,335
2018.27954.271	Whole of Government Creative Services Panel	The Tilt Agency Pty Ltd	-	COVID-19 Choose Local	14/06/2020	30/08/2020	166,014
2018.28870.226	Whole of Government Panel of Training Providers with Interaction	Interaction Consulting Group Pty Ltd	VP119921	Provision of a Learning and Development Program to 2020 ACTPS Graduate Cohort as part of the ACTPS Graduate Program	18/12/2019	18/12/2020	81,900

Chief Minister, Treasury and Economic Development Directorate

**Statement of Performance for the year ended
30 June 2020**

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Chief Minister, Treasury and Economic Development Directorate (Directorate) for the year ended 30 June 2020.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2020 are not in agreement with the Directorate's records or do not fairly reflect, in all material respects, the performance of the Directorate, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

The Directorate's responsibilities for the statement of performance

The Director-General is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Directorate.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Directorate's records or do not fairly reflect, in all material respects, the performance of the Directorate, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Directorate, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Directorate.



Michael Harris
Auditor-General
29 September 2020


**Chief Minister, Treasury and Economic Development Directorate
Statement of Performance
For the Year Ended 30 June 2020**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the directorate's records and fairly reflects the service performance of the directorate in providing each class of outputs during the financial year ended 30 June 2020 and also fairly reflects the judgements exercised in preparing them.



Kathy Leigh
Director-General
Chief Minister, Treasury and Economic Development Directorate

 September 2020

Chief Minister, Treasury and Economic Development Directorate

2019-20 Statement of Performance

The following Statement of Performance sets out the performance of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD or the Directorate) against the accountability indicator targets set during the 2019-20 Budget process. Since these targets were set, the ACT has endured a number of significant events with bushfires, poor air quality (smoke) events, extreme hailstorms and the COVID-19 pandemic. The ACT Government has rapidly shifted its priorities and its workforce to address the substantial impacts of these events on the ACT.

CMTEDD has played an integral role in implementing the ACT Government's response to the events of 2019-20 and in doing so we've changed our focus and redirected our resources. The Statement of Performance shows we underperformed on a number of our accountability indicators. This reflects our current focus on urgent priorities, as described in the Performance Summary section of Volume One of the CMTEDD 2019-20 Annual Report.

When reading the following Statement of Performance please note:

- All tables in this report should be read in conjunction with the accompanying notes and explanations.
- All variances are calculated before rounding. All variances of 0.5 per cent or greater are rounded to the nearest whole number.
- The ACT Audit Office examined all Accountability Indicators in accordance with the *Financial Management Act 1996*. In accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the ACT Audit Office did not examine results for Total Cost and Controlled Recurrent Payments.

Output Class 1: Government Strategy

Output 1.1: Government Policy and Reform

Provision of advice and support to the Chief Minister, the Head of Service and the Director-General on complex policy matters, incorporating a central agency coordination role in strategic planning, social, economic and regional policy, including high priority reforms and effective delivery of government policies and priorities.

Government Policy and Reform will:

- provide ongoing advice to the Chief Minister and the ACT Government in relation to whole of government policy development and priorities, and the implementation of key government decisions;
- support the Head of Service as the Chair of the Strategic Board and provide advice on key directorate priorities, including whole of service government issues;
- lead, coordinate and monitor policy and project initiatives to promote across government outcomes and delivery;
- support the development and improvement of policy capabilities, including design and evaluation, across government;

- lead and coordinate the ACT Government's participation in the COAG reform agenda, Council of Australian Federation (CAF), and the Council of Capital City Lord Mayors (CCCLM) and its engagement with regional leaders and local governments, including through the Canberra Region Joint Organisation;
- provide advice and support to Cabinet and the Manager of Government Business in the Legislative Assembly;
- lead the ACTPS' transition to whole of government digital recordkeeping capabilities;
- provide services and initiatives that make ACT Government archives available to the public; and
- through the Office for LGBTIQ Affairs, implement the ACT Government's vision of Canberra being the most LGBTIQ friendly city in Australia.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Whole of government policy and project initiatives	3	3	0	
b. Regional partnerships and participation	2	2	0	
c. Support for COAG, CAF and CCCLM	3	3	0	
d. Government Progress Report	Nov 2019	Not complete	(100)	1
e. Cabinet and Assembly Support	2	2	0	
f. Regulatory and process reform initiatives	1	1	0	

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	13,793	14,424	4	
Controlled Recurrent Payments	12,897	12,889	0	

Explanation of accountability indicators

- This accountability indicator incorporates key government policy and project initiatives to be delivered by the Directorate during the year. Initiatives scheduled for delivery were: provision of advice to government on options to implement Child Safe Standards in the Territory, the implementation of the LGBTIQ Strategy and the delivery of a digital recordkeeping roadmap for the ACT Public Service (ACTPS). The Directorate provided advice to Government on options to implement Child Safe Standards in October 2019. The Office for LGBTIQ Affairs delivered the first LGBTIQ strategy action plan in November 2019 and implementation of this four-year strategy is underway. A digital recordkeeping roadmap for the ACTPS was delivered in April 2020.
- This accountability indicator covers the administration of two key partnerships – in 2019-20 this includes renewal of a memorandum of understanding with the NSW Government on regional cooperation (1 project) and preparation of briefings to support the Chief Minister's involvement with regional councils through the Canberra Region Joint Organisation (1 project). The ACT Government approved the ACT-NSW Memorandum of Understanding (MoU) for Regional Collaboration. The MoU was approved by NSW in May 2020 signed by the Hon Gladys Berejiklian MP. The Directorate provided briefing papers to support the Chief Minister's involvement with regional councils throughout the year.
- This accountability indicator covers briefing and support to the Chief Minister for meetings of the Council of Australian Governments (COAG), the Council of Australian Federation (CAF) and the Council of Capital City Lord Mayors (CCCLM). This indicator is counted as complete on delivery of the briefing packages for The Chief Minister's participation at these meetings. The Chief Minister attended COAG and CAF meetings on 9 August 2019, 12 March 2020 and 13 March 2020 in Cairns and Sydney CCCLM Lord Mayors Meeting and CEOs Housing and Homelessness and Asia Pacific Cities Summit CCCLM Panel on 7-10 July 2019.
- This accountability indicator relates to the ACT Government Progress Report in delivering key government decisions.
- This accountability indicator covers the annual cycle of Assembly and Cabinet support, including preparation and circulation of submissions and papers.
- This accountability indicator covers policy and project initiatives targeted at improving the effectiveness and efficiency of regulation and processes to strengthen the delivery of government priorities. The measures, in the form of the Electronic Conveyancing National Law (ACT) Bill 2020 and the Land Titles (Electronic Conveyancing) Legislation Amendment Bill 2020 were introduced into the Legislative Assembly on 20 February 2020, debated and passed on 7 May 2020.

Explanation of material variances (+/-5%)

1. Production of the 2019-20 Government Progress Report was initially scheduled for release with the ACT Budget on 16 June 2020. Due to the COVID-19 pandemic, the ACT Budget was deferred and the Government Progress Report will now be released prior to the ACT Election in October 2020.

Output 1.2: Workforce Capability and Governance

Provision of an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the ACT Government and the community; and management of whole of government capacity building programs.

Workforce Capability and Governance will:

- develop and review whole of government employment policies, regulations and standards and provide industrial relations services to support better employment practices;
- support and coordinate workforce planning and capability development across government, including through whole of government learning, development and capability programs;
- drive transformational and cultural change to improve workforce readiness prior to moving to the Dickson and Civic Office Blocks in 2020;
- develop and implement ACT Public Service capacity building programs, including programs for graduates, Aboriginal and Torres Strait Islanders, and people with disabilities;
- maintain and monitor whole of government ethics and accountability frameworks;
- support the Head of Service, Public Sector Standards Commissioner, the Remuneration Tribunal, the Strategic Board and its sub-committees and the Secure Local Jobs Code (SLJC) Ministerial Advisory Council; and
- manage the SLJC certification scheme, assist Territory entities and tenderers to meet their legislative obligations under the Code and undertake education and awareness raising activities on the implementation of the Code.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
a. Conduct the annual whole of government Graduate Program	85%	100%	18	1
b. Publish the State of the Service Report	Oct 2019	Oct 2019	0	
c. Deliver ACTPS Leadership and Development programs	2	2	0	
d. Conduct vocational employment programs	85%	83%	(2)	
e. Support the Workforce Transformation program	1	0	(100)	2
f. Approval of Enterprise Agreements	6	4	33	3
g. Deliver next stage of the Secure Local Jobs Code (SLJC)	Jan 2020	Nov 2019	0	
h. Issue SLJC Certificates within 5 working days of receipt of complete and correct audit report	85%	93%	9	4
i. Conduct SLJC Training sessions for industry and ACT Government	24	26	8	5
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	11,613	11,503	(1)	
Controlled Recurrent Payments	7,815	6,895	(12)	6

Explanation of accountability indicators

- a. This accountability indicator covers the implementation of the ACTPS Whole of Government Graduate Program. Forty three participants completed the 2019 Program.
- b. This accountability indicator covered the publication of the annual State of the Service Report. The published Report is available at: <https://www.cmtedd.act.gov.au/functions/publications/2018-19annualreport/state-of-the-service-report>
- c. This accountability indicator covers the implementation of a framework for improving leadership capabilities across the ACTPS. Work in 2019-20 included the establishment of the ACTPS Veterans Mentoring Program and the Career Development Program for People with Disability. The Career Development Program for People with Disability was implemented in three streams during October to November 2019. The ACTPS Veterans' Mentoring Program was launched on 27 November 2019 by the Minister for Seniors and Veterans.
- d. This accountability indicator relates to the ACTPS Vocational Employment Program for People with Disability (which began in October 2018 with eight participants and completed in February 2020) and the ACTPS Aboriginal and Torres Strait Islander Vocational Employment Program (which began in September 2018 with ten participants and completed in November 2019). Seven participants completed the ACTPS Vocational Employment Program for People with Disability and eight participants completed the ACTPS Aboriginal and Torres Strait Islander Vocational Employment Program. Of the participants who did not complete the programs, two participants resigned during the program to take up other employment and one participant did not complete the probationary period. This work is an indicator as it is important that the ACT Public Service is made up of diverse staff members and is representative of the ACT community that it serves.
- e. This accountability indicator includes occupation of the Dickson Office building and the number of Workforce Transformation Group meetings. The Workforce Transformation Group met nine times in the 2019-20 financial year. The Workforce Transformation Group is chaired by the Deputy Director-General of Workforce Capability and Governance. Meetings typically occur every month at the discretion of the chair, and the group comprises senior executives from each of the Directorates moving into the new buildings.
- f. This accountability indicator includes Enterprise Agreements for Medical Practitioners, School Teaching staff, Fire and Rescue Officers, Legal Professionals, Correctional Officers and Ambulance Officers. The accountability indicator covers Enterprise Agreement voting by staff and application to the Fair Work Commission (FWC). The *ACT Public Sector Education Directorate (Teaching Staff) Enterprise Agreement 2018-2022* was submitted to the FWC on 22 July 2019. The *ACT Public Sector Legal Professionals Enterprise Agreement 2018-2021* was submitted to the FWC on 20 December 2019. The *ACT Public Sector Medical Practitioners Enterprise Agreement 2017-2021* was submitted to the FWC on 17 January 2020. The *ACT Public Sector Ambulance Services Enterprise Agreement 2018-2021* was submitted to the FWC on 29 April 2020. The *ACT Public Sector Correctional Officers Enterprise Agreement 2018-2021* was submitted to the FWC on 16 June 2020. The *ACT Public Sector Fire and Rescue Enterprise Agreement 2018-2021* was successfully balloted on 18 June 2020 and submitted to the FWC on 2 July 2020. All enterprise agreements have since been approved by the FWC, except for the Medical Practitioners Agreement (see variance explanation).
- g. This accountability indicator includes the public announcement on the commencement of the deferred legislative amendments, release of new support material, and new contract forms on procurement websites.
- h. This accountability indicator relates to the timely operation of the Secure Local Jobs Code (SLJC) certification function.
- i. This accountability indicator relates to the education and promotion functions of the SLJC package.

Explanation of material variances (+/-5%)

1. The target was exceeded due to all participants in the 2019 ACTPS Graduate Program completing the program.
2. Practical completion of the Dickson building was delayed from February 2020 to June 2020. Due to COVID-19 social distancing restrictions, a limited number of staff occupied the new Dickson building from 13 July 2020.
3. The variance is due to two agreements being incomplete at the end of the reporting period. Although the ACTPS Fire and Rescue agreement was successfully balloted on 18 June 2020, it was not submitted to the FWC until 2 July 2020. The FWC approved the agreement on 27 July 2020. The Medical Practitioners Agreement was successfully balloted and was submitted to the FWC in January 2020 but was rejected by the FWC due to technical errors. The process to finalise a new agreement, which is based on the previous agreement, is expected to conclude shortly.
4. The target was exceeded which reflects the efficient and timely processing of the SLJC certification function.
5. Opportunity and interest by industry and within the ACT Public Service on SLJC obligations and promotion functions of the SLJC package exceeded forecast demand.
6. This variance is mainly due to the rollover of funding from 2019-20 to 2020-21 associated with the *Supporting more permanent ACT Government Jobs*, and *Strengthening transparent government*; partially offset by the rollover of funding from 2018-19 to 2019-20 associated with the *More jobs for our growing city - Secure Local Jobs Code Enforcement*.

Output 1.3: Coordinated Communications and Community Engagement

Provision of communications support and protocol services to the ACT Government and community.

Coordinated Communications and Community Engagement will:

- provide information and protocol services to the Chief Minister;
- provide whole of government advice and assistance on strategic communications activities and community engagement policies and practices; and
- provide a whole of government communications and engagement strategy, advice and support, including for emergency response requirements.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
a. Annual numbers of ACT Government Digital Mail Service newsletters	11	22	100	1
b. Annual number of ACT Government Our Canberra newsletters	11	12	9	2
c. Annual whole of government Communications & Engagement Plan	1	0	(100)	3
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	7,828	11,118	42	4
Controlled Recurrent Payments	7,598	9,283	22	5

Explanation of accountability indicators

- This accountability indicator covers the total number of ACT Government messages distributed during the year to subscribers of the ACT Government Digital Mail Service. The ACT Government's Our Canberra Digital mail service reaches approximately 55,000 people, on an opt-in basis.
- The Our Canberra newsletter is distributed to all Canberra households during the year. Editions are published for the five main regions of Canberra, Belconnen, Central, Gungahlin, Tuggeranong and Woden/Weston Creek/Molonglo.
- This accountability indicator relates to the annual Whole of Government Communications and Engagement Plan which outlines the Government's communications and engagement priorities, to provide advance notice and to enable genuine and meaningful opportunities to participate in consultation and engagement activities. The annual Whole of Government Communications and Engagement Plan was due to be published in early 2020.

Explanation of material variances (+/-5%)

- In April 2020 the electronic direct mail was temporarily rebranded for COVID-19 messaging and has been sent out weekly since 3 April 2020 to communicate important messages about the COVID-19 pandemic emergency.
- Due to the COVID-19 pandemic, publication of the Our Canberra Print edition was suspended for the month of April 2020 while government communications efforts were focused on the rapidly changing COVID-19 situation. The publication was re-started again in May 2020, with two shorter editions distributed over the month. The regular monthly publication resumed in June 2020.
- A draft Whole of Government Communications and Engagement Plan was completed late 2019. Communications protocols activated during the ACT air quality (smoke) events, bushfires and the COVID-19 pandemic required communication representatives from across government to cease most campaign and engagement activities and focus on urgent and centralised emergency and health communications. Due to this diversion of resources, the Plan was not completed by 30 June 2020. Whole of Government Communications and the Public Information Coordination Centre assessed and monitored ongoing communications and engagements throughout the period to ensure essential communications were maintained.
- The variance is mainly due to the transfer of Publishing Services from Output 7.1, 'Shared Services'; additional expenditure to provide support to Public Information Coordination Centre (PICC) in response to the bushfires and COVID-19 health emergency; and deferral of expenditure from 2018-19 to 2019-20 for the *Better Government - Listening to Canberrans*.
- The variance is mainly due to the transfer of Publishing Services from Output 7.1, 'Shared Services', additional expenditure to provide support to Public Information Coordination Centre (PICC) in response to the bushfires and COVID-19 health emergency, and deferral of expenditure from 2018-19 to 2019-20 for the *Better Government - Listening to Canberrans*.

Output 1.4: Digital Strategy

Provision of advice, support and project delivery for the digital transformation of government services.

Digital Transformation for Government will drive digital transformation of government services and provide whole of government advice and assistance on digital strategy development and implementation.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
a. ACT Data Analytics Centre	1	0	(100)	1
b. The value delivered through technology investment improves	4	4	0	
c. Delivery of joined up services achieve benefits for the community and for government	1	1	0	
2019-20 Budget (\$'000)				
Total Cost	8,044	8,728	9	
Controlled Recurrent Payments	4,231	4,255	1	2

Explanation of accountability indicators

- This accountability indicator covers the program of work for the ACT Data Analytics Centre (formerly known as the Centre for Data Excellence). This indicator is considered completed when a Whole of Government Data Governance and Management Framework is published.
- The Office of the Chief Digital Officer (OCDO) leads the provision of whole of government advice to inform technology priorities, resource allocation and investment decisions. Inputs/measures include technology strategy and roadmap, and visible programs of work with benefits measures. This indicator is considered complete when:
 - The new ACT Digital Strategy is published – the Digital Strategy was published on 20 March 2020 and can be accessed online at www.cmtedd.act.gov.au/digital-strategy.
 - Technology roadmap is published – the Technology Roadmap was approved by the Digital Services Governance Committee on 11 February 2020 and by the Strategic Board on 19 February 2020.
 - The Digital Service Governance Committee approve at least one whole of government technology system – the ACT Digital Services: Design and Delivery Business Case was approved by both Digital Services Governance Committee and Cabinet (11 June 2020). The business case sets out that all new or changing interactions with citizens should use the ACT Digital Account as the whole of government digital services platform; and
 - The Digital Service Governance Committee endorse at least one system for consolidation and reuse across government – the Digital Services Governance Committee and Strategic Board endorsed the reuse of four ICT rostering systems to be used across government in July 2019.
- This accountability indicator covers the program of work for the ACT Digital Account and covers a range of digital functions through the digital platform and provides benefits and greater efficiencies for both citizens and the ACT Government. This accountability indicator is considered complete with the development of a benefits realisation plan for the ACT Digital Account. The final Benefits Realisation Plan was endorsed by the ACT Digital Program Board on 21 January 2020.

Explanation of material variances (+/-5%)

- As the focus of ACT Government has been on the COVID-19 pandemic, it has taken longer than expected to finalise feedback with stakeholders. OCDO completed a first draft of the Data Governance and Management Framework and supporting guide in consultation with all directorates. The framework has undergone a further review and will now be published in the first quarter of 2020-21.
- This variance is mainly due to higher than budgeted computing software amortisation.

Output Class 2: Access Canberra

Output 2.1: Access Canberra

Access Canberra contributes to the economic growth and vibrancy of Canberra and provides protection to the community through compliance, licencing and regulation. These activities are undertaken through a risk based framework which does not unnecessarily hinder businesses from flourishing. Access Canberra provides services and collects revenue on behalf of other directorates, providing customer services to businesses, community groups and individuals through a 'no wrong door' approach.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
a. Efficient Service Delivery				
- percentage of customers satisfied with Access Canberra	90%	93%	3	
b. Doing Business in the ACT is easy				
- percentage of the Canberra community satisfied with the ease of interacting with Access Canberra	95%	92%	(3)	
c. Percentage of services available online	75%	75%	0	
d. Percentage of services completed online	87%	90%	3	
e. Reduction of regulatory burden on business by undertaking risk-based coordinated inspection activities	80%	74%	(8)	1
f. Average number of days to issue business authorisation or personal registration				
- for business authorisation	10 working days or less	Less than 10 working days	0	
- for personal registration	5 working days or less	Less than 5 working days	0	
g. Compliance rate during targeted campaign inspections	90%	86%	(5)	2
h. Average level of helpfulness after issuing a notice or before issuing a licence/authorisation	4.5 out of 5	4.3	(4)	
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	110,602	120,634	9	3
Controlled Recurrent Payments	90,971	96,272	6	4

Explanation of accountability indicators

- The customer satisfaction result is determined by the responses to an independent annual survey of the Canberra community conducted in the first half of each calendar year. The survey is a measure of the awareness, attitudes, behaviour and customer satisfaction of/with Access Canberra's corporate identity, channels and services.
- The satisfaction with ease of interacting result is determined by the responses to an independent annual survey of the Canberra community conducted in the first half of each calendar year. The survey is a measure of the awareness, attitudes, behaviour and customer satisfaction of/with Access Canberra's corporate identity, channels and services.
- Services available online are defined as interactions that can be conducted (at least in part) via the internet/portals.
- This accountability indicator measures the percentage of transactions completed online against the total number of transactions completed over the phone, in person and online.

- e. This accountability indicator is an annual measure of the number of inspection activities focusing on more than one regulatory obligation for the business. Coordinated inspection activities reduce the regulatory burden on businesses by making inspections simpler, faster and less frequent.
- f. This accountability indicator measures the average number of days it takes to issue business authorisations and personal registrations.
- g. Initial rates of compliance are assessed against a predetermined set of criteria set for targeted inspection campaigns. Following campaign completion compliance rates are again assessed to determine the percentage shift in compliance.
- h. Feedback is collected from an on-going internal phone survey of randomly selected industry groups that have had a regulatory interface with Access Canberra. Results are collated using a helpfulness score (1:5) – 5 being greatest level of support and 1 the lowest.

Explanation of material variances (+/-5%)

1. Due to the impact of the bushfire season (State of Alert and Emergency Declarations) and subsequent impacts of poor air quality; and the continuing COVID-19 pandemic, compliance checks were re-directed to meet other government and community safety priorities.
2. Due to COVID-19 restrictions Access Canberra could not complete final compliance inspections for a number of businesses.
3. The variance is mainly due to disaster recovery expenses associated with the bushfires, hailstorm and COVID-19 health emergency; additional costs due to higher demand of services; higher software amortisation; and increased depreciation due to the impact of AASB 16- Leases commencing 1 July 2019.
4. The variance is mainly due to higher operating costs relating to disaster recovery expenses associated with the bushfires, hailstorm and COVID-19 health emergency and other costs associated with demand of services.

Output Class 3: Economic Development

Output 3.1: Innovation, Industry and Investment

The Innovation, Industry and Investment branch delivers programs, initiatives and business policy advice that promote the economic development of the broader capital region, including universities, research organisations, commercialisation entities, business organisations and other government agencies.

Innovation, Industry and Investment’s activities are aimed at accelerating the commercialisation of locally generated intellectual property, programs to encourage internationalisation of ACT businesses through trade and investment, and enhancing the innovation capability of the private sector and its relationship with key institutions.

Innovation, Industry and Investment participates in business and innovation policy forums, including Ministerial Councils and other national business, innovation and science infrastructure forums.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
a. Trade and investment				
- Number of international trade and investment campaigns and delegations	5	5	0	
- Number of lead responses generated from Invest Canberra program activity	30	22	(27)	1
b. Sector capability building				
- Priority Investment Program	1	1	0	
- Defence Industry advocacy	1	1	0	
- ACT Vice Chancellors’ Forum	1	1	0	
- Cyber industry development	1	1	0	
- Space industry development	1	1	0	
- Screen industry through Screen Canberra	1	1	0	

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicator				
c. Support for innovation eco-system building				
- CBR Innovation Network and associated programs	1	1	0	
d. Private sector investment facilitation				
- Major projects under facilitation management	2	2	0	
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	18,582	13,829	(26)	2
Controlled Recurrent Payments	17,602	13,944	(21)	3

Explanation of accountability indicators

- a. This accountability indicator has two measures as follows:
- This accountability indicator tracks the number of ministerially-led international trade and investment campaigns and delegations. A yearly schedule of international trade delegations is approved by the Chief Minister and planned and executed by the Office of International Engagement. The 2019-20 schedule targeted five international engagements aligned to the Government's international engagement strategy. The five delegations undertaken in 2019-20 were Europe and Singapore, New Zealand (twice), India, and Malaysia and Singapore.
 - This accountability indicator tracks the number of trade and investment lead responses identified and qualified. A lead is defined as the identification of an entity that has expressed an interest and has the authority and capacity to invest in the ACT. Investor requests are provided with a tailored response outlining the benefits and opportunities of establishing trade or operations in the ACT. Referrals and inbound investor requests show a decline for the period of March to June 2020.
- b. This accountability indicator has six measures as follows:
- This accountability indicator tracks delivery of the *Priority Investment Program*. The *Priority Investment Program* supports the ACT Government's commitment to focused sector development by co-investing in industry/stakeholder led projects across identified key sectors with the goal of attracting new investment and skills to Canberra. In the 2019-20 Funding Round of the Priority Investment Program, 29 expressions of interest were received from which 5 projects were shortlisted to develop business cases. Three projects were successful in receiving funding to a total value of \$2 million. Implementation of four projects that were funded in the 2018-19 Funding Round continued this year albeit at a slower pace due to the impact of the COVID-19 pandemic.
 - This accountability indicator tracks delivery of defence advocacy programs. Defence advocacy is delivered in partnership with the ACT Defence Industry Advisory Board. Activities included: Team Canberra participation at PACIFIC – the International Maritime Expo in Sydney in October 2019 and at MilCIS (Military Communications and Information Systems) in Canberra in November 2019; participation in the 2020 Defence-ACT Consultative Forum Canberra Region and in State and Territory meetings with the Department of Defence.
 - This accountability indicator tracks delivery of the Vice-Chancellors' Forum program of activity. The ACT Vice-Chancellors' Forum is a meeting, held in June 2020, between the Chief Minister and leaders of Canberra's tertiary education institutions.
 - This accountability indicator tracks actions that support the growth of the cyber industry in partnership with the ACT Cyber Security Innovation Node. A series of activities was delivered to bring together and grow the local cyber security ecosystem, including quarterly advisory group meetings, and delivery of ten local cyber security events.
 - This accountability indicator tracks actions that support the growth of the space industry in Canberra in partnership with industry, education institutions and the Canberra Space Development Working Group. During the period the ACT Government supported a range of events and activities, including: the CSIRO Canberra Space Experience and ANU Moon Week program, in connection with the Apollo 50th moon landing anniversary in July 2019; and promotion of the Canberra region space research capability at the International Astronautical Congress in Washington DC in October 2019 as part of a Team Australia exhibition stand coordinated by the Australian Space Agency.
 - This accountability indicator tracks actions that support the development of the screen industry in Canberra in partnership with Screen Canberra. MADE IN CBR Special Purpose Fund was established under the CBR Screen Fund to provide specific support to ACT Screen professionals whose work and income have been negatively impacted by the COVID-19 pandemic. During the year CBR Screen Fund supported six screen productions with a total investment commitment of \$559,000.

- c. This accountability indicator tracks support for innovation and entrepreneurs through programs delivered by the CBR Innovation Network (CBRIN). During the period the CBRIN conducted two funding rounds of the Innovation Connect grant program. CBRIN received a total of 122 applications, with 17 successful in receiving total funding of \$510,000. CBRIN announced a three-year agreement with ActewAGL as a Gold Partner and delivered the 2019 CBRIN Innovation Showcase on 4 December 2019. As at 31 March 2020, 955 people have participated in CBRIN innovation, entrepreneurship and collaborative workshops; CBRIN launched its co-working space attracting a total of 64 co-working members; is working with 20 companies in the KILN Incubator; supported four companies in the GRIFFIN Accelerator; and delivered 12 collaborative innovation events.
- d. This accountability indicator tracks major projects supported for facilitation management, involving significant cross-government co-ordination and project management to enhance comprehensive and timely decision making by government on identified major projects. These projects are ongoing, and the indicator does not track completion of proposals, but rather tracks projects under facilitation management. Projects of this nature vary in size and complexity and may take several years to deliver. At the end of the 2019-20 reporting period facilitation management continued for two projects - the University of New South Wales (UNSW) Canberra City Campus proposal and the Academy of Interactive Entertainment (AIE) proposal to purchase and redevelop land on Block 1 Section 13 Watson (Canberra Technology Park).

Explanation of material variances (+/-5%)

1. The reduced lead responses coincided with the COVID-19 pandemic related economic downturn and the global downturn in business.
2. The variance is mainly due to the deferral of expenditure for a number of initiatives, including *More jobs for our growing city – Key industry sector development grants and Digital Canberra – Digital Economy Initiative (CBR FREE Wifi)*; and vacant positions not filled during the year. This is partially offset by the Territory's contribution to the University of New South Wales (UNSW) Canberra City campus.
3. The variance is mainly due to the impact of rollover of funding from 2019-20 to 2020-21 associated with the *More jobs for our growing city – Key industry sector development grants and Digital Canberra – Digital Economy Initiative (CBR FREE Wifi)*. This is partially offset by the Territory's contribution to the UNSW Canberra City campus and the timing of accessing CRP to pay for accrued expenditure.

Output 3.2: VisitCanberra

VisitCanberra creates and implements a range of innovative tourism marketing and development programs, in partnership with local industry, national bodies and institutions, which aim to support the Territory's economic development through increased visitation to the ACT and region.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. ACT Accommodation – Room Occupancy Rate (%)	>national average (63.1%)	>national average (63.3%)	0	
b. Canberra and Region Visitors Centre (CRVC) – Overall visitor satisfaction with customer service levels at the CRVC	90%	95%	6	1
c. Number of visits to the 'visitcanberra' website	1,300,000	1,514,419	16	2
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	12,934	12,961	0	
Controlled Recurrent Payments	12,046	13,007	8	3

Explanation of accountability indicators

- a. This accountability indicator provides a comparison of the ACT's average accommodation room occupancy rate to the national average. The STR Global national average estimate for commercial room occupancy is 63.1 per cent, this compares with an average estimate for the ACT of 63.3 per cent. The data supplied is for the year ending May 2020 (latest available) and is for all commercial accommodation properties with 10+ rooms. The result for this indicator being largely equal to, and not in excess of the target, reflects the general downturn in overnight visitation (and subsequent decline in commercial hotel occupancy) driven by impacts of bushfire activity and the COVID-19 pandemic.

- b. Satisfaction with overall customer service levels at the CRVC is captured as part of a broader Satisfaction Survey open to visitors throughout the year. Survey data is recorded using the *Survey Monkey* online program. This data is for the period 1 July 2019 to 30 June 2020, noting that CRVC was closed due to the COVID-19 pandemic from 26 March 2020 to 1 June 2020.
- c. This accountability indicator is used to record the performance of the website www.visitcanberra.com.au as a key driver for tourism activities such as travel, research, planning and online bookings in Canberra.

Explanation of material variances (+/-5%)

1. The result for this accountability indicator exceeded the target due to dedicated efforts to deliver high quality service by the staff and volunteers.
2. The result for this accountability indicator exceeded the target due to stronger than anticipated performance of paid social media and content partnership activities.
3. This variance is mainly due to the timing of accessing CRP to pay for accrued expenditure, partially offset by the rollover of funding from 2019-20 to 2020-21 associated with the *Brand CBR* initiative.

Output 3.3: Sport and Recreation

Sport and Recreation supports Canberra's participation in organised sport and recreation through delivery of programs, facilities and pathways. As part of this it provides support services to local high performance athletes, administers grants and delivers education and training opportunities to maintain and enhance the capabilities of the community sport and recreation sector in the ACT.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Number of nationally identified priority athletes supported by the ACT Academy of Sport	120	137	14	1
b. Number of organisations funded to support participation opportunities in sport and recreation	80	77	(4)	

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	16,675	17,823	7	2
Controlled Recurrent Payments	15,757	18,881	20	3

Explanation of accountability indicators

- a. This accountability indicator measures the number of ACT Academy of Sport (ACTAS) supported athletes identified and/or prioritised by their respective sporting body as an athlete with emerging international level potential through to podium potential in an Olympic, Paralympic or Commonwealth Games sport. The total number of athletes within the reporting year is measured at 30 June.
- b. This accountability indicator reports the number of organisations funded through the Sport and Recreation Grant Program to deliver participation opportunities. This funding support is coupled with access to Directorate delivered education and training assistance to improve the quality of these opportunities. The successful recipients of the 2020 Sport and Recreation Grants Program were announced on 5 March 2020. The total number of funded organisations is tallied at 30 June. Volume 1 of the 2019-20 CMTEDD Annual Report includes information on grants in the Community Engagement and Support section.

Explanation of material variances (+/-5%)

1. The sport of Athletics re-entered a partnership with the ACT Academy of Sport in early 2020. Twenty new Athletics Australia members were offered scholarships in February 2020 accounting for the 14 per cent variance.
2. The variance is mainly due to the timing of performance fees to sports clubs being brought forward from 2020-21 to 2019-20 and additional costs as a result of hailstorm damage. This is partially offset by the deferral of expenditure from 2019-20 to 2020-21 for initiatives, including the *Building a better city – Indoor sports centres – Early planning and Stromlo Forest Park – Enclosed Oval (Early Planning)*.
3. This variance is mainly due to higher grant payments for Performance Fees and the timing of accessing CRP to pay for accrued expenditure. This is partially offset by the rollover of funding from 2019-20 to 2020-21 associated with the *Building a better city Indoor Sports Centre - Early Planning and Stromlo Forrest Park - Enclosed Oval (Early Planning)*.

Output 3.4: Events

Events ACT manages and delivers key signature events for visitors and the community, including Floriade, Floriade NightFest, the Enlighten Festival, New Year's Eve celebrations, Australia Day activities, Symphony in the Park, Canberra Day celebrations and the Canberra Nara Candle Festival.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Attendee satisfaction rating with key community events				
- New Year's Eve	80%	N/A	N/A	
- Australia Day	80%	N/A	N/A	
- Canberra Nara Candle Festival	80%	N/A	N/A	
- Canberra Day	80%	66%	(18)	1
b. Economic activity generated as a result of staging Floriade	\$40 million	\$44.7 million	12	2
c. Economic activity generated as a result of staging the Enlighten Festival	\$3 million	\$4.2 million	40	3
d. Satisfaction with the management of Events grants in the ACT	80%	91%	14	4
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	12,005	13,189	10	5
Controlled Recurrent Payments	10,262	11,296	10	6

Explanation of accountability indicators

- a. This accountability indicator measures attendee satisfaction with their experience while attending key community events. This is obtained through a survey sample of attendees for each event.
 - (i) The 2019 New Year's Eve celebrations were cancelled as a result of dangerous weather conditions (bushfire smoke). This prevented completion of an attendee satisfaction survey.
 - (ii) Australia Day activities for 2020 were delivered on a reduced scale at a new location in Commonwealth Park due to the ongoing effects of the January 2020 bushfire crisis and high temperatures. As a result, the highly popular Australia Day fireworks display was cancelled in advance of the event proceeding. There was an insufficient sample of responses to the attendee satisfaction survey and a robust result was not able to be determined.
 - (iii) The Canberra Nara Candle Festival event in 2019 was cancelled due to dangerous weather conditions (high winds). This prevented completion of an attendee satisfaction survey.
 - (iv) Canberra Day celebrations in 2020 were held on Monday 9 March in the main Enlighten Festival precinct in the Parliamentary Triangle. This was a new location for the event, which featured a program of local artists, performers and community groups.
- b. This accountability indicator covers the estimated economic activity generated for the Territory by staging Floriade in 2019. An estimate of visitor expenditure data is derived from face-to-face interviews and post-event surveys conducted with a random sample of event attendees. The event's direct expenditure impact aims to capture the spending of all visitors that come to the ACT (or extend their stay) specifically for Floriade. An independent event evaluation report capturing this data was completed in February 2020.
- c. This accountability indicator covers the estimated economic activity generated for the Territory by staging the Enlighten Festival. An estimate of visitor expenditure data is derived from face-to-face interviews and post-event surveys conducted with a random sample of attendees. The direct expenditure impact aims to capture the spending of all visitors that come to the ACT (or extend their stay) specifically for the Enlighten Festival. An independent event evaluation report capturing this data was completed in June 2020.
- d. This accountability indicator measures the standard of service and assistance that event organisers receive through delivery of the grants management process for the ACT Event Fund. A satisfaction survey is conducted on an annual basis to measure this indicator, which was completed for the 2019-20 period in the first week of July 2020.

Explanation of material variances (+/-5%)

1. Canberra Day celebrations were delivered in a new location and under a new format in 2020. A survey of attendees indicated concerns about the site, duration and lack of advertising for the event.

- Floriade in 2019 achieved a record attendance of 507,550, while also achieving a 10 per cent increase on the previous year for interstate or international visitors who came to Canberra specifically for the event. This positively influenced the overall economic impact result.
- The Enlighten Festival in 2020 achieved an overall attendance of 239,183 and was responsible for attracting 9,620 interstate or international visitors who came to Canberra specifically for the event. This positively influenced the overall economic impact result.
- Satisfaction with the standard of service and assistance received by event organisers throughout the ACT Event Fund process for 2019-20 remained high. This has been attributed to ongoing enhancements to the funding guidelines and application process, along with the assistance and flexibility provided to funding recipients during the January bushfire crisis and the COVID-19 pandemic.
- This variance is primarily due to higher expenses associated with event volunteers received free of charge, repairs and maintenance of Commonwealth Park infrastructure funded by the 2019-20 Better Infrastructure Fund – Floriade; and a change to the notional allocation of corporate overhead across the directorate.
- This variance is primarily due to timing of accessing CRP to pay for accrued expenditure; and a change to the notional allocation of corporate overhead across the directorate.

Output 3.5: Arts Engagement

Implementing the ACT Arts Policy by developing engagement with the arts through participation and access, supporting great art and great artists, supporting and recognising the vitality of the Canberra Region arts ecology and engaging with Aboriginal and Torres Strait Islander arts and culture.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Number of arts organisations supporting community participation	24	24	0	
b. Percentage of the public art collection managed by artsACT in good or above condition	80%	82%	3	
c. Satisfaction with the management of grants administered by artsACT	80%	86%	8	1
d. Number of attendees at programs delivered by artsACT funded organisations	350,000	503,399	44	2
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	16,667	17,883	7	3
Controlled Recurrent Payments	14,338	19,392	35	4

Explanation of accountability indicators

- This accountability indicator identifies the number of Key Arts and Program organisations supported by ACT arts funding to implement the objectives of the ACT Arts Policy. The result is measured through the number of deeds of grants with Key Arts and Program funded organisations.
- This accountability indicator measures the condition of the public artworks in the ACT Government collection managed by artsACT. This indicator is measured in the annual collection audit (undertaken in April-May 2020) using the condition rating system in the 2015 ACT Government Public Art Guidelines and the Public Art Condition Assessment and Maintenance Plan (September 2018). Data for this accountability indicator is collated annually; the 2019-20 Audit was completed in June 2020.
- This accountability indicator measures the standard of service and assistance that arts organisations and artists receive through delivery of the grants management process of the ACT Arts Fund. The result is derived from an annual satisfaction survey undertaken in June 2020 for all applications to the ACT Arts Fund in the 2019 calendar year across Key Arts and Program funded organisations, and Arts Activities funding.
- This accountability indicator measures the annual attendance numbers at programs delivered by Key Arts and Program funded organisations. Attendance numbers are collected as part of the grant acquittal process.

Explanation of material variances (+/-5%)

- The higher satisfaction rating is due to the increased flexibility in the arts fund, particularly through the Arts Activities Funding category with the introduction of two rounds per year for the \$5,000-\$50,000 category and a six week turnaround on up to \$5,000 category. The ability for unsuccessful applicants to receive feedback and reapply has been

- a positive element of grant making.
2. Annual attendance numbers were significantly greater than target. The result fluctuates from year to year and depends on the number of programs and events delivered.
 3. This increase is mainly due to grant payments to eligible arts organisations that have been impacted by the COVID-19 health emergency and higher grant funding provided to Canberra artists. This is partially offset by the deferral of expenditure from 2019-20 to 2020-21 for the *Vibrant Canberra - Aboriginal and Torres Strait Islander project*.
 4. This variance is mainly due to additional funding to support the Key Arts Organisations, Economic Stimulus package associated with rent relief for Arts centres as a result of the COVID-19 health emergency and timing of accessing CRP to pay for accrued expenditure. This is partially offset by rollover of funding from 2019-20 to 2020-21 associated with the *Vibrant Canberra - Aboriginal and Torres Strait Islander project*.

Output 3.6: Higher Education, Training and Research

The Tertiary Education, Training and Research unit works in partnership with universities and higher education institutions to support the growth and development of the tertiary education sector, promoting Canberra as Australia's study destination of choice for international, interstate and local students, and to drive continuous improvement in Canberra's student experience. Skills Canberra is responsible for the provision and overall management of vocational education and training in the Territory. This includes administering, monitoring and auditing Territory and national funds for a variety of programs addressing skills development.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Deliver the ACT International Education Strategy				
- Canberra: Australia's Education Capital Destination Marketing and Engagement (Study Canberra Program)	1	1	0	
- Student Experience (Student Ambassadors Program)	1	1	0	
b. Participation rate of 15-64 year olds in VET				
- All students (percentage)	5.9%	6.4%	8%	1
- Aboriginal and Torres Strait Islander students (percentage)	13.4%	17.5%	30%	1
c. VET graduate outcomes after training				
- Improved employment circumstances	65%	76%	17	2
- Employed after training or in further study	92%	91%	(1)	
d. Total number of students undertaking VET qualifications				
- All students	16,500	18,640	13%	3
- Aboriginal and Torres Strait Islander students	650	930	43%	3
- Students with a disability	1,850	2,105	14%	3
e. Skilled Migration Attraction and Facilitation				
- Employer Sponsored Nominated	100	100	0	
- Skilled Independent Nominated	1,400	1,410	1	
- Average number of monthly visits to <i>Canberra. Create Your Future</i> website	15,000	34,969	133	4

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
- Average processing time for applications across all skilled migration program streams	45 business days	11 business days	(75)	5

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	39,207	40,986	5	6
Controlled Recurrent Payments	37,317	44,683	20	7

Explanation of accountability indicators

- a. This accountability indicator has two measures articulated in the ACT International Education Strategy:
 - (i) This accountability indicator relates to the delivery of the Study Canberra program. Highlight activities include development of a new website in partnership with Brand Canberra; ongoing social media presence; an education agent seminar series in capital cities; holding student focussed events through each Semester; delivering the Study Canberra welcome desk at Canberra Airport; and operating a scholarships program with the University of Canberra.
 - (ii) This accountability indicator relates to the delivery of the Student Ambassadors program. Recruitment for the 2020 cohort of Student Ambassadors concluded in November 2019, with 17 students from a diverse range of backgrounds and institutions commencing from January 2020. Student Ambassadors have undertaken a range of activities for Semester 2 2019 and some activities, where possible, for Semester 1 2020 including staffing information booths at campus orientation weeks, development of marketing collateral and development of a new promotional video.
- b. This accountability indicator has two measures of the participation rate for 15-64 year old (working-age) students undertaking government-funded Vocational Education and Training (VET) in the ACT. This target is based on data in a national publication. The results are sourced from the National Centre for Vocational Education Research (NCVER) publication *Government-funded students and courses 2019*.
 - (i) This accountability indicator measures the proportion of the working-age population undertaking government-funded VET in the ACT.
 - (ii) This accountability indicator measures the proportion of the working-age Aboriginal and Torres Strait Islander population engaged in government-funded VET in the ACT.
- c. This accountability indicator has two measures of ACT VET graduate outcomes as follows:
 - (i) This accountability indicator measures the percentage of ACT graduates with improved employment circumstances as defined by the state/territory of funding in the *2019 NCVER Student Outcomes Survey*. The Survey was published in December 2019.
 - (ii) This accountability indicator measures the percentage of ACT graduates employed or in further study after training as defined by the state/territory of funding in the *2019 NCVER Student Outcomes Survey*.
- d. This accountability indicator has three measures of the number of students undertaking government-funded VET in the ACT. These targets are based on data in a national publication. Results are sourced from the National Centre for Vocational Education Research (NCVER) publication *Government-funded students and courses 2019*.
 - (i) This accountability indicator measures the total number of working-age students undertaking government-funded VET in the ACT.
 - (ii) This accountability indicator measures the number of Aboriginal and Torres Strait Islander students undertaking government-funded VET in the ACT.
 - (iii) This accountability indicator measures the number of students with a disability undertaking government-funded VET in the ACT.
- e. This accountability indicator has four measures tracking Skilled Migration Attraction and Facilitation.
 - (i) This accountability indicator tracks ongoing program delivery within the Australian Government Department of Home Affairs' policy parameters based on a three-year average. This is an employer demand-driven program and targets are based on estimated outcomes for this activity based on achievement levels in past reporting periods. This indicator measures the number of applications for Regional Certifying Body (RCB) support of an employer nomination approved from 1 July 2019 to 30 June 2020.
 - (ii) Measurement of this accountability indicator includes nominations for both overseas and temporary Canberra residents, capturing all nominations supported, and aligns the target with the annual allocation provided by the Department of Home Affairs. This indicator measures the number of applications for ACT nomination approved from 1 July 2019 to 30 June 2020 under Skilled nominated (permanent) subclass 190 visa or Skilled Work Regional (provisional) subclass 491 visa.

- (iii) This accountability indicator measures the average number of monthly visits to 'Canberra. Create Your Future' website (www.canberrayourfuture.com.au), promoting the competitive advantages of Canberra to skilled workers. The 'Canberra. Create Your Future' website allows access for applicants to lodge online applications for ACT nomination and RCB support of employer nomination. The relevant application criteria and guidelines are also published on the 'Canberra. Create Your Future' website.
- (iv) This accountability indicator tracks the number of business days to process a skilled migration application. Lodgement of an application includes receipt of payment.

Explanation of material variances (+/-5%)

1. These targets are small numbers. Any deviation from the target is likely to result in a large variance. The overachievement of both targets is due to an increase in student numbers in the ACT.
2. The result is derived from the *2019 NCVER Student Outcomes Survey publication*. Estimates for 'improved employment status after training' are not comparable with prior years due to improvements in 2019 to the job-related benefits response items used to derive these variables. The NCVER has noted that this has resulted in a statistically significant increase to this measure.
3. Compared to the national trend, the ACT has seen strong growth in student numbers in recent years. This growth continued in 2019.
4. This is a demand driven indicator. There was a higher than expected interest from stakeholders seeking information about the revised ACT 190 nomination Program and the new ACT 491 nomination program in 2019-20.
5. As a result of a review of the program management structure and changes to the application process, average processing times have significantly decreased.
6. This variance is due to an increase in the vocational education and training (VET) subsidy costs associated with the *Skilled Capital and User Choice* grants, including additional expenditure to support the VET sector in response to the COVID-19 health emergency. This is partially offset by the deferral of expenditure associated with the *Growing future skills with more apprenticeship and vocational training places* initiative.
7. This variance is due to an increase in the vocational education and training (VET) subsidy costs associated with the *Skilled Capital and User Choice* grants, including additional expenditure to support the VET sector in response to the COVID-19 health emergency; and the timing of accessing CRP to pay for accrued expenditure. This is partially offset by the rollover of funding from 2019-20 to 2020-21 associated with the *Growing future skills with more apprenticeship and vocational training places* initiative.

Output Class 4: Financial and Economic Management

Output 4.1: Economic Management

Provision of economic analysis and advice to the ACT Government and agencies; management of Federal financial relations; and provision of accounting, financial framework; and insurance policy advice.

Economic Management will:

- monitor and advise on the state of the ACT economy;
- undertake economic and fiscal modelling and revenue forecasting;
- undertake long-term demographic projections;
- publish tax expenditure statements;
- facilitate the review of taxation reform;
- implement outcomes of the Lease Variation Charge (LVC) review;
- provide advice on economic policy, competition reform, cost of living and industry sectoral matters, including economic regulation of water and energy markets;
- coordinate the function and responsibilities provided under the Intergovernmental Agreement on Federal Financial Relations;
- coordinate and contribute to Heads of Treasuries and Council on Federal Financial Relations processes and participate in the Heads of Treasury Accounting and Reporting Advisory Committee;

- coordinate and contribute to ACT Government involvement with the Commonwealth Grants Commission;
- implement the new Motor Accident Injuries Scheme that flowed from the citizen's jury on the compulsory third-party insurance arrangements in the ACT;
- advise on and improve financial management frameworks, including issuing Model Financial Statements for 2019-20;
- develop policy on the financial and accounting framework for government operations;
- manage the Territory's financial assets and liabilities through the Territory Banking Account and the Superannuation Provision Account; and
- provide advice on the performance of selected government entities, including emerging issues and associated corporate governance arrangements.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Briefings on the ACT economy	105	151	44	1
b. To maintain ACT's share of GST above an equal per capita share of the GST Pool as recommended annually by the Commonwealth Grants Commission	1	1.24	24	2
c. Co-ordinate government participation in intergovernmental Treasury fora	7	28	300	3
d. Submission to credit rating agency	1	1	0	

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	9,306	8,756	(6)	4
Controlled Recurrent Payments	9,067	9,016	(1)	

Explanation of accountability indicators

- This accountability indicator covers briefings on the most recent key economic indicators for Canberra and the Australian Capital Territory.
- This accountability indicator covers the annual submission to the Commonwealth Grants Commission (CGC), including collation of all data input and associated briefings including new methodology developments. Treasury's submission to the CGC supports accurate assessment of the ACT's fiscal capacity, which determines its share of national GST revenue compared with an equal per capita share. The CGC Report on GST Revenue Sharing Relativities was released on 28 February 2020. The final report can be found at <https://www.cgc.gov.au/inquiries/2020-review>.
- This indicator covers responsibility for Treasury input to the operations of the COAG Council on Federal Financial Relations (CFFR) (two meetings each year), Board of Treasurers (BoT) (two meetings each year) and Heads of Treasuries (HoTs) (three meetings each year). During 2019-20 there were seven CFFR, 13 BoT and eight HoTs meetings.
- This accountability indicator covers the annual submission to the credit rating agency Standard & Poor's (S&P). This enables S&P to make an assessment of the credit rating of the ACT Government. The submission was a day-long meeting held on 13 June 2019 with the agency.

Explanation of material variances (+/-5%)

- The variance is due to the inclusion of weekly summary of economic indicators which were previously not counted.
- Lower capacity to raise revenue, higher wage costs and higher population growth compared with other states and territories give the ACT lower relative fiscal capacity than average, and thus a higher than equal per capita share.
- The variance is due to the very high level of intergovernmental activity, particularly due to COVID-19 requirements.
- The variance is mainly due to the deferral of expenditure for a number of initiatives, including *Asset Management & Fiscal Sustainability* and *More support for families and inclusion – Delivering a new Compulsory Third Party Insurance scheme*; and the transfer of the Financial Framework function to Output 4.2, 'Finance Management'. This is partially offset by expenditure associated with the new initiative – *Tax Reform Advisory Group*.

Output 4.2: Financial Management

Provision of analysis, monitoring and reporting on major projects, the financial performance of agencies and the Territory's budget, to assist the ACT Government to achieve its policy objectives.

Financial Management will:

- manage the preparation and presentation of the ACT Government's annual budget, budget review and annual financial statements;
- provide quarterly whole of government consolidated management reports;
- report to external agencies including the Australian Loan Council, the Australian Bureau of Statistics and the Commonwealth Grants Commission;
- provide advice to the ACT Government on financial and budget policy issues; and
- review government programs and functions.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Budget presented in accordance with legislative timeframes	1	0	(100)	1
b. Budget Review presented in accordance with legislative timeframes	1	1	0	
c. Annual Financial Statements for the Territory in accordance with legislative timeframes	1	1	0	
d. Quarterly Consolidated Financial Statements presented in accordance with legislative timeframes	4	4	0	
e. Policy/service reviews commenced	2	2	0	
f. Policy/service reviews completed	2	1	(50)	2
g. Regulatory reform in relation to financial processes	1	1	0	
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	16,469	12,797	(22)	3
Controlled Recurrent Payments	14,496	13,162	(9)	4

Explanation of accountability indicators

- The Territory Budget is presented to the Legislative Assembly in accordance with the timing prescribed in section 5 of the *Financial Management Act 1996* (FMA).
- The Budget Review for the Territory is presented to the Legislative Assembly in accordance with the timing prescribed in section 20A of the FMA. The 2019-20 Budget Review was tabled in the Legislative Assembly on 13 February 2020.
- The Annual Financial Statements for the Territory are provided to the Auditor-General in accordance with the timing prescribed in section 24 of the FMA. The Annual Financial Statements were circulated to Members of the Legislative Assembly on 31 October 2019 and tabled in the Legislative Assembly on 26 November 2019.
- The Quarterly Consolidated Financial Statements are presented to the Legislative Assembly in accordance with the timing prescribed in section 26 of the FMA. The June Quarter Consolidated Financial Report was tabled in the Legislative Assembly on 13 August 2019. The September Quarter Consolidated Financial Report was circulated to Members of the Legislative Assembly on 8 November 2019 and tabled in the Legislative Assembly on 26 November 2019. The December Quarter Consolidated Financial Report was tabled in the Legislative Assembly on 13 February 2020. The March Quarter Consolidated Financial Report was circulated to Members of the Legislative Assembly on 15 May 2020 and tabled in the Legislative Assembly on 21 May 2020.
- This accountability indicator measures the commencement of policy/service reviews. In 2019-20 the Directorate commenced a Review of Legislation, Policy and Programs Branch within Justice and Community Safety Directorate (JACSD) and a Review of Funding Arrangements for Environmental Offsets.

- f. This accountability indicator measures the completion of the above policy/services reviews. The Review of Legislation Policy and Programs Branch within JACSD was completed in June 2020. The Review of Funding Arrangements for Environmental Offsets was not fully completed in 2019-20.
- g. This accountability indicator covers policy and project initiatives targeted at improving the effectiveness and efficiency of regulation in relation to financial processes. During the reporting period the Capital Works Reserve Operational Guidelines were developed, ratified by the Capital Delivery Steering Committee (a sub-committee of Strategic Board), and distributed to agency Chief Financial Officers.

Explanation of material variances (+/-5%)

1. On 18 June 2020, pursuant to section 5 of the FMA, the Legislative Assembly resolved to delay the introduction of the Appropriation Bill 2020-2021, the Appropriation (Office of the Legislative Assembly) Bill 2020-2021 and 2020-21 Budget until after the election and the formation of a government. The decision was due to the COVID-19 pandemic impact and is in line with the National Cabinet decision and actions taken by all other States and Territories.
2. The Review of Funding Arrangements for Environmental Offsets was not fully completed in 2019-20 due to a range of reasons including a larger than anticipated scope of required work, extended consultations and disruptions (such as the recent bushfires and the COVID-19 pandemic).
3. The variance is mainly due to the deferral of expenditure from 2019-20 to future years for initiatives, including the *Investment Logic Workshop* and the *Strategic Asset Management Plan*; no claims against the Restructure Fund; and lower interest expense associated with the Community Housing Canberra loan. This is partially offset by additional expenditure for the Economic Stimulus Initiative associated with *Jobs for Canberrans* in response to the COVID-19 health emergency and the transfer of Financial Framework function from Output 4.1, 'Economic Management'.

Output Class 5: Workforce Injury Management and Industrial Relations Policy

Output 5.1: Workforce Injury Management and Industrial Relations Policy

Provide health and work sustainability solutions, focusing on risks arising from work and the relationship between employers and workers.

The Workforce Safety and Industrial Relations Group will:

- manage ACT workers' compensation, work health and safety and industrial relations regulatory and policy frameworks;
- support the Public Sector Workers Compensation Commissioner in the management of the Public Sector Workers' Compensation Fund;
- develop and review whole of government health, safety and rehabilitation policies and provide work health and safety services to support the policy framework; and
- coordinate the Territory's consultative bodies for industrial relations regulation, workers' compensation and work health and safety.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Conduct an actuarial review of the ACT private sector Worker's Compensation Scheme	Apr 2020	Apr 2020	0	
b. Maintain consultative work injury management fora within the ACT	4	4	0	
c. Provide policy advice on issues relating to industrial relations, injury management, work safety, and dangerous substances regulation	30	32	7	1
d. Represent the ACT and coordinate activities arising from: national industrial relations, work safety and injury management forums	14	21	50	2

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	12,648	11,529	(9)	3
Controlled Recurrent Payments	8,668	7,650	(12)	4

Explanation of accountability indicators

- This accountability indicator covers review of the performance of the ACT workers' compensation scheme and consideration of the broader implications of these findings. This indicator is considered complete on reporting of actuarial review results to the Minister for Employment and Workplace Safety. The actuarial review was completed in April 2020 and provided to the Office of the Minister for Employment and Workplace Safety on 9 April 2020.
- This accountability indicator covers the secretariat role to the ACT Work Safety Council, supporting four meetings of the Council. The indicator is considered complete when Council meetings are held. Two meetings were held in the first half of 2019-20, noting that the ACT Work Safety Council was replaced with the ACT Work Health and Safety Council on 5 December 2020. Two further meetings were held in February and May 2020.
- This accountability indicator covers the preparation of briefing papers to the ACT Government on workers' compensation, industrial relations and work safety matters. This indicator is counted as complete when submissions are lodged with the Executive.
- This accountability indicator covers representing the Territory at, and managing policy initiatives arising out of, national industrial relations and injury management forums (2), including SafeWork Australia and its policy sub-committees (15) and the national industrial relations senior officials' group (4). This indicator is considered complete with attendance at meetings.

Explanation of material variances (+/-5%)

- The target was exceeded due to increased Industrial Relations Ministerial correspondence relating to the COVID-19 pandemic.
- The target was exceeded due to increased attendance at national forums to respond to COVID-19 pandemic specific workplace safety and injury management matters.
- The variance is mainly due to a number of vacant positions and delays in recruitment during the year; and a change to the notional allocation of corporate overhead across the directorate. This is partially offset by expenditure related to the *An Independent WorkSafe ACT to better protect workers in the ACT* initiative.
- The variance is mainly due to a number of vacant positions and delays in recruitment during the year; and a change to the notional allocation of corporate overhead across the directorate. This is partially offset by expenditure related to supplementary appropriation for the *An Independent WorkSafe ACT to better protect workers in the ACT* initiative and the timing of accessing CRP to pay for accrued expenditure.

Output Class 6: Revenue Management

Output 6.1: Revenue Management

Revenue Management provides for the administration of the ACT Government's taxation revenue.

The key outputs to be delivered include:

- collecting taxation revenue in accordance with legislation;
- providing high quality and timely advice to assist taxpayers in meeting their obligations;
- processing objections to assessments and decisions, in accordance with timeframes published on the ACT Revenue Office website;
- ensuring the integrity, consistency and effectiveness of the ACT's taxation system through prioritised compliance programs and regular reviews of legislation;
- processing of concessions in accordance with legislation; and
- administering Rental Bonds.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Debt Management – level of overdue rates as a percentage of total rates revenue	5%	8%	64	1
b. Debt Management – level of overdue debt (not including rates) as a percentage of tax revenue (not including rates)	2%	4%	80	1
c. Internal reviews of Objections completed within 6 months	85%	96%	13	2
d. Internal reviews of Objections completed within 12 months	100%	100%	0	
e. Compliance revenue per inspector	\$650,000	\$949,937	46	3

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	28,069	30,281	8	4
Controlled Recurrent Payments	20,979	22,702	8	5

Explanation of accountability indicators

- This accountability indicator measures the level of overdue collectable rates debt as a percentage of forecast rates revenue. It excludes matters subject to objection and appeals.
- This accountability indicator measures the level of overdue collectable debt (less rates) as a percentage of forecast tax revenue (less rates). It excludes matters subject to objection and appeals, under liquidation and agreements made by the ACT Government in respect of pending waivers.
- Accountability indicator on the completion within timeframes of internal reviews of objections lodged against revenue assessments and decisions.
- Accountability indicator on the completion within timeframes of internal reviews of objections lodged against revenue assessments and decisions.
- This accountability indicator measures all revenue assessed from compliance activities divided by the number of full-time-equivalent Inspectors. It includes revenue from assessments and reassessments (being that portion not already assessed), outstanding returns, savings resulting from reductions in refund claims and other compliance activity.

Explanation of material variances (+/-5%)

- Debt is higher than the target level for both accountability indicator 6.1(a) and 6.1(b) and is likely to rise further given the disruption caused by the COVID-19 pandemic. The Revenue Office has reduced its focus on debt recovery activity due to COVID-19 and the need to assign priority to implementing survival package initiatives. The Revenue Office will continue to assess this position.
- The Revenue Office has reduced its case processing timeframes compared to the prior financial year.
- Compliance revenue per inspector in 2019-20 exceeded the target due to strong results from data driven compliance activities in landholder duty, payroll tax and land tax.
- The variance is mainly due to an increase in depreciation expense as a result of AASB16- Leases effective 1 July 2019; higher computing software amortisation; and the transfer of the Compulsory Third-Party Insurance database to the Motor Accident Injuries Commission.
- This variance is mainly due to the delay in recovering expenses associated with the rental bonds office from the Justice and Community Safety Directorate and the timing of accessing CRP to pay for accrued expenditure.

Output Class 7: Shared Services

Output 7.1: Shared Services

Shared Services provides a range of ICT and corporate services, including infrastructure, applications support and development, ICT project services and tactical and transactional human resource and finance services to directorates and agencies.

The key outputs to be delivered include:

- providing services to government agencies as outlined in Shared Services ICT catalogue of services and affirmed through various service level and support agreements;

- managing the whole of government data and communications network;
- providing general service and help desk functions;
- providing payroll and personnel services;
- providing recruitment services;
- providing records management and courier activities to government directorates;
- providing monthly and annual financial reporting services;
- providing accounts payable, accounts receivable and debt management functions;
- providing general ledger, cash flow and fixed asset management;
- administering the Taxation Management Framework across the ACT Government;
- administering production and lodgement to the Australian Taxation Office of monthly Business Activity Statements and annual Fringe Benefits Tax Returns; and
- delivering salary packaging services for employees across the ACT Government.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. ICT costs compared to peer organisations' costs, as benchmarked by an independent organisation	within 5%	within 5%	0	
b. Email availability across government during core business hours	100%	100%	0	
c. ICT service requests made via the Service Desk are resolved within Service Level Agreements' timeframes	90%	90%	0	
d. Average time taken for telephone ICT service requests to be answered by a Service Desk Officer	30 seconds	253 Seconds	743	1
e. Number of successful attacks on internally hosted ACT Government websites	0	0	0	
f. Human resources service requests made via the Service Desk are resolved within Service Standard timeframes	90%	88%	(2)	
g. Business Activity Statements completed in accordance with the ATO deadline	100%	100%	0	
h. Fringe Benefits Tax Return submitted to the ATO in accordance with the ATO deadline	100%	100%	0	
i. Monthly financial information available for use by agencies by 6th working day of the month	100%	100%	0	
j. Annual financial statements completed and provided to agencies by 10th working day of July	100%	0%	(100)	2
k. Finance service requests made via the Service Desk are resolved within Service Standards timeframes	90%	92%	2	

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	219,058	225,200	3	
Controlled Recurrent Payments	60,614	60,503	0	

Explanation of accountability indicators

- a. The independent benchmarking is undertaken every two years. Shared Services has received an interim report from the independent benchmarking organisation, but the detailed assessment of ICT costs is not yet available. The peer result will be derived from a blended value made from public sector organisations in Australia, Canada and the United Kingdom. These organisations have a revenue comparable to the ACT Government for the 2020 financial year. The peer group is selected due to its high level of comparability to the Australian public sector given the similar operating, technology and political environments and ensures the ACT Shared Services is held to a high international standard.
- b. Established by determining up-time of each core component of the network across core business hours (Monday to Friday 8am to 6pm).
- c. Service Standards timeframes (10 working days) are published standards for service delivery by Shared Services.
- d. This measure covers the average time (in seconds) taken for a call to be answered by the Service Desk. The target for this indicator is calls an average speed of answer of 30 seconds.
- e. This measure covers security breaches of internally hosted ACT Government web sites and web applications.
- f. Service Standards timeframes (five working days) are published standards for service delivery by Shared Services.
- g. This accountability indicator covers the submission of Business Activity Statements to the Australian Taxation Office (ATO).
- h. This accountability indicator covers the lodgement of annual Fringe Benefits Tax (FBT) returns to the ATO. This is an annual measure. The lodgement date is 21 May 2020. Due to the COVID-19 pandemic, the ATO advised that the due date to lodge and pay the Fringe Benefit Tax Return had been deferred from 21 May 2020 to 25 June 2020. Nine directorates and agencies lodged by 21 May 2020, with the remaining six directorates and agencies lodging prior to 25 June 2020.
- i. This accountability indicator refers to the completion of processing of monthly financial information using Oracle.
- j. This accountability indicator covers the submission of draft annual financial statements to directorates and agencies. This is an annual measure. The due date is the 10th working day in July (14 July 2020).
- k. Service Standards timeframes (two working days) are published standards for service delivery by Shared Services.

Explanation of material variances (+/-5%)

1. The Service Desk has seen an average increase in call volume of 7.48% per year over the last three years. In addition, the Service Desk introduced live chat as a form of communication which has enabled 14,000 online interactions since its introduction in January 2020. The Service Desk experienced significant unanticipated call volume spikes due to bushfires and the shift of ACT Public Service staff working from home due to the COVID-19 pandemic. The Service Desk also transitioned to working from home during this period. The average speed of answer has improved significantly in the last two months as the spikes in volumes have lessened which has resulted in a reduction of average speed of answer to 188 seconds in May 2020 and 137 seconds in June 2020.
2. The provision of completed annual financial statements to agencies was not completed by the target date of 14 July 2020. Due to the impacts of the COVID-19 pandemic, Shared Services received an extension to submit draft annual financial statements by 24 July 2020. The extension was granted with the agreement of the ACT Audit Office, the Chief Minister, Treasury and Economic Development Directorate and all other directorates and agencies.

Output Class 8: Infrastructure Finance and Procurement

Output 8.1: Infrastructure Finance

Infrastructure Finance and Reform (IFR) provides advice to government on the development and management of major infrastructure projects, including unsolicited proposals and the use of private finance where appropriate, partnering with directorates to ensure that project business cases provide the required evidence and analysis to justify the funding decisions of government.

The key outputs to be delivered include:

- advice on the development of infrastructure projects within the Capital Framework;
- financial and commercial advice on the structuring and procurement of Public Private Partnership (PPP) and other major, complex infrastructure projects; and managing life-of-project transactions for PPP projects;
- coordinate and manage the assessment of Unsolicited Proposals;

- maintaining, and providing advice on and training in, the policy frameworks that guide the development of infrastructure projects; and
- governance and administrative support to infrastructure-related committees.

NOTE: The following changes have been made to this Output due to the transfer of the whole of government capital works function from the Chief Minister, Treasury and Economic Development Directorate to Major Projects Canberra:

- The Output Class, previously Infrastructure Finance, Capital Works and Procurement, has been renamed.
- The Output, previously Infrastructure Finance and Capital Works, has been renamed.
- The 2019-20 targets for indicators 8.1b, c and d have been revised to N/A to reflect their transfer to Major Projects Canberra under Notifiable Instrument NI2019-847.

	2019-20 Target	2019-20 Revised Target	2019-20 Result	Variance (%)	Note
Accountability indicators					
a. Life of Project PPP transactions successfully executed	100%		100%	0	
b. Proportion of relevant projects supported by Infrastructure Finance and Capital Works that have had WHS audits performed in accordance with the Active Certification Audit Program	>90%	N/A	N/A	N/A	
c. Capital Works Projects					
- Percentage of Construction Projects Completed on Budget	>85%	N/A	N/A	N/A	
- Percentage of Construction Projects Completed on Time	>85%	N/A	N/A	N/A	
- Percentage of contracts awarded to prequalified contractors/consultants	>95%	N/A	N/A	N/A	
d. Proportion of relevant contracts managed by Procurement that include the requirement for the contractor to hold IRE Certification	>90%	N/A	N/A	N/A	
e. Assessments of Unsolicited Proposals completed within the prescribed timescales	>85%		0%	(100)	1
Summary					
	2019-20 Original Budget (\$'000)	2019-20 Outcome (\$'000)		Variance (%)	Note
Total Cost	26,298	2,850		(89)	2
Controlled Recurrent Payments	7,496	2,402		(68)	3

Explanation of accountability indicators

- a. This indicator measures the efficiency of Infrastructure Finance and Reform (IFR) in undertaking its responsibilities for Life of Project transactions for PPP projects. 'Life of Project' transactions are those that have a material impact on the financial and/or operational arrangements of the project as negotiated in the original PPP Contract, and normally result from a request by the Project Company that requires the consent of the Territory (for example, debt refinancing, changes in equity arrangements, changes to the payment mechanism or financial model, etc.). 'Successfully executed' means that the Territory has responded to a request from the Project Company within the timescale specified in the PPP Contract; and has not been unreasonable should it withhold its consent.
- e. This indicator measures the efficiency of IFR in undertaking its responsibilities for managing the assessment of Unsolicited Proposals. The relevant timescales are those specified in the Guidelines for Unsolicited Proposals and/or those agreed with the proponent, for each phase of the assessment process. The Guidelines for Unsolicited Proposals require the Unsolicited Proposals Steering Committee (UPSC) to notify the proponent of its decision of whether to proceed to Phase Two within two calendar months of the presentation to the UPSC 'unless there are particular circumstances that require a longer review period'.

Explanation of material variances (+/-5%)

1. Of the unsolicited proposals considered from 1 July 2019 to 30 December 2019, only Hilton Canberra World Trade Technology was invited to present to the UPSC and therefore subject to this timeframe. The UPSC reviewed this proposal thoroughly and took additional time to consult broadly within government. Following these consultations, the UPSC determined it would be appropriate to undertake a competitive process to lease the relevant land, and hence decided the proposal should not proceed to Phase Two of the Unsolicited Proposal process. The extensive consultations meant the UPSC did not make this decision until four months after the presentation. The proponent was informed that consideration would exceed the period stated in the Guidelines and kept informed throughout the process.
2. The variance is mainly due to the transfer of the Capital Works function to Major Projects Canberra following the Administrative Arrangement effective 1 July 2019; the transfer of Procurement Policy to Output 8.2, 'Goods and Services Procurement'; and the deferral of expenditure for the *More and better jobs - Improving infrastructure planning and delivery* initiative.
3. The variance is mainly due to the transfer of Procurement Policy to Output 8.2, 'Goods and Services Procurement'; and the deferral of expenditure for the *More and better jobs - Improving infrastructure planning and delivery* initiative.

Output 8.2: Goods and Services Procurement

Procurement ACT supports goods and services procurement activities of government directorates and agencies and both establishes and manages whole of government arrangements. It advises the Government on procurement policy, develops and implements the Government's procurement related policies, offers training and support to staff undertaking procurement activities across government, and administers online tendering and procurement support systems.

The key outputs to be delivered include:

- providing procurement advisory and support services to directorates and agencies;
- administering the Government contracts register and procurement systems;
- supporting Territory staff to undertake procurement activities efficiently and effectively with contemporary advice and provision of templated and standardised documentation and processes;
- supporting the procurement workload across government by applying contemporary category procurement knowledge and contract management skills to establish and manage cost effective whole of government arrangements; and
- representing the ACT Government in cross-jurisdictional engagement on procurement policy matters, including in relation to international trade agreements.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Proportion of Goods and Services contracts awarded to Indigenous suppliers or Social suppliers	1%	2.68%	168	1
b. Public availability of Contract Register and Tenders ACT	99.5%	99.6%	0	
c. Public satisfaction with Tender systems	85%	85%	0	

	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	6,003	9,071	51	2
Controlled Recurrent Payments	484	2,736	465	3

Explanation of accountability indicators

- a. ACT Government agencies are encouraged to include opportunities for Indigenous business and social enterprises in their procurement activity. This indicator, expressed as a percentage of all contracts for goods and services (excluding capital works) entered into in the reporting period, measures the number of such contracts where the contracting party is a social enterprise or is considered to be an Aboriginal and Torres Strait Islander Enterprise under the Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP). Each agency is also responsible for its own reporting against the provisions of the ATSIPP, however that analysis uses a different sub-set of ACT Government contracts and so there will be no correlation between this indicator and the numbers reported by individual agencies for the purposes of the ATSIPP.
- b. Public availability of the Contract Register and Tenders ACT measures the proportion of time that these systems are fully available for use by external parties interested in business opportunities with the ACT Government.
- c. Public satisfaction with Tender systems measures the proportion of external users who are satisfied that tender process and documentation as delivered via Tenders ACT support meeting their business needs and objectives. This is collected by a survey of external Tenders ACT registered parties. The annual public survey of satisfaction with Tender Systems was conducted in June 2020.

Explanation of material variances (+/-5%)

1. The variance can be explained in part by improved reporting capability, which has enabled more accurate capture and analysis of information about contracts and suppliers. The completion of the Professional and Consulting Services Panel tender, which contracted four Aboriginal and Torres Strait Islander enterprises out of the 268 compliant tenderers has also contributed to the greater proportion of contracts awarded to the target enterprises.
2. The variance is mainly due to the transfer of Procurement Policy which was previously part of Output 8.1, 'Infrastructure Finance and Capital Works' and additional expenditure associated with the new initiative – *Modernising procurement practices*.
3. The variance is mainly due to the transfer of Procurement Policy which was previously part of Output 8.1 'Infrastructure Finance and Capital Works' and additional funding through supplementary appropriation for the *Modernising procurement practices* initiative.

Output Class 9: Property Services and Venues

Output 9.1: Property Services

Property Services covers the management of Territory-owned commercial buildings, government office accommodation, community/multipurpose buildings, aquatic/leisure facilities and leases commercial buildings on behalf of the Territory.

	2019-20 Target	2019-20 Result	Variance (%)	Note
Accountability indicators				
a. Occupancy rate for properties designated for use by non-government tenants	96.5%	97.5%	1	
b. Average square metres of office accommodation per employee	14.3	57.7	303	1
c. Percentage of customers satisfied with management of aquatic centres	93%	94%	1	
	2019-20 Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost	142,094	139,356	(2)	
Controlled Recurrent Payments	17,516	13,804	(21)	2

Explanation of accountability indicators

- a. This accountability indicator measures the occupancy rate for properties designated for use by non-government tenants (community groups and commercial organisations) by calculating the percentage of occupied space against the total of available non-government space.

- b. This accountability indicator covers the quantum of office space utilised per employee. The utilisation rate is the average net lettable area of office space measured on a square metre basis per employee in ACT Government owned and leased office accommodation that is being occupied by ACT Government agencies. The target reflects progress in implementing the whole of government Office Accommodation Strategy. This accountability indicator is measured through an annual survey conducted with each directorate. The data collected through this accountability indicator forms part of a management tool used by ACTPG to assess the utilisation of space within ACT Government office buildings and assist in future accommodation planning.
- c. An annual survey of visitors to public swimming pools seeking visitors' satisfaction with the management of public swimming pools. Surveys are undertaken over December 2019 to February 2020 and results received in May 2020.

Explanation of material variances (+/-5%)

1. The annual survey occurred when ACT Government office based staff were primarily working remotely due to COVID-19. This resulted in lower than normal occupancy rates across office buildings. Due to the high variance a second measure was undertaken to count the number of workstations within the office spaces to provide the capacity rates. Using the measure of workstations, the capacity would be a rate of 13.16m² per workstation.
2. The variance is mainly due to the impact of the rollover of funding associated with a number of initiatives, including Smarter government spending - Centralising property custodianship, Supporting smarter working in the new ACT Government office projects, Meeting future ACT Government accommodation needs, and Belconnen Fire and Ambulance Station Remediation. This is partially offset by additional funding relating to Rental Relief on ACT Government Properties in response to the COVID-19 health emergency, bushfires and hailstorm supports, which was funded by Treasurer's Advance.

Output 9.2: Venues

Venues promotes and manages major events at venues including GIO Stadium, Exhibition Park in Canberra, Manuka Oval, Stromlo Forest Park and the Canberra Business Event Centre. This Output also includes management of the National Arboretum Canberra.

	2019-20 Target	2019-20 Revised Target	2019-20 Result	Variance (%)	Note
Accountability indicators					
a. Number of Major Events at:					
- GIO Stadium	20		11	(45)	1
- Manuka Oval	8	16	14	(13)	2
- Stromlo Forest Park	10		6	(40)	3
- Exhibition Park in Canberra	85		100	18	4
b. Own Source Revenue by Venue at:					
- GIO Stadium	\$3.0 million		\$2.0 million	(33)	5
- Manuka Oval	\$360,000		\$401,000	11	6
- Exhibition Park in Canberra	\$3.5 million		\$3.8 million	9	7
c. The level of customer satisfaction at the National Arboretum Canberra	85%		95%	12	8
		2019-20 Original Budget (\$'000)	2019-20 Outcome (\$'000)	Variance (%)	Note
Total Cost		27,103	30,001	11	9
Controlled Recurrent Payments		8,667	14,019	62	10

Explanation of accountability indicators

- a. This accountability indicator has four measures, reflecting the number of contracted major events to be held at each venue in 2019-20. A major event at GIO Stadium, Manuka Oval or Stromlo Forest Park is an event, match or feature that is considered to be a national or international fixture. A major event at Exhibition Park in Canberra is an event that attracts over 500 attendees. The target for the Number of Major Events at Manuka Oval was increased in the 2019-20 Supplementary Budget Paper to reflect additional planned cricket events at Manuka Oval, including both men's and women's matches. The expected increase in content was a result of continued collaboration with Cricket Australia and Cricket NSW.

- b. This accountability indicator has three measures as follows:
 - (i) own source revenue (measured as gross profit) generated by GIO Stadium based on pre-existing hire agreements;
 - (ii) own source revenue (measured as gross profit) generated by Manuka Oval based on pre-existing hire agreements;
 - (iii) own source revenue (measured as gross revenue) generated by Exhibition Park in Canberra.
- c. Customer satisfaction is based on an annual survey undertaken each financial year.

Explanation of material variances (+/-5%)

COVID-19 restrictions since mid-March 2020 have meant no large gatherings and resulted in a downturn in the number of major events and own source revenue.

1. No events were held at GIO Stadium from mid-March until 30 June 2020. Ten scheduled sporting matches did not occur.
2. The finalised agreement with Cricket Australia and Cricket NSW allowed for additional content. However, due to COVID-19, two scheduled AFL matches were not conducted.
3. One event was cancelled prior to 31 December 2019 due to the unavailability of a race director. Events in 2020 did not go ahead due to COVID-19 restrictions.
4. The first half of the year saw an increase in events due to ongoing marketing, retention rates and the variety of facilities at EPIC. During COVID-19 restrictions, the weekly Farmers Markets have been maintained although a number of major events, including the National Folk Festival and Groovin the Moo, have either been cancelled or postponed.
5. GIO Stadium was unable to generate parking income, corporate hospitality and catering commission for the period 15 March – 30 June 2020 which resulted in lower own source revenue.
6. Manuka Oval retained unbudgeted ticket sales from the summer of cricket which increased own source revenue.
7. Recoveries income for Exhibition Park in Canberra has increased due to the hosting of a number of government initiatives during the year.
8. The positive variance result is due to the National Arboretum Canberra's continuing status as a popular tourist attraction.
9. The variance is mainly due to the additional expenditure for new initiatives, including *Supporting tourism by strengthening Canberra's major event venues* and *Further work for a new Rectangular Canberra Stadium*; and the deferral of expenditure from 2018-19 to 2019-20 associated with *Bigger and Better Events for Canberra - Test Match and One Day international Cricket for Canberra* and *More jobs for our growing city - Early planning for an upgraded amphitheatre*. This is partially offset by the deferral of expenditure for a number of initiatives, including *More jobs for our growing city - Better infrastructure at the National Arboretum*, *Supporting tourism by strengthening Canberra's major event venues*, *More and better jobs - Supporting major venues*; and *Security measures at GIO Stadium*.
10. This variance is mainly due to an increase in funding relating to *Supporting Tourism by strengthening Canberra's major event venues*; *Further work for a new Rectangular Canberra Stadium*; and *Cheaper Parking at Canberra Stadium* through the supplementary appropriation; funding for bushfire and hailstorm supports and Economic Stimulus Package to support revenue lost from cancelled sporting and other events through Treasurer's Advance. This is partially offset by the rollover of funding associated with the *More jobs for our growing city - Better infrastructure at the National Arboretum*, *Supporting tourism by strengthening Canberra's major event venues*, *More and better jobs - Supporting major venues*; and *Security measures at GIO Stadium*.

Territory Banking Account

**Financial statements for the year ended
30 June 2020**

Management Discussion and Analysis For the Territory Banking Account Financial Year Ended 30 June 2020

OVERVIEW

Objectives

The Territory Banking Account is established to recognise and manage the government's financial investment assets and borrowing liabilities. Revenues on behalf of the Territory are transferred to the Territory Banking Account and fortnightly appropriation disbursements are made to agencies from the Territory Banking Account.

Principal Activities

The Chief Minister, Treasury and Economic Development Directorate, through the financial operations of the Territory Banking Account, is responsible for financial asset and liability management through the establishment of investment and borrowing policies and objectives, and the coordination and implementation of cash management, investment and borrowing activities.

The Territory Banking Account is a multi-purpose entity responsible for territorial revenues and transfer of appropriation cash flow transactions, financial investment and financial borrowing liabilities of the Territory. The functions and financial transaction activities are established through the provisions of the *Financial Management Act 1996*. The Territory Banking Account is the central public account for the Territory.

Risks and Sensitivities

The financial performance of the Territory Banking Account is highly correlated with the performance of global financial markets and the macroeconomic environment. During 2019-20 an increase in global economic uncertainty largely from the COVID-19 pandemic in addition to the ongoing global trade tensions and growth outlooks has led to an increase in global financial market volatility.

The Territory Banking Account manages the financial investments in accordance with the aggregate investment plans of underlying ACT Government agency investors. Exposures to asset classes sectors comprising cash, money market securities, fixed rate bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure are maintained in line with the strategic asset allocation representing acceptable risk and return tolerances. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions.

The current outlook for investment returns remains very challenging with increasing uncertainty about global growth prospects, lower corporate earnings, record low interest rates and generally relatively high asset valuations.

The Government's debt funding requirements are mainly achieved by the issuance of debt securities in the financial capital markets, with debt instruments issued from a domestic debt issuance program.

The 2019-20 financial year was very volatile in terms of movements in yields and access to financial markets to issue new bonds.

Australian financial markets were impacted in March in response to the COVID-19 outbreak, with interest rates increasing and liquidity decreasing, with the ability of all State and Territory governments to access funding becoming constrained. As part of a package of announced policy measures the Reserve Bank commenced a program of bond purchases to support liquidity in Australian financial markets noting that State and Territory governments would face increased liquidity risks if there was prolonged loss of access to funding at a time when there was a large increase in funding requirements.

These policy measures had a positive impact on Australian financial markets over the June quarter with increased liquidity and an improved ability by State and Territory governments to access funding.

There has been an increase in total Territory borrowing since the 2019-20 Budget primarily to support the Government's rapid and unprecedented response to the COVID-19 pandemic, as well as respond to the significant reduction in GST and own-source revenues. While borrowings are estimated to increase, Australian interest rates remain at historical lows.

There remains an ongoing risk of another deterioration in global and Australian financial markets impacting on the ability of the Territory to effectively access funding requirements.

Financial Performance

The Territory Banking Account's financial results encompass a diverse range of transactions on behalf of the whole government. Accordingly, the operating result and the net liability position of the Territory Banking Account can only be viewed in conjunction with the total Territory financial results and budget estimates.

The financial results are an aggregate of the financial investment and borrowing transactions as well as the receipt of transfers of territorial related revenues from agencies and the payment of budget appropriation disbursements to agencies. Transactions are supported by the provisions of the *Financial Management Act 1996* and the annual budget in meeting its ongoing financial obligations.

The majority of financial variances are driven by underlying agency activities over which the Territory Banking Account has no control. Information about agency actual transactions compared with the budget should be sourced from the 2019-20 financial statements of relevant agencies.

The following summary of the financial operating activities is based on the audited financial statements for 2018-19 and 2019-20 and the 2019-20 Budget estimates.

Table 1 – Operating Activities

	Actual 2019-20 \$m	Original Budget 2019-20 \$m	Actual 2018-19 \$m
Total Income	4,600.4	5,279.8	4,993.6
Total Expenses	5,587.7	6,026.6	5,542.6
Operating Deficit	(987.3)	(746.7)	(549.0)

Operating Result

The Territory Banking Account's operating deficit for 2019-20 of \$987.3 million was \$240.5 million or 32 per cent higher than the 2019-20 original budget deficit of \$746.7 million.

In comparison to 2018-19, the operating deficit in 2019-20 increased by \$438.2 million or 80 per cent.

Total Income

Components of Income

The Territory Banking Account's income for 2019-20 totalled \$4,600.4 million. Income comprises: investment earnings (\$123.3 million); interest from loans provided to agencies (\$74.9 million); transfer revenues from agencies (\$4,246.7 million); and other income (\$155.4 million).

The Territory Banking Account's income for 2019-20 of \$4,600.4 million was \$679.4 million or 13 percent lower than the 2019-20 original budget of \$5,279.8 million.

In comparison to 2018-19, income in 2019-20 was \$393.2 million or 8 per cent lower.

Total Expenses

Components of Expenses

The Territory Banking Account's expenses for 2019-20 totalled \$5,587.7 million. Expenses comprise: transfer of budget appropriations to agencies (\$5,294.9 million); borrowing costs (\$187.8 million); agency investment expenses (\$93.2 million) and other expenses (\$11.8 million).

In comparison to 2018-19, total expenses for 2019-20 of \$5,587.7 million were \$438.9 million or 7 percent lower than the 2019-20 original budget of \$6,026.6 million.

Financial Position

The following summary of the financial position is based on the audited financial statements for 2018-19 and 2019-20 and the 2019-20 Budget estimates.

Table 2 – Financial Position

	Actual 2019-20 \$m	Original Budget 2019-20 \$m	Actual 2018-19 \$m
Total Assets	8,919.9	8,227.0	8,074.3
Total Liabilities	11,791.3	10,839.5	10,023.3
Net Liabilities	(2,871.4)	(2,612.3)	(1,949.0)

Total Assets

Components of Total Assets

The Territory Banking Account's total assets at 30 June 2020 were \$8,919.9 million. Total assets comprise: cash and investments (\$6,507.4 million); and loans and other receivables (\$2,412.5 million).

The Territory Banking Account's total assets at 30 June 2020 (\$8,919.9 million) were \$692.9 million or 8 percent higher than the 2019-20 original budget (\$8,227.0 million).

In comparison to 2018-19, total assets at 30 June 2020 increased by \$845.6 million or 10 per cent.

Total Liabilities

Components of Total Liabilities

The Territory Banking Account's total liabilities at 30 June 2020 were \$11,791.3 million. Total liabilities comprise: payables (\$57.5 million); interest bearing liabilities (\$7,076.0 million); and agency investment deposits (\$4,657.8 million).

The Territory Banking Account's total liabilities at 30 June 2020 (\$11,791.3 million) were \$951.8 million or 9 percent higher than the 2019-20 original budget (\$10,839.5 million).

In comparison to 2018-19, total liabilities at 30 June 2020 increased by \$1,768.0 million or 18 per cent.

Cash and Liquidity Management

A key strategic cash management objective is to maintain sufficient liquidity within the Territory Banking Account to meet budget appropriation payment requirements and debt servicing obligations, including interest and principal repayments.

Maintaining high liquidity is a key factor in the credit rating assessment undertaken by the international ratings agency Standard & Poor's. A high liquidity provision assists the Government in meeting cash payment obligations on an ongoing basis.

Table 3 provides a summary of the Territory Banking Account cash and investment balance (excluding agency investment) as at 30 June 2020. No cash at bank balances relate to uninvested agency investment deposits.

Table 3 – Cash and Investments Balance of the Territory Banking Account

	Actual 2019-20 \$m
Cash at Bank	1,622.9
Investments (Money Market Securities)	226.7
Total Cash and Investments	1,849.6

Financial Investment and Borrowing Activities

Financial Investments

The majority of the Territory's financial investment assets are managed through the Territory Banking Account. Investment funds from relevant directorates and Territory authorities (agency investors) are pooled together and invested under a

centralised investment structure which provides a number of different investment options designed to meet the specific investment objectives of the agency investors.

The financial assets are managed in accordance with the individual investment plans of approved agency investors. Each investment plan takes into consideration the particular circumstances of the agency when formulating the appropriate investment objectives. The financial investment assets are also managed in accordance with the Government's overarching responsible investment policy framework.

Table 4 provides a summary of the total financial investment assets of agency investors and the Territory Banking Account by asset class sector allocation as at 30 June 2020.

Table 4 – Financial Investments Exposures

Financial Investment Assets	Actual
- Sector Allocations	2019-20
	\$m
Money Market Securities	590.9
Domestic and International Fixed Income	1,083.0
Domestic and International Equities	2,550.5
Private Equity	197.4
Property	398.5
Infrastructure	64.0
Total Financial Investment Assets	4,884.5

The net investment return by asset class sector and for the total portfolio for 2019-20 is shown in Figure 1 below.

Figure 1 – Net Investment Return 2019-20

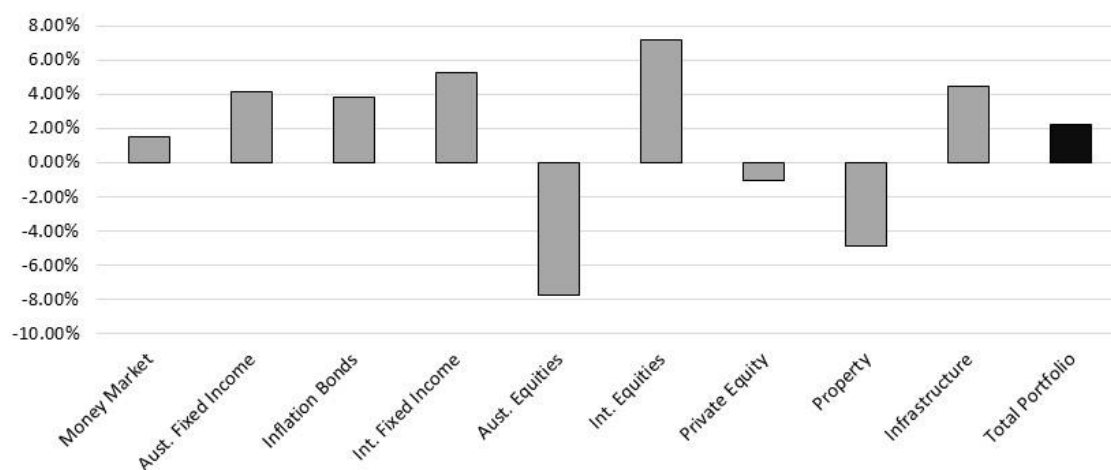


Table 5 details Agency Investment balances by asset class sector exposure with the Territory Banking Account at 30 June 2020.

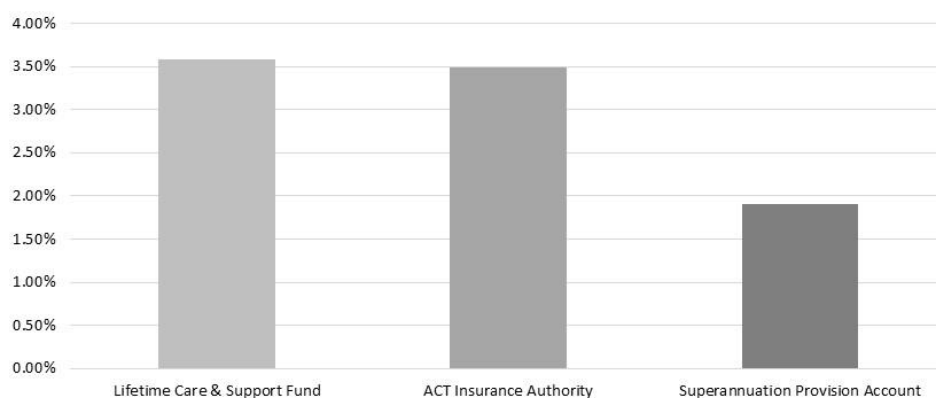
Table 5 – Agency Investment Deposits

Agency Investment Deposits - Sector Allocations	Actual 2019-20			Total \$m
	ACTIA ¹ \$m	LTCS ¹ \$m	SPA ¹ \$m	
Money Market Securities	-	-	365.7	365.7
Domestic and International Fixed Income	162.7	35.9	883.0	1,081.6
Domestic and International Equities	165.1	36.6	2,348.8	2,550.5
Private Equity	-	-	197.4	197.4
Property	-	-	398.5	398.5
Infrastructure	-	-	64.0	64.0
Total Agency Investment Deposits	327.8	72.5	4,257.5	4,657.8

¹ ACT Insurance Authority (ACTIA), Lifetime Care & Support Fund (LTCS); Superannuation Provision Account (SPA)

Figure 2 details the 2019-20 annual investment returns for agency investors. The outcomes reflect the underlying investment strategy and asset allocations for each agency investor.

Figure 2 – Agency Investor Investment Returns 2019-20



Financial Borrowings

The Government's capital funding requirements are mainly achieved by the issuance of debt securities in wholesale capital markets. The Government's Domestic Debt Issuance Program is managed and reported through the Territory Banking Account. The debt funding program is supplemented with some loans provided from the Commonwealth Government.

The total outstanding principal value of market borrowings and loans by funding type and year of maturity as at 30 June 2020 as reported in the Territory Banking Account are set out in Figure 3 below.

Figure 3 – Total External Market Borrowings and Loans – Principal Value as at 30 June 2020

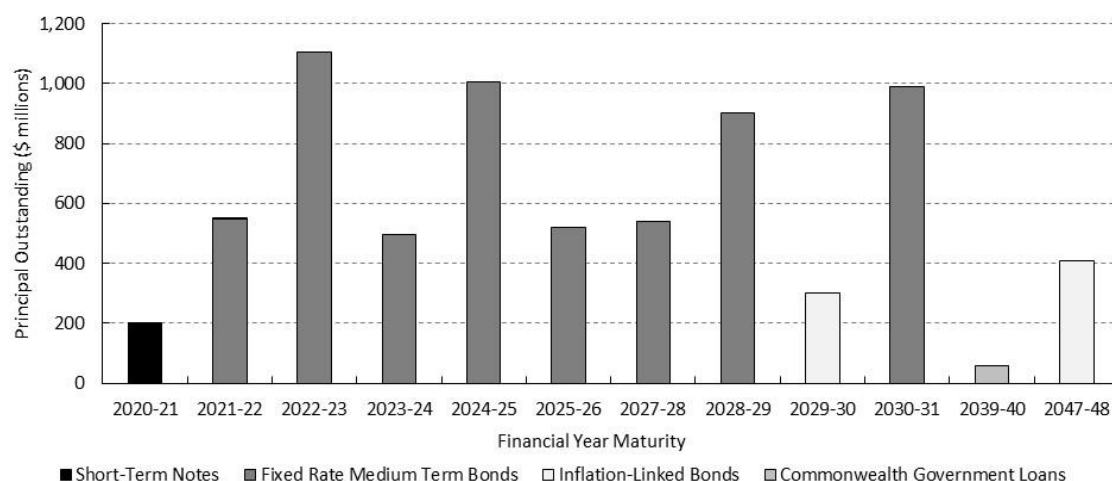


Table 6 provides details of the outstanding nominal fixed rate bonds as reported in the Territory Banking Account as at 30 June 2020.

Table 6: Nominal fixed rate bonds on issue

Coupon	Maturity	Face value \$m	Principal outstanding ¹ \$m	Timing of interest payments	
4.25%	Apr 2022	550	546.2	Semi-annual	Apr, Oct
1.00%	Apr 2023	1,100	1,104.6	Semi-annual	Apr, Oct
4.00%	May 2024	500	496.4	Semi-annual	May, Nov
1.25%	May 2025	1,000	1,004.1	Semi-annual	May, Nov
2.50%	May 2026	525	520.2	Semi-annual	May, Nov
3.00%	Apr 2028	550	541.0	Semi-annual	Apr, Oct
2.25%	May 2029	900	902.1	Semi-annual	May, Nov
1.75%	Oct 2031	1,000	990.2	Semi-annual	Apr, Oct

Notes:

¹ Estimated capital value outstanding as at 30 June 2020. The difference between principal outstanding and the face value reflects the unamortised issuance premium or discount. The face value is repaid at maturity.

Table 7 provides details of the outstanding market-issued inflation bonds as reported in the Territory Banking Account as at 30 June 2020.

Table 7: Inflation linked bonds on issue

Coupon	Maturity	Face value \$m	Principal outstanding \$m	Timing of payments	
2.83% ¹	Jun 2048	420	409.4	Quarterly	Mar, Jun, Sep, Dec
3.50% ²	Jun 2030	250	302.7	Quarterly	Mar, Jun, Sep, Dec

Notes:

¹ Indexed Annuity Bond. Annuity payments are made quarterly, comprising principal and interest amounts. The interest and principal payments are adjusted for movements in the CPI.

² Capital Indexed Bond. The capital value of the security is adjusted for movements in the CPI. Interest is paid quarterly at a fixed rate on the adjusted capital value. The adjusted capital value of the security is repaid at maturity.

Table 8 provides details of the Territory's outstanding Commonwealth loans as reported in the Territory Banking Account at 30 June 2020.

Table 8: Commonwealth loans

Interest Rate ¹	Maturity	Face value \$m	Principal Outstanding ² \$m	Timing of payments	
12.57%	Jun 2023	19	1.7	Annual	Jun
4.50%	Jun 2040	174	57.7	Annual	Jun

Notes:

¹ The fixed interest rate used to calculate the annual interest payments.

² Principal and interest is paid annually in arrears in accordance with established amortising loan schedules.

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Territory Banking Account for the year ended 30 June 2020 which comprise the statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, statement of cash flows on behalf of the Territory and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Territory Banking Account's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Territory Banking Account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Territory Banking Account for the financial statements

The Under Treasurer is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996*, and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Territory Banking Account to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Territory Banking Account.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Territory Banking Account's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Territory Banking Account;
- conclude on the appropriateness of the Territory Banking Account's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Territory Banking Account's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Territory Banking Account to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with the Under Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Sharma
Assistant Auditor-General, Financial Audit
29 September 2020

**Territory Banking Account
Financial Statements
For the Year Ended 30 June 2020**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Territory Banking Account's accounts and records and fairly reflect the financial operations of the Territory Banking Account for the year ended 30 June 2020 and the financial position of the Territory Banking Account on that date.



David Nicol
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
29 September 2020

**Territory Banking Account
Financial Statements
For the Year Ended 30 June 2020**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Territory Banking Account's accounts and records and fairly reflect the financial operations of the Territory Banking Account for the year ended 30 June 2020 and the financial position of the Territory Banking Account on that date.



Patrick McAuliffe
Chief Finance Officer
Territory Banking Account
Chief Minister, Treasury and Economic Development Directorate
29 September 2020

Territory Banking Account
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Income				
Dividends	3.1	62,674	78,623	49,681
Distributions	3.2	52,716	45,330	36,113
Interest	3.3	111,423	108,963	108,328
Net Gain/(Loss) on Investments	3.4	(30,225)	198,076	223,849
Transfers from ACT Government Agencies	3.5	4,246,717	4,673,514	4,451,836
Other Income	3.6	157,113	175,333	123,780
Total Income		4,600,419	5,279,839	4,993,587
Expenses				
Payments to ACT Government Agencies	4.1	5,294,933	5,493,145	5,046,044
Borrowing Costs	4.2	187,775	195,591	167,571
Agency Investment Expenses	4.3	93,244	329,784	322,335
Other Expenses	4.4	11,752	8,066	6,683
Total Expenses		5,587,705	6,026,586	5,542,633
Operating (Deficit)		(987,286)	(746,747)	(549,046)
Total Comprehensive (Deficit)		(987,286)	(746,747)	(549,046)

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

Territory Banking Account
Statement of Assets and Liabilities on Behalf of the Territory
At 30 June 2019

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash	5.1	1,622,889	300,000	809,159
Loans and Receivables	5.2	343,230	731,012	833,598
Investments	5.3	4,884,517	5,349,751	4,831,433
Total Current Assets		6,850,636	6,380,763	6,474,190
Non Current Assets				
Loans and Receivables	5.2	2,069,300	1,846,242	1,600,147
Total Non Current Assets		2,069,300	1,846,242	1,600,147
Total Assets		8,919,936	8,227,005	8,074,338
Current Liabilities				
Payables	6.1	57,527	58,037	51,363
Interest-Bearing Liabilities	6.2	204,426	104,488	1,015,753
Agency Investment Deposits	6.3	4,657,820	5,107,154	4,569,513
Total Current Liabilities		4,919,773	5,269,679	5,636,629
Non-Current Liabilities				
Interest-Bearing Liabilities	6.2	6,871,554	5,569,818	4,386,660
Total Non-Current Liabilities		6,871,554	5,569,818	4,386,660
Total Liabilities		11,791,327	10,839,497	10,023,289
Net Liabilities		(2,871,392)	(2,612,492)	(1,948,952)
Equity				
Accumulated Deficits		(2,871,392)	(2,612,492)	(1,948,952)
Total Equity		(2,871,392)	(2,612,492)	(1,948,952)

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

Territory Banking Account
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Accumulated (Deficits) Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Budget 2020 \$'000
Balance at 1 July 2019		(1,948,952)	(1,948,952)	(1,992,276)
Comprehensive Income				
Operating (Deficit)		(987,286)	(987,286)	(746,747)
Total Comprehensive (Deficit)		(987,286)	(987,286)	(746,747)
Transactions Involving Owners Affecting Accumulated Deficits				
Capital Distributions	7.1	64,846	64,846	126,531
Total Transactions Involving Owners Affecting Accumulated Deficits		64,846	64,846	126,531
Balance at 30 June 2020		(2,871,392)	(2,871,392)	(2,612,492)
		Accumulated (Deficits) Actual 2019 \$'000	Total Equity Actual 2019 \$'000	
Balance at 1 July 2018		(1,658,918)	(1,658,918)	
Comprehensive Income				
Operating (Deficit)		(549,046)	(549,046)	
Total Comprehensive (Deficit)		(549,046)	(549,046)	
Transactions Involving Owners Affecting Accumulated Deficits				
Capital Distributions	7.1	259,012	259,012	
Total Transactions Involving Owners Affecting Accumulated Deficits		259,012	259,012	
Balance at 30 June 2019		(1,948,952)	(1,948,952)	

The above Statement of Changes in Equity on Behalf of the Territory should be read in conjunction with the accompanying notes.

Territory Banking Account
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities				
Receipts				
Dividends & Distributions from Financial Investments		101,300	124,453	75,558
Interest		102,432	101,504	107,166
Transfers from ACT Government Agencies		4,318,313	4,508,076	4,267,746
Other Receipts		118,673	165,108	111,608
Total Receipts from Operating Activities		4,640,718	4,899,141	4,562,078
Payments				
Interest		177,697	185,902	156,253
Distributions paid for Agency Investments		84,832	123,287	52,839
Payments to General Government Agencies for Outputs		3,574,138	3,428,845	3,224,502
Payments to Agencies for Expenses on Behalf of the Territory		799,549	770,428	613,014
Other Payments		12,459	2,601	7,467
Total Payments from Operating Activities		4,648,675	4,511,063	4,054,075
Net Cash (Outflows)/Inflows from Operating Activities	8(b)	(7,957)	388,078	508,003
Cash Flows from Investing Activities				
Receipts				
Net Redemption of Investments		-	-	180,480
Net Investment Deposits from Agencies		82,805	449,138	-
Capital Distributions from ACT Government Agencies		70,786	177,838	300,865
Total Receipts from Investing Activities		153,591	626,976	481,345
Payments				
Net Purchase of Investment		30,859	240,527	-
Loans Provided to Agencies		46,756	52,726	50,845
Net Investment Redemptions to Agencies		-	-	122,748
Capital Payments to ACT Government Agencies		921,246	1,293,012	1,208,528
Total Payments from Investing Activities		998,861	1,586,265	1,382,121
Net Cash (Outflows) from Investing Activities		(845,270)	(959,289)	(900,776)

Territory Banking Account
Statement of Cash Flows on Behalf of the Territory (Continued)
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Financing Activities				
Receipts				
Net Proceeds from Borrowings		1,666,957	271,211	946,387
Total Receipts from Financing Activities		1,666,957	271,211	946,387
Net Cash Inflows/(Outflows) from Financing Activities		1,666,957	271,211	946,387
Net Increase/(Decrease) in Cash		813,730	(300,000)	553,614
Cash at Beginning of Reporting Period		809,159	600,000	255,545
Cash at End of Reporting Period	8(a)	1,622,889	300,000	809,159

The above Statement of Cash Flows on Behalf of the Territory should be read in conjunction with the accompanying notes.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 1	Objectives of the Territory Banking Account
Note 2	Significant Accounting Policies Appendix A – Basis of Preparation of the Financial Statements
Income Notes	
Note 3	Income Administered on Behalf of the Territory
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Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 1 OBJECTIVES OF THE TERRITORY BANKING ACCOUNT

Operations and Principal Activities

The Territory Banking Account is a not-for-profit ACT Government entity (as profit is not its principal objective) that is established to recognise and manage the general government's investment assets and debt liabilities. Revenues on behalf of the Territory are transferred to the Territory Banking Account and fortnightly appropriation disbursements are made to ACT Government agencies from the Territory Banking Account.

The Chief Minister, Treasury and Economic Development Directorate, through the financial operations of the Territory Banking Account, provides services to the Government including financial asset and liability management through the establishment of investment and borrowing policies and objectives, and the coordination and implementation of cash management, investment and borrowing activities.

A key objective of the Chief Minister, Treasury and Economic Development Directorate, as reported and accounted for through the Territory Banking Account, is to effectively manage capital market functions by maximising the return on investments within relevant risk tolerances, the achievement of competitive borrowing rates commensurate to the Territory's credit rating, the development of effective financial risk management strategies and administration of the Territory Banking Account, the public account of the Territory.

(a) Restructure of Financial Investment Management

In December 2018 all the financial investment assets of the Superannuation Provision Account were consolidated into the established centralised Territory Banking Account investment structure. This consolidation restructure maximises economies of scale and efficiencies and ensures a consistent implementation of investment policies and governance. Due to this change during the 2018-19 reporting period, certain variances between 2019 and 2020 periods may be noticeably higher/lower reflecting the full 2019-20 reporting period impact.

(b) Restructure of Salary and Administrative Cost Allocation

As a result of the restructure of financial investment management, it was necessary to review and restructure the salary and administrative costs associated with the functions of the Territory Banking Account, the Superannuation Provision Account and the Asset Liability Management Branch of the Chief Minister, Treasury and Economic Development Directorate. A restructure of the allocation of relevant costs was approved during 2019-20 and implemented effective 1 January 2020:

- (i) all staff directly responsible for the investment, borrowing and superannuation related functions, including the investment advisory board members remuneration, were transferred to the Asset Liability Management Branch budget cost centre of the Chief Minister, Treasury and Economic Development Directorate;
- (ii) all direct investment related expenses previously incurred by the Superannuation Provision Account are now met from the Territory Banking Account investments; and
- (iii) Asset Liability Management Branch cost centre recovers, on an established function allocation ratio, salary costs from the Superannuation Provision Account (superannuation function) and the Territory Banking Account (investment and borrowing functions).

(c) Risks and Sensitivities

The financial performance of the Territory Banking Account is highly correlated with the performance of global financial markets and the macroeconomic environment. During 2019-20 an increase in global economic uncertainty largely from the COVID-19 pandemic in addition to the ongoing global trade tensions and growth outlooks has led to an increase in global financial market volatility.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 1 OBJECTIVES OF THE TERRITORY BANKING ACCOUNT - CONTINUED

(c) Risks and Sensitivities - Continued

The current outlook for investment returns remains very challenging with increasing uncertainty about global growth prospects, lower corporate earnings, record low interest rates and generally relatively high asset valuations.

There has been an increase in total Territory borrowing since the 2019-20 Budget primarily to support the Government's rapid and unprecedented response to the COVID-19 pandemic, as well as respond to the significant reduction in GST and own-source revenues. While borrowings are estimated to increase, Australian interest rates remain at historical lows

There remains an ongoing risk of another deterioration in global and Australian financial markets impacting on the ability of the Territory to effectively access funding requirements.

(d) Going Concern

The Territory Banking Account is a multi-purpose entity responsible for territorial revenues and transfer of appropriation cash flow transactions, financial investment and financial borrowing liabilities of the Territory. The functions and financial transaction activities are established through the provisions of the *Financial Management Act 1996*. The Territory Banking Account is the central public account for the Territory.

At 30 June 2020, Territory Banking Account's liabilities (\$11.791 billion) exceed its assets (\$8.894 billion) by \$2.897 billion (\$1.949 billion at 30 June 2019).

The Territory Banking Account's financial results capture a diverse range of transactions on behalf of the whole government. Accordingly, the operating result and the net liability position of the Territory Banking Account can only be viewed in conjunction with the total Territory financial results and budget estimates.

The financial results are an aggregate of the financial investment and borrowing transactions as well as the receipt of transfers of territorial related revenues from ACT Government agencies and the payment of budget appropriation disbursements to ACT Government agencies. Transactions are supported by the provisions of the *Financial Management Act 1996*.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information:

- (i) Appendix A - Basis of Preparation of the Financial Statements.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 3 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY

Revenue is recognised at the fair value of the consideration received or receivable in the Statement of Income and Expenses on Behalf of the Territory.

	2020	2019
	\$'000	\$'000
3.1 Dividends		
Dividend Income	62,674	49,681
Total Dividends¹	62,674	49,681

¹ Higher dividend receipts due in the main to the financial investments restructure mid-year in 2018-19 and the resultant comparison to a full year in 2019-20 (refer Note 1(a)).

3.2 Distributions

Distributions are recognised when the Territory Banking Account's right to receive payment is established.

Distribution Income	52,716	36,113
Total Distributions²	52,716	36,113

² Higher distribution revenue due in the main to the financial investments restructure mid-year in 2018-19 and the resultant comparison to a full year in 2019-20 (refer Note 1(a)).

3.3 Interest

Interest revenue is recognised using the effective interest method.

3.3.1 Interest from Cash at Bank

Cash at Bank Interest Income	18,939	11,367
Total Cash at Bank Interest³	18,939	11,367

³ Territory Banking Account liquidity is largely managed through its cash at bank balances. Interest earned on Directorates' operating cash at bank balances is also paid to the Territory Banking Account. The variance reflects higher cash at bank balances in 2019-20.

3.3.2 Interest from Investments

Investment Interest Income	17,534	27,625
Total Investment Interest at Fair Value Through Profit or Loss⁴	17,534	27,625

⁴ Investment interest income variances are mainly as a result of the underlying strategic investment asset allocation with the variance mainly due to lower interest rates in 2019-20.

3.3.3 Interest from Loans

Chief Minister, Treasury and Economic Development Directorate	611	1,368
Icon Water Limited ⁵	74,168	67,754
Transport Canberra Operations	171	214
Total Loan Interest⁵	74,950	69,336

⁵ The increase in loan interest is mainly attributed to higher amounts of loans provided to Icon Water.

Total Interest	111,423	108,328
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Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 3 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

	2020	2019
	\$'000	\$'000
3.4 Net (Loss)/Gain on Investments		
Gains or losses on financial assets held at Fair Value through Profit or Loss comprise realised and unrealised amounts. Gains or losses resulting from changes in the fair value of an investment are included in the Statement of Income and Expenses on Behalf of the Territory in the period in which they arise.		
Net (Loss)/Gains on Financial Instruments at Fair Value		
Through Profit or Loss	(30,225)	223,849
Total Net (Loss)/Gains on Investments⁶	(30,225)	223,849

⁶ The decrease in net gains on investments is the result of a lower net investment return in comparison to the prior year. The aggregate financial investment portfolio includes the financial investment assets invested for the Superannuation Provision Account, ACT Lifetime Care and Support Fund, ACT Insurance Authority and the Territory Banking Account. The 2019-20 investment returns underperformed relative to the underlying targeted return objectives as a result of negative performance in some asset class sectors reflecting the performance of global financial markets and the macroeconomic environment during 2019-20.

3.5 Transfers from ACT Government Agencies

Transfers from ACT Government agencies relate to territorial revenue such as grants, rates, taxes, fees and fines collected initially by other ACT Government agencies on behalf of the Territory prior to being transferred to the Territory Banking Account. This revenue is recognised when it is probable that the economic benefits will flow to the Territory Banking Account. This is usually when the collecting ACT Government agency recognises a transfer expense.

ACT Government Agency Transfers	4,246,717	4,451,836
Total Transfers from ACT Government Agencies⁷	4,246,717	4,451,836

3.6 Other Income

This income mainly relates to employer superannuation contributions paid to the Territory Banking Account. ACT Government agencies make payments on a fortnightly basis to the Territory Banking Account to extinguish their superannuation liability for employees who are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Payments also include notional employer and employee contributions in respect of the Legislative Assembly separate defined benefit scheme. Other income is recognised as it is received for the period to which it relates.

3.6.1 Employer Superannuation Contributions

Agency Employer Superannuation Contributions	154,045	122,046
Total Employer Superannuation Contributions⁷	154,045	122,046

⁷ Variances are driven by underlying ACT Government agency activities. Information about ACT Government agency actual transactions compared with the budget and the prior year is available in the 2019-20 financial statements of relevant ACT Government agencies.

3.6.2 Other Revenue

Other	3,068	1,734
Total Other Revenue	3,068	1,734
Total Other Income	157,113	123,780

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 4 EXPENSES ADMINISTERED ON BEHALF OF THE TERRITORY

	2020 \$'000	2019 \$'000
4.1 Payments to ACT Government Agencies		
Controlled Recurrent Payments	3,574,138	3,224,502
Payments for Expenses on Behalf of the Territory	799,549	613,014
Capital Injections	921,246	1,208,528
Total Payments to ACT Government Agencies⁸	5,294,933	5,046,044

⁸ Variances are driven by underlying ACT Government agency activities. Information about ACT Government agency actual transactions compared with the budget and the prior year is available in the 2019-20 financial statements of relevant ACT Government agencies.

4.2 Borrowing Costs

Borrowing costs are expensed as incurred.

Promissory Notes	2,186	1,255
Inflation-Linked Bonds	37,547	35,243
Fixed Rate Nominal Bonds	136,809	102,076
Commonwealth Loans	11,233	28,997
Total Borrowing Costs⁹	187,775	167,571

⁹ Higher borrowings cost is mainly attributed to higher borrowing amounts on issue as a result of funding budget requirements. The lower Commonwealth Loans interest expense is due to the full repayment of the Commonwealth Asbestos Scheme Loan (\$900 million) on 1 November 2019 upon securing replacement financing via fixed rate nominal bonds at a lower cost of funds.

4.3 Agency Investment Expenses

Distributions	87,742	73,139
Net Gains on Agency Investments	5,502	249,196
Total Agency Investment Expenses¹⁰	93,244	322,335

¹⁰ Lower ACT Government agency investment expense in 2019-20 reflects the modest investment returns achieved in 2019-20 on ACT Government agencies investments as a result of the weaker financial market conditions over the year. The 2019-20 investment returns underperformed relative to the underlying targeted return objectives as a result of negative performance in some asset class sectors.

4.4 Other Expenses

Investment Management Fees and Expenses	7,225	5,214
Debt Management and Other Expenses	4,527	1,469
Total Other Expenses¹¹	11,752	6,683

¹¹ Higher Investment management fees is due in the main to a higher balance of investments in 2019-20 as well as reflecting the full year expenses compared with the prior year (refer Note 1(a)). Higher debt management expense is mainly due to the increase in fixed rate nominal bond issuance in 2019-20.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 5 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

	2020 \$'000	2019 \$'000
5.1 Cash		
Cash means deposits held at call with the Territory's transaction bank. A strategic cash management objective is to maintain sufficient liquidity within the Territory Banking Account to meet budget appropriation requirements and debt servicing obligations, including interest and maturities.		
Cash Held at Bank	1,622,889	809,159
Total Cash¹²	1,622,889	809,159

¹² The cash at bank balance reflects the operational and liquidity needs of the Territory Banking Account and the timing of within year cash flow requirements.

5.2 Loans and Receivables

Receivables include interest owing from ACT Government agencies and accrued revenue and receivables comprises accrued transfer revenue or any residual revenues and receivables owing by any ACT Government agencies. Accrued revenue also includes accrued investment revenue (interest, dividend and unit trust distributions). Interest, dividends and unit trust distributions are accrued when the right to receive payment is established.

Receivables are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Statement of Income and Expenses on behalf of the Territory. Amounts are generally received within 30 days of being recorded as receivables. Amounts that do not fall within this timeframe are recorded as non-current receivables.

Loans to ACT Government agencies are not quoted in an active market and are not entered into with the intention of immediate or short-term resale. These classes of assets are held to collect cash flows until maturity. Loans to ACT Government agencies are measured initially at fair value and subsequently amortised using the effective interest rate method, less impairment losses if any.

Loans and receivables are confirmed with the relevant ACT Government agency to ensure agreement between the ACT Government agencies on the underlying amount of the receivable on an annual basis. Inter-ACT Government agency loans and receivables between ACT Government agencies are expected to have low credit risks. Treasury's whole of Government accounting policy is that directorates, territory authorities and territory-owned corporations that consolidate into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements. When the counterparty for a particular loan or receivable is a non-ACT Government agency, an assessment is made under the expected credit loss model.

The Territory Banking Account is not subject to income tax or income tax equivalents but is subject to the Goods and Services Tax and Fringe Benefits Tax. The Territory Banking Account receives input tax credits for certain expenses incurred and has a net Goods and Services Tax (GST) receivable as at reporting date. The net GST receivable is excluded from the calculation deriving the allowance for the expected credit loss because of the assessed low credit risk.

The maximum exposure to credit risk at the end of the reporting period for loans or receivables is the carrying amount of the asset inclusive of any allowance for impairment. It has been assessed that there is an insignificant and therefore immaterial level of credit risk exposure. As at 30 June 2020, there is nil loss allowance for loan receivables (30 June 2019: nil).

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 5 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

5.2 Loans and Receivables - Continued

	2020	2019
	\$'000	\$'000
5.2.1 Current – Transfer Revenues and Distributions Receivable from ACT Government Agencies		
Agency Transfer Revenues and Distributions	294,676	461,761
Total Current Transfers Revenue Receivable¹³	294,676	461,761
¹³ Variances are driven by underlying ACT Government agency activities. Information about ACT Government agency actual transactions compared with the budget and the prior year is available in the 2019-20 financial statements of relevant ACT Government agencies.		
5.2.2 Current – Loan Interest Receivable from ACT Government Agencies		
Agency Loan Interest	6,662	6,620
Total Current Loan Interest Receivable	6,662	6,620
5.2.3 Current – Investment Interest Receivable		
Investment Interest	36,469	33,989
Total Current Investment Interest Receivable	36,469	33,989
5.2.4 Current – Loans Receivable from ACT Government Agencies		
Chief Minister, Treasury and Economic Development Directorate	5,075	2,572
Icon Water Limited ¹⁴	-	328,270
Transport Canberra Operations	341	341
Total Current Loans Receivable	5,416	331,183
5.2.5 Current – Other Receivable		
Australian Taxation Office (Goods and Services Tax)	7	45
Total Current Other Receivable	7	45
Total Current Loans and Receivables	343,230	833,598
5.2.6 Non-Current – Receivables from ACT Government Agencies		
Agency Transfer Revenues	225,137	135,588
Total Non-Current Transfer Revenue Receivable	225,137	135,588
5.2.7 Non-Current – Loans Receivable from ACT Government Agencies		
Chief Minister, Treasury and Economic Development Directorate	59,414	61,989
Icon Water Limited ¹⁴	1,784,067	1,401,547
Transport Canberra Operations	682	1,023
Total Non-Current Loans	1,844,163	1,464,559
Total Non-Current Loans and Receivable	2,069,300	1,600,147

¹⁴ The net increase reflects the provision of a new fixed rate loan maturing in October 2031 (\$380 million face value) and the repayment of maturing loans totalling \$328 million.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 5 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY – CONTINUED

5.3 Investments

Financial investment assets of the Territory Banking Account represent the investment holdings of the Territory Banking Account and ACT Government agency investment deposits.

The majority of funds available for investment across the Territory are managed through the Territory Banking Account. ACT Government agency investment deposits from directorates and Territory authorities are pooled together under a centralised investment structure to provide economy-of-scale benefits and access to a range of investment options. Investment options are designed to meet targeted investment objectives in accordance with the approved investment plans of ACT Government agency investors. Each investment plan takes into consideration ACT Government agency investor requirements, including risk and return objectives. The financial investment assets are managed in accordance with the individual investment plans of approved ACT Government agency investors and within the Treasurer approved governance framework and responsible investment policy.

The Territory Banking Account investments are designated at Fair Value through Profit or Loss upon initial recognition and are managed, and their performance evaluated, on a fair value basis. The following provides the investment summary of the Territory Banking Account as at the balance date.

	2020 \$'000	2019 \$'000
(a) Investments		
Financial Assets at Fair Value:		
Discount Securities	114,933	49,883
Fixed Income and Unit Trusts	1,438,422	1,602,416
Equities and Unit Trusts	3,171,482	3,120,176
Derivatives	22,595	7,807
	4,747,492	4,780,282
Other Financial Instruments at Balance Date		
Cash, Receivables and Other Assets	213,794	107,919
Payables and Other Liabilities	(76,768)	(56,768)
	137,025	51,151
Total Financial Investments	4,884,517	4,831,433
(b) Financial Investments by Sector Allocation		
Cash Enhanced	590,940	656,729
Domestic and International Fixed Income	1,083,040	1,023,466
Domestic and International Equities	2,550,526	2,562,546
Private Equity	197,436	165,886
Property	398,538	417,534
Infrastructure	64,037	5,272
Financial Investments By Sector Allocation¹⁵	4,884,517	4,831,433

¹⁵ The higher investment balance in 2019-20 is mainly attributed to the modest investment returns achieved over the 2019-20 year. The 2019-20 investment return underperformed relative to targeted return objectives due to the negative performance of some asset class sectors.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 6 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY

Liabilities are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities, which do not fall within the current classification, are classified as non-current.

	2020 \$'000	2019 \$'000
6.1 Payables		
Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in Statement of Income and Expenses on Behalf of the Territory. All amounts are normally settled within 30 days after the invoice date. Payables include distributions owing to ACT Government agencies and interest owing on borrowings to external counterparties.		
Distributions Payable for Agency Investments	34,933	32,238
Interest Payable on Borrowings	22,594	19,125
Total Payables	57,527	51,363

6.2 Interest-Bearing Liabilities

Interest-bearing liabilities accounted through the Territory Banking Account include external borrowings of the Territory. External borrowings are held to maturity. All borrowings are initially recognised at the fair value of the consideration received and at amortised cost subsequent to initial recognition using the effective interest rate method. The associated interest expense is recognised in the reporting period in which it occurs.

6.2.1 Current – Interest-Bearing Liabilities

Promissory Notes ¹⁶	199,937	362,438
Inflation-Linked Bonds	-	28,730
Fixed Rate Nominal Bonds ¹⁷	-	570,266
Commonwealth Borrowings ¹⁸	4,488	54,319
Total Current – Interest-Bearing Liabilities	204,426	1,015,753

¹⁶ Short-term borrowings expiring within the within the next twelve months are maintained for liquidity management purposes.

¹⁷ The decrease in 2019-20 is because there are no maturing fixed rate nominal bonds in the next twelve months.

6.2.2 Non-Current – Interest-Bearing Liabilities

Inflation-Linked Bonds	712,068	707,022
Fixed Rate Nominal Bonds	6,104,618	2,770,281
Commonwealth Borrowings	54,869	909,357
Total Non-Current – Interest-Bearing Liabilities¹⁸	6,871,554	4,386,660

¹⁸ The increase in borrowings is due to an increase in budget funding requirements. The decrease in Commonwealth borrowings is because the outstanding balance of the Commonwealth Asbestos Scheme Loan was repaid in-full after securing replacement financing via fixed rate nominal bonds at a lower cost of funds.

6.3 Agency Investment Deposits

ACT Government Agency Investment Deposits are initially recognised at fair value of the consideration received and subsequently remeasured to fair value through profit and loss.

Agency Investments with the Territory Banking Account	4,657,820	4,569,513
Total Agencies Investment Deposits¹⁹	4,657,820	4,569,513

¹⁹ The higher agency investment deposits balance in 2019-20 is due to the growth in funds under investment.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 7 EQUITY

	2020	2019
	\$'000	\$'000
7.1 Capital Distributions from ACT Government Agencies		
ACT Government Agency Capital Distributions	64,846	259,012
Total Distributions from ACT Government Agencies²⁰	64,846	259,012

²⁰ Variances are driven by underlying ACT Government agency activities. Information about ACT Government agency actual transactions compared with the budget and the prior year is available in the 2019-20 financial statements of relevant ACT Government agencies.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 8 CASH FLOW RECONCILIATION

2020 **2019**
\$'000 **\$'000**

(a) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the Equivalent Items in the Statement of Assets and Liabilities on Behalf of the Territory

Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	1,622,889	809,159
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	1,622,889	809,159

(b) Reconciliation of the Operating (Deficit) to Net Cash Inflows from Operating Activities

Operating (Deficit)	(987,286)	(549,046)
Adjustment Items		
Capital Payments to ACT Government Agencies	921,247	1,208,528
Net Change in Value of Financial Investments and Liabilities	(23,136)	(13,802)
Cash Before Changes in Operating Assets and Liabilities	(89,174)	645,680
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Income Receivable	75,054	(157,929)
Increase in Interest Payable	6,164	20,252
Net Changes in Operating Assets and Liabilities	81,218	(137,677)
Net Cash (Outflows)/Inflows from Operating Activities	(7,957)	508,003

(c) Reconciliation of Changes in Liabilities Arising from Financing Activities

	2019	Cash Flows	Non Cash Changes	2020
	\$'000	\$'000	\$'000	\$'000
Interest Bearing Liabilities	5,402,414	1,666,957	(6,609)	7,075,980
Total Liabilities From Financing Activities	5,402,414	1,666,957	(6,609)	7,075,980

	2018	Cash Flows	Non Cash Changes	2019
	\$'000	\$'000	\$'000	\$'000
Interest Bearing Liabilities	4,447,024	946,388	(9,002)	5,402,414
Total Liabilities From Financing Activities	4,447,024	946,388	(9,002)	5,402,414

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial investment assets are classified as subsequently measured at amortised cost, fair value through Other comprehensive income or fair value through profit or loss (FVTPL) on the basis of both:

- (a) the business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

Territory Banking Account financial investments are valued daily based on best available prices and values of the underlying investments.

The following is the classification of Territory Banking Account's financial assets under AASB 9:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash at Bank	Held to collect	Yes	Amortised cost
Loans and Receivables	Held to collect	Yes	Amortised cost
Investments	Held to collect /& sell	No	FVTPL

Financial liabilities such as payables and interest-bearing liabilities are measured at amortised cost and ACT Government agencies Investment Deposits are measured at Fair Value through Profit and Loss.

The Territory Banking Account is exposed to financial risks arising from its investment activities comprising market risk (interest rate risk and price risk), credit risk and liquidity risk. The Chief Minister, Treasury and Economic Development Directorate is responsible for the overall setting, identification and control of financial risks undertaken in the management of the aggregate investment portfolios. This is done in part by the setting of limits, as required, for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections. Investment strategies and risk tolerances are developed and monitored in accordance with relevant Territory financial legislation and guidelines and investment policies established by the Government.

The Territory Banking Account financial liabilities comprise borrowings funded by issued debt securities in the debt capital markets in accordance with the domestic debt issuance program, Commonwealth Government loans and ACT Government agencies investment deposits.

The main risks resulting from the financial instruments used in the management of the Territory Banking Account's assets and liabilities are set out below.

9.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in prevailing levels of market interest rates. The Territory Banking Account is exposed to interest rate risk on its variable interest rates and fixed interest rate financial instruments which are remeasured to fair value.

Sensitivity analysis as at reporting date is performed on cash at bank, and directly held debt securities, variable rate loans provided to ACT Government agencies and Territory Banking Account short-term variable rate borrowings.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.1 Interest Rate Risk – Continued

The table below summarises the Territory Banking Account's main interest rate risk exposure.

	Fixed Rate Instruments		Variable Rate Instruments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial Assets	117,528	253,712	2,434,603	1,564,950
	117,528	253,712	2,434,603	1,564,950

Interest rate risk is measured by the duration of the investment portfolios which approximates the change in portfolio valuation from a percentage change in market interest rates. As at reporting date, the Territory Banking Account has positions in interest rate derivatives contracts to manage exposure to interest rate risk. Exposures to interest rate risk is limited to acceptable duration thresholds as set out in relevant investment management agreements and strategies.

The following table demonstrates Territory Banking Account 'reasonably possible' sensitivity to a 0.25% (cash at bank to 0.50% (directly held debt securities) (2019: 1%) increase or decrease in interest rates and the impact on profit or loss and equity. Had interest rates been lower or higher at reporting date, and all other variables were held constant, the results would have improved/(deteriorated) as demonstrated:

30 June 2020

	Fixed Rate Instruments		Variable Rate Instruments	
	+0.25 to +0.50% Profit/(Loss) and Equity Impact \$'000	-0.25 to -0.50% Profit/(Loss) and Equity Impact \$'000	+0.25 to +0.50% Profit/(Loss) and Equity Impact \$'000	-0.25 to -0.50% Profit/(Loss) and Equity Impact \$'000
Financial Assets	(588)	588	7,764	(7,764)
Net (Decrease)/Increase	(588)	588	7,764	(7,764)

30 June 2019

	Fixed Rate Instruments		Variable Rate Instruments	
	+1.0% Profit/(Loss) and Equity Impact \$'000	-1.0% Profit/(Loss) and Equity Impact \$'000	+1.0% Profit/(Loss) and Equity Impact \$'000	-1.0% Profit/(Loss) and Equity Impact \$'000
Financial Assets	(2,537)	2,537	15,650	(15,650)
Net (Decrease)/Increase	(2,537)	2,537	15,650	(15,650)

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.2 Price and Inflation Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk) in the relevant indices levels and the prices of the individual holdings.

The Territory Banking Account is exposed to price risk from its equities and unit trusts investments held in accordance with the aggregate Investment plans of underlying ACT Government agency investors. Exposures to asset classes sectors comprising cash, money market securities, fixed rate bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure are maintained in line with the strategic asset allocation representing acceptable risk and return tolerances. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions.

The investment management agreements and the relevant pooled trust product disclosure statement set out the maximum allowable limits by issuer, ratings, duration and asset class to provide diversification across the asset class sectors.

Inflation risk is the risk that future cash flows on an inflation linked instrument may fluctuate due to changes in inflation rates. Inflation risk arises from inflation indexed bonds which are exposed to inflation rates.

The table below summarises the main exposure to price risk and inflation risk at 30 June.

	2020 \$'000	2019 \$'000
Price Risk		
Investment Assets		
Fixed Income	827,628	779,713
Equities	2,708,904	2,697,131
Property	398,686	417,994
Infrastructure	64,013	5,272
Total Exposure	3,999,230	3,900,110
Inflation Risk		
Financial Assets (Inflation Linked Bonds)	712,403	736,414
Financial Liabilities (Inflation Linked Bonds)	712,068	735,753
Net Exposure	335	661

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.2 Price and Inflation Risk – Continued

Taking into account past performance, future expectations and economic forecasts, the estimated impact on profit or loss and the impact on equity in the table below are ‘reasonably possible’ over the next twelve months if price risk and inflation risk changes by the following volatility factors from the target benchmarks with all other variables held constant²¹.

30 June 2020	Profit & Loss (+/- Impact) \$'000	Equity (+/- Impact) \$'000
Investment Assets		
Total Increase/(Decrease)		
Fixed Income (+/- 4%)	33,105	33,105
Equities (+/- 14-20%) ²²	412,871	412,871
Property (+/- 8%)	31,895	31,895
Infrastructure (+/- 10%)	6,401	6,401
Inflation Rate (+/- 1%)	129	129
30 June 2019	Profit & Loss (+/- Impact) \$'000	Equity (+/- Impact) \$'000
Investment Assets		
Total Increase/(Decrease)		
Fixed Income (+/- 4-6%)	38,991	38,991
Equities (+/- 17-20%)	488,764	488,764
Property (+/- 11%)	45,979	45,979
Infrastructure (+/- 17%)	896	896
Inflation Rate (+/- 1%)	204	204

²¹ The volatility of returns reflects the inherent risk in the investments. The reasonably possible movements in risk variables are continually assessed and have been determined based on best estimates, having regard to a number of factors including historical correlation of the asset classes with relevant benchmarks and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the underlying investments are invested.

²² Equities comprise Australian and International listed equities and private equity investments. A different volatility factor applies to the type of investment as reflected by the range.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS - CONTINUED

9.3 Currency Risk

The Territory Banking Account holds monetary and non-monetary assets that are denominated in currencies other than the Australian dollar. The Territory Banking Account is exposed to the risk that the exchange rate of the Australian dollar relative to other foreign currencies will change in a manner that has an adverse effect on the fair value or future cash flows of investments denominated in currencies other than the Australian dollar.

The table below summarises the Territory Banking Account main exposures to foreign currency risk.

30 June 2020	AUD \$'000	USD \$'000	EUR \$'000	JPY \$'000	GBP \$'000	Other \$'000	Total \$'000
Cash	133,820	7,628	964	1,093	254	1,357	145,115
Financial Assets at FVTPL	3,045,350	1,216,159	180,081	147,228	65,775	174,441	4,829,034
Other Assets	65,489	871	1,400	186	214	2,092	70,251
Total Assets	3,244,659	1,224,657	182,445	148,506	66,244	177,889	5,044,401
Financial Liabilities at FVTPL	78,541	4,115	10	351	58	13	83,087
Other Liabilities	76,652	116	-	-	-	-	76,768
Total Liabilities	155,193	4,231	10	351	58	13	159,855
Net Assets	3,089,466	1,220,426	182,435	148,156	66,186	177,876	4,884,545
30 June 2019	AUD \$'000	USD \$'000	EUR \$'000	JPY \$'000	GBP \$'000	Other \$'000	Total \$'000
Cash	62,229	7,439	903	1,219	163	1,915	73,868
Financial Assets at FVTPL	3,156,125	1,102,577	188,126	143,807	76,728	177,838	4,845,200
Other Assets	29,567	835	1,206	195	491	2,144	34,438
Total Assets	3,247,921	1,110,851	190,236	145,220	77,381	181,897	4,953,507
Financial Liabilities at FVTPL	61,969	2,275	153	317	42	163	64,919
Other Liabilities	57,091	-	-	-	-	-	57,091
Total Liabilities	119,060	2,275	153	317	42	163	122,010
Net Assets	3,128,861	1,108,576	190,083	144,903	77,339	181,734	4,831,497

Currency Risk Sensitivity Disclosure Analysis

A significant allocation of the Territory Banking Account investment portfolio is denominated in foreign currency through the purchase and holding of international equity and fixed interest securities. Currency forward rate agreements are used by the relevant investment managers to manage foreign currency risks within approved limits. All the international fixed interest investment exposures are fully hedged to Australian dollars, with the international equity exposures being 35 per cent hedged to Australian dollars.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.3 Currency Risk – Continued

Currency Risk Sensitivity Disclosure Analysis - Continued

The following table summarises the 'reasonably possible' impact of 2020: +/- 12 per cent (2019: +/- 10 per cent) strengthening or weakening of the Australian dollar against foreign currency cash balances on the Territory Banking Account's operating deficit for the year and on equity. Foreign exchange risk relating to non-monetary investments is considered as a component of price risk.

30 June 2020	12% Movement	
	Profit & Loss (+/- Impact) \$'000	Equity (+/- Impact) \$'000
Currency		
USD	904	904
EUR	284	284
JPY	153	153
GBP	56	56
Other	414	414
Total Increase/(Decrease)	1,811	1,811

30 June 2019	10% Movement	
	Profit & Loss (+/- Impact) \$'000	Equity (+/- Impact) \$'000
Currency		
USD	827	827
EUR	211	211
JPY	141	141
GBP	65	65
Other	406	406
Total Increase/(Decrease)	1,650	1,650

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.4 Credit Risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge its contractual obligations or from losses arising from the change in the value of a traded instrument as a result of changes in the credit risk on that instrument.

Inter-ACT Government agency receivables between ACT Government agencies are expected to have low credit risks. Treasury's whole of Government accounting policy is that directorates, territory authorities and territory-owned corporations that consolidate into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-Government financial statements.

Financial arrangements in respect of the business conducted through the Territory Banking Account are such that the more significant credit risk will arise with those financial assets and liabilities involving external parties (non-ACT Government agencies).

The maximum exposure to credit risk is limited to the carrying amount of the cash and cash equivalents, receivables and investments of Territory Banking Account. The main concentration of credit risk arises from the Territory Banking Account's direct exposure to investments in fixed income (debt) securities. For the purposes of sensitivity analysis, exposure to credit risk is performed on securities directly held by the Territory Banking Account as at reporting date.

The following table details the credit risk exposure as at reporting date.

30 June 2020	Credit Quality of Fixed Income Rated Instruments				Total
	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	
Directly Held					
Debt Instruments	329,583	273,179	87,661	33,820	724,243
Total	329,583	273,179	87,661	33,820	724,243

30 June 2019	Credit Quality of Fixed Income Rated Instruments				Total
	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	
Directly Held					
Debt Instruments	392,632	291,529	140,613	47,812	872,586
Total	392,632	291,529	140,613	47,812	872,586

Financial dealings are only undertaken with other ACT Government agencies or appropriately rated counterparties. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the Territory Banking Account financial investment assets. None of these assets are impaired (nil: 30 June 2019).

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.5 Liquidity Risk

Liquidity risk is the risk that the Territory Banking Account is unable to meet its financial obligations as they fall due. Maintaining a high liquidity balance is a key objective. A strategic cash management objective is to maintain sufficient liquidity within the Territory Banking Account to meet budget appropriation payment requirements and debt servicing obligations, including interest and principal repayments. Maintaining a high liquidity balance is a key factor in the credit rating assessment undertaken by the international ratings agencies and a high liquidity provision assists the Government in meeting cash payment obligations on an ongoing basis.

Liquidity risk is managed by maintaining a high cash at bank balance and investing in a diversified pool of high-grade investment assets. Projected cash flows and borrowing maturities are maintained to ensure that there is sufficient funding available for any debt servicing obligations and required settlements. The Territory borrowing program is available to source both short and longer term funding as required. Accordingly, the Territory Banking Account will have sufficient liquidity to meet the expenditure allocations as set out in the Territory Budget.

Analysis of Financial Liabilities Based on Management Expectations

The risk implied from the values shown in the following table shows contracted cash outflows from payables and other financial liabilities and is reflective of the ongoing business operations of the Territory Banking Account. The following table reflects all contractual repayments of principal and interest resulting from recognised financial liabilities and expected settlement of financial liabilities. The amounts disclosed represent undiscounted cash flows for the respective obligations and expectations in respect of upcoming fiscal years.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.5 Liquidity Risk - Continued

30 June 2020	Less than 3 Months \$'000	3 Months to Less than 1 Year \$'000	1 Year to Less than 5 Years \$'000	Greater than 5 Years \$'000	Total \$'000
Non Derivatives					
Payables	57,527	-	-	-	57,527
Interest-Bearing Liabilities	8,016	365,763	3,740,174	4,397,649	8,511,601
Total Non Derivatives	65,543	368,763	3,740,174	4,397,649	8,569,128

Derivatives –

Investment Funds

Futures	(2,122)	-	-	-	(2,122)
Net Settled (Swaps)	(25)	(1,590)	(27,697)	(47,993)	(77,304)
Net Settled (FFX)	(3,661)	-	-	-	(3,661)
Gross Settled FFX					
Inflow	2,498,115	-	-	-	2,498,115
(Outflow)	(2,476,973)	-	-	-	(2,476,973)
Total Derivatives	15,335	(1,590)	(27,697)	(47,993)	(61,945)

30 June 2019	Less than 3 Months \$'000	3 Months to Less than 1 Year \$'000	1 Year to Less than 5 Years \$'000	Greater than 5 Years \$'000	Total \$'000
Non Derivatives					
Payables	51,363	-	-	-	51,363
Interest-Bearing Liabilities	15,206	1,172,741	2,444,791	3,209,029	6,841,767
Total Non Derivatives	66,569	1,172,741	2,444,791	3,209,029	6,893,130

Derivatives –

Investment Funds

Futures	833	-	1,003	-	1,836
Net Settled (Swaps)	98	2,274	15,090	41,226	58,688
Net Settled (FFX)	4,395	-	-	-	4,395
Gross Settled (FFX)					
Inflow	1,808,674	-	-	-	1,808,674
(Outflow)	(1,805,031)	-	-	-	(1,805,031)
Total Derivatives	8,969	2,274	16,093	41,226	68,562

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities

In preparing these financial statements, the carrying amount of financial assets and financial liabilities recorded in the financial statements are considered to be a fair approximation of their fair values except for certain items within class of assets and liabilities highlighted in the following tables. Disclosure of the basis of determination of the fair values has been provided in each accounting policy note where relevant.

	2020		2019	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Loans and Receivables	2,412,530	2,900,371	2,433,746	2,678,735
Financial Liabilities				
Interest-Bearing Liabilities	7,075,980	8,341,757	5,402,413	5,919,528

(a) Fair Value Measurements Recognised in the Statement of Assets and Liabilities on Behalf of the Territory

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole.

- (i) Level 1 – Fair Value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- (iii) Level 3 – Fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purposes of presenting the Fair Value Hierarchy, analysis is performed on financial assets and financial liabilities held by the Territory Banking Account as at reporting date.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(b) Recurring Fair Value Measurement of Assets and Liabilities

For assets and liabilities that are recognised in the financial statements on a recurring basis, it is determined whether transfers have occurred between levels in the Fair Value Hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets and Liabilities Measured at Fair Value				
Investment Assets				
Investment Assets	2,627,610	1,923,812	194,526	4,745,947
Financial Liabilities				
Agencies Investment Deposits	-	(4,657,820)	-	(4,657,820)
Financial Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	2,900,371	-	2,900,371
Financial Liabilities				
Interest-Bearing Liabilities	-	(8,341,757)	-	(8,341,757)
Net Assets	2,627,610	(8,175,395)	194,526	(5,353,259)
<hr/>				
30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets and Liabilities Measured at Fair Value				
Investment Assets				
Investment Assets	2,580,063	2,028,255	171,963	4,780,282
Financial Liabilities				
Agencies Investment Deposits	-	(4,569,513)	-	(4,569,513)
Financial Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	2,678,735	-	2,678,735
Financial Liabilities				
Interest-Bearing Liabilities	-	(5,919,528)	-	(5,919,528)
Net Assets	2,580,063	(5,782,050)	171,963	(3,030,024)

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(c) Fair Value Measurement

The Territory Banking Account recognises financial assets and financial liabilities at fair value on transaction date. Subsequent to initial measurement, investments held through fair value through profit and loss are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Statement of Income and Expenses on behalf of the Territory. Interest, dividends and distributions earned on these investments are recorded separately in interest, dividend and distribution revenue. Investments are derecognised when the obligation specified in the contract is discharged or cancelled, transferred, or expired. Transaction costs for such investments are recognised directly in the Statement of Income and Expenses on behalf of the Territory.

The fair value for financial investments traded in active markets at the reporting date is based on the most representative price within the bid-ask spread, without any deduction for transaction costs. Quoted market price represents the fair value determined based on quoted prices on active markets for identical assets as at the reporting date without any deduction for transaction costs. Listed equity investments valued on quoted market prices are included within Level 1 of the fair value hierarchy.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Derivatives are classified as either Level 1 or Level 2.

Fixed income securities are priced daily with reference to the quoted bid price for the securities in the relevant active market. Investments in this asset class are made through unlisted unit trusts that are priced daily with distributions received quarterly. The fair values of fixed interest security units are classified as Level 2.

For all other investments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach by using recent arm's length market transactions adjusted as necessary and referenced to the current market value of another instrument that is substantially the same and the income approach through using discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

The fair value of property investments is determined at least annually or more frequently as required by an independent property valuer using recognised valuation techniques. These techniques comprise in the main methods such as discounted cash flow and income capitalisation. Where appropriate, the direct comparison, hypothetical development, or the summation or cost approach method is used. Under the discounted cash flow method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The adjusted Net Asset Value of these units is used as an input in measuring their fair value. Investments in property are made through unlisted pooled unit trusts that are priced monthly. The fair values of unlisted property units are included within Level 2.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(c) Fair Value Measurement - continued

For unlisted infrastructure unit trusts, the fair value of the underlying investments is determined at least annually or more frequently as required by an external valuer using the most appropriate valuation approach for each particular investment. The fair value methodologies adopted include discounted cash flow and comparative analysis. Investments in unlisted infrastructure are made through unlisted pooled unit trusts that are priced monthly. The fair values of unlisted infrastructure units are included within Level 2.

For unlisted private equity unit trusts, the fair value of the underlying equity investments is determined by each underlying investment manager using a valuation methodology that is most appropriate for each particular investment. The fair value methodologies adopted include discounted cash flow, price of recent investment, earnings multiples, net assets, industry valuation benchmarks and available market prices. Adjusted Net Asset Value of these units is used as an input in measuring their fair value. The fair values of unlisted private equity units are included within Level 3.

Fair value for loans and receivables and interest-bearing liabilities has been determined by reference to published price quotations in active markets and applying the appropriate valuation technique for the instrument including observable market pricing and discounted cash flow methodology. The non-performance risk as at 30 June 2020 was assessed to be insignificant.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(d) Valuation Process for Level 3 Valuations

The investments in unlisted unit trusts deemed as Level 3 are recorded at redemption value per unit as reported by managers of such investments. In the absence of quoted values, securities are valued using appropriate valuation techniques as reasonably determined by the investment manager. The investment manager performs monthly, quarterly and annual valuations.

The investment manager Valuation Committee is composed of the Finance Director, Chief Finance Officer, Chief Operating Officer and where necessary a panel of external service providers. The Committee ensures that the valuation of assets is fair, equitable and reasonable based on the relevant information available.

Quantitative Information of Significant Unobservable Inputs – Level 3

Description	Fair Value 2020 \$'000	Valuation Technique	Unobservable Input	Range (Weighted Average) (%)
Unit Trust – Private Equity	\$181,299	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	0.00 – 2.143 (0.658)
			Contributions since latest Net Asset Value from Investment Manager	0.000 - 1.000 (0.130)
			Distributions since latest Net Asset Value from Investment Manager	0.000 - 0.607 (0.030)

Description	Fair Value 2019 \$'000	Valuation Technique	Unobservable Input	Range (Weighted Average) (%)
Unit Trust – Private Equity	\$163,847	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	0.000 - 2.255 (0.655)
			Contributions since latest Net Asset Value from Investment Manager	0.000 - 1.000 (0.126)
			Distributions since latest Net Asset Value from Investment Manager	0.000 – 3.988 (0.167)
Unit Trust –Infrastructure	\$5,271	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	18.8%

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(d) Valuation Process for Level 3 Valuations - Continued

Sensitivity Analysis to Significant Changes in Unobservable Inputs within Level 3 Hierarchy – Level 3

30 June 2020

Description	Input	Sensitivity Used²³ (%)	Effect on Fair Value
Unit Trust – Private Equity	Latest Net Asset Value from Investment Manager	0.000 - 2.143(0.658)	Fair value increase if the latest Net Asset Values from Investment Manager were higher
	Contributions since latest Net Asset Value from Investment Manager	0.000 - 1.000 (0.130)	Fair value increase if there have been contributions since latest Net Asset Value from Investment Manager
	Distributions since latest Net Asset Value from Investment Manager	0.000 - 0.607 (0.030)	Fair value decrease if there have been distributions since latest Net Asset Value from Investment Manager
			Fair value decrease if the latest Net Asset Values from Investment Manager were lower

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(d) Valuation Process for Level 3 Valuations - Continued

30 June 2019

Description	Input	Sensitivity Used²³ (%)	Effect on Fair Value
Unit Trust – Private Equity	Latest Net Asset Value from Investment Manager	0.000 - 2.255 (0.655)	Fair value increase if the latest Net Asset Values from Investment Manager were higher
	Contributions since latest Net Asset Value from Investment Manager	0.000 - 1.000 (0.126)	Fair value increase if there have been contributions since latest Net Asset Value from Investment Manager
	Distributions since latest Net Asset Value from Investment Manager	0.000 - 3.988 (0.167)	Fair value decrease if there have been distributions since latest Net Asset Value from Investment Manager
Unit Trust – Infrastructure	Latest Net Asset Value from Investment Manager	- Future cash flows of the underlying investments	An increase in the future cash flows would increase the fair value of the investment.
		- Discount Rates	An increase in the discount rate would decrease the fair value of the investment.
		An increase/(decrease) of the 18.8% in the unit price would increase/(decrease) the fair value of the investment by \$990,948.	

²³ For private equity, metric is the range as a % of commitment.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.7 Fair Value Hierarchy - Continued

The Territory Banking Account recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Transfers between levels

The following presents the transfers between levels for the year ended 30 June 2020, being unlisted infrastructure. There were no transfers between levels for the year ended 30 June 2019.

30 June 2020	Listed Securities \$'000	Unit Trusts \$'000	Total \$'000
Transfer Between Levels			
Level 1	-	-	-
Level 2	-	5,272	5,272
Level 3	-	(5,272)	(5,272)
	-	-	-

Level 3 Reconciliation

The following table shows the movement in level 3 instruments for the year.

30 June 2020	Listed Securities \$'000	Unit Trusts \$'000	Total \$'000
Balance at 1 July 2019	1,480	170,483	171,963
Purchase during the year	-	7,005	7,005
Sales During the year	(1,480)	-	(1,480)
Settlements during the Year	-	23,990	23,990
Transfers Out of Level 3	-	5,272	(5,272)
Total (Losses) on Level 3 Financial Instruments ²⁴	-	(12,224)	(12,224)
Balance at 30 June 2020	-	194,526	194,526

30 June 2019	Listed Securities \$'000	Unit Trusts \$'000	Total \$'000
Balance at 1 July 2018	1,481	154,377	155,858
Purchase during the year	-	5,084	5,084
Sales During the year	(1)	(128)	(129)
Settlements during the Year	(16)	19,587	19,571
Transfers into Level 3	16	-	16
Total (Losses) on Level 3 Financial Instruments ²⁴	-	(8,438)	(8,438)
Balance at 30 June 2019	1,480	170,483	171,963

²⁴ Gains and losses are disclosed in the line Gains on Investments at Fair Value through Profit or Loss or Losses on Investments at Fair Value through Profit or Loss, in the Statement of Income and Expenses on behalf of the Territory.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 10 COMMITMENTS ON BEHALF OF THE TERRITORY

Other Commitments

Other commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

	2020	2019
	\$'000	\$'000
Within One Year	196,416	254,316
Later than One Year but not longer than Five Years	155,927	72,800
Total Other Commitments²⁵	352,343	327,116

²⁵ Other commitments represent investment capital commitments outstanding at financial year end. These investment capital commitments are recognised through individual Commitment and Subscription Agreements/Deeds whereby the Territory Banking Account has provided an irrevocable commitment and agrees to subscribe for securities in accordance with the terms of the relevant Constituent Documents. These commitments are required to be funded by investment deposits from the Superannuation Provision Account.

NOTE 11 AUDITOR'S REMUNERATION

The ACT Audit Office performs the audit for the Territory Banking Account's financial statements and limited assurance engagement on the statement of performance. No other services are provided. Payment for auditors' remuneration is made by the Chief Minister, Treasury and Economic Development Directorate (2019-20: \$48,579 and 2018-19: \$47,164).

NOTE 12 RELATED PARTY DISCLOSURES

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family member and entities in which the KMP and/or their close family members individually or jointly have controlling interest.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Territory Banking Account, directly or indirectly.

KMP of the Territory Banking Account are the Portfolio Minister and certain members of the Senior Management Team.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of Territory Banking Account.

This note does not include typical citizen transactions between the KMP and the Territory Banking Account that occur on terms and conditions no different to those applying to the general public.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 12 RELATED PARTY DISCLOSURES – CONTINUED

(A) CONTROLLING ENTITY

The Territory Banking Account is an ACT Government controlled entity.

(B) KEY MANAGEMENT PERSONNEL

B.1 Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2020.

The members of the senior management team who are KMP of the Territory Banking Account are employees of Chief Minister, Treasury and Economic Development Directorate and are compensated by the Chief Minister, Treasury and Economic Development Directorate. This is disclosed in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate's financial statements for the year ended 30 June 2020.

Compensation by the Territory Banking Account to its KMP is NIL.

B.2 Transactions with Key Management Personnel

There were no transactions with KMP that were material to the financial statements of the Territory Banking Account.

B.3 Transactions with parties related to Key Management Personnel

There were no transactions with parties related KMP that were material to the financial statements of the Territory Banking Account.

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial statements of the Territory Banking Account.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 13 BUDGETARY REPORTING

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are major variances if both of the following criteria are met:

- (i) The line item is a significant line item where the actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (ii) The variance is a significant variance where the actual variance amount (original budget to actual) is greater than plus (+) or minus (-) 5% and \$15 million for the financial statements.

Statement of Income and Expenses on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget²⁶ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Transfers from ACT Government Agencies	4,246,717	4,673,514	(426,797)	(9%)	The variation is driven by ACT Government agency activity, reflecting ACT Government agency activities.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 13 BUDGETARY REPORTING - EXPLANATIONS OF MAJOR VARIANCES BETWEEN ACTUAL AND ORIGINAL BUDGET AMOUNTS - CONTINUED

Statement of Assets and Liabilities on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget ²⁶ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Cash	1,622,889	300,000	1,322,889	441%	The cash at bank balance reflects the operational and liquidity needs of the Territory Banking Account as well as well as the timing of the within year cash flow requirements.
Investments	4,884,517	5,349,751	(465,234)	(9%)	The actual balance at the end of the year is the result of lower than expected net investment returns compared with the budget. The 2019-20 return underperformed the aggregate target return objectives and the negative performance of some asset class sectors.
Loans and Receivables	2,069,300	1,846,242	223,058	12%	The variation is driven by ACT Government agency activity, reflecting ACT Government agency activities.
Agency Investment Deposits	4,657,820	5,107,154	(449,334)	(9%)	The variance in ACT Government agency investments deposits is the result of lower than expected net investment return in comparison to the budget. The 2019-20 return underperformed the target return objectives due to negative performance of some asset class sectors. The aggregate financial investment portfolio includes the financial investment assets invested for the Superannuation Provision Account, ACT Lifetime Care and Support Fund the ACT Insurance Authority.
Interest-Bearing Liabilities Non-Current	6,871,554	5,569,818	1,301,736	23%	The increase in interest bearing liabilities is primarily driven by increased borrowings to support the Government's response to the COVID-19 pandemic, as well as the significant reduction in GST and own-source revenues.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 13 BUDGETARY REPORTING - EXPLANATIONS OF MAJOR VARIANCES BETWEEN ACTUAL AND ORIGINAL BUDGET AMOUNTS - CONTINUED

Statement of Cash Flows on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget ²⁶ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Net Investment Deposits from Agencies	82,805	449,138	(366,333)	(82%)	ACT Government agency investment deposits were lower than estimated due to the lower than expected investment returns as well as reflecting the underlying ACT Government agency investors cash flow activities during the year.
Capital Distributions from Agencies	70,786	177,838	(107,052)	(60%)	The variation is driven by ACT Government agency activity, reflecting ACT Government agency cash flow requirements.
Capital Payments to ACT Government Agencies	921,246	1,293,012	(371,766)	(29%)	The variation is driven by ACT Government agency activity, reflecting ACT Government agency cash flow requirements.
Net Proceeds from Borrowings	1,666,957	271,211	1,395,746	515%	The increase in interest bearing liabilities is primarily driven by increased borrowings to support the Government's response to the COVID-19 pandemic, as well the significant reduction in GST and own-source revenues.

²⁶ The Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

Territory Banking Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

APPENDIX A – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Legislative Requirement

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies. The *Financial Management Act 1996* and the Financial Management Guidelines issued under the Act, requires the Territory Banking Account's financial statements to include:

- (i) A Statement of Income and Expenses on Behalf of the Territory for the reporting period;
- (ii) A Statement of Assets and Liabilities on Behalf of the Territory at the end of the reporting period;
- (iii) A Statement of Changes in Equity on Behalf of the Territory for the reporting period;
- (iv) A Cash Flow Statement on Behalf of the Territory for the reporting period;
- (v) The significant accounting policies adopted for the reporting period; and
- (vi) Such other statements as are necessary to fairly reflect the financial operations of the Territory Banking Account during the reporting period and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared (as required by the FMA) in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

2.2 Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention and valuation policies applicable to the Territory Banking Account during the reporting period.

2.3 Currency

These financial statements are presented in Australian dollars.

Transactions and Balances

Foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. Holdings of foreign currencies and securities at reporting date are translated at the closing exchange rate as of the reporting date. Translation differences are reflected as gains and losses in the Statement of Income and Expenses on Behalf of the Territory.

2.4 Individual Reporting Entity

The Territory Banking Account is prescribed as a Directorate under the *Financial Management Act 1996* and is an individual reporting entity.

2.5 Territorial Items

The Chief Minister, Treasury and Economic Development Directorate produces Territorial financial statements for the Territory Banking Account. The Territorial financial statements include income, expenses, assets and liabilities that the Territory Banking Account administers on behalf of the Territory, but does not control.

2.6 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000) and may not add due to rounding.

Territory Banking Account

**Statement of Performance for the year ended
30 June 2020**

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Territory Banking Account for the year ended 30 June 2020.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2020 are not in agreement with the Territory Banking Account's records or do not fairly reflect, in all material respects, the performance of the Territory Banking Account, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Territory Banking Account's responsibilities for the statement of performance

The Under Treasurer is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Territory Banking Account.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Territory Banking Account's records or do not fairly reflect, in all material respects, the performance of the Territory Banking Account, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Territory Banking Account, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Territory Banking Account.



Ajay Sharma
Assistant Auditor-General, Financial Audit
29 September 2020

**Territory Banking Account
Statement of Performance
For the Year Ended 30 June 2020**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Territory Banking Account's records and fairly reflects the service performance of the Territory Banking Account in providing each class of outputs during the year ended 30 June 2020 and also fairly reflects the judgements exercised in preparing them.



David Nicol
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
29 September 2020

Territory Banking Account Statement of Performance For the Year Ended 30 June 2020

EBT Class 1: TERRITORY BANKING ACCOUNT				
EBT 1.1: TERRITORY BANKING ACCOUNT				
Description: Management of the ACT's investment and borrowing activities and the central banking account of the Government				
	Original Target 2020	Actual Result 2020	Variance from Target	Explanation of Material Variances (+/- 5%)
TOTAL COST (\$'000)	\$6,026,586	\$5,587,705	(7%)	The lower cost is due to net lower amounts of payments of appropriations to ACT Government agencies (\$198 million) and lower investment earnings paid to agencies due to lower investment returns in 2019-20 (\$237 million).
Accountability Indicators				
a. Cash and Liquidity Management of the Territory Banking Account	100%	100%	-	
b. Exposure to directly-owned share investments related to the manufacture of Tobacco, Cluster Munitions and Land Mines	0%	0%	-	
c. The exercising of ownership voting rights for directly-owned shares	>95%	99%	4%	There were 21,821 share voting proposals during the 2019-20 financial year with a total of 21,532 voting instructions, resulting in 99 per cent of voting rights being exercised.
d. Completion of the Principles for Responsible Investment Annual Reporting and Assessment Framework	1	1	-	
e. Completion of new Territory borrowings	100%	100%	-	
f. Completion of debt servicing obligations	100%	100%	-	
g. Completion of Budget Appropriation disbursements	100%	100%	-	
h. Completion and delivery of Monthly Financial Reporting	12	12	-	
i. Completion and delivery of unqualified Annual Financial Statements	1	1	-	
j. Completion of Annual Budget Estimates	1	-	(100%)	As a result of COVID-19 pandemic, the preparation of the 2020-21 Budget has been deferred until after the 2020 Legislative Assembly election.

The above Statement of Performance should be read in conjunction with the accompanying notes.

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost measure was not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

Territory Banking Account Statement of Performance For the Year Ended 30 June 2020

Explanation of the Accountability Indicators

- a. Maintaining a positive aggregate cash and investment balance of the Territory Banking Account to meet ongoing cash payment obligations. For performance measurement purposes, the actual number of days the daily aggregate cash and investment balance of the TBA is positive as a percentage of total days will determine the result.
- b. The investment portfolio is monitored to ensure it is not exposed to any prohibited investments, in accordance with the Government's Responsible Investment Policy. For performance measurement, the actual portfolio direct share holdings will be compared with the prevailing prohibited shares list at the end of each month. The exposure measure will be the weighted value of any prohibited share investments on the total value of the share portfolio.
- c. As required by the Government's Responsible Investment Policy, voting rights in relation to directly-owned shares will be exercised in accordance with the Government's share voting policy. The target is that more than 95 per cent of all eligible voting items in the year will be cast in relation to the total voting items. The measure will be total actual votes cast compared to total eligible voting items.
- d. The Territory is a signatory to the Principles for Responsible Investment (PRI). Completing the annual Reporting Framework via the online reporting tool is a mandatory requirement for all signatories. The reporting framework is designed to provide accountability and transparency around signatories and their responsible investment activities
- e. Raising all new Territory borrowing requirements in accordance with approved borrowing limits and guidelines. The measure will be the actual number of conforming borrowing transactions compared to the total borrowing transactions completed.
- f. The payment of Territory debt servicing interest and principal repayment obligations to be completed accurately and within required timeframes. The measure will be the actual number of conforming debt servicing settlement transactions compared with the total number of debt servicing settlement transactions completed.
- g. The payment of budget appropriation disbursement payments to agencies to be completed accurately and within required timeframes. The measure will be the actual number of conforming disbursement payments compared with the total number of disbursement transactions completed.
- h. Monthly financial reporting involves the preparation of accrual financial statements. The monthly financial reporting will not be counted for the year if the financial statements are not prepared after the end of each month.
- i. Involves the preparation of the previous year's (2018-19) annual financial statements for auditing and inclusion in the Chief Minister, Treasury and Economic Development Directorate annual report. The objective is to receive an unmodified auditor's report for the year.
- j. Involves the preparation of annual budget estimates for inclusion in the annual Territory Budget.

Superannuation Provision Account

**Financial statements for the year ended
30 June 2020**

Management Discussion and Analysis For the Superannuation Provision Account Financial Year Ended 30 June 2020

Objectives

The Superannuation Provision Account is established to recognise and account for the Australian Capital Territory's (Territory) employer defined benefit superannuation liabilities and associated investment assets.

The Government maintains a funding plan to progressively extinguish the Territory's unfunded superannuation liability over time by accumulating funds in the Superannuation Provision Account.

The long-term investment return objective for the assets of the Superannuation Provision Account as at 30 June 2020 is CPI plus 4.75 per cent per annum, or a nominal return of 7.25 per cent per annum.

Overview

The financial outcomes for the Superannuation Provision Account are significantly impacted by the annual valuation of the defined benefit superannuation liability and the investment return achieved on the financial assets.

At 30 June 2020 total liabilities exceed total assets. The Superannuation Provision Account will continue to be in a net liability position until the defined benefit superannuation liabilities are fully funded by financial investment assets.

Risks and Sensitivities

The financial performance of the Superannuation Provision Account is highly correlated with the performance of global financial markets and the macroeconomic environment. During 2019-20 an increase in global economic uncertainty largely from the COVID-19 pandemic in addition to the ongoing global trade tensions and growth outlooks has led to an increase in global financial market volatility.

The Superannuation Provision Account's financial investment assets are managed in accordance with an investment strategy that considers the risk and return objectives of the Superannuation Provision Account, in conjunction with those established for the Government as a whole, taking into account the long-term nature of the projected defined benefit employer superannuation liabilities and projected cash flow requirements. To achieve the long-term target, the underlying investment asset class exposures include cash, money market securities, domestic and international bonds, domestic and international listed equities, private equity, property and infrastructure.

The current outlook for investment returns remains very challenging with increasing uncertainty about global growth prospects, lower corporate earnings, record low interest rates and generally relatively high asset valuations.

The current Australian macroeconomic environment, and the potential structural shift in Australian interest rates remaining lower for longer, will require an ongoing assessment of the financial assumptions adopted for the superannuation liability valuation and the long-term investment return target.

Financial Performance

The following summary of the financial operating activities is based on the audited financial statements for 2018-19 and 2019-20 and the 2019-20 Budget estimates.

Table 1 – Operating Activities and Forward Year Estimates

	Actual 2018-19 \$m	Actual 2019-20 \$m	Budget 2019-20 \$m	Estimate 2020-21 \$m	Estimate 2020-21 \$m	Estimate 2020-21 \$m
Total income	308.1	82.0	304.6	326.6	350.3	375.7
Total expenses	543.2	511.5	547.9	552.8	557.5	562.0
Operating Deficit	(235.2)	(429.5)	(243.3)	(226.1)	(207.2)	(186.3)

The operating deficit for the 2019-20 financial year of \$430 million was \$186 million or 77 per cent higher than the 2019-20 Budget estimate.

The higher operating deficit was due mainly to net investment revenue of \$81 million being \$224 million lower than the budget estimate of \$305 million as a result of the investment return of 1.91 per cent being lower than the investment return objective of 7.25 per cent, partially offset by lower superannuation expenses of \$35.5 million as a result of the 30 June 2019 superannuation liability valuation outcome made in accordance with AASB119. The reduction in superannuation expense was due to adopting lower financial assumptions for the valuation.

The operating deficit for the 2019-20 financial year was \$194 million or 83 per cent higher than in 2018-19 due mainly to investment revenue being \$224 million lower than in 2018-19 partially offset by lower superannuation expense in 2019-20 of \$28 million due to the 30 June 2019 superannuation liability valuation made in accordance with AASB119. The liability valuation at 30 June 2019 determined the superannuation expense to be recognised for the 2019-20 financial year. The reduction in superannuation expense was due to adopting lower financial assumptions for the valuation.

The operating deficit over the forward years is forecast to decrease due to the estimated increase in investment assets and investment revenues.

Income Estimates

Revenue includes investment revenues from the investment assets including distributions as well as investment asset valuation increases (capital gains).

Over the forward years the revenue estimates reflect the long-term investment return objective of 7.25 per cent per annum on the investment assets.

Expense Estimates

Expenses include the superannuation expense associated with the Commonwealth and eligible Members of the Legislative Assembly defined benefit superannuation liabilities, Commonwealth superannuation scheme administration fees, professional services and supplies and services.

Over the forward years, annual expenses are forecast to increase due to the estimated increase in the defined benefit superannuation liability and associated superannuation expense.

Financial Position

The following summary of the financial position is based on the audited financial statements for 2018-19 and 2019-20 and the 2019-20 Budget estimates.

Table 2 – Financial Position and Forward Year Estimates

	Actual 2018-19 \$m	Actual 2019-20 \$m	Budget 2019-20 \$m	Estimate 2020-21 \$m	Estimate 2021-22 \$m	Estimate 2022-23 \$m
Total Assets	4,237.1	4,322.4	4,432.4	4,753.6	5,098.3	5,468.3
Total Liabilities	11,773.9	12,056.0	8,065.6	8,304.2	8,525.5	8,730.9
Net Liabilities	7,536.8	7,733.6	3,633.2	3,550.6	3,427.2	3,262.7

Total Assets

Assets are financial investment assets that have an underlying exposure to Australian and international money market securities (cash), capital market securities (bonds), Australian and international listed equities (shares), Australian office and retail property assets (property), Australian infrastructure assets (infrastructure) and unlisted equity assets (private equity).

Total assets at 30 June 2020 of \$4,322 million were \$110 million or 2 per cent lower than the 2019-20 budget estimate mainly due to investment earnings being \$224 million lower than estimated and partially offset by investment assets at the end of the previous financial year (30 June 2019) being \$104 million higher than estimated.

Total assets at 30 June 2020 were \$85 million or 2 per cent higher than the 30 June 2019 closing asset position due to investment earnings over 2019-20.

Total Asset Estimates

Total assets are estimated to increase over the forward years due to the reinvestment of annual investment revenues.

Total Liabilities

Liabilities include the Territory's Commonwealth defined benefit employer superannuation liability, the Members of the Legislative Assembly defined benefit superannuation liabilities and accrued supplies and services expenses.

Total Liabilities at 30 June 2020 of \$12 billion were \$4 billion or 49 per cent higher than the 2019-20 Budget estimate due to the valuation of the defined benefit superannuation liability at 30 June 2020 which used a lower discount rate assumption of 1.73 per cent compared with the long-term budget discount rate assumption of 5 per cent.

Liabilities at 30 June 2020 were \$282 million or 2 per cent higher than at 30 June 2019 due to the increase in the valuation of the defined benefit superannuation liability.

Total Liability Estimates

Total liabilities are forecast to be lower over the forward years as the valuation of the superannuation liability is estimated to be lower due to the use of higher average long-term financial assumptions, including a higher discount rate assumption. In isolation, a higher discount rate assumption reduces the estimated present value of the superannuation liability.

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Superannuation Provision Account for the year ended 30 June 2020 which comprise the operating statement, balance sheet, statement of changes in equity, statement of cash flows, statement of appropriation and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Superannuation Provision Account's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Superannuation Provision Account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Superannuation Provision Account for the financial statements

The Under Treasurer is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996*, and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Superannuation Provision Account to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Superannuation Provision Account.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Superannuation Provision Account's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Superannuation Provision Account;
- conclude on the appropriateness of the Superannuation Provision Account's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Superannuation Provision Account's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Superannuation Provision Account to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with the Under Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Sharma
Assistant Auditor-General, Financial Audit
23 September 2020

**Superannuation Provision Account
Financial Statements
For the Year Ended 30 June 2020**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Superannuation Provision Account's accounts and records and fairly reflect the financial operations of the Superannuation Provision Account for the year ended 30 June 2020 and the financial position of the Superannuation Provision Account on that date.



David Nicol
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
22 September 2020

**Superannuation Provision Account
Financial Statements
For the Year Ended 30 June 2020**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Superannuation Provision Account's accounts and records and fairly reflect the financial operations of the Superannuation Provision Account for the year ended 30 June 2020 and the financial position of the Superannuation Provision Account on that date.



Patrick McAuliffe
Chief Finance Officer
Superannuation Provision Account
Chief Minister, Treasury and Economic Development Directorate
22 September 2020

Superannuation Provision Account
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Income				
Investment Revenue	3.1	79,297	106,856	101,604
Gains on Remeasurement of Investments	3.2	1,247	197,703	206,450
Other Revenue	3.3	1,412	31	-
Total Income		81,956	304,590	308,054
Expenses				
Employee Expenses		257	500	520
Supplies and Services		4,085	4,679	4,374
Investment Management Expenses		-	-	3,188
Superannuation Expenses	4.1	507,141	542,723	535,137
Total Expenses		511,484	547,902	543,220
Operating (Deficit)		(429,528)	(243,312)	(235,166)
Other Comprehensive Loss				
Actuarial Loss on Territory's Defined Benefit Superannuation Liability	6.3	(57,384)	-	(1,758,234)
Total Other Comprehensive Loss		(57,384)	-	(1,758,234)
Total Comprehensive (Deficit)		(486,912)	(243,312)	(1,993,400)

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

Superannuation Provision Account
Statement of Assets and Liabilities on Behalf of the Territory
At 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash	5.1	36,084	11,112	15,505
Receivables	5.2	28,793	26,704	28,145
Investments	5.3	4,257,506	4,394,576	4,193,454
Total Current Assets		4,322,383	4,432,392	4,237,104
Total Assets				
		4,322,383	4,432,392	4,237,104
Current Liabilities				
Payables	6.1	53	1,364	93
Employee Benefits	6.2	-	240	264
Estimated Superannuation Liabilities	6.3	308,993	308,740	289,811
Total Current Liabilities		309,046	310,344	290,167
Non-Current Liabilities				
Estimated Superannuation Liabilities	6.3	11,746,938	7,755,291	11,483,710
Total Non-Current Liabilities		11,746,938	7,755,291	11,483,710
Total Liabilities				
		12,055,984	8,065,635	11,773,877
Net Liabilities				
		(7,733,601)	(3,633,243)	(7,536,773)
Equity				
Accumulated Deficits		(7,733,601)	(3,633,243)	(7,536,773)
Total Equity		(7,733,601)	(3,633,243)	(7,536,773)

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

Superannuation Provision Account
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Accumulated Deficits Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Budget 2020 \$'000
Balance at 1 July 2019		(7,536,773)	(7,536,773)	(3,679,742)
Comprehensive Income				
Operating Deficit		(429,528)	(429,528)	(243,312)
Loss from Actuarial Review		(57,384)	(57,384)	-
Total Comprehensive (Deficit)		(486,912)	(486,912)	(243,312)
Transactions Involving Owners Affecting Accumulated Deficits				
Capital Injections		289,811	289,811	289,811
Decrease in Liabilities from Administrative Restructure	6.2	273	273	-
Total Transactions Involving Owners Affecting Accumulated Deficits		290,084	290,084	289,811
Balance at 30 June 2020		(7,733,601)	(7,733,601)	(3,633,243)

		Accumulated Deficits Actual 2019 \$'000	Total Equity Actual 2019 \$'000
Balance at 1 July 2018		(5,737,443)	(5,737,443)
Comprehensive Income			
Operating Deficit		(235,166)	(235,166)
Loss from Actuarial Review		(1,758,234)	(1,758,234)
Total Comprehensive (Deficit)		(1,993,400)	(1,993,400)
Transactions Involving Owners Affecting Accumulated Deficits			
Capital Injections		194,070	194,070
Total Transactions Involving Owners Affecting Accumulated Deficits		194,070	194,070
Balance at 30 June 2019		(7,536,773)	(7,536,773)

The above Statement of Changes in Equity on Behalf of the Territory should be read in conjunction with the accompanying notes.

Superannuation Provision Account
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities				
Receipts				
Interest Received		641	260	1,622
Dividends Received	1	-	-	27,334
Distributions Received		78,006	109,484	55,948
Other		1,468	280	676
Total Receipts from Operating Activities		80,115	110,024	85,580
Payments				
Employees		248	489	482
Supplies and Services		4,125	4,648	4,377
Superannuation		282,116	289,921	255,818
Other		53	-	29,264
Total Payments from Operating Activities		286,541	295,058	289,940
Net Cash Outflows from Operating Activities	7	(206,426)	(185,034)	(204,360)
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale/Maturity of Investments		-	-	21,927
Total Receipts from Investing Activities		-	-	21,927
Payments				
Purchase of Investments		62,805	103,998	-
Total Payments from Investing Activities		62,805	103,998	-
Net Cash (Outflows)/Inflows from Investing Activities		(62,805)	(103,998)	21,927
Cash Flows from Financing Activities				
Receipts				
Capital Injections		289,811	289,811	194,070
Total Receipts from Financing Activities		289,811	289,811	194,070
Net Cash Inflows from Financing Activities		289,811	289,911	194,070
Net Increase in Cash and Cash Equivalents		20,580	779	11,638
Cash and Cash Equivalent at Beginning of Reporting Period		15,505	10,333	3,867
Cash and Cash Equivalents at End of Reporting Period	7	36,084	11,112	15,505

The above Statement of Cash Flows on Behalf of the Territory should be read in conjunction with the accompanying notes.

Superannuation Provision Account Territorial Statement of Appropriation For the Year Ended 30 June 2020

	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
Capital Injections	289,811	289,811	289,811	194,070
Total Territorial Appropriation	289,811	289,811	289,811	194,070

The above Territorial Statement of Appropriation should be read in conjunction with the accompanying notes.

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Statement of Cash Flows on Behalf of the Territory in the Budget Papers.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Superannuation Provision Account during the year. This amount also appears in the Statement of Cash Flows on Behalf of the Territory.

Notes Relating to Territorial Statement of Appropriation

Capital Injections

The ACT Government has a policy objective to fully fund the employer defined benefit superannuation liability to the Commonwealth Government by 30 June 2030. The appropriation is used to extinguish the annual emerging cost payment (employer-share of Territory employee benefits) to the Commonwealth Government.

Capital injections of \$289.811 million was provided for in the 2019-20 Budget. The full appropriation amount of \$289.811 million was drawn during the 2019-20 financial year.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 1	Objectives of the Superannuation Provision Account
Note 2	Significant Accounting Policies Appendix A – Basis of Preparation of the Financial Statements Appendix B – Significant Accounting Policies
Income Notes	
Note 3	Income Administered on Behalf of the Territory
Expense Notes	
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Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 1 OBJECTIVES OF THE SUPERANNUATION PROVISION ACCOUNT

Operations and Principal Activities

The Superannuation Provision Account is a not-for-profit ACT Government entity (as profit is not its principal objective) that assists the ACT Government in the effective management of the defined benefit employer superannuation liabilities of the Australian Capital Territory (the 'Territory'), a body politic established by section 7 of the *Australian Capital Territory (Self Government) Act 1988 (Cwlth)*.

The defined benefit superannuation liabilities are in respect of current and former Territory employees who are members of Commonwealth defined benefit superannuation schemes, including the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS), as well as eligible Members of the Legislative Assembly (MLA) who are members of the Legislative Assembly Members' defined benefit superannuation scheme.

The Superannuation Provision Account is not a superannuation scheme for Territory employees, nor does it receive superannuation contributions from Territory employees. The Superannuation Provision Account receives budget appropriation and makes payments in connection with the Territory's defined benefit employer superannuation liabilities. The Superannuation Provision Account was established in 1991 to manage, recognise and account for the investment assets and defined benefit employer superannuation liabilities of the Territory. The undertakings of the Superannuation Provision Account form a significant element of the ACT Government's strategy of maintaining an adequate provision for the Territory's employer defined benefit superannuation liabilities and associated transactions.

The *Territory Superannuation Provision Protection Act 2000* provides for the protection of the funds dedicated to meeting the superannuation liabilities of the Territory, Territory Authorities and Territory-owned Corporations and for other purposes.

Restructure of Financial Investment Management

The Treasury stream within the Chief Minister, Treasury and Economic Development Directorate manages most of the Territory's financial investment assets through the Territory Banking Account. Investment funds from relevant directorates and Territory authorities (agency investors) are pooled together under a centralised investment platform which provides several different investment options designed to meet specific investment objectives.

In December 2018 all the financial investment assets of the Superannuation Provision Account were consolidated into the established centralised Territory Banking Account investment structure. This consolidation maximises economies of scale and efficiencies and ensures a consistent implementation and application of investment and governance policies. Due to this mid-year change in the 2019 reporting year, there are several variances between the 2019 and 2020 reporting years for several items that are no longer applicable to the Superannuation Provision Account following the restructure.

Risks and Sensitivities

The financial performance of the Superannuation Provision Account is highly correlated with the performance of global financial markets and the macroeconomic environment. During 2019-20 an increase in global economic uncertainty largely from the COVID-19 pandemic in addition to the ongoing global trade tensions and growth outlooks has led to an increase in global financial market volatility.

The current outlook for investment returns remains very challenging with increasing uncertainty about global growth prospects, lower corporate earnings, record low interest rates and generally relatively high asset valuations. The current Australian macroeconomic environment, and the potential structural shift in Australian interest rates remaining lower for longer, will require an ongoing assessment of the financial assumptions adopted for the superannuation liability valuation and the long-term investment return target.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 1 OBJECTIVES OF THE SUPERANNUATION PROVISION ACCOUNT - CONTINUED

Going Concern

At 30 June 2020, the Superannuation Provision Account's liabilities of \$12.056 billion exceed assets of \$4.322 billion by \$7.734 billion (\$7.537 billion at 30 June 2019). The Superannuation Provision Account will continue to be in a net liability position until the defined benefit superannuation liability is fully funded by investment assets.

As the annual superannuation emerging cost payments are supported by budget appropriation and the annual emerging cost payments are significantly less than total investment assets, the net liability position is not seen as an immediate risk to the ongoing financial operations of the Superannuation Provision Account. In the event required benefit payments exceed the available assets, additional appropriation will need to be provided from the Territory budget.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information:

- (i) Appendix A - Basis of Preparation of the Financial Statements; and
- (ii) Appendix B - Significant Accounting Policies.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 3 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY

3.1 Investment Revenue

Revenue is recognised at the fair value of the consideration received or receivable in the Statement of Income and Expenses on Behalf of the Territory.

	2020	2019
	\$'000	\$'000

3.1.1 Interest

Interest revenue is recognised using the effective interest method.

Interest Income	641	2,023
Total Interest	641	2,023

3.1.2 Dividends

Dividend income is recognised when the Superannuation Provision Account's right to receive payment is established.

Dividend Income	-	26,763
Total Dividends^{1,2}	-	26,763

¹ Refer to Note 1, Restructure of Financial Investment Management. Investment income from December 2018 onwards is recognised as distributions from the Territory Banking Account.

3.1.3 Distributions

Distribution income is recognised when the Superannuation Provision Account's right to receive payment is established.

Distribution Income	78,656	72,233
Total Distributions²	78,656	72,233

² Refer to Note 1, Restructure of Financial Investment Management. Investment income from December 2018 onwards is recognised as distributions from the Territory Banking Account. The 2019-20 the investment return of 1.91 per cent was lower than the investment return objective of 7.25 per cent. Total dividends and distributions were lower in 2019-20 reflecting the amount of income available for distributions.

3.1.4 Other Investment Income

Other investment income is recognised when the Superannuation Provision Account's right to receive payment is established.

Other Investment Income ³	-	585
Total Other Investment Income	-	585

³ Refer to Note 1, Restructure of Financial Investment Management. Investment income from December 2018 onwards is recognised as distributions from the Territory Banking Account.

Total Investment Revenue	79,297	101,604
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Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 3 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY - Continued

	2020	2019
	\$'000	\$'000

3.2 Gains on Remeasurement of Investments

Gains or losses on financial assets held at Fair Value through Profit or Loss consist of realised and unrealised amounts. Gains or losses resulting from changes in the fair value of an investment are included in the Statement of Income and Expenses on Behalf of the Territory in the period in which they arise.

Net Gains on financial instruments at fair value through profit or loss	1,247	206,450
Total Gains on remeasurement of Investments⁴	1,247	206,450

⁴ Net gains on investments were lower in 2019-20 reflecting increased financial market volatility largely as a result of the economic impacts from the COVID-19 pandemic, ongoing global trade tensions and economic growth outlooks. The portfolio achieved a lower investment return of 1.91 per cent in 2019-20 compared with the 2018-19 investment return of 7.72 per cent.

3.3 Other Revenue

Other Revenue is recognised at the fair value of the consideration received in the Statement of Income and Expenses on Behalf of the Territory.

Other Revenue	1,412	-
Total Other Revenue⁵	1,412	-

⁵ Other revenue in 2019-20 is the proceeds of the closing balance of the former Superannuation Trust Banking Account established to facilitate superannuation entitlement corrections for some former employees.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 4 EXPENSES ADMINISTERED ON BEHALF OF THE TERRITORY

	2020	2019
	\$'000	\$'000
4.1 Superannuation Expenses		
4.1.1 Employee Superannuation Expense		
Superannuation Contributions to the Territory Banking Account	41	61
Superannuation Productivity Benefit	4	8
Superannuation to External Providers (SG Choice)	9	17
Total Employee Superannuation Expense	54	86

4.1.2 CSS/PSS Defined Benefit Superannuation Expense

The change in the estimated superannuation liability from the previous reporting period to the current reporting period comprises four elements: Service Cost; Interest Cost; Emerging Benefit Payments; and Actuarial Gains or Losses.

All movements in the estimated superannuation liability are expensed through the Statement of Income and Expenses on Behalf of the Territory in the period to which the movement relates except for actuarial gains or losses. The actuarial gains and losses are recognised as Other Comprehensive Income/(Loss) by applying the Direct to Equity Method as allowed under AASB 119.

In accordance with the requirements of AASB 119 the superannuation expense for the reporting period is the projected expense based on the previous year's financial year end AASB 119 superannuation liability valuation which applied a discount rate of 1.92 per cent to estimate the closing 30 June 2019 superannuation liability. The closing 30 June 2020 liability is estimated at the discount rate at 30 June 2020 of 1.73 per cent. The actuarial gain or loss is the difference between the closing 30 June 2020 liability and the 30 June 2019 liability, adjusted for the projected 2019-20 interest and service cost and actual emerging cost (benefit) payments.

Interest Cost Expense ⁶	228,635	305,767
Service Cost Expense ⁷	278,234	229,074
Total CSS/PSS Superannuation Expense	506,868	534,842

⁶ Interest cost is the change in the present value of the defined benefit obligation arising because past accrued benefits are one period closer to settlement.

⁷ Service cost is the change in the present value of the defined benefit obligation resulting from employee service during the financial year.

4.1.3 Member Legislative Assembly (MLA) Superannuation Expense

Superannuation Liability Expense	219	209
Total MLA Superannuation Expense	219	209
Total Superannuation Expenses	507,141	535,137

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 5 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

5.1 Cash

For the purpose of the Statement of Cash Flows on Behalf of the Territory and the Statement of Assets and Liabilities on Behalf of the Territory, cash means deposits held at call with the Territory's transactional bank.

5.2 Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Statement of Income and Expenses on behalf of the Territory. Receivables include amounts for dividends, interest and trust distributions. Interest, dividends and unit trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Inter-agency receivables between ACT Government agencies are expected to have low credit risks. Treasury's whole of Government accounting policy is that directorates, territory authorities and territory-owned corporations that consolidate into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements.

The Superannuation Provision Account is not subject to income tax or income tax equivalents but is subject to the Goods and Services Tax and Fringe Benefits Tax. The Superannuation Provision Account receives input tax credits for most expenses incurred and has a net Goods and Services Tax (GST) receivable as at reporting date. The net GST receivable should be excluded from the calculation deriving the allowance for the expected credit loss because of the assessed low credit risk.

5.3 Investments

Investments represent the funds set aside in the Superannuation Provision Account to be used to fund the emerging benefits payable in respect of the Territory's employer-financed component of the CSS and the PSS defined benefit superannuation liabilities and benefit payments for Members of the Legislative Assembly Defined Benefit Superannuation Scheme.

The Chief Minister, Treasury and Economic Development Directorate, through the Territory Banking Account, manages the Superannuation Provision Account's financial investment assets in accordance with an investment strategy that considers the risk and return objectives of the Superannuation Provision Account, in conjunction with those established for the Government as a whole, taking into account the long-term nature of the projected defined benefit employer superannuation liabilities and projected cash flow requirements. The long-term investment return objective for the Superannuation Provision Account's financial investments is CPI plus 4.75 per cent per annum. To achieve the long-term target, the underlying investment asset class exposures include cash, money market securities, domestic and international bonds, domestic and international listed equities, private equity, property and infrastructure.

The Superannuation Provision Account makes long-term investments with the Territory Banking Account by acquiring units in the Territory Banking Account's financial investments portfolio. A unit represents a beneficial interest in the asset class sectors and the unit value changes in response to the underlying market value of the financial investments. All unitised investments are designated at Fair Value through Profit or Loss with the carrying amount measured at fair value.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 5 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

	2020	2019
	\$'000	\$'000

5.3 Investments - Continued

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and reflects the best available prices of the underlying financial investments. Subsequent to initial measurement, investments held through Fair Value through Profit or Loss are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Statement of Income and Expenses on behalf of the Territory. Distributions earned on these investments are recorded as a separate revenue item.

These long-term investments are classified as current because they are redeemable, subject to market conditions, on the request of the Superannuation Provision Account.

Investment Assets at Fair Value:

Investments with the Territory Banking Account ⁸	4,257,506	4,193,454
Total Investments	4,257,506	4,193,454

⁸ The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. At 30 June 2020 the increase in the net value of investments reflects the investment funds achieving an investment return of 1.92 per cent for the 2019-20 financial year (7.72 per cent in 2018-19). This result reflects increased financial market volatility largely as a result of the economic impacts from the COVID-19 pandemic, ongoing global trade tensions and economic growth outlooks.

The Superannuation Provision Account's investments are exposed to a range of underlying asset class sectors in accordance with the strategic asset allocation structured to achieve the Superannuation Provision Account's long-term investment objective.

The underlying asset class sector exposures for the Superannuation Provision Account are set out below:

Asset Class Sector		
Cash Enhanced ⁹	365,712	396,226
Domestic and International Fixed Income ¹⁰	882,972	833,553
Domestic and International Equities ¹¹	2,348,814	2,374,980
Property ¹¹	398,538	417,536
Private Equity ¹²	197,436	165,887
Infrastructure ¹³	64,034	5,272
Total Investments by Asset Class Sectors	4,257,506	4,193,454

⁹ Cash investment exposure reduced in 2019-20 due to the re-allocation of the assets across other asset classes.

¹⁰ Fixed income exposures increased in 2019-20 due to positive investment returns.

¹¹ Equities and property exposures reduced in 2019-20 due mainly to negative investment returns and lower allocations.

¹² Private exposures increased in 2019-20 due to additional capital contributions, partially offset by negative investment returns.

¹³ Unlisted infrastructure exposure increased in 2019-20 due to new capital contributions and a positive investment return.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 6 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY

Liabilities are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities, which do not fall within the current classification, are classified as non-current.

6.1 Payables

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in Statement of Income and Expenses on Behalf of the Territory. All amounts are normally settled within 30 days after the invoice date. Payables include Accrued Expenses.

6.2 Employee Benefits

The employee benefits balance at 30 June 2020 is nil following the transfer of the accrued balance of employee benefit liabilities (\$0.273 million) to Chief Minister, Treasury and Economic Development Directorate.

During 2019-20 a restructure of the salary and administrative costs associated with the functions of the Superannuation Provision Account, the Territory Banking Account and the Asset Liability Management Branch was approved. This restructure was a necessary action following the major investment administration restructure that occurred in December 2018 (refer Note 1). The following arrangements were implemented effective 1 January 2020:

- (i) all staff directly responsible for the investment, borrowing and superannuation related functions, including the investment advisory board members remuneration, were transferred to the Asset Liability Management Branch budget cost centre, this included the balance of employee entitlements;
- (ii) all direct investment related expenses previously incurred by the Superannuation Provision Account are now met from the Territory Banking Account investments;
- (iii) the Superannuation Provision Account continues to meet expenses incurred that directly relate to the superannuation administration function; and
- (iv) the Asset Liability Management Branch cost centre, within the Chief Minister, Treasury and Economic Development Directorate, recovers on an established function allocation ratio, salary and associated expenses from the Superannuation Provision Account (superannuation function) and the Territory Banking Account (investment and borrowing functions).

6.3 Estimated Superannuation Liabilities

6.3.1 CSS/PSS Defined Benefit Employer Superannuation

The Superannuation Provision Account recognises the Territory's superannuation liability in respect of current and former employees who are members of Commonwealth Government defined benefit superannuation schemes, including the CSS and the PSS. The total superannuation liability represents the estimated financial obligation of the Territory to make payments to the Commonwealth Government in respect of superannuation arising from Territory employment. Membership of the CSS closed to new Territory employees from 1 July 1990 with new employees assuming membership of the PSS until 30 June 2005.

The administration of the CSS and PSS is undertaken by the Commonwealth Superannuation Corporation (CSC), with all benefits paid to entitled CSS and PSS members by the CSC. The Superannuation Provision Account reimburses the CSC annually for the Territory's share of employer superannuation benefits paid to entitled Territory employees who are members of the CSS or PSS.

The CSS and PSS are types of defined benefit superannuation schemes, in which some or all of the benefits payable to members are defined in advance according to a set of formulas which are linked to factors such as years of service, final average salary and level of individual member contribution over time.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 6 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

6.3 Estimated Superannuation Liabilities - Continued

6.3.1 CSS/PSS Defined Benefit Employer Superannuation - Continued

The defined benefit superannuation liability is valued on an annual basis. The annual liability valuation as at 30 June 2020 incorporates updates to salary and membership data as at the reporting date, financial and demographic assumptions, and the relevant discount rate as required. A more comprehensive triennial actuarial review, which incorporates a full assessment of all the financial and demographic assumptions, is conducted every three years. The employer financed component of entitlements is unfunded and is not required to be paid until a member receives their benefit entitlement. As the employer financial obligations may be settled many years in the future, the estimated financial obligation is measured on a discounted basis. The ultimate cost of the financial obligation will be influenced by many factors and actuarial assumptions of future events are required to measure the liability and expense.

6.3.2 Members of the Legislative Assembly

The net defined benefit liability recognised at financial year end is the total annual percentage accrual of each member multiplied by the members' basic salary as per member entitlement.

6.3.3 Reconciliation of Estimated Superannuation Liabilities

	2020 \$'000	2019 \$'000
Estimated Superannuation Liabilities		
CSS/PSS Liability Reconciliation		
Opening Estimated Liability at 1 July	11,771,324	9,733,981
<i>Movements During the Year</i>		
Current Service Cost	278,234	229,074
Interest Cost	228,635	305,767
Superannuation Benefits paid to the Commonwealth	(282,062)	(255,732)
Actuarial (Gain)/Loss from changes in Financial Assumptions	(129,750)	1,809,437
Actuarial (Gain)/Loss from changes in Experience	187,134	(51,204)
Closing Estimated Liability at 30 June¹⁴	12,053,515	11,771,324
 Legislative Assembly Members' Liability Reconciliation		
Opening Estimated Liability at 1 July	2,197	1,987
<i>Movements During the Year</i>		
Current Service Cost	219	209
Closing Estimated Liability at 30 June	2,416	2,197
 Total Closing Estimated Liabilities at 30 June	12,055,931	11,773,521
 Total Current Liabilities	308,993	289,811
Total Non-Current Liabilities	11,746,938	11,483,710
Total Closing Estimated Liabilities at 30 June	12,055,931	11,773,521

¹⁴ Refer to Appendix B, Note 2.8(b) for details of the financial assumptions applied in calculating the closing superannuation valuation.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 7 CASH FLOW RECONCILIATION

(a) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the Equivalent Items in the Statement of Assets and Liabilities on Behalf of the Territory

	2020	2019
	\$'000	\$'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	36,084	15,505
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	36,084	15,505

(b) Reconciliation of the Operating (Deficit) to Net Cash (Outflows) from Operating Activities

Operating Deficit	(429,528)	(235,166)
Add/(Less) Items Classified as Investing or Financing		
Net Movement in Investments	(1,247)	(225,510)
Cash Before Changes in Operating Assets and Liabilities	(430,774)	(460,676)
Changes in Operating Assets and Liabilities		
(Decrease) in Payables	(40)	(1,272)
(Increase) in Receivables	(647)	(21,770)
Increase in Superannuation Liability	225,026	279,319
Increase in Employee Liabilities	9	39
Net Changes in Operating Assets and Liabilities	224,348	256,316
Net Cash Outflows from Operating Activities	(206,426)	(204,360)

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 8 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

Financial investment assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss (FVTPL) based on both:

- (a) the business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

The following are the classification of Superannuation Provision Account's financial assets under AASB 9:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash at Bank	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost
Investments	Held to collect /& sell	No	FVTPL

Financial liabilities are measured at amortised cost.

The investments of the Superannuation Provision Account comprise units in the Territory Banking Account Investments portfolio.

The primary financial risk management objective for the Superannuation Provision Account is the maximisation of returns on investments within relevant risk tolerances, whilst minimising cost, for those funds set aside for the payment of the Territory's unfunded CSS/PSS defined benefit employer superannuation liabilities.

The underlying investment exposures include the financial risks associated with cash, money market securities, fixed income bonds (domestic and international) listed equities (domestic and international), private equity, property and infrastructure. Investment exposures are managed to an agreed Investment Plan which is structured with the purpose of achieving the long-term investment return objective (CPI plus 4.75 per cent per annum).

8.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in prevailing levels of market interest rates. A small percentage of the Superannuation Provision Account's financial assets are held as cash at bank which has a variable interest rate exposure. Sensitivity analysis has not been undertaken for the interest rate risk of the Superannuation Provision Account as it has been determined that the possible impact on income or total equity from fluctuations in interest rates is immaterial.

8.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Direct credit exposure for the Superannuation Provision Account is mainly attributed to cash at bank and distributions receivable from the Territory Banking Account.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 8 FINANCIAL INSTRUMENTS - CONTINUED

8.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Superannuation Provision Account is exposed to price risk as a result of its investment unit holdings in the Territory Banking Account. The investment unit price fluctuates as a result of changes in value in the underlying investment portfolio exposures.

The Territory Banking Account manages the price risk arising from these investments by diversifying the portfolio in accordance with the Superannuation Provision Account's Investment plan. Exposures to asset classes sectors comprising cash, money market securities, fixed income bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure are maintained in line with the strategic asset allocation that has been structured to achieve the Superannuation Provision Account's long-term investment objective within acceptable risk tolerances. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions. More details can be found in the financial statements of the Territory Banking Account. The Superannuation Provision Account's exposure to price risk and management of the risk has not changed since the last reporting year.

The table below summarises Superannuation Provision Account's exposure to price risk.

	2020 \$'000	2019 \$'000
Investments	4,257,506	4,193,454
	4,257,506	4,193,454

The following table summarises the sensitivity of the Superannuation Provision Account operating result and equity to price risk.

30 June 2020	Profit/Equity Impact \$'000	Loss/Equity Impact \$'000
Volatility Factor ¹⁵	8.4%	8.4%
Investments with the Territory Banking Account	357,630	(357,630)
30 June 2019	Profit/Equity Impact \$'000	Loss/Equity Impact \$'000
Volatility Factor ¹⁵	10.1%	(10.1%)
Investments with the Territory Banking Account	423,539	(423,539)

¹⁵ The expected volatility factor represents the estimated variance in return for the Superannuation Provision Account investment strategy.

The volatility of returns reflects the inherent risk in the investments. The reasonably possible movements in risk variables are continually assessed and have been determined based on best estimates, having regard to a number of factors including historical correlation of the investment strategy with relevant benchmarks and market volatility. The potential behaviour of investments during periods of heightened volatility and sustained extreme market conditions are reflected by a stressed volatility factor estimated to be in the order of 13.9%.

Actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the underlying investments are invested.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 8 FINANCIAL INSTRUMENTS – CONTINUED

8.4 Liquidity Risk

Liquidity risk is the risk that the Superannuation Provision Account is unable to meet its financial obligations as they fall due.

The Chief Minister, Treasury and Economic Development Directorate's objective for the Superannuation Provision Account is to minimise liquidity risk by monitoring financial obligations as they fall due. The Superannuation Provision Account's more immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to the Commonwealth Superannuation Corporation and for managing fund flows for investment asset classes in accordance with the Investment Plan.

The estimated superannuation liability reflects the expected settlement of financial liabilities in relation to the CSS/PSS. The amounts disclosed represent undiscounted cash flows for the respective obligations in relation to upcoming fiscal years. These estimates are actuarially determined and represent annual emerging cost payments to the Commonwealth Superannuation Corporation. The expected financial liabilities are to be met from annual budget appropriation and from a diversified pool of financial investment assets.

The exposure to liquidity risk is not significant based on the assessment of current and future cash flow requirements, current budget appropriations and total investment assets.

The following table provides an analysis of financial liability cash flow estimates.

30 June 2020	Less than 3 Months \$'000	3 Months to Less than 1 Year \$'000	1 Year to Less than 5 Years \$'000	Greater than 5 Years \$'000	Total \$'000
Payables	53	-	-	-	53
Superannuation Liabilities	77,248	231,745	1,858,632	23,679,383	25,847,009
Total Financial Liabilities	77,301	231,745	1,858,632	23,679,383	25,847,062
30 June 2019	Less than 3 Months \$'000	3 Months to Less than 1 Year \$'000	1 Year to Less than 5 Years \$'000	Greater than 5 Years \$'000	Total \$'000
Payables	93	-	-	-	93
Employee Benefits	11	34	-	-	45
Superannuation Liabilities	72,453	217,358	1,361,558	24,326,071	25,977,440
Total Financial Liabilities	72,557	217,392	1,361,558	24,326,074	25,977,577

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 8 FINANCIAL INSTRUMENTS – CONTINUED

8.4 Fair Value of Financial Assets and Liabilities

The carrying amount of the Superannuation Provision Account investments with the Territory Banking Account at the end of each reporting period approximate their fair values. Investments at fair value through profit and loss are initially measured at fair value with all subsequent remeasurements recognised in the comprehensive income.

(a) Fair Value Measurements Recognised in the Statement of Assets and Liabilities on Behalf of the Territory

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole.

- (i) Level 1 – Fair Value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- (iii) Level 3 – Fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purposes of presenting the Fair Value Hierarchy, analysis is performed on investments held by the Superannuation Provision Account as at reporting date.

The Superannuation Provision Account investments held within the Territory Banking Account financial investments are valued daily based on best available prices and values of the underlying investments and are considered Level 2 Investments.

(b) Recurring Fair Value Measurement of Assets and Liabilities

For assets and liabilities that are recognised in the financial statements on a recurring basis, it is determined whether transfers have occurred between levels in the Fair Value Hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

30 June 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Investments	-	4,257,506	-	4,257,506
	-	4,257,506	-	4,257,506
30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Investments	-	4,193,454	-	4,193,454
	-	4,193,454	-	4,193,454

There were no transfers between Level 1, 2 or 3 in the period.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 9 COMMITMENTS

Other Commitments

Other commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

	2020	2019
	\$'000	\$'000
Within One Year	196,416	254,316
Later than One Year but not longer than Five Years	155,927	72,800
Later than Five Years	-	-
Total Other Commitments¹⁶	352,343	327,116

¹⁶ Other commitments represent investment capital commitments outstanding at financial year end. These investment capital commitments are recognised through individual Commitment and Subscription Agreements/Deeds whereby the Territory Banking Account has provided an irrevocable commitment and agrees to subscribe for securities in accordance with the terms of the relevant Constituent Documents. These commitments are required to be funded by investment deposits from the Superannuation Provision Account.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

NOTE 10 AUDITOR'S REMUNERATION

The ACT Audit Office performs the audit for the Superannuation Provision Account's financial statements and limited assurance engagement on the statement of performance (2019-20: \$58,296 and 2018-19: \$56,660). No other services were provided.

NOTE 11 RELATED PARTY DISCLOSURES

A related party is a person that controls or has significant influence over the reporting entity or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family member and entities in which the KMP and/or their close family members individually or jointly have controlling interest.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Superannuation Provision Account, directly or indirectly.

KMP of the Superannuation Provision Account are the Portfolio Minister, Under Treasurer and certain members of the Senior Management Team.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the Superannuation Provision Account.

This note does not include typical citizen transactions between the KMP and the Superannuation Provision Fund that occur on terms and conditions no different to those applying to the general public.

(A) Controlling Entity

The Superannuation Provision Account is an ACT Government controlled entity.

(B) Key Management Personnel

B.1 Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2020.

The members of the Senior Management Team who are KMP of the Superannuation Provision Account are employees of the Chief Minister, Treasury and Economic Development Directorate and are compensated by the Chief Minister, Treasury and Economic Development Directorate. This is disclosed in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate's financial statements for the year ended 30 June 2020.

Compensation by the Superannuation Provision Account to its KMP is NIL.

B.2 Transactions with Key Management Personnel

There were no transactions with KMP that were material to the financial statements of the Superannuation Provision Account.

B.3 Transactions with parties related to Key Management Personnel

There were no transactions with parties related KMP that were material to the financial statements of the Superannuation Provision Account.

(C) Transactions with Other ACT Government Controlled Entities

All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial statements of the Superannuation Provision Account.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12 BUDGETARY REPORTING

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are major variances if both of the following criteria are met:

- (i) The line item is a significant line item where the actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (ii) The variance is a significant variance where the actual variance amount (original budget to actual) is greater than plus (+) or minus (-) 5% and \$15 million for the financial statements.

Statement of Income and Expenses on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget ¹⁷ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Investment Revenue	79,297	106,856	(27,559)	(26)	Investment revenue mainly comprises distributions from the Territory Banking Account which are determined by the level of distributable income and will vary from period to period.
Gains on Remeasurement of Investment	1,247	197,703	(196,456)	(99)	Gains on investment were lower than estimated due to achieving a lower than expected investment return for the 2019-20 financial year.
Superannuation Expenses	507,141	542,723	(35,582)	(7)	Superannuation expense was lower than estimated as a result of the 30 June 2019 AASB119 defined benefit superannuation liability valuation. The liability valuation at 30 June 2019 determined the superannuation expense to be recognised for the 2019-20 financial year. The reduction in superannuation expense was due to changes in the financial assumptions adopted for the valuation.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12 BUDGETARY REPORTING – CONTINUED

Statement of Assets and Liabilities on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget ¹⁷ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Cash and Cash Equivalents	36,084	11,112	24,972	225	Cash held for daily operational liquidity was higher than expected due to increasing liquidity as a result of increased financial market volatility and the need to fund investment capital call requirements.
Superannuation Liabilities Non-Current	11,746,938	7,755,291	3,991,647	51%	The Budget estimate for the present value of the defined benefit superannuation liability used a long-term average discount rate assumption of 5 per cent. Australian Accounting Standards require the use of a discount rate assumption at financial year end that is referenced to the yield (interest rate) on a suitable Commonwealth Government bond. The increase in the liability valuation is mainly due to the use of a lower discount rate assumption at 30 June 2020 of 1.73 per cent. The use of a discount rate assumption that is lower than 5 per cent will increase the liability valuation estimate.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12 BUDGETARY REPORTING – CONTINUED

Statement of Cash Flows on Behalf of the Territory

	Actual 2019-20 \$'000	Original Budget ¹⁷ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
Distributions	78,006	109,484	(31,478)	(29)	Distributions are determined by the level of distributable income and will vary from period to period.
Purchase of Investments	62,805	103,998	(41,193)	(40)/a	Purchase of Investments was lower than expected due to maintaining a higher cash at bank balance and lower investment revenue receipts.

¹⁷The Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

APPENDIX A – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Legislative Requirement

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies. The FMA and the Financial Management Guidelines issued under the Act, requires the Superannuation Provision Account's financial statements to include:

- (i) A Statement of Income and Expenses on Behalf of the Territory for the reporting period;
- (ii) A Statement of Assets and Liabilities on Behalf of the Territory at the end of the reporting period;
- (iii) A Statement of Changes in Equity on Behalf of the Territory for the reporting period;
- (iv) A Statement of Cash Flows on Behalf of the Territory for the reporting period;
- (v) A Territorial Statement of Appropriation for the reporting period;
- (vi) The significant accounting policies adopted for the reporting period; and
- (vii) Such other statements as are necessary to fairly reflect the financial operations of the Superannuation Provision Account during the reporting period and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared (as required by the FMA) in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

2.2 Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention and valuation policies applicable to the Superannuation Provision Account during the reporting period.

2.3 Currency

These financial statements are presented in Australian dollars.

Transactions and Balances

Foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. All investments are held in Australian dollars as at 30 June 2020.

2.4 Individual Reporting Entity

The Superannuation Provision Account is prescribed as a Directorate under the *Financial Management Act 1996* and is an individual reporting entity.

2.5 Territorial Items

The Chief Minister, Treasury and Economic Development Directorate produces Territorial financial statements for the Superannuation Provision Account. The Territorial financial statements include income, expenses, assets and liabilities that the Superannuation Provision Account administers on behalf of the Territory but does not control.

2.6 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000) and may not add due to rounding.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY

2.8 Significant Accounting Judgement and Estimates

a) Fair Value of Financial Instruments

The Superannuation Provision Account investments are held within the Territory Banking Account financial investments are valued daily based on best available prices and values of the underlying investments.

b) Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability

Significant judgements have been applied by the appointed actuary (Willis Towers Watson) in estimating the CSS/PSS defined benefit employer superannuation liability as at 30 June 2020. The estimated liability for these benefits requires consideration of both financial assumptions including salary inflation, CPI and discount rate as well as demographic assumptions including the number of active contributors, deferred beneficiaries and pensioners, experience of employee resignations, retrenchment and retirement, experience of employee death and invalidity, longevity, and final retirement benefit stream election (lump sum, pension or both).

The carrying amount of the estimated superannuation liability is based on estimates and assumptions of future events. The actuarial assumptions are unbiased, being neither imprudent nor excessively conservative, and are the best estimates of the variables that will determine the ultimate cost of providing post-employment benefits.

The key assumptions have a significant risk of causing a material adjustment to the carrying amount of the liabilities within the next annual reporting period. The superannuation liability is estimated by the consultant actuary.

As required by AASB 119 the actuarial assumptions must be unbiased, being neither imprudent nor excessively conservative, and mutually compatible if they reflect the economic relationships between factors. The financial and demographic assumptions are the best estimates of the variables that will determine the ultimate cost of the defined benefit financial obligations.

Financial Assumptions

The valuation of the accrued liability and projection of the estimated annual benefit costs requires financial assumptions about the future financial experience of the membership of the CSS and PSS. The key financial assumptions incorporate estimates of future member salary inflation and consumer price inflation, as well as the discount rate used to calculate the present value of the superannuation liability.

At 30 June	2020	2019	2018	2017
Discount Rate	1.73%	1.92%	3.11%	3.51%
Salary Inflation	2.00%	2.25%	2.75%	2.75%
Consumer Price Index	1.50%	1.75%	2.00%	2.00%

The Superannuation Provision Account is not a superannuation fund, and therefore has no plan assets. The actuary does not incorporate an expected return on plan assets when estimating the defined benefit superannuation liability and expense.

Superannuation Provision Account

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

SIGNIFICANT ACCOUNTING POLICIES – ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

2.8 Significant Accounting Judgement and Estimates - Continued

b) Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability - Continued

Demographic Assumptions

The valuation of the accrued liability and projection of the estimated annual benefit costs requires assumptions about the future experience of the membership of the CSS and PSS.

The key demographic assumptions that are incorporated by the actuary and that impact on the estimated superannuation liability include: increases in salary through promotion; increasing levels of PSS member contributions over time; death and invalidity; retirement, resignation and retrenchment; pensioner mortality; improvements in pensioner mortality; benefit retention; benefit stream choice; and spouse assumptions.

Membership Data

The estimate of the superannuation liability incorporates Territory employee CSS/PSS membership data at 30 June 2019. Commonwealth Superannuation Corporation supplied at 30 June 2019 those members who are currently employed by the Territory (Group A) and those members who are not currently employed by the Territory (Group B).

As the Commonwealth Superannuation Corporation is unable to provide membership data at 30 June 2020 in time for the valuation of the estimated superannuation liability at 30 June 2020, the valuation estimate incorporates membership data at 30 June 2019, but projected forward to 30 June 2020. This allows for projected service and salaries at 30 June 2020, expected exits over the 2019-20 financial year, actual crediting rates on member and productivity accounts to 30 June 2020, as well as actual pension indexation rates.

Limitations in Salary and Membership Data

Detailed checks are carried out by the Chief Minister, Treasury and Economic Development Directorate's actuary to test the integrity of the salary and membership data, including a detailed reconciliation of the current data with the data used for the previous valuation.

This process results in some data queries being resolved with CSC. In the small number of cases where issues may not be resolved, or in the case of limited data availability, conservative judgements are made by the actuary to complete the valuation exercise.

The value of accrued defined benefit employer superannuation liabilities is calculated as the present value of the future payment of retirement benefits that have accrued in respect of service as at the calculation date. This approach is in accordance with Australian Accounting Standard AASB 119: 'Employee Benefits' (AASB 119) and the requirement to use a projected unit credit valuation approach.

Risk Exposure

The ultimate cost of the defined benefit obligation will be influenced by many financial and demographic variables. Key financial and demographic variables include salary growth, rate of inflation, employee contributions, employee turnover, employee benefit election, and changes in life expectancy for pensioners. The present value valuation of the superannuation liability is also significantly impacted by the discount rate.

Changes in the financial and demographic assumptions will have a significant impact on the carrying amount of the total estimated superannuation liability.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

SIGNIFICANT ACCOUNTING POLICIES – ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

2.8 Significant Accounting Judgement and Estimates - Continued

b) Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability - Continued

Sensitivity Analysis

The following sensitivity analysis is based off the liability valuation at 30 June 2020, which incorporated a discount rate of 1.73 per cent, and the liability valuation at 30 June 2019, which incorporated a discount rate of 1.92 per cent.

The liability valuation impacts have been estimated by changing each individual assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the superannuation liability to significant actuarial assumptions the same method (determining the present value of the future payments of benefits accrued to the calculation date) has been applied when calculating the superannuation liability recognised in the Statement of Assets and Liabilities on behalf of the Territory.

30 June 2020 Defined Benefit Obligation

	Increase	Decrease
	\$'000	\$'000
Financial Assumptions		
Discount Rate (+/- 1%)	(2,020,000)	2,663,000
Consumer Price Index (+/- 1%)	1,943,000	(1,573,000)
Salary Inflation (+/- 1%)	560,000	(496,000)
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 10%)	446,000	(447,000)

30 June 2019 Defined Benefit Obligation

	Increase	Decrease
	\$'000	\$'000
Financial Assumptions		
Discount Rate (+/- 1%)	(2,019,000)	2,676,000
Consumer Price Index (+/- 1%)	1,934,000	(1,560,000)
Salary Inflation (+/- 1%)	580,000	(510,000)
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 10%)	443,000	(443,000)

Effect of the CSS/PSS Defined Benefit Plans on Future Cash Flows

Annual budget appropriation to the Superannuation Provision Account funds the emerging cost benefit payments. This allows the Superannuation Provision Account financial investment assets to grow with earnings unencumbered by the management of cash flows associated with benefit payments, supporting the Government's financial objective of fully funding the defined benefit superannuation liability by June 2030.

c) Estimated Superannuation Liabilities – Members of the Legislative Assembly

This defined benefit plan has only two remaining members, and due to the non-material nature of this defined benefit obligation, the computational estimate at 30 June 2020 is a reliable approximation of the value of the defined benefit obligation as required under AASB 119.

Superannuation Provision Account

**Statement of Performance for the year ended
30 June 2020**

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Superannuation Provision Account for the year ended 30 June 2020.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2020 are not in agreement with the Superannuation Provision Account's records or do not fairly reflect, in all material respects, the performance of the Superannuation Provision Account, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Superannuation Provision Account's responsibilities for the statement of performance

The Under Treasurer is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Superannuation Provision Account.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Superannuation Provision Account's records or do not fairly reflect, in all material respects, the performance of the Superannuation Provision Account, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Superannuation Provision Account, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Superannuation Provision Account.



Ajay Sharma
Assistant Auditor-General, Financial Audit
23 September 2020

**Superannuation Provision Account
Statement of Performance
For the Year Ended 30 June 2020**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Superannuation Provision Account's records and fairly reflects the service performance of the Superannuation Provision Account in providing each class of outputs during the year ended 30 June 2020 and also fairly reflects the judgements exercised in preparing them.



David Nicol
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
22 September 2020

Superannuation Provision Account Statement of Performance For the Year Ended 30 June 2020

EBT Class 1: SUPERANNUATION PROVISION ACCOUNT EBT 1.1 SUPERANNUATION PROVISION ACCOUNT Description: Management of the Territory's defined benefit employer superannuation liabilities and financial investment assets				
	Original Target 2020	Actual Result 2020	Variance from Target	Explanation of Material Variances (+/- 5%)
TOTAL COST (\$'000)	\$547,902	\$511,484	(7%)	Variance is due to superannuation expense being approximately \$36 million lower than estimated as a result of the 30 June 2019 AASB119 defined benefit superannuation liability valuation. The liability valuation at 30 June 2019 determined the superannuation expense to be recognised for the 2019-20 financial year. The reduction in superannuation expense was due to changes in the financial assumptions adopted for the valuation.
Accountability Indicators				
a. Completion of Annual Actuarial Review	1	1	-	
b. Completion and delivery of Monthly Financial Reporting	12	12	-	
c. Completion and delivery of unqualified Annual Financial Statements	1	1	-	
d. Completion of Annual Budget Estimates	1	0	(100%)	As a result of the impacts from the COVID-19 pandemic, the preparation of the 2020-21 Budget has been deferred until after the 2020 Legislative Assembly election.
e. Preparation of MLA Member Superannuation Statements	2	2	-	

The above Statement of Performance should be read in conjunction with the accompanying notes.

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost measure was not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

Superannuation Provision Account Statement of Performance For the Year Ended 30 June 2020

Explanation of the Accountability Indicators

- a. An annual actuarial review of the Territory's defined benefit (CSS/PSS) employer superannuation liabilities will be completed and included in the budget estimates.
- b. Monthly financial reporting involves the preparation of accrual financial statements after the end of each month.
- c. Involves the preparation of the previous year's (2018-19) annual financial statements for auditing and inclusion in the Chief Minister, Treasury and Economic Development Directorate annual report. The objective is to receive an unmodified auditor's report for the year.
- d. Involves the preparation of annual budget estimates for inclusion in the annual Territory Budget.
- e. Preparation of annual Member Information Statements for those Members of the Legislative Assembly who have a defined benefit superannuation entitlement as at 30 June in accordance with the *Legislative Assembly (Members' Superannuation) Act 1991*. Any individual Member Information Statement for the previous financial year not delivered by end September of the Budget year will not be counted in the result.