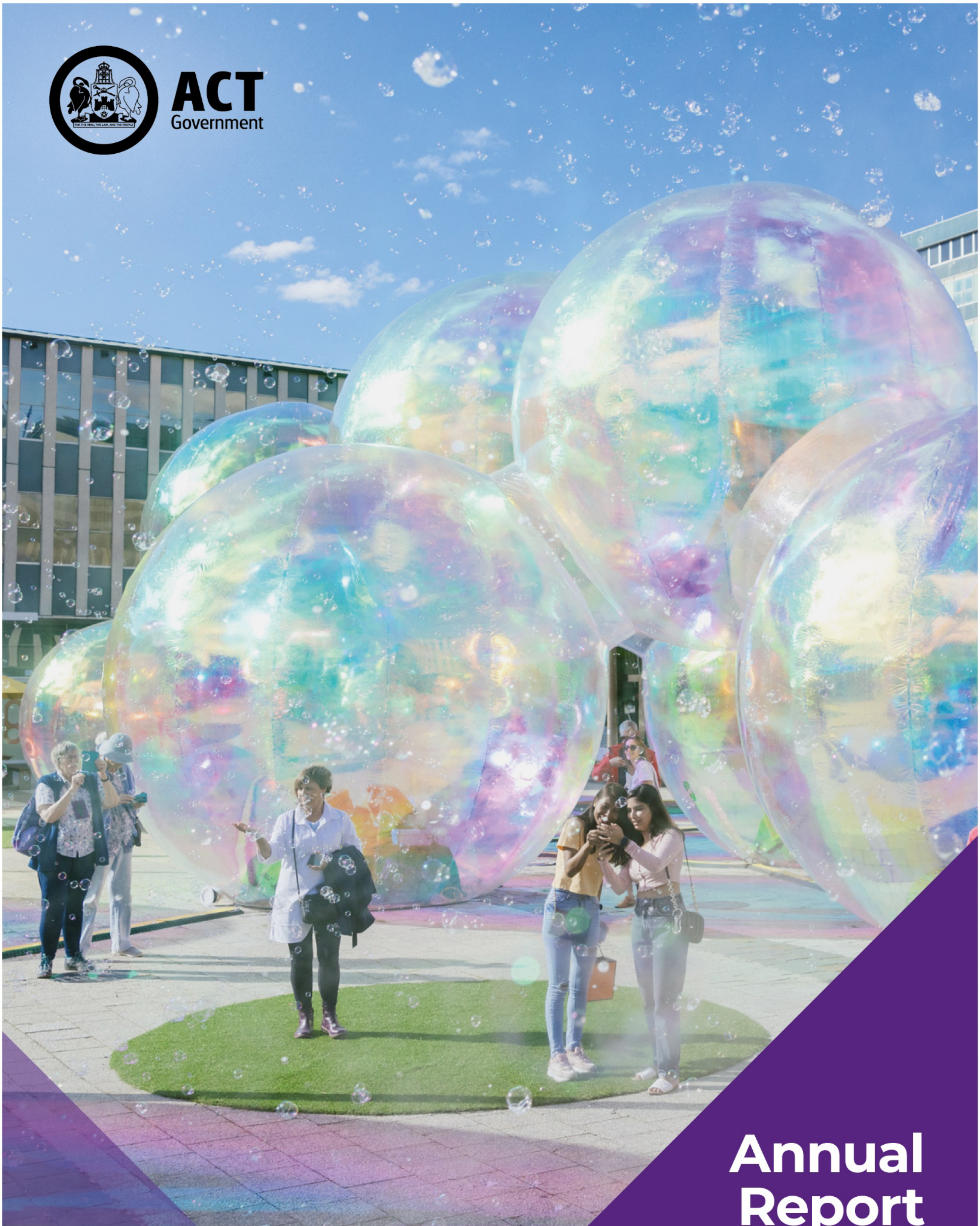

ACT Government

Annual Report 2022–23

Chief Minister, Treasury and Economic Development Directorate

Volume 2.1

The Chief Minister, Treasury and Economic Development Directorate acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

Contact for this report

General enquiries about this report should be directed to:

CMTEDD Corporate

Phone: 02 6207 5868

Email: CMTEDDCorporate@act.gov.au

Freedom of Information

Freedom of information requests can be made by emailing: CMTEDDFOI@act.gov.au pr through CMTEDD's Freedom of Information webpage https://www.cmtedd.act.gov.au/functions/foi

Accessibility

The ACT Government is committed to making its information, services, events and venues accessible to as many people as possible.

If you are deaf, or have a hearing or speech impairment, and need the telephone typewriter (TTY) service, please phone 13 36 77 and ask for 13 34 27. For speak and listen users, please phone 1300 555 727 and ask for 13 34 27. For more information on these services, contact us through the National Relay Service: www.relayservice.gov.au

If English is not your first language and you require a translating and interpreting service, please telephone Access Canberra on 13 22 81.

IBSN: 978-0-642-60762-1

Information about the directorate and an electronic version of this annual report can be found on the website: http://www.cmtedd.act.gov.au/functions/publications

Summary of volumes

The 2022-23 CMTEDD Annual Report has two volumes.

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
- ecological sustainability 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
- Office of the Nominal Defendant of the ACT
- Public Sector Workers Compensation Fund

Volume 2

Part 2.1

Contains all financial management reporting sections for:

- Chief Minister, Treasury and Economic Development Directorate
- Territory Banking Account
- 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

Part 2.2

Contains all financial management reporting sections (where relevant, as per the above) for:

- ACT Executive
- Default Insurance Fund
- Lifetime Care and Support Fund
- Motor Accident Injuries Commission
- Office of the Nominal Defendant of the ACT
- Public Sector Workers Compensation Fund

Contents

Financial management reporting

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Chief Minister, Treasury and Economic Development Directorate

Management Discussion and Analysis
Chief Minister, Treasury and Economic Development Directorate
for the Year Ended 30 June 2023

General Overview

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) leads the ACT Public Service (ACTPS).

We work collaboratively within government and with the community to deliver government priorities and drive initiatives aimed at making Canberra a better place to live. CMTEDD also leads the strategic direction of the ACTPS to ensure it is well positioned to shape and respond to change, and to continue to deliver against government priorities, now and in the future.

As a central agency, CMTEDD:

- supports the Chief Minister, the CMTEDD's ministers and the Cabinet by providing informed, holistic and innovative advice;
- provides support and direction across the ACTPS on Cabinet and Assembly business, policy and strategy;
- leads the ongoing development of the ACTPS, including advising on the structure of the ACTPS, ACT public sector employment legislation and conditions, employment, industrial relations, senior executive leadership development and human resource management;
- drives the evolution of Canberra into a smart and connected digital city, through leading edge initiatives and cyber secure information and communication technology;
- drives growth in our knowledge-based economy and our reputation as a global destination in collaboration with business, tertiary education institutions as well as community and industry partners;
- provides strategic financial and economic advice to the ACT Government to improve the Territory's financial position and economic management;
- administers the ACT tax laws and manage the assessment and collection of ACT taxes;
- supports public sector health and productivity by providing effective injury prevention and management services and infrastructure;
- supports government through the provision of financial, human resources, property, insurance, infrastructure and procurement advisory services;
- supports a safe and liveable city by helping businesses and community to access government services through Access Canberra;
- keeps the Canberra community well informed in times of a Territory emergency through the whole of government Public Information Coordination Centre; and
- provides meaningful opportunities for Canberrans to inform government decision making, including the development of government policies, programs and services.

Controlled Financial Performance

Net Cost of Services

Net Cost of Services provides the best assessment of financial performance as it reports the full cost and composition of resources consumed in conducting CMTEDD's operations. The net cost of services is calculated by deducting Total Expenditure from Own Source Revenue which is revenue directly generated through CMTEDD operations. The resulting Net Cost of Services represents the consumption by CMTEDD of the Territory's overall financial resources. The Net Cost of Services results are summarised in Table 1.

Table 1: Total Net Cost of Services

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Total Own Source Revenue	402.8	368.0	289.5	34.8	113.3
Total Expenditure	962.9	892.3	1 225.0	70.6	(262.1)
Net Cost of Services	**(560.1)**	**(524.3)**	**(935.5)**	**(35.8)**	**375.4**

Net cost of services for 2023 of **$560.1 million** was **$35.8 million** or **6.8 per cent** higher than the budgeted net cost of services set out in 2022-23 Budget Statement B. While Own Source Revenue has exceeded budget expectations, Total Expenditure has also exceeded budget, resulting in the higher Net Cost of Services overall.

CMTEDD generates the majority of its Own Source Revenue through contracts for service provision with other ACT Government customers. These contracts cover a wide range of centralised whole of government functions including finance, property, procurement, records management, human resources, rehabilitation and injury management and digital, data and information technology services. A number of directorates, including ACT Health and ACT Education, have commissioned additional project work during 2023 which was not contemplated at the time the budget was established. This has resulted in increased revenue for CMTEDD in 2023.

Increased staff numbers, in part driven by additional staff in Access Canberra to address service delivery pressures, the impact of the backdated elements of the new pay offer currently being finalised through the Enterprise Agreement process and costs associated with the impairment of capital works for the Human Resources and Information Management System project are all contributing to the increase in Total Expenses compared to budget. A more detailed analysis of expenses is included later in this section.

In comparison with the 2022, this year's Net Cost of Services result is **$935.5 million**, the net cost of services was **$375.4 million** or **40.1 per cent** lower. Own Source Revenue has increased significantly this year and Total Expenditure has decreased significantly. In addition to the increased project work driving the budget variance, an accounting gain related to the cancellation of a liability with another ACT Government entity is also contributing to the increase in Own Source Revenue compared to 2022.

Total Expenses in 2022 included significant expenditure related to COVID-19 support related initiatives and grants. The significant reduction in 2023 reflects the winding up of support measures and a return to a more normal pattern of expenditure for CMTEDD.

No significant changes in the activities of CMTEDD are forecast over the Forward Estimate period. The lower levels of Own Source Revenue over that period reflect the change in funding arrangements for digital, data and information technology services agreed through the 2023-24 Budget process. The fee for service model has been replaced with a direct appropriation model which results in a reduction in Own Source Revenue from 2024 onwards. There is no change to the delivery model and services provided as a result of this change.

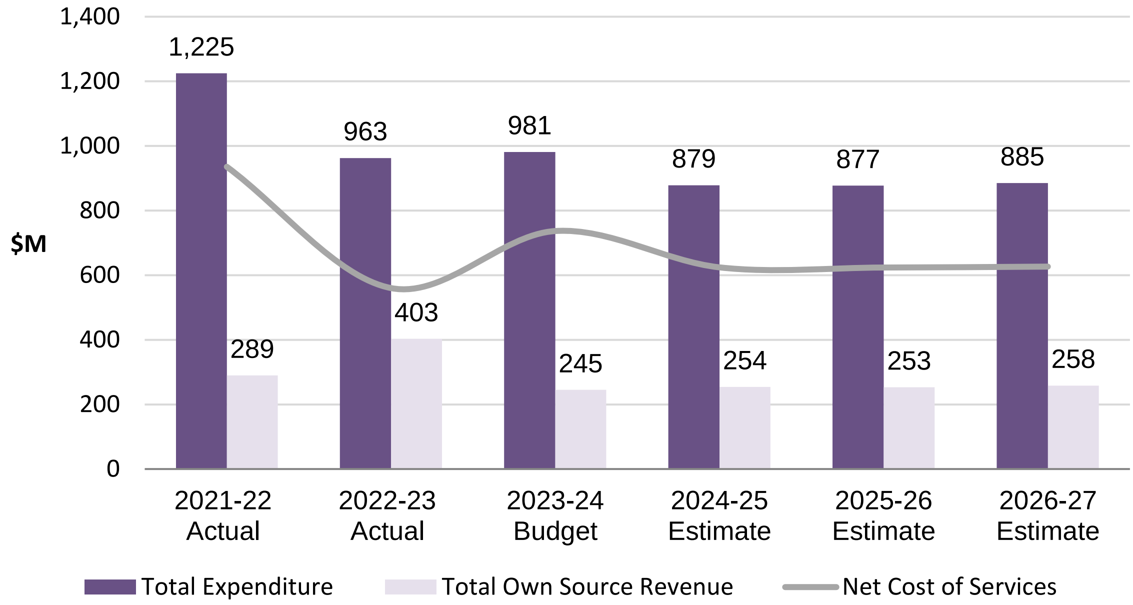
A number of grant programs supporting skills development and housing affordability are currently forecast to end over the Forward Estimate period. This, combined with lower concessional loan expenses as new loan activity under the Sustainable Household Scheme winds down, is the primary driver of lower Total Expenditure over the Forward Estimate period. Future budgets could reasonably be expected to change the profile of Total Expenditure.

Table 2 and Figure 1 provide details of the Net Cost of Services Trend from 2022 to 2027.

Table 2: Net Cost of Services Trend 2022 to 2027

	Actual 2022 $m	Actual 2023 $m	Budget 2024 $m	Forward Estimate 2025 $m	Forward Estimate 2026 $m	Forward Estimate 2027 $m
Total Own Source Revenue	289.5	402.8	244.8	254.3	253.2	258.4
Total Expenditure	1 225.0	962.9	981.5	878.5	876.9	884.9
Net Cost of Services	**(935.5)**	**(560.1)**	**(736.7)**	**(624.2)**	**(623.7)**	**(626.5)**

Figure 1: Net Cost of Services Trend 2022 to 2027



Operating Result

CMTEDD's Operating Result as set out in the Financial Statements builds on the Net Cost of Services result by recognising additional income received for Controlled Recurrent Payments. Table 3 provides a summary of the Operating Result.

Table 3: Operating Result

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Total Income	885.8	870.0	1 137.6	15.8	(251.8)
Total Expenditure	962.9	892.3	1 225.0	70.6	(262.1)
Operating Result	**(77.1)**	**(22.3)**	**(87.4)**	**(54.8)**	**10.3**

The full year Operating Result was a deficit of **$77.1 million**, which is **$54.8 million** higher than the budgeted deficit of **$22.3 million** set out in the 2022-23 Budget Statement B. The same factors that are contributing to the increase in the Net Cost of Services compared to budget are also driving the Operating Result variance. They include increased staff numbers, the impact of backdated elements of the new Enterprise Agreement and impairment of capital works.

The full year Operating Result was **$10.3 million** lower than the deficit reported for the 2022 financial year of **$87.4 million**. Total Income and Total Expenditure are both significantly lower as grant programs and other initiatives supporting the COVID-19 health emergency have come to an end. A one-off accounting gain related to the cancellation of a liability with another ACT Government entity is offset by additional costs associated with increased staff numbers and the Enterprise Agreement negotiations and the impairment of capital works.

Analysis of Expenditure

Consistent with its role as the central agency, Employee Expenses account for a significant proportion of Total Expenditure in CMTEDD. Table 4 provides breakdown of expenditure and variances.

Table 4: Line Item Variations for Expenditure

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Employee and Superannuation	364.5	323.4	336.7	41.1	27.8
Supplies and Services	295.5	311.8	261.9	(16.3)	33.5
Depreciation and Amortisation	114.3	120.0	104.5	(5.7)	9.8
Grants and Purchased Services	101.5	90.2	478.6	11.3	(377.1)
Borrowing Costs	16.4	31.5	17.1	(15.1)	(0.8)
Other Expenses	70.8	6.4	26.1	64.4	44.7
Transfer Expenses	-	9.1	-	(9.1)	-
Total Expenditure	**962.9**	**892.3**	**1 225.0**	**70.6**	**(262.1)**

Average staff numbers for the 2023 year are higher than budget and the prior year. Increased Employee Expenses in 2023 are consistent with the increased staff numbers and incorporate the impact of backdated elements of the Enterprise Agreement currently being finalised. These factors drive both the budget and the actual variances.

Supplies and Services expenditure has increased in comparison to the prior year in line with increased demand for project work related to property and information technology projects. These additional costs are offset by additional income from the Sale of Goods and Services to ACT Government Customers.

Concessional Loan Discount expenditure associated with the Sustainable Household Scheme has been reclassified in 2023 from Borrowing Costs to Grants and Purchased Services to better reflect the nature of this expenditure. The corresponding budget for this item is included in Borrowing Costs for 2023. This is the primary factor driving the increase in Grants and Purchased Services expenditure in 2023 compared to budget. The full impact of this reclassification is offset slightly by delays in eligibility requirements being met for several skills development grant programs that were originally budgeted for in 2023.

Grants and Purchased Services expenditure has declined significantly from 2022 consistent with the winding down of COVID-19 Grants.

Other expenses includes the impairment of capital works in progress relating to the Human Resource and Information Management System. Impairment expenses were significantly higher in 2023 compared to the prior year and were not factored into the original budget for the year.

Controlled Financial Position

Net Assets

CMTEDD's net assets for the financial year ended 30 June 2023 were **$1.377 billion**, which is **$31.7 million** higher than the original budget net assets of **$1.345 billion**, and **$154.8 million** higher than the 30 June 2022 actual net assets of **$1.222 billion**. The position is summarised in Table 5 Net Assets.

Table 5*:* Net Assets

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Total Assets	2 425.7	2 364.4	2 335.6	61.3	90.1
Total Liabilities	1 048.7	1 019.1	1 113.4	29.6	(64.7)
Net Assets	**1 377.0**	**1 345.4**	**1 222.2**	**31.7**	**154.8**

The improvement in the Net Assets position of CMTEDD over 2023 compared to budget reflects a significant upward revaluation of key land and building assets and strong demand for loans under the Sustainable Household Scheme.

Property, Plant and Equipment non-current assets are subject to independent valuation on a rolling three-year cycle. Strong growth in property values across the Territory over the past three years is driving the increased values for land assets in particular which have been subject to revaluation in the current year.

The strong demand for loans under the Sustainable Household Scheme resulted in additional funding being made available through the Budget Review process part way through the 2023 year. The increase in activity is driving the increase in Non-Current Receivables compared to budget and 2022.

The other factor driving the improvement in the Net Assets position overall compared to 2022 is the acquisition of properties from Community Housing Canberra Limited and the finalisation of associated loan arrangements. This transaction has added to Property, Plant and Equipment and reduced Current Borrowings and Current Receivables.

Risk Management

CMTEDD has an established risk management framework which provides the foundation and organisational arrangements for managing risk including guidance on effective business continuity and disaster recovery planning. The aim of framework is to integrate risk management into CMTEDD's overall governance, strategy and planning, management and reporting structures.

Financial risks impacting CMTEDD are insured through the ACT Insurance Authority (ACTIA). This includes professional indemnity, property, and travel insurance.

Information regarding the CMTEDD's approach to risk management can be found in Volume 1 of the Annual Report, and further information on the financial risk environment can be found in Note 19 *Financial Instruments* of the 2022-23 Financial Statements.

Territorial Financial Performance

Through its territorial accounts, CMTEDD collects Grants from the Commonwealth, the majority of Taxes, Licences, Fees and Fines and dividends from several ACT Government agencies. As collections occur the amounts are remitted to the Territory Banking Account (TBA).

Territorial Operating Result

As all Territorial Income is remitted to the TBA, the Operating Result is expected to be nil with Total Expenses equalling Total Income. Minor timing differences between the accessing Payment for Expenses on Behalf of the Territory and the payment of concessions and Community Service Obligations cause minor variances from the otherwise budgeted outcome of a balanced Operating Result. Table 6 sets out the Territorial Operating Result.

Table 6: Territorial Operating Result

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Total Income	5 485.6	5 402.2	5 473.0	83.4	12.6
Total Expenditure	5 481.2	5 402.2	5 472.2	79.0	9.0
Territorial Operating Result	**4.4**	**-**	**0.8**	**4.4**	**3.6**

Territorial Total Income of **$5.486 billion** was **$83.4 million** higher than the original budget total income of **$5.402 billion** and **$12.6 million** higher than the 2021-22 total income of **$5.473 billion**. This is largely offset by increased Transfers to Government included in Total Expenses.

Analysis of Income

The primary sources of Territorial Income are Grants from the Commonwealth and Taxes, Licences, Fees and Fines collected from citizens. Table 7 summarises Territorial Revenue and variances.

Table 7: Territorial Income

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Payments for Expenses on Behalf of the Territory	83.8	112.0	84.3	(28.2)	(0.5)
Taxes, Licences, Fees and Fines	2 718.5	2 640.4	2 694.0	78.1	24.5
Sales of Goods and Services from Contracts with Customers	23.2	32.3	18.9	(9.1)	4.3
Grants from the Commonwealth	2 594.0	2 456.6	2 400.7	137.4	193.3
Dividends	66.0	151.4	274.7	(85.4)	(208.7)
Other Revenue and Gains	0.2	9.5	0.4	(9.3)	(0.2)
Territorial Total Income	**5 485.6**	**5 402.2**	**5 473.0**	**83.4**	**12.6**

Increased income from General Rates and Land Taxes is the primary driver of increased Taxes, Licenses, Fees and Fines income compared to budget and 2022. This is consistent with an increase in the number of properties subject to general rates, increases in the unimproved value of land which is increasing general rates for existing properties and increased compliance activities resulting in increased land tax revenue being levied.

Increased Grants from the Commonwealth is largely due to higher GST revenue consistent with the increase in the size of the national GST pool and the Territory’s share based on updated population data. The Territory has also received new funding from the Commonwealth under the Social Housing Accelerator program and increases in ongoing National Skills and Workforce Development and National Schools Specific Performance programs.

The decline in Dividend Revenue is consistent with lower land sales impacting the Operating Results for the Suburban Land Authority and changes to the dividend calculation rules for Icon Water Limited. Large Scale Feed-In Tariffs are excluded from the calculation of annual dividend returns for Icon Water which has reduced the expected 2023 dividend to nil.

Territorial Financial Position

Territorial Net Assets

Territorial net assets for the financial year ended 30 June 2023 were **$266.0 million**, which is **$37.5 million** higher than the original budget net assets of **$228.5 million** and **$30.6 million** lower than the 30 June 2022 net assets of **$296.6 million**. The position is summarised in Table 8.

Table 8: Territorial Net Assets

	Actual 2023 $m	Original Budget 2023 $m	Actual 2022 $m	Budget to Actual Variance $m	Actual to Actual Variance $m
Total Assets	808.5	861.1	862.0	(52.6)	(53.5)
Total Liabilities	542.5	632.6	565.4	(90.1)	(22.9)
Territorial Net Assets	**266.0**	**228.5**	**296.6**	**37.5**	**(30.6)**

The improvement in the Net Assets position for CMTEDD Territorial over 2023 compared to budget is driven by a significant decrease in payables, and to a smaller extent receivables, relating to dividends and income tax equivalent payments.

Changes to the dividend calculation methodology for Icon Water and reduced income tax equivalent payments from SLA due to a lower operating result drove substantially lower dividend receivables and payables compared to budget and the prior year. These payments are expected to return to normal levels from 2023-24 onwards.

The reduction in Net Assets compared to 2022 is consistent with a further reduction in land held by CMTEDD under the Land Rent Scheme as previous participants in the scheme purchase the land outright.

Chief Minister, Treasury and Economic Development Directorate

Controlled Financial Statements for the year ended 30 June 2023

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

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 2023 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 2023, 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 this 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.

M. L. Harris

Michael Harris
Auditor-General
27 September 2023

Chief Minister, Treasury and Economic Development Directorate
Financial Statements
For the Year Ended 30 June 2023

Statement of Responsibility

In my opinion, the Directorate's financial statements fairly reflect its financial operations for the year ended 30 June 2023 and its financial position on that date.

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

21 September 2023

Chief Minister, Treasury and Economic Development Directorate
Financial Statements
For the Year Ended 30 June 2023

Statement by the Chief Finance Officer

In my opinion, the Directorate's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records, and fairly reflect its financial operations for the year ended 30 June 2023 and financial position on that date.

Sally Druhan
Chief Finance Officer
Chief Minister, Treasury and Economic Development Directorate

21 September 2023

Chief Minister, Treasury and Economic Development Directorate
Controlled Financial Statements
For the Year Ended 30 June 2023

Chief Minister, Treasury and Economic Development Directorate
Operating Statement
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income				
Controlled Recurrent Payments	#	482 985	501 970	848 092
Fees		718	224	463
Sales of Goods and Services from Contracts with Customers	4	319 501	288 547	269 809
Grants and Contributions Revenue		7 059	69 896	6 269
Investment Revenue		3 277	1 940	251
Other Income[1]	5	72 280	7 416	12 695
Total Income		**885 820**	**869 993**	**1 137 579**
Expenses				
Employee Expenses	6	364 477	323 389	336 723
Supplies and Services	7	295 490	311 779	261 941
Depreciation and Amortisation	12, 13	114 301	119 959	104 478
Grants and Purchased Services[2]	8	101 476	90 189	481 128
Borrowing Costs		16 366	31 481	14 586
Other Expenses	9	61 453	6 357	15 833
Transfers to Government		9 339	9 138	10 274
Total Expenses		**962 902**	**892 292**	**1 224 963**
Operating Result		**(77 082)**	**(22 299)**	**(87 384)**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Increase in the Asset Revaluation Surplus		78 421	-	21 715
Total Other Comprehensive Result		**78 421**	**-**	**21 715**
Total Comprehensive Result		**1 339**	**(22 299)**	**(65 669)**

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

Refer to the Statement of Appropriation.

[1] In the 2021-22 Financial Statements, Gains which consist of Gains from Disposal and Derecognition of Asset and Other Gains were reported separately from Other Revenue. However, in this year's financial statement, Gains has been combined with Other Revenue as Other Income.

[2] Concessional loan discount expenses relating to the Sustainable Household Scheme (SHS) previously recognised as Borrowing Costs were reclassified as grants in 2022-23 in accordance with ACT Accounting Policy. Consequently, prior year amounts have been restated.

Chief Minister, Treasury and Economic Development Directorate
Balance Sheet
As at 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Current Assets				
Cash and Cash Equivalents	10	94 840	61 801	104 160
Receivables	11	40 395	44 436	94 472
Inventories		1 695	3 505	1 175
Other Assets		11 579	12 486	12 961
Total Current Assets		**148 509**	**122 228**	**212 768**
Non-Current Assets				
Receivables	11	80 306	60 489	12 498
Property, Plant and Equipment	12	2 065 008	1 939 337	1 922 767
Investment Properties		5 020	4 150	4 750
Intangible Assets	13	49 615	85 573	60 927
Capital Works in Progress	14	58 779	144 535	110 144
Other Assets		18 462	8 100	11 756
Total Non-Current Assets		**2 277 191**	**2 242 184**	**2 122 842**
Total Assets		**2 425 700**	**2 364 412**	**2 335 610**
Current Liabilities				
Payables	15	39 857	51 979	50 806
Borrowings		91	347	63 841
Lease Liabilities	16	51 535	51 975	36 210
Employee Benefits	17	115 870	111 857	107 029
Other Provisions		240	303	240
Other Liabilities		1 323	1 142	959
Total Current Liabilities		**208 916**	**217 603**	**259 085**
Non-Current Liabilities				
Borrowings		455	1 330	1 658
Lease Liabilities	16	829 873	792 168	844 804
Employee Benefits	17	5 870	6 214	5 485
Other Provisions		3 570	1 746	2 398
Total Non-Current Liabilities		**839 768**	**801 458**	**854 345**
Total Liabilities		**1 048 684**	**1 019 061**	**1 113 430**
Net Assets		**1 377 016**	**1 345 351**	**1 222 180**
Equity				
Accumulated Funds		860 028	921 797	776 616
Asset Revaluation Surplus		516 989	423 554	445 564
Total Equity		**1 377 016**	**1 345 351**	**1 222 180**

The above Balance Sheet is to 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 2023

	Note No.	Accumulated Funds Actual 2023 $'000	Asset Revaluation Surplus Actual 2023 $'000	Total Equity Actual 2023 $'000	Original Budget 2023 $'000
Balance at 1 July 2022		**776 616**	**445 564**	**1 222 180**	**1 211 675**
Comprehensive Income					
Operating Result		(77 082)	-	**(77 082)**	(22 299)
Increase in the Asset Revaluation Surplus		-	78 421	**78 421**	-
Total Comprehensive Result		**(77 082)**	**78 421**	**1 339**	**(22 299)**
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections	#	162 206	-	**162 206**	161 354
Capital Distributions		(8 662)	-	**(8 662)**	(5 136)
Net Liabilities Transferred in from Other Agencies	18	(41)	-	**(41)**	-
Dividend Approved		-	-	**-**	(243)
Other Movements		(5)	-	**(5)**	-
Total Transactions Involving Owners Affecting Accumulated Funds		**153 498**	**-**	**153 498**	**155 975**
Transfers to/(from) Asset Revaluation Surplus		6 996	(6 996)	**-**	-
Balance at 30 June 2023		**860 028**	**516 988**	**1 377 016**	**1 345 351**

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

Refer to the Statement of Appropriations.

Chief Minister, Treasury and Economic Development Directorate
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2023

	Note No.	Accumulated Funds Actual 2022 $'000	Asset Revaluation Surplus Actual 2022 $'000	Total Equity Actual 2022 $'000
Balance at 1 July 2021		**768 043**	**430 378**	**1 198 421**
Comprehensive Income				
Operating Result		(87 384)	-	**(87 384)**
Increase/(Decrease) in the Asset Revaluation Surplus		-	21 715	**21 715**
Total Comprehensive Result		**(87 384)**	**21 715**	**(65 669)**
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections		89 487	-	**89 487**
Capital Distributions		(42)	-	**(42)**
Other Movements		(16)	-	**(16)**
Total Transactions Involving Owners Affecting Accumulated Funds		**89 429**	**-**	**89 429**
Movement in the Asset Revaluation Surplus				
Transfers of the Asset Revaluation Surplus to/(from) Accumulated Funds		6 528	(6 528)	**-**
Total Movement in the Asset Revaluation Surplus		**6 528**	**(6 528)**	**-**
Balance at 30 June 2022		**776 616**	**445 565**	**1 222 180**

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

Refer to the Statement of Appropriation.

Chief Minister, Treasury and Economic Development Directorate
Statement of Cash Flows
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		482 985	501 970	848 092
Fees		718	224	463
Sales of Goods and Services from Contracts with Customers		316 267	299 654	277 218
Interest Received		602	-	184
Goods and Services Tax Input Tax Credits from the Australian Taxation Office (ATO)		48 110	45 717	45 463
Goods and Services Tax Collected from Customers		4 484	22 013	3 351
Other		9 812	6 372	10 582
Total Receipts from Operating Activities		**862 978**	**875 950**	**1 185 353**
Payments				
Employees		354 947	320 372	329 732
Supplies and Services		291 240	308 815	253 888
Grants and Purchased Services		92 444	108 610	475 348
Borrowing Costs		16 242	15 255	14 495
Goods and Service Tax Remitted to the ATO		4 159	21 989	3 300
Goods and Services Tax Paid to Suppliers		48 152	45 626	45 113
Other		3 786	2 634	150
Transfer of Territory Receipts to the ACT Government		9 339	9 210	10 274
Total Payments from Operating Activities		**820 309**	**832 511**	**1 132 300**
Net Cash Inflows from Operating Activities	10	**42 669**	**43 439**	**53 053**
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		445	670	964
Proceeds from Repayments of Loans		8 508	5 467	241
Total Receipts from Investing Activities		**8 953**	**6 137**	**1 205**
Payments				
Purchase of Property, Plant and Equipment		22 347	11 211	20 455
Purchase of Capital Works in Progress		46 340	80 757	65 744
Purchase of Intangibles		90	431	97
Loans Provided		105 037	78 000	14 512
Total Payments from Investing Activities		**173 814**	**170 399**	**100 808**
Net Cash Outflows from Investing Activities		**(164 861)**	**(164 262)**	**(99 603)**

Chief Minister, Treasury and Economic Development Directorate
Statement of Cash Flows - Continued
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Cash Flows from Financing Activities				
Receipts				
Capital Injections		162 206	161 354	89 487
Proceeds from Borrowings		-	-	537
Total Receipts from Financing Activities		**162 206**	**161 354**	**90 024**
Payments				
Distributions to Government		8 662	5 136	42
Repayment of Borrowings		2 856	202	105
Repayment of Lease Liabilities – Principal		37 815	36 236	33 144
Payment of Dividend		-	243	-
Total Payments from Financing Activities		**49 333**	**41 817**	**33 291**
Net Cash Inflows from Financing Activities		**112 873**	**119 537**	**56 733**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(9 319)**	**(1 286)**	**10 183**
Cash and Cash Equivalents at the Beginning of the Reporting Period		**104 160**	**62 762**	**93 977**
Cash and Cash Equivalents at the End of the Reporting Period	10	**94 841**	**61 801**	**104 160**

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

Chief Minister, Treasury and Economic Development Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2023

Controlled Recurrent Payments (CRP) are revenue received from the ACT Government to fund the net costs of delivering outputs. CRP is recognised when CMTEDD gains control over the funding which is obtained upon the receipt of cash, given it does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15 *Revenue from Contracts with Customers*.

Capital Injection (CI) appropriations are not recognised as income, but instead are recognised as equity injections and a cash inflow for use in purchasing assets or reducing liabilities.

In the following table the:

- **Original Budget** column shows the amounts that appear in the Changes to Appropriation tables in the 2022-23 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 CMTEDD during the year. This amount also appears in the Statement of Cash Flows.

	Original Budget 2023 $'000	Total Appropriated 2023 $'000	Appropriation Drawn 2023 $'000	Appropriation Drawn 2022 $'000
Controlled				
Controlled Recurrent Payments	501 970	536 072	482 985	848 092
Capital Injections	161 354	209 161	162 206	89 487
Total Controlled Appropriation	**663 324**	**745 233**	**645 191**	**937 579**

The following table and associated footnotes explain the movements between the **Original Budget, Total Appropriated** and **Appropriation Drawn**.

Reconciliation of Appropriation for 2022-23	Controlled Recurrent Payments (CRP) $'000	Capital Injections (CI) $'000
Original Budget	**501 970**	**161 354**
Changes in Appropriation during 2022-23		
Supplementary Appropriation (*Financial Management Act 1996* (FMA) s.13)	15 916	38 993
Appropriation for Accrued Employee Entitlements (FMA s.16A)	-	2 554
Rollover of Undisbursed Appropriation (FMA s.16B)	13 067	6 260
Variation of appropriations for Commonwealth grants (FMA s.17)	1 651	-
Authorisation of Expenditure of Certain Commonwealth Grants (FMA s.19B)	3 448	-
Act of Grace Payments (FMA s.130)	20	-
Total Change in Appropriation during 2022-23[1]	34 102	47 807
Total Appropriated	**536 072**	**209 161**
Undrawn Funds [2]	(53 087)	(46 955)
Total Controlled Appropriation Drawn	**482 985**	**162 206**

1. The difference between Original Budget and Total Appropriated is mainly due to additional Supplementary Appropriation to fund the Enterprise Agreement Bargaining and Pay Offer (Controlled Recurrent Payments $7.130 million) and an extension to the Sustainable Household Scheme (Capital Injection $38.465 million). In addition, undisbursed appropriations from 2021-22 that arose because of delays in expenditure against a number of projects in that year were rolled over to fund additional planned expenditure in the current year. New Commonwealth Grant funding for the 12 Month Skills Agreement (Fee-free TAFE) was also received during the year.
2. The CRP appropriation remaining undrawn as at 30 June 2023 reflects delays in planned expenditure against a number of skill development grant programs and delays in finalising the Enterprise Agreement with payments now expected to be made in 2023-24. Undrawn CI appropriation reflects a minor underutilisation of the additional funding provided for the Sustainable Household Scheme and delays across a number of infrastructure programs. Much of the CRP and CI appropriation remaining undrawn has been rolled over to the 2023-24 financial year through the recent 2023-24 Budget process.

Chief Minister, Treasury and Economic Development Directorate
Summary of Directorate Output Classes
For the Year Ended 30 June 2023

	Output Class 1 Government Strategy $'000	Output Class 2 Access Canberra $'000	Output Class 3 Economic Development $'000	Output Class 4 Financial and Economic Management $'000	Output Class 5 Revenue Management $'000	Output Class 6 Shared Services $'000	Output Class 7 Infrastructure Finance and Procurement $'000	Output Class 8 Property Services $'000	Intra-Directorate Eliminations $'000	Total $'000
2023										
Total Income	98 742	131 557	153 336	102 386	29 126	290 089	12 117	160 412	(91 945)	**885 820**
Total Expenses	134 539	146 171	164 322	31 533	32 930	323 812	13 067	208 473	(91 945)	**962 902**
Operating Result	**(35 797)**	**(14 614)**	**(10 986)**	**70 853**	**(3 804)**	**(33 723)**	**(950)**	**(48 061)**	**-**	**(77 082)**
2022										
Total Income	86 958	112 572	491 642	93 004	27 366	263 459	11 639	132 554	(81 616)	**1 137 579**
Total Expenses	88 051	128 810	500 247	92 131	30 523	269 928	12 898	183 993	(81 616)	**1 224 963**
Operating Result	**(1 093)**	**(16 237)**	**(8 605)**	**874**	**(3 157)**	**(6 469)**	**(1 258)**	**(51 439)**	**-**	**(87 384)**

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

[2] The COVID-19 health emergency affected the delivery of some output class functions in 2021-22. The most significant impact was the delivery of COVID-19 Business Support Grants and Extension Payments delivered through Output Class 3 *Economic Development*.

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 1
Government Strategy
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 1, 'Government Strategy', included:

- providing advice and support to the Chief Minister, the Head of Service and the Director-General on complex policy matters;
- performing 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;
- supporting the Coordinator General, Whole of Government (Non Health) COVID-19 Response role;
- providing an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the Government and the community;
- managing whole of government capacity building programs;
- delivering communications and engagement support and protocol services to the ACT Government and community;
- driving the digital transformation of government services and providing advice, support and project delivery on digital strategy development and implementation;
- supporting the economic growth and diversification of the Canberra economy, and enhancing Canberra's global reputation as an innovative, creative, artistic, liveable and welcoming city; and
- providing health and work sustainability solutions, focusing on risks arising from work and the relationship between employers and workers.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	80 015	90 061	70 617
Sales of Goods and Services from Contracts with Customers	13 291	2 912	13 468
Grants and Contributions Revenue	2 454	2 706	2 749
Investment Revenue	2 805	1 633	78
Other Income	177	-	46
Total Income	**98 742**	**97 312**	**86 958**
Expenses			
Employee Expenses	58 175	51 092	51 854
Supplies and Services	39 507	36 788	25 622
Depreciation and Amortisation	3 976	2 428	2 129
Grants and Purchased Services	30 574	7 047	8 429
Borrowing Costs	4	16 288	4
Other Expenses	2 173	861	12
Transfers to Government	130	-	2
Total Expenses	**134 539**	**114 504**	**88 051**
Operating Result	**(35 797)**	**(17 192)**	**(1 093)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 2
Access Canberra
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 2, 'Access Canberra', included:

- undertaking regulatory activities to protect the community and contribute to the Territory's economic growth through risk-based compliance, licensing 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 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	113 614	100 872	95 081
Sales of Goods and Services from Contracts with Customers	13 445	16 229	13 440
Grants and Contributions Revenue	3 356	2 708	3 005
Investment Revenue	168	158	42
Other Income	974	838	1 006
Total Income	**131 557**	**120 805**	**112 572**
Expenses			
Employee Expenses	91 789	72 687	85 553
Supplies and Services	43 471	45 082	35 671
Depreciation and Amortisation	5 111	3 935	5 510
Grants and Purchased Services	2 126	2 436	1 979
Borrowing Costs	178	20	125
Other Expenses	3 496	90	(30)
Transfers to Government	-	82	-
Total Expenses	**146 171**	**124 332**	**128 810**
Operating Result	**(14 614)**	**(3 527)**	**(16 237)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 3
Economic Development
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 3, 'Economic Development', included:

- delivering on the government's economic development priorities through programs, policies and initiatives to make Canberra an even better place to live, work, visit, study, invest in and do business;
- strengthening collaboration with universities, training providers, research organisations, commercialisation entities, business organisations and other government agencies through initiatives that connect Canberra's business ecosystems, which actively facilitates and attracts responsible investment in the ACT;
- attracting visitors to the ACT through innovative tourism marketing and industry development programs, while also delivering, supporting and promoting key events for Canberrans and visitors to enrich Canberra's reputation as a global destination;
- enhancing the wellbeing of Canberrans through participation in organised sport and recreation by delivering of programs, sporting infrastructure development and supporting player pathways;
- contributing to the liveability of Canberra by supporting arts and creative practice that is reflective of our community, as well as managing and maintaining arts facilities that support engaging and innovative art making for audiences to experience;
- supporting the skills and workforce agenda for the ACT by facilitating skilled and business migration pathways; and
- managing and maintains key venues including GIO Stadium, Exhibition Park in Canberra, Manuka Oval, National Arboretum Canberra and Stromlo Forest Park as premier tourism and recreational attractions.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	128 082	142 669	469 922
Fees	718	224	463
Sales of Goods and Services from Contracts with Customers	14 278	17 183	9 287
Grants and Contributions Revenue	3 731	3 214	4 930
Investment Revenue	81	40	59
Other Income	6 446	1 858	6 982
Total Income	**153 336**	**165 188**	**491 642**
Expenses			
Employee Expenses	42 465	26 251	40 655
Supplies and Services	49 717	65 424	49 269
Depreciation and Amortisation	8 007	8 005	7 937
Grants and Purchased Services	61 320	73 272	400 454
Borrowing Costs	54	66	74
Other Expenses	2 759	2 454	1 858
Total Expenses	**164 322**	**175 472**	**500 247**
Operating Result	**(10 986)**	**(10 284)**	**(8 605)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 4
Financial and Economic Management
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 4, 'Financial and Economic Management', included:

- providing economic and revenue modelling, analysis and advice to the ACT Government and agencies;
- managing Federal Financial Relations;
- providing insurance policy advice and regulation/administration of the Motor Accident Injuries and Lifetime Care and Support schemes;
- providing analysis, monitoring, and reporting on the financial performance of agencies, the Territory's budget, and major projects; and
- management of financial investment assets and borrowing and superannuation liabilities and assists the ACT Government to achieve its policy objectives.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	36 741	31 119	91 288
Sales of Goods and Services from Contracts with Customers	2 971	2 529	1 076
Grants and Contributions Revenue	460	63 595	511
Investment Revenue	132	64	116
Other Income	62 082	-	13
Total Income	**102 386**	**97 307**	**93 004**
Expenses			
Employee Expenses	17 469	11 944	16 964
Supplies and Services	6 514	9 117	4 792
Depreciation and Amortisation	1 270	692	448
Grants and Purchased Services	2 248	4 159	69 718
Borrowing Costs	133	59	117
Other Expenses	3 807	-	91
Transfer Expenses	92	100	-
Total Expenses	**31 533**	**26 071**	**92 131**
Operating Result	**70 853**	**71 236**	**874**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 5
Revenue Management
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 5, 'Revenue Management', included:

- collecting taxation revenue in accordance with legislation;
- providing high quality and timely advice to assist taxpayers in meeting their obligations;
- processing objections to taxation 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 concessions in accordance with legislation; and
- administering Rental Bonds.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	25 025	23 919	23 971
Sales of Goods and Services from Contracts with Customers	1 997	1 276	1 570
Grants and Contributions Revenue	1 170	1 761	999
Investment Revenue	65	32	10
Other Income	869	1 543	817
Total Income	**29 126**	**28 531**	**27 366**
Expenses			
Employee Expenses	17 862	15 832	14 580
Supplies and Services	11 171	13 083	12 082
Depreciation and Amortisation	3 811	3 772	3 815
Borrowing Costs	2	-	1
Other Expenses	84	34	45
Total Expenses	**32 930**	**32 721**	**30 523**
Operating Result	**(3 804)**	**(4 190)**	**(3 157)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 6
Shared Services
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 6, 'Shared Services', included the providing 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 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	78 340	80 748	76 314
Sales of Goods and Services from Contracts with Customers	208 771	185 014	184 194
Grants and Contributions Revenue	711	1 105	398
Investment Revenue	65	13	16
Other Income	2 202	2 411	2 537
Total Income	**290 089**	**269 291**	**263 459**
Expenses			
Employee Expenses	116 456	119 130	105 989
Supplies and Services	136 147	127 644	131 023
Depreciation and Amortisation	22 088	33 805	22 754
Borrowing Costs	155	145	179
Other Expenses	40 486	-	451
Transfers to Government	8 480	8 480	9 533
Total Expenses	**323 812**	**289 204**	**269 928**
Operating Result	**(33 723)**	**(19 913)**	**(6 469)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 7
Infrastructure Finance and Procurement
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 7, 'Infrastructure Finance and Procurement', 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; and
- providing oversight of the ACT Government procurement framework, and assisting the ACT Government and suppliers through procurement advice, support and services.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	7 982	8 765	7 326
Sales of Goods and Services from Contracts with Customers	3 951	4 242	3 971
Grants and Contributions Revenue	179	59	335
Other Income	5	-	7
Total Income	**12 117**	**13 066**	**11 639**
Expenses			
Employee Expenses	9 319	9 261	9 312
Supplies and Services	3 144	3 277	3 237
Depreciation and Amortisation	34	67	12
Other Expenses	23	14	(3)
Transfers to Government	547	386	339
Total Expenses	**13 067**	**13 005**	**12 898**
Operating Result	**(950)**	**61**	**(1 258)**

Chief Minister, Treasury and Economic Development Directorate
Operating Statement for Output Class 8
Property Services
For the Year Ended 30 June 2023

Description

During 2022-23, Output Class 8, 'Property Services', included:

- managing Territory-owned buildings, including commercial buildings, government office and service provision accommodation, community/multipurpose buildings, and aquatic/leisure facilities; and
- managing leases of commercial buildings on behalf of the Territory.

	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income			
Controlled Recurrent Payments	13 186	23 817	13 574
Sales of Goods and Services from Contracts with Customers	146 361	109 706	117 168
Grants and Contributions Revenue	713	923	292
Other Income	152	942	1 519
Total Income	**160 412**	**135 388**	**132 554**
Expenses			
Employee Expenses	17 768	17 192	16 379
Supplies and Services	88 770	68 282	74 865
Depreciation and Amortisation	70 004	67 255	61 872
Grants and Purchased Services	6 083	3 275	2 554
Borrowing Costs	15 877	14 903	14 152
Other Expenses	9 881	2 903	13 770
Transfers to Government	90	90	400
Total Expenses	**208 473**	**173 900**	**183 993**
Operating Result	**(48 061)**	**(38 512)**	**(51 439)**

Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities
As at 30 June 2023

As at 30 June 2023

Assets	**Output Class 1 Government Strategy $'000**	**Output Class 2 Access Canberra $'000**	**Output Class 3 Economic Development $'000**	**Output Class 4 Financial and Economic Management $'000**	**Output Class 5 Revenue Management $'000**	**Output Class 6 Shared Services $'000**	**Output Class 7 Infrastructure Finance and Procurement $'000**	**Output Class 8 Property Services $'000**	**Intra-Directorate Eliminations $'000**	**Total $'000**
Current										
Cash	5 813	22 059	7 701	1 747	6 423	40 383	1 071	9 644	-	**94 840**
Receivables	9 349	3 934	5 493	525	358	14 417	2 282	14 024	(9 984)	**40 395**
Inventories	-	-	265	-	-	1 124	-	306	-	**1 695**
Other Assets	1 109	868	1 340	211	655	6 873	264	1 481	(1 220)	**11 579**
Total Current	**16 271**	**26 861**	**14 799**	**2 483**	**7 436**	**62 797**	**3 617**	**25 455**	**(11 204)**	**148 509**
Non-Current										
Receivables	79 155	-	-	476	177	-	-	497	-	**80 306**
Property, Plant and Equipment	4 333	10 040	279 386	60 109	2 119	63 680	276	1 645 064	-	**2 065 009**
Investment Properties	-	-	5 020	-	-	-	-	-	-	**5 020**
Intangible Assets	23 181	2 102	378	1 462	17 274	4 955	103	160	-	**49 615**
Capital Works in Progress	11 587	2 674	21 408	369	3 119	11 122	24	8 476	-	**58 779**
Other Assets	5 694	-	1	-	-	4 537	-	8 230	-	**18 462**
Total Non-Current	**123 950**	**14 816**	**306 193**	**62 416**	**22 689**	**84 294**	**403**	**1 662 427**	**-**	**2 277 191**
Total Assets	**140 221**	**41 677**	**320 992**	**64 899**	**30 125**	**147 091**	**4 020**	**1 687 882**	**(11 204)**	**2 425 700**

Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at 30 June 2023

As at 30 June 2023 - Continued

Liabilities	**Output Class 1 Government Strategy $'000**	**Output Class 2 Access Canberra $'000**	**Output Class 3 Economic Development $'000**	**Output Class 4 Financial and Economic Management $'000**	**Output Class 5 Revenue Management $'000**	**Output Class 6 Shared Services $'000**	**Output Class 7 Infrastructure Finance and Procurement $'000**	**Output Class 8 Property Services $'000**	**Intra-Directorate Eliminations $'000**	**Total $'000**
Current										
Payables	4 943	7 353	9 968	623	421	13 033	2 528	12 293	(11 305)	**39 857**
Borrowings	-	-	26	-	-	-	-	65	-	**91**
Lease Liabilities	10	1 135	163	3	4	2 127	2	48 092	-	**51 535**
Employee Benefits	16 418	26 152	12 432	7 556	6 358	38 954	2 808	5 186	6	**115 870**
Other Provisions	1	238	1	-	-	2	-	(2)	-	**240**
Other Liabilities	7	86	569	52	(1)	48	-	467	95	**1 323**
Total Current	**21 379**	**34 964**	**23 159**	**8 234**	**6 782**	**54 164**	**5 338**	**66 101**	**(11 204)**	**208 916**
Non-Current										
Borrowings	-	-	82	-	-	-	-	373	-	**455**
Lease Liabilities	9	1 104	313	3	4	7 264	1	821 174	-	**829 873**
Employee Benefits	1 006	1 463	834	241	351	1 590	122	263	-	**5 870**
Other Provisions	92	1 897	56	26	37	246	14	1 202	-	**3 570**
Total Non-Current	**1 107**	**4 464**	**1 285**	**270**	**392**	**9 100**	**137**	**823 012**	**-**	**839 768**
Total Liabilities	**22 486**	**39 428**	**24 444**	**8 504**	**7 174**	**63 264**	**5 475**	**889 113**	**(11 204)**	**1 048 684**
Net Assets/ (Liabilities)	**117 735**	**2 249**	**296 548**	**56 395**	**22 951**	**83 827**	**(1 455)**	**798 769**	**-**	**1 377 016**

Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at 30 June 2023

As at 30 June 2022

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 Revenue Management	Output Class 6 Shared Services	Output Class 7 Infrastructure Finance and Procurement	Output Class 8 Property Services	Intra-Directorate Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current										
Cash	10 486	31 855	2 436	69	13 046	30 764	280	15 224	-	**104 160**
Receivables	5 000	9 043	7 949	63 201	541	10 690	226	14 091	(16 268)	**94 472**
Inventories	4	-	57	-	-	779	10	325	-	**1 175**
Other Assets	1 671	784	1 205	4	233	8 161	203	1 495	(795)	**12 961**
Total Current	**17 161**	**41 682**	**11 647**	**63 274**	**13 820**	**50 394**	**719**	**31 135**	**(17 063)**	**212 768**
Non-Current										
Receivables	11 151	1	-	1 707	203	-	-	576	(1 140)	**12 498**
Property, Plant and Equipment	1 709	9 674	276 935	469	604	58 359	247	1 574 770	-	**1 922 767**
Investment Properties	-	-	4 750	-	-	-	-	-	-	**4 750**
Intangible Assets	26 870	5 925	125	71	20 841	7 006	36	53	-	**60 927**
Capital Works in Progress	5 238	5 029	28 202	1 471	737	47 991	20	21 456	-	**110 144**
Other Assets	1 189	-	1	-	-	1 157	-	9 409	-	**11 756**
Total Non-Current	**46 157**	**20 629**	**310 013**	**3 718**	**22 385**	**114 513**	**303**	**1 606 264**	**(1 140)**	**2 122 842**
Total Assets	**63 318**	**62 311**	**321 660**	**66 992**	**36 205**	**164 907**	**1 022**	**1 637 399**	**(18 203)**	**2 335 611**

Chief Minister, Treasury and Economic Development Directorate
Disaggregated Disclosure of Assets and Liabilities - Continued
As at 30 June 2023

As at 30 June 2022 - Continued

Liabilities	Output Class 1 Government Strategy $'000	Output Class 2 Access Canberra $'000	Output Class 3 Economic Development $'000	Output Class 4 Financial and Economic Management $'000	Output Class 5 Revenue Management $'000	Output Class 6 Shared Services $'000	Output Class 7 Infrastructure Finance and Procurement $'000	Output Class 8 Property Services $'000	Intra-Directorate Eliminations $'000	Total $'000
Current										
Payables	5 075	6 594	7 897	11 371	4 297	14 516	101	18 111	(17 155)	**50 806**
Borrowings	-	-	89	63 195	-	-	-	620	(63)	**63 841**
Lease Liabilities	14	896	157	4	5	2 109	2	33 023	-	**36 210**
Employee Benefits	14 596	23 865	11 828	6 833	5 407	36 073	2 796	5 250	380	**107 028**
Other Provisions	1	236	1	-	-	2	-	-	-	**240**
Other Liabilities	10	89	359	-	-	60	-	342	99	**959**
Total Current	**19 696**	**31 680**	**20 331**	**81 403**	**9 709**	**52 760**	**2 899**	**57 346**	**(16 739)**	**259 085**
Non-Current										
Lease Liabilities	-	-	1 248	1 139	-	-	-	410	(1 138)	**1 658**
Employee Benefits	12	1 282	94	3	4	9 381	2	834 026	-	**844 804**
Other Provisions	899	1 384	784	218	240	1 572	170	202	16	**5 485**
Other Liabilities	22	1 738	16	6	8	105	3	500	-	**2 398**
Total Non-Current	**933**	**4 404**	**2 142**	**1 366**	**252**	**11 058**	**175**	**835 138**	**(1 122)**	**854 345**
Total Liabilities	**20 629**	**36 084**	**22 473**	**82 769**	**9 961**	**63 818**	**3 074**	**892 484**	**(17 861)**	**1 113 430**
Net Assets/ (Liabilities)	**42 689**	**26 227**	**299 187**	**(15 777)**	**26 244**	**101 089**	**(2 052)**	**744 915**	**(342)**	**1 222 180**

NOTE 1. OBJECTIVES

Operations and Principal Activities

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) is a not-for-profit ACT Government entity. As a central agency, CMTEDD works collaboratively within government and with the community to deliver government priorities and drive initiatives aimed at making Canberra a better place to live. CMTEDD also leads the strategic direction of the ACT Public Service (ACTPS) to ensure it is well positioned to shape and respond to change, and to continue to deliver against government priorities, now and in the future.

CMTEDD:

- supports the Chief Minister, CMTEDD's ministers and the Cabinet by providing informed, holistic and innovative advice;
- provides support and direction across the ACTPS on Cabinet and Assembly business, policy and strategy;
- leads the ongoing development of the ACTPS, including advising on the structure of the ACTPS, ACT public sector employment legislation and conditions, employment, industrial relations, senior executive leadership development and human resource management;
- drives the evolution of Canberra into a smart and connected digital city, through leading edge initiatives and cyber secure information and communication technology;
- drives growth in our knowledge-based economy and our reputation as a global destination in collaboration with business, tertiary education institutions as well as community and industry partners;
- provides strategic financial and economic advice to the ACT Government to improve the Territory's financial position and economic management;
- administers the ACT tax laws and manage the assessment and collection of ACT taxes;
- supports public sector health and productivity by providing effective injury prevention and management services and infrastructure;
- supports government through the provision of financial, human resources, property, insurance, infrastructure and procurement advisory services;
- supports a safe and liveable city by helping businesses and community to access government services through Access Canberra;
- keeps the Canberra community well informed in times of a Territory emergency through the whole of government Public Information Coordination Centre; and
- provides meaningful opportunities for Canberrans to inform government decision making, including the development of government policies, programs and services.

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

i. an Operating Statement for the year;

ii. a Balance Sheet at the end of the year;

iii. a Statement of Changes in Equity for the year;

iv. a Statement of Cash Flows for the year;

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

v. a Statement of Appropriation for the year;

vi. an Operating Statement for each class of output for the year (excluding Other Comprehensive Income);

vii. the material accounting policies adopted for the year; and

viii. other statements as necessary to fairly reflect the financial operations of CMTEDD during the year and its financial position at the end of the year.

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

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

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 which are valued at fair value in accordance with (re)valuation policies applicable to CMTEDD during the reporting period.

Currency

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

Material Accounting Policies and Explanatory Information

Material accounting policies and explanatory information is provided at the beginning of each note included in these financial statements where appropriate, and in some cases throughout the notes.

Controlled and Territorial Items

CMTEDD produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which CMTEDD has control. The Territorial financial statements include income, expenses, assets and liabilities that CMTEDD 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 CMTEDD'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.

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of CMTEDD for the year ended 30 June 2023 together with the financial position of CMTEDD as at 30 June 2023.

Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Statements, as required by the FMA, budget information for 2022-23 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Statements.

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

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

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.

Going Concern

The 2022-23 financial statements have been prepared on a going concern basis as CMTEDD has been funded in the ACT Government 2023-24 Budget and the Budget Statements include forward estimates for CMTEDD.

Impact of COVID-19

Between early 2020 and early 2021, CMTEDD experienced a range of financial impacts resulting from the COVID-19 health emergency. The impact on CMTEDD's controlled financial statements largely reflected increased expenditure on the delivery of business support grants and related programs, maintaining appropriate hygiene across CMTEDD premises, and enhancing ICT capability to support ongoing government operations in a largely work-from-home environment. The territorial impact largely reflected foregone revenue due to taxation and fee relief provided in the form of waivers, rebates, tenancy relief, deferrals and freeze on various taxes and rates.

In 2022-23, the COVID-19 financial impact on CMTEDD was limited to expenses associated with continuing to ensure appropriate hygiene and physical distancing practices across CMTEDD premises. Revenue across a range of areas has largely returned to pre-COVID levels, reflecting a return to a more normal level of social and economic activity. All material COVID-19 disclosures are included in the note to which they relate.

NOTE 3. IMPACT OF ACCOUNTING STANDARD ISSUED BUT YET TO BE APPLIED

The information below applies to both the Controlled and Territorial financial statements.

All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods and will be adopted from their application date, except for part of AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure to Accounting Policies and Definitions of Accounting Policies and Definition of Accounting Estimates* which was early adopted last financial year (i.e. in 2021-22).

Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to CMTEDD or will have an immaterial financial impact with the exception of AASB 2022-10.

AASB 2022-10 amends AASB 13 by adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector agencies not held primarily for their ability to generate net cash inflows. The standard now:

- specifies that agencies are required to consider whether the asset's highest and best use differs from its current use only when it is held for sale or held for distribution to owners in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations or it is highly probable that the asset will be used for an alternative purpose to its current use,

NOTE 3. IMPACT OF ACCOUNTING STANDARD ISSUED BUT YET TO BE APPLIED - CONTINUED

- clarifies that the asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capability of the asset to be used to provide needed goods or services to beneficiaries and the resulting cost of those goods or services,
- specifies that, if both the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an agency uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants (including, but not limited to, other not-for-profit public sector agencies) would use different data, and
- provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence.

CMTEDD is currently assessing whether AASB 2022-10 will have a material financial impact on the agency.

INCOME NOTES

Income Recognition

Unless stated otherwise in an individual note, revenue recognised in the Operating Statement is 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.

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. 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 CMTEDD'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.

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

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 CMTEDD 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.

Provision of Services

CMTEDD's provision of services mainly relates to property, procurement, operational support, rehabilitation and injury management, Information and Communication Technology (ICT), Human Resources (HR) and finance services provided to ACT Government agencies. The provision of services also includes ACT Property Group (ACTPG) project services and maintenance work performed at rental properties, services provided on a cost recovery basis through ACT Government shopfronts, and entertainment services including annual tourism attractions and the hosting of national and local sporting events.

Provision of services revenue is either recorded at a point in time for one-off items such as ticket sales and shop-front sales, or over time for ongoing commercial arrangements as CMTEDD provides the services and they are consumed by the customer. Standard ICT services are billed over the course of the year reflecting the provision of the service on a quarterly basis, while ICT project services and the passthrough of associated external costs are recognised at a point in time when the goods / services have been consumed. ACTPG project services are either billed during the same month they are provided to the customer, or for large ongoing contractual arrangements on a quarterly basis in arrears.

Rental Revenue

Revenue from the rental of properties is recognised by CMTEDD on a straight-line basis over the term of the lease, or the period of agreement for event venues and sites. This mainly relates to rental receipts from commercial leases made by ACTPG, but also includes receipts from leasing of social housing through Community Housing Canberra.

Sale of Goods

CMTEDD's sale of goods revenue is mostly from direct food and beverage sales at sporting fixtures, including associated concession agreements with on-site suppliers and merchandising of tourism related products at events such as Floriade, Nightfest and Enlighten.

Sale of Goods revenue is recognised at the time when physical possession of the goods transfers to the customer or when an invoice is raised for a concession holder.

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

	2023 $'000	2022 $'000
ACT Government Customers		
Provision of Services		
ICT Services [1]	156 431	138 879
Operational Support Services	6 161	5 892
Property Group Project Delivery Services [2]	56 325	38 141
Procurement, Records, HR, and Finance Services	6 111	6 111
Printing and Photocopying Services	4 699	4 249
Rehabilitation and Injury Management Services [3]	231	3 899
Other	6 038	5 102
Rental Revenue		
Rent from Tenants [4]	56 702	50 765
Total Sales of Goods and Services from ACT Government Customers	**292 698**	**253 038**
Non-ACT Government Customers		
Sale of Goods		
Event Venues - Food and Beverage Revenue	1 069	1 253
Provision of Services		
Provision of Services on Event Venues - Corporate Hospitality and Ticket Sales	2 102	1 745
Provision of Services on Cost Recovery Basis - ACT Government Shopfront	4 037	3 355
Other [5]	6 633	2 902
Rental Revenue		
Rent from Tenants [6]	8 360	5 206
Rent from Event Venues and Sites [7]	4 602	2 310
Total Sales of Goods and Services from Non-ACT Government Customers	**26 803**	**16 771**
Total Sales of Goods and Services from Contracts with Customers	**319 501**	**269 809**

1 The increase in ICT Services income is mainly due to increased project activities for ACT Health related to the Digital Health Record implementation and health system migrations.

2 The increase in Property Group services income is mainly due to additional project activities across ACT Education and other directorates combined with labour and material price increases in the building industry which are passed on to directorate customers.

3 The decrease in Rehabilitation and Injury Management services income is mainly due to this function being directly appropriated from 2022-23.

4 The increase in ACT Government Rent receipts is mainly due to additional tenants moving into the City Government Office Building and Nara Building, and routine rental price increases.

5 The increase in Other External income is mainly due to a return to more normal economic activity post the COVID-19 pandemic resulting in increased participation at events such as Floriade, NightFest and Enlighten.

6 The increase in Non-ACT Government Rental Revenue is mainly due to the cessation of COVID-19 rent relief measures and rental income from properties managed by Community Housing Canberra which transferred to CMTEDD in 2022-23.

7 The increase in Event Venues and Sites Rent receipts is mainly due to a return to more normal economic conditions post COVID-19.

NOTE 5. OTHER INCOME

Other Income consists of other revenue, gains from disposal, de-recognition and re-measurement of assets and other gains. Other revenue, which arises from core activities, is distinct from other gains, as other gains are not part of the core activities of CMTEDD.

	2023 $'000	2022 $'000
Other Revenue		
Other Revenue from ACT Government Entities		
Insurance Recoveries	90	533
Sponsorship	24	5
Total Other Revenue from ACT Government Entities	**114**	**538**
Other Revenue from Non-ACT Government Entities		
Salary Packaging Fees	1 970	1 842
Sponsorship	1 276	765
Revenue Recoveries	4 362	6 135
Other Revenue	2 122	1 852
Total Other Revenue from Non-ACT Government Entities	**9 730**	**10 594**
Total Other Revenue	**9 844**	**11 132**
Gains on Disposal of Assets		
Gain from the Sale of Motor Vehicles	24	963
Gains from Disposal and Derecognition of Assets	342	600
Total Gains on Disposal of Assets	**366**	**1 563**
Total Gains from Disposal, Derecognition and Remeasurement of Assets	**366**	**1 563**
Other Gains		
Gains Arising from Derecognition of Liabilities [1]	62 070	-
Total Other Gains	**62 070**	**-**
Total Other Income	**72 280**	**12 695**

[1] The gain is due to the restructure of a loan between CMTEDD and Community Housing Canberra (CHC) which subsequently resulted in the cancellation of an internal liability to the Territory Banking Account (TBA). The TBA liability was the 'repayable' capital appropriation provided to CMTEDD from TBA to establish the loan with CHC. This resulted in a gain arising from the derecognition of the liability.

EXPENSE NOTES

NOTE 6. EMPLOYEE EXPENSES

Employee expenses include:

- short-term employee expenses such as wages and salaries, annual leave loading, non-monetary benefits (e.g. vehicles) and applicable on-costs, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

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

Employees of CMTEDD 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) CMTEDD makes employer superannuation contribution payments to the Territory Banking Account (TBA) at a rate determined by CMTEDD. CMTEDD 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)) CMTEDD makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

	2023 $'000	2022 $'000
Wages and Salaries [1]	298 011	275 003
Long Service Leave Expense [2]	3 891	48
Annual Leave Expense [3]	3 380	10 999
Workers' Compensation Insurance Premium	3 876	3 153
Termination Expense	609	406
Superannuation Contributions to the Territory Banking Account for CSS and PSS	19 609	19 380
Payments to the CSC for the Superannuation Productivity Benefit and PSSap	4 416	3 927
Superannuation to External Providers	24 618	21 944
Other Employee Expenses [4]	6 067	1 863
Total Employee Expenses	**364 477**	**336 723**

[1] This variance largely reflects increased staffing associated with delivering new initiatives addressing service delivery pressures, and the impact of the backdated elements of the new pay offer currently being finalised through the Enterprise Agreement process.

[2] This variance is mainly due to an increase in staff and higher leave balances across CMTEDD, and the impact of a smaller reduction in the long service leave present value factor calculation for 2022-23 (2.3% reduction) compared to 2021-22 (13.4% reduction).

[3] This variance is mainly due to a decrease in leave balances as more staff take leave post COVID-19, and the impact of the reduction in the annual leave present value factor calculation for 2022-23 (3.6% reduction) compared to 2021-22 (1.6% increase).

[4] The variance is mainly due to the $1,250 one-off Cost of Living payment offered to eligible employees upon commencement of the 2023-26 ACT Public Sector Enterprise Agreement which is currently under negotiation. In-principle agreement was reached prior to 30 June 2023.

NOTE 7. SUPPLIES AND SERVICES

Description and Material Accounting Policies Relating to Supplies and Services

General - Supplies and Services

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred.

Insurance

Major risks are insured through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held.

Auditor Service fees

Auditor's remuneration consists of financial audit services provided to CMTEDD by the ACT Audit Office. Fees are paid to the ACT Audit Office (the Office) for the audit of CMTEDD's financial statements and limited assurance engagement on CMTEDD's statement of performance. The ACT Audit Office also provides financial audit services to the Territory Banking Account (TBA) and the Consolidated Australian Capital Territory Financial Statements which are paid for by CMTEDD. No other services are provided by the Office.

Lease Rental Payments

Lease rental payments include short-term leases of 12 months or less and low value leases up to $10,000. 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 occupants.

Repairs and Maintenance

CMTEDD undertakes major cyclical maintenance on its infrastructure assets. Where the maintenance leads to an upgrade or increase to 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 and are recognised as rental or property project revenue depending on the nature and scope of maintenance works.

NOTE 7. SUPPLIES AND SERVICES - CONTINUED

	2023 $'000	2022 $'000
Audit Services	867	788
Consultant Fees, Contractors and Professional Services	62 402	59 966
Information Technology (IT) Costs and Office Equipment [1]	78 488	68 160
Insurance	2 364	2 137
Lease Rental Payments and Operating Cost - Directorate Accommodation	1 398	1 577
Lease Rental Payments and Operating Cost - Accommodation on Behalf of Other Agencies [2]	15 643	19 147
Lease Rental Payments - Motor Vehicles	320	1 117
Marketing Expenses	7 573	6 996
Materials and Consumables	5 728	4 332
Postage, Printing, Stationery and Freight - Directorate	5 582	5 327
Printing and Photocopying - on Behalf of Other Agencies	4 599	3 865
Repairs and Maintenance - Directorate	4 927	4 310
Repairs and Maintenance - on Behalf of Other Agencies [3]	63 744	47 815
Resources Received Free of Charge - Primarily Legal Services	5 587	6 267
Staff Related Expenses	3 427	2 379
Telecommunications	7 860	9 352
Territory Venues Management Costs	1 865	1 349
Training and Development	3 243	2 267
Utilities - Directorate[4]	10 360	7 750
Other [5]	9 513	7 040
Total Supplies and Services	**295 490**	**261 941**

1. This increase is mainly due to a higher ICT licensing and maintenance costs driven largely by industry-wide price increases, increased ICT project works largely related to the Digital Health Record (DHR), and software expenses related to Payment Card Industry (PCI) data security standards review. These costs were largely borne by Digital, Data and Technology Solutions (DDTS) and subsequently recovered from relevant ACT Government entities.

2. This decrease is mainly due to the rent free period lease incentive adjustment in 2021-22 (prior year) for the lease of Customs House.
3. This increase is mainly due to higher repairs and maintenance costs associated and facility upgrades, including project works in a number of schools across the Territory.

4. This increase reflects rising energy costs consistent with general market trends.

5. This increase reflects contributions to the UNSW Canberra City Campus project.

NOTE 8. GRANTS AND PURCHASED SERVICES

Grants are amounts provided by CMTEDD 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 and the name of the categories in the table below generally reflects the purpose or use of the grants. 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 were provided in 2021-22 to support local business, community and non-government organisation partners. These grants programs largely ceased prior to the current financial year, reflecting a general economic recovery following the COVID-19 health emergency.

Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties. These transactions are reciprocal in nature.

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

NOTE 8. GRANTS AND PURCHASED SERVICES - CONTINUED

	2023 $'000	2022 $'000
Grants		
COVID-19 Related Grants		
COVID-19 Business Support:		
- Business Support Grants and Extension Payments	-	312 806
- Small Business Hardship Scheme	-	13 360
- Tourism, Accommodation Provider and Hospitality Industry Support Fund	-	13 879
COVID-19 Interstate Quarantine Costs	-	19 528
COVID-19 Response Fund	1 296	44 355
Jobs for Canberrans	-	3 701
Total COVID-19 Related Grants [1]	**1 296**	**407 629**
Other Grants		
Arts	10 654	11 636
Events, Sport, Recreation and Tourism [2]	22 523	19 453
Innovation, Trade and Investment [3]	4 695	7 279
Training and Skills Development [4]	29 154	24 613
Concessional Loan Discount Expense [5]	21 164	2 533
Other [6]	5 063	3 142
Total Other Grants	**93 253**	**68 656**
Total Grants	**94 549**	**476 285**
Purchased Services		
ACT Ombudsman	3 925	2 856
Other	3 001	1 987
Total Purchased Services	**6 927**	**4 843**
Total Grants and Purchased Services	**101 476**	**481 128**

1 The variance is due to the cessation of various COVID-19 support and grant programs including payments made to other ACT government agencies to deliver a range of activities, including public health measures and economic and community support.

2 The variance is mainly related to increased subsidies provided to support the operations of public pools.

3 This variance is mainly due to lower Priority Investment Program related grants.

4 This increase is due to introduction of Commonwealth grants skills agreement for fee-free TAFE.

5 The variance is mainly due to a higher concessional loan discount expense associated with Sustainable Household Scheme. In 2021-22, these expenses were recorded as Borrowing Costs but have been reclassified as grants in 2022-23 in accordance with ACT Accounting Policy. Consequently, prior year amounts have been restated.

6 The variance is mainly due to higher grants associated with Loose Fill Asbestos Disease Support Scheme and the grant associated with the delivery of *Support for Chief Minister's Charitable Fund charity house program* initiative introduced in 2022-23.

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.

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.

NOTE 9. OTHER EXPENSES - CONTINUED

Act of grace payments are payments that would not otherwise be authorised by law or required to meet a legal liability but are authorised by the Treasurer where they consider it is appropriate to do so because of special circumstances. It is ordinarily the case that the Territory has some moral obligation in respect of the special circumstances that warrants the authorisation of the payment.

The act of grace payments authorised in 2022-23 that impact CMTEDD's controlled accounts relates to an individual who had paid a deposit to the Suburban Land Agency (SLA) on a block of land, but due to circumstances beyond their control, could not proceed with settlement.

Impairment Losses and Write-Offs

Non-Financial Assets

Impairment loss expenses are recognised for non-financial assets when their carrying amount in higher than their recoverable amount. For more information about the impairment and write-off of non-financial assets, see Note 12 *Property, Plant and Equipment*, Note 13 *Intangible Assets*, and Note 14 *Capital Works in Progress*.

Receivables

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

Waivers

A waiver is the relinquishment of a legal claim to a debt. The Treasurer may in writing, waive the right to payment of an amount owing to the Territory. Debts that are waived under section 131 of the FMA are expensed during the year in which the right to payment was waived.

	2023 $'000	2022 $'000
Impairment and Write-off of Property, Plant, and Equipment and Capital Works In Progress[1]	46 033	2 113
Impairment and Write-off of Receivables	1 356	388
Losses on Disposal of Assets	604	497
Transfer of Completed Capital Works and Other Assets to Other ACT Government Entities [2]	9 673	12 709
Act of Grace Payments (see below for further information)	20	108
Other [3]	3 767	18
Total Other Expenses	**61 453**	**15 833**

1 This variance is mainly due to the impairment of capital works in progress relating to Human Resource and Information Management System (HRIMS) project and Intelligent Regulator project.

2 In 2022-23, assets transferred included the Kippax Health Centre and Belconnen Traffic Centre to the Suburban Land Agency, Weston Creek block to the Environment, Planning and Sustainable Development Directorate, and fit out for the Hume Police Traffic Operations Centre to the Justice and Community Services Directorate.

3 This variance is mainly related to implementation of the previously announced changes to the ACT Betting Operations Tax.

4 The number and value of act of grace payments and waivers provided are as follows.

	No. of Items	2023 $'000	No. of Items	2022 $'000
Breakdown of Act of Grace Payments				
Payments Relating to the Refund of Fees and Other	1	20	2	108
Total Act of Grace Payments	**1**	**20**	**2**	**108**
Breakdown of Waivers				
Stimulus Waivers - COVID-19 [1]	-	-	106	1 849
Total Waivers	**-**	**-**	**106**	**1 849**

1 The 2021-22 waivers are associated with the rent relief program introduced in response to the COVID-19 health emergency. This is recorded as a reduction in the Rent from Tenants revenue disclosed in Note 4 *Sales of Goods and Services from Contracts with Customers*.

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

CMTEDD holds a number of bank accounts with Westpac Banking Corporation as part of the whole of government banking arrangements. As part of these arrangements, CMTEDD does not generally receive any interest on these accounts as they are held as set-off accounts.

Cash and cash equivalents includes cash at bank and cash on hand. Bank overdrafts are included in cash in the Statement of Cash Flows but not in the cash line on the Balance Sheet.

CMTEDD holds cash balances for:

- general operations - which includes working capital for CMTEDD generally, and Shared Services;
- salary packaging - which is funding received and disbursed for ACT Government employees on their behalf (the corresponding liability to these accounts is included in Other Liabilities); and
- salaries - which represents payroll funding received from and dispersed on behalf of ACT Government directorates and agencies to their employees.

	2023 $'000	2022 $'000
Current Cash and Cash Equivalents		
Cash on Hand	52	257
Cash at Bank		
- Operating Cash [1]	92 838	102 146
- Salary Packaging Account	651	580
- Salaries Account	1 299	1 177
Total Current Cash and Cash Equivalents	**94 840**	**104 160**
Total Cash and Cash Equivalents	**94 840**	**104 160**

[1] This decrease reflects a return to a more normal level of cash holdings at the end of a financial year. In comparison, the 2021-22 closing cash balance was higher than usual due to the timing of receipts and payments through the COVID-19 Response Fund.

NOTE 10. CASH AND CASH EQUIVALENTS - CONTINUED

	2023 $'000	2022 $'000
Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet		
Total Cash Recorded in the Balance Sheet	94 840	104 160
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows	**94 840**	**104 160**
Reconciliation of Operating Result to Net Cash Inflows from Operating Activities		
Operating Result	(77 082)	(87 384)
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment and Amortisation of Intangibles	114 301	104 478
Net Concessional Loan Expense on Sustainable Household Scheme (SHS) Loans	18 475	2 356
Impairment Losses on Receivables (including SHS) and Waivers	1 356	415
Asset Impairment, Transfers, Sales and Retirements or Disposals	55 945	13 731
Gains from Derecognition of Liabilities	(62 070)	-
Other Non-Cash Items	(2 225)	5 998
Add/(Less) Items Classified as Investing or Financing		
Issue of SHS Loans	105 037	14 512
Proceeds from Repayment of Loan Receivables including SHS	(91 306)	(181)
Cash Before Changes in Operating Assets and Liabilities	**62 431**	**53 925**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables and Contract Assets[1]	(13 731)	(6 670)
(Increase)/Decrease in Inventories	(520)	2 328
(Increase)/Decrease in Other Assets	(5 324)	194
Increase/(Decrease) in Payables and Contract Liabilities[1]	(10 949)	(4 014)
Increase/(Decrease) in Provisions	1 172	575
Increase/(Decrease) in Employee Benefits	9 226	6 986
Increase/(Decrease) in Other Liabilities	364	(270)
Net Changes in Operating Assets and Liabilities	**(19 762)**	**(871)**
Net Cash Inflows/(Outflows) from Operating Activities	**42 669**	**53 053**

[1] In the 2021-22 financial statements, movements for receivables, contract assets, payables, and contract liabilities were disclosed separately in this note. To improve consistency and comparability across notes, these have been combined into 'Receivables and Contract Assets' and 'Payables and Contract Liabilities' in the 2022-23 financial statements.

NOTE 10. CASH AND CASH EQUIVALENTS - CONTINUED

Reconciliation of 2022-23 and 2021-22 Liabilities Arising from Financing Activities

2023	Borrowings $'000	Lease Liabilities $'000	Total Debt $'000
Carrying Amount at the Beginning of the Reporting Period	**65 499**	**881 014**	**946 513**
Cash Flow Changes:			
- Cash Paid	(2 857)	(37 815)	**(40 672)**
Non-Cash Changes:			
- New Leases	-	38 063	**38 063**
- Extinguishment of Borrowings	(62 096)	-	**(62 096)**
- Other Movements	-	146	**146**
Carrying Amount at the End of the Reporting Period	**546**	**881 408**	**881 954**

2022	Borrowings $'000	Lease Liabilities $'000	Total Debt $'000
Carrying Amount at the Beginning of the Reporting Period	**65 067**	**862 122**	**927 189**
Cash Flow Changes:			
- Cash Received	537	-	**537**
- Payments to reduce the principal of liability	(105)	(33 144)	**(33 249)**
Non-Cash Changes:			
- Additional leases taken up during the reporting period	-	52 036	**52 036**
Carrying Amount at the End of the Reporting Period	**65 499**	**881 014**	**946 513**

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. Receivables relating to the Sales of Goods and Services from Contracts with Customers are recognised when invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment.

CMTEDD's receivables represent amounts owing to CMTEDD for core activities, and includes the interest and principal owed to CMTEDD from participants in the Sustainable Household Scheme (SHS), recipients of Special Disaster Loans (SDLs), and for loan facilities provided to Community Housing Canberra Limited (CHC) (which was repaid in full in July 2022) and the Home Loan Portfolio (HLP), for which CMTEDD is the first mortgagee for all of the related properties.

Loans Receivable

Refer to Note 19 *Financial Instruments* for more information on Loans Receivable.

Contract Assets

Contract assets relate to CMTEDD's right to consideration in exchange for works completed but not invoiced at the reporting date in respect of Facilities Management Services and Property Management Services it provides to ACT and non-ACT Government customers. The benefits of Property Management Services are received and consumed by the customers of CMTEDD on a monthly basis. However, this amount is invoiced in arrears, thereby resulting in CMTEDD recognising a contract asset at year end for services provided but not invoiced prior to 30 June 2023. Facilities Management Services are invoiced once the maintenance work is completed.

The amounts billed to customers are based on the achievement of various milestones established in the contract, therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

NOTE 11. RECEIVABLES - CONTINUED

Impairment loss – Accounts Receivable

The allowance for expected credit losses represents the amount of trade receivables and other trade receivables CMTEDD estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. An entity shall measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The amount of the expected credit loss is recognised in the Operating Statement (see Note 9 *Other Expenses*). Where CMTEDD has no reasonable expectation of recovering an amount owed by a debtor and ceases action to collect the debt, as the cost to recover the debt is more than the debt is worth, the debt is written-off by directly reducing the receivable against the loss allowance.

CMTEDD applied the simplified approach under AASB 9, meaning that the allowance for expected credit losses of accounts receivables is based on 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. CMTEDD has determined there are four 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). The second group includes loans issued to Community Housing Canberra Limited (CHC) which was repaid in full in July 2022. The third group includes participants in the Sustainable Household Scheme (SHS), and the fourth 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 three years preceding 30 June 2023. 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.

Significant Accounting Judgements and Estimates – Expected Credit Loss Allowance

CMTEDD has made a significant estimate in the calculation of the allowance for impairment losses for receivables. This estimate is based on three categorisations of receivables and the use of an expected credit loss provision matrix. These categorisations are considered by management to be appropriate and accurate.

NOTE 11. RECEIVABLES - CONTINUED

	2023 $'000	2022 $'000
Current Receivables		
Trade Receivables [1]	19 705	14 764
Less: Expected Credit Loss Allowance	(525)	(602)
Work Performed on Contracts with Customers not yet Invoiced	9 492	10 116
Less: Expected Credit Loss Allowance	(46)	(82)
Loans Receivable [2]	6 507	65 583
Less: Expected Credit Loss Allowance	(106)	-
Net GST Receivable from the Australian Taxation Office (ATO)	3 659	3 957
Other Current Receivables	1 709	736
Total Current Receivables	**40 395**	**94 472**
Non-Current Receivables		
Loans Receivable [3]	81 660	12 509
Less: Expected Credit Loss Allowance	(1 354)	(11)
Total Non-Current Receivables	**80 306**	**12 498**
Total Receivables	**120 701**	**106 970**

1 The increase largely reflects the timing of payments by other ACT Government agencies for CMTEDD's provision of ICT and voice services.

2 This decrease mainly reflects the extinguishment of Community Housing Canberra (CHC) loan in exchange for housing properties and cash ($63.1 million) in July 2022, partially offset by an increase in the Sustainable Household Scheme (SHS) loans.

3 This increase is largely due to the SHS loans.

	2023 $'000	2022 $'000
Split of Receivables and Contract Assets		
Current Receivables (without Contract Assets)	30 949	84 438
Non-Current Receivables (without Contract Assets)	80 306	12 498
Total Receivables (without Contract Assets)	**111 255**	**96 936**
Current Contract Assets	9 446	10 034
Non-Current Contract Assets	-	-
Total Contract Assets	**9 446**	**10 034**
Total Receivables	**120 701**	**106 970**
Reconciliation of Contract Assets		
Opening Balance of Contract Assets	**10 034**	**11 971**
Additional Cost to be Recovered from Customers	9 288	7 460
Contract Assets Transferred to Receivables and/or Income	(9 912)	(9 316)
Expected Credit Loss Allowance movement	36	(81)
Closing Balance of Contract Assets	**9 446**	**10 034**

NOTE 11. RECEIVABLES - CONTINUED

Expected Credit Loss Allowance

Ageing of Non-ACT Government Trade Receivables, Loans Receivables and Contract Assets[1]

	Trade Receivables[2]			Loans Receivables						Contract Assets		
				Sustainable Household Scheme			Special Disaster Loans[3]					
	Estimated total gross carrying amount	Expected credit loss Allowance	Expected credit loss rate	Estimated total gross carrying amount	Expected credit loss Allowance	Expected credit loss rate	Estimated total gross carrying amount	Expected credit loss Allowance	Expected credit loss rate	Estimated total gross carrying amount	Expected credit loss Allowance	Expected credit loss rate
30 June 2023	**$000**	**$000**	**%**	**$000**	**$000**	**%**	**$000**	**$000**	**%**	**$000**	**$000**	**%**
Not Overdue	2 081	(100)	4.81%	86 532	(1 445)	1.67%	546	-	0%	965	(46)	4.77%
1-30 Days Past Due	822	(74)	9.00%	255	(4)	1.67%	-	-	0%	-	-	0%
31-60 Days Past Due	79	(11)	13.92%	66	(1)	1.67%	-	-	0%	-	-	0%
61-90 Days Past Due	340	(60)	17.65%	-	-	0%	3	-	0%	-	-	0%
>91 Days Past Due	1 297	(291)	22.44%	-	-	0%	-	-	0%	-	-	0%
Total	**4 619**	**(536)**	**11.60%**	**86 853**	**(1 450)**	**1.67%**	**549**	**-**	**0%**	**965**	**(46)**	**4.77%**
30 June 2022												
Not Overdue	2 072	(67)	3.23%	13 489	-	0%	605	-	0%	1 618	(82)	5.07%
1-30 Days Past Due	1 123	(80)	7.12%	15	-	0%	-	-	0%	-	-	-
31-60 Days Past Due	183	(37)	20.22%	-	-	0%	-	-	0%	-	-	-
61-90 Days Past Due	120	(25)	20.83%	-	-	0%	-	-	0%	-	-	-
>91 Days Past Due	1 431	(404)	28.23%	-	-	0%	-	-	0%	-	-	-
Total	**4 929**	**(613)**	**12.44%**	**13 504**	**-**	**0%**	**605**	**-**	**0%**	**1 618**	**(82)**	**5.07%**

[1] This includes non-ACT Government trade and other receivables and contract assets only. Inter-agency loans and receivables between ACT Government agencies are considered low risk and are not assessed for credit losses.

[2] This includes the Home Loan Portfolio (HLP).

[3] CMTEDD's SDL loan receivables have no history of default, so it is not possible to reliably estimate the probability of future expected credit losses.

NOTE 11. RECEIVABLES - CONTINUED

	2023 $'000	2022 $'000
Reconciliation of the Loss Allowance for Receivables		
Allowance at the Beginning of the Reporting Period	**(695)**	**(721)**
Expected Credit Loss Expense:		
- SHS Loans Receivable	(1 450)	-
- Trade Receivables and Contract Assets	113	26
Total Expected Credit Loss Expense	**(1 337)**	**26**
Loss Allowance for Receivables at the End of the Reporting Period	**(2 032)**	**(695)**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

CMTEDD has the following eight classes of Property, Plant and Equipment (excluding assets held for sale or investment properties):

- **Land** is defined as the ground, including the soil covering and any associated surface waters. Land includes leasehold land held by CMTEDD.
- **Buildings** are structures that have a roof and walls which stand permanently in one place. These structures are separately identifiable from the land they are constructed upon and as such do not include this land. Buildings include office buildings, pre-schools, pavilions, amenity blocks, boat sheds and buildings at the Exhibition Park in Canberra (EPIC), Manuka Oval and Stromlo Forest Park. This also includes land improvements such as purpose-built children's playground structures adjoining buildings.
- **Right of Use Buildings** are leased structures and land improvements that are separately identifiable from the land they are constructed upon. Right-of-use buildings include the data centres and accommodation for CMTEDD and other ACT Government agencies.
- **Leasehold Improvements** represents capital expenditure incurred in relation to leased assets. These include fit-outs of leased buildings used for administrative purposes.
- **Plant and Equipment** are tangible assets like machinery, apparatus, appliances, containers, implements or tools that are used to produce goods or assist in providing services to the community. Plant and equipment tend to be smaller and more mobile in nature than other types of property, plant and equipment like buildings, roads and land. Plant and Equipment includes mobile plant, water tanks, air conditioning and heating systems, catering equipment, grounds and maintenance equipment, office, computer equipment, furniture and fittings, other mechanical and electronic equipment.
- **Right of Use Plant and Equipment** has the same definition as plant and equipment, with the exception that they are held under a lease. Plant and Equipment held by CMTEDD includes motor vehicles.
- **Heritage and Community** 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 assets are those assets that are provided essentially for general community use or services. Community and heritage assets held by CMTEDD 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** are physical assets that typically have a long useful life and consist of a complex interconnected network of individual components, which enhance the productive capacity of the economy and supports Government services. Buildings do not meet the definition of infrastructure assets unless they are an ancillary part of an infrastructure system. Infrastructure assets held by CMTEDD 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 CMTEDD, it is included in land assets.

Acquisition and Recognition

Property, plant and equipment is initially measured 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.

Right-of-use assets are measured at cost on initial recognition, where cost comprises the initial amount of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. Leases longer than 12 months with an underlying value over $10,000 are recognised as an asset.

Property, plant and equipment with a value equal to or exceeding $5,000 is recognised as an asset.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Measurement after Initial Recognition

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

After the commencement date, right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are presented in property, plant, and equipment in a separate asset class.

Major Cyclical Maintenance - Infrastructure Assets

CMTEDD 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 recognised as an asset.

Revaluation

Land, buildings, infrastructure assets, leasehold improvements, and heritage and community assets are revalued every three years. Towards the end of each financial year CMTEDD assesses whether there are any 'indicators' that the carrying amount of property, plant, and equipment is materially different to fair value. Where these indicators exist, the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, infrastructure assets, leasehold improvements and heritage and community assets at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Valuation of Non-Current Assets

CMTEDD carries out asset revaluations on all assets carried at fair value on a three-year rolling basis. This is conducted once every three years for each business unit except for ACTPG which has a selection of assets tested annually due to the size of it's portfolio.

For 2022-23, CMTEDD conducted a revaluation of Land, Buildings, and Leasehold Improvements, Heritage and Community, Residential Housing Properties, and Infrastructure assets. Three independent valuers were engaged to perform these revaluations (Jones Lang Lasalle Advisory Services Pty Ltd (JLL), Liquid Pacific Asset Consultants and Helen Maxwell). All valuers hold a recognised and relevant qualification and have recent and relevant experience with the classes of assets involved. The latest valuation of assets was performed as at 30 June 2023.

Significant Accounting Judgements and Estimates – Estimation of Asset Values

CMTEDD has made a significant estimate regarding the fair value of its assets. Land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. Infrastructure assets and some heritage and community assets have been recorded at fair value based on current replacement cost as determined by an independent valuer. The valuation uses significant judgements and estimates to determine fair value, including the appropriate indexation figure and quantum of assets held. The fair value of assets is subject to management assessment between formal valuations.

Impact of COVID-19

The impact of COVID-19 related issues for the past two years is ongoing, with substantial construction cost increases as market demand increased. Certain types of construction materials have seen the biggest price increases in 15 years and are now impacting the cost of both residential and commercial housing construction and refurbishment. The increase in construction materials, coupled with a net increase in migration into the Territory and low vacancy rates in commercial and residential housing, has led to a significant increase in the estimated fair value of CMTEDD's building and land assets.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Impairment of Assets

CMTEDD assesses at each reporting date whether there is any indication that property, plant, and equipment may be impaired. Property, plant, and equipment is 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 heritage and community 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.

Depreciation and Useful Life

Depreciation is the systematic allocation of the cost of an asset less its residual value over its useful life.

Depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

Land, and some heritage and community assets have an unlimited useful life and are therefore not depreciated.

Right-of-use buildings, plant and equipment, infrastructure assets, and leasehold improvements are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

All depreciation is calculated after first deducting any residual values, which remain for each asset.

Class of Asset	Depreciation Method	Useful Life (Years)
Land	Not Applicable	Infinite
Buildings	Straight Line	10-100
Leasehold Improvements	Straight Line	2-30
Plant and Equipment	Straight Line	2-20
Heritage and Community	Straight Line	5-100
Infrastructure	Straight Line	3-100

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

CMTEDD has made a significant estimate in determining the useful lives of its Property, Plant and Equipment, which is based on the historical experience of similar assets and in some cases has been based on valuations provided by the independent valuer. The useful lives are assessed on an annual basis and adjustments are made when necessary.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of 2022-23 Property, Plant and Equipment

	Land $'000	Buildings $'000	ROU Buildings, Plant and Equipment $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Heritage and Community $'000	Infrastructure Assets $'000	Total $'000
Carrying Amounts at the Beginning of the Reporting Period	**346 390**	**423 689**	**802 264**	**116 754**	**47 750**	**144 611**	**41 308**	**1 922 766**
Additions [1]	24 873	37 772	38 320	-	19 546	184	2 142	**122 837**
Completed Capital Works Transferred in from Capital Works in Progress [2]	-	13 482	-	24 428	3 600	1 710	9 043	**52 263**
Disposals [3]	-	(30)	-	(112)	(211)	(500)	(302)	**(1 155)**
Assets Transferred to Other Agencies [4]	(5 722)	(643)	(3 308)	-	-	-	-	**(9 673)**
Revaluation Increment/(Decrement) [5]	69 131	20 513	-	901	-	(6 276)	(6 118)	**78 151**
Impairment Losses Recognised in the Operating Result	-	(116)	-	-	-	-	-	**(116)**
Depreciation	-	(20 618)	(52 076)	(8 029)	(14 848)	(591)	(4 920)	**(101 082)**
Increase/(Decrease) in Make Good Provision	-	-	(493)	1 510	-	-	-	**1 017**
Other Movements [6]	(5 470)	-	481	(493)	12	5 470	-	**-**
Carrying Amount at the End of the Reporting Period	**429 202**	**474 049**	**785 188**	**134 959**	**55 849**	**144 608**	**41 153**	**2 065 008**
Carrying Amount at the End of the Reporting Period, represented by:								
Gross Book Value	429 202	527 673	964 755	155 086	163 584	146 089	76 803	**2 463 192**
Accumulated Depreciation and Impairment	-	(53 508)	(179 567)	(20 127)	(107 735)	(1 481)	(35 650)	**(398 068)**
Accumulated Impairment Losses	-	(116)	-	-	-	-	-	**(116)**
Carrying Amount as at 30 June 2023	**429 202**	**474 049**	**785 188**	**134 959**	**55 849**	**144 608**	**41 153**	**2 065 008**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

[1] These movements mainly relate to the acquisition of land ($24.5 million) and buildings ($37.6 million) from Community Housing Canberra, renewal of accommodation leases for Canberra Nara Centre ($14.6 million), Winyu House ($9.2 million) and Civic Office ($7.8 million) and purchase of laptops, monitors, desktop, docking stations and ICT equipment for use across the ACT Government.

[2] These movements mainly relate to the completion of capital projects relating to Canberra Nara Centre Improvements ($9.1 million), Aquatic Centres Upgrades ($4.8 million), Allara House Improvements ($3.7 million), Modernising ICT Network Infrastructure ($3.5 million) and Car Park Upgrades ($2.4 million).

[3] These movements mainly relate to the disposal of decommissioned public artworks and plant and equipment relating to workstations and display units.

[4] These movements reflect transfers of the Belconnen Traffic Centre and Kippax Health Centre to Suburban Land Agency (SLA), Weston Creek Blocks to Environment Planning and Sustainable Development Directorate (EPSDD) and Hume Police Traffic Operations Centre Fitouts to Justice and Community Safety Directorate (DJACS).

[5] These movements are due to the net impact of the 2023 valuation of selected land, buildings, leasehold improvements, heritage and community, and infrastructure assets for various Business Units.

[6] Other movements mainly relate to transfers between asset classes to improve the consistency of reporting.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of 2021-22 Property, Plant and Equipment

	Land $'000	Buildings $'000	ROU Buildings, Plant and Equipment $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Heritage and Community $'000	Infrastructure Asset $'000	Total $'000
Carrying Amounts at the Beginning of the Reporting Period	**336 882**	**432 772**	**802 131**	**89 405**	**42 501**	**144 051**	**41 019**	**1 888 761**
Additions [1]	3 770	851	-	17	15 450	-	3 507	**23 595**
Additions - Right-of-Use Assets [2]	-	-	47 393	-	-	-	-	**47 393**
Completed Capital Works Transferred in from Capital Works in Progress [3]	-	1 966	-	32 545	4 453	39	2 110	**41 113**
Disposals	-	-	-	(6)	(137)	-	(3)	**(146)**
Disposals - Right-of-Use Assets	-	-	(457)	-	-	-	-	**(457)**
Assets Transferred (to)/from Other Agencies [4]	(7 365)	(554)	-	-	-	-	-	**(7 919)**
Revaluation Increment/(Decrement) [5]	13 110	7 372	-	710	-	524	-	**21 716**
Depreciation	-	(18 490)	-	(6 399)	(14 484)	(271)	(5 325)	**(44 969)**
Depreciation - Right-of-Use Assets	-	-	(46 803)	-	-	-	-	**(46 803)**
Increase/(Decrease) in Make Good Provision	-	-	-	482	-	-	-	**482**
Other Movements [6]	(7)	(228)		-	(33)	268	-	**-**
Carrying Amount at the End of the Reporting Period	**346 390**	**423 689**	**802 264**	**116 754**	**47 750**	**144 611**	**41 308**	**1 922 766**
Carrying Amount at the End of the Reporting Period								
Gross Book Value	346 390	456 579	929 755	128 852	140 637	145 501	72 038	**2 219 752**
Accumulated Depreciation and Impairment	-	(32 890)	(127 491)	(12 098)	(92 887)	(890)	(30 730)	**(296 986)**
Carrying Amount as at 30 June 2022	**346 390**	**423 689**	**802 264**	**116 754**	**47 750**	**144 611**	**41 308**	**1 922 766**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

In the 2021-22 financial statements, CMTEDD included Lands Improvements as a separate class, and ROU assets were reported as part of Plant and Equipment and Buildings. In the 2022-23 financial statements, CMTEDD has removed the 'Land Improvements' column and included land improvement figures in the building asset class in accordance with its accounting policy and established a new column for 'ROU Building and ROU Plant and Equipment'. As such, the figures in this table have been restated to reflect these changes.

[1] These movements mainly relate to the purchase of laptops, monitors, desktop, docking stations and ICT equipment for use across the ACT Government; and the reclassification of Exhibition Park land blocks used for low cost accommodation from Investment Property.

[2] These movements relate to the commencement of accommodation leases for Canberra Nara Centre ($30.1 million) and Hume Police Traffic Operations Centre ($14.8 million), and new motor vehicle leases.

[3] These movements mainly relate to the completion of capital projects relating to Allara House improvements ($18.5 million), Canberra Nara Centre improvements ($13.4 million), local roads and community infrastructure internal roads upgrades, lead remediation works at the Former Transport Depot, basement refurbishments at the Civic Health Centre, and leasehold improvements at the Hume Data Centre.

[4] These movements reflect transfers of the Giralang Community Hall, Frewin Centre, Gold Creek Homestead and Fyshwick Parks Depot to the Suburban Land Agency (SLA).

[5] These movements are due to the net impact of the 2022 valuation of land, buildings and heritage and community assets for the ACT Property Group, leasehold improvements for Shared Services and land at Exhibition Park in Canberra.

[6] Other movements mainly relate to transfers between asset classes to improve the consistency of reporting.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Directorate as Lessor

Where CMTEDD 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 CMTEDD 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 that 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 in property, plant and equipment.

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

	2023 $'000	2022 $'000
Lease Income - Fixed - Owned	48 163	43 879
Lease Income - Fixed - Subleased	28 801	26 326
Lease Income - Variable	143	53
Total Income Relating to Operating Leases	**77 107**	**70 258**

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	74 943	68 284
- later than one year but not later than five years	137 960	144 287
- later than five years	488 946	538 978
Total Office Accommodation and ICT Equipment Operating Lease Receivable	**701 849**	**751 549**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Hierarchy

The Fair Value Hierarchy below reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that CMTEDD can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – inputs for the asset 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

CMTEDD 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. For territorial Land Rent Scheme land, the revaluations undertaken each year for rating purposes are used as fair values (refer Note 32 *Property - Territorial*).

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 the best use 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.

Details of CMTEDD's property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2023 and 30 June 2022 are as follows.

30 June 2023	**Classification According to the Fair Value Hierarchy**			
	Level 1 **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Property, Plant and Equipment at Fair Value				
Land	-	429 202	-	**429 202**
Buildings[1]	-	213 325	260 724	**474 049**
Leasehold Improvements	-	-	134 959	**134 959**
Heritage and Community	-	31 935	112 672	**144 607**
Infrastructure	-	-	41 153	**41 153**
Total Property, Plant and Equipment at Fair Value	**-**	**674 462**	**549 508**	**1 223 970**
30 June 2022				
Property, Plant and Equipment at Fair Value				
Land	-	344 084	2 306	**346 390**
Buildings[1]	-	241 771	181 919	**423 690**
Leasehold Improvements	-	-	116 754	**116 754**
Heritage and Community	-	33 089	111 522	**144 611**
Infrastructure	-	-	41 308	**41 308**
Total Property, Plant and Equipment at Fair Value	**-**	**618 944**	**453 809**	**1 072 753**

[1] Excludes Right of Use Assets recorded under AASB 16 *Leases* as these assets are recorded at cost. Includes 'Land Improvements' which were reported separately in the 2021-22 financial statements but have been combined with buildings for ease of presentation in the 2022-23 financial statements.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Transfers between Classes

There were transfers between land improvements, buildings and Heritage and Community Levels 2 and 3 during 2022-23.

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

Land

Valuation Technique: Where there 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.

Other Property, Plant and Equipment

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

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 heritage and community 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 CMTEDD.

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

NOTE 12. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

2023	Land $'000	Buildings $'000	Leasehold Improvements $'000	Heritage and Community $'000	Infrastructure $'000	Total $'000
Fair Value at the Beginning of the Reporting Period	**2 306**	**181 919**	**116 754**	**111 522**	**41 308**	**453 809**
Additions	-	37 772	-	184	2 142	**40 098**
Completed Capital Works Transferred in from Capital Works in Progress	-	13 482	24 428	1 710	9 043	**48 663**
Disposals	-	(30)	(112)	(500)	(302)	**(944)**
Assets Transferred (to)/from Other Agencies	-	(643)	-	-	-	**(643)**
Assets reclassified (to)/from the Level 2 Fair Value Hierarchy	(2 306)	28 445	-	1 153	-	**27 292**
Revaluation Increment/(Decrement)	-	20 513	901	(6 276)	(6 118)	**9 020**
Impairment Losses Recognised in Other Comprehensive Income	-	(116)	-	-	-	**(116)**
Depreciation	-	(20 618)	(8 029)	(591)	(4 920)	**(34 158)**
Increase/(Decrease) in Make Good Provision	-	-	1 510		-	**1 510**
Other Movements	-	-	(493)	5 470	-	**4 977**
Fair Value at the End of the Reporting Period	**-**	**260 724**	**134 959**	**112 672**	**41 153**	**549 508**

2022	Land $'000	Buildings $'000	Leasehold Improvements $'000	Heritage and Community $'000	Infrastructure $'000	Total $'000
Fair Value at the Beginning of the Reporting Period	**2 306**	**191 001**	**89 404**	**111 254**	**41 019**	**434 984**
Additions	-	852	17	-	3 507	**4 376**
Completed Capital Works Transferred in from Capital Works in Progress	-	1 966	32 545	-	2 110	**36 621**
Disposals	-	-	(6)	-	(3)	**(9)**
Assets Transferred (to)/from Other Agencies	-	(554)	-	-	-	**(554)**
Revaluation Increment/(Decrement)	-	7 372	710	-	-	**8 082**
Depreciation	-	(18 490)	(6 398)	-	(5 325)	**(30 213)**
Increase/(Decrease) in Make Good Provision	-	-	482	-	-	**482**
Other Movements	-	(228)	-	268	-	**40**
Fair Value at the End of the Reporting Period	**2 306**	**181 919**	**116 754**	**111 522**	**41 308**	**453 809**

NOTE 13. INTANGIBLE ASSETS

CMTEDD has internally generated and externally purchased software which are measured at cost. This 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.

Recognition

Externally acquired software is recognised as an asset when:

- it is probable that the expected future economic benefits attributable to the software will flow to CMTEDD;
- the cost of the software can be measured reliably; and
- the acquisition cost is equal to or exceeds $50,000.

Internally generated software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Measurement

Intangible Assets are measured at cost.

Impairment

CMTEDD assesses at each reporting date whether there is any indication that an intangible asset may be impaired. Intangible assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. However, intangible assets that are not yet available for use are tested annually for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

Impairment losses for intangible assets are recognised in the Operating Statement (see Note 9, *Other Expenses*) as intangibles are carried at cost. The carrying amount of the intangible asset is reduced to its recoverable amount.

Amortisation of Intangibles

Capitalised software has a finite useful life. 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 Software	Straight Line	2-10
Externally Purchased Software	Straight Line	2-10

NOTE 13. INTANGIBLE ASSETS - CONTINUED

Reconciliation of 2022-23 Intangible Assets	Internally Generated Software $'000	Externally Purchased Software $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**31 266**	**29 661**	**60 927**
Additions	-	86	**86**
Completed Capital Works Transferred in from Capital Works in Progress [1]	653	1 583	**2 236**
Disposals	(142)	(273)	**(415)**
Amortisation	(4 012)	(9 207)	**(13 219)**
Carrying Amount at the End of the Reporting Period	**27 765**	**21 850**	**49 615**
Represented by:			
Gross Book Value	55 406	77 638	**133 044**
Accumulated Amortisation	(27 641)	(55 788)	**(83 429)**
Carrying Amount at the End of the Reporting Period	**27 765**	**21 850**	**49 615**

1 This movement mainly reflects the practical completion of Government Budget Management System: Treasury Actual Reporting System, Business Case Tracker and Capital Works Review Modules.

Reconciliation of 2021-22 Intangible Assets	Internally Generated Software $'000	Externally Purchased Software $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**19 762**	**34 587**	**54 349**
Additions	-	103	**103**
Completed Capital Works Transferred in from Capital Works in Progress [1]	14 959	4 762	**19 721**
Disposals	-	(535)	**(535)**
Amortisation[2]	(3 455)	(9 256)	**(12 711)**
Carrying Amount at the End of the Reporting Period, represented by	**31 266**	**29 661**	**60 927**
Represented by:			
Gross Book Value	54 895	76 242	**131 137**
Accumulated Amortisation[2]	(23 629)	(46 581)	**(70 210)**
Carrying Amount at the End of the Reporting Period	**31 266**	**29 661**	**60 927**

1 This movement mainly reflects the practical completion of several ICT projects, including ACT Digital and Accounts, Human Resource Information Management System (HRIMS) - Learning Management System, and Salesforce Cloud Website Case Management Software.

2 In 2021-22, amortisation figures for internally and externally generated assets were incorrectly transposed resulting in incorrect individual closing balances, but a correct overall closing balance for Intangible Assets. This has been corrected in the 2022-23 financial statements, including retrospective restatement of the amortisation balances for the individual asset categories.

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 (CWIP) are not depreciated as CMTEDD is not currently deriving any economic benefits from them.

Capital works in progress have been grouped similar to the asset classes included in CMTEDD'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.

NOTE 14. CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of 2022-23 Capital Works in Progress	Buildings and Leasehold Improvements $'000	Plant and Equipment $'000	Heritage and Community $'000	Infrastructure $'000	Intangible $'000	Other $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**33 391**	**257**	**2 336**	**10 692**	**56 857**	**6 611**	**110 144**
Additions	17 666	42	2 384	6 038	21 194	1 860	**49 184**
CWIP Completed and Transferred to Property, Plant and Equipment [1]	(37 911)	(3 600)	(1 710)	(9 043)	-	-	**(52 264)**
CWIP Completed and Transferred to Intangible Assets [2]	-	-	-	-	(2 236)	-	**(2 236)**
CWIP Write-Offs Recognised in the Operating Result[3]	(264)	(133)	(14)	(1 320)	(42 814)	(1 173)	**(45 718)**
Other Adjustments	(10)	-	44	-	(340)	(25)	**(331)**
Other Movements	(504)	3 443	(60)	(2 890)	(11)	23	**-**
Carrying Amount at the End of the Reporting Period	**12 369**	**8**	**2 980**	**3 476**	**32 649**	**7 297**	**58 779**

1 These movements mainly reflect the practical completion of several capital works projects, including remaining building fit-out works under the *ACT Government office accommodation consolidation ($11.6 million) and Meeting future ACT government accommodation needs* ($5.3 million), upgrade works under *Better facilities for GIO Stadium* ($3.6 million), Modernising ICT Network Infrastructure ($3.5 million), *Better facilities for Manuka Oval* ($2.7 million), *Better infrastructure at the National Arboretum* ($2.4 million), and pool improvements completed from the *Better Infrastructure Fund* ($2.1 million).

2 These movements mainly reflect the practical completion of several ICT projects, including new modules added to the Government Budget Management System ($1.4 million).

3 These movements mainly reflect the write-off of the outstanding CWIP balance for the *Replacing the Human Resource Information Management System* project ($39.6 million) and *Intelligent Regulator* ($2.3 million).

NOTE 14. CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of 2021-22 Capital Works in Progress

	Buildings and Leasehold Improvements $'000	Plant and Equipment $'000	Heritage and Community $'000	Infrastructure $'000	Intangible $'000	Other $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**36 605**	**115**	**2 121**	**8 971**	**56 638**	**6 288**	**110 738**
Additions	33 639	4 595	363	3 606	21 368	2 013	**65 584**
CWIP Completed and Transferred to Property, Plant and Equipment [1]	(34 420)	(4 453)	(39)	(2 110)	-	(91)	**(41 113)**
CWIP Completed and Transferred to Intangible Assets [2]	-	-	-	-	(19 721)	-	**(19 721)**
CWIP Write-Offs Recognised in the Operating Result[3]	(2 433)	-	(109)	225	(1 428)	(1 599)	**(5 344)**
Carrying Amount at the End of the Reporting Period	**33 391**	**257**	**2 336**	**10 692**	**56 857**	**6 611**	**110 144**

[1] These movements mainly reflect the practical completion of several capital works projects, including building fit-out works under the *Meeting future ACT Government accommodation consolidation* project ($31.937 million).

[2] These movements mainly reflect the practical completion of several ICT projects, including improvements to the ACT Digital Account as part of the *Moving delivery of more community services online* project ($15.036 million) and works completed related to the Learning Management System under the *Replacing the Human Resource Information Management System* ($1.955 million) project.

[3] These movements mainly reflect the residual CWIP balances for projects that were physically and financially completed in previous years and have since been recorded in CMTEDD's property, plant and equipment (PPE), and the reclassification of some items from capital to expense in nature. In the 2021-22 financial statements, CMTEDD reported these adjustments and CWIP Write-offs under a single line titled 'CWIP Corrected and Recognised in the Operating Result'. These lines have been separated in the 2022-23 financial statements to provide clarity on amounts relating to CWIP write-offs.

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 CMTEDD 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. PAYABLES

Payables

Payables include accrued expenses and other payables, trade payables, and payables to the Territory Banking Account (TBA) associated with the Sustainable Household Scheme (SHS) (refer Note 19 *Financial Instruments* for more information).

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 14 days after the invoice date given the ACT Government accelerated the payments of invoices for local enterprises recognising the importance of cash flow to small and medium enterprises given the COVID 19 pandemic.

Contract liabilities

Contract liabilities relate to consideration received in advance from customers. When an amount of consideration is received from a customer prior to transferring a good or service to the customer, the balance of the consideration which has not been transferred is presented as a contract liability.

	2023 $'000	2022 $'000
Current Payables		
Trade Payables [1]	4 058	-
Accrued Expenses [2]	21 365	38 660
Other Payables	1 777	605
Amounts Received Related to Contracts with Customers where the Performance Obligations have not yet been Satisfied	12 657	11 541
Total Current Payables	**39 857**	**50 806**
Total Payables	**39 857**	**50 806**
Payables are aged as follows:		
Not Overdue	38 609	50 729
Overdue for Less than 30 Days	1 112	39
Overdue for 30 to 60 Days	55	38
Overdue for More than 60 Days	81	-
Total Payables	**39 857**	**50 806**

1 This increase is mainly due to the goods and services received towards the end of 2022-2023 for payment in the following year.

2 This decrease is mainly due to the timing of payments towards the end of 2021-22 associated with COVID-19 related expenses, including hotel quarantine and pandemic disaster leave expense.

NOTE 16. 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.

Refer to Note 12 *Property, Plant and Equipment* for information relevant to CMTEDD as a lessor.

CMTEDD as Lessee

At inception of a contract, CMTEDD 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);
- CMTEDD has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- CMTEDD 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).

CMTEDD has elected to separate the non-lease components from lease components of leases. The non-lease components 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 CMTEDD is reasonably certain that the option will be exercised.

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.

NOTE 16. LEASE LIABILITIES- CONTINUED

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 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 CMTEDD'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.

Exemptions to lease accounting

CMTEDD has applied the exemptions 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.

CMTEDD has elected not to adopt AASB 16 for leases of intangible assets, as this is not required by either AASB 16 or ACT Government accounting policy.

Nature, Terms and Conditions of Leases

<u>Building Leases – Office Facilities</u>

- CMTEDD has 33 non-cancellable operating leases for office buildings (28 as at 30 June 2022), with lease terms of up to 30 years, including lease extension options that are likely to be exercised. The increase is mainly due to the acquisition of a new lease relating to part of the Civic Government Office Building (Mezzanine level) and the renewal of part of Canberra Nara Centre (level 1 and 2) and the Tuggeranong Shopfront lease.
- The leases have varying terms, escalation clauses and renewal rights in order to provide flexibility to CMTEDD and the extension options are exercisable only by CMTEDD.

<u>Plant and Equipment Leases – Motor Vehicles and IT Equipment</u>

- CMTEDD holds 166 motor vehicle leases (193 as at 30 June 2022), with terms varying from 2-5 years.
- Where the lease contains a purchase option, the purchase price is included in the lease liability where CMTEDD 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.

<u>Extension Options</u>

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, CMTEDD 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.

NOTE 16. LEASE LIABILITIES - CONTINUED

	2023 $'000	2022 $'000
Current Lease Liabilities		
Motor Vehicles	1 811	1 467
Buildings [1]	49 724	34 743
Total Current Lease Liabilities	**51 535**	**36 210**
Non-Current Lease Liabilities		
Motor Vehicles	2 049	2 022
Buildings [2]	827 824	842 782
Total Non-Current Lease Liabilities	**829 873**	**844 804**
Total Lease Liabilities	**881 408**	**881 014**

1 The increase is mainly due to commencement of a new lease for the Canberra Nara Centre (Level 1 and 2) and renewal of leases for part of the Civic Government Office Building (Mezzanine) and the Tuggeranong Shopfront.

2 The decrease primarily reflects the impact of lease payments, partially offset by the new and renewed leases outlined above.

Lease Liabilities Maturity Analysis		
Payable:		
- within one year	55,440	51,221
- later than one year but not later than five years	200,339	194,747
- later than five years	810,813	822,160
Total Undiscounted Lease Liabilities	**1,066,592**	**1,068,128**
Less: Future Interest on Lease Liabilities	(185,184)	(187,114)
Total Lease Liabilities	**881,408**	**881,014**

The total cash outflows relating to leases are recorded in Note 10 *Cash and Cash Equivalents*.

A maturity analysis of lease liabilities at 30 June 2023 based on contractual undiscounted cash flows is provided at Note 19 *Financial Instruments*.

Right-of-Use-Assets

The opening and closing balances and movements of the associated right-of-use-assets are recorded in the reconciliation tables included in Note 12 *Property, Plant and Equipment*.

NOTE 17. EMPLOYEE BENEFITS

Employee benefits are the accumulated entitlements relating to the employee expenses are listed in Note 6 *Employee Expenses*.

Wages, Salaries and Superannuation

Accrued wages, salaries and superannuation 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 period. 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 leave liabilities have been estimated on the assumption they will be wholly settled within three years.

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.

NOTE 17. EMPLOYEE BENEFITS - CONTINUED

In 2022-23 the rate used to estimate the present value of future payments for:

- annual leave is 98.2% (101.8% in 2021-22); and
- long service leave is 93.0% (95.3% in 2021-22).

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 CMTEDD 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 annual and long service leave liabilities, given that CMTEDD uses the Whole of Government present value, probability and on-cost factors. These factors are issued by ACT Treasury and apply to all ACT Government Agencies. ACT Treasury organises an actuarial review to be undertaken every three years by the Australian Government Actuary to estimate each of these factors. The latest assessment was undertaken in December 2021, with the next review expected to be undertaken by late 2024.

	2023 $'000	2022 $'000
Current Employee Benefits		
Annual Leave	44 564	45 992
Long Service Leave	54 756	52 880
Accrued Wages, Salaries and Superannuation[1]	12 641	8 094
Other Employee Benefits [2]	3 909	63
Total Current Employee Benefits	**115 870**	**107 029**
Non-Current Employee Benefits		
Long Service Leave	5 870	5 485
Total Non-Current Employee Benefits	**5 870**	**5 485**
Total Employee Benefits	**121 740**	**112 514**
Estimate of when Employee Benefits are Payable		
Estimated Amount Payable within 12 months		
Annual Leave	21 985	17 877
Long Service Leave	4 949	4 610
Accrued Wages, Salaries and Superannuation[1]	12 641	8 094
Other Employee Benefits [2]	3 909	63
Total Employee Benefits Payable within 12 months	**43 484**	**30 644**
Estimated Amount Payable after 12 months		
Annual Leave	22 579	28 115
Long Service Leave	55 677	53 755
Total Employee Benefits Payable after 12 months	**78 256**	**81 870**
Total Employee Benefits	**121 740**	**112 514**

1 This increase is mainly due to the impact of back payment of salaries under the Enterprise Agreement (EA) currently being negotiated.

2 The variance is mainly due to the one-off Cost of Living payment offered to eligible employees upon commencement of the EA currently being negotiated.

At the end of the 2022-23 financial year, CMTEDD had 2,874 Full Time Equivalent (FTE) staff. There were 2,663 FTE staff as of 30 June 2022.

OTHER NOTES

NOTE 18. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

A restructure of administrative arrangements (AAs) is the reallocation or reorganisation of assets, liabilities, activities, and responsibilities amongst the agencies that the government controls. AAs do not apply to the transfer of individual assets between agencies, but instead they involve the transfer of an integrated set of activities, mainly for the purpose of reducing overall costs or providing other economic benefits to the community. They involve a discrete function being transferred between agencies. As such, AAs often involve the transfer of appropriations, staff, bank accounts, assets, and liabilities.

AA transfers are classified as contributions by/distribution to owners and as such are accounted for as an equity transfer. AA transfers are measured at the carrying value recorded by the transferor immediately prior to the transfer.

Restructure of Administrative Arrangements during 2022-23

On 1 January 2023*, Administrative Arrangements 2022 (No2)* (Notifiable Instrument NI2022-697) came into effect transferring the responsibility for housing strategy and policy from Environment, Planning and Sustainable Development Directorate (EPSDD) to CMTEDD.

Income and Expenses

The following table shows the income and expenses associated with housing strategy and policy function recognised by CMTEDD for the year ended 30 June 2023, including income and expenses relating to when the function belonged to EPSDD. Two staff were transferred from EPSDD effective 1 January 2023. The function had a total of five staff in CMTEDD by the end of 2022-23 financial year.

	Amounts Relating to Function when held by EPSDD Jul 2022 to Dec 2022 $'000	Amounts Relating to Function when held by CMTEDD Jan 2023 to Jun 2023 $'000	Total 2022-23 $'000
Income			
Controlled Recurrent Payments	103	318	**421**
Total Income	**103**	**318**	**421**
Expenses			
Employee Expenses	45	364	**409**
Supplies and Services	58	3	**61**
Total Expenses	**103**	**367**	**470**

Assets and Liabilities

The liabilities transferred as part of the restructuring as at 1 January 2023 were as follows:

	Amounts Transferred on 1 January 2023 from EPSDD $'000
Liabilities	
Employee Benefits	41
Total Liabilities Transferred	**41**
Total Net Liabilities Transferred	**(41)**

NOTE 19. FINANCIAL INSTRUMENTS

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.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss 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.

CMTEDD has no exposure to price risk and Financial Liabilities are measured at amortised cost.

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.

CMTEDD is not exposed to any material interest rate risks with concessional zero-interest loans issued under the Sustainable Household Scheme (SHS) representing the majority of financial instruments held. There are no cash consequences from changes in interest rates for these loans.

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. CMTEDD’s credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment loss.

Credit risk is managed by CMTEDD for cash held with the Westpac Banking Corporation in accordance with the whole of government banking arrangements. Westpac holds a AA issuer credit rating with Standard and Poors. An AA credit rating is defined as a “very strong capacity to meet financial commitments”.

The majority of CMTEDD’s non-loan receivables are spread across a large number of ACT Government agencies. Receivables between ACT Government entities are generally expected to have low credit risks. CMTEDD manages credit risk for receivables through the careful monitoring of the invoicing process, following up for payment, and promptly resolving disputed invoices. CMTEDD expects to collect all financial assets that are not impaired.

CMTEDD has an exposure to Credit Risk in relation to concessional loans issued under the SHS. Under the SHS, CMTEDD issues zero-interest loans of up to $15,000, with repayment terms of up to 10 years, to households and not-for-profit community organisations to assist with the upfront costs of investing in energy efficient building upgrades and zero emissions vehicles. This is limited to one loan product per borrower.

CMTEDD’s credit risk in relation to SHS loans receivable is limited to the total value of loans issued, less repayments made to date. CMTEDD has no borrowings against the SHS loans receivable and is required to onpass- to the TBA all amounts received in relation to the SHS as repayments are collected. As at 30 June 2023, the balance of SHS loans issued since the beginning of the scheme was $116.5 million ($16.1 million as at 30 June 2022), with an associated receivable of $86.8 million ($13.5 million as at 30 June 2022) (refer Note 11 *Receivables*).

NOTE 19. FINANCIAL INSTRUMENTS - CONTINUED

CMTEDD will regularly review the SHS loan portfolio through analysis of monthly, quarterly and annual reports, which include details of the number and value of loans on issue and the value and number of defaults (no defaults to 30 June 2023 and to 30 June 2022). Whilst the portfolio has no default in the first two years of the scheme, CMTEDD considers an allowance for future credit losses of 1.67% based on a similar loan portfolio in an established industry as prudent.

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

Liquidity Risk

Liquidity risk is the risk that CMTEDD will be unable to meet its financial obligations as they fall due. CMTEDD'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 exposure to liquidity risk is considered immaterial based on experience from prior years and the current assessment of risk. Management of this risk has not changed since the previous reporting period.

Maturity Analysis of Financial Liabilities

The following tables set out CMTEDD's maturity analysis for financial liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2023 and 30 June 2022. Except for non-current payables, financial 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 2023	Note No.	Weighted Average Interest Rate	Floating Interest $'000	Fixed Interest Maturing In: 1 Year or Less $'000	Over 1 to 5 Years $'000	Over 5 Years $'000	Non Interest Bearing $'000	Total $'000
Financial Liabilities								
Payables and Contract Liabilities [1]	15	-	-	-	-	-	39 857	**39 857**
ACT Government Borrowings [2]	16	1.7%	-	-	-	-	546	**546**
Lease Liabilities[3]	16	1.8%	-	55 440	200 339	810 813	-	**1 066 592**
Total Financial Liabilities			**-**	**55 440**	**200 339**	**810 813**	**40 403**	**1 106 995**

30 June 2022	Note No.	Weighted Average Interest Rate	Floating Interest $'000	1 Year or Less $'000	Over 1 to 5 Years $'000	Over 5 Years $'000	Non Interest Bearing $'000	Total $'000
Financial Liabilities								
Payables and Contract Liabilities [1]	15	-	-	-	-	-	50 806	**50 806**
ACT Government Borrowings [2]		0.4%	63 113	109	486	762	1 029	**65 499**
Lease Liabilities [3]	16	1.6%	-	51 221	194 747	822 160	-	**1 068 128**
Total Financial Liabilities			**63 113**	**51 330**	**195 233**	**822 922**	**51 835**	**1 184 433**

1 The Payables and Contract Liabilities figures exclude net GST Payable.

2 The 2022-23 decrease in ACT Government Borrowings largely reflects the restructuring of Community Housing Canberra (CHC) loans in July 2022 in exchange for an equivalent value of properties and cash ($63.112 million), and the repayment in February 2023 of the outstanding balance of the Exhibition Park in Canberra loan ($1.161 million).

3 The Lease Liabilities figures include future interest on lease payments over the lease term.

NOTE 19. FINANCIAL INSTRUMENTS - CONTINUED

	Note No.	2023 $'000	2022 $'000
Carrying Amount of Each Category of Financial Asset and Financial Liability			
Financial Assets			
Loans and Receivables Measured at Amortised Cost [1, 2]	11	117 042	103 013
Financial Liabilities			
Financial Liabilities Measured at Amortised Cost [1, 2]		921 813	997 319

1 The Loans and Receivables and Financial Liabilities Measured at Amortised Cost figures exclude net GST Receivables/Payables and future interest on lease payments over the lease term.

2 Contract assets and liabilities were excluded from this table in the 2021-22 financial statements. To assist in presenting a complete view of financial liabilities, these contract assets and liabilities have been included in the table for the 2022-23 financial statements including retrospective restatement of the prior year comparatives.

CMTEDD 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 20. CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Non-Cancellable Future and Low Value Operating Lease Commitments

All leases valued at more than $10,000 and with more than 12 months remaining are recognised as lease liabilities in CMTEDD's Balance Sheet. Low value leases are considered immaterial, so are not recorded as commitments.

The values below largely reflect the impact of CMTEDD's commitment to existing operating lease arrangements.

	2023 $'000	2022 $'000
Payable:		
- within one year	64	1 437
- later than one year but not later than five years	67	7 139
- later than five years	-	27 607
Total Non-Cancellable Operating Lease Commitments [1]	**131**	**36 183**

1 This decrease is largely associated with the commencement of the new Government Office Blocks (GOB) leases during 2022-23 for the Canberra Nara Centre (Levels 1 and 2), and the City Government Office Building (Mezzanine). These were recognised as commitments in 2021-22 prior to signing the new leases.

Capital Commitments

CMTEDD's capital commitments include various building, infrastructure and intangibles 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.

NOTE 20. CAPITAL AND OTHER EXPENDITURE COMMITMENTS - CONTINUED

	2023 $'000	2022 $'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
- within one year	9 551	2 280
- later than one year but not later than five years	6	-
Total Capital Commitments - Property, Plant and Equipment [1]	**9 557**	**2 280**
Capital Commitments - Intangible Assets		
Payable:		
- within one year	2 389	15 840
- later than one year but not later than five years	-	4 650
Total Capital Commitments - Intangible Assets [2]	**2 389**	**20 490**
Total Capital Commitments	**11 946**	**22 770**

1 This increase is largely due to the planned refresh of ICT end user assets across government and the commencement of capital upgrades across various art centres, sports facilities, and the North Building.

2 This decrease is mainly due to the completion of several digital modernisation initiatives, and reclassification of a range of ongoing IT licensing and support agreements to Other Commitments in 2022-23.

Other Commitments

CMTEDD's Other Commitments relate mainly to economic development grants programs and software licences and ICT support and maintenance.

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

	2023 $'000	2022 $'000
Payable:		
- within one year	123 159	101 638
- later than one year but not later than five years	110 108	76 046
- later than five years	19 078	15 194
Total Other Commitments [1]	**252 345**	**192 878**

1 This increase is largely due to CMTEDD entering into a range of agreements for management of arts centres, support to performing arts programs, extension of funding agreements with several sporting clubs and bodies, and reclassification of a range of ongoing IT licensing and support agreements from Capital Commitments in 2022-23.

NOTE 21. CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the Balance Sheet due to the uncertainty regarding any possible amount or timing of any underlying claim or obligation. Instead, they are disclosed in this note, and if quantifiable the best financial estimate is also disclosed.

Heritage and Community Assets

CMTEDD manages a range of heritage assets which the ACT Government intends to preserve indefinitely because of their unique historical, cultural, or environmental attributes. While CMTEDD is likely to have a constructive obligation to maintain or remediate these assets in the future, there are no current legal obligations, and the potential costs cannot be quantified. On this basis, no contingent liability has been recognised.

Land Restoration

CMTEDD manages 53 sites (56 as at 30 June 2022) 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.

NOTE 21. CONTINGENT LIABILITIES - CONTINUED

Legal Claims

CMTEDD'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 assess liability for some legal claims.

	2023 $'000	2022 $'000
Contingent Liabilities		
Land Restoration	12 183	12 986
Legal Claims [1]	4 946	5 263
Total Contingent Liabilities	**17 129**	**18 249**

[1] Part of the legal claims are covered by the ACT Insurance Authority. The amount of reimbursement is currently unknown contingent to the outcome of the cases.

NOTE 22. THIRD PARTY MONIES

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

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.

In the 2021-22 financial statements, these payments were treated as third party monies ($0.185 million). Subsequently, it was assessed that a principal-agent relationship existed under this arrangement and monies held should be recognised as a cash asset and payable consistent with AASB15. This revised approach is reflected in the 2022-23 financial statements.

Rental Bonds Operating Account

The Rental Bonds Operating Account was set up for the purpose of receipting and refunding bonds in relation to residential tenancy agreements administered under the *Residential Tenancies Act 1997*. The account is maintained with a balance to cover daily transactions, and the remainder is invested in a trust account held with the Public Trustee and Guardian for the ACT. Information regarding the Rental Bonds Trust Account is reported in the annual financial statements of the Justice and Community Safety Directorate (JACSD).

	2023 $'000	2022[1] $'000
Balance at the Beginning of the Reporting Period	**3 587**	**2 061**
Cash Receipts	49 009	43 192
Cash Payments	(47 204)	(41 667)
Balance at the End of the Reporting Period	**5 392**	**3 587**

[1] These prior year comparative figures have been restated to remove balances and transactions associated with the Rental Bonds Trust Account, as this information will be reported in JACSD's financial statements. This represents a reduction of $90.699 million to the prior year closing balance.

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

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

Balance at the Beginning of the Reporting Period	**2 472**	**2 447**
Cash Receipts	95	25
Balance at the End of the Reporting Period	**2 567**	**2 472**

NOTE 22. THIRD PARTY MONIES - CONTINUED

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.

	2023 $'000	2022 $'000
Balance at the Beginning of the Reporting Period	**6 686**	**5 948**
Cash Receipts	172 151	169 484
Cash Payments	(173 895)	(168 746)
Balance at the End of the Reporting Period	**4 942**	**6 686**
Total Third Party Monies	**12 901**	**12 745**

NOTE 23. 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 2023, 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.

(A) Controlling Entity

CMTEDD is an ACT Government controlled entity.

(B) Key Management Personnel

B.1 Compensation of Key Management Personnel

The total number of KMP has decreased from 16 in 2021-22 to 15 in 2022-23, reflecting the Business Support Grants position being removed as the COVID-19 Business Support Grants program ended in 2021-22. This includes one KMP who was on extended leave for the entirety of the reporting period.

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

	2023 $'000	2022 $'000
Short-term Employee Benefits	5 622	5 414
Post Employment Benefits	1 226	1 072
Other Long-term Benefits	132	126
Termination Benefits	-	20
Total Compensation by the CMTEDD to KMP	**6 980**	**6 632**

NOTE 23. RELATED PARTY DISCLOSURES - CONTINUED

B.2 Transactions with Key Management Personnel

No disclosure is required for typical citizen transactions between the KMP and the CMTEDD that occur on terms and conditions no different to those applying to the general public, where no discretion is applied and no influence is exerted by the related parties over the terms and conditions of these transactions.

B.3 Transactions with parties related to Key Management Personnel

There were no transactions that were material to the financial statements of CMTEDD that occurred with parties related to KMP including transactions with KMP's close family members or other related entities.

(C) Transactions with Other ACT Government Controlled Entities

CMTEDD has entered into transactions with other ACT Government entities in 2022-23 and 2021-22 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government entities. Below is a summary of the material transactions with Other ACT Government Entities.

Revenue

- Appropriation (Statement of Appropriation) – CMTEDDs' main ongoing source of funding is received from the ACT Government through the Territory Banking Account. This funding is in the form of Controlled Recurrent Payment and Capital Injection appropriations.
- Sales of Goods and Services from Contracts with Customers (Note 4) – CMTEDD provides a range of whole of government services which is funded through user charging arrangements. This includes IT, Financial, HR, Rehabilitation and Injury Management, Printing, Property and Communication services.

Expenses

- Supplies and Services (Note 7) – CMTEDD paid amounts to the ACT Audit Office for audit services and pays insurance premiums to the ACT Insurance Authority.
- Employee Expenses (Note 6) – Superannuation liabilities for CMTEDD staff that are part of the CSS and PSS are held by the Superannuation Provision Account.

NOTE 24. BUDGETARY REPORTING

The following are brief explanations of major line item variances between the 2022-23 Original budget (as published in the 2022-23 Budget Statements) and the 2022-23 actual outcomes. The Original Budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with CMTEDD'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 (-) **10% and $15 million** for the financial statement line item.

NOTE 24. BUDGETARY REPORTING – CONTINUED

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

	Variance Explanation	Actual 2023 $'000	Original Budget 2023 $'000	Variance $'000	Variance %
Operating Statement Line Items					
Income					
Sales of Goods and Services from Contracts with Customers	1	319 501	288 547	30 954	11%
Expenses					
Employee Expenses	2	364 477	323 389	41 088	13%

Variance Explanations

1 This variance is mainly due to an increase in demand from other ACT Government directorates for project works undertaken by ACT Property Group and Digital, Data and Technology Solutions (DDTS).

2 This variance is mainly due to:

- an increase in staff level across CMTEDD to meet government priorities and higher demand for government services; and
- the impact of back payment of salaries and the one-off cost of living payment offered to eligible employees under the 2023-26 ACT Public Sector Enterprise Agreement currently being negotiated. In-principle agreement for these items was reached prior to 30 June 2023.

	Variance Explanation	Actual 2023 $'000	Original Budget 2023 $'000	Variance $'000	Variance %
Balance Sheet Line Items					
Assets					
Cash and Cash Equivalents	3	94 840	61 801	33 039	53%

3 This variance reflects the timing of cash flows around the end of the financial year.

	Variance Explanation	Actual 2023 $'000	Original Budget 2023 $'000	Variance $'000	Variance %
Statement of Cash Flows Line Items					
Cash Flows from Operating Activities					
Payments					
Employee	4	354 947	320 372	34 575	11%
Grants and Purchased Services	5	92 444	108 610	(16 166)	(15%)
Cash Flows from Investing Activities					
Payments					
Purchase of Capital Works in Progress	6	46 340	80 757	(34 417)	(43%)
Loan Provided	7	105 037	78 000	27 037	35%

4 This variance is mainly due to:

- an increase in staff level across CMTEDD to meet government priorities and higher demand for government services; and
- the impact of back payment of salaries and the one-off cost of living payment offered to eligible employees under the 2023-26 ACT Public Sector Enterprise Agreement currently being negotiated.

5 This variance is mainly due to timing of invoices and delays from registered training organisations to submit claims for JobTrainer grants as a result of the extension of student enrolments to 31 March.

6 This variance is largely attributable to the reprofiling of capital works initiatives from 2022-23 to future years due to either delays in the progression, or timing associated with the development of projects.

7 This variance reflects the extension of the Sustainable Household Scheme (SHS) loans to help more households and community groups transition to environmentally sustainable future.

Chief Minister, Treasury and Economic Development Directorate

Territorial Financial Statements for the year ended 30 June 2023

Chief Minister, Treasury and Economic Development Directorate
Territorial Note Index
For the Year Ended 30 June 2023

Chief Minister, Treasury and Economic Development Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income				
Payments for Expenses on Behalf of the Territory	#	83 783	111 985	84 289
Taxes, Licences, Fees and Fines	25	2 718 505	2 640 425	2 693 991
Sales of Goods and Services from Contracts with Customers		23 198	32 302	18 912
Grants from the Commonwealth	26	2 593 972	2 456 581	2 400 740
Dividend Revenue	27	65 969	151 420	274 688
Other Income		162	9 495	391
Total Income		**5 485 589**	**5 402 208**	**5 473 011**
Expenses				
Supplies and Services		12 791	10 919	12 491
Grants and Purchased Services	28	62 174	92 423	64 690
Other Expenses	29	28 769	11 760	20 080
Transfers to Government		5 377 454	5 287 106	5 374 933
Total Expenses		**5 481 188**	**5 402 208**	**5 472 194**
Operating Result		**4 401**	**-**	**817**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Increase in the Asset Revaluation Surplus		15 479	5 605	75 242
Total Other Comprehensive Result		**15 479**	**5 605**	**75 242**
Total Comprehensive Result		**19 880**	**5 605**	**76 059**

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 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Current Assets				
Cash and Cash Equivalents	30	14 886	13 522	8 793
Receivables	31	487 353	535 141	468 022
Total Current Assets		**502 239**	**548 663**	**476 815**
Non-Current Assets				
Receivables	31	42 234	52 268	70 911
Investments		3 894	8 817	3 894
Property	32	260 086	251 356	310 424
Total Non-Current Assets		**306 214**	**312 441**	**385 229**
Total Assets		**808 453**	**861 104**	**862 044**
Current Liabilities				
Payables	33	486 084	587 383	490 312
Other Provisions		14 212	3 217	4 199
Total Current Liabilities		**500 296**	**590 600**	**494 511**
Non-Current Liabilities				
Payables	33	42 234	41 989	70 911
Total Non-Current Liabilities		**42 234**	**41 989**	**70 911**
Total Liabilities		**542 530**	**632 589**	**565 422**
Net Assets		**265 923**	**228 515**	**296 622**
Equity				
Accumulated Funds		145 923	153 693	164 480
Asset Revaluation Surplus		120 000	74 822	132 142
Total Equity		**265 923**	**228 515**	**296 622**

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 2023

	Accumulated Funds Actual $'000	Asset Revaluation Surplus Actual $'000	Total Equity Actual $'000	Original Budget $'000
Balance as at 1 July 2022	**164 480**	**132 142**	**296 622**	**215 553**
Comprehensive Income				
Operating Result	4 401	-	**4 401**	-
Increase in Asset Revaluation Surplus	-	15 479	**15 479**	5 605
Total Comprehensive Result	**4 401**	**15 479**	**19 880**	**5 605**
Movement in Reserves				
Transfer to/(from) Accumulated Funds	27 621	(27 621)	-	-
Total Movement in Reserves	**27 621**	**(27 621)**	**-**	**-**
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	1 158	-	**1 158**	30 000
Capital Distributions	(51 735)	-	**(51 735)**	(22 643)
Total Transactions Involving Owners Affecting Accumulated Funds	**(50 577)**	**-**	**(50 577)**	**7 357**
Other adjustments	(2)	-	**(2)**	-
Balance as at 30 June 2023	**145 923**	**120 000**	**265 923**	**228 515**

	Accumulated Funds Actual $'000	Asset Revaluation Surplus Actual $'000	Total Equity Actual $'000
Balance as at 1 July 2021	**199 379**	**70 668**	**270 048**
Comprehensive Income			
Operating Result	817	-	**817**
Increase/(Decrease) in the Asset Revaluation Surplus	-	75 242	**75 242**
Total Comprehensive Result	**817**	**75 242**	**76 059**
Movement in Reserves			
Transfer to/(from) Accumulated Funds	13 768	(13 768)	-
Total Movement in Reserves	**13 768**	**(13 768)**	**-**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	12 116	-	**12 116**
Capital Distributions	(61 600)	-	**(61 600)**
Total Transactions Involving Owners Affecting Accumulated Funds	**(49 484)**	**-**	**(49 484)**
Balance as at 30 June 2022	**164 480**	**132 142**	**296 623**

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 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Cash Flows from Operating Activities				
Receipts				
Payment for Expenses on Behalf of the Territory		83 783	111 985	84 289
Taxes, Licences, Fees and Fines		2 786 367	2 590 738	2 675 161
Sales of Goods and Services from Contracts with Customers		23 646	32 252	18 564
Grants from the Commonwealth		2 593 972	2 455 377	2 400 740
Dividends		20 390	47 752	284 098
Goods and Services Tax and Other Receipts		3 684	10 227	3 537
Total Receipts from Operating Activities		**5 511 842**	**5 248 331**	**5 466 389**
Payments				
Supplies and Services		12 791	9 715	12 511
Grants and Purchased Services		79 381	88 936	65 314
Transfer of Territory Receipts to the ACT Government		5 410 351	5 146 793	5 383 350
Goods and Services Tax and Other Payments		3 830	11 885	3 010
Total Payments from Operating Activities		**5 506 353**	**5 257 329**	**5 464 185**
Net Cash Inflows/(Outflows) from Operating Activities	30	**5 489**	**(8 998)**	**2 204**
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Land		52 339	31 641	57 025
Total Receipts from Investing Activities		**52 339**	**31 641**	**57 025**
Payments				
Purchase of Land		1 158	25 000	14 472
Purchase of Investments		-	5 000	-
Total Payment from Investing Activities		**1 158**	**30 000**	**14 472**
Net Cash Inflows from Investing Activities		**51 181**	**1 641**	**42 553**
Cash Flows from Financing Activities				
Receipts				
Capital Injections from Government		1 158	30 000	12 116
Total Receipts from Financing Activities		**1 158**	**30 000**	**12 116**
Payments				
Distributions to Government		51 735	22 643	61 600
Total Payments from Financing Activities		**51 735**	**22 643**	**61 600**
Net Cash Inflows/(Outflows) from Financing Activities		**(50 577)**	**7 357**	**(49 484)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**6 093**	**-**	**(4 728)**
Cash at the Beginning of the Reporting Period		**8 793**	**13 522**	**13 521**
Cash at the End of the Reporting Period	30	**14 886**	**13 522**	**8 793**

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 - Continued
For the Year Ended 30 June 2023

Under the *Financial Management Act 1996* (FMA) funds can be appropriated for Expenses on Behalf of the Territory (EBT) or (Territorial) Capital Injections (CI). EBT is recognised as revenue when CMTEDD gains control over the funding, which occurs on the receipt of cash given it does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. CI is not recognised as income, but instead are recognised as equity injections and a cash inflow for use in purchasing assets or reducing liabilities.

CMTEDD uses EBT 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), and uses CI appropriation for the purchase of land rent blocks under the Land Rent Scheme.

In the following table the:

- **Original Budget** column shows the amounts that appear in the Changes to Appropriation tables in the 2022-23 Budget Statements (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 2023 $'000	Total Appropriated 2023 $'000	Appropriation Drawn 2023 $'000	Appropriation Drawn 2022 $'000
Territorial				
Payment for Expenses on Behalf of the Territory	111 985	116 308	83 783	84 289
Capital Injections	30 000	30 000	1 158	12 116
Total Territorial Appropriation	**141 985**	**146 308**	**84 941**	**96 405**

Reconciliation of Appropriation for 2022-23

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 $'000	Capital Injections $'000
Original Budget	**111 985**	**30 000**
Changes in Territorial Appropriation during 2022-23		
s16B - Rollover of Undisbursed Appropriation [1]	4 310	-
s130 - Act of Grace Payments [2]	13	-
Total Change in Territorial Appropriation during 2022-23	4 323	-
Total Appropriated	**116 308**	**30 000**
Undrawn Funds [3]	(32 525)	(28 842)
Total Territorial Appropriation Drawn	**83 783**	**1 158**

Variances between 'Original Budget' and 'Total Appropriated'

1 This reflects the rollover of EBT from 2021-22 to 2022-23 related to the Home Builder assistance grants.

2 CMTEDD's EBT was increased to enable land tax refunds to be paid to eligible individuals in the form of act of grace payments. Refer Note 29 *Other Expenses - Territorial*, for more information.

Variances between 'Total Appropriated' and 'Territorial Appropriation Drawn'

3 The EBT appropriation remaining undrawn as at 30 June 2023 is mainly due to reprofiling of Home Builder Assistance Grants ($12.285 million), with the remainder largely relating to lower than expected demand for Community Service Obligation (CSO) payments. The CI appropriation remaining undrawn is primarily due to a lower than budgeted take up of land rent blocks under the Land Rent Scheme ($23.842 million).

INCOME NOTES - TERRITORIAL

Revenue Recognition

Revenue is recognised in the Statement of Income and Expenses on Behalf of the Territory on the same basis as it is recognised for CMTEDD's Controlled Operating Statement. Refer to Revenue Recognition commentary included in the Controlled Income Notes section of these financial statements.

NOTE 25. TAXES, LICENCES, FEES AND FINES - TERRITORIAL

CMTEDD collects most of the ACT Government's taxes, licences, fees and fines revenue through its territorial accounts. Most of this revenue is collected through Access Canberra or the ACT Revenue Office.

Taxes

The table below categorises the taxes collected by CMTEDD on behalf of the Territory. General rates and fire and emergency services levies are yearly amounts and land taxes are quarterly amounts payable by property owners in the Territory. Ambulance levy is payable monthly by private health insurance companies carrying out business in the ACT. Duties relate mainly to residential and commercial conveyance duty payable on property acquisitions. Payroll tax is required to be paid monthly or annually by employers that exceed thresholds beyond which tax is payable. Income tax equivalents are also collected by CMTEDD from the ACT Government's agencies required to pay it (refer Note 31 *Receivables - Territorial* for more information).

Taxes (excluding payroll tax) are recognised as revenue when an assessment is raised. Payroll tax revenue is recognised in the period the return relates to.

Licences

All people seeking to operate a vehicle within the ACT need to hold a current and relevant driver licence for their age, type of vehicle, conditions and/or restrictions of use. A fee is payable prior to the issue of licences.

Licence revenue, except for security licenses and outdoor dining permits, is recognised when the licence is issued. Security licenses and outdoor dining permits are amortised over the licence term.

Fees

The Territory charges fees for regulatory services. The three main fees contributing this revenue are motor vehicle registrations, land title (searches, registrations and lodgements) and building levy.

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

Fines mainly relate to traffic and parking infringements, which include fixed and mobile speed and redlight camera fines, parking fines and traffic fines.

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.

NOTE 25. TAXES, LICENCES, FEES AND FINES - TERRITORIAL - CONTINUED

	2023 $'000	2022 $'000
Taxes		
General Rates and Land Tax [1]	921 282	831 668
Duties and Levies	570 634	608 254
Payroll Tax and Income Tax Equivalents	782 624	808 334
Other Taxes [2]	83 738	72 342
Total Taxes	**2 358 278**	**2 320 598**
Licences		
Driver Licences [3]	13 755	15 326
Other Licences	3 857	3 521
Total Licences	**17 612**	**18 847**
Fees		
Fees for Regulatory Services	269 491	252 531
Water Abstraction Charge	32 326	30 023
Total Fees	**301 817**	**282 554**
Fines		
Traffic and Other Fines [4]	31 309	64 471
Parking Fines [5]	9 489	7 521
Total Fines	**40 798**	**71 992**
Total Taxes, Licences, Fees and Fines	**2 718 505**	**2 693 991**

1 This variance largely reflects an increased number of properties and an increase to charges

2 This variance is mainly due to increases in the rate of Betting Operations Tax and the growth of the utilities network.

3 Driver licences revenue has decreased slightly due to an increased number of licences being renewed for shorter terms.

4 Traffic and other fines have decreased due to improved driver behaviour and awareness in 2022-23, following the introduction of 40km/h speed zones in Civic during 2021-22.

5 Parking fines have increased due to a return to more normal car usage patterns and parking fee arrangements post the COVID-19 period.

NOTE 26. GRANTS FROM THE COMMONWEALTH - TERRITORIAL

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

CMTEDD 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, 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 Financial Assistance Grants are paid direct to the Territory to be spent according to the Territory's budget priorities.

	2023 $'000	2022 $'000
General Revenue Assistance		
GST Revenue Grant [1]	1 748 875	1 498 240
ACT Municipal Services	42 451	41 700
Total General Revenue Assistance	**1 791 326**	**1 539 940**
National Specific Purpose, Reform and Partnership Payments		
National Specific Purpose Payments and National Reform Payments [2]	558 544	472 583
National Partnership Payments [3]	156 306	313 373
Total National Specific Purpose, Reform and Partnership Payments	**714 849**	**785 957**
Other Commonwealth Grants		
Financial Assistance Grants for Local Government [4]	87 797	74 844
Total Other Commonwealth Grants	**87 797**	**74 844**
Total Grants from the Commonwealth	**2 593 972**	**2 400 740**

1 The increase is mainly due to an increase in the size and share of GST pool funding for 2022-23.

2 This increase mainly reflects new funding received from the Commonwealth for the Social Housing Accelerator Payment and increases in ongoing National Skills and Workforce Development and National Schools Specific Performance Payments.

3 The decrease is mainly due to the wind-down of COVID-19 Business Support Grants and associated Commonwealth grants.

4 This increase is mainly due to the early payment of the 2023-24 Commonwealth Financial Assistance Grant. This occurred across all jurisdictions nationally.

NOTE 27. DIVIDEND REVENUE - TERRITORIAL

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

CMTEDD 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 2022-23 Financial Statements.

	2023 $'000	2022 $'000
Public Trading Enterprises Sector Dividends		
Icon Water Limited [1]	-	62 478
Suburban Land Agency (SLA) [2]	65 969	212 210
Total Dividend Revenue	**65 969**	**274 688**

1 The decrease reflects changes in the dividend calculation for Icon Water in 2022-23.

2 The decrease reflects a lower operating result in SLA for 2022-23.

EXPENSE NOTES – TERRITORIAL

NOTE 28. GRANTS AND PURCHASED SERVICES - TERRITORIAL

Grants are amounts provided by CMTEDD to ACT Government agencies and non-ACT Government agencies for general assistance or for a particular purpose.

Grants may be for capital or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

CMTEDD's territorial grants primarily relate to the payment of First Home Owners' Grants (FHOG) and home builder assistance payments.

Purchased Services relate to a variety of Community Service Obligations (CSOs), which largely address utility expenses and a number of concession schemes covering mainly general rates rebates, transport and spectacle expenses.

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

	2023 $'000	2022 $'000
Recurrent Grants		
First Home Owner's and Home Builder Grants [1]	19 447	15 856
Grants and Purchased Services	-	(266)
Community Service Obligations, Subsidies and Concessions [2]	42 727	49 100
Total Recurrent Grants	**62 174**	**64 690**

1 The increase mainly due to a higher uptake of the Home Builder assistance grants, partially offset by lower First Home Owners' grant payments.

2 The decrease is due to lower demand for CSOs and concessions payments.

NOTE 29. OTHER EXPENSES - TERRITORIAL

Territorial other expenses include act of grace payments, waivers, impairment losses, write-offs, losses on the sale of land rent blocks, and losses from 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 payments that would not otherwise be authorised by law or required to meet a legal liability, but are authorised by the Treasurer where the Treasurer considers it is appropriate to do so because of special circumstances. It is ordinarily the case that the Territory has some moral obligation in respect of the special circumstances that warrants the authorisation of the payment.

The 2022-23 act of grace payments that impacted CMTEDD's territorial accounts are land tax refunds related to affordable community housing land tax exemption.

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 CMTEDD on behalf of the Territory from third parties.

Impairment Losses and Write-Offs – Accounts and Loans Receivables

A matrix is used to calculate the amount of lifetime expected credit loss which factors practical and justifiable forward-looking information, including forecast economic changes expected to impact CMTEDD's Receivables (see Note 31 *Receivables - Territorial*). This method is based on the possibility of default events occurring over the lifetime of the loans.

	2023 $'000	2022 $'000
Act of Grace Payments [1]	22	35
Waivers [1, 2]	232	1 122
Impairment Losses and Write-Offs [3]	12 652	16 255
Loss on Sale of Assets [4]	15 816	2 648
Other	47	20
Total Other Expenses	**28 769**	**20 080**

1 The number and value of act of grace payments and waivers provided are as follows.

	No. of Items	2023 $'000	No. of Items	2022 $'000
Payments Relating to the Refund of Land Tax	18	22	20	15
Payments Relating to the Refund of Liquor Licence Application Fees		-	6	12
Payments Relating to the Refund of General Rates		-	1	7
Payments Relating to the Refund of Motor Vehicle Registration Duty		-	1	1
Total Act of Grace Payments	**18**	**22**	**28**	**35**
Payroll Tax Waivers		-	8	256
Other Waivers	42	232	103	866
Total Waivers [2]	**42**	**232**	**111**	**1 122**

2 This decrease largely reflects the impact of the number and value of waivers provided as the ACT recovers from the impacts of the COVID-19 health emergency.

3 The variance is due the impact of an increase in the expected credit loss allowance. For more information refer to 31 *Receivables - Territorial* .

4 The variance is associated with the loss on sale of land rent blocks. This loss is offset by the movement in reserves between the asset revaluation reserve and accumulated funds. Refer to Statement of Changes in Equity on Behalf of the Territory.

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.

NOTE 30. CASH AND CASH EQUIVALENTS - TERRITORIAL

CMTEDD holds a number of bank accounts with the Westpac Bank as part of the whole of government banking arrangements. Under these arrangements, CMTEDD does not earn interest on the balances of its territorial bank accounts. CMTEDD'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.

	2023 $'000	2022 $'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 and Cash Equivalents Recorded on the Statement of Assets and Liabilities on Behalf of the Territory	14 886	8 793
Cash and Cash Equivalents at the End of the Reporting as Recorded in the Statement of Cash Flows on Behalf of the Territory	**14 886**	**8 793**
Reconciliation of Operating Result to Net Cash Inflows/(Outflows) from Operating Activities		
Operating Result	4 401	817
Add/(Less) Non-Cash Items		
Impairment of losses on Receivables	422	1 459
(Gain)/Loss on Investment in Canberra Business Development Fund (CBDF)	-	(77)
Add/(Less) Items Classified as Investing or Financing		
Net (Gain)/Loss from Sale of Land	14 213	2 630
Cash Before Changes in Operating Assets and Liabilities	**19 036**	**4 829**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	9 346	6 152
Increase/(Decrease) in Payables	(32 906)	(9 759)
Increase/(Decrease) in Other Provisions	10 013	982
Net Changes in Operating Assets and Liabilities	**(13 547)**	**(2 625)**
Net Cash Inflows/(Outflows) from Operating Activities[1]	**5 489**	**2 204**

[1] Net cash impact from Investing Activities and Financing Activities is $0.604 million. This, combined with net cash from operating activities of $0.604 million gives a total cash movement of $6.093 million in 2022-23. Refer the Statement of Cash Flows on Behalf of the Territory for more information.

NOTE 31. RECEIVABLES - TERRITORIAL

CMTEDD's territorial 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 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 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, CMTEDD enters into arrangements (such as deferred payments or payment plans) with taxpayers under Section 52 of the TAA when payment is not received by the due date.

Significant Accounting Judgements and Estimates – Expected Credit Loss Allowance

CMTEDD has made a significant estimate in the calculation of the expected credit loss 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.

Dividend and Income Tax Equivalent Receivables

CMTEDD also collects dividends from several ACT Government agencies on behalf of the Territory. Where part of the dividend declared is not paid in the year of declaration, CMTEDD records a receivable equal to the amount to be paid the following year.

The ACT Government's dividend paying entities are also typically required to pay Income Tax Equivalents (ITE) to the Territory, which are payable under the National Tax Equivalent Regime (NTER) as a way of achieving competitive neutrality between government businesses and competitors in the private sector. Tax effect accounting procedures are followed by ITE paying agencies, whereby the ITE expense or revenue for the period is the tax payable/receivable on the current period's taxable income based on the NTER. This is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Where an ITE paying agency records a payable or receivable to the Territory, CMTEDD records a corresponding receivable or payable.

For further information regarding the dividends declared, income tax equivalents payable/receivable and/or performance of the agencies listed in this note, refer to the respective entity's 2022-23 Financial Statements.

NOTE 31. RECEIVABLES - TERRITORIAL - CONTINUED

	2023 $'000	2022 $'000
Current Receivables		
General Rates [1]	130 326	105 203
Land Tax	33 425	28 401
Levies	19 968	17 179
Duties	40 811	44 752
Less: Expected Credit Loss Allowance [2]	(22 007)	(15 747)
Total Current Secured Taxation Receivables	**202 523**	**179 788**
Land Rent	6 752	7 626
Less: Expected Credit Loss Allowance	(4 324)	(4 307)
Total Current Land Rent Receivables	**2 428**	**3 319**
Payroll Tax [3]	43 731	12 496
Less: Expected Credit Loss Allowance [2]	(3 651)	(1 048)
Total Current Payroll Tax Receivables	**40 080**	**11 448**
Fees and Fines	59 233	60 962
Other	96	95
Less: Expected Credit Loss Allowance [2]	(16 813)	(12 922)
Total Current Fees, Fines and Other Receivables	**42 516**	**48 135**
Icon Water Limited Dividends [4]	-	20 390
Suburban Land Agency Dividends [5]	110 276	44 307
Total Current Dividend Receivables	**110 276**	**64 697**
Payroll Tax	67 087	57 141
Duties	8 195	6 956
Income Tax Equivalents [6]	11 166	93 700
Other Accrued Revenue	3 082	2 838
Total Current Accrued Revenue	**89 530**	**160 635**
Total Current Receivables	**487 353**	**468 022**
Non-Current Receivables		
Payroll Tax [3]	-	30 000
Less: Expected Credit Loss Allowance	-	(309)
Lease Variation Charge Receivables	42 234	41 220
Total Non-Current Receivables	**42 234**	**70 911**
Total Receivables	**529 587**	**538 933**

NOTE 31. RECEIVABLES - TERRITORIAL - CONTINUED

	2023 $'000	2022 $'000
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Net Receivables, Fees and Fines	8 931	9 459
Dividend Receivables [5]	110 276	64 697
Accrued Revenue	14 355	97 745
Total Receivables with ACT Government Entities	**133 562**	**171 901**
Receivables with Non-ACT Government Entities		
Net Receivables, Fees and Fines	320 851	304 143
Accrued Revenue	75 174	62 889
Total Receivables with Non-ACT Government Entities	**396 025**	**367 032**
Total Receivables	**529 587**	**538 933**

1 The increase in receivables is mainly driven by higher rates revenue in 2022-23.

2 Refer to 'Expected Credit Allowance' below.

3 This increase is due to the reclassification of deferred payroll tax from non-current to current in 2022-23. The deferral was granted in 2021-22 as part of COVID-19 assistance measures and is due to be paid in 2023-24.

4 This decrease reflects changes in the dividend calculation for Icon Water in 2022-23.

5 The increase is due to the deferred payment of 2021-22 final dividend of $44.3 million and the deferral of the 2022-23 dividend declared by SLA.

6 This decrease mainly reflects lower income tax equivalent revenue in 2022-23.

Expected Credit Loss Allowance

The allowance for expected credit losses of territorial receivables is based on 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 receivables with similar loss patterns. CMTEDD has determined there are five material groups for measuring expected credit losses based on the nature of revenue streams. These are Secured Taxation, Land Rent, Payroll Tax, Lease Variation Charge, and 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 2023. 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.

Significant Accounting Judgements and Estimates – Expected Credit Loss Allowance

CMTEDD has made a significant estimate in the calculation of the allowance for impairment losses for territorial receivables. This estimate is based on five categorisations of receivables and the use of an expected credit loss provision matrix. These categorisations are considered by management to be appropriate and accurate.

NOTE 31. RECEIVABLES - TERRITORIAL - CONTINUED

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

CMTEDD's Lease Variation Charge Receivables have no history of default, so it is not possible to reliably estimate the probability of future expected credit losses.

Secured Taxation Receivables

	Total	Not Overdue	Overdue			
			Less than 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 Days
	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%
2023						
Expected Credit Loss Rate	**9.80%**	0.48%	1.81%	5.62%	11.11%	16.73%
Estimated Total Gross Carrying Amount at Default	**224 530**	65 406	15 598	17 387	11 993	114 146
Expected Credit Loss Allowance [1]	**(22 007)**	(316)	(283)	(978)	(1 333)	(19 097)
2022						
Expected Credit Loss Rate	**8.05%**	0.42%	1.63%	5.00%	9.58%	13.84%
Estimated Total Gross Carrying Amount at Default	**195 535**	59 444	17 827	10 465	5 426	102 373
Expected Credit Loss Allowance [1]	**(15 747)**	(248)	(290)	(523)	(520)	(14 166)

[1] The increase in the Expected Credit Loss allowance (ECL) associated with secured receivables between years largely reflects increased taxation and land rates revenue. An increase in aged receivables during 2022-23 also contributed to the growth in the ECL estimate.

Land Rent Receivables

	Total	Not Overdue	Overdue			
			Less than 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 Days
	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%
2023						
Expected Credit Loss Rate	**64.03%**	11.17%	23.24%	42.39%	60.33%	70.80%
Estimated Total Gross Carrying Amount at Default	**6 752**	367	185	486	121	5 593
Expected Credit Loss Allowance	**(4 323)**	(41)	(43)	(206)	(73)	(3 960)
2022						
Expected Credit Loss Rate	**56.48%**	7.21%	16.57%	33.33%	49.02%	59.85%
Estimated Total Gross Carrying Amount at Default	**7 626**	111	175	444	51	6 845
Expected Credit Loss Allowance	**(4 307)**	(8)	(29)	(148)	(25)	(4 097)

NOTE 31. RECEIVABLES - TERRITORIAL - CONTINUED

Payroll Tax Receivables

2023						
Expected Credit Loss Rate	**8.35%**	1.26%	2.00%	12.92%	19.52%	28.97%
Estimated Total Gross Carrying Amount at Default	**43 731**	29 913	2 298	534	251	10 734
Expected Credit Loss Allowance [2]	**(3 651)**	(377)	(46)	(69)	(49)	(3 110)
2022						
Expected Credit Loss Rate	**3.19%**	1.03%	1.56%	5.47%	0.00%	12.37%
Estimated Total Gross Carrying Amount at Default	**42 496**	31 903	2 250	548	-	7 795
Expected Credit Loss Allowance [2]	**(1 357)**	(328)	(35)	(30)	-	(964)

2 The increase in the payroll tax expected credit loss allowance between years largely results from an increase in receivables greater than 90 days.

Fees, Fines and Other Receivables

	Total	Not Overdue	Overdue			
			Less than 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 Days
	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%	$'000/%
2023						
Expected Credit Loss Rate	**28.34%**	9.55%	14.04%	24.04%	32.34%	30.78%
Estimated Total Gross Carrying Amount at Default	**59 329**	3 173	3 648	3 061	2 842	46 605
Expected Credit Loss Allowance [3]	**(16 813)**	(303)	(512)	(736)	(919)	(14 343)
2022						
Expected Credit Loss Rate	**21.16%**	3.42%	9.32%	17.27%	25.62%	26.80%
Estimated Total Gross Carrying Amount at Default	**61 057**	8 967	4 840	4 649	4 691	37 910
Expected Credit Loss Allowance [3]	**(12 922)**	(307)	(451)	(803)	(1 202)	(10 159)

3 The increase in the expected credit loss allowance is mainly driven by an increase in the ECL rate based on average uncollected debts over the past 3 years.

	2023 $'000	2022 $'000
Reconciliation of the Loss Allowance for Receivables		
Allowance at the Beginning of the Reporting Period	**(34 333)**	**(19 535)**
Expected Credit Loss Expense:		
- Secured Taxation Receivables	(6 261)	(5 155)
- Land Rent Receivables	(15)	(2 027)
- Payroll Tax Receivables	(2 294)	(1 103)
- Fees, Fines and Other Receivables	(3 892)	(6 513)
Total Expected Credit Loss Expense	**(12 462)**	**(14 798)**
Loss Allowance at the End of the Reporting Period	**(46 795)**	**(34 333)**

NOTE 32. PROPERTY - TERRITORIAL

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

The land related accounting policies described in Note 12 *Property, Plant and Equipment*, also apply to this note unless otherwise stated in this note.

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 2023, CMTEDD held 508 land blocks (650 blocks as at 30 June 2022) rented under the Scheme.

Valuation of Property

CMTEDD's land rent assets purchased before January of each year are recorded based on unimproved values which are supplied by the ACT Valuation Office to the Commissioner for Revenue for rating purposes. Assets purchased after January are recorded initially at cost and are subsequently revalued in the following year. The overall reported value of land rent assets approximately reflects fair value. Refer to the Significant Accounting Judgements and Estimates – Fair Value of Assets explanation in Note 12 *Property, Plant and Equipment* for more information.

Reconciliation of Property

The following table shows the movement of Property during 2022-23 and 2021-22.

	2023 Land $'000	2022 Land $'000
Carrying Amount at the Beginning of the Reporting Period	**310 424**	**282 009**
Additions	1 158	13 433
Disposals [1]	(66 975)	(60 258)
Revaluation Increment [2]	15 479	75 242
Carrying Amount at the End of the Reporting Period	**260 086**	**310 424**

[1] The number of land rent blocks disposed of during the period was materially in line with the prior year. The increase in disposal values reflects the higher carrying value of the land rent blocks reflecting the impact of land revaluations.

[2] This increase reflects the outcomes of the annual revaluation of land rent blocks which identified a general increase in land values based on recent sales evidence for similar properties.

Fair Value Hierarchy

CMTEDD 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

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

Level 2 Valuation Techniques, Inputs and Processes

Valuation Technique: The valuation technique used to value land is the market approach that is based on recent transaction prices for similar properties (vacant land, when possible) in comparable locations, adjusted for the individual aspect and size of the properties.

Inputs: Prices and other relevant information was considered, including market transactions in comparable locations for vacant land where available, and improved properties adjusted by removing the value of improvements. 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.

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 CMTEDD 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 33. PAYABLES - TERRITORIAL

Payables include Trade Payables, Other Payables, and Payables to the Territory Banking Account. 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.

Trade and Other Payables

Trade and Other Payable amounts are normally settled within 14 days after the invoice date.

Payables to the Territory Banking Account

CMTEDD 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, CMTEDD records a receivable equal to the amount to be paid the following year. Whenever CMTEDD 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 (refer Note 31 *Receivables - Territorial*).

	2023 $'000	2022 $'000
Current Payables		
Trade Payables	418	199
Accrued Expenses	17 246	17 076
Payable to TBA (including accruals) [2]	468 474	472 781
Net Goods and Services Tax Payable to the Australian Taxation Office	(54)	256
Total Current Payables	**486 084**	**490 312**
Non-Current Payables		
Payable to TBA (including accruals) [1]	42 234	70 911
Total Non-Current Payables	**42 234**	**70 911**
Total Payables	**528 318**	**561 223**
Payables are Aged as Follows:		
Not Overdue	528 212	561 222
Overdue for Less than 30 Days	-	1
Overdue for 30 to 60 Days	46	-
Overdue for More than 60 Days	60	-
Total Payables	**528 318**	**561 223**

1 This decrease is due to the reclassification of deferred payroll tax payments from non-current to current. The deferral was granted in 2021-22 as part of COVID-19 assistance measures and is now due to be paid in 2023-24.

2 This decrease is mainly due to a reduction in income tax equivalent payments, a reduction in dividend payments from the SLA and CRA, and an increase in ECL provisions.

OTHER NOTES - TERRITORIAL

NOTE 34. 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.

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

CMTEDD 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. CMTEDD's territorial credit risk is limited to the amount of the financial assets held less any allowance for impairment losses. CMTEDD 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 and fines receivables, CMTEDD has no choice in providing credit. If the debtor does not pay, the Territory (through CMTEDD) 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, CMTEDD has the further option of selling the related property in order to meet outstanding rate debts.

CMTEDD manages the credit risk for receivables by regularly monitoring its receivables and issuing monthly statements to overdue account holders (late payers) where required. Analysis of the expected credit loss for receivables is provided at Note 31 *Receivables - Territorial*.

Dividends receivable are not considered a credit risk, as they are from ACT Government entities. Other than dividends receivable, there is no significant concentration of credit risk that has been identified in this analysis.

NOTE 35. BUDGETARY REPORTING – TERRITORIAL

The following are brief explanations of major line-item variances between the 2022-23 Original budget (as published in the 2022-23 Budget Statements) and the 2022-23 actual outcomes. The Original Budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with CMTEDD'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 (-) **10% and $15 million** for the financial statement line item.

NOTE 35. BUDGETARY REPORTING – TERRITORIAL - CONTINUED

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

	Actual 2023 $'000	Original Budget 2023 $'000	Variance $'000	Variance %
Statement of Assets and Liabilities on Behalf of the Territory Line Items				
Liabilities				
Payables - Current [1]	486 111	587 383	(101 272)	(17%)

[1] This variance primarily reflects lower than budgeted income and associated payables to the TBA for dividends and income tax equivalent payments. The decrease in dividends is largely driven by the unbudgeted exemption of the Icon Water Large Scale Feed-in Tariff from dividend distributions. The decrease in income tax equivalent payments reflects lower than budgeted land sales by the SLA in 2022-23.

	Actual 2023 $'000	Original Budget 2023 $'000	Variance $'000	Variance %
Statement of Cash Flows on Behalf of the Territory Line Items				
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Land [1]	52 339	31 641	20 698	65%
Payments				
Purchase of Land [2]	1 158	25 000	(23 842)	(95%)
Cash Flows from Financing Activities				
Receipts				
Capital Injections from Government [3]	1 158	30 000	(28 842)	(96%)
Payments				
Distributions to Government [4]	51 735	22 643	29 092	128%

[1] This variance reflects a higher than forecast number and value of land rent block sales and the associated transfer of cash to the TBA.

[2] This variance is due to lower than budgeted purchases of land rent blocks in 2022-23.

[3] This variance is due to the lower than budgeted take up of land rent blocks under the Land Rent Scheme.

[4] This variance reflects higher proceeds from the sales of land associated with the land rent scheme; and the reclassification of transfers to government expense to capital distribution in 2022-23 as a result of a 2021-22 change in accounting treatment for the sales of land rent blocks from inventory to property assets. This change in accounting treatment had not been identified at the point budgets were prepared.

Capital works

Capital works 2022-23

Table 1: 2022-23 Capital works – new, in progress and complete

Projects	Estimated completion date	Original project value ($'000)	Revised project value ($'000)	Prior year expenditure ($'000)	2022-23 Actual expenditure ($'000)	Total expenditure to date ($'000)
New projects						
2022-23 Better Infrastructure Fund	Sep-23	8,175	8,188	0	7,530	7,530
Arts and culture – Gorman House Arts Centre Centenary upgrade	Jun-26	12,900	12,900	0	126	126
Better community infrastructure – Continuing operations at Canberra Olympic Pool	Jun-24	722	722	0	41	41
Better community infrastructure – Grants for community-owned sports facilities	Ongoing	1,000 per annum		0	1,000	1,000
Better community infrastructure – Gungahlin tennis facility	Dec-24	9,834	9,834	0	209	209
Better community infrastructure – Improved trails for Stromlo Forest Park	Dec-23	64	64	0	0	0
Better community infrastructure – Phillip District Enclosed Oval Upgrade	Jul-24	6,933	6,933	0	1	1
Better community infrastructure – Refurbishing Canberra's public pools	Jun-25	4,008	4,008	0	598	598
Better community infrastructure – Refurbishing community and government buildings	Jun-25	7,249	7,249	0	867	867
Better community infrastructure – Strategic infrastructure planning	Jun-24	2,216	2,216	0	100	100
Better digital services – Continuing to make government services more accessible online	Jun-26	4,350	4,350	0	2,348	2,348

Projects	Estimated completion date	Original project value ($'000)	Revised project value ($'000)	Prior year expenditure ($'000)	2022-23 Actual expenditure ($'000)	Total expenditure to date ($'000)
Better digital services – E-invoicing for ACT Government	Jun-24	507	507	0	208	208
Better venues for major events	Jun-24	2,284	2,284	0	1,411	1,411
Better venues for major events - extension	Jun-24	1,500	1,500	0	45	45
Climate action – Moving more government facilities off gas	Jun-26	6,900	6,900	0	43	43
Climate action – Transitioning to an emissions-based vehicle registration system	Jun-25	1,108	1,108	0	68	68
Implementing the professional engineers registration scheme	Oct-23	190	190	0	98	98
Investing in public services – ICT support of ACT Revenue Office Systems	Jun-25	6,741	6,741	0	2,373	2,373
Investing in public services – Improving ACT Public Service flexibility	Jun-24	5,608	5,608	0	66	66
Investing in public services – Strengthening building quality regulation	Jun-25	150	150	0	0	0
Mr Fluffy Legacy – Place of Reflection	Dec-23	165	165	0	2	2
Works in progress						
ACT Government office accommodation consolidation	Dec-23	12,213	12,213	6,448	5,240	11,688
Backing our Arts and Entertainment – Recognising significant women through public art	Jun-24	200	200	0	2	2
Backing our Arts and Entertainment – Upgrades to Tuggeranong Arts Centre Theatre	Jul-26	2,000	2,000	17	22	39
Better Services – Weston Creek and Stromlo swimming pool and leisure centre	Dec-24	33,000	34,810	34,609	126	34,735
Big Canberra Battery – Stream 2	Jun-24	692	692	0	179	179

Projects	Estimated completion date	Original project value ($'000)	Revised project value ($'000)	Prior year expenditure ($'000)	2022-23 Actual expenditure ($'000)	Total expenditure to date ($'000)
Commonwealth Grant – Local roads and community infrastructure	Jun-24	6,075	10,790	5,292	2,763	8,055
Delivering the Home of Football at Throsby	Dec-24	20,000	20,000	597	45	642
Digitising Government services	Jun-24	11,964	11,964	2,146	4,507	6,653
Feasibility and design studies for community infrastructure and upgrades	Dec-23	516	516	241	217	458
Government Budget Management System	Jun-24	5,302	5,302	3,564	535	4,099
Gungahlin District Tennis Centre – Design	Dec-23	500	500	206	77	283
Improvements to the Canberra Museum and Gallery and the North Building	Jun-24	1,367	1,367	0	446	446
Improving road safety through Mobile Device Detection Cameras	Dec-23	210	210	0	0	0
Investing in public services – Critical ICT infrastructure	Jul-25	22,800	22,800	0	5,248	5,248
More and better jobs – Data analytics for smarter policy	Dec-23	995	995	1,052	-332	720
More and better jobs – Expanding Belconnen Arts Centre	Sep-23	15,000	15,000	14,893	62	14,955
More and better jobs – More facilities for Stromlo Forest Park	Jan-24	200	200	121	15	136
More energy efficient Government accommodation	Jun-25	15,252	15,252	37	29	66
More services for our suburbs – Upgrading the Old Kingston Bus Depot	Jun-24	5,953	5,953	5,669	32	5,701
Office Accommodation	Ongoing	500,000 per annum		3,652	0	3,652
Permanent Home for Dragon Boating in the ACT	Jul-24	1,300	1,682	0	37	37
Planning for a permanent home for Dragon Boating	Dec-23	400	400	130	110	240

Projects	Estimated completion date	Original project value ($'000)	Revised project value ($'000)	Prior year expenditure ($'000)	2022-23 Actual expenditure ($'000)	Total expenditure to date ($'000)
Remediating lead dust at the former transport depot in Kingston	Jun-24	1,300	1,300	827	51	878
Stromlo Forest Park – Improved parking	Jul-24	2,886	2,822	86	194	280
Supporting smarter working in the new ACT Government office projects	Jul-24	9,884	9,884	6,747	353	7,100
Throsby Home of Football – Stage 2	Dec-24	9,000	9,000	0	0	0
Upgrading Canberra Venues	Jun-24	8,059	8,059	448	3,211	3,659
Upgrading local arts facilities	Jun-24	1,675	1,675	704	314	1,018
Upgrading local community centres	Jun-24	1,000	1,000	418	386	804
Complete (pending final physical and financial acquittal)						
2021-22 Better Infrastructure Fund	Completed	8,188	8,188	6,298	2,502	8,800
Belconnen Service Centre Modernisation	Completed	1,330	1,330	1,392	0	1,392
Better Government – Boosting government digital security	Completed	1,178	1,178	897	252	1,149
Building a better city – Improving major venues	Completed	1,000	1,000	832	99	931
Building a better city – Indoor Sports Centres – Early planning	Completed	160	160	85	75	160
Coombs Community Facility	Completed	100	100	94	0	94
Data Storage Infrastructure	Completed	3,400	3,400	1,768	1,515	3,283
Exhibition Park Redevelopment and Expansion - Capital component	Completed	104	104	0	131	131
Exhibition Park Redevelopment and Expansion - Recurrent component	Completed	416	416	21	396	417
Improving and upgrading government accommodation	Completed	4,512	4,512	161	4,326	4,487
Learning Management System	Completed	500	500	410	90	500
Meeting future ACT government accommodation needs	Completed	42,452	38,652	37,951	754	38,705

Projects	Estimated completion date	Original project value ($'000)	Revised project value ($'000)	Prior year expenditure ($'000)	2022-23 Actual expenditure ($'000)	Total expenditure to date ($'000)
More and better jobs – Modernising government ICT infrastructure	Completed	15,001	19,001	17,708	1,293	19,001
More jobs for our growing city – Better arts facilities	Completed	250	250	139	110	249
Planning for a second access road at the National Arboretum Canberra	Completed	110	110	38	53	91
Veteran, vintage and historic vehicle conditional registration scheme	Completed	108	108	0	108	108

Reconciliation schedules

Table 2: Reconciliation of current year capital works program financing to capital injection as per cash flow statement

	$'000
Original capital works program financing	82,609
Capital works program projects funded by Controlled Recurrent Payments	-776
Capital injection funded projects not included in Capital works program[1]	79,521
Total capital injection financing (as per 2022-23 Budget)	161,354
Section 16B Rollovers from 2021-22	6,260
2022-23 Budget Review impacts[1]	38,993
2023-24 Budget reprofiling and other adjustments	-31,207
Capital Injection not drawn in 2022-23	-13,194
Capital injections per cash flow statement	162,206

Note 1: Budget financing for Capital Injection funded projects not included in the capital works program largely relate to the Sustainable Household Scheme which had $78 million budget at the start of the year and received further $$38 million through the 2022-23 Budget Review.

Table 3: Reconciliation of Total 2022-23 expenditure to capital injection as per cash flow statement

	$'000
Total 2022-23 Capital works program expenditure	52,707
Capital injection expenditure for projects not in the capital works program[2]	108,021
Expenditure for projects in the capital works program funded by Controlled Recurrent Payments	-1,809
Resources received free of charge	-1,106
2021-22 Accrual	2,274
2022-23 Accrual	-1,834
Capital injection for prior year expenditure	3,953
Capital injections per cash flow statement	162,206

Note 2: Expenditure for Capital Injection funded projects not included in the capital works program largely relate to the Sustainable Household Scheme which spent $104 million during the year.

Asset management

Assets managed

The directorate managed assets with a total value of $1,393.1 million as at 30 June 2023, comprising $1,279.8 million of property, plant and equipment, $49.6 million of intangible assets, $58.8 million of capital works in progress and $5.0 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 2022 are $781.8 million for buildings and $3.4 million for plant and equipment.

Assets managed by CMTEDD as at 30 June 2023 are summarised in the following table.

Table 4: Assets managed by CMTEDD as at 30 June 2023

Asset	Property, plant and equipment ($million)	Intangible assets ($million)	Capital works in progress ($million)	Investment property ($million)	Total value ($million)
Land	429.2	0.0	0.0	5.0	**434.2**
Buildings	474.0	0.0	0.0	0.0	**474.0**
Leasehold improvements	135.0	0.0	12.4	0.0	**147.4**
Plant and equipment	55.8	0.0	0.0	0.0	**55.8**
Community and heritage assets	144.6	0.0	3.0	0.0	**147.6**
Infrastructure assets	41.2	0.0	3.5	0.0	**44.7**
Intangible assets	0.0	49.6	32.6	0.0	**82.2**
Other works	0.0	0.0	7.3	0.0	**7.3**
Total	**1,279.8**	**49.6**	**58.8**	**5.0**	**1,393.2**

During 2022-23, additions to CMTEDD's assets included the following:

- $78.2 million related to the net impact of the 2023 valuation of selected land, buildings, leasehold improvements, heritage and community, and infrastructure assets for various Business Units;
- $62.1 million acquisition of land and buildings from Community Housing Canberra;
- $49.2 million of capital works during 2022-23, including fit-out works at the Nara building, establishment of Flexihubs at ACT Government offices in Belconnen and Tuggeranong, essential upgrades to community facilities, installation of a Video Replay Board at the GIO stadium, and critical upgrades to ACT Government ICT infrastructure; and
- $19.5 million for the acquisition of laptops, monitors, desktops, docking stations and ICT equipment for use across the ACT Government.

During 2022-23, decreases in CMTEDD's assets included the following:

- $62.2 million relating to the annual depreciation and amortisation of assets; and
- $9.7 million from the transfer out of the Belconnen Traffic Centre and Kippax Health Centre to Suburban Land Agency, Weston Creek Blocks to Environment Planning and Sustainable Development Directorate, and Hume Police Traffic Operations Centre Fit-outs to the Justice and Community Safety Directorate.

On 30 June 2023, CMTEDD had three properties that were not being utilised by the directorate or had been identified as potentially surplus:

- Belconnen Fire Station – Divestment list;
- Ambulance Station – Divestment list; and
- Carruthers Offices – Divestment list.

Asset maintenance and upgrades

There were no upgrades funded outside the capital works program in 2022-23. The expenditure on repairs and maintenance was $69 million, which represented four per cent of the directorate's total insured asset replacement value.

In 2022-23, the directorate conducted 204 building inspections, equivalent to 78 per cent of the directorate's buildings, 66 hazardous materials reports, equivalent to 25 per cent of the directorate's buildings.

Accommodation

As at 30 June 2023, CMTEDD occupied a total of 25,875 square metres of office space across eight locations.

Accommodation changes

The main change to the CMTEDD specific portfolio was the return of tenancy space on Level 5 of Canberra Nara Centre, with staff within those spaces moving to utilise space in 220 London Circuit.

In addition, whole of government FlexiSpaces came online for use by ACTPS staff at: Mezzanine Level Family Friendly Space at 220 London Circuit; Media Centre at Allara House; Innovation Centre at the Canberra Nara Centre; and general FlexiSpaces at the Canberra Nara Centre in Canberra City; Scollay Street in Tuggeranong; and Emu Bank at Belconnen.

Office utilisation

CMTEDD office-based staff are continuing to operate in hybrid and flexible arrangements which combines location based work and working from home; and more recently the opportunity to work from a district based FlexiSpace. The staff numbers below only include those working from CMTEDD specific locations.

Table 5: Office utilisation at 30 June 2023 [1]

Location	Address	Staff numbers on site 30 June[1]	Area occupied (m2)
220 London Circuit[2]	220 London Circuit, Canberra City	289	9,630
Winyu House	125 Gungahlin Place, Gungahlin	148	7,350
Cosmopolitan Centre	21 Bowes Street, Woden	91	2,871
480 Northbourne Avenue[2]	480 Northbourne Avenue, Dickson	5	1,731
255 Canberra Avenue	255 Canberra Avenue, Fyshwick	81	1,423
Record Services Mitchell	Buildings 6 & 7, 9 Sanford Street, Mitchell	17	1,224
109 Flemington Road	109 Flemington Road, Mitchell	41	1,110
ACT Academy of Sport office[3]	AIS Building 20, Leverrier Street, Bruce	**12**	**536**
Total		**684**	**25,875**

Notes:

1. Data for area occupied is provided by ACTPG. Data on staffing numbers was collected on 28 June 2023.
2. These locations only represent CMTEDD's proportion of use.
3. This location was previously not reported as office space but has been reprofiled during 2022-23.

Other locations

In addition to the table above which outlines measures for CMTEDD's office-based locations, the table below outlines FlexiSpaces which are available for use across the ACT Public Service. These locations are not reflected in the above table as they are not designated as CMTEDD space.

Table 6: ACT Government FlexiSpaces

Location	Address	Area occupied (m2)
Mezzanine, including Family Friendly Space	Mezzanine Level, 220 London Circuit, Canberra City	1,056
Innovation Centre	Level 2, Canberra Nara Centre, Canberra City	1,323
Media Centre	Lower Ground, Allara House, Canberra City	323
FlexiSpace	153 Emu Bank, Belconnen	1,728
FlexiSpace	Level 1, Canberra Nara Centre, Canberra City	846
FlexiSpace	200 Scollay St, Tuggeranong	376
Total		**5,652**

The directorate's facilities also include the following non-office-based locations:

- The Canberra and Region Visitors' Centre (Regatta Point);
- Venues Canberra locations at: Exhibition Park in Canberra, GIO Stadium Canberra, Manuka Oval, Stromlo Forest Park, and the National Arboretum Canberra;
- ACT Academy of Sport (gymnasium located at the Australian Institute of Sport);
- Callam Offices;
- Hume Motor Vehicle Inspection Station; and
- Access Canberra Service Centres at Gungahlin, Woden, Belconnen, Dickson and Tuggeranong.

Onsite staffing numbers for these locations cannot be readily ascertained. CMTEDD staffing details can be found in the Human Resources section of this report.

Further information

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Government contracting

The online ACT Government Contracts Register records contracts with suppliers of goods, services and works, with a value of $25,000 or more.

A full search of CMTEDD contracts notified with an execution date from 1 July 2022 to 30 June 2023 can be made at https://www.tenders.act.gov.au/contract/search.

Secure Local Jobs Code

In 2022-23 CMTEDD had no exemptions from the secure local jobs code under section 22G of the *Government Procurement Act 2001*.

Aboriginal and Torres Strait Islander Procurement Policy

Table 7: CMTEDD results for Aboriginal and Torres Strait Islander Procurement Policy

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	4
2	The number of unique Aboriginal and Torres Strait Islander Enterprises attributed a value of addressable spend in the financial year	41
3	Percentage (%) of the financial year's addressable spend of $226.9 million that is spent with Aboriginal and Torres Strait Islander Enterprises	0.67%

Chief Minister, Treasury and Economic Development Directorate

Statement of Performance for the year ended 30 June 2023

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

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 2023.

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 2023 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or 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.

M. L. Harris

Michael Harris
Auditor-General
27 September 2023

Chief Minister, Treasury and Economic Development Directorate
Statement of Performance
For the Year Ended 30 June 2023

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 2023, and also fairly reflects the judgements exercised in preparing them.

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

25 September 2023

Chief Minister, Treasury and Economic Development Directorate 2022-23 Statement of Performance

The following Statement of Performance sets out the performance of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) against the accountability indicator targets set during the 2022-23 Budget process.

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 rounded to the nearest whole number.
- All variances are calculated before rounding.
- Negative variances are indicated using brackets.
- The ACT Audit Office examined all accountability indicators in accordance with the Financial Management Act 1996 (FMA Act). 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

Through this output, the Directorate provides advice and support to the Chief Minister, the Head of Service and the Director-General on complex policy matters. We perform 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. We also support the Coordinator General, Whole-of-Government (Non-Health) COVID-19 Response role.

Policy and Cabinet will deliver this output by:

- providing 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;
- supporting the Chief Minister as Chair of Cabinet and the Head of Service as Secretary of Cabinet;
- supporting the Head of Service as Chair of the Strategic Board and providing advice on whole-of-service government issues;
- leading, coordinating and monitoring policy and project initiatives to promote across government outcomes and delivery;
- supporting the development and improvement of policy capabilities, including design and evaluation, across government;
- through the Coordinator-General COVID-19 non health whole-of-government response, ensuring health and non-health aspects of the response to COVID-19 are coordinated and aligned;

- leading and coordinating the ACT Government's participation in the National Cabinet, the Council for the Australian Federation, and the Council of Capital City Lord Mayors;
- through the Coordinator-General, Climate Action, leading and coordinating the ACT's emissions reduction initiatives and undertaking climate adaptation policy analysis to improve Canberra's resilience to the effects of a warming climate;
- leading the Government's engagement with regional stakeholders on mutually beneficial activities, such as the NSW Government, including the Cross-Border Commissioner, the Canberra Region Joint Organisation, the Yass Valley Council and the Queanbeyan-Palerang Regional Council;
- leading efforts across the ACTPS to improve the wellbeing and circumstances of people of diverse sexualities, genders, bodies and relationships, through the Office of LGBTIQ+ Affairs;
- embedding the ACT Wellbeing Framework as a basis for assisting government decision making in Budget and Cabinet processes, through understanding how proposals will impact wellbeing in the ACT, building an evidence base for 'what works' for wellbeing, and reporting on wellbeing outcomes;
- providing advice and support to Cabinet and the Manager of Government Business in the Legislative Assembly;
- through the Territory Records Office, leading the ACTPS's transition to whole-of-government digital recordkeeping capabilities; and
- providing services and initiatives that make ACT Government archives available to the public.

Table 1: Accountability Indicators Output 1.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Whole-of-government policy and project initiatives	3	2	(33)	1
b.	Regional partnerships and participation	2	2	0	
c.	Support for National Cabinet, NFRC, CAF and CCCLM	4	15	275	2
d.	Government Progress Report	1	1	0	
e.	Cabinet and Assembly Support	2	2	0	
f.	Regulatory and process reform initiatives	2	2	0	
g.	Climate action reform initiatives	3	3	0	
Total Cost ($'000)		48,726	51,996	6	3
Controlled Recurrent Payments ($'000)		31,081	23,861	(23)	4

Explanation of accountability indicators:

a. This accountability indicator incorporates key government policy and project initiatives to be delivered during the year. Scope, delivery and timing of initiatives may vary depending on emerging priorities that impact on resource availability. Initiatives delivered in 2022-23 were:
   - provided legislation to government to regulate deferable medical interventions on people with variations in sex characteristics in the ACT; and
   - oversaw implementation of actions under the Capital of Equality Strategy Second Action Plan across government.

b. This accountability indicator covers the administration of key partnerships with the surrounding regional governments through both the ACT-NSW MoU for Regional Collaboration and participation in the Canberra Region Joint Organisation (CRJO). Performance against this indicator is measured by the establishment of cross-border working groups and a consultative forum to deliver key commitments under the MoU and through preparation of briefings to support the Chief Minister or his delegate's involvement with regional councils through the CRJO.

c. This accountability indicator covers briefing and support to the Chief Minister for intergovernmental meetings, including the National Federation Reform Council (NFRC), the National Cabinet, the Council for the Australian Federation (CAF) and the Council of Capital City Lord Mayors (CCCLM). This indicator is counted as complete on delivery of the briefing packages to the Chief Minister. Please note that in 2022, following the Federal election, the First Secretaries Group conducted a review of ministerial councils, and on 30 September 2022, National Cabinet agreed to the cessation of the NFRC.
d. This accountability indicator relates to the content coordination, production and release of the approved ACT Government Agreement Progress Report in delivering key government decisions.
e. This accountability indicator covers the annual cycle of Assembly and Cabinet support, including preparation and circulation of submissions and papers. This measure reflects support provided by CMTEDD to:
    - the Chief Minister as chair of Cabinet and to Cabinet ministers; and
    - the manager of Government Business in the Legislative Assembly.
f. 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 scope, delivery and timing of initiatives may vary depending on emerging priorities that impact on resource availability. Initiatives delivered in 2022-23 included:
    - whole-of-government co-ordination and implementation of automatic mutual recognition for occupational licences; and
    - commencement of delivery of government agreed reforms program for better regulation.
g. This accountability indicator covers policy and project initiatives targeted at coordinating the delivery of the ACT Government's agenda of emissions reduction and climate adaptation and resilience projects. The scope, delivery and timing of initiatives may vary depending on emerging priorities that impact on resource availability. The initiatives delivered in 2022-23 included:
    - procurement activities to support the continuation of the Sustainable Household Scheme;
    - supporting two ACT directorates to pilot new approaches to adaptation risk management to inform the development of whole-of-government approaches; and
    - Release of the tender documentation for Stream 1 of the Big Canberra Battery project.

Explanation of material variances (+/-5%)

1. The variance is due to delays in publishing an update to the Wellbeing Data Dashboard during 2022-23. While data was able to be collected from data owners internal and external to government, there were unexpected delays in receiving around one third of the data, which subsequently impacted the preparation of the update within the 2022-23 financial year.
2. The reason for the higher-than-expected result is because there has historically been a minimum of four National Cabinet, CAF and CCCLM meetings held per year. In 2022-23, there was more than the annual minimum number of meetings as the strategic priorities of these groups was expanded to progress the COVID-19 response, a review of ministerial councils, productivity reforms, and reform in the areas of health, jobs and skills, migration, net zero transformation, disaster recovery funding, housing and housing affordability.
3. A number of factors have contributed to increased costs for this output. Strong demand for loans under the Sustainable Household Scheme have increased costs associated with this scheme. These demand-driven cost increases have been partially offset by reductions in the management fees for the scheme administrator following contract renegotiations during the year. Finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff have increased costs for employees contributing to this output. The additional costs associated with the Sustainable Household Scheme and the Enterprise Agreement were factored into revised budgets for 2022-23 subsequently published in the 2022-23 Budget Review and the 2023-24 Budget.
4. Savings associated with the renegotiation of the management fees payable to the administrator of the Sustainable Household Scheme and cashflow management activities at a whole of CMTEDD level during the year, have reduced the requirement for CRP funding during the year. Other factors contributing to the increase in costs are non-cash related and have no impact on CRP requirements.

Output 1.2: Workforce Capability and Governance

Through this output, the Directorate provides an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the ACT Government and the community. The Directorate also manages whole-of-government capacity building programs.

The Directorate will deliver this output by:

- developing and reviewing whole-of-government employment policies, regulations and standards and providing industrial relations services to support better employment practices;

- leading, supporting and co-ordinating enterprise bargaining, enterprise agreement implementation and application across the service;
- developing a whole-of-service vision for the ACTPS including workforce models and supporting culture and practices;
- delivering a whole-of-service survey every second year so that workforce trends and patterns inform strategic decision making;
- completing strategic whole-of-government projects and building the strategic capability of the service;
- supporting and coordinating workforce planning and capability development across government, including through whole-of-government leadership and talent strategies, and delivery of whole-of-government learning and capability development programs;
- driving transformational and cultural change towards more flexible working environments and workforce practices, which will initially include introduction of wayfinding in ACT Government leased premises in various locations, and the creation of flexi working hubs in Belconnen and Tuggeranong, as well as a dedicated innovation and collaboration facility in the Nara Centre in the Canberra City;
- developing and implementing ACTPS capacity building programs, including programs for graduates, Aboriginal and Torres Strait Islander people, and people with disability;
- maintaining and monitoring whole-of-government ethics and accountability frameworks;
- supporting the Head of Service, the Public Sector Standards Commissioner, the Public Sector Workers Compensation Commissioner, the ACT Remuneration Tribunal, the Strategic Board and its sub-committees and the Secure Local Jobs Code Ministerial Advisory Council;
- implementing recommendations from the Secure Local Jobs Code Review, managing the Secure Local Jobs Code certification scheme, assisting Territory entities and tenderers to meet their legislative obligations under the code and undertaking education and awareness raising activities on the implementation of the code; and
- developing and implementing a Secure Employment Framework across the ACT Public Sector to build the capability and expertise of the public sector and further solidify the role of the ACT Government in modelling good employment practices.

Table 2: Accountability Indicators Output 1.2

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	ACTPS Graduate Program positively impacts on business area outcomes and objectives	75%	73%	(3)	
b.	Publish the State of the Service Report	October 2022	October 2022	0	
c.	Deliver ACTPS Leadership and Development programs	2	2	0	
d.	Conduct entry level diversity and inclusion programs	85%	0%	(100)	1
e.	Support the Workforce Transformation program	2	2	0	
f.	Approval of Enterprise Agreements	1	1	0	
g.	Issue SLJC Certificates within 5 working days of receipt of complete and correct audit report	85%	100%	18	2
h.	Conduct SLJC Training sessions for industry and ACT Government	24	47	96	3
Total Cost ($'000)		22,536	28,037	24	4
Controlled Recurrent Payments ($'000)		20,166	19,304	(4)	

Explanation of accountability indicators:

a. This accountability indicator measures the satisfaction of graduate supervisors. Supervisor satisfaction is measured three times during the program via an end of rotation survey. The indicator is considered to be achieved if 75 per cent of supervisors who respond to each of the three end of rotation surveys, score their graduate's contribution to business outcomes and objectives, as a four or above out of five satisfaction rating.

b. This accountability indicator is considered complete on publication of the State of the Service Report.

c. This accountability indicator covers the implementation of a program of work for improving leadership capabilities across the ACTPS. The delivery of this indicator involved providing two opportunities for ACTPS SES leaders to participate in whole-of-government leadership development programs – SES induction and the SES Band 1 Leadership Program – 'Leadership Beyond Crisis'.

d. This accountability indicator relates to conducting entry-level diversity and inclusion employment programs that increase workforce diversity. The indicator is considered achieved if 85 per cent of Vocational Employment Program (VEP) participants complete their program. The VEP course runs approximately every 2 years. It takes candidates 12 to 18 months to complete the program, so one program intake will span across multiple financial years.

e. This accountability indicator measures whether two deliverables were delivered in 2022-23: the creation of flexi working hubs in Belconnen and Tuggeranong, and a dedicated collaboration facility in the Nara Centre in Civic.

f. The accountability indicator measures the negotiation and settlement of the core part of ACTPS enterprise agreements, specifically, the negotiation of the common core terms and conditions of employment with the unions. The accountability indicator is considered complete once the negotiations are finalised.

g. This accountability indicator relates to the timely operation of the Secure Local Jobs certification (SLJC) function. It measures the time it takes for the branch to approve SLJC certificates once a complete and correct report is received.

h. This accountability indicator relates to the education and promotion functions of the Secure Local Jobs package. The indicator measures the number of outreach sessions completed by the SLJC Branch.

Explanation of material variances (+/-5%)

1. The variance was because no participants undertook or completed the VEP program in 2022-23, as was expected when the target was developed. This is because no VEP program occurred during the financial year, because a review of the program was conducted instead to develop an improved program that provides access to more diversity groups. A new intake of 13 participants commenced in June 2023.
2. The target was exceeded as a result of an increase in delegates available to complete decisions.
3. The variance is because there were more training sessions held in 2022-23 as a result of the ongoing support to new assessment processes and legislative changes. The introduction and subsequent amendments to the Ethical Treatment of Workers Evaluation and legislative changes introduced for the Code resulted in increased demand, above our normal program of outreach, from our stakeholders for education and outreach to support their compliance with the Code.

4. Increased demand for whole of ACT Public Service programs supporting leadership and talent development, and the establishment of the ACT Public Service Redeployment Framework, have increased costs associated with the design and delivery of these programs. The additional costs associated with demand for whole of ACT Public Service programs, have mainly been recovered through own source revenue from other directorates utilising these services during the year. Finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff, has increased costs for employees contributing to this output. The additional costs associated with the Enterprise Agreement were factored into revised budgets for 2022-23; and subsequently published in the 2022-23 Budget Review and the 2023-24 Budget.

Output 1.3: Coordinated Communications and Community Engagement

Through the Coordinated Communications and Community Engagement output, the Directorate delivers communications and engagement support, and protocol services to the ACT Government and community.

Communication and Engagement will deliver this output by:

- delivering coordinated communications to the Canberra community in times of Territory emergency;
- informing Canberrans about programs, policies and services through the ACT Government's key channels, including Our Canberra and ACT Government Facebook, Twitter and LinkedIn;
- delivering priority communications and engagement activities for the Chief Minister and the Directorate's ministers;
- coordinating the delivery of priority public information campaigns;
- providing research and insights services to inform government decision-making and managing the YourSay Community Panel and digital engagement platform YourSay Community Conversations;
- preparing an annual whole-of-government communications and engagement plan to outline the government's priority public information campaigns and engagements;
- providing high quality creative services for priority projects; and
- providing honours and awards, ceremonial and protocol services to the Chief Minister.

Table 3: Accountability Indicators Output 1.3

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Annual numbers of ACT Government Digital Mail Service newsletters	22	26	18	1
b.	Annual number of ACT Government Our Canberra newsletters	11	11	0	
c.	Annual whole-of-government Communications and Engagement Plan	1	1	0	
d.	Annual number of YourSay Community Panel surveys conducted	16	10	(38)	2
Total Cost ($'000)		12,066	13,881	15	3
Controlled Recurrent Payments ($'000)		11,455	10,896	(4)	

Explanation of accountability indicators:

a. This accountability indicator covers the total number of ACT Government messages distributed during the year to subscribers of the ACT Government Digital Mail Service.

b. The Our Canberra newsletter is distributed to all Canberra households during the year. Editions are published for the five main regions of Canberra: Belconnen; Inner North/Inner South/City; Gungahlin; Tuggeranong and Woden/Weston Creek/Molonglo. Editions are published every month, excluding January.
c. This accountability indicator relates to the annual Whole-of-Government Communications and Engagement Plan which outlines the ACT Government's communications and engagement priorities, to provide advance notice and to enable genuine and meaningful opportunities to participate in consultation and engagement activities.
d. This accountability indicator relates exclusively to quantitative surveys conducted through the YourSay Community Panel, which are weighted to provide a representative summary of views and opinions on topics relevant to the work of the ACT Government.

Explanation of material variances (+/-5%)

1. The target was exceeded due to two extra editions in December, an extra edition in January, and an additional edition in June during the 2023-24 ACT Budget.
2. Two factors contributed to the variance including: several surveys required a longer engagement period; and the surveys required more in-depth analysis of the feedback received from panellists. The Research and Insights team also broadened its service offering this financial year to include both quantitative and qualitative research, resulting in fewer panel surveys being conducted.
3. Staffing numbers have remained at higher than budgeted levels to ensure appropriate resourcing is available to support continued community consultation and information sharing. This, combined with finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff, has increased costs for employees contributing to this output. The additional costs associated with the Enterprise Agreement were factored into revised budgets for 2022-23 subsequently published in the 2022-23 Budget Review and the 2023-24 Budget.

Output 1.4: Digital Strategy

Through the Digital Strategy output, the Directorate drives the digital transformation of government services and provides advice, support and project delivery on digital strategy development and implementation.

The Directorate will deliver this output by taking advantage of digital and data to achieve:

- better services for the community;
- greater engagement and better outcomes for business and academia;
- more sustainable and efficient government; and
- a more productive, engaged and learning workforce.

Table 4: Accountability Indicators Output 1.4

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	ACT Data Analytics Centre	6	4	(33)	1
b.	The value delivered through technology investment improves	4	3	(25)	2
c.	Delivery of joined up services achieve benefits for the community and for government	2	1	(50)	3
Total Cost ($'000)		11,919	20,525	72	4
Controlled Recurrent Payments ($'000)		9,193	9,342	1	

Explanation of accountability indicators:

a. This accountability indicator covers the program of work for the ACT Data Analytics Centre (ACTDAC). This indicator is considered completed through the support of directorates to implement the Data Governance and Management Framework. In 2022-23, this indicator is considered complete when ACTDAC (in collaboration with directorates) develops:
    - a whole-of-government data catalogue referencing key government datasets and identifying data custodians and stewards;
    - training materials to support data custodians and stewards in undertaking their roles;

- sex, gender and sexual orientation data standards and implementation guidance for use in government systems and data collections;
- whole-of-government data procurement and acquisition guidance;
- whole-of-government data sharing policy and tools to support consistent sharing across directorates and with non-government partners; and
- the next iteration of the ACT Wellbeing Framework indicators dashboard and any wellbeing lens dashboards that are identified for delivery in the 2022-23 financial year.

b. The Digital, Data and Technology Solutions Group (DDTS) leads the provision of whole-of-government advice to inform technology priorities, resource allocation and investment decisions. DDTS will continue to support the ACT Government to make informed technology investment decisions and will embed the principles outlined in the ACT Digital Strategy. In 2022-23, this indicator is considered complete when:
   - the Technology Governance Group provides advice that enables informed technology investment decisions;
   - maturation and adoption of best practice design and delivery for identifying key projects to further implement the principles of the Digital Strategy;
   - creation of a whole-of-government view of projects and programs across the Government to inform digital and technology priorities and investment decisions; and
   - achieving outcomes of the whole-of-government Business Architecture, including the establishment of a whole-of-government Architecture Governance Group.

c. This accountability indicator covers the program of work for the ACT Digital Account and covers the delivery of new digital services for the community. This accountability indicator is considered complete when two new services are delivered through the ACT Digital Account. In 2022-23, this indicator is considered complete through the following.
   - Continuing to broaden the whole-of-government ‘Tell us Once’ capability for change of address by connecting the ACT Digital Account to the Education Directorate. This will enable citizens to change their address within their Digital Account and have that information flow to the Education Directorate. This is the second such service adding to the existing ‘Tell us Once’ service between the ACT Digital Account and the ACT Revenue Office.
   - Continuing to broaden the whole-of-government ‘concessions management’ capability by onboarding a yet to be determined concession type/benefit. This will enable citizens to manage these concessions within their ACT Digital Account. This will be the second service adding to the existing ‘concession management’ service between the ACT Digital Account and the ACT Revenue Office.

Explanation of material variances (+/-5%)

1. The two targets not achieved and reasons for this are below.
   - The ACT Data Catalogue has been created as a trial using the Data Hub, however, more work is required with directorates to fully populate the key government datasets.
   - Delays in publishing an update to the Wellbeing Data Dashboard during 2022-23 have been experienced. While data was able to be collected during this time period from data owners internal and external to government, there were unexpected delays in receiving around one third of the data, which subsequently impacted the preparation of the update within the 2022-23 financial year.
2. The outcomes of the whole-of-government Business Architecture were only partially achieved. The need for whole-of-government architecture governance has been agreed with directorates. The establishment of the governance structure and the creation of the committee will occur early in 2023-24.
3. On 2 November 2022, project sponsors agreed to redirect activities to piloting the service with a different business area, following discovery of technical limitations that would prevent data matching to Digital Account records. Design work for the ‘Tell us Once’ and new pilot service commenced mid-February with a view to delivery in the first quarter of 2023-24.
4. Higher costs to support the ACT Digital Account platform, designed to make government services more accessible for citizens through their online digital account; and additional expenditure associated with Salesforce software licensing costs, has increased costs for this output.

Output 1.5: International Engagement

The Directorate, through the International Engagement output, supports the economic growth and diversification of the Canberra economy, and enhances Canberra’s global reputation as an innovative, creative, artistic, liveable and welcoming city.

The Directorate will deliver this output by:

- undertaking strategic leadership, oversight, development and delivery of a targeted program of international engagement activities, including trade missions, inbound delegations, export-promotion programs, and other activities that enhance Canberra’s economic welfare, international connectedness and reputation economically, culturally and socially;

- working with the Australian Government, including Austrade and its TradeStart program, and the Canberra Business Chamber, to make education and other export programs readily available to prospective and ongoing exporters;
- building relationships with the Canberra diplomatic community for the purpose of nurturing relationships and connections supportive of exporting and enhancing Canberra's international reputation;
- providing strategic leadership, oversight and coordination of inbound investment opportunities originating from target-market countries; and
- continuing to build Canberra's government-to-government relationships, including sister-city formal agreements, to raise awareness of export and other opportunities within Canberra's economic key capability areas, and ensure alignment with our objectives to expand and diversify Canberra's economy and its reputation.

Table 5: Accountability Indicators Output 1.5

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Number of ACT businesses assisted with export development	75	158	111	1
b.	Number of ACT businesses exporting because of essential support received from the OIE	10	6	(40)	2
c.	Number of trade missions and other events organised, delivered or funded	20	55	175	3
Total Cost ($'000)		3,626	2,755	(24)	4
Controlled Recurrent Payments ($'000)		3,439	2,228	(35)	5

Explanation of accountability indicators:

a. This accountability indicator measures the number of businesses assisted with export development. Assistance can be in the form of advice on, among other subjects: international market identification and segmentation; access to supply chains linked to target markets; regulatory and non-regulatory barriers to markets; effective participation in brick-and-mortar and online networking, social-media, and business-to-business wholesale marketplaces; trade finance; and cultural considerations to market entry. Ongoing market intelligence is also provided.

b. This accountability indicator measures the number of ACT businesses exporting due to essential support provided by the Office of International Engagement (OIE). This is an export transaction for which there is monetary value for the exporter. This category also includes major joint venture, and research and development activities. Results of this indicator are tracked through the OIE's own relationship management records and those of the ACT's Business Development Manager based in Singapore.

c. This accountability indicator tracks the number of ministerially led outbound trade missions and other events organised and delivered by the OIE, both in Canberra and overseas markets. A yearly schedule of outbound trade missions and other events is approved by the Chief Minister and planned and executed by the Office of International Engagement. Trade missions are planned in accordance with the Chief Minister's schedule, and to leverage market opportunities and events. 'Other events' can include, for example: networking meetings for exporters and domestic and foreign trade specialists; and events for exporters regarding specific national markets, or specific ACT economic sectors (i.e., renewable energy).

Explanation of material variances (+/-5%)

1. The variance is due to a greater-than-expected number of businesses exploring the option to export, or enhance their capacity to export, as global trade and international supply chains normalised.
2. International air freight and air passenger costs remained obstinately high, which curtailed prospects of economically compelling export transactions. In addition, high inflation and global economic instability weighed on business confidence as they considered committing to expand international activities.
3. The OIE was asked to support a greater number of inbound delegations than anticipated and provided increased numbers of export-related events for ACT businesses in response to growing demand.
4. Delays in outbound trade mission activity has resulted in a lower cost for this output.
5. Factors contributing to lower costs and cashflow management activities at a whole-of-CMTEDD level during the year, have reduced the requirement for CRP funding during the year.

Output 1.6: Workforce Injury Management and Industrial Relations Policy

Through the Workforce Injury Management and Industrial Relations Policy output, the Directorate provides health and work sustainability solutions, focusing on risks arising from work and the relationship between employers and workers.

The Directorate will deliver this output by:

- managing ACT workers' compensation, work health and safety and industrial relations regulatory and policy frameworks;
- supporting the Public Sector Workers Compensation Commissioner in the management of the Public Sector Workers Compensation Fund;
- developing and reviewing whole-of-government health, safety and rehabilitation policies and providing work health and safety services to support the policy framework;
- supporting workplaces to implement approaches to deliver good work for health and productivity;
- coordinating the Territory's consultative bodies for industrial relations regulation, workers' compensation and work health and safety; and
- administering the Loose Fill Asbestos Disease Support Scheme, on behalf of the Chief Minister, to provide financial assistance to people with an asbestos disease caused by living in a loose fill asbestos insulation (Mr Fluffy) contaminated home.

Table 6: Accountability Indicators Output 1.6

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Conduct an actuarial review of the ACT private sector Worker's Compensation Scheme	April 2023	April 2023	0	
b.	Maintain consultative work injury management fora within the ACT	8	7	(13)	1
c.	Provide policy advice on issues relating to industrial relations, injury management, work safety, and dangerous substances regulation	30	33	10	2
d.	Represent the ACT and coordinate activities arising from: national industrial relations, work safety and injury management forums	14	19	36	3
Total Cost ($'000)		15,631	17,345	10	4
Controlled Recurrent Payments ($'000)		14,727	14,384	(2)	

Explanation of accountability indicators:

a. This accountability indicator covers the review of the performance of the ACT Workers' Compensation Scheme, and consideration of the broader implications of these findings. This indicator is considered complete when the actuarial review results are reported to the Minister for Industrial Relations and Workplace Safety.

b. This accountability indicator covers the secretariat role provided for the Labour Hire Licensing Advisory Committee, in addition to the ACT Work Health and Safety Council. Both forums were expected to have four meetings each, eight in total, in 2022-23. The indicator is considered complete when council meetings are held.

c. 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 considered complete when submissions have been signed by the Minister.

d. This accountability indicator covers representing the Territory at, and managing policy initiatives arising out of, national industrial relations and injury management forums, including SafeWork Australia and its policy sub-committees and the National Industrial Relations Senior Officials Group. This indicator is considered complete with attendance at meetings.

Explanation of material variances (+/-5%)

1. The variance is due to scheduling issues amongst committee members, preventing a quorum for Meeting 5 of the Labour Hire Licensing Advisory Committee. Matters arising were dealt with out of session or deferred to the following meeting.
2. The variance is due to a higher than anticipated number of policy issues requiring government briefings.
3. The variance is due to increased Commonwealth Government workplace relations legislative reform activity, requiring additional meetings of national consultative forums during 2022-23.
4. Higher expenditure associated with the Asbestos Disease Assistance Fund has increased cost for this output. The additional costs were factored into revised budgets for 2022-23, and subsequently published in the 2023-24 Budget.

Output Class 2: Access Canberra

Output 2.1: Access Canberra

Through the Access Canberra output, the Directorate contributes to the economic growth and vibrancy of the ACT community and helps protect its citizens and the community through compliance, licensing and regulation.

The Directorate will deliver this output by:

- undertaking its regulatory activities to protect the community and contribute to the Territory's economic growth through risk-based compliance, licensing 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.

Table 7: Accountability Indicators Output 2.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Efficient Service Delivery – percentage of customers satisfied with Access Canberra	90%	85%	(6)	1
b.	Doing Business in the ACT is easy – percentage of the Canberra community satisfied with the ease of interacting with Access Canberra	95%	86%	(9)	2
c.	Percentage of services available online	90%	90%	0	
d.	Percentage of services completed online	90%	89%	(1)	
e.	Reduction of regulatory burden on business by undertaking risk-based coordinated inspection activities	80%	79%	(1)	
f.	Average number of days to issue business authorisation or personal registration				
	- for business authorisation	10 working days or less	32.4 working days	(100)	3
	- for personal registration	5 working days or less	4.1 working days	0	
g.	Compliance rate during targeted campaign inspections	90%	79%	(12)	4
h.	Average level of helpfulness after issuing a notice or before issuing a licence/authorisation	4.5 out of 5	4.7 out of 5	4	
Total Cost ($'000)		124,332	146,171	17	5
Controlled Recurrent Payments ($'000)		100,872	113,614	12	6

Explanation of accountability indicators:

a. The customer satisfaction result is determined by the responses to an independent annual survey of the Canberra community combined with the ongoing internal client assessment results. The surveys are a measure of the awareness, attitudes, behaviour and customer satisfaction of/with Access Canberra's channels and services.
b. This accountability indicator measures satisfaction with the ease of interacting with Access Canberra. The result is determined by the responses to an independent annual survey of the Canberra community, combined with the ongoing internal client assessment results. The surveys are a measure of the awareness, attitudes, behaviour and customer satisfaction of/with Access Canberra's corporate identity, channels and services.
c. Services available online are defined as interactions that can be conducted (at least in part) via the internet/portals.
d. 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. The terms 'registration' and 'authorisation' can be used interchangeably.
g. Initial rates of compliance are assessed against a predetermined set of criteria, set for targeted inspection campaigns. Following the completion of the campaign, compliance rates are again assessed to determine the percentage shift in compliance.
h. Feedback is collected from an internal phone survey of randomly selected industry groups that have had a regulatory interaction with Access Canberra. Results are collated using a helpfulness score on a scale of 1 to 5, with 5 being the greatest level of support and 1 the lowest.

Explanation of material variances (+/-5%)

1. COVID-19 and associated service challenges in the first half of the financial year resulted in delays and longer wait times, which impacted customer ratings of their satisfaction and how easy it was to engage with Access Canberra.
2. COVID-19 and associated service challenges in the first half of the financial year resulted in delays and longer wait times, which impacted customer ratings of their satisfaction and how easy it was to engage with Access Canberra.
3. The variance is due to reforms to the regulation of the real estate industry in the ACT which required Access Canberra to manually transition the industry to new licence categories from 1 July 2022, which impacted renewal timeframes over the course of 2022-23.
4. The variance is due to a targeted compliance campaign focused on higher risk licensees with an identified risk of non-compliance. This program identified several instances of minor non-compliance which could not be immediately resolved. Education and engagement is underway and a further liquor compliance program will be undertaken in 2023-24 to focus on liquor licensee compliance with risk management.
5. Factors contributing to higher costs continue to include unbudgeted expenditure associated with maintaining safe service delivery and upholding regulatory protections, achieving Payment Card Industry Data Security Standards and higher staffing costs to maintain service standards and meet unexpected increases in workloads. Finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff, has further increased costs for employees contributing to this output.
6. Factors contributing to higher costs have been partially offset by cashflow management activities at a whole-of-CMTEDD level, leaving a smaller increase in the requirement for CRP funding during the year.

Output Class 3: Economic Development

Output 3.1: Economic Development

Through the Economic Development output, the Directorate:

- delivers on the government's economic development priorities through programs, policies and initiatives to make Canberra an even better place to live, work, visit, study, invest in and do business;
- strengthens collaboration with universities, training providers, research organisations, commercialisation entities, business organisations and other government agencies through initiatives that connect Canberra's business ecosystems, which actively facilitates and attracts responsible investment in the ACT;

- attracts visitors to the ACT through innovative tourism marketing and industry development programs, while also delivering, supporting and promoting key events for Canberrans and visitors to enrich Canberra's reputation as a global destination;
- enhances the wellbeing of Canberrans through participation in organised sport and recreation by delivering of programs, sporting infrastructure development and supporting player pathways;
- contributes to the liveability of Canberra by supporting arts and creative practice that is reflective of our community, as well as managing and maintaining arts facilities that support engaging and innovative art making for audiences to experience;
- supports the skills and workforce agenda for the ACT by facilitating skilled and business migration pathways; and
- manages and maintains key venues including GIO Stadium, Exhibition Park in Canberra (EPIC), Manuka Oval, National Arboretum Canberra (NAC) and Stromlo Forest Park as premier tourism and recreational attractions.

Table 8: Accountability Indicators Output 3.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
Business and Innovation					
a.	Businesses supported through innovation programs	30	51	70	1
b.	Satisfaction levels with ACT Government funded business support services	>80%	92%	0	
c.	Satisfaction of the tertiary education sector with the engagement of the ACT Government and its promotion of Canberra as a study destination of choice	>80%	75%	(100)	2
d.	Projects under investment attraction facilitation	5	18	260	3
Tourism and Events					
e.	Local sentiment on major and community events				
	- Major events	Average rating of 4 out of 5	Average rating of 4.2 out of 5	5	4
	- Community events	Average rating of 4 out of 5	Average rating of 4.4 out of 5	10	5
f.	Estimated economic benefit from delivery of major events	$43.0 m	$45.7 m	6	6
g.	Estimated return on ACT Government investment from events supported under the Major Event Fund	Ratio of 40:1	Ratio of 83:1	108	7
h.	Canberra and Region Visitors Centre (CRVC) – Overall visitor satisfaction with customer service levels at the CRVC	90%	97%	8	8
Sport and Recreation					
i.	Number of nationally identified priority athletes supported by the ACT Academy of Sport	120	123	3	
j.	Number of organisations funded to support participation opportunities in sport and recreation	80	76	(5)	9
k.	Estimated economic activity as a result of supporting local elite teams	$14.0 million	$12.35 million	(12)	10
Arts					
l.	Percentage of the public art collection managed by artsACT in good or above condition	80%	91%	14	11

		2022-23 Target	2022-23 Result	Variance (%)	Note
m.	Satisfaction with the management of grants administered by artsACT	80%	82%	3	
n.	Number of artists directly and indirectly supported through Arts Activities funding	100	554	454	12
o.	Satisfaction of audiences and participants of artsACT-funded arts organisations	80%	90%	13	13
p.	Number of attendees at programs delivered by artsACT funded organisations	250,000	844,363	238	14
Skills					
q.	Participation rate of 15-64 year olds in Vocational Education and Training (VET)				
	- All students (percentage)	5.9%	5.4%	(8)	15
	- Aboriginal and Torres Strait Islander students (percentage)	13.4%	13.8%	3	
	- Young Canberrans aged 15-24 (percentage)	12.5%	12.7%	2	
r.	VET graduate outcomes after training - Employed after training or in further study	92%	90%	(2)	
s.	Skilled Migration Attraction and Facilitation				
	- Skilled Independent Nominated	4,000	4,050	1	
	- Average processing time for applications across all skilled migration program streams	20 business days	10 business days	(51)	16
Venues					
t.	Number of Major Events at:				
	- GIO Stadium	20	19	(5)	17
	- Manuka Oval	8	12	50	18
	- Exhibition Park in Canberra	85	100	18	19
	- Stromlo Forest Park	12	15	25	20
u.	Own Source Revenue by Venue at:				
	- GIO Stadium	$3.0 million	$2.98 million	(1)	
	- Manuka Oval	$360,000	$388,741	8	21
	- Exhibition Park in Canberra	$3.5 million	$4.2 million	21	22
v.	The level of customer satisfaction at the National Arboretum Canberra	85%	92%	8	23
Total Cost ($'000)		175,472	164,322	(6)	24
Controlled Recurrent Payments ($'000)		142,669	128,082	(10)	25

Explanation of accountability indicators:

Business and Innovation

a. This accountability indicator tracks the number of businesses supported through programs delivered or supported by the CBR Innovation Network (CBRIN) during the reporting period. These programs include the GRIFFIN Accelerator, the Innovation Connect Grant program (Innovation Connect), and the SME Business Accelerator was added during this year.

b. This accountability indicator measures the satisfaction with business programs and services facilitated by Business and Innovation service providers during the reporting period, including the CBR Innovation Network and the Canberra Business Advice and Support Service, and others established during the reporting period. Stakeholder surveys are used conducted to measure satisfaction levels. The result reflects the aggregated total of surveys undertaken across programs.

c. This accountability indicator tracks satisfaction of the tertiary education sector with the engagement of the ACT Government and its promotion of Canberra as a study destination of choice. Canberra based institutions are surveyed annually.

d. This accountability indicator tracks the number of investment proposals under facilitation management by Business and Innovation during the reporting period. This includes significant cross government coordination and project management to enhance comprehensive and timely decision-making by Government on identified major projects.

Tourism and Events

e. This accountability indicator measures the level of local community agreement with a set of sentiment statements on major and community events delivered by Events ACT. A sample of ACT residents attending these events are surveyed to determine how these events contribute to city vibrancy, community pride, social connection, and value for money.

f. This accountability indicator measures the estimated direct economic benefit generated through staging Floriade and the Enlighten Festival in the ACT. This economic benefit is calculated via independent event evaluation reports which estimate spending from interstate and international visitors to these events. Direct expenditure impacts cover spending by visitors who come to Canberra specifically to attend these events or extend their stay as a result of these events. Spending by locals or by visitors already in Canberra for other purposes is not included in economic benefit calculations.

g. This accountability indicator measures the estimated return on investment derived from events supported under the Major Event Fund (MEF). To determine return on investment, the economic benefit generated as a result of MEF-supported events will be compared against the total MEF investment in those events. Economic benefit refers to the direct economic benefit generated through staging MEF-supported events in the ACT. This economic benefit is calculated via post event evaluation reports which estimate spending from interstate and international visitors to these events. The target of 40:1 represents $40 in estimated economic benefit for every $1 investment through the MEF.

h. This accountability indicator shows satisfaction with overall customer service levels at the CRVC, captured as part of a broader satisfaction survey open to visitors throughout the year. Survey data is recorded using Survey Monkey.

Sport and Recreation

i. This accountability indicator measures the number of ACT Academy of Sport 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 result is the total number of scholarship holders, transition athletes, training agreement athletes and commercial agreement athletes during the financial year.

j. This accountability indicator reports the number of organisations funded through the Sport and Recreation Investment Scheme to deliver participation opportunities. Funding recipients are offered education and training assistance to improve the quality of these opportunities.

k. This accountability indicator covers the estimated economic activity generated for the Territory by supporting home games for local elite teams including the Canberra Raiders, Brumbies, Greater Western Sydney Giants, Canberra Capitals and Canberra United. Visitor expenditure data is derived from post-game surveys conducted with a random sample of attendees. The direct expenditure impact aims to capture the spending of all visitors who come to the ACT, specifically to attend a home game in Canberra.

Arts

l. 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 using the condition rating system in the 2015 ACT Government Public Art Guidelines and the Public Art Condition Assessment and Maintenance Plan (September 2018).

m. This accountability indicator measures the standard of service and assistance for arts organisations and artists through ACT Arts Fund grants. An annual satisfaction survey of applicants (Key Arts Organisations, Program and Activities grants) is used.

n. This accountability indicator measures the number of artists directly and indirectly supported through Arts Activities funding. The result is measured through the grant acquittal process. Data for this indicator is collated annually and will vary subject to the applications supported each year.

o. This accountability indicator measures satisfaction of audiences and participants of programs run by artsACT funded arts organisations. Reporting on this measure is a requirement of the funding agreement, with the arts organisations compiling data on satisfaction reported to them through their own activities.

p. This accountability indicator measures the annual attendance numbers at events and programs delivered by artsACT-funded organisations. Reporting on attendance is a requirement of the funding agreement, is collected as part of the grant acquittal process and relates to the previous calendar year, in this case 2022.

Skills

q. This accountability indicator measures the participation rate for students (all; Aboriginal and Torres Strait Islander; and young Canberrans aged 15-24) undertaking government funded VET in the ACT. The target is based on nationally published data.

r. This accountability indicator measures the percentage of graduates employed after training or in further study, in the ACT, as defined by the state/territory of funding by year, in the National Centre for Vocational Education Research Student Outcomes Survey.

s. This accountability indicator has two measures.
   - Skilled Independent Nominated: This indicator covers nominations for both overseas and temporary Canberra residents, capturing all supported nominations. The target aligns with the ACT's annual allocation provided by the Australian Government Department of Home Affairs.
   - Average processing time for applications: This indicator tracks the number of business days to process an application, including receipt of payment.

Venues

t. These accountability indicators reflect the number of contracted major events held at each venue in 2022-23.
   - Major events at GIO Stadium are defined as concerts, national competitions (National Rugby League and Super Rugby) and international matches.
   - Major events at Manuka Oval are defined as national competitions (Australian Football League and Big Bash League) and international matches.
   - Major events at EPIC are defined as events with more than 500 attendees.
   - Major events at Stromlo Forest Park are defined as events with more than 500 attendees, or over 300 attendees if attracting national or international events – as their participation has multiplying economic impacts on the wider Canberra economy.

u. The first two accountability indicators for this measure cover own source revenue (measured by own source revenue less event related expenses) generated by GIO Stadium and Manuka Oval and are based on pre-existing hire agreements. The third accountability indicator covers own source revenue (measured as gross revenue) generated by EPIC.

v. Customer satisfaction at the NAC is based on an annual survey undertaken towards the end of the financial year. The calculation method involves adding the totals from the NAC website and iPad surveys, and then formulating a percentage outcome.

Explanation of material variances (+/-5%)

1. Since July 2022, CBRIN has delivered two ICON funding rounds (supporting 13 businesses), one Griffin Accelerator investor-led round (supporting 5 businesses), and one SME Accelerator (supporting 33 businesses). The inclusion of the SME Accelerator program accounted for the variance.
2. Annual survey results from the Canberra based institutions who were surveyed showed that no respondents expressed dissatisfaction with the Study Canberra program, however two respondents expressed a neutral opinion. The neutral respondents indicated that they were satisfied with the team's engagement but were concerned about the amount/allocation of resources available to support the sector. This has resulted in a negative variance.
3. The significant variance is a result of this indicator being initiated during the COVID-19 pandemic and the uncertainty in the international economic climate. The higher number of investment proposals under facilitation management is a result of international borders opening, a new economic development strategy including a focus on responsible investment, and a refreshed and proactive approach to investment attraction.
4. The social and community value that Canberrans place on major event activity in the ACT was higher than targeted. Local sentiment ratings have increased following on from periods of significant event disruption during the COVID-19 pandemic. Local attendees very strongly agreed that hosting these types of events in Canberra is important (4.5), while the role of these events in creating city vibrancy (4.4) and making Canberra a more enjoyable place to live (4.3) were also rated higher than the target.
5. The social and community value that Canberrans place on community event activity in the ACT was higher than targeted. Local sentiment ratings have increased following on from periods of significant event disruption during the COVID-19 pandemic. Local attendees most strongly agreed that hosting these types of events in Canberra is important (4.8), while the role of these events in enhancing community spirit, pride and connection (4.5) and creating city vibrancy (4.5) were also rated higher than the target.
6. The target figure for economic benefit was derived from pre-COVID-19 Floriade and the Enlighten Festival results. The return of Floriade in 2022 to its traditional format in Commonwealth Park, a record Enlighten Festival attendance in 2023, and stronger than anticipated average length of stay (and spending) for both events by interstate and overseas visitors, were factors that led to the 2022-23 target being exceeded.
7. The variance is due to a higher than anticipated return on investment from five of the six funded major events that comprise this measure. In general, this resulted from increases in average length-of-stay and per night spend by visitors. With a significant proportion of funded event attendees coming from interstate or overseas, the MEF continues to support high quality events that provide strong tourism and economic outcomes for the ACT.
8. The variance is due to dedicated efforts to deliver high quality service by the staff and volunteers at the CRVC.
9. The variance is due to less applicants assessed as successful for funding against revised grant guidelines and criteria. Revisions to the former Sport and Recreation Grants Program include renaming the program to highlight the Government's investment ('Sport and Recreation Investment Scheme') and a reduction in the number of categories. The total amount of funding has however increased due to altered thresholds for funding categories.
10. This variance is due to a decline in the average daily spend of visitors travelling to Canberra to attend a local elite team match. We will monitor spending habits to better understand the drivers of visitor expenditure.

11. Ninety-one per cent of the public art collection managed by artsACT is in good or above condition. The 2022-23 result is higher than the target because of the decommissioning of works in poor condition (three artworks) as well as the ongoing conservation of artworks in the collection. Minor conservation works were completed this year on artworks including *Relic, Casuarina pods, Eternity, Sir Robert Menzies* and the *ACT Bushfire Memorial*. These conservation works resulted in an overall improvement in the condition of the collection.
12. This result reflects a higher level of artists directly and indirectly supported through projects receiving Arts Activities funding.
13. This is the first time this measure has been reported. The high number when compared to the target is apparent across the arts organisations that provided data and reflects positive audience sentiment on the return of arts and cultural events post COVID-19.
14. This result reflects a higher level of activity as the sector responds to delays in activity and program delivery, as well as increased demand post COVID-19. The results also include the 396,802 attendees at events that formed part of the Design Canberra Festival delivered by Craft ACT, held in November 2022.
15. The participation rate for students aged 15-64 decreased nationally in 2022. The ACT showed a similar trend.
16. The variance is due to improvements to the Canberra Matrix process administered by Skills Canberra. Applicants are invited to submit an application for visa nomination based on their Canberra Matrix score. Furthermore, the expansion of the program has had a lower than anticipated impact on processing times.
17. The variance is due to the Raiders 2022 season draw having four matches post 1 July 2022, rather than the usual five matches in this period.
18. The variance is due to the timing of the women's AFL season changing and a match being held in the first half of the financial year. The cricket schedule this year secured greater content by having two international men’s matches and the return of the PM's XI.
19. The variance is due to the return to pre COVID-19 levels of events, which has resulted in extra content at EPIC compared to what was forecast when targets were set. New events such as Spilt Milk have occurred and there has been strong demand for dates from event organisers. Some existing clients have had more events than usual at EPIC.
20. The variance is due to the higher than anticipated interest in cycling events, particularly mountain bike events, as well as the use of the site by schools for their Regional Cross-Country events.
21. The popularity of events held at Manuka Oval increased food and beverage commission; and the hiring of facilities and the function business at Manuka has improved.
22. The retention of events and the recovery of expenses has improved own source revenue and there were modest increases in commercial rental payments.
23. The variance is due to the increasing popularity of the National Arboretum, with its 250 hectares of forests and gardens, as a venue providing safe spaces for outdoor activities and a high level of customer service. More specifically, what visitors most enjoyed about their visit included seeing the National Bonsai and Penjing Collection of Australia, exploring the forests and gardens, and the site’s views. Visitors also appreciated the site as a place for conservation, a tourist destination and a large forested public greenspace and wildlife corridor.
24. Changing patterns of study and timing of completion have resulted in lower costs associated with a number of skilling related initiatives. Consistent with these changing patterns, costs associated with these programs were factored into revised budgets for 2022-23 and subsequently published in the 2023-24 Budget. Finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff, has increased costs for employees contributing to this output. The additional costs associated with the Enterprise Agreement were factored into revised budgets for 2022-23, and subsequently published in the 2022-23 Budget Review and the 2023-24 Budget. Minor variations in the timing of expenditure related to a number of initiatives has also contributed to the overall variance for this output. These include expenditure associated with initiatives announced in the 2022-23 Budget Review which were not included in the original budget.
25. Factors contributing to lower costs and cashflow management activities at a whole-of-CMTEDD level have reduced the requirement for CRP funding during the year.

Output Class 4: Financial and Economic Management

Output 4.1: Economic Management

The Economic Management output incorporates provision of economic and revenue modelling, economic analysis and policy advice to the ACT Government and agencies, management of Federal Financial Relations, and provision of insurance policy advice and regulation/administration of the Motor Accident Injuries and Lifetime Care and Support schemes.

The Directorate will deliver this output by:

- monitoring and providing advice on the state of the ACT economy;

- preparing economic and fiscal modelling and providing economic forecasts and revenue forecasts for own source revenue;
- undertaking analysis and modelling to provide short, medium and long-term demographic projections;
- publishing tax expenditure statements;
- facilitating the development and review of taxation reform;
- providing advice on a wide range of policy matters considered by government in terms of economic and regulatory impacts, competition reform, cost of living and industry sectoral matters, including economic regulation of water and energy markets;
- coordinating the function and responsibilities provided under the Intergovernmental Agreement on Federal Financial Relations;
- coordinating and/or contributing to:
  - Heads of Treasuries, Board of Treasurers and Council on Federal Financial Relations processes; and
  - ACT Government involvement with the Commonwealth Grants Commission;
- providing advice on the performance of selected government entities, including emerging issues and associated corporate governance arrangements;
- providing advice and regulating the Motor Accident Injuries Scheme; and
- administering the Lifetime Care and Support Scheme.

Table 9: Accountability Indicators Output 4.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Briefings on the ACT economy	172	175	2	
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	1.0925	9	1
c.	Co-ordinate government participation in intergovernmental Treasury fora	12	13	8	2
Total Cost ($'000)		8,510	12,886	51	3
Controlled Recurrent Payments ($'000)		7,806	12,203	56	4

Explanation of accountability indicators:

a. This accountability indicator covers briefings prepared on the most recent key economic indicators for Canberra and the ACT. The result is measured by the number of briefings on the ACT economy that are published on the ACT Treasury website, which are updated regularly, as and when the Australian Bureau of Statistics or the Reserve Bank of Australia update the relevant key economic indicator.

b. This accountability indicator covers the annual submission to the Commonwealth Grants Commission, including collation of all data input and associated briefings including new methodology developments. The target is a minimum ACT relativity of 1. During the 2021-22 financial year the Commonwealth Grants Commission's *GST Revenue Sharing Relativities 2022 Update* has recommended that the ACT's equal per capita GST share for 2022-23 be 1.09250. This excludes the effects of the 'no-worse off guarantee', designed to temporarily insulate states and territories from the GST relativity floor introduced by the Commonwealth in the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018.* The result reflects the ACT's submissions and data provided to the Commonwealth Grants Commission for the 2022 update.

c. This indicator covers responsibility for ACT Treasury input to the operations of the Council on Federal Financial Relations, the Board of Treasurers, and Heads of Treasuries.

Explanation of material variances (+/-5%)

1. The variance is primarily due to the ACT having less ability than other jurisdictions to raise own source revenue, particularly from mining royalties.
2. The variance is due to additional meetings being held over the course of 2022-23.
3. Changes to the ACT Betting Operation Tax and a number of minor initiatives have increased costs for this output. The additional costs were factored into revised budgets for 2022-23, and subsequently published in the 2022-23 Budget Review.
4. Factors contributing to higher costs have increased the requirement for CRP funding during the year.

Output 4.2: Financial Management

Through the Financial Management output, the Directorate provides analysis, monitoring and reporting on the financial performance of agencies, the Territory's budget, and major projects, management of financial investment assets and borrowing and superannuation liabilities and assists the ACT Government to achieve its policy objectives.

The Directorate will deliver this output by:

- managing the preparation and presentation of the ACT Government's annual budget, budget review and annual financial statements;
- providing quarterly whole-of-government consolidated financial reports;
- reporting to external agencies including the Australian Bureau of Statistics, and the Commonwealth Grants Commission;
- providing advice to the ACT Government on financial and budget policy issues;
- reviewing government programs and functions; and
- managing the Territory's borrowings, financial investments, cash and liquidity needs and the defined benefit employer superannuation liabilities through the Territory Banking Account and the Superannuation Provision Account.

Table 10: Accountability Indicators Output 4.2

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Budget presented in accordance with legislative timeframes	2	2	0	
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.	Regulatory reform in relation to financial processes	1	1	0	
f.	Submission to credit rating agency	1	1	0	
Total Cost ($'000)		17,561	18,647	6	1
Controlled Recurrent Payments ($'000)		23,313	24,539	5	2

Explanation of accountability indicators:

a. The Territory Budget is presented to the Legislative Assembly in accordance with the timing prescribed in section 5 of the FMA Act. The 2022-23 result reflects the presentation of the 2022-23 Budget on 2 August 2022 and the presentation of the 2023-24 Budget on 27 June 2023.
b. 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 2022-23 result reflects the presentation of the Budget Review on 9 February 2023.
c. 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 2022-23 result reflects the provision of the Statements to the Auditor General on 30 September 2022.
d. The Quarterly Consolidated Financial Statements are presented to the Legislative Assembly in accordance with the timing prescribed in section 26 of the FMA.
e. This accountability indicator covers policy and project initiatives targeted at improving the effectiveness and efficiency of regulation in relation to financial processes.
f. This accountability indicator covers the annual budget presentation to the credit rating agency S&P Global Ratings. This supports S&P Global Ratings in its assessment of the credit rating of the Australian Capital Territory. The presentation to S&P Global Ratings comprises a selection of content from the Annual Budget Papers.

Explanation of material variances (+/-5%)

1. Additional Pandemic Leave Disaster payments funded by the COVID-19 Response Fund have increased costs for this output. Finalisation of bargaining processes to establish new Enterprise Agreements covering CMTEDD staff has increased costs for employees contributing to this output. The additional costs for Pandemic Leave Disaster payments and Enterprise Agreement were factored into revised budgets for 2022-23, and subsequently published in the 2022-23 Budget Review and the 2023-24 Budget.
2. Factors contributing to higher costs have increased the requirement for CRP funding during the year.

Output Class 5: Revenue Management

Output 5.1: Revenue Management

Through the Revenue Management output, the Directorate provides for the administration of the ACT Government's taxation revenue.

Revenue Management (ACT Revenue Office) will deliver this output by:

- collecting taxation revenue in accordance with legislation;
- providing high quality and timely advice to assist taxpayers in meeting their obligations;
- processing objections to taxation 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 concessions in accordance with legislation; and
- administering Rental Bonds.

Table 11: Accountability Indicators Output 5.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Debt Management – level of overdue rates as a percentage of total rates revenue	5%	10%	100	1
b.	Debt Management – level of overdue debt (not including rates) as a percentage of tax revenue (not including rates)	2%	6%	200	2

	2022-23 Target	2022-23 Result	Variance (%)	Note
c. Internal reviews of objections completed within 6 months	85%	82%	(4)	
d. Internal reviews of objections completed within 12 months	100%	99%	(1)	
e. Compliance revenue per inspector	$650,000	$2,365,845	264	3
Total Cost ($'000)	32,721	32,930	0	
Controlled Recurrent Payments ($'000)	23,919	25,025	4	

Explanation of accountability indicators:

a. 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.

b. 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.

c. This accountability indicator measures the completion within timeframes of internal reviews of objections lodged against revenue assessments and decisions. It is calculated via a count of time taken for a decision based on recorded dates of receipt and decision, due dates and extensions.

d. This accountability indicator measures the completion within timeframes of internal reviews of objections lodged against revenue assessments and decisions. It is calculated via a count of time taken for a decision based on recorded dates of receipt and decision, due dates and extensions.

e. 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%)

1. The variance is due to debt recovery measures being largely suspended during the COVID-19 pandemic, resulting in an increase in rates debt and which has yet to be returned to pre-pandemic levels. Revenue Office debt collection activities have returned to normal and a reduction in debt over the coming year is expected.
2. The variance is due to debt recovery measures being largely suspended during the COVID-19 pandemic. Revenue Office debt collection activities have returned to normal with a resumed focus on compliance activities over 2022-23. A reduction in debt over the coming year is expected.
3. Higher revenue per inspector reflects the issuing of a number of large landholder duty compliance assessments.

Output Class 6: Shared Services

Output 6.1: Human Resources, Finance and Record Services

Through this output, the Directorate provides a range of corporate services, including tactical and transactional human resource and finance services to directorates and agencies.

The Directorate delivers this output by:

- providing payroll, personnel and recruitment services;
- providing records management and courier activities to government directorates;
- providing monthly and annual financial reporting services;
- providing accounts payable, accounts receivable, banking and debt management functions;
- providing general ledger, cash flow and fixed asset management;
- providing advice on Fringe Benefits Tax, Goods and Services Tax and PAYG, including arranging external advice as required;

- 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.

Table 12: Accountability Indicators Output 6.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Human resources service requests made via the Service Desk are resolved within Service Standard timeframes	95%	89%	(6)	1
b.	Business Activity Statements completed in accordance with the ATO deadline	100%	100%	0	
c.	Fringe Benefits Tax Return submitted to the ATO in accordance with the ATO deadline	100%	100%	0	
d.	Monthly financial information available for use by agencies by 6th working day of the month	100%	100%	0	
e.	Annual financial statements completed and provided to agencies by 10th working day of July	100%	100%	0	
f.	Finance service requests made via the Service Desk are resolved within Service Standards timeframes	90%	96%	7	2
Total Cost ($'000)		77,858	73,102	(6)	3
Controlled Recurrent Payments ($'000)		54,715	50,532	(7)	4

Explanation of accountability indicators:

a. This accountability indicator covers the service requests logged by the HR Service Desk which are resolved within agreed timeframes (five working days). HR service requests are submitted to the Service Desk via the ServiceNow system. Performance against the accountability indicator is calculated using ServiceNow data and is based on the volume of requests resolved within five working days as a percentage of the total number of service requests.

b. This accountability indicator covers the submission of Business Activity Statements (BAS) to the Australian Taxation Office (ATO) by the 21st of every month. The date of BAS lodgements processed through the ATO Business Portal and that of GST remittance are monitored and recorded by the action officer.

c. This accountability indicator covers the lodgement of annual Fringe Benefit Tax returns to the ATO.

d. This accountability indicator refers to the completion of processing of monthly financial information using Oracle Government Financials. Meeting this timeframe (6th working day of the month) facilitates agencies in finalising monthly management reports in a timely manner.

e. This accountability indicator covers the submission of draft annual financial reports to the directorates/agencies. Meeting this timeframe (10th working day of July) facilitates agencies in finalising the annual financial statements to meet audit office deadlines.

f. This accountability indicator covers the service requests logged by the Finance Service Desk which are resolved within agreed timeframes (five working days). Finance service requests are submitted to the Service Desk via the ServiceNow system. Performance against the accountability indicator is calculated using ServiceNow data and is based on the volume of requests resolved within five working days as a percentage of the total number of service requests.

Explanation of material variances (+/-5%)

1. The variance is due to the primary teams responsible for this indicator (Shared Services Payroll and Recruitment) experiencing an increase in their workload because of the increasing staff numbers in the ACTPS (3.34 per cent increase in paid staff for the period July 2021 to June 2022). A number of measures including automation are being explored to improve performance against the indicator.
2. Automation and process improvements have resulted in a significant increase in the ability to meet this target. These included the launch of the Finance General Enquiry form, promotion of the 'chat' function for ACTPS staff, enhancement of standard operating procedures, induction improvement for new starters on the Finance Service Desk, and targeted training surrounding customer service techniques.
3. The original budget included an allowance for software licencing costs associated with whole-of-government human resource management systems. Actual expenditure on these licences has been reclassified to Output 6.2, consistent with the nature of the expenditure. The reclassification of expenditure has been reflected in the revised budgets for 2022-23, and subsequently published in the 2023-24 Budget.
4. Factors contributing to lower costs have reduced the requirement for CRP funding during the year.

Output 6.2: Digital, Data and Technology Solutions

Through this output, the Directorate provides a range of ICT services, including infrastructure, applications support and development and ICT projects to directorates and agencies.

The Directorate delivers this output by:

- providing services to government agencies as outlined in the ICT catalogue of services and affirmed through various service level and support agreements;
- managing the whole-of-government data and communications network; and
- providing general service and help desk functions.

Table 13: Accountability Indicators Output 6.2

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	ICT service requests made via the Service Desk are resolved within Service Level Agreements' timeframes	90%	87%	(4)	
b.	Average time taken for telephone ICT service requests to be answered by a Service Desk Officer	80% of calls within 240 seconds	64% of calls within 240 seconds	(20)	1
c.	Number of successful attacks on internally hosted ACT Government websites	0	0	0	
Total Cost ($'000)		219,141	250,711	14	2
Controlled Recurrent Payments ($'000)		26,033	27,809	6	3

Explanation of accountability indicators:

a. Service Level Agreements' timeframes are standards for service delivery.

b. This measure covers the percentage of calls answered by the Service Desk within 240 seconds. The indicator is measured through reports generated through call systems and excel worksheets to calculate results.

c. This measure covers security breaches of internally hosted ACT Government web sites and web applications. During the reporting period there were no successful attacks on internally hosted websites. There has been one successful cyber-attack on a mail gateway server used by ACT Government during the reporting period, but this does not meet the criteria of 'website'.

Explanation of material variances (+/-5%)

1. The variance is due to a number of factors, including longer call times due to the complexity of the cases being resolved. We will review and assess the nature of the cases to better understand the drivers and the work effort required to resolve cases contributing to the increased call duration.
2. The primary driver of the increased costs is the impairment of capital works in-progress associated with the Human Resources and Information Management System project, partially offset by lower amortisation costs. Other factors contributing to the increase in costs include the reclassification of software licencing costs associated with whole-of-government human resource management systems from Output 6.1 - Human Resources, Finance and Record Services.
3. The reclassification of software licencing costs associated with existing human resources systems from Output 6.1- Human Resources, Finance and Record Services, has increased the requirement for CRP funding during the year. Non-cash impairment and amortisation costs have no impact on CRP requirements.

Output Class 7: Infrastructure Finance and Procurement

Output 7.1: Infrastructure Finance

Through the Infrastructure Finance output, the Directorate provides advice to government on the development and management of major infrastructure projects, including unsolicited proposals and the use of private finance where appropriate. The Directorate partners with other directorates to ensure project business cases for capital projects provide the required evidence and analysis to justify the funding decisions of government.

The Directorate will deliver this output by:

- advising on the development of infrastructure projects within the Capital Framework;
- providing financial and commercial advice on the development and procurement of Public Private Partnership (PPP) and other major, complex infrastructure projects, and managing life-of-project transactions for PPP projects;
- managing the process and providing commercial support for the assessment of Unsolicited Proposals; and
- maintaining, and providing training on the policy frameworks that support the development and delivery of infrastructure projects, including the Capital Framework and the Partnerships Framework - Guidelines for Unsolicited Proposals and Guidelines for PPPs.

Table 14: Accountability Indicators Output 7.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Life of Project PPP transactions successfully executed	100%	100%	0	
b.	Assessments of Unsolicited Proposals completed within the prescribed timescales	>85%	100%	0	
Total Cost ($'000)		3,354	2,176	(35)	1
Controlled Recurrent Payments ($'000)		3,231	1,783	(44)	2

Explanation of accountability indicators:

a. This indicator measures the efficiency of Infrastructure Finance and Reform in undertaking its responsibilities for 'Life of Project' transactions for PPP projects. PPPs are a form of infrastructure procurement that involve high levels of risk transfer to the private sector and high levels of integrated delivery. '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. The full year result is the number of 'Life of Project' transactions completed successfully divided by the total number of such transactions scheduled to be completed within the reporting period.

b. This indicator measures the efficiency of Infrastructure Finance in undertaking its responsibilities for managing the assessment of unsolicited proposals. The Guidelines for Unsolicited Proposals is the framework for the treatment of unsolicited proposals in the Territory. The relevant timescales are those specified in the guidelines and/or those agreed with the proponent, for each phase of the assessment process. Within three months of receiving the formal concept submission, the Government will aim to advise the proponent whether the Unsolicited Proposals Steering Committee (UPSC) would like to receive a presentation. Within two months of the presentation to the UPSC, the UPSC will notify the proponent of its decision on progressing the proposal, unless there are particular circumstances that require a longer review period. The full year result is the number of responses to proponents within the specified timescale divided by the total number of responses.

Explanation of material variances (+/-5%)

1. Information gathering to support 'More and better jobs – Improving infrastructure planning and delivery' has been slower than anticipated, resulting in lower than budgeted employee and supplier costs.
2. Lower costs have reduced the requirement for CRP funding during the year.

Output 7.2: Procurement

Through the Procurement output, the Directorate has oversight of the ACT Government procurement framework. We assist ACT Government and suppliers through advice, support and services.

The Directorate delivers this output by:

- providing procurement advisory services to Territory entities to support the pursuit of value for money in strategic goods and services procurement;
- supporting Territory Entities in undertaking low risk goods and services procurements by providing guidance and templates;
- developing and maintaining templated and standardised procurement guidance, documentation and processes to support all procurement;
- applying contemporary category procurement knowledge and contract management skills to establish and manage cost effective whole-of-government arrangements;
- managing and developing the legislation and policy that underpin the Procurement Framework ensuring it is aligned to the needs of the Territory;
- improving the maturity of procurement legislation, policies, systems, tools and practices, to support the pursuit of value for money, to drive transparent, supported and standardised procurement outcomes;
- uplifting procurement capability across the service by offering a range of training and knowledge sharing opportunities, including by coordinating a whole of service procurement community of practice and bimonthly procurement eNewsletter;
- administering the whole-of-government procurement systems including ACT Government online tendering and contracts register platforms to comply with legislative obligations and international agreements;
- representing the ACT Government in cross-jurisdictional engagement on procurement policy matters, including in relation to international trade agreements; and
- working in collaboration with the Better Regulation Taskforce to reduce barriers faced by Small to Medium Enterprise in accessing ACT Government procurement opportunities.

Table 15: Accountability Indicators Output 7.2

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Proportion of Goods and Services contracts awarded to Indigenous suppliers or Social suppliers	1%	2%	142	1
b.	Public availability of Contract Register and Tenders ACT	99.5%	99.8%	0	
c.	Public satisfaction with Tender systems	85%	79%	(7)	2
d.	Territory entity staff awareness of ACT Government procurement related policies	85%	96%	13	3
e.	Territory entity staff satisfaction with procurement training	85%	81%	(4)	
Total Cost ($'000)		9,651	10,891	12	4
Controlled Recurrent Payments ($'000)		5,534	6,199	12	5

Explanation of accountability indicators:

a. ACT Government agencies are encouraged to include Indigenous businesses and social enterprises in their procurement opportunities. Indigenous suppliers must be registered or certified by Supply Nation, a supplier development council that manages a national directory of registered/certified Indigenous businesses. Social enterprises deliver targeted social or community benefits using traditional business principles. They may be for-profit or not-for-profit organisations, but they seek both a financial and a social return on investment.

b. Public availability of the Notifiable 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 of the ACT Government. This indicator is measured annually.

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 annually by a survey of external Tenders ACT register parties.

d. This accountability indicator measures the level of awareness of the ACT Government's Procurement Framework amongst Territory entity staff that undertake procurement. This will assist in measuring the effectiveness of procurement related policy implementation, communication and support tools. The measure will be calculated based on the percentage of Territory entity staff, which through annual survey, have identified as 'strongly agree' or 'agree' that they are aware of the Procurement Framework.

e. This indicator measures the effectiveness of procurement training and support delivered to Territory entity staff. The measure will be calculated based on the percentage of Territory entity staff, who through surveys undertaken following training sessions, have identified as 'strongly agree' or 'agree' that the training was useful.

Explanation of material variances (+/-5%)

1. The variance is due to the ACT Government's commitment to driving participation for Aboriginal and Torres Strait Islander enterprises through procurement in accordance with the Aboriginal and Torres Strait Islander Procurement Policy.
2. The variance from the target is mainly explained by lower user satisfaction with various functionality elements of the Tenders ACT system including searchability of opportunities, ease of use and alerts.
3. For the 2022-23 result, a survey was progressed to all members of the Procurement Community of Practice. The Procurement Community of Practice is represented by Territory entity staff undertaking procurement and currently has 320 members across Government. The variance is because the previous survey was sent to a wider audience and included officers receiving services from a number of business areas (the survey did not target those undertaking procurement only). In contrast, the 2022-23 survey was only circulated to members undertaking procurement or in related fields.
4. Increased demand for procurement services and the implementation of the Procurement Reform Program has resulted in additional costs for this output.
5. Factors contributing to higher costs has increased the requirement for CRP funding during the year, partially offset by the cashflow management activities at a whole-of-CMTEDD level.

Output Class 8: Property Services

Output 8.1: Property Services

Through the Property Services output, the Directorate manages 238 Territory-owned buildings, including commercial buildings, government office and service provision accommodation, community/multipurpose buildings, and aquatic/leisure facilities. The Directorate also leases 31 commercial buildings on behalf of the Territory.

The Directorate will deliver this output by:

- managing a portfolio of properties used for the delivery of government, community and commercial services by the ACT Government and tenant organisations;
- leading the delivery of government accommodation projects that will provide security, flexibility, and a long-term approach to government office accommodation;
- managing the ACT Government's owned and leased government office buildings including sourcing and negotiating new leased properties;
- delivering property upgrade services and planned and reactive maintenance services for Territory-owned properties managed by ACT Property Group (ACTPG) and other directorates;
- managing procurement and contract management of building maintenance service activities across multiple construction trades and maintenance service areas;
- ensuring continued operation of six ACT Government owned aquatic facilities including upgrades, maintenance and management of contracts with operators of the facilities;
- identifying and pursuing opportunities to improve the energy efficiency of Territory owned buildings to deliver ACT Government climate change priorities and policy; and
- representing the ACT Government at the National Government Property Group.

Table 16: Accountability Indicators Output 8.1

		2022-23 Target	2022-23 Result	Variance (%)	Note
a.	Percentage of customers satisfied with management of aquatic centres	93%	87%	(6)	1
b.	Vacancy rate for properties designated for use by non-government tenants	3.5%	1.2%	(66)	2
c.	Percentage of planned ACTPG capital upgrade projects completed by expenditure	85%	100%	18	3
Total Cost ($'000)		173,900	208,473	19	4
Controlled Recurrent Payments ($'000)		23,817	13,186	(44)	5

Explanation of accountability indicators:

a. This accountability indicator measures visitor satisfaction with the management of public swimming pools via an annual survey of visitors undertaken in December to March each year and reported in the final quarter of each calendar year.

b. This accountability indicator measures the vacancy rate for properties designated for use by non-government tenants (community groups and commercial organisations). Vacancy rate is calculated by dividing the amount (m2) of vacant government property that is available for lease to non-government organisations/tenants, by the total government property tenanted or available to tenant by non-government tenants, expressed as a percentage, at 31 December (mid-year) and 30 June (end of year).

c. This indicator measures the expenditure on planned ACT Property Group (ACTPG) capital upgrade projects. The completion rate is the expenditure on ACTPG capital upgrade project works against the total budget forecast for the projects originally programmed for delivery under this funding appropriation, expressed as a percentage. 'Planned ACTPG capital upgrade projects' are projects delivered under Better Infrastructure Fund (BIF). Calculation is a percentage of the YTD total expended amount against the total appropriated amount of BIF. This indicator was 8.1d in the 2022-23 Budget but has been renumbered to 8.1c.

Explanation of material variances (+/-5%)

1. The survey results for 2022-23 recorded a below target satisfaction rate of 87 per cent at four of six facilities. Survey results for two facilities were disregarded for the purposes of this measure due to a statistically invalid (low) number of responses. Results indicated opportunities to improve in the areas of information provided on activities, events, bookings and closing times.
2. The variance is due to the ACTPG actively engaging with the prospective tenants and issuing offers to fill vacancies. In this situation, the negative variance is favourable, as lower vacancy rates represent a positive outcome.
3. A variance above the target has been achieved through a strong focus on effective project delivery, resulting in projects being financially completed ahead of the anticipated schedule.
4. Increased demand for school building upgrades and other property improvement works has increased costs for this output. The additional costs associated with this increased demand have mainly been recovered from other directorates through own source revenue. A number of assets, including the Belconnen Traffic Centre, Kippax Health Centre, Weston Creek blocks and Hume Police Traffic Operations Centre fit out, were transferred to other directorates, resulting in additional costs being recognised against this output. Offsetting those factors, there have been delays in progressing a number of other initiatives, with the change in expenditure profile being reflected in revised budgets for 2022-23, and subsequently published in 2023-24 Budget.
5. Delays in progressing a number of initiatives has reduced the CRP requirement during the year. Project related costs, which are recovered from other directorates through own source revenue, and non-cash asset transfers, have no impact on CRP requirements.

Territory Banking Account

Management Discussion and Analysis
For the Territory Banking Account
Financial Year Ended 30 June 2023

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. Transactions are supported by the provisions of the *Financial Management Act 1996* and the annual budget in meeting its ongoing financial obligations.

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.

Overview

The financial performance outcomes of the Territory Banking Account is reflective of the performance of global financial markets, and the level of interest rates in relation to financial investment returns and borrowing expenses; the level of Territory revenues received; and appropriation payments made.

In 2022-23, all investment portfolio strategies managed through the Territory Banking Account centralised investment structure recorded positive returns for the year due mainly to gains from the share market. A number of major themes impacted investment performance over the 2022-23 financial year including ongoing financial markets volatility due to high and persistent inflation and increasing interest rates.

Domestic interest rates increased over the 2022-23 financial year as result of the high inflation resulted in an increased cost of funds for new borrowings raised compared with the previous financial year.

Financial Performance

The Territory Banking Account's financial results encompass a diverse range of transactions on behalf of the whole government. 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.

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 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 2022-23 financial statements of relevant agencies.

The Management Discussion and Analysis (MD&A) is based on the Territory Banking Account's audited financial statements for 2021-22 and 2022-23, the 2022-23 Budget, and the forward estimates contained in the 2023-24 Budget Statements.

The 2022-23 Financial Statements accompanying this MD&A uses the original budget published in the 2022-23 Budget Papers for comparative purposes.

Operating Activities

Table 1 – Operating Activities

	Actual 2021-22 $m	Budget 2022-23 $m	Actual 2022-23 $m	Budget 2023-24 $m
Total income	5,558.3	6,148.7	6,506.9	6,742.7
Total expenses	6,473.5	7,721.4	7,709.6	8,265.3
Operating Deficit	**(915.2)**	**(1,572.7)**	**(1,202.6)**	**(1,522.5)**

Note: Numbers may not add due to rounding.

Operating Result

The Territory Banking Account's operating deficit for 2022-23 of $1,202.6 million was 370.1 million or 24 per cent improvement compared to the 2022-23 original budget deficit of $1,572.7 million mainly due to higher than estimated net investment returns, higher transfer revenues from agencies and lower budget appropriation payments to agencies.

In comparison to 2021-22, the operating deficit in 2022-23 was $287.4 million or 31 per cent higher.

Total Income

The Territory Banking Account's income for 2022-23 totalled $6,506.9 million. Income comprises: interest from cash at bank, investment income and net gains from investments ($716.2 million); interest from loans provided to agencies ($108.5 million); transfer revenues from agencies ($5,514.2 million); and other income ($167.9 million).

The Territory Banking Account's income for 2022-23 of $6,506.9 million was $358.3 million or 6 percent higher than the 2022-23 original budget of $6,148.7 million mainly due to higher than estimated net investment returns and higher transfer revenues from agencies.

In comparison to 2021-22, income in 2022-23 was $948.6 million or 17 per cent higher mainly due to higher net investment returns.

Total Expenses

The Territory Banking Account's expenses for 2022-23 totalled $7,709.6 million. Expenses comprise: transfer of budget appropriations to agencies ($6,729.4 million); borrowing costs ($285.5 million); agency investment expenses ($620.6 million) and other expenses ($74.1 million).

The Territory Banking Account's expenses for 2022-23 of $7,709.6 million were $11.8 million lower than the 2022-23 original budget of $7,721.4 million.

In comparison to 2021-22, total expenses for 2022-23 of $7,709.6 million were $1,236.0 million or 19 percent higher mainly due to higher budget appropriation payments to agencies, borrowing costs, agency investment expenses, and other expenses.

Financial Position

Table 2 – Financial Position

	Actual 2021-22 $m	Budget 2022-23 $m	Actual 2022-23 $m	Budget 2023-24 $m
Total Assets	10,372.8	10,290.5	10,258.2	11,413.0
Total Liabilities	14,765.3	16,517.1	15,794.2	18,462.8
Net Liabilities	**4,392.5**	**6,226.6**	**5,535.9**	**7,049.8**

Note: Numbers may not add due to rounding.

Total Assets

The Territory Banking Account's total assets at 30 June 2023 were $10,258.2 million. Total assets comprise: cash and investments ($7,729.1 million); and loans and receivables ($2,529.1 million).

The Territory Banking Account's total assets at 30 June 2023 of $10,258.2 million were $32.2 million lower than the 2022-23 original budget of $10,290.5 million.

In comparison to 2021-22, total assets at 30 June 2023 decreased by $114.6 million or 1 per cent.

Total Liabilities

The Territory Banking Account's total liabilities at 30 June 2023 were $15,794.2 million. Total liabilities comprise: payables ($73.4 million); borrowings ($9,615.7 million); and agency investment deposits ($6,104.9 million).

The Territory Banking Account's total liabilities at 30 June 2023 of $15,794.2 million were $722.9 million or 4 percent lower than the 2022-23 original budget of $16,517.1 million mainly due to lower borrowings and agency investment deposits than estimated.

In comparison to 2021-22, total liabilities at 30 June 2023 increased by $1,028.9 million or 7 per cent mainly due to higher borrowings and agency investment deposits.

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. A high liquidity provision assists the Government in meeting cash payment obligations on an ongoing basis. It is also a key metric considered in the credit rating assessment undertaken by international ratings agencies.

The Territory Banking Account cash at bank balance at 30 June 2023 is $1,624.2 million ($2,388.0 million at 30 June 2022).

Financial Investment and Borrowing Activities

Financial Investments

The Territory Banking Account manages the aggregate financial investments in accordance with the investment plans of underlying ACT Government agency investors.

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.

Exposures to asset classes sectors are diversified by geography, sector and financial instrument type and comprise cash, money market securities, fixed rate bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure. These investment exposures are maintained in line with acceptable risk and return tolerances and approved strategic asset allocations.

The financial investment assets are also managed in accordance with the Government's overarching responsible investment policy framework.

Table 3 provides a summary of the total financial investment assets of agency investors and the Territory Banking Account by asset class sector allocation.

Table 3 – Financial Investments Exposures

Financial Investment Assets - Sector Allocations	**Actual 2022-23 $m**	**Actual 2021-22 $m**
Domestic and International Fixed Income	1,671.9	1,641.0
Domestic and International Equities	3,345.0	2,753.9
Private Equity	291.7	298.1
Property	403.2	441.2
Infrastructure	393.1	311.2
Total Financial Investment Assets	**6,104.9**	**5,445.4**

Note: Numbers may not add due to rounding.

Table 4 details Agency Investment balances by asset class sector exposure with the Territory Banking Account at 30 June 2023.

Table 4 – Agency Investment Deposits

Agency Investment Deposits - Sector Allocations	**Actual 2022-23**				
	LTCS[1] $m	**PSWC[1] $m**	**ACTIA[1] $m**	**SPA[1] $m**	**Total $m**
Domestic and International Fixed Income	55.4	155.2	152.9	1,308.4	1,671.9
Domestic and International Equities	57.0	109.5	164.1	3,014.4	3,345.0
Private Equity	-	-	-	291.7	291.7
Property	5.8	13.4	16.3	367.8	403.2
Infrastructure	6.1	14.8	17.5	354.7	393.1
Total Agency Investment Deposits	**124.2**	**292.9**	**350.9**	**5,337.0**	**6,104.9**

Notes: Numbers may not add due to rounding.

1 Lifetime Care & Support Fund (LTCS); Public Sector Workers Compensation (PSWC), ACT Insurance Authority (ACTIA), Superannuation Provision Account (SPA)

Financial Borrowings

The Government's budget funding requirements are mainly achieved by the issuance of debt securities in domestic capital markets, with debt instruments issued from the Territory's Australian Dollar Domestic Debt Issuance Program which 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 2023 as reported in the Territory Banking Account are set out Figure 3 below.

Figure 3 – Total Market Borrowings and Loans – Principal Value as at 30 June 2023

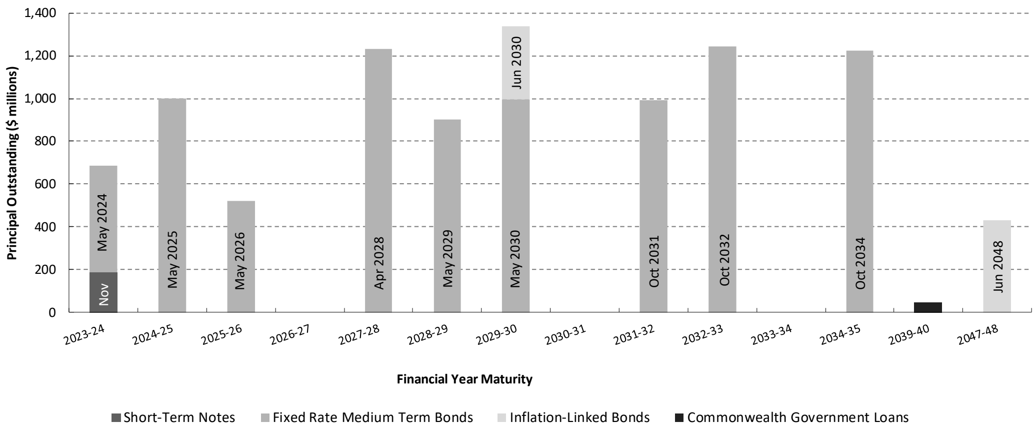

Table 5 provides details of the outstanding nominal fixed rate bonds as reported in the Territory Banking Account as at 30 June 2023.

Table 5: Nominal Fixed Rate Bonds on Issue

Coupon	Maturity	Face value $m	Principal outstanding[1] $m	Timing of interest payments	
4.00%	May 2024	500	497.9	Semi-annual	May, Nov
1.25%	May 2025	1,000	1,001.7	Semi-annual	May, Nov
2.50%	May 2026	525	522.5	Semi-annual	May, Nov
3.00%	Apr 2028	1,250	1,230.6	Semi-annual	Apr, Oct
2.25%	May 2029	900	901.7	Semi-annual	May, Nov
1.75%	May 2030	1,000	997.4	Semi-annual	May, Nov
1.75%	Oct 2031	1,000	992.7	Semi-annual	Apr, Oct
2.50%	Oct 2032	1,250	1,242.2	Semi-annual	Apr, Oct
4.50%	Oct 2034	1,250	1,225.5	Semi-annual	Apr, Oct

Notes:

1 Estimated capital value outstanding as at 30 June 2023. The difference between principal outstanding and the face value reflects the unamortised issuance premium or discount. The face value is repaid at maturity.

Table 6 provides details of the outstanding market-issued inflation bonds as reported in the Territory Banking Account as at 30 June 2023.

Table 6: Inflation Linked Bonds on Issue

Coupon	Maturity	Face value $m	Principal outstanding $m	Timing of payments	
2.83%[1]	Jun 2048	420	413.0	Quarterly	Mar, Jun, Sep, Dec
3.50%[2]	Jun 2030	250	340.5	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 Consumer Price Index (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 7 provides details of the Territory's outstanding Commonwealth loans as reported in the Territory Banking Account as at 30 June 2023.

Table 7: Commonwealth Loans

Interest Rate[1]	Maturity	Face value $m	Principal Outstanding[2] $m	Timing of payments	
4.50%	Jun 2040	174	45.4	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 the fixed amortising loan schedule.

Table 8: Promissory Notes

Interest Rate	Maturity	Face value $m	Principal Outstanding[1] $m	Timing of payments	
Various	Nov 2023	190	186.5	Maturity	Nov

Notes:

1 Short term promissory notes are issued at a discount with the face value, comprising the principal outstanding plus interest repaid at maturity.

Territory Banking Account

Financial Statements for the year ended 30 June 2023

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 2023 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 2023, 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 identified during my audit.

Ajay Sharma
Assistant Auditor-General, Financial Audit
25 September 2023

Territory Banking Account
Financial Statements
For the Year Ended 30 June 2023

Statement of Responsibility

In my opinion, the Territory Banking Account's financial statements fairly reflect the financial operations for the year ended 30 June 2023 and its financial position on that date.

Stuart Hocking PSM
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate

21 September 2023

Territory Banking Account
Financial Statements
For the Year Ended 30 June 2023

Statement by the Chief Finance Officer

In my opinion, the Territory Banking Account's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2023 and the financial position on that date.

Patrick McAuliffe
Chief Finance Officer
Territory Banking Account
Chief Minister, Treasury and Economic Development Directorate
21 September 2023

Territory Banking Account
Content of Financial Statements
For the Year Ended 30 June 2023

Territory Banking Account
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income				
Investment Income	4.1	411,021	299,283	265,610
Net Gains/(Losses) on Investments	4.2	413,754	231,739	(406,230)
Transfers from ACT Government Agencies	4.3	5,514,190	5,436,312	5,520,442
Other Income	4.4	167,995	181,366	178,513
Total Income		**6,506,961**	**6,148,700**	**5,558,335**
Expenses				
Payments to ACT Government Agencies	5.1	6,729,371	6,958,632	6,491,470
Borrowing Costs	5.2	285,514	268,773	219,073
Agency Investment Expenses	5.3	620,625	418,540	(252,229)
Other Expenses	5.4	74,060	75,462	15,213
Total Expenses		**7,709,570**	**7,721,407**	**6,473,527**
Operating Result		**(1,202,609)**	**(1,572,707)**	**(915,192)**
Total Comprehensive (Deficit)		**(1,202,609)**	**(1,572,707)**	**(915,192)**

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

Territory Banking Account
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Current Assets				
Cash	6.1	1,624,229	1,445,992	2,388,004
Loans and Receivables	6.2	634,974	722,480	593,386
Investments	6.3	6,104,892	6,271,943	5,445,485
Total Current Assets		**8,364,095**	**8,440,415**	**8,426,875**
Non Current Assets				
Loans and Receivables	6.2	1,894,162	1,850,079	1,945,961
Total Non Current Assets		**1,894,162**	**1,850,079**	**1,945,961**
Total Assets		**10,258,256**	**10,290,494**	**10,372,836**
Current Liabilities				
Payables	7.1	73,590	65,814	56,662
Borrowings	7.2	688,848	503,524	1,105,829
Agency Investment Deposits	7.3	6,104,894	6,271,944	5,445,486
Total Current Liabilities		**6,867,332**	**6,841,282**	**6,607,976**
Non-Current Liabilities				
Borrowings	7.2	8,926,858	9,675,799	8,157,322
Total Non-Current Liabilities		**8,926,858**	**9,675,799**	**8,157,322**
Total Liabilities		**15,794,190**	**16,517,081**	**14,765,298**
Net Liabilities		**(5,535,933)**	**(6,226,587)**	**(4,392,462)**
Equity				
Accumulated Deficits		(5,535,933)	(6,226,587)	(4,392,462)
Total Equity		**(5,535,933)**	**(6,226,587)**	**(4,392,462)**

The above Statement of Assets and Liabilities on Behalf of the Territory is to 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 2023

	Note No.	Accumulated (Deficit) Actual 2023 $'000	Total Equity Actual 2023 $'000	Original Budget 2023 $'000
Balance at 1 July 2022		**(4,392,462)**	**(4,392,462)**	**(4,618,659)**
Comprehensive Result				
Operating Result		(1,202,609)	(1,202,609)	(1,572,707)
Total Comprehensive Result		**(1,202,609)**	**(1,202,609)**	**(1,572,707)**
Transactions Involving Owners Affecting Accumulated Funds				
Capital Distributions from ACT Government Agencies	8.1	59,137	59,137	27,779
Total Transactions Involving Owners Affecting Accumulated Funds		**59,137**	**59,137**	**27,779**
Balance at 30 June 2023		**(5,535,933)**	**(5,535,933)**	**(6,226,587)**

	Note No.	Accumulated (Deficit) Actual 2022 $'000	Total Equity Actual 2022 $'000
Balance at 1 July 2021		**(3,545,928)**	**(3,545,928)**
Comprehensive Result			
Operating Result		(915,192)	(915,192)
Total Comprehensive Result		**(915,192)**	**(915,192)**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Distributions from ACT Government Agencies	8.1	68,658	68,658
Total Transactions Involving Owners Affecting Accumulated Funds		**68,658**	**68,658**
Balance at 30 June 2022		**(4,392,462)**	**(4,392,462)**

The above Statement of Changes in Equity on Behalf of the Territory is to 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 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Cash Flows from Operating Activities				
Receipts				
Investment Receipts		381,485	283,943	253,873
Transfers from ACT Government Agencies		5,551,211	5,296,995	5,541,966
Other Receipts		95,535	179,649	170,492
Total Receipts from Operating Activities		**6,028,232**	**5,760,587**	**5,966,331**
Payments				
Interest		248,296	250,392	200,372
Distributions Paid for Agency Investments		175,987	186,801	218,634
Payments to General Government Agencies for Outputs		4,360,418	4,314,821	4,484,466
Payments to Agencies for Expenses on Behalf of the Territory		880,863	948,858	833,131
Other Payments		13,031	12,855	15,890
Total Payments from Operating Activities		**5,678,595**	**5,713,727**	**5,752,493**
Net Cash Inflows from Operating Activities	9(b)	**349,636**	**46,860**	**213,838**
Cash Flows from Investing Activities				
Receipts				
Net Investment Deposits from Agencies		223,269	234,680	430,739
Capital Distributions from ACT Government Agencies		59,137	29,915	68,658
Total Receipts from Investing Activities		**282,407**	**264,595**	**499,397**
Payments				
Net Purchase of Investments		177,298	242,079	358,315
Loans Provided to Agencies		54,198	15,328	9,768
Capital Payments to ACT Government Agencies		1,488,090	1,695,565	1,173,872
Total Payments from Investing Activities		**1,719,585**	**1,952,972**	**1,541,955**
Net Cash (Outflows) from Investing Activities		**(1,437,179)**	**(1,688,377)**	**(1,042,557)**

Territory Banking Account
Statement of Cash Flows on Behalf of the Territory (Continued)
For the Year Ended 30 June 2023

Cash Flows from Financing Activities	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Receipts				
Proceeds from Borrowings		328,063	917,876	1,185,163
Total Receipts from Financing Activities		**328,063**	**917,876**	**1,185,163**
Payments				
Repayment of Borrowings		4,296	4,296	4,111
Total Receipts from Financing Activities		**4,296**	**4,296**	**4,111**
Net Cash Inflows from Financing Activities		**323,767**	**913,580**	**1,181,051**
Net (Decrease)/Increase in Cash		(763,775)	(727,937)	352,332
Cash at Beginning of Reporting Period		2,388,004	2,173,929	2,035,672
Cash at End of Reporting Period	9(a)	**1,624,229**	**1,445,992**	**2,388,004**

The above Statement of Cash Flows on Behalf of the Territory is to 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 2023

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 government's financial investment assets and financial borrowing 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 the management of the Territory's financial investment assets and financial borrowing liabilities 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 managing 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.

Going Concern

The 2022-23 financial statements have been prepared on a going concern basis.

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 2023, Territory Banking Account's liabilities of $15.794 billion exceeded its assets of $10.258 billion by $5.536 billion ($4.392 billion at 30 June 2022).

The net liability position is not considered a liquidity risk. 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. Also refer to Note 9.5 Liquidity Risk.

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 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 year;
(ii) a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;
(iii) a Statement of Changes in Equity on Behalf of the Territory for the year;

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

2.1 Legislative Requirement - Continued

(iv) a Statement of Cash Flows on Behalf of the Territory for the year;
(v) the material accounting policies adopted for the year; and
(vi) other statements as necessary to fairly reflect the financial operations of the Territory Banking Account during the year and its financial position at the end of the year.

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

(i) Australian Accounting Standards (as required by the FMA); 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 Territory Banking Account during the reporting period.

2.3 Currency

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

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 Not-For-Profit Reporting Entity

The Territory Banking Account is prescribed as a Directorate under the *Financial Management Act 1996* and is an individual not-for-profit 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 Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Territory Banking Account for the year ended 30 June 2023 together with the financial position of the Territory Banking Account as at 30 June 2023.

2.7 Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2022-23 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the 2022-23 Budget Papers.

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

2.8 Prior Year comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

2.9 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000) and may not add due to rounding. Use of "- " represents zero amounts or amounts rounded down to zero.

NOTE 3 IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied are either not relevant to the Territory Banking Account or have been assessed as having an immaterial financial impact on the Territory Banking Account.

These standards and interpretations are applicable to future reporting periods. The Territory Banking Account does not intend to adopt these standards and interpretations early and as such they will be adopted form their application date.

NOTE 4 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY

Description and Material Accounting Policies relating to Income

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.

	2023 $'000	2022 $'000

4.1 Investment Income

4.1.1 Dividends

Dividends are recognised when the Territory Banking Account's right to receive payment is established. Dividend income is recognised on the ex-dividend date inclusive of any related foreign withholding tax.

	2023 $'000	2022 $'000
Dividend Income	72,816	68,215
Total Dividends[1]	**72,816**	**68,215**

[1] Dividend receipts are subject to the investment portfolio's actual exposure to listed companies as well as the amount of dividends declared by individual companies based on their financial performance.

4.1.2 Distributions

Distributions are recognised when the Territory Banking Account's right to receive payment is established.

	2023 $'000	2022 $'000
Distribution Income	84,395	69,380
Total Distributions[2]	**84,395**	**69,380**

[2] Distributions received from investments fluctuate year on year subject to the amount of income available for distribution from the underlying investment asset class sector exposures. The increase in distribution income reflects the amounts of distributable income available.

4.1.3 Interest

Interest revenue is recognised using the effective interest method.

(a) Interest from Cash at Bank and Investments

	2023 $'000	2022 $'000
Cash at Bank Interest Income[3]	86,781	16,317
Investment Interest Income[4]	58,468	26,755
Total Interest from Cash at Bank and Investments	**145,249**	**43,072**

[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 higher amount of interest in 2022-23 is mainly due to higher average cash balances maintained for operational and liquidity purposes and the contracted interest rates with the Territory's banking services provider.

[4] Investment interest income is subject to the investment portfolio's actual exposure to interest bearing securities. Variances are a result of changes to actual investment exposures as well as interest rates.

(b) Interest from Loans

	2023 $'000	2022 $'000
Chief Minister, Treasury and Economic Development Directorate	128	116
Icon Water Limited[5]	108,432	84,826
Total Interest from Loans	**108,561**	**84,942**

[5] The increase in interest is due mainly to the impact of higher inflation on inflation-linked loans.

	2023 $'000	2022 $'000
Total Investment Income	**411,021**	**265,610**

NOTE 4 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

	2023 $'000	2022 $'000

4.2 Net Gains/(Losses) on Investments

Gains or losses on investments 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.

	2023 $'000	2022 $'000
Net Gains/(Losses) on Financial Instruments at Fair Value Through Profit or Loss (Investments)	413,754	(406,230)
Total Net Gains/(Losses) on Investments[6]	**413,754**	**(406,230)**

[6] 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 Public Sector Workers' Compensation Fund. The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. In contrast to 2021-22, investment portfolios recorded positive returns (negative returns in 2022-21) for the financial year ended 30 June 2023 due to the increase in market valuations mainly due to gains on share markets.

4.3 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.

	2023 $'000	2022 $'000
ACT Government Agency Transfers	5,514,190	5,520,442
Total Transfers from ACT Government Agencies[7]	**5,514,190**	**5,520,442**

4.4 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.

4.4.1 Employer Superannuation Contributions

	2023 $'000	2022 $'000
Agency Employer Superannuation Contributions	167,250	176,848
Total Employer Superannuation Contributions[7]	**167,250**	**176,848**

4.4.2 Other Revenue

	2023 $'000	2022 $'000
Other	746	1,665
Total Other Revenue	**746**	**1,665**

[7] Variances are driven by underlying ACT Government agency activities. Internal trading confirmations are undertaken with ACT Government agencies during the reporting period. Information about ACT Government agency actual transactions compared with the prior year is available in the 2022-23 financial statements of relevant ACT Government agencies.

	2023 $'000	2022 $'000
Total Other Income	**167,995**	**178,513**

NOTE 5 EXPENSES ADMINISTERED ON BEHALF OF THE TERRITORY

	2023 $'000	2022 $'000
5.1 Payments to ACT Government Agencies		
Controlled Recurrent Payments	4,360,418	4,484,466
Payments for Expenses on Behalf of the Territory	880,863	833,131
Capital Injections	1,488,090	1,173,872
Total Payments to ACT Government Agencies[8]	**6,729,371**	**6,491,470**

[8] Variances are driven by underlying ACT Government agency activities. Internal trading confirmations are undertaken with ACT Government agencies during the reporting period. Information about ACT Government agency actual transactions compared with the prior year is available in the 2022-23 financial statements of relevant ACT Government agencies.

5.2 Borrowing Costs

Borrowing costs are expensed as incurred.

Promissory Notes	3,981	203
Inflation-Linked Bonds	77,108	57,814
Fixed Rate Nominal Bonds	202,191	158,637
Commonwealth Loans	2,234	2,419
Total Borrowing Costs[9]	**285,514**	**219,073**

[9] Higher borrowings costs are mainly due to the impact of higher interest rates and inflation rates on inflation-linked bonds and a higher balance of outstanding fixed rate nominal bond borrowings compared with the previous year.

5.3 Agency Investment Expenses

Distributions	184,485	120,701
Net Gains/(Losses) on Agency Investments	436,139	(372,930)
Total Agency Investment Expenses[10]	**620,625**	**(252,229)**

[10] In contrast to 2021-22, agencies recorded positive returns (negative returns in 2022-21) for the financial year ended 30 June 2023 due to an increase in market valuations mainly due to share market gains. Refer to notes 4.1.2 and 4.2.

5.4 Other Expenses

Investment Management Fees and Expenses	9,286	11,726
Debt Management and Other Expenses[11]	2,704	3,487
Other Expense[12]	62,070	-
Total Other Expenses	**74,060**	**15,213**

[11] Lower debt management expense is due to a lower volume of new syndicated fixed rate nominal bond issuance in 2022-23 compared with 2021-22.
[12] Other Expense reflects the impact of the restructure of the loan between Chief Minister, Treasury and Economic Development Directorate (CMTEDD) and Community Housing Canberra (CHC). The loans receivable from CMTEDD represents the 'repayable' Capital Injection Appropriation provided to CMTEDD to establish the loan with CHC. The loan between CMTEDD and CHC was settled when the funded properties were transferred to CMTEDD in 2022-23. As a result, Cabinet approved through the Budget to cancel the repayable Capital Injection provided to CMTEDD. Refer to Note 6.2.4 Current – Loans Receivable from ACT Government Agencies.

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY

Description and Material Accounting Policies Assets

Assets are classified as current where they are expected to be realised within 12 months or in relation to investments, redeemable on demand by Territory Banking Account subject to market conditions after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

6.1 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.

	2023 $'000	2022 $'000
Cash Held at Bank	1,624,229	2,388,004
Total Cash[13]	**1,624,229**	**2,388,004**

[13] The cash at bank balance reflects the operational and liquidity needs of the Territory Banking Account and the timing of cash flow requirements.

6.2 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

	2023 $'000	2022 $'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	1,624,229	2,388,004
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	**1,624,229**	**2,388,004**

(b) Reconciliation of the Operating (Deficit) to Net Cash Inflows/(Outflows) from Operating Activities

	2023 $'000	2022 $'000
Operating Result	(1,202,609)	(915,192)
Adjustment Items		
Capital Payments to ACT Government Agencies	1,488,090	1,173,872
Net Change in Value of Financial Investments and Liabilities	18,991	(71,222)
Cash Before Changes in Operating Assets and Liabilities	**304,473**	**187,458**
Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Interest Payable	16,928	(92,396)
Decrease in Income Receivable	28,236	118,776
Net Changes in Operating Assets and Liabilities	**45,163**	**26,380**
Net Cash Inflows from Operating Activities	**349,636**	**213,838**

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

6.2 Cash flow Reconciliation - Continued

(c) Reconciliation of Changes in Liabilities Arising from Financing Activities

Borrowings	**2022**	**Cash Flows**	**Non Cash Changes**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings	9,263,151	323,767	28,788	9,615,706
Total Liabilities From Financing Activities	**9,263,151**	**323,767**	**28,788**	**9,615,706**

Borrowings	**2021**	**Cash Flows**	**Non Cash Changes**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings	8,068,935	1,181,051	13,164	9,263,151
Total Liabilities From Financing Activities	**8,068,938**	**1,181,051**	**13,164**	**9,263,151**

6.2 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 measured at fair value on initial recognition value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recognised in the Statement of Income and Expenses on behalf of the Territory. Amounts are generally received within 30 days of being recognised as 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.

Internal trading confirmations are undertaken with ACT Government agencies in relation to loans and receivables for the reporting period. 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. 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.

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

6.2 Loans and Receivables - Continued

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 2023, there is nil loss allowance for loan receivables (30 June 2022: nil).

	2023 $'000	2022 $'000
6.2.1 Current – Transfer Revenues and Distributions Receivable from ACT Government Agencies		
Agency Transfer Revenues and Distributions	492,640	496,305
Total Current Transfers Revenue Receivable[14]	**492,640**	**496,305**

[14] Variances are driven by underlying ACT Government agency activities. Information about ACT Government agency actual transactions compared with the prior year is available in the 2022-23 financial statements of relevant ACT Government agencies.

6.2.2 Current – Interest Receivable from ACT Government Agencies

	2023 $'000	2022 $'000
Agency Loan Interest	7,710	7,343
Total Current Interest Receivable	**7,710**	**7,343**

6.2.3 Current – Investment Distributions Receivable

	2023 $'000	2022 $'000
Investment Distributions Receivable[15]	35,036	26,538
Total Current Investment Distribution Receivable	**35,036**	**26,538**

[15] The increase in distribution receivable is higher due to the higher amount of income available for distribution from the underlying investment asset class sector exposures.

6.2.4 Current – Loans Receivable from ACT Government Agencies

	2023 $'000	2022 $'000
Chief Minister, Treasury and Economic Development Directorate[16]	-	63,195
Icon Water Limited[17]	99,579	-
Total Current Loans Receivable	**99,579**	**63,195**

[16] Refer to Footnote 12, Note 5.4 Other Expenses.
[17] The variance is due to the reclassification of the loan maturing in May 2024 ($100 million face value) from non-current loans receivable. Refer to Note 6.2.7 Non-Current – Receivable from ACT Government Agencies.

Territory Banking Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

	2023 $'000	2022 $'000
6.2 Loans and Receivables - Continued		
6.2.5 Current – Other Receivable		
Australian Taxation Office (Goods and Services Tax)	10	4
Total Current Other Receivable	**10**	**4**
Total Current Loans and Receivables	**634,974**	**593,386**
6.2.6 Non-Current – Receivables from ACT Government Agencies		
Agency Transfer Revenues	56,776	90,132
Total Non-Current Transfer Revenue Receivable	**56,776**	**90,132**
6.2.7 Non-Current – Receivable from ACT Government Agencies		
Chief Minister, Treasury and Economic Development Directorate	-	1,139
Icon Water Limited[18]	1,837,386	1,854,690
Total Non-Current Receivable	**1,837,386**	**1,855,829**
Total Non-Current Receivable	**1,894,162**	**1,945,961**

[18] The net change is due to the impact of inflation on indexed linked bonds and offset by the reclassification of the loan maturing in May 2024 loan ($100 million face value) to current loans receivable.

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY – CONTINUED

6.3 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. Also refer to Note 9 Financial Instruments. The following provides the investment summary of the Territory Banking Account as at the balance date.

	2023 $'000	2022 $'000
(a) Investments		
Financial Assets at Fair Value:		
Discount Securities	238,830	27,838
Fixed Income and Unit Trusts	1,404,124	1,596,035
Equities and Unit Trusts	4,382,690	3,776,099
Derivatives	27,315	(33,279)
	6,052,959	**5,366,693**
Other Financial Instruments at Balance Date:		
Cash, Receivables and Other Assets	114,936	123,713
Payables and Other Liabilities	(63,003)	(44,921)
	51,933	**78,792**
Total Financial Investments	**6,104,892**	**5,445,485**
(b) Financial Investments by Sector Allocation		
Domestic and International Fixed Income	1,671,880	1,640,976
Domestic and International Equities	3,344,970	2,753,911
Private Equity	291,677	298,117
Property	403,233	441,243
Infrastructure	393,132	311,238
Financial Investments By Sector Allocation[19]	**6,104,892**	**5,445,485**

[19] The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. The increase in investments levels reflects a combination of increased unit holder investment applications and market gains for the year. In contrast to 2021-22, investments recorded positive returns (negative returns in 2022-21) for the financial year ended 30 June 2023.

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY

Material Accounting Policies Liabilities

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.

7.1 Payables

Payables are measured at fair value on initial recognition based on the transaction cost and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recognised in Statement of Income and Expenses on Behalf of the Territory. All amounts are normally settled within 14 days after the invoice date. Payables include distributions owing to ACT Government agencies and interest owing on borrowings from external parties.

	2023 $'000	2022 $'000
Distributions Payable for Agency Investments[20]	35,036	26,538
Interest Payable on Borrowings	38,554	30,124
Total Payables	**73,590**	**56,662**

[20] The increase in distribution payable is due to the higher amount of income available for distribution from the underlying investment asset class sector exposures.

7.2 Borrowings

Interest-bearing liabilities accounted through the Territory Banking Account include long term Commonwealth Government Borrowing long-term debt assigned by the Commonwealth at the time of self-government and external borrowings of the Territory. All borrowings are held to maturity, and are initially measured 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.

7.2.1 Current – Borrowings

	2023 $'000	2022 $'000
Promissory Notes[21]	186,456	-
Fixed Rate Nominal Bonds[22]	497,903	1,101,533
Commonwealth Borrowings	4,490	4,296
Total Current – Borrowings	**688,848**	**1,105,829**

[21] Short-term promissory notes borrowings are maintained for liquidity management purposes. Amount outstanding as at 30 June 2023 equates to $190 million face value upon maturity.

[22] The 30 June 2023 amount represents the fixed rate nominal bonds ($500 million face value) maturing in May 2024.

7.2.2 Non-Current – Borrowings

	2023 $'000	2022 $'000
Inflation-Linked Bonds	771,554	729,733
Fixed Rate Nominal Bonds[23]	8,114,440	7,382,236
Commonwealth Borrowings	40,864	45,353
Total Non-Current – Borrowings	**8,926,858**	**8,157,322**

[23] The net increase is due to new fixed rate borrowings issued during the year ($1.125 billion face value) partially offset by the reclassification of the borrowing maturing in May 2024 ($500 million face value) to current borrowings.

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

7.3 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.

	2023 $'000	2022 $'000
Agency Investments with the Territory Banking Account	6,104,894	5,445,486
Total Agencies Investment Deposits[24]	**6,104,894**	**5,445,486**

[24] The fair value of agency investment deposits fluctuates year on year depending on the performance of the underlying financial investment exposures. The increase in investments levels reflects a combination of increased unit holder investment applications and market gains for the year. In contrast to 2021-22, investments recorded positive returns (negative returns in 2022-21) for the financial year ended 30 June 2023 due to the increase in market valuations mainly due to gains on share markets.

NOTE 8 EQUITY

8.1 Capital Distributions from ACT Government Agencies

	2023 $'000	2022 $'000
ACT Government Agency Capital Distributions	59,137	68,658
Total Distributions from ACT Government Agencies[25]	**59,137**	**68,658**

[25] Variances are driven by underlying ACT Government agency activities. Internal trading confirmations are undertaken with ACT Government agencies during the reporting period. Information about ACT Government agency actual transactions compared with the budget and the prior year is available in the 2022-23 financial statements of relevant ACT Government agencies.

NOTE 9 FINANCIAL INSTRUMENTS

Description and Material Accounting Policies Relating to 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.

Under Australian Accounting Standard AASB 9: 'Financial Instruments', financial investment assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss 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	Fair Value Through Profit or Loss

NOTE 9 FINANCIAL INSTRUMENTS -CONTINUED

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.

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial Assets	704,250	649,690	2,557,142	3,182,479
	704,250	**649,690**	**2,557,142**	**3,182,479**

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 of 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 0.50% (2022: 0.50%) on cash at bank and 0.50% (2022: 0.50%) to directly held debt securities 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 2023	Fixed Rate Instruments		Variable Rate Instruments	
	+0.50% Profit/(Loss) and Equity Impact $'000	-0.50% Profit/(Loss) and Equity Impact $'000	+0.50% Profit/(Loss) and Equity Impact $'000	-0.50% Profit/(Loss) and Equity Impact $'000
Financial Assets	(3,521)	3,521	12,786	(12,786)
Net (Decrease)/Increase	**(3,521)**	**3,521**	**12,786**	**(12,786)**

30 June 2022	Fixed Rate Instruments		Variable Rate Instruments	
	+0.10 to +0.50% Profit/(Loss) and Equity Impact $'000	-0.10 to -0.50% Profit/(Loss) and Equity Impact $'000	+0.10 to +0.50% Profit/(Loss) and Equity Impact $'000	-0.10 to -0.50% Profit/(Loss) and Equity Impact $'000
Financial Assets	(3,248)	3,248	15,912	(15,912)
Net (Decrease)/Increase	**(3,248)**	**3,248**	**15,912**	**(15,912)**

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.

	2023 $'000	2022 $'000
Price Risk		
Investment Assets		
Fixed Income	313,732	313,703
Equities	3,586,377	3,024,292
Property	401,418	440,911
Infrastructure	395,415	310,851
Total Exposure	**4,696,941**	**4,089,757**
Inflation Risk		
Financial Assets (Inflation Linked Bonds)	772,001	730,132
Financial Liabilities (Inflation Linked Bonds)	(771,554)	(729,733)
Net Exposure	**447**	**399**

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 constant[26].

30 June 2023	Profit & Loss (+/- Impact) $'000	Equity (+/- Impact) $'000
Investment Assets		
Total Increase/(Decrease)		
Fixed Income (+/- 6%)	18,824	18,824
Equities (+/- 14-20%)	546,888	546,888
Property (+/- 8%)	32,113	32,113
Infrastructure (+/- 10%)	39,542	39,542
Inflation Rate (+ 1%)	186	186

30 June 2022	Profit & Loss (+/- Impact) $'000	Equity (+/- Impact) $'000
Investment Assets		
Total Increase/(Decrease)		
Fixed Income (+/-6%)	18,822	18,822
Equities (+/- 14-20%)	465,479	465,479
Property (+/- 8%)	35,272	35,272
Infrastructure (+/- 10%)	31,086	31,086
Inflation Rate (+1%)	175	175

[26] 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.

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 2023	AUD $'000	USD $'000	EUR $'000	JPY $'000	GBP $'000	Other $'000	Total $'000
Cash	57,542	14,486	2,987	2,676	841	2,021	80,553
Financial Assets at FVTPL	3,615,836	1,819,772	305,377	228,394	101,757	235,450	6,306,586
Other Assets	31,141	2,897	3,385	2,257	479	3,636	43,795
Total Assets	**3,704,520**	**1,837,155**	**311,749**	**233,326**	**103,077**	**241,107**	**6,430,935**
Financial Liabilities at FVTPL	23,903	961	444	354	6	56	25,724
Other Liabilities	291,185	3,447	2,738	1,885	331	106	299,693
Total Liabilities	**315,088**	**4,408**	**3,182**	**2,239**	**337**	**162**	**325,416**
Net Assets	**3,389,432**	**1,832,748**	**308,567**	**231,087**	**102,740**	**240,945**	**6,105,519**

30 June 2022	AUD $'000	USD $'000	EUR $'000	JPY $'000	GBP $'000	Other $'000	Total $'000
Cash	38,920	27,934	5,864	3,234	1,929	2,383	80,263
Financial Assets at FVTPL	3,195,797	1,477,363	244,262	202,472	93,851	202,165	5,415,909
Other Assets	37,509	2,199	3,013	2,485	516	3,002	48,725
Total Assets	**3,272,225**	**1,507,496**	**253,138**	**208,192**	**96,296**	**207,549**	**5,544,897**
Financial Liabilities at FVTPL	53,766	129	538	21	2	26	54,482
Other Liabilities	44,707	223	-	-	-	-	44,930
Total Liabilities	**98,472**	**353**	**538**	**21**	**2**	**26**	**99,412**
Net Assets	**3,173,753**	**1,507,143**	**252,600**	**208,171**	**96,294**	**207,523**	**5,445,485**

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.

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 2023: +/- 12 per cent (2022: +/- 12 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 after hedging. Foreign exchange risk relating to non-monetary investments is considered as a component of price risk.

	12% Movement	
30 June 2023	**Profit &Loss (+/- Impact) $'000**	**Equity (+/- Impact) $'000**
Currency		
USD	16,578	16,578
EUR	10,254	10,254
JPY	9,252	9,252
GBP	2,410	2,410
Other	1,826	1,826
Total Movement	**40,321**	**40,321**

	12% Movement	
30 June 2022	**Profit &Loss (+/- Impact) $'000**	**Equity (+/- Impact) $'000**
Currency		
USD	17,503	17,503
EUR	10,601	10,601
JPY	9,989	9,989
GBP	2,825	2,825
Other	1,775	1,775
Total Movement	**42,692**	**42,692**

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 2023	**Credit Quality of Fixed Income Rated Instruments**				
	AAA $'000	**AA $'000**	**A $'000**	**BBB $'000**	**Total $'000**
Directly Held					
Debt Instruments	715,310	318,481	400,351	123,741	1,557,883
Total	**715,310**	**318,481**	**400,351**	**123,741**	**1,557,883**

30 June 2022	**Credit Quality of Fixed Income Rated Instruments**				
	AAA $'000	**AA $'000**	**A $'000**	**BBB $'000**	**Total $'000**
Directly Held					
Debt Instruments	705,466	255,827	217,345	126,267	1,304,904
Total	**705,466**	**255,827**	**217,345**	**126,267**	**1,304,904**

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 at 30 June 2023 (30 June 2022: nil).

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 2023

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b2y̆ 5ŜŊʌØl·ǘʌØŜă					
Payables	73,590	-	-	-	**тоΣрфл**
Borrowings	195,611	803,555	3,979,273	6,271,588	**ммΣнрлΣлнс**
¢2ǘl·ŀ b2y̆ 5ŜŊʌØl·ǘʌØŜă	**нсфΣнлл**	**улоΣррр**	**оΣфтфΣнто**	**сΣнтмΣруу**	**ммΣонοΣсмс**
5ŜŊʌØl·ǘʌØŜă ς LyØŜăǘY̆Ŝyǘ Cdzy̆Řă					
Futures	(388)	(442)	(142)	-	**όфтмύ**
Net Settled (Swaps)	(283)	(304)	-	-	**όрутύ**
Net Settled (FFX)	-	(102)	(7,762)	(14,705)	**όннΣрсфύ**
Gross Settled FFX	(1,596)	-	-	-	**όмΣрфсύ**
Inflow	3,428,113	-	-	-	**оΣпнуΣммо**
(Outflow)	(3,402,015)	-	-	-	**όоΣплнΣлмрύ**
¢2ǘl·ŀ 5ŜŊʌØl·ǘʌØŜă	**ноΣуол**	**όуптύ**	**όтΣфлпύ**	**όмпΣтлрύ**	**отр**

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b2y̆ 5ŜŊʌØl·ǘʌØŜă					
Payables	56,662	-	-	-	**рсΣссн**
Borrowings	8,577	1,312,965	2,777,990	6,946,573	**ммΣлпсΣмлр**
¢2ǘl·ŀ b2y̆ 5ŜŊʌØl·ǘʌØŜă	**срΣноф**	**мΣомнΣфср**	**нΣтттΣффл**	**сΣфпсΣрто**	**ммΣмлнΣтст**
5ŜŊʌØl·ǘʌØŜă ς LyØŜăǘY̆Ŝyǘ Cdzy̆Řă					
Futures	(1,001)	(243)	(1,236)	-	**όнΣпулύ**
Net Settled (Swaps)	-	(176)	(2,898)	(14,870)	**όмтΣфпрύ**
Net Settled (FFX)	(34,057)	-	-	-	**όопΣлртύ**
Gross Settled (FFX)					
Inflow	3,292,067	-	-	-	**оΣнфнΣлст**
(Outflow)	(3,321,711)	-	-	-	**όоΣонмΣтммύ**
¢2ǘl·ŀ 5ŜŊʌØl·ǘʌØŜă	**όспΣтлнύ**	**όпмфύ**	**όпΣмопύ**	**όмпΣутлύ**	**όупΣмнсύ**

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 recognised 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.

	2023		2022	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial Assets				
Loans and Receivables	2,529,136	2,486,571	2,539,347	2,541,603
Financial Liabilities[27]				
Borrowings	9,615,706	8,926,679	9,263,151	8,647,606

[27] In relation to financial liabilities, the difference between carrying value and fair value is a function of current market price on borrowings issued at a point in time.

(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 2023

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 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets and Liabilities Measured at Fair Value				
Financial Investment Assets				
Investment Assets	3,531,680	2,225,640	288,146	**6,045,465**
Financial Liabilities				
Agency Investment Deposits	-	(6,104,894)	-	**(6,104,894)**
Financial Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	2,486,571	-	**2,486,571**
Financial Liabilities				
Borrowings	-	(8,926,679)	-	**(8,926,679)**
Net Assets/(Liabilities)	**3,531,680**	**(10,319,362)**	**288,146**	**(6,499,537)**

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets and Liabilities Measured at Fair Value				
Financial Investment Assets				
Investment Assets	2,756,370	2,311,639	293,419	**5,361,427**
Financial Liabilities				
Agency Investment Deposits	-	(5,445,486)	-	**(5,445,486)**
Financial Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	2,541,603	-	**2,541,603**
Financial Liabilities				
Borrowings	-	(8,647,606)	-	**(8,647,606)**
Net Assets/(Liabilities)	**2,756,370**	**(9,239,850)**	**293,419**	**(6,190,061)**

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

Transfers between levels as at 30 June 2023 are outlined in Note 9.6 Fair Value of Financial Assets (d) Valuation Process for Level 3 Valuations.

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(c) Fair Value Measurement

The Territory Banking Account recognises and measures financial assets and financial liabilities at fair value on transaction date. Subsequent to initial measurement, investments held at fair value through profit and loss are re-measured to fair value with changes in their fair value (gains/losses) recognised in the Statement of Income and Expenses on behalf of the Territory. Interest, dividends and distributions earned on these investments are recognised 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.

Investments in property are made through unlisted pooled unit trusts. 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.

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(c) Fair Value Measurement - continued

Investments in infrastructure are made through unlisted pooled unit trusts that are priced monthly. 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. 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 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 2023 was assessed to be insignificant.

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 the investment manager of these investments. In the absence of quoted values, securities are valued using appropriate valuation techniques as determined by the investment manager of the unlisted unit trusts. The investment manager performs monthly, quarterly and annual valuations.

The investment manager of the unlisted unit trusts has a valuation committee comprising a Finance Director, Chief Finance Officer, Chief Operating Officer and where necessary a panel of external service providers. The valuation committee determines that the valuation of assets is fair, equitable and reasonable based on the relevant information available.

Level 3 Reconciliation
The following table shows the movement in level 3 instruments for the year.

30 June 2023	**Listed Securities $'000**	**Unit Trusts $'000**	**Total $'000**
Balance at 1 July 2022	**15**	**293,403**	**293,419**
Purchase during the year	-	-	**-**
Sales During the year	-	-	**-**
Settlements during the Year	-	16,450	**16,450**
Transfers Into Level 3	-	-	**-**
Total Gains on Level 3 Financial Instruments[28]	1	(21,724)	**(21,723)**
Balance at 30 June 2023	**17**	**288,129**	**288,146**

30 June 2022	**Listed Securities $'000**	**Unit Trusts $'000**	**Total $'000**
Balance at 1 July 2021	**-**	**234,274**	**234,274**
Purchase during the year	-	5,510	5,510
Sales During the year	-	-	**-**
Settlements during the Year	-	20,846	20,846
Transfers into Level 3	15	-	15
Total (Losses) on Level 3 Financial Instruments[28]	-	32,774	32,774
Balance at 30 June 2022	**15**	**293,403**	**293,419**

[28] Gains and losses are disclosed in the line Gains/(Losses) on Investments at Fair Value through Profit or Loss in the Statement of Income and Expenses on behalf of the Territory.

NOTE 9 FINANCIAL INSTRUMENTS – CONTINUED

9.6 Fair Value of Financial Assets and Liabilities - Continued

(d) Valuation Process for Level 3 Valuations - Continued

Quantitative Information of Significant Unobservable Inputs – Level 3

30 June 2023

Description	**Fair Value 2023 $'000**	**Valuation Technique**	**Unobservable Input**	**Range (Weighted Average)** (%)
Unit Trust – Private Equity	$286,336	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	0.000 – 3.313 (0.679)
			Contributions since latest Net Asset Value from Investment Manager	0.000 – 1.000 (0.097)
			Distributions since latest Net Asset Value from Investment Manager	0.000 – 3.091 (0.198)

30 June 2022

Description	**Fair Value 2022 $'000**	**Valuation Technique**	**Unobservable Input**	**Range (Weighted Average)** (%)
Unit Trust – Private Equity	$289,537	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	0.000 – 3.047 (0.840)
			Contributions since latest Net Asset Value from Investment Manager	0.000 – 1.000 (0.116)
			Distributions since latest Net Asset Value from Investment Manager	0.000 – 2.902 (0.189)

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 2023

Description	Input	Sensitivity Used[29] (%)	Effect on Fair Value
Unit Trust – Private Equity	Latest Net Asset Value from Investment Manager	0.000 – 3.313 (0.679)	Fair value increase/decrease if the latest Net Asset Values from Investment Manager were higher/lower.
	Contributions since latest Net Asset Value from Investment Manager	0.000 - 1.000 (0.097)	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 – 3.091 (0.198)	Fair value decrease if there have been distributions since latest Net Asset Value from Investment Manager

30 June 2022

Description	Input	Sensitivity Used[29] (%)	Effect on Fair Value
Unit Trust – Private Equity	Latest Net Asset Value from Investment Manager	0.000 - 3.047 (0.840)	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 (0.116)	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 – 2.902 (0.189)	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

[29] 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 2023

NOTE 10 OTHER 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:

	2023 $'000	2022 $'000
Within One Year	37,063	109,781
Later than One Year but not longer than Five Years	187,516	192,673
Later than Five Years	21,415	19,114
Total Other Commitments[30]	**245,993**	**321,569**

[30] 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 will be funded by investments from the relevant underlying agency investor(s) that have exposure to the particular asset class sector for which the commitment is being called.

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 (2022-23: $52,916 and 2021-22: $51,250).

NOTE 12 RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to 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 Chief Minister, Treasury and Economic Development Directorate 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.

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 2023.

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.

B.2 Transactions with Key Management Personnel

There were no transactions with KMP in relation 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 in relation 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.

NOTE 13 BUDGETARY REPORTING

Significant Accounting Judgements and Estimates – Budgetary Reporting – Territorial

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

(i) The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities 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

(ii) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $15 million for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

Note: ^ in the 'Variance %' column represents a variance that is greater than 999 per cent or less than -999 per cent.

Statement of Assets and Liabilities on Behalf of the Territory

	Actual 2023 $'000	Original Budget[31] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Cash and Cash Equivalents	1,624,229	1,445,992	178,237	12%	The cash at bank balance reflects the operational and liquidity needs of the Territory Banking Account and the timing of cash flow requirements.
Borrowings - Current	688,848	503,524	185,324	37%	The increase in the amounts outstanding as at 30 June 2023 comprised short-term promissory notes maintained for liquidity management purposes.

NOTE 13 BUDGETARY REPORTING - CONTINUED

Statement of Cash Flows on Behalf of the Territory

	Actual 2023 $'000	Original Budget[31] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Capital Distributions from ACT Government Agencies	59,137	29,915	29,222	98%	The variation is driven by ACT Government agency activities, reflecting ACT Government agency cash flow requirements.
Net Purchase of Investments	177,298	242,079	(64,781)	(27%)	The variation is driven by ACT Government agency activities, reflecting ACT Government agency cash flow requirements.
Capital payments to ACT Government Agencies	1,488,090	1,695,565	(207,475)	(12%)	The variation is driven by ACT Government agency activities, reflecting ACT Government agency cash flow requirements.
Net Proceeds from Borrowing	328,063	917,876	(589,813)	(64%)	The net decrease is due to lower budget funding requirements for the year reflecting aggregate cash flow requirements.

[31] The Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2022-23 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

Territory Banking Account

Statement of Performance for the year ended 30 June 2023

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

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 2023.

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 2023 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance Engagements or Related Services Engagements.*

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Responsibilities of the Territory Banking Account 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
25 September 2023

Territory Banking Account
Statement of Performance
For the Year Ended 30 June 2023

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 during the year ended 30 June 2023 and also fairly reflects the judgements exercised in preparing it.

Stuart Hocking PSM
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
21 September 2023

Territory Banking Account
Statement of Performance
For the Year Ended 30 June 2023

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 2023	Actual Result 2023	Variance from Target (%)	Explanation of Material Variances (+/- 5%)
TOTAL COST ($'000)		**$7,721,407**	**$7,709,570**	**0%**	
Accountability Indicators					
a.	Cash and Liquidity management of the Territory Banking Account	100%	100%	-	
b.	Exposure to directly-owned share investments that are prohibited in accordance with the Government's Responsible Investment Policy	0%	0%	-	
c.	The exercising of ownership voting rights for directly-owned shares	>95%	99%	-	
d.	Completion of the Principles for Responsible Investment Annual Reporting and Assessment Framework	1	0	(100%)	Due to a number of problems associated with the Principles of Responsible Investment reporting tool, there was no requirement for Signatories to provide submissions for assessment in the 2022-23 financial year.
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	1	-	

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 2023

Explanation of the Accountability Indicators

a. This accountability indicator involves 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 daily aggregate cash and investment balance will be counted as the result. If the aggregate cash and investment balance is not positive at the end of the day, this will not be counted in the result.

b. This accountability indicator incorporates the monitoring of the investment portfolio 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. This accountability indicator incorporates the exercising of proxy voting rights in accordance with the Government's Responsible Investment 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. This accountability indicator incorporates the completion of the Principles of Responsible Investment annual reporting framework via an online reporting portal. As the Territory is a signatory to the Principles for Responsible Investment the annual reporting requirement is mandatory. The annual reporting is designed to provide accountability and transparency around signatories and their responsible investment practices.

e. This accountability indicator incorporates raising 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. This accountability indicator incorporates the accurate and timely payment of Territory debt servicing interest and principal repayment obligations being paid accurately and on-time. 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. This accountability indicator incorporates the payment of budget appropriation disbursements 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. This accountability indicator incorporates the preparation of monthly 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. This accountability indicator incorporates the preparation of the annual financial statements for auditing and inclusion in the Chief Minister, Treasury and Economic Development Directorate annual report. The measure will be to receive an unmodified auditor's report.

j. This accountability indicator incorporates the preparation of annual budget estimates for inclusion in the annual Territory Budget.

Superannuation Provision Account

Management Discussion and Analysis
For the Superannuation Provision Account
Financial Year Ended 30 June 2023

Objectives

The Superannuation Provision Account is established to recognise and account for the defined benefit employer superannuation liabilities of the Territory and the financial investment assets set aside to fund these liabilities.

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 current objective is to fully fund the superannuation liability by 30 June 2030.

The long-term investment return objective for the financial assets of the Superannuation Provision Account is CPI plus 4.75 per cent per annum.

Overview

The financial performance of the Superannuation Provision Account is reflective of the performance of global financial markets and the level of domestic interest rates.

The financial investment assets are managed in accordance with an investment strategy with the objective of achieving sufficient returns to assist with the goal of extinguishing the unfunded defined benefit superannuation liability.

The estimated valuation of the superannuation liability at a point in time is materially impacted by the level of domestic interest rates, with increasing interest rates decreasing the present value estimate of the liability and vice versa.

The investment portfolio achieved an investment return of 11.7 per cent for the 2022-23 financial year (-4.1 per cent investment loss in 2021-22). Financial markets were volatile over the year due to high and persistent inflation, increasing interest rates, tight labour market conditions, ongoing geopolitical risks and moderating growth.

Domestic interest rates increased over the 2022-23 financial year as result of high inflation leading to a reduction in the estimated superannuation liability valuation on 30 June 2023, as compared to estimated liability valuation on 30 June 2022.

While net liabilities decreased materially over the financial year, total liabilities still exceed total assets on 30 June 2023. This does not impact on the ability of the Superannuation Provision Account to meet current liability obligations. The Superannuation Provision Account will continue to be in a net liability position until the defined benefit superannuation liability is fully funded by financial investment assets.

Financial Performance

The Management Discussion and Analysis (MD&A) is based on the Superannuation Provision Account's audited annual financial statements for 2021-22 and 2022-23, the 2022-23 Budget, and the forward estimates contained in the 2023-24 Budget Statements.

The 2022-23 Financial Statements accompanying this MD&A use the original budget published in the 2022-23 Budget Papers for comparative purposes.

Table 1 – Operating Activities and Forward Year Estimates

	Actual 2021-22 $m	Budget 2022-23 $m	Actual 2022-23 $m	Budget 2023-24 $m
Total income	(200.3)	383.5	563.4	408.2
Total expenses	616.1	647.6	652.6	641.6
Operating Deficit	**(816.4)**	**(264.1)**	**(89.2)**	**(233.5)**

Note: Numbers may not add due to rounding.

Income

Income include distribution income received from the investment assets, as well as investment asset valuation remeasurements (net capital gains).

Expenses

Expenses include the superannuation expenses associated with the defined benefit superannuation liabilities, Commonwealth superannuation scheme administration fees, professional services and supplies and services.

Operating Deficit

The operating deficit for the 2022-23 financial year of $89.2 million was a $174.9 million improvement on the estimated 2022-23 Budget deficit of $264.1 million.

- The improvement in the operating deficit is due to the investment portfolio achieving a higher-than-estimated investment return, partially offset by an increase in superannuation expense in 2022-23 as a result of changes in the financial assumptions for the superannuation liability valuation at the end of the prior financial year.

The operating deficit for the 2022-23 financial year of $89.2 million was a $727.2 million improvement compared to the operating deficit of $816.4 million for the 2021-22 financial year.

- The improvement in the operating deficit is due to the investment return achieved for the 2022-23 financial year ($558.7 million), compared to the investment loss incurred in the previous financial year (-$202.0 million), offset by an increase in superannuation expense in 2022-23 due to changes in the financial assumptions for the superannuation liability valuation at the end of the prior financial year ($36.4 million).

Financial Position

Table 2 – Financial Position and Forward Year Estimates

	Actual 2021-22 $m	Budget 2022-23 $m	Actual 2022-23 $m	Budget 2023-24 $m
Total Assets	4,940.8	5,594.2	5,508.9	5,887.0
Total Liabilities	10,872.5	9,175.2	10,565.4	9,685.4
Net Liabilities	**5,931.7**	**3,581.0**	**5,056.5**	**3,798.4**

Note: Numbers may not add due to rounding.

Total Assets

The assets in the Superannuation Provision Account are financial investment assets including 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 on 30 June 2023 of $5,508.9 million were $85.2 million or 2 per cent lower than the 2022-23 budget estimate.

- This is mainly due to lower-than-estimated assets at the start of the 2022-23 financial year, as a result of the investment loss incurred in the previous financial year, offset by the higher-than-estimated investment return achieved for the 2022-23 financial year.

Total assets on 30 June 2023 were $568.1 million or 11 per cent higher than total assets on 30 June 2022 due to the investment return achieved for 2022-23.

Total Liabilities

Liabilities include the Territory's defined benefit employer superannuation liability to the Commonwealth in respect of current and former Territory employees who are members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS), as well as the Members of the Legislative Assembly defined benefit superannuation liability.

Total liabilities on 30 June 2023 of $10,565.4 million were $1,390.2 million or 15 per cent higher than the 2022-23 Budget estimate of $9,175.2 million.

- This is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to the budget estimate of 5 per cent).

Total liabilities on 30 June 2023 were $307.1 million or 3 per cent lower than at 30 June 2022.

- This is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to 3.90 per cent at 30 June 2022).

Superannuation Provision Account

Financial Statements for the year ended 30 June 2023

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

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 2023 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, 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 Superannuation Provision Account's financial position as at 30 June 2023, 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 communicate 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
25 September 2023

Superannuation Provision Account
Financial Statements
For the Year Ended 30 June 2023

Statement of Responsibility

In my opinion, the Superannuation Provision Account's financial statements fairly reflect the financial operations for the year ended 30 June 2023 and its financial position on that date.

Stuart Hocking PSM
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
21 September 2023

Superannuation Provision Account
Financial Statements
For the Year Ended 30 June 2023

Statement by the Chief Finance Officer

In my opinion, the Superannuation Provision Account's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2023 and the financial position on that date.

Patrick McAuliffe
Chief Finance Officer
Superannuation Provision Account
Chief Minister, Treasury and Economic Development Directorate
21 September 2023

Superannuation Provision Account
Content of Financial Statements
For the Year Ended 30 June 2023

Superannuation Provision Account
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Income				
Investment Revenue	4.1	171,880	165,406	112,307
Net Gains/(Losses) on Investments	4.2	391,506	218,099	(312,640)
Total Income		**563,386**	**383,505**	**(200,333)**
Expenses				
Supplies and Services		4,014	4,215	3,945
Superannuation Expenses	5.1	648,580	643,397	612,142
Total Expenses		**652,594**	**647,612**	**616,087**
Operating Result		**(89,208)**	**(264,107)**	**(816,420)**
Other Comprehensive Result				
Actuarial Gain on Territory's Defined Benefit Superannuation Liability	7.2	616,502	2,058,371	2,655,826
Total Other Comprehensive Result		**616,502**		**2,655,826**
Total Comprehensive Result		**527,293**	**1,794,264**	**1,839,406**

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

Superannuation Provision Account
Statement of Assets and Liabilities on Behalf of the Territory
At 30 June 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Current Assets				
Cash	6.1	141,823	99,085	164,047
Receivables	6.3	30,168	41,142	21,872
Investments	6.4	5,336,951	5,453,961	4,754,895
Total Current Assets		**5,508,942**	**5,594,188**	**4,940,814**
Total Assets		**5,508,942**	**5,594,188**	**4,940,814**
Current Liabilities				
Payables	7.1	35	45	43
Estimated Superannuation Liabilities	7.2	382,097	369,433	347,908
Total Current Liabilities		**382,132**	**369,478**	**347,950**
Non-Current Liabilities				
Estimated Superannuation Liabilities	7.2	10,183,294	8,805,723	10,524,550
Total Non-Current Liabilities		**10,183,294**	**8,805,723**	**10,524,550**
Total Liabilities		**10,565,426**	**9,175,201**	**10,872,500**
Net Liabilities		**(5,056,485)**	**(3,581,013)**	**(5,931,687)**
Equity				
Accumulated Deficits		(5,056,485)	(3,581,013)	(5,931,687)
Total Equity		**(5,056,485)**	**(3,581,013)**	**(5,931,687)**

The above Statement of Assets and Liabilities on Behalf of the Territory is to 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 2023

	Accumulated Deficits Actual 2023 $'000	Total Equity Actual 2023 $'000	Original Budget 2023 $'000
Balance at 1 July 2022	**(5,931,687)**	**(5,931,687)**	**(5,723,185)**
Comprehensive Result			
Operating Result	(89,208)	(89,208)	(264,107)
Gain from Actuarial Review	616,502	616,502	2,058,371
Total Comprehensive Result	**527,294**	**527,294**	**1,794,264**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	347,908	347,908	347,908
Total Transactions Involving Owners Affecting Accumulated Funds	**347,908**	**347,908**	**347,908**
Balance at 30 June 2023	**(5,056,485)**	**(5,056,485)**	**(3,581,013)**

	Accumulated Deficits Actual 2022 $'000	Total Equity Actual 2022 $'000
Balance at 1 July 2021	**(8,099,373)**	**(8,099,373)**
Comprehensive Result		
Operating (Deficit)	(816,420)	(816,420)
Gain from Actuarial Review	2,655,826	2,655,826
Total Comprehensive Result	**1,839,406**	**1,839,406**
Transactions Involving Owners Affecting Accumulated Deficits		
Capital Injections	328,281	328,281
Total Transactions Involving Owners Affecting Accumulated Deficits	**328,281**	**328,281**
Balance at 30 June 2022	**(5,931,687)**	**(5,931,687)**

The above Statement of Changes in Equity on Behalf of the Territory is to 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 2023

	Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Actual 2022 $'000
Cash Flows from Operating Activities				
Receipts				
Interest Received		4,727	842	1,637
Distributions Received		158,855	164,564	203,022
Other		18	28	18
Total Receipts from Operating Activities		**163,599**	**165,434**	**204,677**
Payments				
Supplies and Services		4,021	4,215	3,947
Superannuation		339,145	347,908	315,291
Other		16	-	19
Total Payments from Operating Activities		**343,182**	**352,123**	**319,257**
Net Cash (Outflows) from Operating Activities	6.2	**(179,583)**	**(186,689)**	**(114,580)**
Cash Flows from Investing Activities				
Payments				
Purchase of Investments		190,549	161,219	148,739
Total Payments from Investing Activities		**190,549**	**161,219**	**148,739**
Net Cash (Outflows) from Investing Activities		**(190,549)**	**(161,219)**	**(148,739)**
Cash Flows from Financing Activities				
Receipts				
Capital Injections		347,908	347,908	328,281
Total Receipts from Financing Activities		**347,908**	**347,908**	**328,281**
Net Cash Inflows from Financing Activities		**347,908**	**347,908**	**328,281**
Net (Decrease)/Increase in Cash and Cash Equivalents		(22,225)	-	64,962
Cash at Beginning of Reporting Period		164,047	99,085	99,085
Cash at End of Reporting Period	6.1	**141,823**	**99,085**	**164,047**

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

Superannuation Provision Account
Territorial Statement of Appropriation
For the Year Ended 30 June 2023

Description and Material Accounting Policies relating to Payment for Capital Injection

Capital injection appropriations are not recognised as income, but instead are recognised as equity injections and a cash inflow which is used to purchase/build an asset(s) or to reduce a liability(s).

	Original Budget 2023 $'000	Total Appropriated 2023 $'000	Appropriation Drawn 2023 $'000	Appropriation Drawn 2022 $'000
Capital Injections	347,908	347,908	347,908	328,281
Total Territorial Appropriation	**347,908**	**347,908**	**347,908**	**328,281**

The above Territorial Statement of Appropriation is to be read in conjunction with the notes below.

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 pay the annual emerging cost payment (employer-share of Territory employee benefits) to the Commonwealth Government.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

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.

Going Concern

At 30 June 2023, the Superannuation Provision Account's liabilities of $10.565 billion exceeded its assets of $5.509 billion by $5.056 billion ($5.932 billion at 30 June 2022). 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.

The net liability position is not considered a liquidity risk as the Superannuation Provision Account's material cash requirements (the annual superannuation emerging cost payments) are funded through capital injection budget appropriation by the Government on a cash-needs basis. The annual emerging cost payments are significantly less than the balance of available total investment assets. Budget appropriation will be provided annually from the Territory budget until such time as the liability is fully covered by investment assets.

The Superannuation Provision Account's 2022-23 financial statements have been prepared on a going concern basis as the Superannuation Provision Account has been funded in the ACT Government 2023-24 Budget and the Budget Papers include forward estimates for the Superannuation Provision Account.

NOTE 2 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 year;
(ii) a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;
(iii) a Statement of Changes in Equity on Behalf of the Territory for the year;
(iv) a Statement of Cash Flows on Behalf of the Territory for the year;
(v) a Territorial Statement of Appropriation for the year;
(vi) the material accounting policies adopted for the year; and
(vii) other statements as necessary to fairly reflect the financial operations of the Superannuation Provision Account during the year and its financial position at the end of the year.

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

(i) Australian Accounting Standards (as required by the FMA); 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, which is the Superannuation Provision Account's functional currency.

2.4 Individual Not-For-Profit Reporting Entity

The Superannuation Provision Account is prescribed as a Directorate under the *Financial Management Act 1996* and is an individual not-for-profit 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 Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Superannuation Provision Account for the year ended 30 June 2023 together with the financial position of the Superannuation Provision Account as at 30 June 2023.

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

2.7 Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2022-23 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the 2022-23 Budget Papers.

2.8 Prior Year comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

2.9 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000) and may not add due to rounding. Use of "- " represents zero amounts or amounts rounded down to zero.

NOTE 3 IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied are either not relevant to the Superannuation Provision Account or have been assessed as having an immaterial financial impact on the Superannuation Provision Account.

These standards and interpretations are applicable to future reporting periods. The Superannuation Provision Account does not intend to adopt these standards and interpretations early and as such they will be adopted form their application date.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

NOTE 4 INCOME ADMINISTERED ON BEHALF OF THE TERRITORY

	2023 $'000	**2022 $'000**

Description and Material Accounting Policies relating to Income

4.1 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.

4.1.1 Interest

Interest revenue is recognised using the effective interest method.

	2023 $'000	2022 $'000
Interest Income	4,727	1,637
Total Interest	**4,727**	**1,637**

4.1.2 Distributions

Distribution income is recognised when the Superannuation Provision Account's right to receive payment is established.

	2023 $'000	2022 $'000
Distribution Income	167,153	110,670
Total Distributions[1]	**167,153**	**110,670**

[1] Distributions received from investments held with the Territory Banking Account fluctuate year on year subject to the amount of income available for distribution from the underlying investment asset class sector exposures. The increase in distribution income reflects the amounts of distributable income available.

	2023 $'000	2022 $'000
Total Investment Revenue	**171,880**	**112,307**

4.2 Net Gains/(Losses) on Investments

Gains or losses on investments 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. Also refer to Note 8 Financial Instruments.

	2023 $'000	2022 $'000
Net Gains/(Losses) on financial instruments at fair value through profit or loss (Investments)	391,506	(312,640)
Net Gains/(Losses) on Investments[2]	**391,506**	**(312,640)**

[2] In contrast to 2022-23, investments recorded a positive investment return of 11.68 per cent (a loss of 4.13 per cent in 2021-22) for financial year ended 30 June 2023 due to the increase in the market value of investments mainly due to gains on share markets.

NOTE 5 EXPENSES ADMINISTERED ON BEHALF OF THE TERRITORY

	2023 $'000	2022 $'000

Description and Material Accounting Policies relating to Expense

5.1 Superannuation Expenses

5.1.1 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 Australian Accounting Standard AASB 119: 'Employee Benefits' (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 3.90 per cent to estimate the closing 30 June 2022 superannuation liability. The closing 30 June 2023 liability is estimated at the discount rate at 30 June 2023 of 4.40 per cent. The actuarial gain or loss is the difference between the closing 30 June 2023 liability and the 30 June 2022 liability, adjusted for the projected 2022-23 interest and service cost and actual emerging cost (benefit) payments.

	2023 $'000	2022 $'000
Interest Cost Expense[3]	425,834	302,379
Service Cost Expense[4]	222,588	309,632
Total CSS/PSS Superannuation Expense	**648,422**	**612,012**

[3] 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.
[4] Service cost is the change in the present value of the defined benefit obligation resulting from employee service during the financial year.

5.1.2 Members of the Legislative Assembly (MLA) Superannuation Expense

	2023 $'000	2022 $'000
Superannuation Liability Expense	158	130
Total MLA Superannuation Expense	**158**	**130**
Total Superannuation Expenses	**648,580**	**612,142**

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY

Description and Material Accounting Policies Assets
Assets are classified as current where they are expected to be realised within 12 months or in relation to investments, are redeemable on demand by Superannuation Provision Account subject to market conditions after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

6.1 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.

6.2 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

	2023 $'000	2022 $'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	141,823	164,047
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	**141,823**	**164,047**

(b) Reconciliation of the Operating Result to Net Cash (Outflows) from Operating Activities

	2023 $'000	2022 $'000
Operating Result	(89,208)	(816,420)
Add/(Less) Items Classified as Investing or Financing		
Net Movement in Investments	(391,506)	312,640
Cash Before Changes in Operating Assets and Liabilities	**(480,715)**	**(503,780)**
Changes in Operating Assets and Liabilities		
(Decrease) in Payables	(7)	(2)
(Increase)/Decrease in Receivables	(8,296)	92,351
Increase in Superannuation Liability	309,435	296,851
Net Changes in Operating Assets and Liabilities	**301,132**	**389,200**
Net Cash (Outflows) from Operating Activities	**(179,583)**	**(114,580)**

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

6.3 Receivables

Receivables are initially measured at fair value on initial recognition value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recognised in the Statement of Income and Expenses on behalf of the Territory. Receivables include amounts for interest and investment distributions. Interest and investment distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recognised 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. 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.

	2023 $'000	2022 $'000
Distribution from Territory Banking Account[5]	30,168	21,870
Australian Taxation Office (Goods and Services Tax)	-	2
Total Receivables	**30,168**	**21,872**

[5] Distributions fluctuate based on the amount of income available for distribution in the underlying asset class sector. The increase in distribution receivable is due to the higher amount of income available for distribution from the Territory Banking Account.

6.4 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 at 30 June 2023 is CPI plus 4.75 per cent per annum. To achieve the long-term target, the underlying investment asset class exposures, implemented in line with an approved strategic asset class allocation policy, include cash, money market securities, credit securities, domestic and international bonds, domestic and international listed equities, private equity, property and infrastructure.

NOTE 6 ASSETS ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

6.4 Investments - Continued

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 its value changes in response to market value of the underlying financial instruments. All unitised investments are designated at Fair Value through Profit or Loss with the carrying amount measured at fair value. Also refer to Note 9 Financial Instruments.

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/losses) 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.

	2023 $'000	2022 $'000
Investment Assets at Fair Value:		
Investments with the Territory Banking Account[6]	5,336,951	4,754,895
Total Investments	**5,336,951**	**4,754,895**

[6] The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. In contrast to 2021-22, investments recorded a positive return of 11.68 per cent (a negative return of 4.13 per cent in 2021-22) for financial year ended 30 June 2023 due to an increase in market valuations mainly due to gains on share markets.

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY

Material Accounting Policies Liabilities

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

7.1 Payables

Payables are measured at fair value on initial recognition based on the transaction cost and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recognised in Statement of Income and Expenses on Behalf of the Territory. All amounts are now normally settled within 14 days after the invoice date given the ACT Government accelerated the payments of invoices for local enterprises recognising the importance of cash flow to small and medium enterprises during the COVID-19 pandemic.

7.2 Estimated Superannuation Liabilities

7.2.1 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.

The defined benefit superannuation liability is valued on an annual basis using the most recent financial and demographic assumptions and membership data. 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 that are required to measure the liability and expense.

7.2.2 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.

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

7.2 Estimated Superannuation Liabilities - Continued

7.2.3 Reconciliation of Estimated Superannuation Liabilities

	2023 $'000	2022 $'000
Estimated Superannuation Liabilities		
CSS/PSS Liability Reconciliation		
Opening Estimated Liability at 1 July	10,870,918	13,230,023
Movements During the Year		
Current Service Cost	222,588	309,632
Interest Cost	425,834	302,379
Superannuation Benefits paid to the Commonwealth	(339,145)	(315,291)
Actuarial (Gain) from changes in Financial Assumptions	(883,723)	(3,080,262)
Actuarial Loss from changes in Experience	267,221	424,437
Closing Estimated Liability at 30 June[7]	**10,563,693**	**10,870,918**
Legislative Assembly Members' Liability Reconciliation		
Opening Estimated Liability at 1 July	1,540	1,410
Movements During the Year		
Current Service Cost	158	130
Closing Estimated Liability at 30 June	**1,698**	**1,540**
Total Closing Estimated Liabilities at 30 June	**10,565,391**	**10,872,458**
Total Current Liabilities	382,097	347,908
Total Non-Current Liabilities	10,183,294	10,524,550
Total Closing Estimated Liabilities at 30 June	**10,565,391**	**10,872,458**

[7] The lower estimated liability is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to 3.90 per cent at 30 June 2022).

7.2.4 Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability

Significant judgements have been applied in estimating the CSS/PSS defined benefit employer superannuation liability as at 30 June 2023. 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.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

7.2 Estimated Superannuation Liabilities - Continued

7.2.4 Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability - Continued

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	2023	2022	2021	2020
Discount Rate	4.40%	3.90%	2.26%	1.73%
Salary Inflation	3.00%	3.00%	2.75%	2.00%
Consumer Price Index	2.50%	2.50%	2.25%	1.50%

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.

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 2022. Commonwealth Superannuation Corporation supplied at 30 June 2022 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 2023 in time for the valuation of the estimated superannuation liability at 30 June 2023, the valuation estimate incorporates membership data at 30 June 2022, but projected forward to 30 June 2023. This allows for projected service and salaries at 30 June 2023, expected exits over the 2022-23 financial year, actual crediting rates on member and productivity accounts to 30 June 2023, as well as actual pension indexation rates.

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

7.2 Estimated Superannuation Liabilities - Continued

7.2.4 Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability - Continued

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 AASB 119 and the requirement to use a projected unit credit valuation approach with each period of service giving rise to an additional unit of benefit entitlement.

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.

Sensitivity Analysis
The following sensitivity analysis is based off the liability valuation at 30 June 2023, which incorporated a discount rate of 4.40 per cent, and the liability valuation at 30 June 2022, which incorporated a discount rate of 3.90 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 2023 Defined Benefit Obligation

Financial Assumptions	**Increase $'000**	**Decrease $'000**
Discount Rate (+/- 1%)	(1,482,000)	1,883,000
Consumer Price Index (+/- 1%)	1,437,000	(1,193,000)
Salary Inflation (+/- 1%)	371,000	(334,000)
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 10%)	229,000	(229,000)

NOTE 7 LIABILITIES ADMINISTERED ON BEHALF OF THE TERRITORY - CONTINUED

7.2 Estimated Superannuation Liabilities - Continued

7.2.4 Actuarial Assessment of Estimated Superannuation Liabilities - CSS/PSS Defined Benefit Superannuation Liability - Continued

30 June 2022 Defined Benefit Obligation

Financial Assumptions	**Increase $'000**	**Decrease $'000**
Discount Rate (+/- 1%)	(1,625,000)	2,091,000
Consumer Price Index (+/- 1%)	1,561,000	(1,286,000)
Salary Inflation (+/- 1%)	432,000	(386,000)
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 10%)	337,000	(337,000)

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.

7.2.5 Estimated Superannuation Liabilities – Members of the Legislative Assembly

This defined benefit plan has only one remaining member. Due to the non-material nature of this defined benefit obligation, the computational estimate at 30 June 2023 is a reliable approximation of the value of the defined benefit obligation as required under AASB 119.

NOTE 8 FINANCIAL INSTRUMENTS

Description and Material Accounting Policies Relating to 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.

Under Australian Accounting Standard AASB 9: '*Financial Instruments*', financial assets are classified as amortised cost, fair value through other comprehensive income or fair value through profit or loss 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	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost
Investments	Held to collect /& sell	No	Fair Value Through Profit or Loss

Financial liabilities are measured at amortised cost.

NOTE 8 FINANCIAL INSTRUMENTS- CONTINUED

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. The Superannuation Provision Account’s exposure to interest rate risk and management of the risk has not changed since the last reporting year.

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. The Superannuation Provision Account’s exposure to credit risk and management of the risk has not changed since the last reporting year.

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.1

NOTE 8 FINANCIAL INSTRUMENTS- CONTINUED

8.3 Price Risk -Continued

The table below summarises Superannuation Provision Account's exposure to price risk.

	2023 $'000	2022 $'000
Investments	5,336,951	4,754,895
	5,336,951	**4,754,895**

The following table summarises the sensitivity of the Superannuation Provision Account operating result and equity to price risk.

30 June 2023	Profit/Equity Impact $'000	Loss/Equity Impact $'000
Volatility Factor[8]	**8.6%**	**8.6%**
Investments with the Territory Banking Account	458,978	(458,978)

30 June 2022	Profit/Equity Impact $'000	Loss/Equity Impact $'000
Volatility Factor[8]	**8.6%**	**8.6%**
Investments with the Territory Banking Account	408,921	(408,921)

[8] The expected volatility factor represents the estimated variance in return for the Superannuation Provision Account's 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.

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.

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.

NOTE 8 FINANCIAL INSTRUMENTS- CONTINUED

8.4 Liquidity Risk -Continued

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. Figures are presented on an undiscounted basis.

30 June 2023	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	35	-	-	-	**35**
Superannuation Liabilities	95,524	286,572	2,264,388	25,759,239	**28,405,724**
Total Financial Liabilities	**95,559**	**286,572**	**2,264,388**	**25,759,239**	**28,405,759**

30 June 2022	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	43	-	-	-	**43**
Superannuation Liabilities	86,977	260,931	2,060,127	25,521,238	**27,929,272**
Total Financial Liabilities	**87,020**	**260,931**	**2,060,127**	**25,521,238**	**27,929,314**

8.4 Fair Value of Financial Assets and Liabilities

In preparing these financial statements, the carrying amount of the Superannuation Provision Account investments with the Territory Banking Account recognised 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.

Superannuation Provision Account
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2023

NOTE 8 FINANCIAL INSTRUMENTS- CONTINUED

8.4 Fair Value of Financial Assets and Liabilities-Continued

The Superannuation Provision Account investments held within the Territory Banking Account financial investments are fair valued at redemption price on a daily basis reflecting the best available prices and valuation 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 2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investments	-	5,336,951	-	5,336,951
	-	**5,336,951**	**-**	**5,336,951**

30 June 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investments	-	4,754,895	-	4,754,895
	-	**4,754,895**	**-**	**4,754,895**

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 2023

NOTE 9 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 (2022-23: $58,658 and 2021-22: $56,811). No other services were provided.

NOTE 10 RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to 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 and certain members of the Chief Minister, Treasury and Economic Development Directorate 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 Account 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 2023.

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.

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.

NOTE 11 BUDGETARY REPORTING

Significant Accounting Judgements and Estimates – Budgetary Reporting – Territorial

Significant judgements have been applied in determining what variances are considered ‘major variances’. Variances are considered major if both of the following criteria are met:

(i) The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities 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

(ii) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $15 million for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

Note: ^ in the ‘Variance %’ column represents a variance that is greater than 999 per cent or less than -999 per cent.

Statement of Income and Expenses on Behalf of the Territory

	Actual 2023 $'000	Original Budget[9] 2023 $’000	Variance $'000	Variance %	Variance Explanation
Gains on Investments	391,506	218,099	173,407	80	Investments recorded a positive return of 11.68 per cent for financial year ended 30 June 2023 due to an increase in market valuations mainly attributed to market gains on shares. The 2022-23 Budget estimated a long term return assumption of CPI+4.75 per cent (7.48 per cent).
Actuarial Gain on the Defined Benefit Superannuation Liability	616,502	2,058,371	(1,441,869)	(70)	The variance is due is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to the 5 per cent budget assumption).

NOTE 11 BUDGETARY REPORTING – CONTINUED

Statement of Assets and Liabilities on Behalf of the Territory

	Actual 2023 $'000	Original Budget[9] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Superannuation Liabilities – Non Current	10,183,294	8,805,723	1,377,571	(16)	The variance is due to is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to the 5 per cent budget assumption).

Statement of Cash Flows on Behalf of the Territory

	Actual 2023 $'000	Original Budget[9] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Purchase of Investments	190,549	161,219	29,330	18	The amount of purchase of investments is determined by the available cash at bank balances. Available cash to be invested was higher than estimated due to increase from investment distributions received.

[9] The Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2022-23 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instrument.

NOTE 11 BUDGETARY REPORTING – CONTINUED

Statement of Assets and Liabilities on Behalf of the Territory

	Actual 2023 $'000	Original Budget[9] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Superannuation Liabilities – Non Current	10,183,294	8,805,723	1,377,571	(16)	The variance is due to is due to the latest annual defined benefit superannuation liability valuation review and changes in the financial assumptions for the 30 June 2023 financial year end superannuation liability valuation (the discount rate was 4.40 per cent at 30 June 2023 compared to the 5 per cent budget assumption).

Statement of Cash Flows on Behalf of the Territory

	Actual 2023 $'000	Original Budget[9] 2023 $'000	Variance $'000	Variance %	Variance Explanation
Purchase of Investments	190,549	161,219	29,330	18	The amount of purchase of investments is determined by the available cash at bank balances. Available cash to be invested was higher than estimated due to increase from investment distributions received.

[9] The Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2022-23 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instrument.

Superannuation Provision Account

Statement of Performance for the year ended 30 June 2023

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 2023.

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 2023 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 ASQM 1 *Quality Management 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
25 September 2023

Superannuation Provision Account
Statement of Performance
For the Year Ended 30 June 2023

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 during the year ended 30 June 2023 and also fairly reflects the judgements exercised in preparing them.

Stuart Hocking PSM
Under Treasurer
Chief Minister, Treasury and Economic Development Directorate
21 September 2023

Superannuation Provision Account
Statement of Performance
For the Year Ended 30 June 2023

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 2023	**Actual Result 2023**	**Variance from Target (%)**	**Explanation of Material Variances (+/- 5%)**
TOTAL COST ($'000)	**$647,612**	**$652,594**	**1%**	
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 unmodified Annual Financial Statements	1	1	-	
d. Completion of Annual Budget Estimates	1	1	-	
e. Preparation of MLA Member Superannuation Statements	1	1	-	

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 2023

Explanation of the Accountability Indicators

a. This accountability indicator involves an annual actuarial review of the Territory's defined benefit employer superannuation liabilities that will be completed and included in the budget estimates.

b. This accountability indicator incorporates monthly financial reporting and 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.

c. This accountability indicator incorporates the preparation of the previous year's annual financial statements for auditing and inclusion in the annual report. The objective is to receive an unmodified auditor's report.

d. This accountability indicator incorporates the preparation of annual budget estimates for inclusion in the annual Territory Budget.

e. This accountability indicator incorporates the preparation of annual Member Information Statements for those Members of the Legislative Assembly who have a defined benefit superannuation entitlement on 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.

Annual Report 2022–23

Chief Minister, Treasury and
Economic Development Directorate