

Budget 2007-2008

AUSTRALIAN CAPITAL TERRITORY

PAPER NO.

SPEECH

1

Guide to the Budget Papers

Structure and content of the 2007-2008 Budget Papers

The 2007-2008 Budget is presented in four budget papers.

PAPER NO.1 SPEECH

The Treasurer's speech to the Legislative Assembly highlights the Government's Budget strategies and key features of the Budget.

PAPER NO.2 TAKING THE TERRITORY FORWARD

A summary of the overall budgetary position together with information on the Government's expenditure in key service delivery areas.

PAPER NO.3 BUDGET OVERVIEW

Summarises the 2007-2008 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2007-2008 Budget results are provided, as well as background information on the development of the 2007-2008 Budget, including economic conditions and intergovernmental financial relations.

The Appropriation Bill 2007-2008 is appended.

PAPER NO.4 BUDGET ESTIMATES

Information on each department and its respective output classes, including descriptions of functions, roles and responsibilities, together with major strategic priorities. Full accrual financial information is provided for the general government sector as well as details of the Territory's public trading enterprises.

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ACT Budget presented on 5 June 2007 by the Treasurer Mr Jon Stanhope MLA

Taking the Territory Forward

Mr Speaker, it is my pleasure today to present the 2007-08 Budget - my second as Treasurer, and a set of numbers that has only been made possible because of my first — the Budget I handed down one year ago.

Mr Speaker, last year's was a Budget for the future – a prescription that involved tough and politically unpalatable decisions, a Budget that asked Canberrans to bear some pain now, so that they and their children would not be burdened with a debt too crippling to be met, in 10, 20 or 30 years time.

There was no imminent crisis at the time that tough Budget was delivered and there is no crisis today. Indeed, today I announce Labor's sixth consecutive surplus – all the more remarkable since it is a surplus under the new, rigorous Government Finance Statistics system, all the more remarkable because this time last year we were preparing for a significant deficit under that measure.

Mr Speaker, there was no imminent crisis on June 6 last year, but there was a looming one. It was born of almost two decades of ACT governments living beyond their means, trying to maintain levels of expenditure and a style of living dating from the days when the Commonwealth was subsidising a road to cityhood that was gold-plated.

Last year, as a community, we took a deep collective breath and struck out on something of a new path – one that we were determined to pay for as we went along. We decided to stop living beyond our means.

We have shaped our bureaucracy to focus our resources more sharply on what matters most – the delivery of priority services to Canberrans.

We have embarked on the creation of a health system that is more affordable, without compromising our great quality and great outcomes. We have embarked on a reinvigoration of our government schools, so that they will, in time, again become the first choice of Canberra families. We have aligned taxes and fees so that they better reflect the real costs of delivering services.

Today I can announce that the Budget is in GFS surplus. A surplus one year ahead of schedule. A surplus that maintains Labor's unbroken record of consecutive surpluses.

Mr Speaker, the Budget I present today provides a net operating surplus of \$103 million in 2007-08, \$51.6 million in 2008-09, \$64.3 million in 2009-10 and \$101.5 million in 2010-11.

In part, the significant turnaround in the operating balance in 2007-08 is due to some one-off effects. It also reflects increased returns from land development and releases as part of the Government's Affordable Housing Strategy.

Across the forward years from 2008-09, however, the Budget broadly maintains the forward estimates position.

Mr Speaker, a surplus is not a virtue in itself. But it is certainly something Governments strive for, particularly at the State and Territory level. So much of the revenue-raising capacity of governments has been concentrated in Commonwealth hands, particularly over the past decade. For States and Territories, surpluses, particularly surpluses over the life of a budget cycle, are evidence of prudence. In the ACT, the results announced today reward a community that has accepted change and absorbed some pain, in return for long-term sustainability.

And, of course, once pain has been endured, it would be folly to squander the gain.

That is why today I announce a Budget that takes the Territory forward, not backward. A Budget that maintains fiscal restraint while ensuring that the social outcomes this community most desires are heightened, and that spending is maintained in priority areas and the areas that will prove the greatest challenges in the future.

Across the forward estimates period, the Government now forecasts a surplus of \$320 million. This represents an average of \$80 million a year—approximately 2.5 per cent of the annual budget.

These are modest surpluses, but surpluses that provide some buffer against fiscal shocks, unforeseen circumstances and emerging pressures.

They are also surpluses which allow the Government to return to the community some of the dividend of the restructures undertaken in last year's Budget.

Today's Budget provides for new recurrent spending of \$91.3 million over the next four years — \$23.2 million in 2007-08, \$22.4 million in 2008-09, \$22.9 million in 2009-10 and \$22.8 million in 2010-11.

This spending is strategically targeted at areas of high need and emerging environmental challenge. Areas such as services for people with a disability, addressing climate change, improving housing affordability, boosting ambulance and fire services, addressing skill shortages, supporting business, and delivering municipal services.

Areas that must grow, to meet growing needs, will continue to grow – but more cleverly, more strategically. For example, the Budget allocates almost \$70 million to extra health services over four years — \$15.4 million in 2007-08, \$16.5 million in 2008-09, \$17.1 million in 2009-10 and \$17.9 million in 2010-11. These investments are in line with the parameters we have prudently built into our forward estimates as part of our structural reforms.

The priorities will be additional hospital beds, expanding aged care and rehabilitation services, boosting mental-health services, expanding youth health services, reducing waiting lists for dental services, preventing chronic disease, supporting children and families at risk of dysfunction, and reducing elective surgery waiting lists – a total of \$66.8 million over 4 years.

The forecast surpluses also give the Government the capacity for investment – investment in the suburbs where Canberrans live and play, investment in the roads upon which they commute, investment in public transport, investment in the amenity of the town centres where they congregate for work and communion.

The total value of capital works in this budget is \$288.7 million. This includes the capital upgrades program, which will be expanded in 2007-08 by an additional \$12.2 million – an increase of 38 per cent. A further \$5 million will be allocated to repairs and maintenance across facilities all over the Territory — the kind of minor works that make a real difference: painting, fixing, keeping up the fabric of our community life.

Total cash allocated for new capital works and works in progress in 2007-08 is \$420 million.

Mr Speaker, this is a substantial investment in the city. It is an investment that will make Canberra an even better place in which to live. It is an investment that will "Take the Territory Forward" — one park, one shopping centre refurbishment, one school gymnasium, one bus shelter at a time.

This is an investment in the infrastructure we use every day and often take for granted: roads, bridges, stormwater systems, health facilities.

It is also an investment in the kind of city we have become culturally and socially. It is an investment in public art, in swimming pools, in open parks and public places. It is an investment in the liveability of our city.

Mr Speaker, there are certain risks to this Budget that relate specifically to the continuing drought and the probable introduction of Stage 4 water restrictions. These risks relate to some of the funded initiatives, as well as to our possible expenditure needs and our revenue streams.

At this stage, it is too early to quantify and incorporate these risks into the Budget in any meaningful way. But we know that they are potentially significant.

The best advice we have, based on the best modelling from the best scientists, is that the drought will break. Consequently, and in line with the approach taken by the Australian Government in its own Budget last month, my Government has not incorporated drought impacts in the 2007-08 ACT Budget.

But the risk is real. That is why, Mr Speaker, it is just as well that we have delivered a surplus, and a comfortable one. We may need it. Anyone who thinks otherwise should ask themselves if they would have preferred to see me stand here today and deliver the deficit we were forecasting this time last year. Which is better? A surplus, exposed to real risk, or a deficit, at risk of worsening? I know which one the people of Canberra would prefer to see.

The Strength of Our Economy

Mr Speaker, the risk posed by a continuation of the drought aside, the ACT economy is strong and the outlook is positive.

There are high levels of public and private investment - greater than those achieved even during the construction heyday of the 1980s, when the building of our new national Parliament dominated the local economy.

Real growth in private investment over the past five years has been higher than the growth over the previous 12 years, higher than at any time since the advent of self-government.

The ACT labour market is one of the strongest in the country. Job growth remains strong with participation at a near-record levels and unemployment close to record lows.

The ACT recorded the strongest growth in building approvals in the country in March 2007 and growth in retail turnover in the ACT outstripped the national average for the year to March 2007.

In 2006-07, State Final Demand is forecast to grow at 4 per cent. Employment growth is forecast at 3 per cent. Over the past year about 6,600 new jobs have been created. Since 2001-02, a total of 18,000 new jobs have been created, with almost 17,000 of those being full-time jobs.

The outlook is exceptionally positive.

Demand is expected to remain strong. The budget forecast for State Final Demand is an increase of 4 per cent in 2007-08, reflecting solid growth in Australian Government outlays, private consumption and housing investment. Across the forward estimates period, projections for State Final Demand are 4 $\frac{3}{4}$ per cent a year.

The outlook for employment remains positive. In 2007-08, employment is forecast to grow at 1 $\frac{1}{2}$ per cent. The continued shortage of skilled workers is likely to constrain growth in key industry sectors. I will explain how today's Budget will help address that threat in just a moment.

Mr Speaker, the message, in short, is that Canberrans have confidence in the future of the ACT economy. And they have confidence in the financial management of this Labor Government. They know we are a Government prepared to take not just the hard decisions, but the right decisions for the greater good of the community.

Growing into the Future

Mr Speaker, businesses in the ACT are optimistic and buoyed by strong consumer demand. For very many businesses, times have never been better. And while the drought remains as a potential deflater of the general optimism, the outlook is for further business investment over the Budget and forward estimates periods.

Labor is proud to have created an environment conducive to getting on with business.

Mr Speaker, as a government, we continue to reduce business costs, abolishing a range of business taxes and working with other jurisdictions to make payroll tax rules consistent.

We come at the question of business support from many angles. Our aim is to create an environment where business can simply get on with the job.

Some of the initiatives I announce today are in the area of skills development. Others relate to research support. Others show our continuing commitment to the wider region, including a \$1.85 million boost to regional and trade development activities. This will support an active program of trade missions and provide continuing support for our overseas business promotion infrastructure and networking initiatives.

We have extended our contribution to National ICT Australia by \$6 million over five years to further support the pre-eminent Information Communications Technology research facility and further integrate NICTA into the economic fabric of this city.

I am particularly pleased at these investments because they are not about top-down business development. They are about partnerships: government and industry working together.

These initiatives will allow ACT businesses to leverage off the Territory's existing competitive advantages and reputation, and will complement actions taken last year to strengthen information, advisory and mentoring services to business through the new Canberra businessPoint Service.

An Investment in Training and Skills

Mr Speaker, *successful* businesses depend, first and last, on skilled workers. *Growing* businesses need a constant supply of such workers, ready to sign up and raring to go.

In the ACT, as elsewhere, there are too few skilled workers to meet our needs. And our already high participation rates and low jobless rates mean that finding solutions must be systemic and will take time.

The Skills Commission, chaired by the Vice Chancellor of the ANU, Professor Ian Chubb, is examining this issue in detail and will advise the Government in the near future. I have asked the Commission to come up with realistic, affordable, practical solutions. I look forward to making its recommendations public and responding.

In the meantime however, today's Budget continues Labor's historic investment in training and skills – an investment that has already helped deliver us the highest labour-force participation in the country, and that has fed the astounding growth of the private sector over Labor's time in government.

In the 2007-08 Budget, we provide \$7.6 million in recurrent funding over four years and \$1 million in capital funding for vocational education and training and skill shortages.

We are investing in extra trainee and apprenticeship places in areas of known skill shortage. In particular, we are boosting capacity in some of the remaining pockets of less than full participation, helping women on low incomes and from Indigenous and culturally and linguistically diverse backgrounds return to work.

We are also freeing up resources worth about half a million dollars for new traineeships for young Indigenous men and women.

This Budget also makes provision for the creation of a memorial scholarship in honour of Audrey Fagan, the first female ACT Police Chief. Today I announce that \$250,000 will be made available over four years for the tertiary scholarship, which will be open to Canberra women in leadership positions working in law enforcement, care and protection and allied areas.

I hope that the scholarship will keep bright and fresh the memory of a woman who was admired and held in deep affection by many thousands of Canberrans, and whose name will endure in our collective memory.

Mr Speaker, another means of boosting our skilled workforce is to make sure that the world knows what a great place this is to live and work.

In the past two years, the revived Skilled and Business Migration Program has made a significant impact, bringing 1,130 new Canberrans to our workforce and community from overseas.

And the Live in Canberra campaign has proved to be a best-practice example of government, business and community sectors working together to tackle Canberra's skills shortage and low population growth, attracting skilled workers and their families from interstate and around the world.

A settlement program has also been established, with new residents provided with support and assistance.

More than 100 people have moved to Canberra — many with families — since the campaign began. In this year's Budget the Government commits further funding of \$400,000 for the campaign and another \$240,000 for a campaign to encourage people who move to Canberra to update their residential address with Medicare. More accurate Medicare records will give the Government better estimates not just of the overall ACT population, but its age profile, helping us to better plan for services and infrastructure.

Making Canberra An Even Better Place to Live

Mr Speaker, Canberrans are fiercely proud of their city. Labor shares that pride and today's Budget makes a significant investment in the city and its infrastructure, where it really matters, to make the national capital an even better place to live.

Waste management, horticulture, cleaning and asset maintenance services will receive new funding of approximately \$5 million over four years to cater for growth in the city.

We are investing \$755,000 to improve the look of our civic heart. Another \$3.2 million will be spent upgrading a further section of the Lake Ginninderra Foreshore, work that will encourage more Canberrans to make use of the lake and the fantastic precinct that is evolving along its shores.

An additional \$1.6 million has been earmarked to create a Floriade that is better than ever, and \$2.4 million in new funding over four years will be spent on our public libraries.

Canberrans are blessed with world-class parks and reserves, places that have become part of our city's personality and that allow us to combine the best in city living, with easy access to stunning natural environments.

The Nature Discovery Centre at Tidbinbilla has been provided with \$2.6 million in additional funding for its environmental programs and \$1.5 million has been devoted to the pruning and watering of the city's trees, to help minimise the impact of the drought over the next three years.

This Budget devotes significant resources to our roads.

Much of Canberra's road infrastructure was built during a few heady years of growth, some decades ago. While there has always been an active program of refurbishment, there is no doubt that the simultaneous ageing of kilometres of pavement and other infrastructure poses a challenge for even the most vigilant of repair programs.

That is why the Government is putting a special focus in this Budget on infrastructure upgrades, including roads, the alleviation of traffic congestion and safety improvements. New capital funding of around \$51 million is provided in this Budget for new roads and upgrades to the existing road network. Most notable, and most welcome for thousands of daily commuters and air travellers, will be the planned upgrades to airport roads.

Motorists in Civic and the Woden area will also benefit from a significant investment in extra parking spaces, with \$32.5 million earmarked for parking at The Canberra Hospital, Acton and Woden.

Of course, our love affair with the car, a consequence of decades of planning decisions, is a very mixed blessing, in an age where climate change challenges the behaviour of each of us.

That is why we must — against the odds — continue to encourage greater use of public transport.

In fact, patronage on our bus network is up.

But costs continue to be high and the Government is committed to simultaneously achieving greater efficiency and greater responsiveness.

We have invested \$73 million in public transport services since coming to government. Today I announce new operating funding of \$2 million in 2007-08 for additional services and bus maintenance. A comprehensive service plan involving community consultation is being developed. Reforms will be in place later this year.

I also announce \$16 million over two years in capital funding to modernise the bus fleet and its ticketing system and a further \$400,000 for ACTION's CCTV security network.

Mr Speaker, Canberrans have long enjoyed the highest participation rates in the country when it comes to sport and recreation.

Making Canberra an even better place to live means, among other things, ensuring that all Canberrans have opportunities to stay fit and healthy.

There is no doubt that the drought and water restrictions make this a challenge, but it is a challenge we must, as a community and as a Government, rise to.

Today I announce a significant investment in building and upgrading sporting facilities across Canberra. Labor will spend almost \$13 million over four years on sport and recreation activities, including \$10 million in capital works.

Major improvements are being made to the Lakeside Leisure Centre at Tuggeranong and the Canberra Olympic Pool, with a total of \$6 million in capital funds improving these popular facilities.

While the prolonged drought has prevented us from delivering on the proposal we announced last year of rehabilitating and restoring a large number of drought-affected ovals, creative approaches are possible.

Today I announce \$3.8 million for the establishment of the Harrison District Playing Fields — fields that will incorporate a host of water-saving devices and technologies and that will be a model for future facilities and rehabilitation work on existing facilities.

Today I also announce \$1.6 million over four years for the Stromlo Forest Park to assist in promotion, development and operation of the facility as a local, national and international recreation and sporting venue.

The ACT's profile as a sporting city and as a destination for world-calibre events will be enhanced, with \$1.1 million earmarked for initiatives including an iconic Rob de Castella Invitational Cross Country Event, Olympic Athlete Support for Beijing and the 2009 World Mountain Bike Championships.

Mr Speaker, a city without a robust artistic and cultural life is a cold and sterile place. The arts help a community know and define itself. They enrich life.

I recently announced the percent-for-art scheme, that will ensure that a proportion of each year's capital budget is devoted to public art, where Canberrans work, live and play. That scheme starts in earnest from today.

The 2007-08 Budget involves a significant boost to other areas of the arts. In particular, I am delighted to announce \$9 million for the Belconnen Arts and Cultural Centre, on the shores of Lake Ginninderra. In all, this Budget provides an additional \$1.3 million in recurrent and around \$11.6 million in new capital funding for initiatives such as the Belconnen Arts and Cultural Centre and public art activities.

A Health System Which Delivers

Mr Speaker, Canberrans expect nothing but the best from their health system. And that is what, under Labor, they get.

The Government's record on health services is exceptional. Since coming to Government we have increased expenditure on health by 70 per cent, to over \$760 million.

Our community health services are better able than ever before to help Canberrans get well, stay well and live well.

And the capacity of our world-class public hospitals to meet the needs of Canberrans and our neighbours from nearby NSW has been dramatically boosted.

Today, there are more hospital beds, more elective surgery, more medical and nursing staff and greater operating theatre capacity than when we came to government. And Canberrans are feeling the benefits.

Over the five years from 2001-02 to 2005-06, our hospitals have confronted and met an extraordinary 32 per cent increase in demand for inpatient services. Total inpatient separations rose from around 54,000 in 2001-02 to 71,000 in 2005-06. This total is expected to rise by a further 3 per cent during 2006-07 to about 73,150 separations.

Services for the treatment of cancer have been strengthened to meet demand growing at around 8 per cent a year for some services. There have been improvements to diagnostic testing and medical and radiation infrastructure and greater numbers of nursing and clinical staff.

We have almost doubled the expenditure on mental health, and expanded drug and alcohol services by around 42 per cent over the past five years.

Community-based health services continue to grow each year. Older patients now spend less time in hospital, and have better access to a wider range of outpatient, community and outreach services.

Expenditure on the Dental Health Program has grown by 22 per cent since 2001-02, to plug the hole left by the withdrawal of the Commonwealth from this area of health. The result of Labor's investment has been that more low-income Canberrans are able to access dental health care.

At the same time as we have been ploughing money into health, we have been conscious of the need to make every one of those dollars work hard for Canberrans.

We have improved efficiency, reduced administrative overheads and targeted resources to areas of greatest priority and greatest effect. Overheads as a proportion of total costs have reduced significantly.

Labor has created a responsive, efficient and sustainable health system, at a price affordable to the people of the ACT.

Today, I announce funding that will make the public health system deliver better health, to more Canberrans, in the areas that most matter.

This Budget builds on an outstanding record of achievement. It allocates \$66.8 million over four years in new initiatives and to areas of high priority.

Today, I announce funding for 20 additional acute-care beds at The Canberra Hospital, at a cost of \$12.6 million over four years. At least 10 of these beds will be allocated to orthopaedic services. Since 2004-05 the Government has funded 147 new hospital beds.

A further \$2.1 million will meet the growth in demand for cancer services.

The mix of services provided by the Aged Care and Rehabilitation Service will be enhanced, with an additional \$10.4 million allocated in this Budget.

This Budget allocates a further \$12.6 million over four years devoted to more acute-level inpatient care. This will directly benefit all patients requiring admission to the acute and sub-acute rehabilitation units, including many older patients.

Critical Care Capacity will be increased, with the creation of an additional Intensive Care Unit Bed at a cost of around \$5 million over four years. This investment will help meet the growing demand for trauma care and complex care.

Demand for elective surgery continues to grow — and will keep growing into the future, as we age as a community. Over the past four years the Government has invested almost \$22 million in additional elective surgeries. The results are clear for the community to see: record levels of elective surgery in each of those years and almost 5,000 additional operations over the period than would otherwise have been possible.

The 2007-08 Budget allocates a further \$10.5 million over four years, to boost the number of elective surgery procedures by a further 300 a year. A tenth operating theatre at The Canberra Hospital will be commissioned to cope with this additional activity.

In addition, the Budget allocates funding for an integrated response to patients with chronic conditions, targeted support for at-risk mothers and babies and increased access to dental health care.

Excellence in Education

Mr Speaker, one of the most significant financial and social investments a community makes in its future comes in the shape of government schools.

Philosophically, practically and financially, Labor's commitment to public education in the ACT has never been equalled in our history.

As in so many areas, when it comes to public schooling we confront the consequences of a physical infrastructure designed for another age, another Canberra. In last year's Budget we tackled some of those infrastructure issues, but we also set out a vision, and we backed that vision up with a financial investment in our government schools greater than any investment made in the past two decades.

This included \$90 million for capital upgrades of our government schools, as well as \$20 million for improvements in Information and Communications Technology. More than \$67 million was earmarked for new, state-of-the-art schools across Canberra — an investment of more than \$177 million in the future of every child who attends an ACT government school.

Today, I announce that Labor will build on this deep commitment, committing \$60.7 million for the construction of the Secondary College in Gungahlin, to open in 2010. And I announce an additional \$50 million for the construction of a new P-to-10 school in Tuggeranong, to open in 2011.

And it is not just the students at these new sites who will be winners. To ensure that the facilities at every one of Canberra's public schools are a matter for pride and are capable of delivering the best possible education, we will continue to make available \$11.6 million a year for capital upgrades

Mr Speaker, that's another \$122.3 million in new capital funding for government schools, another vote of confidence in public education, another investment in government school students and their teachers.

Between July 2006 and 2010-11 Labor will invest more than \$350 million in our public schools, giving every government school student access to the kind of quality learning environments that have been shown to have a positive impact on performance.

The transformation of our public schools has already begun. At Chapman and Aranda Primary schools, at Stromlo, Calwell and Belconnen High Schools, at Cranleigh Special School and Telopea Park School, students and teachers are already enjoying the benefits of this historic capital investment.

Over the next four years every ACT public school will benefit from Labor's investment in facilities. Science and computer labs and kitchens are being upgraded. Grounds and sports areas are being enhanced. Student amenities are being improved. Internal and external refurbishments are sending the message that public schools are places of which students and teachers can rightly feel proud, places where students want to come to learn, places teachers look forward to fronting up to each day.

Not only are our schools being rejuvenated and renewed. They are also being made environmentally efficient. New schools will incorporate features such as solar passive design, water tanks and solar heating. The next generation of Canberrans will be absorbing messages about sustainability by seeing it in action, on their ovals, in their classrooms, even in their washrooms.

Our \$20 million investment in Information and Communications Technology will ensure that every government school student leaves school with that extra dimension we have come to think of as technological literacy. The *Smart Schools, Smart Students* project will give every student in every government school access to a fast, reliable and stable Internet connection. Whole families will benefit. Parents will be able to access detailed information about their child's learning program and their results, online.

Mr Speaker, Canberra's public schools have always been exceptional, keeping faith with the belief that every child, whatever their prospects, whatever their circumstances, whatever their challenges, deserves the opportunity to reach his or her potential.

The investments the Government began to make in last year's Budget, and which are continued today, restate that commitment.

The Challenges of Climate Change and Water Security

Mr Speaker, climate change is perhaps the single biggest challenge to confront humanity. Already, its effects have permanently altered our rainfall patterns, with potentially grave implications for our water security. The implications are equally profound in a host of other areas. The increased risk of mega-fires and monster storms has implications for how and where we should build our homes. As a nation we may have to rethink the economic viability of certain industries. There may be health implications that are barely perceptible yet.

And while this is a global challenge, responsibility for wrestling with it comes down to individual nations, individual governments, individual households, ultimately, to each of us as individuals.

This is not a challenge that can be met and mastered in a single budget or over the life of a single government. Nor is it a challenge for which the solution is sitting on the shelf. Human behaviour, we all know, is hard to change. But we must and we will.

Mr Speaker, the Government will shortly release its Climate Change Strategy — Labor's plan for tackling climate change locally, and as a global citizen. Obviously, not all of its elements will be budgetary. It will incorporate legislative change and cultural change. But there will be a cost too. Today, on World Environment Day, I announce \$4 million over four years to implement a number of initiatives contained in the strategy.

A further \$1 million in capital funding will establish an energy efficiency fund for energy and water sustainability in ACT Government buildings.

A Renewable Energy Technology Showcase will also be established, with another \$1 million in funding.

This \$6 million investment will complement other regulatory and legislative actions. These include the Environment Protection (Fuel Sale Data) Amendment Bill 2007, which will help the ACT accurately measure fuel sales and so calculate greenhouse gas emissions. The use of hybrid vehicles as hire cars in the ACT has been approved. The Government is on track to meet its commitment to increase the proportion of fuel-efficient and low-emissions vehicles in its fleet to 10 per cent by 2008.

Mr Speaker, as I said earlier, partnerships are critical to meeting some of the biggest challenges we face as a community. Today I am pleased to announce \$350,000 for a joint ACT Government-CSIRO project that will showcase sustainable urban design at Eastlake.

Mr Speaker, intimately connected with the issue of climate change is that of water.

Most of us are painfully familiar with the statistics. Last year, inflows into ACT dams were 90 per cent below our long-term average. Over the course of the year we consumed, as a community, 40 gigalitres more water than entered our dams — more water than is contained in Lake Burley Griffin. And this year, to date, our inflows are even lower than last. We are told the drought will break. But what if it does not? The risk may be small, but the consequences of accepting that risk, and of losing the bet, are too great to tolerate.

That is why the Government and ACTEW Corporation have been exploring and implementing a suite of measures to secure our water supply into the future. These include the Cotter-to-Googong Bulk Transfer Scheme and the installation of submersible pumps in the Murrumbidgee.

Mr Speaker, little of this massive investment is reflected in the Budget papers published today, because it is expenditure made by ACTEW on the Government's and on the community's behalf.

But the numbers are sizeable, even staggering. ACTEW will make capital investments of more than \$250 million over the next four years to address this city's water treatment, storage and distribution infrastructure.

This figure will rise massively to more than \$600 million if the Government, at the end of its community consultation, approves ACTEW's plans to recycle the used water we now allow to flow from the Lower Molonglo Plant, and store it in an enlarged Cotter Dam.

Keeping the Community Safe

Mr Speaker, since coming to office in the ACT, Labor has made a financial investment in emergency services that is probably unmatched by any city of this size, anywhere in the world.

At the same time, we have taken care to preserve our reputation as a safe city, with relatively low levels of crime.

Since its election in 2001 Labor has increased expenditure on emergency services by 119 per cent — from around \$36 million in 2001-02 to \$79 million a year.

In the same period we have increased the capacity of ACT Policing to fight crime, improved police visibility, tightened response times and improved clearance rates. There are now 120 more police, keeping their fellow Canberrans safe. Expenditure on policing has grown by 56 per cent to \$106 million in 2006-07.

Today, the investment continues. The 2007-08 Budget earmarks almost \$15 million in new recurrent funding and around \$18.2 million in capital funding over four years for a range of community safety and justice initiatives.

Funding of \$1.2 million for the forward design of the new Belconnen Police Station has been provided, and almost \$4.7 million will be spent upgrading court facilities and security. Additional capital funding of \$2.6 million has been provided for the new Youth Detention Centre.

The capacity of the Ambulance Service is being boosted, with \$4.2 million over four years for 16 extra staff, patient transport and training. Fleet capability is being increased with \$718,000 in capital funding for two additional intensive care ambulances, one patient transport ambulance and one special ambulance to transport morbidly obese patients.

The Budget sets aside \$1.597 million over four years to implement more of the recommendations made in the Coroner's report into the 2003 bushfires.

More than \$830,000 will be spent upgrading fire stations and \$6.5 million will be spent on fire-fighting vehicle replacements over the next four years. This represents a major upgrade, across the board, involving light units, heavy tankers, water tankers, heavy pumpers and command vehicles.

More than half a million will be spent on additional rescue equipment and more than a quarter of a million will be spent creating 10 new Community Fire Units, taking the total number across the Territory to 38.

This Budget continues to improve the facilities, equipment and training for the fire and SES volunteers who give tirelessly of their time to protect the ACT community.

Today's Budget also increases support for victims of crime by \$2.2 million over four years.

Help for those in Need

Mr Speaker, just as the right of every youngster to a quality education represents core Labor values, so too does the right of society's most vulnerable to enjoy lives of dignity and worth.

Disadvantage takes many forms. That is why the Government's approach to tackling disadvantage is multi-pronged, with assistance delivered through mainstream as well as targeted programs.

Almost \$16 million will be spent over the next four years increasing support for young people and adults with serious intellectual and physical disabilities. Non-government schools will share in an extra million dollars to improve access for students with a disability.

Today I announce \$12.6 million over the next four years in recurrent funding and \$3.5 million in capital funding to improve mental-health services. This investment will increase the number of specialist mental-health providers, give Canberrans in need greater access to community mental-health care and create community-supported accommodation options as alternatives to hospitalisation. The capital funding will be used for forward design work for a major construction project — dedicated mental-health facilities at The Canberra Hospital comprising a 40-bed adult ward and a 15-bed forensic facility.

Today I also announce additional funding of \$209,000 for a residential detoxification and withdrawal program for women and women with children and a massive boost of \$1.7 million over four years to help reduce the waiting list for dental services.

Mr Speaker, the abolition of the Aboriginal and Torres Strait Islander Commission by the Australian Government has had ramifications symbolic and practical. Where are the Indigenous faces and voices on our nightly news these days? Where are the community leaders? Where can the next generation of Aboriginal leaders turn for the training they need to become effective advocates for their people?

ACT Labor is committed to giving Aboriginal Canberrans a louder voice. Today's Budget earmarks \$700,000 over four years for the establishment and operation of an elected Aboriginal and Torres Strait Islander body, which will provide advice and guidance to Government on the needs and priorities of the ACT's Indigenous people. The model of the elected body is now being finalised and I and my ministers look forward to the day when we can receive, from the mouths and hearts of local Aboriginal men and women, robust advice on how we as a Government are meeting their needs, supporting their aspirations and extending to every Indigenous Canberran the opportunity to engage fully in the economic, intellectual, social and cultural life of our community.

Affordable, appropriate housing

Mr Speaker, access to affordable and appropriate housing is one of the Government's highest priorities and one of the most basic entitlements of those living in a prosperous, caring community such as ours.

Earlier this year the Government released a comprehensive Action Plan to help those Canberrans finding it hard to gain access to affordable and appropriate housing, including those pursuing the dream of home ownership, those renting in the private market, those who depend upon public and community housing and those needing emergency accommodation.

Today I announce a commitment worth \$9.250 million to support the initiatives in the Affordable Housing Action Plan.

That's a massive injection into an area of real priority. Canberrans will soon see the roll-out of a number of strategies, ranging from the release of new house and land packages priced between \$200,000 to \$300,000, regular englobo land sales and over-the-counter sales of affordable housing blocks.

Community housing will have access to a revolving finance facility of \$50 million. Initiatives to increase the number of private rental properties will be pursued with private-sector providers and land rental and shared equity schemes will be put in place.

Targeted stamp duty concessions alone will cost an estimated \$6 million in foregone revenue over four years.

I also announce today that the Government will spend \$4.3 million in 2007-08 purchasing more public housing stock to house those most in need.

Mr Speaker, a roof over one's head is a basic need for each of us, whatever our age, whatever our family size or our financial circumstances. That doesn't mean we should all aspire to an identical, detached house and garden in the suburbs. What we need is choice. What we need are stepping stones. What we need are options. That's what Labor is determined to create, and today's Budget will help us do it.

Streamlining the Public Service and Its Processes

Mr Speaker, last year the Government embarked on a significant, generational structural reform of the public service. Our aim was to create an efficient and effective public service that was focused unambiguously on frontline services.

The Shared Services Centre became operational earlier this year.

Improvements in internal practices and processes have already flowed. Efficiencies have been delivered by common systems and transactional processes. New approaches to doing the business of government have been developed.

By consolidating common corporate service functions into the Shared Services Centre, the Government will save around \$20 million in 2007-08 in back-office costs.

But other dividends flow from these structural reforms too. Career paths have significantly improved and training and advancement opportunities have blossomed for individual public servants, as small corporate units have come together.

Change is often daunting and I thank all ACT public servants for the professionalism and enthusiasm with which they participated in the changes wrought over the past year.

Labor is proud to have, working to deliver its priorities, a public services that is responsive and dedicated. This Budget will provide \$400,000 each year to build further on our public-sector capacity. Strategies will focus on workplace culture, investing in staff, providing training and leadership development opportunities in line with best practice, and recruitment and attraction strategies.

Commonwealth-State Financial Relations

Mr Speaker, our Federal system of government has a significant influence on the fiscal capacities of the States and Territories and on the decisions they make around Budget time. The ACT is no exception.

Some of the principles upon which the system is based are well-founded and fair. The system of equalisation, for example, ensures that States and Territories that have higher needs, perhaps for reasons of remoteness or size or lack of raw materials, are compensated so they can provide services broadly equal to the services provided elsewhere.

The GST revenue is distributed on this principle.

Unfortunately, inherent in such a system is the potential for blame-shifting and cost transferring.

Thus, in recent months, we have heard much about the supposedly high taxation regimes of the States and Territories, not to mention the alleged 'rivers of GST gold' we have supposedly squandered.

Mr Speaker, in truth the fiscal imbalance between the Commonwealth and the States and Territories has increased significantly over the past six years – the period in which Labor has been in power in the ACT. The Commonwealth now has a larger share of taxation revenue than it had in 2000-01.

And contrary to popular myth-making, the growth in Commonwealth taxation has been higher than the growth in State and Territory taxation. Between 2000-01 and 2006-07, Australian Government taxes grew by an average of 6.6 per cent a year. State taxation revenue grew at an average rate of 5.8 per cent a year.

In the ACT, Territory tax revenue grew even more slowly, by an average of just 4.2 per cent a year.

And yet, while the Commonwealth's share of tax revenue continued to climb, its contribution to crucial services actually declined.

Five years ago, the Commonwealth contributed around 31 per cent of our hospital costs. Now it is 23 per cent.

Five years ago, the Commonwealth contributed around 18 per cent toward the cost of disability services. Now it is around 14 per cent.

Funding for housing assistance has been decreasing in real terms at a time when housing affordability has been worsening nationally.

For the ACT, per capita Specific Purpose Payments from the Commonwealth – contributions for services such as hospital care, disability services, housing assistance and home care – have actually decreased by around 10 per cent in real terms over the past five years.

ACT Labor has picked up the slack, in many cases not just making up for the comparative decline in the Commonwealth's contribution, but catering for growth too.

We make no apologies for doing so. But as we made clear last year, the time has come when we must close the fiscal gap and ensure that the services we provide are paid for, today, by us, not tomorrow, by our children.

Conclusion

Mr Speaker, the Budget I have detailed today is good for the people of Canberra, good for the community, good for the environment, good for business. It will make a real difference, where people live, where they work, where they play, where they catch a bus, where they park their cars, where they buy their milk and walk their dogs. It will ensure that their health priorities are met, that the education they receive is as good as it gets.

Last year's Budget was about setting a course for the Territory's finances for the future. This budget maintains that course and takes the Territory forward. It is prudent and it delivers. It maintains fiscal discipline while addressing our real priorities as a community.

This is a budget that makes significant investments in the infrastructure and services needed to take the Territory forward.

It is a budget that allows a buffer against risk. It strengthens our capacity to meet challenges, if and when they arrive.

I commend this Budget to the Assembly, Mr Speaker, and I commend it to the people of Canberra.