

An Overview of the Territory's Budget:

prepared for the
2004-05 Budget Consultation



building our city
building our community

ACT Government

An Overview of the Territory's Budget:

prepared for the
2004-05 Budget Consultation



ISBN 0 642 60244 1

© Australian Capital Territory, Canberra 2003

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without written permission from the ACT Government, Department of Treasury, GPO Box 158, Canberra City ACT 2601.

Produced for the ACT Government, Department of Treasury by ACT Government Publishing Services.

Phone 6205 0552

Publication No 03/1397

<http://www.act.gov.au>

Telephone: Canberra 13ACT1 or 132 281

TABLE OF CONTENTS

Introduction	1
Your invitation	1
What we stand for	1
A planned approach	2
Economic Position	3
Overview	3
State Final Demand	4
Employment	4
Consumer Price Index	4
Interest Rate	5
Population	5
Housing	5
Current Financial Position	6
Operating Result	6
Risks and Exposures	7
Tax Base	7
Commonwealth Grants	7
Superannuation Liability	7
Revenue	8
Tax, Fees and Fines	8
Taxes	9
Fees and Fines	11
Commonwealth Grants	12
User Charges	13
Other Revenue	14
What your money delivers	15
Health Sector	15
ACT Education Sector	16
Non Government School Education	16

continued...

Urban Services	16
Community Services Sector	16
Justice	17
Housing	17
Central Administrative	17
Policing	17
ACT Planning and Land Authority	18
Transport	18
Emergency Management	18
Government Achievements	19
Education	19
Health	19
Disability	19
Housing	20
Community	20
Older People	21
Youth	21
Sport and Recreation	21
The Overall Budget	22
The January 2003 Bushfires	24
Bushfire Impact	25
Your Submission	26

Introduction

Your invitation

In line with its commitment to the citizens of Canberra, the Government invites input from the public to ensure it considers the views of the wider community.

The purpose of this document is to provide information regarding the context of the Territory's budget. Your submission would assist the Government to develop relevant and timely policies which best reflect the overall needs and interests of the Territory. It is intended that the feedback from this document will contribute to the general direction of the 2004-05 Budget.

What we stand for

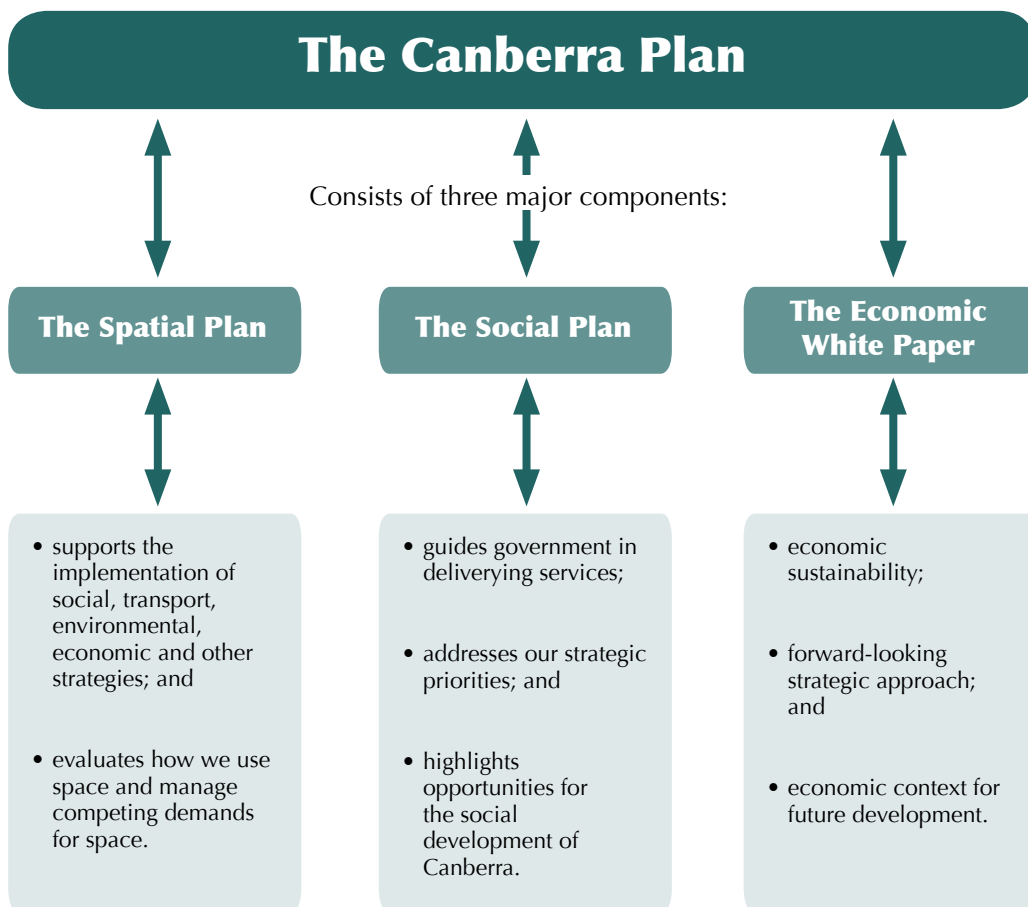
The Government has committed itself to an agenda that:

- is open, honest, measured and responsible;
- addresses participation and engagement for all, including the most disadvantaged;
- establishes equal access;
- provides effective, efficient and committed services;
- is financially responsible;
- frames sustainable economic growth; and
- plans and builds a sustainable future.

A Planned Approach

A key objective of the Government is the development of a more effective and structured approach to planning the delivery of services for the ACT and to meet the social, economic and environmental challenges it faces. These objectives are reflected in the development of *The Canberra Plan*.

The Canberra Plan will be formulated from three key pieces of work; the Canberra Spatial Plan, the Economic White Paper and the Social Plan (see the diagram which follows). They will provide a comprehensive plan for the way we want the ACT to develop over the coming years, which will provide a long-term sustainable vision for Canberra. The three plans are being developed from extensive consultation with the community.



Additional information on the **Canberra Plan** can be located at the following web sites:

Social Plan http://www.cmd.act.gov.au/Documents/Social_Plan.pdf

Spatial Plan <http://www.actpla.act.gov.au/ourcanberra/>

Economic Position

Treasury is yet to update its official economic forecasts that will underpin the 2004-05 Budget due to the short period of time that has passed since publication of the 2003-04 forecasts. The following information is a culmination of recently released quarterly economic revisions, where available, and information sourced from the 2003-04 projections.

Economic Forecasts

	2001-02	2002-03	2003-04	2004-05	2005-06
	(Average annual growth)				
	Actual	Forecast	Forecast	Forecast	Forecast
Gross State Product	3.9	3.4	3.1	3.0	3.0
Gross Domestic Product^c	3.8	2.7 ^d	3.25	3.5	3.5
Employment Growth	-0.7	3.1 ^d	1.4	1.5	1.4
Consumer Price Index^e	2.8	2.6 ^d	2.5	2.5	2.5
State Final Demand	4.3	4.3 ^d	2.9	3.3	2.9
Interest Rates^b	4.5	4.75 ^d	5.0	5.25	5.5
Population^a	0.8	0.8	0.9	0.9	0.9

^(a) As at 30 June each year

^(b) Reserve Bank of Australia, average official cash rate

^(c) Commonwealth Treasury Estimates

^(d) Actual figures

^(e) June quarter on June quarter

Overview

The ACT economy is expected to grow at 3.1% in 2003-04 and 3.0% per annum on average to 2006-07, though lower than 4% and 3.5% onwards forecast for the national economy. While nationally the economy is expected to benefit from a global recovery, the lack of export-orientated industries, such as agriculture and mining, is likely to limit the positive impact upon the ACT economy.

Government Administration and Defence continues to be the largest industry in the ACT, accounting for 26.5% of the Gross State Product (GSP) of the Territory. Property and business services increased its share to 13.7%, reflecting the surge in the property market in recent years.

State Final Demand

State Final Demand (SFD) represents expenditure in the ACT economy. It is a measure of demand rather than production, capturing the level of capital investment and the consumption of goods and services by the public and the private sectors.

The ACT's SFD rose by 1.7% in the 2003 June quarter, reflecting a substantial increase in public capital expenditure after the January bushfires. As a result, the annual increase in SFD surpassed the revised forecast of 3% to reach 4.3% to June 2003.

The ACT's SFD is projected to grow by 2.9% in 2003-04, and the growth rate is expected to remain around 3% per annum afterwards.

Employment

As of August 2003, the Territory's participation rate of 71.6% compares favourably with the national rate of 63.5%. Unemployment at 4.7% is the lowest of any state or territory. This implies that the level of confidence in the ACT economy remains relatively high. The ACT also achieved the highest increase (up 11.1%) among all jurisdictions in the average weekly income in the twelve months to May 2003.

Although the labour market has been softening since the peak in November 2002, the 1.1% increase in total employment during August 2003 possibly represents the reversal of this trend. A moderate growth of 1.4-1.5% per annum in employment is expected for the next few years.

Consumer Price Index (CPI)

The CPI measures changes in the price of a basket of goods and services typically purchased by metropolitan households in the eight capital cities including Canberra.

The CPI in the ACT rose by 2.6% to June 2003, which was slightly lower than the forecast of 2.75% in the 2003-04 Budget. The Australia-wide CPI in the same 12-month period was 2.7%.

The ACT's CPI is projected to remain moderate at an average of 2.5% p.a. over the next few years. The Reserve Bank of Australia predicts that the national CPI will fall to 2.5% in the latter half of 2003 and further to around 2.0% in 2004, before increasing slightly in mid 2005. The Bank's assessment assumes the continuation of moderate wages growth at 2.5 - 3.0% and the domestic inflationary pressures, such as increased construction and housing purchase costs, being partly offset by reduced prices of imported intermediate goods as a result of the appreciation of the Australian dollar.

Interest Rate

The official cash rate has remained at 4.75% since June 2002. It is more likely to rise than fall in the next 12 months, considering the stronger-than-expected construction and housing sectors, the low unemployment rate, and the anticipated recovery of the global economy.

The market has factored in a 0.25% increase by December 2003 and a further 0.25% increase by March 2004. There are, however, sources predicting the rate to remain at 4.75% into 2004, followed by a rate cut in mid 2004 when property prices and inflation are likely to drop.

Population

The population estimate as at March 2003 was 324,400. Based on the latest population projections released in June 2003, the ACT's population will grow at 0.9% p.a. from 322,000 in 2002 to 389,000 in 2032.

The ACT currently has a relatively young population with the median age of 33.5, compared with the national median of 35.9 in 2002. The trend towards an ageing population is, however, evident with the future population growth concentrated in the group aged 60 years and over. The proportion of those aged 65 and over is expected to rise from 9% in 2002 to 22% in 2032. This will be accompanied by an increase in Canberra's median age to 37.8 in 2015 and further to 43.3 in 2032.

Housing

Recent increases in median house prices in capital cities across Australia have seen housing affordability become a prominent economic and social issue.

Median house prices in the ACT have increased rapidly over the last three years after a lengthy period of relative price stability. The median ACT house price in July 2003 was \$323,000, an increase of 79.5% since July 2000.

This rapid increase in prices has been accompanied by a decline in housing affordability. The June 2003 HIA/Commonwealth Bank Housing Report showed that housing affordability in the ACT has reached its lowest level in 13 years. The report also identifies, however, that housing affordability in the Territory is 46% higher than Sydney and 6% higher than Melbourne. While the housing market is currently being fuelled by a strong economy and the prospect of future interest rate increases are uncertain, the Territory can expect price pressures on housing to ease in the short to medium term.

Additional Information

If you require additional information on the outlook for the ACT Economy please refer to the 2003-04 Budget Paper 3 chapter 4.1 Economic Conditions (pg 39). This is available on the web at http://www.treasury.act.gov.au/budget/budget_2003.

Current Financial Position

The following information is based on the 2003-04 Budget Papers. The budget estimates provide for small surpluses over a three-year planning horizon. This is a deliberate strategy of Government to ensure that surpluses can be maintained over the economic cycle.

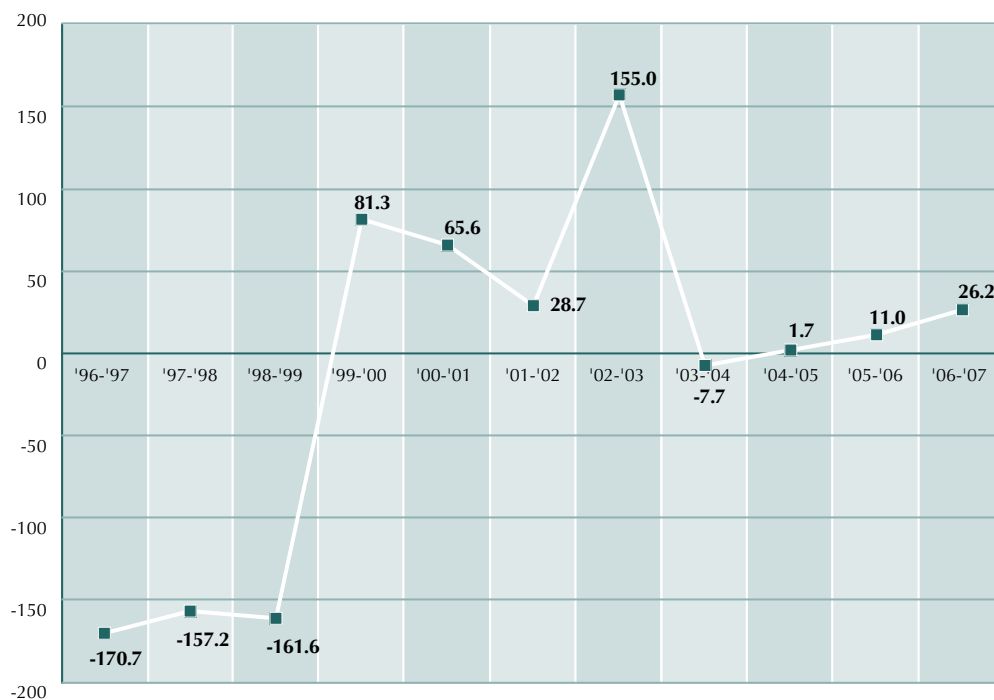
Operating Results

The graph below shows the actual operating result for the General Government Sector up until 2001-02.

The 2002-03 operating result was a surplus of \$155 million. From 2003-04 onwards, the figures represent the budgeted results in the 2003-04 Budget Papers.

The 2002-03 operating result of \$155 million represents a significant improvement from the 2002-03 estimated outcome of \$61 million. This improvement was largely due to non-cash adjustments required by accounting standards. These included transactions such as bringing to account assets previously not recognised and aligning accounting treatments for the recognition of land revenue between Government agencies, both of which resulted in paper gains to the Territory with no improvement in the cash result.

General Government Sector Operating Result



Risks and Exposures

The Territory currently maintains a AAA credit rating. This is reflective of its low level of financial liabilities and strong ongoing budgetary performance, which is expected to continue into the future. There are, however, risks and exposures that must be monitored and managed to sustain the financial viability of the Territory. Presented below are three key issues that require consideration.

Tax Base

The Territory has a narrow tax base compared with other States. The Government's capacity to collect payroll tax is limited compared to other States mostly due to the Commonwealth Agencies being exempt from the tax. Also relative to other states the ACT has a small industry base on which payroll tax is levied. As a result, housing based revenues account for around half of ACT's own sourced revenue. Therefore the Territory's revenue base is exposed to market fluctuations and, in the longer-term, revenue sourced from land sales will also come under pressure, as the supply of land in the ACT is finite.

Commonwealth Grants

Commonwealth funding represents approximately 44% of the Territory's funding and remains fairly stable across forward estimates. There is, however, a degree of uncertainty with Commonwealth Grant funding provided to the ACT, particularly in the medium to longer-term.

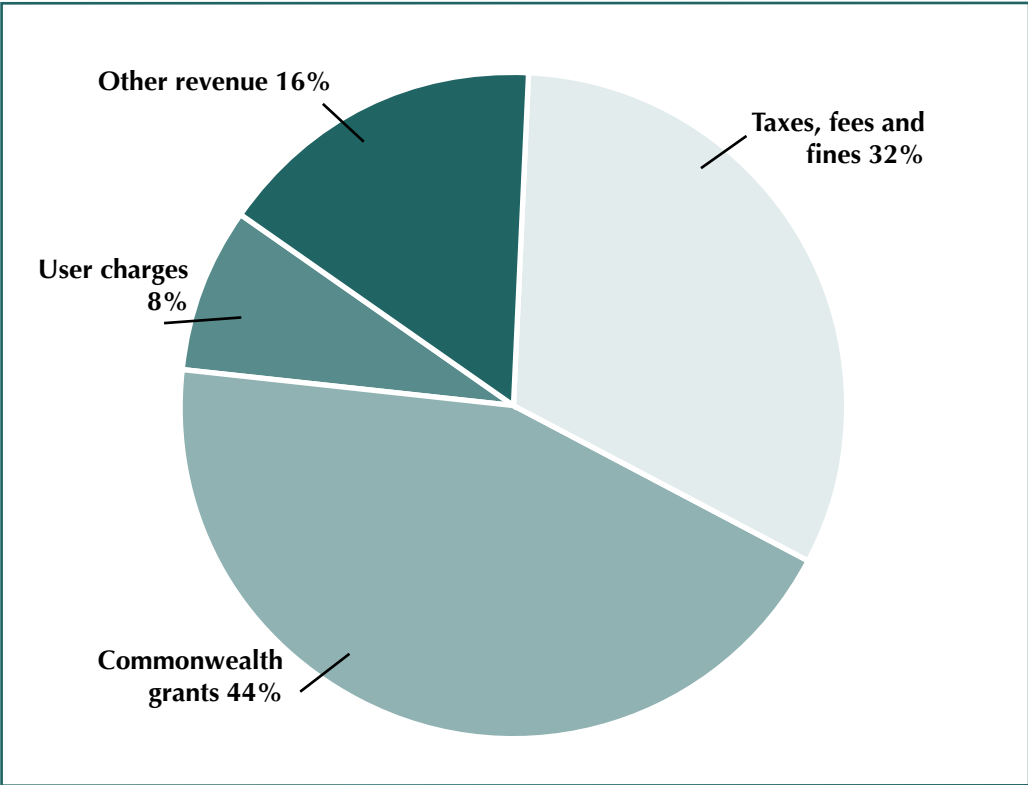
The Inter-governmental Agreement underpinning national tax reform and the GST provides a safety net in the short-term that no state will be worse off following the GST implementation. The long-term nature of this guarantee, however, is uncertain. Also the Commonwealth Grants Commission's 2004 Report on State Revenue Sharing Relativities, due for release in February 2004, is of concern, as it will establish the underlying fiscal equalisation methodology for the next five years. How this will impact on the Territory is unknown. Finally, the Territory could potentially see a reduction in real terms funding for Specific Purpose Payments as the Commonwealth continues to increase its share of National Tax revenue. In response, State and Territory treasurers have called on the Commonwealth to maintain funding and provide for growth where relevant.

Superannuation Liability

The Territory has a significant level of unfunded superannuation liability in the ACT Public Sector. This represents the future benefits that members have accrued during the past service which are not covered by fund assets. The Government is committed to the effective management and eventual elimination of unfunded superannuation liabilities, and has committed to a funding plan that is to be reviewed every three years. The funding plan aims to achieve a 90% funding level of the superannuation liability by 2039-40, although this is subject to investment returns and annual appropriations.

Revenue

2004-2005 Government Revenue \$2.4 billion



The figure above highlights the relative magnitude of components of general government revenue. It shows that 32% of total general government revenue in 2004-05 will be derived from taxes, fees and fines, with the remainder from grants, user charges and other revenue such as interest received, dividends and associates and joint ventures.

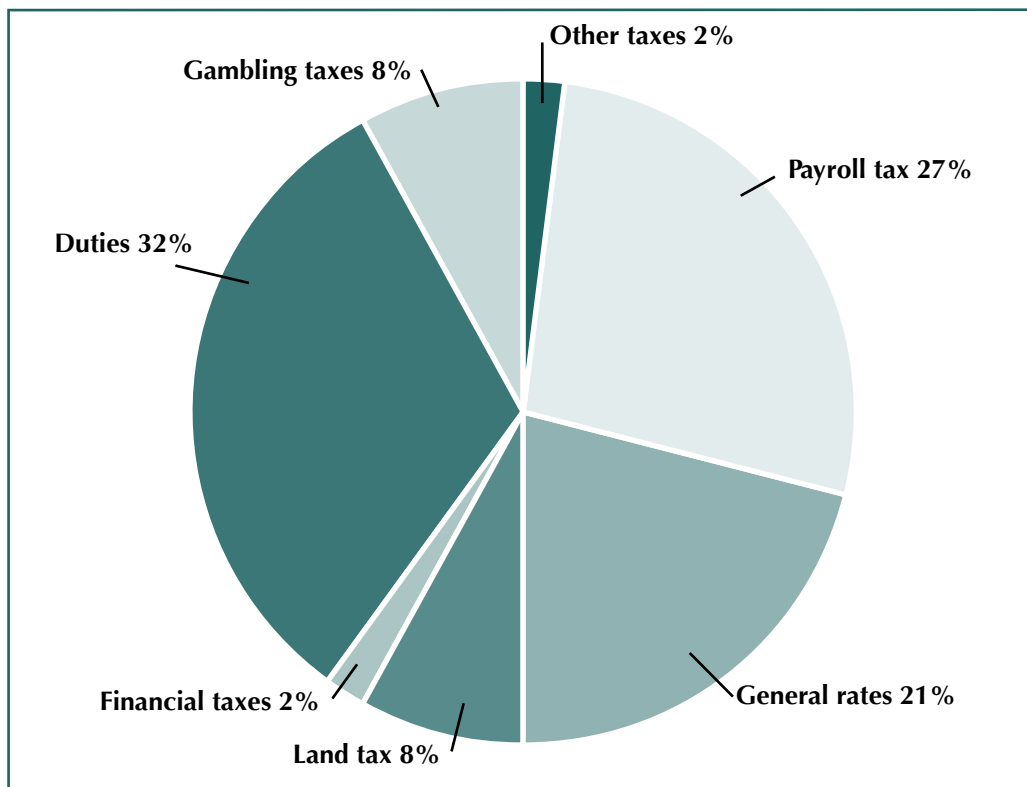
Taxes, Fees and Fines

Revenue from taxes, fees and fines is expected to increase marginally from \$723.6 million in 2003-04 to \$755.9 million in 2004-05.

Note that the Bushfire reconstruction levy which was abolished before its introduction has been removed from the taxation estimates below.

Taxes

Taxes: \$620m



Payroll tax

Payroll tax represents 27% of the taxation revenue and is 6.85% on wages and other taxable payments made by the employer or the employer's group where Australia-wide wages exceed \$1.250 million per annum.

General Rates

General rates represents 21% of taxation revenue. ACT property owners pay rates to provide funding for a wide range of municipal and other essential services to the ACT community.

Land Tax

Land tax represents 8% of taxation revenue and applies to all commercial land and any residential land that is rented or is owned by a company or a trustee.

Financial Tax

Financial Tax represents 2% of taxation revenue and is levied on a monthly basis on the withdrawal of money from accounts that have a cheque facility. Financial tax is based on a flat charge ranging from \$0.30 - \$4.00, depending on the amount withdrawn from the account.

Financial tax will be reviewed for abolition in 2005-06 as part of the Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations.

Duties

Duties represent 32% of taxation revenue and consists of Conveyances, General Insurance, Hiring Duty, Lease, Life Insurance, Motor Vehicle Rego & Transfer, Transfer of Shares & Marketable Securities, Business Agreements and Other duties. Conveyance revenue for the sale or transfer of land constitutes 62.7% of duties, General Insurance revenue constitutes 14.6% of duties and represents 10% of the value of General Insurance premiums. The duty on initial registration and transfers of a motor vehicle represents 12.3% of duties.

Gambling Taxes

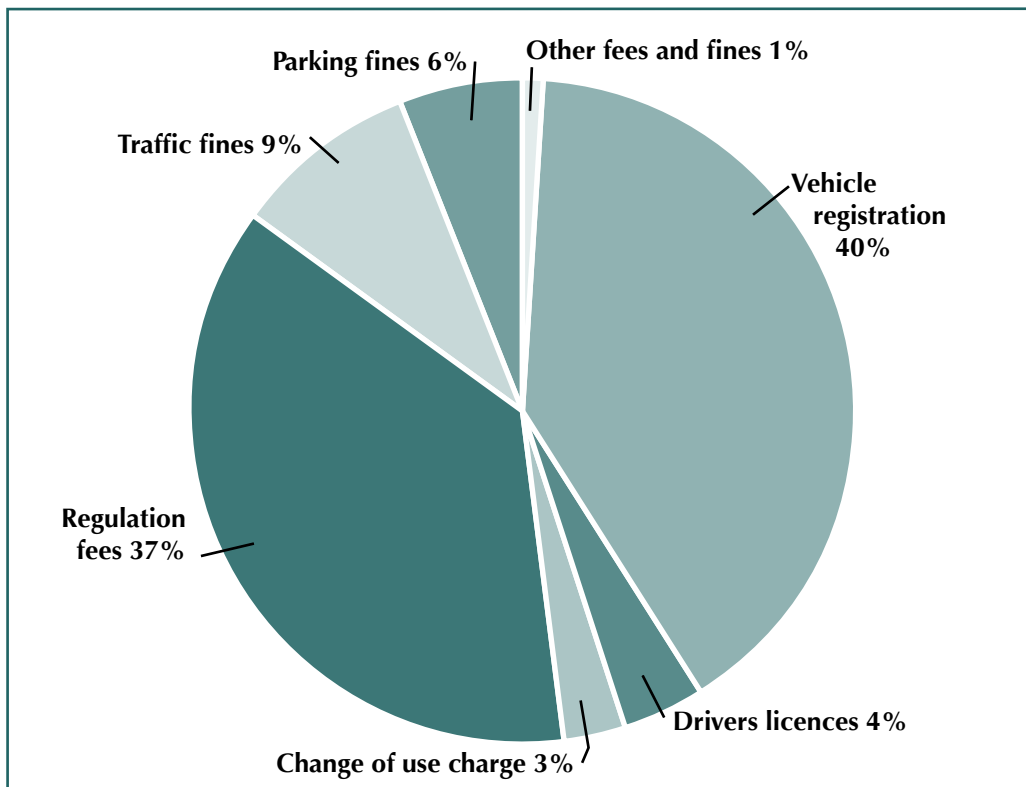
Gambling taxes consist of ACTTAB Licence Fees, Gaming Tax, Casino Tax, and Interstate Lotteries. It represents 8% of taxation revenue.

Other Taxes

Other taxes consist of Ambulance Levy, Income Tax Equivalent Payments and Other Taxes. It represents 2% of taxation revenue.

Fees and Fines

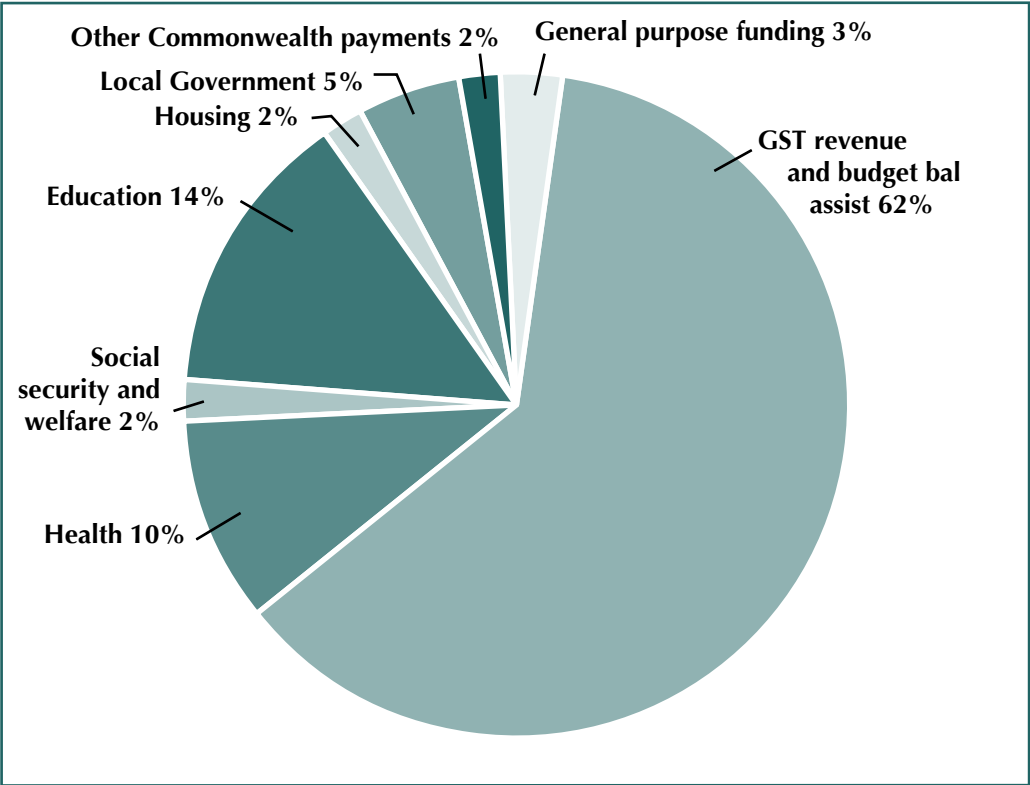
Fees and fines: \$136m



The largest contributor to fees and fines is motor vehicle registration, forecast to generate 40% of total fees and fines revenue in 2004-05, followed by fees for regulatory services with 37%. Examples of fees for regulatory services are items such as waste management fees, motor transport regulation fees, building control fees and the Water Abstraction Charge.

Commonwealth Grants

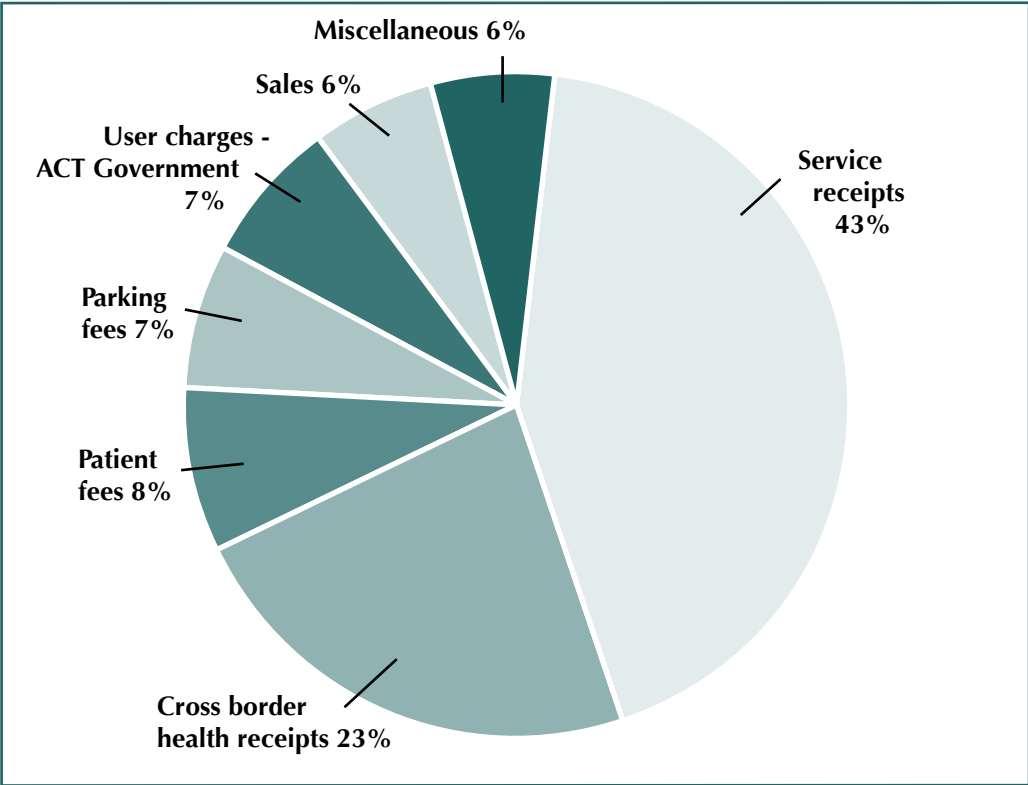
Commonwealth grants: \$1,049m



Total revenue from grants received is expected to increase by \$28.6 million from the 2003-04 estimates of \$1,020.9 million to \$1,049.5 million in 2004-05. The largest portion of these grants is the GST revenue grants at \$653.4m or 62%.

User Charges

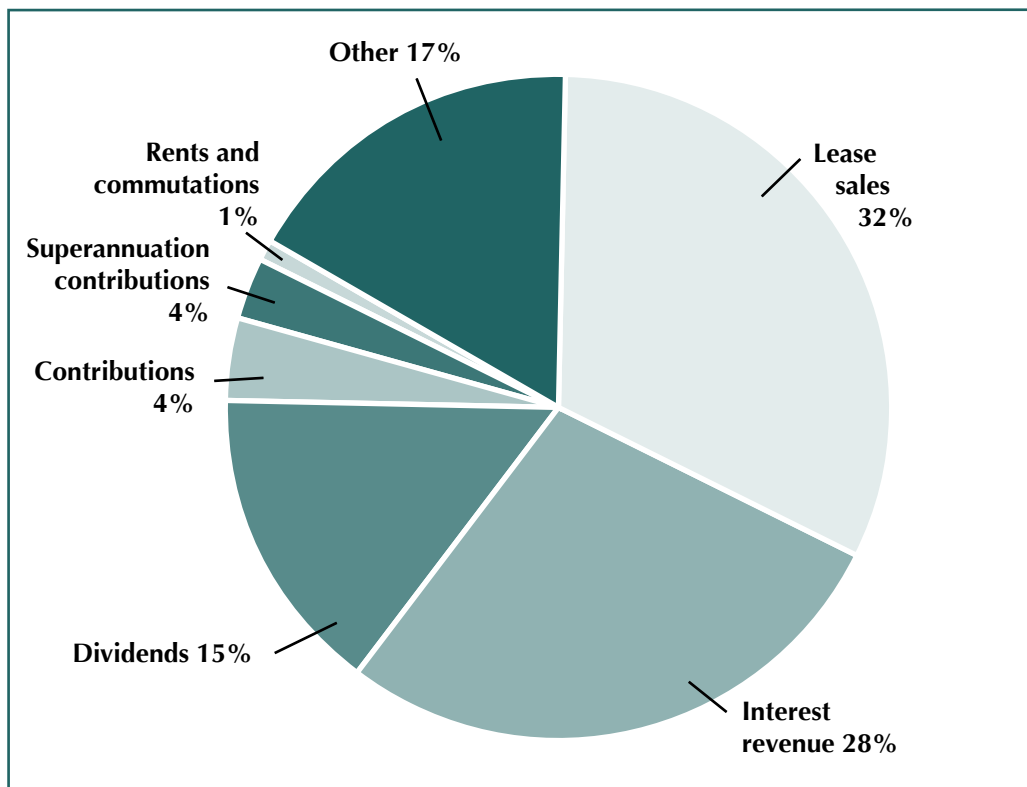
User charges: \$195m



The largest contributor is the payments for various goods and services provided by ACT Government agencies, which is forecast to account for 43% of total user charges at \$84.5 million. This is expected to be followed by the receipts for medical service provided to non-ACT residents at public hospitals and patient fees collected by the Canberra Hospital. Sales include items such as entry fees and merchandise sales associated with sporting and cultural events held at public facilities.

Other Revenue

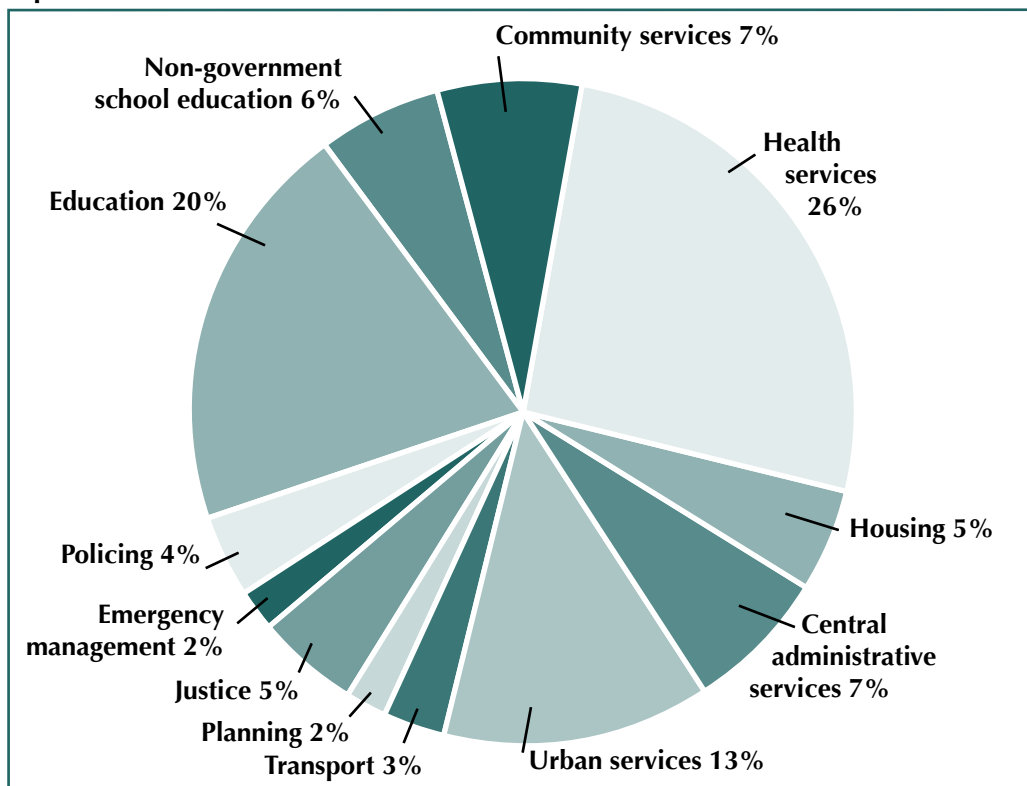
Other revenue: \$395m



Revenue associated with land releases is forecast to be \$126.6 million in 2004-05, accounting for 32% of total other revenue. This is closely followed by interest revenue of \$110.7 million expected from investment in banks and loans extended to public trading entities. The majority of dividends revenue is attributed to ACTEW, which is expected to pay \$59.6 million in dividends in 2004-05.

What your money delivers

Expenditure



Health Sector

The Health Sector represents 26% of Government expenditure and delivers a wide range of services to the ACT community through the Canberra Hospital, Calvary Public Hospital, Community Health, Mental Health and Population Health and the non-government sector. These services include hospital treatment for 63,700 inpatients and 220,000 outpatients, immunisation for 91% of one year old children, 175,000 occasions of service for persons with a mental health condition, and breast cancer screening for 12,000 women.

ACT Education Sector

The ACT Education Sector represents 20% of Government expenditure and provides education places for 36,739 students in 95 Government schools. This includes 1,555 places in mainstream and special schools for students with special needs. In addition the Government provides 5,065,000 annual students curriculum hours through vocational education training providers.

Non Government School Education

Non Government School Education represents 6% of Government expenditure and represents around \$120 million in Commonwealth and Territory grants paid to the Non Government Schools in the ACT. The Government is also responsible for the registration, secondary course accreditation and certification of the sector.

Urban Services

Urban Services represents 13% of government expenditure and provides a range of state, municipal and environmental services to the community as well as providing core management services to Government and undertaking fee for services operations through City Operations and the Yarralumla Nursery. Services provided include: household waste services; maintenance of the City's infrastructure including 5,800 lane kilometres of territorial and municipal roads and national highways and 2,200 kilometres of community paths; lend 2.4 million library items to 106,500 registered members and provide access to 106,000 hours of Internet terminal use in public libraries; delivery of a helpline, website and environment information centre services; delivery of weed control programs and delivery of pest plant and animal control programs.

Community Services Sector

The Community Services Sector represents 7% of government expenditure and is responsible for a wide range of activities such as disability services through government and non-government service providers to meet the accommodation support, community access, community support, respite care and wellbeing needs of people with moderate to severe disabilities; assisting children to the age of 6 years who have a range of developmental problems including physical, intellectual, communication, and other functional difficulties; youth justice; care and protection services; family support services and delivering the Government's commitment to address poverty in the ACT. Services provided include 23,000 hours of home-based care and 8,000 bed nights of centre-based respite care, 53,500 hours of multidisciplinary therapy services and provides concessions of \$21.6 million to low income earners for core services including public transport, electricity, water and sewerage and rates.

Justice

The Justice Sector represents 5% of Government expenditure and is responsible for a wide range of activities in the areas of justice, the law, commercial practices, and government elections. Services provided include the provision of support and services to the courts and tribunals, crime prevention programs, legal advice and representation to Government, legislative drafting, public prosecutions, protection of rights, correctional services and regulatory services.

Housing

Housing represents 5% of Government expenditure including Commonwealth funding and is responsible for the provision of public housing in the Territory. In addition, Housing funds a capital program from property sales of some \$50 million each year.

The organisation allocates, manages and maintains more than 11,000 public and community housing properties. It also coordinates comprehensive support services and community participation programs for its tenants.

Central Administrative

The Central Administrative sector represents 7% of Government expenditure and delivers a wide range of services through Chief Minister's Department, Department of Treasury, ACT Legislative Assembly Secretariat, ACT Executive and Auditor General. A large proportion of expenditure, 27%, relates to the Territorial administration payments. These payments include items such as Goods and Services Tax administration costs paid to the Australian Taxation Office, recurrent grants paid to external parties including first home owners and non government organisations, and transfer payments to Government agencies which include water and sewerage subsidies paid to ACTEW.

This sector also provides services across Government including leadership at a whole of government level for key Government strategies, whole of government focus on policy and strategic advice to Government, promoting the economic development of Canberra and promoting accountability and transparency in the delivery of services to the community. In addition it provides procedural, policy and administrative advice and services to the Assembly, and a range of financial and performance audits of whole of Government activities, agencies, individual appropriation units, output classes or elements thereof.

Policing

The Policing Sector represents 4% of government expenditure and provides policing services to the people of the ACT. There are more than 750 police personnel employed in the ACT who are responsible for the provision of patrol responses, investigating crimes in the Territory, providing traffic policing services and responding to major public events and emergencies. The policing sector also implements comprehensive crime prevention strategies and public education campaigns.

ACT Planning and Land Authority

ACT Planning and Land Authority represents 2% of government expenditure and is responsible for the Territory Plan, the Land Release program, development applications, leases and licences, regulating development and the building industry, land use, community consultation and public education. Services provided include preparing Land Concepts Plan and variations to the Territory Plan, determining 6,527 Development Applications and processing 5,874 building approvals, undertaking building, electrical and hydraulic audits, investigations and assessments, and providing development, easing and compliance services.

Transport

The Transport Sector represents 3% of government expenditure and is responsible for the provision of public transport services as well as the regulation of driver competency, vehicle safety, parking practices and heavy vehicle size and weight. Services include public bus transport passenger boarding of 16.3 million, registering 240,000 vehicles, issuing 62,000 driver licences each year and purchasing 546,000 public bus transport in-service hours.

Emergency management

Emergency management represents 2% of Government expenditure and manages emergencies, develops counter disaster plans, provides a range of emergency services to minimise the impact of fire, road accidents, other emergencies and natural disasters, conducts compliance investigations and education and awareness. Services provided include community awareness and education activities, emergency management activities, activities conducted to reduce hazards, and attend incidents through the Ambulance Service, Bushfire Service, Territory Emergency Service and Fire Brigade.

Government Achievements

This is the Government's third Budget, in our short time in Government our achievements include:

Education

We have injected over \$27 million into our schools. This has included the funded commitment to reduce K-3 class sizes to a maximum 21 students across the ACT.

In 2003-04 the Government allocated \$10.2 million over four years as part of the \$27 million commitment. This provided for the placement of a youth worker in every government high school to complement existing counselling and welfare services; the establishment of an integrated curriculum renewal program for preschools through to year 10 in government schools; additional funding for non-government schools in kindergarten and Years 1-3; supplementation of the schools equity fund to support schools with a high concentration of students from low socio economic backgrounds and from at risk families, and additional resources to assist preschools to contribution towards the cost of cleaning, insurance and consumables.

Health

We have achieved significant increases in health funding starting in 2002-03.

In 2003-04 a further \$18.8 million was provided. This included Calvary Public Hospital receiving an additional \$8.3 million over four years to increase access to elective surgery targeting the areas with the largest waiting lists, and additional funding for Mental Health Services to assist patients about to be discharged from hospital and in need of adequate support once back at home. The Budget also set aside nearly \$1.9 million for minor new works, which included an emergency power upgrade at The Canberra Hospital and the installation of emergency power at the ACT Hospice, and provided funding of \$5.085 million to improve facilities of the Karralika Drug and Alcohol Service and \$5.159m for a sub acute/non-acute facility.

Disability

The Government established the Department of Disability, Housing and Community Services on 1 July 2002 with a view to delivering highly integrated human services programs.

In a short space of time, the Department has successfully implemented a series of changes to the disability programs. These changes include the establishment of a single therapy services to better address the service and demand gaps, provision of advanced support services for clients with complex needs, enhancement of the taxi subsidy scheme, and incentives for operating wheelchair accessible taxis. In addition, the Government successfully negotiated a new five-year Commonwealth-State-Territory Disability Agreement, under which the ACT and the Commonwealth will provide \$188 million and \$39 million respectively to June 2007.

Housing

Considerable efforts have been made to address homelessness and improve housing affordability in the ACT. The Government honoured its election commitments and re-introduced security of tenure for public housing tenants and the rental bond scheme to assist low-income households renting in the tight private rental market.

The Government continues to modernise its public housing property portfolio to better meet client needs and enhance safety and amenity standards of those properties. In 2001-02, the Government provided \$10 million to improve fire safety standards of the larger multi-unit public housing properties.

The Government has also provided additional funding to expand the community housing sector, allocating \$3m in 2002-03 and \$4.5m for the period 2003-04 to 2006-07. In addition, the Government allocated \$1.4m for indigenous housing over that period.

The Government allocated \$13.4 million over the four years from 2003-04 to increase the capacity of short-term accommodation for families and single men in crisis, while undertaking a range of accommodation projects such as a boarding house program, the Ainslie Village redevelopment, and the Ainslie Village Night Shelter. The Home Buyer Concession Scheme was updated from 1 July 2003 to better reflect current property prices and income levels to reduce the conveyance duty for eligible buyers.

Community

The Government's community-focused approach has been evident in a diverse range of initiatives introduced since it was elected.

The Government is providing additional \$1.6 million per year to community organisations engaging community workers under the Social and Community Services Award, in order to mitigate the impact of the recent minimum wage increases. To assist the disadvantaged in the community, the Government provides additional rebates to meet the projected increase in electricity prices attributed to the introduction of Full Retail Contestability. Funding has also been allocated for projects aimed at revitalising local centre facilities, such as the Kippax Library and the Holder shops.

The Government is also enhancing its relationship with the community. The Government is currently reviewing the funding arrangements for the provision of services from the non government sector.

Older People

The Government is moving to put in place measures that will meet the needs of Canberra's ageing population.

The 2003-04 Budget has allocated additional funding of \$2.8 million over four years to increase support services for the well being of the frail aged and people with disabilities. Elder abuse is being particularly addressed through the provision of a new telephone hotline, the development of training materials, and a community campaign. The mobile library has been replaced with two smaller vehicles designed to provide better accessibility for older people and people with disabilities. Through the ACT Office for Ageing, the Government is proactively formulating initiatives to seize the opportunities and meet the challenges cast by the ageing of Canberra's population.

Youth

The Government has demonstrated its commitment to improving the prospect for the Territory's at-risk youth through various well-targeted programs put in place. Funding over \$2 million has been set aside for strengthening the Government's statutory response to children at risk of abuse and neglect in the 2003-04 Budget. The Government continues to support the ReCLINK program, an innovative early intervention initiative aimed at reducing anti-social behaviour by increasing participation in sport and recreation.

The Turnaround initiative has also been introduced aimed at improving services to young people with intensive support needs. Turnaround is a flexible case management system, which integrates and streamlines the range of services provided to young people at risk, while focusing on the needs of the individual.

Sport and Recreation

Well-being of Canberra residents is supported by many sport and recreation initiatives implemented by the Government. The 2003-04 Budget provided \$1.0 million for upgrading sportsgrounds, pools and recreation facilities. Synthetic fields at the National Hockey Centre are being replaced at a cost of \$0.850 million. The Government also provides support for staging Australian Football League matches at Manuka Oval.

The Overall Budget

The 2003-04 Budget provided:

- An aggregate surplus of \$66 million over four years (from 2002-03 to 2005-06).
- A responsible budget that will continue the AAA credit rating for the Territory.
- Continuing the budget strategy to achieve a 90% funding level for the superannuation liability by 2039-40.
- An injection of funding into the Superannuation Provision Account of \$367 million over the budget and forward estimate period.
- The 2003-04 Budget included non-capital initiatives totalling \$47.372 million.
- Capital funded initiatives of \$12.128 million in 2003-04 and \$89.0 million in 2004-05.
- New capital works commitments of \$104.7 million, with \$58.4 million cash in 2003-04.
- A \$50 million provision to contribute to construct a remand centre in 2004-05.
- A \$40 million provision for a convention centre in 2004-05.
- No new major asset sales.
- No new general government borrowings.

Other Sources of Information

In development of your budget submission you may choose to consider the following:

Health Action Plan

www.health.act.gov.au

Affordable Housing Taskforce Report

<http://www.dhcs.act.gov.au/hcs/AffordableHousing/FinalReport.pdf>

Disability Inquiry

http://www.dhcs.act.gov.au/DisabilityACT/Reports/Final_Report.pdf

Addressing Disadvantage

http://www.cmd.act.gov.au/Documents/summary_mapping.pdf

http://www.cmd.act.gov.au/Documents/human_services_web.pdf

http://www.cmd.act.gov.au/Documents/NATSEM_report_web.pdf

http://www.cmd.act.gov.au/Documents/Addressing_Disadvantage_web.pdf

Towards ACT Human Rights

<http://www.act.gov.au/rightsinfo>

From Purchaser/Provider to Partnerships: Working Together To Maximise Outcomes

<http://www.volunteeract.com.au/2003/Compact/Policy%20Paper.htm>

The January 2003 Bushfires

The fire disaster of 18 January 2003 created an unprecedented level of destruction and distress within the Canberra community. The Government responded quickly to meet the immediate needs of cleanup, restoring essential services and assisting those people directly affected by the fires. In 2002-03 \$52.5 million was allocated over five years for this purpose.

Damage ranged across all sectors of the community including homes, businesses, community educational facilities, rural properties, stock, sporting facilities, places of heritage and environmental significance. The Government lost over \$60 million in assets and a further \$64 million for pine plantations, most of which is covered by insurance.

The early response was an extraordinary effort by the community, church, business, unions, individuals and staff across government agencies and departments. The Government now feels it has the opportunity, while still maintaining support for those in need, to consolidate and learn from our past experiences. The Non-Urban Study and the McLeod Report were two significant pieces of work the Government commissioned for this purpose.

The McLeod Report, released on 4 August 2003, was critical of many aspects of the operational response to the January bushfires but also recognised the personal commitment of the many people involved during the bushfire crisis and since then in the recovery phase. The Government has committed to implement the 61 recommendations contained in the report to improve the Territory's operational response capabilities. The Government immediately released a supplementary appropriation bill containing \$29.3 million for bushfire related expenditure on top of the \$52.5 million already provided in 2003-04.

The Non Urban Study was commissioned by the ACT Government to provide advice on the best pattern of future non-urban land use in the ACT in the wake of the January fires. A preliminary report was related on 12 August 2003 for public consultation, which closed on 23 September 2003. The final report is to be provided to Government in October 2003, this will provide recommendations for the best use of non-urban land.

Bushfire Impact

The net cost of the January 2003 bushfire across five years is estimated to be \$75.0 million as identified in the table below. This is a \$40 million increase from the estimate of net cost provided in the 2003-04 Budget Papers due to the abolition of the Bushfire Levy announced by the Treasurer on 11 June 2003 and the additional \$29 million provided for bushfire expenditure in 2003-04 as part of the 2nd Appropriation bill.

Impact on the General Government Sector 2002-2003 to 2006-2007	2003-2004 budget \$m	2003-2004 revised estimate \$m
total cost of initiatives and non insurance related work*	52.5	81.2
plus: work funded from "self insurance" fund**	8.6	9.0
less: total estimated return from NDRA	17.0	15.2
less: total revenue from Fire Reconstruction levy	10.0	0.0
Estimated Net cost of event over five years	34.1	75.0

* excludes any reconstruction, clean-up or reinstatement of forests

** this is the insurance which the Territory provides for within its own insurance provision and is not recoverable from reinsurance.

Additional information on the Bushfire Recovery can be located at the following web sites:

Inquiry into the Operational Response to the January 2003 Bushfires

http://www.cmd.act.gov.au/mcleod_inquiry/

Shaping Our Territory: Options and Opportunities for Non-Urban ACT

http://www.bushfirerecovery.act.gov.au/inquiries/full_report.htm

Your Submission

This document has provided a general overview of context in which the 2004-05 Budget will be set. The Government seeks the input from the community on your views for appropriate strategies, directions and priorities for the Territory.

In relation to the provision of Submissions to Government, the following details are provided:

- An electronic copy of this document is available at
<http://www.act.gov.au/ti/documents.cfm>
and/or
<http://www.consultation.act.gov.au>
- Submissions for Government consideration can be forwarded to:
Fay Prowse
Budget Consultation
Department of Treasury
GPO Box 158, Canberra ACT 2601
or fay.prowse@act.gov.au
- Submissions should be forwarded to the above address by 2 December 2003.
- Treasury will ensure that your document is provided to the relevant Minister and Department for consideration.
- Alternatively, you could provide your submission to Mr Ted Quinlan MLA, Treasurer, at the following address:
ACT Legislative Assembly
GPO Box 1020
Canberra ACT 2601

How useful did you find this document?

The Department of Treasury invites you to provide comment on the usefulness of this document and would welcome any suggested improvements that could be made for future publications. This will help to ensure that we are providing relevant information that assists you in preparing your Budget Submission.

Any comments on the 2004-05 Budget Consultation Document should be addressed to:

Fay Prowse
Feedback – Budget Consultation Document
Department of Treasury
GPO Box 158, Canberra ACT 2601

or fay.prowse@act.gov.au

An Overview of the Territory's Budget: prepared for the 2004-05 Budget Consultation



ACT Government
Publication Number
03/1397