



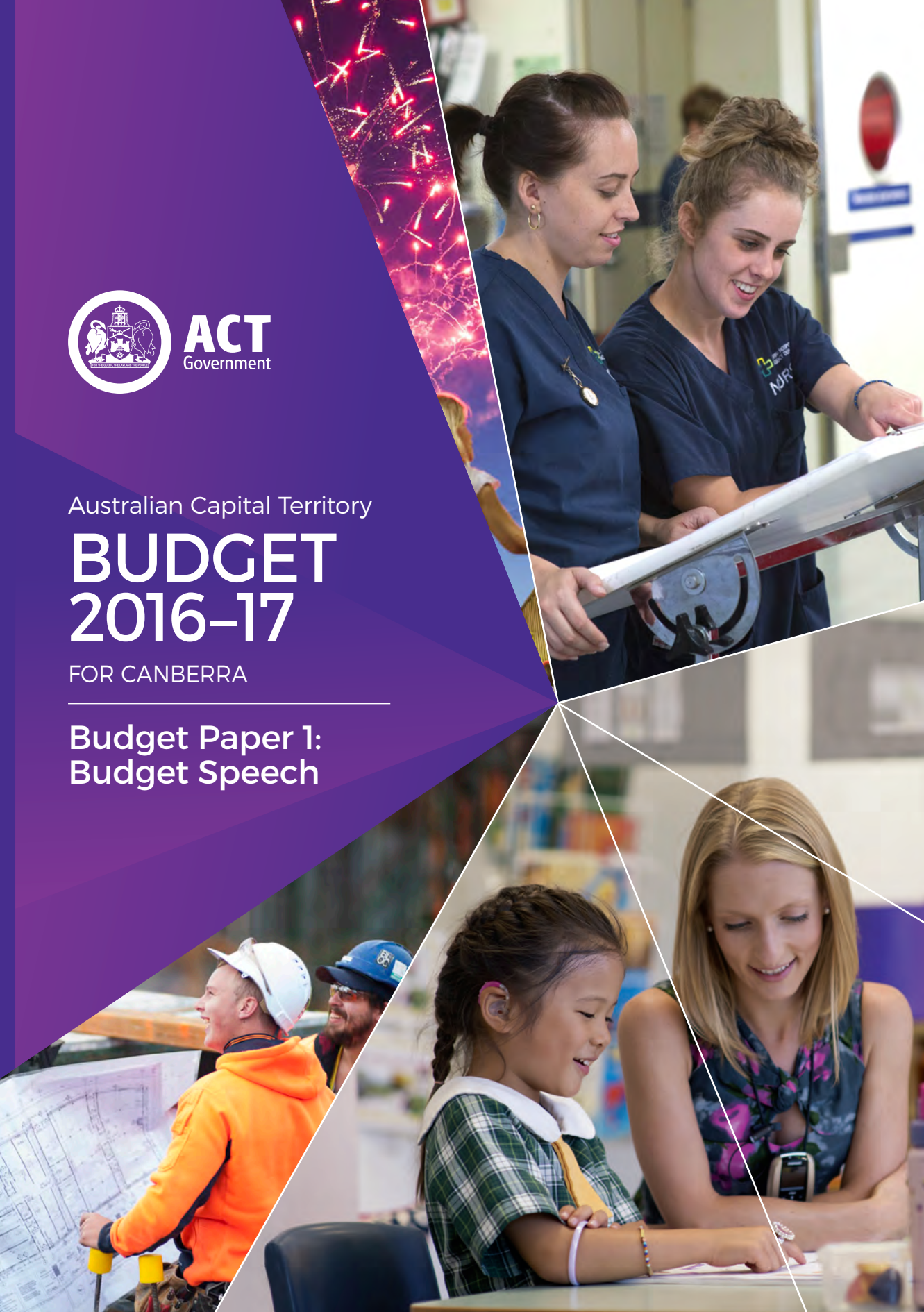
ACT
Government

Australian Capital Territory

BUDGET 2016-17

FOR CANBERRA

**Budget Paper 1:
Budget Speech**





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STRUCTURE AND CONTENT OF THE 2016-17 BUDGET PAPERS

The 2016-17 Budget is presented in three papers and a series of agency Budget Statements.

Budget Paper 1: Budget Speech

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

Budget Paper 2: Budget in Brief

Budget Paper 2 presents a summary of the overall budgetary position together with information on the Government's expenditure priorities in key service delivery areas.

Budget Paper 3: Budget Outlook

Budget Paper 3 summarises the 2016-17 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2016-17 Budget results are provided, as well as background information on the development of the 2016-17 Budget, including economic conditions and federal financial relations. It also provides an overview of the Territory's infrastructure investment program and details of the 2016-17 expense, infrastructure and capital, and revenue initiatives. Full accrual financial statements and notes are provided for all sectors.

Budget Statements

The Budget Statements contain information on each directorate and agency, including descriptions of functions and roles and responsibilities, together with major strategic priorities.

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Treasurer's 2016-17 Budget Speech

For Canberra

7 June 2016

Introduction

The 2016-17 ACT Budget is a budget for an even better Canberra.

We are the world's most liveable city.

We have world-class health and education systems, a thriving and dynamic business sector, and we care for those in need.

This budget delivers more services for the community and builds on our plan to secure a better future for Canberra.

It does this through careful investment and sensible policies to support economic growth.

Our previous budgets have supported the economy through the Federal Liberal Government's job cuts. We kept the economy growing and we kept people in work. Our economy is stronger as a result of our investment.

Today, service exports are at an all-time high, confidence is rising, and employment is up – we now have the lowest unemployment rate in Australia.

The budget is on a clear path to surplus. We have improved the budget position by \$300 million.

This budget builds on everything that is great about Canberra to create an even stronger, more prosperous, fairer and more liveable city.

That's why this budget continues to put the health, education and jobs of Canberrans first.

That's why this budget funds more nurses, more doctors and more teachers, more municipal services, more roads and road upgrades, more public transport, and more support for vulnerable Canberrans.

That's why this budget includes an unprecedented investment in safer families, with the biggest package to address family violence in the Territory's history.

While delivering these services today, we are creating an even better future.

We are returning to a balanced budget not by slashing jobs and services – but by building confidence in our economy and supporting growth.

We are listening to Canberrans and delivering the services they want to make their life better and easier, whether it is investing in our hospitals, improving our schools, or providing better public transport, green bins for garden waste, and more jobs.

We will continue to support local firms to grow, innovate and create jobs, we will keep encouraging investment, and keep diversifying our economy, particularly in growth sectors like higher education, research and knowledge industries.

We are creating a smart, digital city. Canberra is a city where smart people want to live, where doing business is easy, where government transactions are simple, and where red tape is reducing.

We are continuing to make taxes fairer, simpler and more efficient. We have again cut stamp duty and payroll tax, and in this budget we abolish insurance tax completely.

This budget demonstrates the modern, caring, responsible values this Government holds: prudent economic management, providing world-class services, and caring for those who need a helping hand.

We have put people first and delivered jobs and growth.

Economic outlook in the ACT

Our economy has faced significant challenges over the last few years. Relentless Liberal attacks threatened prosperity across the city. But with support from this Government, the Territory has weathered that storm, and the outlook is now rapidly improving.

Economic growth is expected to increase to 2 per cent in 2015-16, up from 1.4 per cent in 2014-15 and 0.7 per cent in 2013-14.

Our unemployment rate has fallen to 4.1 per cent – the lowest in the country.

The economy created over 6,000 private sector jobs between February 2015 and February 2016.

Our economy is also more diverse. International service exports grew 16 per cent last year, to reach \$1.6 billion. The Territory's service export growth over the last 15 years is the strongest of any state or territory.

Retail trade and building approvals show that confidence in our economy remains strong: the Territory recorded the highest retail growth of any jurisdiction over the past year, and our building approvals are growing – up 28 per cent in the past 12 months.

The Territory's population is forecast to grow at 1.5 per cent each year. We will reach the 400,000 milestone later this year and are projected to reach 420,000 by 2019-20.

The investment outlook is also strong in the long term, with the successful efforts of this Government to attract direct international flights driving further opportunity and investment.

Our economy is on a stable path of vibrant and diversified growth, making it more resilient against future Liberal cuts.

Fiscal outlook

Building broad-based economic growth is important, because as hard as the Liberals have hit Canberra over the last few years, there is no guarantee they won't do it again. It is, of course, in their DNA.

First, the Federal Liberals cut support for important community programs. They cut back the Federal Government's share of health funding, they cut funding for concessions, and they walked away from their promise on education funding.

Then they cut thousands of public sector jobs – hurting the services that Canberrans and Australians rely on, and hurting our economy.

Finally, they failed to take responsibility for their failure to protect Canberrans from asbestos. It was the Territory Government that stepped in to remove, once and for all, loose-fill asbestos from Canberra's homes.

All these factors hit the Territory's public finances hard.

This Government has tackled these challenges by supporting the Canberra community. We used our strong budget position to stimulate the economy, to support jobs and support growth.

This budget confirms that the Government's fiscal strategy – and the budget outlook – remain on track.

The General Government Sector Headline Net Operating Balance has improved in every year since the Budget Review.

Consistent with last year's budget, the Government is forecasting a return to balanced budgets in 2017-18 and 2018-19, with strong surpluses from 2019-20 onwards.

Our net debt remains at prudent levels, and we have kept a AAA stable credit rating – the strongest possible rating.

Taxation reform

The 2016-17 Budget completes the first five years of the Territory's nation-leading tax reforms.

Our reforms are making taxes fairer, simpler and more efficient.

A stable revenue base will fund the high-quality government services Canberrans deserve and expect.

While we are transferring revenue from inefficient to efficient taxes, we are doing so without increasing overall revenue. The Territory remains a low-taxing jurisdiction. Taxation per capita is lower than the national average.

I am pleased to confirm that, consistent with our 2012 pledge, taxes on insurance will be abolished from 1 July.

As a result, a Canberra household paying \$3,000 per year in insurance premiums will save \$300 each year.

A business with \$10,000 of insurance premiums will save \$1,000 per year.

We are also giving small and medium businesses a tax cut by further increasing the payroll tax threshold, from \$1.85 million to \$2 million.

Since 2012, we have lifted the tax free threshold from \$1.5 million to \$2 million. This means about 200 local businesses no longer pay any payroll tax, and all businesses with a payroll of more than \$2 million have received an annual tax cut of \$34,250.

Conveyance duty is an unfair and inefficient tax that makes buying a property more expensive. That is why we are reducing it every year.

We have cut conveyance duty by more than 30 per cent for three-quarters of residential property transactions and for half of commercial property transactions.

Stage Two of the reform program starts in 2017-18, and we will cut stamp duty even further.

Residential duty will be cut every year. By 2021-22, duty on an average Canberra home will be more than halved, saving the buyer of a \$500,000 property \$10,500.

For commercial transactions below \$1.5 million, duty will be cut by 50 per cent in 2017-18, and then abolished completely by 1 July 2018.

Large commercial transactions will also see a further duty cut and will attract a flat duty of 5 per cent – considerably lower than New South Wales and Victoria.

Economic growth and diversification for Canberra

The Government's goal is to accelerate Canberra's development as a hub of innovation and progress.

In recent times, Canberra's economy has transformed.

We have shifted from a city whose fortune relied on decisions of the Commonwealth to a resilient city with its own distinct voice. We have cemented our position as a regional hub, attracting major drawcards such as IKEA and direct international flights through Singapore Airlines.

I am proud of this Government's role in facilitating this transformation. We will continue to lead the development of our great city.

This budget drives further diversity in our economy.

We will provide extra support to promote Canberra to the new markets opened up by international flights. The last 12 months saw a record number of international visitors in our city, which will only increase with international flights.

We are providing extra support through our business development program, building on its success in helping local businesses to grow and create jobs.

We will also reform the way people and businesses interact with government. We are reducing red tape by getting rid of unnecessary or outdated requirements and by simplifying licensing.

The Government will also support the economy, and support Canberra's needs as our city grows, by investing \$2.9 billion in infrastructure over the coming four years.

We are building nearly 1,300 new public housing homes, duplicating major roads, and making unprecedented investments in public transport through our support of buses and light rail.

The land release program over the coming four years will see sites for about 18,000 new dwellings released – keeping downward pressure on home prices and accommodating the Government's affordable housing targets and initiatives.

Health and education investment for Canberra

High quality health and education services are the building blocks of happy, healthy and productive lives.

The Territory Government will make sure that every Canberran gets the quality services they deserve – and that getting those services will never depend on the size of their wallet.

This budget invests in mental health, because my Government knows improving mental health benefits everyone – individuals, friends, family, colleagues and the broader community. We are determined that preventable health conditions should be prevented, and that chronic health conditions are managed before they become acute.

I am proud of this Government's record of investment in health, which in the coming year is more than \$1.5 billion.

We are investing across the health portfolio, including expanding Canberra Hospital's emergency department and intensive care unit. We will establish the Canberra Clinical Genomic Service to focus on the emerging field of personalised medicine, providing cutting-edge research and services in our city.

High-quality education is one of the best investments we can make in our community and our economy.

We are helping parents engage with schools, providing more support and training for teachers, more school psychologists, and upgrading sensory spaces. We are building new world-class schools in our suburban growth areas. We are investing in our teachers. We are supporting disadvantaged students.

We are ensuring that quality education is for everyone, not just those whose parents can afford it.

By giving the gift of learning, our teachers are transforming young lives, and giving kids the values and skills they need and our community needs.

The success of our economy and workforce depend on world-class vocational and higher education.

That's why we support the rapid growth of our higher education sector, why we have empowered the University of Canberra to grow and compete on the world stage, and why we are investing in modernising the Canberra Institute of Technology's facilities and courses.

Enhancing liveability and social inclusion for Canberra

Everyone has the right to feel safe in their home. Family violence is unacceptable. It is not a police problem or a government problem or a poor people's problem or a Canberra problem. It is everyone's problem.

Family violence does not discriminate; it is a national issue that touches the lives of Australians everywhere. In Canberra we've seen our share of tragedy. All of us need to stand up and say enough is enough. There is no place for family violence in our community.

In this budget we make a stand, together. This budget makes an unprecedented \$21.4 million investment in keeping Canberra families safe.

Recent reports commissioned by the Territory Government, together with the Victorian Royal Commission, make it clear that we need to take more action and we need new sources of revenue to fund it.

In this budget we take decisive steps to address coordination and communication issues to help our hardworking staff on the frontline identify and prevent family violence. We will make the changes we need in the criminal justice system so it is easier for victims to navigate and easier to take strong action against perpetrators.

To prevent these crimes before they happen, we'll make it easier for victims of violence to find safety and we'll invest in counselling, treatment and education to stop Canberrans turning to violence.

Similarly, the Government is committed to ending the disadvantage faced by many in our Aboriginal and Torres Strait Islander community.

We articulated our commitment to address this inequality through the ACT Aboriginal and Torres Strait Islander Agreement 2015-18.

Today's budget goes further, with extra funding for a suite of measures to improve outcomes for Aboriginal and Torres Strait Islander peoples.

Our response is multi-disciplinary, touching all areas of government, including health, justice, community services, education, and environment and land management.

The Territory has been at the forefront of the once-in-a-generation opportunity for change offered by the National Disability Insurance Scheme.

The independence and quality of life outcomes offered by this Scheme are vital for persons with disability. That is why this budget increases funding to make sure these ambitions become a reality.

We all rely on our emergency services to keep us safe in times of need. This budget provides upgrades and new facilities across the Territory, including a new SES station in Calwell, upgrades to the Fyshwick Fire and Rescue Station and Guises Creek Rural Fire Station, and major ICT upgrades.

We will keep investing in and reforming our justice system. A Public Private Partnership for the new Law Courts project is underway, and this budget also provides extra support for police and extends the successful ThroughCare program.

Suburban renewal and better transport for Canberra

Canberrans know this is one of the world's great cities to live in. Canberra has always been a great city in which to have a family, but truly great cities are attractive for all.

This is exactly the city Canberra is rapidly becoming. We are a city that attracts and retains young, creative and educated people; a city that works with and for innovators and entrepreneurs; a city that retirees want to call home; a city that visitors from Australia and around the world enjoy; and a city that Canberrans are proud of.

This budget provides the even better services Canberrans want to make sure our city has the look and feel it deserves. In the coming year there will be a pilot of green waste bins in Kambah and Weston Creek, to prepare for a roll-out right across Canberra. We will also provide new playgrounds, and invest in the water quality of our lakes and waterways.

As our city grows, my Government will make sure the Canberra we build together will be a city with a place for everyone: a city with new suburban homes; with new urban villages; and with the public places and parks we all value.

We're building new communities in Gungahlin, the Molonglo Valley and Tuggeranong. We're building the community infrastructure to go with them too, like a new pool for Weston Creek and Stromlo. We're also investing in our existing communities, upgrading local shops, and making it easier to walk and ride to schools.

With developments in existing parts of Canberra, such as City to the Lake and the Canberra Brickworks, we will bring new people and life to the heart of our city. As well as delivering almost 1,300 new homes for some of the most vulnerable in our community, our public housing renewal program provides homes close to transport and services.

Many of these new homes will be on the Northbourne Avenue corridor – alongside one of the most transformational projects in this city's history: our first light rail line.

I am proud that my Government has signed the contract for the building of the first stage of a city wide light rail network, just as our city was designed to have. Light rail will connect our city's heart to its fastest-growing region – reducing travel times and helping Canberra become the city it was always meant to be. I look forward to stage two of the project.

We have brought responsibility for transport together in a single place, and this budget backs our ambitions for transport in this city with investments in buses, park and ride, and integrated ticketing.

We are a government that recognises car travel will always be an important part of Canberra life. That's why we're duplicating key roads such as Horse Park Drive, Ashley Drive, Cotter Road and Aikman Drive, and increasing funding for road maintenance.

Caring for our environment continues to be a focus for the Government. The Territory is leading the nation in responding to climate change, with 100 per cent of our power to be provided by renewable energy by 2020.

We are expanding nature reserves, improving species and habitat protection, and cleaning up our waterways. And we are continuing to invest in sustainable public transport, and encouraging walking and cycling.

Conclusion

This budget delivers the services Canberrans need, and builds our economy to expand those services in the future.

We are returning to a balanced budget in a progressive way, by investing in our economy and supporting our community with jobs and services.

We are listening to Canberrans and delivering the quality services they expect: in schools, hospitals, transport and the suburbs.

We are caring for vulnerable Canberrans.

We are helping local businesses to grow and create jobs, and encouraging investment and diversification in our economy.

By funding the services and infrastructure Canberrans deserve and expect, by continuing to lay the foundations for the long-term growth of our economy, and by ensuring we have a happy and healthy community – we are delivering for Canberrans today and securing a better future for our city.

I commend the Bills to the Assembly.

