



ACT Government

BUDGET 2006-2007

MEDIA RELEASE

No. 1

2006-07 BUDGET - FOR THE FUTURE OF OUR CITY

Record investment in health and education are key features of the 2006-07 ACT Budget, as well as targeted investment aimed at strengthening the ACT's bottom line.

Delivering his first Budget as Treasurer – and Labor's fifth end-of-year surplus in a row, Chief Minister Jon Stanhope said the 2006-07 Budget marked a watershed in ACT governance.

"This budget is unlike any handed down since self-government, in that its primary focus is not with short-term fiscal imperatives. Rather, it looks beyond this financial year and the election cycle to define a path for the future of the ACT – into the next decade and perhaps the decade after," Mr Jon Stanhope said.

"The ACT Budget released today is a responsible one – which puts the ACT's future first.

"Expenditure on services in the ACT has remained around 20 to 25 per cent above the national average. This is despite the fact that our community is more affluent, healthy and well-educated than average. This increased expenditure has traditionally been funded through Commonwealth grants and land sales.

"With a narrow revenue base, the ACT Budget has been prone to wild fluctuations in the stock market and cyclical swings in land sales. For the first time ever, an ACT government is taking the difficult steps to address this situation.

"You only need to look around our city to realise that Canberra is booming. The number of cranes in our skies points to the high level of investment in the ACT. We have strong employment, strong business profitability and sustained growth in wages.

"Our economy is strong and our budget faces no immediate crisis. However, unless we act now, our children and grandchildren will inherit a city that lacks the quality of services and infrastructure that our community currently enjoys.

"The forecast is for 2005-06 financial year to end in a healthy surplus, largely due to a windfall in superannuation investment.

"While this is comforting, it does not tell the complete story. That is why this Government has moved its budget measures to Government Financial Statistics.

This year's budget is expected to return a deficit of \$80.3 million in 2006-07 and \$40.7 million in 2007-08. We will have a surplus of \$18.3 million, rising to a strong surplus of \$67.7 million in 2008-09 and 2009-10 respectively.

6 June 2006

Enquiries: Penelope Layland 6205 9777 0438 289 714 penelope.layland@act.gov.au
Leah De Forest 6205 1690 0411 779 569 leah.deforest@act.gov.au

"I caution commentators to be wary comparing this figure to previous years as this Budget marks the ACT Government's move to using the Government Financial Statistics (GFS) measures used by all other jurisdictions. The new accounting system does not recognise revenue from land sales or gains from superannuation investment and therefore will make the ACT's bottom line appear worse than it actually is."

Mr Stanhope said there were significant benefits in moving to the new accounting system, including the fact that it is a nationally and internationally recognised framework specifically designed for governments; it is the primary focus of the rating agencies, the Commonwealth Grants Commission and economic analysts; it measures the impact of government policy decisions on the economy; and it provides consistency in comparing the Territory's economic performance against other jurisdictions.

"In order to ensure that the government can continue to deliver a higher than average level of services, as expected by the Canberra community, some increases in revenue will be introduced. The General rates base will increase by 6% and will be indexed by the wage price index, the ambulance levy will be increased by \$3.3 million to help cover much of the cost of ambulance services, and in line with other jurisdictions, a fire levy of \$84 will be introduced. Pensioners and disadvantaged groups will continue to be eligible to receive concessions and rebates.

"The public service will be restructured, to create a sector that is more in keeping with the size of our small city-state. There will be a reduction in the size of the public service in the order of 500 staff over the coming year, achieved through natural attrition and voluntary redundancy.

"Services to the business sector will be redirected, with an emphasis on further leveraging off the Territory's competitive advantages and on establishing an environment that focuses on information, mentoring and support programs.

"Record investment in health and education will ensure that our schools and hospitals are equipped for the challenges of our ageing society. As our demographics change over time we will have even less students, but more people who will require health care.

Mr Stanhope said highlights in the Budget included:

- \$90 million to upgrade school infrastructure;
- \$10.4 million to cut elective surgery waiting lists by increasing the number of procedures performed;
- funding for 60 additional police officers; and
- \$2.6 million to widen the network of closed circuit television cameras.

"The initiatives and measures in the 2006-07 Budget puts the Territory's economy onto a sustainable footing by directing taxpayer dollars where they are most needed without compromising on the quality services," Mr Stanhope said.

"No other ACT government has sought to address the widening gap between expenditure on services and the fluctuating source of revenue based on land sales. Today's budget is unashamedly tough in some areas. But it is a budget that safeguards our future."