



Australian Capital Territory

Budget

2015-16

Budget Paper 1

Budget Speech

For Canberra

Guide to the Budget Papers

Structure and content of the 2015-16 Budget Papers

The 2015-16 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

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

Summarises the 2015-16 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2015-16 Budget results are provided, as well as background information on the development of the 2015-16 Budget, including economic conditions and federal financial relations.

Also provides an overview of the Territory's infrastructure investment program and details of the 2015-16 expense, infrastructure and capital, and revenue initiatives.

Full accrual financial statements and notes are provided for all sectors.

Budget Statements

Information on each directorate and Territory authority and corporation is broken up into several smaller documents. This includes output classes (where relevant), descriptions of functions, roles and responsibilities, together with major strategic priorities.

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Treasurer's Budget Speech

FOR CANBERRA

2 June 2015

Introduction

My first budget as Chief Minister is a budget for Canberra.

Canberrans know this is a great place to live and work – and are proud of the Territory we call home.

This budget will ensure Canberra builds on our achievement as the world's most liveable city and remains a place all Canberrans can be proud of, with an economy in which we can all feel confidence.

We are proud of our city's international reputation, proud of our excellent universities, and proud of the renewal that is breathing new life and opportunity into our town centres and suburbs.

We are proud of our world-class schools and hospitals. We are proud of our leafy suburbs and the neighbourhood shops and parks.

This budget for Canberra goes to the heart of our city and its people – it makes sure we have the right services, facilities, and infrastructure that our residents and businesses deserve and expect.

At their core, budgets are about people. Since becoming Chief Minister I've made it my priority to listen to Canberrans, and to provide the services they need. This budget delivers.

Canberrans need quality schools, roads, hospitals and community services. This budget delivers.

And fundamentally they need jobs: our support for the economy and investment in new infrastructure will deliver jobs for Canberra.

And through the record funding for municipal services in this budget, we ensure the look of our city will continue to match the pride we feel in it: well-maintained roads and footpaths, and well-kept parks, playgrounds and open spaces.

Budgets are also about values. This budget is a clear statement of the values my government holds. We make a stand against domestic violence, so Canberrans can feel safe in their homes.

We stand up for Canberra against the Commonwealth's savage cuts, and we will continue to use the budget to safeguard jobs for Canberra and grow our economy.

We are continuing to build new infrastructure, and plan for the Canberra of tomorrow through major long-term projects.

This budget delivers for Canberra.

It delivers a strong economy and growing businesses, quality services and infrastructure, and a welcoming appearance to match the pride we feel in our city.

Economic outlook in the ACT

There is no doubt that the election of the Abbott Government has resulted in a testing period for Canberra and our economy.

Losing about 5,400 Commonwealth public service jobs over the past year and a half from the Territory is a bigger proportion of our economy than the loss of BlueScope Steel from the Illawarra, or Ford from Geelong, or Holden from Adelaide.

Canberrans are Australians too, but while these other regions got a helping hand and tens of millions of dollars from the Commonwealth, there was nothing for Canberra in the recent federal budget.

We have seen unemployment rise from 3.7 per cent in April of 2014, to reach 5 per cent by October. State Final Demand fell by 0.9 per cent in the December quarter 2014 and consumer and business confidence slumped.

The ACT Government had to act decisively to counter this. We did. And it has worked.

We are now more resilient than before.

The last time a Federal Liberal government attacked our economy, unemployment peaked at 8.5 per cent.

This time, unemployment peaked at 5 per cent, and has fallen to 4.3 per cent today – the lowest rate in the country.

Gross State Product is forecast to increase from an estimated 1¼ per cent in 2014-15, to 1½ per cent in 2015-16, before returning to long-term trend growth of around 2½ per cent from 2016-17 onwards.

Hopefully, the worst is now behind us.

But the time for economic vigilance hasn't ended. Other jurisdictions have shown us what happens when Governments take their eye off the ball early in economic recoveries.

My Government will continue to work hard at nurturing the economy as the recovery takes hold.

Fiscal outlook

Once again, the Territory budget supports the Territory economy.

The Commonwealth was not content to drag at our economy with jobs cuts – they also cut away at our revenue directly last year, with cuts of hundreds of millions of dollars in health funding.

This year, there is a substantial cut to the amount we receive from the Goods and Services Tax from the Commonwealth.

In the coming four years the Territory will lose almost \$559 million in GST funding. Such a large reduction has a significant impact on our budget.

The Asbestos Eradication Scheme, which I announced in the 2014-15 Budget Review, also impacts our finances.

The \$1 billion cost of the scheme covers the purchase, demolition, remediation and disposal of contaminated homes, as well as emergency financial assistance, asbestos assessments and a hazard reduction program.

This is a necessary program for all Canberrans. It removes the spectre of loose-fill asbestos for residents, home buyers, tradespeople, carers and neighbours.

The Territory Government will incur the full net cost of the Scheme, estimated to be about \$370 million. On top of that, the Territory bears the interest costs on the \$1 billion loan provided to the ACT by the Commonwealth over a 10 year period.

It is disappointing the Commonwealth turned their back on the agreement they'd made with Canberra and failed to contribute to meeting the costs of the Scheme.

The Commonwealth has also walked away from health funding – this year they are again failing to honour the National Health Reform Agreement.

As we did last year – the Territory Government is stepping up to fill the gap left by the Commonwealth.

Together, the effects of the Commonwealth's past two budgets and the Asbestos Eradication Scheme have put significant pressure on the Territory's finances.

In the face of the Commonwealth's attacks, the Territory Government faced a choice – we could pass those costs on to the community in the form of cuts to support and services.

Or we could stand up for our community and use our strong budget position to protect Canberrans from the worst of the Commonwealth's savagery.

The Government's immediate priority is to support the Territory economy, and this budget does just that.

Supporting the economy and our people, and building productive infrastructure, creates employment, improves services and generates long-lasting benefits for our citizens.

We will continue to leverage our low net debt and strong credit rating to support our community in a time of need – both in economic terms and in reviving consumer and business confidence.

The General Government Sector Headline Net Operating Balance is forecast to be in deficit for the next two years before returning to balance in the 2017 to 2019 period.

This fiscally responsible approach reflects a strategy that partially offsets spending through savings and revenue initiatives over the next four years.

Taxation reform

This budget continues the reforms to make taxes fairer, simpler and more efficient that this Government started in 2012.

We are entering our fourth year of the reform process, and the benefits are clear.

Stamp duty is significantly lower than in 2011-12. For example, the buyer of a Canberra home valued at \$500,000 is now saving \$5,900 in stamp duty compared to before tax reform.

Buyers in the ACT now pay less stamp duty than in Victoria. And stamp duty is lower than in NSW for sales of properties valued up to \$850,000.

I am also pleased to advise that 2015-16 will be the last year that insurance duties will be applied in the ACT, making us the first jurisdiction to fully abolish this inefficient tax – saving households and businesses hundreds, if not thousands, of dollars each year.

With the Commonwealth Government looking at nation-wide tax reform – the ACT can proudly say we are already doing it.

Economic growth and diversification for Canberra

This budget invests in the growth of our economy.

I have no higher priority than making sure our economy grows and creates the jobs and opportunities Canberrans need to reach their potential.

A growing economy means the Government can deliver the services Canberrans depend on, and maintain the Canberra way of life we are all proud of.

This budget funds capital works to modernise the Territory and put in place the infrastructure this and future generations need.

The capital works program of \$2.8 billion over four years is the largest ever by a Territory government.

This funding will progress transformational infrastructure such as new hospital and health facility construction, new schools and TAFE facilities, public and active transport projects, new roads and car parks and new court facilities, as well as a wide range of smaller suburban initiatives right across Canberra.

As well as providing important new facilities and infrastructure, this investment will sustain and create growth in the Territory.

Local businesses and residents also benefit from administrative and technological initiatives that will make it easier and quicker to do business with Government.

Access Canberra, which brings seven ACT Government agencies together and delivers shopfront and regulatory services through a single entry point, will invest in systems to boost private and public sector productivity.

Access Canberra means local businesses will spend less time dealing with ACT Government agencies and more time doing what they do best – building businesses and creating jobs.

We will also continue to work with the private sector to increase business innovation, trade development and investment.

Last week I unveiled the Government's 2015 business development strategy, titled Confident and Business Ready: Building on Our Strengths.

This is a blueprint for how the Government will support and partner with the private sector.

We are creating a Local Industry Advocate, and starting the Small Business Innovation Partnership, to help local businesses engage and work with the Territory Government. And this budget funds two of the Strategy's major initiatives – the CBR Innovation Fund and the CBR Trade and Investment Fund.

We will also boost tourism to the Territory and the region, with new initiatives to promote Canberra as a business and leisure destination in domestic and international markets. And we will continue to work with airlines to attract direct international air services to and from key markets.

The Government will also continue to support major events, such as Floriade and blockbuster exhibitions, which provide world-class attractions for Canberrans and attract visitors to the Territory.

Health and education investment for Canberra

This budget makes record investments in health and education.

I said earlier that budgets are about people, and about values.

Our commitment to invest in health and education are where this is apparent: there is nothing I value more than our people, and this budget invests to improve their health and education outcomes regardless of their circumstances.

This budget provides \$1.5 billion for health in 2015-16, including more than \$161 million over four years for growth and new initiatives in the health system.

There will be more services for mental health, end of life care, community, outpatient and primary care, and more elective surgeries and procedures.

There will also be expanded hospital services and more beds at our hospitals, there will be more services for women and children, and we will invest in specialist drug treatment services.

Canberrans can take advantage of healthier and more active lifestyles, with significant funding for a range of sporting and recreational initiatives, the continuation of healthy weight programs, and more walking and cycling projects.

This budget invests more than \$1.1 billion in our education system to support our teachers and improve learning outcomes for all students in Government, Catholic and independent schools, regardless of ability or background.

There are a range of initiatives to assist students, such as extra resources and special needs transport for students with disability. Teachers will also be supported through further online resources.

Capital funding of more than \$75 million will improve infrastructure and enhance information and communication technology in schools.

The Government has introduced a program of revitalising school infrastructure and is also modernising Belconnen High.

The budget also funds the new Coombs Primary School, a state-of-the-art facility for more than 700 students, and begins planning for new schools in Molonglo and Gungahlin.

The Canberra Institute of Technology will also receive a boost. This budget funds a new training centre in Tuggeranong to update CIT's course offerings and facilities for students in Canberra's south, and there will be upgrades to the Bruce and Reid campuses.

Enhancing liveability and social inclusion for Canberra

Canberra is the most liveable city in the world.

This budget ensures that we continue to be a confident city which gives every member of our society a chance to shine and to contribute.

This is how we should measure our success as a society: do we provide a place for everyone, and the help we all need from time to time, so that we can contribute to what makes our city the place that it is.

More than \$389 million will be provided for community services and housing, including disability and out of home care services, community housing, and homelessness services.

I am proud that this budget provides \$159 million for better public housing. We all know the poor state of some public housing – notably along Northbourne Avenue. This Government is doing something about that – we are building or acquiring modern accommodation to improve the quality of life for tenants.

Canberrans deserve to feel safe in their homes. Violence in the home is unacceptable.

To counter violence against women and children the Territory Government has funded a range of new programs in the budget.

This includes extra funding for domestic and sexual violence services. This will assist the Domestic Violence Crisis Service, the Canberra Rape Crisis Centre, and the Canberra Men's Centre to meet increased demand.

We will also provide social and emotional learning programs in ACT public schools. This will include additional resources for the training of teachers and staff on domestic violence issues, the development of an online resource centre to connect families to support services, and support for children and young people who may be experiencing domestic violence.

In addition, longer-term prevention and management strategies are being developed across government.

The ACT Government will also join the Commonwealth and all other states and territories for a national campaign to counter violence against women and children.

The Better Services program will simplify access to, and help from, community services – ensuring vulnerable Canberrans get the right service, at the right time, and for as long as they need it.

Canberrans with disability will continue to be supported with appropriate care in the transition to the National Disability Insurance Scheme.

The Government is committed to safer community. The budget increases funding for fire and ambulance services, including a new ambulance station in Greenway, and upgraded communications systems to better respond to emergencies.

There is extra funding to supplement ACT Policing, including for high-tech crime and forensics services, and information and communication technology.

This budget will protect the people who protect us, giving our emergency services workers the resources they need to do their job and look after the people we care about.

Suburban renewal and better transport for Canberra

I am approaching forty years as a Canberra resident.

I have never been prouder to be Canberran than I am today, and I know everyone who lives here feels the same way.

And I'm proud to deliver a budget that helps Canberra grow by investing in our suburbs, in their built environment and natural surroundings.

The Government is building an integrated transport network right across Canberra – encompassing roads, buses, light rail, walking and cycling.

This budget invests heavily in new transport infrastructure. This will deliver duplications to major roads and road upgrades right around the city, notably in Tuggeranong and Gungahlin.

There is also significant investment in public transport, including more services to new suburbs, a new bus station for Erindale, and the establishment of a Community Transport Coordination Centre.

We are making a \$375 million capital contribution to the Capital Metro project – funded by the sale of ACTTAB, the sale of surplus property and land, and a contribution from the Abbott Government as part of the Commonwealth's Asset Recycling Initiative.

Municipal services are rightly important to Canberrans – and this budget delivers a significant program of suburban renewal to ensure Canberra remains the most liveable city in the world.

There is new funding for more suburban maintenance. This includes more mowing, cleaning and weeding, upgrades to shopping centres, and services for new suburbs in Molonglo and Gungahlin.

This will ensure our urban parks and trees, shopping centres, and other community open spaces continue to be managed and maintained to a high standard. In particular, we are ensuring our local shops are attractive, clean, safe and 'ready for business'.

This budget will ensure the Territory continues to lead the country in sustainable energy, waste management, and recycling and climate change policy. There is significant investment to care for our environment and enhance its biodiversity, to protect us from bushfire, and to manage our waterways.

There is also new investment and initiatives to boost animal welfare in the Territory, including extra funding for the RSPCA.

Conclusion

The 2015 budget enshrines the values this Government holds about Canberra.

This budget continues to expand the world-class health and education services Canberrans deserve.

It supports our economy – to help our businesses grow and create jobs.

It holds out a helping hand to the community – to those Canberrans who need assistance.

This budget invests in even better suburbs, parks, roads and transport.

It invests in the infrastructure and long-term projects our city needs.

And this budget builds on the pride we all feel in this city we call home – ensuring Canberra remains a great place to live, work, study and do business, and the most liveable city in the world.

This is a budget for Canberra.

I commend the Appropriation Bills to the Assembly.