



ACT
Government

Chief Minister, Treasury and
Economic Development

2026-27 Budget – Medium-Term Projections

MEDIUM-TERM PROJECTIONS

The Medium-Term Projections in this publication set out the 2026-27 Budget estimates and forecasts across a 10-year period from 2026-27 to 2035-36 and present two stylised illustrative scenarios showing high and low growth in revenue, expenses and levels of the capital works program over the medium term.

On 15 May 2025, the Legislative Assembly passed a resolution that requested, '*A medium-term (10-year) forecast of revenue, expenses, the net operating balance (excluding Superannuation Return Adjustment), and total government debt*'.

On 21 October 2025, the Government Response to the resolution stated that the Government will provide additional information on key fiscal measures beyond the forward estimates period in the 2026-27 Budget.

KEY ASSUMPTIONS

For the purposes of this publication, the figures for the period 2026-27 to 2029-30 are the same as those published in the 2026-27 Budget and reflect the General Government Sector only, except for Total Territory debt.

The forecasts beyond the 2026-27 Budget period assume no new 'policy decisions' additional to those included in the 2026-27 Budget and include common and specific assumptions across the scenarios.

The common assumptions are outlined below, with details included under each scenario:

- investment revenue projections;
- superannuation capital requirements;
- interest rates used for interest revenue and expenses; and
- annual additional borrowings for Government Business Enterprises.

No judgements are made on the likelihood of either of these scenarios as they are presented as stylised illustrative scenarios based on short-term aggregates from the 2025-26 Budget Review and longer historical aggregates. They are used to demonstrate the implications of the level of the capital program and total revenue, total expenses on key fiscal measures including total Territory debt.

Scenario One – High

Scenario One (High), as presented in this publication, incorporates the following key assumptions for the years 2030-31 to 2035-36.

- Total revenue is indexed at the 10-year historical growth rate (2015-16 to 2024-25) of 5.76 per cent per annum, except for investment and interest revenue.
 - Investment revenue projections are based on the long-term investment return objective for the Superannuation Provision Account (SPA) of Consumer Price Index (CPI) plus 4.75 per cent per annum, assumed as 7.62 per cent per annum for this publication. Investment revenue represents around 2 per cent of total revenue.

- Interest revenue received is calculated from the base Reserve Bank of Australia Target Cash Rate, which is assumed for this publication at 4.35 per cent. Interest revenue represents around 4 per cent of total revenue and is projected to decline beyond the forward estimates, at approximately -0.2 per cent per annum.
- Incorporating the above, beyond the forward estimates, total revenue is projected to grow at an average annual rate of 5.53 per cent reflecting the negative growth in interest revenue.
- Total expenses are indexed at the 10-year historical growth rate (2015-16 to 2024-25) of 6.18 per cent per annum, except for interest expenses.
 - Interest and SPA expenses represent about 16 per cent of total expenses. Growth in interest expenses reflects the total Territory debt levels under this scenario. This is a combination of interest on existing and new borrowings required, and expenses relating to the SPA, noting that no new capital injections are required for the SPA from 2033-34 onwards. The interest rate for borrowings is based on the forward sovereign rates plus the ACT borrowing margin – this is consistent with the method used in the 2026-27 Budget.
 - Incorporating the above, beyond the forward estimates, total expenses are projected to grow at an average annual rate of 5.55 per cent, reflecting lower growth in interest expenses of 2.2 per cent per annum.
- Total Territory debt is calculated based on total revenue and expenses, expected average borrowings of Government Business Enterprises (common under both scenarios), a capital works program of \$1 billion per annum, and superannuation capital injections to reduce to zero from 2033-34 onwards as the SPA is estimated to be self-funded from that time.

Scenario Two – Low

Scenario Two (Low), as presented in this publication, incorporates the following key assumptions for the years 2030-31 to 2035-36.

- Total revenue is indexed at the 2025-26 Budget Review growth rate (which covered 2025-26 to 2028-29) of 5.03 per cent per annum, except for investment and interest revenue.
 - Investment revenue projections are based on the long-term investment return objective for the SPA of CPI plus 4.75 per cent per annum, assumed as 7.62 per cent per annum for this publication. Investment revenue represents around 2 per cent of total revenue.
 - Interest revenue received is calculated from the base Reserve Bank of Australia (RBA) Target Cash Rate, which is assumed for this publication at 4.35 per cent. Interest revenue represents around 4 per cent of total revenue and is projected to increase beyond the forward estimates, at approximately 0.1 per cent per annum.
 - Incorporating the above, beyond the forward estimates, total revenue is projected to grow at an average annual rate of 4.86 per cent, reflecting the lower growth in interest revenue.

- Total expenses are indexed at the 2025-26 Budget Review growth rate (which covered 2025-26 to 2028-29) of 2.29 per cent per annum, except for interest expenses.
 - Interest and SPA expenses represent about 16 per cent of total expenses. Growth in interest expenses reflects the total Territory debt levels under this scenario. This is a combination of interest on existing and new borrowings required, and expenses relating to the SPA, noting that no new capital injections are required for the SPA from 2033-34 onwards. The interest rate for borrowings is based on the forward sovereign rates plus the ACT borrowing margin – this is consistent with the method used in the 2026-27 Budget.
 - Incorporating the above, beyond the forward estimates, total expenses are projected to grow at an average annual rate of 1.7 per cent, reflecting a decline in interest expenses of -1.4 per cent per annum.
- Total Territory debt is calculated based on total revenue and expenses, expected average borrowings of Government Business Enterprises (common under both scenarios), a capital works program of \$700 million per annum, and superannuation capital injections to reduce to zero from 2033-34 onwards as the SPA is estimated to be self-funded from that time.

MEDIUM-TERM PROJECTIONS: 2026-27 TO 2035-36

Table 1: Medium-Term Projections – Total revenue, Total expenses, Net Operating Balance (NOB), Headline Net Operating Balance (HNOB) and Total Territory debt – Scenario One (High) (\$m)

	2026-27 Budget	2027-28 Estimate	2028-29 Estimate	2029-30 Estimate	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast	2033-34 Forecast	2034-35 Forecast	2035-36 Forecast
Total revenue (GGS)	9,596	10,090	10,734	10,921	11,469	12,123	12,794	13,532	14,292	15,086
Total expenses (GGS)	10,208	10,422	10,825	10,925	11,508	12,183	12,890	13,637	14,369	15,104
Net Operating Balance (GGS)	-612	-331	-90	-4	-39	-60	-96	-104	-78	-18
Headline Net Operating Balance (GGS)	-323	-21	244	356	348	356	353	378	416	485
Total Territory debt	20,828	21,976	23,621	23,697	23,955	24,265	25,938	26,055	25,258	25,155

Note: Numbers may not add due to rounding.

Under Scenario One, overall, total expenses grow at a similar rate as total revenue, with a small NOB deficit across the medium term. This deficit moderates towards the end of the 10-year period, reaching \$18 million in 2035-36. This improvement is driven by slower growth in interest and SPA expenses as a result of slower growth in total Territory debt, reducing associated servicing costs (interest expenses), as well as a reduction in the superannuation expense over time.

The HNOB, however, returns to surplus from 2028-29, growing to \$485 million in 2035-36. The HNOB includes the Government's Superannuation Return Adjustment (SRA), which reflects the net gains on financial assets held in the SPA. This is an important measure of the Government's capacity to meet long-term superannuation liabilities.

Table 2: Medium-Term Projections – Total revenue, Total expenses, Net Operating Balance (NOB), Headline Net Operating Balance (HNOB) and Total Territory debt – Scenario Two (Low) (\$m)

	2026-27 Budget	2027-28 Estimate	2028-29 Estimate	2029-30 Estimate	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast	2033-34 Forecast	2034-35 Forecast	2035-36 Forecast
Total revenue (GGS)	9,596	10,090	10,734	10,921	11,390	11,955	12,551	13,188	13,833	14,522
Total expenses (GGS)	10,208	10,422	10,825	10,925	11,132	11,371	11,621	11,837	11,975	12,086
Net Operating Balance (GGS)	-612	-331	-90	-4	258	584	930	1,352	1,858	2,437
Headline Net Operating Balance (GGS)	-323	-21	244	356	645	1,001	1,379	1,834	2,351	2,940
Total Territory debt	20,828	21,976	23,621	23,697	23,405	22,815	23,488	22,105	20,208	18,305

Note: Numbers may not add due to rounding.

Under Scenario Two, total revenue grows at a faster rate than total expenses, resulting in a NOB surplus from 2030-31. This surplus steadily increases over the remainder of the 10-year period, reaching \$2.437 billion in 2035-36. This is also driven by smaller interest expenses on the lower levels of total Territory debt compared to Scenario One. Combined with the addition of the SRA, Scenario Two sees an HNOB surplus from 2028-29, rising across the period to \$2.940 billion by 2035-36.

Figure 1: Scenario One – Total revenue vs Total expenses, ACT – Forecasts

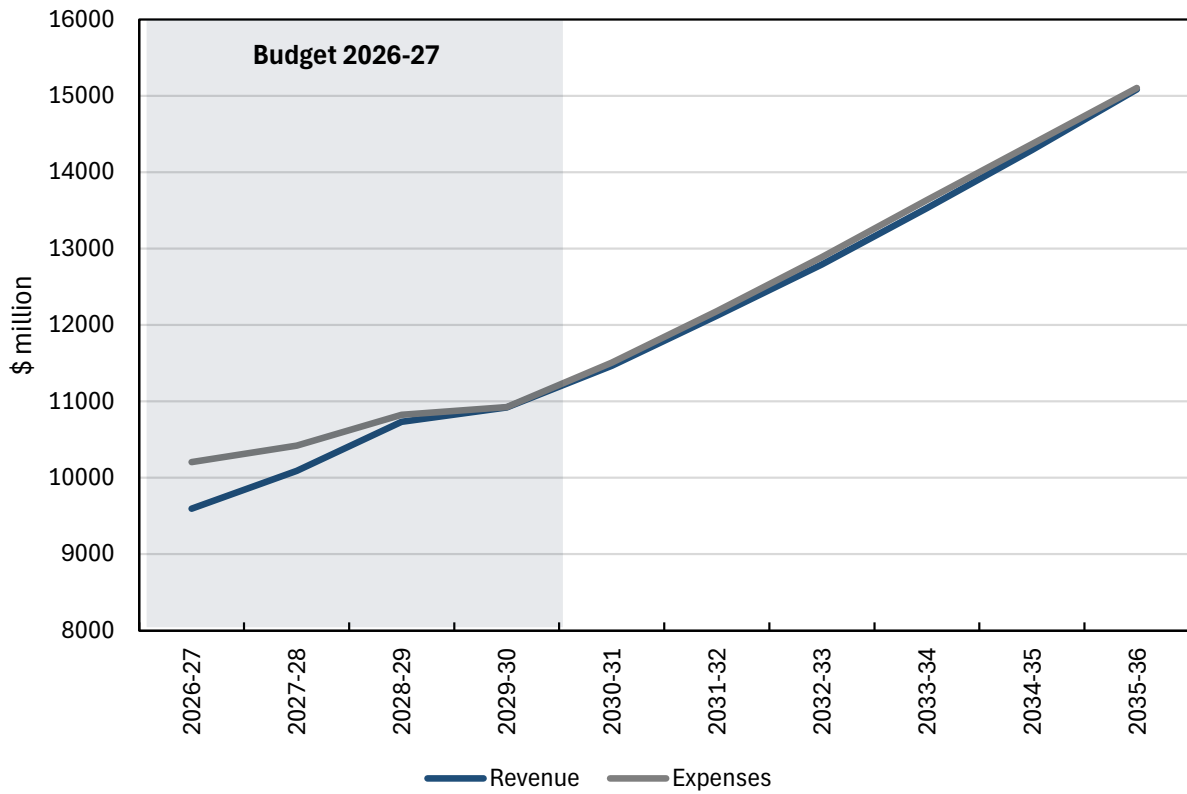


Figure 2: Scenario Two – Total revenue vs Total expenses, ACT – Forecasts

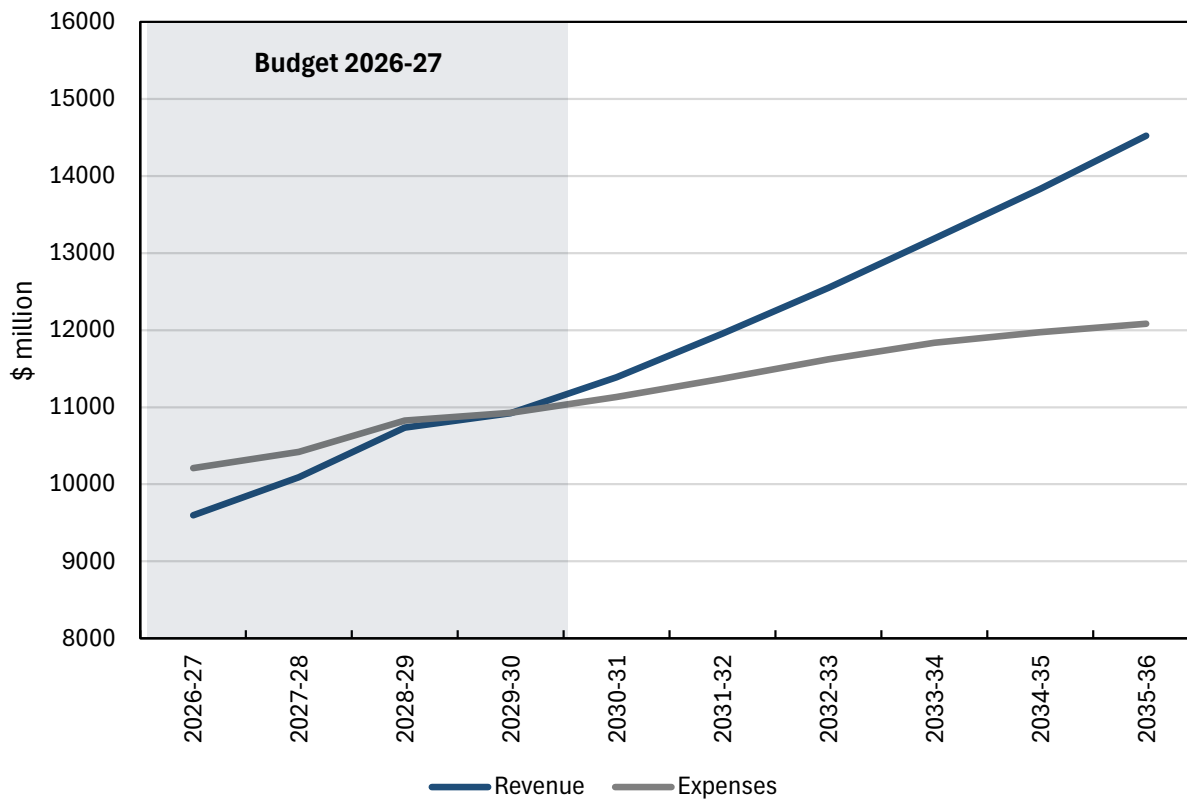


Figure 3: Scenarios One and Two – Net Operating Balance, ACT – Forecasts

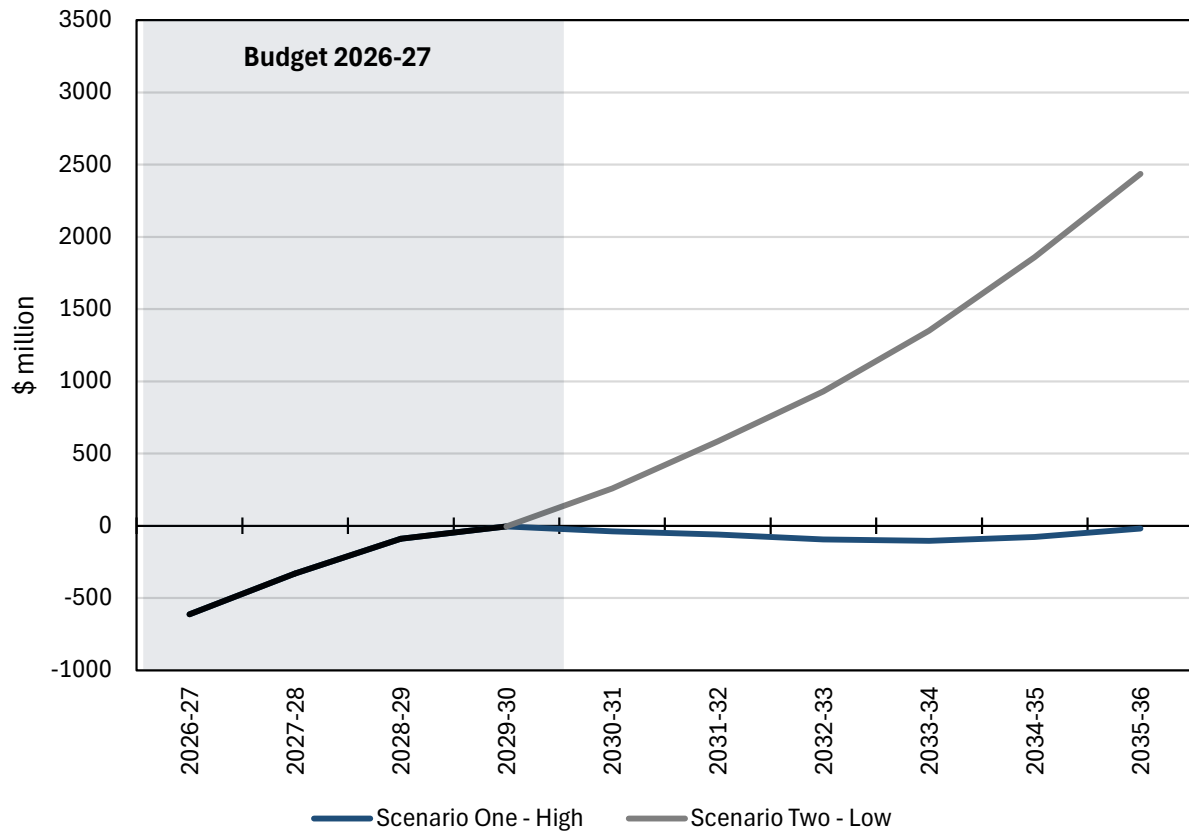


Figure 4: Scenarios One and Two – Headline Net Operating Balance, ACT – Forecasts

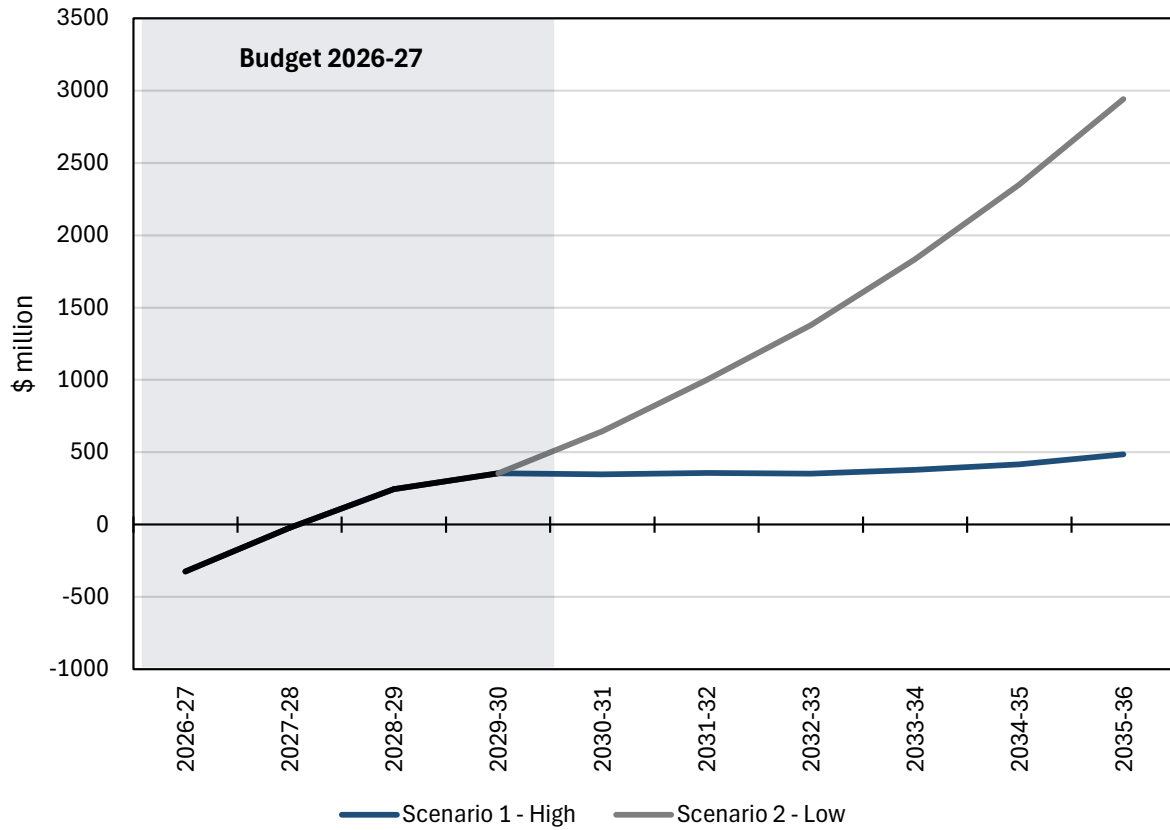


Figure 5: Scenarios One and Two – Total Territory Debt, ACT – Forecasts

