



budget

AUSTRALIAN CAPITAL TERRITORY

2005-2006



building our city  
building our community

ACT Government

PAPER NO 1 SPEECH

# Guide to the Budget Papers

BUDGET 2005-2006

## **Structure and content of the 2005-2006 Budget Papers**

The 2005-2006 Budget is presented in four budget papers.

### **PAPER N° 1**

## **SPEECH**

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

### **PAPER N° 2**

## **BUDGET AT A GLANCE**

A summary of the overall budgetary position together with information on the Government's expenditure in key service delivery areas.

### **PAPER N° 3**

## **BUDGET OVERVIEW**

Summarises the 2005-2006 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2005-2006 Budget results are provided, as well as background information on the development of the 2005-2006 Budget, including consultations with the community, economic conditions, and intergovernmental financial relations.

The *Appropriation Bill 2005-2006* is appended.

### **PAPER N° 4A**

## **BUDGET ESTIMATES**

Information on each department and their respective output classes, including descriptions of functions, roles and responsibilities, together with major strategic highlights. Full accrual financial information is provided for the general government sector as well as details of the Territory's public trading enterprises.

### **PAPER N° 4B**

## **APPENDIX**

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# ACT Budget presented on 3 May 2005 by the Treasurer Mr Ted Quinlan MLA

## **BUDGET 2005-2006 - A BUDGET FOR THE COMMUNITY**

Mr Speaker, it is my honour to rise today to deliver the 2005-06 Budget for the Australian Capital Territory - the fourth of the Stanhope Government.

The Budget continues to deliver on this Government's commitments. It is both financially RESPONSIBLE and RESPONSIVE to the needs to our community. This Budget continues the substantial progress of the past four years, provides new programs and new funding for targeted services, and continues to invest in our infrastructure.

Mr Speaker, the 2004-05 operating result is estimated to be a \$52.2 million surplus.

The Government's stated policy is the provision of a balanced budget over the economic cycle. Successive production of budgets that are balanced over the forward estimate period of four years will obviously lead to achievement of the stated policy. Although this Budget will produce a deficit in the next financial year, it is estimated to achieve a modest surplus between now and 2008-09.

The general government aggregate result of the Budget and forward estimates is a surplus of \$22 million.

As predicted in the 2004-05 Budget, the 2005-06 Budget is in deficit. The 2005-06 general government sector deficit is \$91.5 million. While this is indeed a substantial change from last year's estimate, it is worth understanding that there have been several quantum shifts in funding pressures since the Stanhope Government came to office.

Three major reports have identified areas that were inadequately resourced, probably since self government - the Gallop Report on Disability Services, the McLeod Report on the response to the 2003 bushfire, and *The Territory as Parent (Vardon)* Report on Child Protection.

Between 2002-03 and the end of this forward estimates period, the Government will have provided additional funding for disability services of \$75.7 million, particularly as a response to the Gallop Report.



Child protection and family support has proved to be an area of historical under resourcing, most recently highlighted by the Vardon report. The Territory has not been alone in this, as most other jurisdictions have also faced similar problems, and have also responded with considerable additional resources and structural reform.

Between 2002-03 and the end of this forward estimates period, additional funding of \$154 million will have been allocated to child protection and family support. Taking account of the 2004-05 Supplementary Appropriation and this Budget, an additional \$10.6 million has been provided in 2005-06 alone.

Further, the tragic events of the January 2003 bushfire were unprecedented in their impact on the Territory. Funding has been required for recovery, for future prevention, and for strengthening of emergency services capability as identified in the McLeod report.

While we have been thankful for our prudent insurance arrangements, and for assistance through the national Natural Disaster Mitigation Arrangements, the Government has had to find substantial funding over and above these financial offsets. And, in these times of global terrorism, we have had to accept the need for enhanced disaster recovery capacity.

Between 2002-03 and the end of this forward estimates period, additional funding of \$134 million will have been provided, over and above insurance receipts and assistance from the Natural Disaster Recovery Arrangements.

Mr Speaker, it is generally recognised that health costs escalate 7% to 8% each year. Every Australian State and Territory has faced increased health costs due to rapid advances in medical science and the range and costs of emerging procedures and treatments. Each year governments must fund a premium of some 5% for Health over and above normal cost indexation.

Prior to 2001 public sector pay rates had lagged to the point that they were near the lowest in the nation. It was unavoidable that this problem had to be redressed. It has been to the extent that rates are comparable to, but not above, those applying in other states and territories. Pressure still exists in some professions as different jurisdictions compete for qualified and skilled staff that are in short supply.

The Budget also pursues efficiency and effectiveness within our administration. We expect productivity gains by way of reduction in overhead costs and the reduction in duplication within that administration. Each year the Government expects a productivity premium. In addition there will be a concerted effort to eliminate parallel processes, particularly in information technology and in procurement and contract management.



In 2005-06, general savings of \$20.7 million will be made across all departments. This rises to \$28.4 million in a full year. Further savings of \$2 million, rising to \$12 million by 2007-08, will be achieved across the public services in relation to a rationalisation of information technology and procurement and contract management services.

Mr Speaker, this Budget continues to address the needs of our Community. Unfortunately, as increased needs are identified, it does involve an increase in General Rates in order to generate an additional \$13.8 million per annum to partially meet emerging needs.

## Employment and the Economic Outlook

Mr Speaker, I turn now to the economy. This Budget has been framed in the expectation of some increase in the rate of ACT economic growth this year, and moderating growth in 2005-06 and 2006-07.

Growth in production in the ACT cannot match that at the national level, and this simply is a reflection of the fact that the national economy benefits far more from increasing global demand for Australian exports than does the Territory. From small beginnings exports from the Territory are nevertheless growing.

Underlying demand in the ACT economy, remains strong. Looking ahead, growth in demand in the ACT should continue to accelerate, while at the national level it is forecast to slow.

Mr Speaker, while a slow-down in the national economy is less than ideal, it may make it easier for the ACT to attract the workers needed to meet the strong and increasing economic demand in the Territory.

Indeed, ACT employment has shown strong growth in recent months, up by almost 4% between September 2004 and March 2005, an additional 6,800 employed since the Government was re-elected.

Despite this strong growth, a shortage of labour remains an issue within the ACT economy. Unemployment, at 3.4%, is the lowest on record and our rate of participation in the labour market, 73.5%, is close to its highest on record. In the meantime, job vacancies are at a record high.

The Government is already addressing the issue of skills shortage, but clearly the ACT is not alone in experiencing this challenge and we look forward to participating in any national efforts to address the problem.



Consistent with the measures of strong demand and employment growth, the private business sector of the ACT is brimming with confidence. The key business surveys indicate that businesses are very confident about their prospects.

While the private sector of the ACT economy is performing well, the reality is that our economy remains heavily dependent on Australian Government activity. Federal activity has been a strong contributor to the ACT economy in recent years and, while the Australian Government has upwardly revised its forecast for growth in outlays in 2004-05, it is currently forecasting only modest growth in the out-years.

This Budget has taken a balanced view of economic growth. The risks are essentially external to the Territory and relate mainly to Australian Government outlays and interest rate increases.

## Commonwealth State Financial Relations

Mr Speaker, it has been said in the past that the introduction of the GST would instil a degree of predictability in Australian Government transfers, at least in aggregate terms. The GST was anticipated as a growth tax that would afford the states and territories the capacity to absorb growing pressures on the delivery of basic community services. That was the basis upon which the state and territory governments signed the agreement to introduce the taxation regime in the first place.

This notion has been undermined by the recent actions of the Federal Government in the context of demanding further tax changes from the states and territories, beyond that required by the Intergovernmental Agreement to which the Commonwealth is a signatory.

There is every indication that the Australian Government will seek to exert increasing control over the States and Territories once they have complete control of both houses of the national parliament. There has been little attempt to mask the threat to the States and Territories.

Mr Speaker, in the light of the Australian Government's actions, the States and Territories have little room to manoeuvre. We are all currently negotiating with the Australian Government on the need to retain the specified stamp duty taxes.

As the matter remained unresolved at the time this Budget went to print, it was not possible to reflect any negotiated outcome in the Budget. However, based on the latest proposed position, the Territory will lose revenue of \$12.9 million over the forward estimate period.



This Budget also incorporates the revenue loss to the ACT in the order of \$18 million over the next four years due to the Australian Government's refusal to compensate the Territory for revenue foregone from the regulation of companies and securities.

It is difficult to comprehend why the ACT should be singled out for inequitable treatment, particularly when the States and the Northern Territory continue to receive equivalent payments for corporate affairs regulation now administered by the Commonwealth.

The Budget also accounts for the elimination of National Competition Payments, as the Australian Government has unilaterally abandoned the Agreement now that the States and Territories have honoured their commitments made under the associated agreement.

The States and Territories believe that reforms undertaken under the umbrella of national competition will continue to generate revenues for the Australian Government beyond 2005-06 and these revenues should continue to be shared with the States and Territories.

Of further concern is the Australian Government's continued approach to Specific Purpose Payment renegotiations. There is a concerted effort by the Australian Government to have the States and Territories accept greater financial responsibilities, such as matching arrangements, in service delivery programs not previously subjected to such a requirement.

Sometimes, the matching obligations on States and Territories have been well in excess of Commonwealth contributions. This push from the Commonwealth is once again predicated on the belief that the States and Territories continue to inherit a so-called windfall gain from the GST.

The actions of the Australian Government will continue to be an increasing source of pressure on the budgets of all States and Territories.



# Health

Mr Speaker, this Budget delivers on the Government's commitment to improve access to acute hospital services and to reduce waiting times in emergency departments.

The Budget remains responsive in its determination to tackle difficult issues in our health system like hospital waiting lists and Emergency Department access block.

As I have mentioned earlier, health service costs are escalating at a rate much greater than general inflation as measured by the CPI. Further, while the Territory's population is recorded as growing very slowly, demand on health systems grows much faster.

Debate on Waiting Lists is of serious interest. However it does not, of itself, provide a clear picture. Waiting Lists can fluctuate for a number of reasons, of which the volume of service provided is only one. It is more illuminating to look at a couple of very basic statistics.

In the year 2000-01 our two major hospitals recorded around 63,000 Inpatient Separations compared to more than 70,000 in 2003-04. Over the same period Outpatient Occasions of Service grew from 361,000 to 427,000.

This Budget addresses the severe pressures that apply to our health system, as have the last three budgets of the Stanhope Government.

Funding has been provided for 300 extra elective surgery allocations in 2005-06, rising to 400 in 2006-07 through the *Elective Surgery Reform Program*. The program will focus on patients waiting excessively long times and ensure that those with the greatest clinical need get more timely access to treatment.

Discharge lounges at both Calvary and The Canberra Hospital will continue to improve bed management and the timely transfer of patients awaiting hospital discharge.

To improve access to acute hospital services, and to ease the pressure on medical beds, the Budget provides \$2.3 million for an additional 20 medical beds in public hospitals. Up to 25 additional nurses and eight allied health staff will be recruited for the beds to become operational in 2005-06.

Canberra has an ageing population and there is an ongoing requirement to adapt community services and housing to meet the needs of our older citizens. This Budget provides funding of \$300,000 per annum for the development and implementation of "falls prevention programs" in residential care facilities. The successful Intermittent Care Services pilot, supporting older people returning home following hospital stays, will also be expanded.



Additional funding has also been provided for medical and occupational health and safety equipment, dental services for high-risk and special needs groups have been expanded, and growth in demand for medical oncology services continues to be met. The Government has also provided capital of nearly \$4 million for a new Picture Archival System for efficient access to hard copy medical images.

In relation to nursing, the development of an ACT-wide refresher and re-entry program to assist and support nurses and midwives wishing to return to the workforce after an absence from the professions is funded at around \$500,000 per annum. Ongoing funding has also been provided to establish nurse practitioner positions in the ACT.

## Education

Mr Speaker, in order to build on Canberra's strength as a well-educated community, funding has been allocated to increase the hours of free preschool education for eligible four year olds, from 10.5 hours per week to 12 hours per week. The increased funding recognises the social and educational benefits to children of early learning experiences.

Schools are essential community facilities and we need to continue to invest in maintaining our asset base of around \$605 million in school infrastructure.

The Government has allocated \$8.3 million over four years to honour its election commitment to improve school infrastructure. The funding will increase refurbishment projects across a number of government schools and is in addition to the \$11 million to be spent in 2005-06 on capital upgrades in government schools.

Mr Speaker, planning for the Gungahlin East Primary and Pre-School will also begin, with funding of \$1.4 million provided to finalise all planning to the construction stage.

In relation to vocational education and training, this Budget allocates an additional \$3 million over two years to meet the increasing level of skills shortage in the ACT. This is in addition to the \$3.1 million provided in the second appropriation in 2004-2005 and the \$2 million increase in the previous budget, bringing the additional funding to \$14.1 million over a four year period.



# Children and Family

Mr Speaker, the Government again continues its strong commitment to children, youth and families in this year's Budget.

Additional new funding again provides a substantial increase to the annual budget of the Office for Children, Youth and Family Support.

The Budget supports a range of strategic and operational initiatives that will be progressed during 2005-06, to assist the reform of the protection system for children, young people and their carers.

This includes increasing the focus on services for Aboriginal and Torres Strait Islander children and young people and their families with \$2.9 million over four years to consolidate and expand the Aboriginal and Torres Strait Islander Unit.

The Budget also provides \$1.5 million over four years to establish a Commissioner for Children and Young People, responsible for promoting and protecting the interests of children and young people in the ACT.

The Government continues to respond to the increased number and cost of individual support packages to care for and protect children and young people in care, with \$13 million being provided over four years.

Significantly Mr Speaker, funding of \$40 million over three years is provided for the much needed upgrade of the Quamby Youth Detention Facility and work will commence this year.

Finally, Mr Speaker, the establishment of a Child and Family Centre in Gungahlin is another prime example of the Government's commitment to support Canberra's children and focus on early childhood development. The Centre is a hub for developmental programs, health and education services and parenting and family support services. The Child and Family Centre program will be extended to Tuggeranong in 2005-06.

# Disability

Mr Speaker, yet again this Government has provided substantial resources for disability and welfare services through programs to assist people with disabilities, their families and carers.

The Government has listened and responded to people with disabilities, their families and their carers with an additional \$3.29 million in this Budget over four years to enable more people with disabilities to live more independently.

Mr Speaker, the Government remains committed to ensuring that all children are able to participate fully in education and students with a disability are supported. A boost of more than \$4 million over four years will ensure that teachers and teachers' aides in our schools are able to meet the individual needs of their students.

A new Northside community-based learning and life skill development program will also be funded to support young people with a disability, and increased funding has been allocated for domestic violence crisis services.

The 2005-06 Budget also provides \$831,000 over four years to enable the assessment and trial of specialised seating, mobility and communications equipment for children and young people with disabilities who have complex needs, including autism.

Finally, additional resources will be provided to assist families who have children with intensive support needs, particularly those with autism and/or challenging behaviours.

# Housing

Mr Speaker, in previous Budgets, the Government introduced comprehensive packages of measures to alleviate housing stress and improving housing affordability. Those measures spanned significant assistance for crisis accommodation, community and public housing, and first home buyers.

A range of indicators support the view that housing affordability in the ACT has been improving since the middle of last year. Increasing affordability, coupled with the changes to the ACT's First Home Buyer Concession Scheme in last year's Budget, are supporting a stronger participation in the local housing market by first home buyers.



By the end of March this year 1,226 households had received a first home buyer concession, compared to a total of 39 in 2003-04. Looking forward, similar levels of participation by first home buyers is anticipated, and the Budget incorporates a further \$1.8 million allowance for concessions.

Mr Speaker, the Government will continue to alleviate housing stress, and support home ownership. The ACT, along with other States, has called on the Commonwealth Government to work jointly towards the development of a national housing policy. We continue to hope that the Commonwealth will take a lead role in this important national task.

## Our People, Our Community

Canberra has a great sense of community, Mr Speaker, and it is important that we continue to encourage people to be involved in building a stronger community. The 2005-06 Budget provides significant funding towards the major transformation of the City West area in line with enhancing Canberra's dynamic heart.

As part of ongoing efforts to make Canberra City a hub of activity and a focal point for all Canberrans, the public space in Childers Street will be redesigned to accommodate and encourage a range of pedestrian and festival activities between the city and the Australian National University and create a cosmopolitan 'eat and meet' area.

As part of an improved program of events and entertainment in the Territory, a national commemorative event to mark the 60<sup>th</sup> anniversary of the end of World War II in the Pacific will be held near Lake Burley Griffin, with Veterans invited to attend from Canberra and throughout Australia.

Priority Government projects that will support the restoration, recovery and re-establishment of non-urban areas of the ACT after the 2003 bushfires include the re-development of the rural villages; the enhancement of recreational facilities at Stromlo Forest Park; the re-establishment of the Cotter area and Tidbinbilla Nature Reserve; and the creation of the new Canberra International Arboretum and Gardens.

The Government continues to support sustainable transport, with development of the Real Time Passenger Information System and continued investment into cycle paths on route to shops, schools, bus stops, recreational facilities and employment centres.

I am pleased to announce that the budget includes funding for forward design and feasibility work on the City West Performing Arts Facility and Choreographic Centre, and the Belconnen Arts Facility will shortly progress to the tender stage.



# Law and Community Safety

Mr Speaker, the Government has an ongoing commitment to make Canberra a safer place to live, and we continue our efforts to build a safe, cohesive community.

This Budget allocates \$1.1 million for ten sworn officers to patrol the North District covering Canberra City, Belconnen and Gungahlin, taking effect from 1 July 2007. A further \$1.1 million will be available from 1 July 2008 for a second patrol of ten sworn officers to be allocated to the South District covering south Canberra, Woden and Tuggeranong.

This is in addition to the extra 20 police committed in the 2004-05 Budget, ten of which will be starting from 1 July 2005.

Mr Speaker, the trial of an innovative circle sentencing option for Indigenous offenders, introduced last Budget, will continue with an allocation of an extra \$100,000. Aboriginal and Torres Strait Islander offenders remain over-represented in our criminal justice system and circle sentencing is a way of reducing the risk of them re-offending.

Protective security guidelines will be implemented in ACT government agencies. To enhance the Government's contribution to national counter-terrorism arrangements, an additional \$100,000 is provided, adding to the \$267,000 allocated last Budget for a Security Coordination Unit.

Mr Speaker, the Government is also establishing a register to track child sex offenders, and commits recurrent funding of \$100,000 to implement this register, which will be part of a national register of sex offenders.

# Sport and Recreation

In the area of sport and recreation the Government is committed to improving the health and well being of our children through increasing the opportunities to be physically active and help battle the increase of sedentary behaviours and levels of obesity.

Last year this Government implemented a new 'Kids at Play' program aimed at increasing opportunities for children to be active in the after school setting, at community events and in the home. This commitment will be enhanced, with a further \$100,000 in 2005-06 and \$150,000 in the out years, which doubles the capacity of this highly successful program.



Mr Speaker, the Government will continue to ensure that our sporting infrastructure meets the needs of the community. The Government is also mindful of the need to bring our community ovals up to an improved standard particularly with a more secure water supply in the future.

This Budget includes \$770,000 in 2005-06, and \$450,000 in the out years, to ensure the operational requirements of Manuka Oval are maintained. This will enable the Territory to present a premier cricket and AFL venue that supports and attracts the major national codes.

Mr Speaker, I am also pleased to announce that there will be a \$1.7 million upgrade to Phillip Oval to restore it to a premier facility for the benefit of our local competitions.

Looking to the future sporting needs, I am also pleased to announce that \$200,000 has been allocated to further develop the Lyneham/Southwell Park sporting precinct concept. Our focus will be to upgrade the current sporting facilities, to identify the capacity to incorporate other users such as cycling, and to improve the community recreation amenities to enable greater community access.

Mr Speaker, Canberra adults are the most likely to engage in sporting activities compared to the rest of Australia and the Government's investment reflects that fact.

## Building Our Economic Future

Mr Speaker, the year just past has been a year of significant achievement for the Canberra business community.

Business confidence among the Territory's small to medium enterprises (SMEs) is high in both local and national surveys, the export orientation of Territory SMEs is above national averages, and many of our firms are receiving accolades in the national business press.

The ACT's trend unemployment rate of 3.4% (March 2005) is the lowest on record and the lowest among all states and territories. Mr Speaker, sustainable jobs, coupled with private sector development, are key measures of the Government's success.

The past twelve months has seen many of the actions of the *Economic White Paper* funded and implemented. Some of the highlights of this rollout program include the Knowledge Fund, the Export Growth Program, the appointment of the first Small Business Commissioner, the ANU / MTAA Super Venture Capital Partnership, the Business Springboard Program and the establishment of a one stop business shop front.



I am pleased to announce that this year's Budget provides \$232,000, increasing to \$392,000 by 2008-09, to support a range of industry development activities across the key industry sectors identified in the Government's *Economic White Paper*.

This will include new activities to support industry cluster development including capability mapping to establish robust baseline data on industries and related institutions in key sectors, activities to maximise local industry participation in major infrastructure projects and new measures to showcase innovative ACT companies on the national and international stage.

In addition Mr Speaker, the Government has decided to extend outyear funding to the Knowledge Fund by a further \$3 million in 2008-09.

This will take the Government's total commitment to the Knowledge Fund to \$21.5 million since it came to office. To date the program has helped leverage approximately \$44 million in company project expenditure and has supported over 200 new knowledge economy jobs.

And Mr Speaker, just days ago, I was pleased to announce the commencement of the development of the building that will house the ACT campus of the National Information and Communication Technology Centre of Excellence (NICTA). The ACT Government's \$20 million investment in NICTA has already leveraged \$127 million in Commonwealth funding plus the \$60 million to construct the new purpose built site. As well as the 100 new NICTA positions and 100 PhD student places, an estimated 280 new jobs will be involved in the construction phase.

The investment made in NICTA will be returned to the Territory many fold. Canberra continues to punch above its weight in relation to Economic Development.

## Tourism

The Australian Productivity Commission has recently triggered a debate on the appropriate scoping of tourism and the measurement of associated economic contribution. The ACT Government has had its own similar concerns. Nevertheless it is recognised that tourism is a significant contributor to our economy, and a significant provider of employment.

Tourism is subject to constant challenges including world events, airline withdrawals, fluctuating fuel costs and changing consumer trends, all of which we experienced since last year's Budget was delivered.



These challenges were manifested in a decline in visitation in two quarters ending December 2004, and Canberra was not alone in suffering from this negative impact.

However, we have experienced rising awareness levels in target markets, significantly improved industry satisfaction, growing length of stay and number of visitors to events.

The continuing challenge we have to face is finding ways to counter negative perceptions of Canberra.

Events are an integral part of the tourism mix and a catalyst for attracting and improving visitor length of stay. As a result of the Government's 2004 election commitment, a new tourism events structure was established within Australian Capital Tourism that will take on broader responsibilities to ensure that future and existing events reach their full potential as drivers of tourism visitation.

In addition to running the Subaru Rally of Canberra and Floriade, the new events unit will be responsible for identifying, developing, supporting and selectively managing other visitor orientated events and projects as well as coordinating strategic partnering and corporate sponsorship programs. The Brindabella Mountains Challenge is an example of a new event identified by the events unit to be introduced as a three day program in December 2005.

Events, however, are only one part of the broader tourism mix. Australian Capital Tourism will continue to focus its resources on destination marketing and promotion in an effort to continue to stimulate visitation and maximise visitor length of stay.

The Government has been, and remains, committed to Australian Capital Tourism with the ACT funding more on a per capita basis than the larger states. In 2004-05 the ACT provided \$56.79 per capita, over five times that of Queensland and eight times that of NSW.

The Government, through Australian Capital Tourism, will continue to develop further the 'See Yourself in Canberra' – a long-term brand campaign designed to promote Canberra as a place to experience the Australian story.





# Capital Works

Mr Speaker, this Budget again contains an ambitious Capital Works program. The new works program totals \$168 million, with the total cash provided for new works and works in progress being \$292 million.

While I have spoken of many projects already, the program contains a number of other projects, in line with community needs, including:

- upgrades to the fire systems at The Canberra Hospital and Calvary Hospital;
- energy and water efficiency initiatives for public housing; and
- a significant boost to the public art program.

In 2005-06, \$32 million of ongoing maintenance of existing assets will be undertaken across all areas of existing infrastructure, ensuring that we maintain the level of amenity and repair of our asset base. The Budget anticipates that a similar level of funding will be dedicated in each of the forward years to routine capital upgrades of existing assets.

# Revenue

Mr Speaker, it has been necessary for us to raise additional revenue to cover the emergent costs pressures that I have enumerated today, and meet community expectations and needs for services. In order to spread the tax burden as broadly as possible across the ACT community, the 2005-06 Budget introduces an increase in the revenue to be collected through general rates.

In addition to the CPI increase of 2.4% on 2004-05 rates revenue from existing properties, there will be a further increase across all rateable properties. This increase will be equal to an average of \$104 for residential and rural properties and an average of \$312 for commercial properties. The increase in rates will be split across the fixed charge and the valuation charge for all properties.

To maintain the overall level of assistance provided to pensioners, the maximum rates rebate provided for pensioners will increase from \$305 to \$365.

The rate free threshold for all properties has also been increased to \$22,000.

It is estimated that the additional increase in rates above the CPI will generate an additional \$13.8 million in rates revenue in 2005-06.



Adjustments to revenue collected through general rates in the ACT have been pegged to CPI for the last decade. In the period from 1999-2000 to 2003-04, which is the latest available data for all jurisdictions, the ACT amount had increased by 15.5% as compared to a national average of around 27%.

In last year's Budget, the Government made changes to the Land Tax marginal rates and bracket thresholds, and introduced a new bracket at the lower end, at an annual cost of \$5.3 million.

In this Budget, we have further increased those threshold values. We have decreased the tax rates within those brackets so that the total amount of revenue from land tax for 2005-06 for existing properties will only increase by the CPI, despite increased property values.

The Budget provides for an increase in gaming machine tax rates, set down for 2007-08. In spite of the increase, taxation rates will remain at the lowest level applied in Australia, even after taking account of the mandatory Community Contributions. The increase in the rates has been delayed to allow clubs to manage through the recent limitation on note acceptors, and the approaching total ban on smoking.

In line with the Intergovernmental Agreement on Tax Reform, debits tax will no longer apply after 30 June 2005. The abolition of this tax, Financial Institutions Duty and the duty on marketable securities, along with an undertaking to review the need for a raft of other taxes means that the ACT has fully met its obligations under the Agreement.

## Budget Reform

Mr Speaker, the Government maintains our commitment to continuous improvement in relation to Budget transparency and accountability.

This Budget includes a change to the performance measurement framework. This is the first step towards the implementation of a Triple Bottom Line accountability framework.

This reform was highlighted in last Budget's supplementary Budget Paper, and further developed in a paper released to Assembly Members in February this year. It has been assumed that the lack of feedback is an indication that the changes have been judged as acceptable.

Readers of Budget Paper 4 will notice that the performance measures are now presented at two levels – strategic indicators and accountability indicators.

Strategic indicators are aimed at measuring performance against longer-term and strategic outcomes. Accountability indicators will ensure that accountability for inputs,



outputs and outcomes is maintained. Accountability indicators will still be subject to review by the Auditor-General. Amendments to the *Financial Management Act 1996* are currently being developed to support revised audit arrangements.

The output descriptions have, in most cases, been expanded to provide users with more information.

Mr Speaker, the Government will continue to develop the financial management framework to incorporate Triple Bottom Line principles. The performance indicators presented in this Budget will form the basis for the development of cross-agency performance indicators and linkages to planning and reporting frameworks.

## Conclusion

Through this Budget, targeted and responsible funding is provided to address areas of high priority.

This government has increased health expenditure by \$16 million across the four years, and allocated \$56 million across four years from the growth funds and from reprioritised expenditure.

This government has increased expenditure in education by \$15 million across the four years, with a further \$2 million per annum on school building renewal.

This government has increased expenditure in child protection and family support by \$50 million across the four years.

The Government is delivering a responsible budget. Sound financial management is necessary to preserve our future capacity to deliver priority services to the ACT community, particularly in areas such as health, child and family support, and disabilities.

This Budget includes savings measures from improving the efficiency of government agencies, and increases in revenue.

There are no new general government borrowings; the projected deficit in 2005-06 can be funded from cash accumulated from previous budget surpluses.

And this Government still achieves our policy of a budget surplus over the economic cycle.

Mr Speaker, I commend the Budget to the Assembly.

