



Australian
Capital Territory
Budget
2020–21



Driving Canberra's Recovery
Budget Speech

Structure and Content of the 2020-21 Budget Papers

The 2020-21 Budget is presented in two papers and a series of agency Budget Statements.

Budget Speech

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

Budget Outlook

The Budget Outlook summarises the 2020-21 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government.

Details of the projected 2020-21 Budget results are provided, as well as background information on the development of the 2020-21 Budget, including economic conditions and federal financial relations. It also provides an overview of the Territory's infrastructure investment program and details of the 2020-21 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.



We acknowledge the Traditional Custodians of the ACT, the Ngunnawal people. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

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Enquiries about this publication should be directed to the Chief Minister,
Treasury and Economic Development Directorate.

GPO Box 158, Canberra City 2601

<http://www.act.gov.au/budget>

Telephone: Access Canberra - 13 22 81



2020-21 BUDGET SPEECH

Driving Canberra's Recovery

9 February 2021

Introduction

Madam Speaker, today's Budget continues the fiscal and economic response delivered by the Government during the COVID-19 public health emergency.

It is a Budget delivered under difficult circumstances, but one which has a simple purpose: to deliver what we promised the people of Canberra; and to drive Canberra's recovery from the COVID-19 pandemic.

This Budget sets out how we will help grow the ACT's employment base with investments to support existing industries and grow new ones.

We will fund a strong infrastructure program with significant investments in health, transport, education and training.

We will continue our response to the pandemic with funding for public health management and the vaccine rollout.

We will begin initial works to further expand our walk-in health centre network, used by thousands of Canberrans every month.

We are funding new schools and upgrading existing ones.

And after meeting our 2020 renewable energy goals, including 100 per cent renewable electricity, and reducing net emissions by 40 per cent, we are taking the next steps towards a zero net emissions future.

Overview

The COVID-19 pandemic has posed the greatest economic and health challenge to the ACT since self-government. Within weeks of the start of the pandemic in Australia, over 10,000 jobs were lost in the ACT.

The impact of this crisis has not been evenly distributed, with the effects being felt more intensely across hospitality, tourism, and higher education – some of the ACT's biggest employment sectors.

The Government was there to quickly bolster our health system and support the ACT economy with a series of Economic Survival measures throughout 2020 – measures that protected thousands of local jobs.

We acted on expert advice to reduce the risk of COVID-19 spread; and when it was safe to do so, we carefully re-opened the economy. Our investment totals \$4.9 billion – providing relief to households and businesses, protecting jobs and supporting our public health system.

This spending and the revenue forgone was necessary.

The Government is determined to invest to avoid an even bigger loss of economic output and jobs.

Government financing costs have never been lower, so now is the time to invest in the social and economic infrastructure that will prepare our city for the future.

Never has the role of Government been clearer: to respond quickly, to invest, to support our most vulnerable, and to protect and shape the local economy through the recovery period.

Economic and fiscal projections for the ACT

Madam Speaker, the ACT has maintained the lowest unemployment rate, and one of the highest economic growth rates, in the nation.

In August 2020, we were the first Australian jurisdiction to provide our estimated fiscal position over the full forward estimates.

Today I can update these figures and confirm that the ACT's fiscal position has improved by around \$500 million over the coming four years, including a \$300 million improvement in this fiscal year.

We also forecast economic growth at an average of 2.7 per cent a year over the next four years, reflecting our jurisdiction's strong economic position.

Properly funding essential government services is only possible through a stable tax revenue stream, which is why in 2012 we started a nation-leading tax reform program.

A stable tax system reduces potential revenue shocks and the flow-on risk to services. Our tax reform program is now well advanced.

We have abolished insurance duty, cut stamp duty to zero for around 80 per cent of commercial transactions, and raised the payroll tax threshold so that about 90 per cent of Canberra's businesses do not have to pay it.

We will continue to cut stamp duty and support prospective owner-occupiers to buy an affordable home.

Low population growth, due to the very low estimates for migration flows into Australia over the forward estimates period, will place constraints on the ACT's economic growth.

However, the latest data shows that the ACT's strong response to the pandemic, our success in controlling the virus, and the delivery of significant fiscal support where needed, has resulted in a strong recovery in the labour market, with employment growth even higher than expected.

Employment growth is now forecast to continue across the Budget and forward estimates at an average of 1.7 per cent.

Beyond these economic metrics, Madam Speaker, it is measures such as social equality, community safety, emissions reductions, and the ability to participate in community life that go to the quality of life for Canberrans.

That is why we are embedding the Wellbeing Framework in our policy design and decision-making as we move into the 2021-22 Budget, scheduled to be delivered in August.

The Framework will be the guiding platform by which new policies, new programs and initiatives, and future budget decisions will be developed and assessed.

Keeping Canberrans healthy

Over the past year, the Government's focus has been to keep Canberra safe from COVID-19 and protect local jobs.

Everything is predicated on the strength of our health response – a response that has, to date, worked exceptionally well.

With vaccines becoming available, this Budget will deliver the additional funding necessary to support a successful and effective rollout in the Territory.

It will be a major logistical and operational exercise, in partnership with the Commonwealth.

In addition to the vaccine rollout, we must continue to have the capability to respond quickly if the need arises. Therefore, the Government is increasing funding for the Chief Health Officer and her team; and for our COVID-19 testing facilities. This includes funding for continued staffing and operational costs for case investigation, contact tracing, medical and public health specialists, and quarantine processes.

The Government will continue construction of the Canberra Hospital Expansion, which will increase our health capacity and deliver more services for Canberrans.

Upgrades are also set to continue at the hospital to support the Territory's COVID-19 response, with work to keep pathology running 24 hours a day, seven days a week, during the public health emergency.

We will continue to build on the success of nurse-led walk-in centres and work with local communities by commencing work on four new Walk-in Health Centres and opening the Centre in Coombs.

As the pandemic unfolded there was also an increase in Canberrans, particularly young Canberrans, seeking mental health support. This Budget will increase spending on mental health services including Child and Adolescent Mental Health Services and the Adolescent Mobile Outreach Service.

Climate action – ACT will keep leading the nation

Madam Speaker, the Government has a proud track record of implementing science-based action to mitigate and adapt to climate change.

Over the next four years, Canberra will continue to be the renewable energy capital of the nation.

In the first half of this year we will support more Canberra homeowners to access the benefits of cheaper and sustainable energy through our \$150 million Sustainable Household Scheme.

Offering zero interest loans for rooftop solar panels, household battery storage, zero emissions vehicles and energy efficient electric appliances, will mean more households can make the right investments in their home. Canberrans can immediately start saving hundreds of dollars from lower energy bills, without having to pay upfront.

This Fund will be one of the most significant investments in clean energy ever in the ACT, reducing the cost of living and creating jobs for Canberra into the future.

And to make sure that all Canberrans benefit from our sustainable infrastructure program, we will establish a \$50 million five-year program to improve building efficiency and sustainability for social and public housing, lower income owner occupiers, and the lowest performing rental properties.

This Budget also sets aside \$100 million over five years to deliver the Big Canberra Battery. Canberrans will generate a significant amount of renewable energy through the Sustainable Household Scheme, and the Battery will allow us to store that energy and provide it back into the grid.

The global battery storage market is predicted to be worth \$400 billion by 2030, and the ACT is an ideal launching pad for those wanting to invest in this rapidly emerging industry.

We will partner with the community and private sector to deliver the Big Canberra Battery which, when operational, will be one of the biggest renewable battery storage systems in Australia.

This investment will generate new revenue opportunities for the ACT and improve the resilience of our distribution network.

Our investments today, along with our participation in research and pilot projects, will cement the ACT's status as a hub for renewables innovation.

Building Australia's best schools

Our city's strength lies in the lifelong education of its residents, from our youngest Canberrans through to the teaching and research conducted by our world-leading higher education institutions.

Canberra is the Knowledge Capital and the Government recognises that one of the best investments we can make, for both our economy and our community, is in early childhood education and care.

That's why we are increasing the number of weeks offered to priority families accessing early childhood learning for three-year olds, from 40 to 48 weeks per year.

We are catering to population growth in our new regions by commencing works in preparation for a new high school in Taylor, to deliver an 800-place high school by 2024. We will expand the Margaret Hendry School and deliver a new high school in East Gungahlin to open for the 2023 school year.

The Government will fund 50 full-time Master of Education (teacher librarian) scholarships over the next five years.

One of the major achievements of the last term of Government was the successful rollout of Chromebooks, ensuring every high school and college student had equality of digital access.

We will continue this important rollout as students enter high school and college every year.

And we will begin rolling out the Digital Education Equity program to provide free internet to households that need it, to ensure students continue to have access to the resources they need.

Transport investment for our city's future

The Government is building the major infrastructure our growing city needs.

Light Rail Stage 1 was successfully delivered, and we will build on that success.

This Budget funds the design work and planning approvals for the raising of London Circuit, the next step in the extension of light rail.

Federal environmental approval for the next stage of our city-wide Light Rail Network is welcomed, and a recognition of the importance of this project to the future shape of the nation's capital.

Alongside this city-defining project, the Government is working closely with the Commonwealth to deliver major road and cycleway improvements. This includes the construction of the John Gorton Drive extension, including a major bridge across the Molonglo River, continued work on upgrades of the Monaro Highway, and identifying future improvements to Canberra's South-Western corridor.

Supporting our vulnerable Canberrans

Our city, and the Government, should be judged on how we treat our most vulnerable citizens.

This Budget sets out a plan to expand social housing, and improve housing affordability, over the next four years.

We will strengthen our homelessness and housing services, including expanding the Early Morning Centre to a seven-day-a-week service, increasing emergency accommodation, and improving specialist homelessness service capacity.

We will establish, in close partnership with the Aboriginal and Torres Strait Islander Elected Body, an Aboriginal and Torres Strait Islander Community Controlled housing organisation.

And we will keep working to ensure that Aboriginal and Torres Strait Islander families have access to quality services and support that meets their cultural needs, by funding early works for the new accommodation for the Gugan Gulwan Youth Aboriginal Corporation.

Conclusion

Madam Speaker, this is a defining moment in the ACT's history.

Our actions now will determine the speed and confidence of our recovery from this global pandemic.

Our plan for the ACT, endorsed by voters last October, is set for immediate delivery: protecting Canberrans' health, rolling out the COVID-19 vaccine, taking action on climate change, protecting jobs, and supporting new industries.

In this Budget, the Government delivers what we said we would do. The Budgets that follow in this parliamentary term will continue this approach.

As I noted, a simple purpose at a difficult time; but one that will ensure Canberrans can have confidence that this city will emerge from the pandemic stronger than before.



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