



BUDGET 2009-2010 INVESTING IN OUR COMMUNITY

MEDIA RELEASE

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2009-10 BUDGET INVESTING IN OUR COMMUNITY, DELIVERING ON OUR COMMITMENTS, IN CHALLENGING TIMES

ACT Treasurer Katy Gallagher has today delivered a modest Budget which provides targeted investments in the community, maintains services and delivers on key election commitments.

“This Budget reflects the times we are in. These are challenging times, with the world economy facing its sharpest slowdown since the Great Depression,” Ms Gallagher said.

The Treasurer said the 2009-10 Budget provides a modest average annual spend of \$49 million for new initiatives. The ACT Labor Government has carefully targeted new spending initiatives to support investment in our local economy, to support jobs and to build a better city for all Canberrans to enjoy.

“Through this Budget we are planning for the future while meeting the challenges that these demanding financial times are placing on us, and we are doing so in a measured and deliberate manner.

“The package is aimed at increasing the productive capacity of the economy and continuing our investment in the community.

“It is a Budget which puts the community first and not only preserves services but makes further investments in services to meet the growing needs of the community.

“This is a time when temporary budget deficits are necessary to support growth. It is not the time for massive cuts to services or for increasing the financial burden on the community. That is why this Budget contains no new taxes,” Ms Gallagher said.

The Treasurer said once again this Budget prioritises Health with total spending of \$272 million. This includes investment in the following areas:

- \$90 million investment in the e-health capacity of Canberra’s healthcare system;
- \$51.3 million for a new community health centre at Belconnen;
- \$25.4 million over four years for acute care services;
- \$12 million boost to cancer services;

- \$12 million for initiatives to support and grow the GP workforce; and
- \$19 million over four years for mental health.

Education and the Environment are the other big areas of investment, with \$28.7 million over four years to lower average class sizes, \$43.5 million for a new high school at Harrison; and \$6.4 million over four years to fund specialist literacy and numeracy teachers for students who need additional support. \$35 million has been allocated to the Environment, with \$19.1 million for programs under the *switch your thinking!* initiative and \$13.9 million to reduce demand on the ACT's potable water supplies.

"We are also supporting investment in our community and economy through a range of initiatives such as extending paid maternity leave for ACT public sector employees."

The Budget supports a new capital works program of \$274 million in our city and infrastructure. This is in addition to the almost \$334.5 million invested in our schools and public housing through the Federal Government's *Nation Building and Jobs* Plan. It contains a further \$244 million in projects that have been allocated from our *Building the Future* fund. Altogether the Budget provides for capital spending of \$762 million in 2009-10.

"This will provide confidence and stability for the industry, and support jobs in the short term while increasing the productive capacity of our economy over the longer term," Ms Gallagher said.

"Since our last Budget, our revenue base has dropped by around \$230 million in 2009-10, and annually across the forward years due to reduced GST revenue, reduced returns on our investments, loss of income on our financial assets and the subdued activity in the housing market. This has contributed to a revenue loss of around \$1.1 billion since the last budget which equates to a loss of ten years off our investments.

"We now forecast a deficit of \$41.3 million for 2008-09 and \$82.2 million for 2009-10, with deficits continuing until 2015-16.

"These deficits are not the result of our spending initiatives but due to a range of external factors beyond our control."

The ACT Government has identified a seven year strategy to move out of deficit and developed a savings plan over the forward estimates starting with \$51 million in 2010-11, increasing to \$102 million in 2011-12 and \$153 million in 2012-13.

"Much of this will be achieved by way of a savings strategy for agencies starting in 2010-11 and wage restraint for our public sector employees.

“We could have forecast an earlier move out of deficit but we have chosen a slow, deliberate recovery strategy because we believe it’s the right approach when balancing community expectations with the resources available to us,” Ms Gallagher said.

“This Government has a proven track record of strong financial management and leadership, and has shown it can take tough decision in the best interests of the community. This Budget puts our community first.”

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