



AUSTRALIAN CAPITAL TERRITORY

# BUDGET

## 2004 – 2005



PAPER NO 1  
BUDGET SPEECH

*Presented on 4 May 2004 by Ted Quinlan MLA  
Treasurer of the Australian Capital Territory*



building our city  
building our community  
ACT Government

# Guide to the Budget Papers

## Structure and content of the 2004-2005 Budget Papers

The 2004-2005 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. It provides cross references to other budget papers to assist readers in locating details of specific budget measures.

### PAPER N° 3

## BUDGET OVERVIEW

Summarises the 2004-2005 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2004-2005 Budget results are provided, as well as background information on the development of the 2004-2005 Budget, including consultations with the community, economic conditions, and intergovernmental financial relations.

The *Appropriation Bill 2004-2005* is appended.

### PAPER N° 4

## 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.

### SUPPLEMENTARY PAPER

## FRAMEWORK FOR FUTURE BUDGET PRESENTATION DISCUSSION PAPER

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# ACT Budget presented on 4 May 2004

## by the Treasurer

### Mr Ted Quinlan MLA

Mr Speaker, it is my honour to rise today to deliver the 2004-05 Budget for the Australian Capital Territory - the third budget of the first Stanhope Government.

The Budget I deliver today demonstrates our continued commitment to responsible financial management into the next four years. It will complete three years of outstanding progress in the Territory.

Mr Speaker, we value many things in our lives. Those things we value most are our families, our lifestyle and surroundings, and the strength and depth of our community. We aspire to a future in which we can grow up, or grow old, in the knowledge that our standard of living will be protected and enhanced. The growth in our economy and the strength of our Budget are important for us to protect and promote our values both now and into the future.

This Budget continues to deliver on this Government's policy objectives. This Budget very clearly demonstrates this Government's commitment to our people, our economy and our surroundings. These principles are clearly identified in *The Canberra Plan* and its three sub plans, *The Social Plan*, *The Economic White Paper* and *The Spatial Plan*.

We are continuing our commitment to the quality of basic services – housing, health, education, and community safety.

And Mr Speaker, this is a budget in surplus, with no major asset sales, no new borrowings for general government purposes and no new taxes.

Mr Speaker, this Budget is a commitment to our future. Rather than delivering a typical election budget, this government has planned for, and is working towards, a sustainable future for the Territory. We have delivered on this commitment today. This is a budget based on sustainability.

Mr Speaker, the first three budgets of the Stanhope Government have encountered both positive and negative influences. There have been short-term windfall gains that cannot be relied upon to repeat themselves into the future, but have built up expectations. There have been negatives in the global influences on investment revenues and declines in Federal funding through the Grants Commission reviews. Of course, there has been the horrendous impact of the bushfire of 18 January 2003.

We have managed, and I think managed very well. And while there will no doubt be

more challenges to come, the Government feels strong, and the economy has never been stronger than it is today.

Mr Speaker, many people will remember in the lead up to the last election the predictions of economic doom should Labor be elected. Our opponents declared that Labor would “blow the bankcard” and that “blackholes” would suddenly appear in the Territory’s finances.

Well Mr Speaker, I recommend reference to the balance sheet. And I recommend reference to the accumulated initiatives of this Government. Rest assured that, in this election year, we will catalogue all the commitments we made three years ago and the record of delivery on those commitments.

Yes, we have invested in forward planning, but we have also taken action on very many fronts.

Mr Speaker, the 2004-05 Budget will be in surplus. The General Government Sector budgeted operating result for 2004-05 is a surplus of \$7.9 million.

The General Government Sector Operating result for 2003-04 is estimated to be \$92.8 million.

We continue to achieve our fiscal strategy outlined before coming to Government, of an aggregate surplus over the four year timeframe from 2002-03 to 2005-06. This Budget delivers on this strategy, with an aggregate General Government surplus of \$229.4 million.

Mr Speaker, the forward estimates do predict a deficit in 2005-2006 of \$25.9 million. This is in large part driven by changes in the timing of land sales and the method of delivery. The Budget is forecast to return to surplus in 2006-07 and 2007-08.

This Government has cemented its credentials in financial and economic management. We have proven the doomsayers completely wrong.

## Employment and the Economic Outlook

Mr Speaker, I turn now to the economy. This Budget has been framed in the expectation of a marginal slow-down in the rate of ACT economic growth this year, returning to solid rates of growth in 2004-05 and future years.

While our economy out-performed the national economy last year, our growth is expected to lag national growth for the next few years, reflecting the fact that the national economy benefits far more from improving agricultural conditions and increasing global demand for Australian exports.

Mr Speaker, the interest rate rises of late last year are taking effect. The rate of growth of household consumption in the ACT has slowed and the number of properties turned over in the ACT will fall somewhat.

The gap between the value of property turnover in the ACT and housing finance commitments has narrowed, a sign that interstate investor speculation in the property market is softening and activity in the residential market is returning to a more normal and sustainable level. Changes in our taxation regime may well stimulate further activity.

The value of building work in the “pipeline” still remains at historically high levels and the ACT construction industry will remain busy over the forecast period.

Mr Speaker, employment growth has been lower than expected this year, yet the number of job advertisements in the Canberra Times newspaper, as reported by the ANZ Bank, reached a record high in March 2004. Employers are having difficulty in filling vacancies and, with strong job growth at the national level, it continues to be difficult to attract strong rates of interstate migration.

Employment opportunities are forecast to remain strong in the Territory and will continue to test the capacity of the local labour market.

## Commonwealth State Financial Relations

Mr Speaker, the Territory will continue to receive a positive per capita share of the GST funding pool and its distribution will continue to be based on the prevailing ‘Horizontal Fiscal Equalisation’ principle.

The release of the Commonwealth Grants Commission’s 2004 Review Report on 3 March 2004 finalised a five year review of the underlying assessment methods used to distribute GST funding.

The outcome again confirmed the strong grounds for the Territory’s greater than equal per capita share, which is primarily due to our limited revenue sources relative to most other States, our diseconomies of scale, and the cost of cross-border services and national capital impacts.

The Commission’s Report recommended a decrease in the Territory’s GST relativity from 14.9 per cent in 2003-04 to 12.9 per cent above an equal per capita share in 2004-05. While the reduction is disappointing, the result represents an element of good news as the Territory will still receive \$82.5 million more than it would if GST funding was distributed on a strict per capita basis.

What is particularly pleasing is that a number of arguments put forward by the Territory to the Commission were accepted and had this not been the case, the Territory would have incurred a much larger reduction as proposed by larger jurisdictions like New South Wales and Victoria throughout the review. Those larger states have been pressing for a complete change in the methodology for redistribution of GST revenues - a change that would hit smaller states and territories very hard.

The Commonwealth, in light of majority support from the states and territories, accepted

and endorsed the Commission's relativity recommendations and agreed that the current principles for funding distribution will remain in place, even though there will be an examination of procedures. This bodes well for the Territory's future share of GST funding.

There is increasing concern among the states and territories at the increasing propensity for the Commonwealth to place conditions on grants and for federal ministers to push for cost shifting to the states and territories using growth in GST revenues as their rationalisation of the process. This amounts to the Federal Government renegeing on the provisions of the Inter-Governmental Agreement that was a prerequisite for the introduction of the GST.

## Housing

Mr Speaker, traditionally the Territory has enjoyed high housing affordability due to relatively high incomes, higher participation rate, and lower unemployment rate. However, due to the confluence of a number of factors, the housing market has experienced unprecedented sustained growth over the past few years, both in activity and prices. Ironically, high affordability due to low interest rates and high incomes has stimulated demand to such an extent that some members of our community have been excluded from home ownership.

In recent years, successive Commonwealth Governments have made significant changes in policy that will have an impact on people's ability to buy a home, pay rent, or invest in a rental property. The ACT Government, along with the other State governments, has called on the Commonwealth Government to work jointly towards the development of a national housing policy.

Mr Speaker, we continue to hope that the Commonwealth will take a lead role in this important national task, however, the recently concluded Commonwealth-State Housing Agreement does not appear to provide great comfort in this regard. Once again, funding to States and Territories has been reduced in real terms, along with considerable cost shifting to States. This is not a good signal. Public housing remains the most viable and economic housing option for some of the most vulnerable in the community.

Mr Speaker, notwithstanding this, our Government has worked hard and developed a comprehensive package of measures to alleviate housing stress. Following the Report of the Affordable Housing Taskforce, the 2003-04 Budget provided \$13.4 million to respond to homelessness, and \$3 million to enhance the community sector's capacity.

The Appropriation Bill No. 3 for 2003-04, which is in front of this Assembly, provides a further \$33.2 million for public housing, Aboriginal housing and community housing.

Mr Speaker, this Budget provides further measures in the package, at an estimated cost of \$63.6 million over four years, targeted at alleviating housing stress and improving housing affordability.

Additional funding of \$1.6 million is provided over four years for emergency accommodation, a further \$20 million over four years for public housing, and changes have been made to eligibility criteria for stamp duty concessions for first homebuyers, and reducing the tax burden on rental properties.

Recently announced changes to Stamp Duty concessions for first home buyers and to Land Tax on investment properties should contribute significantly to the capability of families to achieve home ownership and to the availability of rental accommodation.

Mr Speaker, the foregone revenue for these initiatives is estimated at \$10.5 million per annum. These are socially and economically responsible measures, and they are funded from within budget, rather than through any new taxes.

## Education

Mr Speaker, this Government has a strong commitment to Education. Since coming to Government, \$27 million has already been injected into education for projects within the school gate. This Budget provides additional funding in excess of that commitment. In 2004-05 alone, additional funding of more than \$5.2 million is provided.

A further \$10 million has also already been included in the 2003-04 supplementary appropriation bill for the first stage of the Teachers' wage negotiations, which are not yet finalised.

This Government has already implemented significant initiatives, such as the reduction of class sizes for kindergarten to year three, provided laptops for teachers, introduced youth workers in government high schools and enhanced the curriculum renewal projects.

The 2004-05 Budget allocates an additional \$22.8 million across four years to government and non-government schools.

This delivers on the commitment made in the Social Plan to lead Australia in education, lifelong learning and training, and the Economic White Paper to ensure schools are resourced to deliver ICT skills to students.

Of this, Mr Speaker, \$11m will be provided over four years to improve information technology and communication services to students and schools. This will provide for 20 new technical staff to work across the ACT's schools, freeing up the capacity of teachers and administrative staff who currently maintain IT school networks.

In addition government schools will have increased capacity, on a shared cost basis, to purchase and upgrade ICT resources including hardware, software and communications and related facilities.

Further, security and accessibility of the government school IT networks will be enhanced by upgrading websites and the introduction of a student digital pass key.

Funding is also provided for the connection of all non-government and government schools to broadband internet services.

The non-government school sector will also receive grants to the value of \$2.5m, over four years, to improve student information and communications technology.

The Budget also provides:

- \$4.1 million over four years to inject into much needed school maintenance;
- \$4.3 million over four years to enhance services for students with a disability; and
- \$1.5 million over four years to improve health services in schools.

Vocational Education and Training receives \$9.5 million over four years for the introduction of a training pathway guarantee for school leavers and additional resources to meet the increased demand for apprenticeship and traineeship places in the Territory.

## Health

Mr Speaker, this is another strong budget for Health. This Budget demonstrates the Government's continued commitment to the Canberra Social Plan objective of improving the Health of all Canberrans.

An impressive \$11.4 million over four years is provided for three additional beds in the Intensive Care Unit at the Canberra Hospital. The funding will also provide for support services. This will reduce elective surgery cancellations due to demand for emergency intensive care.

Elective surgery is also boosted with \$17.025 million over four years to add a further three surgeons onto the roster.

Capacity will be increased over the winter peak period, with \$1.260 million provided over the next four years.

Cataract and joint replacement surgery will increase by approximately 190 per annum, with \$4.153 million over four years.

The Home and Community Care program will receive \$3.384 million over four years. The program supports an increasing number of aged people to remain at home to prevent inappropriate or early admission to nursing homes. It also assists young people with a disability.

Drug and alcohol programs are boosted, with \$1.620 million over four years. This includes \$562,000 over four years to identify and implement School Education Alcohol and Drug Programs. Other initiatives include compliance testing and education regarding tobacco sales and the development of clear protocols for a case-management framework across alcohol and other drug services.

Mr Speaker, mental health is a key priority area for the Government. The Budget provides \$1.373 million over four years for suicide prevention. The Budget provides another \$624,000 over four years to the Gungahlin outreach service for child and adolescent mental health services.

Mental Health forensic services will be expanded with the establishment of a forensic community case management team. Funding of \$300,000 will support a specialist clinical management team to provide specific mental health services for clients who have been released by the courts back into the community. Magistrates will now have options outside the Belconnen Remand Centre and the Psychiatric Services Unit for some clients who have offended and are diagnosed with a mental illness.

A further \$60,000 has been provided for a feasibility study into the viability of an adolescent inpatient facility for the ACT.

The Budget also includes \$22.213 million over four years for the operation of the new sub-acute facility that is to be opened in 2005-06. The sixty bed facility also includes beds for psychogeriatric patients.

Mr Speaker, this Budget provides additional Health funding in 2004-05 alone of over \$13 million, and more than \$8 million from growth funds, to make a total of over \$21 million. And this does not include Capital Works.

Over the past three budgets, initiatives funding for Health, including growth funds, totals over \$117 million.

## Disability

The Government will commit a further \$5.75 million over four years, \$1.25 million in the first year, to support people with disabilities in the ACT. The funding will provide direct support to people with disabilities who have unmet needs and to assist them create stronger links to the community.

This Government has committed \$830,000 over four years, including \$200,000 in 2004-05, to support the implementation of the Caring for Carers Policy. The policy seeks to recognise, value and promote the role of the Territory's 43,000 carers, as well as provide timely, accessible and effective support to assist them in their caring role.

A specialist intensive care and treatment program will be established in the Territory for young people who have an intellectual disability and a mental dysfunction. This program will target young people between 17 and 25 who may 'fall between the cracks' because their disabilities have not been properly supported, and who in some cases end up before the ACT Courts and in our correctional system. Almost \$3.5 million is provided over four years to support this initiative.

Therapy ACT's autism assessment and support services will be expanded, with the focus

on an autism support service that assists families of children newly diagnosed with autism. Funding of \$1.63 million has been allocated over four years for this service.

## Our People, Our Community

In our Social Plan we highlighted our intention to ease the financial pressures facing individuals and families on low incomes. On 11 March 2004 I announced funding of \$318,000 for 2003-04 and indexed across the Budget and Forward Estimates for concessions payments for electricity, water and sewerage. This meets the cost of the introduction of full retail contestability, and increases in other utility charges.

Mr Speaker, the Budget continues this commitment, with the introduction of a streamlined energy concession that allows for a concession of up to \$189.11 per annum for gas and electricity. This gives our community choice in energy, and removes an inconsistency that has disadvantaged many of our community.

This energy concession will commence on 1 July 2004, with funding of \$3.6 million over four years provided for this initiative.

The Government will provide \$1 million in its 2004-05 Capital Works Program to construct a new community purpose hall in Palmerston. Gungahlin is the fastest growing area in the ACT, currently at 11.1% per annum, and the Government is firmly committed to developing new facilities in the district that can properly service this growth.

Mr Speaker, this Budget provides new funding of more than \$16 million over the next four years to programs aimed at increasing the quality of life for the ACT's senior citizens.

## Children and Family

Mr Speaker, the importance of our children can never be overstated. The Social Plan recognised this, in particular in two of its Flagship commitments of *Child and Family Centres* and *Caring for our Children and Young People*.

Mr Speaker, in this Budget we allocate \$45 million across five years, including 2003-04, for protecting our children. Much of this funding will provide for extra substitute care days, which have increased in both number and cost over the past four months. We will also increase the number of child protection workers to respond to the growing case-load and number of children in need.

The Government also recognises the invaluable work that foster carers do in our community. Additional funding of \$1.5 million over four years is will provide additional support for our carers.

We are also increasing resources for youth justice. Caseloads will be reduced which will improve the capacity to provide intensive case management and increase the focus on early intervention.

The Supplementary Appropriation provided funding for the Child and Family Centres. Planning for the first Centre at Gungahlin is well underway. It will provide a range of health, education, parenting and family support services.

## Indigenous Community

The situation of the indigenous community in the Territory has always been something that Labor has worked hard to improve. Mr Speaker, the Government is extremely proud to say that this Budget provides many forward thinking Indigenous initiatives, particularly around children, health and justice.

Support for indigenous students in government schools will be increased, with a further funding of \$1.6 million provided over four years. The program will enhance student engagement with learning and retention at school, with a particular focus on literacy and numeracy.

Koori preschool programs will increase to five sites with multiple sessions per site. The initiative will enhance social, emotional, literacy and numeracy development of indigenous children from birth to six years of age. Recurrent funding of \$214,000 indexed is provided to support this extension.

Recurrent funding of \$75,000 has also been provided for Jumby Mulla, an Indigenous-managed family support service in the north of Canberra, administered through Billabong Aboriginal Corporation. This will assist in providing indigenous family support services in north Canberra.

An Indigenous Foster Care service will be established to provide support to deliver positive outcomes for indigenous children in foster care. Funding of \$453,000 has been allocated over four years.

Mr Speaker, this Budget establishes the first Aboriginal Justice Centre in Australia. The centre will provide a coordinated approach to Aboriginal and Torres Strait Islander justice programs and services in the Territory through a 'one-stop shop' for justice.

Mr Speaker, in line with our commitment to integrated services to address Aboriginal disadvantage, a total of \$2.305 million over four years is provided to fund health initiatives.

## Arts and Culture

Mr Speaker, this is an exciting Budget for the Arts.

Funding of \$14 million is provided over two years for the Civic Library and Link Project.

The Arts Funding Program also receives a significant boost with \$2.4 million increased

funding over four years. This will support arts in the ACT through both multi-year funding for organisations providing key arts infrastructure, and project funding for one off activities.

Additional funding of \$4.175 million has been allocated for the construction of the Kingston Powerhouse Glass Centre. The funding will allow for the adaptive re-use of the Powerhouse as a glass centre, again supporting sustainability. A further \$1.636 million over four years has also been provided for the centre's operation.

The upcoming Budget will include funding of \$200,000 to undertake design work for an arts and cultural facility in Belconnen, and additional funding for the construction of a new library at Kippax.

## Sport and Recreation

In March this year the Government reinstated the "Women in Sport" component of the Government's 'Plan for Women' policy to provide greater support for the choices that women want to make in their lives.

As Members would be aware, in June 2002 this Assembly passed legislation to trial a scheme to encourage licensed clubs to contribute more to the benefit and enhancement of women's sport in the ACT. The trial has succeeded and the scheme will now become permanent.

The Budget provides \$1.6 million in the capital works program for Manuka Oval, which will provide improved spectator comfort with undercover seating for an additional 4,000 fans. Manuka Oval celebrates its 75th birthday this year. It remains a key facility for both AFL and cricket, hosting a large number of community and elite level events each year.

The Government continues to try to find a suitable site for the establishment of a dragway within the Territory. There are major difficulties with all potential sites, not the least being noise control regulations. Nevertheless, there has been \$8 million set aside in the Capital Budget to fund the facility once siting problems have been resolved.

Canberra's elite teams continue to receive substantial Government support, as does the very successful ACT Academy of Sport. Sport at all levels has received, and will continue to receive, operating and capital grants to ensure that sport at grass roots level continues to thrive.

The Government has introduced a program of "Actively Ageing" which has attracted very willing participants and will be extended through further funding in 2004-05. Funding of \$383,000 is provided for this purpose.

## Women

Mr Speaker, a women's budget statement is contained in this Budget. This is a result of the work of the Assembly Select Committee's Report on the Status of Women in the ACT.

Many of the initiatives announced in the Budget will have a positive impact on women, such as the major announcements in housing, health and education will directly and positively benefit many women. There are also some specific announcements.

Commencing 1 July 2005, employers who provide full-time and part-time paid maternity, adoption and/or primary care giver leave will be eligible for a payroll tax exemption. This exemption is for a maximum of fourteen weeks and applies to paid maternity, adoption and/or primary care giver leave.

The Government's commitment extends to other initiatives, such as establishing a Women's Grants Program, increasing the number of specialist breast cancer nurses, and funding scholarships for company directorship courses for women.

A feasibility study will also be completed on work-based childcare for our employees.

## Law and Community Safety

Mr Speaker, the Budget demonstrates the Government's commitment to increasing the number and range of resources available to protect and assist our community.

Mr Speaker, over the past three Budgets, this Government has provided over \$37 million on policing, for a combination of both police numbers and wages and administrative costs.

We will fund ten new police in 2004-05, and an additional ten in 2005-06 at the cost of \$7.7 million over four years. This will make a total of 40 new officers since the Government was elected.

A program of reducing property crime will address property offending with the provision of intensive responses to recidivist and high risk property offenders at a cost of over \$1.3 million per annum.

The Budget provides more fire fighters, ambulance paramedics and operational support staff, and long term funding to ensure the services are better equipped, better trained and more strategically deployed to meet the needs of the ACT community.

The Government is investing in more effective organisations, more people and more training, and proven technical solutions in a manner that builds on the recommendations of the McLeod Report.

This Government will increase the Emergency Services Budget by over \$12 million annually.

The Budget provides for the establishment and ongoing operation of a new, independent Emergency Services Authority with broad powers to protect and preserve life, property and the environment in the ACT.

The Budget supports the creation of a new Joint Emergency Services Training Academy to ensure a high and consistent capability level across the services and provides for a feasibility study and forward design of the proposed Academy.

There will be twenty four new fire fighter positions to support the ACT Fire Brigade's capability to deal with hazardous materials and Chemical, Biological and Radiological threats and twelve new positions to maintain service continuity.

In addition, the Budget provides nineteen new positions in the ACT Ambulance Service to improve response capability and reduce the need for overtime within the current service.

Mr Speaker, the Budget takes into account the important role of local residents in protecting their community. The Budget provides \$420,000 to more than double the size of the ACT Fire Brigade's Community Fire Unit program. Twenty additional units will be funded in this Budget.

## Building Our Economic Future

Mr Speaker, the 2004-05 Budget is significant for our business community.

In December last year the Government laid out its long-term economic development strategy in the form of the Economic White Paper. This strategy has been applauded by business both here and in other jurisdictions.

The four strategic themes of the Economic White Paper are:

- Supporting Business;
- Capitalising on Competitive Advantage;
- Leveraging Intellectual Assets; and
- Supportive Planning and Infrastructure.

There are 47 actions in the White Paper, each linked to the four strategic themes. Actions the Government has firmly committed to implementing. A number of key Actions have already been progressed. Others are included in this Budget.

Mr Speaker, I am delighted to announce that the Budget will provide \$14.4 million in new funding to implement key Economic White Paper Actions under the *Supporting Business* strategy.

This will be directed principally at extending and enhancing the suite of enterprise development programs on offer to the Territory's companies and institutions. Funding is

provided to the Knowledge Bank (\$8 million over four years), and to a range of programs to help grow burgeoning enterprises, and export potential.

Since inception, the Knowledge Fund has provided grants totalling \$4.2 million to 73 Territory businesses, leveraging a further \$18 million in business investment and creating 415 jobs.

Other initiatives embrace a range of support and encouragement to innovation and enterprise. They include mentoring services, an Export Growth Program, the Small Business Employment Ready Program, a Business Acceleration Program and participation in the Australia-wide Industry Capability Network.

An Office of Film, Television and Digital Media will be established as will the Office of the Small business Commissioner.

These are strong and tangible messages of commitment to our business community, and in particular to our 20,000 plus small businesses who form the backbone of the Territory's private sector.

The government has already brought forward legislation to implement commitments within our Economic White Paper. They include establishment of a Commercialisation Fund to attract investment capital and commercialisation skills to the ACT, and a grant of \$10 million to the University of Canberra to support the construction of new facilities for the School of Health Sciences.

The Government's overriding objective is to create a dynamic business environment that supports and encourages innovation and capitalises upon the competitive advantage embodied in our companies, institutions and people.

Government programs, and the stimulus and direction they provide, are an integral part of this overall environment.

## Tourism

Mr Speaker, tourism is a significant and growing contributor to the ACT economy. As noted in the Economic White Paper, around 1,000 local businesses and around 11,000 local jobs are sustained by tourism activity in our economy.

Mr Speaker, I am pleased to announce that this Budget provides the single largest continuing contribution to tourism marketing and promotion since self-government.

This Budget provides total of \$28.2 million over four years to support tourism marketing and promotion to the ACT. This includes \$12.2 million over and above the \$4 million per annum forward commitment that the Government has previously signalled.

The Government's investment in tourism is already delivering strong returns for the ACT economy.

The Bureau of Tourism Research's figures for the second half of last year show that the Territory has recorded a significant increase in domestic and international visitor numbers.

These impressive results are not just due to a general improvement in the tourism market. We have achieved these results through better targeting of key markets, such as the *Spring Into Canberra* campaign, a major autumn promotion in Sydney, campaigns in Adelaide and Perth and the introduction of the new *See Yourself In Canberra* brand.

Australian Capital Tourism's focus for the next four years will be to continue the increase in visitation by extending the roll out of the *See Yourself In Canberra* brand into new, untapped markets, and other seasonal marketing activities.

## Bushfire Recovery

The task of bushfire recovery continues. The Government's investment in responding to the January 2003 bushfire has been significant. Additional funding of \$37.9 million was provided during 2003-04 to implement the recommendations of the McLeod Report and to further support the recovery and rebuilding efforts.

The Budget provides an additional \$34.2 million to bring the Government's total funding for bushfire expenses to \$122.6 million over the five year period from 2002-03 to 2006-07.

By the end of 2003-04, it is estimated that \$87 million will have been spent.

Over and above the recovery and rebuilding programs, the Territory will reinvest the insurance returned on the forest losses to undertake \$52.5 million of works.

## Capital Works

Mr Speaker, this Budget contains an ambitious Capital Works program. This is a program to be delivered over the next three years. The value of new works is \$329.9 million.

This significant investment is balanced between ongoing maintenance of existing assets, and the provision of new infrastructure in line with community needs.

This Budget funds many exciting projects; the construction of the prison, the upgrade of the convention centre, gymnasiums for Melrose and Belconnen High Schools, and a renal dialysis satellite on the northside are to mention just a few. Funding of \$8 million is provided for the Dragway.

This program also includes significant funding for forward design projects, to allow a number of other significant projects to be completed to design stage, such as Gungahlin East Primary School and Pre School, Majura Parkway and Harrison district playing fields and pavilion.

Other projects have been augmented, such as the extension of Quamby, Birrigai, Kippax library, the ANU medical school, and the psychiatric secure unit at the Canberra Hospital.

Mr Speaker, the Traffic Congestion and Road Safety Program continues with a total of \$27 million committed in 2004-05, with Morshead Drive from Pialligo to the Airport, and the Fairbairn Avenue Upgrade to be completed in the Budget year.

## Revenue

Mr Speaker, this budget contains no new taxes.

The increase in taxation revenue expected for 2004-05 is primarily due to economic growth that in turn is partially offset by a reduction in conveyance revenue, following a return to stability in the property market.

Residential conveyance transactions in 2003-04 decreased in comparison to the high level experienced in 2002-03. Residential transactions are expected to further reduce in 2004-05, however, an increase is reflected in the estimates for 2005-06.

Mr Speaker, the total revenue from rates will be limited to that received last year, increased by 2.7% reflecting CPI. Some minor changes will, however, be made.

The rate free threshold applying to all rateable properties will be raised from the historical \$19,000 to \$21,500 in recognition of the underlying increase in property values.

The fixed charge element of the bill will increase by ten dollars, or CPI, to \$330. This will reduce, a little, the volatility associated with fluctuating property values.

And finally, the maximum limit of pensioner concession rebate will be increased from \$250 to \$305 for pensioners who have entered the scheme since 1997.

These changes will enhance equity and provide relief from the rate burden where it is most needed.

And, as I have already discussed, this Budget introduces changes to stamp duty and land tax.

## Budget Reform

Mr Speaker, the Government maintains our commitment to prudent financial management and accountability.

Mr Speaker, this Budget has not merely been about just adding to the bottom line of the budget, and to the cost base, without considering the existing level of substantial resources that are already provided to Government departments. Most agencies have been asked

to make savings in this Budget. A modest savings target of \$6.2 million will be achieved in 2004-05, rising to \$6.9 million by 2007-08. Departments will achieve these savings primarily through administrative and overhead restructuring.

The Territory's Budget Mid-Year Review was released for the first time in February this year. This budget has also been framed taking account of the changes to the Financial Management Act relating to fiscal responsibility.

The Government has responded to the request of the Public Accounts Committee to include reporting on bushfire expenditure in our quarterly reports.

Mr Speaker, I also release with these a supplementary paper today on the possible changes to the future Budget framework and presentation. This paper focuses heavily on sustainability and on how the principles of sustainability can be driven through future budgeting and reporting. This paper is released for consultation.

## Sustainability and the Environment

Mr Speaker, I am pleased to announce that the 2004-05 Budget is yet another strong Budget which continues the Stanhope Government's commitment to sustainability and the environment.

Mr Speaker, this Budget provides significant funding commitments for the sustainable transport plan. Funding of \$6 million over two years is provided in the capital works program for stage one of the Sustainable Transport Initiative. This will provide a bus corridor between Belconnen and Civic.

A further \$900,000 is provided for the Gungahlin to Civic Corridor High Occupancy Vehicles priority measures. Bike racks will also be installed in ACTION buses on inter town route services. A concept design will also be undertaken on a real-time passenger information system for the interchanges.

An additional ten express ACTION services will be initiated from selected outlying suburbs at peak hours on weekdays, reducing travel time and making public transport more attractive and effective for the community.

Mr Speaker, the Stanhope Government has a strong commitment to pursuing sustainability.

The capital program includes a Sustainable Infrastructure Program of \$4 million to supplement capital projects to enhance their environmental performance and the sustainability. Such projects may include upgrades of older schools, development of community facilities and refits of office accommodation.

We will increase energy efficiency, pursue water reduction and reuse, alternative energy

sources and other activities that can deliver cost effective enhancements and environmental performance.

The Office of Sustainability's budget will be increased by \$373,000 over the next four years. This will enhance the Office's ability to provide detailed assistance on specific sustainability initiatives including water, transport, and large infrastructure projects, and to assess the sustainability of proposals coming forward. The Office will also produce a regular report to the community on progress towards sustainability in the Territory.

Funding of \$1.2 million over four years is also provided to implement 2004 Greenhouse Strategy initiative. This supports community engagement aimed at reducing greenhouse gas emissions from the residential sector. The Energise Your Home Program will provide an energy efficiency audit service for existing houses and financial assistance with the introduction of approved energy efficiency improvements.

Mr Speaker, the Territory will use partnerships with external research organisations to bring together and promote research priorities identified as essential to conservation management and long-term recovery of ACT threatened species. Recurrent funding of \$140,000 indexed has been provided for this initiative.

Continuing the Government's effort of landscape renewal following the bushfire, the riparian habitat recovery initiative will receive funding of \$318,000 per annum for the next three years. Greening Australia will be engaged in the rehabilitation of rivers, streams and degraded drainage lines. Riparian Green Teams will be developed to focus and encourage community involvement in the renewal work.

Improved catchment management will also receive a boost, with \$816,000 over four years for better coordination of catchment management measures.

## Conclusion

This Budget, Mr Speaker, contains:

- a general government sector surplus of \$7.9 million in 2004-05;
- no new taxes;
- no major asset sales;
- no new general government borrowings;
- a budget that will maintain our triple A credit rating;
- new recurrent spending of \$96 million in 2004-05;
- a record new capital works programs of \$329.9 million, with a significant emphasis on projects that will run over the next three years;

- funds a number of major commitments from the Social Plan, the Spatial Plan and the Economic White Paper;
- an aggregate surplus of \$229.4 million over the four year cycle of our original strategy from 2002-03 to 2005-06; and
- an aggregate surplus of \$42.4 million over the four years of 2004-05 to 2007-08.

**This is a strong budget. This is a budget based on sustainability.**

**This is a Budget that is fiscally responsible and socially responsible.**

**It is a Budget that continues to deliver on our commitments.**

**This is a budget that I am proud to commend to the Assembly.**