

ACT Budget 2013-14

June 2013

On Tuesday 4 June 2013, Deputy Chief Minister and Treasurer Andrew Barr MLA delivered the 2013-14 ACT Budget, his second Budget as ACT Treasurer. The Budget, including the Treasurer's speech, is available in full [here](#).

The 2013-14 Budget main themes were building and transforming the ACT, allocating \$1.3 billion for infrastructure projects over the coming four years, including \$775.5 million in 2013-14. In addition the Budget includes expenditure of \$5.7 billion over four years for the Territory's health system and \$3.7 billion for education (excluding Vocational Education and Training) over four years.

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Main features of the Budget

The 2013-14 Budget sets out to strengthen the ACT economy and provide fairness and opportunity for all Canberrans. It provides funding for significant social reforms through DisabilityCare and the National Education Reforms and it begins investment in transformational infrastructure projects, notably Capital Metro (light rail), City to the Lake and the University of Canberra Public Hospital. The Budget has also been restructured to create capacity to fund these transformational projects over the course of the decade.

The Budget also begins funding ACT Labor's 2012 election commitments, as well as a number of the initiatives in the Parliamentary Agreement (the agreement made after last year's election to form Government with the support of the ACT Greens).

Economic Context

Despite the ACT economy and the Government's fiscal position being strong the economic outlook remains uncertain and clouded by short-term downside risks including ongoing fiscal



restraint by the Commonwealth Government, the prospect of deep public service job cuts, and subdued global growth.

The 2013-14 Budget is underpinned by a focus on fiscal sustainability and structural reform. Returning the Budget to balance in 2015-16 requires concerted effort across all areas of government. 2015-16 was the original timeframe earmarked for the return to surplus in the 2009-10 Budget Plan developed in response to the global financial crisis.

The forecast Budget Net Operating Balance in 2013-14 is a deficit of \$253.6 million.

Taxation Reform

A significant feature of the 2012-13 Budget was the commencement of long-term reform of the Territory's taxation system, the 2012-13 Budget, the Government issued *A fairer, simpler and more efficient taxation system: 5 year reform plan*.

The 2013-14 Budget continues the Government's taxation reforms, with further cuts to conveyance duty and the duty on general insurance and life insurance. It has long been acknowledged that state and territory taxes in Australia are unsustainable, and in need of reform in order for governments to continue meeting the demand for services and facilities. The ACT is the only jurisdiction to have begun such reforms.

In 2012-13 several taxes were abolished, and the phase out of other taxes began, notably insurance tax and stamp duty. Further changes to the ACT's taxation and transfer system are being introduced in the 2013-14 Budget to form part of the next step towards achieving the long-term objectives of tax reform.

The changes in the 2013-14 Budget are:

- Cutting the duty on insurance premiums by a further 20 per cent on 1 July 2013. Tax on general insurance premiums will fall to 6 per cent and the tax on life insurance will fall to 3 per cent.
- Home buyers purchasing a property valued at \$500,000 will receive a reduction in stamp duty of \$3,400 or 17 per cent, compared with pre-tax reform.
- Further reducing conveyance duty on all property transactions above \$1.65 million.

Other reform measures include:

- Increasing the First Home Owners Grant (FHOG) to \$12,500 and retargeting the grant for the purchase of new and substantially renovated properties only.
- Further expanding the eligibility and range of the Home Buyer Concession Scheme.
- Introducing a payroll tax concession for the employment of school leavers with disabilities.



Taxation Summary

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	General Tax						
324,524	Payroll Tax	325,322	347,417	7	372,771	400,352	429,548
315	Tax Waivers	1,948	161	-92	165	169	172
297,051	General Rates	291,974	338,377	16	376,262	417,300	461,805
66,488	Land Tax	69,549	72,888	5	76,268	79,731	83,281
688,378	Total General Tax	688,793	758,843	10	825,466	897,552	974,806
	Duties						
272,609	Conveyances	225,653	216,493	-4	231,908	242,975	259,846
37,158	General Insurance	44,927	35,381	-21	24,767	13,002	-
1,726	Life Insurance	2,140	1,653	-23	1,147	596	-
31,152	Motor Vehicle	29,079	29,079	-	30,068	31,090	32,147
342,645	Total Duties	301,799	282,606	-6	287,890	287,663	291,993
	Gambling Taxes						
1,548	ACTTAB Licence Fee	1,728	1,859	8	1,882	1,907	1,956
34,925	Gaming Tax	34,925	35,711	2	36,604	37,519	38,457
2,166	Casino Tax	1,900	1,943	2	1,992	2,041	2,092
12,761	Interstate Lotteries	15,000	13,825	-8	14,151	14,486	14,829
51,400	Total Gambling Taxes	53,553	53,338	..	54,629	55,953	57,334
	Other Taxes						
98,659	Motor Vehicle	100,637	105,141	4	110,661	116,518	122,626
16,380	Ambulance Levy	17,404	18,275	5	19,188	20,148	21,156
23,484	Lease Variation Charge	17,674	17,674	-	18,469	19,300	20,169
23,429	Utilities (Network Facilities) Tax	23,429	24,402	4	25,418	26,475	27,387
29,526	Fire and Emergency Service Levy	29,026	34,407	19	38,163	42,987	44,877
1,971	City Centre Marketing and Improvements Levy	1,971	1,882	-5	1,788	1,744	1,700
2,120	Energy Industry Levy	2,120	2,120	-	2,173	2,227	2,283
195,569	Total Other Taxes	192,261	203,901	6	215,860	229,399	240,198
1,277,992	Total Taxation	1,236,406	1,298,688	5	1,383,845	1,470,567	1,564,331

Health

The 2013-14 Budget provides an additional \$120.0 million over four years in recurrent funding to meet growing demand for health services. The total health budget over the next four years is \$5.7 billion (check figure).

Recurrent funding over the next four years includes:

- \$45.6 million for additional beds at the Canberra and Calvary Public Hospitals.
- \$33.0 million to improve access to elective surgery for patients on the public elective surgery waiting list.
- \$12.0 million for expanded emergency medicine at the Canberra Hospital and rapid assessment services at the Calvary Public Hospital.



- \$6.3 million for increased neonatal, foetal and paediatric bed capacity of the Centenary Hospital for Women and Children
- \$9 million over four years to fund health services at the Belconnen Health Centre, including the new Walk-In Centre.

Transport

The 2013-14 Budget allocates funding to ensure further progress will be made towards meeting the goals of Transport for Canberra and making Canberra a truly sustainable and creative city. This budget provides an initial investment of \$5 million to complete early design work for Capital Metro, a light rail network in Canberra, the first stage of which would transform the City to Gungahlin corridor. Other investments include:

- \$12.3 million for the establishment of the Capital Metro Agency, responsible for the design, procurement and delivery of a light rail service between Gungahlin and the City, which is the first stage of the Territory's light rail network.
- \$24.0 million for enhanced ACTION bus services.
- \$2.8 million further support of Real Time Passenger Information for bus patrons.
- \$1.4 million for progressing the Light Rail Master Plan for Canberra.

Infrastructure

The Budget allocates \$1.3 billion for infrastructure projects over the coming four years, including \$775.5 million in 2013-14.

This will fund a wide range of new projects, including:

- \$40.8 million for clinical services and inpatient unit design and infrastructure expansion at the Canberra Hospital;
- \$8.3 million for design of the University of Canberra Public Hospital, which will provide improved sub-acute health services and health training opportunities;
- \$28.5 million for Cravens Creek and Horse Park Drive water quality control ponds;
- \$17.4 million for the ESA Station Upgrade and Relocation in South Tuggeranong to improve fire and emergency services for people in the region; and
- \$14.0 million for Canberra College Cares – A new building at the Phillip campus offering learning spaces and facilities to support young pregnant and parenting students and their children.

Significant capital investments in infrastructure of \$272 million over four years have been made including in:

- \$194 million in new capital works, feasibility and forward design.
- \$49 million for Capital Upgrades Program.
- \$25 million in new Information and Communication Technology projects.



This Budget continues the work undertaken by the Government in recent years to improve how infrastructure projects are planned, approved and managed, in order to ensure new projects are delivered on time and on budget, and meet the needs of the Territory. Changes are aimed at improving the upfront planning process for capital works.

It also includes operational reviews of four key frontline service delivery areas of Government: ACTION, Emergency Services Agency, ACT Corrective Services and Parks and City Services (within the Territory and Municipal Services Directorate).

Savings Initiatives

Although the overall Budget aims to maintain expenditure and investment in the economy, it does include some significant savings measures, mostly found in the ACT Public Service. The Public Service and agency savings initiatives introduced in this Budget total \$142.5 million over four years, and include:

- \$96.4 million over four years in general savings across ACT Government directorates achieved through reducing costs and increasing efficiency.
- \$40.1 million over four years, achieved through reprioritisation of government services.



Capital Works Summary

Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Health Directorate				
Calvary Hospital Car Park (Design)	1,300	0	0	0
University of Canberra Public Hospital (Design)	5,220	3,032	0	0
Continuity of Health Services Plan – Essential Infrastructure ¹	11,475	3,933	2,292	2,667
Belconnen and Tuggeranong Walk-In Centres	951	0	0	0
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	18,500	22,280	0	0
Economic Development Directorate				
Lyneham Sports Precinct – Central Amenities (Design)	500	0	0	0
Franklin – Community Recreation Irrigated Park Enhancement	500	0	0	0
Greenway Oval Improvements (Design)	40	0	0	0
Manuka Oval – New Spectator Facilities and Media Infrastructure	2,956	1,100	0	0
Cravens Creek Water Quality Control Pond	4,000	12,000	5,000	0
Horse Park Drive Water Quality Control Pond	3,000	4,500	0	0
Woden Bus Interchange Redevelopment (Finalisation of Design)	2,000	500	0	0
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	500	0	0	0
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	1,000	0	0	0
Kenny – Floodways, Road Access and Basins (Design)	500	0	0	0
Throsby – Access Road (Design)	1,000	0	0	0
Majura Parkway Estate Development (Design)	600	0	0	0
Stromlo Forest Park – Enclosed Oval (Feasibility)	200	0	0	0
Kingston Foreshore – Structured Carpark (Feasibility)	100	0	0	0
Coppins Crossing Road and William Hovell Drive Intersection and Road Upgrades (Feasibility)	150	750	0	0
Molonglo 3 – Hydraulic Services Concept Masterplanning (Feasibility)	300	150	0	0
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	200	75	0	0
Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)	250	100	0	0
West Belconnen – Stormwater, Hydraulic and Utility Services (Feasibility)	200	150	0	0
West Belconnen – Roads and Traffic (Feasibility)	250	75	0	0
Isabella Weir Spillway Upgrades (Feasibility)	300	0	0	0
City to the Lake Assessment (Feasibility)	800	0	0	0
Netball Infrastructure Upgrades (Design)	200	0	0	0
Melrose Synthetic Football Facility (Design)	200	0	0	0
Narrabundah Velodrome Upgrade	650	0	0	0
Co-location of Racing Codes Study (Feasibility)	250	0	0	0
Justice and Community Safety Directorate				
ESA Station Upgrade and Relocation – South Tuggeranong Station	7,847	8,589	924	0
Alexander Maconochie Centre Additional Facilities (Design)	3,000	0	0	0

Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Environment and Sustainable Development Directorate				
ACT Light Rail Master Plan (Feasibility)	400	1,000	0	0
Greenfields Planning for Affordable Housing (Feasibility)	200	150	0	0
Capital Metro Agency				
Capital Metro (Design)	5,000	0	0	0
Education and Training Directorate				
Canberra College Cares – New Building at Phillip Campus	5,000	9,000	0	0
School Infrastructure for the Future	3,345	0	0	0
Belconnen High School Modernisation – Stage 1	2,000	0	0	0
Childcare Centre Upgrades – Stage 2	2,000	0	0	0
Tuggeranong Introductory English Centre	800	1,000	0	0
Coombs Primary School (Finalisation of Design)	550	0	0	0
Community Services Directorate				
Ainslie Music Hub	1,500	0	0	0
Gorman House Multi-Art Hub	500	500	0	0
Kingston Visual Arts Hub (Feasibility Study)	300	0	0	0
More Men's Sheds	100	100	0	0
Disability Housing – Respite and Congregate Living Housing (Design)	80	0	0	0
Housing ACT				
Common Ground Supportive Housing	7,000	0	0	0
Housing for Elderly Public Housing Tenants (Design)	290	0	0	0
Housing for Older People in the Aboriginal and Torres Strait Islander Community (Design)	75	0	0	0
Territory and Municipal Services Directorate				
National Arboretum Canberra – Water Security	1,060	1,023	499	998
Red Hill Nature Reserve Remediation (Finalisation of Design)	135	0	0	0
Kingston – Wentworth Avenue Pavement Rehabilitation Stage 2 (Design)	200	0	0	0
Transport for Canberra – Real Time Passenger Information System – Passenger Information Displays and Signage	190	0	0	0
Transport for Canberra – Bus Stop Upgrades to Disability Standards Stage 3	2,000	0	0	0
Barry Drive – Bridge Strengthening on Commercial Routes	479	0	0	0
Ashley Drive – Stage 2 (Design)	775	800	0	0
Transport for Canberra – Walking and Cycling Infrastructure Stage 4 (Design)	1,673	0	0	0
Yarralumla – Canberra Brickworks Site Remediation	1,167	1,733	0	0
Local Shopping Centre Upgrade Program (Design)	360	0	0	0
Drinking Fountains and Refill Stations	80	160	0	0
Local Area Traffic Management	1,000	0	0	0
Transport for Canberra – Park and Ride Facilities (Design)	120	0	0	0
Weston Creek – Group Centre Parking (Design)	48	0	0	0
Stormwater Augmentation (Feasibility)	100	0	0	0
Canberra Institute of Technology				
Improved VET Provision in South Canberra (Feasibility Study)	180	0	0	0



Initiatives – Capital Works	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Cultural Facilities Corporation				
Lanyon Heritage Precinct Community Access Roads	300	100	0	0
Exhibition Park Corporation				
New Camping Area	300	0	0	0
Car Park Upgrade to Enhance Accessibility	120	0	0	0
TOTAL CAPITAL WORKS INITIATIVES	108,366	72,800	8,715	3,665

Note:

1. This funding includes \$3.850 million to be provided as a capital grant in 2013-14 for improvements at Calvary Hospital.

To watch Hawker Britton Director Danny Pearson talk about the Budget Cycle, [click here](#).