

ACT 2016-17 Budget

June 2016

Overview

On 7 June 2016 the Australian Capital Territory (ACT) Treasurer and Chief Minister, Andrew Barr MLA, delivered the 2016-17 ACT Budget. The main theme of the Budget is job creation and innovation.

The Treasurer's Budget speech is available [here](#).

The 2016-17 ACT Budget is available in full [here](#).

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The Budget Outlook

The Government indicated that economic growth grew to two per cent in 2015-16 with a forecast return to balanced budgets in 2017-18 and 2018-19 and surpluses from 2019-20 onwards.

The Budget outlined that more than 6,000 private sector jobs were created in the 12 months between February 2015 and February 2016 and unemployment had fallen to 4.1 per cent.

The Budget confirmed a 2012 promise to abolish taxation on insurance which will take effect from 1 July 2016.

Small and medium businesses were also provided with a tax cut with the payroll tax threshold increasing from \$1.85 million to \$2 million.

The Budget also confirmed continued cuts to the state stamp duty.

Tax Reform

In 2013-14, the Government commenced a 20-year program relating to tax reform. The reform seeks to abolish what the Government has determined as inefficient taxes, such as conveyance duty and insurance duty, with the revenue foregone replaced through the general rates system.

The 2016-17 Budget marked the end of Stage One of the tax reform program. The Government announced Stage Two of the program in this Budget, which includes:

- Insurance duties to be completely abolished from 1 July 2016;
- In 2016-17, an increase in general rates by an average of 4.5 per cent for residential properties and by an average of 7 per cent for commercial properties;
- An annual increase for the next five years of Stage Two tax reform for residential properties at 7 per cent on average; and
- General rates for commercial properties to increase by an average of 6 per cent in each year from 2017-18 to 2021-22.

The Government indicated that a business with \$10,000 of insurance premiums would save \$1,000 per year under Stage Two of the tax reform program.

Infrastructure

The Government committed \$2.9 billion in Infrastructure spending over the forward estimates. This has two significant components which include:

- \$2 billion for expenditure under the (2016-17) Infrastructure Investment Program; and
- \$763 million in capital works associated with the construction of the Light Rail – Stage 1 and the ACT Law Courts Facilities, to be undertaken as public private partnerships.

The Government indicated the implementation of The Capital Framework and The Partnerships Framework would see the ACT Government partner with the private sector to deliver cost effective funding and delivery of infrastructure in the ACT.

The 2016-17 Budget includes a \$345 million Infrastructure Investment Provision over the forward estimates which includes (but is not limited to):

- Australia Forum;
- Better Public Transport for Woden and Weston Creek – New Woden bus depot;
- Better Public Transport – Integrated bus and light rail ticketing – One Ticket, One Fare, One Network;
- Better Roads – Airport road network improvements; and
- Reforming Emergency Services – Better fire fighting capability in Tharwa village.

The Government also committed \$248 million in 2016-17 and \$493 million over the forward estimates for the Government's Urban Renewal Program. The Urban Renewal Program focuses on better provision of public housing, services and improved access to community and leisure activities. Public housing has been prioritised as part of the Urban Renewal

Program with funding of \$192 million in 2016-17 and \$393 million over the forward estimates allocated in the Budget for approximately 1,300 new homes.

Climate Change and Water

The Government indicated that the ACT would have 100 per cent of its power sourced from renewable energy by 2020, resulting in a predicted reduction of emissions in the ACT by 2.5 million tonnes.

The Government announced a \$6.5 million package which would focus on addressing climate change issues. The funding includes (but is not limited to):

- \$2 million in grants for low-income households to assist with the uptake of solar energy;
- \$200,000 to deliver actions contained in the ACT's Climate Change Strategy;
- \$625,000 for the continuation of Actsmart programs to encourage businesses to shift towards sustainable energy options;
- \$3.5 million to extend the Energy Efficiency Improvement Scheme to assist households to become more sustainable; and
- \$150,000 for research to identify best practice to overcome barriers and inform policies promoting the uptake of electric vehicles.

As part of an \$11.3 million investment package towards water quality, the Treasurer allocated \$2.3 million over four years for the ongoing operation and maintenance of water quality projects in Canberra's six catchments – Fyshwick, Lake Tuggeranong, Lower Molonglo, West Belconnen, Upper Molonglo and Yarralumla Creek.

Health

The Government announced \$1.6 billion in funding towards improving health services, and providing more doctors and nurses. This is a record spend for the ACT, accounting for almost one third of the entire ACT 2016-17 Budget.

The funding includes improvements to infrastructure and service delivery such as:

- \$100.5 million to upgrade and maintain facilities at Canberra Hospital, Calvary Hospital and other health buildings;
- \$7.3 million to establish a new clinical genomic service in order to develop personalised medicine for patients;
- \$2.4 million to build accommodation to support people with mental health issues and an assist in recovery;
- \$1 million to plan for and improve health information communication technology;
- \$360,000 to investigate options for a new city health centre;
- \$5.3 million to deliver two additional special care nursery beds and eight new health staff at the Centenary Hospital for women and children; and

- \$1.3 million for an extra 300 endoscopic procedures each year.

Transport

The Government has allocated an investment of \$2.6 million towards improving the ACT public transport system. The funding package includes (but is not limited to):

- \$2.2 million over two years for organisation reform towards improving business capability and systems;
- \$150,000 to establish a Transport Innovation Fund that will involve government collaboration with the community, researchers and external partners to explore innovative public transport opportunities and support start-up companies focused on delivering new transport initiatives;
- \$260,000 over two years to deliver a bus fleet strategy that ensure an efficient, modern and integrated bus network.

Social Services and Support

The Government outlined an ACT-record investment of \$21.4 million towards to addressing and preventing family violence issues.

The new family violence funding includes initiatives such as:

- \$3 million for a full-time Coordinator-General for Family Safety and a dedicated safer families team. The Treasurer said this team would lead a whole of government effort, in collaboration with the community to improve outcomes for victims of family violence.
- \$2.5 million to establish a team to analyse and provide advice to child protection services as they undertake their complex work to support vulnerable children and young people;
- \$1.5 million to implement law reform that will include broadening the definition of family violence to include economic and emotional abuse;
- \$1.2 million for translating and interpreter services at ACT Law Courts;
- \$770,000 for training frontline staff in order to better identify family violence and provide assistance to people at the first point of contact; and
- \$50,000 to develop a tool for information sharing across government and non-government services to better protect the wellbeing and safety of children and families.

Education

The Budget included an allocation of \$1.16 billion in the ACT education system, towards improving infrastructure, and providing schools with funding to assist in individual student needs.

The funding includes (but is not limited to):

- \$1.1 million to support the provision of special needs transport to and from Canberra schools for students with disabilities;
- \$300,000 to strengthen Ngunnawal culture and history in schools by encouraging schools and students to engage with traditional owners, improve access to Ngunnawal cultural resources and increase cultural awareness; and
- \$250,000 for school modernisation planning to respond to the future needs of public schools.

Further Information

The Treasurer's Budget speech is available [here](#).

The 2016-17 ACT Budget is available in full [here](#).

The 2016-17 ACT Budget Media Releases are available [here](#).