

2023-24 Australian Capital Territory Budget

On June 27, 2023, Chief Minister Andrew Barr presented his 13th Budget Statement as the Treasurer for the Australian Capital Territory.

During his budget announcement, the Chief Minister emphasised that the budget prioritised health, housing, and addressing cost-of-living challenges while working towards the ACT's goal of achieving net-zero greenhouse gas emissions by 2045.

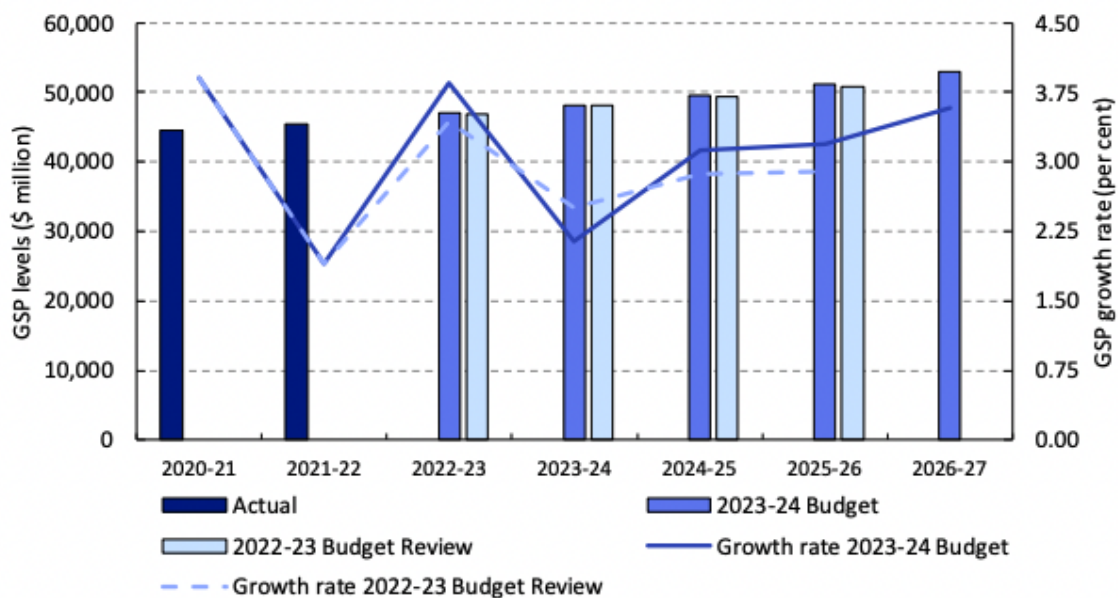
The ACT is one of the fastest-growing jurisdictions in the nation and thus, the budget places an increased focus on investing in infrastructure.

To view the complete 2023-24 ACT Budget Papers, please click [here](#).

For more information on the ACT Budget please contact your Hawker Britton consultant Simon Banks at sbanks@hawkerbritton.com or on +61 419 638 587

Budget Outlook

Figure 2.2.5: Forecast GSP levels and growth rates, comparison with the 2022-23 Budget Review



Sources: ABS National Accounts: National Income Expenditure and Product: CMTEDD estimates.

The ACT economy has proven resilient in 2022-23, growing by an estimated 3¼ per cent.

Despite the recent strong growth in the ACT economy and low unemployment rates, it is expected that rising interest rates and cost-of-living pressures will continue to have a dampening effect on household spending and business investment in the short term.

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The ACT's unemployment rate was 2.9 per cent in April 2023 and growth in Gross State Product is expected to be 3¼ per cent in 2022-23.

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) is forecast to be in deficit by \$442.7 million in 2023-24, improving each year to a surplus of \$212.1 million by 2026-27.

The revised net operating cash position for the GGS in the 2023-24 Budget is a deficit of \$6.5 million, compared to a \$96.1 million surplus at the time of the 2022-23 Budget Review.

GGS net debt as a percentage of Gross State Product (GSP) is expected to be 13.6 per cent at 30 June 2024, consistent with the 2022-23 Budget Review estimate of 13.3 per cent, and lower than the 2022-23 Budget estimate of 14.1 per cent.

Total revenue is expected to be \$177.5 million higher in 2023-24, and \$1.095 billion over three years from 2023-24 to 2025-26, compared to the 2022-23 Budget Review.

Total expenses are expected to be \$339.4 million higher than forecast in the 2022-23 Budget Review and \$929.5 million higher over the three years to 2025-26.

Table 1.1.1: Economic parameters, 2023-24 Budget, baseline forecasts, percentage change

	2022-23 Forecast	2023-24 Forecast	2024-25 Projection	2025-26 Projection	2026-27 Projection
ACT					
Gross State Product ^{1,2}	3¼	2¼	3	3¼	3½
State Final Demand ^{1,2}	2¼	1¼	2¼	2½	3
Employment ³	2¼	2	2	2	2
Wage Price Index ^{3,4}	4	3¼	3½	3½	3¼
Consumer Price Index ³	5	3¼	2¼	2½	2½
Population ³	2¼	2¼	2	2	2
Australia					
Gross Domestic Product ^{1,2,5}	3¼	1¼	2¼	2¼	2¼

Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Accounts; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; National, State and Territory Populations; CMTEDD estimates; 2023-24 Commonwealth Government Budget.

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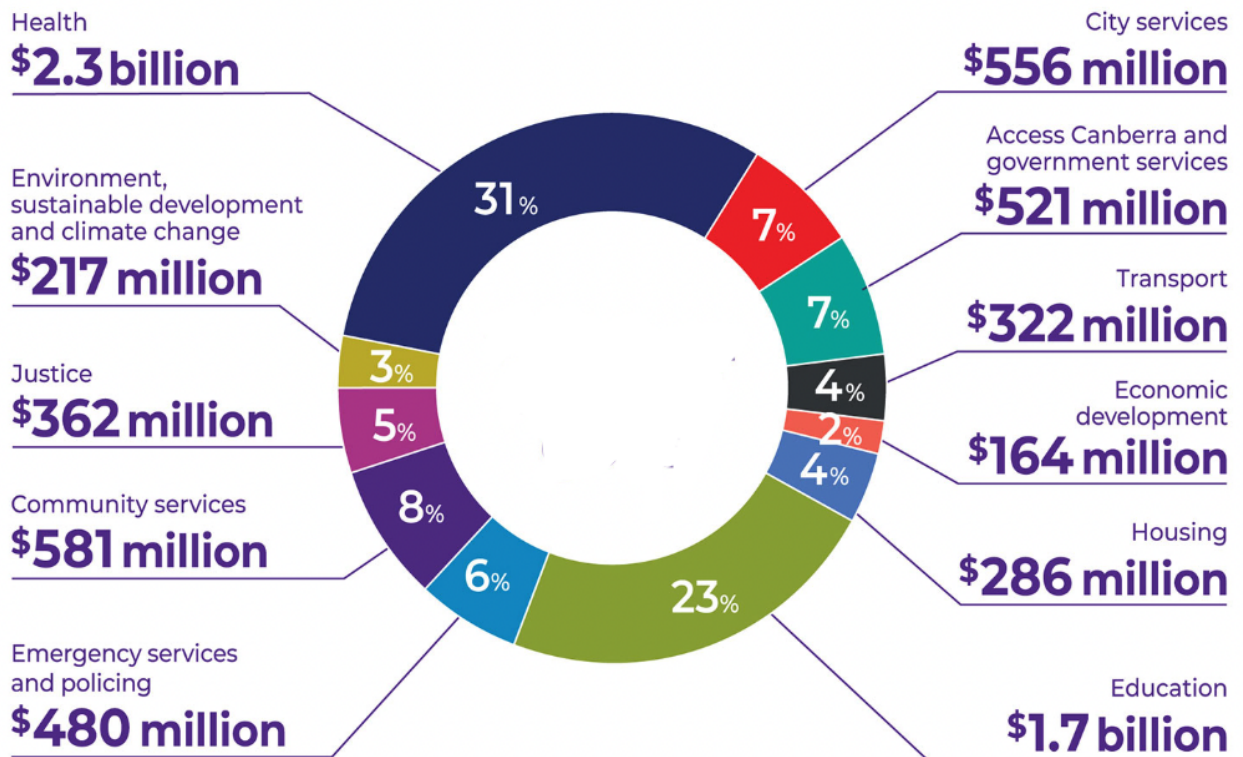
Government Relations Strategy

Table 1.1.2: General Government Sector Headline Net Operating Balance (\$m)

	2022-23 Budget	2022-23 Estimated Outcome	2023-24 Budget	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Revenue	7,079.1	7,324.4	7,691.4	8,162.1	8,630.8	8,960.2
Expenses	7,780.2	7,988.5	8,353.2	8,559.2	8,742.4	9,020.8
Superannuation return adjustment	218.1	172.1	219.1	235.7	253.6	272.8
HEADLINE NET OPERATING BALANCE	(483.0)	(492.0)	(442.7)	(161.5)	141.9	212.1
Net cash from operating activities	(92.5)	248.7	(6.5)	220.6	599.6	712.1
Net debt (excluding superannuation)	6,524.9	5,814.2	7,252.1	8,503.0	9,628.2	10,617.2
Net financial liabilities	11,415.7	11,231.8	12,461.7	13,496.1	14,391.1	15,123.9

Note: Numbers may not add due to rounding.

2022-23 Budget Breakdown



Source: ACT Budget Papers

Infrastructure

The \$8.2 billion ACT Infrastructure Investment Program (IIP) consists of \$6.5 billion of investment in the GGS and \$1.7 billion of investment by Public Trading Enterprises over the next five years.

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The IIP forecasts expenditure of \$1.6 billion in 2023-24 and \$8.2 billion over the five years to 2027-28 for infrastructure in the ACT's key priority areas of:

- Health
- Education
- Public housing and urban Renewal
- Community participation and services
- Transport
- Climate action

The GGS Capital Works Program has five main components.

New capital works: \$271 million in 2023-24 and \$1.0 billion over the five years to 2027-28. The program includes new projects approved in the 2023-24 Budget for physical infrastructure and ICT.

Better Infrastructure Fund (BIF): \$84 million in 2023-24 and \$372 million over the five years to 2027-28. BIF provides funds for improvements to existing infrastructure which extend the useful life or improve the delivery capacity of existing physical assets.

Works-in-progress: \$1.2 billion in 2023-24 and \$2.7 billion over the five years to 2027-28 for projects that commenced prior to 2023-24.

Central capital provisions: \$2.3 billion over the five years to 2027-28. These provisions set aside funding for significant capital works projects for which budgets or other details are yet to be settled, or which are commercially sensitive.

Capital delivery provision: Net zero impact over the five years to 2027-28. The capital delivery provision (CDP) is applied to the total GGS Capital Works Program including provisions. The CDP indicatively re-profiles approximately 30 per cent of the investment program in 2023-24 and 28 per cent of the program in 2024-25 into the last three years of the program.

Health and Mental Health

The 2023–24 Budget provides an additional **\$540 million** in funding for health and community wellbeing initiatives.

This brings expenditure on health and community wellbeing to \$2.3 billion in 2023–24 and funding for health and community wellbeing infrastructure projects to more than \$350 million in 2023–24.

The 2023-24 Budget encompasses funding for a range of initiatives, including:

- **\$124.8 million** over four years to boost the workforce and resources for the new Critical Services Building at Canberra Hospital
- **\$64.2 million** over 2023-24 and 2024-25 for the detailed design of a New Northside Hospital

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- **\$49.7 million** in 2023-24 to support the transition of services at the North Canberra Hospital from Calvary Healthcare to Canberra Health Services
- **\$49.0 million** over three years for the redevelopment of the Watson Health Precinct.
- **\$30 million** to expand mental health services
- **\$16.8 million** over four years to design and construct a new community-based health service in South Tuggeranong
- **\$15.8 million** over four years to expand paediatric services
- **\$15.5 million** over four years to design and construct a 12-bed palliative care ward at Canberra Hospital
- **\$13.5 million** to support the delivery of elective surgeries in 2023-24
- **\$11.3 million** over 2023-24 and 2024-25 to upgrade critical communications infrastructure across Canberra Health Services campuses
- **\$9.8 million** over four years to implement the critical recommendations of the LGBTQ+ Health Scoping Study

Cost of Living

The budget includes **\$213 million in targeted support** for households facing cost of living pressures, including:

- **\$37.8 million** over four years to provide additional support to 43,000 low-income households facing escalating living costs
- Establishment of the **\$11.5 million Future of Education Student Equity** fund to provide direct financial support to Canberra families experiencing financial vulnerability

Housing

The 2023-24 Budget includes over **\$345 million in additional funding for housing measures**.

Initiatives include:

- **\$265 million to strengthen social housing assistance**. This funding can be further divided into the following components:
 - \$177.1 million for Housing ACT operations, repairs and maintenance.
 - \$55.9 million to deliver 140 new public housing dwellings.
 - \$20.0 million over four years for the continued expansion of specialist homelessness service capacity.
- The establishment of the **\$60 million Affordable Housing Project Fund** to expand the social and affordable housing stock in the ACT.
- **\$11.0 million** over four years to invest in due diligence and investigations to support **land release** focused on the short-to-medium-term;

Jobs and Economic Growth

An additional **\$93 million** over four years has been allocated to strengthening the public service.

The 2023-24 Budget also includes an additional **\$49 million** over four years to expand the economy. This includes:

- **\$11.4 million** to support the growth of the ACT's tourism industry and visitor economy
- **\$7.8 million** to support local start-ups and innovators through additional funding to the CBR Innovation Network

Environment and Climate

The 2023-24 Budget includes over **\$133 million in new funding for climate action:**

- \$85.1 million to commence a whole-of-government gas-to-electric asset replacement program
- An additional \$80 million to extend the Sustainable Household Scheme
- \$7 million over 2023-24 and 2024-25 to continue core activities to support emissions reductions, living infrastructure targets and energy affordability;

An additional \$54 million has been allocated for the protection of Canberra's environment. Initiatives include:

- The implementation of the Urban Forest Act 2023
- **\$20.8 million to enable continued recycling services** for the ACT and infrastructure upgrades at the Mitchell Resource Management Centre
- **\$8.2 million to continue the Healthy Waterways** project to address high-priority water quality problems in the ACT

Community

The 2023-24 Budget provides more than **\$144 million** in new funding over four years **for community support and social inclusion**, including:

- **\$69.2 million** to:
 - Deliver enhanced therapeutic residential care
 - Establish the role of Chief Practitioner to oversee all practice development, training and quality improvement for the child protection and family support sectors in the ACT
 - Establish an External Merits Review process for child protection decisions
- **\$37.8 million** to provide additional support to low-income households facing escalating living costs
- **\$15.0 million** over four years to increase funding to community sector organisations to reflect the recent Fair Work Commission Annual Wage Review by adjusting the Community Sector Indexation rate to reflect the impact of the Award wage increase
- **\$8.9 million** to continue the development of electronic gaming machine harm reduction measures.

An additional **\$161 million in new funding for emergency services**. New initiatives include:

- **\$74.3 million** to enable the recruitment of an additional 126 ACT Policing personnel by 2027-28
- **\$18.4 million** to continue the implementation of the ACT Ambulance Service's comprehensive Modernised and Sustainable Service Plan to ensure more responsive and patient-centric service delivery
- **\$6.2 million** to improve facilities for ACT Policing and to assess future accommodation needs;

The 2023-24 Budget provides an additional **\$177 million** over four years for community infrastructure, including:

- \$29.5 million for a range of upgrades and rectification works across the Government's community and government-building portfolio
- \$28.4 million for a new Gungahlin Community Centre
- \$25.5 million for streetscape upgrades across the City Precinct and at Dickson shops to improve access and walkability

Other initiatives include:

- **\$98 million** in additional funding for transport
- **\$21 million** in additional funding over four years to support Aboriginal and Torres Strait Islander people in the Territory.
- **\$41 million** in new funding for the justice system and human rights reform
- **\$20.0 million** over a span of four years, aimed at expanding services for domestic and family violence while also supporting initiatives for the prevention and response to sexual violence.
- **\$7.4 million** over four years in funding for arts and culture,

Education

The 2023–24 Budget provides **\$400 million in additional funding** over four years to support education and skills.

This brings expenditure on education and skills to \$1.7 billion in 2023–24 and funding for education and skills infrastructure projects to more than \$360 million in 2023–24.

The 2023-24 Budget includes:

- Funding to construct a new college in Gungahlin
- **\$56.1 million** over four years to deliver three-year-old preschool
- **\$49.7 million** over four years to modernise Telopea Park High School
- **\$21.9 million** over four years for infrastructure upgrades across Canberra schools
- **\$39.6 million** over four years to reduce workload pressures for teachers and address recommendations from the Teacher Shortage Taskforce

- **\$38.1 million** over five years to upgrade CIT's information and communications technology systems;

Revenue Measures

Total revenue is expected to be \$177.5 million higher in 2023-24, and \$1.095 billion over three years from 2023-24 to 2025-26, compared to the 2022-23 Budget Review.

Significant movements in forecast revenue in 2023-24 and over the forward estimates include:

- Higher Commonwealth grants of \$30.8 million in 2023-24 (\$191.1 million over three years to 2025-26) mainly due to Commonwealth grants related to Energy Bill Relief, Food Waste for Healthy Soils, Sustainable Household Scheme and road-related infrastructure grants.
- An increase in interest and investment earnings of \$69.9 million (\$209.7 million over three years) due to higher interest rates on cash at the bank and increased investment balances;
- Forecast interest earnings of \$11.4 million (\$33.7 million over three years) related to earnings on the ACT Civil and Administrative Tribunal trust fund
- An increase in estimated GST revenue of \$165.4 million in 2023-24 (\$579.3 million over three years) is largely due to an increase in the ACT's GST relativity. In addition, changes to the GST pool and small changes in the ACT's share of the Australian population also contributed to this increase.
- An increase to the rate of the Betting Operations Tax (BOT) from 20 per cent to 25 per cent from 1 July 2023 raising \$31.8 million over four years
- An increase in the Utilities Network Facilities Tax (UNFT) rate by 2.5 percentage points above the Wage Price Index for the year ending 31 March 2024 raising 4.9 million over four years.
- The introduction of a payroll tax surcharge for large businesses raising \$71.2 million over four years
 - The Government will also provide \$5 million in funding for increased payroll tax compliance activity.
- Increasing the owner-occupier (off-the-plan) conveyance duty concession property price threshold from \$600,000 to \$700,000, from 1 July 2023 raising \$16.7 million over four years
- Updating the codified Lease Variation Charge to specify the maximum number of dwellings permitted on a residential lease raising \$22.4 million over four years