



2025-26 Australian Capital Territory Budget

25 June 2025

On Tuesday 24 June 2025, Australian Capital Territory (ACT) Treasurer Chris Steel MLA delivered the 2025-26 Budget. This is the first Budget delivered by Chris Steel following his appointment to the role of Treasurer post the ACT elections in October 2024.

The Budget outlines the Government's plan to support Canberra's growing population through investments in health, housing, education, infrastructure and community services, while charting a path to fiscal sustainability.

Despite a significant deficit of \$1.11 billion in 2024-25, the Budget forecasts improvement to a \$425 million deficit in 2025-26 and a return to surplus by 2027-28.

Key revenue measures, including a new Health Levy and expanded payroll tax base, aim to address cost pressures without undermining essential services. Economic conditions remain strong, with low unemployment and robust wage growth supporting the Budget's recovery strategy.

The 2025-26 Budget can be found [here](#).

The Treasurer's Budget Address can be found [here](#).

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Budget Outlook and Fiscal Target Outcomes

The headline budget deficit for 2024-25 is estimated at about \$1.11 billion, reflecting the impact of soaring health costs and economic supports in recent years. In 2025-26 the deficit is projected to reduce to \$425 million, and the government forecasts a return to a small surplus by 2027-28 as fiscal balances improve each year over the forward estimates.

The Budget forecasts a Headline Net Operating Balance (HNOB) deficit of \$424.9 million in 2025-26, following further investment in the public health system, before returning to a surplus of \$47.9 million from 2027-28 and growing in 2028-29 to \$330.6 million. The Territory's HNOB as a share of GSP is consistent with other states and territories over the forward estimates.

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

	2024-25 Budget	2024-25 Estimated Outcome	2025-26 Budget	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Revenue	8,145.8	7,873.9	8,928.2	9,435.4	9,787.0	10,273.5
Expenses	9,000.8	9,255.1	9,608.9	9,813.2	10,034.7	10,260.8
Superannuation Return Adjustment	230.9	267.3	255.9	275.1	295.7	317.9
HEADLINE NET OPERATING BALANCE	(624.1)	(1,113.8)	(424.9)	(102.8)	47.9	330.6
Net cash from operating activities	24.2	(339.7)	(63.0)	191.1	382.0	820.3
Net debt (excluding superannuation)	8,870.0	9,278.0	11,001.8	12,626.1	13,229.5	13,637.5
Net financial liabilities	14,396.4	15,148.8	16,459.4	17,546.4	17,818.2	17,914.8

Note: Numbers may not add due to rounding.

The ACT economy provides a solid backdrop for this budget. Gross State Product (GSP) is forecast to grow 3.25% in 2025-26, outpacing the national outlook, thanks to robust employment and wages growth.

Canberra's unemployment rate is the lowest in Australia, and inflation is forecast to ease into the target band over the coming years.

With this favorable environment, the Government argues that “[now is the time to] get the Budget on a more sustainable footing” by reining in the deficit. To achieve fiscal consolidation, the budget includes new revenue measures and restrained expenditure growth rather than sharp cuts.

Key revenue initiatives include a \$250 annual Health Levy on all property ratepayers and a broadening of the payroll tax base (lowering the threshold to businesses with \$1.75 million in payroll, down from \$2 million).

General rates will also rise by an average 3.75%, with higher increases for high-value properties, alongside modest hikes in various fees and charges (parking fees, vehicle registrations, certain license fees) to boost revenue.

At the same time, the budget contains targeted relief for vulnerable households (detailed under Cost of Living below) to ensure equity is maintained.

Overall, the 2025-26 Budget strategy aims to stabilise the Territory's finances over the medium term - returning the HNOB to surplus by 2027-28 - while continuing to invest in services and infrastructure for a growing city.

Key Budget Indicators

Table 3.8.1: Net debt (excluding superannuation) (\$m)

	2024-25 Estimated Outcome	2025-26 Budget	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
2024-25 Budget Review	9,043.8	10,592.4	12,010.7	12,819.1	n/a
2025-26 Budget	9,278.0	11,001.8	12,626.1	13,229.5	13,637.5
Net debt to GSP (%)	15.8	17.7	19.1	18.9	18.4

Table 3.8.2: Net financial liabilities (\$m)

	2024-25 Estimated Outcome	2025-26 Budget	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
2024-25 Budget Review	14,400.3	15,492.7	16,539.0	17,066.3	n/a
2025-26 Budget	15,148.8	16,459.4	17,546.4	17,818.2	17,914.8
Net financial liabilities to GSP (%)	25.8	26.5	26.6	25.4	24.1

Table 3.8.3: Net worth (\$m)

	2024-25 Estimated Outcome	2025-26 Budget	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
2024-25 Budget Review	20,486.1	20,366.1	20,343.3	20,413.1	n/a
2025-26 Budget	20,006.3	19,572.7	19,367.4	19,318.0	19,506.8
Net worth to GSP (%)	34.1	31.5	29.4	27.6	26.3

2025 – 26 Budget Commitments

The 2025-26 Budget delivers a range of policy initiatives and investments across key areas to address Canberra's priorities. Major themes include an unprecedented boost to health services, measures to expand housing supply and affordability, assistance with cost-of-living pressures, and sustained investment in infrastructure and transport. In addition, the budget provides improvements in education, community services, and climate initiatives. Key commitments in each area are outlined below.

Health

Health is the centerpiece of the 2025-26 ACT Budget, with a record \$1.196 billion investment to expand health services and meet rising demand. Healthcare accounts for roughly one-third of all Territory spending, as the system copes with higher costs, an aging population, and catch-up care deferred during COVID.

To fund this, the budget introduces a new \$250 Health Levy on households (added to annual rates bills) which is expected to raise over \$200 million in four years. The levy proceeds will help support a suite of health initiatives so that Canberrans can access timely, high-quality care "when they need it".

- Record \$1.19 billion investment in health.
- New \$250 Health Levy to support public hospital and community health funding.
- Major initiatives:
 - \$102.5m to expand elective surgery capacity (70,000 additional surgeries by 2030).
 - \$80m to improve patient flow and discharge processes.
 - \$27m for chronic disease management and \$23m for virtual care.
 - \$23m to operate the Eating Disorders Residential Treatment Centre.
 - Health infrastructure:
 - Planning for new North Canberra Hospital.
 - Expansion of Canberra Hospital and new community health centres.

Housing

Addressing housing affordability and supply is another key priority in the 2025-26 Budget. The ACT Government has set an ambitious target to enable 30,000 new homes by 2030, including 26,000 homes over the next five years. To accelerate this, the budget delivers a \$145 million housing package and a multi-pronged strategy to boost supply, support affordable housing, and continue tax reforms in housing:

- \$145m housing package.
- Goal: 30,000 new homes by 2030; 26,000 over next five years.
- Key measures:
 - \$20m boost to Affordable Housing Project Fund (total now \$100m).
 - \$12.5m for Build-to-Rent developments.
 - Expansion of Affordable Community Housing Scheme (250 to 1,000 properties).
 - Stamp duty concession threshold raised to \$1.02m.
 - Rent Relief Fund and rental bond assistance extended.

Cost of Living

While much of the budget repair task falls on broad-based revenue measures, the 2025-26 Budget does provide targeted cost-of-living relief for those who need it most. Lower-income households and vulnerable Canberrans will see continued assistance to help with utilities, rates and everyday expenses, even as many general taxes and fees increase. Key cost-of-living measures include:

- Targeted relief alongside new levies and rate increases.
- Measures include:
 - Utility Rebate increased to \$800/year.
 - Pensioner rates rebates maintained.
 - \$1.5m Food Bank Fund over three years.
 - Rental and funeral assistance programs boosted.
 - Expansion of Meals in Schools program (free meals in five schools).

Infrastructure

The ACT Government continues to invest heavily in infrastructure to support Canberra's growth and improve liveability. The 2025-26 Infrastructure Investment Program totals \$1.8 billion in the coming year, and \$8.1 billion over the five years to 2029-30, spanning projects in health, transport, education, housing, and cultural facilities. This pipeline of projects is geared toward economic recovery (creating jobs and business opportunities) as well as meeting the needs of a growing population in a planned, sustainable way. Key infrastructure commitments and projects include:

- \$1.8b capital program in 2025-26; \$8.1b over five years.
- Major investments:
 - Health: new hospitals, upgrades and new community centres.

- Education: new schools, Fraser Primary modernisation, CIT Woden campus.
- Transport: light rail stages 2A and 2B, 30 new electric buses, upgraded bus services.
- Urban renewal: new Aquatic Centre, Convention Centre, sports grounds.

Transport

Building a better, safer, and more sustainable transport network is a major focus of this budget. The ACT Government is investing in both public transport improvements and active travel infrastructure to encourage Canberrans to move around in cleaner and more convenient ways. In 2025-26, new funding is delivered for buses, light rail, roads and cycling paths, with an emphasis on safety and accessibility:

- \$37.4m package for bus services and safety.
- Initiatives include:
 - New electric buses and weekend service expansions.
 - Transit Safety Team and driver protection upgrades.
 - \$299m for Light Rail Stage 2A; \$50m for Stage 2B planning.
 - Active travel: Garden City Cycleway, footpaths, safer crossings.

Education and Skills

The budget continues to invest in education and skills development, recognizing the importance of quality education from early childhood through to vocational training. Overall education operational spending will be about \$1.9 billion in 2025-26 (around 22% of the Territory's budget), with additional capital spending on school infrastructure as noted earlier. Key education and skills initiatives in 2025-26 include:

- \$1.9b in operational spending in 2025-26.
- Key programs:
 - \$29.8m for CIT Cloud Campus.
 - \$1.4m for Try-a-Trade program.
 - \$3.3m for free school camps.
 - Support for teacher workloads and universal 3-year-old preschool.

Environment and Climate

The 2025-26 Budget makes some adjustments to climate and sustainability programs in light of fiscal pressures, while still funding initiatives to advance the ACT's environmental goals. The ACT remains committed to its target of net-zero emissions by 2045 and 100% renewable electricity (already achieved), but this budget scales back a few generous incentive schemes now that uptake of clean technology has grown. Key points on environment and climate measures:

- Incentives recalibrated amid fiscal pressures.
- Key changes:

- EV stamp duty exemption ends 1 Sep 2025; emissions-based rates introduced.
- Sustainable Household Scheme loans now 3% interest (was 0%).
- Solar panels removed from zero-interest scheme.
- \$15.8m for home energy efficiency, support for vulnerable households.

Community Services and Safety

The budget contains important initiatives to support community wellbeing, inclusion, and safety, particularly for vulnerable groups. These measures span support for the community sector, justice and policing, and programs to reduce disadvantage:

- \$10m funding boost for community organisations.
- \$13.2m for out-of-home care.
- \$37.3m over four years for family and sexual violence initiatives.
- \$113m to boost ACT Policing pay and staffing.
- New Aboriginal Community-Controlled Organisation Capacity Building Fund.

The 2025-26 ACT Budget is an expansive program aimed at positioning Canberra for the future while dealing with present challenges. It seeks to balance the books gradually through new levies and savings, even as it makes historic investments in health care, accelerates housing development, and builds the infrastructure of a growing city. Canberrans will see tangible benefits from this budget – more hospital capacity, new housing and transport options, and targeted relief for those who need it – but they are also being asked to contribute a bit more to secure the Territory’s long-term financial health. Overall, the budget paints a picture of a city on a sustainable growth path, with the ACT Government betting that today’s investments and tough choices will pay off in a stronger, fairer Canberra in the years ahead.

Further Information

For more information, please contact Hawker Britton’s Director [John Jarrett](#) on +61 434 384 745.

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