



**Canberra
Business
Chamber**

2018 ACT Budget BUDGET SUMMARY



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ACT Budget 2018-19 Key Points

- Total ACT Government expenditure for 2018-19 is \$5,818.2m, up by 4.5% from \$5,566.2m in 2017-18.
- Total ACT Government revenue for 2018-19 is \$5,671.1m, up by 4.6% from \$5,424.1m in 2017-18.
- A total of \$363.9m in new expense initiatives over four years.
- A total of \$309.8m in new infrastructure and capital initiatives over four years.
- A net operating balance of \$36.5m in 2018-19 is expected, up from a revised surplus of \$31.9m in 2017-18.
- The Budget is expected to remain in surplus over the forward estimates.

Economic Context

- The global economic outlook continues to improve, with the growth of Australia's trading partners revised upward by 0.25 points to 4.25% for 2018 through to 2021.
- The Australian economy is expected to continue to grow strongly, up by 2.75% in 2017-18, rising to 3.0% in 2018-19 through to 2021-22.
- The ACT economy is expected to moderate its growth down from 4.5% in 2017-18 to 3.5% in 2018-19, remaining at that level through to 2021-22.
- The ACT's inflation rate is forecast to remain at 2.25% in 2017-18 and 2018-19, rising slightly to 2.5% over the period to 2021-22 – still within the RBA's target band.
- Wage growth in the ACT is expected to remain at 2.25% from 2017-18 to 2018-19, rising to 2.5% through to 2021-22.
- Employment and population growth in the ACT will slow from recent highs: employment growth falling from 3.0% to 2.0% in 2018-19, easing to 1.5% over the long term; while population growth declines from an expected 1.75% in 2018-19 and 2018-19, back to its long-term average rate of 1.5% by 2021-22.

Budget Highlights

Budget initiatives impacting on businesses in the ACT include:

Community Services

- \$20.8m over four years for a range of community service measures.
- \$23.8m over four years for environmental and suburban renewal initiatives.
- \$8.0m over four years for accommodation-related assistance, including \$6.5m for homelessness services.

Taxes & Levies

- From 1 July 2018, the stamp duty for commercial properties worth \$1.5m or less will be abolished, as part of the ACT Government's previously announced Tax Reform Plan.
- From 1 July 2018 Payroll Tax will rise by 6% and Land Tax will rise by 8%.
- From 1 July 2019, the First Home Buyer's grant and stamp duty for new homebuyers will be abolished.
- Rates for residential houses will rise by 7%, and rates for units will rise by 10%, on average in 2018-19.

Business Development & Support

- \$19.1m over four years for red tape reduction, including improvements to the Access Canberra one-stop shop and a One-Stop Café initiative designed to streamline dealing with the ACT Government when lodging applications.
- \$9.75m for the Priority Investment Program to support innovation in key industry sectors such as cyber security, e-government, defence tech, and renewable energy tech.
- \$5.6m over four years to fund a Policy Innovation Team which will be responsible for the ACT Government's red tape reform agenda.
- A one-off grant of \$5m establishing a Screen Industry Development Fund to invest in commercial screen productions in Canberra.
- \$6m to extend the Actsmart Programs, giving businesses the tools to manage increasing utility costs.
- Revitalisation of the City, including \$5m to build better footpaths, verges and public spaces in the CBD; \$500,000 to continue events and installations in the CBD and surrounds; and \$90,000 for the planning and design of micro-parks.



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Tourism

- \$7.6m over four years to boost local events such as Enlighten, Canberra Day celebrations, SpringOUT and the Canberra Writers Festival.
- \$2.4m over three years to expand Canberra's events calendar, including a new Canberra Arts Biennial, a new festival focusing on innovation, design, culture, coding and gaming, as well as a return of the Windows to the World event in partnership with local embassies.
- \$2.1m over four years for strengthening promotion of Canberra through Brand CBR.
- \$2.0m over two years to continue support for the Major Events Fund to attract significant new events and exhibitions to Canberra.
- \$1.6m to support the Woodlands and Wetlands Trust to construct an ecotourism learning centre at Mulligans Flat Woodlands Sanctuary.
- \$1.1m over two years to fund a business case for a new Canberra Theatre Complex.
- \$374,000 over two years to plan and design a new mountain bike trail as part of the Cycle Tourism Strategy for the ACT.

Transport & Infrastructure

- \$10m for further design work on Light Rail Stage 2, including a light rail stop at Mitchell.
- \$2.5m for enabling works to support delivery of Light Rail Stage 2.
- \$8.4m over four years to construct safer intersections in Belconnen.
- Funding for the duplication of William Slim Drive from Ginnindera Drive to the Barton Highway, and for early planning and design on the extension of John Gorton drive as well as a bridge across the Molonglo River.
- \$1m for early planning and design of a new teaching and learning complex on the Reid CIT campus, as part of the CIT Campus Modernisation Strategy.

Comment

As expected, the 2018-19 ACT Budget delivers a responsible economic plan that focuses on community service, city livability, and responds to the demands of a growing population. Business support for growth industries and new investment in tourism is welcome.

Critically, continuation of Brand CBR, city rejuvenation, support for new events, and planning for a new theatre complex will assist in increasing city vitality and attracting visitors. The elimination of stamp duty for first home buyers and purchase of commercial premises under \$1.5m represents a continuation of the ACT Government's Tax Reform Plan.

It is pleasing to see Stage 2 of the Light Rail network includes plans for the Mitchell stop. Actsmart programs aimed at reducing the burden of rising utility prices will further help local businesses in managing the cost of doing business.

Initiatives which foster Canberra's livability underpin retention and attraction of the workforce, however, a coordinated and cohesive infrastructure plan is needed to realise the vision of the Chamber's 2030 Destination Plan.