

**‘State of the Territory’ Business Address delivered by Chief Minister Andrew Barr on 9 May 2019**

We gather at a time of uncertainty in the national and international political and economic outlook.

Between the coming federal election, ongoing tensions in the international trade arena, signs that housing markets in some parts of Australia are deflating, and the big structural shifts occurring in key sectors like financial services, energy and retail, there is a lot happening.

Here in the ACT we have been fortunate to experience considerably more political and economic stability.

Strong population growth and ongoing investment is contributing to continued economic growth above our long-run average; our housing market is relatively steady and we continue to have the lowest unemployment rate in the country.

A little under a month from now, I will hand down the 2019 ACT Budget. This will emphasise that while we are not immune to the risks on the horizon, the ACT’s economic fundamentals are strong and we are well placed to face any challenges that lie ahead.

It’s been one of the more interesting Budgets I’ve prepared in my time as Treasurer, in the shadow of the federal election.

A change of government would significantly benefit the ACT, as Labor has committed their support for major projects such as Stage 2 of light rail to Woden, new hospital infrastructure and upgrades, and better community facilities.

Because Canberra is growing, we need to keep building for the future by investing today.

Having a federal Government that wants to be an active participant in this work would be far preferable to one that consistently talks this community down as 'the Canberra bubble'.

Beyond the economic frame, we are well advanced on delivering the big agenda we promised Canberrans at the last election.

A few weeks ago, we started services on the first stage of Canberra's light rail network, linking the CBD to our fastest growing region.

More than 77,000 trips were taken on Light Rail during the first week of operation, adding to the 290,000 journeys taken on the new bus network over the same period.

This shows there is strong appetite in this community for faster, cleaner and better connected public transport that provides a real alternative to the car.

For the sake of clarity, those figures represent journeys taken. The overall number of boardings numbered just over 500,000.

With Stage 1 up and running, we are now turning our focus to Stage 2, which I'll say a little more about in a moment.

We are on track to buy renewable electricity equivalent to 100 per cent of our electricity needs by 2020.

Nine of the ten supported renewable electricity generators have started delivery to the ACT, with the final generator to start on the first of October.

While the federal government has spent six years studiously avoiding action on climate change, we've spent that time getting on with the job of transitioning Canberra to a cleaner future.

Work is well underway on revitalising our town centres, with the ACT Government's investments in better public spaces, community facilities and connectivity in Woden,

Tuggeranong, Belconnen, Gungahlin and the City being matched by major new private sector investment.

Our tourism sector is booming thanks to the arrival of direct international flights and more new investment from overseas and interstate. We are experiencing very strong overnight domestic visitation along with record breaking international visitor nights. Our overnight visitors are also spending record amounts in our destination, putting us firmly on track to meet our target of \$2.5 billion by December 2020.

And, of course, we are delivering a record pipeline of major infrastructure investments that generate work for local companies and more good jobs, including the major expansion of the Canberra Hospital through the SPIRE Centre, new and expanded schools, and new roads to better connect our growing regions.

All of these initiatives are about ensuring Canberra keeps getting even better as we grow.

More than 420,000 people now live in the ACT and that figure is projected to grow to exceed 500,000 people by 2030.

Canberra is the hub and service centre for a region of about 800,000 people – including communities throughout southern New South Wales.

Managing that growth effectively means meeting the needs of a bigger community – for services, transport, housing and infrastructure – while protecting the special character of our regions and suburbs that makes Canberra such a great place to live.

### ***More diversity means more room to grow***

One of the reasons Canberra has been experiencing such strong population growth in the past few years is the strength of our labour market and the quality of the jobs on offer here.

We have seen significant growth in Canberra's private sector, more than 60 per cent of working Canberrans are now employed outside of the public service.

In the last four years, more than 3,000 new businesses have started up in the ACT.

With our economy becoming more diverse all the time, there are more opportunities for continued growth in good jobs and business activity than could ever be provided by the narrower base of the public service.

Our service export sectors are the stand out success stories here, in line with the Government's strategy to grow our engagement with the world and find new markets for the ACT's products.

On a per capita basis the ACT is now Australia's leader in services exports. Although we are home to 1.7 per cent of Australia's population, we account for 2.5 per cent of this country's service exports.

The international education sector is now worth almost \$1 billion annually to the Canberra economy, having grown by more than 100 per cent over the past five years.

Our tourism sector is currently the second fastest growing in Australia (just behind Tasmania) and we are experiencing near record high domestic visitor numbers and record international visitor numbers.

Recently we have seen jobs in the tourism sector growing at an annual rate of 7 per cent, which is triple the rate of jobs growth across the ACT economy as a whole.

We're not resting on our achievements here.

Having achieved direct flights into Asia and the Middle East, we are now focused on securing direct flights to China and New Zealand, as well as increasing domestic travel routes.

In education, we are working with the University of New South Wales to explore a major new campus for their Canberra operations, which would add another significant Group of 8 facility to the ACT's already-strong knowledge network.

Our knowledge ecosystem is another of the ACT's strengths as we look to create more room for economic growth through diversification.

We have clear competitive advantages in sectors like defence, cyber security, ICT, eGovernment, space, agri-tech, health, sport science and renewable energy. This is evidenced in the success of a number of innovative Canberra businesses such as *Reposit Power*, *Seeing Machines*, *Liquid Instruments*, *InstaClustr* and *IE Asia Pacific*.

Late last year, Bruce-based *InstaClustr* completed a \$20.8 million capital raising in the United States after being supported initially by the CBR Innovation Network and through venture capital arrangements underpinned by the ACT Government.

Early this year, Lyneham-based *Liquid Instruments* completed an \$11 million capital raising; and *Seeing Machines* recently moved into a new office building on Canberra Avenue to accommodate many of its now 300-strong workforce.

The ACT Government will continue backing this kind of innovation because it is a key part of our strategy for securing Canberra's future economic growth.

That is why I am pleased to announce that next month's budget will include ongoing funding for the Innovation Network to keep expanding its good work over the next four years.

This important investment comes on top of the funding currently being delivered through the Priority Investment Program – another great initiative aimed at unlocking opportunities for Canberra businesses and encouraging commercialisation.

## ***Better connections to channel growth where it works***

Pursuing a more diverse economy that has more room to expand and is more resilient to outside shocks is a big part of our plan to get Canberra's growth right.

It will also allow us to continue to provide support to those people in our community in need. Last month, we passed a major milestone in the largest public housing renewal program in the ACT's history, with 1,000 new public houses now complete.

We have also been able to invest a further \$100 million to build 200 new public housing dwellings over the next five years and renew an additional 1,000 dwellings. A strong economy is fundamental to delivering a decent quality of life for all Canberrans. Having a good, secure job, the ability to meet your family's needs, and being able to plan for the future with confidence are the basics for a good life.

But these are not the *only* things that matter.

When we talk about economic growth, we must not forget to ask the question: why? To what end do we pursue economic growth?

We must always have an eye to the kind of society we want to create. There is a lot more to living a good life than what is in your bank account or the value of your home.

Quality of life and everything that a *quality* life entails must also be considered.

Our wellbeing – both as individuals and as a community – is also determined by things like our environment, our connection to place and others, and the quality of our services and our institutions.

We must pursue economic growth with purpose.

That is why we are focused on improving Canberra's connectivity so that our city keeps moving and remains liveable as we grow.

I want to thank Canberrans for their patience while we have delivered Stage 1 of light rail and the new bus network which provides a faster, 7-day-a-week, citywide public transport system for the first time.

We understand that nobody likes being stuck in traffic during roadworks, and adjusting to a new service when you were used to the old one takes time. But the changes we are delivering through these big investments today will help Canberra avoid the congestion and bottlenecks that are a standard feature of big cities elsewhere.

We can grow and remain liveable, with short commutes and lots of options to get around – but to do so, we have to make these investments now.

That brings me to stage 2 of light rail, which will link the city with the Woden Town Centre.

This is the logical next step to deliver a north-south spine for the future light rail network, and will make a huge difference for congestion on the main southern approaches to the city like Adelaide Avenue as the Woden region continues to grow.

Many of you would be aware that getting light rail from the City to Woden presents a range of challenges that were not present in Stage 1, particularly securing agreement from the National Capital Authority and the Federal Parliament for a route through the Parliamentary Triangle.

This is what it is.

Every major infrastructure project has challenges, and we will work through those with the Australian Government and Parliament because we are determined to deliver this vital transport link.

These discussions may also take on a different tenor if there is a change of Government, given federal Labor has shown their strong support for the project by committing \$200 million towards it.

One of the steps we will take to expedite the approvals process is to now focus our efforts on a route via State Circle.

The NCA has been clear with us that the Barton route would struggle to be supported; last year's Parliamentary inquiry also clearly pointed to the State Circle route as an alternative which aligns with the original National Capital Plan and has the best chance of bi-partisan parliamentary support.

We will shortly lodge a referral for approval of the State Circle route under the Commonwealth's *Environment Protection and Biodiversity Conservation Act* and we are optimistic that this change will mean we can get on with delivering Stage 2 of light rail sooner.

While work continues on securing approval from the Commonwealth for the new route, I can announce that next month's ACT Budget will include funding for work to begin on improving the Woden Bus Interchange and layover facilities to integrate with a new stage two light rail terminus.

We have seen with Light Rail Stage 1 how good integrated public transport infrastructure can enliven and enhance communities.

Stage 2 of light rail to Woden is an important long-term infrastructure project for Canberra, it is the next major transport investment priority for our government, and it is central to our plan to deliver the city-wide light rail network Canberra will need to meet our future growth.

### ***Growing sustainably to protect what's special to Canberrans***

Most Canberrans don't know this, but even as we've been growing, our city still has one of the lowest population densities of any major city in Australia. Continually building outwards may have been ok when the city's fringes only extended as far as Belconnen and Woden, but we can't go on like that forever.

Canberrans value the unique bush and rural settings that surround our city, from the Yass Valley countryside to our north, the Namadgi National Park in the south, Tidbinbilla and the Lower Cotter Catchment to our west, and Kowen Forest in the east.

We are also fortunate to have significant nature reserves like the Bullen Range, the Jerrabomberra Wetlands, Mulligans Flat, and the Black Mountain and Mount Majura nature reserves spread throughout the ACT.

If we simply keep growing outwards the way we have in the past, urban sprawl will significantly eat into these unique bush and grasslands environments over the next twenty years.

A commitment to balancing growth with protecting and expanding Canberra's green spaces underpins our updated ACT Planning Strategy, released late last year.

Under the strategy we will deliver up to 70 per cent of new housing supply through appropriate infill locations around our town centres and transport corridors, with the remaining 30 per cent to be met through new suburban development.

This approach strikes the right balance between meeting Canberrans' needs as we grow, and protecting what makes our city unique.

In addition to being more environmentally sustainable, sensibly limiting Canberra's ongoing sprawl outwards is also more fiscally responsible. Greater urban sprawl requires significant investment in new infrastructure and amenities, increasing the costs to Canberrans.

You may not be aware that Kowen Forest/the Kowen Plateau was previously included in the long term residential settlement strategy for the ACT.

However, having considered this in the context of Canberra's overall growth, we do not believe it makes sense to pursue development there given the importance of the forest as a natural buffer and recreation zone.

Our Government will instead seek to protect and maintain Kowen Forest in its current state, and we have removed the forest from the ACT Government's future land development planning.

It is a special place that should be preserved for future generations, and we want to protect it from development.

Similarly, we have called for the removal of the "phantom highway", Monash Drive, from the Territory Plan – because we cannot countenance ever building a four-lane highway between our northern suburbs and Mount Ainslie. To do so would cut off Canberrans from the surrounding bushland that makes our city special – so we will keep fighting the NCA to reverse this absurd proposal.

These are just two examples of the way we will preserve and protect Canberra's unique bush setting and green spaces while our city continues to grow.

### ***Conclusion***

Canberra isn't like other cities – and we don't want it to be. We want it to be better.

Better connected, and more sustainable. More liveable, with great local services close to home.

Better planned, and more thoughtfully delivered – by government, business and the community working in partnership to achieve the things we all value.

Canberra's grow is an opportunity, as long as we get it right.

We're optimistic that this is possible and we've got a clear plan to achieve it. We hope you'll continue working with us and alongside us to deliver it.

Thank you.

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