Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

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Inquiry into Fiscal Sustainability of the ACT – Interim Report

ACT Government – Additional Submission

May 2026

ACT Government

Acknowledgement of Country

The Chief Minister, Treasury and Economic Development Directorate acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal and Torres Strait Islander staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

Produced by the Chief Minister, Treasury and Economic Development Directorate. Enquiries about this publication should be directed to the Chief Minister, Treasury and Economic Development Directorate.

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Introduction

The ACT Government provides this additional Submission in response to Recommendation 1 of the Select Committee on the Fiscal Sustainability of the ACT – Interim Report that was released in March 2026. A full Government Response to the Interim Report will be provided in July 2026 consistent with the usual response timeframes for Recommendations 2 and 3.

The information provided in this Submission also recognises that new and updated detailed information will be provided in the forthcoming 2026-27 ACT Budget.

Interim Report – Recommendation 1

The response to Recommendation 1 of the Select Committee's Interim Report is shown below with individual components in relation to 4(b) through to 4(h) of the Terms of Reference for the Select Committee, with the additional response to Mr Saul Eslake's Interim Report of 27 February 2026 and the S&P Global Ratings report of September 2025.

Select Committee Interim Report – Recommendation 1

> The Committee recommends that the ACT Government respond in detail and directly to the Terms of Reference 4(b) to 4(h) addressing Mr Eslake's interim report dated 27 February 2026 and the S&P Global Ratings report of September 2025, via an additional submission provided by 29 May 2026.

The Resolution sets out 4(b) through to 4(h) as seeking input from a broad range of expert witnesses to:

b) assess the performance of the Government at seeking and obtaining Commonwealth Government sourced revenue, with particular focus on health, housing and infrastructure;
c) assess the impact of the Commonwealths Grants Commission process regarding the adjustments made to the allocations to states and territories due to the constitutional inability of states and territories to tax the Commonwealth Government;
d) assess effectiveness and fairness of own source revenue, including investigating new revenue sources;
e) review the costs associated with managing and delivering government services;
f) analyse the current and proposed capital works pipeline and its alignment to Government's overall strategic priorities;
g) assess the effectiveness of the wellbeing framework at delivering on its intended objectives; and
h) any other matter related to the financial management of the ACT.

4b) Commonwealth Government sourced revenue

b. assess the performance of the Government at seeking and obtaining Commonwealth Government source revenue, with particular focus on health, housing and infrastructure

The Government continues to actively work to maximise funding for the ACT through the federal financial relations system, including seeking our fair share of funding through bilateral funding agreements, the GST distribution system and seeking the waiving of historical housing debt. While a complete stocktake of all these engagements would not be feasible in the reporting timeframes for this Submission, some selected highlights and examples are described below.

GST

In addition to the Government's submissions and working officer discussions with the Commonwealth Grants Commission on its methodological base for is distribution assessments, the ACT Government also regularly advocates strongly for the Commonwealth Government and the Australian Bureau of Statistics, to address the persistent undercount of the ACT's population and the impacts on Commonwealth GST distribution.

Since being appointed as Treasurer in November 2024, the Treasurer has written to Federal Ministers on this matter on at least five occasions. The ACT has been regularly engaged with a range of officers across the Commonwealth Government, including the Australian Bureau of Statistics through bi-monthly engagement through senior officials. The ACT Government has also been engaging with other Commonwealth agencies, including Services Australia, to explore ways to improve the Commonwealth's understanding of the Territory's population.

The ACT Government's work continues working to improve the current methodology to ascertain the population of the Territory with relevant Commonwealth agencies. This has already resulted in some improvements through the intercensal update, and further steps will be needed in coming months and years, including as better and more reliable data systems across the Federation are exploited.

Infrastructure

The ACT Government also actively seeks to maximise its share of Commonwealth funding for infrastructure projects, including through the Commonwealth's Infrastructure Investment Program (IIP) and local funding programs (for example, the Roads to Recovery program).

As part of the annual Budget process, the ACT Government raised with the Commonwealth Government relevant infrastructure priorities for the ACT, identifying opportunities for co-investment or for Commonwealth infrastructure in projects already supported by the ACT Government. Typically, investments under these frameworks relate to road and rail projects consistent with the terms of the National Land Transport Agreement.

The ACT and Commonwealth Governments have also worked together to establish the National Capital Investment Framework (the Framework) which seeks to recognise the shared ambition of our governments in supporting a strong national capital. The Framework provides an opportunity for ongoing strategic alignment between both Governments on a shared program of investment for Canberra – for the benefit of all Australians. To date, the Framework has supported Commonwealth funding for key infrastructure projects.

The ACT Government draws to the attention of the Committee additional Commonwealth investments provided to the ACT for infrastructure as part of the 2026-27 Commonwealth Budget. These include the investment announced on 11 May 2026 for Commonwealth

Government committed $50 million as a major step forward in turning long-standing plans for faster rail between Canberra and Sydney into delivery. This funding will be matched by $25 million from the NSW Government and $25 million from the ACT Government, securing a combined $100 million investment to deliver faster, safer and more reliable rail between Canberra and Sydney.

Other projects funded include $50 million for upgrades to Drake-Brockman Drive to support the Ginninderry development and West Belconnen, $4.6 million for the Molonglo Parkway Connector to support the new east-est arterial road providing access to the new Molonglo Town Centre and other investment in national institutions based in the Territory.

Health

In relation to Health matters, by way of example, the Minister for Health provided additional information on 30 March 2026 outlining how the National Health Reform Agreement commits the Independent Hospital and Aged Care Pricing Authority to review its pricing model to determine the changes that would be needed to ensure there is an appropriate adjustment to the National Efficient Price for smaller jurisdictions. Until this is complete, the government worked with the Commonwealth to provide $75 million as an interim small jurisdictions adjustment for the ACT.

Work is also continuing to bed down the arrangements reached with NSW on the funding arrangements for our health system in relation to the treatment of patients from NSW (which is also addressed under the response to Mr Saul Eslake's Interim Report later in this Submission). In terms of New South Wales (NSW) patients, the gap between the cost of providing services and the funding received for delivering activity based public health services to NSW-based patients in the ACT for 2024-25 is estimated to have been $87.9 million. For 2025-26 the gap is estimated to be $93.3 million.

Another set of recent developments include the announcement of a Medicare Mental Health Centre facility in Tuggeranong in August 2025, noting this was not formally through a federal financial agreement with the ACT Government. The ACT Government and Commonwealth Government also made further joint announcements about mental health supports in March 2026.

Other Recent Examples

The Commonwealth Government has committed $68.9 million in funding to plan, design and deliver the new Canberra Aquatic Centre in Commonwealth Park. The final scope of the facility will be subject to the development and finalisation of the business case and be informed by the Territory's finalised Aquatic Strategy.

While the ACT did not receive funding in Round 1 of the Housing Australia Future Fund (HAFF), 85 dwellings in the ACT were supported in Round 2 of HAFF, with funding flows to be received following completion. Round 3 of HAFF is still being considered.

Although public school infrastructure is predominantly the responsibility of State and Territory Governments, the ACT has an extensive pipeline of public school infrastructure investment, available at ACT Infrastructure Plan Update – Education. The Commonwealth has committed $10 million as part of the Building Early Education Fund for an Early Childhood Education and Care Centre (ECEC) at the Whitlam ECEC – Year 6 primary school.

The ACT Government has also been successful in obtaining $2.8 million in matched funding to support planning for urban renewal at the Kingston Railway Precinct through the Commonwealth's Urban Precincts Partnership Program.

The ACT has also received various amount of funding through rounds of the Disaster Ready Fund, including $6.859 million in 2023-24 with funding used to support a variety of projects including climate change ready infrastructure within Canberra's Nature Parks to allow safe passage for recreational users and emergency services personnel, flood studies and monitoring systems, and future proofing eroding landscapes and water ways to improve water quality entering the Cotter Dam.

The ACT received $7.615 million in 2024-25 with funding used to support several projects, including emergency readiness training for people from culturally and linguistically diverse backgrounds, improved resilience of Canberra's urban forest to the impacts of climate change related natural disasters, and improved flood resilience for Canberra Avenue and nearby community assets.

These are just some of the many examples of the ACT Government's efforts to secure Commonwealth funding in support of our community.

4c) Commonwealth Grants Commission

> c. assess the impact of the Commonwealth Grants Commission process regarding the adjustments made to the allocations to state and territories due to the constitutional inability of states and territories to tax the Commonwealth Government

The previous ACT Government Submission to the Select Committee set out how the ACT is compensated through the Commonwealth Grants Commission (CGC) assessments for the inability to apply payroll tax to Commonwealth entities, and it was made clear that notwithstanding the Constitutional issues, were payroll tax able to be levied, the potential net result could likely mean the ACT would be worse off after transfer adjustments.

The CGC Submission to the Select Committee outlined how constitutional exemptions are treated as constraints on revenue raising capacity that are outside the control of jurisdictions and are taken into account in GST assessments. The CGC accounts for this by excluding exempt Commonwealth activities from relevant tax bases, particularly payroll tax. While this affects all states and territories, the CGC notes that the ACT is disproportionately impacted due to its high share of Commonwealth employment, and this reduced payroll tax capacity is explicitly recognised in GST distributions.

4d) Revenue – effectiveness, fairness and new revenue sources

d. assess effectiveness and fairness of own source revenue, including investigating new revenue sources

Significant detail on the implications of cost-of-living issues and the impacts of various Government taxes and fees and related concessions are prepared as part of the annual Budget. The upcoming Budget and 2024-25 Tax Expenditure Statement will provide updated information requested by the Select Committee once final Budget decisions are settled and published in June 2026.

The Government notes that while the range of revenue bases for the ACT is narrow, and certainly narrower than some other jurisdictions with alternate diverse sources, especially in relation to resources, the Government would welcome Select Committee consideration and assessment of any new revenue bases that they consider worthy of further evaluation.

4e) Government Services

e. review the costs associated with managing and delivering government services

The Productivity Commission's Report on Government Services (RoGS) provides information on the equity, effectiveness and efficiency of government services in Australia. It represents perhaps the most comprehensive review comparing the costs of delivering government services across jurisdictions.

It provides national, comparable performance data across the main government service sectors, including:

- Child care, education and training (early childhood, schools, vocational education training).
- Justice (police, courts, corrective services).
- Emergency management (fire and emergency services).
- Health (primary care, hospitals, ambulance, mental health).
- Community services (aged care, disability, child protection, youth justice).
- Housing and homelessness.

While RoGS data enables benchmarking and comparison between jurisdictions at a high-level, the devil is always in the detail in the trade-offs that need to be made in the data collection for a report of this size across the country. While it is sometimes hard to make definitive statements in relation to specific benchmarks or inter-jurisdictional comparisons, sometimes the trends can be useful in helping Governments to prioritise their own decision-making processes.

The ACT Government as part of its extensive business case development processes as part of the annual Budget and Budget Review processes, regularly reviews the costs of inputs and the effectiveness of past programs, with a view to developing the most cost-effective new policy interventions.

4f) Capital Works

f. analyse the current and proposed capital works pipeline and its alignment to Government's overall strategic priorities

The 2025-26 Budget Review sets out the revised 2025-26 Infrastructure Investment Program in detail.[1]

The ACT Government's Infrastructure investment is guided by the community needs of Canberrans and Government priorities as articulated in the ACT Infrastructure Plan. The Infrastructure Investment Program is designed to enhance community wellbeing through economic growth, community participation and social resilience while ensuring fiscal sustainability. A key element of the program is long-term investment in once-in-a generation infrastructure projects that will support the growth of our city and future generations. Many of these projects are delivered with support from the Commonwealth Government.

The ACT Government continues to progress projects to enhance and improve Canberra's regional infrastructure alongside major programs of work including the new Northside Hospital, the construction and modernisation of public schools, Light Rail Stage 2A, improvements to Canberra's road networks and supporting the construction of social, community and affordable housing.

The timing of significant investments and the overall shape of the program are also carefully developed with both delivery capacity and fiscal capacity at the forefront.

The ACT Government makes its capital decisions and the staging of various elements with delivery and fiscal constraints in mind, framed by approaches that ensure the efficient use of public monies and consistency with broader value for money principles.

4g) Wellbeing Framework

g. assess the effectiveness of the wellbeing framework at delivering on its intended objectives

The ACT Wellbeing Framework was developed through an extensive process of community consultation over an eight-month period in 2019-20. During this time nearly 3,000 Canberrans contributed what was most important to their quality of life – including from members of our community who do not usually have the opportunity to engage with Government in their everyday lives.

The Wellbeing Framework comprises twelve domains of wellbeing, reflecting key factors that impact on the quality of life of Canberrans. Indicators are grouped under each domain and will help Government know where wellbeing is improving or diminishing in the ACT over time. Some indicators are more sensitive to short-term events or policy changes and can move relatively quickly (for example, people's perceptions and feelings of safety, or life satisfaction). Other indicators reflect structural or life-course outcomes and therefore

[1] https://www.treasury.act.gov.au/__data/assets/pdf_file/0010/3017926/2025-26-Budget-Review.pdf

change slowly, often over many years (such as educational attainment, housing security, or long-term health outcomes).

Measuring wellbeing is about having a sense of our progress around the things that matter to our quality of life and help us to live our lives well. The wellbeing indicators included in the Framework are broad enough to encompass the different facets of wellbeing, but specific enough so that we can track progress and make policy or investment decisions considering the insights gained.

The main objective of the Wellbeing Framework is to provide the ACT Government with the context and information to improve the wellbeing of people living in the ACT – now and into the future by guiding government decisions, investment and accountability toward outcomes that matter most to people's quality of life.

In practical terms, the Framework aims to:

- Put wellbeing at the centre of decision-making to ensure policies, budgets and programs are assessed not just on economic or service outputs, but on their impact on lived experience across key wellbeing domains.
- Support better, evidence-based policy choices: provide a common outcomes framework and indicators so government can track progress, understand trade-offs, and target effort where it will have the greatest impact.
- Shift focus from short-term outputs to long-term outcomes: encourage prevention, early intervention and long-term thinking, including intergenerational wellbeing.
- Improve transparency and accountability: enable clear reporting to the community on how the ACT is performing across wellbeing domains.
- Promote fairness and inclusion: identify differences in wellbeing across population groups and places, supporting more equitable outcomes and reducing disadvantage.

One of the mechanisms to achieve this is through the annual Budget process where a wellbeing perspective helps inform Budget priority areas and assists in the development and prioritisation of initiatives. A wellbeing approach seeks to modernise how government works, shifting from single-issue, directorate-based initiatives to joined-up, long-term improvements in outcomes for the communities we serve.

All matters for decision in the Budget - across areas as diverse as street maintenance, hospital funding, or building community facilities - are assessed through the lens of the 12 wellbeing domains to better understand their broader impacts. Wellbeing impacts have been a consideration in the ACT Budget process since 2020-21 with a Wellbeing Impact Assessment required since 2021-22.

In addition to the Budget process, wellbeing is also considered in the Cabinet process. Wellbeing Impact Assessments became a requirement of the Cabinet process on 1 January 2022 and wellbeing impact summaries are published alongside Cabinet decision summaries under the *Freedom of Information Act 2016*.

Embedding wellbeing impact assessments in Cabinet and Budget processes creates an opportunity to strengthen how wellbeing evidence informs final decisions over time, particularly alongside fiscal considerations.

While a formal review of the effectiveness of the wellbeing framework in delivering on its intended objectives has not been completed, an annual review of the Wellbeing Impact Assessment template is conducted to ensure it is meeting its objective to provide advice on the wellbeing impacts of proposals.

These internal reviews and revisions have been informed by feedback received from ACTPS officials drafting an impact assessment, those involved in assessing wellbeing impacts as well as in consultation with Ministers' Offices. The iteration of the wellbeing impact assessment process has happened alongside the development of capability within directorates to further enhance the assessment of impacts on our community including both upstream and downstream impact assessment.

Overall, the ACT Wellbeing Framework aligns with international best practice and is still considered to be early in implementation. Embedding a wellbeing approach fully within the business of government will take time. A wellbeing approach is not about instant fixes to longstanding policy challenges, or about quick announcements. Instead, it represents a longer-term shift in outcomes that, over time, will lead to a more equitable and inclusive Canberra.

4h) Financial Management

h. any other matter related to the financial management of the ACT

The 2025-26 Budget Review provides further details on the financial affairs of the ACT. The frameworks in place for financial management in the Territory are broad and comprehensive. There are strong checks and balances and scrutiny across the system, both external and internal.

A key component of the framework, outside of the extensive reporting arrangements under the *Financial Management Act 1996* to the Assembly, includes the role of the Auditor-General, with the Audit Office responsible for conducting independent financial and performance audits on ACT Government agencies and those entities in receipt of ACT Government funding or resources. As indicated in their annual report, the results of these audits are reported to the ACT Legislative Assembly and ACT community. Audits are, therefore, an important means of holding agencies and entities to account and encouraging them to continuously improve their activities.

The critical roles of the ACT Ombudsman and the Integrity Commission provide assurance that there is strong oversight and action taken in relation to complaints or concerns raised about the actions of ACT Government agencies and individuals. In serious matters, the Integrity Commission also represents a critical piece of the architecture with power to investigate serious and systemic corrupt conduct, maladministration (substantial mismanagement), and conduct that poses a substantial or specific danger to public health or safety, or the environment.

External scrutiny through the powers of the Assembly and bodies such as the Audit Office, Ombudsman and Integrity Commission is also supplemented with robust internal frameworks in individual entities. This includes internal reporting and accountability controls within Directorates and Agencies, and the role of the Chief Financial Officers, and the sharing of lessons and insights and solutions through the Chief Financial Officer internal networks. The internal controls are also supported by reporting to Expenditure Review Committee of Cabinet.

S&P Global Ratings

The Government continues to provide input and updates to S&P Global as part of our engagement as an issuer and will follow our usual briefing process with S&P as part of the 2026-27 Budget.

The Government notes the lowering of the ACT's long-term issuer credit rating from AA+ to AA on 5 September 2025, with the long-term rating on a stable outlook.

While the Government acknowledges the decision by S&P to reset the Territory's credit rating, we also know that Government is about tough decisions and balancing a broad range of priorities. The Canberra community expects a high level of government service provision, infrastructure investment and support through crises. We note S&Ps commentary that rising health costs are a major driver of the fiscal challenge faced by the ACT.

The ACT Government stands by its record investment in once in a generation infrastructure that will be used by generations of Canberrans. From new schools to the new Critical Services Building at the Canberra Hospital to transport infrastructure across our growing city.

We also stand by our record of supporting the community through COVID and the inflationary period that followed.

The ACT Government's fiscal strategy outlines a pathway back to a positive cash operating balance and a surplus over the forward estimates.

It is critical the Assembly engages with the Budget reality of the Territory and acknowledge that tough choices are being made and need to continue to be made, while still undertaking key investments in the infrastructure we need.

The AA credit rating, and long-term rating with a stable outlook, continues to signify a very strong capacity to meet financial commitments and a very low risk of default. S&P recognised the ACT has strong financial management by global standards, a very high-income economy and exceptional liquidity.

The Territory's Debt to GSP ratio has remained around the average of the Australian States and Territories. The ACT, Victoria and Tasmania have the same AA credit rating. NSW and Queensland have AA+ ratings but remain on negative outlook.

The Government notes that while an issuers cost of funds are impacted by a range of factors, such as global central bank interest rate settings, the outlook for global economic growth, geo-political risks, bond liquidity, and credit ratings, we will continue to operate a sound fiscal approach to our public finances.

Mr Saul Eslake’s Interim Report

The Government welcomes Mr Saul Eslake’s Interim Report (Interim Report) and notes it presents a number of high-level findings and some more immediate recommendations for consideration.

A number of the findings in the Interim Report identify the challenges of managing expenditure against a relatively narrow revenue base. The Interim Report does also acknowledge the unique features of the ACT in having expenditure responsibilities attached to both State-level functions, as well as municipal services, which carry a significant need for capital expenditure and ongoing recurrent expenses.

Health

The Interim Report highlights issues that are well understood in relation to the difficulties of providing high quality health services and low scale compared to other jurisdictions.

The Government reiterates that the ACT functions as the tertiary referral centre for the surrounding region and this has implications for the ACT expenditure base when compared to our own population base.

For example, expenditure per person estimates, drawn from the Productivity Commission Report on Government Services, do need to acknowledge the presence of the treatment of NSW patients. The Minister for Health has previously stated to the Select Committee that the reality is that for 20 per cent to 25 per cent, and sometimes higher, of some of our most expensive acute services like intensive care, trauma intensive care and cancer services result from patients coming from New South Wales, because Canberra Hospital is the tertiary hospital for the wider region. As the CEO of Canberra Health Services indicated, the financial true-up between jurisdictions does not cover the cost of provision by the ACT nor does it reflect significant capital investment in public hospital infrastructure that is largely borne by the Territory Government.

Another important point to clarify in relation to the Interim Report, is in relation to private health insurance. While we do have a higher level of private health insurance membership we have a low level of private health insurance use. The Minister for Health advised the Select Committee that this is for multiple reasons: we have the lowest proportion of services in the nation capped with no gap—so just over 70 per cent below the national average of more than 85 per cent; we have the highest gap payment where a gap is paid—an average of $382 compared to a national average of $277; and we have the highest cap payment across all services—of $111 compared to the national average of $39. These factors, taken together result in the low usage of private health insurance and the significant gap.

As part of the 2025-26 Budget, the Government invested $13 million in a transformation program for Canberra Health Services focused on supporting more efficient care models and improved revenue generation across the public health system.

Education

The Interim Report findings point to high relative costs in the ACT. The ACT's investment in education is reflective of a number of unique aspects of the ACT's education policy settings. This includes teacher remuneration rates for public school staff, which are determined in the relevant industrial instrument. ACT public school teachers are currently among the highest paid in the country, as the ACT Government recognises the invaluable work that teachers and school leaders do every day. 53 per cent of ACT school-based teachers are currently paid at the top increment of the teacher classification. Competitive remuneration is critical in attracting and retaining graduate and experienced teachers in ACT public schools in an ongoing national teacher shortage and in the context of generally high wages in the ACT. The ACT's historical Commonwealth superannuation schemes (PSS and CSS) also contribute to higher wage costs than several other jurisdictions.

The ACT also has a maximum class size policy that limits class sizes to 21 students per teacher (up to year 3), which increases the number of teachers required to be employed in ACT public primary schools in comparison to other States and Territories. Class sizes for years 4-6 can have up to 30 students per teacher. In 2025, the ACT's student-teacher ratio of 12.8 in government primary schools was notably lower than the national average of 13.7 in government primary schools. The only jurisdictions with lower student-teacher ratios in government primary schools were the Northern Territory (10.8) and Tasmania (12.4). As reported in the 2025 Census of ACT Schools, the student-teacher ratio across all school levels in the ACT was 12.7, compared to the national average of 13.0 for government schools.

The ACT also has a face-to-face teaching hours policy embedded in the Teaching Enterprise Agreement which limits the number of hours a classroom teacher can teach to students on a weekly basis. For a new educator, this is as low as 17 hours (high school and college), and for a standard classroom teacher this is 21 hours in primary schools and 19 hours in high schools and colleges.

The ACT also uses a Student Resource Allocation model that is a needs-based funding model designed to recognise and support the specific needs of Canberran students and provide a minimum level of education to all schools, regardless of enrolment numbers (which is the primary funding methodology for public schools).

Fiscal Settings

The Interim Report also made a small number of 'immediate' recommendations. While the Government will be presenting its 2026-27 Budget shortly, these recommendations will form part of the Government's considerations for our fiscal strategy.

At a high-level, the ACT Government acknowledges that there are many different formulations of key metrics to measure progress against fiscal objectives. The use of a total cash balance metric, instead of an operating metric, would, in isolation, provide a picture of the budget that is skewed by significant and potentially one-off generational investments. There would seem to be merit in using a range of measures to capture the progress of fiscal interventions and their evolution over time, rather than a principal focus on total cash. The Government will be considering this recommendation in the context of developing future

Budgets, including the upcoming 2026-27 Budget, and in line with further recommendations from the Select Committee.

The Interim Report also recommended a cash surplus requirement be maintained until net debt for the general government sector “reduced to less than the average of all states and territories (about 15 per cent of GSP)”. The Government recognises the important of a stronger cash position and identified the importance of an operating cash surplus as a core tenet of the fiscal strategy outlined in the 2026-27 Budget.

The Government will give consideration to shaping the cash surplus objective over time. This will require consideration of the trade-offs inherent in targeting a specific net debt figure, which include expenditure demands from our health and education systems, and our capacity to contemplate any additional revenue measures on our population at any given time. Fixed targets are suitable in aggregate but they require concerted buy-in and agreement to challenging decisions on expenditure and revenue by all Assembly members.

Similarly, the suggestion of targeting specific debt levels for the Territory as a whole, will need to be formulated over a period of time, including by reference to the needs of our key Public Trading Enterprise (PTE) entities, and the inherent trade-offs of maintaining recurrent expenditure on ageing assets, versus potential new assets to address population growth over time.

Finally, the Interim Report points to a number of observations about how a cash surplus could be sustained over time, including: potentially more feasible options on the expenditure side than the revenue side of the Budget; avoiding arbitrary ‘efficiency dividends’ or ‘vacancy control’; a growth rate ceiling for aggregate spending (for example at less than the growth rate of nominal GSP); and a
more rigorous and transparent process for setting the overall level of capital expenditure, and for determining which projects are selected for funding.

While the Government is giving serious consideration to any further aggregate measures in its fiscal strategy to be outlined in the 2026-27 Budget, it is evident that aggregate measures do not in and of themselves provide the decision-making framework for individual measures, or changes in parameters. The challenge, as always, is in framing a budget that meets the needs of the community, is targeted, proportionate, and evidence-based. It also needs to enjoy the support of the Assembly and requires compromise on all sides of the debate.