

**Government response to the
Standing Committee Reports –
2020-21 ACT Budget and
the Appropriation Bill 2020-21 and the
Appropriation (Office of the Legislative
Assembly) Bill 2020-21**

Tabling Statement

Andrew Barr MLA
Treasurer

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Madam Speaker, I present the Government's response to the matters raised by the Standing Committee Reports – 2020-21 ACT Budget and the Appropriation Bill 2020-21 and the Appropriation (Office of the Legislative Assembly) Bill 2020-21.

I thank the various Committees for their analyses of the 2020-21 Budget and the accompanying Appropriation Bills, and I further acknowledge the adept assistance provided by the secretariat teams in preparation of each report.

I would also like to acknowledge the collegiate way the Standing Committees conducted the hearings, and I thank my Ministerial colleagues and government officials for their active engagement in responding to the Committees' queries.

Another contributor to this process I wish to recognise is Pegasus Economics, and I thank that organisation for providing its insights into the 2020-21 Budget, and other aspects of the Territory's financial management.

The Government respects and values the important role played by the various Standing Committees in scrutinising the proposed expenditure. In delivering the Government's response to the matters raised, I wish to detail the circumstances in which the 2020-21 Budget was developed and delivered.

As we are all too aware, the 2020-21 Budget was delivered in the context of an ongoing global health pandemic, and the Budget itself was delivered at a time when we would ordinarily have delivered a budget review.

This delivery schedule was consistent with the decision of National Cabinet in March 2020 that states and territories would delay the delivery of 2020-21 budgets, an arrangement that was subsequently endorsed by the ACT Legislative Assembly. The delay of the 2020-21 Budget until February 2021 also reflected the timing of the Territory election in October 2020.

This approach allowed the ACT Government and all other jurisdictions to focus on the immediate and pressing priorities of responding to the public health emergency and associated economic impacts.

Despite the gap of more than 18 months since the last ACT Budget was released, we continued to employ other mechanisms to ensure the Territory's population was being kept informed as to significant policy decisions and financial updates. Information was provided via a detailed Ministerial Statement in June, the August 2020 Economic and Fiscal Update, and the Under Treasurer released the 2020 Pre-election Budget Update in September 2020.

With the publication of the August 2020 Economic and Fiscal Update, the ACT became the first government in Australia to present budget forecasts that covered the full four-year forward estimate period since the declaration of public health emergencies across the country.

Across Australian jurisdictions, COVID-19 response packages have given rise to significant outlays in public finances, and coupled with revenue write-downs, budgets have been placed under significant pressure.

Our 2020-21 Budget indicates that for 2020-21 the Headline Net Operating Balance deficit is expected to be \$603 million, while net debt is expected to be \$4.7 billion. These changes in our fiscal position demonstrate the costs associated with addressing the impacts of COVID-19. Their magnitudes reflect that the pandemic is the most significant economic and fiscal shock we have faced in the Territory's history.

From each significant shock we have faced – from the Global Financial Crisis, Commonwealth reductions to GST and health funding, the Asbestos Eradication Scheme, and now COVID-19 – the Territory's budget has returned to broad balance following the introduction of stabilising initiatives, designed to buffer our local economy and protect jobs.

As indicated in the 2020-21 Budget Outlook, our return to balance will take some time, and will be a function of evolving pandemic conditions and the strength of our economic recovery; however, we expect our current positive trajectory to continue.

The recovery of our fiscal position will be gradual and consistent with the pace of the economic recovery, to ensure that high quality essential services can continue to be provided to the people of the ACT.

While we have not emerged from the pandemic unscathed, our outlook is now brighter. Acknowledging the national supply issues, we are doing everything we can to support the roll-out of vaccinations to the ACT community, with funding provided in the budget to facilitate this and other essential public health actions. It is a little over three weeks since the last recorded active case was recorded in the Territory.

More broadly, the 2020-21 Budget marks the first budget of the 10th Legislative Assembly of the ACT. It is a budget that demonstrates the Government's commitment to action its key priorities for this Assembly, which have been outlined in detail in the *Parliamentary and Governing Agreement* and include a range of areas to improve the wellbeing of Canberrans and our environment, with a particular focus on addressing climate change.

The 2020-21 Budget provided funding for many of these significant priorities – funding was included for the Sustainable Household scheme, to encourage the shift to zero-emissions vehicles, and to strengthen housing and homelessness services. Through the Budget, the Government has also clearly reaffirmed its commitment to delivering key existing projects, included those funded in the August 2020 Economic and Fiscal Update.

We are continuing work to take light rail to Woden, delivering the Canberra Hospital Expansion, continuing to build a new Canberra Institute of Technology (CIT) campus in Woden, and further expanding our program to build new and expanded public schools to meet growing demand for these services.

Our investments are also framed in the context of the prudent fiscal and debt management needed to retain the Territory's recently reaffirmed AAA credit rating.

Madam Speaker, the Standing Committee's reports contains 54 recommendations related to Budget or Appropriation Bill matters, and I will not be addressing each recommendation before you today. The Government's response fulfils this purpose.

Any Standing Committee recommendations relating to Annual Report matters will be addressed separately and later in the year, pursuant to the four-month timeframe as set out by Standing Order 254B.

In summary, the Government has:

- agreed to 25 recommendations;
- agreed in principle to 12 recommendations;
- agreed in part to two recommendations;
- noted 14 recommendations; and
- not agreed to one recommendation.

Madam Speaker, I do not consider that the Reports of the Standing Committees raise any issues that would prevent passage of the *Appropriation Bill 2020-2021* or the *Appropriation (Office of the Legislative Assembly) Bill 2020-2021*.

On behalf of the Government, I again thank the Standing Committees for their detailed scrutiny of the 2020-21 Budget and the accompanying Appropriation Bills.

I present the Government's response to the Assembly.