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Canberra Business Council Expresses Qualified Support for ACT Budget

Canberra Business Council has given qualified support to the ACT Budget handed down by the ACT Treasurer, Ms Katy Gallagher today.

“The 2009-10 ACT Budget is a reflection of a downturn in the ACT economy”, Chris Faulks, CEO of Canberra Business Council said today. “While the ACT economy has been relatively insulated, the revenue impacts of the downturn on the ACT Budget bottom line have been significant. In this context, Canberra Business Council supports the Budget’s modest annual average spend of only \$49 million for new initiatives.”

Ms Faulks commented that the reason the ACT economy has not suffered as greatly as the rest of Australia is because public sector employment is a major source of job stability in the ACT. As such, this is not the time for Governments to drastically reduce public sector employment, spending or services to deliver a balanced budget. Nor is it the time to burden businesses with new taxes and levies.

“In this economic climate the short-term focus has to be on securing existing jobs and ensuring that businesses are provided an environment in which they have the capacity and confidence to continue to employ”, Ms Faulks said.

In this relatively modest spending Budget, there are a number of initiatives which Canberra Business Council supports. These include:

- Capital works expenditure which will generate employment opportunities in the short to medium term.
- Focus on health and education initiatives.
- Initiatives directed at improving the environment and sustainability.
- Funding to improve planning and procurement policies and practices.
- Support for export-orientated businesses.
- Investment in tourism which, while relatively small, at least recognises the importance of this industry to the ACT economy.

“The Council also welcomes the ongoing financial support for the ScreenACT, the ACT Exporter’s Network and Chief Minister’s Export Awards - programs managed by Canberra Business Council on behalf of the ACT Government”, Ms Faulks said.

Ms Faulks said the Council is pleased that the ACT Government has not just funded capital works projects, but has committed modest amounts towards building a framework for Canberra’s future as the innovative knowledge-based capital of Australia:

- A \$90 million investment in an e-health infrastructure under the *An E-Healthy Future* package.
- A partnership with the Australian Information Industries Association (AIIA) for the CollabIT program.
- A \$19m Government web portal to assist households and businesses in reducing their carbon footprint as part of the *Switch Your Thinking!* program.

This is a small start however, as the economic climate improves, the Council would like to see far greater investment in innovation capability and information infrastructure. Canberra Business Council believes that the path to sustainable economic growth lies in pursuing an innovative knowledge-based economy in the ACT.



“Canberra Business Council has given qualified support for the Budget because of its concern over the magnitude and duration of the forecast ACT Budget deficits”, Ms Faulks said. “It is not so much this Budget that we are worried about but the need to claw back very large deficits in the out years beyond 2010.”

Ms Faulks commented that this concern is amplified by the fact that the 2009-10 Budget does not clearly outline how the ACT Government expects to eliminate the deficit by 2015-16.

“Given the amount of pain the ACT suffered to generate savings of \$100m identified in the 2006-07 Budget, the target of \$153m in savings over three years in the current Budget seems alarming”, Ms Faulks said. “The announced actions, which include an efficiency dividend of 1% from large agencies and 0.5% from smaller agencies; public sector wage restraint; and unspecified programs of expenditure reviews are unlikely to be sufficient to return to a balanced Budget without the need to resort to extreme measures. This situation is likely to be further compounded by steps taken by the Federal Government to bring its Budget into balance over a similar period.”

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