

# Federal budget 2008-09

## Good for the nation: tough on Canberra



By Chris Faulks  
Chief Executive Officer

The Federal Budget handed down by the Treasurer Wayne Swan on 13 May had some positives for the national economy but not a lot of good news specifically for Canberra.

There are elements in the Budget at the national level that the Council supports however there is little good news for the ACT and the Council is concerned that Canberra will bear a disproportionate burden of the funding cuts.

In relation to initiatives that have a direct impact on Canberra the plusses are:

- \$1.7 million for the ANZAC Park East proposed refurbishment;
- \$23.3 million to upgrade the Kings Highway between Queanbeyan and Bungendore;
- a commitment to the National Portrait Gallery; and
- a further investment in the new Headquarters Joint Operations Command Facility in Bungendore.

#### The minuses include:

- An estimated 1200 net job cuts across the public service in 2008-09 which will disproportionately impact on the ACT. The gross civilian job losses will be around 3,200 full-time positions but there will be 2000 new uniformed defence positions;
- An arbitrary imposition of a 2 per cent efficiency dividend on government agencies (\$1.8 billion cut over five years) which will have a serious impact on national institutions such as the National Gallery; National Museum and the National Library and the CSIRO (-\$59.8m); This will inevitably restrict the promotional and educational programs offered by the National Institutions and their ability to attract tourism to Canberra
- Cuts of \$12.8 million over five years to the Griffin Legacy Infrastructure project to redevelop Constitution Avenue; and
- A \$15.8 cut to the National Capital Authority to streamline responsibilities.
- The abolition of the \$700 million Commercial Ready program which supported innovation and commercialisation by providing around \$200million each year in grants to small and medium sized enterprises, including many in Canberra.

Overall the Budget was strong on investment in infrastructure and workforce skills but it cut nearly \$1 billion in business assistance including the Commercial Ready Program; the Building Entrepreneurship in Small Business program; the Small Business Field Officer Program; the Industries Development Program; the Innovation Ambassador Program and others. Australian

businesses will also pay over \$1billion in software Tax.

While it was disappointing that the Budget contained nothing specific for infrastructure in the National Capital, the Building Australia Fund has the potential to provide funds for projects such as a high speed rail link between Sydney and Melbourne via Canberra; a new Convention Centre in time for Canberra's Centenary; the upgrading of Constitution Avenue; and the upgrading of the Monaro Highway to the Federal Highway.

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The Budget has delivered a \$21 billion surplus and reined in expenditure growth – all of which is supported by the Canberra Business Council. But ultimately the Budget will be assessed against its success in putting downward pressure on inflation and interest rates and lifting economic capacity through investments in skills and infrastructure.

Productivity is the long term challenge for Australia. The Canberra Business Council supports policies that lift productivity including the Budget initiatives that:

- **Increase workforce participation** – especially for women and older workers such as the increase in the childcare rebate from 30 to 50 per cent (\$1.6b);
- **Address the skills shortage** – 630,000 additional training places and the Education Investment Fund (\$1.9b over five years);
- **Reduce red tape and inefficient taxes** – the major review of Commonwealth and State taxes
- **Policies that fund infrastructure to reduce blockages in productivity** – the Building Australia Fund (\$20 billion over two years), Education Investment Fund (\$11billion) and the Health and Hospital Fund (\$10 billion); and
- **An expanded and flexible migration system to attract skilled workers to Australia** (additional 31,000 skilled migration places)



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