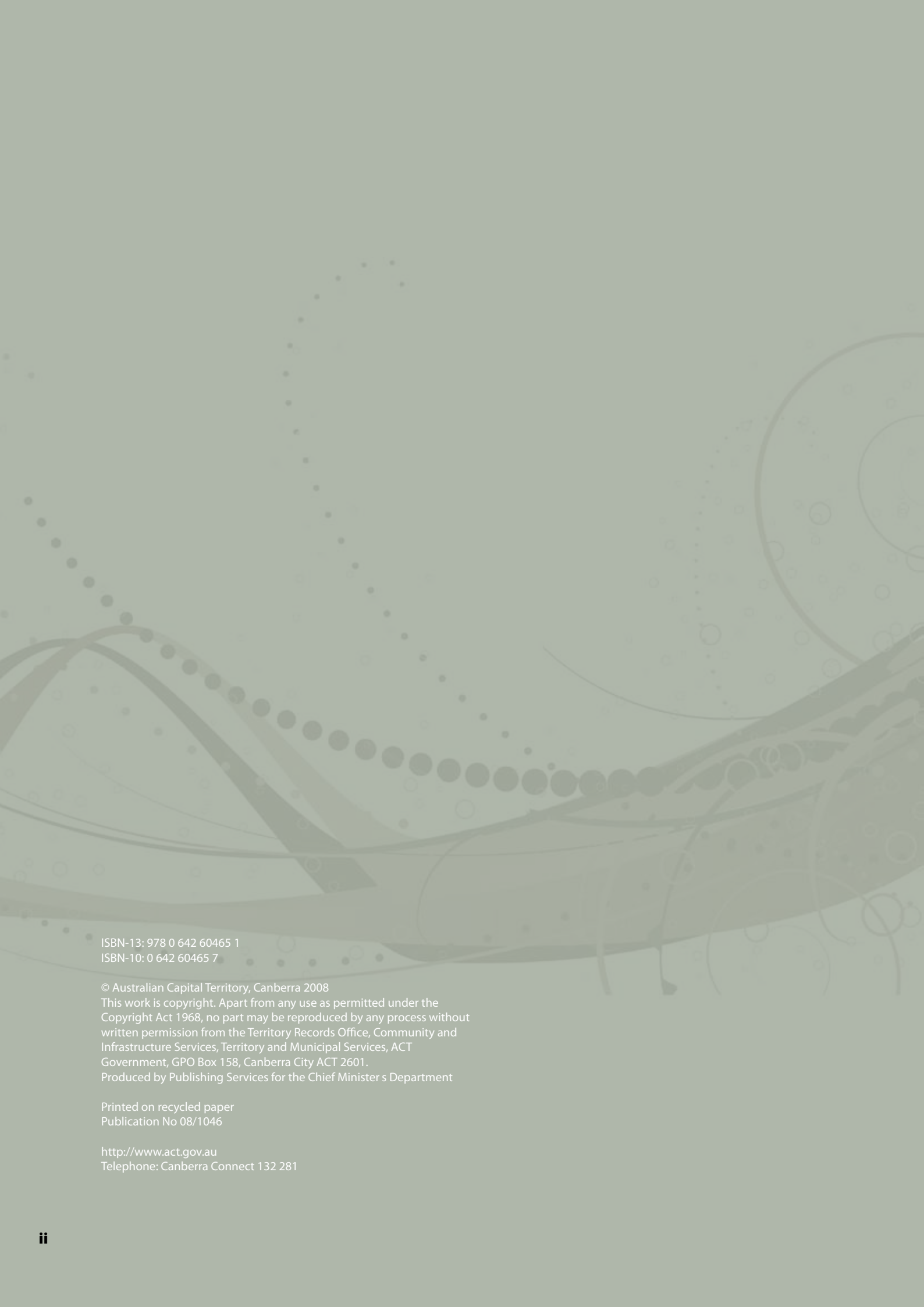


CAPITAL DEVELOPMENT

TOWARDS OUR SECOND CENTURY





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Chief Minister's Foreword

A strong and growing ACT economy is a priority for the ACT Government and at the heart of achieving our vision for Canberra as a prosperous, healthy and connected city.

The ACT Government's economic record over the past five years is enviable. We have delivered on the strategies and initiatives of the 2003 *Economic White Paper*. We have responsibly managed the ACT's budget, while maintaining high-quality services and increasing our investment in education, health and infrastructure to record high levels. We have responded decisively to challenges such as water security, skills shortages and housing affordability.

These policies have supported the great success of the ACT economy—an economy that today delivers the highest average incomes and lowest unemployment levels to the best educated community in Australia.

The record is outstanding, but the Government is determined to remain responsive to new challenges and opportunities. Among these are uncertain levels of Federal Government spending and climate change, along with opportunities created by a new era of intergovernmental cooperation and a growing international economy.

As we approach the centenary of Canberra, it is appropriate to assess the economic achievements of the last five years, and to recalibrate our economic priorities to secure our continued prosperity over the coming years.

This document, *Capital Development: Towards Our Second Century*, is the ACT Government's response to these new challenges and opportunities. It is grounded in the Government's belief in a strong and resilient economy and a sustainable, fair and prosperous future for all Canberrans.


Capital Development is a plan for a rapidly changing economic environment. It refocuses our economic policies to ensure the ACT is well-placed to respond to both challenges and opportunities. It sets out a flexible policy framework that will allow economic policies to be flexible and adaptable to future challenges and opportunities.

The strengths of the ACT economy are its skilled and motivated workforce, and its flexible and enterprising business sector. The Government's role is to enable economic activity—to create an environment that attracts and retains skilled workers and investment, and allows both employees and business owners to drive economic growth and development.

Capital Development recommits the ACT Government to responsible fiscal management and high-quality service delivery, to appropriate regulation and to sustainable development. These are the basics that help create the macroeconomic conditions that support business and consumer confidence and put us on the path of sustained development. *Capital Development* also reaffirms our commitment to working with the broader region to increase economic activity and opportunity.

Three strategic themes will guide the ACT Government's economic policies in the coming years. The Government will invest in people—to increase the capacity, flexibility and efficiency of the ACT economy. We will encourage innovation—to help business create a more competitive and dynamic business sector. And we will build infrastructure and plan for future infrastructure—to support and coordinate economic activity.





Capital Development is a plan to increase the attractiveness of Canberra as a place to live and work, invest and do business. The ACT Government's investments in education, health, family services, an integrated transport system, affordable housing and sustainable living are delivering a city that is an even better place to live, work and raise children. And our commitment to responsible financial management, business-friendly regulation and taxation, encouraging innovation and deepening our skills base is creating an environment that attracts investment and allows businesses to thrive.

Capital Development reflects our vision of Canberra as a place where businesses can prosper, and where people will choose to live and work and where their children will want to do the same. It is a plan to meet the challenges and make the most of the opportunities before us or just around the corner. It is a plan to secure and share the prosperity of the ACT economy into the future. I commend this plan to the people of Canberra.



Jon Stanhope
Chief Minister

Vision

The ACT Government has a clear vision for Canberra: a vision of a community living, working and socialising together to enjoy the most liveable of cities—a safe, prosperous and fair-minded community that people love to belong to.

The ACT Government recognises that a strong and dynamic ACT economy is critical to achieving this vision—it is the foundation of the superior social and community outcomes we envisage for Canberrans.

We acknowledge and embrace our role in helping to create such an economy, and are focused on:

Ensuring that a strong, dynamic and resilient economy meets the needs of the Canberra community now and into the future; maintaining economic growth that promotes a fully sustainable city; and promoting the ACT's place as heart of the economic region.

Capital Development: Towards Our Second Century is our plan to meet this objective.



The last five years—a strong foundation

The ACT Government's sound economic policies of the last five years demonstrate our commitment to helping build a stronger and more dynamic ACT economy.

Central to this economic policy framework has been the 2003 *Economic White Paper* which laid out four key policy approaches to help create a productive and competitive ACT economy: supporting business; building competitive advantage; leveraging intellectual assets; and supporting planning that is responsive to business development.

At the macro level, these four approaches have been underpinned by commitments to: responsible fiscal management, and efficient; effective service provision; sustainable development; and appropriate regulation that encourages proper behaviour while allowing businesses and individuals to thrive.

This economic policy framework supported five solid years of economic growth and development. Today the ACT enjoys the lowest unemployment level in Australia at 2.6 per cent, average weekly earnings well above the national average, a high labour force participation rate of 73.0 per cent, a strong knowledge and service-based private sector, and above-average educational qualifications.¹

This framework has also provided the flexibility to adapt to new challenges, including growing skills shortages, housing affordability and drought.

¹Further economic commentary and analysis can be found in the 2008-09 Budget Paper 3, pp 135-168.

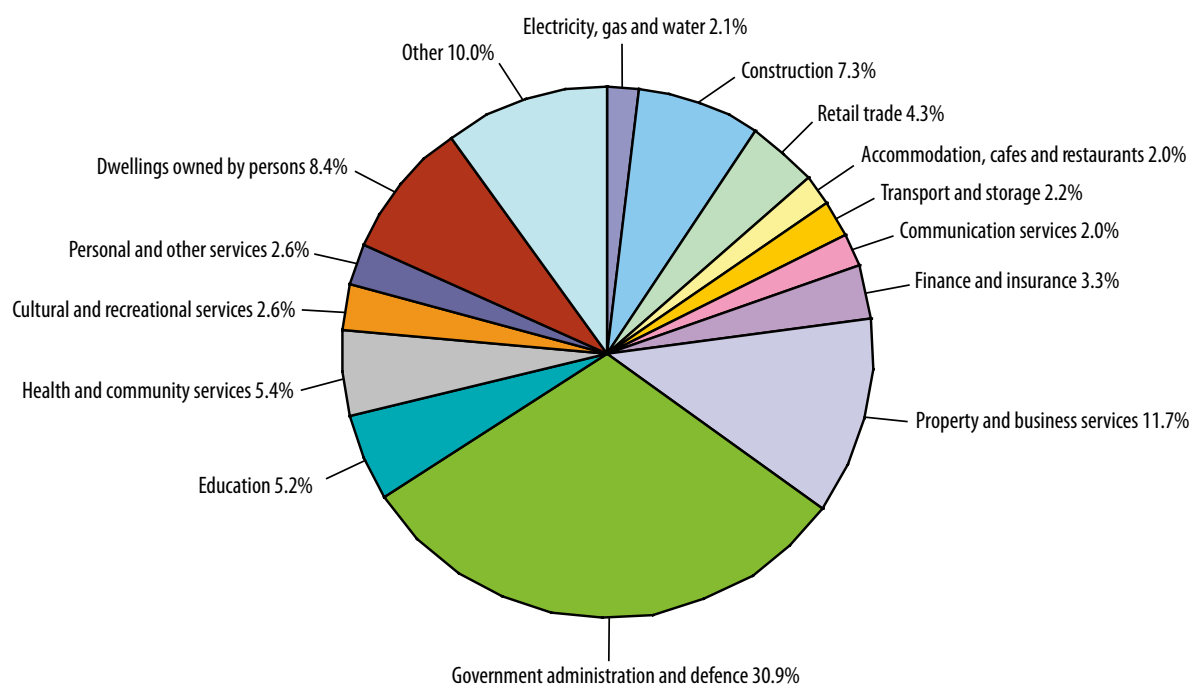
Structure of the ACT Economy


The ACT economy is centred on several dominant industry sectors. Figure 1 shows Government Administration and Defence is the major sector of the ACT economy, contributing 31 per cent to our GSP and represented 28 per cent of our employment in February 2008. This is not a surprising result as the ACT is the national capital and the seat of the

Australian Government. Government administration is where our comparative advantages reside in the ACT. Our strengths lie in government administration and policy work, with a highly skilled white collar workforce well suited to this activity.

Our highly skilled work force is also able to support other significant areas of the economy such as education, health, finance, property, consulting, accounting and legal services. With their high levels of education, political awareness and income, the residents of the ACT expect quality services from their Government.

Figure 1 – Share of GSP (Industry value-added), 2006-07





How will the ACT of the future look? Our labour force will continue to be highly educated, more so than the rest of Australia, and dominated by highly skilled white-collar workers. A reasonable assumption is that we will continue doing what we do best and the structure of our economy will alter little as our highly educated labour force continue to operate in the areas of the economy where they can most add value.

Economic Strategy

The ACT Government will continue to concentrate on getting the fundamentals and the underlying framework for growth right. It is not about imposing directions on the market, or on the people of the Territory. It is about focusing on providing the right environment in which people and businesses can achieve the best possible outcomes that allow our standard of living to continue to improve. The ACT Government will focus on those areas where it has the most leverage and control, areas where it can make a real contribution to long term economic outcomes in the ACT. Specifically, the Government's economic strategy will concentrate on the following five areas of policy to achieve the best possible economic development outcomes:

- fiscal strategy
- infrastructure
- regulation policy
- housing affordability
- skills.

Looking forward—securing our prosperity


The need to refocus our economic policies

Our economic policy framework of the last five years has been very successful, and many of its principles and directions remain relevant. Nonetheless, there are good reasons to refocus our economic policies. In the first instance, we have now delivered on the key actions and strategies of the *Economic White Paper*. In light of changing economic circumstances, there is also a need to fine-tune our policy framework to increase our capacity to capture greater benefits from emerging opportunities, and respond to new challenges.

The role of the ACT Government

The strength of our economic foundation has clear implications for our future economic strategies. In an economy running at near full capacity, the role of government is more about increasing the capacity, flexibility and responsiveness of the economy, rather than creating and attracting new opportunities.

Reducing bottlenecks and regulatory burdens, increasing skills and infrastructure investment, and improving the co-ordination and planning of economic activity become priorities in strong economies like the ACT.



The ACT Government recognises these imperatives and is committed to providing the best possible conditions to support economic growth. We see our role as creating an environment in which Canberrans can flourish and the economic activities of the private sector are supported. We aim to enable the ACT economy to be driven by the skills, knowledge, creativity and enterprise of their citizens—be they members of the workforce or business owners.

We are committed to continuing to get the economic fundamentals right. We also recognise the need to focus on areas over which we have the most control so that we can leverage the greatest economic gains.

Because Canberra is the seat of our national government, a significant portion of the ACT's economic activity is directly influenced by the Federal Government rather than the ACT Government. This unique economic structure increases the imperative for economic direction to be set pragmatically and targeted at areas which the ACT Government can best influence.

The new direction

Capital Development is the ACT Government's plan to secure a sustainable and prosperous future. It responds to the new challenges and opportunities before us, and is framed around the ACT Government as a supporter of ACT economic potential and growth.

Capital Development outlines our economic achievements of the last five years, and presents an adaptive policy framework to guide the ACT Government's economic policies into the future.

Economic fundamentals, such as prudent financial management, a regional focus, sustainable development and appropriate regulation remain. The approaches of the *Economic White Paper*, however, have been refreshed to reflect the new and changing economic environment facing the ACT.

The three new strategic themes that will steer the Government's economic policy direction for the future are:

- investing in people
- encouraging business and innovation
- building infrastructure and planning for the future.

Related plans

In 2004, the ACT Government set out its vision for Canberra in the *Canberra Plan*, which was supported by the *Economic White Paper, Building Our Community: The Canberra Social Plan* and the *Canberra Spatial Plan*.

Our vision has now been renewed in *The Canberra Plan: Towards Our Second Century*, which continues to embrace the social, spatial, economic and sustainability framework articulated in the original *Canberra Plan* and its associated strategic plans. The economic component of this policy framework is *Capital Development*, which supersedes the *Economic White Paper*.

Capital Development is a strategic plan. It sets out the broad objectives, priorities and themes to guide our economic policies into the future. Underpinning *Capital Development* are a range of plans which detail our strategies and actions to address particular economic issues.

Some of these have already been developed and are being implemented. These include:

- *ACT Skills Future – key initiatives in a long term strategy to address the skills challenge*
- *ACT Government Integrated Transport Plan*; which aims to provide the ACT with an efficient, accessible, sustainable and reliable transport system
- *Weathering the Change*; our climate change strategy and action plan
- *Affordable Housing Action Plan 2007*
- *ACT Land Release Strategy 2008–09*; which provides for sustainable residential and commercial land release in the ACT.

We are also committed to developing a range of new action plans across the three strategic themes of *Capital Development*. These will include:

- a regularly updated ACT Infrastructure Plan, which will report on the delivery of the current capital works program and detail future infrastructure requirements
- an action plan to address the impacts of an ageing population in the ACT. We will also strengthen our demographic modelling and reporting to inform the planning of the ACT Government and businesses
- a business and industry action plan, which will further detail our strategies and actions to encourage a stronger, more innovative and globally competitive business sector.



Delivering on the *Economic White Paper*

The *Economic White Paper* was released in December 2003 as the ACT Government's business and regional policy framework to help create a productive and competitive ACT economy. It identified a series of actions linked to four strategic directions for the government's economic policy: supporting business; building competitive advantage; leveraging intellectual assets; and supporting planning that is responsive to business development.

The government has delivered against the key policies and actions articulated in the *Economic White Paper*. Highlights of this work are summarised below. We have:

- Invested \$24.8 million in upgrading the National Convention Centre: a major business, tourism and investment facility.
- Developed ANU Exchange in partnership with the Australian National University to provide a link between research institutions and the commercial sector of the city.
- Positioned National ICT Australia as a driver of advanced capability in the ACT's information and communications technology (ICT) sector. The organisation's new \$60 million laboratory on London Circuit is an important part of ANU Exchange.
- Provided an additional \$30 million funding to ACT schools to enhance ICT skills. This initiative was the foundation policy linked to the more recent investments in our schools.
- Contributed \$10 million for the new School of Health Sciences at the University of Canberra to provide locally trained health staff in our health facilities.
- Reformed procurement processes to encourage greater involvement of small business in government activity. Reforms include online procurement support through the Basis website, centralised interaction through ACT Procurement Solutions, processes to engage small business in pre-tender briefings on major procurements, reduced industry transaction costs and streamlined pre-tender consultation processes.
- Continued to provide support for and resourcing of the ACT Industry Capability Network and a major upgrade of the Business Licence Information Service, important information systems for the business community.
- Co-funded, in partnership with Microsoft, Canberra.dot.net, a cluster of small ICT companies that aims to establish collaborative development opportunities.
- Provided \$13.8 million to support tourism marketing. Important initiatives include the 'See yourself in Canberra' national branding campaign and international marketing campaigns targeted at New Zealand and South-East Asia.
- Established, in partnership with the Australian National University, ANU Connect Ventures, a new commercialisation investment vehicle focusing on commercialisation of Territory-created intellectual property.
- Continued funding support and active engagement in regional development forums such as the Capital Region Development Board and the Regional Leaders' Forum.
- Established an advisory and mentoring support

network for ACT exporters, which includes co-funding for the ACT Exporters Network and trade missions to India, China and the United States, as well as supporting in-market services for ACT exporters in China and the United States.


- Established Canberra BusinessPoint, a \$3 million small and micro business mentoring and advisory service.
- Delivered, in partnership with the local business community, 'Focus on Business', the Territory's biennial investment facilitation showcase. The ACT Government has also continued to develop relationships with national investment facilitation organisations as well as publishing a new investment facilitation prospectus.
- Re-launched the Skilled and Business Migration Program in 2006 and linked it to the highly successful Live in Canberra program.
- Improved the provision of timely and accurate information by the ACT Planning and Land Authority regarding building and development through its website and shopfronts and work on the electronic development and building system.
- Developed and released *Think Water, Act Water* to guide the management, planning and conservation of water in the ACT. We are well on track to achieve the targeted reduction in 2003 per capita mains water use of 25 per cent by 2023, having already achieved a close to 14 per cent reduction by 2006-07.

Responding to new challenges

The ACT economy has faced many challenges over the last five years—such as increasing skills shortages, a decline in housing affordability and threats to water security—all of which have demanded policy responses to help secure the ACT's economic future.

The sound and enduring economic objectives, principles and strategic directions of the *Economic White Paper* have provided the ACT Government with a framework to guide its responses to these issues. We have responded strategically to new challenges not only by developing new policies, but also by reviewing our existing policies.





Key challenges and the ACT Government's response include:

- **Skills shortages**—to ensure that the ACT has an increasing supply of skilled workers, in May 2008 we released a broad skills strategy, *ACT Skills Future*. This strategy was informed by the work of the Skills Commission, formed in November 2006. In 2006 we also launched the Live in Canberra program to attract workers to Canberra and strengthen the focus on Canberra as a great place to live and work.
- **Housing affordability**—to address the challenge of declining housing affordability, we developed the *Affordable Housing Action Plan 2007*, which outlines ways to increase the supply of affordable housing in the ACT. Initiatives include a five-year rolling land release strategy to increase the supply of land on the market, sale and planning reforms to facilitate private-sector development and allow for smaller, more affordable house and land packages, and developing new residential areas including Molonglo and North Weston.
- **Water security**—in response to the severe prolonged drought and record low catchment inflows in 2006, we initiated a comprehensive review of the ACT region's water supply. Based on this review, in October 2007 the ACT Government agreed to a suite of water security initiatives which ACTEW is now implementing. These initiatives include enlarging the Cotter Dam, pursuing the possibility of purchasing water from New South Wales and storing it in Tantangara Dam, designing a demonstration water purification plant, and introducing new management programs to help businesses and individuals to reduce their water use.

- **Changing business environment**—the ACT Government aims to support businesses by providing an environment in which they can thrive. To better meet this goal, in 2006–07 the ACT Government refocused its core business development strategy, placing greater emphasis on macroeconomic factors such as sound economic management and streamlined planning and regulation, and moving away from sector-based programs and grants. We also increased our support for generally available measures, such as advisory and mentoring services, through the establishment of Canberra BusinessPoint.

A broad economic focus

The ACT Government has continued to support a strong and dynamic ACT economy through its ongoing commitment to responsible fiscal management, strong investment in infrastructure and government services, and sustainable economic development.

- The sound economic management of the ACT Government is demonstrated by the maintenance of its triple-A credit rating. More importantly, to secure the long-term finances and economic future of the ACT, in the 2006–07 Budget the ACT Government implemented a range of structural reforms to broaden the ACT's revenue base and adjust service and program delivery costs to comparable levels with national averages, while maintaining high levels of service and positive community outcomes.

- The ACT Government's infrastructure record is exemplary. Investment in infrastructure increased from \$111 million in 2001–02 to a forecast \$314 million for 2007–08. Over the term of this government, total investment has been around \$20 million per annum higher in *real* terms than in any other period since ACT self-government. We have also made substantial and vital investments in health, education, child protection, community safety, and disability and emergency services.
- The ACT Government has highlighted its commitment to sustainable economic development through its comprehensive climate changes strategy, *Weathering the Change*, which sets out the ACT's Government's goals and actions in leading the ACT's response to this issue.
- Private business investment has increased by 58 per cent from \$1.5 billion in 2003–04 to \$2.374 billion in 2006–07.
- Population has grown strongly, increasing by 4.6 per cent from 325,700 in June 2003 to 340,800 in December 2007, even outstripping the national population growth rate in 2006–07 for the first time in over 10 years.
- Educational attainment levels have continued to improve: the percentage of ACT residents aged 25–64 with non-school qualifications increased from 65.5 per cent in 2003 to 71.0 per cent in 2007, and is still well above the national rate of 59.4 per cent.

The ACT today

The last five years have been characterised by outstanding economic growth and development in the ACT.

- Gross state product increased from \$18.5 billion in 2002–03 to \$21.0 billion in 2006–07, an increase of 13.2 per cent in volume terms.
- Average full-time ordinary weekly earnings rose by 22.0 per cent from \$1,068 in November 2003 to \$1,303 in February 2008, and continue to be well above the national average of \$1,124.
- Unemployment has fallen from 4.0 per cent in December 2003 to 2.6 per cent in June 2008, and remains the lowest of all Australian jurisdictions and well below the national rate of 4.2 per cent.
- Labour force participation has risen from 72.0 per cent in December 2003 to 73.0 per cent in June 2008, and remains significantly above the national rate of 65.3 per cent.



Today, the ACT economy is stronger than ever. In no small part this is due to the ACT Government's sound fiscal and economic policies of the last five years.

The Government has delivered on the actions and policies of the *Economic White Paper*, including significant investment in skills, innovation, business support and infrastructure. It has provided responsible fiscal management and appropriate regulation, and it has responded to new challenges such as skills shortages and housing affordability.

Together these achievements have helped develop an environment that supports business and consumer confidence, and allows businesses and individuals to use their skills, enterprise and creativity to drive economic growth.

Indeed, the strong foundations laid by the Government's economic policies, coupled with the ACT's highly skilled and educated workforce, high-quality infrastructure, and creative and dynamic private sector have shaped an extremely positive economic outlook for the ACT. New challenges highlight the need for the ACT Government to review and update its policy settings to ensure that the ACT economy is equipped to adapt to a changing environment.



The need to refocus economic policy

The ACT Government's sound economic policies laid the foundation for five solid years of economic growth and development.

However, this success should not be a basis for complacency. Good governments regularly review their economic policies—updating them to account for changing economic circumstances, emerging challenges and opportunities, and innovative policy developments.

Economic circumstances have changed considerably over the last five years. Today the ACT faces challenges of an ageing population, an economy running at near full capacity, a slowdown in Federal Government spending and ongoing skill shortages. It also enjoys the opportunities of a new era of intergovernmental cooperation, a growing international economy, a highly skilled and motivated workforce, and a dynamic and innovative private sector.

While the ACT Government has continued to reassess its economic policies in light of these changes and develop strategic responses, there is a need to formally set out our refocused economic direction. Communicating the Government's economic direction provides a strong signal of our responsiveness to new circumstances and commitment to sound economic policies. It also helps guide and coordinate strong economic policy development and implementation across the ACT Government, and in co-operation with the community, region and other governments.

Given the rapidity of changes in economic circumstances, there is also a need for a more flexible

and adaptive approach to economic and regional development. This means identifying policy priorities that help steer rather than drive the economy and allow us to adapt the policy framework in the future.

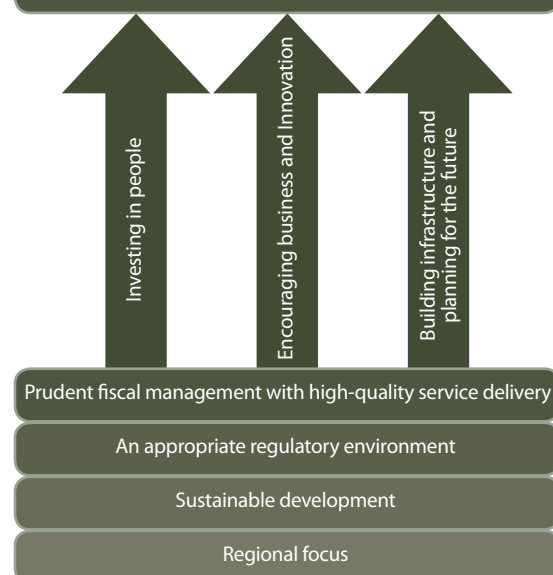
The new direction


Capital Development responds to the new environment by setting out an adaptive policy framework to guide the ACT Government's economic policies into the future.

The renewed framework is represented in the diagram below.

A Strong and Dynamic ACT Economy

to ensure that a strong, dynamic and resilient economy meets the needs of the Canberra community now and into the future;
to maintain economic growth that promotes a fully sustainable city;
and to promote the ACT's place as the heart of an economic region.





Capital Development is our plan to achieve a strong and dynamic ACT economy. Such an economy is critical to meeting the social and environmental goals envisaged in *The Canberra Plan: Towards our Second Century*.

The foundation of *Capital Development* is our ongoing commitment to responsible financial management, appropriate regulation and sustainable development. These policies help create the macroeconomic conditions to support business and consumer confidence in the ACT economy, and ensure that the economy can achieve sustained growth and development. *Capital Development* also reaffirms our commitment to working with the region to increase economic opportunity and activity.

Building on this foundation are three strategic themes to guide the ACT Government's economic policies:

- investing in people
- encouraging business and innovation
- building infrastructure and planning for the future.

These strategic themes match the economic conditions facing the ACT - an economy now running at almost full employment, but facing a rapidly changing and uncertain national and international economic outlook.

For an already strong economy like the ACT with an unemployment rate of only 2.6 per cent, economic growth and development depends on increasing the economy's productive capacity. Investing in people to ensure they are well-trained and educated will increase both workforce participation and productivity. Encouraging an innovative business

sector will lead to smarter ways of doing business, and more efficient and effective use of economic resources. Sound planning and investment in public infrastructure reduces bottlenecks and congestion, and leverages the investment of the private sector.


These three strategic themes will also increase the dynamism and responsiveness of the ACT economy so that it can best meet the challenges and opportunities of a changing economic landscape. A skilled workforce and innovative business sector are more flexible and mobile and can respond quickly to changes in economic conditions. And forward-looking planning and infrastructure investment will ensure that the ACT economy is efficiently integrated and co-ordinated and has the resources to meet new challenges such as climate change and an ageing population.

The policy foundations and strategic themes of *Capital Development* are outlined in greater detail in the following two chapters.

In essence, *Capital Development* is about making Canberra an even more attractive place to live, work, invest, study and visit. A growing supply of skilled workers, increasing business investment, and being a vibrant centre of learning, innovation and cultural exchange will help strengthen the ACT's economy and secure our prosperity into the future.

Destination Canberra—a great place to live, work, study and visit

Canberra is an attractive city. It is renowned for its open spaces and natural surrounds, iconic buildings and monuments, and innovative design—its distinctive attributes as our nation's planned capital. It has the facilities, services and events of a world-class capital,



without the congestion and pollution of many larger cities, and is close to national parks, the beaches of the New South Wales south coast, Sydney and snowfields. We have high-quality government services and infrastructure; excellent employment opportunities; world-class education facilities; a strong sense of community, family, equity and participation; and the highest life expectancies, average incomes and education levels in Australia.

The ACT Government is committed to increasing the attractiveness of Canberra, as a place to live and work, to invest and do business, study and to visit. A city that can attract and retain skilled workers, enterprising businesses and their capital investment, as well as students and visitors from around Australia and overseas, is well placed to deliver increased economic and social benefits for its citizens.

A great place to live, work and study

The ACT Government's ongoing investment in education, health, family services, a high quality urban and surrounding environment, an integrated transport system, affordable housing and sustainable living is the foundation of our objective to make Canberra an even better place to live, work and raise children. Our commitment to responsible financial management, business-friendly regulation and taxation, and encouraging innovation and an increasing skills base helps to create an environment that attracts investment and allows businesses to thrive. And our investments in education, affordable housing and transport, and our support for our world-class educational institutions make Canberra a great place to study for Australian and international students.

The detail of our policies that will help make Canberra a great place to live, work and study are outlined in the next two chapters of *Capital Development*.

A great tourist destination

The beauty of Canberra, with its unique synthesis of natural and built forms, its significance as the national capital, its busy calendar of events, and its range of major attractions, national institutions and lifestyle pursuits makes Canberra a great tourist destination which draws many visitors both nationally and internationally.

The economic contribution of tourism is highly significant. It is estimated that the total contribution of tourism to the ACT economy is almost \$1 billion per annum. Tourism is also responsible for generating more than 13,000 jobs in the economy.

Major events remain significant contributors to tourism's economic revenue, and the ACT Government will continue to promote and support them, recognising their potential as marketing and attraction opportunities. Australia's spring festival, Floriade, attracted record crowds in 2007, with a total attendance of 395,000 during the month-long spectacular. The event cost the ACT Government \$2.5 million to deliver and generated over \$20 million in direct expenditure within the ACT in 2007.

Tourism also has broader benefits. The services required by visitors, particularly dining, shopping and entertainment facilities, increase the choices and social opportunities for residents. The promotion of Canberra as a tourist destination helps showcase Canberra as a destination for work, education and business. Greater numbers of visitors encourages improved transport links, increases the flow of new ideas and perspectives, and contributes to cultural diversity. And tourism, properly managed and planned, can help preserve important environmental, heritage and cultural values.

For these reasons, the ACT Government is committed to increasing the tourist profile of the ACT and enhancing the experience for the visitors we receive.

This commitment takes on even greater significance as we approach the centenary of Canberra in 2013. We aim to build the momentum of Canberra as a tourist destination so that our centenary becomes a year of celebration that all Australians will share in—a year to showcase Canberra to the world, and consolidate our image as an exciting and vibrant city.

The ACT Government will deliver a five-year strategic plan (2008–2013) which will articulate the future directions and activities of Australian Capital Tourism and define a vision statement. The plan will also identify key strategic directions and appropriate Key Performance Indicators for the organisation.

An integrated e-strategy will update the current visitcanberra.com.au website, and guide online activities, improving media and trade content to assist with wider exposure.

The ACT Government has recently funded a \$25.6 million upgrade and refurbishment of the National Convention Centre to provide a state-of-the-art, iconic facility for the ACT. The ACT Government has increased funding to the Canberra Convention Bureau up to \$1 million by 2009-10 to promote Canberra as a leading destination for business events for Australian and overseas companies.

Floriade will celebrate its 21st anniversary in 2008. We will continue to develop the event to attract new and repeat visits under a five-year plan currently being developed. We are also investigating a permanent site for the Floriade event. Meanwhile, the inaugural Floriade NightFest, an extension of the traditional Floriade, will be piloted in September 2008.





The background features a light gray field with abstract, flowing, wavy lines in shades of gray and brown. Scattered throughout are numerous small dots of varying sizes and colors, including gray, brown, and white, creating a textured, organic feel.

4. Strong policy foundations

The heart of a dynamic region—a regional focus


The ACT is located in the centre of the Australian Capital Region—an area comprising 17 local government areas in south-eastern New South Wales (see map below).

Canberra is by far the largest city in the region with a population of around 340,000 of the total regional population of 580,000. The next largest city is Queanbeyan, which is immediately adjacent to the ACT, with a population of just under 40,000.

There has been significant growth in the ACT's cross-border region. Of the five fastest growing inland regions in New South Wales, three (Palerang Council, Yass Valley and Queanbeyan) border the ACT. The Queanbeyan local government area has been identified in the New South Wales Government's Sydney to Canberra regional corridor strategy as one of three major economic development zones in New South Wales.

This growth is expected to continue in the short to medium term. For example, the proposed new Queanbeyan City Council developments at Googong, Tralee and Environs will result in some 20,000 to 25,000 new residents in the next 25 years.





Being a small jurisdiction with a highly skilled and young workforce, the ACT has one of the most mobile populations in the country, with the highest rate of cross-border movements of any state or territory. Much of this interaction is with the surrounding region.

As the largest city in the Australian Capital Region, Canberra is the economic centre. It is also the main employment and services centre. The ACT provides many services and opportunities for residents in south-east New South Wales, in particular transport, education, health, retailing, tertiary industry and cultural facilities.

In turn, the region provides Canberra with many important services and contributes significantly to the lifestyle pursuits, tourism, employment and business opportunities of ACT residents. The additional population and revenue of the surrounding region has assisted Canberra-based businesses to grow and become more sustainable.

There are strong employment links between the ACT and surrounding region. Based on the 2006 Census, of the 22,500 non-ACT residents travelling to the ACT each day for work, 19,230 were Australian Capital Region residents—this represents about 10 per cent of the ACT's workforce. Most of them (17,500) are from the ACT's 'commuter belt', including Queanbeyan, Jerrabomberra and the semi-rural areas surrounding Canberra, with the majority coming from Queanbeyan (11,700). In return, 4,248 ACT residents travelled to the surrounding region for work each day.

There are also a significant number of students from the surrounding region who are enrolled in ACT schools—approximately 15 per cent of the ACT student population is from outside of the ACT.

The regular short-term migration between the ACT and the surrounding region provides a wider population and skills base for increased and better services and more opportunities for businesses and workers. However, this interaction also relies on the ACT Government providing and maintaining high-quality infrastructure and services, in particular roads and education and health services, which represents an additional challenge for the ACT budget.

Given the extensive links throughout the Australian Capital Region, there are clear advantages for all governments of the region in working more closely to develop the region's economic strength. The ACT Government strongly supports regional engagement and is committed to strengthening its relationship with, and position within, the region. The ACT Government has embraced its role in the region and will continue to lead and promote the interests of the region in interstate, national and international forums.

The ACT Government has supported a number of initiatives and partnerships to help secure the economic growth and development of the ACT and region. These include the Regional Leaders' Forum, the Capital Region Development Board and a Regional Management Framework Agreement with New South Wales.

The ACT Government will continue to pursue a co-operative approach with the NSW Government and surrounding local government areas on planning, economic growth and development, service and infrastructure and environmental matters, recognising that this is important for the ACT's future prosperity.

Regional Leaders' Forum

The Regional Leaders' Forum comprises the ACT Chief Minister, a NSW ministerial representative and the mayors of the 17 local councils in the Australian Capital Region. The Forum's role is to promote the economic, business, environmental and community development of the region. Its members have committed to working in partnership to create a progressive and prosperous region. The ACT Government funds the secretariat and management of the Forum.

The Regional Leaders' Forum is now expanding its role. In 2007, the Forum supported membership for all state and federal members of parliament whose electorates are in the Australian Capital Region.

Capital Region Development Board

The Capital Region Development Board is a key organisation that supports the development of the region. Its work includes:

- building networks and partnerships to find solutions to local issues
- assisting communities in the region to access appropriate support and programs in business and community development
- promoting a range of government services and programs relevant to the region
- undertaking specific projects, either as the lead organisation or in partnership with other development bodies in the region.

The Capital Region Development Board is jointly funded by the ACT and New South Wales Governments, with the ACT Chief Minister's Department responsible for governance and appointments. The ACT Government contributed \$105,000 in 2008-09 to maintain the board, and also committed specific program funding of \$30,000 per annum for 2008-09 and 2009-10.


Regional Management Framework Agreement

In March 2006, the ACT Chief Minister and the Premier of New South Wales signed a Regional Management Framework Agreement that commits the ACT and NSW Governments to negotiate and solve cross-border policy and service delivery issues. This is to be achieved by developing intergovernment arrangements, structures and processes to consider key cross-border issues.

Two memorandums of understanding were also signed in 2006 to facilitate the regional framework arrangements. The memorandum on cross-border region settlement provides for a cooperative approach between the ACT and the NSW Government and surrounding local government areas on planning, economic growth and development, service and infrastructure and environmental matters in the cross-border area. The memorandum on cross-border water resources provides a cooperative framework for the provision and management of ACT and NSW water supply to cross-border developments.

Responsible fiscal management

The ACT Government's commitment to prudent and responsible management of the Territory's finances is a central component of our economic strategy. Prudent fiscal management is the foundation of any successful economy. It establishes the baseline conditions for economic growth, and creates an environment that supports business and consumer confidence.



Our sound fiscal management has delivered real benefits to the ACT. Maintaining a triple-A credit rating not only results in lower borrowing costs for the ACT Government and reduced tax burden for the people of the ACT, it also instils confidence in the ACT economy, especially for potential investors and businesses considering expansion.

The ACT Government will continue to deliver responsible financial management through our commitment to:

- achieving a general government sector net operating surplus
- maintaining an operating cash surplus
- maintaining a triple-A credit rating;
- managing debt prudently and maintaining net financial liabilities within the range of all triple-A-rated jurisdictions
- fully funding the Territory's unfunded superannuation liability by 2030
- maintaining quality services and infrastructure
- maintaining taxation revenues at sustainable levels.

These objectives are rigorous but achievable, and allow our performance to be measured against clearly defined benchmarks.

At the same time, we will continue to provide quality services and infrastructure and keep taxation on businesses and individuals at equitable levels.

Appropriate regulatory environment

The ACT Government is committed to ensuring the ACT has effective regulations that allow business and individuals to thrive.


Regulation is essential for the proper functioning of the ACT. Regulation touches nearly everything we do. Good quality regulation can make positive differences to daily life and the economy. Quality regulation can and does save lives. It provides certainty and sets the rules by which our society operates effectively.

But regulation also has its costs. It can inhibit personal freedoms and choices and limit business innovation. Regulation that is impractical and hard to enforce can be ineffective in achieving government objectives.

The Government believes that well-functioning markets are best able to deliver the highest level of social wellbeing and that all markets require some rules or regulations for them to operate effectively. The kinds of rules that enable markets to be well-functioning are those that ensure:

- competition is fostered
- property rights are protected
- side effects on third parties are curtailed
- information flows smoothly
- market participants can be trusted to live up to their promises.

The Government is committed to ensuring the flow of new regulation meets these appropriate benchmarks, and that regulations are proportional to the problem



that requires addressing. We are committed to effective, streamlined regulation that encourages economic activity, and allows businesses to thrive.

The ACT Government established the Office of Regulatory Services in the 2006–07 Budget to bring together disparate regulatory areas into a streamlined agency. The new office provides services in a more integrated manner and with a stronger focus on customer service.

Into the future, the ACT Government will:

- strengthen our regulatory ‘gatekeeping’ processes by improving the way regulatory impact statements, which assess the costs and benefits of proposed regulation, are prepared and used by government
- undertake targeted annual reviews of specific regulatory areas to improve the regulatory framework or remove unnecessary regulation
- work with other jurisdictions, particularly through the Council of Australian Governments and the Council for Australian Federation, to reduce regulatory duplication and improve regulatory gatekeeping and review processes to help create a seamless national economy.

Taxation policy

The ACT Governments is committed to providing Canberrans with high-quality services and infrastructure, sharing the economic prosperity of the ACT and creating incentives for efficient economic activity. Our taxation policy is framed to best deliver these economic benefits.

We understand that just like other forms of regulation, taxation places costs on businesses and individuals. We are committed to minimising the costs to business of complying with ACT tax commitments and minimising the impact of our taxes on business decision making.

Overall, we will maintain a taxation policy that is simple, fair and efficient, competitive with other jurisdictions, and that allows the continued provision of high-quality services and infrastructure. To this end, we are committed to:

- a robust annual budget process and the strengthening of government performance and accountability arrangements to ensure efficient and effective government expenditure in providing quality services and infrastructure
- reviewing the ACT taxation policy at regular intervals to ensure its ongoing relevance and efficiency.

Given our strong budget position, in the 2008-09 Budget we announced a range of targeted tax reforms, including the abolition of duty on the establishment of trusts, increasing the income eligibility for the Homebuyer Concession Scheme, and exemption for eligible pensioners from conveyance duty. We also increased the payroll tax threshold by 20 per cent to \$1.5 million, which will save ACT businesses an estimated \$7 million per annum.

Sustainable development

The ACT Government recognises that the well-being of Canberrans depends not only on better jobs and higher incomes, but also on a healthy natural environment and strong sense of community. We understand that Canberrans seek a safe, prosperous and healthy future for themselves and for their children.

Sustainable development is therefore an essential platform for our economic strategy. Sustainability recognises that the economy, society and environment are interdependent—the health of each component depends on the health of the other components.

The issue of climate change provides an example. Widely accepted as being driven by the increasing carbon emissions associated with unsustainable economic growth, climate change now threatens economies world-wide through drought, rising sea levels, loss of arable land and extreme weather events. This has obvious flow-on effects, and highlights the absolute importance of a sustainable approach to economic development.

The ACT Government's commitment to sustainability is outlined in *People, Place and Prosperity: A Policy for Sustainability in the ACT*, which was released in 2003. It emphasises development that is socially responsible, environmentally sound and economically viable, and recognises that meeting current needs must not disadvantage future generations.

We have already done much to achieve a sustainable future. We have acted to protect our water security by reducing per capita water use through water



efficiency measures, and announcing a range of new water security measures such as the expansion of Cotter Dam. We have launched *Weathering the Change*, our climate change strategy and action plan, which commits \$100 million to reduce emissions and adapt to climate change. And we have also increased the use of public transport in the ACT by almost 15 per cent since the 2001 Census.

Future directions include: co-investing \$2.5 million in the Climate Change Adaption Research Centre at the Australian National University; undertaking a feasibility study for a large-scale solar power facility in the ACT; and implementing an integrated transport strategy for sustainable transport.

Sustainability is a national and global issue. Effective long-term solutions to challenges such as climate change will require co-operation and co-ordination between governments, the private sector and the broader community. The ACT Government is committed to such an approach. We are now working in partnership with organisations like the Australian National University, and we are an active participant in the Council of Australian Government working groups that are investigating the most effective ways to achieve a sustainable future for the nation.

The ACT Government recognises that the introduction of a national emission trading scheme will have far-reaching implications for the Australian and ACT economies. We will continue to work closely with the Australian Government and the community during the development and introduction of this scheme and will refine our economic policies as the shape and impact of this scheme become clearer.

We will also refine our environmental policies so that they are in line with an over-arching national emissions trading scheme.

We also understand that actions to achieve a sustainable future may initially disadvantage some households. We will examine ways to assist low-income, vulnerable and disadvantaged households to mitigate the effects of climate change and to maintain access to essential products and services.



The background features a light gray base with abstract, flowing wavy lines in shades of brown and gray. Scattered throughout are numerous small dots of varying sizes and colors, including gray, brown, and white, creating a textured, organic feel.

5. Strategic themes



Investing in people

The people of Canberra are its greatest asset. They are the most educated and skilled in the nation. They are healthy, creative, dynamic and motivated. They are the foundation of the ACT's strong economy.

The ACT Government aims to maintain and strengthen this foundation and will continue to invest in people to increase the capacity, flexibility, efficiency and fairness of the ACT economy.

We will continue to provide high-quality government services and invest in infrastructure to ensure a healthy, skilled and educated workforce. We will focus on providing opportunities for all Canberrans to contribute to economic activity and share in the prosperity. We will encourage creativity and innovation and continue to promote a fulfilling work and lifestyle balance.

Three central elements of our focus on people are addressing the skills challenge, building a stronger education sector and managing demographic change.

Addressing the skills challenge

Towns and cities throughout Australia are currently experiencing major skills shortages. There is strong competition for workers, not only between states but also from the global market. As well as supporting the creation of new jobs, policy makers now need to ensure that there are enough skilled workers to fill the available jobs.

This issue has particular resonance in the ACT due to its skills-dependent industry structure, strong growth trajectory and an economy already running almost

at full employment—ACT unemployment figures are currently the lowest in Australia and our labour force participation rate is one of the highest.

These factors make the increasing demand for skills one of the most important challenges facing the ACT. Our future economic and social prosperity depend on the capacity of the ACT—the government, as well as businesses, industry and educators—to respond effectively to this challenge.

The ACT Government is committed to playing its part in responding to the skills challenge. We have developed a comprehensive policy approach that builds on our significant efforts and achievements to date.

Achievements

The ACT Government has always recognised the importance of a highly skilled workforce. Indeed, this was a key consideration of the *Economic White Paper*, which outlined a range of policies to increase the ACT's skills base, including significant investment in ICT facilities for ACT schools.

The ACT Government has responded strategically to growing skills shortages that have emerged over the past five years on the back of stronger than expected economic growth. Key actions include:

- focusing on making Canberra a more attractive place to live and work by continuing to invest in high-quality education, developing a detailed action plan to improve access to affordable housing and providing facilities for families and children
- establishing the Live in Canberra program to promote the benefits of living in Canberra and initiate partnerships between the government and external parties to attract new workers to the national capital

- operating the Skilled and Business Migration Program, which offers a range of sponsorships for skilled and business migrants who wish to live in Canberra and apply their professional skills by working in a skilled occupation, establishing a business or investing in the ACT. In 2006–07 the ACT Government sponsored a total of 931 people (skilled workers, business investors and their dependents) to live and work in the ACT
- establishing the ACT Skills Commission in November 2006 to provide high-level advice to the ACT Government on the skills issues and strategies required to meet the Territory's short and long-term needs. The Commission released its final report in April 2008 after extensive consultation with business, the community, students, employees and educators.

Moving forward

The ACT Government's strategy to address the skills challenge is set out in *ACT Skills Future*. Based on careful consideration of the Skills Commission's recommendations, this strategy includes a package of initiatives that respond to the pressing demand for skills and provides the framework to achieve long-term change.

ACT Skills Future is supported by \$51 million of ACT Government funding over the next four years. This is a significant investment. However, the scale of the skills challenge requires a concerted effort from all sectors of the economy to achieve lasting solutions. We will continue to work with businesses, the education sector and individuals to address this challenge.

ACT Skills Future is built around four policy themes: people and the workforce, productivity, participation, and education and training.

People and the workforce

The ACT Government aims to make Canberra a more attractive location for skilled workers, and will focus its attraction efforts on people most likely to fill skills gaps and stay in the ACT.

Targeted actions to build the ACT's workforce include:

- developing a program to connect tertiary students with employers through formalised work experience
- expanding the Skilled and Business Migration Program
- broadening the reach and frequency of marketing activities of the Live in Canberra program
- expanding our capacity to analyse current and expected areas of skills shortages.

Productivity

Two-thirds of the people who will be in the workforce in 2020 are already working. Developing the skills of the existing workforce will help meet labour shortages, and improve labour market productivity and flexibility. The ACT Government will support people through their working lives to increase their productivity, and share knowledge with the private sector to make the most of the ACT workforce.

Actions to increase productivity include:

- building capacity in the ACT public service by implementing a new attraction and retention strategy, exploring a range of flexible traineeship and apprenticeship options, looking to reform graduate entry programs, and improving leadership skills and managerial capacity
- investing in a new ICT traineeship program

- working with the private sector to build skill linkages, improve training flexibility, and support group apprentice training
- continuing to contribute to the national productivity agenda and to support reforms to enhance human capital in the ACT.

Participation

Ensuring that people participate in the workforce will not only increase the pool of labour to fill skills shortages, but is also fundamental to meeting the ACT Government's vision that all people share in the benefits of our community. We will focus our attention on those traditionally unable to participate in the workforce, and will leverage Commonwealth and private-sector resources to lift participation.

Actions to improve participation in the ACT workforce include:

- increasing the capacity of the Department of Education and Training to provide outreach services, improve entry and exit points for vocational education and training systems and tap into Federal Government funding sources
- improving transitions from school to study and employment by increasing resourcing of the Canberra Institute of Technology (CIT) Vocational College, and incorporating a CIT Flexible Learning Centre in the new Gungahlin College
- engaging with the unemployed and underemployed through a number of new and existing programs that support people moving into the workforce.

Education and training

Over time, increasing education and training will expand the productive capacity of the economy

and increase workforce participation. We will work with educators to ensure that education and training systems are responsive to the need of participants, industry and the economy, and improve access to training opportunities for all Canberrans.

Actions to improve education and training opportunities and outcomes include:

- increasing investment in education and skills infrastructure, including upgrading the CIT's horticulture facilities, funding significant new technology and equipment purchases by the CIT, providing additional support for early childhood schools at Southern Cross, Narrabundah, Lyons and Isabella Plains, and investigating further development of the CIT's Fyshwick Trade Skills Centre
- working to speed up skilling of the workforce through accelerated apprenticeships and improved vocational training options
- improving career guidance for ACT school students by increasing the training of teachers delivering careers advice
- providing additional funding for apprenticeships and traineeships.

Underlying the ACT Government's skills strategy is the recognition that skilled workers are attracted to cities and towns that are great places to live and work. We are committed to improving housing availability and affordability, providing high-quality education and facilities for children and families, and shaping a family-friendly environment. Fulfilling these commitments will ensure that the ACT remains an attractive place to live and work, and that Canberra is in the best possible position to attract and retain the skills it needs to grow and prosper.

The ACT Government recognises the important contribution the surrounding region makes to the supply of skilled workers in the ACT. This flow of labour works to increase the economic growth and development of both the ACT and the region—it broadens the ACT's available skills base to support a growing business sector and the activities of the public sector, and provides greater employment opportunities and higher incomes for residents of the surrounding region. We are committed to working cooperatively with the region to increase the economic opportunities afforded by a highly skilled, flexible and mobile workforce in the Australian Capital Region.



A strong education sector

In an increasingly technological world, higher education levels are being demanded as a matter of course. However, the benefits of education are broader than simply building a skills base—they stretch to complex synergies with the urban environment and social community, and diffusion of knowledge for the benefit of both industry and society. The sector contributes significantly to the economy and well-being of citizens through employment opportunities, community engagement and the attraction of students from interstate and overseas.

Education outcomes in the ACT are the strongest in Australia:

- In 2006, across each literacy domain, the average achievement scores of fifteen-year-old students in the ACT were the highest in Australia and above the OECD average.
- The ACT enjoys the highest retention rate from Year 10 to Year 12 of anywhere in Australia, at 86 per cent in 2007.
- In 2007, 71.0 per cent of ACT residents aged 25–64 had non-school qualifications compared to the national average of 59.4 per cent. Thirty-nine per cent of ACT residents aged 25–64 hold a bachelor's degree or higher, compared with the national average of 23.8 per cent.

The ACT education sector also attracts significant numbers of international students, further boosting its economic contribution. In 2007, there were approximately 5,250 international students studying in the ACT. International students make a significant direct contribution to the ACT economy financially, with an estimated expenditure of \$114 million each year. They also participate in the labour force and help educational institutions reach the critical mass needed to diversify the range of programs offered to students.

Investment in the ACT's education market will improve the skills of our workforce into the future. A prosperous education and knowledge sector provides the basis for an innovative and globally competitive workforce and contributes to the economy through:

- higher labour force participation rates
- higher levels of productivity
- greater diversification of the workforce
- higher income levels.
- It also leads to the creation of new enterprises, which generate new jobs and help to enhance the ACT's competitive advantage.

It also leads to the creation of new enterprises, which generate new jobs and help to enhance the ACT's competitive advantage.

Skilled workers entering the workforce not only make a valuable contribution through their own productivity, but also increase the productivity of their colleagues. They are better able to employ new technology, drive higher productivity and thus encourage greater investment and innovation.

Achievements

As stated in *The Canberra Plan* and the *Economic White Paper*, the ACT Government's vision has long been to invest in education as a critical foundation for the future.


In 2006, we began the largest investment program in public education since self-government, providing \$350 million to create high-quality learning environments. The package of reforms included substantial funding for new schools, school upgrades and increased investment in information technology. In 2006–07, separate projects were undertaken at 75 public schools to improve learning environments. Harrison School opened in 2008, and the new West Belconnen School will open in 2009. Four new early

childhood schools will open in 2009. In addition, we have invested significantly in Indigenous education, pastoral care and curriculum renewal.

Financial assistance was also provided to higher education institutions. In 2006, the ACT Government contributed \$2.6 million to the Australian National University and \$0.7 million to the University of Canberra. The 2007–08 ACT Budget allocated approximately \$80 million for vocational education and training. This includes funding of approximately \$66 million to the CIT and \$13.5 million for other programs including Australian School-Based Apprenticeships.

The ACT Government also recognises the importance of maximising the opportunities for those currently outside the workforce. The ACT Department of Education and Training supports programs for this purpose, such as the Joint Indigenous Funding





Pool and the Federal Government funded Equity Development and Training Innovation Program. The ACT Government also provides annual grants for adult and community education.

Moving forward

The 2008–09 Budget continued our strong investment in education and knowledge, providing nearly \$4 million over four years to further enhance the quality and skills of teaching staff in ACT schools. An additional \$5.3 million has been provided for equity initiatives, to ensure students with special needs are offered similar opportunities to other students. The budget also continued our commitment to improving facilities with the \$20 million *Smart Schools: Smart Students* initiative, which gives students access to state-of-the-art computing facilities. The 2008–09 Budget also addressed the skills shortages with targeted vocational education and training funding. It provided \$4.2 million over four years for additional apprenticeships, and \$3.4 million over four years to facilitate access to careers programs and vocational learning.

In addition, \$0.9 million will be contributed to developing a new Trade Skills Centre at Fyshwick and the redevelopment of the CIT's Reid campus. The ACT Government is investing an additional \$2.5 million over four years in CIT to deliver an additional 35,000 hours in training, including a \$1 million technology and major equipment upgrade. Another \$1 million over four years will be contributed to programs aimed at facilitating the successful transition to work.

The ACT Government will build on these current initiatives to foster university–industry–community relationships to maximise the wide-ranging potential of the education sector. Policy directions we will examine include:

- supporting increased numbers of international students studying in the ACT through a campaign to complement existing institutional international marketing strategies
- improving links between education and knowledge providers and other organisations in the sector to enhance education opportunities
- developing initiatives to retain knowledge in the ACT by revising recruitment strategies to increase the engagement of people who have been educated in the ACT
- increasing and targeting trades training in emerging areas of need as identified by the Skills Commission
- targeting vocational education and training courses to aid lifelong learning
- reducing inequality to increase learning participation.

To ensure continued competitiveness and economic growth in the ACT, we will maintain our focus on supporting quality education. Higher education forms the basis for building Canberra's intellectual assets and related skills bases. It contributes to laying the foundations for new enterprises, such as knowledge-based industries, enhancing Canberra's growth and the diversification of the economy. Our research, innovation and educational strengths will generate new jobs and contribute to the vision of a dynamic and sustainable Canberra.

The ACT Government values its people and will make every effort to provide educational choice and opportunity for all Canberrans to reach their potential, contribute to economic development in the ACT and share the benefits of the community.

The demographic environment

The demographics of the ACT are expected to change considerably over the next 40 years. Essentially, Canberra's population will be larger, and older—current projections indicate that Canberra's population will increase by 126,000 (37 per cent) from 341,000 today to 467,000 in 2047, and that the median age will increase from 33 to 37.

The demographics of the surrounding region will also change. The population of the rest of the Australian Capital Region is projected to grow from 234,000 in 2006 to 280,000 in 2026, and is expected to age faster than the ACT's. The ACT has a younger age structure than neighbouring south-east New South Wales due to the ongoing inflow of young people into the ACT for work and study and the departure of retirees.

Population growth in the ACT over the next 40 years is projected to be driven mainly by natural increase, with the support of significant numbers of international and interstate migrants. The relative importance of migrants to a growing ACT population will increase over time as birth rates fall with an older population. As in the rest of Australia, the ageing of the ACT population is the result of increases in wealth and innovations in technology, which have led to falling fertility rates and higher life expectancies.

The Australian Government's *Intergenerational Report 2007* projects that Australian men born in 2047 will have a life expectancy of 86.0 compared to 79.1 in 2007, and women born in 2047 will have a life expectancy 89.8 compared to 83.8 in 2007. In the ACT it is expected that both male and female life expectancies will remain above the rest of Australia, due to higher incomes, a high-quality health system and a more active community.

The combined result of these trends will be large shifts in the structure of the ACT's population. The biggest change is expected to occur in the 65-and-over age bracket. By 2047, the proportion of Canberra's population aged 65 and over is expected to reach 21.5 per cent of the total population—more than double the current proportion (9.7 per cent). While this number is high, it is in line with projections for Australia as a whole, where the population aged 65 and over is expected to be around 25 per cent of total population in 2047.

A growing and ageing population has potentially significant implications for the ACT. A larger population requires careful planning of services and housing, increased investment in infrastructure and a greater focus on sustainability. An ageing population will mean increased demand for health services and aged care accommodation. It also has implications for the Territory's labour force, revenue raising capacity, and provision of affordable housing, transport, and community and education services.

The possibility of increasing demand for government services, coupled with reduced tax revenues, represents a significant risk to the ACT budget. This risk is highlighted by the likelihood of increased use of ACT health services by residents of the surrounding region.

Achievements

The ACT Government recognises the broad impact of demographic change and has pursued a range of policies to address this issue.

To expand the ACT's labour supply, and in particular to increase the number of young and skilled workers settling in the ACT, we have implemented initiatives such as the Skilled and Business Migration Program and the Live in Canberra program and established the

ACT Skills Commission to provide detailed advice on skills issues. These initiatives, along with our record investment in education, also increase labour force participation rates and productivity.

To ensure the Territory is well placed to meet budgetary challenges of the future, in the 2006–07 Budget the ACT Government helped secure the Territory's finances by introducing a range of reforms to broaden the ACT's revenue base and increase the efficiency of our service delivery.

The ACT Government has also begun to address the challenge of an ageing population through, for example, its skills and education programs, and through participation in the Council of Australian Governments' national reform agenda. Further examples of initiatives supported by the ACT Government to maximise labour participation in an environment of population ageing include:

- reforms to disability care and support and increased expenditure on mental health
- the development of a mature age employment strategy for the ACT Public Service
- support for the *Silver Lining* program, which educates businesses about the benefits of retaining older workers
- an increased focus on the prevention of Type 2 diabetes.

Moving forward

The ACT Government will respond to the challenges of demographic change in its forward planning across all areas of activity.

The ACT Government strengthened its focus on high-quality demographic information in the 2008–09 Budget by funding an across-government

demographic role. This will support regular population projections for the ACT and a range of demographic analysis to better inform the ACT Government and community about the changing nature of Canberra's population.

Forecasts of the level, characteristics and location of future population growth are fundamental to quality policy development and informed decision making. Population forecasts provide the basis for assessing future requirements for residential and commercial land, housing, public utilities and a range of Government provided services.

We are also committed to a full examination of the budgetary, economic and social implications of an ageing population and the development of a detailed action plan to address this challenge. An updated intergenerational model developed by consultants for the ACT Government will assist this work.



A Skilled Workforce

The ACT Government recognises the value to the ACT economy that a larger population offers, particularly through increases to the skills base, greater economies of scale, and offsetting the impacts of an ageing workforce.

We believe that our broader economic policy framework is the best way of achieving these benefits. By focusing on a range of economic fundamentals such as world-class education, high-quality infrastructure, affordable housing and support for small businesses and innovation, all set within a context of sustainability, the aim is to create an environment where people want to live and work—a place that is attractive for doing business and raising a family.

We seek to capitalise on this environment by advertising the benefits of Canberra to various target groups through initiatives such as the Skilled and Business Migration Program, the Live in Canberra program and a strong presence at trade fairs and tourism expos.

Our focus is not just on attracting workers to Canberra, but on attracting the *right* workers—workers who can fill the ACT's skills gaps, who are likely to stay in the ACT and increase the total level of economic activity in the ACT.

This approach is an efficient use of the government's resources, as it relies on investments in sound economic initiatives that increase the productive capacity of the existing population and also work to attract further highly skilled and motivated people to Canberra.



Encouraging business and innovation

Innovation in the ACT economy

Innovative economies grow more quickly, produce more and higher quality employment opportunities, and have higher standards of living. They are open and forward looking; they invest in the skills, research and infrastructure that enable innovation in areas such as ICT and design; and they manage risk and promote entrepreneurship and an environment that allows innovative businesses to thrive.

Innovative businesses are flexible and focused, fiercely competitive and actively collaborative. They seek new opportunities and invest in the skills, research, design, business systems and market development to secure those opportunities.

These are some of the characteristics of our economy and our businesses and other organisations that we are seeking to support and develop using the following key themes:

- Establishing the right overall business environment where innovation can flourish—in essence, supporting a strong fiscal management approach, avoiding unnecessary regulation, keeping government pressure off borrowing costs, providing high-quality and low-cost infrastructure, and generally allowing businesses to get on with doing business.
- Supporting an educated and skilled workforce—ensuring our education system provides opportunities and quality learning outcomes

for all, and is also building the foundation skills needed in the knowledge economy, particularly in areas such as ICT, science, communication skills, and mathematics.

- Making the most of the economy's innovation infrastructure endowments—the ACT's economy is rich in science infrastructure courtesy of major national institutions such as CSIRO, the Australian National University, National ICT Australia and the University of Canberra. All of these organisations play important roles in integrating the science and business communities. The ACT Government will also explore opportunities to co-invest in these and other organisations to extend and build new capabilities in science and, ultimately, commercialisation.
- Encouraging collaboration and connectedness between players in the innovation system—recognising that economies with superior innovation performance typically have strong networks where players in the system interact frequently.
- Working to make our city a diverse, interesting and highly connected centre that will attract and retain skilled workers.
- Actively encouraging a culture of innovation in the business sector and broader community—recognising that leadership by government, the business community and institutions are equally important.

These themes are all well established in the ACT Government's approach to economic development. The *Economic White Paper* supported a number of these policy directions, and we have recently accelerated reforms and introduced new measures across many of these areas.

A Study of the ACT Innovation System

In 2007, the ACT Government commissioned a study of the ACT innovation system. *Innovation, Creativity and Leadership: Report of a Study of the ACT Innovation System*. The study was aimed at providing a deeper understanding of the workings of the ACT innovation system and identifying ways to improve its overall performance. It has provided a comprehensive analysis of the current environment.

The study also identified a number of areas of opportunity for the ACT:

- Facilitating innovation leadership—working in partnership with the business community and key institutions to provide greater leadership and direction in promoting innovation in the ACT.
- Creating and leveraging sector links—in particular, exploring new initiatives to accelerate and deepen the links between the technology and creative sectors.
- Stimulating and supporting innovation at the enterprise level—placing a greater emphasis within business programs on innovation support, and in particular looking at ways to accelerate the formation of more investment-ready firms in the ACT.
- Branding and strategic positioning of Canberra—developing a more contemporary business branding of Canberra and promoting both its technology credentials and skilled workforce.
- Promoting innovation awareness—undertaking a program of events to raise awareness and understanding of innovation across the business and broader communities.

Moving forward

Our future focus will be on encouraging business innovation, expanding innovation infrastructure and strengthening relationships with stakeholders

in the ACT's innovation system. We have already committed \$7.7 million over the next three years to support these priorities.

Encouraging business innovation

The ACT Government will also support early stage business commercialisation and innovation capacity development in ACT enterprises through two complementary programs.

The Lighthouse Business Innovation Centre is a specialist service co-funded by the ACT Government that will work closely with young technology businesses to shape and improve their business models and business systems. The overall aim of this service will be to accelerate the creation of investment-ready businesses that can access external investment sources.

Innovation Connect (ICon) is a small grants program that will provide new entrepreneurs and people with creative business ideas with limited direct funding to accelerate business concept development and commercialisation.

In the 2008–09 Budget, the ACT Government also provided an additional \$1 million to the Canberra Business Development Fund, a highly successful niche venture capital fund that partners with private sector funding sources to invest in small innovative ACT companies. Our \$1 million investment leveraged an additional \$1 million in private sector funding through the Hindmarsh Group.

Expanding innovation infrastructure

The ACT Government will broaden the Territory's research and development base and innovation capacity by supporting the initiatives that build on existing capabilities.

The 2008–09 Budget included a commitment to support innovation infrastructure by coinvesting \$1.1 million in the Australian Plant Phenomics Facility at CSIRO and \$2.5 million in the Climate Change Adaptation Research Centre at the Australian National University. This follows the \$6 million investment made in National ICT Australia in the 2007–08 Budget.

We will continue to explore options for coinvesting in other innovation infrastructure opportunities, where this support will leverage significant additional funding, where it enhances the ACT's strategic capabilities and where potential benefits to ACT business and industry can be clearly demonstrated.

Strengthening relationships among key innovation stakeholders

The ACT Government aims to strengthen the management of relationships between key stakeholders in innovation through regular engagement, maintaining an awareness of initiatives and activities



being undertaken, creating and facilitating links, and building cases for government and other support for worthwhile initiatives where appropriate.

The key stakeholders include research and development and education institutions; providers of services to potential innovative enterprises; innovative enterprises that operate in the creative and technology sectors; federal and territory government departments and agencies; non-government organisations; intermediaries and network providers; and business and other industry groups and associations.

Innovation and trade development

At the enterprise level, innovation and trade are inexorably linked. To compete internationally—particularly over long periods of time—firms have to be innovative in the products and services they take to market and they must learn to respond faster than their competitors. Exporting is now considered to be one of the most pervasive influences supporting innovation at the enterprise level—it has impacts far broader than the immediate sale.

Exporting is also important because it develops links to the global supply chains of larger enterprises that, in total, now manage about three-quarters of world trade.

For these reasons, the ACT Government actively supports the export efforts of ACT firms.

Achievements

The ACT Government has a number of mechanisms in place that are designed to support small to medium businesses in their export activities, including:

- conducting a focused annual trade missions program

- providing training and advisory services through Canberra BusinessPoint
- instituting a system of overseas in-market support for ACT businesses through the new Trade Connect program
- maintaining a close working relationship with Austrade to link local companies to services and support, particularly through the Trade Start program
- providing funding for the ACT Exporters' Network and the annual Chief Minister's Export Awards
- hosting business and economic development events
- coordinating the Territory's export programs to support companies ready to export.

Moving forward

In the 2008–09 Budget, the ACT Government provided \$1 million over four years to promote Canberra's investment and business opportunities through a range of targeted marketing activities, including investment in information collateral and an annual business investment event organised in partnership with the private sector.

This funding will build on recent trade missions to China, the United States and India, and ACT Government-hosted business events such as 'Focus on Business' and 'India in Focus', which strengthened Canberra's international trade relationships.

In July 2008 we also launched our International Business Development Strategy—an action plan to help develop the trade and export capability of ACT businesses, win international investments in knowledge-based industries, and attract in-demand skills and business investments.

A survey of the ACT's exporters will be undertaken in late 2008 in order to gain insight into export development experiences, capabilities, capacity and assistance program effectiveness.

To complement these plans, we will further develop our assistance streams by:

- continuing to develop relationships, following successful trade missions overseas, and exploring other market-entry opportunities within the Asia-Pacific region
- building export awareness by identifying further opportunities to capitalise on the momentum built by the ACT Chief Minister's Export Awards program
- exploring opportunities to aid internationalisation
- channelling ACT companies to Austrade's advisory and funding programs
- extending trade mission activities to include investment attraction and skilled business migration programs. In support of this, the ACT Government will capitalise on its links with global organisations to facilitate international opportunities for ACT companies.

Small business

Small businesses play an important role in the ACT economy. Small businesses constitute over 90 per cent of the private sector enterprises in the ACT. The latest Australian Bureau of Statistics figures show that there are about 24,000 businesses in the ACT. Collectively, these small businesses provide more than half of the ACT's private sector employment.



The rate of new business creation in the ACT is also high, averaging around 4,000 new businesses per year, for the period between 2004 and 2007. Such high rates of enterprise start-up are typical of fast-growing economies, like the ACT's. It is important for the economy that these new enterprises not only survive but also grow and contribute to the Territory's economic development by being innovative, well connected and internationally competitive.

An efficient and effective regulatory regime is particularly important to small business given the heavier proportional impact of regulation.

Achievements

The ACT Government has several industry development initiatives focussing on the growth and development of small innovative businesses.

- ScreenACT is an industry development activity conceived in 2004 and outsourced to the private sector to deliver in 2007. This industry development activity aims to support the development of screen based film, television and digital media businesses. This industry development activity is currently delivered, under contract, by the Canberra Business Council
- Canberra.NET is an ICT industry cluster built around the dotNET technology platform. This initiative, delivered by the Australian Information Industry Association (AIIA) has over 80 members and successfully marries small and micro ICT businesses to larger multi-national corporations based in the ACT.

These industry development initiatives focus on the growth and development of small businesses in the technology and creative sectors.

Moving forward

The ACT Government is committed to providing an environment that supports the establishment of small businesses and enables them to thrive. We are also committed to ensuring that our business support programs are easily accessible and relevant for small and micro enterprises.

Canberra BusinessPoint, which we established in 2006-07, will continue to be a central component of our focus on business. This innovative program provides free end-to-end advisory services for start-up businesses, young businesses, entrepreneurs, exporters and established enterprises.

With its wide focus, the Canberra BusinessPoint aims to assist businesses from a diverse cross-section of industries within the ACT, with a particular focus on start up information, growth plans, and mentoring owners and operators in the effective running of their businesses.

We will also develop a separate business and industry action plan which will further detail our strategies and actions aimed at developing a stronger, more innovative and globally competitive business sector.

Building infrastructure and planning for the future

An economy is driven by the creativity and skills of its businesses and labour force. However, the capacity of these productive factors to contribute to growth and development depends very much on the conditions they operate in.

Governments have a key role in helping to create the right economic conditions. Along with delivering responsible fiscal management and appropriate regulation, people and businesses rely on the planning and infrastructure provided by governments.

The ACT Government is committed to providing high-quality infrastructure and sound planning for Canberra, recognising that this increases the quality of life for Canberrans, expands the productive capacity of the existing workforce and businesses, and helps to attract new investment and migration—it makes Canberra a great place to live, work and do business.

The ACT Government is looking to the future. Through investment in infrastructure and urban planning, we aim to support and coordinate economic activity in the ACT, to provide for sustainable development and to meet the social and community goals of all Canberrans.

Providing high-quality infrastructure

Strong economies are founded on effective infrastructure. Transport links allow the movement of resources; communication infrastructure supports

the diffusion of information; provision of services; water and electricity networks provide basic inputs to businesses and households; and public infrastructure, such as hospitals, education, recreation and cultural facilities, provides for the health, learning and amenity of citizens.

The ACT has always had high-quality infrastructure, befitting Canberra's role as the national capital, and the ACT Government has further strengthened this infrastructure base with record levels of investment.

The high quality of infrastructure in the ACT complements its well-educated and highly-skilled workforce. Together, these strengths have been important drivers of the ACT's economic growth.



The ACT is now facing a range of emerging challenges, including skills shortages, climate change, changes in health care models and an ageing population. The ACT Government recognises that expanded, reconfigured and new infrastructure will play an important role in addressing these challenges and ensuring continued prosperity and sustainability of services.

Achievements

Since coming to office in 2001, the current ACT Government has made substantial investments in the ACT's infrastructure, with record capital works programs over the past few years. The annual capital works expenditure has increased from around \$111 million in 2001-02 to a forecast \$314 million for 2007-08.

Highlights of the past five years include:

- refurbishment of the National Convention Centre (\$24.8 million)
- construction of the East Gungahlin School at Harrison (\$24.4 million)
- construction of the Civic Library and Link Project (\$15.4 million)
- stage 1 of the upgrade of City West Infrastructure in the Childers Street precinct (\$6.0 million)
- construction of the Australian National University Medical School (\$12.1 million)
- upgrade of Fairbairn Avenue (\$9.5 million)
- construction of the Woden Police Station (\$7.8 million)
- extension of Gungahlin Drive (\$120.1 million)
- construction of the Canberra Glassworks (\$7.7 million).

Moving forward

Building infrastructure for the future

The ACT Government is committed to a sustained and significant program of new capital works and maintenance of existing infrastructure across the Territory. In the 2008-09 Budget, we announced a strategic infrastructure investment program, *Building for the Future*, which provides \$1 billion of investment over five years. The objectives of the program are to:


- increase the productive capacity of the economy by expanding infrastructure provision
- reduce future social, environmental and economic costs
- provide for growth in the economy and maintain a competitive edge against other urban centres.

The \$1 billion program is targeted at:

- strengthening health infrastructure (\$300 million)
- improving the Territory's transport system (\$250 million)
- meeting the challenges of climate change (\$100 million)
- improving urban amenity (\$100 million)
- investing in information and communication technology (\$50 million)
- boosting the existing capital works program (\$200 million).

ACT Infrastructure Plan

Infrastructure is a long-term asset—it supports our economic and social goals today, and those of our children tomorrow. Good governments must therefore take a long-term view of infrastructure, carefully considering future requirements and planning a coordinated, focused and effective investment program. The ACT Government has



always planned on this basis—our record investments in health and education, our decisive response to water security risks, and our new \$1 billion investment program, *Building for the Future*, all look to secure the prosperity of the ACT well into the future.

The ACT Government will further strengthen its capital expenditure planning by developing an ACT Infrastructure Plan. The plan will detail future infrastructure requirements for the ACT and provide a framework for prioritising project funding as part of the ACT's annual budget process. It will also provide a vehicle for reporting to the community and business sector on progress with delivering the current capital works program. The plan will be updated regularly and overseen by an Infrastructure Advisory Group.

Infrastructure management and delivery

The ACT Government is committed to sound asset management that takes a long-term, whole-of-life view, strikes a balance between ongoing maintenance and periodic capital upgrades, and identifies when assets need to be replaced.

We already have a strong Asset Management Framework aimed at increasing the cost effectiveness of providing and managing public assets. We are now updating this Framework to reflect current best-practice and improve the forecasting of future infrastructure needs to support our long-term service delivery aspirations. We are also developing a model set of strategic asset management plans for agencies which will be used across government to ensure consistent approaches to asset planning and management. The 2008–09 Budget allocated \$5 million for this purpose.


The ACT Government has a strong record on asset maintenance. We have increased maintenance expenditure by more than 25 per cent since we came to office and now spend around \$128 million per annum looking after the assets we have. Maintaining our high-quality assets at standards appropriate to their use and life cycle will remain a priority for the ACT Government.

We are also continuing to reform our procurement systems and processes with the aim of making it easier for industry to do business with the ACT Government, while keeping the system robust and accountable. Reforms include regularly publishing a Call Tender Schedule, greater use of internet-based tendering, and reviews of the ACT Government Prequalification System and the template contract documents used for tendering.

The ACT Government recognises its responsibility as the lead planner, coordinator and provider of public infrastructure to support economic growth in the ACT. However, due to the microeconomic reforms of the last 20 years, the private sector is able to play a larger role in infrastructure provision. The ACT Government will continue to examine the best ways to combine private and public involvement in capital projects to ensure optimal investment, the best value for taxpayers and appropriate risk-sharing.

Council of Australian Governments (COAG)

The COAG Infrastructure Working Group convenes Australian governments to work together to develop national policy, planning and regulatory frameworks to meet Australia's future infrastructure challenges and to enhance Australia's future economic performance and raise national productivity. The ACT Government is an active participant in this working group.



Infrastructure Australia is undertaking a national infrastructure audit to determine the capacity and condition of nationally significant infrastructure, including the areas of water, energy, transport and communications. Once it has completed the audit, Infrastructure Australia will deliver an infrastructure priority list to COAG and develop nationally consistent guidelines for public–private partnerships for approval by COAG. The ACT Government has nominated its own set of infrastructure priorities for consideration by Infrastructure Australia.

Although not all national reforms are directly relevant to the ACT, the ACT Government understands that infrastructure reforms which enhance Australia's future economic performance and raise national productivity can bring great benefits to the ACT. We will therefore continue to actively support COAG's initiatives to ensure that the ACT is at the forefront of infrastructure reform.

Strategic Project Facilitation

The ACT Government has developed a Strategic Project Facilitation (SPF) unit to streamline the processes through which a project proponent obtains the necessary approvals for a project. In deciding to provide the higher level of service inherent in SPF, the ACT Government recognises that the selected project is of special significance to the ACT.

Projects are granted SPF status to provide an efficient and coordinated process for obtaining necessary ACT Government approvals. It provides the proponent with a case manager to assist with access to government agencies; where appropriate, facilitation may include introductions to relevant local businesses and organisations.

Canberra International Airport

Airports are a crucial part of the infrastructure of a modern economy. The primary economic function and wider social importance of airports is to facilitate the efficient movement of people and freight in and out of the regions they serve, improving inbound tourism and trade. The ACT Government recognises the significant role that Canberra International Airport plays as a regional gateway and a generator of investment and employment.

The ACT Government has committed to upgrading the road infrastructure around the airport to assist the flow of traffic and maximise transport opportunities. Support will also be provided for further development of the Majura Valley as a key defence and security hub. We will also build on current tourism marketing strategies to attract increased patronage and investment around the airport.

The ACT Government will continue to ensure that development around the airport complies with relevant Territory planning legislation. This will help to minimise economic, social, environmental and heritage impacts and strike a balance between the aviation services needed by the local community and the implications of traffic congestion and aircraft noise.

An integrated transport approach

A growing economy needs a dynamic and responsive transport system to provide for an efficient flow of goods and to meet people's transport needs. Congestion has clear economic implications, delaying the movement of people and goods around the city, reducing productivity and imposing relatively higher costs of transport, and negative environmental impacts.



The *ACT Government Integrated Transport Framework* will improve the efficiency of the transport system, address traffic congestion, reduce transport emissions and provide better transport options for the ACT community.

The 2008–09 Budget allocated \$250 million over five years for integrated transport system initiatives to improve roads, car parks, public transport services and cycle paths. Projects include:

- upgrade of Tharwa Drive (\$11 million)
- duplication of Flemington Road (\$20 million)
- duplication of Athllon Drive (\$2 million)
- rehabilitation of Cotter Road (\$2.9 million)
- stage 2 of the upgrade of roads around the airport (\$10 million)
- realignment of the Kings Highway (\$3.5 million)
- purchase of 100 new energy-efficient, more accessible buses as part of the bus fleet replacement program (\$50 million over four years)
- implementation of ACTION's Network 08 (\$12.950 million over four years)
- opening of new Park and Ride and Bike and Ride facilities (\$530,000)
- extension and replacement of the Belconnen Bus Interchange (\$16.5 million)
- development of an on-road cycle path on the Cotter Road (\$2.3 million).

We have also committed to a staged duplication of Gungahlin Drive Extension, which will begin immediately with a view to completion within four years.

Facilitating communication technologies

Telecommunications is becoming ever more critical for the conduct of business and commerce and for the provision of services and information. Telecommunications infrastructure supports Canberra's existing economic base and enables the development of new industries.

The Federal Government has responsibility for policy, regulation and provision of national telecommunications infrastructure and services. However, the ACT Government currently operates world-class fibre optic network facilities and continues to be committed to ensuring that a wide range of telecommunications and broadcast services are available and accessible to all members of the community.

The 2008–09 Budget allocated \$50 million over five years for information and communications technology projects. This includes an initiative to provide \$7.7 million over four years for fibre optic cabling to ACT Government primary schools, nearly \$2 million on improved courts and justice information systems and \$1.8 million for phase two of the Closed Circuit Television Project.

The ACT Government will continue to enhance Canberra's knowledge economy credentials to ensure that the ACT economy remains globally competitive. The development of an advanced telecommunications infrastructure in the ACT will be fundamental to ensuring that this objective can be achieved.

Planning for the future

Planning plays a critical role in delivering quality, timely and coordinated economic and social development, while managing the environmental impacts of development in a sustainable manner.

This is achieved through the development and implementation of strategies and designs that manage the urban form and balance the built and natural environments, community needs, cultural significance, and economic sustainability. By facilitating the right mix and appropriate location and standards of development, planning is able to meet residents' needs, and ensure better quality of life and the creation of vibrant and sustainable communities.

The planning context for Canberra is made more complex by our role as both a regional city and the nation's capital. This requires planning to respond to residents' needs and those of the broader region, as well as delivering and facilitating planning outcomes that present us in a positive light both domestically and abroad.

Within the ACT, the primary planning function is coordinated through the ACT Planning and Land Authority. Successful planning relies on coordinated input from all sectors, business, ACT Government agencies and the broader community, as well as the National Capital Authority.

Achievements

The ACT Government has consistently delivered effective planning responses to challenges such as growth management, sustainability, governance and climate change. This has largely been achieved by a long-term planning outlook and coordinated planning strategies, including the *Canberra Spatial Plan*, the *Affordable Housing Action Plan* and the creation of the Land Development Agency

In March 2008, the ACT Government introduced a series of planning system reforms to allow further development of Canberra to meet the needs of a

growing community in a way that is economically and environmentally sustainable. The reforms reduce planning red tape to make the planning system simpler, faster and more effective. The reforms allow for building approvals to be sought through building certifiers, creating a more affordable option for building new homes than the previous development application process.

The reforms also provide the opportunity for home buyers to purchase land over the counter, and includes measures to help ensure land allocated for housing is not left undeveloped. These reforms are aimed at bringing more housing onto the market sooner.

Furthermore, the reforms introduce a new *Territory Plan* with a few key policy reforms including changes to land-use provisions, and height provisions in a number of areas including Braddon and Gungahlin where it is designed to attract more office development and increase employment opportunities.



Water Ways, the water-sensitive urban design code, is part of the reforms to ensure new developments use less water. It includes a requirement for a 40 per cent reduction on mains water use and promotes better stormwater management and use.

The ACT Government is looking to encourage the development of a more diverse but sustainable urban form that will provide for:

- improved transport links and more sustainable transport options
- a greater range and volume of housing choices with more affordable housing
- mixed uses in and around town and suburban centres to encourage more effective and efficient use of infrastructure and to increase the viability of these centres
- coordinated land releases including a mix of both brownfield and greenfield sites such as at Molonglo.

Affordable Housing

To address the challenge of declining housing affordability, we developed the *Affordable Housing Action Plan 2007*, which outlines ways to increase the supply of affordable housing in the ACT. Since its introduction in April 2007, we have:

- increased the supply of land by an additional 1,000 blocks to a total of 3,200 this financial year
- adopted a rolling five-year land release program
- streamlined land release and approval processes, and introduced englobo land releases
- mandated the delivery of house and land packages priced between \$200,000 and \$300,000
- provided more generous concessions to help more Canberrans buy a home
- introduced a land rent scheme, to enable more low-income families to purchase their own home



- invited institutional investors to provide affordable private rental accommodation
- boosted community housing with an equity injection of \$40 million and a loan facility of \$50 million
- ensured that better and more targeted use is made of public housing - 87 per cent of new allocations are made to applicants in urgent need of housing compared with just over 38 per cent nationally
- implemented measures to improve the energy efficiency of the public housing stock to reduce energy costs for public housing tenants
- released two demonstration projects to showcase affordable land and housing packages
- funded a design award for excellence in affordable housing.

Moving forward

The 2008–09 Budget funds initiatives that build on the work of the planning system reforms and continue the planning associated with new suburbs to provide more affordable and sustainable housing.

The ACT Government will invest \$4.1 million over three years to progress planning of the development of Molonglo, East Lake and the remaining undeveloped suburbs in Gungahlin to deliver affordable housing in line with future demand. Of this, \$1.7 million will be allocated to the East Lake urban renewal project, undertaken with CSIRO, to showcase energy and water-efficient housing designs.

The Budget also contains funding of \$976,000 over three years for the Sustainable Communities Strategic Planning Program to develop and implement policies aimed at creating a more compact city with more solar-efficient housing.


The ACT Government will also invest \$510,000 over three years in research and monitoring to ensure commercial land supply is able to keep up with future demand.

We are committed to ensuring that the ACT planning system is equipped to meet future challenges and will continue to:

- strive for an efficient regulatory planning environment
- communicate with business and the community to improve understanding of planning procedures
- respond to national initiatives and pursue improved national and regional planning opportunities and coordination
- improve the compatibility of regional markets to increase stakeholder confidence in investing and developing within the ACT
- undertake a cooperative and strategic approach to planning to ensure the provision of infrastructure, by both the Federal Government and the private sector, that will facilitate the sustainable development of the ACT
- promote planning developments that pursue a range of housing types and densities to support more efficient use of infrastructure and resources and create more vibrant town centres.

Sustainable residential land release

Timely and appropriate land releases are crucial to support the continued population and economic growth of Canberra. Provision of housing choice, and a range of housing that meets affordability criteria, will enable Canberra to attract and retain the workforce it needs, as well as meeting the needs of our community. Coordinated and appropriately located land releases also minimise the costs to the community to provide key infrastructure and services.



With these objectives in mind, the *ACT Land Release Strategy 2008–09* provides the framework and direction to achieve the greatest benefits for the community from government land holdings and to assist in the provision of affordable housing.

Key components of the land release strategy include initiatives such as the promotion of high-density residential development, including small, low-maintenance homes so that ageing households can downsize, thus freeing the existing housing stock for growing families. The five-year land release program will also provide for growth by facilitating the delivery of 15,000 dwelling sites in a combination of new release areas such as those planned for Molonglo, and the more efficient development of existing residential areas through appropriate urban infill.

This level of supply will meet demand for residential development. It will also create an inventory of serviced land, enabling the ACT Government to respond quickly to changes in market conditions.

Commercial and industrial development

The *ACT Land Release Strategy 2008–09* provides for the release of 100,000 square metres each for commercial and industrial land to facilitate continued economic and employment growth for Canberra in the short to medium term.

The continued development of a sustainable city will be promoted by facilitating appropriate development at Civic and the town centres through the new Territory Plan. A number of studies are currently investigating the infrastructure capacity at Civic and town centres and will provide advice on needed improvements and the investment required to accommodate additional activity.

Fyshwick, Hume and Mitchell will continue to meet demand for industrial development in the short to medium term through the take-up of existing land and the logical extension of the existing developments.

Eastern Broad Acre Study

The *Eastern Broad Acre Study* was foreshadowed in the *Canberra Spatial Plan*, which recommended the investigation of an eastern employment corridor extending from Majura through to Hume for further industrial, broad acre, commercial, tourism, recreation and transport activities.

The potential development opportunities in this locality have the ability to further build on the strengths of the ACT economy. The area also possesses locational and development potential characteristics that is unlikely to be replicated on the same scale elsewhere within the ACT, such as its proximity to road and air transport infrastructure.

The detailed study being undertaken will ensure that any potential development would occur only in the context of a sustainable and coordinated land release. The development of the area would enable Canberra to plan for the long-term demand for quality commercial, industrial and other land uses.

Sustainable planning

The ACT Government recognises that planning has a key role to play in achieving a sustainable economic future for the ACT. Sustainable planning increases energy and water efficiency of homes and buildings, more effectively links people, employment centres and services, and reduces greenhouse gas emissions.

Our commitment to sustainable planning is clear. We have adopted contemporary sustainable planning practices in Bonner, East Gungahlin and Molonglo. We have mandated 5-star energy ratings for new single residential buildings and encouraged new building owners to achieve even higher energy efficiency ratings. And we have introduced water sensitive urban design guidelines applying to all scales of development.

Sustainable planning remains a priority for the ACT Government, and we will build on our significant achievements to date.

We will continue working to limit urban sprawl and create a more efficient and less dispersed city. This will reduce travel times and vehicle emissions, provide greater opportunities for walking and cycling, reduce infrastructure costs, and improve access to and utilisation of government services.

Designing and planning a sustainable city was an important component of our climate change strategy, *Weathering the Change*. We will continue to implement its many sustainable planning actions, including the urban forest replacement program, improving public transport, the introduction of a feed-in tariff, and integrating environmentally sustainable design features into all new schools.

We will examine solar power opportunities for the Territory and identify potential measures to increase the solar efficiency of suburban housing. This may include strengthening passive solar design and the links between land subdivision and the building construction stages.

We will continue to work with other Australian governments and the private sector to develop new approaches to sustainable planning and to identify the most effective measures to address and adapt to climate change.





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