

5.1 2004-05 BUDGET AND FORWARD ESTIMATES

This chapter provides a summary of the 2004-05 Budget and forward estimates for the General Government Sector. Information presented for the 2004-05 Budget is based on generally accepted accounting principles.

Consolidated financial statements for the General Government Sector, Public Trading Enterprise Sector and the total Territory Public Sector are provided in Chapter 5.5.

Highlights of the 2004-05 Budget

- A surplus of \$7.9m in 2004-05.
- An aggregate surplus of \$229.5m over four years (2002-03 to 2005-06).
- An aggregate surplus of \$42.5m over four years (2004-05 to 2007-08).
- Recurrent initiatives totalling \$95.964m, including initiatives for revenue forgone of \$10.370m.
- Capital funded initiatives of \$22.687m.
- Commitment to a Capital Works Program of \$329.9m, with emphasis on projects over a three year horizon.
- Funding of \$110m for the construction of a correctional facility over three years.
- A responsible budget that will continue the AAA credit rating for the Territory.
- No new major asset sales.
- No new general government borrowings.
- No new taxes.

2004-05 Budgeted Operating Result and Forward Estimates

Table 5.1.1 below provides the operating result for the 2003-04 estimated outcome, 2004-05 Budget and forward estimates.

**Table 5.1.1 - General Government Sector
2004-05 Budget and Forward Estimates**

2003-04 Budget \$m		2003-04 Est. Outcome \$m	2004-05 Budget \$m	Var %	2005-06 Estimate \$m	2006-07 Estimate \$m	2007-08 Estimate \$m
2 360	Total Revenue	2 657	2 592	-2	2 659	2 766	2 909
2 368	Total Expenses	2 564	2 584	1	2 685	2 759	2 856
-8	Operating Result	93	8	-92	-26	7	53

NB. Tables may not add due to rounding

The 2004-05 Budget highlights that the General Government Sector will achieve a budgeted operating surplus of \$7.9m for the General Government Sector.

The Total Territory is budgeted to achieve a deficit of \$28m in 2004-05.

Total General Government Sector revenue in 2004-05 is expected to be \$2.6 billion; a decrease of \$55.3m (2.1%) from the estimated outcome for 2003-04.

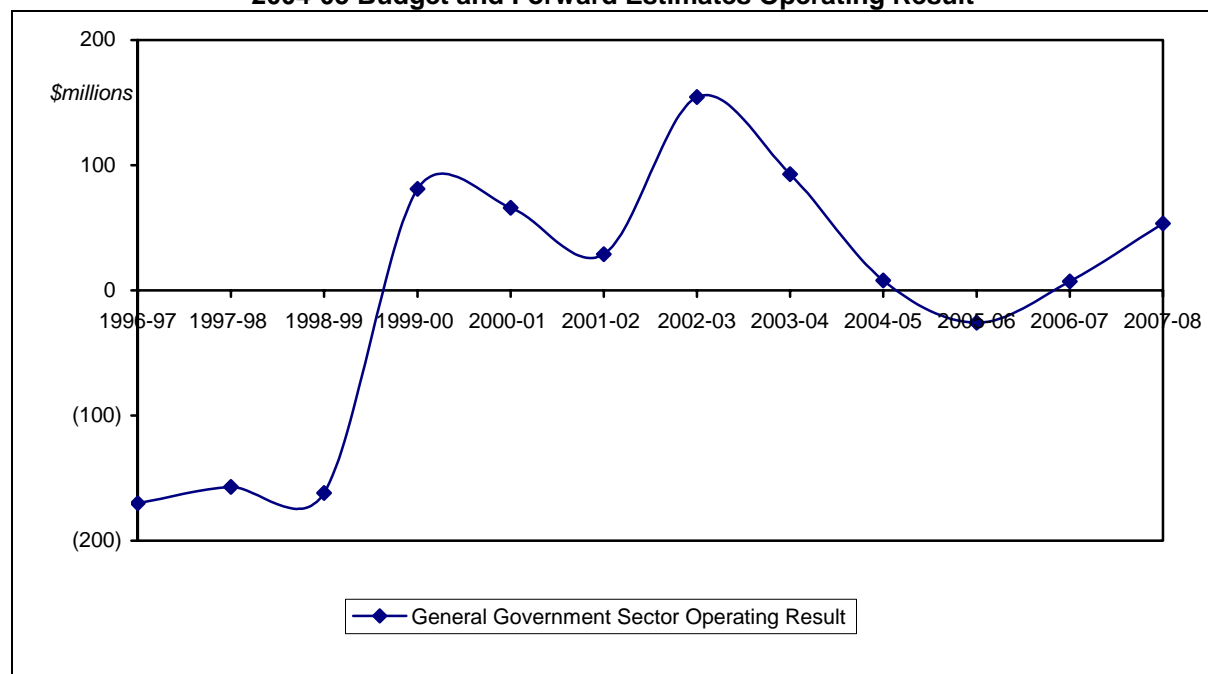
The major variations and movements in revenues relate to a 35% or \$166.355m decrease in other own source revenues offset by a \$95.948m increase in dividend revenue.

Expenses in 2004-05 are expected to be \$2.584 billion. This is a \$37.539m increase or 1.5% higher than the projected 2003-04 outcome.

The operating result initially drops in 2004-05 from the estimated outcome reflecting a reduction in revenue associated with reduced lease sales and asset revaluations. The operating result is also affected by increases in total expenses, specifically employee expenses and supplies and services. The estimated outcome continues to remain flat in 2005-06 as expenditure growth outstrips revenue growth, improving in the 2006-07 forward year as revenue growth driven by taxes, fees and fines; grants and other own source revenue, exceeds expenditure growth.

Figure 5.1.1 shows the movement of the forecast operating result for the Budget and forward estimates.

**Figure 5.1.1 - General Government Sector
2004-05 Budget and Forward Estimates Operating Result**



2004-05 Initiatives

Government initiatives are outlined in Part 6 of this Budget Paper, and have been provided to the community under the agency headings.

The 2004-05 Budget contains non capital initiatives totalling \$94.468m. This represents expenditure on initiatives structured toward achieving the objectives set out in *The Social Plan*, *The Economic White Paper* and *The Spatial Plan*. This also includes revenue initiatives totalling \$10.730m, which represents revenue foregone by the General Government Sector.

Financial Position

Total General Government Sector assets are expected to be \$9.113 billion at the end of 2004-05, an increase of \$89m over the estimated opening balances for the year. Total General Government Sector liabilities are anticipated to be \$3.452 billion, an increase of \$129m from the estimated opening balance.

The net assets of the General Government Sector are budgeted to be \$5.661 billion as at 30 June 2005.

These are further discussed in Chapter 5.4 - Financial Position.

Appropriations

Appropriations in 2004-05 of \$2.366 billion have increased from the 2003-04 Appropriations of \$2.235 billion. Appropriations for 2003-04 include the amendments to the Appropriation Bill included in the 2003-04 Budget Papers, the Appropriation Act 2003-2004 (No.2) and the Appropriation Bill 2003-2004 (No.3).

Territory Unencumbered Cash

The Territory's Unencumbered Cash (TUC) is the measure of the Territory's cash balance, which is not allocated to an operating or investing requirement at that point in time, and therefore is a measure of liquidity.

The forecast for TUC at the end of 2003-04 is \$469m and \$300m for 2004-05.

**Table 5.1.2 - General Government Sector
Territory Unencumbered Cash**

	2003-04	2004-05	2005-06	2006-07	2007-08
	Est. Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m
Territory Unencumbered Cash	469	300	166	133	176

