

1.1 BUDGET STRATEGY AND OVERVIEW

Budget Strategy and Overview

The Government's 2000-01 Budget strategy is to:

- maintain a surplus while responsibly returning benefits to the community through investing in social capital;
- control growth in the cost of outputs by ensuring services are provided and targeted both efficiently and effectively;
- fund the outstanding superannuation liability over time;
- begin funding accruing employer superannuation contributions;
- keep taxation competitive with other jurisdictions and develop opportunities to use the ACT's taxation regime to increase general business competitiveness;
- manage risks and assets prudently; and
- maintain the Territory's AAA credit rating.

The strategy aims to continue the operating surpluses and bring them to a sustainable level that will maintain the Government's social capital program and services to the community. The budget strategy will continue to address economic growth, job creation and strengthen the ACT's balance sheet.

**Table 1.1.1 - General Government Sector
2000-01 Budget and Forward Estimates**

1999-2000 Budget \$m		1999-2000 Est.Outcome \$m	2000-01 Budget \$m	Var %	2001-02 Estimate \$m	2002-03 Estimate \$m	2003-04 Estimate \$m
1 723	Revenue	1 856	1 901	2	1 929	2 011	2 053
1 787	Expenses	1 860	1 892	2	1 887	1 906	1 937
	Provision for Super		5	-	15	50	50
-64	Operating Result	-3	4	233	26	57	66

(a) Tables may not add due to rounding.

(b) The 1999-2000 estimated outcome includes abnormal items.

Highlights of the 2000-01 Budget

- The 2000-01 Budget will be the first ACT budget with the general government sector in surplus. The forward estimates demonstrate a significant movement towards a sustainable operating surplus.
- The projected surpluses in the budget and forward estimates make it possible for the Territory to invest in both physical and social capital without the need to borrow or sell major assets.
- Not only has an improvement in the operating result been achieved, dividends have been returned to the community, and a provision of \$5m made for the accruing superannuation liability in 2000-01.
- The community dividend program invests heavily in programs that promote partnerships among the community, business and government sectors, which all adds to social capital.
- The Budget presents a plan to fund, over time, the outstanding superannuation liability. This plan will allow for the provision of \$5m in 2000-01, \$15m in 2001-02 and \$50m for 2002-03 and 2003-04.
- The 2000-01 Budget also provides significantly increased capital investment of \$130.4m over five years in the Road Safety and Efficiency Program and \$18m for improved electronic service delivery.
- The General Government Sector operating loss for 1999-2000 is \$3.079m, compared with the original budgeted operating loss of \$64m. The improvement is mainly due to strong revenue performance resulting from strong economic conditions.
- The 2000-01 budgeted operating surplus of \$4.171m after provision for super, is an improvement of \$7.250m on the estimated outcome for 1999-2000.
- The operating surplus improves across the Budget period, with a surplus being achieved in each year across the forward estimates.
- The AAA credit rating, the highest possible, was confirmed by Standard and Poors credit rating agency in December 1999.
- There are no new taxes.
- There are no new major asset sales.
- There are no new funded redundancy programs.