1.1 BUDGET STRATEGY AND OVERVIEW

Budget Strategy and Overview

The Government's 2001-02 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 improve 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
2001-02 Budget and Forward Estimates

2000-01 Budget $m		2000-01 Est.Outcome $m	2001-02 Budget $m	Var %	2002-03 Estimate $m	2003-04 Estimate $m	2004-05 Estimate $m
1 901	Revenue	1 972	2 043	4	2 085	2 117	2 159
1 892	Expenses	1 924	2 030	6	2 064	2 104	2 149
9	**Operating Result**	**47**	**12**	**-74**	**20**	**13**	**11**

(a) Tables may not add due to rounding

The estimated outcome for 2000-01 is $38m higher than the original budget. The Government will explore options to utilise this surplus, such as retirement of some parcels of high interest debt.

Highlights of the 2001-02 Budget

- The 2001-02 Budget once more provides the ACT with a general government sector financial position in surplus. The forward estimates demonstrate the continuation of this trend.
- The Budget incorporates additional funds to further help reduce the outstanding superannuation liability. Continuing from the previous budget's provision of $5m in 2000-01, the Government has increased the 2000-01 allocation to $154m. The increase of $149m includes the $119m equalisation payment received from the ACTEW/AGL joint venture plus an additional $30m.
- The Government will also appropriate a further $35m in 2001-02, in addition to the $15m already committed. This brings the total injections into the 2001-02 budget year to $50m. This is consistent with the previous budget's strategy of providing $50m in the forward years.
- The 2001-02 Budget further progresses the policy framework on social capital. Government initiatives have been provided to the community under the broad headings of Innovation, Poverty, Early Intervention and Service Capacity. Initiatives for 2001-02 amount to $91.3m. This includes $15.1m of capital funded initiatives and $76.2m of recurrent funded initiatives. Recurrent initiatives include $10m of additional revenue initiatives over that announced in the previous budget, and have the effect of reducing the tax burden for ACT residents.
- The 2001-02 Budget makes the largest new capital works commitments since self-government, with a total value of $214.3m. Primary projects included in the expanded program incorporate the Traffic Congestion and Road Safety Improvement Program, the Roads Recovery Program and other major roads and infrastructure projects. The program also continues to maintain the Government's priorities across a number of key service areas.
- Continues to build a cleaner and safer Canberra with improvements in street safety, traffic congestion and the look of the city.
- Reconfirms ACT's commitment to reducing greenhouse gas emissions, and waste going to landfill.
- The AAA credit rating, the highest possible, was confirmed by Standard and Poors credit rating agency in April 2001.
- There are no new taxes.
- There are no new major asset sales.
- There are no new borrowings.