

# INTRODUCTION

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## Overview of the 2013-14 Budget

The 2013-14 Budget includes:

- A forecast General Government Sector (GGS) Headline Net Operating Deficit of \$253.6 million in 2013-14.
- A forecast return to surplus in 2015-16 and 2016-17.
- A strong General Government Balance Sheet, with:
  - Net Worth of \$16.5 billion;
  - Net Financial Worth of \$1.5 billion;
  - Net Financial Liabilities of \$4.1 billion; and
  - Net Debt of \$847 million (excluding superannuation related investments).
- New additional GGS borrowings of \$396 million (net) are estimated in 2013-14. Over the Budget and forward estimates period, the total increase in GGS borrowings is \$192 million (net) to meet budget funding requirements.
- New policy initiatives with a net impact of \$127.7 million across 2013-14 and the forward estimates plus agency funded initiatives of \$19.8 million over four years.
- Savings of around \$142.6 million over four years, namely:
  - ceasing of initiatives of \$6.1 million over four years which do not accord with the Government's priorities;
  - continuing the Government's established track record of seeking out ways to reduce input costs and generate efficiencies, the Budget includes general savings of \$96.4 million over four years; and
  - reprioritisation of government services, generating \$40.1 million over four years, achieved through the redirection of lower priority programs and the ceasing of less important initiatives from past budgets, to enable investment in higher priority activities and service delivery.
- Significant new capital investments in infrastructure of \$242.6 million over four years, which includes:
  - New Capital Works, including feasibility and forward design (\$193.5 million); and
  - Capital Upgrades Program (\$49.1 million).
- New Information and Communication Technology (ICT) projects totalling \$24.9 million.
- New plant and equipment of \$4.7 million.
- The budget for works in progress flowing from previous years is \$998.2 million over four years, with \$598.2 million available for expenditure in 2013-14. The total Infrastructure Investment Program over four years is \$1.3 billion.

The key economic aggregates for the ACT are summarised below.

**Economic Forecasts, Year Average Percentage Change**

	Actual	Forecasts <sup>1</sup>	
	2011-12	2012-13 <sup>2</sup>	2013-14
<b>ACT</b>			
Gross State Product	3.5	2¾	1¾
Employment	0.5	1½	¼
State Final Demand	4.2	2¾	¼
Consumer Price Index	2.5	2	2¼
Wage Price Index <sup>3</sup>	3.3	4	3
Population <sup>4</sup>	1.8	1½	1½
<b>Australia</b>			
Gross Domestic Product <sup>5</sup>	3.4	3	2¾

**Notes:**

1. Forecasts are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. The forecasts incorporate the estimated impact of the Commonwealth carbon price scheme, which commenced in 2012-13.
3. Total hourly rates of pay excluding bonuses.
4. The population forecasts and projections reflect Chief Minister and Treasury Directorate estimates. The forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
5. 2013-14 Commonwealth Budget forecasts.