

1.1 2005-06 BUDGET HIGHLIGHTS

Highlights of the 2005-06 Budget

- The 2005-06 Budget provides for a balanced budget over the next four years, with an aggregate surplus of \$22m projected from 2005-06 to 2008-09.
- A deficit of \$91.5m is forecast for 2005-06, an increase on the \$53.5m deficit estimated at the Mid Year Review.
- The larger deficit is primarily due to downwards revisions to taxation revenue (principally reflecting lower housing conveyance duty) and a deferral of some expenditure from 2004-05 to 2005-06.
- The Government is introducing a number of measures to address the deficit and restore the budget to surplus. This includes savings measures from improving the efficiency of government agencies and increases in revenue.
- By implementing measures to restore the budget to surplus the Government is delivering a responsible budget. Sound financial management is necessary to preserve the future capacity to deliver priority services to the ACT community, particularly in areas such as health and social services.
- A commitment to responsible budget management will continue the AAA credit rating for the Territory.
- The budget delivers targeted new spending to address high priority needs. Recurrent initiatives total \$57.598m, which includes \$12.190m of initiatives funded from within agency's existing resources. Capital initiatives total \$18.154m, mainly relating to vehicle replacement and information technology projects.
- No new general government borrowings: the projected deficit in 2005-06 can be funded from cash accumulated from previous budget surpluses.

**Table 1.1.1 - General Government Sector
2005-06 Budget and Forward Estimates**

2004-05 Budget \$m		2004-05 Est. Outcome \$m	2005-06 Budget \$m	Var %	2006-07 Estimate \$m	2007-08 Estimate \$m	2008-09 Estimate \$m
2 592	Total Revenue	2 720	2 716	..	2 851	2 999	3 146
2 590	Total Expenses	2 668	2 807	5	2 851	2 960	3 073
2	Operating Result	52	- 91	-275	1	39	73

NB. Total revenue includes share of operating result from joint ventures. Total expenses includes extraordinary expenses. The budget financial statements include variations up to 15 April 2005. The ACT has more recently proposed a schedule for the further removal of business taxes to the Australian Government. This would have an aggregate cost of \$13m across the forward estimates period. See part 4.2 for further information.

