

# Overview

This Budget Paper presents whole of government financial information and related issues and brings together information included in other Budget Papers in a consolidated form. It also meets the requirements of the *Fiscal Integrity and Transparency Act* (FITA) and complies with the Uniform Presentation Framework, as agreed by all Australian jurisdictions.

## Fiscal Strategy

The 2005-06 Fiscal Strategy and underlying targets remain unchanged from 2004-05. However, with the inclusion of the Darwin City Waterfront Redevelopment project, the expected outcomes for 2005-06 to 2007-08 have been varied to include the Territory's commitment to this major development. The Budget is expected to return to balance in 2008-09, as planned. Net debt will increase in line with the Territory's commitment to the Waterfront, however due to surpluses since 2002-03, the estimate in 2008-09 is consistent with the net debt level recorded in 2001-02.

A detailed discussion of the Fiscal Strategy is presented in Chapter 2 of this Budget Paper.

## Updated Financial Projections

Table 1.1: Estimated Outcomes – General Government

	2004-05 Estimate	2005-06 Budget	2006-07	2007-08	2008-09
			Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
<b>Cash Outcome</b>					
2004-05 Budget	0	-16	-9	-6	0
2005-06 Budget	46	-68	-53	-21	0
<b>Operating Result</b>					
2004-05 Budget	-12	-31	-18	-5	7
2005-06 Budget	23	34	51	11	6
<b>Fiscal Balance</b>					
2004-05 Budget	-29	-31	-19	-9	-6
2005-06 Budget	-11	-85	-71	-16	-6

On a cash basis, the estimated outcome for 2004-05 is a surplus of \$46 million. This improvement over the May 2004 estimate is due to an increase in own-source and GST revenue associated with improved economic conditions, higher specific purpose payments, and a transfer of expenditure to 2005-06 due to the delayed commencement of new programs. This surplus will be used to fund part of the Territory's commitment to the Darwin Waterfront Redevelopment project. While the financial effect of the Waterfront redevelopment has increased the deficits in 2005-06 to 2007-08, the Budget is expected to return to balance, in line with previously announced targets, by 2008-09.

While the cash outcome will worsen due to the Waterfront commitments, the operating result will improve, as the Waterfront-related payments are largely capital costs, and do not affect the operating statement.

The fiscal balance is the key accrual measure used by other Australian jurisdictions and is calculated by removing depreciation from the operating result and including capital spending. The fiscal balance is more closely aligned with the cash outcome, with the deficit increasing in 2005-06 to 2007-08 due to the Territory's capital contributions to the Waterfront.

A detailed discussion of the movements during 2004-05 and increases for 2005-06 and the three forward estimate years is included in Chapter 3. This chapter also includes a Statement of Risks, as required by the FITA.

Chapter 4 outlines the new and expanded expenditure and revenue initiatives included in the 2005-06 Budget contributing to the outcomes set out above.

Chapter 9 provides detailed consolidated financial statements, by sector, on a uniform presentation framework basis.

## **Revenue Projections**

Chapter 5 provides information on revenue from the Australian Government, including the framework within which these are provided. This includes a discussion of national tax reform issues and an emphasis on GST revenue and the significant effect this revenue has on the Territory's fiscal outcomes.

Chapter 6 presents information on the Territory's own-source revenue, including comparisons with other Australian jurisdictions, by tax type. This chapter also complies with the FITA by including a Statement of Tax Expenditures and presents information on non tax-related household charges.

## **Commercial and Economic Issues**

Chapter 7 outlines a number of the Government's commercial issues including a discussion of community service obligation payments to government business divisions and dividends and taxes paid by government business divisions.

This chapter also provides details on the Darwin City Waterfront Redevelopment project, part of which is funded as a public private partnership. It complies with the FITA by including a discussion of contingent liabilities.

Chapter 8 presents an overview of the economy, with greater detail provided in the Northern Territory Economy paper.