

# Fiscal and

## General Government Cash Targets

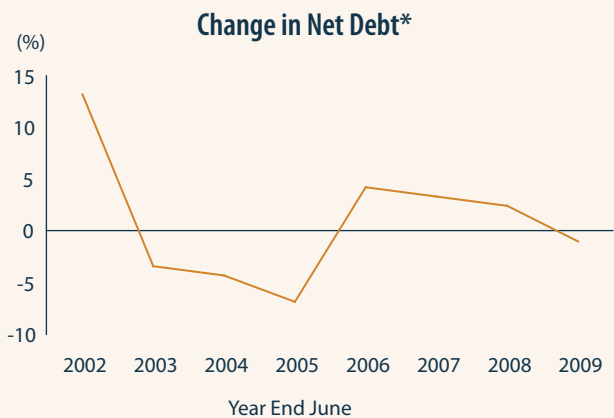
	2004-05	2005-06	2006-07	2007-08	2008-09
	\$M	\$M	\$M	\$M	\$M
May 2004	0	-16	-9	-6	0
May 2005*	46	-68	-53	-21	0

Source: Northern Territory Treasury  
\*Includes Darwin City Waterfront payments

In 2004, the Territory's fiscal strategy targets were reset to boost service delivery and provide economic stimulus. The updated targets are for the Budget to be in surplus in 2004-05, to record deficits between 2005-06 and 2007-08, and to return to balance by 2008-09.

The surplus of \$46 million in 2004-05 is due to higher revenues due to improved economic and population growth and delays in commencement of new programs. It will be used to offset the Territory's contribution to the Darwin City Waterfront Redevelopment project. Higher deficits will now be recorded in 2005-06 to 2007-08 as the community infrastructure and the Darwin Convention and Exhibition Centre are constructed. The Budget is still expected to return to balance in 2008-09.

Between 2001-02 and 2004-05, net debt has reduced by \$100 million. Over the next four years, net debt is estimated to increase by \$128 million, returning to a level consistent with 2001-02, notwithstanding significant investment in service delivery and infrastructure, including the Territory's investment in the Waterfront project. Interest payments continued to decrease from 2001-02 and are projected to decline steadily until 2008-09, when there is a small increase due to the effect of the Waterfront project.



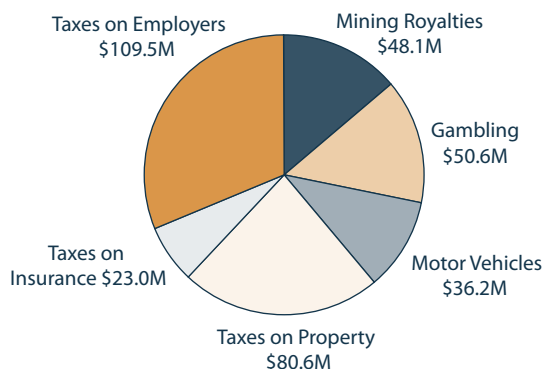
Source: Northern Territory Treasury \* Non financial public sector

## Net Debt and Interest Payments\*

Year Ended 30 June	2002	2003	2004	2005	2006	2007	2008	2009
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Net Debt	1 753	1 723	1 656	1 653	1 718	1 761	1 787	1 781
Interest Payments	196	193	188	174	167	163	168	173

Source: Northern Territory Treasury \*Non financial public sector

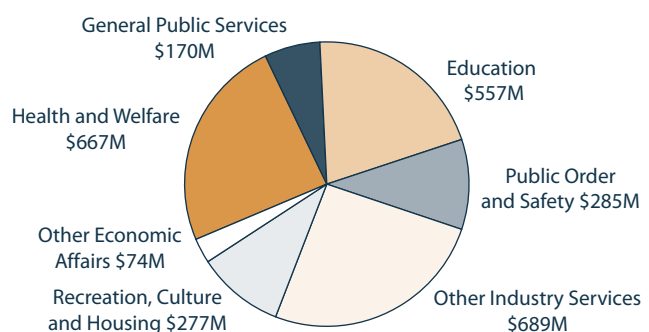
## 2005-06 Territory Own-Source Revenue



Source: Northern Territory Treasury

Own-source revenue comprises about 20 per cent of the Territory's total revenue. The largest component is stamp duty at 34.5 per cent, followed by payroll tax at 31.5 per cent.

## 2005-06 General Government Expenses by Function



Source: Northern Territory Treasury

Key functions of health, education and public order and safety comprise 55.5 per cent of Government expenses.

# Economic Outlook

Total infrastructure spending is expected to be \$476 million in 2005-06, with repairs and maintenance and minor new works both increasing by \$8 million.

These figures exclude the Territory's payments to the Darwin Cove Consortium for community infrastructure, estimated to be \$8 million in 2004-05 and \$48 million in 2005-06.

## Infrastructure Expenditure

	2004-05 Cash \$M	2005-06 Cash \$M
Capital Works	263	255
Capital Grants	46	43
Repairs and Maintenance	162	170
Infrastructure-related	8	8
<b>Total Infrastructure Expenditure</b>	<b>479</b>	<b>476</b>

Note: Figures include Power and Water Corporation.

## Economic Outlook

Northern Territory output growth is forecast at 6.2 per cent in 2005-06. Continued growth reflects the improving employment outlook, population growth maintaining a solid pace and the continuation of the cyclical recovery across a range of industries. Output will also be boosted by the start of LNG production.

Employment is forecast to increase by 2 per cent in 2005-06, boosted by major projects, defence infrastructure development and construction for the Darwin City Waterfront Redevelopment project. Stronger prospects for residential construction and the tourism sector will also support jobs growth.

Solid interstate inflows will underpin forecast population growth of 1.1 per cent in 2005, supported by initiatives to attract skilled workers. Year on year inflation is forecast to increase to 2 per cent in 2005, compared to 2.3 per cent nationally.

The economic base of the Territory is expected to expand significantly over the next decade, with offshore gas and mining developments, opportunities associated with the railway as well as a recovery in tourism and further opportunities arising from the defence presence.



## Summary of Territory Economic Indicators

Year on Year Percentage Change	2000-01	2001-02	2002-03	2003-04	Estimate 2004-05	Forecast 2005-06
Real GSP	5.7	2.3	0.2	0.4	7.3	6.2
Employment	1.1	5.4	-0.1	-2.2	-1.3	2.0
Population*	1.0	0.9	0.1	0.4	1.2	1.1
Darwin CPI#	3.9	3.6	2.2	2.1	1.6	2.0

\* Based on middle of the financial year, December estimates, annual percentage change

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