

2004-05

Mid-Year Report

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Under Treasurer's Certification

In accordance with the provisions of the *Fiscal Integrity and Transparency Act*, I certify that the financial projections included in the 2004-05 Mid-Year Report are based on Government decisions that I was aware of, or that were made available to me by the Treasurer, before 20 November 2004. The projections are presented in accordance with the Uniform Presentation Framework.



Jennifer Prince
Under Treasurer

23 November 2004

Overview

The *Fiscal Integrity and Transparency Act* requires the Treasurer to prepare and publicly release a mid-year fiscal outlook report each year in order to provide updated information to assess the Government's fiscal performance against its fiscal strategy. The Act also requires the Under Treasurer to certify the accuracy, completeness and reliability of all financial projections and associated information included in the Mid-Year Report.

The Act states that the Territory Government is to comply with external reporting standards. The external reporting standard used is the Uniform Presentation Framework (UPF), which, in turn, is based on the reporting standards of the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS).

The 2004-05 Mid-Year Report includes decisions taken by the Government since the May 2004 Budget, approved carry over of funds from 2003-04 and updated revenue estimates. It also includes a discussion of current economic indicators and the effect of revised Budget estimates on the Government's 2004-05 Fiscal Strategy.

Economic Outlook

The economic outlook for the Territory for 2004-05 was outlined in detail in the 2004-05 Budget Papers. The Mid-Year Report provides the Territory's updated economic outlook with the main issues being:

- population growth estimates for 2004-05 have been increased from 0.3 per cent to 0.5 per cent; and
- other economic parameter estimates have been reassessed, but are unchanged from the 2004-05 Budget.

Chapter 2 includes a discussion of the updated economic outlook.

Fiscal Strategy

The Government's Fiscal Strategy is based on four key principles:

- sustainable service provision;
- infrastructure for economic and community development;
- competitive tax environment; and
- prudent management of liabilities.

The revised projections indicate that all targets are consistent with Budget estimates. The Territory is estimated to achieve a balanced budget in 2004-05 and a net operating surplus and fiscal balance by 2012-13, in line with its fiscal strategy targets. Net debt and employee liabilities for 2004-05 and the forward estimates period are consistent with those projected in the 2004-05 Budget.

A discussion of the updated 2004-05 projections against the Fiscal Strategy targets is included in Chapter 2 of this Report.

Fiscal Position and Outlook

Table 1.1 presents the key measures for the Territory's general government sector at the time of the 2004-05 Budget and updated in the 2004-05 Mid-Year Report.

Table 1.1: 2004-05 Budget and Mid-Year Report Targets

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|---------|
| 2004-05 Budget | \$M | \$M | \$M | \$M |
| Cash Outcome | 0 | -16 | -9 | -6 |
| Operating Result | -12 | -31 | -18 | -5 |
| Fiscal Balance | -29 | -31 | -19 | -9 |
| 2004-05 Mid-Year Report | | | | |
| Cash Outcome | 0 | -16 | -9 | -6 |
| Operating Result | 3 | -26 | -13 | 1 |
| Fiscal Balance | -36 | -31 | -18 | -9 |

While there have been changes in various elements of the Budget and forward estimates, the cash outcome estimates remain unchanged from the time of the Budget. The operating result and fiscal balance for 2005-06 onwards are also largely consistent with the Budget estimates. The variation in the operating result for 2004-05 is due to additional revenue received being used for capital, rather than operating, purposes.

The above estimates do not yet include the Territory's contribution to the Darwin Waterfront project. While a preferred bidder has been announced and detailed negotiations are continuing, the Territory's contribution to the project will not be incorporated into the budget and forward estimates until financial close has occurred and details of the structure of the Territory's payments are finalised.

A full explanation of the approved budget variations, including changes to GST revenue, is provided in Chapter 3, with the revised financial statements presented in Chapter 4.

Economic Outlook and Fiscal Strategy

This chapter meets the *Fiscal Integrity and Transparency Act* requirement for the Mid-Year Report to provide updated information on both the economic assumptions and Fiscal Strategy.

Structure of the Economy

The structure of the Northern Territory economy is markedly different to other Australian jurisdictions, reflecting its abundance of natural resources, its comparatively large public sector, and the importance of the large defence presence. Territory Gross State Product (GSP), at around \$9 billion, accounts for approximately 1.2 per cent of national Gross Domestic Product (GDP).

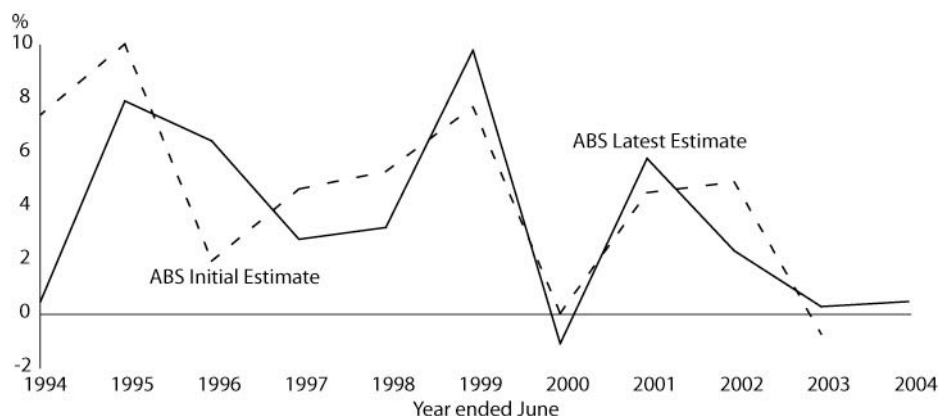
The Territory's relatively large mineral and energy sector means the economy is capable of high growth as resources are developed. Conversely, world scale, short life projects, such as the Laminaria-Corallina oil project in the Timor Sea, can have a significant impact on annual economic growth rates as production initially increases rapidly, before falling equally rapidly. The Territory economy also has significant exposure to the world economic cycle, which influences demand for mining output as well as international visitor arrivals.

In the past decade, a key driver of onshore economic growth in the Territory has been the increase in numbers of defence personnel, contributing to a major cycle in economic activity. More recently another phase of infrastructure and resource investment has commenced following the completion of the Alice Springs to Darwin railway and Bayu-Undan stage one projects. This investment phase will continue over the next few years with the construction of the liquefied natural gas (LNG) plant at Wickham Point, the recently approved expansion of Alcan's alumina refinery and the Darwin City Waterfront redevelopment project. Increased capacity coming on stream in transport and mining and energy will generate opportunities in other industries, particularly manufacturing and services.

Updated Estimates of Territory Economic Growth

Economic growth in the Northern Territory can be volatile from year to year. The small economy means large, typically resource-based projects can have a substantial impact on investment and income streams, resulting in volatile growth patterns. Another source of volatility in reported annual economic growth comes from data revisions, which in the Territory can be significant. As in figure 2.1, 1993-94 GSP growth has been revised to 0.2 per cent, down from an initial estimate of 7.3 per cent. Most recently, 2002-03 GSP has been revised to growth of 0.2 per cent, up from a decline of 0.8 per cent as initially reported.

Figure 2.1: Northern Territory Real Gross State Product¹



1. annual change

Source: ABS Catalogue No. 5220.0, Northern Territory

Economic Performance

Table 2.1 shows the effect of the most recent ABS estimates released on 16 November 2004.

Table 2.1: Summary of Economic Parameters

| % Change | 1999-00 | 2000-01 | 2001-02 | ABS Initial | ABS Latest | NT Budget | ABS Latest | Budget | Revised |
|-------------------------|---------|---------|---------|-------------|------------|-----------|------------|----------|----------|
| | | | | Estimate | Estimate | Estimate | Estimate | Forecast | Forecast |
| | | | | 2002-03 | 2002-03 | 2003-04 | 2003-04 | 2004-05 | 2004-05 |
| Gross State Product | -1.2 | 5.7 | 2.3 | -0.8 | 0.2 | 0.3 | 0.4 | 5.8 | 5.8 |
| State Final Demand | -4.3 | 0.8 | 10.2 | 6.4 | 4.5 | 4.4 | 5.6 | 1.9 | 1.9 |
| Employment | -2.3 | 1.1 | 5.4 | -0.1 | -0.1 | -1.4 | -2.2 | 2.9 | 2.9 |
| Population ¹ | 1.0 | 0.9 | 0.1 | 0.4 | 0.4 | 0.3 | 0.3e | 0.3 | 0.5 |
| Darwin CPI ² | 2.4 | 5.2 | 2.1 | 2.1 | 2.1 | 1.5 | 1.2 | 2.2 | 2.2 |

1. Based on middle of the financial year, December estimates

2. Annual percentage change

e: Northern Territory Treasury estimate

Source: Northern Territory Treasury, Australian Bureau of Statistics

Following the upward revision to 2002-03 GSP growth to 0.2 per cent (up from -0.8 per cent as initially reported), the Australian Bureau of Statistics (ABS) estimates that Territory GSP increased by 0.4 per cent in 2003-04. The ABS initially reported a 0.1 per cent decline in Territory GSP for 2003-04, which was subsequently revised to growth of 0.4 per cent. At the time of the Budget, Northern Territory Treasury forecast 2003-04 GSP growth of 0.3 per cent.

The latest data indicate the onshore economy continued to strengthen in 2003-04, with most onshore indicators reporting stronger growth than estimated at the time of the Budget. State Final Demand (a measure of consumption and investment) increased by 5.6 per cent, somewhat stronger than growth of 4.4 per cent estimated at the time of the Budget. Consumption, a key element of onshore economic activity, increased by 4.9 per cent (stronger than the Budget estimate of 3.8 per cent) with household consumption the major contributor to growth. Business investment increased by 11.9 per cent (again, stronger than the Budget estimate of 7.9 per cent), boosted by work for the LNG plant. Public investment was weaker than the 8.0 per cent decline estimated at the time of the Budget, falling by 15.1 per cent. Public investment fell across all levels of government.

While the onshore economy continued to strengthen, GSP in the past three years has been constrained by falling offshore oil production – which has limited links to the onshore economy – having a large and negative impact on merchandise exports.

Economic Outlook

Northern Territory economic parameter forecasts are prepared and released with the annual Budget. These estimates are reviewed and revised as necessary for the Mid-Year Report. Except for population growth, there have been no revisions to economic forecasts reported at the time of the Budget.

Gross State Product

Northern Territory GSP is forecast to increase by 5.8 per cent in 2004-05. This is unchanged from the time of the Budget. The onshore economy will continue to be the driver of growth in 2004-05 as employment and population growth strengthen and the recovery under way in recent years broadens across a range of industries. The offshore economy will also have a positive impact on growth as a full year of condensate production from the Bayu-Undan fields more than offset falling oil production from Laminaria-Corallina.

State Final Demand

Another broad measure of economic activity, SFD is forecast to increase by 1.9 per cent in 2004-05, unchanged from the time of the Budget. Like GSP, Territory SFD has been volatile in recent years, largely due to the huge impact of oil and gas and railway investment. In 2004-05 investment is forecast to fall marginally, but to remain at a very high level, supported by increased public sector expenditure associated with defence and other projects.

Consumption

Following growth of 4.9 per cent in 2003-04, consumption is forecast to increase by 2.8 per cent in 2004-05. Private consumption growth is expected to moderate to 4.7 per cent in 2004-05, down from 6.2 per cent in 2003-04. Some easing back is to be expected after three consecutive years of strong growth, but low interest rates, employment growth and a pick up in residential and other construction activity should continue to underpin expenditure. Discretionary disposable income growth will be a major influence on household spending, and consumer confidence will be important in determining how strongly retail sales and other consumption expenditure grow. Public consumption is expected to increase marginally in 2004-05.

Residential investment

Dwellings investment is forecast to increase by more than 10 per cent in 2004-05, making a solid contribution to Territory economic growth. Vacancy rates have come down to a level approaching equilibrium and, as a shortage of stock develops, the upturn in residential construction will gather momentum. As the housing market becomes more balanced, increases in demand will require increased levels of residential construction activity. Territory Government housing initiatives such as the HomeNorth Scheme will also continue to have a positive impact on residential construction and the wider property market.

Business investment

Business investment in the Territory continues to be heavily influenced by major infrastructure works and resource projects. Business investment, an important driver of economic growth in the past few years, is expected to flatten out in 2004-05 but will remain at a very high level.

Bayu-Undan stage two construction will peak in 2004-05, providing a significant boost to the local economy. Local contracts and employment for this project will generate significant and localised flow-on benefits, acting to underpin economic activity, consumer confidence and business sentiment. Non-residential building activity is forecast to strengthen as work continues on a number of retail and hotel developments already under way and as work for the relocation of the 1st Aviation Regiment to Robertson Barracks commences.

Goods and services exports

External demand for Territory products is expected to improve in the short term as the global economy strengthens and national growth maintains a solid pace. Improving external conditions should act to boost demand for Territory exports, including international tourism which has been adversely affected by recent global events. Exports will continue to be dominated by mineral and energy production but strengthening international tourism activity, which started to show signs of recovery in 2003-04, with its stronger linkages to the onshore economy will have a greater impact on onshore activity and employment. A risk to the export outlook is the strength of the Australian dollar, which will act to undermine the Territory's competitiveness in international markets.

Employment

Employment growth is forecast to strengthen to 2.9 per cent in 2004-05. This is unchanged from the time of the Budget despite weaker than expected employment ABS data over the past six months. The ABS reports that Territory employment declined by 2.2 per cent in 2003-04, weaker than the 1.4 per cent decline estimated at the time of the Budget. Some weakening in employment was to be expected as the labour market adjusted from the railway-induced spike in employment levels in 2001-02 when the ABS reported employment growth of 5.4 per cent.

The ABS acknowledges high sampling variability and other methodological difficulties with Northern Territory labour force statistics, resulting in estimates for the Territory that are less reliable than national estimates or those for other jurisdictions. Increased variability largely reflects the relatively small sample size in the Territory. The already questionable reliability of monthly estimates has been compounded over the past six months by two 'unusual' sample rotations, which appear to have had adverse influences on reported employment and unemployment in recent months. The ABS is investigating improved estimation techniques to improve and reduce the variability of Northern Territory labour force estimates and hopes to have changes implemented by mid-2005. Although any improvement in the reliability of labour force estimates is welcome, extreme volatility in Territory estimates is likely to continue to be a feature of the series into the foreseeable future.

Recent Northern Territory ABS labour force statistics suggesting a weak labour market are not supported by other economic indicators, job advertisements data, business surveys or anecdotal evidence and observations. Many of these indicators suggest labour and skill shortages and significantly stronger demand for labour. Although there can be skill and other mismatches between labour demand and supply which might constrain employment growth, the extent of the deterioration in the Territory labour market reported by the ABS is inconsistent with other indicators and with advice from local industry.

It is expected that continued strength in non-residential construction will boost employment in 2004-05, and this will be supported by residential construction and tourism-related activity and improving conditions across a broad range of industries.

Population

Following several years of weak growth influenced by strong economic activity in other parts of Australia, Territory population growth started to recover in mid-2003. Territory annual population growth was 0.4 per cent to December 2003 (stronger than the 0.3 per cent estimated at the time of the Budget), and is forecast to strengthen, marginally, to 0.5 per cent to December 2004. This is revised up from 0.3 per cent forecast at the time of the Budget. The more positive outlook is associated with an improvement in net interstate migration. Increased employment opportunities associated with the strengthening onshore economy and improving global economic conditions should continue to have a positive impact on the volatile net interstate migration component of population growth.

Consumer Price Index

The Darwin Consumer Price Index is forecast to remain low at around 2.2 per cent in 2004-05, up from 1.2 per cent in 2003-04. Further out, the impact of strengthening demand for labour associated with engineering and construction activity and a stronger economy is likely to result in higher wage and price inflation.

The Economy and the Budget

In terms of the Budget and Mid-Year Report, economic parameters are used in developing Government revenue (both own-source and Commonwealth grants) and expenditure estimates and forecasts. Commonwealth grants make up approximately 80 per cent of Territory Government revenues and are based, in part, on population estimates. As such, population growth forecasts are important in estimating goods and services tax (GST) revenues. Own-source revenue is dominated by payroll tax and taxes on property, which combined typically account for around 60 per cent of these revenues. Key drivers of payroll tax receipts are employment and wages growth, while property tax receipts are influenced by the value and number of property transactions, all of which are influenced by the economic prospects for the Territory.

Fiscal Strategy

The *Fiscal Integrity and Transparency Act* requires the Mid-Year Report to provide updated information to allow an assessment of the Government's fiscal performance against the Fiscal Strategy, as set out in the 2004-05 Budget papers.

A combination of sound financial management over the past three years and improved GST revenue has resulted in the Territory making progress in achieving the fiscal targets established in the 2001 Mini Budget.

The 2004-05 Budget Papers outlined the three key fiscal challenges that led to the Government revising the Fiscal Strategy, first developed for the 2002-03 Budget, as follows:

- additional support and stimulus to promote economic growth, both by increasing spending and by reducing taxes in the 2004-05 Budget;
- a lower relativity recommended by the Commonwealth Grants Commission in the 2004 major review resulting in lower revenue estimates for 2004-05 and the forward years; and
- the decision to boost service provision, particularly in the areas of health, education and community safety, has resulted in significant recurrent expenditure beyond that anticipated in the previous Fiscal Strategy.

The revised medium-term fiscal objectives and targets as laid out in the 2004-05 Budget papers are:

Sustainable Service Provision

Target: General Government Net Operating Balance by 2012-13

Infrastructure for Economic and Community Development

Target: Maintain Total Public Sector Infrastructure Investment at Appropriate Levels and Achieve a General Government Net Lending Balance by 2012-13

Competitive Tax Environment

Target: Ensure Territory Taxes and Charges are Competitive with the Average of the States

Prudent Management of Liabilities

Target: Net Debt plus Employee Liabilities as a Proportion of Total Revenue to Fall

The purpose of the Mid-Year Report is to provide updated estimates for the Budget and three forward years. Many of the fiscal strategy targets provide both absolute measures for the Territory as well as comparative state measures. Whilst information for the states is generally available for the 2003-04 outcome, updated state estimates for 2004-05 and forward years is not yet available. Thus the comparisons that follow generally provide updated information for the Territory, but not updated comparative state data.

Sustainable Service Provision

Target: General Government Net Operating Balance by 2012-13

The revised net operating balance for 2004-05 and the forward years is consistent in trend terms with the outcomes presented in the 2004-05 Budget. However all years represent an improvement on original Budget estimates, being \$15 million in 2004-05, \$5 million in each of 2005-06 and 2006-07 and \$6 million in 2007-08. These revised estimates result in a net operating balance of \$1 million by 2007-08, indicating that the Territory will achieve the target of an operating balance by 2012-13.

The net operating balance for 2004-05 is estimated to be 0.1 per cent of total revenue which represents an improvement on the - 0.5 per cent estimate at Budget time. Consistent with the trend in the 2004-05 Budget, this ratio is expected to deteriorate to - 1.0 per cent in 2005-06, and improve each year thereafter. However, consistent with the revised outcome, the ratios represent slight improvements on that estimated at Budget time.

Table 2.2: General Government Net Operating Balance

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------------|-------------|-------------|-------------|-------------|------------|
| 2004-05 Budget | | | | | |
| Net Operating Balance (\$M) | 49 | - 12 | - 31 | - 18 | - 5 |
| As a Proportion of Total Revenue (%) | 1.9 | - 0.5 | - 1.2 | - 0.7 | - 0.2 |
| 2004-05 Revised | | | | | |
| Net Operating Balance (\$M) | - 40 | 3 | - 26 | - 13 | 1 |
| As a Proportion of Total Revenue (%) | - 1.6 | 0.1 | - 1.0 | - 0.5 | 0.0 |
| Variation (\$M) | - 89 | + 15 | + 5 | + 5 | + 6 |

Source: Northern Territory Treasury

Infrastructure for Economic and Community Development

Target: Maintain Infrastructure Investment at Appropriate Levels and Achieve Net Lending Balance by 2012-13

Net lending provides a measure of the Territory's investment balance (that is, as a lender or a borrower). Net lending includes the effect of both capital and operating transactions after excluding the effect of depreciation. The Government is committed to a balanced position for this measure by 2012-13.

Table 2.3: General Government Net Lending (+)/ Borrowing (-)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------------|-------------|-------------|-------------|-------------|------------|
| 2004-05 Budget | | | | | |
| Net Lending/Borrowing (\$M) | 12 | - 29 | - 31 | - 19 | - 9 |
| As a Proportion of Total Revenue (%) | 0.5 | - 1.1 | - 1.2 | - 0.7 | - 0.3 |
| 2004-05 Revised | | | | | |
| Net Lending/Borrowing (\$M) | - 23 | - 36 | - 31 | - 18 | - 9 |
| As a Proportion of Total Revenue (%) | - 0.9 | - 1.4 | - 1.2 | - 0.7 | - 0.3 |
| Variation (\$M) | - 35 | - 7 | 0 | 1 | 0 |

Source: Northern Territory Treasury

The Territory is forecast to be in a net borrowing position of \$36 million in 2004-05. This is \$7 million above that predicted at Budget time primarily as a result of additional capital investment of \$23 million offset by the improvement in the net operating balance of \$15 million. Additional capital investment includes \$6 million for roads, \$6 million for East Arm Port and \$8 million for various health, education and police projects.

In the forward estimates the amounts are as forecast at Budget time, peaking in 2005-06 before trending downwards, indicating that the Territory is still on track to achieve the target of a balanced position by 2012-13.

When considering capital investment in the Northern Territory, it is more appropriate to use the non financial public sector as this better reflects the complete picture of Government spending on significant infrastructure projects.

Table 2.4 presents the estimated level of infrastructure investment from the 2004-05 original Budget to 2007-08. The Government's infrastructure investment comprises purchases of non financial assets (including construction and capital items) and capital grants to non government organisations.

Table 2.4: Capital Investment – Non Financial Public Sector

| | 2003-04 | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-----------------------------------|------------|---------------------|------------|------------------|------------|------------|
| | Outcome | Budget ¹ | Revised | Forward Estimate | | |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| Purchases of Non Financial Assets | 303 | 318 | 347 | 269 | 278 | 287 |
| Capital Grants | 56 | 43 | 53 | 44 | 45 | 46 |
| Total | 359 | 361 | 400 | 313 | 323 | 333 |

Source: Northern Territory Treasury

1 Budget has been restated due to revised accounting treatment.

This highlights that for 2004-05 an additional \$39 million has been provided for capital investment since Budget time.

In 2005-06 and forward years, capital expenditure is forecast to return to more historic levels which meet the social and economic needs of current and future Territorians.

Competitive Tax Environment

Target: Ensure Territory Taxes and Charges are Competitive with the Average of the States

The Government is committed to maintaining taxation at levels that are competitive with other states. Comparisons of relative tax competitiveness are complex due to inherent differences in respective economies and in taxation regimes. Taxation revenue per capita is a simple summary measure and provides a useful basis of comparison, but is limited as it does not take into account differences in the size of the tax base.

Table 2.6 highlights Territory taxation revenue per capita is forecast to increase significantly since that predicted at Budget time. This reflects that the increased activity in the property market experienced in 2003-04 will continue into 2004-05 and 2005-06. However this growth is less than the growth experienced by the States, as shown in Table 2.5.

Table 2.5: Comparison of Taxation Revenue Per Capita – General Government

| | 2003-04 | 2003-04 | 2004-05 |
|--------------------|---------------|---------------|---------------|
| | Budget | Outcome | Budget |
| | \$ per capita | \$ per capita | \$ per capita |
| State Average | 1 844 | 2 026 | 1 995 |
| Northern Territory | 1 278 | 1 326 | 1 326 |

Source: Northern Territory Treasury, State Outcome Reports, 2004-05 Budget Papers, Commonwealth Treasury and ABS Catalogue 3101.0

It is expected that the market will revert to more historical levels from 2006-07 onwards, as shown in Table 2.6.

Table 2.6: Northern Territory Taxation Revenue Per Capita – General Government

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------------|----------|-----------|-----------|----------|-----------|
| 2004-05 Budget | | | | | |
| Revenue (\$M) | 262 | 264 | 267 | 273 | 279 |
| Per Capita (\$) | 1 319 | 1 326 | 1 336 | 1 358 | 1 379 |
| 2004-05 Revised | | | | | |
| Revenue (\$M) | 264 | 280 | 284 | 275 | 279 |
| Per Capita (\$)¹ | 1 326 | 1 403 | 1 414 | 1 366 | 1 377 |
| Variation | | | | | |
| Revenue (\$M) | 2 | 16 | 17 | 2 | 0 |
| Per Capita (\$) | 7 | 77 | 78 | 8 | -2 |

Source: Northern Territory Treasury and ABS Catalogue 3101.0

1 Revised population estimates included in calculation.

This component of the Fiscal Strategy requires comparison with the states, however as mentioned previously, updated state data for 2004-05 is not yet available. Therefore Table 2.5 presents the taxation per capita for the states in terms of their original 2004-05 Budget data only, which has yet to be updated for their 2003-04 actual outcomes. The 2003-04 outcomes suggest that for 2004-05 this measure will increase for the states, and will be higher in a relative sense to the increase seen in the Territory.

While taxation per capita is a useful comparative measure, it is limited in that it does not make any allowances for differences in states' capacities to raise revenue.

A more sophisticated measure of tax competitiveness is the Commonwealth Grants Commission's analysis of 'tax effort', which adjusts for the extent to which a particular state's capacity to raise revenue is above or below average. Table 2.7 details the Territory's revenue-raising capacity and effort expressed as a percentage of the Australian average in 2002-03, the latest year assessed by the Commonwealth Grants Commission.

Table 2.7: Northern Territory Revenue-Raising Capacity and Effort 2002-03

Australian Average = 100 per cent

| | Capacity¹ | Effort² |
|--------------------------|-----------|---------|
| | % | % |
| Total Taxation | 79 | 90 |
| Total Own-Source Revenue | 90 | 90 |

Source: Commonwealth Grants Commission 2004 Review of Relativities

1 Northern Territory's capacity to raise revenue compared to the Australian average

2 Northern Territory's revenue effort compared with the Australian average, given the capacity available

The Commonwealth Grants Commission's assessment shows that the Territory's tax effort (90 per cent) is below the Australian average (100 per cent) as the simple per capita measure implies.

Considering that, along with Tasmania, the Territory has one of the lowest taxation revenue per capita of any state or territory, the Government continues to provide a competitive tax environment for all Territorians.

Prudent Management of Liabilities

The effective management of liabilities gives considerable focus to targeting, monitoring and maintaining net debt at prudent levels.

For benchmarking the Territory against other jurisdictions, the broader non financial public sector scope is used, rather than the general government sector. This broader focus is appropriate because of substantial differences between the states in the allocation of assets and liabilities between general government and the non financial public sector.

Target: Net Debt and Employee Liabilities as a Proportion of Total Revenue to Fall

Table 2.8 indicates that the Territory's commitment to improvement of its fiscal performance is having a positive effect on the targets.

Table 2.8: Northern Territory Net Debt and Net Debt Plus Employee Liabilities to Revenue – Non Financial Public Sector

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|-------------|------------|------------|------------|------------|
| 2004-05 Budget | | | | | |
| Net Debt (\$M) | 1 681 | 1 717 | 1 724 | 1 722 | 1 713 |
| Net Debt to Revenue (%) | 57 | 58 | 57 | 55 | 53 |
| Net Debt + Employee Liabilities (\$M) | 3 480 | 3 549 | 3 575 | 3 590 | 3 589 |
| Net Debt + Employee Liabilities to Revenue (%) | 118 | 120 | 118 | 115 | 112 |
| 2004-05 Revised | | | | | |
| Net Debt (\$M) | 1 656 | 1 713 | 1 720 | 1 718 | 1 709 |
| Net Debt to Revenue (%) | 57 | 57 | 56 | 54 | 52 |
| Net Debt + Employee Liabilities (\$M) | 3 453 | 3 543 | 3 570 | 3 584 | 3 583 |
| Net Debt + Employee Liabilities to Revenue (%) | 118 | 119 | 116 | 113 | 110 |
| Variation | | | | | |
| Net Debt (\$M) | - 25 | - 4 | - 4 | - 4 | - 4 |
| Net Debt to Revenue (%) | 0 | - 1 | - 1 | - 1 | - 1 |
| Net Debt + Employee Liabilities (\$M) | - 27 | - 6 | - 5 | - 6 | - 6 |
| Net Debt + Employee Liabilities to Revenue (%) | 0 | - 1 | - 2 | - 2 | - 2 |

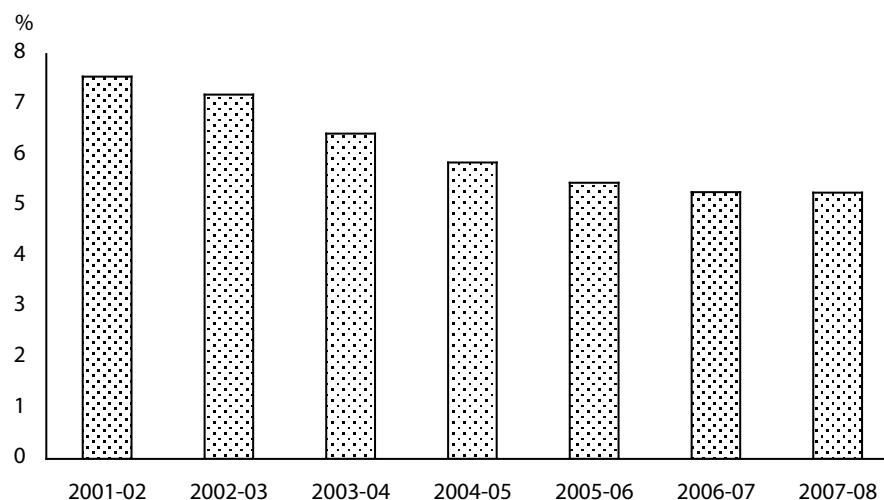
Source: Northern Territory Treasury

Territory net debt and net debt plus employee liabilities as a proportion of total revenue in 2004-05 is expected to decline moderately since the 2004-05 Budget estimates. This represents the effect of higher GST revenue receipts offset by moderate growth in expenses.

Over the forward estimates period, the proportion is also expected to decline due to minimal cash deficits, a smaller increase in employee liabilities and higher revenue growth.

Figure 2.2 also highlights that interest expense (excluding nominal superannuation interest expense) as a percentage of total revenue is expected to continue to decline, in line with the reduction in net debt and higher revenue growth.

Figure 2.2: Interest Expense (Excluding Nominal Superannuation Interest Expense) as a Percentage of Total Revenue



Fiscal Position and Outlook

This chapter provides an update on the GST revenue estimates, which have been varied in accordance with the latest estimates presented in the Commonwealth Government's Pre-election Economic and Fiscal Outlook Report released in September 2004.

This chapter also presents the updated fiscal projections for the cash targets and operating result of the general government sector and the assets and liabilities of the non financial public sector.

GST Revenue

Update on GST Revenue Projections

GST revenue makes up approximately 65 per cent of the Territory's total revenue and is therefore an important element in determining the Territory's fiscal position. There is also an inherent difficulty in accurately estimating the Territory's GST revenue due to the necessity to rely on the Commonwealth's estimates, the lack of historical data and the volatility of the various components.

GST revenue is collected by the Australian Taxation Office and, to date, all jurisdictions have relied upon Commonwealth estimates for GST revenue projections. The latest estimates provided by Commonwealth Treasury as part of the Pre-election Economic and Fiscal Outlook (PEFO) are generally more optimistic than those indicated by private economic forecasters. If the Commonwealth's estimates are revised to a similar level to that of private forecasters, the result would be a significant reduction in the Territory's revenue.

As the GST is a relatively immature tax, there is limited historical data upon which to base forward estimates. It is expected that this aspect will improve over time, as jurisdictions gain the benefit of experience to assist in forward estimate projections.

In addition to the size of the national GST collections, the Territory's share of GST revenue is determined by its share of national population and the Commonwealth Grants Commission's assessment of states' relative need (i.e. relativities). These three parameters can fluctuate over the budget and forward estimates period, making it difficult to estimate the Territory's GST revenue, particularly in later years.

The Territory's GST revenue entitlement for 2003-04 was revised downward by \$3 million from \$1 684 million to \$1 681 million due to a lower than expected final GST determination for 2003-04.

For 2004-05, the revised Territory GST revenue estimate is \$1 729 million, \$37 million higher than the Budget estimate. This increase is primarily due to higher than expected national GST collections and an improvement in the Territory's population share relative to the other jurisdictions.

GST Collections

National GST collections form the pool from which GST revenue is distributed among the states. Variations in the size of the national GST pool have a direct impact on the size of the Territory's GST revenue grant.

In the 2004-05 Budget, the Territory adopted the Commonwealth Budget estimate of national GST collections. For this update, the Commonwealth's latest estimates, from the PEFO released in September, have been used.

For 2004-05, the estimate of total collections has been revised upwards by \$808 million to \$35.5 billion. This increase is partially offset by a \$45 million reduction to correct for an overpayment of GST revenues in 2003-04. The higher collections reflect continued strength in levels of national consumption in the Australian economy. If realised, the additional collections translate to an additional \$32 million in GST revenue for the Territory in 2004-05.

For 2005-06 and beyond, the PEFO included slightly higher growth estimates than forecast in the Commonwealth and Territory budgets.

Commonwealth Grants Commission Relativities

All GST collected by the Australian Taxation Office is distributed to the States in the form of untied grants on the basis of horizontal fiscal equalisation. The Commonwealth Grants Commission (CGC) is the body responsible for determining the distribution of these grants. For 2004-05, the CGC assessed relativity for the Territory at 4.26538, which is fixed and therefore remains unchanged.

In the forward period, the CGC relativities remain a considerable source of uncertainty for the Territory's fiscal position. The Territory has forecast a moderate decline in the CGC relativity from 2005-06 onwards to account for a slowing of the property market in the southern states and the resultant revisions to the CGC assessment for States' revenue capacity. No revision has been made to relativities used to calculate these estimates.

Territory's Share of National Population

The Territory has revised its 2004-05 population growth estimate upward by 0.2 per cent to 0.5 per cent. The expected increase is largely driven by the strength of the recent rebound in net interstate migration. The Territory's estimated share of national population has been increased accordingly, from 0.9832 to 0.9860 per cent. If realised, this increase will translate to an additional \$4.9 million in GST revenue for the Territory in 2004-05, with a flow-on effect for the forward estimates.

For 2005-06 to 2007-08, the population growth assumptions are unchanged. The Territory has assumed an annual population growth rate of 0.5 per cent, slightly lower than the Commonwealth forecast of between 0.7 and 1.1 per cent.

Table 3.1 illustrates revised Territory Budget estimates for GST revenue and its components in 2004-05 and the forward estimates.

Table 3.1: Summary of GST Revenue Component Changes

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|--------------|--------------|--------------|--------------|
| 2004-05 Budget \$M | 1 692.5 | 1 750.1 | 1 819.2 | 1 888.5 |
| Revised Estimate (\$M) | 1 729.4 | 1 791.1 | 1 865.9 | 1 945.2 |
| Change | +36.9 | +41.0 | +46.7 | +56.7 |
| Impact of Individual Parameter Changes | | | | |
| GST Collections (\$M) | +32.0 | +35.5 | +40.7 | +50.3 |
| Budget growth estimates % | 4.5 | 5.2 | 5.8 | 5.5 |
| Revised growth estimates % | 7.0 | 5.4 | 6.0 | 6.0 |
| CGC Relativities (\$M) | | | | |
| Budget estimate (not revised) | 4.26538 | 4.24538 | 4.22538 | 4.20538 |
| Population (\$M) | +4.9 | +5.5 | +6.0 | +6.4 |
| Budget growth estimate % | 0.3 | 0.5 | 0.5 | 0.5 |
| Revised growth estimate % | 0.5 | 0.5 | 0.5 | 0.5 |
| Budget share estimate % | 0.9832 | 0.9769 | 0.9713 | 0.9666 |
| Revised share estimate % | 0.9860 | 0.9795 | 0.9739 | 0.9690 |

Down-Side Risk

The 2004-05 Territory Budget identified a down-side risk to the GST revenue estimates, which focused heavily on the unpredictability of national GST collections. In 2005-06 and beyond, a high degree of uncertainty over these estimates remains.

The Commonwealth's latest estimates are generally more optimistic than those indicated by private economic forecasters. In 2005-06, the Commonwealth has forecast collections to grow by 5.4 per cent; Access Economics and Econtech are predicting a decline in dwelling investment and household consumption growth which, if realised, could see collections growth fall to 4.0 per cent in 2005-06. This would translate to a decline in the Territory's GST revenue of around \$21 million annually in 2005-06 and beyond.

Fiscal Outlook

General Government

The following section presents the revised Budget included in this Mid-Year Report, against the estimates provided in the May 2004 Budget papers. The Budget and forward estimates have been updated to reflect:

- the outcome of the 2003-04 financial year;
- the effect of any Cabinet decisions since the 2004-05 Budget;
- the updated GST revenue estimates as a result of the Commonwealth's PEFO Report;
- revised Territory revenue estimates; and
- a range of other minor revenue related adjustments, largely due to changes in specific purpose payments from the Commonwealth.

Although the Mid-Year Report includes the Territory's own costs for the Darwin Waterfront project, it does not include the Territory's contribution to the project. The Territory has previously announced that it would commit \$100 million to the project but the structure and nature of these payments were not prescribed. Although a preferred bidder has been nominated, negotiations are still continuing and financial close has not yet occurred. After financial close, the Budget and forward estimates will be amended to incorporate the Territory's financial commitment to the project.

In the 2004-05 Mid-Year Report, the wages and CPI parameters are consistent with those used for the development of the 2004-05 Budget. These will again be reassessed in the development of the 2005-06 Budget and will incorporate the outcome of the current enterprise bargaining agreement negotiations.

Table 3.2 presents the key aggregates for the general government sector, as at the time of the 2004-05 Budget and the revised outcomes resulting from the above variations presented in this Mid-Year Report.

Table 3.2: 2004-05 Budget and Mid-Year Report Aggregate Outcomes

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|---------|
| 2004-05 Budget | \$M | \$M | \$M | \$M |
| Cash Outcome | 0 | -16 | -9 | -6 |
| Operating Result | -12 | -31 | -18 | -5 |
| Fiscal Balance | -29 | -31 | -19 | -9 |
| 2004-05 Mid-Year Report | | | | |
| Cash Outcome | 0 | -16 | -9 | -6 |
| Operating Result | 3 | -26 | -13 | 1 |
| Fiscal Balance | -36 | -31 | -18 | -9 |

Cash Flow Statement

As Table 3.2 shows, the cash targets have not been varied since the 2004-05 Budget. However a number of elements within the cash flow statement have changed. Table 3.3 categorises these changes into receipt and payment movements which are further dissected into policy and parameter variations. Policy variations are the result of a direct decision of Government, parameter variations are due to influences outside of the Government's control, such as increases in own source revenue due to greater economic activity and timing of receipts from the Commonwealth.

Table 3.3 Variations to the Cash Flow Statement from May 2004 to November 2004

| | \$M | \$M |
|--|------|-------------|
| 2004-05 BUDGET - SURPLUS (+) / DEFICIT (-) | | -0.4 |
| Cash Receipts | | |
| <i>Receipt Policy Decisions</i> | | |
| Nil | | |
| Total Policy | | 0.0 |
| <i>Parameter</i> | | |
| Taxation | 16.0 | |
| General Purpose Payments - GST | 36.9 | |
| Specific Purpose Payments | 4.6 | |
| Other | 2.1 | |
| <i>Total Parameter</i> | | 59.6 |
| Total Cash Receipts | | 59.6 |
| Cash Payments | | |
| <i>Payment Policy Decisions</i> | | |
| Waterfront Development Operational Costs | 4.5 | |
| Volatile Substance Abuse Prevention Act | 2.0 | |
| Strategic Asset Planning Fund | 2.0 | |
| Establishment Packages for Regional Authorities | 3.0 | |
| Additional Capital Works funding | 24.0 | |
| Other | 3.1 | |
| <i>Total Policy</i> | | 38.6 |
| <i>Parameter</i> | | |
| Carry Over from 2003-04 | 27.6 | |
| Specific Purpose Payments | 2.5 | |
| Remote Indigenous Community Power Generation | 3.5 | |
| Upgrade of Government Payroll System | 1.3 | |
| <i>Total Parameter</i> | | 34.9 |
| Treasurer's Advance | | -14.4 |
| Total Cash Payments | | 59.1 |
| TOTAL VARIANCE | | 0.5 |
| 2004-05 MID YEAR REPORT - SURPLUS (+) / DEFICIT (-) | | 0.1 |

Following is a discussion of the key items included in Table 3.3.

Receipt estimates have increased since May 2004 by \$59.6 million due to:

- additional GST revenue of \$36.9 million as a result of the Commonwealth Government's PEFO Report released in September 2004. As discussed earlier in this Chapter, there is a level of risk in using these estimates in the outer years, however all jurisdictions remain reliant on the Commonwealth estimates;
- increased specific purpose funding from the Commonwealth of \$4.6 million, some of which relates to revenue expected in 2003-04, but actually received in 2004-05; and
- upward revision to Territory tax receipts of \$16 million, due to increased economic activity resulting in higher payroll tax receipts and conveyancing duty.

Payments have increased by \$59.1 million due to:

- the carry over of payments of \$27.6 million from 2003-04, largely related to unanticipated receipts from the Commonwealth late in the financial year;
- additional capital works cash of \$24 million to ensure the 2004-05 program is adequately progressed. This includes additional capital funding for roads, East Arm Port, and increases to a number of education, health and justice projects; and
- funding of \$4.5 million for the Territory's waterfront project costs, largely related to the Territory's project management and land rehabilitation costs.

In addition to the above, there have been a number of Cabinet decisions since the May Budget. However, these have not added to the cash outcome as funding was sourced from Treasurer's Advance. The decisions taken since May 2004 include:

- an additional \$3.5 million in fuel costs for remote community power generation;
- provision of \$3 million towards establishment packages of three regional authorities;
- funding for the implementation of the *Volatile Substance Abuse Prevention Act* of \$2 million;
- establishment of a strategic asset planning fund of \$2 million, to assist agencies in the development of their long-term strategic asset plans;
- provision of funding of \$1.3 million to upgrade the Government's payroll system; and
- a range of funding approvals less than \$500 000, including grants to sporting associations and events, grants to local government organisations and various property management costs.

Table 3.4 presents the main elements of the cash flow statement for 2005-06 to 2007-08.

Table 3.4: Cash Flow Statement - Budget and Mid-Year Report

| | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|
| 2004-05 Budget | \$M | \$M | \$M |
| Operating Receipts | 2 619 | 2 688 | 2 760 |
| Operating Payments | 2 490 | 2 549 | 2 612 |
| Net Capital | 145 | 148 | 154 |
| Cash Surplus / Deficit | -16 | -9 | -6 |
| 2004-05 Mid-Year Report | | | |
| Operating Receipts | 2 678 | 2 748 | 2 833 |
| Operating Payments | 2 545 | 2 604 | 2 680 |
| Net Capital | 149 | 153 | 159 |
| Cash Surplus / Deficit | -16 | -9 | -6 |

As with the outcome for 2004-05, the variation to the forward estimates is in the elements of the cash flow statement, rather than the cash outcome. These variations are consistent with those outlined above for 2004-05.

Operating Statement

Table 3.5 shows the movement in the operating statement since the May 2004 Budget.

Table 3.5: Operating Statement - Budget and Mid-Year Report

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|---------|
| 2004-05 Budget | \$M | \$M | \$M | \$M |
| Operating Revenue | 2 557 | 2 625 | 2 697 | 2 767 |
| Operating Expenses | 2 569 | 2 655 | 2 715 | 2 772 |
| Operating Result | -12 | -31 | -18 | -5 |
| Fiscal Balance | -29 | -31 | -19 | -9 |
| 2004-05 Mid-Year Report | | | | |
| Operating Revenue | 2 616 | 2 684 | 2 757 | 2 841 |
| Operating Expenses | 2 613 | 2 710 | 2 770 | 2 840 |
| Operating Result | 3 | -26 | -13 | 1 |
| Fiscal Balance | -36 | -31 | -18 | -9 |
| Variation | | | | |
| Operating Revenue | 59 | 60 | 60 | 74 |
| Operating Expenses | 44 | 55 | 55 | 68 |
| Operating Result | 15 | 5 | 5 | 6 |
| Fiscal Balance | -7 | 0 | 1 | 0 |

The \$15 million improvement in the estimated operating result is due to an estimated increase in operating revenue of \$59 million, offset by an estimated increase in operating expenses of \$44 million. The revenue increase is consistent with that seen in the cash flow statement and is the result of additional revenue from the Commonwealth and an increase in expected taxation revenue due to greater economic activity.

The increase in expenses is lower than that estimated on the cash flow statement, as \$24 million of the increase relates to capital spending to and is therefore not reflected in operating expenses.

The balance largely relates to timing differences in payments which reduces the cash requirement in 2004-05 but not operating expenses. This reduction has been redirected to meet emerging capital spending needs.

The fiscal balance, or net lending, measures the Territory's fiscal position after its infrastructure requirements have been met. Therefore, while the operating result has improved since the May Budget, the fiscal balance is relatively unchanged as the operating surplus is being used to fund additional capital expenditure. In a year where the Government undertakes major infrastructure works, the fiscal balance will be significantly different to the operating result. The fiscal balance deficit has increased slightly due to the above-mentioned timing of cash payments and subsequent redirection to capital spending.

As with the cash flow statement, the forward estimate outcomes for the operating statement are largely unchanged, however the components have varied, consistent with the variations in 2004-05.

Non Financial Public Sector

Balance Sheet

Table 3.6 presents the key measures for the non financial public sector balance sheet as presented in the May 2004-05 Budget Papers and the Mid-Year Report.

Table 3.6: Balance Sheet - Budget and Mid-Year Report

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|---------|
| 2004-05 Budget | \$M | \$M | \$M | \$M |
| Assets | 6 300 | 6 326 | 6 353 | 6 369 |
| Liabilities | 4 382 | 4 433 | 4 473 | 4 479 |
| Net Worth | 1 918 | 1 892 | 1 881 | 1 890 |
| Net Debt | 1 717 | 1 724 | 1 722 | 1 713 |
| 2004-05 Mid-Year Report | | | | |
| Assets | 6 516 | 6 546 | 6 577 | 6 636 |
| Liabilities | 4 371 | 4 423 | 4 461 | 4 506 |
| Net Worth | 2 145 | 2 123 | 2 116 | 2 131 |
| Net Debt | 1 713 | 1 720 | 1 718 | 1 709 |

The estimate of net worth has improved since the 2004-05 Budget by around \$230 million each year, due to the flow on effect of the 2003-04 outcome. The improved outcome in 2003-04 was explained in the 2003-04 Treasurer's Annual Financial Report with the main reasons for the improvement being the increase in the Territory's asset value due to asset valuations completed by the Australian Valuation Office and a slight decrease in the Territory's liabilities.

Net debt is estimated to have improved slightly, due to the \$2 million improvement in the cash surplus for 2003-04.

Uniform Presentation Framework

Under the Uniform Presentation Framework (UPF), jurisdictions have agreed to publish information in a standard format in their Budget Papers, Outcome and Mid-Year reports. The format of the UPF is based on the reporting standards of the Australian Bureau of Statistics' Government Finance Statistics (GFS). The UPF has been adopted by all governments to facilitate a basis for meaningful comparisons of each government's financial results and projections.

The reporting requirements of the *Fiscal Integrity and Transparency Act* complement those specified in the UPF Agreement. The Act requires that fiscal outlook reports be prepared in accordance with external reporting standards that include the GFS.

The tables in this chapter meet the Territory's reporting obligations under both the *Fiscal Integrity and Transparency Act* and the UPF. They include an operating statement, balance sheet and cash flow statement for general government, public non financial corporations and non financial public sector. Also included are tables presenting general government sector taxes and the revised 2004-05 Loan Council allocation.

In addition, Table 4.10 presents the operating expenses, for each budget sector agency, for the 2004-05 Budget and Revised Budget.

Table 4.1

GENERAL GOVERNMENT SECTOR OPERATING STATEMENT

| | Budget 2004-05 \$000 | Revised 2004-05 \$000 | Forward Estimates | | |
|---|----------------------------|-----------------------------|-------------------|------------------|------------------|
| | | | 2005-06 \$000 | 2006-07 \$000 | 2007-08 \$000 |
| REVENUE | | | | | |
| Taxation revenue | 264 089 | 280 089 | 283 682 | 275 430 | 279 213 |
| Current grants and subsidies | 2 002 617 | 2 036 944 | 2 114 675 | 2 183 704 | 2 268 294 |
| Capital grants | 68 210 | 75 381 | 67 158 | 72 058 | 74 332 |
| Sales of goods and services | 91 597 | 91 748 | 92 018 | 92 243 | 92 191 |
| Interest income | 16 942 | 16 942 | 17 174 | 17 263 | 17 363 |
| Other | 114 040 | 111 590 | 109 093 | 116 144 | 109 279 |
| TOTAL REVENUE | 2 557 495 | 2 612 694 | 2 683 800 | 2 756 842 | 2 840 672 |
| EXPENSES | | | | | |
| Gross operating expenses | 1 801 834 | 1 809 407 | 1 938 652 | 1 990 450 | 2 043 762 |
| Depreciation | 141 346 | 141 784 | 144 539 | 147 435 | 150 413 |
| Employee expenses | 999 978 | 1 008 040 | 1 033 879 | 1 068 780 | 1 103 049 |
| Other operating expenses | 660 510 | 659 583 | 760 234 | 774 235 | 790 300 |
| Nominal superannuation interest expense | 89 220 | 89 220 | 90 778 | 91 425 | 91 880 |
| Other interest expenses | 127 682 | 127 431 | 121 101 | 121 144 | 126 303 |
| Other property expenses | | | | | |
| Current transfers | 495 539 | 519 230 | 503 294 | 509 464 | 519 641 |
| Capital transfers | 55 076 | 64 204 | 56 246 | 57 372 | 58 521 |
| TOTAL EXPENSES | 2 569 351 | 2 609 492 | 2 710 071 | 2 769 855 | 2 840 107 |
| NET OPERATING BALANCE | - 11 856 | 3 202 | - 26 271 | - 13 013 | 565 |
| <i>less</i> | | | | | |
| Net acquisition of non financial assets | | | | | |
| Purchases of non financial assets | 182 718 | 206 335 | 174 048 | 177 307 | 182 641 |
| Sales of non financial assets | - 27 651 | - 28 380 | - 25 818 | - 25 818 | - 25 818 |
| <i>less</i> Depreciation | 141 346 | 141 784 | 144 539 | 147 435 | 150 413 |
| <i>plus</i> Change in inventories | | | | | |
| <i>plus</i> Other movements in non financial assets | 3 000 | 3 000 | 1 005 | 1 077 | 3 077 |
| <i>equals</i> Total net acquisition of non financial assets | 16 721 | 39 171 | 4 696 | 5 131 | 9 487 |
| <i>equals</i> | | | | | |
| NET LENDING/ BORROWING (Fiscal balance) | - 28 577 | - 35 969 | - 30 967 | - 18 144 | - 8 922 |

Table 4.2

GENERAL GOVERNMENT SECTOR BALANCE SHEET

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 88 305 | 130 463 | 150 657 | 171 050 | 203 966 |
| Advances paid | 29 782 | 29 450 | 28 990 | 28 990 | 28 990 |
| Investments, loans and placements | 410 009 | 360 776 | 369 282 | 376 271 | 390 076 |
| Other non-equity assets | 133 067 | 113 594 | 114 337 | 118 404 | 120 735 |
| Equity | 1 407 274 | 1 626 618 | 1 624 456 | 1 622 929 | 1 629 041 |
| Total financial assets | 2 068 437 | 2 260 901 | 2 287 722 | 2 317 644 | 2 372 808 |
| Non financial assets | | | | | |
| Land and fixed assets | 3 581 907 | 3 588 574 | 3 589 954 | 3 591 769 | 3 597 940 |
| Other non financial assets | | | | | |
| Total non financial assets | 3 581 907 | 3 588 574 | 3 589 954 | 3 591 769 | 3 597 940 |
| TOTAL ASSETS | 5 650 344 | 5 849 475 | 5 877 676 | 5 909 413 | 5 970 748 |
| LIABILITIES | | | | | |
| Deposits held | 138 583 | 135 168 | 133 760 | 121 444 | 122 834 |
| Advances received | 15 779 | 15 776 | 15 447 | 15 118 | 15 065 |
| Borrowing | 1 663 396 | 1 658 785 | 1 694 747 | 1 733 093 | 1 773 383 |
| Superannuation liability | 1 512 971 | 1 492 877 | 1 503 661 | 1 511 245 | 1 515 811 |
| Other employee entitlements and provisions | 337 796 | 334 956 | 339 534 | 344 217 | 344 725 |
| Other non-equity liabilities | 63 781 | 67 147 | 67 522 | 68 580 | 68 635 |
| TOTAL LIABILITIES | 3 732 306 | 3 704 709 | 3 754 671 | 3 793 697 | 3 840 453 |
| NET WORTH | 1 918 038 | 2 144 766 | 2 123 005 | 2 115 716 | 2 130 295 |
| NET FINANCIAL WORTH (a) | -1 663 869 | -1 443 808 | -1 466 949 | -1 476 053 | -1 467 645 |
| NET DEBT (b) | 1 289 662 | 1 289 040 | 1 295 025 | 1 293 344 | 1 288 250 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table 4.3

GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

| | Budget 2004-05 | Revised 2004-05 | Forward Estimates | | |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|
| | \$000 | \$000 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | | | |
| Taxes received | 263 747 | 279 747 | 283 182 | 274 930 | 279 213 |
| Receipts from sales of goods and services | 90 342 | 90 543 | 90 419 | 90 217 | 92 161 |
| Grants and subsidies received | 2 071 327 | 2 112 825 | 2 181 833 | 2 255 762 | 2 342 626 |
| Other receipts | 124 542 | 122 090 | 122 653 | 126 859 | 119 334 |
| Total operating receipts | 2 549 958 | 2 605 205 | 2 678 087 | 2 747 768 | 2 833 334 |
| Cash payments for operating activities | | | | | |
| Payment for goods and services | -1 713 986 | -1 713 167 | -1 864 184 | -1 916 196 | -1 975 178 |
| Grants and subsidies paid | - 550 670 | - 583 489 | - 559 595 | - 566 836 | - 578 162 |
| Interest paid | - 127 605 | - 127 767 | - 121 049 | - 121 089 | - 126 251 |
| Other payments | | | | | |
| Total operating payments | -2 392 261 | -2 424 423 | -2 544 828 | -2 604 121 | -2 679 591 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 157 697 | 180 782 | 133 259 | 143 647 | 153 743 |
| Net cash flows from investments in non financial assets | | | | | |
| Sales of non financial assets | 27 651 | 28 380 | 25 818 | 25 818 | 25 818 |
| Purchases of non financial assets | - 182 718 | - 206 335 | - 174 048 | - 177 307 | - 182 641 |
| Net cash flows from investments in non financial assets | - 155 067 | - 177 955 | - 148 230 | - 151 489 | - 156 823 |
| Net cash flows from investments in financial assets for policy purposes (a) | 1 040 | 1 040 | 460 | | |
| Net cash flows from investments in financial assets for liquidity purposes | 55 788 | 96 520 | 1 484 | 3 611 | - 2 555 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 98 239 | - 80 395 | - 146 286 | - 147 878 | - 159 378 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | - 329 | - 329 | - 329 | - 329 | - 53 |
| Borrowing (net) | 27 580 | 23 080 | 34 957 | 37 269 | 37 213 |
| Deposits received (net) | - 48 577 | - 55 558 | - 1 408 | - 12 316 | 1 390 |
| Distributions paid | | | | | |
| Other financing (net) | | | | | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | - 21 326 | - 32 807 | 33 220 | 24 624 | 38 550 |
| NET INCREASE/ DECREASE IN CASH HELD | 38 133 | 67 581 | 20 194 | 20 393 | 32 916 |
| Net cash from operating activities and investments in non financial assets | 2 630 | 2 827 | - 14 971 | - 7 842 | - 3 080 |
| Finance leases and similar arrangements | - 3 000 | - 3 000 | - 1 005 | - 1 077 | - 3 077 |
| SURPLUS (+) / DEFICIT (-) | - 370 | - 173 | - 15 976 | - 8 919 | - 6 157 |

(a) Includes equity acquisitions, disposals and privatisations (net).

Table 4.4

PUBLIC NON FINANCIAL CORPORATION SECTOR OPERATING STATEMENT

| | Budget 2004-05 | Revised 2004-05 | Forward Estimates | | |
|---|-------------------|--------------------|-------------------|----------------|----------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| REVENUE | | | | | |
| Current grants and subsidies | 117 825 | 121 525 | 119 718 | 120 152 | 120 682 |
| Capital grants | 13 037 | 13 037 | 13 037 | 13 037 | 13 037 |
| Sales of goods and services | 410 912 | 390 487 | 393 450 | 404 444 | 415 946 |
| Interest income | 13 847 | 13 847 | 13 751 | 13 662 | 13 574 |
| Other | 49 882 | 49 882 | 49 476 | 50 347 | 51 251 |
| TOTAL REVENUE | 605 503 | 588 778 | 589 432 | 601 642 | 614 490 |
| EXPENSES | | | | | |
| Gross operating expenses | 509 539 | 496 614 | 494 845 | 505 003 | 514 881 |
| Depreciation | 71 071 | 71 071 | 71 095 | 72 517 | 73 967 |
| Employee expenses | 46 506 | 46 806 | 49 799 | 51 318 | 52 169 |
| Other operating expenses | 391 962 | 378 737 | 373 951 | 381 168 | 388 745 |
| Other interest expenses | 50 558 | 50 558 | 49 485 | 48 113 | 47 885 |
| Other property expenses | 36 064 | 36 064 | 31 499 | 34 177 | 29 614 |
| Current transfers | 1 820 | 1 820 | 1 820 | 1 820 | 1 820 |
| Capital transfers | 988 | 1 668 | 988 | 988 | 988 |
| TOTAL EXPENSES | 598 969 | 586 724 | 578 637 | 590 101 | 595 188 |
| NET OPERATING BALANCE | 6 534 | 2 054 | 10 795 | 11 541 | 19 302 |
| <i>less</i> | | | | | |
| Net acquisition of non financial assets | | | | | |
| Purchases of non-financial assets | 123 806 | 141 161 | 95 088 | 100 943 | 104 267 |
| Sales of non-financial assets | - 14 285 | - 25 120 | - 25 120 | - 25 120 | - 25 120 |
| <i>less</i> Depreciation | 71 071 | 71 071 | 71 095 | 72 517 | 73 967 |
| <i>plus</i> Change in inventories | | | | | |
| <i>plus</i> Other movements in non financial assets | 8 500 | 8 500 | 8 500 | 8 500 | 8 500 |
| <i>equals</i> Total net acquisition of non financial assets | 46 950 | 53 470 | 7 373 | 11 806 | 13 680 |
| <i>equals</i> | | | | | |
| NET LENDING/ BORROWING (Fiscal balance) | - 40 416 | - 51 416 | 3 422 | - 265 | 5 622 |

Table 4.5

PUBLIC NON FINANCIAL CORPORATION SECTOR BALANCE SHEET

| | Budget 2004-05 \$000 | Revised 2004-05 \$000 | Forward Estimates | | |
|---|----------------------------|-----------------------------|-------------------|------------------|------------------|
| | | | 2005-06 \$000 | 2006-07 \$000 | 2007-08 \$000 |
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 75 963 | 75 755 | 57 255 | 39 858 | 56 489 |
| Investments, loans and placements | 156 372 | 154 804 | 155 195 | 155 586 | 155 977 |
| Other non-equity assets | 84 292 | 76 460 | 77 094 | 77 571 | 78 097 |
| Equity | | 2 | 2 | 2 | 2 |
| Total financial assets | 316 627 | 307 021 | 289 546 | 273 017 | 290 565 |
| Non financial assets | | | | | |
| Land and fixed assets | 1 832 364 | 2 018 394 | 2 014 946 | 2 015 931 | 2 018 790 |
| Other non financial assets | | | | | |
| Total non financial assets | 1 832 364 | 2 018 394 | 2 014 946 | 2 015 931 | 2 018 790 |
| TOTAL ASSETS | 2 148 991 | 2 325 415 | 2 304 492 | 2 288 948 | 2 309 355 |
| LIABILITIES | | | | | |
| Deposits held | 1 363 | 1 893 | 1 893 | 1 893 | 1 893 |
| Advances received | 308 414 | 302 160 | 302 160 | 302 160 | 302 160 |
| Borrowing | 349 602 | 350 468 | 333 580 | 316 362 | 329 597 |
| Superannuation liability | | | | | |
| Other employee entitlements and provisions | 80 702 | 79 740 | 76 768 | 78 519 | 75 535 |
| Other non-equity liabilities | 54 615 | 50 127 | 49 090 | 48 293 | 49 968 |
| TOTAL LIABILITIES | 794 696 | 784 388 | 763 491 | 747 227 | 759 153 |
| <i>Shares and Other Contributed Capital</i> | <i>1 354 295</i> | <i>1 541 027</i> | <i>1 541 001</i> | <i>1 541 721</i> | <i>1 550 202</i> |
| NET WORTH | | | | | |
| NET FINANCIAL WORTH (a) | - 478 069 | - 477 367 | - 473 945 | - 474 210 | - 468 588 |
| NET DEBT (b) | 427 044 | 423 962 | 425 183 | 424 971 | 421 184 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 4.6

PUBLIC NON FINANCIAL CORPORATION SECTOR CASH FLOW STATEMENT

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | | | |
| Receipts from sales of goods and services | 409 785 | 383 943 | 392 685 | 403 977 | 415 426 |
| Grants and subsidies received | 63 271 | 66 771 | 63 777 | 64 159 | 64 689 |
| Other receipts | 122 704 | 122 904 | 122 271 | 116 119 | 117 911 |
| Total operating receipts | 595 760 | 573 618 | 578 733 | 584 255 | 598 026 |
| Cash payments for operating activities | | | | | |
| Payment for goods and services | - 442 032 | - 423 735 | - 423 140 | - 424 838 | - 431 766 |
| Grants and subsidies paid | - 2 808 | - 3 488 | - 2 808 | - 2 808 | - 2 808 |
| Interest paid | - 50 589 | - 50 589 | - 49 517 | - 48 148 | - 47 920 |
| Other payments | | | | | |
| Total operating payments | - 495 429 | - 477 812 | - 475 465 | - 475 794 | - 482 494 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 100 331 | 95 806 | 103 268 | 108 461 | 115 532 |
| Net cash flows from investments in non financial assets | | | | | |
| Sales of non financial assets | 14 285 | 25 120 | 25 120 | 25 120 | 25 120 |
| Purchases of non financial assets | - 123 806 | - 141 161 | - 95 088 | - 100 943 | - 104 267 |
| Net cash flows from investments in non financial assets | - 109 521 | - 116 041 | - 69 968 | - 75 823 | - 79 147 |
| Net cash flows from investments in financial assets for policy purposes (a) | - 391 | - 391 | - 391 | - 391 | - 391 |
| Net cash flows from investments in financial assets for liquidity purposes | | | | | |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 109 912 | - 116 432 | - 70 359 | - 76 214 | - 79 538 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | | | | | |
| Borrowing (net) | - 9 705 | - 9 705 | - 16 888 | - 17 218 | 13 235 |
| Deposits received (net) | | | | | |
| Distributions paid | - 35 856 | - 35 811 | - 34 521 | - 32 426 | - 32 598 |
| Other financing (net) | | | | | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | - 45 561 | - 45 516 | - 51 409 | - 49 644 | - 19 363 |
| NET INCREASE/ DECREASE IN CASH HELD | - 55 142 | - 66 142 | - 18 500 | - 17 397 | 16 631 |
| Net cash from operating activities and investments in non financial assets | - 9 190 | - 20 235 | 33 300 | 32 638 | 36 385 |
| Distributions paid | - 35 856 | - 35 811 | - 34 521 | - 32 426 | - 32 598 |
| Finance leases and similar arrangements | | | | | |
| SURPLUS (+) / DEFICIT (-) | - 45 046 | - 56 046 | - 1 221 | 212 | 3 787 |

(a) Includes equity acquisitions, disposals and privatisations (net).

Table 4.7

NON FINANCIAL PUBLIC SECTOR OPERATING STATEMENT

| | Budget 2004-05 \$000 | Revised 2004-05 \$000 | Forward Estimates | | |
|---|----------------------------|-----------------------------|-------------------|------------------|------------------|
| | | | 2005-06 \$000 | 2006-07 \$000 | 2007-08 \$000 |
| REVENUE | | | | | |
| Taxation revenue | 260 831 | 276 831 | 280 127 | 271 795 | 275 408 |
| Current grants and subsidies | 2 002 754 | 2 037 081 | 2 114 812 | 2 183 704 | 2 268 294 |
| Capital grants | 68 210 | 75 381 | 67 158 | 72 058 | 74 332 |
| Sales of goods and services | 468 316 | 448 342 | 463 388 | 474 627 | 486 077 |
| Interest income | 28 045 | 28 045 | 28 280 | 28 279 | 28 291 |
| Other | 124 848 | 122 398 | 124 088 | 129 332 | 127 934 |
| TOTAL REVENUE | 2 953 004 | 2 988 078 | 3 077 853 | 3 159 795 | 3 260 336 |
| EXPENSES | | | | | |
| Gross operating expenses | 2 270 912 | 2 265 860 | 2 404 880 | 2 466 776 | 2 529 796 |
| Depreciation | 212 417 | 212 855 | 215 634 | 219 952 | 224 380 |
| Employee expenses | 1 043 474 | 1 051 836 | 1 080 696 | 1 117 116 | 1 152 236 |
| Other operating expenses | 1 015 021 | 1 001 169 | 1 108 550 | 1 129 708 | 1 153 180 |
| Nominal superannuation interest expense | 89 220 | 89 220 | 90 778 | 91 425 | 91 880 |
| Other interest expenses | 175 496 | 175 245 | 167 941 | 166 611 | 171 542 |
| Other property expenses | | | | | |
| Current transfers | 379 671 | 399 662 | 385 533 | 391 132 | 400 779 |
| Capital transfers | 43 027 | 52 835 | 44 197 | 45 323 | 46 472 |
| TOTAL EXPENSES | 2 958 326 | 2 982 822 | 3 093 329 | 3 161 267 | 3 240 469 |
| NET OPERATING BALANCE | - 5 322 | 5 256 | - 15 476 | - 1 472 | 19 867 |
| <i>less</i> | | | | | |
| Net acquisition of non financial assets | | | | | |
| Purchases of non financial assets | 306 524 | 347 496 | 269 136 | 278 250 | 286 908 |
| Sales of non financial assets | - 41 936 | - 53 500 | - 50 938 | - 50 938 | - 50 938 |
| <i>less</i> Depreciation | 212 417 | 212 855 | 215 634 | 219 952 | 224 380 |
| <i>plus</i> Change in inventories | | | | | |
| <i>plus</i> Other movements in non financial assets | 11 500 | 11 500 | 9 505 | 9 577 | 11 577 |
| <i>equals</i> Total net acquisition of non financial assets | 63 671 | 92 641 | 12 069 | 16 937 | 23 167 |
| <i>equals</i> | | | | | |
| NET LENDING/ BORROWING (Fiscal balance) | - 68 993 | - 87 385 | - 27 545 | - 18 409 | - 3 300 |

Table 4.8

NON FINANCIAL PUBLIC SECTOR BALANCE SHEET

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 91 355 | 133 278 | 153 945 | 174 785 | 206 978 |
| Advances paid | 186 154 | 184 254 | 184 185 | 184 576 | 184 967 |
| Investments, loans and placements | 410 009 | 360 776 | 369 282 | 376 271 | 390 076 |
| Other non-equity assets | 144 910 | 145 238 | 149 803 | 152 596 | 158 437 |
| Equity | 52 981 | 85 593 | 83 457 | 81 210 | 78 841 |
| Total financial assets | 885 409 | 909 139 | 940 672 | 969 438 | 1 019 299 |
| Non financial assets | | | | | |
| Land and fixed assets | 5 414 271 | 5 606 968 | 5 604 900 | 5 607 700 | 5 616 730 |
| Other non financial assets | | | | | |
| Total non financial assets | 5 414 271 | 5 606 968 | 5 604 900 | 5 607 700 | 5 616 730 |
| TOTAL ASSETS | 6 299 680 | 6 516 107 | 6 545 572 | 6 577 138 | 6 636 029 |
| LIABILITIES | | | | | |
| Deposits held | 67 033 | 64 121 | 81 686 | 87 214 | 71 250 |
| Advances received | 324 193 | 317 936 | 317 607 | 317 278 | 317 225 |
| Borrowing | 2 012 998 | 2 009 253 | 2 028 327 | 2 049 455 | 2 102 980 |
| Superannuation liability | 1 512 971 | 1 492 877 | 1 503 661 | 1 511 245 | 1 515 811 |
| Other employee entitlements and provisions | 350 758 | 375 157 | 379 785 | 384 468 | 384 976 |
| Other non-equity liabilities | 113 689 | 111 997 | 111 501 | 111 762 | 113 492 |
| TOTAL LIABILITIES | 4 381 642 | 4 371 341 | 4 422 567 | 4 461 422 | 4 505 734 |
| NET WORTH | 1 918 038 | 2 144 766 | 2 123 005 | 2 115 716 | 2 130 295 |
| NET FINANCIAL WORTH (a) | -3 496 233 | -3 462 202 | -3 481 895 | -3 491 984 | -3 486 435 |
| NET DEBT (b) | 1 716 706 | 1 713 002 | 1 720 208 | 1 718 315 | 1 709 434 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 4.9

NON FINANCIAL PUBLIC SECTOR CASH FLOW STATEMENT

| | Budget 2004-05 | Revised 2004-05 | Forward Estimates | | |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | | | |
| Taxes received | 260 524 | 276 524 | 279 627 | 271 295 | 275 408 |
| Receipts from sales of goods and services | 465 934 | 440 593 | 460 858 | 472 134 | 485 527 |
| Grants and subsidies received | 2 071 464 | 2 112 962 | 2 181 970 | 2 255 762 | 2 342 626 |
| Other receipts | 141 092 | 138 642 | 138 772 | 138 876 | 132 971 |
| Total operating receipts | 2 939 014 | 2 968 721 | 3 061 227 | 3 138 067 | 3 236 532 |
| Cash payments for operating activities | | | | | |
| Payment for goods and services | -2 118 639 | -2 099 780 | -2 261 515 | -2 315 339 | -2 381 079 |
| Grants and subsidies paid | -422 753 | -452 552 | -429 785 | -436 455 | -447 251 |
| Interest paid | -175 450 | -175 612 | -167 921 | -166 591 | -171 525 |
| Other payments | | | | | |
| Total operating payments | -2 716 842 | -2 727 944 | -2 859 221 | -2 918 385 | -2 999 855 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 222 172 | 240 777 | 202 006 | 219 682 | 236 677 |
| Net cash flows from investments in non financial assets | | | | | |
| Sales of non financial assets | 41 936 | 53 500 | 50 938 | 50 938 | 50 938 |
| Purchases of non financial assets | -306 524 | -347 496 | -269 136 | -278 250 | -286 908 |
| Net cash flows from investments in non financial assets | -264 588 | -293 996 | -218 198 | -227 312 | -235 970 |
| Net cash flows from investments in financial assets for policy purposes (a) | 649 | 649 | 69 | -391 | -391 |
| Net cash flows from investments in financial assets for liquidity purposes | 55 788 | 96 520 | 1 484 | 3 611 | -2 555 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -208 151 | -196 827 | -216 645 | -224 092 | -238 916 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | -329 | -329 | -329 | -329 | -53 |
| Borrowing (net) | 17 875 | 13 375 | 18 069 | 20 051 | 50 448 |
| Deposits received (net) | 5 546 | 9 565 | 17 565 | 5 528 | -15 964 |
| Distributions paid | | | | | |
| Other financing (net) | | | | | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 23 092 | 22 611 | 35 305 | 25 250 | 34 431 |
| NET INCREASE/ DECREASE IN CASH HELD | 37 114 | 66 562 | 20 667 | 20 840 | 32 193 |
| Net cash from operating activities and investments in non financial assets | -42 416 | -53 219 | -16 192 | -7 630 | 707 |
| Distributions paid | | | | | |
| Finance leases and similar arrangements | -3 000 | -3 000 | -1 005 | -1 077 | -3 077 |
| SURPLUS (+) / DEFICIT (-) | -45 416 | -56 219 | -17 197 | -8 707 | -2 370 |

(a) Includes equity acquisitions, disposals and privatisations (net).

Table 4.10

OPERATING EXPENSES BY AGENCY NORTHERN TERRITORY BUDGET SECTOR

| | Budget 2004-05 | Revised 2004-05 |
|---|-------------------|--------------------|
| | \$000 | \$000 |
| General Government | 4 573 332 | 4 655 084 |
| Auditor-General's Office | 2 784 | 2 784 |
| Northern Territory Electoral Commission | 1 122 | 1 472 |
| Ombudsman's Office | 2 121 | 2 121 |
| Department of the Chief Minister | 46 778 | 46 908 |
| Department of the Legislative Assembly | 18 099 | 18 195 |
| Northern Territory Tourist Commission | 37 803 | 37 803 |
| Territory Discoveries | 4 983 | 4 983 |
| Northern Territory Treasury | 108 534 | 108 494 |
| Central Holding Authority | 2 092 333 | 2 110 126 |
| Department of Employment, Education and Training | 540 584 | 554 419 |
| Office of the Commissioner for Public Employment | 8 028 | 8 309 |
| Department of Justice | 118 622 | 120 633 |
| Department of Health and Community Services | 635 362 | 644 027 |
| Department of Business, Industry and Resource Development | 86 611 | 89 046 |
| Northern Territory Police, Fire and Emergency Services | 172 385 | 174 234 |
| Department of Corporate and Information Services | 98 044 | 100 206 |
| Data Centre Services | 15 362 | 15 362 |
| Government Printing Office | 5 920 | 5 920 |
| NT Fleet | 22 385 | 22 385 |
| Department of Community Development, Sport and Cultural Affairs | 218 110 | 232 875 |
| Aboriginal Areas Protection Authority | 2 825 | 2 943 |
| Department of Infrastructure, Planning and Environment | 287 252 | 304 554 |
| Construction Division | 34 632 | 34 632 |
| Territory Wildlife Parks | 11 370 | 11 370 |
| Land Development Corporation | 1 283 | 1 283 |
| Public Non Financial Corporations | 125 290 | 129 970 |
| Housing Business Services | 97 213 | 101 893 |
| Darwin Bus Service | 6 502 | 6 502 |
| Darwin Port Corporation | 21 575 | 21 575 |
| Public Financial Corporations | 156 439 | 156 439 |
| Northern Territory Treasury Corporation | 156 439 | 156 439 |

Table 4.11

GENERAL GOVERNMENT SECTOR TAXES

| | Budget | Revised | Forward Estimate | | |
|--|------------|------------|------------------|------------|------------|
| | 2004-05 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | \$M | \$M | \$M | \$M | \$M |
| TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE | 97 | 102 | 103 | 100 | 101 |
| Payroll Tax and Labour Force Taxes | 97 | 102 | 103 | 100 | 101 |
| TAXES ON PROPERTY | 71 | 81 | 75 | 68 | 70 |
| Stamp Duties on Financial and Capital | 62 | 72 | 72 | 65 | 67 |
| Non Financial Public Sector Cash Deficit | 9 | 9 | 3 | 3 | 3 |
| TAXES ON THE PROVISION OF GOODS AND SERVICES | 62 | 63 | 71 | 73 | 75 |
| Taxes on Gambling | 41 | 41 | 48 | 49 | 50 |
| Taxes on Insurance | 21 | 22 | 23 | 24 | 25 |
| TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES | 34 | 34 | 34 | 34 | 34 |
| Motor Vehicle Registration Fees | 34 | 34 | 34 | 34 | 34 |
| TOTAL TAXES | 264 | 280 | 283 | 275 | 280 |

Table 4.12

2004-05 LOAN COUNCIL ALLOCATION

| | 2004-05 | 2004-05 |
|---|----------------------|-------------------|
| | Budget-time Estimate | Mid-Year Estimate |
| | \$M | \$M |
| 2004-05 LOAN COUNCIL NOMINATION | | |
| General Government Sector Cash Deficit | | |
| Public Non Financial Corporations Sector Cash Deficit | 45 | 56 |
| Non Financial Public Sector Cash Deficit | 45 | 56 |
| <i>Less</i> | | |
| Net Cash Flows from Investments in Financial Assets for Policy Purposes | 1 | 1 |
| <i>plus</i> | | |
| Memorandum Items | - | - |
| 2004-05 LOAN COUNCIL NOMINATION | 44 | 55 |