



Our Ref:

Your Ref:

The Hon Delia Lawrie MLA
Treasurer
GPO Box 3146
DARWIN NT 0801

Dear Treasurer

RE: BUDGET PARAMETERS AND FORWARD CAPACITY

You provided a summary list of the Labor Party's 2008 election commitments on 5 August 2008 and asked me to assess whether these commitments could be undertaken without altering the targets set by Budget 2008. I have assessed these commitments on the basis of the updated estimates included in the Pre-Election Fiscal Outlook (PEFO) Report. Capital and recurrent commitments have been assessed separately.

Capital

You have advised that your intention is to undertake the capital commitments within existing resources. The summary of your capital commitments is as follows:

	2008-09	2009-10	2010-11	2011-12	Total
\$M	0.54	24.90	34.07	26.88	86.39

In making this assessment I have assumed that the 2008-09 Capital Works Program will continue as outlined in the May 2008 Budget, that the multi-year capital works projects will continue in line with contract obligations or agreements with the Commonwealth and that the capital works programs that are ongoing in nature such as the Territory roads and housing programs will continue at consistent levels.

On this basis, your party's additional commitments can be met from within the allocation for capital works over the four year Budget and forward estimates period. The commitments should be able to commence within the announced timing subject to the necessary planning and development requirements being completed.

Recurrent

Your recurrent commitments as advised on 5 August are set out in the table below. These commitments are generally based on additional funding although some identify the use of funds from existing programs. No additional savings measures have been included in your commitments.

	2008-09 \$M	2009-10 \$M	2010-11 \$M	2011-12 \$M	Total \$M
Cost	6.12	20.79	24.10	36.88	87.88
Savings	nil	nil	nil	nil	nil
Net Cost	6.12	20.79	24.10	36.88	87.88

Your party's costings for individual commitments have been generally accepted and there are no items that require specific comment. If the cost of the commitments can be achieved as outlined, the total cost can be contained within the 1 per cent unallocated capacity in the forward estimates as outlined in Budget Paper No. 2 and confirmed in the PEFO. However, after these commitments have been funded, there would be minimal ongoing additional capacity available from 2010-11 for further initiatives.

A copy of this letter, along with the one provided to the Leader of the Opposition, will be on Treasury's internet website by 11:00am Thursday, 7 August 2008.

Yours sincerely



JENNIFER PRINCE
Under Treasurer

7 August 2008