
2002-03 MID-YEAR REPORT

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2002-03 MID-YEAR REPORT

INTRODUCTION

The *Fiscal Integrity and Transparency Act* requires the Treasurer to prepare and publicly release a mid-year fiscal outlook report each year. For 2002-2003, this report is required to be tabled by 28 February 2003. This report also meets the Territory's obligations under the Uniform Presentation Framework Agreement.

The information contained in this report includes the information required by the Act, together with detailed financial statements prepared in accordance with the principles laid down as part of the Government Finance Statistics (GFS).

ECONOMIC ASSUMPTIONS

The financial projections contained in this report have been prepared in respect of 2002-2003 and the three subsequent years (the forward estimates period). The projections are based on economic assumptions which reflect the current economic outlook for the Territory.

Recent economic activity in the Territory has been encouraging, with improving conditions in the construction sector, largely related to the Alice Springs to Darwin Railway, with a slight upturn in the property, business services and defence sectors, offset to some extent by a decline in offshore oil production and the setback to tourism from international terrorism events. With work on the railway proceeding, the overall level of activity experienced over the past few months is expected to continue for the remainder of the financial year.

FINANCIAL INFORMATION

The 2003-03 financial year marked a substantial change for financial management in the Northern Territory. The Territory moved from a cash framework to an accrual budgeting, accounting and reporting framework. The new fiscal strategy adopted in 2002-03 has both cash and accrual based fiscal targets, primarily a cash deficit reduction strategy which has the general government sector in balance by 2004-05, and a target for the net operating balance to be zero within 10 years. The emphasis in the early years will remain on the cash target while improved reliability in the accrual based data is achieved.

The Territory is the smallest jurisdiction in the Federation in terms of population and relies heavily on the system of horizontal fiscal equalisation to ensure it has the capacity to provide government services.

The largest source of revenue to the Territory Government is GST revenue paid by the Commonwealth. While the GST revenue base should grow more strongly over time than was the case under previous arrangements, it is subject to greater volatility than the previous Financial Assistance Grants.

The Territory is very reliant on GST revenues from the Commonwealth and hence any revision to State and Territory relativities or population data (upon which the Territory's share of GST revenue is based) has the potential to have a material financial effect. The Territory's population is very difficult to estimate for two reasons. The high level of interstate migration makes intercensal estimation difficult and the high proportion of the Territory's population in remote areas also results in higher levels of uncertainty in census estimates. Population estimates for the Territory have recently been revised downward from the 2002-03 Budget forecast due to higher estimates of interstate migration from the Territory. This has resulted in a \$6 million reduction in the GST revenue estimate for 2002-03. This lower than expected population growth compounds throughout the

forward estimates period with GST revenue estimates declining by \$19 million in 2005-06 and an overall reduction of \$51 million over the forward estimates period.

The final determination of the Territory's population for the purposes of calculating its 2002-03 GST revenue will not occur until June 2003 when the Australian Statistician makes a final determination. This estimate will also be affected by revisions to census estimates due in the first quarter of 2003.

The Commonwealth Grants Commission is due to release its 2003 Annual Update of Relativities in late February 2003. These updated relativities will be a matter of consideration at the Treasurer's Conference scheduled in late March 2003. No change has been made to relativities for 2002-2003 and future years pending consideration of the Commission's Report.

TAX EXPENDITURES

Tax concessions are provided to benefit a specified activity or class of taxpayer. They are expenditures in the sense that their impact on the budget is similar to direct outlays, and they can be used to achieve similar goals as spending programs. No policy decisions have been made in the intervening period that affect the information provided in the 2002-03 Budget Papers.

RISKS AND CONTINGENT LIABILITIES

All forecasts are subject to a degree of risk. Hence some risk must also attach to Budget and forward estimates for both revenues and expenses, as the Budget and forward estimates are based on information on a range of factors about which consensus exists at the time the Budget is reviewed. Notwithstanding this, subsequent events in the last half of the year may affect the actual outcome in the remainder of the year and in the forward estimates period.

In addition to changes in economic or other parameters, such as changes in inflation rates, interest rates, exchange rates and population determinations, other factors that can affect the final Budget outcome include:

- the exclusion of some items from forecasts because of uncertainty about their timing, magnitude or probability; and
- the crystallisation of contingent liabilities.

At the time of the review of the Budget and forward estimates all known events were taken into account. There are no known events that would lead to further revisions of the estimates. At the same time, there are no contingent liabilities, beyond those disclosed at the time of the Budget in August 2002 which are known to exist, and no increase in the probability that recorded contingent liabilities will require the Treasurer to assume an actual liability.

OVERVIEW OF ACCOMPANYING REPORTS

Figures 1 to 6 set out the budgeted Operating Statement, Balance Sheet and Cash Flow Statement for the General Government Sector and the Non Financial Public Sector for 2002-2003 and the forward estimates period.

GENERAL GOVERNMENT SECTOR

Operating Statement

As outlined above, the 2002-03 financial year is the first year of accrual budgeting accounting and reporting in the Northern Territory Public Sector. As a result, there is some refinement to the financial information included in these statements. In particular, asset valuations are being improved and this process is expected to continue over the next 12-18 months. The effect of these changes to date on the Operating Statement has

been an increase of \$6 million in the depreciation expense. There has also been some recategorisation of items as part of the refinement of some accrual data. The significant items reclassified were:

- capital Community Service Obligations (CSO) paid to PowerWater were treated as capital expenditure rather than capital grants (\$10 million); and
- the Commonwealth's contribution towards the supplementary financing to the railway Consortium was treated as a grant revenue, rather than an advance, in accordance with the Commonwealth's initial advice (\$5 million).

These increases have affected the total operating expenses and hence the net operating balance but have minimal effect on the Cash Flow Statement.

There has been a slight drop in estimated operating revenue from the time of the Budget to the mid-year report. This is due largely to the decline in GST revenues associated with lower population estimates (as outlined above) but offset by increased own source revenues, notably increased stamp duties associated with one off business related transactions and small increases in the value of transactions as well as small increases in payroll tax and royalties. Similar changes are expected during the forward estimates period. The above mentioned treatment of Commonwealth railway funding also contributes to the decline in operating revenue.

The revised operating expenses for 2002-03 are higher than the Budget estimate. This is largely due to the items mentioned above (depreciation and reclassification of CSO). Other revisions have only marginally affected total expenses.

The impact on the Net Operating Balance of the various revisions and adjustments made to the General Government sector since the Budget is an increase in the deficit by \$23.1 million to \$51.6 million for the year.

Balance Sheet

Since the publication of the Budget, progress has been made with the valuation of assets for the purposes of financial reporting. As a consequence, the net value of land and fixed assets (after allowing for the value of accumulated depreciation) has risen by \$111.5 million to \$3 814.9 million. This increase has been offset slightly by an expected increase in liabilities, and is a major factor in the budgeted increase in net worth of \$240.6 million to \$2119.2 million.

Cash Flow Statement

The changes outlined above have also caused consequential adjustments in the components of the Cash Flow Statement, however the overall cash deficit for the General Government Sector is forecast to remain unchanged at \$94.2 million.

NON-FINANCIAL PUBLIC SECTOR

As with the General Government Sector, minimal change is estimated to the Cash Flow outcome for the Non Financial Public Sector. For the other financial statements, similar changes have occurred as those for the General Government Sector.

LOAN COUNCIL ALLOCATION

In addition to revised financial statements there is a requirement to provide an updated Loan Council Allocation in the mid-year report. This revised estimated for 2002-03 is provided at Figure 8.

At the time of the August 2002 Budget, the Allocation was estimated to be \$102 million, with the revised 2002-03 Budget resulting in an increase in the Allocation of \$12 million to \$114 million. For 2002-03 the tolerance limit applicable to the Loan Council Allocation is \$44 million and therefore the revised estimate is within this tolerance limit.

Figure 1

GENERAL GOVERNMENT SECTOR OPERATING STATEMENT

| | Budget 2002-03 \$000 | Revised 2002-03 \$000 | 2003-04 \$000 | Forward Estimates | |
|---|----------------------------|-----------------------------|------------------|-------------------|------------------|
| | | | | 2004-05 \$000 | 2005-06 \$000 |
| GFS Revenue | | | | | |
| Taxation revenue | 226 924 | 243 946 | 246 238 | 246 335 | 247 775 |
| Current grants and subsidies | 1 798 397 | 1 783 483 | 1 852 289 | 1 863 017 | 1 967 649 |
| Sales of goods and services | 73 912 | 82 807 | 77 440 | 90 042 | 90 367 |
| Capital grants | 84 449 | 85 009 | 73 944 | 73 843 | 73 840 |
| Interest income | 14 012 | 14 012 | 14 966 | 14 934 | 14 954 |
| Other | 115 539 | 99 518 | 92 108 | 88 669 | 88 635 |
| Total Revenue | 2 313 233 | 2 308 775 | 2 356 985 | 2 376 840 | 2 483 220 |
| <i>less</i> | | | | | |
| GFS Expenses | | | | | |
| Gross operating expenses | 1 634 844 | 1 645 813 | 1 706 973 | 1 686 302 | 1 752 722 |
| Depreciation | 129 489 | 134 939 | 139 988 | 141 861 | 142 402 |
| Employee expenses | 896 951 | 896 751 | 921 917 | 937 870 | 948 510 |
| Other operating expenses | 608 404 | 614 123 | 645 068 | 606 571 | 661 810 |
| Nominal superannuation interest expense | 81 654 | 81 654 | 83 634 | 85 122 | 86 046 |
| Other interest expense | 154 490 | 154 490 | 152 715 | 152 657 | 153 024 |
| Other property expenses | | | | | |
| Current transfers | 417 286 | 420 385 | 401 851 | 410 410 | 417 957 |
| Capital transfers | 53 409 | 57 994 | 48 968 | 49 055 | 49 197 |
| Total Expenses | 2 341 683 | 2 360 336 | 2 394 141 | 2 383 546 | 2 458 946 |
| <i>equals</i> | | | | | |
| GFS Net operating balance | - 28 450 | - 51 561 | - 37 156 | - 6 706 | 24 274 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Gross fixed capital formation | 236 418 | 208 476 | 150 194 | 133 213 | 133 128 |
| <i>less</i> Depreciation | 129 489 | 134 939 | 139 988 | 141 861 | 142 402 |
| <i>plus</i> Change in inventories | | | | | |
| <i>plus</i> Other movements in non-financial assets | - 1 472 | 14 528 | 8 528 | 8 528 | 8 528 |
| <i>equals</i> Total net acquisition of non-financial assets | 105 457 | 88 065 | 18 734 | - 120 | - 746 |
| <i>equals</i> | | | | | |
| GFS Net lending / Borrowing (Fiscal balance) | - 133 907 | - 139 626 | - 55 890 | - 6 586 | 25 020 |

Figure 2

NON-FINANCIAL PUBLIC SECTOR OPERATING STATEMENT

| | Budget | Revised | Forward Estimates | | |
|---|------------------|------------------|-------------------|------------------|------------------|
| | 2002-03 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| GFS Revenue | | | | | |
| Taxation revenue | 222 994 | 240 016 | 242 302 | 242 378 | 243 457 |
| Current grants and subsidies | 1 798 397 | 1 783 583 | 1 843 576 | 1 863 153 | 1 967 775 |
| Sales of goods and services | 418 319 | 431 472 | 426 665 | 436 452 | 480 266 |
| Capital grants | 84 449 | 85 009 | 73 944 | 73 843 | 73 840 |
| Interest income | 26 443 | 26 443 | 28 300 | 27 372 | 27 395 |
| Other | 133 311 | 93 817 | 90 512 | 87 359 | 86 774 |
| Total Revenue | 2 683 913 | 2 660 340 | 2 705 299 | 2 730 557 | 2 879 507 |
| <i>less</i> | | | | | |
| GFS Expenses | | | | | |
| Gross operating expenses | 2 019 371 | 2 034 635 | 2 087 605 | 2 074 357 | 2 171 721 |
| Depreciation | 197 561 | 203 011 | 209 589 | 211 498 | 195 295 |
| Employee expenses | 941 414 | 941 194 | 968 480 | 986 729 | 995 035 |
| Other operating expenses | 880 396 | 890 430 | 909 536 | 876 130 | 981 391 |
| Nominal superannuation interest expense | 81 654 | 81 654 | 83 634 | 85 122 | 86 046 |
| Other interest expense | 204 415 | 204 415 | 204 359 | 202 958 | 202 997 |
| Other property expenses | | | | | |
| Current transfers | 337 112 | 340 211 | 327 245 | 334 505 | 342 092 |
| Capital transfers | 54 397 | 48 945 | 37 919 | 38 006 | 38 148 |
| Total Expenses | 2 696 949 | 2 709 860 | 2 740 762 | 2 734 948 | 2 841 004 |
| <i>equals</i> | | | | | |
| GFS Net operating balance | - 13 036 | - 49 520 | - 35 463 | - 4 391 | 38 503 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Gross fixed capital formation | 300 454 | 253 512 | 197 023 | 176 720 | 176 653 |
| <i>less</i> Depreciation | 197 561 | 203 011 | 209 589 | 211 498 | 195 295 |
| <i>plus</i> Change in inventories | 5 652 | 5 652 | | | |
| <i>plus</i> Other movements in non-financial assets | - 1 472 | 14 528 | 8 528 | 8 528 | 8 528 |
| <i>equals</i> Total net acquisition of non-financial assets | 107 073 | 70 681 | - 4 038 | - 26 250 | - 10 114 |
| <i>equals</i> | | | | | |
| GFS Net lending / Borrowing (Fiscal balance) | - 120 109 | - 120 201 | - 31 425 | 21 859 | 48 617 |

Figure 3

GENERAL GOVERNMENT SECTOR BALANCE SHEET

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2002-03 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 37 417 | 13 256 | 2 951 | 20 426 | 59 792 |
| Advances paid | 36 209 | 47 940 | 64 490 | 63 450 | 62 410 |
| Investments, loans and placements | 368 832 | 379 400 | 355 078 | 355 078 | 355 078 |
| Other non-equity assets | 98 902 | 98 166 | 62 814 | 62 590 | 61 534 |
| Equity | 1 320 628 | 1 420 098 | 1 439 832 | 1 462 960 | 1 500 647 |
| <i>Total financial assets</i> | <i>1 861 988</i> | <i>1 958 860</i> | <i>1 925 165</i> | <i>1 964 504</i> | <i>2 039 461</i> |
| Non-financial assets | | | | | |
| Land and fixed assets | 3 703 478 | 3 814 953 | 3 828 758 | 3 824 333 | 3 819 058 |
| Other non-financial assets | 200 | 200 | 200 | 200 | 200 |
| <i>Total non-financial assets</i> | <i>3 703 678</i> | <i>3 815 153</i> | <i>3 828 958</i> | <i>3 824 533</i> | <i>3 819 258</i> |
| Total assets | 5 565 666 | 5 774 013 | 5 754 123 | 5 789 037 | 5 858 719 |
| Liabilities | | | | | |
| Deposits held | 166 519 | 156 716 | 157 477 | 174 854 | 198 384 |
| Advances received | 117 518 | 2 981 | 2 829 | 2 774 | 2 774 |
| Borrowing | 1 598 557 | 1 703 377 | 1 702 289 | 1 698 124 | 1 696 878 |
| Superannuation liability | 1 429 473 | 1 398 347 | 1 423 019 | 1 428 702 | 1 414 435 |
| Other employee entitlements and provisions | 296 716 | 325 656 | 324 981 | 324 171 | 323 696 |
| Other non-equity liabilities | 78 224 | 67 687 | 39 789 | 39 458 | 39 325 |
| Total liabilities | 3 687 007 | 3 654 764 | 3 650 384 | 3 668 083 | 3 675 492 |
| Net worth | 1 878 659 | 2 119 249 | 2 103 739 | 2 120 954 | 2 183 227 |
| Net financial worth (a) | -1 825 019 | -1 695 904 | -1 725 219 | -1 703 579 | -1 636 031 |
| Net debt (b) | 1 440 136 | 1 422 478 | 1 440 076 | 1 436 798 | 1 420 756 |

(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

Figure 4

NON-FINANCIAL PUBLIC SECTOR BALANCE SHEET

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2002-03 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 40 318 | 16 734 | 8 626 | 28 809 | 71 414 |
| Advances paid | 212 637 | 227 474 | 238 416 | 231 767 | 225 118 |
| Investments, loans and placements | 367 526 | 379 779 | 355 457 | 355 457 | 355 457 |
| Other non-equity assets | 143 329 | 152 309 | 128 870 | 139 441 | 140 424 |
| Equity | 105 139 | 89 004 | 107 210 | 128 189 | 151 806 |
| <i>Total financial assets</i> | <i>868 949</i> | <i>865 300</i> | <i>838 579</i> | <i>883 663</i> | <i>944 219</i> |
| Non-financial assets | | | | | |
| Land and fixed assets | 5 358 650 | 5 591 555 | 5 601 440 | 5 589 737 | 5 593 943 |
| Other non-financial assets | 200 | 192 | 192 | 192 | 192 |
| <i>Total non-financial assets</i> | <i>5 358 850</i> | <i>5 591 747</i> | <i>5 601 632</i> | <i>5 589 929</i> | <i>5 594 135</i> |
| Total assets | 6 227 799 | 6 457 047 | 6 440 211 | 6 473 592 | 6 538 354 |
| Liabilities | | | | | |
| Deposits held | 90 344 | 85 080 | 107 343 | 131 813 | 161 539 |
| Advances received | 401 849 | 311 395 | 311 243 | 311 188 | 311 188 |
| Borrowing | 1 994 157 | 2 085 767 | 2 067 496 | 2 051 539 | 2 038 501 |
| Superannuation liability | 1 429 473 | 1 398 347 | 1 423 019 | 1 428 702 | 1 414 435 |
| Other employee entitlements and provisions | 327 898 | 353 244 | 356 767 | 360 163 | 359 688 |
| Other non-equity liabilities | 105 419 | 103 968 | 70 607 | 69 236 | 69 779 |
| Total liabilities | 4 349 140 | 4 337 801 | 4 336 475 | 4 352 641 | 4 355 130 |
| Net worth | 1 878 659 | 2 119 246 | 2 103 736 | 2 120 951 | 2 183 224 |
| Net financial worth (a) | -3 480 191 | -3 472 501 | -3 497 896 | -3 468 978 | -3 410 911 |
| Net debt (b) | 1 865 869 | 1 858 255 | 1 883 583 | 1 878 507 | 1 859 239 |

(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

Figure 5

GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

| | Budget 2002-03 \$000 | Revised 2002-03 \$000 | 2003-04 \$000 | Forward Estimates | |
|--|----------------------------|-----------------------------|-------------------|-------------------|-------------------|
| | | | | 2004-05 \$000 | 2005-06 \$000 |
| Cash receipts from operating activities | | | | | |
| Taxes received | 226 924 | 243 942 | 246 234 | 246 324 | 247 771 |
| Receipts from sales of goods and services | 100 761 | 109 698 | 112 309 | 90 933 | 90 764 |
| Grants/subsidies received | 1 882 846 | 1 868 492 | 1 917 383 | 1 936 860 | 2 041 489 |
| Other receipts | 113 008 | 101 474 | 109 616 | 98 605 | 99 940 |
| <i>Total receipts</i> | <i>2 323 539</i> | <i>2 323 606</i> | <i>2 385 542</i> | <i>2 372 722</i> | <i>2 479 964</i> |
| Cash payments for operating activities | | | | | |
| Payment for goods and services | -1 530 203 | -1 534 564 | -1 577 058 | -1 597 938 | -1 632 485 |
| Grants and subsidies paid | - 462 880 | - 470 288 | - 442 826 | - 451 215 | - 457 932 |
| Interest paid | - 154 696 | - 154 512 | - 152 573 | - 152 511 | - 152 527 |
| Other payments | - 36 815 | - 36 957 | - 81 302 | - 31 137 | - 84 163 |
| <i>Total payments</i> | <i>-2 184 594</i> | <i>-2 196 321</i> | <i>-2 253 759</i> | <i>-2 232 801</i> | <i>-2 327 107</i> |
| Net cash flows from operating activities | 138 945 | 127 285 | 131 783 | 139 921 | 152 857 |
| Net cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 28 078 | 28 090 | 25 062 | 25 235 | 25 235 |
| Purchases of non-financial assets | - 262 114 | - 250 466 | - 182 874 | - 166 066 | - 165 981 |
| <i>Net cash flows from investments in non-financial assets</i> | <i>- 234 036</i> | <i>- 222 376</i> | <i>- 157 812</i> | <i>- 140 831</i> | <i>- 140 746</i> |
| Net cash flows from investments in financial assets for policy purposes (a) | 56 477 | 45 827 | - 16 510 | 1 040 | 1 040 |
| Net cash flows from investments in financial assets for liquidity purposes | | | 24 322 | | |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | - 817 | - 187 | - 152 | - 55 | |
| Borrowing (net) | - 57 460 | - 53 040 | 6 852 | - 5 075 | - 2 156 |
| Deposits received (net) | 3 651 | - 1 937 | - 1 248 | 22 475 | 28 371 |
| Distributions paid | | | | | |
| Other financing (net) | | | | | |
| <i>Net cash flows from financing activities</i> | <i>- 54 626</i> | <i>- 55 164</i> | <i>5 452</i> | <i>17 345</i> | <i>26 215</i> |
| Net increase (decrease) in cash held | - 93 240 | - 104 563 | - 10 305 | 17 475 | 39 366 |
| Net cash from operating activities and investments in non-financial assets | - 95 091 | - 95 091 | - 26 029 | - 910 | 12 111 |
| Finance leases and similar arrangements | 910 | 910 | 910 | 910 | 910 |
| Surplus (+) / deficit (-) (c) | - 94 181 | - 94 181 | - 25 119 | | 13 021 |

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

Figure 6

NON-FINANCIAL PUBLIC SECTOR CASH FLOW STATEMENT

| | Budget | Revised | Forward Estimates | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2002-03 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | | | |
| Taxes received | 222 994 | 240 012 | 242 298 | 242 367 | 243 453 |
| Receipts from sales of goods and services | 431 456 | 444 653 | 446 006 | 426 613 | 477 792 |
| Grants/subsidies received | 1 882 846 | 1 868 592 | 1 917 520 | 1 936 997 | 2 041 626 |
| Other receipts | 122 264 | 103 819 | 109 567 | 103 131 | 104 815 |
| <i>Total receipts</i> | <i>2 659 560</i> | <i>2 657 076</i> | <i>2 715 391</i> | <i>2 709 108</i> | <i>2 867 686</i> |
| Cash payments for operating activities | | | | | |
| Payment for goods and services | -1 856 419 | -1 869 320 | -1 892 061 | -1 915 720 | -2 000 759 |
| Grants and subsidies paid | - 383 015 | - 380 386 | - 356 495 | - 363 583 | - 370 300 |
| Interest paid | - 204 419 | - 204 419 | - 204 475 | - 203 264 | - 202 638 |
| Other payments | - 37 494 | - 37 636 | - 81 978 | - 31 815 | - 84 881 |
| <i>Total payments</i> | <i>-2 481 347</i> | <i>-2 491 761</i> | <i>-2 535 009</i> | <i>-2 514 382</i> | <i>-2 658 578</i> |
| Net cash flows from operating activities | 178 213 | 165 315 | 180 382 | 194 726 | 209 108 |
| Net cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 50 432 | 50 444 | 47 919 | 48 529 | 48 529 |
| Purchases of non-financial assets | - 339 004 | - 327 356 | - 262 060 | - 242 367 | - 242 300 |
| <i>Net cash flows from investments in non-financial assets</i> | <i>- 288 572</i> | <i>- 276 912</i> | <i>- 214 141</i> | <i>- 193 838</i> | <i>- 193 771</i> |
| Net cash flows from investments in financial assets for policy purposes (a) | 6 748 | - 2 564 | - 10 902 | 6 649 | 6 649 |
| Net cash flows from investments in financial assets for liquidity purposes | - 380 | - 380 | 24 322 | | |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | - 6 565 | - 187 | - 152 | - 55 | |
| Borrowing (net) | - 19 686 | - 21 014 | - 10 331 | - 16 867 | - 13 948 |
| Deposits received (net) | 36 756 | 31 068 | 20 254 | 29 568 | 34 567 |
| Distributions paid | | | | | |
| Other financing (net) | | | | | |
| <i>Net cash flows from financing activities</i> | <i>10 505</i> | <i>9 867</i> | <i>9 771</i> | <i>12 646</i> | <i>20 619</i> |
| Net increase (decrease) in cash held | - 93 486 | - 104 809 | - 8 108 | 20 183 | 42 605 |
| Net cash from operating activities and investments in non-financial assets | - 110 359 | - 111 597 | - 33 759 | 888 | 15 337 |
| Finance leases and similar arrangements | 910 | 910 | 910 | 910 | 910 |
| Surplus (+) / deficit (-) (c) | - 109 449 | - 110 687 | - 32 849 | 1 798 | 16 247 |

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

Figure 7

**OPERATING EXPENSES BY AGENCY
NORTHERN TERRITORY BUDGET SECTOR**

| | Budget | Revised | Forward Estimates | | |
|--|------------------|------------------|-------------------|------------------|------------------|
| | 2002-03 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| General Government | 4 134 700 | 4 135 277 | 4 172 326 | 4 197 880 | 4 307 397 |
| Aboriginal Areas Protection Authority | 2 617 | 2 617 | 2 653 | 2 687 | 2 728 |
| Auditor General's Office | 2 379 | 2 535 | 2 583 | 2 663 | 2 700 |
| Central Holding Authority | 1 909 430 | 1 893 356 | 1 954 461 | 1 938 679 | 2 009 598 |
| Centralian College | 15 585 | 16 457 | 15 797 | 16 008 | 16 336 |
| Construction Division | 32 017 | 32 898 | 32 674 | 33 020 | 33 679 |
| Department of Business, Industry and Resource Development | 78 569 | 84 042 | 72 854 | 72 033 | 72 960 |
| Department of Community Development, Sport and Cultural Affairs | 211 816 | 218 267 | 200 573 | 200 935 | 200 821 |
| Department of Corporate and Information Services | 96 687 | 95 820 | 95 506 | 96 061 | 97 212 |
| Department of Employment, Education and Training | 504 667 | 500 530 | 506 640 | 521 620 | 533 369 |
| Department of Health and Community Services | 526 729 | 527 169 | 533 318 | 545 567 | 557 954 |
| Department of Infrastructure, Planning and Environment | 249 193 | 256 263 | 265 983 | 270 793 | 277 234 |
| Department of Justice | 104 273 | 103 504 | 103 589 | 104 467 | 105 736 |
| Department of the Chief Minister | 38 391 | 38 694 | 38 589 | 38 902 | 39 394 |
| Department of the Legislative Assembly | 15 982 | 16 077 | 16 279 | 16 505 | 16 751 |
| Government Printing Office | 6 013 | 6 077 | 6 136 | 6 190 | 6 278 |
| Data Centre Services | 17 494 | 17 965 | 17 107 | 16 317 | 16 910 |
| Northern Territory Police, Fire and Emergency Services | 142 170 | 143 177 | 143 280 | 148 533 | 150 310 |
| Northern Territory Tourist Commission | 28 164 | 27 886 | 26 311 | 26 040 | 26 262 |
| Northern Territory Treasury | 109 528 | 106 855 | 91 383 | 93 781 | 94 988 |
| NT Fleet | 20 136 | 22 228 | 23 400 | 23 486 | 22 062 |
| Office of the Commissioner for Public Employment | 6 148 | 6 148 | 6 328 | 6 589 | 6 714 |
| Ombudsman's Office | 1 765 | 1 765 | 1 775 | 1 779 | 1 797 |
| Territory Discoveries | 2 502 | 2 502 | 2 549 | 2 588 | 2 678 |
| Territory Wildlife Park | 11 131 | 11 131 | 11 250 | 11 346 | 11 625 |
| Trade Development Zone Authority | 1 314 | 1 314 | 1 308 | 1 291 | 1 301 |
| Public Non Financial Corporations | 117 898 | 119 425 | 115 531 | 117 460 | 103 748 |
| Darwin Bus Service | 5 973 | 6 007 | 6 109 | 6 250 | 6 485 |
| Darwin Port Corporation | 16 604 | 18 097 | 16 657 | 17 898 | 18 228 |
| Territory Housing: Business Services | 95 321 | 95 321 | 92 765 | 93 312 | 79 035 |
| Public Financial Corporations | 173 027 | 182 809 | 182 219 | 179 323 | 178 339 |
| Northern Territory Treasury Corporation | 173 027 | 182 809 | 182 219 | 179 323 | 178 339 |

Corrigendum:

This sheet is an amended replacement page for the original Page 10, Figure 7
of the Mid-Year Report.

Figure 8

LOAN COUNCIL ALLOCATION

| | Budget-time Estimate | Mid-Year Report Estimate |
|---|-------------------------|-----------------------------|
| | \$M | \$M |
| General Government Sector Cash Deficit | 94 | 94 |
| Public Non-financial Corporations Sector Cash Deficit | 15 | 17 |
| Non-financial Public Sector Cash Deficit | 109 | 111 |
| <i>minus</i> | | |
| Net Cash Flows from Investments in Financial Assets for Policy Purposes | 7 | - 3 |
| <i>plus</i> | | |
| Memorandum Items | - | - |
| Loan Council Allocation | 102 | 114 |