



NORTHERN TERRITORY



2024-25

**MID-YEAR
REPORT**

Contents

Under Treasurer's Certification	2
Chapter 1 Executive summary	3
Chapter 2 Fiscal outlook	5
Chapter 3 Economic outlook	15
Chapter 4 Fiscal strategy statement	23
Chapter 5 Risks and contingent liabilities	31
Chapter 6 Consolidated financial statements	33
Appendices	
Appendix A Classification of entities in the Northern Territory	43
Appendix B Explanation of terms	44

Under Treasurer's Certification

In accordance with provisions of the *Fiscal Integrity and Transparency Act 2001*, I certify that the financial projections included in the 2024-25 Mid-Year Report are based on government decisions that I was aware of, or were made available to me by the Treasurer, before 22 November 2024. The projections are presented in accordance with the Uniform Presentation Framework.



Tim McManus
Under Treasurer

22 November 2024

Chapter 1

Executive summary

The 2024-25 Mid-Year Report has been prepared in accordance with the *Fiscal Integrity and Transparency Act 2001* (FITA), which requires the Treasurer to prepare and publicly release a mid-year fiscal outlook report by the end of February each year, or within six months following the last budget, whichever is later.

The 2024-25 Mid-Year Report provides an update on the fiscal and economic outlook for the Territory and includes explanations for material variations that have occurred since the 2024 Pre-Election Fiscal Outlook Report (PEFO), being the last published budget, and their effect on the remainder of 2024-25 and forward estimates. It also provides an assessment of updated fiscal projections against the existing fiscal strategy objectives and targets set out in the 2024 PEFO and an update on the potential risks to the budget projections.

Fiscal overview

The 2024-25 Mid-Year Report incorporates updated revenue and expenditure forecasts, election commitments and other policy decisions of the new Northern Territory Government approved since the 2024 PEFO.

As part of the 2024 election campaign, the government announced a number of commitments that underpin its strategic focus on reducing crime, rebuilding the Territory economy and restoring the Territory lifestyle. Many of these commitments have been funded from within existing budget resources and have no budgetary impact. Those with known costings have been incorporated in the 2024-25 Mid-Year Report. A small number of other commitments require development of implementation plans that may affect final costings, and will be incorporated in the Territory's next budget publication, the 2025-26 Budget.

While there have been subsequent changes to some election commitment costings and their timing, overall the ongoing cost of election commitments incorporated in the 2024-25 Mid-Year Report are largely consistent with costings provided prior to the election. Notwithstanding new election and other policy commitments of the new government, primary factors affecting updated fiscal projections are the result of non-policy changes, being influences outside the control of government. Policy and non-policy changes to the forecasts are detailed in Chapter 2 *Fiscal outlook*.

The 2024-25 Mid-Year Report shows the general government sector net operating balance is projected to be a deficit of \$360 million in 2024-25, remaining in deficit until 2026-27 and then forecast to be in surplus from 2027-28.

The updated projections for the non financial public sector fiscal balance indicates the fiscal balance deficit is estimated to peak in 2024-25 at \$2 billion, reducing each subsequent year over the forward estimates to a deficit of \$194 million in 2027-28.

The estimates for net debt and net debt to revenue ratio are projected to increase, consistent with cumulative fiscal balance deficit projections.

Table 1.1 highlights the key fiscal indicators for the general government sector and the non financial public sector for the 2024-25 Mid-Year Report.

Table 1.1: Key fiscal indicators

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
General government sector				
Net operating balance	- 360	- 34	- 67	135
Non financial public sector				
Fiscal balance	- 2 009	- 732	- 423	- 194
Net debt	11 136	11 944	12 349	12 493
Net debt to revenue (%)	121	131	135	133

Comparisons between the estimates contained in the 2024-25 Mid-Year Report and those forecast at the time of the 2024 PEFO are provided in Chapter 2 *Fiscal outlook*. Assessment against government's fiscal strategy is provided in Chapter 4 *Fiscal strategy statement*.

Economic overview

The Territory's 2024-25 Mid-Year Report forecasts for economic growth have been revised following a stronger than expected 2023-24 outcome for state final demand (SFD), and a larger deduction from the balancing item than anticipated in the 2024 PEFO. The forecasts have also been updated to reflect government's election commitments and other policy decisions, and changes to public spending profiles. Table 1.2 provides the actual and updated forecasts for key economic indicators for the Territory. Recent trends and factors underpinning the forecasts are discussed in the following sections.

Gross state product (GSP) forecasts in the 2024-25 Mid-Year Report remain broadly in-line with 2024 PEFO forecasts, however the composition of growth has changed significantly, reflecting revisions to SFD driven by outcomes across a number of sectors and due to introduction of new government policies and changes in priorities. SFD has been revised up in 2024-25 due to stronger private investment and expected increases in dwelling investment due to new building grants being made available to households in the Territory. GSP across the forward estimates period remains broadly unchanged from the 2024 PEFO.

Table 1.2: Key economic results and forecasts (%)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Estimate	Forecast		
Gross state product ¹	4.6	2.3	7.1	4.1	2.1
State final demand ¹	4.5	3.2	- 3.1	0.7	1.6
Employment ¹	1.5	1.7	0.7	1.0	1.3
Unemployment rate ²	4.4	4.5	4.9	4.7	4.6
Wage price index ¹	4.1	3.2	3.1	3.1	3.0
Consumer price index ¹	3.6	2.1	2.8	2.4	2.4
Population ³	0.7e	1.0	1.1	1.1	1.1

e: estimate

1 Year-average percentage change.

2 Year average.

3 June quarter compared with June quarter the previous year (year-ended percentage change).

Source: Department of Treasury and Finance; Australian Bureau of Statistics (ABS)

Further details on economic forecasts are provided in Chapter 3 *Economic outlook*.

Chapter 2

Fiscal outlook

Overview

The information provided in this chapter meets the requirement of section 10(1)(a) of the FITA for each fiscal outlook report to contain updated financial projections for the budget year and following three financial years for the general government and non financial public sectors. The full financial statements are presented in Chapter 6 *Consolidated financial statements*.

Key fiscal indicators – operating statement

Table 2.1 highlights the movements in general government and non financial public sector operating statement key fiscal indicators, and compares updated projections for the 2024-25 Mid-Year Report with those published in the 2024 PEFO.

Table 2.1: Key fiscal indicators – operating statement

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
General government sector				
Net operating balance				
2024 PEFO	- 415	35	35	219
2024-25 Mid-Year Report	- 360	- 34	- 67	135
Variation from 2024 PEFO	55	- 69	- 102	- 84
Non financial public sector				
Fiscal balance				
2024 PEFO	- 1 746	- 696	- 519	- 187
2024-25 Mid-Year Report	- 2 009	- 732	- 423	- 194
Variation from 2024 PEFO	- 263	- 36	96	- 7

General government sector net operating balance

The net operating balance represents total revenue less total operating expenses, with capital spending only recognised in the fiscal balance.

As shown in Table 2.1, the general government sector net operating balance is estimated to be a deficit of \$360 million in 2024-25, remaining in deficit until 2026-27 and then forecast to be in surplus from 2027-28.

When compared to the 2024 PEFO, updated net operating balance projections across the budget cycle have weakened in aggregate by \$200 million. The variation to net operating balance forecasts mainly reflects:

- the effect of government election and operating policy commitments detailed later in this chapter
- higher depreciation expense associated with revised useful life assumptions relating to public housing dwellings
- timing variations associated with the transfer of Commonwealth-funded expenses from 2023-24 to 2024-25 and forward years, partially offset by

- higher taxation and royalty revenue from additional payroll tax revenue, due to strength in private sector wages, and greater taxes on gambling, partially offset by lower mining royalties following revised estimations of operations resuming at mines affected by Cyclone Megan
- increased Commonwealth funding for capital purposes where expenditure is recognised in the fiscal balance only, largely for Rum Jungle mine rehabilitation and National Water Grid Fund.

Non financial public sector fiscal balance

The fiscal balance is influenced by the same factors affecting the general government sector net operating balance, however the fiscal balance also includes net capital investment and excludes depreciation. The fiscal balance is assessed at the non financial public sector to ensure the financial performance of government trading entities is incorporated in the fiscal aggregates.

As shown in Table 2.1, the fiscal balance deficit in 2024-25 is estimated to be \$2 billion, reducing each subsequent year over the forward estimates to a deficit of \$194 million in 2027-28.

When compared with the 2024 PEFO, fiscal balance deficit projections are also higher in aggregate by \$210 million across the budget cycle to 2027-28. The updated fiscal balance forecasts are influenced by the same factors affecting the net operating balance, combined with the impact of new leases, capital commitments and revised operating and capital requirements of government owned corporations.

Further detail on differences between the updated projections and 2024 PEFO is provided below.

Reconciliation with previous fiscal projections

Section 10(1)(f) of the FITA requires the Territory Government to explain factors and considerations that contributed to any material differences between the updated financial projections and equivalent projections published in the last fiscal outlook report.

The most recent fiscal outlook report published under the FITA is the 2024 PEFO. Accordingly, the analysis in the remainder of this chapter reflects policy and non-policy changes since the 2024 PEFO. Policy variations are the result of government decisions to implement new or expand existing agency programs, and savings and revenue measures. Non-policy variations are the result of influences outside government's control, such as the timing of payments or changes in external economic conditions.

Policy and non-policy changes since 2024 PEFO

Table 2.2 summarises the effect of policy and non-policy changes on the non financial public sector's fiscal balance since the 2024 PEFO. As shown in Table 2.2, the anticipated worsening in the fiscal balance over the budget cycle is largely attributable to non-policy changes totalling \$160 million.

Table 2.2: Non financial public sector fiscal balance – policy and non-policy changes since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2024 PEFO	- 1 746	- 696	- 519	- 187
Policy changes	1	- 10	- 19	- 22
Non-policy changes	- 264	- 26	115	15
2024-25 Mid-Year Report	- 2 009	- 732	- 423	- 194

Details of policy and non-policy changes are discussed in further detail in the following sections.

Policy changes since 2024 PEFO

Table 2.3 outlines the effect of policy changes on the non financial public sector's fiscal balance since the 2024 PEFO.

Table 2.3: Non financial public sector fiscal balance – policy changes since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Election commitments				
Revenue measures	- 2	- 18	- 17	- 17
Operating commitments	- 18	- 16	- 36	- 36
Savings measures	38	20	20	20
Total election commitments	18	- 14	- 33	- 33
Other policy commitments				
Operating commitments	- 19	- 22	- 22	
Savings measures	8	28	36	11
Capital commitments	- 6	- 2		
Total other policy commitments	- 17	4	14	11
Total policy changes	1	- 10	- 19	- 22

(+) reflects an improvement; (-) reflects a worsening

Election commitments

Since the 2024 PEFO, a total of \$62 million in election commitments over the budget cycle to 2027-28 have been incorporated into the 2024-25 Mid-Year Report. These are summarised below. Other election commitments have either been funded from within existing budget resources and have no budgetary impact, or require development of implementation plans that may affect final costings, and will be incorporated in the Territory's next budget publication, the 2025-26 Budget.

Revenue measures

Election commitment revenue measures, aimed at rebuilding the economy largely reflect: payroll tax revenue reforms to increase the tax-free threshold to \$2.5 million and exempt wages paid to apprentices and trainees; and lowering cost of living pressures by freezing car registration fees for light vehicles at current rates to 1 July 2026, and making all driver's licenses free for a year. Changes are estimated to result in revenue forgone of \$2 million in 2024-25, \$18 million in 2025-26 and \$17 million ongoing from 2026-27.

Operating commitments

Total operating election commitments of \$106 million over the budget cycle to 2027-28 include:

- \$16 million in 2025-26 and \$36 million ongoing from 2026-27 for domestic, family and sexual violence prevention, early intervention, response and healing
- \$18 million in 2024-25 to boost construction and home ownership through new HomeGrown and FreshStart grants providing \$50,000 for first-home buyers to put towards building their first home, and \$30,000 to build a new home for applicants who are not first-home buyers.

Savings measures

Total election commitment savings measures of \$98 million over the budget cycle to 2027-28 include ceasing the undergrounding high-voltage power project and redirecting this funding to the HomeGrown and FreshStart new home grant programs, and reducing external consultancies and discretionary costs across agencies.

Other policy commitments

Other policy commitments incorporate all decisions made by government that did not form part of election commitments and result in net savings of \$12 million over the budget cycle to 2027-28.

Operating commitments

Other operating commitments total \$63 million over the budget cycle to 2027-28 including funding to support urgent legislative amendments to reduce crime and operational costs associated with developing whole of government ICT systems.

Savings measures

Other savings measures of \$83 million over the budget cycle to 2027-28 include suspending negotiations for a Territory NBL franchise and ceasing other initiatives.

Other savings measures also comprise savings that do not affect the fiscal balance and include reducing the allocation for concessional loans and equity finance, and deferring upgrades to the Darwin Convention Centre. The reduction to concessional loans and equity finance affects the balance sheet only and results in lower borrowings for the Territory. The deferral of the Darwin Convention Centre upgrade represents a reduction to future capital commitments on the Territory's capital works program.

Capital commitments

Other capital commitments include \$6.5 million in reprioritised funding for upgrades to the motocross GP track and \$1.5 million for capital development costs associated with whole of government ICT systems.

Non-policy changes since 2024 PEFO

Table 2.4 highlights the effect of non-policy changes on the non financial public sector's fiscal balance since the 2024 PEFO.

Table 2.4: Non financial public sector fiscal balance – non-policy changes since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Taxation and royalties	16			
Interest variations ¹	15	- 5		1
Government owned corporations	- 120	- 6	- 6	- 6
Leases	- 58			
Revised timing of Darwin ship lift facility	- 142	- 2	126	18
Timing and agency-related adjustments	25	- 14	- 5	2
Total non-policy changes	- 264	- 26	115	15

(+) reflects an improvement; (-) reflects a worsening

1 Excludes interest variations affecting government owned corporations as these are included with all other variations affecting government owned corporations.

Non-policy changes since the 2024 PEFO have resulted in a \$160 million forecast net worsening to the non financial public sector fiscal balance from 2024-25 to 2027-28. Key variations include:

- higher taxation and royalty revenue of \$16 million in 2024-25, mainly from additional payroll tax revenue due to strength in private sector wages and greater taxes on gambling, partially offset by lower mining royalties following revised estimations of operations resuming at mines affected by Cyclone Megan
- net interest variations across the budget cycle of \$11 million reflecting higher than expected return on investments
- increased energy and capital costs of \$120 million in 2024-25, and increased interest expenses on associated borrowings in Power and Water Corporation
- revised timing of expected lease renewals totalling \$58 million for office and employee accommodation and police aircraft from 2023-24, now expected to occur in 2024-25
- revised timing of payments for the Darwin ship lift facility in line with estimated construction milestones with no net impact across the budget cycle
- various timing and agency-related adjustments totalling \$8 million from 2024-25 to 2027-28, including:
 - unspent Commonwealth funds in 2023-24 carried over into 2024-25
 - revised timing of expenditure commitments to reflect funding delivery schedules and contractual payments to suppliers. These timing variations have no net effect on the projected fiscal balance over the budget cycle
 - higher fleet maintenance costs and capital acquisitions.

Changes in key fiscal aggregates since 2024 PEFO

The analysis in this section addresses the requirements of section 10(1)(b) of the FITA that each fiscal outlook report provide an account of the fiscal and economic assumptions on which the updated financial projections are based. Accordingly, this section provides a summary of material variations affecting the budget and forward estimates, combined with changes in assumptions used for key fiscal aggregates, where relevant.

Revenue changes since 2024 PEFO

Table 2.5 compares the revised revenue projections for the 2024-25 Mid-Year Report with those published in the 2024 PEFO.

Table 2.5: Non financial public sector – variation in revenue since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2024 PEFO	8 972	9 052	9 102	9 395
2024-25 Mid-Year Report	9 196	9 115	9 130	9 423
Variation from 2024 PEFO	224	63	28	28

As shown in Table 2.5, when compared with the 2024 PEFO, total revenue is higher by \$224 million in 2024-25, \$63 million in 2025-26 and averaging \$28 million per annum from 2026-27. Table 2.6 identifies the variations in revenue components since the 2024 PEFO.

Table 2.6: Non financial public sector – variations in revenue components since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Taxation revenue	26	- 18	- 17	- 17
Current grants	144	70	51	42
Capital grants	45	8		
Sales of goods and services	6	1	- 8	1
Interest income	8	1	1	1
Mining and petroleum royalties	- 12			
Other revenue	7	1	1	1
Total variation	224	63	28	28

Taxation revenue

Taxation revenue represents the Territory's primary source of income that government can directly influence. It comprises payroll tax, stamp duty on conveyances, taxes on gambling, taxes on insurance, and motor vehicle fees and taxes.

Table 2.6 shows taxation revenue is expected to increase by \$26 million in 2024-25, mainly reflecting additional payroll tax revenue due to strength in private sector wages and greater taxes on gambling. From 2025-26, payroll tax revenue is projected to decrease by an average of \$17 million per annum as a result of the Territory's payroll tax reform election commitment to increase the tax-free threshold and exempt wages paid to apprentices and trainees.

Current and capital grants

Each year there are significant changes in tied Commonwealth funding estimates as the timing of delivery is revised or funding agreements commence, are renewed or cease. Similar to the approach with major projects, tied funding is generally not included in the forward estimates unless a funding agreement has been signed with the Commonwealth. Tied funding agreements generally do not affect the Territory's fiscal balance as the revenues are matched with corresponding expenditure.

When compared with the 2024 PEFO, Table 2.6 shows that current and capital grants revenue is expected to be \$360 million higher over the budget cycle to 2027-28. This is primarily due to revised timing of funding from 2023-24 to future years combined with new Commonwealth funding announced since the 2024 PEFO.

Table 2.7 sets out variations in tied Commonwealth funding agreements since the 2024 PEFO.

Table 2.7: Tied Commonwealth revenue – variations since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Rum Jungle mine rehabilitation	35			
Housing Australia Future Fund	25			
National Network repairs and maintenance program	22	22	23	24
National Water Grid Fund	19			
Strengthening Community Safety in Central Australia	13	5		
Comprehensive Primary Health Care	11	12	14	15
National firearms register	6	6	4	2
Other tied Commonwealth revenue	58	33	10	1
Total variation	189	78	51	42

As shown in Table 2.7, variations in tied Commonwealth grant funding comprise:

- \$35 million increased funding to support rehabilitation of the former Rum Jungle mine site
- \$25 million additional funding for repairs, maintenance and improvements for housing in remote Indigenous communities under the Housing Australia Future Fund
- new five-year agreement for the National Network repairs and maintenance program, averaging \$23 million per annum
- \$19 million additional funding under the National Water Grid Fund to provide safe and reliable water for regional and remote communities
- \$18 million additional funding under the Strengthening Community Safety in Central Australia agreement
- \$52 million over the budget cycle relating to the Comprehensive Primary Health Care agreement
- \$18 million under the new federation funding agreement for a national firearms register
- new and revised timing of various tied Commonwealth funding agreements from 2023-24, now expected to be delivered over 2024-25 and forward years.

Sales of goods and services

Sales of goods and services revenue includes fees and charges, and rent and tenancy income collected by various government agencies, with the most significant component comprising gas sales, and electricity, water and sewerage charges collected by government owned corporations.

Table 2.6 shows projections for sales of goods and services revenue remain largely unchanged from the 2024 PEFO.

Interest income

Interest income includes returns on short-term and fixed-interest investments combined with realised gains on Conditions of Service Reserve investments. As shown in Table 2.6, interest income is expected to increase by \$8 million in 2024-25 reflecting higher than expected returns on investments. From 2025-26, interest income remains largely unchanged when compared with the 2024 PEFO.

Mining and petroleum royalties

Mining and petroleum royalty forecasts are formulated with advice from mining companies and petroleum producers, including estimates of commodity price movements, production levels and the value of the Australian dollar.

As shown in Table 2.6, mining and petroleum royalties are expected to be \$12 million lower in 2024-25, following revised estimations of operations resuming at mines affected by Cyclone Megan.

Other revenue

Other revenue includes miscellaneous revenue such as reimbursements and research funding from non-government organisations. As shown in Table 2.6, other revenue is projected to be \$7 million higher in 2024-25, mainly relating to recovery of unspent grants paid in prior years. From 2025-26, other revenue is expected to remain largely unchanged when compared with the 2024 PEFO.

Expenditure changes since 2024 PEFO

Table 2.8 compares revised expenditure projections for the 2024-25 Mid-Year Report with those published in the 2024 PEFO.

Table 2.8: Non financial public sector – variation in expenditure since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Total expenses				
2024 PEFO	9 280	8 898	9 050	9 198
2024-25 Mid-Year Report	9 570	9 055	9 189	9 316
Variation from 2024 PEFO	290	157	139	118
Net capital investment				
2024 PEFO	2 115	1 656	1 413	1 198
2024-25 Mid-Year Report	2 333	1 649	1 267	1 182
Variation from 2024 PEFO	218	- 7	- 146	- 16

Table 2.8 shows total expenses are projected to be higher by \$290 million in 2024-25 and on average \$138 million per annum across the forward estimates when compared with the 2024 PEFO. The variations are primarily the result of higher energy costs in Power and Water Corporation, increased depreciation expense associated with revised useful life assumptions relating to public housing dwellings, combined with expenditure associated with tied Commonwealth grant revenue variations as discussed earlier in this chapter.

Net capital investment

Net capital investment comprises purchases and sales of non financial assets, such as vehicles, ICT and equipment, and includes the construction of assets under the capital works program.

As shown in Table 2.8, when compared with the 2024 PEFO, net capital investment is projected to be \$218 million higher in 2024-25 and lower in aggregate by \$169 million over the forward estimates. The variations in net capital investment across the budget cycle largely reflect revised timing of the Darwin ship lift facility from 2026-27 to 2024-25 in line with estimated construction milestones, combined with new Commonwealth funding for Rum Jungle mine rehabilitation and the National Water Grid Fund.

Key fiscal indicators – balance sheet

Key measures for the balance sheet are net debt and the resulting net debt to revenue ratio.

Net debt is a cumulative measure and comprises financial assets less select liabilities. It is calculated on a cash basis and influenced when cash is received and money paid.

As shown in Table 2.9, net debt is projected to be \$11.14 billion in 2024-25, increasing to \$12.49 billion by 2027-28. The net debt to revenue ratio is projected to be 121% in 2024-25, peaking at 135% in 2026-27, before declining to 133% in 2027-28.

Table 2.9: Non financial public sector – net debt and net debt to revenue ratio

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Net debt				
2024 PEFO	10 821	11 603	12 125	12 255
2024-25 Mid-Year Report	11 136	11 944	12 349	12 493
Variation from 2024 PEFO	315	341	224	238
Net debt to revenue (%)				
2024 PEFO	121	128	133	130
2024-25 Mid-Year Report	121	131	135	133
Variation from 2024 PEFO	nil	3	2	3

Table 2.9 shows net debt is projected to be higher in all years across the budget cycle when compared with the 2024 PEFO. By 2027-28, net debt is expected to be \$238 million higher than projected and mainly reflects the cumulative effect of fiscal balance deficits totalling \$210 million, predominantly due to non-policy changes, combined with timing of cash payments and receipts.

Variations to net debt to revenue ratios since the 2024 PEFO are similarly forecast to be higher in all years across the forward estimates. Projected increases to net debt ratios are not to the same extent as net debt due to higher revenue forecasts.

Table 2.10 provides details on the cumulative factors that contributed to the projected variation in net debt over the forward estimates since the 2024 PEFO.

Table 2.10: Non financial public sector – detailed cumulative changes to net debt since 2024 PEFO

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Cumulative changes to fiscal balance				
Election commitments	- 18	- 4	29	62
Other policy commitments	17	13	- 1	- 12
Taxation and royalties	- 16	- 16	- 16	- 16
Interest variations ¹	- 15	- 11	- 10	- 11
Government owned corporations	120	126	131	137
Leases	58	58	58	58
Revised timing of Darwin ship lift facility	142	144	18	
Timing and agency-related adjustments	- 28	- 11	- 6	- 8
Variation to 2023-24 final fiscal balance outcome	21	21	21	21
Timing of cash payments and receipts				
Superannuation benefit payments	23	23	25	31
Equity finance	- 11	- 31	- 46	- 46
Commonwealth capital funding	19	28	20	21
Net cumulative changes	315	341	224	238

(+) reflects a worsening, (-) reflects an improvement

¹ Excludes interest variations affecting government owned corporations as these are included with all other variations affecting government owned corporations.

As shown in Table 2.10, net debt has increased since the 2024 PEFO by \$238 million to 2027-28 as result of the following factors:

- cumulative changes affecting the fiscal balance increasing net debt, comprising of policy and non-policy variations as detailed earlier in this chapter
- the flow-on effect of a higher fiscal balance deficit recorded in 2023-24, increasing net debt. This variation represents the difference between the final audited outcome as published in the 2023-24 Treasurer's Annual Financial Report and the preliminary outcome as reported in the 2024 PEFO
- timing of cash payments and receipts not recognised in the fiscal balance but included in the calculation of net debt relating to:
 - increased superannuation benefit payments. Payments are funded from borrowings, increasing net debt, and result in a corresponding reduction to superannuation liabilities (excluded from net debt calculations)
 - reduction to equity finance investments. Equity finance investment assets are excluded from net debt calculations, and therefore reductions decrease borrowing requirements and improve net debt. The reduction to concessional loans however, represents a reduction to an asset category (advances) and to borrowings both included in net debt calculations, therefore having no impact on net debt
 - Commonwealth capital funding received in 2023-24, with cash to be spent over the budget cycle as milestones are met, reducing net debt.

Chapter 3

Economic outlook

Overview

The information provided in this chapter meets the requirement of sections 10(1)(b) and 10(1)(c) of the FITA that each fiscal outlook report contains an account of the economic assumptions and analysis of the effects of their changes on the updated financial projections. This chapter provides a summarised assessment of changes in key economic assumptions for the 2023-24 outcome, and updated forecasts for 2024-25 and the following three financial years.

Key economic indicators

The Territory's 2024-25 Mid-Year Report forecasts for economic growth have been revised following a stronger than expected 2023-24 outcome for SFD, and a larger deduction from the balancing item than anticipated in the 2024 PEFO. The forecasts have also been updated to reflect government's election commitments and other policy decisions, and changes to public spending profiles. Table 3.1 provides the actual and updated forecasts for key economic indicators for the Territory. Recent trends and factors underpinning the forecasts are discussed in the following sections.

Table 3.1: Key economic results and forecasts (%)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Estimate	Forecast		
Gross state product ¹	4.6	2.3	7.1	4.1	2.1
State final demand ¹	4.5	3.2	- 3.1	0.7	1.6
Employment ¹	1.5	1.7	0.7	1.0	1.3
Unemployment rate ²	4.4	4.5	4.9	4.7	4.6
Wage price index ¹	4.1	3.2	3.1	3.1	3.0
Consumer price index ¹	3.6	2.1	2.8	2.4	2.4
Population ³	0.7e	1.0	1.1	1.1	1.1

e: estimate

1 Year-average percentage change.

2 Year average.

3 June quarter compared with June quarter the previous year (year-ended percentage change).

Source: Department of Treasury and Finance; ABS

More detail on historical and current economic conditions in the Territory is provided at the Territory Economy website, nteconomy.nt.gov.au. This website is updated with the latest economic data and analysis as it becomes available.

Gross state product and state final demand

GSP is the preferred measure of overall economic activity, especially when comparing against other states and territories, as it is the broadest measure available of the value added within the Territory economy. The Territory's GSP increased by 4.6% to \$34.6 billion in 2023-24, driven by growth in all major components. The Territory reported SFD growth of 4.5% in 2023-24, the second strongest result of all jurisdictions, behind Western Australia, up by 5.8%.

GSP forecasts over the forward estimates period remain broadly in-line with the 2024 PEFO forecasts, however the composition of growth has changed significantly, reflecting upward revisions to SFD driven by outcomes across a number of sectors, the introduction of new government policies and changes to some spending profiles in line with recent public announcements.

SFD has been revised up in 2024-25 due to revisions to the investment forecast profile which brought forward activity into 2024-25 and expected increases in dwelling investment due to new building grants available to households in the Territory. Higher SFD is forecast to be partially offset by a decrease in exports due to unexpected repairs at the Ichthys liquefied natural gas (LNG) plant and changes to estimates for the balancing item reflecting new data, leaving GSP in 2024-25 broadly in-line with budget.

The Barossa project, which drives the business investment profile in this period, is expected to be completed in early 2025-26. There is a significant pipeline of projects that remain subject to final approvals or investment decisions. By convention, these projects are not included in the economic forecasts, including production in Beetaloo, Arafura Nolans rare earths project and gold and critical minerals projects. These projects and investment opportunities will positively influence the Territory's economic outlook if they proceed.

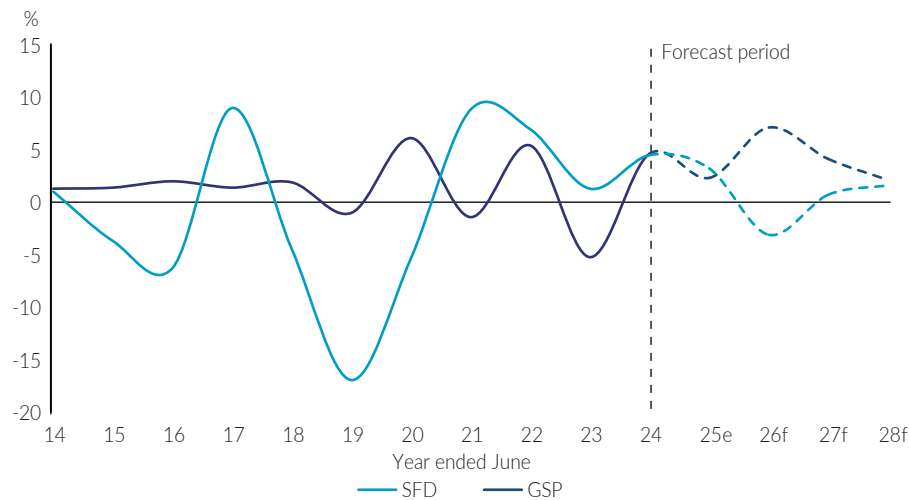
Household consumption spending was more resilient than expected in 2023-24, up by 2.8% and contributing 1.1 percentage points to growth, supported by strength in wages growth driving up household incomes. Household consumption is expected to remain solid over the forecast period, again supported by continued real wage growth and the ongoing impacts of stage 3 tax cuts. Cost of living pressures are expected to ease, which will also support real consumer spending as inflation returns to the Reserve Bank of Australia's (RBA) target band. The forecasts assume the RBA's overnight cash rate follows market expectations, with around 50 basis points or half a percentage point of cuts expected in 2025, easing pressure on households with mortgages.

The growth in public consumption reflects increased spending on health, public order and safety. Changes to public consumption forecasts are driven by announced policy changes and updates to government spending profiles. Public consumption includes compensation paid to employees of government bodies and intermediate consumption of goods and services, like office supplies and consultants' fees.

Dwelling investment has been revised upwards in 2024-25 and 2025-26, due to stronger demand for new housing following the release of the HomeGrown Territory and FreshStart grants. The HomeGrown Territory grant offers \$50,000 for first home buyers to put towards building or buying a new home or \$10,000 if they buy an established home. The FreshStart new home grant offers \$30,000 to buy or build a new home for those who are not first-home buyers. The grants are expected to support over 500 new home builds across the Territory.

Private investment was the second largest contributor to SFD growth (up by 6.4% and contributing 1.1 percentage points to growth), with business investment being particularly strong, growing by 8.4%. The strength in private sector investment reflects stronger than expected expenditure by the mining sector in 2023-24, while the public sector outcome reflected higher than anticipated investment spending on roads, remote housing and utilities.

Figure 3.1: Changes to Territory gross state product and state final demand



e: estimate; f: forecast; GSP: gross state product; SFD: state final demand

Source: ABS, Australian National Accounts: State Accounts, Cat. No. 5220.0; Department of Treasury and Finance

Public sector investment activity will remain an important contributor to growth in 2024-25, supported by investment in strategic roads such as sealing the Mereenie Loop, the Darwin ship lift, and defence infrastructure projects. Beyond 2024-25, public sector activity by state and local government is expected to be weaker than forecast in the 2024-25 Budget.

Progress on the Barossa project will continue to influence the Territory's near-term economic growth. Business investment is expected to decline in 2025-26 following completion of the construction phase of the project. However, this will be partially offset by increased exports as LNG production from the Barossa field commences in the September quarter 2025. The repairs to GEMCO mine from damage sustained by Cyclone Megan have been included in the outlook as estimated repair costs have been released.

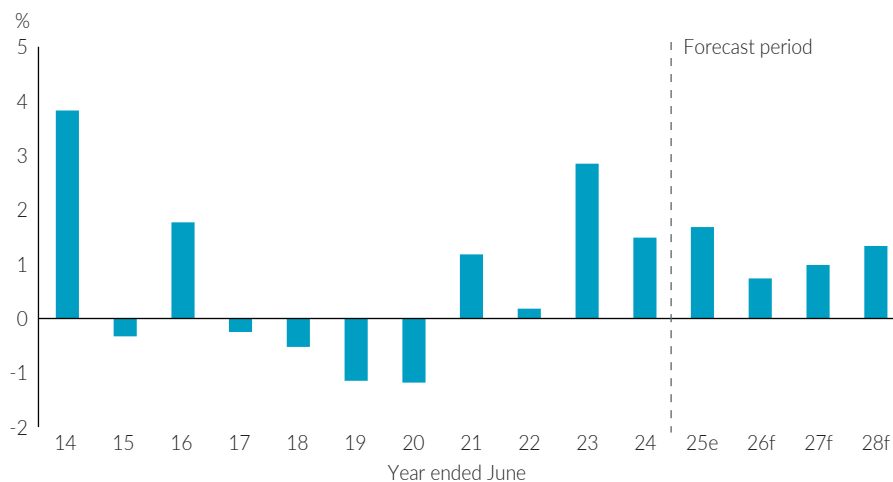
Exports increased by 6.8% in 2023-24. Exports for 2024-25 have been revised down due to unexpected maintenance works at the Ichthys LNG plant between August and October 2024. Imports are anticipated to be stronger than budget forecasts due to revised estimates of the cost of the floating, production, storage and off-take vessel for the Barossa project, which is expected to sail to Australia in the March quarter 2025. As a result of these developments, net exports have been revised downwards in 2024-25, with the outlook period remaining largely unchanged relative to the 2024-25 Budget.

Labour market

Employment

Employment in the Territory increased by 1.5% in 2023-24, reflecting a 3.2% increase in full-time employment, partly offset by a 4.6% decline in part-time employment. Increased private and public investment has contributed to employment growth of 2% over the year to the September quarter 2024. This strength in domestic activity will continue to support labour demand in 2024-25, with employment estimated to grow by 1.7% (Figure 3.2), above the PEFO estimate of 1.1%. Conversely, downward revisions to domestic economic activity over 2025-26 are reflected in the employment forecasts, with labour demand expected to ease. This will continue to flow through to lower expected employment growth in 2026-27.

Figure 3.2: Territory employment change



e: estimate; f: forecast

Source: ABS, Labour Force, Australia, Cat. No. 6202.0

In 2023-24, the Territory’s unemployment rate averaged 4.4%. The unemployment rate is estimated to increase to 4.5% in 2024-25. This is below the 2024 PEFO estimate of 4.6% and reflects recent strength in the labour market. The revised employment growth resulted in the unemployment rate forecast rising to 4.9% in 2025-26. The unemployment rate is then expected to ease over the rest of the forward estimates period, settling at around 4.6% by 2027-28.

Wage price index

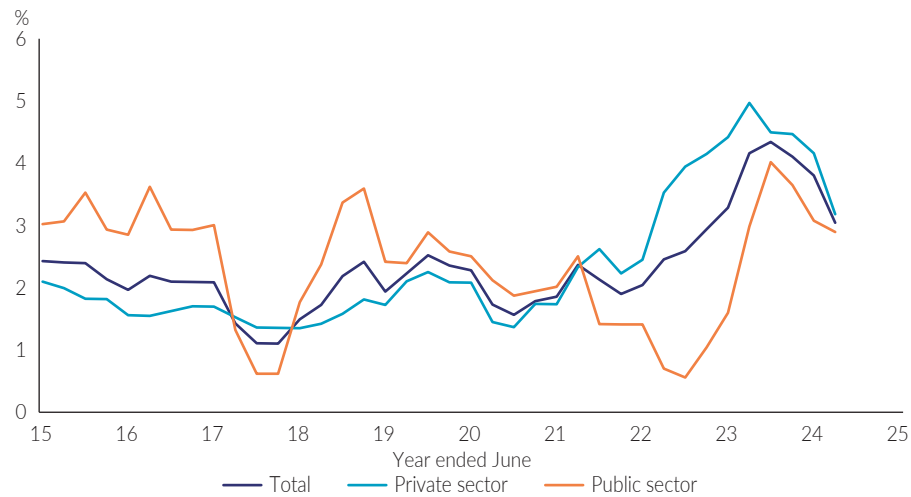
The Territory’s wage price index grew by 3% over the year to September 2024. This reflects a 3.2% increase in private sector wages and 2.9% increase in public sector wages (Figure 3.3). The Territory’s wage price index grew by 4.1% in year-average terms in 2023-24, in line with the 2024 PEFO forecast.

Several factors have contributed to the recent strength in wage growth. Wage increases in recently signed enterprise agreements have been elevated, reflecting tight labour market conditions, which increased employee bargaining power and supported employees negotiating to offset recent high levels of inflation. Minimum and award wage increases have also been elevated in recent years as the Fair Work Commission has tied increases to inflation.

Wage growth has already started cooling from recent highs as labour market conditions and inflation normalise. The labour market has eased recently from the tightest levels seen in many years, with fewer firms reporting difficulties sourcing labour than in previous years. Inflation in the Territory has also eased although industry liaison indicates that price pressure from contractors is still evident in some sectors, including construction.

The latest data is consistent with the 2024 PEFO assumptions, resulting in the Territory wage forecasts remaining unchanged.

Figure 3.3: Year-ended change in Territory wage price index by sector



Source: ABS, Wage Price Index, Australia, Cat. No. 6345.0

Consumer price index

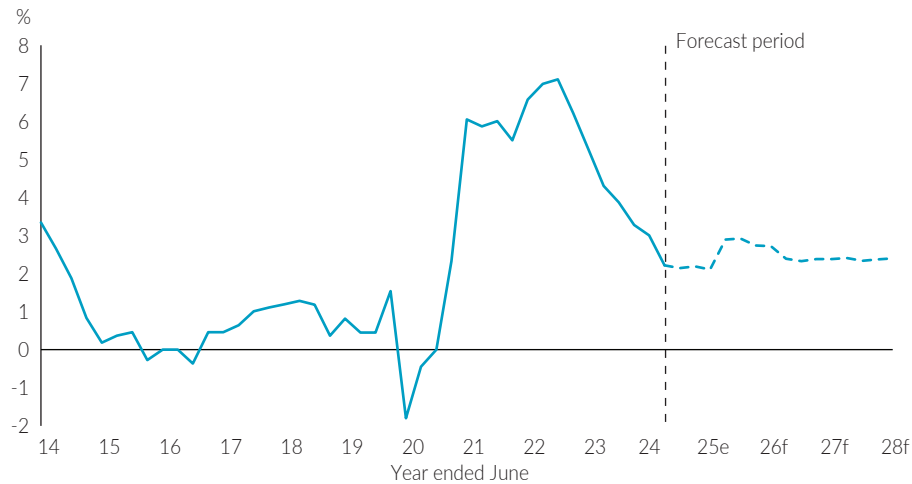
Year-ended inflation in Darwin declined to 2.2% in the September quarter 2024, its lowest level since 2020. The Darwin CPI grew by 3.6% in year-average terms over 2023-24, matching the 2024 PEFO estimate.

Inflation in Darwin sits below the national rate of 2.8%. Goods inflation is below its long-run average at 1.6% and services inflation, while slightly higher than its long-run average of 3.3%, is well below the national rate of 4.6%. The data supports the view that underlying inflationary pressures in Darwin have subsided faster than has been the case nationally.

The September quarter result was weaker than expected due to a significant decline in fuel prices and international travel costs. These components are volatile and their movements do not affect the outlook. However, given the magnitude of their recent movements, it is expected CPI growth will be below the 2024 PEFO forecast. The new Territory Government HomeGrown Territory and FreshStart grants will also place downward pressure on CPI growth in 2024-25 relative to the 2024 PEFO. Other components of the CPI basket have grown broadly in line with expectations and the outer years of the forecasts remain consistent with the 2024 PEFO.

Some volatility is expected in the short term as the Commonwealth energy bill relief expires in mid-2025. Inflation in Darwin is nonetheless expected to remain between 2% and 3% for the remainder of the outlook (Figure 3.4). The CPI is expected to grow by 2.1% in 2024-25 and 2.8% in 2025-26. Forecasts remain unchanged over the remainder of the outlook.

Figure 3.4: Year-ended change in Darwin consumer price index



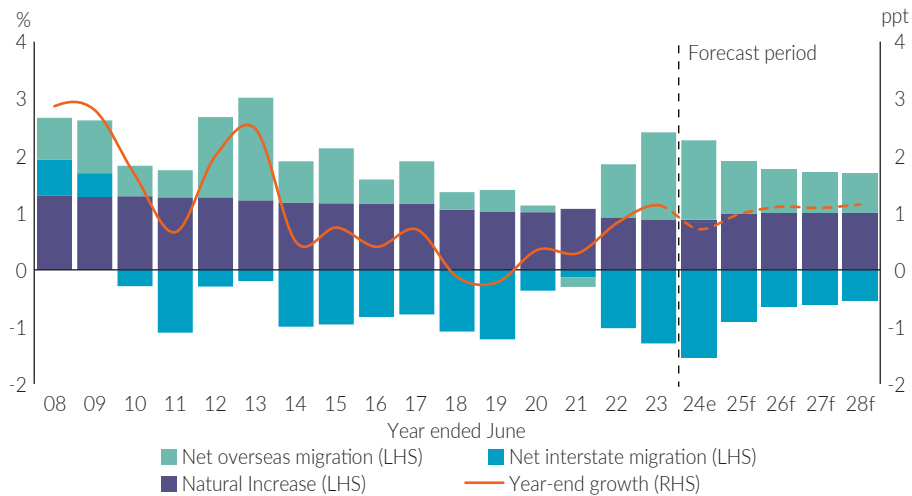
e: estimate; f: forecast

Source: ABS, Consumer Price Index, Australia, Cat. No. 6401.0; Department of Treasury and Finance

Population

The Territory's population is estimated to have grown by 0.7% to 254,872 persons in 2023-24. This is slightly below the 0.8% growth estimated in 2024 PEFO, driven by weaker natural increase and stronger net migration outflows than expected.

Figure 3.5: Territory population growth and population component contributions



e: estimate; f: forecast; ppt: percentage point; RHS: right-hand side; LHS: left-hand side.

Source: ABS, National, state and territory population, Cat. No. 3101.0; Department of Treasury and Finance

The population is expected to grow by 1% in 2024-25. Net overseas migration is forecast to remain above historical average levels, driven by strong overseas arrivals and relatively weak departures. In the same period, net interstate migration is expected to remain at around historic lows, due to weakness in interstate arrivals from several jurisdictions.

Net interstate migration remains at historic lows, reflecting arrivals from several jurisdictions that are below historical averages. Net overseas migration has remained stronger than expected, driven by ongoing low levels in departures data, which is partially offsetting the detraction from growth related to negative net interstate migration levels (currently around 4,000 per year).

Population growth is expected to average 1.1% over the forward estimates period, as both net overseas and net interstate migration levels continue to move towards long-run historical averages. Natural increase is expected to gradually recover, driven by easing the cost-of-living pressures and an increase in the number of births by overseas migrants.

The Commonwealth intends to transition towards five-year migration planning level caps (allowing for modest growth annually). The Territory Government is currently negotiating with the Department of Home Affairs to ensure the caps manage risks to population growth and skilled migration flows into the labour market.

Chapter 4

Fiscal strategy statement

Overview

The information provided in this chapter addresses the requirements under section 14 of the FITA that fiscal outlook reports provide updated information to allow assessment of government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement. This chapter also addresses the requirement under section 10(1)(g) of the FITA that each fiscal outlook report is to contain an explanation of the factors and considerations contributing to any material differences between the updated fiscal projections and government's fiscal objectives and targets.

This chapter assesses the updated 2024-25 Mid-Year Report fiscal projections against the government's short and medium-term fiscal objectives and targets set in the 2024 PEFO. The fiscal strategy objectives and targets in the 2024 PEFO were first established in the 2019-20 Budget by the former government. The new Territory Government's strategic priorities, along with consideration of the Territory's current fiscal and economic position, will inform development of a new fiscal strategy for the 2025-26 Budget.

Principle 1: Sustainable service provision

Ongoing objective and target: Territory-funded expense growth to be lower than total own-source and untied revenue growth in the general government sector over the budget cycle from the budget year

Table 4.1 shows the updated Territory-funded expense estimates, excluding depreciation, are forecast to increase by 2.2% in aggregate over the budget and forward estimates, below anticipated own-source and untied revenue growth of 12.6% over the same period. As a result, this fiscal strategy objective and target is projected to be achieved over the budget cycle.

When compared with the 2024 PEFO, the updated projections for Territory-funded expenses have decreased over the budget and forward estimates by a cumulative \$35 million, predominantly due to savings measures, partially offset by new election commitments combined with a reclassification of expenses to capital for ICT development costs in line with accounting standards.

The increase in estimated own-source and untied revenue of \$52 million in 2024-25 is mainly the result of additional payroll tax revenue due to strength in private sector wages and increased tax revenue from gambling, partially offset by lower mining royalties following revised estimations of operations resuming at mines affected by Cyclone Megan. From 2025-26, own-source and untied revenue is projected to decline each year by around \$12 million and largely reflects government's payroll tax reform election commitment to increase the tax-free threshold and exempt wages paid to apprentices and trainees.

Table 4.1: General government sector – Territory-funded expense growth, and own-source and untied revenue growth

	2024-25	2025-26	2026-27	2027-28	Growth	Target on track
	Budget	Forward estimate				
	\$M	\$M	\$M	\$M	%	
2024 PEFO						
Territory-funded expenses ¹	6 146	6 024	6 100	6 214	1.1	yes
Own-source and untied revenue	5 832	6 044	6 275	6 636	13.8	
2024-25 Mid-Year Report						
Territory-funded expenses ¹	6 085	6 022	6 124	6 218	2.2	yes
Own-source and untied revenue	5 884	6 031	6 263	6 624	12.6	

1 Excludes depreciation and unspent funds carried over from prior years.

Ongoing objective and target: Maintain a sustainable public service by ensuring annual growth in Territory-funded employee expenses does not exceed the wages policy parameter plus the Territory's long-term annual population growth in any year over the budget and forward estimates period

As shown in Table 4.2, updated forecasts for Territory-funded employee expense growth have increased in 2024-25 but remain largely unchanged across the forward estimates from those reported in the 2024 PEFO. The increase in 2024-25 largely reflects: one-off additional personnel associated with reducing crime initiatives; increased employee-related liability costs and reprioritisation of operational funding to support additional personnel associated with ICT projects and public and government employee housing management. Since the 2024 PEFO, there has been no change to the wages policy parameter.

Table 4.2: General government sector – Territory-funded employee expense growth

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	%	%	%	%
2024 PEFO				
Territory-funded employee expense growth	- 0.4	1.5	2.8	2.2
Wages policy parameter ¹ plus long-term annual population growth	2.5	3.5	3.5	3.5
Target on track	yes	yes	yes	yes
2024-25 Mid-Year Report				
Territory-funded employee expense growth	0.2	1.3	2.7	2.2
Wages policy parameter ¹ plus long-term annual population growth	2.5	3.5	3.5	3.5
Target on track	yes	yes	yes	yes

1 Net of efficiency dividends.

Medium-term objective: Achieve a net operating balance surplus in the general government sector and maintain an improving net operating balance over the budget cycle

Target: Achieve a general government net operating balance surplus by 2027-28

Table 4.3 shows the updated projections for the general government sector net operating balance is estimated to be a deficit from 2024-25 to 2026-27, and then forecast to be in surplus from 2027-28. Accordingly, this fiscal strategy objective and target are on track to be met, with a net operating balance surplus projected in the target year.

The improvement in 2024-25 largely reflects one-off additional taxation revenue combined with increased Commonwealth funding for capital purposes. Commonwealth funding for capital purposes impacts the operating balance as only revenue is reported in this measure. There is no impact to the fiscal balance as both revenue and expenditure are reported in this measure.

From 2025-26 and across the forward estimates, net operating balance estimations have weakened since the 2024 PEFO due to: new election commitments and other policy decisions for domestic, family and sexual violence prevention; crime reduction; payroll tax reforms; combined with higher depreciation expenses associated with revised useful life assumptions for public housing dwellings.

Table 4.3: General government sector – net operating balance

	2024-25	2025-26	2026-27	2027-28	Target on track
	Budget	Forward estimate			
	\$M	\$M	\$M	\$M	
2024 PEFO	- 415	35	35	219	yes
2024-25 Mid-Year Report	- 360	- 34	- 67	135	yes
Variation from 2024 PEFO	55	- 69	- 102	- 84	

Long-term objective: Ensure new general government capital investment is funded through revenues rather than borrowings

Net borrowing, as reported in financing activities on the cash flow statement, shows the amount of cash received from new loans, net of repayments and leases, that is used to fund operating and capital activities. Positive values indicate the Territory has insufficient cash to fund its operating and capital requirements and is relying on borrowings to meet these commitments, while negative values indicate repayment of debt or surplus cash available to fund new capital investment.

As shown in Table 4.4, borrowing estimates have increased in aggregate by \$15 million over the budget and forward estimates since the 2024 PEFO, in line with election commitments and other policy decisions, including reduction to the allocation for concessional loans and equity investments. The fluctuation in borrowings over the budget cycle predominantly reflects the revised timing of payments associated with the Darwin ship lift facility in line with estimated construction milestones.

Although estimated borrowing requirements have increased since the 2024 PEFO, net borrowing reported in the 2024-25 Mid-Year Report is expected to decline each year over the budget cycle, indicating this fiscal strategy objective is on track to being achieved over the medium to long term.

Table 4.4: General government sector – net borrowing

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2024 PEFO	1 674	600	510	170
2024-25 Mid-Year Report	1 817	570	375	207
Variation from 2024 PEFO	143	- 30	- 135	37

Principle 2: Infrastructure for economic and community development

Ongoing objective and target: Average general government sector infrastructure investment not to fall below the level of average depreciation over the budget cycle and Territory-funded investment not to exceed twice the level of depreciation in any year

As shown in Table 4.5, updated forecasts for the general government sector's total infrastructure investment (comprising capital works, minor works, and repairs and maintenance expenses) are consistent with the first element of this objective, with average infrastructure investment over the budget cycle of \$1.4 billion per annum, well above average depreciation of \$672 million per annum in the 2024-25 Mid-Year Report.

The second element of this objective has also been achieved with updated projections for Territory-funded infrastructure investment not exceeding twice the level of depreciation in any single year, with the Territory-funded infrastructure investment to depreciation ratio peaking at 1.8 in 2024-25 and declining to an average of 1.0 in each year over the forward estimates.

When compared with the 2024 PEFO, planned Territory-funded infrastructure investment has increased in aggregate over the budget and forward estimates by \$28 million due to a reclassification of expenses to capital for ICT development costs in line with accounting standards. The fluctuation of expected infrastructure investment over the budget cycle reflects the revised timing of payments associated with the Darwin ship lift facility in line with estimated construction milestones.

Table 4.5: General government sector – infrastructure investment to depreciation ratio

	2024-25	2025-26	2026-27	2027-28		Target
	Budget	Forward estimate			Average	on track
2024 PEFO						
Total infrastructure investment (\$M)	1 723	1 341	1 243	1 128	1 359	
Depreciation (\$M)	619	611	602	590	605	yes
Territory-funded infrastructure investment (\$M)	1 038	673	738	687	784	
Depreciation (\$M)	619	611	602	590	605	
Territory-funded infrastructure investment to depreciation ratio	1.7	1.1	1.2	1.2	1.3	
Target on track	yes	yes	yes	yes	yes	
2024-25 Mid-Year Report						
Total infrastructure investment (\$M)	1 961	1 375	1 140	1 134	1 403	
Depreciation (\$M)	687	677	667	656	672	yes
Territory-funded infrastructure investment (\$M)	1 204	677	613	670	791	
Depreciation (\$M)	687	677	667	656	672	
Territory-funded infrastructure investment to depreciation ratio	1.8	1.0	0.9	1.0	1.2	
Target on track	yes	yes	yes	yes	yes	

Short to medium-term objective: General government sector debt-funded infrastructure to be limited to projects with a positive economic return on investment

Target: 100% of general government capital works projects (excluding ICT) with a value exceeding \$30 million progressed in accordance with the Northern Territory Project Development Framework

Since the 2024 PEFO, there were no new Territory-funded capital works projects exceeding \$30 million to be progressed through the framework.

Principle 3: Competitive tax environment

Ongoing objective: Maintain a competitive tax environment that encourages investment, creates jobs and attracts business to the Territory, while raising sufficient revenue to contribute to funding government’s service delivery requirements

Target: Territory taxation effort for the last assessed year by the Commonwealth Grants Commission at least 90% of the state average of 100%

This measure is a lagging indicator as the Commonwealth Grants Commission (CGC) updates information annually based on the actual outcome of the previous year. Consequently, assessment of this element of the strategy remains unchanged from the 2024 PEFO with the Territory’s 2022-23 total taxation effort assessed as 82%, the latest year assessed by the CGC. Therefore this fiscal strategy target has not been achieved as the Territory’s taxation effort is below the target of 90%. The Territory generally demonstrates below-average taxation effort as it does not impose land tax and levies lower than average motor vehicle taxes.

Table 4.6: Taxation effort by jurisdiction, 2022-23

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average	Target met
	%	%	%	%	%	%	%	%	%	
Total taxation effort	97.1	108.0	95.1	98.6	96.0	84.2	135.3	82.0	100	no

Source: CGC 2024 Update

Ongoing objective: Generate own-source revenue efficiently

Target: Territory Revenue Office expenditure as a percentage of non financial public sector taxes and royalties less than 1%

Table 4.7 demonstrates this fiscal strategy objective and target is expected to be achieved, with the Territory Revenue Office’s forecast operating expenditure below 1% of total taxation and royalty revenue across the budget and forward estimates.

When compared with the 2024 PEFO, Territory taxes and royalty estimates increased by \$14 million in 2024-25 reflecting additional payroll tax revenue due to strength in private sector wages and greater taxes on gambling, partially offset by lower mining royalties following revised estimations of operations resuming at mines affected by Cyclone Megan. From 2025-26 and across the forward estimates, Territory taxes and royalty estimates have decreased by an average \$17 million per annum reflecting government’s payroll tax reform election commitment to increase the tax-free threshold and exempt wages paid to apprentices and trainees. There were no changes to projections for operating expenditure for the Territory Revenue Office over the budget cycle.

Table 4.7: Territory Revenue Office expenditure to taxation revenue raised

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
2024 PEFO				
Territory Revenue Office expenditure (\$M)	8	5	5	5
Territory taxes and royalties (\$M)	919	952	928	1 048
Expenditure to revenue (%)	0.8	0.5	0.5	0.5
Target on track	yes	yes	yes	yes
2024-25 Mid-Year Report				
Territory Revenue Office expenditure (\$M)	8	5	5	5
Territory taxes and royalties (\$M)	933	934	911	1 031
Expenditure to revenue (%)	0.9	0.5	0.5	0.5
Target on track	yes	yes	yes	yes

Principle 4: Prudent management of debt and liabilities

Ongoing objective: Maintain or improve the Territory's credit rating

Target: Territory's credit rating of Aa2 (negative) or better

The Territory's credit rating was last assessed by Moody's Investors Service (Moody's) on the 2024-25 Budget in July 2024, which resulted in an unchanged credit rating for the Territory at Aa3 with a stable outlook. Therefore this fiscal strategy target has not yet been met.

Long-term objective and target: The Territory's non financial public sector net debt to revenue ratio at or below 50%

As shown in Table 4.8, updated projections for net debt to revenue ratios remain unchanged in 2024-25 and marginally higher in each year over the forward estimates. The increase to the net debt to revenue ratio from 2025-26 mainly reflects lower taxation revenue forecasts as a result of election commitments to payroll tax reforms, combined with increased borrowings in Power and Water Corporation associated with increased energy and capital costs.

Table 4.8: Non financial public sector – net debt to revenue ratios

	2024-25	2025-26	2026-27	2027-28	Target on track
	Budget	Forward estimate			
	%	%	%	%	
2024 PEFO	121	128	133	130	no
2024-25 Mid-Year Report	121	131	135	133	no
Variation from 2024 PEFO	nil	3	2	3	

The FITA incorporates a debt ceiling cap on total borrowings in the non financial public sector (excluding leases) of \$15 billion. Table 4.9 presents assessable debt compared with those reported in the 2024 PEFO, demonstrating updated projections for assessable debt remaining below the \$15 billion cap in all years over the budget cycle.

When compared with the 2024 PEFO, assessable debt is estimated to increase \$127 million by 2027-28 reflecting \$117 million in new borrowings in Power and Water Corporation associated with increased energy and capital costs, combined with new borrowings in the general government sector in line with election commitments, partially offset by a reduction to the allocation for concessional loans and equity investments.

Table 4.9: Non financial public sector – debt ceiling assessment

	2024-25	2025-26	2026-27	2027-28
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2024 PEFO				
Total borrowings	14 428	15 253	15 881	16 128
Less: leases	1 838	1 735	1 607	1 494
Total assessable debt	12 590	13 518	14 274	14 634
Target on track	yes	yes	yes	yes
2024-25 Mid-Year Report				
Total borrowings	14 749	15 543	16 037	16 321
Less: leases	1 897	1 798	1 672	1 560
Total assessable debt	12 852	13 745	14 365	14 761
Target on track	yes	yes	yes	yes

Principle 5: Commercial management of government owned corporations

Projections for government owned corporations are revised through each respective statement of corporate intent (SCI), which is prepared annually and forms part of the Territory’s budget development process.

The 2024-25 Mid-Year Report incorporates additional one-off expenditure in 2024-25 for Power and Water Corporation due to increased energy and capital costs combined with increased interest expense on associated borrowings. No other assumptions or projections for the government owned corporations have been updated. Consequently, as the fiscal strategy objectives and targets within this principle assess growth rates and performance over the SCI budget cycle, and government owned corporation fiscal projections are unchanged, assessment of objectives and targets within this fiscal strategy remain unchanged from the 2024 PEFO.

Chapter 5

Risks and contingent liabilities

Overview

Section 10(1)(e) of the FITA requires each fiscal outlook report to contain a statement of risks, quantified as far as practicable, that could materially affect updated financial projections, including any contingent liabilities and related agreements yet to be finalised. Section 5(1)(d) of the FITA requires government to manage financial risks faced by the Territory prudently (having regard to economic circumstances), including by maintaining Territory debt at prudent levels.

This chapter meets the FITA requirements by providing an update on potential risks that have changed since the 2024 PEFO due to changes in factors underpinning revenue and expenditure estimates, and the likelihood of contingent liabilities becoming actual liabilities.

Risks to the Territory are assessed and categorised in accordance with those identified in section 5(2) of the FITA, comprising risks from excessive debt, ownership of trading entities, erosion of the Territory's revenue base, and managing assets and liabilities. Other risks that could materially affect the financial projections comprise risks to expenses and payments, and economic forecasts.

Most of the risks and contingent liabilities for the Territory remain unchanged from those disclosed in the 2024 PEFO, with the exception of risks from excessive debt, ownership of trading entities, and expenses and payments. Further details on changes in factors since the 2024 PEFO affecting these risks are provided below.

For further information on the Territory's risks and contingent liabilities, refer to the 2024 PEFO, Chapter 5 *Risks and contingent liabilities* and the 2023-24 Treasurer's Annual Financial Report, Note 43 *Contingent assets and liabilities*.

Sound fiscal management of risks

Risks from excessive debt

Excessive debt levels could affect the Territory's ability to raise funds when required or at a cost substantially higher than could be achieved under more sustainable debt levels, limiting government's capacity to maintain appropriate levels of service. Excessive debt could also impact investor and consumer confidence, resulting in negative effects on the broader Territory economy.

Large fiscal balance deficits experienced over the past decade combined with deficits projected to persist over the fiscal outlook will result in further accumulation of debt and increases the Territory's likelihood of breaching the \$15 billion legislated debt ceiling over the medium term. The consequences of a breach may negatively affect the Territory's borrowing capabilities and have broader economic repercussions.

Risks from ownership of trading entities

Poor financial performance of commercial entities can pose risks to government in the form of lower returns and dividend payments to government, or increased requirements for financial support with the potential to materially affect the Territory's debt levels and fiscal targets.

Territory government owned corporations comprise Power and Water Corporation, Territory Generation and Jacana Energy. While the 2024-25 Mid-Year Report incorporates one-off additional energy costs affecting 2024-25 in Power and Water Corporation, should gas supply challenges persist over the short-term there are heightened risks of further increased costs and deterioration to budgeted fiscal aggregates. To mitigate risk of increased energy costs, the Territory has entered into a number of agreements to secure gas supply over the long term.

Risks to expenses and payments

Estimates for expenses are based on known policy decisions, with adjustments for non-policy changes. The most significant risks to expense estimates are budget pressures due to increased costs and demand for government services, and the inability to meet savings and efficiency measures factored into agency budgets.

Risks of increases to existing expense projections will rise should a range of activities be continued beyond their current funding profiles. The Territory's new government has identified significant areas of Territory spending that are currently budgeted to reduce or cease over the forward estimates, including funding to support demand pressures in hospitals, courts and corrections. Where these service levels or programs are continued at current levels (beyond what is factored into the future budget) and not managed through savings or reprioritisation of other existing funding, the Territory's fiscal outcomes will further deteriorate.

Contingent assets and liabilities

Contingent assets and liabilities are possible future assets or obligations that arise from past events, which are only realised if a specified event occurs and or they can be reliably measured. Contingent assets and liabilities pose a risk to the Territory's financial position and have the potential to adversely or favourably affect the budget due to the likelihood of an event arising.

The Territory's contingent liabilities are predominantly considered low risk and largely unchanged from the 2024 PEFO and 2023-24 Treasurer's Annual Financial Report, however the Territory continues to monitor risks associated with contingent liabilities to ensure they are appropriately recognised.

Chapter 6

Consolidated financial statements

The financial statements in this chapter meet the requirements of the FITA, and have been prepared in accordance with relevant Australian accounting standards, including AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and the Uniform Presentation Framework (UPF).

The UPF mandates that all Commonwealth, state and territory governments must comply with AASB 1049, and publish financial information in budget papers and fiscal outcome reports in a standard format, allowing for greater transparency and comparison of fiscal data between jurisdictions.

The financial statements included in this chapter present the fiscal projections at the 2024 PEFO, along with revised projections for 2024-25 (revised budget) and 2025-26 to 2027-28 forward estimates.

Each set of financial statements includes a comprehensive operating statement, balance sheet, and cash flow statement for the following government sectors:

- general government sector
- public non financial corporation sector
- non financial public sector.

For details on changes to the revised projections since the 2024 PEFO, refer to Chapter 2 *Fiscal outlook*.

General government sector comprehensive operating statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
REVENUE					
Taxation revenue	708 824	734 754	700 179	720 657	753 431
Current grants	5 962 396	6 125 303	5 791 373	6 014 801	6 234 860
Capital grants	636 920	663 270	634 599	461 220	396 521
Sales of goods and services	435 983	442 240	431 225	431 111	433 820
Interest income	123 908	132 122	126 903	129 015	131 042
Dividend and income tax equivalent income	102 531	102 531	103 697	123 462	116 348
Other revenue	290 283	302 181	312 716	269 779	359 550
TOTAL REVENUE	8 260 845	8 502 401	8 100 692	8 150 045	8 425 572
<i>less</i> EXPENSES					
Employee benefits expense	3 047 903	3 081 487	2 968 202	3 033 652	3 113 514
Superannuation expenses					
Superannuation interest cost	137 737	137 737	133 379	128 794	123 962
Other superannuation expenses	384 923	391 233	391 699	397 925	388 659
Depreciation and amortisation	618 842	686 856	676 526	667 445	656 315
Other operating expenses	1 950 772	2 006 665	1 744 864	1 759 788	1 783 376
Interest expenses	484 383	477 787	548 014	579 868	615 178
Other property expenses					
Current grants	1 348 969	1 376 082	1 294 363	1 306 238	1 335 096
Capital grants	449 928	452 236	158 397	130 559	60 645
Subsidies and personal benefit payments	252 537	252 359	219 214	212 779	213 742
TOTAL EXPENSES	8 675 994	8 862 442	8 134 658	8 217 048	8 290 487
<i>equals</i> NET OPERATING BALANCE	- 415 149	- 360 041	- 33 966	- 67 003	135 085
<i>plus</i> Other economic flows – included in operating result	59 405	59 405	64 642	71 275	77 593
<i>equals</i> OPERATING RESULT	- 355 744	- 300 636	30 676	4 272	212 678
<i>plus</i> Other economic flows – other comprehensive income	34 333	- 85 923	23 068	- 8 009	- 22 197
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	- 321 411	- 386 559	53 744	- 3 737	190 481
NET OPERATING BALANCE	- 415 149	- 360 041	- 33 966	- 67 003	135 085
<i>less</i> Net acquisition of non financial assets					
Purchases of non financial assets	1 609 129	1 815 280	1 188 667	951 903	924 934
Sales of non financial assets	- 31 549	- 31 549	- 26 149	- 26 149	- 26 149
<i>less</i> Depreciation	618 842	686 856	676 526	667 445	656 315
<i>plus</i> Change in inventories					
<i>plus</i> Other movements in non financial assets	163 680	222 116	49 845	14 939	38 005
<i>equals</i> Total net acquisition of non financial assets	1 122 418	1 318 991	535 837	273 248	280 475
<i>equals</i> FISCAL BALANCE	- 1 537 567	- 1 679 032	- 569 803	- 340 251	- 145 390

General government sector balance sheet

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Financial assets					
Cash and deposits	1 316 975	1 000 878	835 326	776 699	764 505
Advances paid	163 177	163 967	162 967	161 967	160 967
Investments, loans and placements	2 863 564	2 864 472	3 006 062	3 151 269	3 305 370
Receivables	525 900	536 229	537 225	549 949	547 485
Equity investments					
Investments in other public sector entities	2 474 599	2 666 282	2 695 650	2 688 868	2 666 671
Equity accounted investments					
Investments – shares	32 577	21 777	21 777	21 777	21 777
Other financial assets	82 840	82 840	81 935	81 028	80 122
Total financial assets	7 459 632	7 336 445	7 340 942	7 431 557	7 546 897
Non financial assets					
Inventories	19 166	19 166	19 166	19 166	19 166
Property, plant and equipment	21 942 276	22 044 826	22 581 539	22 849 363	23 142 784
Investment property	30 078	30 078	26 078	22 078	18 078
Other non financial assets	527 027	557 306	567 030	583 054	580 708
Total non financial assets	22 518 547	22 651 376	23 193 813	23 473 661	23 760 736
TOTAL ASSETS	29 978 179	29 987 821	30 534 755	30 905 218	31 307 633
LIABILITIES					
Deposits held	833 905	458 966	386 914	372 529	348 230
Advances received	118 259	115 259	107 438	99 238	90 640
Borrowing	12 293 523	12 498 657	13 118 587	13 508 709	13 754 121
Superannuation	3 060 483	2 997 610	2 974 903	2 945 087	2 887 107
Other employee benefits	891 132	926 462	926 462	926 462	926 462
Payables	407 222	381 245	383 185	384 460	385 958
Other liabilities	1 101 346	1 137 328	1 111 228	1 146 432	1 202 333
TOTAL LIABILITIES	18 705 870	18 515 527	19 008 717	19 382 917	19 594 851
NET ASSETS/(LIABILITIES)	11 272 309	11 472 294	11 526 038	11 522 301	11 712 782
NET WORTH	11 272 309	11 472 294	11 526 038	11 522 301	11 712 782
NET FINANCIAL WORTH ¹	- 11 246 238	- 11 179 082	- 11 667 775	- 11 951 360	- 12 047 954
NET FINANCIAL LIABILITIES ²	13 720 837	13 845 364	14 363 425	14 640 228	14 714 625
NET DEBT³	8 901 971	9 043 565	9 608 584	9 890 541	9 962 149

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 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.

General government sector cash flow statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities					
Taxes received	708 824	734 754	700 179	720 657	753 431
Receipts from sales of goods and services	453 340	458 593	448 582	448 468	451 177
Grants and subsidies received	6 413 561	6 590 186	6 353 917	6 460 506	6 631 381
Interest receipts	123 908	132 122	126 903	129 015	131 042
Dividends and income tax equivalents	101 562	101 562	103 517	111 899	118 812
Other receipts	271 050	277 931	304 797	262 949	351 533
Total operating receipts	8 072 245	8 295 148	8 037 895	8 133 494	8 437 376
Cash payments for operating activities					
Payments for employees	- 3 580 814	- 3 643 902	- 3 515 987	- 3 590 187	- 3 684 115
Payment for goods and services	- 1 504 675	- 1 561 268	- 1 312 438	- 1 324 921	- 1 340 242
Grants and subsidies paid	- 2 051 434	- 2 080 652	- 1 671 974	- 1 649 576	- 1 609 483
Interest paid	- 480 821	- 475 446	- 547 104	- 578 732	- 614 557
Other payments	- 416 507	- 416 532	- 416 507	- 416 507	- 416 507
Total operating payments	- 8 034 251	- 8 177 800	- 7 464 010	- 7 559 923	- 7 664 904
NET CASH FLOWS FROM OPERATING ACTIVITIES	37 994	117 348	573 885	573 571	772 472
Cash flows from investments in non financial assets					
Sales of non financial assets	31 549	31 549	26 149	26 149	26 149
Purchases of non financial assets	- 1 609 129	- 1 815 280	- 1 188 667	- 951 903	- 924 934
Net cash flows from investments in non financial assets	- 1 577 580	- 1 783 731	- 1 162 518	- 925 754	- 898 785
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 1 539 586	- 1 666 383	- 588 633	- 352 183	- 126 313
Net cash flows from investments in financial assets for policy purposes ¹	- 88 156	- 22 946	- 7 393	- 2 466	- 1 396
Net cash flows from investments in financial assets for liquidity purposes	- 79 511	- 79 511	- 59 738	- 56 576	- 58 995
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 745 247	- 1 886 188	- 1 229 649	- 984 796	- 959 176
Net cash flows from financing activities					
Advances received (net)	- 7 459	- 10 459	- 7 821	- 8 200	- 8 598
Borrowing (net)	1 673 632	1 817 071	570 085	375 183	207 407
Deposits received (net)	- 48 385	- 458 716	- 72 052	- 14 385	- 24 299
Other financing (net)					
NET CASH FLOWS FROM FINANCING ACTIVITIES	1 617 788	1 347 896	490 212	352 598	174 510
NET INCREASE/DECREASE (-) IN CASH HELD	- 89 465	- 420 944	- 165 552	- 58 627	- 12 194
Net cash flows from operating activities	37 994	117 348	573 885	573 571	772 472
Net cash flows from investments in non financial assets	- 1 577 580	- 1 783 731	- 1 162 518	- 925 754	- 898 785
CASH SURPLUS/DEFICIT (-)	- 1 539 586	- 1 666 383	- 588 633	- 352 183	- 126 313
Future infrastructure and superannuation contributions/earnings ²	- 49 172	- 49 172	- 51 201	- 53 113	- 54 940
UNDERLYING SURPLUS/DEFICIT (-)	- 1 588 758	- 1 715 555	- 639 834	- 405 296	- 181 253

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

2 Contributions for future infrastructure and superannuation requirements.

Public non financial corporation sector comprehensive operating statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
REVENUE					
Current grants	251 688	251 688	221 218	214 791	216 538
Capital grants	247 903	249 029	46 822	40 156	29 071
Sales of goods and services	877 344	877 739	1 048 081	1 080 844	1 113 902
Interest income	6 723	6 723	5 421	6 051	5 829
Other revenue	27 365	30 397	29 926	29 685	29 032
TOTAL REVENUE	1 411 023	1 415 576	1 351 468	1 371 527	1 394 372
<i>less</i> EXPENSES					
Employee benefits expense	122 861	122 861	125 181	132 822	142 047
Superannuation expenses	13 415	13 415	14 894	15 642	16 798
Depreciation and amortisation	237 734	237 799	251 006	255 792	266 129
Other operating expenses	707 316	830 230	755 891	761 957	779 347
Interest expenses	102 611	105 754	126 922	145 995	152 067
Other property expenses	43 992	43 992	43 009	40 171	35 134
Current grants					
Capital grants					
Subsidies and personal benefit payments	1 290	1 290	1 320	1 352	1 386
TOTAL EXPENSES	1 229 219	1 355 341	1 318 223	1 353 731	1 392 908
<i>equals</i> NET OPERATING BALANCE	181 804	60 235	33 245	17 796	1 464
<i>plus</i> Other economic flows – included in operating result	- 86 486	- 70 726	- 79 319	- 24 940	- 4 695
<i>equals</i> OPERATING RESULT	95 318	- 10 491	- 46 074	- 7 144	- 3 231
<i>plus</i> Other economic flows – other comprehensive income	12 894	12 894	8 324	7 255	7 360
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	108 212	2 403	- 37 750	111	4 129
NET OPERATING BALANCE	181 804	60 235	33 245	17 796	1 464
<i>less</i> Net acquisition of non financial assets					
Purchases of non financial assets	536 410	549 216	502 419	367 383	282 842
Sales of non financial assets			- 15 953	- 26 078	
<i>less</i> Depreciation	237 734	237 799	251 006	255 792	266 129
<i>plus</i> Change in inventories	16 817	3 476	19 227	4 966	3 017
<i>plus</i> Other movements in non financial assets					
<i>equals</i> Total net acquisition of non financial assets	315 493	314 893	254 687	90 479	19 730
<i>equals</i> FISCAL BALANCE	- 133 689	- 254 658	- 221 442	- 72 683	- 18 266

Public non financial corporation sector balance sheet

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Financial assets					
Cash and deposits	218 793	160 412	92 517	72 725	39 375
Advances paid					
Investments, loans and placements	3	3	3	3	3
Receivables	136 772	158 961	163 305	168 885	175 595
Equity investments					
Investments in other public sector entities					
Equity accounted investments					
Investments – shares					
Other financial assets	5 213	4 207	3 017	1 615	831
Total financial assets	360 781	323 583	258 842	243 228	215 804
Non financial assets					
Inventories	236 179	223 154	242 381	247 347	250 364
Property, plant and equipment	4 331 347	4 687 028	4 887 405	4 989 245	5 027 722
Investment property					
Other non financial assets	67 923	79 854	63 910	38 753	38 142
Total non financial assets	4 635 449	4 990 036	5 193 696	5 275 345	5 316 228
TOTAL ASSETS	4 996 230	5 313 619	5 452 538	5 518 573	5 532 032
LIABILITIES					
Deposits held	2 894	2 894	2 894	2 894	2 894
Advances received					
Borrowing	2 155 120	2 269 879	2 442 990	2 545 206	2 583 072
Superannuation					
Other employee benefits	68 731	68 428	69 816	70 648	72 552
Payables	117 172	125 173	124 857	123 409	127 351
Other liabilities	108 756	97 656	103 713	96 255	90 903
TOTAL LIABILITIES	2 452 673	2 564 030	2 744 270	2 838 412	2 876 772
NET ASSETS/(LIABILITIES)	2 543 557	2 749 589	2 708 268	2 680 161	2 655 260
NET WORTH	2 543 557	2 749 589	2 708 268	2 680 161	2 655 260
NET FINANCIAL WORTH ¹	- 2 091 892	- 2 240 447	- 2 485 428	- 2 595 184	- 2 660 968
NET DEBT²	1 939 218	2 112 358	2 353 364	2 475 372	2 546 588

1 Net financial worth equals total financial assets minus total liabilities.

2 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.

Public non financial corporation sector cash flow statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities					
Receipts from sales of goods and services	862 408	862 803	1 038 133	1 069 904	1 101 829
Grants and subsidies received	462 686	463 812	266 342	234 049	236 411
Interest receipts	6 723	6 723	5 421	6 051	5 829
Dividends and income tax equivalents					
Other receipts	22 591	25 623	30 187	29 685	29 032
Total operating receipts	1 354 408	1 358 961	1 340 083	1 339 689	1 373 101
Cash payments for operating activities					
Income tax equivalents paid	- 41 239	- 41 239	- 40 901	- 32 668	- 34 875
Payments for employees	- 152 168	- 152 168	- 147 084	- 156 241	- 165 989
Payment for goods and services	- 676 339	- 785 912	- 757 357	- 739 550	- 765 253
Grants and subsidies paid	- 1 290	- 1 290	- 1 320	- 1 352	- 1 386
Interest paid	- 101 758	- 104 112	- 125 568	- 145 487	- 151 874
Other payments	- 121	- 121	- 169	- 255	- 215
Total operating payments	- 972 915	- 1 084 842	- 1 072 399	- 1 075 553	- 1 119 592
NET CASH FLOWS FROM OPERATING ACTIVITIES	381 493	274 119	267 684	264 136	253 509
Cash flows from investments in non financial assets					
Sales of non financial assets			15 953	26 078	
Purchases of non financial assets	- 536 410	- 549 216	- 502 419	- 367 383	- 282 842
Net cash flows from investments in non financial assets	- 536 410	- 549 216	- 486 466	- 341 305	- 282 842
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 154 917	- 275 097	- 218 782	- 77 169	- 29 333
Net cash flows from investments in financial assets for policy purposes ¹					
Net cash flows from investments in financial assets for liquidity purposes	869	869	1 190	1 402	784
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 535 541	- 548 347	- 485 276	- 339 903	- 282 058
Net cash flows from financing activities					
Advances received (net)					
Borrowing (net)	54 620	171 620	151 966	83 160	25 291
Deposits received (net)					
Dividends paid	- 5 395	- 5 395	- 8 569	- 28 412	- 30 092
Other financing (net)	55 200		6 300	1 227	
NET CASH FLOWS FROM FINANCING ACTIVITIES	104 425	166 225	149 697	55 975	- 4 801
NET INCREASE/DECREASE (-) IN CASH HELD	- 49 623	- 108 003	- 67 895	- 19 792	- 33 350
Net cash flows from operating activities	381 493	274 119	267 684	264 136	253 509
Net cash flows from investments in non financial assets	- 536 410	- 549 216	- 486 466	- 341 305	- 282 842
Dividends paid	- 5 395	- 5 395	- 8 569	- 28 412	- 30 092
CASH SURPLUS/DEFICIT (-)	- 160 312	- 280 492	- 227 351	- 105 581	- 59 425

¹ Includes equity acquisitions, disposals and privatisations (net).

Non financial public sector comprehensive operating statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
REVENUE					
Taxation revenue	700 842	726 772	691 781	712 049	744 383
Current grants	5 810 022	5 954 203	5 787 283	6 014 801	6 234 860
Capital grants	728 801	773 877	715 830	488 475	403 619
Sales of goods and services	1 234 452	1 239 835	1 399 336	1 431 949	1 467 700
Interest income	130 172	138 386	131 965	134 733	136 603
Dividend and income tax equivalent income	54 048	54 048	50 817	53 846	52 184
Other revenue	314 042	308 913	337 854	294 693	383 823
TOTAL REVENUE	8 972 379	9 196 034	9 114 866	9 130 546	9 423 172
<i>less</i> EXPENSES					
Employee benefits expense	3 170 764	3 204 348	3 093 383	3 166 474	3 255 561
Superannuation expenses					
Superannuation interest cost	137 737	137 737	133 379	128 794	123 962
Other superannuation expenses	395 171	401 481	403 426	410 400	402 290
Depreciation and amortisation	855 330	923 409	926 286	921 991	921 198
Other operating expenses	2 572 101	2 729 580	2 412 076	2 432 837	2 473 371
Interest expenses	586 437	582 984	674 479	725 432	766 879
Other property expenses					
Current grants	1 283 087	1 310 200	1 226 870	1 237 772	1 264 883
Capital grants	210 955	212 137	118 673	97 301	38 672
Subsidies and personal benefit payments	68 021	67 843	66 809	67 806	68 803
TOTAL EXPENSES	9 279 603	9 569 719	9 055 381	9 188 807	9 315 619
<i>equals</i> NET OPERATING BALANCE	- 307 224	- 373 685	59 485	- 58 261	107 553
<i>plus</i> Other economic flows – included in operating result	- 27 081	- 11 321	- 14 677	46 335	72 898
<i>equals</i> OPERATING RESULT	- 334 305	- 385 006	44 808	- 11 926	180 451
<i>plus</i> Other economic flows – other comprehensive income	12 894	- 1 553	8 936	8 189	10 030
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	- 321 411	- 386 559	53 744	- 3 737	190 481
NET OPERATING BALANCE	- 307 224	- 373 685	59 485	- 58 261	107 553
<i>less</i> Net acquisition of non financial assets					
Purchases of non financial assets	2 145 539	2 364 496	1 691 086	1 319 286	1 207 776
Sales of non financial assets	- 31 549	- 31 549	- 42 102	- 52 227	- 26 149
<i>less</i> Depreciation	855 330	923 409	926 286	921 991	921 198
<i>plus</i> Change in inventories	16 817	3 476	19 227	4 966	3 017
<i>plus</i> Other movements in non financial assets	163 680	222 116	49 845	14 939	38 005
<i>equals</i> Total net acquisition of non financial assets	1 439 157	1 635 130	791 770	364 973	301 451
<i>equals</i> FISCAL BALANCE	- 1 746 381	- 2 008 815	- 732 285	- 423 234	- 193 898

Non financial public sector balance sheet

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Financial assets					
Cash and deposits	1 323 524	1 007 426	841 874	783 247	771 053
Advances paid	163 177	163 967	162 967	161 967	160 967
Investments, loans and placements	2 863 567	2 864 475	3 006 065	3 151 272	3 305 373
Receivables	648 317	681 074	683 003	692 772	697 821
Equity investments					
Investments in other public sector entities	21 631	7 184	7 796	8 730	11 400
Equity accounted investments					
Investments – shares	32 577	21 777	21 777	21 777	21 777
Other financial assets	88 053	87 047	84 952	82 643	80 953
Total financial assets	5 140 846	4 832 950	4 808 434	4 902 408	5 049 344
Non financial assets					
Inventories	255 345	242 320	261 547	266 513	269 530
Property, plant and equipment	26 252 990	26 712 154	27 450 490	27 821 400	28 154 544
Investment property	30 078	30 078	26 078	22 078	18 078
Other non financial assets	594 950	637 160	630 940	621 807	618 850
Total non financial assets	27 133 363	27 621 712	28 369 055	28 731 798	29 061 002
TOTAL ASSETS	32 274 209	32 454 662	33 177 489	33 634 206	34 110 346
LIABILITIES					
Deposits held	624 555	307 996	303 839	309 246	318 297
Advances received	118 259	115 259	107 438	99 238	90 640
Borrowing	14 428 198	14 748 927	15 543 180	16 036 730	16 321 220
Superannuation	3 060 483	2 997 610	2 974 903	2 945 087	2 887 107
Other employee benefits	959 863	994 890	996 278	997 110	999 014
Payables	517 831	495 437	497 061	496 888	502 328
Other liabilities	1 292 711	1 322 249	1 228 752	1 227 606	1 278 958
TOTAL LIABILITIES	21 001 900	20 982 368	21 651 451	22 111 905	22 397 564
NET ASSETS/(LIABILITIES)	11 272 309	11 472 294	11 526 038	11 522 301	11 712 782
NET WORTH	11 272 309	11 472 294	11 526 038	11 522 301	11 712 782
NET FINANCIAL WORTH ¹	- 15 861 054	- 16 149 418	- 16 843 017	- 17 209 497	- 17 348 220
NET FINANCIAL LIABILITIES ²	15 882 685	16 156 602	16 850 813	17 218 227	17 359 620
NET DEBT³	10 820 744	11 136 314	11 943 551	12 348 728	12 492 764

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 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.

Non financial public sector cash flow statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	PEFO	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities					
Taxes received	700 842	726 772	691 781	712 049	744 383
Receipts from sales of goods and services	1 236 874	1 241 253	1 406 745	1 438 366	1 472 984
Grants and subsidies received	6 385 586	6 562 211	6 359 317	6 446 506	6 629 281
Interest receipts	130 172	138 386	131 965	134 733	136 603
Dividends and income tax equivalents	54 928	54 928	54 048	50 818	53 845
Other receipts	290 035	279 889	330 196	287 863	375 806
Total operating receipts	8 798 437	9 003 439	8 974 052	9 070 335	9 412 902
Cash payments for operating activities					
Payments for employees	- 3 721 833	- 3 784 921	- 3 651 507	- 3 734 652	- 3 837 889
Payment for goods and services	- 2 103 010	- 2 247 848	- 1 989 514	- 1 984 171	- 2 025 191
Grants and subsidies paid	- 1 562 063	- 1 590 155	- 1 412 352	- 1 402 879	- 1 372 358
Interest paid	- 582 022	- 579 001	- 672 215	- 723 788	- 766 065
Other payments	- 416 628	- 416 653	- 416 676	- 416 762	- 416 722
Total operating payments	- 8 385 556	- 8 618 578	- 8 142 264	- 8 262 252	- 8 418 225
NET CASH FLOWS FROM OPERATING ACTIVITIES	412 881	384 861	831 788	808 083	994 677
Cash flows from investments in non financial assets					
Sales of non financial assets	31 549	31 549	42 102	52 227	26 149
Purchases of non financial assets	- 2 145 539	- 2 364 496	- 1 691 086	- 1 319 286	- 1 207 776
Net cash flows from investments in non financial assets	- 2 113 990	- 2 332 947	- 1 648 984	- 1 267 059	- 1 181 627
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 1 701 109	- 1 948 086	- 817 196	- 458 976	- 186 950
Net cash flows from investments in financial assets for policy purposes ¹	- 32 956	- 22 946	- 1 093	- 1 239	- 1 396
Net cash flows from investments in financial assets for liquidity purposes	- 78 642	- 78 642	- 58 548	- 55 174	- 58 211
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 2 225 588	- 2 434 535	- 1 708 625	- 1 323 472	- 1 241 234
Net cash flows from financing activities					
Advances received (net)	- 7 459	- 10 459	- 7 821	- 8 200	- 8 598
Borrowing (net)	1 729 463	1 989 902	723 263	459 555	233 910
Deposits received (net)	1 238	- 350 713	- 4 157	5 407	9 051
Other financing (net)					
NET CASH FLOWS FROM FINANCING ACTIVITIES	1 723 242	1 628 730	711 285	456 762	234 363
NET INCREASE/DECREASE (-) IN CASH HELD	- 89 465	- 420 944	- 165 552	- 58 627	- 12 194
Net cash flows from operating activities	412 881	384 861	831 788	808 083	994 677
Net cash flows from investments in non financial assets	- 2 113 990	- 2 332 947	- 1 648 984	- 1 267 059	- 1 181 627
CASH SURPLUS/DEFICIT (-)	- 1 701 109	- 1 948 086	- 817 196	- 458 976	- 186 950
Future infrastructure and superannuation contributions/earnings ²	- 49 172	- 49 172	- 51 201	- 53 113	- 54 940
UNDERLYING SURPLUS/DEFICIT (-)	- 1 750 281	- 1 997 258	- 868 397	- 512 089	- 241 890

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

2 Contributions for future infrastructure and superannuation requirements.

Appendix A

Classification of entities in the Northern Territory

Total public sector

Non financial public sector

General government sector

Aboriginal Areas Protection Authority
Attorney-General's Department
Auditor-General's Office
AustralAsia Railway Corporation¹
Batchelor Institute of Indigenous Tertiary Education¹
Central Holding Authority
Darwin Waterfront Corporation¹
Data Centre Services²
Department of Agriculture and Fisheries
Department of Children and Families
Department of Corporate and Digital Development
Department of Corrections
Department of Education and Training
Department of Health
Department of Housing, Local Government and Community Development
Department of Lands, Planning and Environment
Department of Logistics and Infrastructure
Department of Mining and Energy
Department of People, Sport and Culture
Department of the Chief Minister and Cabinet
Department of the Legislative Assembly
Department of Tourism and Hospitality
Department of Trade, Business and Asian Relations
Department of Treasury and Finance
Desert Knowledge Australia¹
Motor Accidents (Compensation) Commission¹
Museums and Art Galleries Board of the Northern Territory¹
Nominal Insurer's Fund¹
Northern Territory Electoral Commission
Northern Territory Fire and Emergency Service
Northern Territory Legal Aid Commission¹
Northern Territory Major Events Company Pty Ltd¹
Northern Territory Police
NT Build¹
NT Fleet²
NT Home Ownership²
Office of the Independent Commissioner Against Corruption
Ombudsman's Office
Territory Wildlife Parks²

Public non financial corporations sector

Indigenous Essential Services Pty Ltd¹
Jacana Energy^{1, 3}
Land Development Corporation²
Power and Water Corporation^{1, 3}
Territory Generation^{1, 3}

Public financial corporation sector

Northern Territory Treasury Corporation²

1 Non-budget sector entity.

2 Government business division.

3 Government owned corporation.

Appendix B

Explanation of terms

Advances/advances paid

Advances are the creation of financial assets (that is, an increase in the indebtedness to government units) with the aim of funding particular enterprise, household or government activity.

Agency

A unit of government administration, office or statutory corporation, as nominated in an Administrative Arrangements Order for the purposes of the *Financial Management Act 1995*.

Appropriation

An authority given by the Legislative Assembly to make payments, now or at some future time, for the purposes stated, up to the limit of the amount in the particular Act.

Assessable debt

Assessable debt comprises total borrowings less leases.

Australian accounting standards

Statements of accounting standards (from the Australian Accounting Standards Board) that are applied in preparation and presentation of financial statements.

Australian Bureau of Statistics

A Commonwealth agency that coordinates statistical activities and collaborates with official bodies in collecting, compiling, analysing and distributing statistics.

Balancing item

The balancing item is the residual of gross state product less state final demand and net international trade in goods and services. It comprises the change in inventories at a jurisdictional level plus net interstate trade.

Borrowings

Receipt of money, property or other value with an obligation to repay, regardless of whether or not the repayment is of equal value. It includes loans, the issue of debentures, bonds or stock, discounted securities, promissory notes, the lease of real or personal property, or any other arrangement where there is an obligation to repay.

Budget cycle

Financial years that report budget forecasts. For the Mid-Year Report, this comprises the 2024 PEFO budget, revised budget and the following three financial years.

Capital works

Infrastructure projects involving building and engineering works that create or improve government owned assets, as well as constructing or installing facilities and fixtures associated with and forming an integral part of those works.

Cash and deposits

Notes and coin held, deposits at call with a bank or other financial institution, and highly liquid investments that are readily convertible to cash on hand at the investor's option.

Cash surplus/deficit

Net impact of cash flows during the period. A key fiscal aggregate reported in the cash flow statement, cash surplus/deficit is a useful indicator of the Territory's need to call on financial markets to meet its budget obligations. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non financial assets, less distributions paid.

Central Holding Authority

The parent financial entity of government. It receives all Territory own-source revenue collected by other agencies on behalf of the Territory, except revenue permitted by legislation to be retained by an agency. It also receives most Commonwealth income, including GST revenue, national partnership and specific purpose payments, and then distributes this funding to agencies in the form of appropriations.

Change in net worth

Change in net worth (comprehensive result) measures the variation in a government's accumulated assets and liabilities. It is calculated as revenue from transactions less expenses from transactions plus other economic flows.

Commonwealth Grants Commission

A Commonwealth statutory body that makes recommendations to the Commonwealth Treasurer on how revenues raised from GST should be distributed to states and territories.

Comprehensive result

Fiscal aggregate reported in the operating statement. The net result of all items of income and expense recognised for the period, it is the aggregate of the operating result and other movements in assets and liabilities, other than transactions with owners in their capacity as owners. It equals revenue from transactions less expenses from transactions plus other economic flows.

Consumer price index

A measure of the price of a representative basket of goods and services for each Australian capital city over time.

The consumer price index's basket of goods has 11 categories of goods and services (food and non-alcoholic beverages; alcohol and tobacco; clothing and footwear; housing; furnishings, household equipment and services; health; transport; communication; recreation and culture; education; and insurance and financial services). These categories are weighted to reflect household consumption patterns in each city. Weights for each capital city are updated on an annual basis to reflect changing household consumption patterns over time.

Contingent liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly in control of the Territory. It also includes present liabilities that arise from past events where it is not probable the Territory will be required to settle the liability, or the amount of the obligation cannot be reliably estimated.

Debt ceiling

Limit on the amount of assessable borrowings that can be incurred by the Territory to meet its operational and capital commitments in accordance with the *Fiscal Integrity and Transparency Act 2001*.

Deposits held

Net cash held by public sector entities as a result of deposits received, predominantly comprising cash held on behalf of, or for the benefit of, other parties.

Depreciation and amortisation

An expense that represents the cost of assets (both tangible and intangible) over their useful life, to account for declines in their value over time due to usage, wear and tear, and obsolescence.

Employed

Persons 15 years and older who worked for one hour or more in the week as measured by the labour force survey. Persons are measured as being employed in the jurisdiction in which they reside, regardless of the location of their employment.

Employee benefits expense

Consists of all uncapitalised compensation of employees except for superannuation. It includes payments in cash or in-kind.

Financial asset

A non physical asset that gets its value from a contractual or ownership claim with a counterparty. Includes cash and deposits, advances paid, investments, loans and placements, receivables, equity investments, and other contractual rights to receive future economic benefits.

Fiscal aggregate

Financial indicators used for macro-economic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 *Whole of Government and General Government Sector Financial Reporting* prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049. These are net debt, net financial worth, net financial liabilities and cash surplus/deficit.

Fiscal balance (net lending/borrowing)

An operating statement measure, also referred to as net lending/borrowing, that differs from net operating balance as it includes spending on capital items but excludes depreciation. A net lending (or fiscal surplus) balance indicates that government is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) balance indicates a government's level of investment is greater than its level of savings. The fiscal balance equals the net operating balance less the net acquisition of non financial assets.

General government sector

Agencies and other entities controlled by government mainly engaged in the production of goods and or services outside the normal market mechanism, where goods and services are provided free of charge or at nominal charge well below costs of production. This sector is generally funded by taxation revenues (directly or indirectly) and Commonwealth grants.

Government business division

A Territory Government-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.

Government finance statistics

Statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government finance statistics in Australia are developed by the Australian Bureau of Statistics in conjunction with all governments and are mainly based on international statistical standards, developed in consultation with member countries by the International Monetary Fund.

Government owned corporation

An entity governed by the *Government Owned Corporations Act 2001*. Operating under a shareholder model of corporate government, its objectives are to function as efficiently as any corporate business and maximise sustainable returns to government.

The Territory has three government owned corporations: Power and Water Corporation, Territory Generation and Jacana Energy.

Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving equal value in return. Grants can be either current or capital in nature.

Grants can be paid as general purpose grants, which refer to grants not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and or have conditions attached regarding their use.

Gross domestic product

The total value of goods and services produced in Australia over the period for final consumption. Intermediate goods, or those used in the production of other goods, are excluded. Gross domestic product can be calculated by summing total output, total income or total expenditure.

Gross state product

Measures the total value of goods and services produced in a state or territory. It can be calculated by measuring expenditure, where it is the sum of state final demand and international and interstate trade, changes in the level of stocks, and a balancing item.

Guarantee

An undertaking to assume responsibility for the debt of, or performance obligations by another party should the party default.

Indemnity

An undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Inflation

Annual change in the consumer price index. For the purpose of adjusting agency budgets and government fees, the Territory Government generally uses the year-on-year change in the consumer price index.

Interest expense

Costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments and amortisation of discounts or premiums on borrowings.

Inventories

Goods or other property used in the production of goods or services, or held for sale or consumption, but does not include livestock and other regenerative natural resources.

Investments, loans and placements

Surplus cash or funds available that are invested in permitted investment types with the goal of achieving desired financial returns within defined risk tolerance levels.

Key fiscal indicators

Key financial measures that must be specified by government in accordance with the *Fiscal Integrity and Transparency Act 2001*, against which fiscal policy is set and assessed. The fiscal indicators determined by government are derived from fiscal aggregates reported in the Uniform Presentation Framework and AASB 1049.

Labour force

All persons 15 years and over who are available for work, that is, employed plus unemployed persons actively seeking work. Labour force excludes Australian Defence Force personnel and non residents.

Leases

Rights conveyed in a contract or part of a contract to use an asset (the underlying asset) for a period of time in exchange for consideration.

Loans

Debt financial instruments used for the purpose of raising and obtaining funds from financial institutions (or central borrowing authority).

Minor works

Capital projects of \$1 million or less approved to start in the current financial year relating to improvements to, or construction of new Territory Government assets.

Net acquisition/disposal of non financial assets

Measuring net capital expenditure for a fiscal year, it equals purchases (or acquisitions) of non financial assets less sales (or disposals) of non financial assets, less depreciation, plus changes in inventories and other movements in non financial assets.

Net actuarial gains/losses

Net gains and losses as a result of changes in actuarial assumptions, including those relating to defined benefit superannuation plans, reported in other economic flows in the operating statement.

Net capital investment

Purchases of non financial assets (incorporating the construction of assets) less sales of non financial assets as reported in the comprehensive operating statement.

Net cash flows from investments in financial assets (liquidity management purposes)

Cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

Net cash flows from investments in financial assets (policy purposes)

Cash receipts from liquidation or repayment of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. These cash flows are distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disasters.

Net debt

A government's net stock of selected gross financial liabilities less financial assets. A key fiscal aggregate reported in the balance sheet, it equals the sum of deposits held, advances received, loans and other borrowings, less the sum of cash and deposits, advances paid and investments, loans and placements.

Net debt to revenue

Fiscal measure that assesses net debt as a proportion of total revenue. It assesses government's ability to repay its borrowings, with a high ratio indicating a lower ability to repay debt and a low ratio indicating a strong ability to repay debt.

Net exports (also known as trade balance)

The trade balance is the difference between the value of a jurisdiction's exports and imports. When exports exceed imports, the jurisdiction has a trade surplus and, conversely, when imports exceed exports, the jurisdiction has a trade deficit.

Net financial liabilities

Reported in the balance sheet, this measure is broader than net debt, as it includes significant liabilities other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements). It equals total liabilities less financial assets, other than equity in public non financial corporations and public financial corporations. For the public non financial corporation and public financial corporation sectors, it is equal to negative net financial worth.

Net financial worth

Reported in the balance sheet, net financial worth measures a government's net holdings of financial assets. It equals total financial assets minus total liabilities.

Net operating balance

Key fiscal aggregate reported in the operating statement, measuring the ongoing sustainability of a government's operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets, and is the component of the change in net worth that is due to transactions attributable directly to government policies. It equals total revenue less total expenses.

Net worth

Provides a picture of a government's overall financial position. It is calculated as total assets less total liabilities, less shares and other contributed capital. It includes non financial assets, such as land and other fixed assets, which may be sold and used to repay debt, as well as financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.

Non-budget sector entity

An entity in which the Territory has a controlling interest. The entity is consolidated at the whole of government level but not presented separately in the Territory's financial reports. Outside the scope of the *Financial Management Act 1995*, it is generally a statutory body that does not meet the definition of a general government sector agency, public non financial corporation or public financial corporation.

Non cash

Transactions that do not involve the inflow or outflow of cash, and are typically attributed to increases or decreases in the value of assets or liabilities. Non cash transactions include depreciation, amortisation, assets gifted for nil consideration and unrealised gains or losses.

Non financial assets

Assets that are not financial assets, predominantly comprising land and other fixed assets.

Non financial public sector

The sector formed through a consolidation of the general government and public non financial corporation sectors.

Non-policy variations

Changes in key fiscal indicators as a result of factors outside government's control, such as the timing of payments or changes in external economic conditions.

Northern Territory Project Development Framework

Framework applied to capital projects that are funded or partially funded by the Territory, where the Territory-funded contribution (either cash or non cash) is \$30 million or more. The framework aims to ensure government-facilitated and funded projects are developed, evaluated and progressed in a consistent way to enhance transparency and public accountability, and maximise outcomes and public benefit of government expenditure.

Operating result

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Other economic flows

Changes in the volume or value of an asset or liability that do not result from transactions, such as revaluations, net actuarial gains and losses, and other changes in the volume of assets.

Other operating expenses

Expenses that generally represent day-to-day running costs incurred in normal operations. They also include total value of goods and services used in production and use of goods acquired for resale.

Other revenue

Revenue other than revenue from taxes, sales of goods and services, and property income. It includes revenue from fines other than penalties imposed by tax authorities.

Other superannuation expenses

Total superannuation expenses from transactions excluding superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are reported in other economic flows.

Own-source revenue

Revenue raised by the Territory, mainly through Territory administered legislation, largely comprising taxes and mining and petroleum royalties, fees and charges, rent and tenancy income, interest and dividend revenue, and profit and loss on the disposal of assets.

Policy variations

Changes to key fiscal indicators that arise from government decisions to implement new or expand existing agency programs and savings, revenue and contingency measures.

Private investment

Expenditure by producers on fixed assets that are used in the process of production and used repeatedly or continuously for longer than one year. It comprises dwelling investment, ownership transfer costs (fees incurred by the buyer or seller of real estate), non-dwelling construction (industrial, commercial and non-dwelling buildings and other structures such as pipelines and bridges), machinery and equipment, cultivated biological resources (natural resources used repeatedly to produce products such as milk or orchards) and intellectual property products (products as a result of creative activity, research and development and mineral exploration).

Public consumption

Government expenditure on goods and services (including wages and rents). National consumption is a combination of Commonwealth consumption, defence consumption and consumption by universities. State and local government consumption includes all other public consumption.

Public financial corporation

Government-controlled entity that performs a central bank function and has the authority to incur financial liabilities and acquire financial assets in the market on its own behalf.

Public investment

Expenditure by all levels of government on the purchase of fixed assets that are used over a long time period. Most data for public investment is sourced from state and territory government financial reports. Adjustments are made by the Australian Bureau of Statistics to deduct expenditure that is classified as consumption, rather than investment. The Australian Bureau of Statistics' statistical treatment of public investment does not always reconcile with the Territory Government's reporting of investment expenditure and, as a result, is not directly comparable.

Public non financial corporations

Government owned and controlled entities that provide goods and services to consumers on a commercial basis and are funded largely by the sale of these goods and services with the aim to maximise sustainable returns to government. These entities are legally distinguishable from the government that owns them.

Repairs and maintenance expenses

Expenses incurred to maintain existing government owned assets in working condition or keep an asset functioning at its required capacity. Reported in other operating expenses in the operating statement, it excludes works that enhance an asset significantly or extend its useful life.

Sales of goods and services

Revenue from the direct provision of goods and services, including fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income from operating leases and on assets such as buildings and equipment, but excludes rental income from the use of non-produced assets such as land.

State final demand

A major component of gross state product, and a measure of the demand for goods and services in an economy. While state final demand includes consumption and investment expenditure, it does not include the contribution of trade or changes in inventories to economic growth and therefore is not a comprehensive measure of economic growth.

Superannuation interest cost

Costs equivalent to interest expense that would be payable if the Territory borrowed funds to extinguish superannuation liabilities related to defined benefit and defined contribution schemes.

Territory-funded expenses

Expenses funded by the Territory from appropriation and payments made from the Central Holding Authority including interest and employee entitlements.

Unemployment rate

Number of unemployed persons expressed as a percentage of the labour force.

Uniform Presentation Framework

A framework agreed by the Council on Federal Financial Relations to incorporate AASB 1049. The Uniform Presentation Framework requires Commonwealth, state and territory governments to present a minimum set of budget and financial outcome information based on the government finance statistics, according to an agreed format and specified reporting arrangements. This enables users of the information to make valid comparisons between jurisdictions.

Wage price index

A measure of hourly rates of pay over time for a fixed range of jobs. The Australian Bureau of Statistics measures the wage price index at the state and territory level (as well as nationally) and for both the public and private sectors. It excludes non-wage costs such as superannuation, payroll tax and workers compensation.