
ECONOMIC AND FISCAL OUTLOOK

MINI BUDGET 2001-02

Paper No. 3

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UNDER TREASURER'S CERTIFICATION

The Fiscal Integrity and Transparency Bill was introduced in the Northern Territory Legislative Assembly in October 2001 and is expected to be passed during the November 2001 Sittings.

In accordance with the legislative provisions of the Bill, I certify that the financial projections included in the November 2001 Mini Budget documentation were based on Government decisions that I was aware of or that were made available to me by the Treasurer before the cut-off date of 21 November 2001. The projections are presented in accordance with the Australian Bureau of Statistics cash-based Government Finance Statistics.

K B CLARKE

Under Treasurer

23 November 2001

OVERVIEW

BACKGROUND

The Northern Territory's first Labor Government was elected on 18 August 2001 and took office on 27 August 2001.

An integral part of Labor's policy platform was the document *Labor's Financial Statement* which set out the financial initiatives to be pursued during the first term of the Northern Territory Labor Government. *Labor's Financial Statement* included a range of initiatives across the functional areas of health, lifestyle, education and training, law, order and emergency services, and business. The document also dealt with priorities for capital works under a Labor Government. Total initiatives were estimated to cost \$19.6 million in 2001-02 rising to \$69 million in 2004-05 with the cost of these initiatives being met through a combination of savings identified in a number of specific areas and reduced capital works expenditure.

However, immediately following the election, the Treasury advised the Government that the underlying budget position was unsustainable, being closer to a deficit of \$102 million than the \$12 million that had been estimated in the Budget Papers. The reason for the difference was twofold. The first was that the estimated outcome included \$50 million from a one-off asset sale related to the sale of NT Fleet assets thus masking part of the underlying deficit. The second reason was that ongoing financial requirements in a number of functional areas, particularly health, education and some law and order functions were, in Treasury's assessment, understated and increases in the Budget for these purposes during 2001-02 would be required. After receiving that advice, the Government determined that it would commission an independent assessment of the Territory's current and future fiscal position. Professor Percy Allan was appointed to undertake this task.

Professor Allan confirmed Treasury's initial advice and estimated the underlying (i.e. net of other influences such as one-off items) 2001-02 deficit to be \$107 million. Professor Allan concluded that the Territory's budget position, if unchanged, was unsustainable and that a deficit reduction strategy was required in order to place the Territory's finances on a fiscally responsible footing. Professor Allan provided an indicative deficit reduction strategy in his report.

The Government determined that it would introduce a Mini Budget in November 2001 in order to establish a more appropriate allocation across functional areas, to incorporate into the 2001-02 Budget and forward estimates the Government's initiatives and also to adopt a deficit reduction strategy similar to that suggested by Professor Allan.

Professor Allan also recommended a number of other changes, including the introduction of Fiscal Integrity and Transparency legislation similar to that which has been adopted by the Commonwealth and other State jurisdictions in Australia. Such legislation requires the Government to compile and report its financial information in accordance with externally determined standards, notably Government Finance Statistics as promulgated by the Australian Bureau of Statistics, the Uniform Presentation Framework as agreed by Governments, and Australian Accounting Standards; for the financial information to be prepared by the Treasury without the influence of the government of the day with the Under Treasurer to certify the independence and accuracy of the estimates and projections; and for the Government's fiscal strategy to be assessed against these financial estimates and projections.

A Fiscal Integrity and Transparency Bill was introduced into the Northern Territory Legislative Assembly in October 2001 and it is expected that the Bill will be passed during the November 2001 Sittings, the same sittings in which the Mini Budget will be presented. This Budget Paper, the *Economic and Fiscal Outlook*, has been prepared to the extent possible in accordance with that legislation even though it has not yet been passed by the Northern Territory Legislative Assembly. The legislation provides for progressive implementation of the various requirements, particularly the move to accrual accounting and reporting and the associated observance of accounting standards in that process. Further developments will be included in the 2002-03 Budget.

FINANCIAL PROJECTIONS

After a period of budget deficits from 1997-98, the outlook for the Northern Territory total public sector is a return to a more sustainable budget position over the forward estimates period. This has been achieved after:

- resetting the base budgets of Agencies to more accurately reflect their fiscal requirements and giving greater priority to health, education and law and order functions;
- the incorporation into the 2001-02 Mini Budget and forward estimates of Government initiatives; and
- putting in place a deficit reduction strategy.

TABLE 1.1 : NORTHERN TERRITORY TOTAL PUBLIC SECTOR (a)

	2000-01 Actual (b)	2001-02 May Budget (c)	2001-02 Mini Budget (d)	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
Total Expenditure	2 318	2 132	2 252	2 244	2 276	2 327
Total Revenue	1 981	2 073	2 064	2 139	2 209	2 269
Financing Transactions	337	59	188	106	67	58
less Increase in Provisions	62	51	62	62	62	62
Deficit (Surplus)	275	8	126	43	5	(4)

(a) Excludes AustralAsia Railway Corporation, and Territory Insurance Office.

(b) Includes \$165 million contribution to the Alice Springs to Darwin railway.

(c) UPF scope; deficit on Budget Scope was \$12 million.

(d) Includes \$17 million carryover expenditure from 2000-01; a similar amount is expected to be carried out into 2002-03.

Table 1.1 shows that over the period of its first term, the Government's intention is to achieve a cash surplus, largely by placing strict controls on expenditure growth across all functions while still increasing the priority attributed to health, education and law and order functions over this period.

Table 1.2 shows the projected outlook for the general government sector.

TABLE 1.2 : NORTHERN TERRITORY GENERAL GOVERNMENT SECTOR (a)

	2000-01 Actual (b) \$M	2001-02 May Budget \$M	2001-02 (c) Mini Budget \$M	2002-03 Forward Estimate \$M	2003-04 Forward Estimate \$M	2004-05 Forward Estimate \$M
Total Expenditure	2 187	2 032	2 157	2 175	2 200	2 250
Total Revenue	1 940	2 032	2 018	2 103	2 175	2 238
Deficit (Surplus)	247	0	139	72	25	12

(a) Excludes AustralAsia Railway Corporation.

(b) Includes \$165 million contribution to the Alice Springs to Darwin railway.

(c) Includes \$17 million carryover expenditure from 2000-01; a similar amount is expected to be carried out into 2002-03.

The worsening of the general government sector relative to the total public sector is largely due to the removal from the general government sector of the Northern Territory Treasury Corporation which is now classified as a public financial corporation.

The Northern Territory has up until now made minimal differentiation between entities in its general government sector and those which operate in a more commercial environment. This has been due, for the most part, to the operational aspects of the *Financial Management Act* where there was no material difference in a budget sense between different types of agencies. However, it is expected that two significant policy initiatives: notably the move to an accrual output framework for the general government sector in 2002-03; and the passage of Government Owned Corporations legislation in November 2001, will contribute to improved financial outcomes overall and a greater budget focus on the general government sector. The commercial sector will have greater flexibility but will be increasingly expected to improve its financial performance.

ECONOMIC OUTLOOK

Recent Economic Performance

During the mid to late 1990s, the Territory economy outperformed the rest of Australia. This was largely due to impetus provided by the defence relocation program, with high population growth creating strong demand and fuelling a construction boom. As the stimulus from the defence force program eased back, the construction boom ended, the labour market softened and growth eased.

Over 2000-01, the Territory economy continued to experience relatively subdued growth. Gross State Product (GSP) growth of 4.5 per cent was recorded but this was mainly due to the full year effect of the increase in offshore oil production as new capacity from the Laminaria-Corallina oil fields came on stream. The spike in oil production acted to mask the weaker underlying rate of onshore economic growth in 2000-01. Offshore oil production has a limited effect on the Territory's onshore economy, as most of the labour and capital required are sourced from interstate or overseas.

After three years of strong growth, Territory private consumption growth weakened markedly in 2000-01, reflecting the overall slowing of the onshore economy and the lagged effects of previous interest rate rises as well as high petrol prices. Dwellings investment fell significantly for the second year in a row, reflecting slowing population growth and defence related activity, but also the magnitude of over-building and build up of excess stock during the boom period.

Outlook

After two years of weak onshore growth, economic activity is expected to show some signs of a pick up over the remainder of 2001-02. Territory GSP is forecast to grow by 5 per cent in 2001-02. Growth will be driven by domestic factors, notably construction of the \$1.3 billion Alice Springs to Darwin railway and a pick up in dwellings investment and household consumption expenditure.

Construction of the railway will continue to boost employment in 2001-02, although employment in tourism-related sectors will suffer the effects of the world economic slowdown, exacerbated by recent international events and the collapse of Ansett. Private sector forecasters have been forecasting strong employment growth in 2001-02, however, given recent events and uncertainty surrounding major oil and gas projects, the anticipated phase of sustained employment growth may be delayed.

Population growth has moderated with the army relocation program, falling to around 1 per cent in 2000-01, but is expected to increase in 2001-02, with less outflow through net interstate migration.

The outlook for Territory economic growth has been affected recently by the deferral of the gas pipeline to Darwin from the Timor Sea and the decision by Methanex to pursue an alternative location for its methanol plant. In addition, the impact of an already weakening world economy has been exacerbated by fallout from the US terrorist attacks and the collapse of Ansett. Despite short term uncertainty, the Territory's medium term economic growth prospects have significant upside, particularly considering the number of potential gas-related projects under serious consideration.

The work done on the railway will boost output, employment and incomes in the Territory. The additional activity in the construction and manufacturing industries will provide a timely boost to these industries and related sectors as the residential construction cycle begins to pick up again. Local contracts and employment associated with the railway will also act to improve consumer confidence and business sentiment.

Private consumption, which weakened markedly in 2000-01, is set to turn around through 2002, although consumer confidence will play an important role in the short term in determining how quickly consumption expenditure recovers. After two years of negatives, dwellings investment is now forecast to make a positive contribution to economic growth in 2001-02.

Table 1.3 sets out key economic statistics for the Northern Territory.

TABLE 1.3: KEY TERRITORY ECONOMIC STATISTICS (YEAR ON YEAR PERCENTAGE CHANGE)

	1999-00 Actual	2000-01 Actual	2001-02 Forecast
GSP (chain volume measure)	0.9	4.5	5.0
Employment ¹	-2.2	1.1	3.0
Population ²	1.5	1.0	1.3
Darwin CPI	1.4	5.4	2.5

1. 2001-02 forecast from Access Economics.

2. 31 December estimates.

External Risks

Exports contributed strongly to growth in 2000-01. The spike in oil output from Laminaria-Corallina production was the major factor, although growth in international tourism also played a role. This will change in 2001-02 as oil field pressure and therefore production from Laminaria-Corallina falls. Deteriorating external conditions will act to undermine demand for Territory exports of goods and services.

A large proportion of Territory exports are used in manufacturing production in South East Asia, often for subsequent export to the United States and other industrialised nations. It is through these industry and end use consumer demand linkages that economic conditions in the major growth centres of the world can affect the Territory economy.

The twin effects of the US terrorist attacks and weaker economic conditions in many parts of the world will affect discretionary international travel. The number of international visitors to the Territory has been growing strongly, but in-bound international tourist numbers now look set to fall in the short term, although Australia's 'safe haven' status and competitive dollar will cushion the impact to some extent. There is also increased likelihood that Australians will defer international travel in favour of domestic travel.

GOVERNMENT'S FISCAL STRATEGY STATEMENT

Part 4 of the Fiscal Integrity and Transparency legislation requires the Treasurer to publicly release and table the first fiscal strategy statement at or before the time of the Government's first budget. The November 2001 Mini Budget is not the Government's first budget. Rather, the 2002-03 Budget will be the Government's first budget, planned to be presented on an accrual basis.

Labor's Financial Statement included a fiscal strategy statement although it is fair to say that the development of the deficit reduction strategy as part of the Mini Budget has gone further than the fiscal strategy statement. The assessment below is based on the fiscal strategy statement included in *Labor's Financial Statement*. However, it is expected that this strategy statement will be reviewed prior to the 2002-03 Budget.

ASSESSMENT OF FISCAL STRATEGY STATEMENT

The benefits of a formal fiscal strategy are three-fold. It advances transparency and accountability in Territory Government fiscal policy, supports responsible management of the Territory's finances over the longer term, and promotes investor and financial market confidence in the Territory economy.

The overriding fiscal objective in the November 2001 Mini Budget is to move the total public sector into surplus by 2004-05. This will be facilitated by the Government's current fiscal targets as outlined in *Labor's Financial Statement*, which are:

- maintain current expenditure to growth consistent with inflation and population growth;
- maintain a surplus in current revenue over current expenditure, except in exceptional circumstances (such as natural disasters);
- maintain Territory taxes, fees and charges to comparable State-like levels;
- adopt a transparent, equitable, counter-cyclical capital works program that complements activity in the private sector to stabilise employment in the construction sector through each economic cycle; and
- reduce net debt as a proportion of economic activity over time.

An assessment of budget aggregates against the fiscal strategy is set out below.

THE FISCAL STRATEGY

Element 1: Maintain current expenditure to growth consistent with inflation and population growth.

Table 1.4 details estimated current expenditure growth for 2001-02. As the table indicates current expenditure is estimated to be maintained in real per capita terms between 2000-01 and 2001-02.

TABLE 1.4: ESTIMATED CURRENT EXPENDITURE

	2000-01 Actual	2001-02 Mini Budget	Average 2002-03 to 2004-05
Current Expenditure (\$M) ¹	1 904	1 981	
Year on Year Growth (%)	5.3	4.1	2.1
Population Growth (NT % change in year to 31 December) ²	1.0	1.3	1.5
CPI Growth (8 capitals % change year on year) ³	6.0	2.8	2.5
Combined Population and CPI (%)	7.1	4.1	4.0

1. Total Public Sector – excludes transactions of the AustralAsia Railway Corporation.

2. December 2000 ABS Catalogue 3101.0, December 2001 *Commonwealth Mid-Year Economic and Fiscal Outlook 2001-02*.

3. Headline CPI, ABS Catalogue 6401.0 and *Commonwealth Mid-Year Economic and Fiscal Outlook 2001-02*.

Current expenditure is estimated to increase by 4.1 per cent in 2001-02, which meets the forecast target (combined rate of inflation and population growth). In real per capita terms, 2001-02 expenditure has stayed constant. In 2001-02, health, education and law and order have received an increased share of budget funding while other sectors have maintained a lower level of current funding.

In the forward estimate years, 2002-03 to 2004-05, current expenditure is projected to grow by an average of 2.1 percent, well below the projected combined rate of population and CPI growth of 4.0 per cent.

Element 2: Maintain a surplus in current revenue over current expenditure, except in exceptional circumstances (such as natural disasters).

Table 1.5 details the difference between current revenue and current expenditure. While current expenditure is available from Northern Territory Budget Papers, current revenue needs to be derived. Current revenue is calculated as total Territory revenue less Commonwealth capital grants and the proceeds from capital asset sales.

TABLE 1.5: SURPLUS OF CURRENT REVENUE OVER CURRENT EXPENDITURE

	2000-01 Actual	2001-02 Mini Budget	Average 2002-03 to 2004-05
	\$M	\$M	\$M
Current Revenue ^{1,2}	1 847	1 937	2 070
Current Expenditure ¹	1 904	1 981	2 049
Current Surplus(+) / Deficit (-) ³	-57	-44	21

1. Total Public Sector – excludes transactions of the AustralAsia Railway Corporation.

2. Current revenue = total revenue less Commonwealth capital grants less receipts from sale of capital assets.

3. Current surplus/deficit = current revenue less current expenditure.

As a result of the large deficit inherited by the Government, current expenditure is expected to exceed current revenue in 2001-02, although this current deficit is an improvement on the 2000-01 outcome. The presence of such a deficit justifies the introduction of a deficit reduction strategy as recommended by the Allan report.

In each of the forward estimate years a current surplus is forecast as a result of implementing the deficit reduction strategy. On average an annual surplus of \$21 million is projected.

Element 3: Maintain Territory taxes, fees and charges to comparable State-like levels.

This element of the strategy reinforces the Territory's commitment to maintaining State-like levels of taxation, fees and charges.

Direct comparison of the Territory's taxes, fees and charges is not an easy task. This is primarily due to the wide variety of imposts across jurisdictions. This is further complicated by a wide range of conditions and exemptions within individual imposts which makes comparisons between jurisdictions difficult.

In determining this element, it is useful to examine the level of taxation revenue per capita. This compares the level of taxation imposed per head of population in each of the jurisdictions. This is demonstrated in Table 1.6.

TABLE 1.6: TAXATION REVENUE PER CAPITA

	2000-01 Actual \$ per capita	2001-02 Budget \$ per capita
New South Wales	1 907	1 744
Victoria	1 745	1 613
Queensland	1 109	1 144
Western Australia	1 436	1 419
South Australia	1 336	1 206
Tasmania	1 114	1 011
Six State Aggregate	1 599	1 501
Northern Territory¹	1 117	1 084

Sourced from State Budget Papers - Non-Financial Public Sector.

1. Northern Territory figure for 2001-02 refers to the November 2001 Mini Budget.

In 2001-02, the Territory is expected to have the second lowest level of taxation revenue per capita after Tasmania. While this measure indicates that Territorians enjoy a lower rate of taxation per capita compared to other jurisdictions, it does not make any allowances for a jurisdiction's capacity to raise revenue.

The Commonwealth Grants Commission (CGC), in assessing each jurisdiction's need for Commonwealth financial assistance, does assess each jurisdiction's capacity and effort in raising taxation. Table 1.7 details the Territory's revenue raising capacity and effort expressed as a percentage of the Australian average in 1998-99 and 1999-00.

TABLE 1.7: NORTHERN TERRITORY REVENUE RAISING CAPACITY AND EFFORT

	1998-99 %	1999-00 %
TOTAL TAXATION		
Capacity (a)	81	77
Effort (b)	93	101
TOTAL OWN-SOURCE REVENUE		
Capacity (a)	94	90
Effort (b)	79	83

Source: Commonwealth Grants Commission 2001 Update.

(a) Northern Territory's capacity to raise revenue compared with the Australian average.

(b) Northern Territory's revenue effort compared with the Australian average, given the capacity available.

As Table 1.7 indicates, the Territory has a low capacity to raise taxation revenue, which results in low taxation revenue per capita. When taxation revenue raising effort is included in the analysis, it confirms that the Territory Government is raising taxation revenue at close to the Australian average. This demonstrates that Territorians pay taxation at comparable State-like levels.

Total own-source revenue encompasses fees and charges in addition to taxation revenue. At this broader level of revenue, the CGC assesses that the Territory has a higher, but still less than average capacity to raise revenue. More importantly, the CGC assesses that the Territory makes only an 83 per cent effort to raise total revenue. In particular, the CGC assesses that the Territory makes a below average effort with mining royalties (where there is some concern about the CGC's methodology); interest earnings; contributions by trading enterprises; and other revenue.

This would suggest that the Territory has scope to raise additional revenue without exceeding the average revenue effort of all States and Territories.

Element 4: Adopt a transparent, equitable, counter-cyclical capital works program that complements activity in the private sector to stabilise employment in the construction sector through each economic cycle.

The adoption of a counter-cyclical capital works program is highly dependent upon the correct timing of capital works programs as well as knowledge of the current and future state of the local economy.

For counter-cyclical strategies to be successful, early recognition of a downturn in the economy is essential due to the time lags associated with implementing capital works programs. Table 1.8 represents the level of capital expenditure on new fixed assets for 2000-01 and 2001-02.

TABLE 1.8: CAPITAL EXPENDITURE ON NEW FIXED ASSETS

	2000-01 Actual	2001-02 Mini Budget	Average 2002-03 to 2004-05
New Fixed Asset Expenditure (\$M) ¹	224	256	
Growth (%)	-7	15	-6

1. Total Public Sector – excludes transactions of the AustralAsia Railway Corporation.

Expenditure on new fixed assets is set to increase by \$32 million between 2000-01 and 2001-02 from \$224 million to \$256 million, which represents a 15 per cent increase. When combined with the effect of the construction of the Alice Springs to Darwin railway (which is not included in the above analysis), the Territory is well placed to offset any cyclical downturn in private sector construction.

In the forward estimate years new fixed capital expenditure is projected to decline by an average of 6 per cent per annum following the significant increase in 2001-02 and in-line with an expected recovery in the private sector, largely related to Railway construction.

Element 5: Reduce net debt as a proportion of economic activity over time.

Table 1.9 illustrates the change in net debt as a proportion of gross state product for 2000-01 and 2001-02.

TABLE 1.9: NET DEBT AS A PROPORTION OF ECONOMIC OUTPUT

	Net Debt ¹	Economic Output ²	Proportion
	\$M	\$M	%
2000-01	1 588	8 719	18.2
2001-02	1 714	9 286	18.5
Average 2002-03 to 2004-05			16.4

1. Total Public Sector – excludes transactions of the AustralAsia Railway Corporation.

2. 2000-01 ABS Catalogue 5220.0, 2001-02 NT Treasury estimate.

Debt as a proportion of gross state product has increased from 18.2 per cent in 2000-01 to an estimated 18.5 per cent in 2001-02, representing a small increase in debt as a proportion of economic output.

This analysis confirms the current deterioration in the Territory's budgetary position and the necessity for a debt reduction strategy (as recommended by the Allan report) to address the current budgetary imbalance. This strategy is also an essential ingredient in putting the Territory's ratio of net debt to economic output back on a downward trend. The forward estimates project that this will occur with the net debt to gross state product ratio averaging 16.4 per cent from 2002-03 to 2004-05.

FINANCIAL PROJECTIONS

THE APPROACH TAKEN TO DEVELOP THE NOVEMBER 2001 MINI BUDGET

As outlined in Chapter 1, the Government decided that it would present a Mini Budget in November 2001 to set in place the fiscal policy parameters for its first term in office. The Government committed to:

- resetting the base allocation across the public sector in order to provide increased resources to the priority areas of health, education and law and order;
- incorporating Government initiatives, both expenditure and savings measures;
- introducing revenue measures to contribute to the deficit reduction strategy; and
- introducing budget improvement measures across the public sector to contribute to the deficit reduction strategy while ensuring that the key service delivery aspects of the health, education and law and order functions are not unduly compromised.

In addition to these policy related variations, there were also a number of non-policy related variations that needed to be included. Each of the major variations is explained below. Variations to agency budgets are explained in *Budget Paper No. 2*.

TABLE 2.1: RECONCILIATION BETWEEN 2001-02 MAY BUDGET AND NOVEMBER 2001 MINI BUDGET

	\$M
May Budget Deficit (a)	12
<i>Parameter and non-policy related variations</i>	
- change to UPF scope (b)	-4
- removal of NT Fleet asset sale	50
- non-policy related variations (c)	5
<i>Base Funding Adjustments (d)</i>	
- Capital Works and Repairs and Maintenance Program (e)	11
- health	32
- education	7
- law and order	9
<i>Carryover Items from 2000-01</i>	17
Underlying Deficit	139
<i>Government Initiatives</i>	
- expenditure initiatives	7
- savings measures	-8
- HIH payment (f)	6
Net Cost of Government Initiatives	5
<i>Deficit Reduction Strategy</i>	
- budget improvement measures	-15
- revenue measures	-4
Net Benefit of Deficit Reduction Measures	-19
Mini Budget Deficit	126

(a) Public Account Scope.

(b) UPF scope excluding the AustralAsia Railway Corporation.

(c) Comprises adjustments to interest, GST revenue and some 75 other items.

(d) Includes ongoing and one off amounts.

(e) Overall increase for capital works and repairs and maintenance is \$15 million but \$4 million has been redirected from elsewhere in the Budget.

(f) Brought forward from 2002-03

Totals may not add due to rounding.

PARAMETER AND NON-POLICY RELATED VARIATIONS

Details of parameter and non-policy related variations areas follow:

- Consistent with Fiscal Integrity and Transparency legislation expected to be passed by the Northern Territory Legislative Assembly in November 2001, the Northern Territory's whole of government reports have moved to a UPF basis. As discussed in more detail later in this chapter, UPF scope excluding the AustralAsia Railway Corporation provides a better basis for assessing the Territory's underlying fiscal position.
- Removal of \$50 million asset sale – the May Budget had included the sale and lease back of NT Fleet assets. Such transactions had been undertaken by a number of governments on the basis that sale and lease back presented a more attractive financing option than vehicle ownership. However, investigations undertaken since the Budget have indicated that tax changes and reduced interest rates have meant that sale and lease back is in fact a more costly financing option and that some jurisdictions are considering unwinding such arrangements. On this basis, the sale and lease back proposal was suspended.
- Interest paid and interest received estimates have been reassessed after a major refinancing program and reconsideration of cash balance levels. The net effect is an improvement in the Budget bottom line of \$11 million.
- GST revenue and budget balancing assistance estimates have been revised following a reduction in population estimates and an increase in the inflation estimate. The net effect of these parameter changes is a reduction of \$2 million in general revenue grants from the Commonwealth.
- Inclusion of other new items that had been identified since the original Budget was prepared have a net effect of \$14 million, for some 75 individual items.

RESETTING THE BASE LEVEL FUNDING FOR 2001-02

A number of changes were required in order to establish an appropriate base both for the aggregate components of the Budget and also by agency. These included:

- **Adjustments to agency base funding levels:** A number of agencies have experienced funding pressures due to growth in demand and additional commitments. The practice had developed to fund these additional expenditure requirements throughout the year while initially setting tight fiscal targets for agencies. This practice was noted by Professor Allan in his report on the Territory's finances but has also been recorded in the financial reports of other jurisdictions where it is stated that policy related expenditure increases (i.e. not parameter-based changes) have provided major fiscal challenges in recent years. It is likely that this practice contributed to an attitude where compliance with budget allocations was given less priority than it should. The increases in base funding levels for specific functions are as follows:
 - Health: ongoing increased funding of \$21 million for service delivery requirements including the full cost of the nurses' enterprise bargaining agreement (EBA) (the EBA outcome also largely met a major election initiative with regard to nurses' salary levels); \$11 million is also provided for one off costs associated with long standing litigation, outstanding cross border hospital charges, and likely increases in patient travel costs due to the collapse of Ansett.

- Education: ongoing funding of \$5 million for teachers' salaries and schools' operational costs and one off funding of \$2 million for fit-outs of new schools; this followed ongoing increases totalling \$38 million since March 1998.
- Recreation and Culture: \$0.2 million was provided in recognition of increased running costs of the expanded Araluen Cultural Precinct.
- Law and Order functions: increases included \$3 million for Police including costs associated with the Police Consent Agreement, communications costs and one off costs related to the Falconio investigation; \$0.9 million for growth in public prosecutions workload; \$5 million for the Crime Victims Assistance Scheme (this had previously been funded from Treasurer's Advance).
- Capital Works and Repairs and Maintenance: an additional \$15 million cash was provided for the capital works and repairs and maintenance programs - \$11 million in additional funds and \$4 million redirected from railway-related capital works which will now not occur until 2002-03. Additional major capital works items are: \$2 million for Aboriginal Essential Services; \$1.5 million for a System Control and Data Acquisition (SCADA) system for PAWA; \$4 million additional cash has been provided for minor new works; \$1.2 million is for a range of other projects. \$6 million has been provided for additional repairs and maintenance expenditure.
- **Carryover items:** Since the introduction of the *Financial Management Act* in 1995, the amount of expenditure that agencies have sought to transfer from one year to the next has increased substantially. Carryover items tend to fall into two categories:
 - (a) Commonwealth funded programs where revenue is received in one year but related expenditure is in subsequent year/s; and
 - (b) unexpended funds on approved programs.

The amount carried into one year is generally comparable with the amount carried out into the following year. Thus for comparisons over time it does not present a problem. However, within a year it has a distorting effect. In order to promote better cash flow management, particularly in view of the move to an accrual output budget framework, carryover approvals in 2001-02 have generally been limited to items in category (a). Items in category (b) have only been approved when they are outside of the usual cash flow parameters for an agency. The carryover items are in addition to the items listed above for particular functional areas. Even so, the approved carryover expenditure totals \$17 million in 2001-02.

INCLUSION OF GOVERNMENT INITIATIVES

Labor's election platform was premised on introducing a number of initiatives across a range of functional areas to be funded by a range of savings measures and reduced capital works expenditure.

In line with the Government's overriding requirement that election commitments would be implemented, a rigorous process was undertaken to determine whether the estimated cost of the initiatives was accurate and the extent to which the savings initiatives could be achieved.

The result was that the overall cost of the initiatives was reduced either by the use of a more appropriate costing methodology, a decision that the initiative would be funded by a redirection of priorities within the relevant agency, or deferral of the commencement date of the initiative.

In some areas, notably executive management, it was decided to rely on the targeted budget improvement methodology, (which is discussed below) rather than specific savings measures.

A detailed explanation of each initiative is included in Chapter 3.

REVENUE MEASURES

As part of the deficit reduction strategy, a number of revenue raising measures have been introduced in this Mini Budget to rectify the imbalance between expenditure and revenue and to set the Territory on a course to return to a budgetary surplus.

Whilst steps have been taken to reduce the cost of providing government services and to reorder expenditure priorities, there was little choice but to raise additional revenue.

The new revenue raising measures are:

- the introduction of a \$90 Temporary Budget Improvement Levy on vehicle registrations;
- increases in vehicle and driver licence fees (excluding commercial vehicle licence fees) and miscellaneous charges imposed by the Motor Vehicles Registry;
- an increase in the rate imposed on pastoral rents, from 1 per cent to 2 per cent;
- a 5 per cent increase in water and sewerage tariffs; and
- introduction of trade waste charges for the disposal of non-domestic strength sewage.

Table 2.2 below summarises the impact on revenue of the new measures which have been introduced by the Government as part of this Mini Budget.

TABLE 2.2: SUMMARY OF NEW REVENUE MEASURES

	2001-02	2002-03	2003-04	2004-05	Total
	\$M	\$M	\$M	\$M	\$M
General Government Sector					
Temporary Budget Improvement Levy on vehicle registrations	3.0	7.9	8.0	5.1	24.0
Vehicle/driver licensing and miscellaneous charges	0.3	0.6	0.6	0.6	2.1
Pastoral rents		1.4	1.4	1.4	4.2
Public Non-Financial Corporate Sector					
Water and sewerage tariffs	0.9	1.9	1.9	1.9	6.6
Trade waste charges	0.2	1.0	2.0	2.0	5.2
Total	4.4	12.8	13.9	11.0	42.1

Temporary Budget Improvement Levy

The Temporary Budget Improvement Levy is introduced as a supplementary levy on vehicle registration fees from 28 November 2001. The levy is set at \$90 per annum and applies to vehicles capable of being used for private and domestic purposes. The levy will apply to all new vehicle registrations from 28 November 2001, and in relation to all renewal notices issued on or after 28 November 2001. The levy will only operate for 3 years and during that time is expected to raise \$24 million.

A 50 per cent concession applies to holders of the NT Pensioner Concession Card and holders of the Commonwealth Health Care Card and Pensioner Health Benefit Card issued under the Commonwealth *Social Security Act*. The concession operates to reduce the levy by 50 per cent on the cardholders' vehicle. No concession is available on the cardholders' additional vehicles.

The following types of vehicles are excluded from the levy:

- heavy vehicles (defined as an omnibus or goods vehicle with greater than 3.5 Gross Vehicle Mass (GVM), or other vehicles with greater than 4.5 GVM, as defined by the Australian design rules);
- motor tractors, mobile plant or mobile machinery;
- a trailer or caravan; and
- a motorised wheelchair, or a motorised golf buggy.

Arrangements have also been made to ensure the cost of the levy is passed through to Parliamentarians and Government workers who are provided with a private-plated government vehicle for their private use.

Vehicle and Driver Licensing Fees and Miscellaneous Charges

Vehicle and driver licensing fees in the Territory have remained unchanged for a number of years and, in some cases, are low compared to other jurisdictions. These fees will increase by 20 per cent. For example, a one-year driver's licence will increase from \$20 to \$24, and a 3-year licence will increase from \$40 to \$48. The exception is commercial vehicle licence fees which remain unchanged since these fees were restructured as part of the taxi licence compensation scheme in 1999.

Miscellaneous Motor Vehicle Registry (MVR) charges include vehicle inspection charges and fees for personalised number plates. Again these fees have remained unchanged for a number of years and are low compared to other jurisdictions.

The current \$50 flat fee for personalised number plates does not cover production and administration costs. This fee will increase to \$140 from 1 January 2002.

Vehicle inspection fees are set by the Government and vehicle inspections can be carried out by approved inspectors in both the public and the private sector. The Motor Traders Association, who represent the approved inspectors in the private sector, have claimed that the current fee does not cover the actual cost of an inspection. Having a fee too low may encourage inspectors to "cut corners". Therefore, the Government has agreed to increase the fee from \$20 (GST-exclusive) to \$35 (GST-exclusive) for light vehicles and \$70 (GST-exclusive) for heavy vehicles.

The increase for vehicle inspection fees applies from 1 January 2002.

Other miscellaneous MVR charges will increase by around 20 per cent. These include various administrative fees as well as some fees for METAL (Motorcyclist Education, Training and Licensing).

Pastoral Lease Rents

Annual pastoral lease rentals are based on a percentage of the unimproved values of the leased land. Whilst the annual lease rentals may increase as the unimproved value of the land increases, the underlying rental rate of 1 per cent has remained unchanged since the *Pastoral Land Act* commenced in June 1992.

The Government has decided to increase the rental rate from 1 per cent to 2 per cent with effect from 1 July 2002 for the 2002-03 year. This should lead to increased revenue in 2002-03 of \$1.4 million.

The range of fees and charges on pastoral leases varies around the country and thus it is difficult to draw firm comparisons between the schemes and rates imposed. However, it is still considered that the Territory's imposts will be relatively lower than those in Queensland, and similar to those in South Australia and Western Australia.

It is recognised that the pastoral industry is susceptible to seasonal and fluctuating market fortunes. Accordingly, hardship criteria have been established to allow pastoral rents to be deferred or waived in appropriate circumstances.

Water and Sewerage Charges

Water and sewerage tariffs will increase by 5 per cent with effect from 1 January 2002. Whilst the increase in charges is not repatriated directly to the Consolidated Revenue Account, the effect of the increases leads to better cost recovery by PAWA, and ultimately improved dividends payable to the Northern Territory Government.

Water

PAWA's water tariffs consist of two parts:

- A usage charge for each kilolitre consumed, and
- A fixed daily charge based on the size of the connection meter.

For example, the domestic usage charge will increase from \$0.63c/kL to \$0.66c/kL. The following table illustrates the impact of the proposed tariff increase on an average customer in each of the customer classes. The calculation is based on total charges for an average customer over a 365-day period.

TABLE 2.3: IMPACT OF INCREASE IN WATER TARIFFS ON AVERAGE CUSTOMER

Customer Type	Based On Current Rate \$pa	Based On Increased Rate \$pa	Increased Cost \$pa
Domestic	371	389	18
Domestic Pensioner	143	155	12
Small Commercial	3 392	3 554	162
Large Commercial	21 051	22 053	1 002
Government	12 408	12 593	185

Sewerage

The COAG Strategic Framework for Water Reform states that providers of waste-water services should recover efficient operating costs; provide for asset replacement; and earn a positive return on the written down replacement cost of assets employed. PAWA's current operating costs and sewerage charges do not produce a positive return on assets employed and increases in charges will enable the Northern Territory to comply with the national framework for water reform. The 5 per cent increase in sewerage charges is projected to achieve a small overall return on sewerage assets of around 0.5 per cent.

For example, the current fixed annual charge for domestic customers rises from \$299.25 to \$314.20 (that is, an additional \$14.95 per annum for sewerage services). The impact of the increase on non-domestic customers will vary as the sewerage charge is calculated on a sliding diminishing scale based on the number of sanitary fixtures installed.

The following table illustrates the average impact of the proposed tariff increase on each of PAWA's customer classes. The data compiled is based on total charges for an average customer over a 365-day period.

TABLE 2.4: IMPACT OF INCREASE IN SEWERAGE TARIFFS ON AVERAGE CUSTOMER

Customer Type	Based On Current Rate \$pa	Based On Increased Rate \$pa	Increased Cost \$pa
Domestic	299	314	15
Domestic Pensioner	292	307	15
Small Commercial – Between 3 & 24 Fittings	1 314	1 380	66
Large Commercial – Greater than 150 Fittings	132 967	139 615	6 648

Sewerage: Trade Waste

PAWA's standard sewerage service charge is to recover the cost of collecting and treating domestic-strength sewage. It is an offence under the *Water Supply and Sewerage Services Act* for a customer to discharge waste other than domestic waste into a licensee's sewerage infrastructure without written approval of the licensee. The discharge of non-domestic sewage must be in accordance with the licensee's Trade Waste Code.

There is a need for PAWA to develop an industrial trade wastewater management system due to both the short and long term environmental, occupational health and safety, regulatory, National Competition Policy and financial implications for PAWA and Government.

The range of sewerage charges will be expanded to recover the cost of collection and treatment of non-domestic sewage from the commercial sector. Trade waste charges will apply from 1 January 2002. Once fully implemented, trade waste charges are intended to recover the full cost of collecting and treating non-domestic sewage.

BUDGET IMPROVEMENT MEASURES

A key element of the deficit reduction strategy, once having reset base funding levels and incorporated the Government's initiatives and approved new revenue measures, was the development of a budget improvement model that could be reasonably applied across the public sector. The budget improvement targets were to be in addition to those in *Labor's Financial Statement*.

The method approved by Cabinet was for:

- the budget improvement target required by the deficit reduction strategy to be set;
- the target to be met through productivity improvements in agencies including re-ordering of program priorities;
- the level to be calculated on the final consumption expenditure of agencies; that is the salaries and operational costs of agencies less any agency-based revenue;
- grants, capital expenditure, repairs and maintenance expenditure and superannuation benefits payments were excluded from the calculation of savings;
- a range of budget improvement targets set at an average of 4 per cent in a full year;
- budget improvement targets for the functions of hospitals, health and community services, schools, police and emergency services, and custodial services were set at 25 per cent of the average level, recognising the comparatively important nature of the service delivery aspects of those functions and the high priority placed on those functions by the Government.

In addition, the public sector administrative restructure announced on 13 November 2001 is estimated to produce \$4.4 million in productivity savings from 2002-03.

In view of the impending Government Owned Corporations status for the Power and Water Authority, the budget improvement model as outlined above has not been applied directly to PAWA. However, it is expected that similar levels of improvement will be included in the Statement of Corporate Intent which is yet to be finalised.

Table 2.5 sets out the effect of these measures.

TABLE 2.5: EFFECT OF BUDGET IMPROVEMENT MEASURES

	2001-02	2002-03	2003-04	2004-05
	\$M	\$M	\$M	\$M
Savings	15	35	35	35

FORWARD ESTIMATES FOR 2002-03 AND FUTURE YEARS

Having set the appropriate base funding requirements for 2001-02 and after the inclusion of the Government's initiatives, budget improvement and revenue measures, Cabinet determined the basis upon which the ongoing requirements of agencies would be cast forward. The basis is as follows:

- On the expenditure side, using the approved underlying base amount for each agency for 2001-02 (i.e. 2001-02 Budget including ongoing additional funding approved but removing carry over and one-off items),
 - escalate wages costs by 3 per cent;
 - escalate agency operational costs by 2.5 per cent;
 - apply an annual productivity dividend of 1 per cent, to commence from 2003-04 to take advantage of efficiencies available from technology and other investments and also to require the public sector to achieve ongoing productivity improvements. This was applied on the same basis as the budget improvement model outlined above where only 25 per cent of the dividend is applied to health services, schools, police and emergency services and custodial services;
 - generally, escalate grant funding by 2.5 per cent;
 - escalate superannuation costs by 10 per cent in line with the most recent actuarial assessment;
 - include a cash requirement for capital works of \$210M in 2002-03 consistent with the additional cash requirements of major projects currently underway (eg East Arm Port); and
 - reduce the cash requirement for capital works by \$20 million from 2003-04 in line with *Labor's Financial Statement* but delayed by one year.

The extent of any additional growth factor for health is under consideration; at this stage provision has been made for future growth which is consistent with past trends.

- On the revenue side:
 - GST revenue has been escalated by 4 per cent consistent with real per capita growth;
 - other Commonwealth revenue escalated by 2.5 per cent; and
 - tax revenue is generally escalated by 4 per cent consistent with real per capita growth.

FINANCIAL PROJECTIONS

Northern Territory Public Sector financial projections have been prepared in accordance with the Uniform Presentation Framework (UPF) and the cash based Government Finance Statistics as promulgated by the Australian Bureau of Statistics. It is expected that the 2002-03 Budget will be presented on an accrual basis.

The UPF has been agreed by the Commonwealth and all State and Territory Governments as the basis upon which budget and actuals data are to be prepared in order to facilitate comparisons across jurisdictions. Jurisdictions also prepare other budget and actuals material required for other accountability purposes, most notably various appropriation requirements. The UPF is broader in coverage than budget sectors because it includes all entities irrespective of whether or not they receive appropriation.

The entities included in the Northern Territory Public Sector are listed in Appendix 2.1. They are categorised by UPF sector and their Public Account status, as defined by the *Financial Management Act*. *Budget Paper No.2* includes detailed information for all agencies included in the Public Account and thus subject to the *Financial Management Act*. The UPF comprises all agencies included in the Public Account plus:

- AustralAsia Railway Corporation;
- Northern Territory Legal Aid Commission;
- Batchelor Institute of Indigenous Tertiary Education;
- Darnor Pty Ltd and Gasgo Pty Ltd (Power and Water Authority subsidiaries).

Appendix 2.2 provides the aggregate Public Account data presented on the UPF basis. There is minimal difference between the Total Public Sector on a UPF basis from 2002-03 and the Public Account on a UPF basis. The difference in 2000-01 and 2001-02 is due to transactions involving the Conditions of Service Trust which was previously outside of the Public Account but brought into the Public Account in 2000-01 and the railway.

Table 2.6 sets out summary details on a UPF basis for the Northern Territory Total Public Sector, from 1999-00 to 2004-05. The projections are based on the methodology outlined above and include a provision for contingencies not allocated to particular functions, but based on past trends, assessed as being reasonable at this point in time.

TABLE 2.6: NORTHERN TERRITORY PUBLIC SECTOR (a)

	2000-01	2001-02	2001-02	2002-03	2003-04	2004-05
	Actual	May Budget	Mini Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 913	1 911	1 984	1 995	2 051	2 110
Final Consumption Expenditure	1 430	1 408	1 473	1 516	1 559	1 619
Interest Payments	174	189	179	165	172	172
Current Grants	247	247	263	244	253	251
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	366	500	555	276	251	218
Gross Capital Expenditure	291	434	518	251	224	188
New Fixed Capital Expenditure	324	526	541	272	246	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	44	47	48	41	39	39
Other Capital Outlays	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 279	2 411	2 538	2 270	2 302	2 327
REVENUE	2 088	2 213	2 204	2 165	2 235	2 269
Taxes	220	215	215	231	242	240
Net Operating Surplus of PNFC's and PFC's	58	50	45	48	44	42
Interest Received	36	41	34	32	34	33
Grants Received	1 722	1 857	1 854	1 799	1 859	1 898
Other Revenue	50	50	54	55	56	55
DEFICIT AND FINANCING TRANSACTIONS	192	198	335	105	67	58
Net Advances Received	- 73	30	30	3	3	9
Net Domestic and Overseas Borrowings	236	62	162	2	12	13
Increase in Provisions (net)	62	51	62	62	62	62
Other Financing Transactions	- 34	56	80	39	- 9	- 26
TOTAL FINANCING TRANSACTIONS	192	198	335	105	67	58
Less Increase in Provisions (net)	62	51	62	62	62	62
DEFICIT (+) / SURPLUS (-)	129	147	272	43	5	- 4

(a) Includes AustralAsia Railway Corporation, excludes TIO.

Table 2.6 above includes the operations of the AustralAsia Railway Corporation (ARC). The transactions associated with the operations of the ARC are of such significance in 2000-01 and 2001-02 that its inclusion distorts the Territory's underlying UPF position.

The ARC has been set up under Northern Territory legislation to manage the interests of the Northern Territory and South Australian Governments in the Alice Springs to Darwin Railway. The ARC has or will receive grant and loan funds totalling \$480 million from the governments of the Northern Territory, South Australia and the Commonwealth.

The Australian Bureau of Statistics has determined that the ARC will be included wholly in the Northern Territory scope for UPF purposes even though the Corporation is a vehicle of both the Northern Territory and South Australian governments.

The grant and loan funds provided to the ARC from South Australia and the Commonwealth are provided directly to the Corporation and do not pass through the Northern Territory Budget. There is some time delay between when funds are provided to the Corporation and when funds are provided to the Consortium undertaking the construction. Because of the magnitude of the funds involved and the effects associated with timing between the receipt and payment of the funds by the ARC, their inclusion distorts the Territory's underlying position.

The ARC expended \$100 million on new fixed capital expenditure in 2000-01 and this is expected to rise to \$284 million in 2001-02. The capital expenditure is in accordance with the schedule of payments agreed between the ARC and the Consortium. However,

the ARC received \$140 million in grant funding and a \$25 million advance from the Northern Territory. In addition, \$105 million in grants and \$25 million in advances were received from other governments. Thus, while the Territory made its contribution to the ARC in 2000-01, timing of payments and contributions from other governments meant that in 2000-01, the ARC recorded a surplus of \$146 million. Because ARC is classified as part of the Northern Territory's UPF sector, this surplus in 2000-01 is attributed to the Northern Territory. Conversely in 2001-02, the schedule of payments increases and the ARC records a deficit of \$147 million. Thus removal of the ARC provides a better basis for understanding the Territory's fiscal position. Table 2.7 below removes the ARC, presenting the Territory's underlying UPF position.

Table 2.7 shows financial data and projections from 1999-00 through to 2004-05. The inclusion of 1999-00 assists understanding of the trends in various items as it provides a base prior to the commencement of railway-related transactions.

TABLE 2.7: NORTHERN TERRITORY PUBLIC SECTOR (a)

	1999-00	2000-01	2001-02	2001-02	2002-03	2003-04	2004-05
	Actual	Actual	May Budget	Mini Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 807	1 904	1 912	1 981	1 994	2 043	2 110
Final Consumption Expenditure	1 342	1 421	1 408	1 470	1 513	1 557	1 617
Interest Payments	168	174	189	179	165	172	172
Current Grants	230	247	247	264	246	247	252
Other Current Payments	67	62	68	69	70	66	67
CAPITAL OUTLAYS	219	415	220	270	251	233	218
Gross Capital Expenditure	170	191	155	234	226	206	188
New Fixed Capital Expenditure	242	224	247	256	247	228	211
Expenditure on Second Hand Assets (net)	- 71	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	56	193	47	48	41	39	39
Other Capital Outlays	- 7	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 026	2 318	2 132	2 252	2 244	2 276	2 327
REVENUE	1 881	1 981	2 073	2 064	2 139	2 209	2 269
Taxes	229	220	215	215	231	242	240
Net Operating Surplus of PNFC's and PFC's	60	58	50	45	48	44	42
Interest Received	35	35	37	31	32	33	33
Grants Received	1 502	1 617	1 722	1 718	1 773	1 833	1 898
Other Revenue	54	50	50	54	55	56	55
DEFICIT AND FINANCING TRANSACTIONS	145	337	59	188	106	67	58
Net Advances Received	- 47	- 79	35	37	3	3	9
Net Domestic and Overseas Borrowings	142	236	62	162	2	12	13
Increase in Provisions (net)	56	62	51	62	62	62	62
Other Financing Transactions	- 5	119	- 89	- 73	39	- 9	- 26
TOTAL FINANCING TRANSACTIONS	145	337	59	188	106	67	58
Less Increase in Provisions (net)	56	62	51	62	62	62	62
DEFICIT (+) / SURPLUS (-)	90	275	8	126	43	5	- 4

(a) excludes AustralAsia Railway Corporation and TIO.

The underlying deficit from 2000-01 was \$275 million. This includes the full effect of the Territory's railway contribution in 2000-01. The result excluding the railway grant is \$135 million.

The estimated result for the November 2001 Mini Budget is a deficit of \$126 million, an increase of \$118 million from the original budget. However, this amount includes \$17 million in carryover expenditure from 2000-01. A similar level of expenditure is expected to be carried out into 2002-03 but these transfers are not yet reflected in the estimates and hence the estimates for 2001-02 are likely to be overstated by this amount.

The estimated deficit for 2002-03 declines to \$43 million and the budget is expected to be in a small surplus of \$4 million by 2004-05.

The key reason for this projected improvement in performance is the action the Government has taken to restrain spending by putting in place budget improvement targets for agencies while also meeting its election commitments.

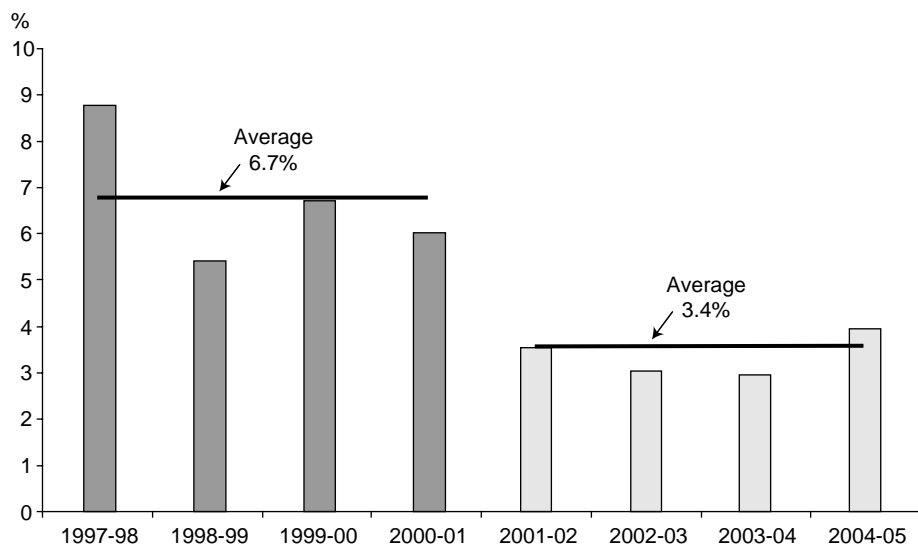
Final consumption expenditure is estimated to increase by 14 per cent by the end of the forward estimates period. The budget improvement initiatives are largely attributed to final consumption expenditure with agencies being required to:

- reduce their running costs by an average of 2 per cent in 2001-02 and 4 per cent in 2002-03, in addition to specific savings measures approved as part of the Government's Initiatives; and
- to make productivity improvements of 1 per cent thereafter.

The main social service areas of hospitals, health and community services, schools, police and emergency services and custodial services are largely quarantined from these processes in that their budget improvement and productivity measures are 25 per cent of that applied to the rest of the public sector.

Figure 2.1 shows the average annual growth in final consumption expenditure over the previous four years compared with that projected for 2001-02 and the forward estimates period. The reduction in growth is necessary to achieve the debt reduction strategy and is considered achievable on the basis of known events.

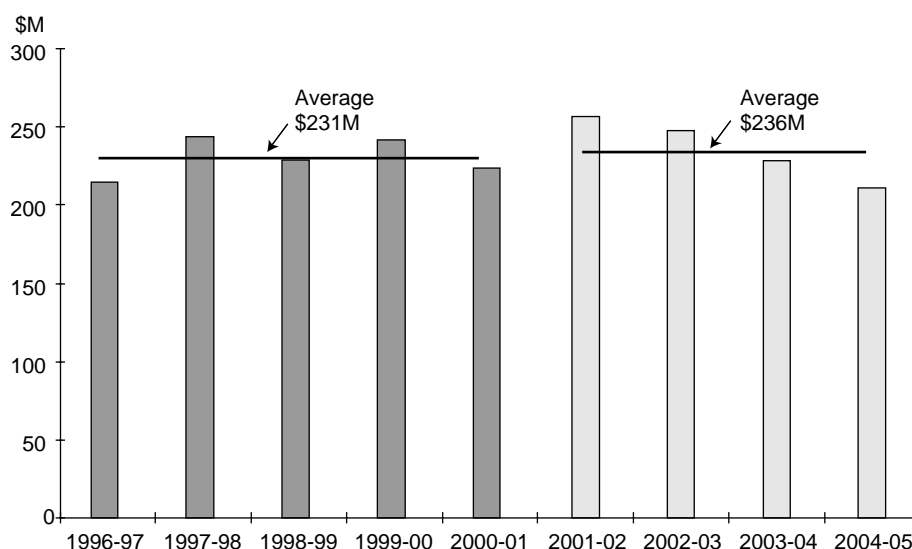
FIGURE 2.1: GROWTH IN FINAL CONSUMPTION EXPENDITURE



Interest payments are relatively constant over the period with reductions resulting from lower average interest costs associated with refinancing but some increases as a result of new net borrowings.

Apart from the capital grant expenditure associated with the Territory's contribution to the railway in 2000-01, expenditure on new fixed assets is at comparatively high levels until 2002-03, after which the expenditure returns to previous levels. Figure 2.2 below shows that new fixed capital expenditure in nominal terms is slightly higher over the period 2001-02 to 2004-05 compared with the previous 5 years.

FIGURE 2.2: EXPENDITURE ON NEW FIXED CAPITAL EXPENDITURE



Revenue is projected to grow at a slightly higher rate than expenditure with Commonwealth grants and own-source revenue being estimated to be maintained in real per capita terms. The operating surplus of government businesses is expected to decline minimally over the period.

The key risk in achieving the projected outcome is that expenditure will not be able to be restrained to the extent predicted.

TAXATION REVENUE ESTIMATES

The following table summarises the budget projections for State taxes, incorporating the revenue measures outlined above and forecast economic parameters.

TABLE 2.8: SUMMARY OF NORTHERN TERRITORY TAXATION

	2000-01	2001-02	2002-03	2003-04	2004-05
	Actual	Mini Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
	\$M	\$M	\$M	\$M	\$M
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE	85.9	90.2	97.6	99.6	96.3
Payroll taxes	85.9	90.2	97.6	99.6	96.3
TAXES ON PROPERTY	53.5	44.3	43.2	47.6	49.4
Stamp Duties on Financial and Capital Transactions	32.1	34.8	35.0	39.0	40.4
Financial Institutions Transactions Taxes	21.3	9.6	8.2	8.7	9.0
TAXES ON THE PROVISION OF GOODS AND SERVICES	44.3	44.8	44.7	47.9	49.4
Taxes on Gambling	32.3	31.4	31.3	33.7	34.5
Taxes on Insurance	12.0	13.4	13.3	14.3	14.8
Other					
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES	36.6	36.2	45.9	47.1	44.9
Motor Vehicle Taxes	28.7	32.8	38.1	39.3	37.1
Other	8.0	3.4	7.8	7.8	7.8
TOTAL TAXES	220.3	215.5	231.3	242.1	240.0

The fall in total tax revenue in 2001-02 is attributed to the abolition of financial institutions duty and stamp duty on listed marketable securities (both from 1 July 2001) as part of the national tax reform arrangements. These revenue losses are offset by GST revenue grants and budget balancing assistance from the Commonwealth.

Abstracting from the impact of tax reform, growth in tax revenues is expected to be around 3.3 per cent in 2001-02, then increases by 8 per cent in 2002-03, reflecting the impact of economic growth on the tax base and the net impact of new revenue measures.

Beyond 2003-04, the growth in tax revenue will be affected by the cessation of the Temporary Budget Improvement Levy in November 2004 and some proposed policy changes. These are subject to review prior to the 2002-03 Budget.

Additional information on the assumptions underlying the estimates for each of the major tax revenue categories is set out below.

Taxes on Employers' Payroll and Labour Force

This category is comprised exclusively of pay-roll tax collections and is expected to account for around 41.9 per cent of total taxation revenue in 2001-02.

The growth in pay-roll tax collections is expected to be 5.0 per cent in 2001-02 and 8.2 per cent in 2002-03, reflecting forecast increases in employment and earnings, including a surge associated with railway construction and an increase in the superannuation guarantee charge rate from 8 per cent to 9 per cent from 1 July 2002. The lower growth from 2003-04 reflects proposed rate changes but these are to be reviewed prior to the 2002-03 Budget.

Taxes on Property

This category comprises stamp duties on financial and other capital transactions, financial institutions transaction taxes and other property-related taxes. These taxes are estimated to account for around 20.6 per cent of total taxation revenue in 2001-02.

Stamp duties on financial and other capital transactions include stamp duties on property conveyances, leases and marketable securities. In 2000-01, collections were affected by a sharp decline in housing purchases in the first half of 2000-01. However, this decline was partially offset by an increase in construction due to the Territory's QuickStart grant for new houses, the Commonwealth's temporary \$7 000 increase in the First Home Owner Grant for new homes and successive reductions in interest rates.

The abolition of stamp duty on listed marketable securities will marginally reduce total collections from stamp duties on financial and other capital transactions in 2001-02. Conveyance duty collections are expected to remain stable for the remainder of 2001-02 and grow moderately in 2002-03 in response to the recovery of the property market.

Financial institutions transaction taxes comprise financial institutions duty (FID), debits tax and electronic debits duty. The estimated fall in financial institutions transaction taxes in 2001-02 is due to the abolition of FID. Debits tax is expected to decline in real terms, reflecting the deterioration of this tax base as alternatives to cheque account facilities become more widespread. Under the national tax reform arrangements, debits tax is earmarked for abolition by 1 July 2005, subject to review by the Ministerial Council.

Taxes on the Provision of Goods and Services

This category includes taxes on gambling and insurance, and some minor levies. These tax revenues are expected to account for around 20.8 per cent of total taxation revenue in 2001-02.

Taxes on gambling mainly comprise lotteries, bookmakers' betting tax, casino tax, wagering tax and gaming machine tax. Gambling revenue estimates are based on prior year collections and incorporate revisions to the casino tax arrangements, and regulatory and tax rate changes made to gaming machines. The estimates for lotteries revenue are based on projections of turnover for existing games, with no provision for the introduction of new games which may boost turnover.

Taxes on insurance comprise stamp duty on general and life insurance policies. These revenues are expected to grow by 12 per cent in 2001-02 resulting from high growth in insurance premiums arising from the demise of HIH and the United States terrorist attacks.

Taxes on the Use of Goods and Performance of Activities

This category mainly comprises motor vehicle taxes and is expected to account for around 16.8 per cent of total taxation revenue in 2001-02. Motor vehicle taxes comprise stamp duty on the registration and transfer of vehicle licences and revenue from vehicle registration fees.

The forecast revenues include additional revenue collected from vehicle registration fees resulting from the Temporary Budget Improvement Levy which is introduced as part of this Mini Budget. The Temporary Budget Improvement Levy is scheduled to cease in November 2004.

Motor vehicle stamp duty collections are expected to increase by around 7 per cent per annum from 2001-02 to 2003-04, reflecting an expected improvement in vehicle sales and prices. This is expected to normalise to 4 per cent growth in 2004-05.

MINING ROYALTIES

Mining royalties are the price paid to the community by mining companies for the right to extract resources which are owned by the community. Mineral royalties account for 82.6 per cent of the Territory's mineral and petroleum royalty collections of which bauxite and manganese mining account for the largest share of mining royalties. In the Territory (unlike other States), uranium royalties are imposed by the Commonwealth and repatriated to the Territory as Commonwealth grants in lieu of uranium royalties.

TABLE 2.9: NORTHERN TERRITORY MINERAL ROYALTIES

	2000-01 Actual	2001-02 Budget Estimate	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M
Mineral	21.4	20.0	20.8	20.8	20.8
Petroleum	4.5	4.2	4.3	4.3	4.3
TOTAL	25.9	24.2	25.1	25.1	25.1

Mining royalties (including petroleum royalties) rose by 3.6 per cent in 2000-01. This increase mainly reflected a 14 per cent fall in the average \$A/\$US exchange rate from 62.9 in 1999-2000 to 53.8 in 2000-01 (all major mineral categories in the Territory are sold under \$US contracts, but royalties apply to the \$A value), and the impact on petroleum royalties of a very high average oil price of around \$US30 per barrel.

However, royalty collections in 2001-02 are expected to reduce by 6.4 per cent due to declining world oil prices and weaker demand for mineral commodities due to the world economic downturn.

Mining and petroleum royalty revenue in 2001-02 and across the forward estimates period incorporate:

- individual mining company projections of sales, prices and operating costs; and
- no provision for any planned new mining projects, unless they have already been formally approved and committed to.

HYPOTHECATED REVENUES

A small number of revenue types are imposed for specific hypothecation to particular programs or purposes. These are explained further below.

TABLE 2.10: DISBURSEMENTS OF HYPOTHECATED REVENUES

	2000-01 \$000	2001-02 \$000
Community Benefit Fund ¹	483	1 404
Community Gaming Allowance ²	6 158	6 466
Alice Springs Convention Centre (Operating Contribution) ²	n/a	210
Lotteries Fund	8 733	8 840
MACA contributions to road safety	1 121	1 240
TOTAL	16 495	18 160

Notes:

1. Amounts are the GST-exclusive payments from the CBF.
2. Amount is available as an offset against the casino's tax liability.

Community Benefit Fund

Section 150 of the *Gaming Machine Act* provides that prescribed licensees must pay a gaming machine levy to the Director of Licensing on a monthly basis. The monies are paid into the Community Benefit Fund, managed by Northern Territory Treasury. Section 155 of the *Gaming Machine Act* provides that the Director, with the approval of the Minister, may pay amounts out of the Fund "for the benefit of the community" which generally results in the monies being used for gambling amelioration and social benefit projects. The increase in disbursements in 2001-02 is related to payments from the Small Grants Program approved late in 2000-01 but not paid until 2001-02.

Community Gaming Machine Allowance

Under agreements with the Northern and Southern Region casino operators, the Government pays 22 per cent of the gross profit derived from community gaming machines to the casinos. The payment is made out of tax revenue earned by Government from the clubs and hotels with gaming machines. The payments were negotiated in exchange for the casinos relinquishing gaming machine exclusivity. This arrangement will cease for the Northern Region on 30 June 2005 and for the Southern Region on 30 June 2003.

Alice Springs Convention Centre Operating Contribution

The Development Agreement for the construction and operation of the Alice Springs Convention Centre provides for an operating incentive to be paid to the Operators of the Convention Centre when pre-determined performance benchmarks are met. The total amount of the incentive is capped at \$5.0M with annual payments not exceeding \$1.25M in any one year. The Operating Contribution is to be paid as an offset against casino taxes owing.

Lotteries Fund

Monies received by the Director of Licensing are paid into the Lotteries Fund from Lotteries conducted under Part 4, Division 3 of the *Gaming Control Act*; commission payable on Foreign Lotteries under this Act (eg Tattersalls products); and unclaimed prizes.

Under section 43(3)(c) of the *Gaming Control Act* payments, as directed by the Minister for Racing and Gaming, are made from the Lotteries Fund to:

- the Consolidated Revenue Account (base amount of \$1M, which can be varied annually);
- charitable organisations, or other bodies, which in the opinion of the Minister, promote the welfare of the community (a base amount of \$0.1M); and
- remaining funds are to be paid into the Sport and Recreation Development Fund (base amount of \$6.945M is in the Budget).

The Minister for Racing and Gaming approves the amount to be distributed from the Fund, with the Treasurer determining the timing.

MACA Contributions to Road Safety

Pursuant to sections 23(2) and 26 of the *Territory Insurance Office Act*, the TIO is required to provide the Northern Territory Government with funds to meet certain costs in relation to the operation of road safety programs. Accordingly, amounts are collected through the contributions to Motor Accidents Compensation Scheme to fund a range of road safety programs, including the Road Safety Council, Driver Training and Licensing and Motorcyclist Education Training and Licensing (METAL).

GROSS AND NET DEBT

Debt is a necessary source of funding for governments. In recent years, the Territory has raised debt exclusively through the Northern Territory Treasury Corporation, by the issue of inscribed stock and other debt securities to domestic and offshore financial institutions, and to the Australian public.

In the past, debt was also raised through advances from the Commonwealth.

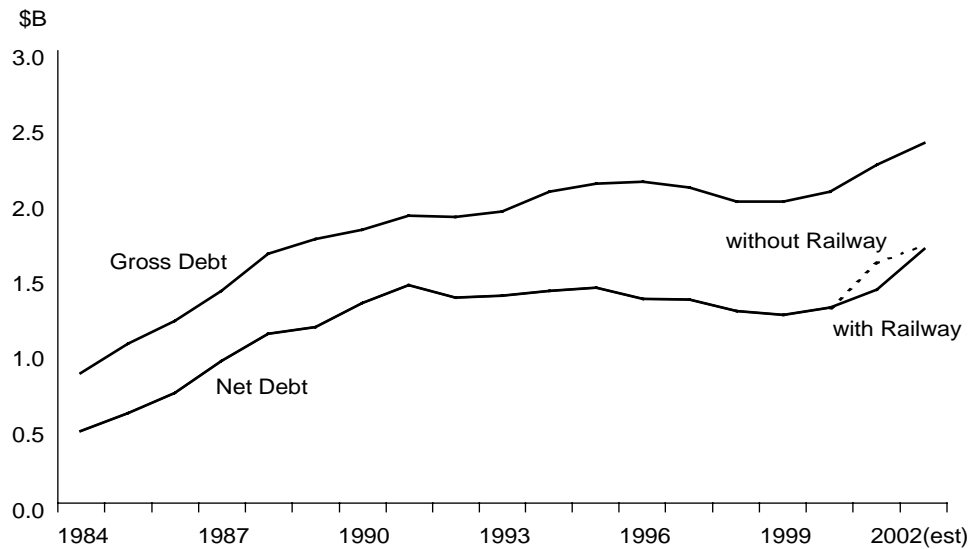
Recently, it has become more difficult to analyse and compare debt due to a number of different factors. This includes:

- the change by the majority of jurisdictions to accrual accounting (except for the Territory and Tasmania), thus making comparisons of debt burden measures more difficult;
- the transfer of debt between the General Government and the Public Non-Financial Corporations sector by most Australian governments; and
- in the Territory's case, the effect of financing transactions for the Alice Springs to Darwin railway.

Territory Debt Over Time

Territory gross and net debt rose sharply during the 1980s, as a result of the high expenditure associated with the period following self government and also from the absorption of liabilities previously held by the Commonwealth on the Territory's behalf. As Figure 2.3 shows, the level of debt plateaued in the 1990s. Changes in gross and net debt in recent years reflect: the effect of major capital works projects such as East Arm Port, the acquisition of the Darwin to Katherine transmission line and the creation of additional generating capacity at Channel Island; the Alice Springs to Darwin railway (see below) and the effect of successive deficits since 1999-00.

FIGURE 2.3: NORTHERN TERRITORY GROSS AND NET DEBT AT 30 JUNE



Source: 1979 to 1987: Northern Territory Treasury; 1988 to 1991: Public Sector Debt, Australia, ABS Cat No 5513.0; 1992 to 1996: Public Sector Financial Assets and Liabilities, ABS Cat. No 5513.0; 1997 to 2001: TAFR Schedule 9.1 Total Public Sector, 2002: NT Treasury estimate

The Railway

Table 2.11 compares the effect of financial transactions relating to the AustralAsia Railway Corporation (ARC), which receives contributions from the Territory, South Australian and Commonwealth Governments for on passing to the railway Consortium. As the timing of the receipt of the contributions did not match the payments to the railway consortium, this had an impact on the Territory's net debt.

In 2000-01, the ARC received the three government's contributions, however, payments to the Consortium were spread over 2000-01 and 2001-02. Hence, Territory financial assets were higher and net debt was lower in 2000-01, when the ARC is included. By the end of 2001-02, with all payments from the ARC to the Consortium concluded, the difference between Territory financial assets and net debt with the ARC and without the ARC will be \$25 million (reflecting a loan to the ARC by South Australia).

The movements in gross debt throughout the period are not related to ARC transactions. The Territory's railway contributions were sourced from cash balances rather than borrowings.

TABLE 2.11: NORTHERN TERRITORY GOVERNMENT DEBT

	Gross Debt	Financial Assets with ARC	Financial Assets without ARC	Net Debt with ARC	Net Debt without ARC
	\$M	\$M	\$M	\$M	\$M
30 June 2000 ¹	2064	770	769	1 294	1 295
30 June 2001 ¹	2 242	826	654	1 416	1 588
30 June 2002(b)	2 389	700	675	1 689	1 714

1. TAFR 2000-01 Total Public Sector Schedule 9.1

Note: (b) Mini-Budget

Interstate Comparisons

The polarisation of state policies on the role of public assets to fund the retirement of debt, has made meaningful comparisons of the change in gross and net debt increasingly difficult in recent years. While there has been a general trend towards reducing debt through the sale of public assets, some States, supported by sizeable public assets, have pursued this policy far more aggressively than others.

In 1992-93, Victorian net debt was approximately 209 per cent of total revenue, over twice the level of debt in the Territory. Since then, Victoria has raised roughly \$35 billion through asset sales, most of which has been used to retire debt. On 30 June 2001, Victoria had the second lowest ratio of net debt to total revenue in Australia, (14 per cent).

The sale of assets can be an effective means of obtaining revenue with which to reduce debt, and therefore interest payments. However, the sale of profitable public enterprises also means that a source of revenue through dividend and tax equivalent payments is lost.

The differing focus by jurisdictions on the General Government and Non-Financial Public Corporations sectors has also resulted in a change in the sectoral mix of debt for a number of jurisdictions. As a consequence, a number of jurisdictions now predominantly hold debt in the Non-Financial Public Corporations sector, with financial assets being held in the General Government sector.

Queensland is the best example of this sectoral mix of debt, where it was forecast to have a negative net debt of some \$10 billion in the General Government sector in 2001-02, while having \$11 billion in net debt in the Public Non-Financial Corporations sector. When these two sectors are consolidated in the Non-Financial Public sector, Queensland's net debt becomes \$1 billion. This example illustrates how the sectoral mix of financial assets and debt can obscure a jurisdiction's financial position and that the Non-Financial Public sector is the best sector to compare jurisdictional debt. Recent discussions with Moody's Investors Service confirms this approach, as Moody's expressed the need to look at all sectors when making an assessment of a jurisdiction's financial position. (The difficulty of making meaningful comparisons because of different attitudes to retiring debt from asset sales remains.)

The following analysis is based on the Non-Financial Public sector.

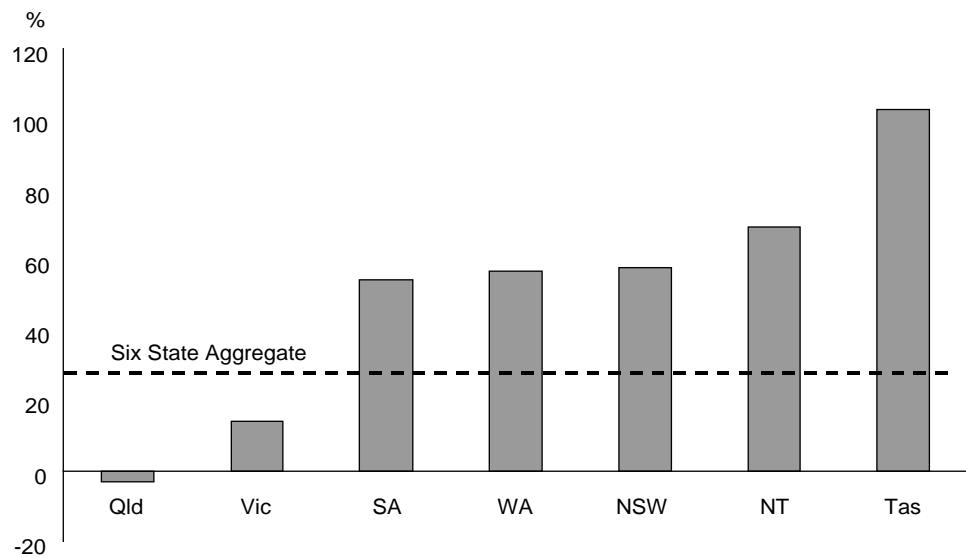
Net Debt to Total Revenue

The Territory's net debt fell from 99 per cent to 68 per cent of revenue between 1993-94 and 1998-99. However, the six State weighted average, largely driven by Victoria, Western Australia and Queensland, fell from 109 per cent to 36 per cent during the same period.

Irrespective of policy, small jurisdictions including the Northern Territory, Tasmania and South Australia, have a limited capacity to retire debt through the sale of public assets, since the risk to both private sector investors and the public is likely to be greater than in the larger jurisdictions.

Figure 2.4 shows the ratio of net debt to total revenue for the six States and the Territory estimated as at 30 June 2001. The chart shows the clear distinction between Queensland and Victoria, and the rest of the jurisdictions. When these jurisdictions are removed, the average ratio of net debt to revenue is 57 per cent, compared with 69 per cent for the Territory. For the six States in aggregate, however, the ratio is 34 per cent, reflecting the impact of the different conditions in Victoria and Queensland.

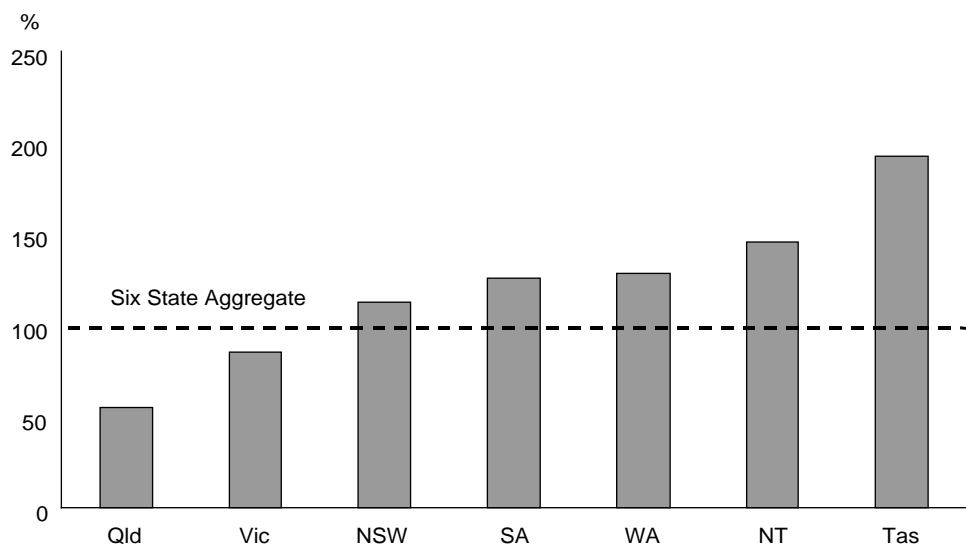
FIGURE 2.4: NET DEBT TO TOTAL REVENUE AT 30 JUNE 2001



Source: State Budget Papers – Non-Financial Public Sector
 Cash Estimates for accrual jurisdictions based on change in accrual based equivalent

A broader comparative measure of the level of government liabilities is the ratio of net debt plus employee liabilities to total revenue across jurisdictions. Figure 2.5 shows this ratio and demonstrates that compared to the net debt to total revenue ratio, jurisdictions' liability positions are closer together.

FIGURE 2.5: NET DEBT PLUS EMPLOYEE LIABILITIES TO TOTAL REVENUE AT 30 JUNE 2001



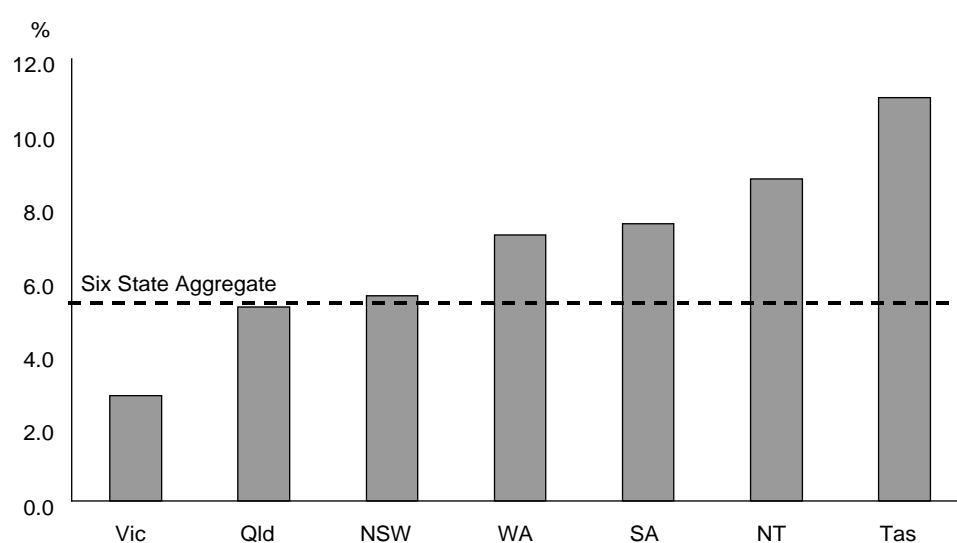
Source: State Budget Papers – Non-Financial Public Sector
 Cash Estimates for accrual jurisdictions based on change in accrual based equivalent

Gross Interest Payments to Total Revenue

An alternative measure of the level of debt carried by the Territory and the six States is the ratio of gross interest payments to total revenue. Figure 2.6 shows that the Territory's gross interest payments are greater, as a proportion of total revenue, than for the six States in aggregate.

While the Territory is currently above the six State average on this measure, the Territory is comparable with other smaller jurisdictions. The Territory (8.8 per cent) is higher than Western Australia (7.2 per cent) and South Australia (7.5 per cent), but lower than Tasmania (10.9 per cent). Jurisdictions such as Western Australia and South Australia have benefited from lower interest payments in previous years from asset sales, however, recent increases in net debt in these jurisdictions appear to be reversing the benefits.

FIGURE 2.6 : GROSS INTEREST PAYMENTS TO TOTAL REVENUE 30 JUNE 2001



Source: State Budget Papers Non-Financial Public Sector
Cash estimates for accrual jurisdictions are based on change in accrual based equivalent

STATEMENT OF RISKS

The financial projections in this document are based on assumptions about the state of Government finances, present and future, and to a lesser extent the Territory economy. Naturally, any shifts in these underlying assumptions will impact on the financial projections to varying degrees.

Major risks surrounding robustness of the financial projections include:

- unforeseen changes to Government policy including the Commonwealth Government given the Territory's reliance on Commonwealth grants;
- economic conditions and financial market developments differing from forecasts;
- achievability of financial projections in light of the appropriateness of underlying assumptions;
- failure to include the consequences of financial considerations that have either not been identified or have been too difficult to quantify;
- realisation of material contingent liabilities; and
- revaluations of assets and liabilities.

A key step in managing the risk associated with assumptions is the initial identification, attempted quantification and ultimate understanding of the sensitivity of projections to these risks.

While appropriate risk management/mitigation policies and practices should work to reduce the level of the Government's exposure to adverse consequences, a number of these risks are outside any direct Government control.

Realisation of Contingent Liabilities

Contingent liabilities are potential obligations of the Government and generally result from guarantees and indemnities granted in agreements or under legislation. Whilst the contingent event can be defined, the financial consequences of such events may be unquantifiable or unanticipated.

The Government has processes in place to monitor and control entering into arrangements that may include contingent liabilities and represent risk exposure for the Territory.

QUANTIFIABLE CONTINGENT LIABILITIES

Material quantifiable contingent liabilities are set out in the table below and have been calculated based on a discount factor of 8 per cent. A materiality threshold of \$5 million has been used. Further information on this can be found in Schedule 5 of the *2000-01 Treasurer's Annual Financial Report*.

TABLE 2.12 : SUMMARY OF MATERIAL CONTINGENT LIABILITIES

Contingent Liability	Amount to Nearest Million \$
Amadeus Basin to Darwin Gas Pipeline	313
Pine Creek/McArthur River Electricity Purchase Agreements	110
Alice Springs to Darwin Railway Contingent Equity	43
Additional Airline Services to Darwin	4
Territory Insurance Office Guarantee	456
Public Trustee Common Fund	20
Total Material Contingent Liabilities	946

Amadeus Basin to Darwin Gas Pipeline

The Territory has indemnified the company which constructed the natural gas pipeline from the Amadeus Basin to Darwin in support of obligations of the Power and Water Authority. The Territory has also supported the Power and Water Authority's financing obligations to the pipeline company and its financiers. Should this facility be terminated, the Territory has undertaken to stand behind and, if necessary, underwrite the refinancing of the outstanding facility amount including a lease residual due to be paid at the end of the facility term.

The Territory has guaranteed the gas producers in support of the obligations of a subsidiary company of the Power and Water Authority under gas purchase contracts and provided a letter in support of a loan to the subsidiary company used to meet the company's development obligations under a gas purchase agreement.

In the event that the Power and Water Authority experiences a significant decline in its sales of electricity, there is the risk that the Authority may have a lesser requirement for natural gas to be delivered through the Amadeus Basin to Darwin gas pipeline. In circumstances where such a decline was severe, both the gas purchase contracts and the pipeline financing arrangements could present a risk to the Authority and the Territory that there would be ongoing payments made despite reduced need for delivered gas.

Electricity and Gas Supply to Pine Creek and McArthur River

The Power and Water Authority has entered into agreements for the provision of gas and wholesale supply of electricity for the supply of power to the Pine Creek region and McArthur River Mines. The agreement for the supply of gas contains three indemnities relating to the Power and Water Authority supplying non-conforming gas without prior agreement.

A major portion of the value of the contingent liability is the cost of overhauling turbine machinery owned by the electricity producers, where damage has been caused by the provision of non-conforming gas.

In relation to the electricity purchase agreements, the Territory has provided an indemnity against certain possible actions of the Territory in relation to the structure or operations of the Power and Water Authority. The Territory's maximum exposure is equivalent to the net present value of charges under the purchase agreements.

Under the Power and Water Authority's current operating practices, the contingent events relating to each of the above indemnities are within the Territory's and the Authority's control and are expected to be easily avoidable. Accordingly, the prospect of these undertakings being called upon is considered to be negligible.

Alice Springs to Darwin Railway

In relation to the Alice Springs to Darwin railway project, the Northern Territory Government has committed to providing \$42.7M in stand-by assistance in the form of an equity underwrite and contingent equity participation in the Consortium through Special Purpose Vehicles (SPVs) established by Deutsche Bank Australia Ltd. This is 50 per cent funded through a grant from the Commonwealth. This stand-by assistance may be called on at different stages of the project, as last recourse financing.

The Territory has also provided a Government guarantee for the equity obligations of the SPVs. The risk associated with the guarantees is considered low as the contingent event is within the Territory's control. The Government's intentions are to sell the SPVs at a suitable time, which the Government's advisers suggest is most likely to be around practical completion or in the early years of the concession period, from about 2004.

Additional Airline Services to Darwin

The Territory has agreed to support the provision of new interstate airline services. The support is in terms of a guarantee to purchase a fixed number of seats on each flight. The support is expected to operate for two years from March 2002.

Statutory Indemnities/Guarantees

A number of statutory indemnities and guarantees also exist, however, the prospect of these contingent liabilities being called upon is considered to be negligible.

Section 40(1) of the *Territory Insurance Office Act* provides that the Territory guarantees every policy or contract of insurance or indemnity; and the repayment of, and the interest payable on, each deposit with the Territory Insurance Office in pursuance of a contract or other agreement.

The Treasurer, under section 28 of the *Public Trustee Act*, indemnifies the Common Fund against any deficiencies in money legally available to meet lawful claims on it. The Common Fund is established under the Act as a repository for all moneys received by the Public Trustee on behalf of estates, trusts or persons. Money to the credit of the Common Fund is invested, in accordance with directions issued by the Investment Board, and any interest earned is available for distribution among the participating trusts or estates.

UNQUANTIFIABLE CONTINGENT LIABILITIES

Some contingent liabilities are unquantifiable and the financial impact is not likely to be determined until the event triggering liability eventuates. The following section relates to known contingent liabilities that are considered to be unquantifiable.

Alice Springs to Darwin Railway

The Alice Springs to Darwin Railway project also involves the acceptance of potentially significant but unquantifiable contingent liabilities. The AustralAsia Railway Corporation and the Northern Territory and South Australian Governments have entered into a concession arrangement for the design, construction, operation and maintenance of the Alice Springs to Darwin Railway. The obligations of the Corporation are jointly guaranteed by the South Australian and Northern Territory Governments.

The Corporation has provided certain indemnities in relation to security over the railway corridor. These cover native title, Aboriginal land rights, undisclosed interests, environmental contamination, heritage, sacred sites and environment assessment processes. The Territory Government has undertaken extensive investigation to ensure title to the railway corridor is secure.

Project documentation also provides for early termination of the project arrangements which would result in the payment of an Early Termination Amount (ETA). The amount is dependent on circumstances at the time the ETA is determined. Should the ETA be called upon, ownership of the railway will revert to the Corporation (and therefore effectively to both Governments).

Offshore Gas Projects

Offshore waters adjacent to the Northern Territory are both highly prospective and known to contain world class gas reserves.

However, if gas from one or more of the offshore gas fields is brought to Darwin by a pipeline, the implications for the Territory economy and thus for the Territory budget could be expected to be very significant. The impact would depend very largely on the scale of the operations involved.

In the context of the development model that involves a joint pipeline from both the Bayu-Undan and Greater Sunrise fields to Darwin, for example, the Government offered to provide infrastructure support totalling \$20 million. This was in connection with the previously proposed Methanex export methanol plant for development of an industrial estate at Glyde Point to the north of Darwin. However, Methanex has not secured a supply of gas on acceptable terms from the Timor Sea fields to support a decision to locate a plant here. Methanex has in the last few weeks announced that it will relocate to Western Australia.

The Power and Water Authority is currently negotiating with the operators of both the Bayu-Undan and Greater Sunrise fields with a view to buying its expected needs of gas fuel for the two decades from mid to late in the current decade. The operators are seeking to get the Authority to contract as a foundation customer. This would involve the Authority potentially securing an attractive price for its main fuel, but carries with it a risk that the quantities contracted for differ from the Authority's actual future needs. The nominal value of the gas expected to be required by the Authority over the 20 year period is up to \$1 billion in 2001 prices.

Cheaper electricity would assist in promoting greater economic activity in the Territory, especially in small manufacturing. At the same time, cheaper gas could mean increased use of gas as a direct energy source. Either way, significant effects on the Territory economy and therefore on the budget could be expected, both on the revenue side and in terms of expenditure required to provide infrastructure needed to service a growing economy.

Against this, as stated above, the Territory and the Power and Water Authority have guaranteed the financing of the Amadeus Basin to Darwin gas pipeline. With offshore gas delivered to Darwin, there could be a situation where the pipeline would be underutilised but where either the Territory or the Authority would have to buy the pipeline for its financing residual. This is because the pipeline was designed to carry gas from the Amadeus Basin to Darwin, where over 80 per cent of gas used in the Territory is currently consumed in generating electricity. However, offshore gas for Darwin could be expected to make little or no use of the Amadeus Basin to Darwin gas pipeline. The indications are, nonetheless, that even in such a scenario, there will remain a good use for the pipeline to transport gas fuel for electricity generation in centres south of Darwin, including Katherine, Pine Creek, McArthur River, Tennant Creek and Alice Springs.

Negotiations Not Yet Finalised

Negotiations not yet finalised have the capacity to influence the achievement of budget projections and have the potential to affect both revenue and expenses as well as the Statement of Financial Position.

Reporting on these issues is complicated by the objective of full disclosure on the one hand, and the commercially sensitive nature of financial details on the other. As there is potential for negotiations to be jeopardised by full disclosure, the practice not to disclose details of negotiations not yet finalised has been adopted.

Disclosure of Legal Proceedings

Again on the basis that disclosure is likely to jeopardise the outcome of legal proceedings brought by and against the Government, the practice is not to report the potential expected financial implications of such actions. This practice is consistent with the Government's legal advice on these matters.

CLASSIFICATION OF AGENCIES IN THE NORTHERN TERRITORY PUBLIC SECTOR

GENERAL GOVERNMENT*Included in Public Account*

Auditor-General's Office
 Ombudsman's Office
 Department of the Chief Minister
 Department of the Legislative Assembly
 Northern Territory Treasury: Services
 Northern Territory Treasury: Superannuation Office
 Department of Employment, Education and Training
 Centralian College
 Northern Territory Police, Fire and Emergency Services
 Department of Justice
 Department of Corporate and Information Services
 Information Technology Management Services (a)
 Government Printing Office (a)
 NT Fleet (a)
 Department of Business, Industry and
 Resource Development
 Northern Territory Tourist Commission
 Territory Discoveries (a)
 Department of Community Development, Sport
 and Cultural Affairs
 Aboriginal Areas Protection Authority
 Department of Health and Community Services
 Department of Infrastructure, Planning and Environment
 Construction Division (a)
 Territory Wildlife Parks (a)
 Trade Development Zone Authority

External to Public Account

Australasia Railway Corporation
 Northern Territory Legal Aid Commission
 Batchelor Institute of Indigenous Tertiary Education

PUBLIC NON-FINANCIAL CORPORATIONS*Included in Public Account*

Housing Business Services (a)
 Darwin Bus Service (a)
 Darwin Port Corporation (a)
 Power and Water Authority (a)

External to Public Account

Darnor Pty Ltd
 Gasgo Pty Ltd

PUBLIC FINANCIAL CORPORATIONS*Included in Public Account*

Northern Territory Treasury Corporation (a)

External to Public Account

Territory Insurance Office

(a) Government Business Divisions

NORTHERN TERRITORY PUBLIC ACCOUNT (a)

	2000-01	2001-02	2001-02	2002-03	2003-04	2004-05
	Actual	May Budget	Mini Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 880	1 883	1 957	1 969	2 018	2 084
Final Consumption Expenditure	1 388	1 371	1 436	1 479	1 522	1 582
Interest Payments	173	188	177	163	171	171
Current Grants	257	256	275	257	258	264
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	93	218	270	251	233	217
Gross Capital Expenditure	191	153	233	225	205	188
New Fixed Capital Expenditure	224	244	256	247	228	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	- 291	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	1 973	2 101	2 227	2 220	2 251	2 301
REVENUE	1 951	2 039	2 037	2 111	2 180	2 240
Taxes	221	216	216	232	243	241
Net Operating Surplus of PNFC's and PFC's	53	51	40	42	39	37
Interest Received	31	30	31	31	33	32
Grants Received	1 595	1 691	1 695	1 750	1 809	1 874
Other Revenue	51	51	55	56	56	56
DEFICIT AND FINANCING TRANSACTIONS	21	62	191	109	70	61
Net Advances Received	- 76	35	37	3	3	9
Net Domestic and Overseas Borrowings	236	62	162	2	12	13
Increase in Provisions (net)	62	50	62	62	62	62
Other Financing Transactions	- 201	- 85	- 70	42	- 6	- 23
TOTAL FINANCING TRANSACTIONS	21	62	191	109	70	61
Less Increase in Provisions (net)	62	50	62	62	62	62
DEFICIT (+) / SURPLUS (-)	- 41	12	129	46	8	- 1

(a) Presented on a UPF basis, excludes entities external to the Public Account as set out in Appendix 2.1.

GOVERNMENT INITIATIVES

OVERVIEW

This chapter provides a report on the way the new initiatives outlined in *Labor's Financial Statement* have been included in the November 2001 Budget and are to be funded and delivered in 2001-02 and over the forward estimates period. Initiatives were estimated to cost \$19.6M in 2001-02 and rising to \$68.65M in 2004-05 to be funded by savings across a number of functions.

The new Cabinet's first decision following the election in August was to implement the pre-election commitments during its first term. However, the Government had to acknowledge the financial situation it had inherited.

Consequently, in the development of the Mini Budget each of the initiatives, both expenditure and savings items, were examined in detail, costings were recalculated and alternative means of implementation were considered. Detailed below is each commitment in *Labor's Financial Statement* and the Government's decision, as incorporated in the Mini Budget.

EXPENDITURE INITIATIVES

HEALTH

A: Hospitals

1. **Increase the number of Hospital nurses by 75 over the next two years (20 from 1 January 2002, 30 from 1 July 2002, and 25 from 1 July 2003), and increasing their pay levels over Labor's first term by 15%**

The approved funding in the Mini Budget takes into account the revised timing of the implementation of this initiative, being an additional 75 nurses over the first term, by 10, 30, 50 and 75 commencing in 2001-02. This timing is more achievable given the difficulty in recruiting nurses. In addition, this amount includes the recent nurses' EBA outcome and thus brings forward the commitment to increase salary by 15%, with 11% being achieved in the first two years.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
2.76	8.04	9.61	11.58

2. **Commit \$25m annually from the Capital Works Program to be spent on facilities and equipment (to be maintained in real terms)**

With the exception of the redevelopment of Royal Darwin and Alice Springs Hospitals now underway, there has been little spending committed to our hospitals and clinics over the last decade. The Government will dedicate capital spending of \$25m a year (maintained in real terms) over its first term to upgrade our hospitals and clinics. (This amount includes the existing commitments to Royal Darwin and Alice Springs Hospitals).

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
25.00	25.63	26.27	26.92

3. Oncology and Radiotherapy Unit for RDH

Territorians have a high incidence of cancer, and yet have to travel interstate for radiotherapy. The Government will establish an oncology and radiotherapy unit at Royal Darwin Hospital. The unit is part of the plan to make RDH a “comprehensive care centre” for Northern Australia and the Region to our north. As well as installing the appropriate equipment, the Unit will require ongoing funding for specialist staff. The additional nursing staff will be met from the commitment to provide 75 additional nursing staff. The estimated capital cost of up to \$14m is included as part of the commitment to Health Capital Works of \$25m a year. It is anticipated federal assistance toward the capital cost may be available, but this has not been factored into the Budget at this stage.

This item will be addressed in the development of the 2002-03 and future years Capital Works Program.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
	2.00	12.47	0.96

4. Increased Staff for Royal Darwin Hospital Emergency Department

There is a chronic shortage of staff for the Accident and Emergency Unit at Royal Darwin Hospital. The Government will commit \$0.5m a year from 1 July 2002 (maintained in real terms) to overcome staff shortages and to employ sufficient specialist staff to ensure the accreditation of the Unit is upheld.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.51	0.53	0.54

5. Establish Clinical Implementation Groups in Accident and Emergency Units and Intensive Care Units in Darwin and Alice Springs

These groups of specialist clinicians and senior nurses will oversee the maintenance of accreditation standards in their respective areas. No budgetary impact is anticipated, as existing resources can be refocused to achieve this outcome.

6. Improved Access to Tele-Conference and Tele-Medicine facilities

The Territory’s vast distances and dispersed population make it ideal to exploit the advantages of state-of-the-art information technology to deliver services, both across State borders and within the Territory to remote community health clinics. It is envisaged that this will be coordinated with the roll-out of IT technology in remote areas arising from the Commonwealth “Networking the Nation” program.

This initiative will be undertaken within existing resources.

7. Establish "Health Direct" - a 24 hour Free Call service and Internet Site

Many Territorians do not have ready access to health facilities and medical practitioners. In Darwin, inadequate numbers of medical practitioners provide after hours service resulting in inappropriate reliance on the Accident and Emergency Unit at RDH for after hours care, often in non-urgent categories of treatment. Rather than having people present to the A&E Unit, "Health Direct" will provide 1-800 free call advice over the phone or via email, backed up by staff of the A&E Unit. The "Health Direct" internet site will also show triage waiting times, and elective surgery wait lists for each Territory hospital. The cost estimates include an additional two staff for the A&E unit, with existing staff of the A&E unit also contributing to handling some calls. These services will only be introduced after consultation with private medical practitioners.

This initiative will now commence from 2003-04, with additional funding provided as originally proposed.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	0.29	0.27

8. Accelerate the Planning and Introduction of Electronic Health Records in Conjunction with the Commonwealth

While ensuring privacy concerns are adequately addressed, the Government supports the introduction of Electronic Health Records to improve the diagnosis and treatment of patients, with improvements to patient care, as well as administrative and hospital savings over the longer term.

This initiative will be undertaken within existing resources.

9. Allow greater flexibility in remuneration arrangements for specialist staff and clinicians

Currently, all specialist staff are on three year contracts, which can mean considerable uncertainty for them and their families, especially if faced with major relocation problems from/to interstate. Some specialists and clinicians may seek permanent appointment, while others may simply be seeking more flexible salary packaging arrangements and allowances for conference travel and participation to maintain their professional standards. A fixed amount is allowed for each year, increasing as new contracts are entered into.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.25	0.50	0.75	1.00

10. Establish a Recruitment, Retention and Professional Development Taskforce

Established in conjunction with professional bodies and unions, the Taskforce will identify strategies to overcome the current difficulties in attracting and retaining staff across all health areas. No budgetary impact is anticipated, as existing resources can be refocused to achieve this outcome.

11. Increase funding for Professional Development and Training from 0.9% of the Health and Community Services personnel budget to 1.2% from 2002-03

While extensive efforts are made to recruit nurses and medical staff to the Northern Territory, more must be done to assist them in further study, to update qualifications or to attend conferences to keep up to date with the industry. This will equate to over \$2.0m in additional funding over the Government's first term.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.73	0.77	0.79

12. Savings from Improved Retention Rates for Nurses and Medical Officers

Details of this initiative are provided in the "Savings" section of this chapter.

13. Establish a Territory Health Council, reporting directly to the Health Minister

The Government will establish a Health Council consisting of urban and regional practitioners and specialists, with representatives from nurses, industry bodies and unions. This group will meet quarterly, allowing experts in the health field to put their concerns, ideas and recommendations directly to the Minister.

This initiative will be undertaken within existing resources.

B: Remote Area Health

14. Additional support for the development and distribution of Indigenous Health Care Manuals to all Remote Area Clinics to improve standardisation of diagnosis and treatment

Nurses working in remote areas are often presented with conditions for which general training has provided them with little experience.

In conjunction with Indigenous medical services, the Government will support the further development and distribution of suitable manuals with clinical practice guidelines to identify and treat ailments to all remote area clinic staff to ensure nurses have this as a first resource. The manual will also be available through the Government intranet. New nursing recruits will also be issued with their own manual. Updates will also be available through the NT Government Intranet.

This initiative will be undertaken within existing resources.

15. Support the development of links with specialists in major training hospitals interstate to visit remote areas as part of the Specialist Outreach Program

The Territory experiences many Third World health problems in a First World environment. There are many health professionals and specialists who want to both change the health status of Indigenous Australians, as well as developing important skills to take to other regions of the world. Australia's Defence Forces have already undertaken valuable work in this regard, and bodies such as the Fred Hollows Foundation demonstrate the private sector's interest in this field. The Territory therefore offers an opportunity for a range of clinical specialists to broaden their experience. The Government will continue to support the Specialist Outreach program to strengthen links with major training institutions to encourage their participation in addressing the health problems experienced in the Territory.

This initiative will be undertaken within existing resources.

16. Ensure standardised child health monitoring programs are mandatory in every remote community

The appalling health profiles of Indigenous people now experienced across the Territory begin in childhood. While we need to care for those who already require treatment, the Territory must do what it can now to ensure young Territorians don't face the same prognosis as their older relatives. That means establishing a strict program of health monitoring in communities to detect problems as early as possible, to ensure that intervention is undertaken to avoid these children ending up in our hospitals. While many clinic staff monitor the health of patients, there is no systemic program requiring monitoring across the Territory.

The monitoring program will be developed in conjunction with health experts and Indigenous medical services, to include the 0-5 age group initially, extending to the 6-10 age group over time. Aboriginal medical services will be encouraged to undertake a similar health monitoring program where they, rather than Health and Community Services, are the service providers, including in urban areas.

The initiative will be undertaken within existing resources.

17. Increase regional Health Care Teams by 25 personnel, with specialist skills in child health to visit remote area clinics and to provide relief staffing arrangements in communities when required

Too often remote area clinics are overwhelmed with the large number and wide range of cases presented in communities. The Government will reinforce the child health monitoring program with teams of additional specialist nurses employed to travel through the regions visiting clinics and schools on a regular basis to help identify childhood health problems, and to assist and advise on the provision of appropriate treatment and care within the community. These will have specialist skills in the areas of child health/school nursing, speech therapy and occupational therapy. These teams of five nurses each, will be based in each of the five major centres of the Territory, (Darwin, Alice Springs, Tennant Creek, Katherine and Nhulunbuy) and travel to remote areas. It is anticipated Commonwealth assistance will be forthcoming under either the Health or Indigenous Affairs portfolios, although this has not been factored in. These staff will also be utilised to provide short-term relief in communities when permanent staff are on leave.

The initiative has been incorporated into the Mini Budget and forward estimates as originally proposed, however funding has been adjusted to a more appropriate level.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.22	2.22	2.22	2.22

18. School health programs

The issues of Indigenous health also need the cooperation of schools to ensure that children's illnesses are detected early and appropriate treatment occurs. Class teachers and the school environment can help reinforce the work that the health professionals are undertaking. Often these can be simple tests, like the Blowing, Breathing, Coughing (BBC) test, which can help identify chest and respiratory infections. Another successful program in the Kimberley of Western Australia was to encourage nose-blowing, with schools ensuring tissues were readily available, and used, by children. Another area is for school canteens or community stores to provide healthy breakfasts for children attending school, such as yoghurt and fruit. The teams of specialist nurses and clinic staff will work

with schools, advising teachers to identify various health problems, and when to recommend children visit the health clinic for treatment.

Most of these programs can be met by refocusing existing resources. However, the Government will introduce a pilot nutrition program for 500 students in remote areas, to provide healthy breakfasts from 2003-04.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	0.31	0.32

19. Renal Dialysis Provision in Tennant Creek

The Tennant Creek region suffers the highest incidence of renal disease in the country, yet the nearest dialysis unit is in Alice Springs, 500km away. As part of the Government's commitment to the health of all Territorians and to Indigenous organisations taking a greater role in service provision through Indigenous Framework Agreements, Anyinginyi Congress will be assisted to provide the service, as outlined in the Cooperative Research Centre for Aboriginal and Tropical Health study. \$400,000 a year (maintained in real terms) will be provided from 2002-03.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.41	0.42	0.43

The initiative has been incorporated into the forward estimates as originally proposed.

C: Other

20. Provision of 24-hour call service in Darwin for people with disabilities living independently in conjunction with NGO sector

People living independently with disabilities can often find they need emergency assistance. Currently, they have to rely on ambulance services, experiencing lengthy delays and inconvenience, as well as being a costly way of providing the service. The Government will invite tenders for this service from the non-government organisation (NGO) sector, to provide an "at call" service for people living within the Darwin/Palmerston area.

This initiative will be undertaken within existing resources.

21. Capital Assistance for new Aged Care Facility

Darwin suffers from an acute shortage of nursing home beds. 156 patients are currently on waiting lists for nursing care, many of them utilising scarce resources in our hospitals. A number of Territory families have faced the predicament of sending ageing relatives to centres in other States, far distant from emotional support networks.

The Government will invite suitably experienced care providers by tender to provide a new facility in Darwin. Capital assistance of up to \$3 million will be provided to ensure construction of a suitable facility commences soon.

The initiative to be incorporated as proposed, with funding to be provided from the Capital Works Program. Timing to be considered in the development of the 2002-03 Capital Works Program.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	3.00	0.00	0.00

22. Construction of a Hospice at RDH

The Government will extend the existing redevelopment of Royal Darwin Hospital to provide for a specialised Hospice Unit. The unit will be staffed from the increase in nurses indicated above.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	3.00	0.00	0.00

23. Construction of a Birthing Centre

The Government recognises that many women prefer other choices than the standard hospital labour ward for the delivery of their children. The Government will construct a Birthing Centre on the RDH campus to provide for alternative birthing services, to be staffed by the proposed increase in nurses.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	0.00	2.50

24. Current and capital assistance for improved Drug Rehabilitation Services

As part of the Government's plan to tackle drug-related crime, additional assistance will be available to NGOs providing care and rehabilitation facilities in Darwin and Alice Springs. Assistance with the purchase of 3 suitable "half-way" houses, and recurrent funding of \$300,000 p.a. maintained in real terms will be provided, commencing from 2003-04.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	0.56	0.62

LIFESTYLE**A: Lifestyle, Arts and Culture****1. Increase Arts Grants by \$250,000 p.a. over first term**

The Northern Territory is a diverse, multicultural society, with the strongest living Indigenous heritage of any Australian jurisdiction. The Government will provide an extra \$250,000 p.a. in grants and subsidies for arts organisations from 2002-03.

The initiative has been incorporated into the forward estimates as originally proposed. However, the arts grants program will provide funding for the "Big Day Out" on a biennial basis.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.25	0.25	0.25

2. Establish Territory Arts Grants Board

The Board will be responsible for distributing funding above to arts organisations, removing Ministerial decision making from the sponsorship programs. Arts funding will therefore be determined by peer assessment. The Board will be the final arbiter of funding decisions.

This item is to be funded from within existing resources. The commencement date is subject to the timing required to reallocate existing priorities.

3. Construct and Operate National Indigenous Museum and Cultural Centre in Alice Springs (valued at \$30m) in conjunction with the Commonwealth and Private Sector

Although originally proposed as a stand alone facility, representation from Indigenous bodies has indicated the resources should more appropriately be combined with existing projects, especially the Desert Knowledge Centre in Alice Springs. The Government acknowledges this is consistent with the original proposal to enhance Alice Springs as a national centre for Indigenous culture and learning, in conjunction with funding from the Commonwealth, Indigenous organisations and the corporate sector.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	5.00	5.53

B: Families, Aged and Youth**4. Increasing the NT childcare subsidy by \$7.50 per week, and the provision of an additional \$300,000 p.a. in assistance to child care centres from 2002-03.**

High quality care of our children is essential to the future of the Territory. On top of Australia's highest cost of living, the cost of child-care places an additional burden on Territory families. As originally proposed, the Government will increase the NT childcare subsidy by \$7.50 a week from 1 July 2002 (estimated to cost \$1.9m over the following three years), payable to childcare centres. A further \$300,000 p.a. will be provided to centres to maintain quality standards and to increase the number of childcare places available.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.91	0.92	0.93

5. Establish Office of Children and Families

The Office of five staff to be established within the Chief Minister's Department from 2002-03. It will have the primary role of developing a whole of government policy approach to enhancing family wellbeing. The Office will also be responsible for ensuring that line agencies provide services that are consistent with the overall approach.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.12	0.64	0.66

The Office is likely to be located in the Department of Health and Community Services.

6. Establish Territory-wide Free Call Family Help Line

This line, to be staffed on a regular office hours basis by the Office of Children and Families will offer advice to parents and refer people to local sources of help. This initiative will be undertaken within existing resources.

7. Establish Family Support Internet Site

To complement the Free Call phone line, the Office of Children and Families will also establish a Family Support internet site, that will provide information on family support services and contact details, available 24 hours a day, seven days a week.

This initiative will be undertaken within existing resources.

8. Transfer Office of Senior Territorians from THS to Chief Minister's Department

To improve the whole of Government coordination of services to senior Territorians, the Office will be transferred to the Chief Minister's Department. No budgetary impact of the transfer is anticipated.

9. Establish Seniors Advisory Committee

The Government believes that mature age Territorians have valuable and relevant contributions to make and deserve a forum providing direct access to the Chief Minister. The Committee will meet periodically with the Chief Minister and senior staff. Teleconferencing and video-conferencing will be utilised for those unable to travel to meetings. No budgetary impacts are anticipated.

10. Personal Safety Assessment program for Seniors

Safety and security is of vital importance to seniors. A Personal Safety Assessment program will be established through the NGO sector in partnership with corporate and government sectors. This program will include personal wellbeing (e.g. falls prevention, vital call availability, insurance, as well as crime prevention.) NGOs will be invited to tender for coordinating the service with funding for a part-time position available.

This initiative will be undertaken within existing resources.

11. Establish “Home Bake/Big Day Out” Music Festival to run every two years

Young people in the Territory miss many of the opportunities their interstate counterparts have to see live music. Labor proposes to assist with \$50,000 the running of a biennial music festival to showcase local talent, and to be run in conjunction with YouthFest Month.

This initiative to be incorporated as proposed, but funded by the increased arts grants as identified above.

12. Territory YouthFest Month

This proposal has been deferred in lieu of the commitment to the “Big Day Out”. Should financial circumstances improve sufficiently, it will be reinstated.

13. Trial Youth Centres in Nightcliff and Borroloola

Like young people everywhere, the Territory is confronted with the problem of a lack of places for young people to be able to gather in a supervised environment. This is a particular problem for families with teenage children who are too old to be placed in day care and yet too young to be left for extended periods unsupervised. The drop-in centres will provide a range of activities for youth, including networked computers for games, arts and crafts, games and video equipment.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.31	0.58	0.59

14. Increased grants to Community Government Councils to employ Sport and Recreation Officers in Remote Communities

Indigenous youth in remote communities are particularly vulnerable to problems arising from social dislocation. Many left to their own devices end up in trouble with the law, for the lack of organised activities. And yet these same people often have prodigious sporting talent that is left undeveloped. The Government will increase grants by \$300,000 p.a. (maintained in real terms) to remote communities to employ full or part-time Sport and Recreation officers to promote the participation in organised sporting competitions.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.15 (half year)	0.31	0.32	0.32

15. Grant Funding for Wanguri BMX Club

The Wanguri BMX Club provides an exciting outlet for youth in the northern suburbs of Darwin. This Club, run by young people in the area, is seeking to host the NT BMX titles in October 2001. \$30,000 in grant assistance will be provided to allow upgrades to the track and Club in time for the titles.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.03	0.00	0.00	0.00

16. Grant Funding for Darwin Family Centre

The Playgroup Association at the Darwin Family Centre will be provided with assistance of \$170,000 in 2002-03 to install air-conditioning and upgrade its activity areas. Additional funding of \$25,000 a year (maintained in real terms) will also be provided each year to employ a part-time Inclusion Worker.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.01	0.20	0.03	0.03

C: Ethnic Affairs

17. Increase grants to Multicultural organisations

The Territory's rich and vibrant multicultural community could do so much more with extra support from Government. An extra \$250,000 each year from 2002-03 will be available to organisations to support their activities throughout the community. This amount will also be utilised to cover the following item.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.25	0.25	0.25

18. Provide \$150,000 in Cultural and Linguistic Scholarships

The Territory’s multicultural community will be supported to provide scholarships for selected members to undertake further study in languages or other cultural activities related to their origins. Individual grants will be subject to a ceiling of \$30,000, and will be chosen following the endorsement of individual cultural associations. This initiative is to be undertaken within funding for the above item.

D: Recreational Fishing

19. Facilitate Fishing Access Agreements between AFANT and Indigenous Landowners

As part of its overall whole of government policy direction of improved relationships between Government and Indigenous Territorians, the Government will institute a series of Regional Agreements with representative Indigenous groups where there are common geographic and/or historical and cultural associations. The framework of Regional Agreements will facilitate the negotiation of agreements between Government, fishing bodies and Indigenous landowners to allow greater recreational fishing access to waters on Aboriginal land. No budgetary implications are anticipated.

20. Facilitate Fishing Access Agreements between AFANT and Pastoral Land Holders

The Government is committed to ensuring the current provisions of the *Pastoral Land Act* regarding fishing access on pastoral leases are upheld, and will facilitate the conduct of negotiations between the Amateur Fishermen’s Association of the Northern Territory (AFANT) and pastoralists to deliver improved outcomes for recreational fishing, without significant detriment to lease holders. No budgetary impact is anticipated, as existing resources can be utilised to achieve this outcome.

21. Improved Fishing Access Infrastructure

In order to deliver on its promise of improved access for recreational fishing, the Government will commit \$0.5m (2001-02 dollars) per year to improved boating infrastructure such as launching ramps, road access, groynes, camp grounds and artificial reefs. This amount will be maintained in real terms each year, and funded from the Capital Works Program. No net increase in overall budgetary outlays is anticipated. This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.50	0.51	0.53

22. Establish Ministerial Advisory Council on Fishing

In order to ensure Government is kept well informed of issues affecting recreational fishing in the Northern Territory, a Ministerial Advisory Council will be appointed with representatives from relevant organisations such as Departments, NTU, developers and fishermen to examine and report on issues of concern. No budgetary impact is anticipated, as existing resources can be refocused to achieve this outcome.

23. Refocus Research Efforts to Identify Impacts on Recreational Fishing of Commercial Fishing and Aquaculture proposals

Any research into fishing must also investigate the impact of decisions on recreational fishing. No budgetary impact is anticipated, as existing resources within the Department of Business, Industry and Resource Development can be refocused to achieve this outcome.

24. Fund AFANT on triennial basis, increasing the base grant to \$100,000 a year

The Government recognises AFANT's important role in recreational fishing, and will fund it accordingly.

This item is to be included as proposed, utilising funding currently in the Departments of Community Development, Sport and Cultural Affairs, and Business, Industry and Resource Development.

25. Establish River Watch along the lines of Neighbourhood Watch from 2002-03

The Government will provide communities with the opportunity to assist in protecting the resources of their area. This will initially be conducted as a trial, with extension depending on the results. A small amount of budgetary assistance (\$50,000 p.a.) is anticipated, to liaise with, and disseminate information to, community groups. This initiative will be undertaken within existing resources.

26. Establish a program of Indigenous Community Fisheries Officers (ICFOs)

This will be based on the Aboriginal Community Police Officers program, allowing communities to have more direct involvement in the protection and management of their fishing resources. While this will be progressively introduced from 2002-03, on the basis of 5 officers to be employed over the term; funding is provided for 1 officer in 2002-03, 3 in 2003-04 and 5 in 2004-05. Funding has been included at a more appropriate level.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.09	0.27	0.45

E: Other

27. Freeze domestic electricity prices over the Government's first term

Deregulation and the arrival of Timor Sea gas onshore may allow for a reduction in domestic electricity prices over time. In the meantime, the Government undertakes that prices charged to domestic consumers will not rise. Given this reflects a "no policy change" assumption, the budgetary impact is anticipated to be zero.

EDUCATION**A: Schools****1. Employment of 100 extra teachers**

Spending on public education according to the Commonwealth Grants Commission is well below what national standards would dictate. Our schools are inadequately staffed, especially in the areas of special education, and the Government's efforts to increase the retention of Indigenous students in particular, in line with the Collins Report into Indigenous education require an expansion of the teaching service.

The initiative has been incorporated into the Mini Budget and forward estimates as proposed; timing for recruiting the 100 additional teachers to be provided over the term, is 20, 40, 60 and 100 per calendar year commencing in 2002.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
1.11	3.22	5.21	8.14

2. Establishment of Teacher Registration Board

The Teacher Registration Board would consist of professional nominees who would receive meeting fees and travelling expenses to attend meetings. The Board will initially consist of two additional staff to the Department, plus the reallocation of existing staff as the need arose. The Board will be largely self-funding through nominal fees of \$75 p.a. on teachers, and be responsible for allocating the Department's professional development budget for teachers. Any additional funding requirement is to be met from within existing resources.

3. Student Teacher Bursary Scheme

In order to increase the number of Territorians entering the teaching profession, and thus to increase long-term retention and reduce recruitment costs, the Government will provide a bursary for up to 20 students to attend NTU and other accredited NT training institutions for teacher training each year. The bursary, to commence from 2002 will be at the rate of \$12,000 per student per year, to be maintained in real terms.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.12	0.49	0.76	1.03

4. Resourcing School Councils and Parent Groups

To assist remote and urban school councils participate in peak representative groups, additional funding to school councils and school clusters of \$250,000 p.a. from 2002-03 (maintained in real terms) will be provided. The funds will also be available to involve parents in the upkeep of homework programs, activities in response to special education needs and in school to work transition. This initiative will be undertaken within existing resources.

5. Implementing Collins Report Recommendations

Of the 178 recommendations, a substantial number required little if no additional funding, rather the reallocation of priorities within the Department, or the inclusion of communities in developing programs for students. The Government is committed to introducing those changes where no budgetary impact is anticipated.

6. Looking After School Facilities

The Government will introduce a rolling five-year program for facilities maintenance in close consultation with their schools and communities. A minimum \$5 million per year will be dedicated to this function from the Capital Works Program commencing from 2002-03 to ensure our schools are maintained at appropriate standards.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	5.00	5.13	5.25

7. School Attendance Officers

To help address truancy and behavioural problems in schools, the Government will introduce school attendance officers. The costs are based on 8 staff located in the major Territory centres from 2002-03.

The 8 staff are to be employed over the term with 2 in 2002-03 rising to 5 in 2003-04 and 8 in 2004-05.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.17	0.43	0.68

8. Establish Diversionary Programs for Wayward Students

The Government will introduce diversionary programs at a cost of \$0.5M (maintained in real terms) from 2002-03 to help get wayward students back to the classroom.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.50	0.51	0.53

9. Extend VET programs in schools down to Year 9 Level

In order to improve the relevance of school-based education, improve retention rates and school to work transition rates, the Government will provide \$1M (maintained in real terms) for VET programs in schools commencing in January 2002. As the worst retention rates are for Indigenous Territorians, the Government expects to be able to negotiate additional Commonwealth assistance on a one-third/two-thirds basis, thus boosting the funding available.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.50	1.03	1.05	1.08

10. Savings from Improved Retention Rates for Teachers

Details of this initiative are provided in the “Savings” section of this chapter.

11. Increased funding for the School of Languages (Nightcliff)

The School of Languages provides a service for students across the Darwin region to further their language studies, complementing language units in schools, as well as providing language courses for students from schools without language availability. The Government will provide an additional \$200,000 p.a. (maintained in real terms) to provide growth funding for the School, to be met from within existing resources.

12. Improving Outcomes under the Learning and Technology in Schools (LATIS) program: improved co-ordination with existing Commonwealth programs to reduce duplication of cost and effort

The Government will seek working alliances and contractual agreements with Territory and northern Australia groups that are establishing telecommunications infrastructure under the federal “Networking the Nation” programs. Such arrangements will allow the introduction of full two-way interactive links into LATIS and avoid duplication of cost and effort. No budgetary impacts are anticipated.

13. Produce and implement strategic plan for the development of educational digital content (websites and CD ROMs)

The Government will collaborate with the private sector, the Territory higher education sector, government agencies and schools to produce and implement a strategic plan for the development of educational digital content in the form of website and CD Rom products. No budgetary impacts are anticipated.

14. Create career paths for teachers with IT expertise within the Teachers of Exemplary Practice (TEP) program

The Government will create career paths based on open learning expertise within our education system. This expertise will support the development of LATIS and also be available at a later stage for export to other education systems in Australia and overseas. No budgetary impacts are anticipated.

B: TAFE and Higher Education**15. Establish Department of Employment and Training**

Details of this initiative are provided in the "Savings" section of this chapter.

16. Employment of Additional 5 Regional VET Co-ordinators

Increasingly the administration of VET has become centralised in Darwin, resulting in lower levels of service to the Territory's regional and remote areas. In particular the development and coordination of training for Indigenous communities has suffered. The Government will provide for an additional 5 VET coordinators to be located in the Territory's regional centres from 2002-03, linking training programs with regional development needs, especially under the program of Regional Framework Agreements across a range of service delivery areas.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.12	0.45	0.66

17. Payment of Employment Bonuses to firms hiring new trainees or apprentices

To encourage the growth of traineeships and apprenticeships, the Government will provide an employment bonus of \$1 000 per trainee. Up to 500 will be available each year. The employment bonus will be restricted to small business with a turnover less than \$10m a year. This will be funded through the rationalisation of existing business assistance programs.

18. Increased funding for NTU and other Higher Education Institutions through the redirecting of up to \$7m annually in Government consultancy expenditure

The Government is committed to making our University and the Batchelor Institute of Indigenous Tertiary Education more viable institutions, integrated into our community and providing commentary and analysis on the full range of issues affecting the Northern Territory, including Government policy. The Government will underpin the University's role in our community by redirecting up to \$7m annually in consultancy expenditure to it. This money will enable the University to employ the expertise to reinforce its course delivery. The net impact on the Budget is zero, reflecting the diversion of expenditure that would otherwise have been directed to other providers.

LAW, ORDER AND EMERGENCY SERVICES**1. Establishment of Crime Prevention Unit in the Department of Justice**

The existing Crime Statistics Unit will be boosted by the employment of an additional 5 staff to undertake analysis of policy options, co-ordinate their development and introduction across Departments and to make recommendations to Cabinet. Funding to be identified from the resources available through the administrative restructure.

2. 50 Extra Police over the Government's first term

The Government has a number of initiatives that will require additional Police resources, to ensure we have sufficient Police to enforce our existing and/or new laws. Rather than individually costing each initiative, the costings under this item indicate the incremental effect of employing additional Police each year commencing from 1 January 2002.

This item has been included as proposed, with 50 extra Police to be employed during the first term by 10, 20, 30 and 50 commencing in 2001-02. Funding will also provide for an additional 7 support staff and 6 additional vehicles.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.64	2.58	3.93	6.54

3. 16 Extra Fire Officers

The initiative has been incorporated into the forward estimates as proposed. The 16 additional Fire Officers are to be provided over the term by 5, 10 and 16 from 2002-03.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.46	0.93	1.49

4. 4 Extra Ambulance Officers (1 per year)

Darwin's Ambulance Services are also understaffed. As a result, emergency calls to 000 have resulted in the Fire Services responding to medical emergencies. An additional staff member each year will be added to the Ambulance Service.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.06	0.26	0.39	0.54

5. New Police, Fire and Emergency Services Station for Darwin Rural Area

To improve response times for this area where around 20,000 Territorians have made their home, a new multi-purpose Police, Fire and Emergency Services Station will be built at a cost of \$1m. Employment of 10 staff upon completion in 2003-04 will inject a further \$1.5m into the Darwin rural area economy each year. The staffing costs will be met from the additional resources indicated above.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.25	0.75	0.00

6. Replacement of Casuarina Fire Station

By the end of the Government's first term, the Fire Station at Casuarina will be replaced at an estimated cost of \$4m.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	1.00	3.00

7. Additional Police Numbers for Street Patrols and Home Invasion Squad

The Government's 6 point plan to tackle property crime means additional resources on the street, to help deter offenders, as well as to be able to respond quickly when trouble occurs. The Government will utilise the increase in Police numbers (above) to achieve this outcome. There is no additional budgetary impact.

8. Doubling of Drug Squad from 20 to 40 Officers

The Government's plan to tackle Drug Crime will double the Drug Squad from 20 to 40 officers over the next four years. Tough new laws allowing the search of suspected drug houses, nightclubs as well as amendments to acts related to the seizing of drug-related assets will complement the increase in Police resources. The Government will utilise the increase in Police numbers to achieve this outcome.

9. Increased assistance for Neighbourhood Watch/NTsafe programs by \$250,000 a year

The Government will increase the assistance for the Neighbourhood Watch and NTsafe programs by \$250,000 a year (maintained in real terms) from 2002-03, to enable more community-based initiatives to be undertaken to reduce crime.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.26	0.26	0.27

10. Clean-up assistance to Victims of Crime

The Government's 6 point plan includes tangible assistance to victims of crime, to help clean up and secure homes that have been broken into. While this will be done with the assistance and cooperation of community groups, the Government will help these groups to help Territorians, by providing \$50,000 per year (maintained in real terms) to purchase equipment and cleaning materials, and other items required to help Territorians after the trauma of home invasion.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.03 (half year)	0.05	0.05	0.05

11. Construct Palmerston Court House at cost of \$5m

At present, all offenders in the Palmerston and rural areas have to travel to Darwin for Court appearances. A local Magistrates Court will allow local support programs to be more effectively delivered and allow for mediation and victim impact conferences to take place in the local community.

This item will be addressed in the development of the 2002-03 and future years Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	2.00	3.00

12. Introduction of a Youth Night Patrol and Safety House

NGOs will be invited to tender for the provision of a Youth Night Patrol able to assist children in need in the Darwin area. In addition, the Government will provide a suitably located Territory Housing house at peppercorn rent where supervised emergency overnight accommodation can be provided for these and other young people.

Funding for this item has been included as proposed, with implementation brought forward from 2002-03 to 2001-02.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.31	0.32	0.32	0.32

BUSINESS**1. Establish an Office of Territory Development within the Chief Minister's Department**

To enhance the strategic focus of the whole of Government, a small unit will be established within the Chief Minister's Department to attract interstate and multinational firms to establish in the Territory across a range of areas including primary, secondary and service industries. Funding for up to five staff is allocated.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.12	0.64	0.66	0.68

2. Establish Short Course Business Skills Workshops

Territory business is still largely small business. While these businesses are often run by highly skilled tradespeople, there is an identified lack of business management and skills training available. The Government will fund short-course Business Skills workshops to be conducted around the Territory, to encourage the capacity of business men and women to effectively run and manage their operations in an increasingly competitive world. \$250,000 p.a. maintained in real terms is allocated.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.13 (half year)	0.26	0.26	0.27

3. Establishment of Business Case Managers

To assist small business deal with Government, business case managers will be allocated to businesses to assist in reducing the "red tape" burden on businesses needing approvals, licences, and assistance, and to pay taxes, fees and charges. Case managers are to be linked across Government utilising existing technology (such as Lotus Notes, which is universally utilised across all government agencies). However, an injection of \$250,000 in 2001-02 is provided to assist the upgrade of computer systems and staff training. The establishment of Department of Business, Industry and Resource Development will assist this strategy.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.25	0.00	0.00	0.00

4. Provision of Ex-Government computers to business to trial IT options

After further investigation, the costs of this initiative were considered to outweigh the benefits. Alternative means of assisting business are to be considered.

5. Government to absorb emerging cost of HIH liabilities for 2001

Arising from the collapse of HIH, some \$60m in workers compensation liabilities have now to be covered by other means. The emerging cost of these liabilities is estimated to be \$9m in 2001, (\$3m with respect to 2000-01, and a further \$6m in 2001-02).

The assistance is to be funded by way of a grant this financial year. The advance provided in 2000-01 will also be converted to a grant in 2001-02.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
6.00			

6. Commence reductions in Payroll Tax to levels from 2003-04 commensurate with the average of the amounts collected per private sector employee in neighbouring States

NT pay-roll tax collections per private sector employee are among the highest in the country. To attract new businesses to establish in the Territory, the Government will commence reducing pay-roll tax collections to levels commensurate with the neighbouring (and competing) States of Queensland, South Australia and Western Australia over its first term. The measures are expected to take up to 8 years to achieve in full.

However, due to the more pressing impact on business of the current plans to levy all employers for the liabilities arising from the HIH collapse, the Government is deferring the introduction of pay-roll tax reductions until 2003-04, and instead picking up the emerging cost of the HIH liabilities for 2001 in full - costing \$9 million.

The Government will consult with Treasury and business as to how best to achieve the reductions indicated at the rate of \$3m a year - either through lifting the threshold (currently \$600,000) or a reduction in the rate, or some combination of the two.

Revenue Foregone			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.00	3.00	6.00

7. Increase the stamp duty exemption for First Home buyers from \$80,000 to \$125,000

This item has been deferred and is subject to ongoing review, having regard to the effect of the QuickStart II Scheme and the additional funding which has been provided for Capital Works expenditure in 2001-02 as a means of assisting the construction industry.

8. Establish Energy (NT) Research Institute (ENTRI)

Based on the Minerals and Energy Research Institute of WA (MERIWA), ENTRI will comprise membership from Government, NTU, the private sector and other research bodies with secretariat support from the University. It is anticipated that over time contributions from the private sector will be secured. Initially, ENTRI will investigate and fund research priorities relevant to the oil and gas industries, particularly in areas related to operating in the Timor Sea and onshore in Darwin (thus complementing rather than competing with other research bodies). However, over time, it is anticipated that the research will extend into other areas, such as sustainable energy production. \$500,000 p.a. (maintained in real terms) is to be provided, commencing from 1 July 2002.

Additional Spending			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	0.50	0.51	0.53

9. Construction of Horticulture Packing/Storage Facility in Darwin's Rural Area

The horticulture industry is one of the rapidly growing sectors of Territory primary industry, but is fragmented by the range of industry participants and lack of quality control. In times of transport shortage (as occurred during the 2000 mango season), there is inadequate storage and packing facilities in the Darwin Rural area. While Government is prepared to construct the facility, it is expected that it will be leased and over time sold, to a cooperative association. The project will be funded from the Capital Works Program (i.e. no net budgetary impact).

This item will be addressed in the development of the 2002-03 and future years' Capital Works Programs.

Spending Commitment			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	1.00	1.00	0.00

SAVINGS INITIATIVES

The following savings measures were identified as the means by which initiatives will be funded.

1. Savings from Improved Retention Rates for Nurses and Medical Officers

The Government's policies of increased funding for a range of health areas, including nurses and clinicians, and training and development are anticipated to help change the culture of health services and improve retention rates across the service. This is expected to produce significant savings over time. Savings of \$250,000 a year have been factored in (cumulative over the first term).

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-0.25	-0.50	-0.75	-1.00

2. Savings from Improved Retention Rates for Teachers

The introduction of a Teacher Registration Board, and the provision of additional resources to local teacher training are expected to help change the culture of education in the Territory, thus improving retention rates of teachers. This is expected to produce significant savings over time. The Government has factored in savings of \$250,000 a year (cumulative over the first term).

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-0.25	-0.50	-0.75	-1.00

3. Establish Department of Employment and Training

This proposal has been replaced with the establishment of the new Department of Employment, Education and Training.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-0.19	-0.40	-0.42	-0.45

4. Cutting back on Ministerial Expenditure by reducing the number of Ministers from nine to seven

The nine Ministerial Offices and the Leader of the Opposition's Office were estimated to cost \$9.9m in 2000-01. This is almost \$1m on average to run each Office, for a population of under 200,000. The Government has reduced the number Ministers to seven, thereby cutting \$2m annually from the current forward estimates based on the 2000-01 outcome.

This has been incorporated as originally proposed, but with additional funding required in 2001-02 associated with the termination of previous Ministerial staff.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-0.80	-2.10	-2.20	-2.31

5. Abolishing the Government Communications Office

In 2000-01, just over \$2m was spent by the Office, largely duplicating work that is done by individual agencies. While there is some need for a whole of Government approach in some areas, this can be arranged on an *ad hoc* basis, without the requirement for an office of this annual cost.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-0.30	-1.28	-1.28	-1.28

This has been incorporated as proposed, with additional funding required in 2001-02 to finalise the transfer of staff. Ongoing savings are lower, equivalent to the ongoing budget of the Office.

6. Savings on Advertising, Marketing and Promotion

Territorians are increasingly being bombarded with self-promoting Government advertising, ranging from TV ads featuring Ministers, major promotions in newspapers, and glossy brochures letterboxed to every household. In 1999-00, this advertising (excluding Tourist Commission marketing) amounted to \$18.7m. In accordance with its Good Government policies, the Government will cut the waste, restricting advertising to the promotion of legitimate government needs, not *de facto* political advertising.

The savings are based on actual 2000-01 expenditure.

Additional Spending			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-2.03	-2.03	-2.03	-2.03

7. Savings on Legal Expenses

With the past NT Government's attitude to land rights and native title, combined with the outsourcing of legal services, the costs of legal services have risen astronomically, from just \$8.7m in 1997-98 to over \$26m in 1999-00. The Government will address issues relating to native title in a responsible and constructive fashion. Where appropriate, the Government will seek to resolve matters through negotiation. Where this is not appropriate, legal proceedings will still be utilised. In addition, the Government will ensure effective benchmarking of outsourced legal services. Savings of \$2 million a year over time are anticipated through a range of initiatives.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
0.00	-2.00	-2.00	-2.00

8. Savings on Consultancies

Expenditure on consultancies reached \$39.5m in 2000-01. A large portion of this was related to core agency expenditure. Many of the consultancies are either researching problems that are already well known and documented (in areas such as health and education), the marketing of the Territory and Government policies, or replacing the jobs that were done by public servants in the past.

The Government has introduced tough new procedures in order to restrict the use of consultancies including:

- requiring Ministerial approval for all individual consultancies greater than \$50,000 in value;
- requiring Cabinet approval for all individual consultancies greater than \$250,000 in value.

Upon achieving Government, CEOs of all NT Government Agencies were requested to supply details to the incoming Treasurer on all consultancies utilised by their respective Departments, both current and prospective. The Treasurer in conjunction with Treasury and the CEO concerned are reviewing the consultancy expenditure.

After detailed investigation it was concluded that the apparent rise in consultancy costs was due to data classification issues. Many agencies undertake some core business activities using consultants as the expertise is required intermittently throughout the year. Accordingly, the savings measures have been set at 10% of consultancy costs in 2000-01, with some consultancy costs removed on the basis that they represent core business activities.

Additional Spending			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-1.38	-1.38	-1.38	-1.38

9. Savings on Travel

The spread of telecommunications and video-conferencing technology means that it is no longer necessary to attend meetings in person. This trend is likely to increase, as the development of the Outback Digital Network (ODN) proceeds under the Commonwealth's "Networking the Nation" program. In 2000-01, \$25.5m was spent on official travel and travel allowances. The Government will reduce these costs by 10%, saving around \$2.5m a year.

Net Budgetary Impact			
2001-02	2002-03	2003-04	2004-05
\$m	\$m	\$m	\$m
-2.55	-2.55	-2.55	-2.55

10. Savings on Executive Management

Expenditure on Executive Management areas was originally budgeted at \$206m in 2001-02. Prior to the election, savings of 5% were anticipated, to commence from 2002-03.

It was decided not to proceed with this on the basis that other savings measures and savings from the revised administrative restructure will reduce the costs of executive management.

11. Adoption of Counter-cyclical Capital Works Programming

The construction sector is still heavily dependent on capital works spending by the NT Government. However, the program needs to be managed to take account of Commonwealth and private sector capital investment plans as well, to smooth the fluctuations that can occur in activity, while maintaining core levels of government services.

The Government currently anticipates expenditure on new fixed assets (excluding the railway) to average \$236m pa over its first term, compared with \$230m pa over the previous five years.

CAPITAL WORKS PROGRAM UPDATE

2001-02 CAPITAL WORKS PROGRAM

As part of the November 2001 Mini Budget, consideration was given to the adequacy of the level of cash allocated to the Capital Works Program and to the comparative level of activity in particular parts of the construction industry.

Even though the Government has embarked upon a deficit reduction strategy to move the Budget into surplus by 2004-05, it determined that an increase in the level of cash allocated for capital works in 2001-02 was necessary.

There is an increase of \$8.7 million in cash available for the Capital Works Program in the Mini Budget. Of this, \$2 million is provided for Aboriginal Essential Services; \$4 million has been provided for minor new works; \$1.5 million for a supervisory control and data acquisition (SCADA) system for PAWA; \$0.7 million for design and documentation of power and water to Wickham Point; and \$0.5 million for the Darwin Port Corporation for projects revoted in from 2000-01.

This increase in expenditure is expected to be of considerable benefit to small contractors throughout the Territory. In addition to the increase in capital works expenditure the Government has also approved a further \$6 million in increased repairs and maintenance, also to benefit small contractors.

FUTURE CAPITAL WORKS PROGRAM

One of the elements of the Government's fiscal strategy, as presented in *Labor's Financial Statement* prior to the election, was to adopt a counter-cyclical capital works program to complement the level of construction activity in the private sector. This strategy aims to stabilise employment in the construction sector through each economic cycle.

Labor's Financial Statement also states that all contracts signed under the previous Government would be honoured and all items on the program completed, although the timing of these items may be adjusted.

The Government will soon consider the 2001-02 Design List, incorporating capital projects identified in *Labor's Financial Statement*, in preparation for the 2002-03 Capital Works Program. Design List approval enables agencies to commence design and documentation work for projects. Following completion of design and documentation, a draft 2002-03 Capital Works program will be considered by Cabinet. Details of this program will be included in the 2002-03 Budget.

CAPITAL WORKS PROGRAM AND ESTIMATED EXPENDITURE BY CONSTRUCTION AGENCY

Agency	2001-02 MAY BUDGET (a)						
	Estimated					Estimated	
	Works Revoted In	Minor New Works	Major New Works	Program Delivery	Total Capital Works	Estimated Cash Expend	Works Revoted Out
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Department of Infrastructure, Planning and Environment	159.0	21.7	63.7	19.7	264.1	128.0	136.1
Infrastructure Development and Services	128.6	11.8	36.9	14.5	191.8	91.1	100.7
National Highways	8.7	1.7	13.2	1.5	25.1	13.5	11.6
Territory Roads	14.2	2.7	8.8	2.8	28.5	15.9	12.6
Transport Facilities	0.7	0.5	0.0	0.2	1.4	1.0	0.4
Aboriginal Essential Services	6.8	5.0	4.8	0.7	17.3	6.5	10.8
Department of Health and Community Services	0.0	0.0	5.1	0.0	5.1	2.0	3.1
Darwin Port Corporation	0.1	0.1	1.4	0.2	1.8	1.6	0.2
Power and Water Authority	20.6	8.3	13.4	2.6	44.9	34.5	10.4
Housing Business Services	28.4	1.6	14.3	2.9	47.2	26.0	21.2
Department of Employment, Education and Training	0.0	0.4	0.0	0.1	0.5	0.5	0.0
TOTAL	208.1	32.1	97.9	25.5	363.6	192.6	171.0

(a) adjusted to reflect revised responsibilities in accordance with the new public sector arrangements announced on 13 November 2001.

CAPITAL WORKS PROGRAM AND ESTIMATED EXPENDITURE BY CONSTRUCTION AGENCY

Agency	2001-02 MINI BUDGET						Estimated
	Actual Works Revoted In	Minor New Works	Major New Works	Program Delivery	Total Capital Works	Estimated Cash Exp	Works Revoted Out
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Department of Infrastructure, Planning and Environment	170.6	21.7	63.7	20.4	276.4	134.7	141.7
Infrastructure Development and Services	133.0	11.8	41.3	15.2	201.3	95.8	105.5
National Highways	13.9	1.7	8.9	1.5	26.0	13.5	12.5
Territory Roads	17.3	2.7	8.7	2.8	31.5	16.6	14.9
Transport Facilities	0.3	0.5	0.0	0.2	1.0	0.3	0.7
Aboriginal Essential Services	6.1	5.0	4.8	0.7	16.6	8.5	8.1
Department of Health and Community Services	0.0	0.0	5.1	0.0	5.1	2.0	3.1
Darwin Port Corporation	0.6	0.1	1.4	0.2	2.3	2.1	0.2
Power and Water Authority	19.2	8.3	15.2	2.6	45.3	36.0	9.3
Housing Business Services	25.2	1.6	14.3	2.9	44.0	26.0	18.0
Department of Employment, Education and Training	0.0	0.4	0.0	0.1	0.5	0.5	0.0
TOTAL	215.6	32.1	99.7	26.2	373.6	201.3	172.3

STRUCTURAL REFORM ISSUES

Improvements have been pursued in the commercial orientation and efficiency of operation of the Territory's government businesses since the mid 1990s. The objectives have been to reduce government and business costs and to free up government resources for other expenditure priorities.

Over the past twelve months, work has been proceeding on the development of a 'shareholder model' of corporate governance, for application to major government businesses that trade in the marketplace.

In September 2001, Professor Allan's *Independent Review of the Northern Territory's Financial Position* recommended that government trading enterprises be corporatised, with a view to lifting their efficiency and ability to contribute to the Budget. Towards this end, Professor Allan also recommended that trading enterprises be moved off-budget and made subject to a specific *Government Owned Corporations Act*.

Subsequently, the Government introduced the Government Owned Corporations Bill in the October 2001 sittings of the Legislative Assembly. The framework set out in the Bill:

- replicates as far as possible the shareholder disciplines that apply to private sector businesses, for example, a Board of directors that exercises corporate control and which reports to shareholders; and
- changes the accountability arrangements from those that are appropriate for budget-dependent agencies to those suited to off-budget Government Owned Corporations.

At the same time, the Government also introduced the Power and Water Authority Amendment Bill. Under the Bill, the Power and Water Authority (PAWA), the Territory's largest trading enterprise, is to become the first Government Owned Corporation. It is to come under the framework during 2001-02, as soon as all prerequisite steps are completed. Passage of both Bills is expected during the November 2001 sittings.

OVERVIEW OF THE NEW ARRANGEMENTS

The legislative framework for Government Owned Corporations has several key elements:

- Corporations will be established under their own Acts, but be governed by the new overarching legislation, to encourage improved business performance.
- A shareholding Minister will administer the *Government Owned Corporations Act*, while a separate portfolio Minister will retain broad policy responsibilities in the relevant area of government.
- A commercial Board of directors will be responsible for the Corporation's performance and will be primarily accountable to the shareholding Minister. This is a significant change from the current arrangements under the *Financial Management Act* and the *Public Sector Employment and Management Act*, where the Chief Executive Officer is directly accountable and there is no provision for legal accountability of the Board.
- An annual performance agreement will be established between the shareholding Minister and the Government Owned Corporation's Board, known as the Statement

of Corporate Intent. This will replace the accountability provisions that currently apply to budget-dependent agencies.

OBJECTIVES

The central objective of the Government Owned Corporations Bill is to provide a basis for improved performance by government owned businesses, under continuing public ownership, and for greater sustainable financial returns to the Territory on its investment in those businesses.

Consistent with this, the objectives of Government Owned Corporations will be to perform at least as efficiently as any comparable businesses and to maximise the sustainable return to the Territory on its investment.

MINISTERIAL RESPONSIBILITIES

The legislation provides for distinct and separate responsibilities for the various parties, including the shareholding Minister, the portfolio Minister, the commercial Board of directors and the Chief Executive Officer.

The shareholding Minister will have a role similar to that of a large investor in a private corporation and will focus on receiving maximum sustainable returns from the business.

As the shareholder, the shareholding Minister's responsibilities will include recommending the appointment of directors to the commercial Board and, in conjunction with the Board, the Chief Executive Officer.

Other key responsibilities will be to approve the Statement of Corporate Intent and major investments, including the establishment of any subsidiaries.

The shareholding Minister will also have the power to direct the Government Owned Corporation. This will apply in the event of agreement not being reached with the Board on, for example, the threshold for Ministerial approval of capital works and financial investments.

Given the focus on financial issues, the role of shareholding Minister will ordinarily be undertaken by the Treasurer.

The portfolio Minister, in contrast, will continue to administer the Government Owned Corporation's own legislation. The portfolio Minister will also remain responsible for relevant industry-wide policy issues and, in consultation with the shareholding Minister, for Community Service Obligations. Under the legislation, the portfolio Minister cannot also be the shareholding Minister.

COMMERCIAL BOARD OF DIRECTORS

Under the existing framework, the Chief Executive Officer is accountable for the performance of government businesses.

In contrast, under the new framework, Board accountability will replace Chief Executive Officer accountability, in line with private sector arrangements and reflecting the commercial nature of the corporation.

The Board of a Government Owned Corporation will be accountable to the shareholding Minister for the financial and business performance of the corporation. The Board of a Government Owned Corporation will also explicitly be a decision-making body rather than an advisory one.

The Administrator will appoint directors, with the shareholding Minister recommending the appointments, with due regard to the expertise necessary for the corporation to achieve its objectives. The shareholding Minister will also select one of the directors to be the chair of the Board.

Under the Government Owned Corporations Bill, directors' duties will be consistent with *Corporations Act* requirements.

However, directors will have some additional responsibilities due to the public ownership of Government Owned Corporations. These additional responsibilities include maintaining relationships with both Ministers and keeping the Ministers informed of material events.

ACCOUNTABILITY FOR PERFORMANCE

Statement of Corporate Intent

Unlike general government agencies, Government Owned Corporations will not be accountable through the existing budget approval and parliamentary scrutiny process. The legislation nevertheless seeks to ensure that Government Owned Corporations will be fully accountable for their performance.

The Government Owned Corporations Bill provides for an annually negotiated performance agreement between the shareholding Minister and the Board of the Government Owned Corporation. Covering a three year period, the Statement of Corporate Intent will set out:

- what the shareholder may expect in terms of performance, particularly financial performance;
- any material risks faced by the corporation; and
- the corporation's business strategies to achieve the financial targets and minimise the risks.

It will also include the Government Owned Corporation's capital investment program.

The Government Owned Corporation's Board will provide an annual report against the objectives and financial targets of the Statement of Corporate Intent to the shareholding Minister and the portfolio Minister. Reports will include commentary on specific factors affecting performance, risks, and strategic and other issues.

The shareholding Minister will table the Statement of Corporate Intent in Parliament and also the report on performance. The latter may be included in the Corporation's annual report.

The Statement of Corporate Intent will provide a robust mechanism for monitoring the performance of the Government Owned Corporation and ensuring the Board is accountable for the corporation's performance. It is a key component of the overall framework aimed at encouraging improved commercial performance.

Audit

Consistent with existing arrangements applying to Government Business Divisions, the Auditor-General will audit the financial statements of Government Owned Corporations.

The *Audit Act* will apply to Government Owned Corporations just as it does to agencies, but with audit reports to be provided to the Board, rather than to the accountable officer, before being sent to the shareholding Minister.

The shareholding Minister may also request the Auditor-General, or another auditor, to undertake special audits. Special audits may relate to any aspect of the Government Owned Corporation's accounts, performance or systems.

FINANCIAL ARRANGEMENTS AND POLICIES

The shareholding Minister's approval will be required for capital works and financial investments above a threshold level. The threshold is to be agreed by the Board and the shareholding Minister, or established by the shareholding Minister's direction.

As statutory corporations, Government Owned Corporations will undertake their own banking arrangements, separate from the Public Account.

Under the Bill, the Treasurer's guarantee will not apply to the borrowings and other liabilities of Government Owned Corporations. This is to ensure a level playing field with the private sector. A guarantee will only be available in special circumstances, for example, in cases where a Government Owned Corporation is required to undertake an activity outside its normal functions.

Similarly, Government Owned Corporations will not have Crown immunity protection from the operation of legislation of the Territory or the Commonwealth.

However, transitional provisions will preserve Crown immunity in respect of matters that arose before the business became a Government Owned Corporation.

At this stage, unless other arrangements already apply, Government Owned Corporations will continue to borrow and invest with the Northern Territory Treasury Corporation. They will continue to pay a margin on top of the Territory's borrowing rate, in recognition of the fact that the Territory's cost of borrowing is lower than a comparable private corporation would face.

To ensure they are not unfairly advantaged by public ownership, Government Owned Corporations may also be liable for a competitive neutrality fee, if and when they are approved to borrow externally.

Consistent with existing arrangements applying to Government Business Divisions, the Bill provides for Government Owned Corporations to make annual dividend payments from after-tax profits.

The Bill also provides for Government Owned Corporations and their subsidiaries to make income tax equivalent payments. Since 1 July 2001, PAWA has been subject to the National Tax Equivalents Regime for income tax administered, on behalf of the states and territories, by the Australian Taxation Office.

The Territory's Tax Equivalents Regime has also been extended to include local government rate equivalent payments, pending removal in due course of the exemption from rates that currently applies to PAWA.

Tax equivalent payments and dividends from Government Owned Corporations, together with Community Service Obligation funding provided to Government Owned Corporations, will continue to be included in the Territory's Budget.

The Bill also requires Government Owned Corporations to have in place a procurement policy that is consistent with the principles of the Government's procurement arrangements. This policy is to be approved by the portfolio Minister. Government Owned Corporations will also be able to tender for government funded projects.

APPLICATION OF THE FRAMEWORK TO PAWA

Under the Power and Water Authority Amendment Bill, PAWA's Act is to be amended to establish PAWA as a Government Owned Corporation. The Amendments will also ensure that the *Power and Water Authority Act* is aligned appropriately with the provisions of the Government Owned Corporations Bill.

Under the Bill, PAWA's functions will be altered by removing those provisions that could be interpreted as placing commercial objectives secondary to non-commercial ones.

PAWA's establishment as a Government Owned Corporation will mean that its existing commercial Board of directors will become directly accountable for performance, rather than the Chief Executive Officer as currently. The Bill provides for PAWA's existing Board to remain in place, but with the *Government Owned Corporations Act*, rather than the *Power and Water Authority Act*, to govern its operations and all future appointments. However, the terms of the current appointees to the Board will be unchanged. PAWA's Chief Executive Officer will continue on a similar basis.

PAWA's existing employment arrangements, involving an Enterprise Agreement under the *Public Sector Employment and Management Act*, will remain in place. This framework should continue to provide PAWA with significant flexibility to achieve its commercial objectives.

The *Public Sector Employment and Management Act* will therefore continue to apply, but with limited changes. In particular, under the *Public Sector Employment and Management Act*, the Commissioner for Public Employment delegates his powers directly to the Chief Executive Officer of an agency. In order to ensure involvement of the Board in employment matters, under the new arrangements the Chief Executive Officer will be required to have regard to any recommendations of the Board, when exercising employment delegations.

The PAWA Amendment Bill is to come into effect during 2001-02, as soon as PAWA's Statement of Corporate Intent is completed and approved.

Application of the *Government Owned Corporations Act* to other major government businesses is to be considered during 2002.

UNIFORM PRESENTATION FRAMEWORK

Under the Uniform Presentation Framework (UPF), jurisdictions have agreed to publish particular information in an agreed format in their Budget Papers. The UPF agreed in March 1997 has been expanded to include data for five sectors: General Government, Public Non-Financial Corporations (PNFCs), Public Financial Corporations (PFCs), and aggregates for the Total Non-Financial Public Sector and the Total Public Sector. Also included are:

- three years of forward estimates for the five sectors;
- details of taxes collected; and
- Loan Council Allocation for the budget year.

For completeness, the financial data presented in this chapter comprises four parts:

- Figures 6.1 to 6.7 provide UPF data for the Total Public Sector;
- Figures 6.8 to 6.12 provide UPF data for the Total Public Sector without the AustralAsia Railway Corporation. Because of significance of the railway-related transactions and the timing differences between the receipt of grants from other Governments and payments by the AustralAsia Railway Corporation, the Territory considers that the removal of the AustralAsia Railway Corporation provides a more accurate representation of its underlying fiscal position. A more detailed discussion of this issue is included in Chapter 2 of this Budget Paper;
- Figures 6.13 to 6.17 provide UPF data for entities included in the Public Account, as set out in *Budget Paper No. 2*. Appendix 2.1 in Chapter 2 of this Budget Paper provides a full listing of Northern Territory public sector agencies; and
- Figure 6.18 provides a reconciliation of the deficit or surplus of the Total Public Sector scope to the scope without the AustralAsia Railway Corporation, and to the Public Account scope.

Figure 6.1

UNIFORM PRESENTATION - NORTHERN TERRITORY
TOTAL PUBLIC SECTOR

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 913	1 911	1 984	1 995	2 051	2 110
Final Consumption Expenditure	1 430	1 408	1 473	1 516	1 559	1 619
Interest Payments	174	189	179	165	172	172
Current Grants	247	247	263	244	253	251
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	366	500	555	276	251	218
Gross Capital Expenditure	291	434	518	251	224	188
New Fixed Capital Expenditure	324	526	541	272	246	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	44	47	48	41	39	39
Other Capital Outlays	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 279	2 411	2 538	2 270	2 302	2 327
REVENUE	2 088	2 213	2 204	2 165	2 235	2 269
Taxes	220	215	215	231	242	240
Net Operating Surplus of PNFCs and PFCs	58	50	45	48	44	42
Interest Received	36	41	34	32	34	33
Grants Received	1 722	1 857	1 854	1 799	1 859	1 898
Other Revenue	50	50	54	55	56	55
DEFICIT AND FINANCING TRANSACTIONS	192	198	335	105	67	58
Net Advances Received	- 73	30	30	3	3	9
Net Domestic and Overseas Borrowings	236	62	162	2	12	13
Increase in Provisions (net)	62	51	62	62	62	62
Other Financing Transactions	- 34	56	80	39	- 9	- 26
TOTAL FINANCING TRANSACTIONS	192	198	335	105	67	58
Less Increase in Provisions (net)	62	51	62	62	62	62
DEFICIT (+) / SURPLUS (-)	129	147	272	43	5	- 4
NET DEBT	1 416	1 564	1 689	1 732	1 737	1 733

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.2

**UNIFORM PRESENTATION - NORTHERN TERRITORY
PUBLIC FINANCIAL CORPORATIONS**

	2000-01 Actual (a)	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	187	191	186	173	180	180
Interest Payments	172	181	176	163	170	170
Other Current Payments	15	10	10	10	10	10
CAPITAL OUTLAYS						
<i>Gross Capital Expenditure</i>						
New Fixed Capital Expenditure						
Expenditure on Second Hand Assets (net)						
Capital Grants						
Other Capital Outlays						
TOTAL OUTLAYS	187	191	186	173	180	180
REVENUE	181	197	190	191	194	195
Net Operating Surplus of PFCs	- 9	- 4	- 10	- 10	- 10	- 10
Interest Received	184	199	200	201	204	205
Grants Received	5	2				
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Net Advances Received	4	- 61	3	2	3	5
Net Domestic and Overseas Borrowings	66	92	43	19	29	29
Increase in Provisions (net)	6		6	6	6	6
Other Financing Transactions	- 70	- 37	- 56	- 45	- 51	- 55
TOTAL FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Less Increase in Provisions (net)	6		6	6	6	6
DEFICIT (+) / SURPLUS (-)		- 6	- 10	- 25	- 20	- 21
NET DEBT	- 64	- 70	- 74	- 99	- 119	- 140

Note: Totals may not add due to rounding.

(a) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 *Treasurer's Annual Financial Report* due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.3

UNIFORM PRESENTATION - NORTHERN TERRITORY
TOTAL NON-FINANCIAL PUBLIC SECTOR

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 926	1 930	2 007	2 032	2 084	2 144
Final Consumption Expenditure	1 430	1 408	1 473	1 516	1 559	1 619
Interest Payments	187	207	202	203	205	207
Current Grants	247	247	263	244	253	251
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	366	499	555	276	251	218
<i>Gross Capital Expenditure</i>	291	434	518	251	224	188
New Fixed Capital Expenditure	324	526	541	272	246	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	44	47	48	41	39	39
Other Capital Outlays	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 292	2 429	2 561	2 308	2 335	2 362
REVENUE	2 106	2 225	2 223	2 184	2 254	2 289
Taxes	220	215	215	231	242	240
Operating Surplus of PNFCs	67	54	55	58	54	52
Interest Received	36	41	34	31	33	33
Grants Received	1 717	1 855	1 854	1 799	1 859	1 898
Other Revenue	66	60	64	65	66	65
DEFICIT AND FINANCING TRANSACTIONS	185	204	339	124	81	73
Net Advances Received (a)	- 76	41	- 15	1	0	4
Net Domestic and Overseas Borrowings	170	19	160	- 17	- 17	- 16
Increase in Provisions (net)	56	51	56	56	56	56
Other Financing Transactions	36	93	137	84	42	29
TOTAL FINANCING TRANSACTIONS	185	204	339	124	81	73
Less Increase in Provisions (net)	56	51	56	56	56	56
DEFICIT (+) / SURPLUS (-)	129	153	283	68	25	17
NET DEBT	1 481	1 634	1 763	1 831	1 856	1 873

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.4

**UNIFORM PRESENTATION - NORTHERN TERRITORY
GENERAL GOVERNMENT**

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 875	1 877	1 953	1 983	2 031	2 090
Final Consumption Expenditure	1 430	1 408	1 473	1 516	1 559	1 619
Interest Payments	137	156	150	154	154	154
Subsidies Paid to PNFs and PFCs	39	42	43	41	40	40
Current Grants	207	203	218	202	212	210
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	273	434	491	218	195	160
<i>Gross Capital Expenditure</i>	<i>227</i>	<i>380</i>	<i>442</i>	<i>181</i>	<i>161</i>	<i>125</i>
New Fixed Capital Expenditure	260	451	464	202	182	147
Expenditure on Second Hand Assets (net)	- 33	- 71	- 22	- 21	- 22	- 22
Capital Grants	44	47	48	41	39	39
Other Capital Outlays	2	7	1	- 5	- 5	- 5
TOTAL OUTLAYS	2 148	2 311	2 444	2 201	2 226	2 250
REVENUE	2 047	2 171	2 158	2 129	2 201	2 238
Taxes	220	215	215	231	242	240
Interest Received	18	22	15	14	15	15
Grants Received	1 717	1 855	1 854	1 799	1 859	1 898
Dividends Received from PNFCs and PFCs	42	29	19	29	29	29
Other Revenue	50	50	54	55	56	55
TOTAL REVENUE AND GRANTS RECEIVED						
DEFICIT AND FINANCING TRANSACTIONS	101	139	286	72	25	12
Net Advances Received	- 82	- 8	- 24	- 11	- 11	- 10
Net Domestic and Overseas Borrowings	145	50	150		- 1	- 1
Increase in Provisions (net)						
Other Financing Transactions	38	97	160	83	37	22
TOTAL FINANCING TRANSACTIONS	101	139	286	72	25	12
Less Increase in Provisions (net)						
DEFICIT (+) / SURPLUS (-)	101	139	286	72	25	12
NET DEBT	1 115	1 254	1 400	1 472	1 498	1 509

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 *Treasurer's Annual Financial Report* due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.5

**UNIFORM PRESENTATION - NORTHERN TERRITORY
PUBLIC NON-FINANCIAL CORPORATIONS**

	2000-01 Actual	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	77	72	63	68	71	73
Interest Payments	49	51	52	49	52	53
Other Current Payments	28	21	11	20	20	20
CAPITAL OUTLAYS	93	65	63	58	56	58
<i>Gross Capital Expenditure</i>	<i>64</i>	<i>55</i>	<i>76</i>	<i>69</i>	<i>63</i>	<i>63</i>
New Fixed Capital Expenditure	64	75	77	70	64	64
Expenditure on Second Hand Assets (net)		- 20	- 1	- 1	- 1	- 1
Capital Grants						
Other Capital Outlays	28	10	- 13	- 11	- 7	- 5
TOTAL OUTLAYS	170	137	126	127	128	131
REVENUE	86	73	73	75	72	70
Net Operating Surplus of PNFCs	67	54	55	58	54	52
Interest Received	19	19	18	17	18	18
Grants Received						
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	84	64	53	52	56	61
Net Advances Received	5	49	9	12	11	14
Net Domestic and Overseas Borrowings	24	- 31	11	- 17	- 16	- 15
Increase in Provisions (net)	56	50	56	56	56	56
Other Financing Transactions	- 2	- 4	- 23	1	5	6
TOTAL FINANCING TRANSACTIONS	84	64	53	52	56	61
Less Increase in Provisions (net)	56	50	56	56	56	56
DEFICIT (+) / SURPLUS (-)	28	14	- 3	- 4	0	5
NET DEBT	366	380	363	359	358	364

Note: Totals may not add due to rounding.

Figure 6.6

UNIFORM PRESENTATION - NORTHERN TERRITORY
TAXES COLLECTED

	2001-02 May Budget	2001-02 Mini Budget
	\$M	\$M
TOTAL TAXES	215	215
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE TAXES	92	90
TAXES ON PROPERTY	43	45
Stamp Duties on Financial and Capital Transactions	41	35
Financial Institutions' Transactions Taxes	2	10
TAXES ON THE PROVISION OF GOODS AND SERVICES	43	44
Taxes on Gambling	31	31
Taxes on Insurance	12	13
TAXES ON USE OF GOODS AND PERFORMANCE OF ACTIVITIES	37	36
Motor Vehicle Taxes	30	33
Other	7	3

Note: Totals may not add due to rounding.

Figure 6.7

LOAN COUNCIL ALLOCATION FOR 2001-02
NORTHERN TERRITORY

	Budget Year Estimate May 2001 (a)	Revised Full Year Estimate
	\$M	\$M
General Government Sector Deficit	139	286
PNFC Sector Net Financing Requirement	15	- 3
Non-Financial Public Sector Deficit	154	283
Non-Financial Public Sector Net Advances Paid	31	32
Memorandum Items		
Loan Council Allocation	185	315

Note:

(a) The budget-time Loan Council Allocation estimate at May 2001 varies from the amount reported in 2001-02 *Budget* Paper 3 due to a difference in the treatment of advances received. The revised figures presented in this Schedule for Net Advances Paid only include advances paid.

Figure 6.8

**UNIFORM PRESENTATION WITHOUT AUSTRALASIA RAILWAY CORPORATION
TOTAL PUBLIC SECTOR**

	2000-01 Actual (a),(b) \$M	2001-02 May Budget (a) \$M	2001-02 Mini Budget \$M	2002-03 Forward Estimate \$M	2003-04 Forward Estimate \$M	2004-05 Forward Estimate \$M
CURRENT OUTLAYS	1 904	1 912	1 981	1 994	2 043	2 110
Final Consumption Expenditure	1 421	1 408	1 470	1 513	1 557	1 617
Interest Payments	174	189	179	165	172	172
Current Grants	247	247	264	246	247	252
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	415	220	270	251	233	218
<i>Gross Capital Expenditure</i>	<i>191</i>	<i>155</i>	<i>234</i>	<i>226</i>	<i>206</i>	<i>188</i>
New Fixed Capital Expenditure	224	247	256	247	228	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 318	2 132	2 252	2 244	2 276	2 327
REVENUE	1 981	2 073	2 064	2 139	2 209	2 269
Taxes	220	215	215	231	242	240
Net Operating Surplus of PNFCs and PFCs	58	50	45	48	44	42
Interest Received	35	37	31	32	33	33
Grants Received	1 617	1 722	1 718	1 773	1 833	1 898
Other Revenue	50	50	54	55	56	55
DEFICIT AND FINANCING TRANSACTIONS	337	59	188	106	67	58
Net Advances Received	- 79	35	37	3	3	9
Net Domestic and Overseas Borrowings	236	62	162	2	12	13
Increase in Provisions (net)	62	51	62	62	62	62
Other Financing Transactions	119	- 89	- 73	39	- 9	- 26
TOTAL FINANCING TRANSACTIONS	337	59	188	106	67	58
Less Increase in Provisions (net)	62	51	62	62	62	62
DEFICIT (+) / SURPLUS (-)	275	8	126	43	5	- 4
NET DEBT	1 588	1 597	1 714	1 757	1 762	1 758

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.9

**UNIFORM PRESENTATION WITHOUT AUSTRALASIA RAILWAY CORPORATION
PUBLIC FINANCIAL CORPORATIONS**

	2000-01 Actual (a)	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	187	191	186	173	180	180
Interest Payments	172	181	176	163	170	170
Other Current Payments	15	10	10	10	10	10
CAPITAL OUTLAYS						
<i>Gross Capital Expenditure</i>						
New Fixed Capital Expenditure						
Expenditure on Second Hand Assets (net)						
Capital Grants						
Other Capital Outlays						
TOTAL OUTLAYS	187	191	186	173	180	180
REVENUE	181	197	190	191	194	195
Net Operating Surplus of PFCs	- 9	- 4	- 10	- 10	- 10	- 10
Interest Received	184	199	200	201	204	205
Grants Received	5	2				
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Net Advances Received	4	- 61	3	2	3	5
Net Domestic and Overseas Borrowings	66	92	43	19	29	29
Increase in Provisions (net)	6		6	6	6	6
Other Financing Transactions	- 70	- 37	- 56	- 45	- 51	- 55
TOTAL FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Less Increase in Provisions (net)	6		6	6	6	6
DEFICIT (+) / SURPLUS (-)	0	- 6	- 10	- 25	- 20	- 21
NET DEBT	- 64	- 70	- 74	- 99	- 119	- 140

Note: Totals may not add due to rounding.

(a) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 *Treasurer's Annual Financial Report* due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.10

UNIFORM PRESENTATION WITHOUT AUSTRALASIA RAILWAY CORPORATION
TOTAL NON-FINANCIAL PUBLIC SECTOR

	2000-01 Actual (a),(b) \$M	2001-02 May Budget (a) \$M	2001-02 Mini Budget \$M	2002-03 Forward Estimate \$M	2003-04 Forward Estimate \$M	2004-05 Forward Estimate \$M
CURRENT OUTLAYS	1 916	1 930	2 004	2 031	2 076	2 144
Final Consumption Expenditure	1 421	1 408	1 470	1 513	1 557	1 617
Interest Payments	187	207	202	203	205	207
Current Grants	247	247	264	246	247	252
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	415	220	270	251	233	218
Gross Capital Expenditure	191	155	234	226	206	188
New Fixed Capital Expenditure	224	247	256	247	228	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	31	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	2 331	2 150	2 275	2 282	2 309	2 362
REVENUE	2 000	2 085	2 083	2 158	2 228	2 289
Taxes	220	215	215	231	242	240
Operating Surplus of PNFC+B78s	67	54	55	58	54	52
Interest Received	35	37	31	31	33	33
Grants Received	1 612	1 720	1 718	1 773	1 833	1 898
Other Revenue	66	60	64	65	66	65
DEFICIT AND FINANCING TRANSACTIONS	331	65	192	124	81	73
Net Advances Received	- 83	47	- 8	1	0	4
Net Domestic and Overseas Borrowings	170	20	160	- 17	- 17	- 16
Increase in Provisions (net)	56	51	56	56	56	56
Other Financing Transactions	188	- 52	- 17	84	42	29
TOTAL FINANCING TRANSACTIONS	331	65	192	124	81	73
Less Increase in Provisions (net)	56	51	56	56	56	56
DEFICIT (+) / SURPLUS (-)	275	14	136	68	25	17
NET DEBT	1 652	1 667	1 788	1 856	1 881	1 898

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.11

**UNIFORM PRESENTATION WITHOUT AUSTRALASIA RAILWAY CORPORATION
GENERAL GOVERNMENT**

	2000-01	2001-02	2001-02	2002-03	2003-04	2004-05
	Actual (a),(b)	May Budget (a)	Mini Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 865	1 877	1 950	1 982	2 023	2 090
Final Consumption Expenditure	1 421	1 408	1 470	1 513	1 557	1 617
Interest Payments	137	156	150	154	154	154
Subsidies Paid to PNFCs and PFCs	39	42	43	41	40	40
Current Grants	207	203	219	204	206	212
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	322	155	207	193	177	160
<i>Gross Capital Expenditure</i>	<i>127</i>	<i>100</i>	<i>157</i>	<i>156</i>	<i>143</i>	<i>125</i>
New Fixed Capital Expenditure	160	172	179	177	164	147
Expenditure on Second Hand Assets (net)	- 33	- 71	- 22	- 21	- 22	- 22
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	2	7	1	- 5	- 5	- 5
TOTAL OUTLAYS	2 187	2 032	2 157	2 175	2 200	2 250
REVENUE	1 940	2 032	2 018	2 103	2 175	2 238
Taxes	220	215	215	231	242	240
Interest Received	16	18	12	14	15	15
Grants Received	1 612	1 720	1 718	1 773	1 833	1 898
Dividends Received from PNFCs and PFCs	42	29	19	29	29	29
Other Revenue	50	50	54	55	56	55
TOTAL REVENUE AND GRANTS RECEIVED						
DEFICIT AND FINANCING TRANSACTIONS	247	0	139	72	25	12
Net Advances Received	- 88	- 2	- 17	- 11	- 11	- 10
Net Domestic and Overseas Borrowings	145	50	150		- 1	- 1
Increase in Provisions (net)						
Other Financing Transactions	190	- 48	6	83	37	22
TOTAL FINANCING TRANSACTIONS	247	0	139	72	25	12
Less Increase in Provisions (net)						
DEFICIT (+) / SURPLUS (-)	247	0	139	72	25	12
NET DEBT	1 286	1 286	1 425	1 497	1 523	1 535

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 *Treasurer's Annual Financial Report* due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.12

**UNIFORM PRESENTATION WITHOUT AUSTRALASIA RAILWAY CORPORATION
PUBLIC NON-FINANCIAL CORPORATIONS**

	2000-01 Actual	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	77	72	63	68	71	73
Interest Payments	49	51	52	49	52	53
Other Current Payments	28	21	11	20	20	20
CAPITAL OUTLAYS	93	65	63	58	56	58
<i>Gross Capital Expenditure</i>	64	55	76	69	63	63
New Fixed Capital Expenditure	64	75	77	70	64	64
Expenditure on Second Hand Assets (net)		- 20	- 1	- 1	- 1	- 1
Capital Grants						
Other Capital Outlays	28	10	- 13	- 11	- 7	- 5
TOTAL OUTLAYS	170	137	126	127	128	131
REVENUE	86	73	73	75	72	70
Net Operating Surplus of PNFCs	67	54	55	58	54	52
Interest Received	19	19	18	17	18	18
Grants Received						
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	79	64	53	52	56	61
Net Advances Received		49	9	12	11	14
Net Domestic and Overseas Borrowings	24	- 31	11	- 17	- 16	- 15
Increase in Provisions (net)	56	50	56	56	56	56
Other Financing Transactions	- 2	- 4	- 23	1	5	6
TOTAL FINANCING TRANSACTIONS	79	64	53	52	56	61
Less Increase in Provisions (net)	56	50	56	56	56	56
DEFICIT (+) / SURPLUS (-)	23	14	- 3	- 4	0	5
NET DEBT	366	380	363	359	358	364

Note: Totals may not add due to rounding.

Figure 6.13

UNIFORM PRESENTATION - PUBLIC ACCOUNT
TOTAL PUBLIC SECTOR

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 880	1 883	1 957	1 969	2 018	2 084
Final Consumption Expenditure	1 388	1 371	1 436	1 479	1 522	1 582
Interest Payments	173	188	177	163	171	171
Current Grants	257	256	275	257	258	264
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	93	218	270	251	233	217
<i>Gross Capital Expenditure</i>	<i>191</i>	<i>153</i>	<i>233</i>	<i>225</i>	<i>205</i>	<i>188</i>
New Fixed Capital Expenditure	224	244	256	247	228	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	- 291	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	1 973	2 101	2 227	2 220	2 251	2 301
REVENUE	1 951	2 039	2 037	2 111	2 180	2 240
Taxes	221	216	216	232	243	241
Net Operating Surplus of PNFC's and PFC's	53	51	40	42	39	37
Interest Received	31	30	31	31	33	32
Grants Received	1 595	1 691	1 695	1 750	1 809	1 874
Other Revenue	51	51	55	56	56	56
DEFICIT AND FINANCING TRANSACTIONS	21	62	191	109	70	61
Net Advances Received	- 76	35	37	3	3	9
Net Domestic and Overseas Borrowings	236	62	162	2	12	13
Increase in Provisions (net)	62	50	62	62	62	62
Other Financing Transactions	- 201	- 85	- 70	42	- 6	- 23
TOTAL FINANCING TRANSACTIONS	21	62	191	109	70	61
Less Increase in Provisions (net)	62	50	62	62	62	62
DEFICIT (+) / SURPLUS (-)	- 41	12	129	46	8	- 1
NET DEBT	1 578	1 590	1 706	1 753	1 761	1 760

Note: Totals may not add due to rounding

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.14

UNIFORM PRESENTATION - PUBLIC ACCOUNT
PUBLIC FINANCIAL CORPORATIONS

	2000-01 Actual (a)	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	187	191	186	173	180	180
Interest Payments	172	181	176	163	170	170
Other Current Payments	15	10	10	10	10	10
CAPITAL OUTLAYS						
<i>Gross Capital Expenditure</i>						
New Fixed Capital Expenditure						
Expenditure on Second Hand Assets (net)						
Capital Grants						
Other Capital Outlays						
TOTAL OUTLAYS	187	191	186	173	180	180
REVENUE	181	197	190	191	194	195
Net Operating Surplus of PFCs	- 9	- 4	- 10	- 10	- 10	- 10
Interest Received	184	199	200	201	204	205
Grants Received	5	2				
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Net Advances Received	4	- 61	3	2	3	5
Net Domestic and Overseas Borrowings	66	92	43	19	29	29
Increase in Provisions (net)	6		6	6	6	6
Other Financing Transactions	- 70	- 37	- 56	- 45	- 51	- 55
TOTAL FINANCING TRANSACTIONS	6	- 6	- 4	- 19	- 14	- 15
Less Increase in Provisions (net)	6		6	6	6	6
DEFICIT (+) / SURPLUS (-)	0	- 6	- 10	- 25	- 20	- 21
NET DEBT	- 64	- 70	- 74	- 99	- 119	- 140

Note: Totals may not add due to rounding.

(a) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.15

UNIFORM PRESENTATION - PUBLIC ACCOUNT
TOTAL NON-FINANCIAL PUBLIC SECTOR

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 892	1 901	1 980	2 007	2 051	2 119
Final Consumption Expenditure	1 388	1 371	1 436	1 479	1 522	1 582
Interest Payments	185	206	200	201	204	206
Current Grants	257	256	275	257	258	264
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	93	218	270	251	233	217
<i>Gross Capital Expenditure</i>	<i>191</i>	<i>153</i>	<i>233</i>	<i>225</i>	<i>205</i>	<i>188</i>
New Fixed Capital Expenditure	224	244	256	247	228	211
Expenditure on Second Hand Assets (net)	- 33	- 92	- 23	- 22	- 23	- 23
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	- 291	18	- 11	- 16	- 11	- 10
TOTAL OUTLAYS	1 985	2 119	2 250	2 257	2 283	2 336
REVENUE	1 970	2 051	2 055	2 130	2 199	2 260
Taxes	221	216	216	232	243	241
Operating Surplus of PNFCs	62	54	50	52	49	47
Interest Received	31	30	30	30	32	32
Grants Received	1 590	1 690	1 695	1 750	1 809	1 874
Other Revenue	66	61	65	66	66	66
DEFICIT AND FINANCING TRANSACTIONS	15	68	195	127	84	76
Net Advances Received (a)	- 80	47	- 8	1		4
Net Domestic and Overseas Borrowings	170	20	160	- 17	- 17	- 16
Increase in Provisions (net)	56	50	56	56	56	56
Other Financing Transactions	- 131	- 48	- 14	87	45	32
TOTAL FINANCING TRANSACTIONS	15	68	195	127	84	76
Less Increase in Provisions (net)	56	50	56	56	56	56
DEFICIT (+) / SURPLUS (-)	- 41	18	139	71	28	20
NET DEBT	1 642	1 660	1 781	1 852	1 880	1 900

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations.

Figure 6.16

UNIFORM PRESENTATION - PUBLIC ACCOUNT
GENERAL GOVERNMENT

	2000-01 Actual (a),(b)	2001-02 May Budget (a)	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	1 843	1 848	1 928	1 959	2 000	2 066
Final Consumption Expenditure	1 388	1 371	1 436	1 479	1 522	1 582
Interest Payments	137	156	150	154	154	154
Subsidies Paid to PNFCs and PFCs	39	42	43	41	40	40
Current Grants	217	212	230	215	217	223
Other Current Payments	62	68	69	70	66	67
CAPITAL OUTLAYS	286	271	336	333	307	272
<i>Gross Capital Expenditure</i>	<i>127</i>	<i>100</i>	<i>157</i>	<i>156</i>	<i>143</i>	<i>125</i>
New Fixed Capital Expenditure	159	171	179	177	164	147
Expenditure on Second Hand Assets (net)	- 33	- 71	- 22	- 21	- 22	- 22
Capital Grants	193	47	48	41	39	39
Other Capital Outlays	- 319	7	1	- 5	- 5	- 5
TOTAL OUTLAYS	1 843	2 003	2 134	2 151	2 176	2 225
REVENUE	1 916	1 997	1 996	2 080	2 152	2 215
Taxes	221	216	216	232	243	241
Interest Received	13	12	12	14	15	15
Grants Received	1 590	1 690	1 695	1 750	1 809	1 874
Dividends Received from PNFCs and PFC+B75s	42	29	19	29	29	29
Other Revenue	51	51	55	56	56	56
TOTAL REVENUE AND GRANTS RECEIVED						
DEFICIT AND FINANCING TRANSACTIONS	- 73	6	138	71	24	11
Net Advances Received	- 88	- 2	- 17	- 11	- 11	- 10
Net Domestic and Overseas Borrowings	145	50	150		- 1	- 1
Increase in Provisions (net)						
Other Financing Transactions	- 130	- 42	5	82	36	21
TOTAL FINANCING TRANSACTIONS	- 73	6	138	71	24	11
Less Increase in Provisions (net)						
DEFICIT (+) / SURPLUS (-)	- 73	6	138	71	24	11
NET DEBT	1 298	1 304	1 436	1 507	1 531	1 542

Note: Totals may not add due to rounding.

(a) The 2000-01 Actual and 2001-02 Budget have been adjusted to reflect the change in treatment of the Aboriginal Essential Services payment to PAWA of \$35M from current grants to operational expenditure.

(b) The breakdown of the deficit and financing transactions for the 2000-01 Actual differs from the figures reported in the 2000-01 Treasurer's Annual Financial Report due to an incorrect grossing up of on-lendings to General Government and Public Non-Financial Corporations and treatment of advances paid.

Figure 6.17

UNIFORM PRESENTATION - PUBLIC ACCOUNT
PUBLIC NON-FINANCIAL CORPORATIONS

	2000-01 Actual	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
CURRENT OUTLAYS	76	72	61	67	70	72
Interest Payments	48	50	50	47	50	52
Other Current Payments	28	21	11	20	20	20
CAPITAL OUTLAYS	93	63	63	58	56	58
<i>Gross Capital Expenditure</i>	64	53	76	69	63	63
New Fixed Capital Expenditure	64	73	77	70	64	64
Expenditure on Second Hand Assets (net)		- 20	- 1	- 1	- 1	- 1
Capital Grants						
Other Capital Outlays	28	10	- 13	- 11	- 7	- 5
TOTAL OUTLAYS	168	135	125	125	126	130
REVENUE	80	73	68	69	66	64
Net Operating Surplus of PNFCs	62	54	50	52	49	47
Interest Received	19	18	18	17	18	18
Grants Received						
Other Revenue						
DEFICIT AND FINANCING TRANSACTIONS	88	62	57	56	60	66
Net Advances Received	9	49	9	12	11	14
Net Domestic and Overseas Borrowings	24	- 31	11	- 17	- 16	- 15
Increase in Provisions (net)	56	50	56	56	56	56
Other Financing Transactions	- 1	- 6	- 19	5	9	11
TOTAL FINANCING TRANSACTIONS	88	62	57	56	60	66
Less Increase in Provisions (net)	56	50	56	56	56	56
DEFICIT (+) / SURPLUS (-)	32	12	1	0	4	9
NET DEBT	344	356	345	345	348	358

Note: Totals may not add due to rounding.

Figure 6.18

RECONCILIATION OF UNIFORM PRESENTATION SCOPE TO PUBLIC ACCOUNT SCOPE

	2000-01 Actual	2001-02 May Budget	2001-02 Mini Budget	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
	\$M	\$M	\$M	\$M	\$M	\$M
UPF Scope Deficit (+)/ Surplus (-) <i>(refer figure 6.1)</i>	129.3	147.8	272.5	43.3	5.1	-4.3
<i>less AustralAsia Railway Corporation</i>	-145.8	139.4	146.8	-0.1	-0.1	-0.2
UPF Scope Deficit (+)/ Surplus (-) without AustralAsia Railway Corporation <i>(refer figure 6.8)</i>	275.2	8.4	125.7	43.4	5.1	-4.1
less Other External Agencies	316.2	-3.7	-2.9	-2.9	-3.0	-3.0
Nothern Territory Legal Aid Commission	-0.1	0.6	-0.1	-0.1	-0.1	-0.1
Batchelor Institute of Indigenous Tertiary Education	1.1	-4.8	1.1	1.2	1.2	1.2
Conditions of Service Trust	319.0	-1.9	0.0	0.0	0.0	0.0
Power and Water subsidiaries	-3.9	2.4	-3.9	-4.0	-4.1	-4.2
Public Account Scope Deficit (+)/ Surplus (-) <i>(refer figure 6.13)</i>	-41.0	12.1	128.6	46.4	8.1	-1.1