

Ms Lia Finocchiaro MLA
Leader of the Country Liberal Party
GPO Box 3700
Darwin NT 0801

Dear Leader of the Country Liberal Party

Re: Assessment of Country Liberal Party 2024 Election Commitments

The Department of Treasury and Finance has assessed the election commitments of the Country Liberal Party (CLP) as provided to me on Friday 16 August, and have concluded that the estimated costings appear reasonable with no items requiring further clarification.

Table 1 sets out the cost of the CLP election commitments and their potential impact on the 2024-25 budget and forward estimates. It shows that the proposed election commitments are estimated to cost a total of \$96 million across the budget cycle to 2027-28.

Table 1: CLP Election Commitments

	2024-25	2025-26	2026-27	2027-28	Cumulative
	\$M	\$M	\$M	\$M	\$M
Operating commitments	56	62	53	53	224
Savings measures/reprioritisation	- 73	- 43	- 34	- 34	- 185
Revenue measures	14	14	14	14	56
Capital commitments	42				42
Less: Existing capital funding	- 42				- 42
Net cost	- 3	33	33	33	96

The net cost of operating commitments includes \$185 million in estimated savings measures and reprioritisation of existing resources. Given the material value of these proposed savings, to the extent that these are not achieved or existing expenditure not reprioritised in the estimated timeframes, this would worsen the budget aggregates.

I note that capital commitments totalling \$42 million are either existing projects on the Capital Works Program or will be funded through reprioritisation of existing projects. On this basis, there would be no additional cost to the budget.

Your party's election commitments include an increase to the payroll tax threshold resulting in estimated revenue forgone of \$14 million per annum. However, it is acknowledged that the proposed reforms to regulatory approval processes have the potential to deliver broader economic benefits to the extent that they are successfully implemented. Given the limited time available, the Department of Treasury and Finance has not undertaken economic modelling to quantify these impacts.

Table 2 outlines the estimated effect of election commitments on the Territory's key fiscal aggregates, and shows budgeted fiscal aggregates would be projected to worsen when compared to the 2024 Pre-Election Fiscal Outlook (PEFO).

Table 2: Impact of election commitments on budget aggregates

	2024-25 \$M	2025-26 \$M	2026-27 \$M	2027-28 \$M
2024 PEFO Net operating balance	- 415	35	35	219
Net cost of commitments	3	- 33	- 33	- 33
Potential net operating balance	- 412	2	2	186
2024 PEFO Fiscal balance	- 1 746	- 696	- 519	- 187
Net cost of commitments	3	- 33	- 33	- 33
Potential fiscal balance	- 1 743	- 729	- 552	- 220
2024 PEFO Net debt	10 821	11 603	12 125	12 255
Net cost of commitments	- 3	30	63	96
Potential net debt	10 818	11 632	12 187	12 351

As outlined in Table 2 above, the Territory's potential net operating balance is estimated to remain on the same trend as the 2024 PEFO, with a deficit projected for 2024-25 before returning to surplus from 2025-26, albeit from a lower base.

Consistent with the 2024 PEFO, the potential fiscal balance is estimated to remain in deficit across the budget cycle, but \$96 million higher in aggregate over the period. Similarly, net debt would be projected to worsen by a total of \$96 million by 2027-28.

As previously advised, a copy of this letter will be made publicly available on the Department of Treasury and Finance website by 10am Thursday 22 August 2024.

Yours sincerely


CRAIG GRAHAM
Under Treasurer

21 August 2024