



NORTHERN TERRITORY

# MID-YEAR REPORT 2023-24





## Contents

Under Treasurer's Certification	2
Chapter 1 Executive summary	3
Chapter 2 Fiscal outlook	5
Chapter 3 Economic outlook	13
Chapter 4 Fiscal strategy statement	19
Chapter 5 Risks and contingent liabilities	25
Chapter 6 Consolidated financial statements	29
Appendices	
Appendix A Classification of entities in the Northern Territory	39
Appendix B Explanation of terms	40

## Under Treasurer's Certification

In accordance with the provisions of the *Fiscal Integrity and Transparency Act 2001*, I certify that the financial projections included in the 2023-24 Mid-Year Report are based on government decisions that I was aware of, or were made available to me by the Treasurer, before 23 November 2023. The projections are presented in accordance with the Uniform Presentation Framework.



Craig Graham  
Under Treasurer

23 November 2023

## Chapter 1

# Executive summary

The 2023-24 Mid-Year Report has been prepared in accordance with the *Fiscal Integrity and Transparency Act 2001* (FITA), which requires the Treasurer to prepare and publicly release a mid-year fiscal outlook report by the end of February each year, or within six months following the last budget, whichever is later.

The 2023-24 Mid-Year Report provides an update on the fiscal and economic outlook for the Territory and includes explanations for material variations that have occurred since the 2023-24 Budget and their effect on the remainder of 2023-24 and forward estimates. It also provides an assessment of government's updated fiscal projections against the fiscal strategy objectives and targets set out in the 2023-24 Budget and an update on the potential risks to the budget projections.

## Fiscal overview

The 2023-24 Mid-Year Report incorporates new and revised Commonwealth funding, updated revenue and expenditure forecasts and government decisions made since the 2023-24 Budget, combined with the flow-on effect of the 2022-23 outcome.

The 2023-24 Mid-Year Report shows the general government sector net operating balance is projected to be a deficit of \$475 million in 2023-24, and forecasts a return to surplus from 2024-25.

The updated projections for the non financial public sector fiscal balance indicates that the fiscal balance deficit is estimated to peak in 2023-24 at \$1.37 billion, before declining over the forward estimates and returning to a projected surplus of around \$12 million in 2026-27.

The estimates for net debt and net debt to revenue ratio are projected to peak in 2025-26, before declining from 2026-27 consistent with fiscal balance projections.

Table 1.1 highlights the key fiscal indicators for the general government sector and the non financial public sector for the 2023-24 Mid-Year Report.

Table 1.1: Key fiscal indicators

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>General government sector</b>				
Net operating balance	- 475	28	208	301
<b>Non financial public sector</b>				
Fiscal balance	- 1 368	- 633	- 244	12
Net debt	9 178	9 938	10 190	10 138
Net debt to revenue (%)	111	119	123	121

Comparisons between the estimates contained in the 2023-24 Mid-Year Report and those forecast at the time of the 2023-24 Budget are provided in Chapter 2, and assessment against government's fiscal strategy is provided in Chapter 4.

## Economic overview

The 2023-24 Mid-Year Report incorporates revised 2023-24 forecasts for gross state product (GSP) and state final demand (SFD) and an amended population growth estimate for 2022-23. Forecasts of other key economic indicators are unchanged from the 2023-24 Budget. Table 1.2 provides the updated actuals and forecasts for key economic indicators for the Territory.

Table 1.2: Key economic results and forecasts (%)

	2022-23		2023-24	2024-25	2025-26	2026-27
	Budget	Actual	Estimate	Forecast		
Gross state product <sup>1</sup>	- 5.1	- 5.3	2.9	2.1	4.5	0.6
State final demand <sup>1</sup>	2.5	1.9	3.1	- 0.5	- 0.7	1.4
Population <sup>2</sup>	0.4	0.8e	0.9	1.0	1.0	1.0
Employment <sup>1</sup>	4.1	4.1	2.2	0.0	0.3	1.1
Unemployment rate <sup>3</sup>	3.9	3.7	4.2	4.3	4.3	4.1
Consumer price index <sup>1</sup>	6.4	6.4	3.5	2.5	2.3	2.4
Wage price index <sup>1</sup>	3.0	2.8	3.6	3.5	3.3	3.1

e: estimate

1 Year-on-year percentage change.

2 June quarter compared with June quarter the previous year.

3 Year average.

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

Further detail on economic forecasts is provided in Chapter 3.

## Chapter 2

# Fiscal outlook

## Overview

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

## Key fiscal indicators – operating statement

Table 2.1 presents the movements in the general government and non financial public sector operating statement key fiscal indicators and compares the updated projections for 2023-24 Mid-Year Report to those published in the 2023-24 Budget.

Table 2.1: Key fiscal indicators – operating statement

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>General government sector</b>				
<b>Net operating balance</b>				
2023-24 Budget	- 200	121	209	282
2023-24 Mid-Year Report	- 475	28	208	301
Variation from 2023-24 Budget	- 275	- 93	- 1	19
<b>Non financial public sector</b>				
<b>Fiscal balance</b>				
2023-24 Budget	- 1 134	- 574	- 181	67
2023-24 Mid-Year Report	- 1 368	- 633	- 244	12
Variation from 2023-24 Budget	- 234	- 59	- 63	- 55

## General government sector net operating balance

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

As shown in Table 2.1, the net operating balance in 2023-24 is estimated to be a deficit of \$475 million, with surpluses forecast from 2024-25.

While the trend in the net operating balance remains consistent with that forecast in the 2023-24 Budget, net operating balance projections are \$350 million lower in aggregate across the budget cycle. The lower net operating balance forecasts mainly reflect:

- the carryover of operational expenses from 2022-23 to 2023-24 and forward years
- a decrease in estimated mining royalty revenue in 2023-24 as a result of expected lower production and softening of some commodity prices, combined with the effects of global and domestic inflationary pressures on the operating costs of Territory mining operators
- revised timing of Commonwealth revenue for infrastructure and road projects from 2023-24 and 2024-25, now expected to be delivered over the forward estimates and beyond, where expenditure is recognised in the fiscal balance only
- increased estimation of long-term employee-related liability costs and interest expense.

## Non financial public sector fiscal balance

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

As shown in Table 2.1, the fiscal balance deficit in 2023-24 is estimated to be \$1.37 billion, and is forecast to decline each subsequent year over the forward estimates, before returning to a projected surplus of \$12 million in 2026-27.

When compared with the 2023-24 Budget, fiscal balance projections are also lower in aggregate by \$411 million across the budget cycle to 2026-27. The updated fiscal balance forecasts are influenced by the same factors affecting the net operating balance, combined with the timing of Territory-funded capital projects from 2022-23 into 2023-24 and new capital commitments.

Further detail on the differences between the updated projections and 2023-24 Budget are provided below.

## Reconciliation with previous fiscal projections

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

The following analysis addresses this requirement by explaining the variations between updated forecasts in the 2023-24 Mid-Year Report and the 2023-24 Budget. Variations have been categorised as policy or non-policy changes. Policy variations are the result of government decisions to implement new or expand existing agency programs, as well as savings and revenue measures. Non-policy variations are the result of influences outside government's control, such as the timing of expenses or changes in economic conditions.

Table 2.2 summarises the effect of policy and non-policy changes on the non financial public sector fiscal balance since the 2023-24 Budget.

Table 2.2: Non financial public sector fiscal balance – policy and non-policy changes since 2023-24 Budget

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2023-24 Budget	- 1 134	- 574	- 181	67
Policy changes	- 54	- 37	- 14	- 11
Non-policy changes	- 180	- 22	- 49	- 44
2023-24 Mid-Year Report	- 1 368	- 633	- 244	12

Note: (+) reflects an improvement; (-) reflects a worsening.

The following provides further detail on policy and non-policy changes.

## Policy changes since 2023-24 Budget

Table 2.3 highlights the effect of policy changes on the non financial public sector's fiscal balance since the 2023-24 Budget.



Table 2.3: Non financial public sector fiscal balance – policy changes since 2023-24 Budget

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Operating commitments	- 26	- 37	- 14	- 11
Capital commitments	- 28			
<b>Total policy changes</b>	<b>- 54</b>	<b>- 37</b>	<b>- 14</b>	<b>- 11</b>

Note: (+) reflects an improvement; (-) reflects a worsening.

Policy changes incorporate all decisions made by government since the 2023-24 Budget and total \$116 million over the budget and forward estimates.

New operating commitments totalling \$88 million over the budget cycle since the 2023-24 Budget largely reflect:

- \$35 million over 2023-24 to 2026-27 and \$10 million ongoing for additional grant funding to support non-government organisations
- \$35.2 million over 2023-24 and 2024-25 for additional personnel and operational costs associated with increased prisoner numbers
- \$10 million over 2023-24 to 2025-26 for the Territory Aviation Attraction Scheme
- \$4.4 million for grants in 2023-24 to St Vincent de Paul to demolish and remediate the Ozanam House site in Stuart Park.

New capital commitments comprise \$22 million to expand prisoner and bail supported accommodation and \$6.5 million to facilitate the redevelopment of Dawn House.

## Non-policy changes since 2023-24 Budget

Table 2.4 highlights the effect of non-policy changes on the non financial public sector's fiscal balance since the 2023-24 Budget.

Table 2.4: Non financial public sector fiscal balance – non-policy changes since 2023-24 Budget

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Taxation and other regulatory fees	- 60			
Interest variations	2	- 2	- 7	- 11
Leases	- 26			
Employee-related liability costs	- 18	- 20	- 22	- 24
Timing and agency-related adjustments	- 78		- 20	- 9
<b>Total non-policy changes</b>	<b>- 180</b>	<b>- 22</b>	<b>- 49</b>	<b>- 44</b>

Note: (+) reflects an improvement; (-) reflects a worsening.

Key non-policy variations since the 2023-24 Budget include:

- a decrease in estimated mining royalty revenue in 2023-24 as a result of expected lower production and softening of some commodity prices, combined with the effects of global and domestic inflationary pressures on the operating costs of Territory mining operators
- net interest variations across the budget cycle reflecting higher interest expenses, partially offset by higher than expected interest earnings on investments

- new leases in 2023-24 for increased accommodation for frontline health employees in Central Australia
- increased employee-related costs relating to increased workers compensation liabilities, in line with expected payments following actuarial adjustments, combined with higher than expected long service leave costs as a result of the flow-on effect of new enterprise agreements
- various timing and agency-related adjustments of \$107 million across the budget cycle. Key variations include:
  - the carryover of expenses from 2022-23 into 2023-24 and forward years
  - the revised timing of expenditure from 2023-24 into forward years largely relating to Commonwealth funding and milestone payments for ICT systems to reflect funding delivery schedules and contractual payments to suppliers.

## Revenue changes since 2023-24 Budget

Table 2.5 compares revised revenue projections for 2023-24 and the forward estimates with those published in the 2023-24 Budget.

Table 2.5: Non financial public sector – revenue

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>Revenue</b>				
2023-24 Budget	8 198	8 327	8 209	8 327
2023-24 Mid-Year Report	8 256	8 324	8 282	8 400
Variation from 2023-24 Budget	58	- 3	73	73

As shown in Table 2.5, when compared with the 2023-24 Budget, total revenue is projected to be higher in all years except for 2024-25, which is largely unchanged. Table 2.6 identifies the variations in revenue components since the 2023-24 Budget.

Table 2.6: Non financial public sector – variations in revenue components since 2023-24 Budget

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
Taxation revenue				
GST revenue				
Current grants	205	44	15	5
Capital grants	- 103	- 39	56	66
Sales of goods and services	5	- 12	- 2	- 2
Interest income	6	5	5	5
Dividend and income tax equivalent income	- 8			
Mining royalties	- 60			
Other revenue	13	- 1	- 1	- 1
<b>Total variation</b>	<b>58</b>	<b>- 3</b>	<b>73</b>	<b>73</b>

Note: (+) reflects an improvement; (-) reflects a worsening.

### Current and capital grants

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

Table 2.6 includes a net \$269 million increase in current grants revenue from 2023-24 and across the forward estimates when compared with the 2023-24 Budget, mainly due to increased Commonwealth funding for health, schools, remote housing repairs and maintenance, housing and infrastructure upgrades, and new agreements for the Central Australia Plan: On-Country Learning 2024, Social Housing Accelerator Payment operating costs and Strengthening Community Safety in Central Australia.

The fluctuations in capital grants revenue, as shown in Table 2.6, mostly reflect the revised delivery of Commonwealth-funded infrastructure and road projects from 2023-24 and 2024-25, which are now expected to be delivered over the forward estimates and beyond including for Maningrida police station, Katherine flood mitigation, Alice Springs ambulatory care and the Royal Darwin Hospital mental health inpatient unit expansion. These timing variations were partially offset by new Commonwealth funding for the Social Housing Accelerator Payment in 2023-24.

### Sales of goods and services

Sales of goods and services comprise fees and charges from the delivery of government services, including petroleum and mining regulatory fees, and various other recoveries for services provided by government agencies. The decreases, as reported in Table 2.6, largely reflect revised revenue expectations for national parks pass fees and expected residential and industrial land sales.

### Interest income

Interest income includes returns on short-term and fixed interest investments, combined with realised gains on Conditions of Service Reserve investments. When compared to the 2023-24 Budget, interest income has increased by an average \$5 million per annum due to higher than expected interest earnings.

### Dividend and income tax equivalent income

Dividend and income tax equivalent income recognised in the non financial public sector comprise estimated payments by Northern Territory Treasury Corporation and are expected to reduce in line with lower borrowing requirements in 2023-24 when compared to the 2023-24 Budget.

### Mining royalties

Mining and petroleum royalty forecasts are largely based on advice from mining companies on likely production levels, and petroleum producers on estimated liability and related company estimates of commodity price movements and value of the Australian dollar. As shown in Table 2.6, mining royalties are expected to reduce by \$60 million in 2023-24, reflecting recent softening of some commodity prices combined with the effect of global and domestic inflationary pressures on the operating cost of Territory mining operators.

### Other revenue

Other revenue is miscellaneous revenue, including reimbursements and research funding from non-government organisations. When compared to the 2023-24 Budget, other revenue is expected to increase by \$13 million in 2023-24, largely from insurance claims relating to repairs at the Darwin Correctional Centre Precinct.

## Expenditure changes since 2023-24 Budget

Table 2.7 sets out revised expense and net capital projections for 2023-24 and the forward estimates.

Table 2.7: Non financial public sector – expenditure

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>Operating expenses</b>				
2023-24 Budget	8 312	8 055	7 973	8 021
2023-24 Mid-Year Report	8 633	8 153	8 051	8 079
Variation from 2023-24 Budget	321	98	78	58
<b>Net capital investment</b>				
2023-24 Budget	1 673	1 623	1 152	1 000
2023-24 Mid-Year Report	1 636	1 580	1 208	1 066
Variation from 2023-24 Budget	- 37	- 43	56	66

The increase in operating expenses in the budget and forward estimates since the 2023-24 Budget mainly relates to the carryover of expenditure from 2022-23 to 2023-24 and forward estimates, combined with new operating commitments and increased tied Commonwealth funding as discussed earlier in this chapter.

The basis of expenditure parameters approved by government remain unchanged from the 2023-24 Budget. The main parameters used to adjust forward estimates are:

- wages – inflator
- CPI – inflator
- efficiency dividend – deflator.

### Net capital investment

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

As shown in Table 2.7, when compared to the 2023-24 Budget, net capital investment is lower in both 2023-24 and 2024-25 and greater in the two subsequent years. These variations are mainly due to the revised delivery of Commonwealth-funded infrastructure and road projects. Despite these variations, overall net capital investment over the budget and forward estimates is \$42 million higher than projected in the 2023-24 Budget and consistent with new capital policy commitments as detailed earlier in this chapter, combined with the carryover of ICT capital projects from 2022-23.

## Key fiscal indicators – balance sheet

Key measures for the balance sheet are net debt and the net debt to revenue ratio. As shown in Table 2.8, net debt is now projected to be \$9.18 billion in 2023-24, increasing to \$10.14 billion by 2026-27.

In 2023-24, net debt is estimated to be \$53 million lower than forecast in the 2023-24 Budget largely a result of the flow-on effect of the improved 2022-23 outcome, as reported in the 2022-23 Treasurer's Annual Financial Report, partially offset by new policy commitments, lower royalty revenue and timing of agency payments. Net debt is projected to peak in 2025-26 and expected to be \$277 million greater by 2026-27 when compared with the 2023-24 Budget. This increase is largely in line with the revised fiscal balance projections discussed earlier in this chapter.

As shown in Table 2.8, the net debt to revenue ratio is estimated to be 111% in 2023-24, peaking at 123% in 2025-26, and declining to 121% by 2026-27. While net debt is forecast to increase over the budget and forward estimates, the net debt to revenue ratio is expected to remain mostly unchanged as a result of higher annual revenues averaging \$50 million over the period, largely relating to increased Commonwealth grant revenue, which predominantly offsets the increase to net debt over the same period.

Table 2.8: Non financial public sector – net debt and net debt to revenue ratio

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>Net debt</b>				
2023-24 Budget	9 231	9 849	9 984	9 861
2023-24 Mid-Year Report	9 178	9 938	10 190	10 138
Variation from 2023-24 Budget	- 53	89	206	277
<b>Net debt to revenue (%)</b>				
2023-24 Budget	113	118	122	118
2023-24 Mid-Year Report	111	119	123	121
Variation from 2023-24 Budget	- 2	1	1	3

Factors affecting net debt are the combined result of policy and non-policy changes. Policy changes outlined earlier in this chapter include government's operational and capital commitments. Non-policy changes include revised royalty revenue, the effect of new leases in 2023-24 for increased accommodation for frontline health employees in Central Australia, and timing of payments largely related to Commonwealth capital funding received in advance in 2022-23 to be spent in 2023-24 and across the forward estimates.

Unlike the fiscal balance, which is calculated on an accrual basis (with revenue recognised when it is earned and expenses when they are incurred), net debt is calculated on a cash basis and is influenced by when cash is received and money paid. This difference may result in significant variations between the two measures, particularly as a result of Commonwealth capital funding. Commonwealth capital funding largely has no impact on the fiscal balance as revenue is matched in the same year as works are completed, while net debt is affected by when cash is received upfront and progressively spent over financial years.

Table 2.9 provides further detail on the cumulative factors that have contributed to the variation in net debt over the budget cycle since the 2023-24 Budget.

Table 2.9: Non financial public sector – detailed cumulative changes to net debt since 2023-24 Budget

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2022-23 net debt outcome	- 292	- 292	- 292	- 292
Operating commitments	26	63	77	88
Capital commitments	28	28	28	28
Taxation and other regulatory fees	60	60	60	60
Interest variations	- 2		7	18
Leases	26	26	26	26
Employee-related liability costs	18	38	60	84
Timing and agency-related adjustments	83	166	240	265
<b>Net cumulative changes</b>	<b>- 53</b>	<b>89</b>	<b>206</b>	<b>277</b>

Note: (+) reflects a worsening; (-) reflects an improvement.

## Chapter 3

# Economic outlook

## Overview

The information provided in this chapter meets the requirement of sections 10(1)(b) and 10(1)(c) of the FITA that each fiscal outlook report contains an account of the economic assumptions and analysis of the effects of their changes on the updated financial projections.

This chapter provides a summarised assessment of changes in key economic assumptions between the 2022-23 estimate (as reported in the 2023-24 Budget) and the 2022-23 outcome, and updated forecasts for 2023-24 and the following three financial years.

## Key economic indicators

The Territory's 2023-24 forecasts for economic growth have been revised to reflect a slightly weaker than expected 2022-23 outcome, while the population growth estimate for 2022-23 has been amended due to favourable overseas migration. All other forecasts are unchanged from the 2023-24 Budget. Table 3.1 provides the updated actuals and forecasts for key economic indicators for the Territory. Recent trends and factors underpinning the forecasts are discussed in the following sections.

Table 3.1: Key economic results and forecasts (%)

	2022-23		2023-24	2024-25	2025-26	2026-27
	Budget	Actual	Estimate		Forecast	
Gross state product <sup>1</sup>	- 5.1	- 5.3	2.9	2.1	4.5	0.6
State final demand <sup>1</sup>	2.5	1.9	3.1	- 0.5	- 0.7	1.4
Population <sup>2</sup>	0.4	0.8e	0.9	1.0	1.0	1.0
Employment <sup>1</sup>	4.1	4.1	2.2	0.0	0.3	1.1
Unemployment rate <sup>3</sup>	3.9	3.7	4.2	4.3	4.3	4.1
Consumer price index <sup>1</sup>	6.4	6.4	3.5	2.5	2.3	2.4
Wage price index <sup>1</sup>	3.0	2.8	3.6	3.5	3.3	3.1

e: estimate

1 Year-on-year percentage change.

2 June quarter compared with June quarter the previous year.

3 Year average.

Source: Department of Treasury and Finance; ABS

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

## Economic activity

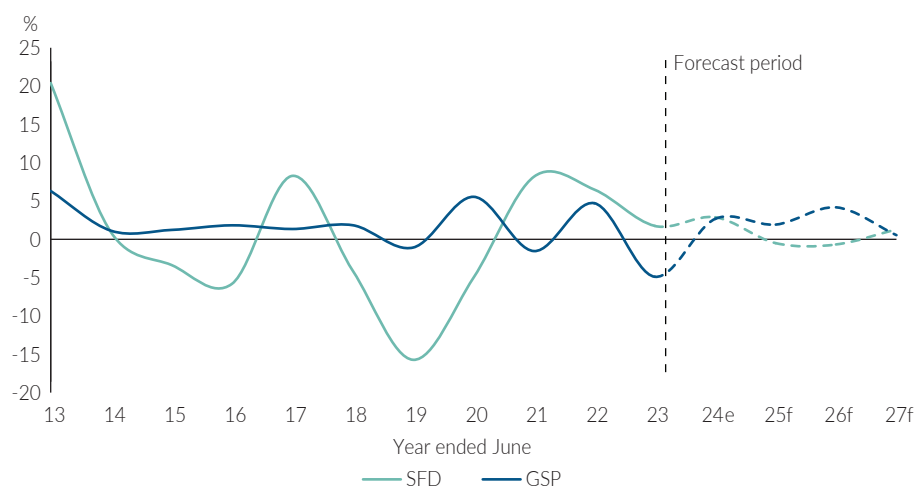
The Territory's gross state product (GSP) decreased by 5.3% to \$30.1 billion in 2022-23, in line with the 5.1% decrease estimated in the 2023-24 Budget. The fall in GSP is the result of lower export volumes (down by 23.8%) in the year, which primarily reflects decreased production of liquefied natural gas (LNG) due to maintenance activity at the Ichthys LNG plant in the second half of 2022 and lower production at the Darwin LNG plant. The decrease in exports was larger than anticipated due to lower catch-up production than forecast once the Ichthys LNG plant restarted. Overall, net exports detracted 11.5 percentage points from headline growth.

At the industry level, the GSP result for the Territory was driven by mining and energy (down by 17.1% and detracting 5.3 percentage points), due to the lower LNG production. Public administration and safety also detracted from GSP due to reduced COVID-19 related activities. Partly offsetting the decrease was growth in transport, postal and warehousing (up by 17.8% and contributing 0.6 percentage points to growth), as air travel increased in 2022-23, the first full year without COVID-19 travel restrictions.

The Territory reported state final demand (SFD) growth of 1.9% in 2022-23, the second weakest result of all jurisdictions, following two years of high growth at 7.0% in 2021-22 and 8.8% in 2020-21. All major components of the Territory’s SFD reported growth in 2022-23, with public investment being the main driver (up by 12.3%, contributing 0.7 percentage points to growth). The growth in public investment reflects spending on transport infrastructure and public housing. Private investment, which grew by 2.8%, contributed 0.4 percentage points to growth, with business investment particularly strong, growing by 4.7%.

Household consumption, the largest component of SFD, increased by 0.4% in 2022-23, contributing 0.2 percentage points to growth. Household consumption growth is expected to remain modest in the near term as households adjust to higher interest rates. Public consumption was the second largest contributor to SFD growth, contributing 0.5 percentage points, reflecting growth in areas of social protection, youth and justice.

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



e: estimate; f: forecast; GSP: gross state product; SFD: state final demand  
 Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Over the forward estimates, economic growth in the Territory is likely to be heavily influenced by progress on the Barossa project. In the near term, uncertainty relating to the timing of major offshore works continues to present a risk to the economic forecasts, although current advice is that the project remains on time and within budget. Business investment is expected to fall in 2025-26 following completion of the construction phase of the project. However, this should be offset by increased exports as LNG production from the Barossa field commences.

Investment and employment will also be supported by defence infrastructure spending and significant investments by the Commonwealth and Territory governments, including the Darwin ship lift facility and marine industry park, the Charles Darwin University city campus, works at Jabiru and Kakadu, and significant road works across the Territory.

There is also a significant pipeline of projects that remain subject to final approvals or investment decisions and are not yet included in the forecasts. Over the medium term, development of the

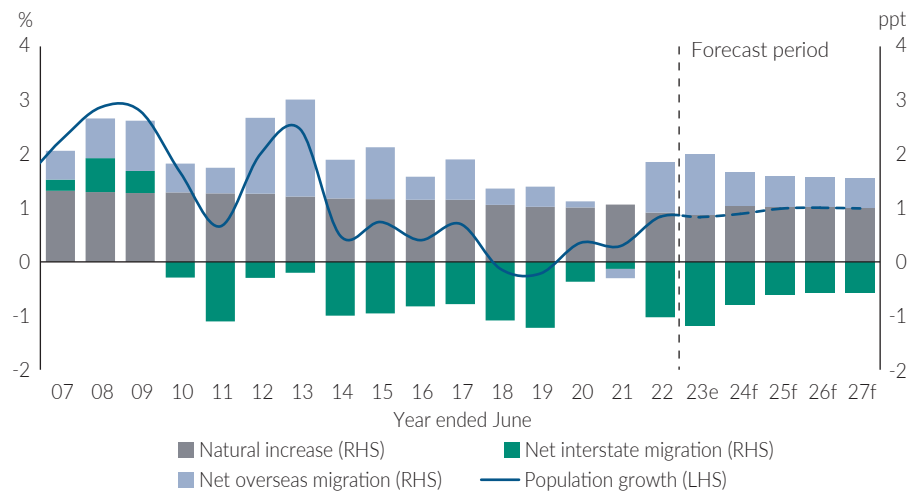


unconventional gas sector, including production in Beetaloo, Middle Arm Sustainable Development Precinct and critical minerals projects have the potential to create significant employment and economic opportunities in the Territory. These projects and investment opportunities will, if they proceed, positively influence the Territory's economic outlook.

## Population

The Territory's population grew annually by 0.9% to 251,700 persons in the March quarter 2023. Net overseas migration has been the major contributor to growth to date, with about 1,460 net arrivals in the March quarter 2023 alone, the highest quarterly result on record for the Territory. The Territory has seen a significant rebound in net overseas migration since the easing of Australia's international border restrictions in late 2021 (Figure 3.2), particularly with the arrival of students and other temporary visa holders.

Figure 3.2: Territory population growth and population component contributions



e: estimate; f: forecast; ppt: percentage point; RHS: right-hand side; LHS: left-hand side  
 Source: ABS, *National, state and territory population*, Cat. No. 3101.0; Department of Treasury and Finance

The Territory's population growth estimate has been revised higher in 2022-23 to account for the stronger than expected overseas migration and remains unchanged from 2023-24 onward compared to 2023-24 Budget. The strong migration levels seen in 2022-23 are expected to return to long-term trends over the forecast period as the impact of the pandemic on migration patterns subsides. Annual population growth is expected to average 1% over the forecast period.

## Labour market

### Employment

Employment in the Territory increased by 4.1% in 2022-23, in line with the 2023-24 Budget estimate. This reflects a 5% increase in full-time employment and 1.2% increase in part-time employment (Figure 3.3). Employment growth has since moderated to 3.3% in the year to October 2023, following six consecutive monthly declines.

Territory employment is expected to increase by 2.2% in 2023-24, then remain steady in 2024-25. These forecasts align with the expected trajectory of local economic activity over the medium term.

Figure 3.3: Territory employment change by status



ppt: percentage point  
 Source: ABS, *Labour Force, Australia*, Cat. No. 6202.0

### Unemployment

In 2022-23, the Territory's unemployment rate averaged 3.7%, below the 2023-24 Budget estimate of 3.9%. As a result of the recent decline in employment, the unemployment rate has trended up over the past six months. The unemployment rate is estimated to increase to 4.2% in 2023-24, then 4.3% in 2024-25.

The level of job vacancies in the Territory has steadily declined over the past six quarters but remains elevated and well above pre-COVID-19 levels, with ongoing job shortages in agriculture, construction and health.

### Consumer price index

Inflation in Darwin fell to 4.3% in the September quarter 2023 from its peak of 7.1% in the December quarter 2022. In year-on-year terms, growth in Darwin's CPI was 6.4% in 2022-23, consistent with the 2023-24 Budget estimate.

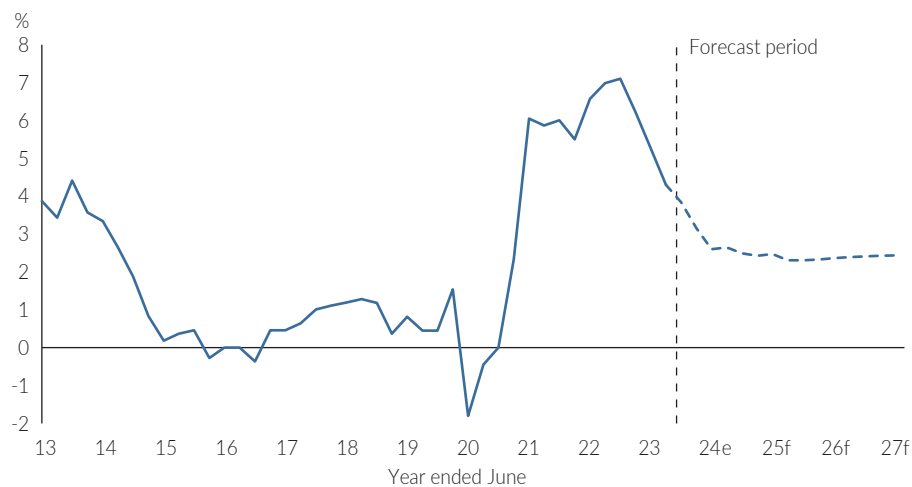
At 4.3%, inflation in Darwin is below the national rate of 5.4%. Much of this difference can be attributed to utility prices, reflecting the Territory government's decision to cap utility price increases at 2.7% in 2022-23 and 2023-24. New dwelling costs have also not risen as much in Darwin as they have nationally.

The fall in inflation to date has largely been driven by the easing of supply chain disruptions brought on by the Russia-Ukraine conflict and natural disasters. This has been reflected in slower growth in the price of goods. Pent-up demand from the pandemic for services such as holiday travel and accommodation continues to put upward pressure on inflation but this is expected to subside. Inflation is expected to continue falling in 2023-24, returning below 3% in mid-2024 (Figure 3.4).

In the near term, inflationary outcomes are expected to be influenced by two significant but opposing forces. Significant oil price rises over the second half of 2023 and higher wages have the potential to put upward pressure on the price of goods and services, while higher interest rates continue to work through the economy and are expected to slow demand.

While there are some risks to the inflation outlook, outcomes to date have been in line with the Budget forecasts. Hence, Territory CPI forecasts remain unchanged from the 2023-24 Budget.

Figure 3.4: Annual change in Darwin consumer price index



e: estimate; f: forecast  
 Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0

## Wage price index

In the September quarter 2023, the Territory's wage price index increased by 4.2% in annual terms. This reflects a 5% increase in private sector wages and a 3% increase in public sector wages (Figure 3.5). In year-on-year terms, the Territory's wage price index increased by 2.8% in 2022-23, slightly below the 2023-24 Budget estimate of 3%.

Enterprise agreements covering a large proportion of public sector employees were agreed in 2022-23. Many of the enterprise agreements include back-dated pay rises. As a result, aggregate public sector wage growth is expected to quickly catch up to private sector wage growth by the end of 2023.

Recent strength in private wages has been driven by tight labour market conditions and the Fair Work Commission's decisions to increase minimum wages in line with inflation. Private wages growth is expected to remain at its current elevated level in the short term.

Based on the latest available data and underlying assumptions, Territory wage forecasts remain unchanged from the 2023-24 Budget.

Figure 3.5: Annual change in Territory wage price index by sector



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

## Chapter 4

# Fiscal strategy statement

### Overview

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

This chapter assesses the updated 2023-24 Mid-Year Report fiscal projections against the government's short and medium-term fiscal objectives and targets set in the 2023-24 Budget.

### Principle 1: Sustainable service provision

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

Table 4.1 shows the updated Territory-funded expense estimates, excluding depreciation, are forecast to decline by 1.8% in aggregate over the budget and forward estimates, below anticipated own-source and untied revenue growth of 10% over the same period. As a result, this fiscal strategy objective and target is projected to be achieved over the budget cycle.

When compared with the 2023-24 Budget, the updated projections for Territory-funded expenses have increased over the budget and forward estimates by a cumulative \$180 million, predominantly due to new government operational commitments of \$88 million, combined with increased employee-related liability costs and interest expense of \$92 million. The decrease in estimated own-source and untied revenue in 2023-24 is mainly due to a one-off decrease in mining royalties.

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

	2023-24	2024-25	2025-26	2026-27		
	Budget	Forward estimate			Growth	Target on track
	\$M	\$M	\$M	\$M	%	
<b>2023-24 Budget</b>						
Territory-funded expenses <sup>1</sup>	5 669	5 519	5 481	5 544	- 2.2	yes
Own-source and untied revenue	5 603	5 752	5 882	6 115	9.1	
<b>2023-24 Mid-Year Report</b>						
Territory-funded expenses <sup>1</sup>	5 691	5 571	5 543	5 588	- 1.8	yes
Own-source and untied revenue	5 558	5 752	5 884	6 116	10.0	

<sup>1</sup> Excludes depreciation and unspent funds carried over from prior years.

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

As shown in Table 4.2, updated forecasts for Territory-funded employee expense growth have increased in 2023-24 but are largely unchanged across the forward estimates from those reported in the 2023-24 Budget. The increase in 2023-24 mostly reflects additional personnel funding associated with increased prisoner numbers.

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

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	%	%	%	%
<b>2023-24 Budget</b>				
Territory-funded employee expense growth	0.9	0.5	0.7	1.5
Wages policy parameter <sup>1</sup> plus long-term population growth	1.6	2.6	2.6	2.6
Target on track	yes	yes	yes	yes
<b>2023-24 Mid-Year Report</b>				
Territory-funded employee expense growth	1.2	0.5	0.5	1.6
Wages policy parameter <sup>1</sup> plus long-term population growth	1.6	2.6	2.6	2.6
Target on track	yes	yes	yes	yes

1 Net of efficiency dividends.

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

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

Table 4.3 shows the general government sector net operating balance is estimated to be a deficit in 2023-24, and then forecast to be in surplus and improving from 2024-25. Accordingly, this fiscal strategy objective and target are on track to be met, with a net operating balance surplus projected three years ahead of the 2027-28 target.

For 2023-24 and 2024-25, net operating balance estimations have weakened since the 2023-24 Budget due to new operational commitments and carryover of expenditure from 2022-23 into 2023-24, combined with revised timing of Commonwealth funding for capital projects from 2023-24 and 2024-25 to the forward estimates and beyond. Revised timing of Commonwealth funding for capital projects impacts the operating balance as only revenue is reported in this measure, there is no net impact on the fiscal balance as both revenue and expenditure is reported in this measure.

Table 4.3: General government sector – net operating balance

	2023-24	2024-25	2025-26	2026-27	Target on track
	Budget	Forward estimate			
	\$M	\$M	\$M	\$M	
2023-24 Budget	- 200	121	209	282	yes
2023-24 Mid-Year Report	- 475	28	208	301	yes
Variation from 2023-24 Budget	- 275	- 93	- 1	19	

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

Sustainable service provision objectives and targets, such as limiting expenditure growth and net operating balance surpluses, will facilitate achievement of the long-term fiscal strategy target to ensure new general government capital investment is funded through revenues rather than borrowings.

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

As shown in Table 4.4, borrowing estimates have increased in aggregate by \$251 million over the budget and forward estimates since the 2023-24 Budget. This increase is in line with new policy commitments, lower mining royalty revenue and increased employee-related liability costs.

Although estimated borrowing requirements have increased since the 2023-24 Budget, borrowing (net) reported in the 2023-24 Mid-Year Report are expected to decline over the forward estimates period, indicating this fiscal strategy objective is on track to being achieved over the medium to long term.

Table 4.4: General government sector – borrowing (net)

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
2023-24 Budget	1 154	629	189	- 61
2023-24 Mid-Year Report	1 125	785	248	4
Variation from 2023-24 Budget	- 29	156	59	65

## Principle 2: Infrastructure for economic and community development

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

As shown in Table 4.5, updated forecasts for the general government sector's total infrastructure investment (comprising capital works, minor works, and repairs and maintenance expenses) are consistent with the first element of this objective, with average infrastructure investment over the budget cycle of \$1.14 billion per annum, well above average depreciation of \$582 million per annum in the 2023-24 Mid-Year Report.

The second element of this objective has also been achieved with updated projections for Territory-funded infrastructure investment not exceeding twice the level of depreciation in any single year, with the Territory-funded infrastructure investment to depreciation ratio peaking at 1.6 in 2023-24 before declining to 1.0 from 2025-26.

When compared with the 2023-24 Budget, planned Territory-funded infrastructure investment has decreased by a net \$10 million over the budget and forward estimates period largely as a result of bringing forward \$10 million for public housing repairs and maintenance from 2023-24 to 2022-23 to accelerate critical repairs.

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

	2023-24	2024-25	2025-26	2026-27		Target on track
	Budget	Forward estimate			Average	
<b>2023-24 Budget</b>						
Total infrastructure investment (\$M)	1 437	1 300	962	863	1 140	
Depreciation (\$M)	591	581	577	571	580	yes
Territory-funded infrastructure investment (\$M)	948	821	569	574	728	
Depreciation (\$M)	591	581	577	571	580	
Territory-funded infrastructure investment to depreciation ratio	1.6	1.4	1.0	1.0	1.3	
Target on track	yes	yes	yes	yes	yes	
<b>2023-24 Mid-Year Report</b>						
Total infrastructure investment (\$M)	1 362	1 263	1 016	927	1 142	
Depreciation (\$M)	600	585	575	566	582	yes
Territory-funded infrastructure investment (\$M)	940	823	567	572	725	
Depreciation (\$M)	600	585	575	566	582	
Territory-funded infrastructure investment to depreciation ratio	1.6	1.4	1.0	1.0	1.2	
Target on track	yes	yes	yes	yes	yes	

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

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

Since the 2023-24 Budget, there were no new Territory-funded capital works projects exceeding \$30 million, to be progressed through the framework.

### Principle 3: Competitive tax environment

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

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

This measure is a lagging indicator as the Commonwealth Grants Commission updates information annually based on the actual outcome of the previous year. Consequently, assessment of this element of the strategy remains unchanged from the 2023-24 Budget with the Territory's 2021-22 total taxation effort assessed as 86.2%. Therefore this fiscal strategy target has not been achieved.



Ongoing objective: Generate own-source revenue efficiently

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

Table 4.6 demonstrates this fiscal strategy objective and target is expected to be achieved, with the Territory Revenue Office's forecast operating expenditure well below 1% of total taxation and royalty revenue across the budget and forward estimates.

When compared with the 2023-24 Budget, Territory taxes and royalty estimates decreased by \$60 million in 2023-24 reflecting softening of some commodity prices combined with the effects of global and domestic inflationary pressures on the operating costs of Territory mining operators. There were no changes to projections for Territory taxes and royalties or operating expenditure for the Territory Revenue Office over the budget cycle.

Table 4.6: Territory Revenue Office expenditure to taxation revenue raised

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
<b>2023-24 Budget</b>				
Territory Revenue Office expenditure (\$M)	7	8	6	6
Territory taxes and royalties (\$M)	1 073	1 001	963	1 005
Expenditure to revenue (%)	0.7	0.8	0.6	0.6
Target on track	yes	yes	yes	yes
<b>2023-24 Mid-Year Report</b>				
Territory Revenue Office expenditure (\$M)	7	8	6	6
Territory taxes and royalties (\$M)	1 013	1 001	963	1 005
Expenditure to revenue (%)	0.7	0.8	0.6	0.6
Target on track	yes	yes	yes	yes

## Principle 4: Prudent management of debt and liabilities

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

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

The Territory's credit rating was last assessed by Moody's Investors Service (Moody's) on the 2023-24 Budget in June 2023, which resulted in a credit rating for the Territory at Aa3 with a stable outlook. Therefore this fiscal strategy target has not yet been met.

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

As shown in Table 4.7, while net debt projections increased over the budget and forward estimates, the net debt to revenue ratio is expected to remain mostly unchanged as a result of higher estimated annual revenue averaging \$50 million over the period, largely relating to increased Commonwealth grant revenue, which predominantly offsets the increase to net debt over the same period.

Table 4.7: Non financial public sector – net debt to revenue ratios

	2023-24	2024-25	2025-26	2026-27	Target on track
	Budget	Forward estimate			
	%	%	%	%	
2023-24 Budget	113	118	122	118	no
2023-24 Mid-Year Report	111	119	123	121	no
Variation from 2023-24 Budget (ppt)	- 2	1	1	3	

ppt: percentage point

The FITA incorporates a debt ceiling cap on total borrowings in the non financial public sector (excluding leases) of \$15 billion. Table 4.8 presents assessable debt compared with those reported in the 2023-24 Budget, demonstrating updated projections for assessable debt remain well below the \$15 billion cap in all years over the budget cycle.

When compared with the 2023-24 Budget, assessable debt is estimated to increase in all years reflecting \$60 million in new borrowings in the Power and Water Corporation in 2023-24, with spending to be incorporated in its next statement of corporate intent, combined with new borrowings in the general government sector in line with new policy commitments, lower mining royalty revenue and increased employee-related liability costs.

Table 4.8: Non financial public sector – debt ceiling assessment

	2023-24	2024-25	2025-26	2026-27
	Budget	Forward estimate		
	\$M	\$M	\$M	\$M
<b>2023-24 Budget</b>				
Total borrowings	12 371	13 153	13 486	13 502
Less: leases	1 736	1 624	1 551	1 458
<b>Total assessable debt</b>	<b>10 635</b>	<b>11 529</b>	<b>11 935</b>	<b>12 044</b>
Target on track	yes	yes	yes	yes
<b>2023-24 Mid-Year Report</b>				
Total borrowings	12 468	13 406	13 797	13 877
Less: leases	1 773	1 656	1 582	1 488
<b>Total assessable debt</b>	<b>10 695</b>	<b>11 750</b>	<b>12 215</b>	<b>12 389</b>
Target on track	yes	yes	yes	yes

## Principle 5: Commercial management of government owned corporations

Projections for government owned corporations are revised through each respective statement of corporate intent, which is prepared annually and forms part of the Territory's budget development process. Consequently, assessment of the fiscal strategy objectives and targets within this fiscal strategy principle remain unchanged from the 2023-24 Budget.

## Chapter 5

# Risks and contingent liabilities

### Overview

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

This chapter meets the FITA requirements by providing an update on potential risks that have changed since the 2023-24 Budget due to changes in factors underpinning revenue and expenditure estimates, and the likelihood of contingent liabilities becoming actual liabilities.

Risks to the Territory are assessed and categorised in accordance with those identified in section 5(2) of the FITA, namely:

- risks from excessive debt
- risks from the ownership of trading entities
- risk of erosion of the Territory's revenue base
- risks arising from the management of assets and liabilities.

Other risks that could materially affect the financial projections comprising risks to expenses and payments, and economic forecasts are also included.

Since the 2023-24 Budget, risks to the Territory have remained largely unchanged with the exception of risks of erosion of the Territory's revenue base relating to GST collections, and tax and royalty revenues; risks to expenses and payments; and risks to economic forecasts. Further details on changes in factors since the 2023-24 Budget affecting these risks are provided below.

For further information on the Territory's risks and contingent liabilities, refer to the 2023-24 Budget Paper No. 2 Fiscal Strategy and Outlook, Chapter 7, *Risks and contingent liabilities* and the 2022-23 Treasurer's Annual Financial Report, Note 42, *Contingent assets and liabilities*.

## Risk of erosion of the Territory's revenue base

### National GST collections

National GST collections determine the total amount of GST revenue available to be distributed to all states, and are heavily reliant on national household consumption and expenditure patterns. Since the 2023-24 Budget, the outlook for national consumption remains uncertain as the effects of higher interest rates continue to flow through the economy. While GST revenue estimates remain unchanged from the 2023-24 Budget, there is a risk that elevated levels of inflation and potential further interest rate rises may dampen household consumption of items that incur GST, thereby impacting national GST collections and the amount of GST revenue available to be distributed to the Territory.

A  $\pm 1$  percentage point change to GST collections is estimated to have a  $\pm \$39$  million impact on the Territory's GST revenue in 2023-24, all else being equal.

## Territory taxes and royalties

The Territory's tax and royalty revenues mainly comprise revenue from mining and petroleum royalties, as well as payroll tax, conveyance and other related duties. Risks to the Territory's tax and royalty revenues largely arise from changes to external economic factors and indicators, such as volatility in global economic growth, commodity prices, currency exchange rates, business activity and investment, and labour market conditions.

Forecasting royalty revenue relies on advice from mining companies as well as adjusting for changes in export prices, input prices, including labour, electricity and interest costs. For 2023-24, the outlook for some commodity prices has softened, which has affected expected revenues. At the same time, global and domestic inflation and higher interest costs have continued to put pressure on operating costs across the sector. The combination of these factors has led to a downward revision to expected royalty revenue for 2023-24.

Monetary policy changes made by the Reserve Bank of Australia will continue to influence consumer, business, and investor confidence, impacting overall own-source revenue receipts. Consumer spending on discretionary items is being affected by higher mortgage repayments, which, in return, is affecting the residential housing market in the Territory. These factors contribute increased forecasting risk and risks to the Territory's revenue base.

Adherence to the Territory's fiscal strategy of adopting tax policies that maintain taxation at levels competitive with other jurisdictions and encourage increased levels of business activity in the Territory mitigates the risks of erosion in the Territory's revenue base. This also supports the generation of own-source revenue to help meet government's service delivery costs.

## Risks to expenses and payments

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

Persistently high inflation and increases to interest rates, tight labour markets, combined with a number of government enterprise agreement outcomes above funded levels, have increased the risks to the budget relating to the cost of delivering government services. The full effect of changes in the external economic environment poses an increased risk to the fiscal aggregates as presented in this report.

These risks are mitigated through the Territory's fiscal strategy objectives, focused on ensuring government operates within its means and is supported by robust monitoring and reporting obligations within the Territory's Financial Management and Accountability Framework, enabling the early identification of budget pressures.

## Risks to economic forecasts

As a small commodity dependent economy, Territory economic forecasts are subject to a number of upside and downside risks and uncertainties. These remain largely unchanged since the 2023-24 Budget and include:

- geopolitical tensions impacting global supply chains and commodity prices
- household consumption and saving choices in response to higher interest rates and consumer prices
- regulatory decisions and their effects on the timing of announced resource projects
- major projects reaching a final investment decision within the outlook period.

The impact of these factors is unpredictable and adds uncertainty to the international, national and local economic outlook.

The reliability of economic data and potentially significant revisions to previously reported data also continue to present risks to Territory economic forecasts. This uncertainty reflects that, even when using best practice statistical techniques, generating reliable estimates from small samples of diverse populations is challenging.

## Contingent liabilities

Contingent liabilities are potential future costs to government that may arise from guarantees, indemnities, and legal and contractual claims. Contingent liabilities pose a risk to the Territory's financial position and have the potential to materially affect the budget due to the likelihood of an actual liability arising.

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



## Chapter 6

# Consolidated financial statements

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

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

The financial statements included in this chapter present the fiscal projections as published in the 2023-24 Budget, along with revised projections for 2023-24 (revised budget) and 2024-25 to 2026-27 forward estimates.

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

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

For details on changes to the revised projections since the 2023-24 Budget, refer to Chapter 2, *Fiscal outlook*.

## General government sector comprehensive operating statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>					
Taxation revenue	682 070	682 070	694 253	699 632	729 370
Current grants	5 122 632	5 327 080	5 140 016	5 224 455	5 357 341
Capital grants	549 182	446 395	521 161	445 299	347 742
Sales of goods and services	429 752	433 675	418 545	420 114	418 859
Interest income	114 407	120 635	123 271	126 422	129 750
Dividend and income tax equivalent income	109 605	102 085	119 239	107 854	117 485
Other revenue	462 890	415 764	376 480	334 576	347 854
<b>TOTAL REVENUE</b>	<b>7 470 538</b>	<b>7 527 704</b>	<b>7 392 965</b>	<b>7 358 352</b>	<b>7 448 401</b>
<i>less</i> <b>EXPENSES</b>					
Employee benefits expense	2 754 070	2 843 558	2 759 456	2 706 193	2 714 450
Superannuation expenses					
Superannuation interest cost	122 469	122 469	118 822	114 906	110 909
Other superannuation expenses	367 368	374 865	376 177	382 142	382 018
Depreciation and amortisation	591 002	600 311	584 828	574 501	566 417
Other operating expenses	1 733 100	1 814 010	1 593 047	1 516 524	1 529 339
Interest expenses	393 604	395 337	446 717	476 113	489 280
Other property expenses					
Current grants	1 177 542	1 258 605	1 151 110	1 118 917	1 097 445
Capital grants	300 345	357 481	159 740	85 222	81 840
Subsidies and personal benefit payments	230 595	236 220	175 390	176 265	176 092
<b>TOTAL EXPENSES</b>	<b>7 670 095</b>	<b>8 002 856</b>	<b>7 365 287</b>	<b>7 150 783</b>	<b>7 147 790</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>- 199 557</b>	<b>- 475 152</b>	<b>27 678</b>	<b>207 569</b>	<b>300 611</b>
<i>plus</i> Other economic flows – included in operating result	62 184	62 184	68 110	74 402	80 449
<i>equals</i> <b>OPERATING RESULT</b>	<b>- 137 373</b>	<b>- 412 968</b>	<b>95 788</b>	<b>281 971</b>	<b>381 060</b>
<i>plus</i> Other economic flows – other comprehensive income	176 536	188 716	226 130	105 333	101 584
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>39 163</b>	<b>- 224 252</b>	<b>321 918</b>	<b>387 304</b>	<b>482 644</b>
<b>NET OPERATING BALANCE</b>	<b>- 199 557</b>	<b>- 475 152</b>	<b>27 678</b>	<b>207 569</b>	<b>300 611</b>
<i>less</i> <b>Net acquisition of non financial assets</b>					
Purchases of non financial assets	1 321 295	1 271 911	1 147 435	898 824	803 353
Sales of non financial assets	- 25 474	- 25 474	- 26 149	- 26 149	- 26 149
<i>less</i> Depreciation	591 002	600 311	584 828	574 501	566 417
<i>plus</i> Change in inventories					
<i>plus</i> Other movements in non financial assets	131 403	156 573	22 895	67 190	38 122
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>836 222</b>	<b>802 699</b>	<b>559 353</b>	<b>365 364</b>	<b>248 909</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 1 035 779</b>	<b>- 1 277 851</b>	<b>- 531 675</b>	<b>- 157 795</b>	<b>51 702</b>



## General government sector balance sheet

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and deposits	588 368	992 073	1 007 369	1 002 006	987 263
Advances paid	189 493	182 685	197 685	197 935	193 335
Investments, loans and placements	2 765 766	2 557 287	2 697 122	2 830 918	2 977 300
Receivables	645 978	495 233	493 413	491 489	493 545
Equity					
Investments in other public sector entities	2 477 250	2 579 108	2 743 639	2 762 861	2 777 107
Equity accounted investments					
Investments – shares	22 000	23 199	43 199	63 199	78 199
Other financial assets	27 932	27 931	29 887	31 980	34 219
<b>Total financial assets</b>	<b>6 716 787</b>	<b>6 857 516</b>	<b>7 212 314</b>	<b>7 380 388</b>	<b>7 540 968</b>
<b>Non financial assets</b>					
Inventories	20 456	20 986	20 986	20 986	20 986
Property, plant and equipment	19 669 849	21 124 684	21 691 359	22 070 760	22 333 650
Investment property	31 924	34 812	30 812	26 812	22 812
Other non financial assets	482 108	502 484	505 762	502 325	498 944
<b>Total non financial assets</b>	<b>20 204 337</b>	<b>21 682 966</b>	<b>22 248 919</b>	<b>22 620 883</b>	<b>22 876 392</b>
<b>TOTAL ASSETS</b>	<b>26 921 124</b>	<b>28 540 482</b>	<b>29 461 233</b>	<b>30 001 271</b>	<b>30 417 360</b>
<b>LIABILITIES</b>					
Deposits held	399 735	533 252	531 864	523 796	505 752
Advances received	201 741	190 772	177 688	163 464	147 976
Borrowing	10 426 557	10 467 391	11 275 502	11 590 592	11 632 281
Superannuation	3 257 496	2 975 229	2 875 064	2 763 807	2 647 362
Other employee benefits	829 511	886 066	886 066	886 066	886 066
Payables	384 920	338 253	339 493	341 242	341 506
Other liabilities	965 941	1 134 137	1 038 256	1 007 700	1 049 169
<b>TOTAL LIABILITIES</b>	<b>16 465 901</b>	<b>16 525 100</b>	<b>17 123 933</b>	<b>17 276 667</b>	<b>17 210 112</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>10 455 223</b>	<b>12 015 382</b>	<b>12 337 300</b>	<b>12 724 604</b>	<b>13 207 248</b>
<b>NET WORTH</b>	<b>10 455 223</b>	<b>12 015 382</b>	<b>12 337 300</b>	<b>12 724 604</b>	<b>13 207 248</b>
NET FINANCIAL WORTH <sup>1</sup>	- 9 749 114	- 9 667 584	- 9 911 619	- 9 896 279	- 9 669 144
NET FINANCIAL LIABILITIES <sup>2</sup>	12 226 364	12 246 692	12 655 258	12 659 140	12 446 251
<b>NET DEBT<sup>3</sup></b>	<b>7 484 406</b>	<b>7 459 370</b>	<b>8 082 878</b>	<b>8 246 993</b>	<b>8 128 111</b>

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

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

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

## General government sector cash flow statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>					
Taxes received	682 070	682 070	694 253	699 632	729 370
Receipts from sales of goods and services	461 941	465 102	450 740	452 309	451 054
Grants and subsidies received	5 785 185	5 916 645	5 527 552	5 600 861	5 698 882
Interest receipts	114 407	120 635	123 271	126 422	129 750
Dividends and income tax equivalents	101 867	105 279	115 363	109 529	115 429
Other receipts	462 035	397 538	375 029	333 060	345 615
<b>Total operating receipts</b>	<b>7 607 505</b>	<b>7 687 269</b>	<b>7 286 208</b>	<b>7 321 813</b>	<b>7 470 100</b>
<b>Cash payments for operating activities</b>					
Payments for employees	- 3 248 889	- 3 360 953	- 3 263 621	- 3 224 160	- 3 233 484
Payment for goods and services	- 1 402 637	- 1 483 048	- 1 258 595	- 1 186 002	- 1 190 047
Grants and subsidies paid	- 1 708 482	- 1 851 165	- 1 486 240	- 1 380 404	- 1 355 377
Interest paid	- 391 508	- 392 922	- 445 511	- 475 394	- 489 155
Other payments	- 323 689	- 323 689	- 323 689	- 323 689	- 323 689
<b>Total operating payments</b>	<b>- 7 075 205</b>	<b>- 7 411 777</b>	<b>- 6 777 656</b>	<b>- 6 589 649</b>	<b>- 6 591 752</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>532 300</b>	<b>275 492</b>	<b>508 552</b>	<b>732 164</b>	<b>878 348</b>
<b>Cash flows from investments in non financial assets</b>					
Sales of non financial assets	25 474	25 474	26 149	26 149	26 149
Purchases of non financial assets	- 1 320 895	- 1 272 311	- 1 147 435	- 898 824	- 803 353
<b>Net cash flows from investments in non financial assets</b>	<b>- 1 295 421</b>	<b>- 1 246 837</b>	<b>- 1 121 286</b>	<b>- 872 675</b>	<b>- 777 204</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 763 121</b>	<b>- 971 345</b>	<b>- 612 734</b>	<b>- 140 511</b>	<b>101 144</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	- 65 600	- 65 600	- 64 400	- 24 477	- 13 400
Net cash flows from investments in financial assets for liquidity purposes	- 97 643	- 67 080	- 78 314	- 65 983	- 72 522
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 1 458 664</b>	<b>- 1 379 517</b>	<b>- 1 264 000</b>	<b>- 963 135</b>	<b>- 863 126</b>
Net cash flows from financing activities					
Advances received (net)	- 12 160	- 22 055	- 13 084	- 14 224	- 15 488
Borrowing (net)	1 154 381	1 125 371	785 216	247 900	3 567
Deposits received (net)	- 14 920	- 69 941	- 1 388	- 8 068	- 18 044
Other financing (net)	400	400			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 127 701</b>	<b>1 033 775</b>	<b>770 744</b>	<b>225 608</b>	<b>- 29 965</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>201 337</b>	<b>- 70 250</b>	<b>15 296</b>	<b>- 5 363</b>	<b>- 14 743</b>
Net cash flows from operating activities	532 300	275 492	508 552	732 164	878 348
Net cash flows from investments in non financial assets	- 1 295 421	- 1 246 837	- 1 121 286	- 872 675	- 777 204
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 763 121</b>	<b>- 971 345</b>	<b>- 612 734</b>	<b>- 140 511</b>	<b>101 144</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>	- 46 392	- 46 392	- 49 175	- 52 126	- 55 254
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 809 513</b>	<b>- 1 017 737</b>	<b>- 661 909</b>	<b>- 192 637</b>	<b>45 890</b>

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

2 Contributions for future infrastructure and superannuation requirements.

## Public non financial corporation sector comprehensive operating statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>					
Current grants	234 144	238 205	180 445	181 575	182 193
Capital grants	128 356	140 356	192 788	65 780	59 737
Sales of goods and services	892 840	894 038	987 890	1 025 211	1 064 368
Interest income	4 767	5 072	4 459	4 663	4 467
Other revenue	23 639	23 639	38 490	35 214	35 457
<b>TOTAL REVENUE</b>	<b>1 283 746</b>	<b>1 301 310</b>	<b>1 404 072</b>	<b>1 312 443</b>	<b>1 346 222</b>
<i>less</i> <b>EXPENSES</b>					
Employee benefits expense	113 299	113 299	115 682	122 092	124 993
Superannuation expenses	14 789	14 789	16 472	17 590	18 606
Depreciation and amortisation	221 318	221 318	220 184	227 522	228 938
Other operating expenses	710 660	710 909	738 482	746 314	755 496
Interest expenses	81 098	84 086	97 594	117 225	130 549
Other property expenses	50 183	50 313	55 211	28 675	34 556
Current grants					
Capital grants		1 866			
Subsidies and personal benefit payments	1 294	1 294	1 321	1 353	1 387
<b>TOTAL EXPENSES</b>	<b>1 192 641</b>	<b>1 197 874</b>	<b>1 244 946</b>	<b>1 260 771</b>	<b>1 294 525</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>91 105</b>	<b>103 436</b>	<b>159 126</b>	<b>51 672</b>	<b>51 697</b>
<i>plus</i> Other economic flows – included in operating result	- 5 674	- 5 674	- 13 703	- 13 725	- 13 743
<i>equals</i> <b>OPERATING RESULT</b>	<b>85 431</b>	<b>97 762</b>	<b>145 423</b>	<b>37 947</b>	<b>37 954</b>
<i>plus</i> Other economic flows – other comprehensive income	5 075	5 075	5 729	5 137	4 119
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>90 506</b>	<b>102 837</b>	<b>151 152</b>	<b>43 084</b>	<b>42 073</b>
<b>NET OPERATING BALANCE</b>	<b>91 105</b>	<b>103 436</b>	<b>159 126</b>	<b>51 672</b>	<b>51 697</b>
<i>less</i> <b>Net acquisition of non financial assets</b>					
Purchases of non financial assets	377 089	389 089	458 878	335 278	288 548
Sales of non financial assets					
<i>less</i> Depreciation	221 318	221 318	220 184	227 522	228 938
<i>plus</i> Change in inventories	26 884	20 930	4 449	850	- 118
<i>plus</i> Other movements in non financial assets		- 1 866			
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>182 655</b>	<b>186 835</b>	<b>243 143</b>	<b>108 606</b>	<b>59 492</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 91 550</b>	<b>- 83 399</b>	<b>- 84 017</b>	<b>- 56 934</b>	<b>- 7 795</b>

## Public non financial corporation sector balance sheet

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and deposits	200 265	283 903	277 198	265 730	237 535
Advances paid					
Investments, loans and placements	3	3	3	3	3
Receivables	142 021	177 336	182 957	184 875	189 759
Equity					
Investments in other public sector entities					
Equity accounted investments					
Investments – shares					
Other financial assets	6 573	5 488	4 596	3 402	1 999
<b>Total financial assets</b>	<b>348 862</b>	<b>466 730</b>	<b>464 754</b>	<b>454 010</b>	<b>429 296</b>
<b>Non financial assets</b>					
Inventories	230 926	228 681	233 130	233 980	233 862
Property, plant and equipment	4 098 610	4 176 542	4 430 717	4 552 229	4 631 186
Investment property					
Other non financial assets	68 573	67 134	56 777	35 969	24 496
<b>Total non financial assets</b>	<b>4 398 109</b>	<b>4 472 357</b>	<b>4 720 624</b>	<b>4 822 178</b>	<b>4 889 544</b>
<b>TOTAL ASSETS</b>	<b>4 746 971</b>	<b>4 939 087</b>	<b>5 185 378</b>	<b>5 276 188</b>	<b>5 318 840</b>
<b>LIABILITIES</b>					
Deposits held	1 868	2 801	2 801	2 801	2 801
Advances received					
Borrowing	1 960 942	2 018 768	2 147 345	2 222 432	2 259 794
Superannuation					
Other employee benefits	79 052	89 917	91 857	92 504	92 842
Payables	81 751	109 449	115 374	119 883	123 174
Other liabilities	167 894	160 440	105 793	97 172	84 621
<b>TOTAL LIABILITIES</b>	<b>2 291 507</b>	<b>2 381 375</b>	<b>2 463 170</b>	<b>2 534 792</b>	<b>2 563 232</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>2 455 464</b>	<b>2 557 712</b>	<b>2 722 208</b>	<b>2 741 396</b>	<b>2 755 608</b>
<b>NET WORTH</b>	<b>2 455 464</b>	<b>2 557 712</b>	<b>2 722 208</b>	<b>2 741 396</b>	<b>2 755 608</b>
NET FINANCIAL WORTH <sup>1</sup>	- 1 942 645	- 1 914 645	- 1 998 416	- 2 080 782	- 2 133 936
<b>NET DEBT<sup>2</sup></b>	<b>1 762 542</b>	<b>1 737 663</b>	<b>1 872 945</b>	<b>1 959 500</b>	<b>2 025 057</b>

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

2 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

## Public non financial corporation sector cash flow statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>					
Receipts from sales of goods and services	853 611	854 807	977 337	1 018 200	1 049 488
Grants and subsidies received	408 602	424 663	309 735	239 657	236 632
Interest receipts	4 777	5 082	4 459	4 663	4 467
Dividends and income tax equivalents					
Other receipts	32 068	21 808	38 490	32 675	26 395
<b>Total operating receipts</b>	<b>1 299 058</b>	<b>1 306 360</b>	<b>1 330 021</b>	<b>1 295 195</b>	<b>1 316 982</b>
<b>Cash payments for operating activities</b>					
Income tax equivalents paid	- 43 209	- 44 119	- 54 266	- 33 344	- 34 344
Payments for employees	- 117 790	- 117 791	- 139 590	- 148 665	- 153 057
Payment for goods and services	- 733 381	- 729 540	- 715 238	- 708 973	- 726 690
Grants and subsidies paid	- 1 294	- 1 294	- 1 321	- 1 353	- 1 387
Interest paid	- 80 738	- 83 622	- 96 768	- 116 195	- 130 236
Other payments					
<b>Total operating payments</b>	<b>- 976 412</b>	<b>- 976 366</b>	<b>- 1 007 183</b>	<b>- 1 008 530</b>	<b>- 1 045 714</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>322 646</b>	<b>329 994</b>	<b>322 838</b>	<b>286 665</b>	<b>271 268</b>
<b>Cash flows from investments in non financial assets</b>					
Sales of non financial assets					
Purchases of non financial assets	- 377 089	- 389 089	- 458 878	- 335 278	- 288 548
<b>Net cash flows from investments in non financial assets</b>	<b>- 377 089</b>	<b>- 389 089</b>	<b>- 458 878</b>	<b>- 335 278</b>	<b>- 288 548</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 54 443</b>	<b>- 59 095</b>	<b>- 136 040</b>	<b>- 48 613</b>	<b>- 17 280</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>					
Net cash flows from investments in financial assets for liquidity purposes	322	322	892	1 194	1 403
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 376 767</b>	<b>- 388 767</b>	<b>- 457 986</b>	<b>- 334 084</b>	<b>- 287 145</b>
Net cash flows from financing activities					
Advances received (net)					
Borrowing (net)	23 854	83 854	113 801	59 937	14 711
Deposits received (net)					
Dividends paid	- 5 511	- 6 573	- 14 758	- 28 213	- 30 029
Other financing (net)	30 000	30 000	29 400	4 227	3 000
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>48 343</b>	<b>107 281</b>	<b>128 443</b>	<b>35 951</b>	<b>- 12 318</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>- 5 778</b>	<b>48 508</b>	<b>- 6 705</b>	<b>- 11 468</b>	<b>- 28 195</b>
Net cash flows from operating activities	322 646	329 994	322 838	286 665	271 268
Net cash flows from investments in non financial assets	- 377 089	- 389 089	- 458 878	- 335 278	- 288 548
Dividends paid	- 5 511	- 6 573	- 14 758	- 28 213	- 30 029
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 59 954</b>	<b>- 65 668</b>	<b>- 150 798</b>	<b>- 76 826</b>	<b>- 47 309</b>

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

## Non financial public sector comprehensive operating statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>					
Taxation revenue	673 294	673 294	684 877	690 002	719 574
Current grants	5 122 632	5 327 080	5 140 016	5 224 455	5 357 341
Capital grants	503 080	400 293	584 659	452 997	353 040
Sales of goods and services	1 243 183	1 248 102	1 327 713	1 366 770	1 404 657
Interest income	118 722	124 950	127 218	130 726	133 884
Dividend and income tax equivalent income	54 140	46 339	47 972	51 056	52 068
Other revenue	483 025	435 849	411 364	366 184	379 705
<b>TOTAL REVENUE</b>	<b>8 198 076</b>	<b>8 255 907</b>	<b>8 323 819</b>	<b>8 282 190</b>	<b>8 400 269</b>
<i>less</i> <b>EXPENSES</b>					
Employee benefits expense	2 867 369	2 956 857	2 875 138	2 828 285	2 839 443
Superannuation expenses					
Superannuation interest cost	122 469	122 469	118 822	114 906	110 909
Other superannuation expenses	378 990	386 487	389 482	396 565	397 457
Depreciation and amortisation	811 074	820 383	803 766	800 777	794 109
Other operating expenses	2 356 548	2 437 455	2 244 301	2 175 524	2 197 340
Interest expenses	474 152	478 568	543 701	592 881	619 398
Other property expenses					
Current grants	1 113 899	1 194 962	1 086 444	1 053 121	1 031 031
Capital grants	125 887	172 889	30 450	27 140	27 401
Subsidies and personal benefit payments	61 388	62 952	60 932	61 839	61 700
<b>TOTAL EXPENSES</b>	<b>8 311 776</b>	<b>8 633 022</b>	<b>8 153 036</b>	<b>8 051 038</b>	<b>8 078 788</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>- 113 700</b>	<b>- 377 115</b>	<b>170 783</b>	<b>231 152</b>	<b>321 481</b>
<i>plus</i> Other economic flows – included in operating result	56 510	56 510	54 407	60 677	66 706
<i>equals</i> <b>OPERATING RESULT</b>	<b>- 57 190</b>	<b>- 320 605</b>	<b>225 190</b>	<b>291 829</b>	<b>388 187</b>
<i>plus</i> Other economic flows – other comprehensive income	96 353	96 353	96 728	95 475	94 457
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>39 163</b>	<b>- 224 252</b>	<b>321 918</b>	<b>387 304</b>	<b>482 644</b>
<b>NET OPERATING BALANCE</b>	<b>- 113 700</b>	<b>- 377 115</b>	<b>170 783</b>	<b>231 152</b>	<b>321 481</b>
<i>less</i> <b>Net acquisition of non financial assets</b>					
Purchases of non financial assets	1 698 384	1 661 000	1 606 313	1 234 102	1 091 901
Sales of non financial assets	- 25 474	- 25 474	- 26 149	- 26 149	- 26 149
<i>less</i> Depreciation	811 074	820 383	803 766	800 777	794 109
<i>plus</i> Change in inventories	26 884	20 930	4 449	850	- 118
<i>plus</i> Other movements in non financial assets	131 403	154 707	22 895	67 190	38 122
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>1 020 123</b>	<b>990 780</b>	<b>803 742</b>	<b>475 216</b>	<b>309 647</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 1 133 823</b>	<b>- 1 367 895</b>	<b>- 632 959</b>	<b>- 244 064</b>	<b>11 834</b>

## Non financial public sector balance sheet

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and deposits	589 043	992 821	1 008 117	1 002 754	988 011
Advances paid	189 493	182 685	197 685	197 935	193 335
Investments, loans and placements	2 765 769	2 557 290	2 697 125	2 830 921	2 977 303
Receivables	739 173	641 464	643 022	647 775	653 671
Equity					
Investments in other public sector entities	21 632	21 631	21 631	21 631	21 631
Equity accounted investments					
Investments – shares	22 000	23 199	43 199	63 199	78 199
Other financial assets	34 505	33 419	34 483	35 382	36 218
<b>Total financial assets</b>	<b>4 361 615</b>	<b>4 452 509</b>	<b>4 645 262</b>	<b>4 799 597</b>	<b>4 948 368</b>
<b>Non financial assets</b>					
Inventories	251 382	249 667	254 116	254 966	254 848
Property, plant and equipment	23 752 304	25 282 453	26 104 549	26 606 708	26 949 801
Investment property	31 924	34 812	30 812	26 812	22 812
Other non financial assets	550 681	569 618	562 539	538 294	523 440
<b>Total non financial assets</b>	<b>24 586 291</b>	<b>26 136 550</b>	<b>26 952 016</b>	<b>27 426 780</b>	<b>27 750 901</b>
<b>TOTAL ASSETS</b>	<b>28 947 906</b>	<b>30 589 059</b>	<b>31 597 278</b>	<b>32 226 377</b>	<b>32 699 269</b>
<b>LIABILITIES</b>					
Deposits held	202 013	252 898	258 215	261 615	271 766
Advances received	201 741	190 772	177 688	163 464	147 976
Borrowing	12 371 190	12 467 622	13 405 521	13 796 910	13 877 173
Superannuation	3 257 496	2 975 229	2 875 064	2 763 807	2 647 362
Other employee benefits	908 563	975 983	977 923	978 570	978 908
Payables	439 200	428 206	435 371	441 629	445 184
Other liabilities	1 112 480	1 282 967	1 130 196	1 095 778	1 123 652
<b>TOTAL LIABILITIES</b>	<b>18 492 683</b>	<b>18 573 677</b>	<b>19 259 978</b>	<b>19 501 773</b>	<b>19 492 021</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>10 455 223</b>	<b>12 015 382</b>	<b>12 337 300</b>	<b>12 724 604</b>	<b>13 207 248</b>
<b>NET WORTH</b>	<b>10 455 223</b>	<b>12 015 382</b>	<b>12 337 300</b>	<b>12 724 604</b>	<b>13 207 248</b>
NET FINANCIAL WORTH <sup>1</sup>	- 14 131 068	- 14 121 168	- 14 614 716	- 14 702 176	- 14 543 653
NET FINANCIAL LIABILITIES <sup>2</sup>	14 152 700	14 142 799	14 636 347	14 723 807	14 565 284
<b>NET DEBT<sup>3</sup></b>	<b>9 230 639</b>	<b>9 178 496</b>	<b>9 938 497</b>	<b>10 190 379</b>	<b>10 138 266</b>

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

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

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

## Non financial public sector cash flow statement

	2023-24	2023-24	2024-25	2025-26	2026-27
	Budget	Revised	Forward estimate		
	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>					
Taxes received	673 294	673 294	684 877	690 002	719 574
Receipts from sales of goods and services	1 236 143	1 240 300	1 349 355	1 391 954	1 421 972
Grants and subsidies received	5 785 185	5 916 645	5 527 552	5 600 861	5 698 882
Interest receipts	118 722	124 950	127 218	130 726	133 884
Dividends and income tax equivalents	53 148	54 587	46 339	47 972	51 056
Other receipts	490 599	415 792	409 913	362 129	368 404
<b>Total operating receipts</b>	<b>8 357 091</b>	<b>8 425 568</b>	<b>8 145 254</b>	<b>8 223 644</b>	<b>8 393 772</b>
<b>Cash payments for operating activities</b>					
Payments for employees	- 3 354 737	- 3 466 801	- 3 390 668	- 3 360 028	- 3 373 578
Payment for goods and services	- 2 057 582	- 2 133 902	- 1 895 981	- 1 817 291	- 1 839 038
Grants and subsidies paid	- 1 301 174	- 1 427 796	- 1 177 826	- 1 142 100	- 1 120 132
Interest paid	- 471 686	- 475 679	- 541 669	- 591 132	- 618 960
Other payments	- 323 689	- 323 689	- 323 689	- 323 689	- 323 689
<b>Total operating payments</b>	<b>- 7 508 868</b>	<b>- 7 827 867</b>	<b>- 7 329 833</b>	<b>- 7 234 240</b>	<b>- 7 275 397</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>848 223</b>	<b>597 701</b>	<b>815 421</b>	<b>989 404</b>	<b>1 118 375</b>
<b>Cash flows from investments in non financial assets</b>					
Sales of non financial assets	25 474	25 474	26 149	26 149	26 149
Purchases of non financial assets	- 1 697 984	- 1 661 400	- 1 606 313	- 1 234 102	- 1 091 901
<b>Net cash flows from investments in non financial assets</b>	<b>- 1 672 510</b>	<b>- 1 635 926</b>	<b>- 1 580 164</b>	<b>- 1 207 953</b>	<b>- 1 065 752</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 824 287</b>	<b>- 1 038 225</b>	<b>- 764 743</b>	<b>- 218 549</b>	<b>52 623</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	- 35 600	- 35 600	- 35 000	- 20 250	- 10 400
Net cash flows from investments in financial assets for liquidity purposes	- 97 321	- 66 758	- 77 422	- 64 789	- 71 119
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 1 805 431</b>	<b>- 1 738 284</b>	<b>- 1 692 586</b>	<b>- 1 292 992</b>	<b>- 1 147 271</b>
Net cash flows from financing activities					
Advances received (net)	- 12 160	- 22 055	- 13 084	- 14 224	- 15 488
Borrowing (net)	1 179 447	1 210 437	900 228	309 049	19 490
Deposits received (net)	- 9 142	- 118 449	5 317	3 400	10 151
Other financing (net)	400	400			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 158 545</b>	<b>1 070 333</b>	<b>892 461</b>	<b>298 225</b>	<b>14 153</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>201 337</b>	<b>- 70 250</b>	<b>15 296</b>	<b>- 5 363</b>	<b>- 14 743</b>
Net cash flows from operating activities	848 223	597 701	815 421	989 404	1 118 375
Net cash flows from investments in non financial assets	- 1 672 510	- 1 635 926	- 1 580 164	- 1 207 953	- 1 065 752
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 824 287</b>	<b>- 1 038 225</b>	<b>- 764 743</b>	<b>- 218 549</b>	<b>52 623</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>	- 46 392	- 46 392	- 49 175	- 52 126	- 55 254
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 870 679</b>	<b>- 1 084 617</b>	<b>- 813 918</b>	<b>- 270 675</b>	<b>- 2 631</b>

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

2 Contributions for future infrastructure and superannuation requirements.



## Appendix A

# Classification of entities in the Northern Territory

## Total public sector

### Non financial public sector

#### General government

Aboriginal Areas Protection Authority  
Auditor-General's Office  
AustralAsia Railway Corporation<sup>1</sup>  
Batchelor Institute of Indigenous Tertiary Education<sup>1</sup>  
Central Holding Authority  
Darwin Waterfront Corporation<sup>1</sup>  
Data Centre Services<sup>2</sup>  
Department of the Attorney-General and Justice  
Department of the Chief Minister and Cabinet  
Department of Corporate and Digital Development  
Department of Education  
Department of Environment, Parks and Water Security  
Department of Health  
Department of Industry, Tourism and Trade  
Department of Infrastructure, Planning and Logistics  
Department of the Legislative Assembly  
Department of Territory Families, Housing and Communities  
Department of Treasury and Finance  
Desert Knowledge Australia<sup>1</sup>  
Motor Accidents (Compensation) Commission<sup>1</sup>  
Museums and Art Galleries Board of the Northern Territory<sup>1</sup>  
Nominal Insurer's Fund<sup>1</sup>  
Northern Territory Electoral Commission  
Northern Territory Legal Aid Commission<sup>1</sup>  
Northern Territory Major Events Company Pty Ltd<sup>1</sup>  
Northern Territory Police, Fire and Emergency Services  
NT Build<sup>1</sup>  
NT Fleet<sup>2</sup>  
NT Home Ownership<sup>2</sup>  
Office of the Independent Commissioner Against Corruption  
Ombudsman's Office  
Territory Wildlife Parks<sup>2</sup>

#### Public non financial corporations

Indigenous Essential Services Pty Ltd<sup>1</sup>  
Jacana Energy<sup>1,3</sup>  
Land Development Corporation<sup>2</sup>  
Power and Water Corporation<sup>1,3</sup>  
Territory Generation<sup>1,3</sup>

### Public financial corporation sector

Northern Territory Treasury Corporation<sup>2</sup>

<sup>1</sup> Non-budget sector entity.

<sup>2</sup> Government business division.

<sup>3</sup> Government owned corporation.

## Appendix B

# Explanation of terms

### Advances/advances paid

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

### Agency

A unit of government administration as nominated in an Administrative Arrangements Order for the purposes of the *Financial Management Act 1995* and including, where the case requires, a part or division (by whatever name called) of an agency. Agencies are entities that fulfil the functions of government as their primary activity. The services they provide include those that are mainly non-market in nature and largely for the collective consumption by the community. These services are provided free of charge or at nominal charges well below cost of production. Agencies are predominantly funded through appropriations.

### Appropriation

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

### *Appropriation Act*

The Act that provides the legal authority for the Northern Territory Government's funding decisions and includes an annual *Appropriation Act* or additional *Appropriation Act*.

### Assessable debt

Assessable debt comprises total borrowings less leases.

### Australian accounting standards

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

### Australian Bureau of Statistics

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

### Australian Bureau of Statistics Government Finance Statistics Manual

The Australian Bureau of Statistics publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, as updated from time to time.

### Borrowings

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

## Capital grants expense/revenue

Transfers of assets from one unit to another, for which no economic benefit of equal value are receivable or payable in return. Includes transfers of ownership of capital assets, transfers of cash to enable recipients to acquire capital assets, and transfers of funds realised from the disposal of capital assets.

## Capital works

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

## Cash and deposits

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

## Cash surplus/deficit

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

## Central Holding Authority

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

## Commonwealth Grants Commission

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

## Comprehensive result

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

## Consumer price index

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

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

## Contingent liability

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

## Current grants expense/revenue

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

## Debt ceiling

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

## Deposits held

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

## Depreciation and amortisation

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

## Employee benefits expense

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

## Federation funding agreements

Subject to the Intergovernmental Agreement on Federal Financial Relations, these agreements contribute to and facilitate the delivery of initiatives in a specific sector, consolidating payments made under national partnerships and project agreements. The aim is to reduce complexity in funding arrangements from the Commonwealth to states and territories, while maintaining accountability and transparency.

## Financial asset

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

## Fiscal aggregate

Financial indicators used for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 *Whole of government and general government sector financial reporting* prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049. These are net debt, net financial worth, net financial liabilities and Australian Bureau of Statistics Government Finance Statistics Manual cash surplus/deficit.

## Fiscal balance (net lending/borrowing)

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

## General government sector

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

## Goods and services tax (GST)

A broad-based Commonwealth tax of 10% on most goods, services and other items sold or consumed in Australia.

## Goods and services tax revenue

The Territory's share of nationally collected GST, based on the Territory's population share weighted by its GST relativity. Revenue-sharing relativities are determined by the Commonwealth Treasurer, informed by the recommendations of the Commonwealth Grants Commission.

## Government business division

Government owned entity determined by the Treasurer to be a government business division for the purposes of the *Financial Management Act 1995* that follows commercial practices and is required to comply with competitive neutrality principles. Government business divisions are mainly funded through user charges.

## Government finance statistics

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

## Government owned corporation

An entity governed by the *Government Owned Corporations Act 2001*. Operating under a shareholder model of corporate governance, its objectives are to function as efficiently as any corporate business and maximise sustainable returns to government. The Territory has three government owned corporations: Power and Water Corporation, Territory Generation and Jacana Energy.

## Grants

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

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

## Gross domestic product

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

## Gross state product

Similar to gross domestic product, except gross state product measures the total value of goods and services produced in a state or territory. Gross state product is the sum of all income, namely wages, salaries and profits, plus indirect taxes less subsidies. Gross state product can also be calculated by measuring expenditure, where it is the sum of state final demand and international and interstate trade, changes in the level of stocks and a balancing item.

## Guarantee

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

## Household consumption

Expenditure by resident households on goods and services that will not be resold or used in production. The purchase of dwellings is excluded from household consumption as dwellings are goods used by owners to produce housing services for those owners and is therefore captured in private investment.

## Indemnity

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

## Interest expense

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

## Intergovernmental Agreement on Federal Financial Relations

An agreement outlining the objectives, principles and institutional arrangements governing financial relations between the Commonwealth and state and territory governments, including Commonwealth funding to states and territories through general revenue assistance, specific purpose payments and national partnership payments.

## Inventories

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

## Investments, loans and placements

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

## Key fiscal indicators

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

## Labour force

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

## Leases

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

## Loans

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

## Minor works

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

## National partnership agreements

Fixed term agreements between the Commonwealth and states and territories, with defined objectives, outcomes, outputs and performance measures for the delivery of specific projects, services or reforms. National partnerships are being replaced with federation funding agreement schedules.

## National partnership payments

Tied payments from Commonwealth Treasury to state and territory treasuries, and appropriated to government agencies to deliver outcomes and outputs under federation funding agreement schedules, national partnership agreements, and some national funding agreements.

## Net acquisition/(disposal) of non financial assets

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

## Net actuarial gains/losses

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

## Net capital investment

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

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

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

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

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

## Net debt

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

## Net debt to revenue

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

## Net financial liabilities

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

## Net financial worth

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

## Net operating balance

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

## Net worth

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

## Non-budget sector entity

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



meet the definition of a general government sector agency, public non financial corporation or public financial corporation.

## Non cash

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

## Non financial assets

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

## Non financial public sector

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

## Non-policy variations

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

## Northern Territory Project Development Framework

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

## Operating result

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

## Other economic flows

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

## Other operating expenses

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

## Other superannuation expenses

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

## Own-source revenue

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

## Parameters

Used to adjust agency budgets also referred to as inflators and deflators.

## Payables

Liabilities (or amounts owed) that include short and long-term trade debt, accounts payable, accrued expenses, grants and interest payable.

## Policy variations

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

## Private investment

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

## Public financial corporation

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

## Public investment

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

## Public non financial corporations

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

## Receivables

Assets (or amounts to be received) that include short and long-term trade credit, accounts receivable, prepaid expenses, grants, taxes and interest receivable.

## Repairs and maintenance expenses

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

## Sales of goods and services

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

## Specific purpose payments

A Commonwealth financial contribution to support delivery of services in a particular sector. Payments are made from the Commonwealth Treasury to state and territory treasuries and are appropriated to the relevant government agency.

## State final demand

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

## Statutory bodies

Entities established by or under an Act for a public purpose where there is a need for some operational independence from government. These entities are mainly funded from either levies, taxes or grant funding.

## Superannuation interest cost

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

## Tax equivalents regime

Mechanism used to ensure government business divisions and government owned corporations incur similar tax liabilities to private enterprises. This regime supports competitive neutrality by achieving a greater degree of parity between the cost structures of government-controlled trading entities and the private sector.

## Territory-funded expenses

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

## Tied revenue

Revenue received by the Territory that must be used for specific purposes, predominantly through national funding agreements, federation funding agreement schedules, national partnership agreements and specific purpose payments, which are tied with a sector.

## Total public sector

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

## Unemployment rate

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

## Uniform Presentation Framework

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

## Untied revenue

Revenue received by the Territory that can be used for discretionary purposes. It mainly comprises GST revenue.

## Wage price index

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