Managing Through Tough Economic Conditions

The Treasurer’s Mid Year Report for 2011-2012 shows a positive economic outlook for the Territory, despite the continuing effect of the Global Financial Crisis on the Territory’s fiscal position.

“The cumulative effects of the GFC, slower growth in the national economy and moderation of the Territory housing market have significantly affected the Territory’s revenues,” Treasurer, Delia Lawrie said.

“The anticipated recovery of the national economy in 2011-12 has been slower than expected, with estimates for GST revenue to the Territory revised downwards by some $60 million, bringing the cumulative drop in GST revenue since the start of the Global Financial Crisis to $670 million.

“However a further commitment to ongoing budget restraint measures and the countercyclical reduction in Government capital investment from 2012-13 has allowed the cash targets in the Mid Year Report to stay largely consistent with the targets announced in the May Budget, with a cash deficit of $396 million predicted for 2011-12.”

Budget improvement measures introduced in May 2010 and continued in the 2011 Budget to restrain expenditure growth including a staffing cap, increased efficiency dividend and reprioritisation initiatives have resulted in net savings of $52m in 2010-11 and by the end of 2011-12 will have saved more than $150m.

“The confidence associated with the commencement of a number of major resource projects in 2012 has allowed the Henderson government to implement a gradual pullback from the historically high public infrastructure spending experienced over the last few years. Infrastructure spending increased from $885 million in 2008-09 to $1.7 billion in 2010-11 with an estimated $1.5 billion in 2011-12,” Ms Lawrie said.

“We make no apology for these significant investments in infrastructure and our decision to go into deficit to support jobs during the Global Financial Crisis.

“It has kept Territorians in jobs and positioned us for future growth and without it our GSP in 2010-11 would have been 1.4% percentage points lower than the 1.6% we achieved.

“To stay in surplus would have required a 25% reduction in our infrastructure Budget; however this would have cost 800 jobs.
“The resilience of our economy is clear and with extremely low unemployment, the highest business confidence in the nation and an economy tipped to be the third-fastest growing in the country over the next five years, we are well positioned to take advantage of major projects on our horizon.”

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