NT Government stays on track to deliver further debt reduction in 2014-15

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The 2014-15 Treasurer’s Annual Financial Statement (TAFS) continues to highlight how the Country Liberals Party Government is keeping on track to reduce the debt it inherited from Labor and return the Budget to a fiscally sustainable position.

“Under the Giles Government the fiscal outcome has improved yet again in 2014-15 following strong economic growth and the successful implementation of a number of efficiency measures across the government,” Treasurer David Tollner said.

“These measures were aimed at limiting expense growth, increasing efficiency through restructuring and reorganising services across government and introducing greater contestability for government service delivery.

“The $286 million fiscal balance surplus is continued proof of this Government’s ability to successfully manage both the Territory’s economy and finances.

“This fiscal balance surplus is the first achieved since 2007-08 and is three years ahead of the fiscal strategy target to achieve a surplus by 2017-18.

The improved 2014-15 outcome is largely due to:

- Increased Territory own-source revenue and GST receipts
- One-off proceeds from the sale of the Territory Insurance Office
- Continued focus on limiting expense growth, with an emphasis on efficiency and service delivery improvements
- Lower than anticipated capital spending reflecting the revised timing of the delivery of projects
- Additional one-off revenues late in the financial year and the changed timing of expenditure related to tied Commonwealth funding, which will be spent in 2015-16

Net debt has declined to $2.2 billion for 2014-15, compared to the $5.1 billion projected in the 2012 Pre-Election Fiscal Outlook (PEFO).
“This represents almost a $3 billion reduction on Labor’s projected commitments. In addition the net debt to revenue ratio of 32% is around a third of that projected under Labor – this is nothing short of astounding,” Mr Tollner said.

The PEFO also projected interest expense for 2014-15 at $393 million, compared to the 2014-15 actual outcome of $318 million, a $75 million improvement.

“This means that actual interest expenses under the CLP Government are well below those projected under Labor,” Mr Tollner said.

“To put that into context $75 million spent annually less in interest payments, that’s one and a half million dollars every week we have to spend on schools, hospitals and other services important to Territorians.”

The Auditor-General has issued a modified opinion on the relevant sector of the TAFS related to the Power and Water Corporation.

This modified opinion is on the basis that at the time of finalisation of the TAFS, the Corporation had not yet finalised its financial statements due to the complexities associated with producing financial information for separate business lines in the previously vertically integrated business following structural separation.

“However, I want to make it clear that as the majority of the improved financial position relates to the general government sector, which is unaffected by the modified audit opinion, it in no way detracts from the achievement of the 2014-15 fiscal balance and related fiscal outcomes.” Mr Tollner added.


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