The Government’s deficit reduction strategy remains on track, with the Treasurer’s Annual Financial Report showing a slightly improved outcome for 2002-2003.

Tabling the Report in Parliament today, Treasurer Syd Stirling said the cash outcome for 2002-03 showed a small surplus of $9 million, but warned that it hid an underlying deficit of $31 million.

"The surplus is a ‘paper’ surplus, largely because $40 million of expenditure is being carried forward into 2003-04," Mr Stirling said.

"The cash improvement since August 2002 has come about for a number of reasons, including a $39 million increase in tax receipts and receipts from the sale of goods and services.

"The increase in tax receipts can largely be attributed to one-off stamp duty payments on a number of large commercial conveyancing transactions and better than expected results from the sale of Government services.

"They are also a sign of increased economic activity in the Territory.

"The rest of the cash improvement relates to a $64 million reduction in payments made up of specific purpose and grant payments, many of which arrived late in the year, some payments on capital goods deferred into 2003-04, a reduction in interest rates, and lower superannuation payments.

"The improvement in the cash outcome is positive, but is really only a surplus on paper. We have come out of the 2002-03 with an underlying deficit and we enter 2003-04 still tracking toward a cash deficit of $24 million.

"The Territory Government has had to make some tough decisions in order to rein in the unsustainable deficit left to us by the previous CLP Government.

"The Territory’s financial position for 2002-03 shows that those decisions have paid off. We are well on the way to bringing the Territory back into the black after years of irresponsible spending by the previous Government."

Mr Stirling said the Treasurer’s Annual Financial Report also records the conversion of a $16.5 million deposit held by the Territory Insurance Office into equity.

TIO has made positive moves to get its position in order but has had a difficult year.

"It has also made a wise decision to meet the tough new requirements of the Australian Prudential Regulatory Authority (APRA) by increasing the reserves it holds against future claims costs."
"Government supports this move. In the longer term, it will consolidate TIO’s financial position."