TERRITORY BUDGET REMAINS TIGHT

Increased spending by Government on health, education, police and other priority areas and a slowing national economy means the Territory Budget remains tight, Treasurer Syd Stirling said today.

Tabling the Treasurer’s Annual Financial Report in Parliament today, Mr Stirling said the 2004-2005 cash position was a surplus of $51 million but this had to be balanced against an operating deficit of $24 million for 2004-05.

The increase in the underlying deficit is largely due to revised estimates of the Territory’s unfunded superannuation liability.

“This operating deficit reflects the real financial position - very tight with a clear need for fiscal discipline and restraint,” Mr Stirling said.

“The cash surplus last financial year is the result of strong economic growth, locally and nationally. It meant increased revenue from both Territory and Federal taxes, much of which was offset by a range of factors including extra spending in key areas and higher employee costs following EBA negotiations.”

Mr Stirling said increased spending in critical areas, including education, police and capital works, as well as shrinking GST growth, would maintain pressure on the Territory’s Budget.

“The Territory Budget will be in deficit over the next four years, with the target of returning to a balanced budget in 2008-09,” Mr Stirling said.

“Extra spending and less GST revenue will make this difficult to achieve, but it remains the Territory Government’s target, as outlined in Budget 2005.”

Mr Stirling said the Government’s efforts to maintain fiscal discipline was helping to stabilise the Territory’s net debt.

“Net debt for 2004-05 is $1656 million – relatively similar to the 2003-04 outcome,” he said.

“The cash surplus as well as a more stable debt figure has resulted in an improvement in the Territory’s net worth by $196 million to $2353 million.

“The Territory Government remains committed to managing the Territory’s finances responsibly, maintaining an appropriate balance between community needs, the needs of the Territory economy and maintaining a sound fiscal position.”

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