Northern Territory Government
media release

Delia Lawrie
TREASURER

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Global Economic Downturn Affects Territory Revenue

Record levels of infrastructure funding to offset the continuing impact of the Global Financial Crisis and lower GST revenue have contributed to the Territory posting a cash deficit of $387m in the Treasurer's Annual Financial Report for 2010-11.

Tabling the report in Territory Parliament today, Treasurer Delia Lawrie said the result reflected the Territory Government's continued efforts to support Territory jobs ahead of major projects on the horizon.

"After a sustained period of economic growth and 8 consecutive cash surpluses, the GFC has hit the Territory hard, with a drop of $450m in GST revenue from our bottom line over two years and requiring increased government spending to offset lower private infrastructure investment," Ms Lawrie said.

Infrastructure investment in 2010-2011 was $1.7b, a $200m rise over the previous year and double 2008-2009.

"Today's result is a reflection of the realities of the Australian economic landscape, where all States and the Commonwealth are posting cash deficits to offset the impacts on their economies of the GFC," Ms Lawrie said.

"It must be noted that the deficit is due to infrastructure spending and the Territory economy has posted an operating balance surplus of $238m.

"Budget improvement measures introduced in May 2010 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 increase from the $295m deficit announced in May relates to delays in the timing of expected Commonwealth revenue, accelerated expenditure from 2011-12 and higher natural disaster spending; the timing differences will result in an improved position for 2011-12.

"We make no apology for our decision to go into deficit to keep the Territory economy in growth, a decision that has saved thousands of jobs and positioned us for future growth; to do otherwise would have been irresponsible," Ms Lawrie said.

"To put the deficit in context, it is 20% of our infrastructure spend, if we'd listened to the CLP and stayed in surplus that would equate to the loss of 750 jobs."

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