

ESTIMATES COMMITTEE

Question Taken on Notice

Date: 11 June 2019

Subject: \$1.13 billion increase to net debt

From: Mr Gary Higgins

To: Treasurer, the Hon Nicole Manison MLA

Agency: Department of Treasury and Finance

Number: 2-1

Question: Out of the \$2 billion net increase in debt, \$870 million is attributed to accounting leases. What is the other \$1.13 billion increase in net debt attributed to?

Answer: Net debt is projected to increase by \$2.015 billion between the 2018-19 Estimate and the 2019-20 Budget predominantly as a result of:

- the budgeted fiscal balance deficit for 2019-20 of \$1150 million (refer Budget Paper 2 page 25) combined with
- the accounting treatment adjustment of \$871 million to recognise operating lease liabilities as a result of the implementation of AASB 16 Leases (refer Budget Paper 2 page 25). Note that this adjustment adds to the Territory's liabilities but does not require a corresponding increase in borrowings.