

Budget Initiatives

Highlights

- Initiatives in the 2004-05 Budget to support economic development and business include tax reductions worth \$6.7 million, increasing to \$16.1 million in 2005-06, \$7.5 million additional funding for tourism in 2003-04, increasing to \$10 million in 2004-05, stage 1 of two major tourism infrastructure projects – \$10 million for the Mereenie Loop road in Central Australia and \$4.5 million for the Litchfield Loop road in the Top End – and \$1.5 million for the Indigenous Economic Development Strategy. The Capital Works Program also includes key economic infrastructure projects for East Arm Port totalling \$19.3 million and the Darwin City Waterfront redevelopment, including a cruise ship terminal, totalling \$8.5 million.
- Jobs and training initiatives announced since the 2003-04 Budget in May 2003 include \$0.8 million in 2003-04, rising to \$2.6 million in 2004-05, for the Jobs Plan, \$3 million to Charles Darwin University Alice Springs campus, \$1 million for the Northern Territory Public Sector Remote Workforce Strategy and \$1 million to establish a Territory Research Fund.
- Community safety has been enhanced with \$15.1 million additional funding in 2004-05 to increase front-line police numbers, strengthen fire services, enhance counter terrorism capability, reduce offender recidivism and provide additional funding to the justice system.
- There has been a \$13.1 million boost to schools funding in 2004-05, as well as \$4 million in new capital projects for school upgrades.
- Department of Health and Community Services funding has been boosted by more than \$23 million in 2004-05, including \$2 million for Alice Springs Hospital intensive care and high dependency acute care services, \$2.5 million for Royal Darwin Hospital critical care, \$2.6 million for mental health, \$2 million for disease control, \$1.8 million for child protection, \$1.2 million for disability services and \$1.5 million for renal dialysis in remote communities, plus \$2.5 million on the 2004-05 Capital Works Program for the Darwin Birth Centre.
- There are a number of initiatives to enhance lifestyle and the environment in 2004-05, including an increase to sports grants of \$0.5 million, \$0.7 million for festivals and events, \$0.9 million for environment-related initiatives, \$0.5 million for multicultural community facility grants and \$2.8 million for public transport. Headworks for the Palmerston Recreation Centre, the soccer stadium and the Katherine Cultural Centre are also included in the capital works program.
- Regional initiatives in 2004-05 include \$13 million for construction and upgrading of Government employee housing in regional centres and remote areas, and an additional \$0.5 million for Indigenous Essential Services.
- 2004-05 also sees full implementation of the Government's election commitments outlined in Labor's Financial Statement and funded in the 2001-02 Mini Budget, including increases to teacher and nurse numbers.

Overview

This chapter summarises the Government's new and expanded initiatives for expenditure and revenue included in the 2004-05 Budget, along with the significant new works on the 2004-05 Capital Works Program.

Expenditure initiatives, including operating and capital payments, are either one-off or ongoing in nature. The Capital Works Program shows the total cost of each project, often completed over more than one year, and therefore does not

necessarily represent an expenditure commitment for a financial year. Initiatives in this chapter are presented according to the Government's priority areas of:

- Economy and Business;
- Jobs and Training;
- Community Safety;
- Schools;
- Health;
- Lifestyle and Environment; and
- Regional Initiatives.

For a list of initiatives and capital projects, including capital works projects continuing from 2003-04, by agency see *Budget Paper No. 3* and *Budget Paper No. 4*.

A more detailed discussion of revenue initiatives including changes in procedures as well as revenue policy changes, is also presented in this chapter.

Economy and Business

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Increases in Payroll Tax Threshold		4.0	7.2	7.2	7.2
Cease HIH levy		2.7	2.7	2.7	2.7
Abolish Debits Tax			6.2	6.5	6.5
Domestic Investment Missions		1.0	1.0	1.0	1.0
Investing in Territory Tourism	7.5	10.0	10.0	10.0	10.0
Indigenous Economic Development	0.4	1.5	1.5	1.5	1.5
Indigenous Arts Strategy	1.0	1.1	1.1	1.1	1.1
Total Initiatives	8.9	20.3	29.7	30.0	30.0

- In accordance with the Government's election commitment to reduce the payroll tax burden on businesses, the payroll tax general exemption threshold is to increase to \$1 million over the next two years. From 1 July 2004, the threshold will increase from \$600 000 to \$800 000 and then to \$1 million from 1 July 2005. This change is expected to reduce payroll tax collections by \$4 million per year from 1 July 2004 and by a further \$3.2 million per year from 1 July 2005. These reductions will benefit over 1400 businesses.
- This means 83 businesses (comprising 66 locally-based businesses and 17 interstate-based businesses) will not pay payroll tax from 1 July 2004 and a further 79 (including 61 locally-based Territory businesses and 18 interstate-based businesses) from 1 July 2005. Locally-based Territory businesses still paying payroll tax after 1 July 2005 will save around \$20 500 each year.
- The HIH levy is to cease being levied on workers' compensation insurance policies written or renewed on or after 18 May 2004. With the cessation of the levy, the Government will meet the remaining liability, estimated at around \$22 million over the next seven to eight years, saving more than 6 600 employers \$2.7 million in levy contributions. This will mean that the Government, assisted by reinsurance recoveries, will meet an estimated 90 to 95 per cent of the total outstanding workers' compensation liability left by the collapse of HIH.
- Debits tax will be abolished from 1 July 2005 as part of national tax reform, reducing Territory tax collections by \$6.2 million in 2005-06 and \$6.5 million in 2006-07.

- A new independent taxation and mineral royalty administrative appeals tribunal is to be established in 2004-05 to provide an alternative and inexpensive option to appeal decisions following taxpayers' objections to a tax or royalty assessment. The current appeal route is the Supreme Court.
- \$1 million ongoing funding from 2004-05 for domestic investment missions and associated investment campaigns to market the Territory interstate.
- A further \$2.5 million for tourism in 2004-05, bringing the funding level to \$10 million, to undertake additional marketing, tourism industry development and other support activities.
- Funding of \$0.4 million in 2003-04 and \$1.5 million from 2004-05 for the Government's long-term strategy for Indigenous Economic Development. The strategy seeks to assist the economic development of Indigenous people through the provision of jobs and enterprise creation, and includes funding for specific strategies for the horticulture, fisheries and pastoral industries.
- Funding of \$1.1 million per annum has been allocated to the Northern Territory's Indigenous arts strategy, Building Strong Arts Business. This strategy will support sustainable Indigenous arts development through export and employment opportunities, initiatives to develop Indigenous performing arts and cross-border partnerships.

In addition, the following Economy and Business initiatives will be funded by a reallocation of resources.

- The production of a Seniors' Card Tourism and Leisure Directory, at a cost of \$0.56 million, will ensure Territory businesses are promoted to both local and interstate seniors.
- An integrated business services channel, called Territory Business Channel, will be further developed at a cost of \$0.8 million over two years to provide online businesses information, licensing, registration and payments and other internet-based transactions between businesses and the Government.
- \$0.35 million for implementation of the Business and Skilled Migration Strategy to attract skilled workers and businesses from overseas.
- Making it in the Territory, the Territory's manufacturing industry strategy, will be implemented in partnership with industry and unions.

Following are the new capital works projects for 2004-05 for Economy and Business.

2004-05 Major New Capital Works Projects	\$M
Darwin City Waterfront redevelopment – stage 2, ongoing decontamination and demolition works and electrical works	6.0
Fort Hill Wharf – cruise ship terminal incorporating appropriate all weather access, shelter and related facilities	2.5
Construction and upgrade of roads and bridges on national highways	13.6
Mereenie Loop – stage 1, including Namatjira and Larapinta Drives, various reconstruction and sealing works	10.0
Litchfield Loop – stage 1, seal first 9 kilometres of the Litchfield Park Road from Cox Peninsula Road turnoff and extend Park boundary seal 6 kilometres	4.5
Tanami Road – selected flood immunity upgrading and sealing	1.0
East Arm Port – stage 2, oil pipelines providing the necessary infrastructure to transfer fuel from the new bulk liquids terminal	10.3
East Arm Port – bulk loading facility	7.0
East Arm Port – incinerator to manage quarantine and hazardous waste	2.0
Darwin – mineralised drill core building, including a core-handling workshop	0.4

Jobs and Training

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Charles Darwin University – Alice Springs Campus	3.0				
Jobs Plan – Labour Market Program	0.8	1.6	1.6	0.8	
Jobs Plan – Northern Territory Public Sector Trainees		1.0	1.0	1.0	
Footprints Forward	0.2	0.2			
NTPS Remote Workforce Development Strategy	1.0	1.0	1.0	1.0	1.0
Establishment of a Territory Research Fund	1.0				
Total Initiatives	6.0	3.8	3.6	2.8	1.0

- Additional one-off grant funding of \$3 million in 2003-04 for Charles Darwin University to build a higher education facility in Alice Springs (\$2.5 million) and to meet additional costs associated with the merger of Centralian College and Charles Darwin University (\$0.5 million).
- A further \$0.8 million, to a total of \$1.6 million in 2004-05, for the introduction of new labour market programs. The Jobs Plan – Building the Northern Territory Workforce strategic framework aims to maximise employment opportunities for Territorians.
- \$1 million per annum over three years to manage public sector employment of an additional 200 trainees as part of the Jobs Plan. This initiative will attract an additional \$0.49 million in Commonwealth funding.
- Additional Government financial assistance of \$0.4 million in 2004 for Footprints Forward to assist with employment opportunities for Indigenous youth in Alice Springs.
- \$1 million ongoing for the Northern Territory Public Sector Remote Workforce Development Strategy, to attract and retain teachers, nurses and other Government service providers in remote areas.
- Additional \$1 million one-off in 2003-04 to establish a research fund to support projects recommended by the Territory's new Research and Development Council over the next three years. The fund will be administered through the Charles Darwin University.
- Resources will be reallocated for a new NT WorkSafe Information System to improve administration and management of claims, insurance policies, occupational licences and workplace visits documentation.
- Work has commenced on the \$30 million project for the Desert Knowledge Precinct, and will continue through 2004-05 and 2005-06.

Community Safety

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Police Resources Review	9.8	16.5	20.4	28.2	28.0
Adult Custodial Services Review		3.1	5.2	5.5	4.8
Increased caseload for Public Prosecutions		0.1	0.1	0.1	0.1
Increased demand in the Courts system		1.3	1.3	1.3	1.3
Increased prison costs		2.6	2.6	2.6	2.6
Community Justice Centre trial		0.1			
Safe Pool Grant Scheme	1.4	0.8	0.7	0.7	0.7
Counter terrorism initiative		0.4	0.3	0.3	
NT Fire Service Assessment Report	0.3	0.8	0.8	0.5	0.5
Extra Fire Officers		0.6	0.6	0.6	0.6
Arnhem Land Fire Control		0.2	0.2	0.2	0.2
Volunteer Bushfire Brigades		0.3	0.3	0.3	0.3
Total Initiatives	11.5	26.8	32.5	40.3	39.1

- A further \$6.7 million has been provided in 2004-05, increasing to a total of \$28 million ongoing by 2007-08, to fund additional resource requirements recommended in the O'Sullivan Review of Police Resourcing which include:
 - increasing the number of uniformed police on the street;
 - measures to accelerate recruitment and minimize attrition;
 - improving conditions of service, and
 - enhanced capital replacement and maintenance funding.
- A further \$0.2 million in 2004-05 and 2005-06, to a total of \$0.5 million per annum, for the development and implementation of a marketing plan to support the recruitment of Territorians into the police force as part of a four year strategy to address issues outlined in the O'Sullivan Review.
- Funding of \$3.1 million in 2004-05 to implement the recommendations of the Review of Adult Custodial Services in the Northern Territory.
- Funding increase of \$0.1 million from 2004-05 onwards has been allocated for additional prosecutorial services for increased sitting hours and an extension of sittings to new locations.
- Funding to meet increased demand in the court system \$1.3 million will be provided from 2004-05.
- Additional funding of \$2.6 million from 2004-05 will be allocated to Adult Custodial Services for increases in staffing, medical services and operational costs.
- One-off funding in 2004-05 of \$0.1 million to extend the Community Justice Centre trial, which provides a mediation process for dispute resolution as an alternative to the traditional court system.
- Resources of \$0.84 million will be redirected for a partnership to be established between the Territory, the Commonwealth and the community to reduce the over-representation of Indigenous people in the criminal justice system, through rehabilitating and reintegrating repeat offenders and implementing diversion programs that address the causes of crime.
- \$1.4 million in 2003-04, \$0.8 million in 2004-05 and \$0.7 million ongoing has been provided for administrative and communications costs of the Safe Pool Grant Scheme, part of the Government's overall strategy to improve pool safety in the

community. In addition, \$5 million from 2004-05 onwards has been set aside for the Safe Pool Grant Scheme. This new scheme will assist pool owners with compliance costs associated with the revised Community Safety Standard.

- Provision of \$1 million over three years from 2004-05 to build on the Northern Territory's counter terrorism capability with training and equipment to enable an effective response to incidents in the Territory.
- Initial funding of \$0.3 million, to a total of \$0.8 million in 2004-05 and 2005-06 and \$0.5 million ongoing, to implement the recommendations of the Northern Territory Fire Services Assessment Report.
- Additional funding of \$0.6 million in 2004-05, to a total of \$1.5 million ongoing, to fulfil the Government's commitment to employ 16 additional fire officers.
- \$0.2 million from 2004-05 ongoing to establish a new Arnhem Land Fire Control Region to improve fire control and management services to the various Indigenous communities in Arnhem Land.
- \$0.3 million in 2004-05 ongoing for volunteer bushfire brigades to meet extra demand for services resulting from increased development in the rural area, the expanding role of brigades, and the need to provide additional training and other support services.

The following table presents the significant new capital projects for 2004-05 for Community Safety.

2004-05 Major New Capital Works Projects	\$M
Darwin Correctional Centre – low security facility including administration and program areas	8.0
Numbulwar – new police post comprising reception area, office, interview room, two cells, exercise area, and separate visitors' area and communications facilities	1.0
Batchelor, Maranboy and Ti Tree – modify and upgrade cells to meet contemporary standards	0.7

Schools

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Final Implementation of Mini Budget School Initiatives		3.5	3.5	3.5	3.5
Accelerated Literacy Program		1.3	1.3	1.3	1.3
Aboriginal Islander Education Workers		1.2	2.6	2.6	2.6
Improved IT in schools	2.0	2.0	2.0	2.0	2.0
Improving Bandwidth	0.3	0.3	0.3	0.3	0.3
Inclusion Support Assistance	0.3	0.3	0.3	0.3	0.3
Laptop Computers for Teachers	0.5	1.3	1.6	1.6	1.7
Furniture for Remote Teachers	1.0	0.8			
Equipment for Schools	1.0	0.5			
Schools in need Grants Program		0.3	0.3	0.3	0.3
Priority Education Team		0.3	0.3	0.3	
Non-Government Schools					
– Additional Assistance	0.6	0.6	0.6	0.6	0.6
– Capital and Interest Subsidy Scheme		0.5	0.5	0.5	0.5
Teacher Registration Board		0.5	0.4	0.4	0.4
Total Initiatives	5.7	13.4	13.7	13.7	13.5

- An additional \$3.5 million ongoing has been allocated in 2004-05 for the final phase of program expansions commenced in 2001-02. This includes the recruitment of 100 additional teachers over four years, the introduction of a student bursary scheme, the commencement of an alternative education provision scheme and the recruitment of additional school attendance officers. The total cost of the expanded programs will be \$10.9 million from 2004-05 onwards.
- Additional recurrent funding of \$1.3 million will expand the Accelerated Literacy program across Territory schools. The program is an intensive professional development model for teachers, designed to improve literacy levels and educational outcomes for students.
- Additional funding of \$1.2 million in 2004-05 and \$2.6 million ongoing will continue the Aboriginal Islander Education Workers program established in 1991 and previously funded by the Commonwealth. This will fund 44 full-time equivalent Aboriginal Islander Education Workers in urban Government schools who provide additional support to Indigenous students.
- Further commitment is made to improving information technology infrastructure in schools at a cost of \$2 million. This will continue the infrastructure support for major projects in place such as the Interactive Distance Learning and the Student Administration Management System, as well as information and communication technology professional development for teachers.
- Recurrent funding of \$0.3 million will expand bandwidth by 15 per cent (1.25Mbps) to increase schools' access to the internet.
- Recurrent funding of \$0.3 million to support an increased number of students with learning difficulties to access the Inclusion Support Assistance program.
- New funding will provide every Government classroom teacher with a laptop computer to strengthen teachers' computer literacy and increase access to online school resources. Around \$5 million will be spent over the next four years and \$1.7 million ongoing to implement this initiative.

- One-off funding of \$0.8 million is provided in 2004-05 to replace and upgrade domestic furniture in remote teacher housing. This funding follows \$1 million in the 2003-04 Budget for this purpose.
- Increased funding of \$0.5 million is allocated in 2004-05 to upgrade capital equipment in Government schools and community education centres. This supplements the existing pool for schools' minor equipment and repairs, and the one-off additional \$1 million provided in 2003-04 to address immediate equipment needs in schools.
- A new \$0.3 million grant program will commence in 2004-05 to provide additional financial assistance to Government schools in need to purchase equipment and fund projects.
- Additional funding of \$0.3 million per annum for three years is provided for the Priority Education Team to assist with public consultation and implementing initiatives to improve secondary education in the Territory.
- An increase of \$0.6 million ongoing from 2003-04 for additional financial assistance to non-government schools reflects increased education delivery costs associated with curriculum, special student services and information technology.
- Financial assistance to non-government schools under the Capital Assistance and Interest Subsidy Scheme increases by \$0.5 million ongoing to support new capital projects in non-government schools.
- As part of Government's pre-election commitments, a new independent Teacher Registration Board will be established in 2004-05 to enhance the status of the teaching profession and address teacher quality issues through a registration system and professional development function. While the board will receive revenue from teacher registration fees, Government assistance of \$0.28 million in 2004-05 and \$0.23 million ongoing will support the operations of the board.
- The \$7.2 million upgrade of Darwin High School will continue through 2004-05, as will consultation on the \$10 million secondary facility at Palmerston.

Resources will be reallocated for the following Schools initiatives.

- Support units in regional locations, each comprising two staff, will be established to improve living conditions for teachers in remote communities with dedicated support and service. A unit will be trialed in the Barkly region in 2004-05 and expanded to other regions in the following year if successful, at a cost of \$0.15 million in 2004-05 and \$0.75 million ongoing.
- Implementation of locally-developed, animation-based software, Marvin, to deliver education and health information in a range of Indigenous languages at a cost of \$0.18 million ongoing.
- Literacy and numeracy testing will be enhanced, for testing Years 3, 5 and 7 at a cost of \$0.61 million per annum. The enhanced program is currently being trialed and will be progressively rolled out across all schools during 2004-05.
- An updated strategic plan for Indigenous education (2005-2008), at a cost of \$0.25 million, will build on progress made from the *Indigenous Education Strategic Plan 2000-2004*, which was originally developed as a framework for implementing the Learning Lessons recommendations.

The following table presents the significant new capital projects for 2004-05 for Schools.

2004-05 Major New Capital Works Projects	\$M
Nakara Primary School – stage 1, redevelop to current design parameters and appropriately cater for 360 students	1.0
Alawa Primary School – stage 1, redevelop to current design parameters and appropriately cater for 360 students	1.0
Remote schools – stage 3, improvements and upgrades to various remote schools	2.0

Health

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Funding for Mental Health	1.1	3.7	5.2	5.2	5.2
Alice Springs Intensive Care/ High Dependency Unit		2.0	3.0	3.0	3.0
HIV/AIDS Treatment and Prevention		2.0	2.5	2.5	2.5
Child Protection Services	1.0	2.8	3.9	5.6	7.5
Disability Services		1.2	2.7	2.7	2.7
Dental Health		0.6	1.2	1.2	1.2
Renal Dialysis		1.5	3.5	4.0	4.5
RDH Emergency Department		2.5	2.5	2.5	2.5
Total Initiatives	2.1	16.3	24.5	26.7	29.1

- A further \$2.6 million in 2004-05, increasing to \$5.2 million by 2005-06 is provided, for essential mental health services. A range of community-based services will be developed to treat and support people who are at risk of experiencing, or are recovering from, an acute mental health episode.
- Additional recurrent funding of \$2 million in 2004-05, increasing to \$3 million in 2005-06, will expand intensive care services at Alice Springs Hospital to a combined intensive care/high dependency unit. The expanded unit will establish a minimum threshold enabling the recruitment of medical specialists, reducing the need to transfer critically-ill patients to Darwin or interstate.
- In 2004-05, a \$2 million HIV/AIDS treatment and prevention program enhancement will commence, increasing to \$2.5 million from 2005-06 onwards, to address health issues raised by the Bansemer Review.
- \$1.4 million is being reallocated in 2004-05 to commence phasing out single nurse posts. Four clinics will gain additional staff this year, including Kings Canyon, Titjikala and Yuelamu in Central Australia and Minjilang in the Top End.
- An increase of \$2.8 million from 2004-05 as part of a 10 per cent per annum increase in funding for child protection services over the next 5 years. \$1.4 million has been provided by way of additional funding; the balance is by way of redirection.
- \$1.2 million has been allocated in 2004-05, increasing to \$2.7 million ongoing in 2005-06, for disability services to improve generic and specialist services to people with a disability and their carers across the Territory.
- Oral health programs will receive an additional \$0.6 million in 2004-05, increasing to a total of \$1.2 million ongoing in 2005-06 to improve clinical dental services throughout the Territory.

- Additional funding of \$1.5 million in 2004-05, increasing to \$4.5 million in 2007-08, has been allocated for renal dialysis across the Territory.
- \$2.5 million additional funding has been provided to the Royal Darwin Hospital emergency department for critical care services.
- The following table presents the significant capital works projects for 2004-05 for Health.

2004-05 Major New Capital Works Projects	\$M
Darwin Birth Centre – appropriately designed birthing suites, ancillary services and facilities for staff, visitors and the public	2.5
Kalkaringi – construct a new health centre to improve primary health services to the community and surrounding region	1.5
Renal facilities – stage 2, appropriately designed renal units to provide local, community-based renal services at selected locations across the Territory	0.9
Alice Spring Hospital – fire safety upgrade	0.9
Tennant Creek Hospital – fire safety upgrade	0.8

Lifestyle and Environment

Budget Initiatives

	2003-04	2004-05	2005-06	2006-07	2007-08
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
'Bass in the Grass' Event		0.3	0.3	0.3	0.3
Relocation of Palmerston Magpies	2.0				
Katherine sports ground lighting	0.5				
Traeger Park grandstand	0.7	1.7			
Multicultural Facilities Grants		0.5	0.5	0.5	
AFL Match Support	0.3	0.3	0.3		
Sports Grants		0.5	0.5	0.5	0.5
Festival Support		0.4	0.4	0.4	0.4
Soccer Administration in the NT	0.6	0.1	0.1		
Leanyer Water Park		0.5	0.5	0.5	0.5
Litter Abatement Strategy	0.3	0.3	0.3		
Darwin Harbour Management Plan		0.4	0.1	0.1	0.1
Funding for Cane Toads Control		0.2	0.1	0.1	0.1
Public Transport	1.1	2.8	2.8	2.8	2.8
Environmental Grants		0.2	0.2	0.2	0.2
Parks Agenda	0.5	2.0	3.0	3.0	3.0
Total Initiatives	6.0	10.2	9.1	8.4	7.9

- \$0.3 million ongoing funding has been allocated to the 'Bass in the Grass' event to stage contemporary music concerts annually in both Darwin and Alice Springs.
- \$2 million will be provided in 2003-04 to the Charles Darwin University to facilitate the relocation of the Palmerston Magpies Football Club to the University's Palmerston campus.
- \$0.5 million will be paid in 2003-04 for lighting at the Katherine sports ground.
- \$0.74 million to commence construction of a grandstand at Traeger Park in 2003-04 and \$1.7 million to complete it in 2004-05.
- \$0.5 million in grants to improve ethnic community facilities under the new Multicultural Community Development Program.
- \$0.3 million from 2003-04 to stage Australian Football League matches at Marrara Oval in Darwin and at Traeger Park in Alice Springs and to fund players and coaches camps in the Territory.

- Sports grants to develop facilities and assist sporting and recreation bodies will be increased by \$0.5 million from 2004-05.
- An additional \$0.4 million per annum will support the Festival of Darwin, the Alice Springs Desert Song, the Garma Festival and the International Guitar Festival.
- Funding of \$50 000 in 2003-04 and \$0.1 million in 2004-05 and 2005-06 will boost soccer administration in the Northern Territory. In addition, funding of \$0.5 million has been provided in 2003-04 for a grants program to upgrade facilities used by junior soccer.
- Commitment to an expanded national and international sporting events program including cricket, football and hockey events.
- \$0.5 million ongoing from 2004-05 to manage and administer recreation services at Leanyer Water Park.
- \$0.3 million per annum is for three years for the Litter Abatement Strategy, as part of the agreement with the Beverage Industry Environment Council (BIEC).
- \$0.4 million in 2004-05 and \$0.1 million ongoing is for the Darwin Harbour Regional Plan of Management.
- \$0.2 million in 2004-05 is provided and \$0.1 million ongoing to control the effects and the spread of cane toads in the Territory. Current year funding consists of a one-off payment to contribute to the development of cane toad traps and ongoing funding for a biological solution being researched by CSIRO.
- Additional funding of \$1.1 million in 2003-04 will increase to \$2.8 million ongoing from 2004-05 to boost public transport services.
- \$0.2 million from 2004-05 ongoing for a new environment protection grants program will provide funding to community-based environmental organisations.
- Resources will be redirected to implement the Northern Territory Heritage 2010 Package for planning and maintenance for all Territory heritage assets.
- Additional funding of \$1.5 million in 2004-05 increasing to a total of \$3 million in 2005-06 has been allocated to implement the Government's Parks Agenda.
- The following table presents the significant new capital projects for 2004-05 for Lifestyle and Environment.

2004-05 Major New Capital Works Projects	\$M
Hidden Valley Raceway – remedial works relating to overall safety standards	1.0
Headworks for Palmerston Recreation Centre, Darwin Soccer Stadium and Katherine Cultural Precinct	2.8
Construct general-purpose public housing in Alice Springs	1.0
Community renewal of public housing in urban centres	3.0
Security screens for public dwellings to improve the safety of tenants	1.5
Community Harmony Strategy – short term accommodation and day centres	1.6
Urban enhancement and heritage program	3.0
Mt Johns Valley – stage 1, headworks for residential subdivision	1.0
Cox Peninsula Road – complete seal to Belyuen	1.6
Improve access to Borroloola – stage 1	4.8
Oenpelli Link – Cahill's Crossing to Central Arnhem Road	1.0
2004-05 Major Capital Grants	
Undergrounding of powerlines in Darwin, stage 3	3.0

Regional Initiatives

	2003-04 Estimate	2004-05 Budget	2005-06 Forward Estimates	2006-07 Forward Estimates	2007-08 Forward Estimates
	\$M	\$M	\$M	\$M	\$M
Chief Minister's Task Force on Priority Partnerships	0.1	0.4	0.4	0.4	0.4
Groote Eylandt Regional Coordinator	0.07	0.2	0.06		
IES Growth		0.5	1.0	1.6	2.1
Total Initiatives	0.2	1.1	1.5	2.0	2.5

- Two additional staff will be employed at a cost of \$0.4 million as part of the Chief Minister's Task Force on Priority Partnerships to coordinate partnerships between agencies that develop services to remote areas, with an initial focus on the Indigenous Communities Coordination Pilot at Wadeye.
- Funding of \$0.07 million in 2003-04, increasing to \$0.2 million in 2004-05 and \$0.06 million in 2005-06, to employ a regional coordinator at Groote Eylandt to coordinate Government service delivery and provide strategic direction for community developments in the region.
- A further \$0.5 million in 2004-05, increasing to \$2.1 million by 2007-08, for Indigenous Essential Services.
- The following table presents the significant new capital works projects for 2004-05 for regional areas.

2004-05 Major New Capital Works Projects	\$M
Replace Government employee housing in remote localities	2.0
Upgrade Government employee housing to current design standards	5.0
Construct Government employee housing in remote localities	6.0
Land servicing for housing programs in remote communities	3.0

Revenue Initiatives

The Government has announced a number of key revenue measures in the 2004-05 Budget. These were summarised in the Economy and Business section. More details are provided below.

Payroll Tax Reduction

In accordance with the Government's election commitment to reduce the payroll tax burden on businesses, the payroll tax general exemption threshold is to increase to \$1 million over the next two years. From 1 July 2004, the threshold will increase from \$600 000 to \$800 000 and then to \$1 million from 1 July 2005. This change is expected to reduce payroll tax collections by \$4 million per year from 1 July 2004 and by a further \$3.2 million per year from 1 July 2005. These reductions will benefit over 1400 businesses.

This means 83 businesses (comprising 66 locally-based Territory businesses and 17 interstate-based businesses) will not pay payroll tax from 1 July 2004 and a further 79 (comprising 61 locally-based Territory businesses and 18 interstate-based businesses) from 1 July 2005. Locally-based Territory businesses still paying payroll tax after 1 July 2005, will save around \$20 500 each year.

Abolition of the HIH Levy

The HIH levy is to cease being levied on workers' compensation insurance policies written or renewed on or after 18 May 2004.

When HIH Insurance collapsed in August 2001, the liability for its outstanding workers' compensation claims in the Territory was initially estimated to be around \$50 million. Responsibility for dealing with outstanding claims then fell to the nominal insurer as the Government's safety net in the instance that a workers' compensation insurance provider fails.

The estimate of this outstanding liability was reduced to around \$30 million following a \$9 million grant from the Territory Government and reinsurance recoveries of around \$11 million.

To fund the remaining liability, a 4 per cent levy on workers' compensation insurance premiums commenced on 1 July 2002. The levy included all employers who self-insure – including the Territory Government.

With the cessation of the levy, the Government will meet the remaining liability, estimated at around \$22 million over the next seven to eight years, saving employers \$2.7 million per annum in levy contributions. This will mean that the Government, assisted by reinsurance recoveries, will meet an estimated 90 to 95 per cent of the total outstanding workers' compensation liability left by the collapse of HIH.

Abolition of Debits Tax from 1 July 2005

As part of national tax reform, the Commonwealth, states and territories signed the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the Intergovernmental Agreement). Part of this Agreement secured the abolition of some state and territory taxes and the consideration of the need to retain a list of other 'business' taxes.

In accordance with the Intergovernmental Agreement, the Territory abolished tourism marketing duty from 1 July 2000, and both stamp duty on quoted marketable securities and financial institutions duty from 1 July 2001. These changes have reduced the Territory's tax collections by over \$20 million per year.

The Intergovernmental Agreement includes a requirement for the Commonwealth, states and territories to review the abolition of debits tax by 2005. On 26 March 2004, Commonwealth, state and territory Treasurers agreed to abolish debits tax from 1 July 2005. This change will reduce Territory tax collections by \$6.2 million in 2005-06, and \$6.5 million ongoing.

Under the Intergovernmental Agreement, the Commonwealth, state and territory Treasurers have agreed to review by 2005 the need to retain:

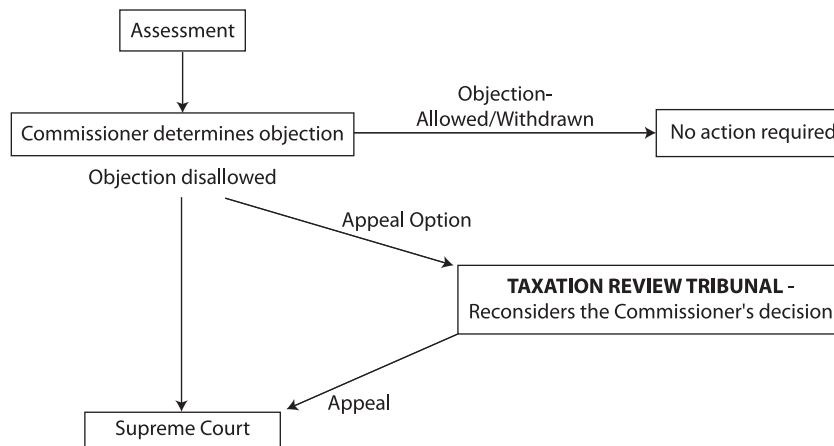
- Stamp Duty on Non-Residential Conveyances;
- Stamp Duty on Non-Quotable Marketable Securities;
- Stamp Duty on Leases;
- Stamp Duty on Mortgages, Bonds, Debentures and Other Loan Securities;
- Stamp Duty on Credit Arrangements, Installment Purchase Arrangements and Rental Arrangements; and
- Stamp Duty on Cheques, Bills of Exchange and Promissory Notes.

New Tribunal for Tax and Mineral Royalty Cases

A new independent taxation and mineral royalty administrative appeals tribunal is to be established in 2004-05, to provide an alternative and inexpensive option to appeal decisions of the Commissioner of Taxes following taxpayers' objections to a tax assessment. The current appeal route is the Supreme Court.

The new tribunal, consisting of a Magistrate of the Local Court, will on request reconsider the Commissioner's objection determination. The Supreme Court appeal option will still be available, but the tribunal will provide an extra, optional step in the appeal process. The tribunal will consider the objection determination on the basis of all previously considered material, however it will also allow further submissions or grounds for objections to be lodged and considered. Figure 4.1 gives a diagrammatic representation of the proposed process.

Chart 4.1: Proposed Appeal Process for Tax and Mineral Royalty Measures



The first step in the review process will continue to be the lodgement of an objection with the Commissioner, as is the case in all other states and the Commonwealth. This allows the Commissioner to quickly rectify mistakes without the involvement of the Court system, identify and act on areas where greater taxpayer awareness may be required, and to consider changes to the tax legislation where outcomes are unfair or anomalous.

The new tribunal is expected to commence towards the end of 2004.

Equity, efficiency and administrative enhancements

The Government has approved a package of changes that enhance simplicity, efficiency and equity of the Territory's taxation and mineral royalty regime. These measures:

- clarify the operation of some aspects of the payroll tax grouping provisions;
- provide a stamp duty exemption for conveyances arising from the addition of trustees to a trust, subject to certain conditions;
- provide a stamp duty exemption for a statutory vesting that occurs under the *Administration and Probate Act*, the *Associations Incorporation Act* or the *Local Government Act*;
- provide a stamp duty credit for an acquisition that has been exempted from land rich stamp duty under the corporate reconstruction provisions, when a further dutiable interest is acquired; and
- other minor changes that clarify the operation of the payroll tax and mineral royalty legislation.

These measures commence from 1 July 2004.

Anti-Avoidance Measures

In order to maintain the integrity of the Territory's taxes, the Government has approved measures that:

- condition the stamp duty exemption available on the change of a trustee to instances where the property being transferred was acquired by the retiring trustee by virtue of an instrument for which stamp duty has been paid, exempted from duty, or was not otherwise subject to duty;
- limit the stamp duty concession applying to compromises and arrangements under the *Corporations Act* to Court-approved compromises and arrangements made with a corporation's creditors or a class of creditors, which the Commissioner of Taxes is satisfied are not made for the purpose of avoiding tax;
- clarifying that the land rich stamp duty provisions do not apply if the land to which a company is entitled could have been conveyed without incurring conveyance stamp duty; and
- rectify a deficiency in the land rich stamp duty definition of "acquisition" by aligning it with the definition provided for direct conveyances.

These measures commence from 18 May 2004.