

# Business Highlights



## Contents

Budget Highlights	2
Revenue Initiatives	4
Lower Taxes	6
Jobs and Training	8
Industry Support	11
Major Projects	12
Procurement	14
Insurance	15
eBusiness	16
Listening to Business	17
Indigenous Development	18
Economic Outlook	20



## Record Tax Cuts

- Increase the payroll tax free threshold from \$600 000 to \$800 000 from 1 July 2004, with a further increase to \$1 million from 1 July 2005, saving businesses \$7.2 million a year from mid 2005.
- No HIH levy from 18 May 2004, saving 6 600 employers \$2.7 million a year.
- Remove debits tax from 1 July 2005, saving businesses and households about \$6.2 million a year.
- Following these tax cut initiatives, the Territory will be the lowest taxing jurisdiction for small and medium business in Australia.

## Supporting Business

- \$160 million over three years to implement the Jobs Plan which will build a highly skilled and flexible work force.
- Substantial support of \$27 million to the tourism industry over three years for marketing the Territory interstate and overseas (\$10 million), and developing Territory tourism products, including Indigenous tourism.
- \$2.2 million for Building the Territory's Resource Base, to promote mineral and petroleum exploration across the Territory.
- \$0.35 million for the Business and Skilled Migration Strategy, to promote the Territory to potential migrants as a place to live, work and establish business.
- The Government's investment and population attraction campaign is raising the Territory's profile nationally and internationally as a place to live, work and invest with an extra \$1 million a year for investment missions.
- Online initiatives such as Territory Business Channel, Connect:NT and Transact:NT make it easier for businesses to transact with Government.

## Jobs and Training

- \$38 million to registered training organisations to deliver a broad range of vocational educational and training programs and courses in both urban and remote settings.
- \$11.75 million to prepare, train and support up to 2 400 new apprentices and trainees in 2004-05.
- \$2.1 million for accredited and non-accredited training for Indigenous people living in regional and remote communities.
- The establishment of the Employment Task Force to better coordinate Government-facilitated training and employment initiatives and programs.
- \$1.75 million for the Employer Incentive Scheme to assist employers with the cost of employing new apprentices and trainees.
- \$1.53 million for the Indigenous Economic Development Strategy and \$1.1 million for the Indigenous Arts Strategy.
- \$1 million for the Northern Territory Public Sector Remote Workforce Development Strategy to attract and retain teachers, nurses and other service providers in remote areas.



# Highlights

## Record Infrastructure Spending

Total spending on infrastructure in the Territory, including capital grants, will be \$441 million in 2004-05. This is the highest cash injection on record.

The budget sector capital works program is \$279 million and incorporates planned cash expenditure of \$182 million, including \$20.5 million for minor new works. Repairs and maintenance expenditure totals \$167 million.



### Tourism and Roads

- Mereenie Loop road – stage 1 \$10.0 million
- Litchfield Loop road – stage 1 \$4.5 million
- Darwin City Waterfront redevelopment \$8.2 million
- Cruise ship terminal \$2.5 million
- Tanami Road upgrade \$2.0 million
- Improve access to Borroloola – stage 1 \$4.8 million
- Gregory and Limmen National Park facilities \$1.1 million

### AustralAsia Trade Route

- East Arm Port – stage 2 oil pipelines \$10.3 million
- East Arm Port – bulk loading facility \$7.0 million
- East Arm Port – bulk liquids berth and further development of the Wharf area \$5.7 million

### Lifestyle and Regional Development

- Palmerston Recreation Centre headworks \$1.8 million
- Katherine Cultural Precinct headworks \$0.5 million
- Darwin Soccer Stadium headworks \$0.5 million
- Complete Traeger Park upgrade \$2.5 million
- Dundee power \$5.2 million
- Undergrounding of Darwin powerlines \$4.0 million
- Mt Johns Valley – stage 1 headworks \$1.0 million
- Urban and remote housing \$41.5 million
- Indigenous essential services and infrastructure \$13.4 million

### Community Services

- Darwin Correctional Centre – low security gaol \$8.0 million
- Royal Darwin Hospital – hospice and birth centre \$6.1 million
- Desert Knowledge Precinct \$14.4 million
- New and improved schools \$17.2 million
- Remote health centres \$11.0 million



# Revenue

## Payroll Tax Threshold Increasing to \$1 Million

The current \$600 000 tax free threshold will increase to \$800 000 on 1 July 2004 and increase again on 1 July 2005 to \$1 million (payroll tax is only paid on wages that exceed the threshold).

All businesses that pay payroll tax receive a benefit from an increase in the payroll tax threshold but smaller Territory-based businesses will receive the greatest benefit.

From 1 July 2005 onwards, businesses will save \$7.2 million per annum in payroll tax expenses and an estimated 127 Territory businesses will no longer be required to pay payroll tax.

The average saving for all Territory businesses that pay payroll tax will be \$20 500 per annum.

These benefits to business are in addition to the reductions in the payroll tax rate from 6.5 per cent to 6.2 per cent made since the since the Martin Government came to office, which have saved businesses a total of \$1.5 million a year.

## HIH Levy Abolished

When HIH collapsed in August 2001, the liability for outstanding Territory worker's compensation claims was estimated at \$50 million. Following a \$9 million grant from the Government, and reinsurance recoveries of around \$11 million, the remaining \$30 million was to be paid through a 4 per cent levy on workers compensation premiums applied to Government and business which commenced on 1 July 2002.

As part of the 2004-05 Budget, the HIH levy on insurance premiums will cease on all workers compensation insurance policies written or renewed on or after 18 May 2004. The Territory Government will meet the remaining liability, estimated to be about \$22 million over the next eight years. Overall, assisted by reinsurance recoveries, Government will meet an estimated 90-95 per cent of the total outstanding workers compensation liability left by the HIH collapse.



Removal of the HIH levy is a saving of \$2.7 million per year for around 6 600 businesses.

## Debits Tax to be Abolished

As part of national tax reform, the Territory will abolish debits tax in line with other jurisdictions from 1 July 2005, saving Territory businesses and households about \$6.2 million per year. The Territory has already reduced tax collections by \$20 million as part of national tax reform.

# Initiatives

## Administrative Appeals Tribunal for Taxpayers

A new 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.

In 2002-03, there were some 38 000 tax transactions, with 28 objections lodged with the Commissioner of Taxes.

Lodging an objection with the Commissioner of Taxes, in the first instance, allows the Commissioner to rectify mistakes quickly, identify areas of the law that result in unintended or adverse outcomes, and better inform taxpayers of the law.

Since July 2001, the Commissioner has determined an average of 34 per cent of taxpayers' objections in favour of the taxpayer, and the tax has then been refunded or the matter resolved outside the judicial process. A further 15 per cent have been withdrawn by the objector, following an explanation of the basis of the decision.

The Commissioner sometimes finds that inappropriate outcomes have resulted from applying the law, and over the past two years this has led to:

- four changes to the legislation to rectify inequities;
- seven waivers to correct anomalous tax liabilities; and
- a legislation change to address avoidance practices.

More than one-third (36 per cent) of objections to the Commissioner were prepared by taxpayers themselves without incurring the cost of representation by a tax professional.

While the current process has delivered good outcomes for taxpayers, an additional means to review the Commissioner's decisions will be implemented.

### New Tribunal Process

The new administrative appeals tribunal (Magistrate of the Local Court) will provide an inexpensive and speedier avenue to appeal the Commissioner's decision.

The Supreme Court appeal option is still available, but the tribunal will provide an extra, optional step in the appeal process.

An appeal is to be considered "on the papers" (that is, on the basis of all previously considered material), however it will also allow further submissions or grounds for objections to be lodged and considered.

The first step in the review process will continue to be lodging an objection with the Commissioner of Taxes, as in all other states. This allows the Commissioner to quickly rectify mistakes, identify and act on areas where greater taxpayer awareness may be required, and recommend changes to the tax legislation where outcomes are unfair or anomalous.

These measures are also to apply to mineral royalty objection matters.



## The Lowest Tax for Small Business

Territory small businesses will pay less recurrent tax than their competitors and enjoy the most competitive tax environment in Australia.

Territory businesses have a tax advantage over businesses operating in other states because the Territory does not raise:

- land tax – saving the Territory's commercial and investment property owners over \$23 million each year;
- stamp duty on mortgages – saving Territory real estate buyers over \$4.5 million each year; or
- a general fire and emergency services levy – saving Territorians just under \$3 million each year.

Initiatives that have contributed to the Territory's low taxing status include:

- reducing the payroll tax rate from 6.5 per cent to 6.2 per cent since 2002-03 – saving Territory employers \$1.5 million;
- increasing the payroll tax free threshold from \$600 000 to \$800 000 from 1 July 2004, and then to \$1 million from 1 July 2005;
- abolishing the HIH levy; and
- eliminating \$20 million in taxes as part of national tax reform. Debits tax will be removed from 1 July 2005.

## Competitive Business

Comparisons of taxes paid by similar businesses operating in each capital city  
(The figures in both tables reflect all changes announced in other jurisdictions)

### Recurrent Taxes for a Small Business with 20 Staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (wages of \$0.8M)	12 000	13 125	0	3 000	16 783	0	0	0
Land tax (CBD premises)	9 200	5 755	5 750	1 590	1 205	4 443	8 500	0
Insurance stamp duty (on \$25 000 premium)	1 250	2 500	2 125	2 500	2 750	2 000	2 500	2 500
Workers' comp stamp duty (on \$21 000 premium)	0	0	1 050	0	0	0	0	0
HIH levy (on \$21 000 premium)	65	0	0	210	0	840	0	0
Vehicle rego and insurance (5 cars)	3 425	2 740	3 510	2 520	3 260	2 645	3 985	2 930
Fire services levy (estimate)	6 000	6 750	611	350	372	7 000	0	0
Bank transaction duties (debit/cheque tax/duties)	0	1 274	1 274	1 274	1 404	832	1 274	1 404
<b>Total from 1 July 2004</b>	<b>31 940</b>	<b>32 144</b>	<b>14 320</b>	<b>11 444</b>	<b>25 774</b>	<b>17 760</b>	<b>16 259</b>	<b>6 834</b>

# Taxes

## Comparison of Tax Rates

Independent assessments by the Commonwealth Grants Commission (CGC) of state and territory revenue regimes confirm that the Territory is a low taxing jurisdiction.

The latest CGC assessments demonstrate that the Territory is the lowest taxing jurisdiction as it raises only 90 per cent of the national average in total revenue collected, and is the second lowest taxing jurisdiction on the basis of total taxes.

### Total Revenue

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
101%	101%	90%	104%	118%	101%	95%	90%

Source: Commonwealth Grants Commission 2004 Update Report.

### Total Taxes

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
101%	107%	86%	99%	111%	92%	102%	90%

Source: Commonwealth Grants Commission 2004 Update Report.

## Taxes in the Territory

demonstrate that the Territory is a competitive place to do business. (up to 11 May 2004 and the 2004-05 Northern Territory Budget.)

### Recurrent Taxes for a Medium-Sized Business with 40 Staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (wages of \$1.6M)	60 000	55 125	47 500	51 000	62 143	35 990	23 975	49 600
Land tax (CBD premises)	23 200	32 905	14 465	9 473	6 485	11 993	17 000	0
Insurance stamp duty (on \$50 000 premium)	2 500	5 000	4 250	5 000	5 500	4 000	5 000	5 000
Workers' comp stamp duty (on \$42 000 premium)	0	0	2 100	0	0	0	0	0
HIH levy (on \$42 000 premium)	65	0	0	420	0	1 680	0	0
Vehicle rego & insurance (10 cars)	6 850	5 480	7 020	5 040	6 520	5 290	7 970	5 860
Fire services levy (estimate)	12 000	13 500	1 006	700	693	14 000	0	0
Bank transaction duties (debit/cheque tax /duties)	0	2 548	2 548	2 548	2 808	1 664	2 548	2 808
<b>Total from 1 July 2004</b>	<b>104 615</b>	<b>114 558</b>	<b>78 889</b>	<b>74 181</b>	<b>84 149</b>	<b>74 617</b>	<b>56 493</b>	<b>63 268</b>
<b>Total from 1 July 2005</b>	<b>104 615</b>	<b>110 835</b>	<b>76 341</b>	<b>71 633</b>	<b>81 601</b>	<b>73 343</b>	<b>53 945</b>	<b>48 320*</b>

\*This total reflects the further reduction in payroll tax and the removal of debits tax from 1 July 2005.

# Jobs and



## The Jobs Plan

Creating jobs is one of the Government's key priorities. In November 2003, the Territory Government released the first ever *Jobs Plan: Building the Northern Territory Workforce*. The three year plan complements the Territory's economic and industry strategies. It is a comprehensive and coordinated approach to addressing skill shortages and developing a skilled, flexible and responsive workforce by:

- supporting job creation across the Territory;
- building a highly skilled and flexible workforce in partnership with industry, business, unions and community;
- linking training to skills demand and jobs growth areas;
- boosting apprenticeship and traineeship numbers; and
- supporting regional development through training, job development and increased opportunities.

The Government has allocated \$160 million over three years to implement the Jobs Plan.

## Workforce NT

The Government is committed to ensuring the Territory workforce has skills and training that reflects the needs and requirements of Territory industries. The first ever report on the state of employment in the Northern Territory, *Workforce NT*, is due for release in September 2004. *Workforce NT* will comprise information about the nature of Territory employment, including areas of skill shortages, regional and Indigenous employment data, and employment growth forecasts by occupation and industry. The information in *Workforce NT* will assist the implementation and future direction of the Jobs Plan, particularly in respect of addressing potential skill shortages.

## Training and Apprenticeships

Education and training are essential for developing and growing the Territory economy. During 2004-05, the Territory Government is providing \$38 million to registered training (VET) organisations to deliver a broad range of vocational, education and training programs and courses in both urban and remote settings. These programs and courses aim to build and capitalise on skills that lead to employment and strengthen communities.

Under the *Jobs Plan*, the Government will train, prepare and support up to 7 000 apprentices and trainees over three years. During 2004-05, about 2 400 apprentices and trainees will be employed across 180 discrete qualifications in 16 industry sectors, with \$11.75 million for training purposes.

The Territory Government will itself employ an additional 200 trainees in the Northern Territory Public Service over three years. Around 80 new apprentices have been employed to date.

## Employer Incentive Scheme

Government will provide \$1.75 million under the Employer Incentive Scheme in 2004-05 to assist businesses with the cost of employing apprentices and trainees.

*Regional and remote apprentices and trainees currently make up 19 per cent of the overall apprentice and trainee numbers for the Northern Territory. Indigenous apprentices and trainees make up 54 per cent of the regional and remote numbers.*

# Training

The three levels of incentives available to employers of new apprentices and trainees are:

- \$2 200 per apprentice or trainee, for small businesses with less than 10 employees;
- \$4 400 per apprentice or trainee, for local and community councils; and
- \$7 700 per apprentice or trainee, for businesses employing an apprentice in a skill shortage area.

Since February 2004, the employers of 120 apprentices and trainees have become eligible for incentive payments.

In 2003, a number of successful pre-vocational training programs were run in the automotive, electrical and aviation sectors. The Government has allocated \$1.2 million over the next three years for similar programs, which aim to better prepare Territorians for apprenticeships and traineeships in skill shortage areas.

## School-Based New Apprenticeships

School-based new apprenticeships allow secondary school students to undertake training in a workplace while continuing their normal studies. The training is considered part of a student's secondary education and contributes towards their Northern Territory Certificate of Education.

This facilitates the transition from school to work, and provides workplace experience to young people getting ready to enter the workforce.

A school-based new apprentice or trainee must attend school, work and training, based on an agreed a training and assessment plan.

The apprentice or trainee is paid for the time spent in productive work in the workplace according to a training contract which links to an industrial award or agreement, and must be engaged for an average of 10 hours or more per week of paid work in any 12 month period (that is, a minimum engagement of 400 hours per annum).

There are currently 128 school-based apprentices and trainees in training. Around 180 students are expected to commence a school-based new apprenticeship in 2004-05, ensuring that the Territory is well placed to exceed the Jobs Plan target of 400 commencements over three years.

## Training in Schools and Communities

The VET in Schools program offers vocational education and training subjects in secondary schools, providing additional options and pathways for students as they complete their schooling.

The Training for Remote Youth (TRY) program aims to give school students and young people (between the ages of 14 and 19 years) in remote areas access to training in an area of interest to the individual and of value to the community. The \$1 million TRY program helps young people in remote communities improve their work-related skills and encourages them to actively learn and develop skills.



# Training

## Flexible Response Funding and Community Response Programs

Examples of training courses offered under these programs include:

- vessel handling training in the Tiwi Islands;
- horticulture training at Beswick;
- arts and crafts training at Goulburn Island;
- textiles and enterprise skills at Maningrida;
- civil construction skills at Tennant Creek; and
- health and nutrition training at Kintore.

The Government has provided \$2.1 million to facilitate accredited and non-accredited training of Indigenous people living in regional and remote communities through the Flexible Response Funding and Community Response Programs. These programs provide specific training that meets the needs of Indigenous clients and, in most instances, the training is delivered onsite in communities.

Regional Training Centres are located in Jabiru, Nhulunbuy, Katherine and Tennant Creek and provide facilities which enable training programs to be delivered in those communities, with requisite flexibility and relevance to local needs. The centres allow for flexible training options to become an integrated part of training delivery in regional and remote communities.

## Footprints Forward

Footprints Forward is an initiative of the *Alice in 10* Indigenous Employment Challenge. It is a 'one-stop-shop' that offers mentoring support, work placements, support for school-based new apprentices, school and employer workshops, referral services, skills audits and other services aimed at improving the employment outcomes of Indigenous students still at school, and young Indigenous people no longer at school.

The Territory Government supports the community-driven Footprints Forward project together with the Commonwealth Department of Employment and Workplace Relations. In 2003, the Territory contributed \$101 000 towards establishment costs, and will contribute an additional \$386 000 in 2004.

## University in Partnership with the Territory Government

In June 2003, the Government entered into a Partnership Agreement with Charles Darwin University (CDU) to work together to increase the Territory's

local knowledge base and reduce the number of courses and consultancies delivered by 'fly in, fly out' professionals. The Partnership enables joint approaches to be taken to applied research and industry development that match the Territory's needs, using the academic capability of the University and the practical experience of the Territory's public sector.

Increasingly, the business sector and Government will be able to draw on information and advice that is specific and relevant to living and working in the Territory and which properly reflect the range and complexity of our development needs and challenges.

Territory Government funding to CDU for higher education purposes is around \$6.5 million per annum, including \$1.5 million for the Institute of Advanced Studies which is undertaking research and development in practical and Territory-specific industry-oriented areas.

For further information on the Partnership Agreement, go to <http://www.cdu.edu.au> – the Government Partnership is under Quick Links.



# Industry Support

## Tourism Initiatives

Tourism is a vital part of the Territory economy. In October 2003, the Martin Government injected an extra \$27.5 million over three years into tourism, including an additional \$10 million in 2004-05 and in 2005-06 for international and domestic marketing activities and tourism development.

The sealing of the Mereenie and Litchfield loop roads will also significantly boost tourism activity in these regions. Attracting more cruise ships to Darwin, through the development of a \$2.5 million terminal, will also boost the Territory's tourism industry, particularly in the Darwin area and surrounds.



## Business and Skilled Migration

Business and skilled, regional and sponsored migration programs allow:

- Territory employers who cannot recruit to skilled positions to access the skills they need from overseas; and
- successful overseas business people to migrate to establish businesses or go into joint ventures so that the Northern Territory benefits from their business acumen, expertise and international business networks.

Implementing the Northern Territory Business and Skilled Migration Strategy, with funding of \$0.35 million in 2004-05, will:

- raise awareness amongst employers and businesses of the benefits of overseas business and skilled migration;
- partner with Territory ethnic groups, including their international networks;
- promote the Territory to potential migrants as a place to live, work and establish businesses; and
- assist the Territory's advocacy role in lobbying the Commonwealth Government to develop new regional migration solutions to meet Territory employer and business needs.

## Supporting Small Business

The Territory Government provides assistance to small business through:

- funding to develop strategic business plans;
- business skills short courses;
- workshops and business mentoring;
- promotional activities, including October Business Month, Youth Desk, Women in Business and information campaigns;
- client consultations and visits for new and expanding businesses and for businesses relocating to the Territory;
- the Industry Development Grant Scheme;
- Northern Territory Food Group;
- information on Defence supply requirements;
- the Trade Support Scheme; and
- regional business development.

[www.tbc.nt.gov.au](http://www.tbc.nt.gov.au) or [www.dbird.nt.gov.au](http://www.dbird.nt.gov.au)

## Boosting the Manufacturing Industry

In February 2004, the Territory Government released Making It in the Territory, the Northern Territory Manufacturing Industry Strategy for 2004 to 2009, which is aimed at maximising the growth of the manufacturing sector.

The strategy's primary objectives are to increase the value of manufacturing turnover by 40 per cent, increase manufacturing employment by 25 per cent and increase the value of manufacturing industry international exports from the Territory by 40 per cent by 2009.



# Major Projects



## Industry Participation Plans

*Industry Participation Plans are required for all development projects in excess of \$5 million. The plans encourage local participation and the development of Territory business capability.*

*An Industry Participation Plan is a statement of a project proponent's commitment to local participation and how the involvement of local business will be maximised. It addresses how full, fair and reasonable opportunity for local business, industry and labour will be enhanced.*

*More information is available at [www.dbird.nt.gov.au](http://www.dbird.nt.gov.au)*

The Territory is moving ahead with the economy expected to expand significantly over the next decade. This includes the development of a number of major projects, including Timor Sea gas coming onshore, mining developments, opportunities associated with the railway, a recovery in tourism growth and further opportunities arising from the Defence presence. This will create a strong economy that will facilitate the growth of Territory businesses, particularly as the infrastructure required will result in a major phase of construction activity to support the broadening economy.

## Darwin City Waterfront

Expressions of Interest (EOI) for the \$600 million Darwin City Waterfront redevelopment closed on 20 October 2003, attracting interest from developers from around Australia and Asia.

Three consortia were short-listed after 11 expressions of interest were received. Detailed proposals, including master plans, for the 25-hectare site were submitted on 12 May and are now being evaluated.

The Darwin City Waterfront redevelopment is expected to commence construction in 2005, and will include a Convention and Exhibition Centre, and recreation and accommodation facilities, with \$6 million allocated for site works and preparation in 2004-05.

## AustralAsia Trade Route

Construction of the Alice Springs to Darwin leg of the rail link to Adelaide was completed in 2003, with the first train arriving at the Darwin freight terminal adjacent to the East Arm Port on 17 January 2004. The first Ghan passenger train arrived on 3 February 2004. Swires announced a regular shipping service to Singapore to take advantage of the new rail and port facilities and is making a valuable contribution to the establishment of the landbridge. The Chief Minister has undertaken investment missions to Hong Kong and China to promote further interest in shipping and freight opportunities.

The benefits of the railway will be most significant in Darwin, with its concentration of economic activity and population. Nonetheless, the anticipated development of rail freight facilities in Katherine and Tennant Creek is expected to attract freight from the Ord River and Gulf regions, while Tennant Creek could also benefit as a road-rail interchange for east-west freight traffic.

Industries will benefit from reduced freight costs, particularly mining, agriculture, construction, manufacturing, and wholesale and retail trade. Lower transport costs should also have a positive impact on the cost of consumer goods, and should improve the relative competitiveness of Territory businesses distributing products intrastate, interstate and internationally.

The Territory Government is developing the Darwin Business Park adjacent to the rail terminal. Stage one includes the development of 21 serviced blocks, eight of which have direct rail frontage. Foundation businesses for the Park are mainly in the transport and distribution industries.



## Gas Onshore

The Territory is on the verge of a major development phase for gas reserves and gas-based manufacturing. Progress is being made towards the development of Timor Sea gas fields and Darwin and regional gas infrastructure.

Work is on schedule for the Wickham Point liquefied natural gas (LNG) plant and pipeline, with the delivery of gas onshore expected in early 2006 and first LNG deliveries to Japan not long afterwards. The Wickham Point project will be the largest project ever undertaken in the Northern Territory, with construction expenditure estimated at \$1.6 billion and a peak workforce of 1 200.

The progress towards gas onshore provides opportunities for Territory businesses, and diversification of Territory industry.

## Gove Expansion

The proposed \$1.5 billion expansion by Alcan is expected to significantly increase alumina production at its Gove mine to 3.5 million tonnes from 2006-07, with an associated increase in bauxite production. The expansion is connected to the development of the Blacktip gas field in the southern Bonaparte Gulf and final approval of the project is expected by mid 2004.

The current proposal includes a \$1 billion pipeline from the Blacktip gas field to Wadeye and a \$500 million trans-Territory pipeline from Wadeye to Nhulunbuy. While these projects are not yet confirmed, if the Alcan expansion proceeds in 2005, high levels of engineering and construction activity will be maintained in the Territory in the medium term.

## Defence

Defence is a major industry in the Northern Territory and presents considerable opportunity for Territory businesses. Significant projects include:

- location of 17 new Tiger helicopters as part of the 1st Aviation Regiment to be based at Robertson Barracks – 200 additional personnel with opportunities for training, electronics maintenance and engineering support;
- \$75 million expansion of Robertson Barracks to be completed by mid 2005;
- eight new Armidale Class patrol boats to be based at Darwin Naval Base – \$3 million new port services building to be completed by October 2005, with the opportunity for repair and maintenance contracts to be outsourced to Darwin companies from the current 60 per cent level, and relocation of defence project personnel and additional maintenance staff expected;
- further development of the Bradshaw Field Training Area – overall project value of \$65 million with work expected to commence during 2004-05; and
- main battle tank replacement program with 41 of the fleet to be based at Robertson Barracks. Work is progressing on opportunities for Territory businesses for ‘through life support’ of the tanks.



## LNG Plant

*International company Bechtel is building, under contract to ConocoPhillips, the liquefied natural gas (LNG) plant and pipeline near Darwin. The tank will be the world's largest above-ground tank of its kind, with a capacity of 188 000 cubic metres and an apex height of 50 metres. The 3 year long project includes:*

- 700 000 cubic metres of earthmoving;
- 55 000 cubic metres of concrete;
- 4 500 tonnes of structural steel;
- 85 kilometres of piping;
- 650 kilometres of wire and cable;
- 1.4 kilometre jetty;
- peak employment of 1 100 to 1 200 people; and
- a construction camp near Palmerston, for up to 800 workers.



# Procurement



## 30 Day Payment Procurement Policy

During 2003-04, the Government implemented a 30 day payment policy, whereby all undisputed accounts of Government are to be paid within 30 days. From 1 July 2004, if payment is not made within 30 days, interest will be able to be claimed by suppliers. This time last year, around 85 per cent of Government accounts were paid within 30 days. Currently, 91 per cent of undisputed accounts are paid within 30 days. Simple processes for claiming interest due are being developed. This is another way the Government is promoting the interests of Territory business.

## Revised Policy for Insurance Requirements of Government Contractors

From 1 July 2004, the public liability insurance requirements on the supply and delivery of goods 'off the shelf' will be reduced from \$10 million to \$0.5 million. The public liability insurance reduction will apply to those goods available 'off the shelf' and for manufactured items where a manufacturer's warranty would generally apply. A definition of what is meant by goods 'off the shelf' is available from the Department of Corporate and Information Services' Contract and Procurement Services (CAPS). Industry views are sought on whether this definition should be reconsidered or requires change.

From 1 July 2004, the public liability insurance requirements of consultants undertaking management consultancy type work for Territory Government agencies will also be reduced from \$10 million to \$0.5 million. A guide to the types of management consultancies for which this reduction is expected to apply is also available from CAPS.

In addition, CAPS in conjunction with Northern Territory Treasury's Procurement Reference Group will be reviewing the insurance requirements of all proposed contracts and will make recommendations to the Minister responsible for Procurement on other changes that may be able to be made. A methodology developed by insurance specialists will be used to assist in this review.

### Procurement Training

*The Certificate IV in Government Procurement is being delivered to relevant Territory Government agency staff, mainly those with substantial procurement responsibilities.*

*Other training modules, tailored to different categories of staff, are also offered. These include sessions for administrative assistants who regularly purchase stationery, office furniture and travel, through to higher level strategic courses for executive managers with large financial delegations.*

*This will ensure that appropriate understanding and proficiency in Government procurement is widespread among agency staff.*

## Future Procurement Reforms

In 2004-05, reviews will be undertaken in several aspects of Government procurement:

- options for simplifying the process for tenders less than \$50 000, to make it simpler for business;
- further work on insurance requirements for Government suppliers to consider the adequacy of current definitions, simplifying processes and other insurance-related requirements;
- developing the Value for Money policy to ensure that Government obtains best value for money in its procurement activities; and
- revising the Procurement Guidelines to make them easier to understand and use.

# Insurance

## Insurance Reforms

The rising cost and decreased availability of insurance has had a considerable impact on Territory business in recent years. This 'hardening' of the insurance market reflects a number of factors, including the collapse of HIH and increasingly litigious attitudes.

Over the past two years, the Territory Government has worked with other governments to develop a package of law reforms to create a more stable insurance environment. The reforms aim to improve the availability of insurance cover, hold down premiums, create greater certainty and change social and legal attitudes towards the assumptions of liability for risk.

Key elements of the legislative reforms that have been passed to date include:

- clarifying and fixing reasonable limits on the entitlement to and extent of damages for personal injuries;
- protection of volunteers and 'good Samaritans' from liability;
- providing for processes and timeframes that encourage early resolution of claims; and
- removing legal impediments to people assuming responsibility for their own personal injuries acquired while undertaking risky recreational activities.

Professional Standards Legislation is being drafted to allow for professional or occupational groups to establish schemes to limit members' liability for economic loss in exchange for more stringent self-regulation.

Further legislation is being drafted dealing with the law of negligence and issues such as duty of care, assumption of risk and contributory negligence.

A February 2004 report from the Australian Competition and Consumer Commission (ACCC) has shown that reforms are taking effect. The ACCC found that public liability claim costs had reduced by about 10 per cent in the first six months of 2003 and growth in premiums had slowed. It also found that insurers expected public liability premiums to be 3 per cent lower in 2003 than would have been the case without the law reforms.



*For further information on public liability insurance including risk management and not-for-profit group insurance schemes see [www.public-liability.nt.gov.au](http://www.public-liability.nt.gov.au) or contact the Public Liability Insurance Hotline on 1800 600 032.*



# eBusiness



## eBusiness

Increasingly, Territory businesses are using the internet and ecommerce facilities to do business more efficiently and cost effectively. The Territory Government is implementing its own ebusiness plan to help businesses transact with the Government faster, easier and online. At the same time, Government is promoting the take-up of online services and ecommerce opportunities generally.

Territory Business Centres (TBCs) and the Government's integrated business services channel (Territory Business Channel) provide a first contact and referral point for many services and products available from Government agencies, combining a comprehensive range of business-related functions. TBCs are located in Darwin, Alice Springs, Tennant Creek and Katherine, and at [www.tbc.nt.gov.au](http://www.tbc.nt.gov.au).

TBCs provide a comprehensive range of business-related information and services. Government has developed Connect:NT, which provides access to case managers who help business people deal more effectively with

Government requirements and reduce the time it takes to conduct their business with Government. Connect:NT is accessible through the Territory Business Channel.

Transact:NT is an online service for business-to-Government transactions. Transact:NT currently provides online forms for business name renewals, tobacco retail licences, applications for interstate trade promotions, permits for fossicking in the Territory and applications for special liquor licences. These forms can be completed and lodged electronically over the internet.

## Territory Business Centres

*Territory Business Centres (TBCs) assist businesses with information and the right contacts in Government agencies.*

*At a TBC you can:*

- *obtain information on starting, developing and growing a business;*
- *obtain information on taxation;*
- *obtain details of workshops for business people and potential business people;*
- *register a business name and conduct a business name search;*
- *access all relevant Commonwealth, Territory and local government licence and permit requirements for establishing a business in the Northern Territory;*
- *receive accurate information on all business assistance services and products offered by many Government agencies; and*
- *learn how to do business with Government.*

*Most TBC services are available online at [www.tbc.nt.gov.au](http://www.tbc.nt.gov.au).*

*The online service also provides links to other initiatives to facilitate business dealings with Government, such as Connect:NT (the Government's case manager system) and Transact:NT (the online system for lodging applications and other documents).*

This online service will be progressively extended to include a number of business licences, permits and registrations, and will include options to pay fees and charges online. Transact:NT is also accessible through the Territory Business Channel.

The Territory Business Register provides a means for business users to authenticate or identify themselves either online or by phone to access Government services. This register makes it easier for businesses to do business online in the Territory. It is all part of moving business and the Territory ahead.

# Listening to Business

The Martin Government consults with business and the community in a number of ways.

Since it was elected, the Government has used community Cabinet meetings as an effective mechanism for meeting Territorians and discussing the issues that are important, such as jobs, health, education and safer communities. Community Cabinets have been conducted across the Territory and more are planned for 2004-05.

The Business Round Table is a consultative forum, chaired by the Chief Minister, which enables views and opinions to be exchanged between Government, industry and business representatives, meeting face to face to constructively discuss business development issues.

*Business representatives are encouraged to register their interest in participating in the Business Round Table online [www.businessroundtable.nt.gov.au](http://www.businessroundtable.nt.gov.au) or free call 1800 193 111.*

The Business Round Table encourages open and wide-ranging discussion and complements existing mechanisms available for business and industry to engage in dialogue with Government. It meets at least ten times a year, across Territory centres, with local business and industry representatives invited to participate. Key issues are followed up, with feedback provided on the Business Round Table website.

As part of the development of the 2004-05 Budget, the Treasurer sought the views from industry representatives on revenue measures that contributed to the development of the Budget. The Treasurer and Treasury will hold regular consultation forums during the year.

The Territory Taxation Administration Liaison Committee was established in April 2004 and comprises representatives of professional associations, representing Territory taxation advisers and businesses, and senior officers from the Territory taxes office (Territory Revenue Management). The committee focuses on technical rather than policy issues, and the forum provides a valuable opportunity to exchange information between Territory Revenue Management and tax practitioners.

The Government Procurement Council was formed in 2003 following public calls for nominations. Its membership comprises six private sector business people and two public sector chief executives. The council provides advice to the Minister for Procurement on procurement policy and implementation issues.

## Motor Vehicle Transactions Online

*Government is currently consulting with the Motor Trades Association to develop an electronic system that will eliminate the need for existing paper-based processes involved in the sale of vehicles. The electronic system will streamline new registrations, registration transfers and disposal notice processes as well as the payment of relevant fees and stamp duty.*

*The consultation process allows industry to raise concerns and propose workable solutions to identified issues prior to implementation. The anticipated outcome is a more efficient and user friendly system that benefits both industry and Government.*



# Indigenous

## Indigenous Mining Employee Training

*One example of distinction in the mining sector is mining company GEMCO's long-term employee development strategy that began in 1996 with nine local Indigenous employees. The company has developed a staged employment and training approach linked to pay. Five Indigenous employees have completed the development program, and 21 Indigenous employees are currently participating in the program.*

Indigenous economic development is an untapped business opportunity. The Territory Government is committed to Indigenous economic development for the benefit of Territory businesses and Territorians, and has established a task force to drive its strategies.

Additional funds of \$1.5 million to support Indigenous economic development have been approved for 2004-05.

Better education outcomes and increased literacy and numeracy levels and training that is linked to jobs are key components of improving Indigenous economic development. Indigenous education initiatives aim to achieve better outcomes at measured intervals, increase school attendance and retention rates, and improve literacy and numeracy levels.

A range of training exists that will build community capacity by addressing community labour shortages, establishing responsive, ongoing skills development, and providing adult community education. Work is continuing to prepare Indigenous youth for employment opportunities in the construction, hospitality, mining and metal fabrication industries. In 2003-04, 30 per cent of apprentices and trainees are Indigenous. Targeted support to enter and remain in the workforce or start a business is a priority area.

The Northern Territory Public Sector (NTPS) is the single largest employer in the Northern Territory, with about 14 500 full-time equivalent employees, 5.2 per cent of whom identify as Indigenous. The Territory Government has an Indigenous employment and career development strategy to increase the overall number of Indigenous people employed in the NTPS and to focus on developing careers of current Indigenous staff.

Training and employment activities are currently under way within six Aboriginal corporations, including hosting of apprentices, specialised training, sourcing trainees, and combining Community Development Employment Program and NTPS employment arrangements.

Mining is an increasingly important opportunity for Indigenous economic development. All major mines in the Northern Territory are on Indigenous land. Companies involved in the industry are generally committed to Indigenous employment and associated enterprise development.

Agreements between Indigenous Territorians and mine operators have resulted in improved training and employment opportunities for Indigenous people. It is anticipated that existing mining ventures will provide further economic development opportunities for Indigenous Territorians.

In 2004-05, approximately \$1.2 million will be directed toward Indigenous tourism development, including working closely with the Indigenous arts industry to which a further \$1.1 million has been committed.



# Development

A number of initiatives in the horticultural, pastoral and fisheries sectors aim to improve employment outcomes for Indigenous people and involve collaboration between the Territory Government, land councils and the Indigenous Land Corporation including:

- establishment of a non-profit company, Centrefarm Aboriginal Horticulture Ltd, to help develop commercial horticulture on Indigenous land in Central Australia;
- identification of six areas suitable for commercial horticultural production between Apatula and Tennant Creek;
- promotion of an Indigenous bush food industry in Central Australia;
- bringing Indigenous land suitable for pastoral development back into economic production, with Indigenous-owned pastoral companies entering into joint arrangements with pastoralists; and
- utilising FarmBis to train Indigenous people, with training directly related to business management and farm operations.



Significant potential exists for activities such as fishing, aquaculture and caring for sea country. The establishment of Aboriginal Consultative Committees provides the infrastructure for consultation between coastal communities and land councils, the Northern Territory Seafood Council and the Amateur Fishing Association of the Northern Territory.

A joint forestry venture between Sylvatech and the Tiwi people has a long-term aim to employ 200 people full time and 150 seasonal workers, with benefits in education, training, employment contracts and royalties. To date, about 5 000 hectares have been planted with *Acacia mangium* for pulpwood, and this should increase by 5 000 hectares per year until the target 30 000 hectares is reached. It is estimated that the Tiwi Forestry Project will realise \$60 million a year at current prices when in full production.

Construction, repairs and maintenance of public housing stock create opportunities for economic activity and job creation across the Territory. In addition, housing management and construction programs provide opportunities for local Indigenous training and employment in the sector, including in remote communities.

There are currently just over 200 Indigenous people engaged in housing construction in remote areas. The ability to maintain continuity of work on communities is improving, creating an environment for Indigenous construction apprentices to complete their accredited training, and the Government's procurement policy encourages Indigenous employment through the use of Indigenous Building Teams.

Wherever possible, the Territory Government engages local Indigenous organisations to undertake road construction and maintenance works on Aboriginal land where they have proven capabilities and suitable construction plant. Indigenous training and employment requirements are specified in selected public tenders.

## Indigenous Mining and Industry Services

*The Indigenous Mining and Industry Services (IMIS) group is responsible for the delivery of minerals and energy knowledge-building programs in remote regions throughout the Territory.*

*In 2004-05, the Government has allocated \$0.9 million for operation of the IMIS group, including funds to relocate officers to the regions to better service Indigenous and mining industry clients.*

## Indigenous Arts

*It is estimated that \$32 million per annum is currently generated from 5 000 Northern Territory Indigenous artists, which is 70 per cent of all Australian Indigenous artists and 25 per cent of all artists in Australia. The Indigenous arts industry is now supported with a Government strategy to create a range of employment opportunities in art and craft production, performance and story telling, administration and support services. As a result, it is expected that substantial revenue for individuals and home communities will be generated.*

# Economic Outlook



Treasury forecasts gross state product growth to strengthen to 5.8 per cent in 2004-05. Employment is expected to grow strongly, population to maintain positive growth and the economic recovery to gain momentum, broadening across a range of industries. Offshore, a full year of condensate production from Bayu-Undan is expected to more than offset falling oil production from Laminaria-Corallina.

Engineering work for Bayu-Undan stage two will be the key driver of Territory investment in 2004-05, with a much stronger impact on the onshore economy than construction of the offshore structures for stage one. With capital investment of around \$2.8 billion, the Bayu-Undan stage two liquefied natural gas (LNG) plant and

pipeline is the largest project ever undertaken in the Northern Territory. The construction phase will take almost three years to complete, employing around 1 200 people during peak periods, with first LNG exports scheduled for 2006.

Although positive, population growth is forecast to be below the national rate in the short to medium term, and is expected to be 0.3 per cent in 2003-04 and 2004-05. Employment is forecast to increase by 2.9 per cent in 2004-05. Work associated with the construction of the LNG plant will provide a major boost and will be supported by increased residential and non-residential building work and the expected strengthening in tourism-related activity. Tourism will be supported by the Government's \$27.5 million promotion initiative and the extension of the Ghan rail service to Darwin, both of which will generate broad benefits across Territory regions.

Increased employment in higher paying industries and a tighter Territory labour market is expected to result in stronger wages growth, putting upward pressure on inflation, which is forecast to increase to 2.2 per cent in 2004-05, up from an estimated 1.5 per cent in 2003-04.

Over the medium term, prospects for Territory economic growth are positive. Construction for Bayu-Undan stage two is expected to take another 18 months and Defence plans to form a new army helicopter regiment based in the Top End and to develop the Bradshaw training facility.

The operation of the Adelaide to Darwin rail link will increase the efficiency of north-south freight movements, and the anticipated development of road-rail facilities in Katherine and Tennant Creek is expected to attract freight from the Ord River and Gulf regions.

As well, a number of major resource projects are in the feasibility study stage of assessment. The most advanced is the \$2.5 billion proposal to expand alumina production at Nhulunbuy.

