

Backing Local Business

The Territory Government is backing local business and Territory households with almost \$40 million in tax cuts, including record payroll tax cuts, a skills and training boost and high infrastructure spending.

We have created an environment that ensures more than 80% of the value of Government tenders over \$50 000 go to local business.

Budget 2005 continues the Territory Government's efforts to back local business.

PAYROLL TAX SLASHED

Budget 2005 delivers significant payroll tax cuts, including a further increase to the tax-free threshold to \$1.25 million.

We will have doubled the tax-free threshold from \$600 000 to \$1.25 million since 2004.

From 1 July 2005:

- Payroll tax-free threshold rises to \$1 million
- 79 businesses, 61 being locally-based Territory businesses, will no longer pay payroll tax
- Locally-based Territory businesses continuing to pay payroll tax will save an average \$20 500 a year

From 1 July 2006:

- Payroll tax-free threshold rises to \$1.25 million – the equal highest in Australia
- 53 more locally-based Territory businesses will no longer pay payroll tax
- Locally-based Territory businesses continuing to pay payroll tax will save an average \$11 400 extra a year, in addition to the \$20 500 already saved over the previous two years

From 1 July 2004 to 1 July 2006 the payroll tax changes will mean 215 businesses, of which 180 are locally-based Territory businesses, will no longer pay payroll tax.

Locally-based Territory businesses continuing to pay will save an average \$31 900 per year.

MAKING THE TERRITORY THE LOWEST TAXING JURISDICTION IN AUSTRALIA

The Territory Government will cut nearly \$40 million of ongoing taxes in Budget 2005.

- From 2006-07, the Territory will be the lowest taxing jurisdiction for Territory-based businesses with up to 100 staff
- This gives local business a strong competitive edge over the rest of Australia
- Less tax for business also means more local jobs
- Since 2001 the Territory Government has reduced taxes for Territory businesses and households by almost \$40 million per year

10 000 TERRITORIANS IN TRAINING

Budget 2005 introduces Jobs Plan 2. This includes:

- 10 000 trainees and apprentices over the next four years
- New *Work Wear Work Gear* cash bonus up to \$500
- 40 new scholarships for Vocational Education and Training valued at \$4000 each
- \$500 000 for upgrading workers' skills
- \$4.4 million for VET in Schools
- \$400 000 for pre-employment training programs
- \$200 000 for School to Work Transition
- \$35.2 million for Charles Darwin University VET

SUPPORTING LOCAL BUSINESS THROUGH PROCUREMENT REFORM

Local businesses win 80% of the value of all Territory Government tenders over \$50 000.

To back local business further, the Government has:

- Increased resources to work with local business to ensure that procurement processes work for them
- Introduced a 30 day payment guarantee
- Simplified the tender process for contracts worth between \$10 000 and \$50 000 so businesses don't have to wait as long for contracts to be let
- Introduced a Value For Money policy, which means contracts are awarded to tenderers that best meet Government's requirements.

These requirements include:

- local development opportunities, such as jobs for Territorians and staff training
- timeliness of supply, such as whether the business has a local presence
- total cost of supply
- past performance, capacity and experience of the tenderer

Value For Money doesn't mean lowest price is best.

RECORD INFRASTRUCTURE SPEND

Since 2001 the Territory Government has invested \$2.2 billion in building the Territory. That means more work for local business and more jobs for Territorians.

- In Budget 2005, we will spend \$476 million on infrastructure
- This comes on top of \$405 million in 2001, \$427 million in Budget 2002, \$438 million in Budget 2003 and an expected \$479 million from Budget 2004
- The minor new works budget has been lifted by 40% to \$28.6 million to better support small local business

FIRST HOME OWNER STAMP DUTY

From 3 May 2005, first home buyers will not be required to pay any stamp duty on the first \$200 000 of their new home.

The value of the first home buyer stamp duty concession will nearly double from a maximum of \$3640 to \$6800.

This initiative will put around \$2.7 million a year back into Territorians' pockets.

It means that, for example, first home buyers buying a house costing \$260 000 will have their stamp duty slashed from \$6213 to \$3054.

First home buyers buying a home costing up to \$200 000 will not have to pay stamp duty at all.

All other home buyers purchasing their principal place of residence continue to get a \$1500 rebate on stamp duty.

This initiative, along with the revamped HomeNorth Scheme, is helping to stimulate the Territory's construction and real estate sectors.