

Part 1

Speech

Delivered on

3 May 2005

by

The Hon. Syd Stirling, MLA

Treasurer

of the

Northern Territory of Australia

Speech

I move that the Bill be read a second time, and I table the 2005-06 Appropriation Bill and related Budget Papers.

Budget 2005 is about backing Territorians.

It delivers less tax, local jobs and better skills.

Budget 2005 outlines cuts in taxes of \$40 million including record payroll tax cuts and record stamp duty cuts.

The Martin Government is the most tax reforming government in the Territory's history. We have cut more taxes than any other government. Budget 2005 makes the Territory the lowest taxing jurisdiction in Australia for a business with up to 100 staff.

Budget 2005 also provides a significant boost to the task of skilling Territorians. This Budget delivers *Jobs Plan 2* with the centrepiece being a commitment to training 10 000 Territorians over the next four years, up 25 per cent since 2000.

The Martin Government continues record infrastructure spending with \$476 million in Budget 2005.

This Budget also fulfils the Martin Government's commitments to a healthier Territory, better education outcomes and a safer community by providing record health, education and police budgets.

This year the Budget also includes the Territory's financial commitment to the redevelopment of the Darwin Waterfront and Convention Centre. This development, delivered through a public private partnership, is one of the most significant investments for long-term economic gain that the Territory has ever made.

Work will commence shortly on the community infrastructure, which will be substantially completed in 2007, while the Darwin Convention and Exhibition Centre is expected to open in 2008.

The tax reforms outlined in this Budget lead the rest of the nation in their support for business. They make the Martin Labor Government the most tax reforming government in the Territory's history.

They provide local business with a strong competitive edge against the rest of Australia.

On 1 July 2005, the payroll tax threshold will rise to \$1 million.

Seventy-nine businesses, including 61 locally-based Territory businesses, will no longer pay payroll tax.

The Government announces today that, from 1 July 2006, the payroll tax threshold will again rise – this time to \$1.25 million, the equal best in Australia.

From 1 July 2006, a business or group of businesses with wages of less than \$1.25 million, will not pay any payroll tax. Fifty-three more locally-based Territory businesses will no longer pay payroll tax.

These announcements continue the Government's record payroll tax reforms. Since 1 July 2004, we have doubled the payroll tax threshold, meaning 215 businesses will no longer pay payroll tax.

Businesses still paying payroll tax will save an average of \$31 900 per year.

The Government will continue its strong efforts to support Territorians achieving their dream of home ownership.

Today the Government announces that we will increase the stamp duty concession for first home buyers.

In 2002, we lifted this threshold from \$80 000 to \$125 000 as we promised. From today, the threshold will be increased to \$200 000.

This nearly doubles the value of the stamp duty concession from a maximum of \$3640 to \$6800, putting about \$2.7 million back into Territorians' pockets.

No stamp duty will be payable by first home buyers on properties up to \$200 000.

Fourteen hundred Territorians will benefit each year from this threshold increase.

The Martin Government's commitment to get more Territorians into their own homes is now supported by three strong planks – the \$200 000 threshold on stamp duty for first home buyers; the successful HomeNorth Scheme; and a \$1500 stamp duty rebate for people buying a home to live in.

No other government has ever made such a concerted effort to make home ownership a reality for Territorians.

As already announced, the Martin Government will remove electronic debit duty from 1 July 2005.

This duty is applied to all electronic withdrawals from accounts held with financial institutions in the Territory.

Combined with our decision to remove debits tax, this is an \$8.9 million ongoing reduction in taxes to Territorians and will save small businesses with 20 staff around \$1430 per year.

Skilling Territorians is a centrepiece of Budget 2005.

The Martin Government acted quickly to focus funds on training, implemented the first ever Jobs Plan and fulfilled our election commitments to deliver major improvements in the Territory's skill levels.

In Budget 2005, we take that effort up another step – we will train 10 000 Territorians over the next four years.

Since the year 2000, that is a 25 per cent increase in the number of Territorians in training.

In Budget 2005, we introduce four new training initiatives.

These are:

- a Work Wear Work Gear cash bonus providing up to \$500;
- 40 new vocational education and training (VET) scholarships at \$4000 each;
- a Work Ready NT program boosting funding for school to work transition; and
- a new Build Skills NT program injecting money into improving the skills of existing workers.

Through *Jobs Plan 2*, Budget 2005 will increase our commitment to training by an additional \$3.6 million.

The Budget also continues the Martin Government's record infrastructure effort. Budget 2005 boosts infrastructure spending by \$476 million.

We have increased the minor new works budget by 40 per cent to \$28.6 million. We have also significantly increased the amount of money being spent on repairs and maintenance of roads and schools.

This expenditure will provide additional work for smaller local contractors across the Territory.

The minor new works threshold has been lifted from \$150 000 to \$300 000 – a reform which will see work issued more rapidly.

This \$476 million brings the total of cash injected into infrastructure to \$2.23 billion since 2001 – an effort unparalleled in the Territory. These funds have lifted the construction industry and sustained thousands of local jobs.

The Martin Government's cash commitment contrasts with the low levels of cash put in by the previous government.

I turn now to the Territory economy.

Economic Recovery

Over the past two to three years, the Territory economy has recovered from a period of flat growth, returning to solid growth in recent times.

The onshore economy strengthened in 2004-05, boosted by activity for the construction of the liquefied natural gas (LNG) plant at Wickham point and initial work for the Alcan G3 alumina expansion at Gove.

The tourism sector continued to recover over the year, supported by increased marketing activity. Importantly, business confidence strengthened as the outlook for the onshore economy continued to improve.

In 2004-05, Territory gross state product is estimated to increase by 7.3 per cent and state final demand by 1.2 per cent.

Solid income growth has supported consumer sentiment, reflected in high motor vehicle sales and retail turnover growth, and strengthening residential construction and property markets.

Consumption is estimated to increase by 5.1 per cent in 2004-05, with private consumption growth of 6.1 per cent.

Business investment, which will be above \$2 billion for the third consecutive year, continues to be heavily influenced by major infrastructure works and resource projects.

Improved net interstate migration sees population growth strengthening to 1.1 per cent in 2005.

The Territory labour market was characterised by labour and skills shortages in 2004-05, with stronger activity in key employing industries. However, based on official statistics, employment is estimated to decline by 1.3 per cent in 2004-05. These differences underlie the volatility in the Territory's official employment data and the Government's caution on these figures.

Treasury forecasts gross state product growth in 2005-06 at 6.2 per cent. Continued strong growth reflects the improving employment outlook, population growth and ongoing recovery across a range of industries.

Territory final demand is forecast to increase by 4.7 per cent in 2005-06. Consumption growth is forecast to moderate to 4.2 per cent and investment is set to increase by 6 per cent, supported by increased public sector expenditure.

Output will be boosted by the commencement of LNG production and manganese production from Bootu Creek. Offshore, Bayu Undan stage 1 output is forecast to double as production reaches its design capacity.

Employment associated with major projects will continue through 2005-06, though the focus of activity will shift to the Alcan G3 alumina expansion.

The strengthening tourism sector and residential construction will also contribute to forecast employment growth of 2 per cent.

Population is forecast to increase by 1 per cent in 2006.

Year on year inflation in Darwin is forecast to increase to 2.3 per cent in 2005-06.

Madam speaker, it is clear that 2005-06 will see continuing economic prosperity throughout the Territory.

Fiscal Outcome and Outlook

I now move to the fiscal projections in the Budget.

In 2001 the Government set a target of achieving a balanced Budget by 2004-05.

The expected outcome for 2004-05 is surplus \$46 million, which will be used as the Territory's partial contribution to the Darwin Waterfront and Convention Centre project.

During 2004-05, receipts increased by \$143 million and payments by \$97 million.

Higher receipts were largely the result of continuing economic improvement.

Specific purpose payments were \$19 million higher through the year but come with additional expenditure commitments. Adjustments to timing of taxes paid by Government businesses resulted in a one-off improvement of \$15 million.

Higher population growth of 1.2 per cent and higher GST collections resulted in a revenue increase of \$46 million and assists the Territory to pay for the additional services a higher population requires. It is a good signal of the success of the Government's continued efforts to boost the Territory's population.

Earlier this year we were very proud to announce we had passed 200 000 Territorians – a significant milestone.

The improved property market and the stronger economy mean greater levels of activity with conveyancing duty up by \$16 million and payroll tax by \$8 million.

Operating payments have increased in the Government's key service delivery areas of health (\$16 million), education (\$31 million) and police (\$7 million) meaning improved services, extra teachers, nurses and police. Capital spending increased by \$19 million.

In 2005-06 operating receipts are expected to be \$2.75 billion, \$62 million higher than 2004-05. This increase is the result of the usual anticipated growth in GST revenue of \$90 million, to pay for service delivery, offset by lower specific purpose payments and a return to the usual level of tax equivalents paid by Government businesses.

Operating payments are expected to increase by \$93 million to \$2.56 billion. The Government will continue to improve services in health, education and police, the Government's key priority areas.

Our fiscal strategy targets were re-set in 2004 and included deficits from 2005-06. With the Budget returning to balance in 2008-09, the underlying targets remain unchanged. The inclusion of payments for the Darwin Waterfront and Convention Centre increases the deficit for three years, as the community infrastructure and the Darwin Convention Centre are constructed. The Budget will return to balance as planned in 2008-09.

Budget Initiatives

I turn now to the detail of the Budget initiatives.

Budget 2005 delivers less tax, local jobs and better skills. It backs Territorians.

Tax Reform, Skills and Business Support

As a result of tax changes to business from 1 July 2006, Territory businesses employing up to 100 staff will pay the lowest taxes in Australia. In New South Wales, businesses with 50 staff will pay \$72 024 more than their Territory counterparts. In Western Australia, they will pay \$28 479 more.

Businesses of 100 staff in New South Wales will pay \$73 597 more than in the Territory and, in Western Australia they will pay \$15 443 more.

Budget 2005 includes the Territory's tax reform initiatives in line with the Intergovernmental Agreement. In addition to the removal of debits tax and electronic debits duty, the Territory will remove stamp duty on:

- leases, franchises and unquoted marketable securities on 1 July 2006 at a saving to businesses of \$2 million;
- hiring arrangements on 1 July 2007 at a saving to business of \$5.3 million; and
- non-real business conveyances on 1 July 2009, at a saving of \$5.5 million.

Budget 2005 delivers a major boost to training and skilling Territorians.

In this Budget incentive grants to small business for trainees increase from \$2200 to \$3000. There will be 250 grants available.

Employers putting on traditional trade apprentices will be eligible for a \$7000 grant. The number of these grants will be 150 – almost 400 per cent up from the original 40.

The Martin Government is also delivering a new Build Skills NT program backing Territorians already in work by upgrading their skills through training. \$500 000 will be spent targeting workers in the automotive, building, construction, hospitality and mining industries. These funds will be injected directly into industry and will give them the flexibility to move existing workers through new skill levels.

To improve the transition from school to work, the Government will also invest in a new Work Ready NT initiative. \$200 000 will fund the Work Ready Pathways program.

\$4.4 million is included this year for the VET in Schools program. This program is expected to prepare 1100 students for the Territory workforce.

In Budget 2005, the Government has lifted funding for VET at Charles Darwin University (CDU) by \$1.5 million taking annual VET funding for CDU to \$35.2 million.

To provide further support for local business, the Martin Government will allocate:

- \$3.8 million for the continued implementation of Building the Territory's Resource Base for mining exploration;
- an additional \$900 000 over three years to expand Indigenous business support programs;
- additional funding of \$250 000 from 2005-06 to increase availability of skilled workers for industry through the Business and Skilled Migration Strategy; and
- additional funding of \$148 000 has been provided to develop a one-stop information centre in Palmerston for information, business and community justice services.

Better Schools

Education has been a priority of the Martin Labor Government since coming to office. The education budget this year is \$582 million, up by 22 per cent on 2001-02.

This year, the record education budget continues the \$42 million improvements in secondary education.

Specific support includes:

- increasing teaching resources by providing 19 student counsellors;
- additional vocational education and training in schools;
- enhanced professional development for teachers;
- an additional interactive distance learning unit at Katherine School of the Air; and
- additional specialist resources to the bush.

Overall, the education budget provides \$266 million for early childhood and primary education in Government schools; \$139 million for Government secondary schools; and \$81 million for assistance for non-government schools.

The Budget supports the ongoing employment of the additional 100 teachers in our system.

This year, around \$74 million is programmed for new and ongoing capital works, minor new works and repairs and maintenance including:

- \$5.5 million for education facilities, additional teacher housing and programs at Wadeye;
- \$2 million to replace Mamaruni School after it was damaged by Cyclone Ingrid;
- stage 2b of Parap Primary School redevelopment at \$2.9 million;
- further redevelopment of Darwin High School at \$2 million;
- upgrades to Donyddji and Mapurru Homeland Centres and the Gunbalanya Community Education Centre totalling \$2.5 million; and
- upgrading the Ross Park Primary School air conditioning at a cost of \$1.2 million over two years.

Community Safety

The Martin Government is backing Territorians by providing a safer community. We have focused on preventing crime, responding hard when it does occur and tackling antisocial behaviour.

Budget 2005 delivers a record police, fire and emergency services budget of \$189 million. This budget has increased 38 per cent since 2001.

The Martin Government is tackling antisocial behaviour and violence through record growth in police numbers. We have put an extra 120 police on the beat since 2001.

Funding of \$200 000 in 2005-06 has been provided for mobile police stations in Darwin and Alice Springs. These stations will provide police with the flexibility to respond immediately to crime hotspots and community needs.

Personal and domestic violence protection units are being established across all major centres.

An ongoing program has been approved to deliver 25 additional police vehicles for use by Aboriginal community police officers. These vehicles will strengthen the capacity to address violence and antisocial behaviour across the Territory.

Budget 2005 commits \$750 000 to community grants – a substantial increase on the \$400 000 provided in Budget 2004. \$400 000 will be allocated to crime prevention grants and \$350 000 for approved community safety plans.

Funding to the Office of the Director of Public Prosecutions to prosecute sexual assault matters will increase by \$200 000.

Additional funding of \$330 000 will be provided for the formal establishment of the community justice centre.

The Government will build a fire station at Marrara at a cost of \$3.6 million.

Health and Community Services

Budget 2005 provides another record health budget. The budget of \$687 million is an increase of 43 per cent since 2001-02. It includes:

- \$392 million for hospitals;
- \$110 million for community health services;
- \$87 million for aged, disability and mental health services;
- \$48 million for family and children's services; and
- \$50 million for public health services and health research.

Additional recurrent funding of \$1.94 million has been allocated for Alice Springs Hospital to provide improved medical staffing levels for the intensive care unit.

Additional funding of \$395 000 will be provided for home birth care services and the provision of outreach ante-natal services to remote communities.

\$203 000 will be provided to support Territory nurses to study locally as midwives.

An additional \$1.5 million will be allocated for the provision of essential mental health services. This includes \$200 000 to strengthen 24-hour emergency response and consultation across the Territory and \$350 000 to provide four additional psychiatrists for children and adolescents in rural centres.

\$1.2 million will be spent on mental health facilities to provide community-based residential care in Darwin and Alice Springs.

The Government will provide \$500 000 per year to assist Territorians requiring travel interstate for life-saving cancer treatment.

In addition, my colleague the Minister for Health has announced that the Government will call for expressions of interest from established oncology radiation services in setting up a unit at the Royal Darwin Hospital.

Alice Springs Hospital will undergo an upgrade to Ward 4 at a cost of \$1 million to provide eight renal stations for patients.

Other capital investment to support health services includes:

- a \$1 million upgrade to Flynn Drive renal facilities;
- \$650 000 for staff accommodation upgrade at Alice Springs Hospital; and
- continuation of the program to improve renal facilities in remote communities, with stage 3 costing \$400 000.

The Government will improve the indexation of grant payments to health and community services non-government organisations.

These organisations provide an important service to our community and are recognised for this service by the Martin Government. This will increase funding by \$1.13 million.

Supporting Families

Budget 2005 backs Territory families with funding designed to support family needs and to keep downward pressure on the cost of living.

This year the Budget includes:

- \$8.13 million to support Territory seniors and the pensioner concessions scheme;
- \$3.7 million to subsidise child care – making child care cheaper;
- \$395 000 for additional maternity services;
- \$500 000 for an intensive family support service; and
- \$300 000 to support seven new remote youth services.

Budget 2005 supports families and sees no increases in charges.

Lifestyle and Environment

Territorians enjoy a great lifestyle.

Budget 2005 continues the Martin Government's strong backing of our lifestyle.

A capital grant of \$5 million will be provided in 2005-06 for stage 1 of the Palmerston Recreation Centre.

Additional funding of \$750 000 per annum will be provided from 2005-06 to the Museum and Art Gallery of the Northern Territory for ongoing development.

Continued additional funding of \$500 000 will be provided to support sporting events in the Territory. The Martin Government has an outstanding record of bringing world class sport to Territorians, and we will continue that in 2005-06.

Funding of \$300 000 will be provided to assist elite Territory athletes to compete at national and international levels.

Funding of \$140 000 will provide additional bus services for public housing seniors' villages in Darwin and Palmerston.

\$500 000 is provided for a program of multicultural development and \$700 000 for the multicultural affairs sponsorship and grants program.

Increased funding of \$1.2 million has been provided for recurrent Territory park management operations and management of the new Channel Point recreation reserve.

Other capital investments include:

- \$5.8 million for the Darwin soccer stadium;
- \$3.8 million for Hidden Valley Raceway upgrade, which includes eight additional pit garages for the V8 Supercar event;
- \$800 000 for the Alice Springs drag strip; and
- \$500 000 for improved recreational fishing infrastructure.

Regional Initiatives

The Government is committed to continuing strong support for Territorians living in our regions.

The Government provides power, water, and sewerage services, aerodromes and barge landings in remote Indigenous communities through the Indigenous Essential Services program.

The payment to Power and Water Corporation for providing these services will increase by \$1.2 million to \$47 million.

The Government will employ a regional Government coordinator for the West Arnhem region, based in Jabiru, and a coordinator at Nhulunbuy to assist with development opportunities and obligations in regard to the Alcan expansion.

The Government has committed to significant capital expenditure in the regions. Some of the projects include:

- \$2.7 million for headworks stage 2 at the Desert Knowledge Precinct;
- \$500 000 for upgrades to the Ngukurr to Numbulwar road and a causeway at Rose River;
- \$500 000 for the Central Arnhem Road, for selected road and river crossing upgrades from Beswick to Gove;
- \$500 000 to upgrade sections of the Sandover Highway;
- \$1.25 million for the Alpururulam aerodrome; and
- \$630 000 for the Pigeon Hole aerodrome.

Conclusion

Budget 2005 backs Territorians.

It delivers less tax, local jobs and better skills. It is pro-business, pro-jobs and pro-growth.

This Budget outlines tax cuts totalling \$40 million.

It takes on the task of training another 10 000 Territorians.

It provides more local jobs through \$476 million in infrastructure spending.

The Budget delivers a healthier Territory, better educational outcomes and a safer community. It tackles violence and antisocial behaviour.

Budget 2005 strengthens our great Territory lifestyle.

It backs Territorians on a continued path of growth and development.

This Budget builds on four years of the strong economic management and hard work by the Martin Government.

A lot has been achieved. There is much more to do.

I commend this Budget to the House and to all Territorians.