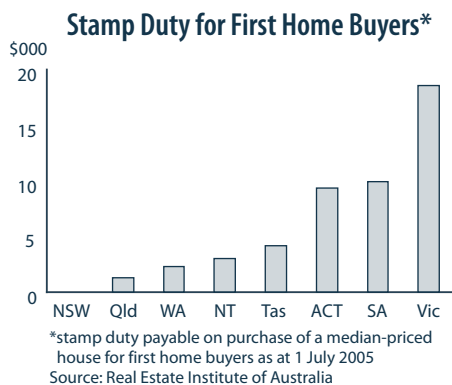


Less Tax and



Less Tax

The Budget will outline tax reductions totalling \$40 million by increasing the payroll tax threshold and first home owner stamp duty concession, and abolishing debits tax and electronic debit transaction stamp duty. Further reductions will come into effect from 1 July 2006.

- An increase in the payroll tax-free threshold from \$800 000 to \$1 million from 1 July 2005 will save businesses \$3.2 million per year, sustaining the Territory's tax regime as one of the most favourable in Australia for small to medium sized businesses. This means 61 locally-based businesses will no longer pay payroll tax.
- On 1 July 2006, the tax-free threshold will rise again to \$1.25 million – the equal best in Australia. This means 53 more locally-based Territory businesses will pay no payroll tax after 1 July next year.
- First home buyers will not pay any stamp duty on the first \$200 000 of their new home, on contracts written from 3 May 2005. The value of the first home owner stamp duty concession will nearly double from a maximum of \$3640 to \$6800, providing a further stimulus to the local residential construction industry, and saving first home buyers \$2.7 million.
- Debits tax and electronic debit transaction stamp duty will be eliminated from 1 July 2005. Stamp duty on the grant and renewal of leases and franchises, and stamp duty on unquoted marketable securities will be abolished from 1 July 2006. These measures will save Territorians \$10.6 million a year.
- Stamp duty will be abolished on hiring arrangements from 1 July 2007 (worth \$5.3 million), and on the conveyance of non-residential property, excluding land, from 1 July 2009 (worth \$5.5 million). The abolition of all these taxes is part of national tax reform.
- Stamp duty exemption for family farms will be extended to conveyances of primary production property between family members, family companies and family trusts.

Industry Support

- \$0.5 million for the Trade Support Scheme, \$0.5 million for overseas trade offices in Jakarta, Manila and Dili, and \$0.1 million for the Indonesian Customs Pre-Inspection Facility.
- Almost \$15 million to support primary producers, with research, development and extension projects, diagnostic services, infrastructure development and improved information resources on land and water use.
- \$0.25 million over two years to attract skilled workers through the Business and Skilled Migration Strategy.
- Government outsourcing initiatives foster the growth of local industry, both in terms of size and capability, in the areas of information and communications technology, legal and audit services.
- Completion of an information and communications technology industry strategic plan to deliver employment, investment and service benefits to the Territory.
- Support for businesses to identify opportunities under the Australia-Indonesia Partnership, the International Project Network, the Territory's International Trade Strategy and with the Territory's China partners.

Strategic Funding to Promote Business

- \$9.8 million to support continued development of East Arm, including \$1.4 million for oil pipelines to transfer fuel from the new bulk liquids berth to the terminal, \$5.2 million for the bulk loading facility, \$2 million for an incinerator to manage quarantine and hazardous waste and to complete headworks to the joint user fuel terminal, and \$1.2 million to complete duplication of Berrimah Road to Cochrane Street.
- \$21.9 million for the Desert Knowledge Precinct in Alice Springs.

Backing Business

- \$2.15 million for continued development of Darwin Business Park at East Arm to provide land for industries utilising the rail and port facilities to create a comprehensive transport hub. Development of a long-term marketing strategy for disposal of land within the Darwin Business Park will support the future demands of industry.
- \$9.8 million in 2005-06 for decontamination and site preparation works for the Darwin City Waterfront Redevelopment.
- \$10 million additional (as part of \$27.5 million) in 2005-06 for the Investing in the Future of the Territory tourism industry program.
- \$3.8 million (as part of \$15.2 million over four years) for the continued implementation of Building the Territory's Resource Base to provide pre-exploration information, assist in access to land for minerals and petroleum exploration and production, and promote the prospectivity of the Territory's mineral and petroleum resources.
- Continued funding to address antisocial behaviours that have a negative effect on businesses.
- \$4.7 million for continued upgrading of beef roads to improve transport conditions for the pastoral industry.
- New funding of \$0.9 million over three years, in addition to \$3.8 million ongoing, to boost Indigenous business development.

Strategic Partnership to Promote Business Futures

The 2005-06 Budget includes the Territory's financial commitment to the redevelopment of the Darwin City Waterfront. Contracts with Darwin Cove consortium are under negotiation and this Budget heralds the development of one of the most significant investments for long-term economic gain the Northern Territory has ever made.

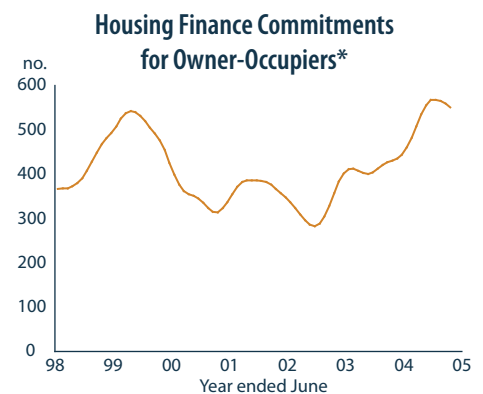
Economic Recovery

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, initially boosted by the work for the Alice Springs to Darwin railway, and since supported by low interest rates and Government incentives to encourage home ownership.

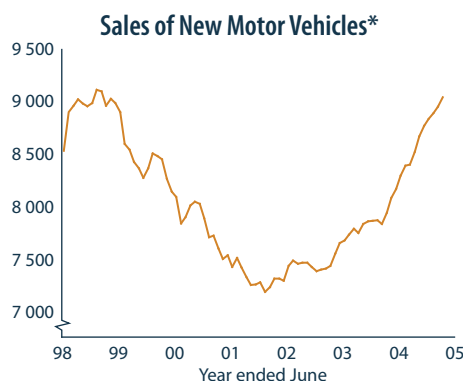
Property markets have improved, with house prices strengthening and residential vacancies falling.

Population growth is improving, supported by employment for large projects, and tourism is starting to recover, supported by the Ghan passenger rail service and increased domestic airline seating capacity.

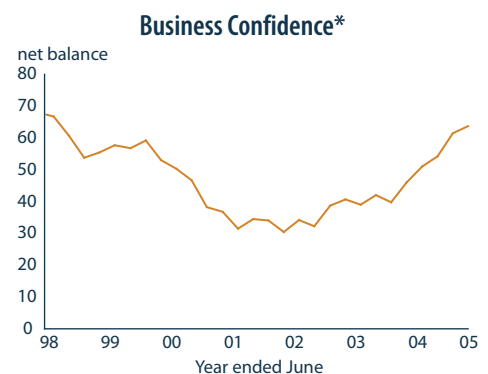
Business confidence has strengthened in line with the improved prospects for the onshore economy.



Source: ABS Cat. No. 5609.0 *monthly trend



Source: ABS Cat. No. 9314.0.55.001 *moving annual total



Source: Sensis Business Index *moving annual average