

Part 1

# Speech

Delivered on

1 May 2007

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 2007-08 Appropriation Bill and related Budget Papers.

Budget 2007 creates jobs, grows the economy now and over the long term, and secures and enhances the lifestyle of every Territorian.

It is a confident budget, developed for a confident community with a bright future.

Budget 2007 sets out the plan for this year and provides the foundation for the next ten years.

It is a budget that is sweeping in its impact.

Budget 2007 will put more Territorians into their own homes... and it will skill and train more people, preparing them for the thousands of jobs being generated in our economy.

It heralds the most extensive infrastructure program ever.

Budget 2007 addresses the health needs of Territorians through a record budget of \$838 million, 73 per cent higher than in 2001. It is focused on improving core services, particularly in hospitals, and delivers better services for Territorians with a disability.

It continues the Martin Government's record investment in education with \$658 million, an increase of 38 per cent from 2001, as well as an extensive ongoing capital investment program. There is a strong focus on middle schooling, improving education outcomes and lifting the literacy and numeracy skills of students in the bush.

Through its support for Police, Fire and Emergency Services, Budget 2007 maintains the Martin Government's determination to tackle crime and the causes of crime. The Police, Fire and Emergency Services budget will be \$226 million, an increase of 65 per cent since 2001.

It achieves these priorities once again within sound and sustainable fiscal parameters.

Perhaps more than any other budget, this budget focuses not only on next financial year but it plans for the future, putting in place infrastructure and service improvements over a number of years. It lays the foundations for creating jobs and opportunities, growing the economy and securing and improving the Territory lifestyle for many years to come.

Budget 2007 delivers the most comprehensive package of support for home ownership ever provided by a Territory government.

It contains stamp duty reductions, a renewed and refocused HomeNorth and new land for housing.

From today, the stamp duty concession for first home buyers will be lifted from \$225 000 to \$350 000 – a 55 per cent increase.

The maximum rebate will now be \$15 312, an increase of \$7296.

85 per cent of first home buyers in the Territory will pay no stamp duty.

The Government has also revamped the HomeNorth scheme. HomeNorth has supported almost 1000 new borrowers since 2004.

The low 2 per cent deposit scheme and generous \$10 000 interest-free loan remains in place.

The scheme has been made better for families with dependants.

Income caps for singles will be set at \$50 000 per annum. For families with two adults and no dependants, the income level remains at \$60 000. For families with dependants, the income cap rises by \$10 000 to \$70 000.

The Territory's equity share also rises to \$70 000, providing greater assistance for all borrowers.

The property value cap will be set at 85 per cent of the median priced house in each region, ensuring HomeNorth maintains pace with the property market but limits any flow-on to house prices.

Public housing tenants who want to buy their house will face no property value cap, if they have lived in it for five years or more.

These changes ensure that HomeNorth remains the most generous and effective scheme of its type in Australia.

To further support the expansion of the housing market, the Government will provide \$7 million in 2007-08 to bring forward the development of Bellamack, capable of providing about 600 housing sites.

It is expected that expressions of interest for the development will occur later this year and will include a requirement for special consideration to be given to first home buyers.

The combined effect of greater stamp duty concessions, the revamped HomeNorth scheme and the release of land packages aimed at first home buyers will see significant impetus given to the Martin Government's commitment to get Territorians into their own homes.

Creating jobs and lifting skill levels are at the heart of any Labor Government. This Government is no exception. We were the first Territory government to introduce a jobs plan.

Today, in Budget 2007, the Martin Government unveils its third jobs plan.

This \$21.3 million four-year plan will focus on building the skills of Territorians.

It provides incentives to employ trainees and apprentices. It provides funds to make school leavers more job ready, and it continues the successful BuildSkills program, allowing industry to advance the training of existing employees.

Jobs Plan 3 casts a Territory-wide net and seeks to lift skill levels across all regions. It will also focus attention on those people in our community who have greater difficulty entering the workforce.

Budget 2007 continues the Martin Government's commitment to tax reform.

I am very proud to advise Territorians that the Government has now reduced taxation by \$156 million.

This Government has ensured that the Territory has the lowest taxes in Australia for businesses with up to 100 staff.

In addition to the announced tax relief for first home buyers, stamp duty on hiring will be abolished from 1 July 2007, saving Territory business \$5.3 million per year.

The Government has also participated with other state governments in a payroll tax harmonisation project, which will mean a significant reduction in red tape for employers. These changes will commence in 2008-09.

Budget 2007 reinforces the Martin Government as the most tax-reforming government in the Territory's history.

We came to office in 2001 on the theme "Building a Better Territory".

Since that time we have implemented an extensive capital works and infrastructure program. Budget 2007 is no exception.

This year \$645 million cash will be spent on infrastructure in the Territory.

This brings the amount of cash spent on infrastructure since 2001 to \$3.3 billion.

Importantly, Budget 2007 gives priority to infrastructure that supports long-term growth in key areas.

Roads receive a major injection of funds this financial year.

The roads infrastructure program will be a record \$180 million and includes \$57 million for repairs and maintenance as well as extensive new works. An additional \$35 million will be injected over four years into repairs and maintenance for Territory roads.

These funds boost Territory businesses, particularly the pastoral industry.

They also support the daily life of Territorians living in the bush, on pastoral stations and in remote communities.

The Martin Government recognises that strong economic growth requires a solid infrastructure foundation. One of the most important investments a government can make is in essential services infrastructure.

That is why we have announced a five-year \$814 million program of infrastructure investment and repairs and maintenance in the power, water and sewerage system.

This investment is a necessary ingredient in the expansion of the Territory economy over the immediate and long-term future.

Budget 2007's infrastructure program contributes to the social development of the Territory and is an important element in securing the Territory lifestyle.

This year \$113 million will be spent on housing infrastructure – the largest ever contribution.

This is part of a five-year housing program that will see the Martin Government deliver real gains in housing in remote communities.

In addition to investing in the economy, good economic management demands effective fiscal policy.

In 2001 the Martin Government inherited a budget that was out of control. We learnt first hand the vital need for fiscal responsibility. You cannot grow an economy without a sustainable fiscal position.

That is why we have delivered four surplus budgets in the last five years.

I can assure Territorians that the Martin Government will continue its strong focus on fiscal responsibility in this budget and into the future. For the first time ever, the Government will contribute funds towards meeting liabilities built up by our predecessors over many years.

\$60 million will be set aside today for the liabilities that have to be met in future budgets. This is a sound and responsible thing for a government to do but it has only been possible because of our prudent approach to finances.

Members would be aware that to achieve an increase in service delivery and to assist the Government in growing and broadening the economy, we have grown the public service. The Government is grateful for the hard work and dedication of the public service.

This financial year the Government has slowed the growth in public service numbers and will focus on achieving reductions in positions in back office areas. Service delivery staff, our teachers, nurses, doctors and police officers, will continue to grow as services expand.

As part of this process, for three years the Government will apply an additional efficiency dividend of 1 per cent to all agencies, except those primarily focused on service delivery where the additional dividend will be 0.25 per cent.

The Government will also proceed with our continuing review of the way we do business, in particular, looking at more efficient ways of providing corporate services. We will also review executive numbers, office accommodation and the government vehicle policy.

In Budget 2007 the Government will provide around \$57 million in community service obligations, including pensioner concessions, to subsidise the cost of providing power and water across the Territory, keeping downward pressure on power, water and sewerage prices.

However, as I reported last year, there is a significant and growing difference between the cost of producing power and water and the tariffs charged.

From this year, a CPI price increase will be built into the provision of those services from 1 July 2007, and each year for the next five years – an increase far lower than those in other jurisdictions.

Before further detailing the Budget initiatives, I wish to advise members of the broader economic outlook.

## The Economy

The Territory economy grew by 6 per cent in 2004-05 and 7.5 per cent in 2005-06, the highest economic growth rates in Australia. It is estimated to grow by a further 7.2 per cent in 2006-07.

The major contributor to the growth this year is strong export activity, particularly from the peak production of liquefied natural gas (LNG), energy products from the Bayu-Undan fields and increased mineral production.

In 2006-07 total investment expenditure is estimated to be \$3.9 billion, lower than the historic peak of \$4.1 billion in 2005-06, but well above the ten-year average of \$3.2 billion.

Consumption expenditure in the Territory is estimated to increase by 3.3 per cent in 2006-07, on the back of solid increases in household consumption.

Retail turnover in the Territory is estimated to grow by 7.5 per cent in 2006-07 – good news for the retail sector.

Growth in the Darwin CPI is estimated to moderate to 3 per cent in 2007.

The Territory's population is estimated to grow by 1.6 per cent in 2006, higher than the national growth rate of 1.3 per cent.

The Territory's labour force is expanding strongly in 2006-07, with resident employment increasing by 4.4 per cent.

Private sector residential building approvals have increased by 13.2 per cent over the past year.

Turning to 2007-08, economic growth is forecast at 3.7 per cent, with business investment returning to more expected levels, exports to stabilise and mega projects completed.

Engineering construction activity will reduce in 2007-08, with the completion of major engineering projects mid way through this year. However, new projects are coming on line in 2007-08, including oilfield developments in the Timor Sea, the ongoing development of the Blacktip gas field in the Joseph Bonaparte Gulf, and expansion of the GEMCO manganese processing facility at Groote Eylandt, sustaining engineering activity at above historic levels.

Territory resident employment and population are forecast to maintain solid growth of 2.3 per cent and 1.4 per cent respectively in 2007-08. This is in line with ongoing work at the Darwin Waterfront Development, as well as other significant projects.

Growth in total consumption expenditure is forecast to moderate in 2007-08 and the Darwin CPI is forecast to reduce further in 2008 to 2.5 per cent.

The outlook for 2007-08 is strong, with the Territory returning to sustainable longer term growth levels.

## Fiscal Outlook

Turning to the fiscal outlook. In 2006-07 our focus has been on establishing a firm base for the Territory's next stage of growth.

Total operating receipts in 2006-07 for the general government sector are expected to be \$3.2 billion.

During 2006-07, grants from the Australian Government have increased by \$61 million: \$8 million in GST revenue in line with higher population and growth in the GST pool, and \$53 million in specific purpose payments.

Receipts from taxes and mining royalties have increased by \$47 million during the year, reflecting the continuing improvement in the Territory economy and the commodity boom.

Total operating and net capital payments are \$3.1 billion in 2006-07. Variations through the year have resulted from the usual timing differences between financial years. Some capital payments for the Waterfront have transferred to 2007-08 as a result of the heavy rain earlier this year. However, completion remains on track for 2008.

Approved new initiatives through the year total \$25 million, with \$6 million brought forward for undergrounding of powerlines, \$5 million for Borroloola sewerage works and \$4 million for the upgrade of Banyan House.

Expenditure associated with specific purpose payments from the Australian Government has also increased as agreements have been finalised.

In line with its broader responsibilities, particularly for Indigenous housing, Territory Housing has been transferred from the non financial public sector to the general government sector during 2006-07. There is minimal overall effect on the Budget but differences in timing of capital projects in 2006-07 and 2007-08 have small off-setting effects in each year.

The fiscal restraint during 2006-07 has enabled the commencement of contributions of \$60 million this year towards the Territory's unfunded superannuation liability, which will reduce the burden on future budgets. Taking this \$60 million payment into account in 2006-07, the budget outcome is estimated to be a deficit of \$11 million.

In 2007-08, receipts are projected to increase by 4 per cent to \$3.32 billion and payments by 8 per cent to \$3.36 billion. The outcome is expected to be a deficit of \$40 million, in line with fiscal targets announced three years ago. The increase in payments and the resulting deficit reflects the significant investment in the Waterfront in 2007-08. A balanced budget is still expected for 2008-09, moving into surplus from 2009-10.

The ratio of net debt and net debt plus employee liabilities to revenue are better than last year's projections, at 42 per cent and 110 per cent respectively by 2010-11.

All fiscal strategy targets are unchanged from 2006-07 and are expected to be achieved.

## Budget Initiatives

Turning now to the detail of the Budget's initiatives.

Since 2001 the Martin Government has set in place well-known priorities. These are:

- supporting and growing business;
- building a healthier Territory;
- improving educational outcomes;
- providing a safer community for all Territorians; and
- enhancing our great lifestyle.

Budget 2007 supports these fundamental priorities.

## Supporting and Growing Business

The Martin Government believes that growing business is good business for the Territory. In Budget 2007 we are putting into place initiatives that grow business opportunities now and into the future.

We are continuing our strategy of:

- high levels of infrastructure investment;
- innovative programs supporting the skilling of Territorians;
- sensible tax reforms; and
- significant investment in key economic drivers.

I have outlined the Government's infrastructure program, our innovative skills programs contained within Jobs Plan 3 and the tax initiatives in this budget.

These are investments in the future of the Territory.

Roads are our lifeblood. The roads capital works program includes:

- a \$10 million start on the Tiger Brennan Drive project with the duplication of Berrimah Road to ease the traffic flow through this area;
- a further \$18 million towards the upgrade of the Victoria Highway;
- \$10.5 million for the continued sealing of the Red Centre Way;
- \$2 million for the Plenty Highway, part of the Outback Way;
- \$12.3 million to improve access to Wadeye and surrounding outstations;
- upgrading the Tanami Highway with \$2 million per year over the next five years;
- \$8.7 million for the Roads to Recovery program; and
- \$1.2 million for the Buntine and Arnhem highways, \$1.4 million for the Maryvale Road, and a further \$0.8 million for the Sandover Highway.

In addition to being important assets to business, bush roads are also a lifeline for Territorians living in remote communities. That's why Budget 2007 will support additional repairs and maintenance to roads such as:

- the Kalkaringi – Lajamanu turnoff road;
- the Santa Teresa – Alice Springs connector road;
- the Umbakumba – Alyangula connector road;
- roads around Woodycupidilya;
- the Ramingining barge road; and
- the Eva Valley – Central Arnhem road and many other bush roads.

The breadth and reach of the \$814 million investment over the next five years in Territory's power, water and sewerage infrastructure is staggering. We will ensure that the Territory will not experience the sort of failures seen in other states in these essential services.

Included in this five year program is:

- new generation and the relocation of existing units to Brewer Estate at a cost of \$24 million;
- the closure of the Larrakeyah outfall and upgrades at the Ludmilla treatment plant – at a cost of \$40 million over four years;
- the new Weddell power station at a cost of \$83.5 million;
- upgrading Katherine wastewater treatment plant at \$10 million;
- raising the Darwin River Dam level by 1.3 metres at a cost of \$8.5 million; and
- upgrading and replacing power supply and sets in communities such as Borroloola, Elliott, Kings Canyon and Tennant Creek.

In addition to these investments in economic drivers, the Budget provides for strong support to the mining industry.

The Government will fund a \$12 million four-year program called Bringing Forward Discovery. This program provides critical information necessary to encourage greater mineral and energy exploration in the Territory.

The Darwin Waterfront and Convention Centre remains a centrepiece development for the Territory's capital city.

This important project will create a signature for Darwin, as well as providing ongoing work for the construction industry for the next 10 years through future stages of residential and commercial development.

The Territory will contribute \$68 million in 2007-08 to the community infrastructure and Convention Centre being constructed through the public private partnership arrangement.

Budget 2007 continues the high level of support provided by the Martin Government to the tourism industry with a budget this year of \$38.3 million.

Budget 2007 delivers \$1.15 million to peak industry associations. Other industry support includes:

- \$650 000 for business management and capability programs;
- \$830 000 for Indigenous economic development initiatives;
- \$500 000 for regional economic development support; and
- \$1.78 million for Territory business centres.

### **Building a Healthier Territory**

Turning to the Government's support for Building a Healthier Territory. The Martin Government has backed this commitment by increasing the Budget by 73 per cent since 2001.

Today there are more health services available than ever before, more doctors and nurses in our hospitals and more programs aimed at improving the health of Territorians.

This budget provides strong support for Territory hospitals. For example, the Royal Darwin Hospital will receive \$207.3 million – an increase of 85 per cent since 2001, and the Alice Springs Hospital will be funded \$104.7 million – up 94 per cent since 2001.

The increased funding for hospital beds in 2007-08 will see the Government achieve an increase of 12 hospital beds in Royal Darwin Hospital, taking the total to 18 additional beds, and 12 additional beds at the Alice Springs Hospital. This is ahead of our election commitment.

\$16.2 million is approved for works at Alice Springs Hospital including \$6 million for a new Emergency Department. A new health clinic costing \$3.1 million will be built at Wadeye community.

I am also proud to advise members that Budget 2007 spotlights increased government support for people with a disability.

Over the next four years an additional \$17.8 million will be provided to increase services to disabled Territorians and their carers. This will see expanded assessment, therapy and treatment services, respite care residential services as well as increased spending for taxi subsidies.

Budget 2007 continues the Martin Government's support for families.

In addition to creating jobs and getting people into their first homes the Budget also funds:

- \$10.8 million for pensioner concessions to reduce the cost of living to seniors;
- \$3.7 million to subsidise the cost of child care – recognition by the Martin Government of the importance of these services to our young Territory population; and
- \$18.7 million for supporting individuals and families in crisis.

Renal disease destroys the life of far too many Territorians.

Budget 2007 heralds an additional \$24.4 million over the next four years to support additional services in this critical area. This will fund the growth in dialysis services and additional specialist staff.

Additional dialysis equipment will be installed in Alice Springs in 2007-08 and in Tennant Creek, Katherine and other communities from 2008-09.

### Improving Educational Outcomes

The Martin Government has been determined to lift educational outcomes for Territorians. We have provided support for students and for teachers. Budget 2007 continues that effort with a record \$658 million budget.

In addition to the \$21.3 million Jobs Plan, Budget 2007 will fund \$1.9 million for the successful Back to School Payment of \$50 per enrolled student to support parents and help reduce the cost of education to families.

A further \$11.8 million is provided this year for the \$42 million four-year initiative Building Better Schools, aimed at improving the quality and delivery of education in our secondary schools.

Funding this year for the National Accelerated Literacy program is \$2.7 million, jointly with the Australian Government, and will see the program expanded to 70 schools by the end of 2007 and 100 schools by the end of 2008.

The Government will fund an additional \$3.3 million in 2007-08 rising to \$4.4 million in 2008-09 for upgraded bus services for students. A further \$460 000 is provided for additional bus services for special needs students in Darwin, Humpty Doo, and Alice Springs.

To support training and provide assistance with higher education and research, Charles Darwin University will receive \$45 million in total payments with \$9.5 million provided to the Batchelor Institute.

In addition to ongoing work associated with the Middle Years program, new building programs will also be funded with \$1 million upgrades for each of Millner and Wanguri primary schools.

\$1 million will also be provided to begin the \$6.2 million upgrade of Ross Park Primary School and \$5 million is provided for the upgrade of the Borroloola Community Education Centre.

### Building a Safer Community

Since 2001 the Martin Government has focused on building a safer community and fighting crime and its underlying causes. Budget 2007 keeps that fight strong.

The Police, Fire and Emergency Services budget is at a record \$226 million, an increase of 65 per cent since 2001.

\$31 million will be provided this year to continue the initiatives recommended through the O'Sullivan Review.

The Northern Territory Police Force will have 1140 uniformed police by June 2008. This is the highest proportion of police per capita anywhere in Australia. The Government has fulfilled its commitment to employ 200 additional police.

This year the Government will be funding \$4.8 million to build a new police station at Casuarina for the northern suburbs of Darwin. This station will be an important base in our effort in tackling crime in the suburbs.

\$736 000 has been provided for this financial year, rising to \$1.3 million, in 2007-08 to establish highway patrols and remote area patrols.

\$4 million will be provided over three years to implement the Nationwide Person of Interest Project.

As part of our war on drugs the Government introduced legislation for the forfeiture of property purchased with the profits of crime.

In 2007-08 additional ongoing funding of \$1.3 million will be provided to support the legislation.

Budget 2007 will provide \$2.4 million for the newly refocused and consolidated crime prevention community safety strategy with \$110 000 for Neighbourhood Watch to continue its crime prevention role.

The Government continues our efforts to crack down on antisocial behaviour. Budget 2007 funds:

- juvenile diversion program grant funding of \$1.76 million for Community Youth Development Units and case management by non-government organisations;
- \$633 000 for the Community Patrol Service in Darwin;
- \$22.7 million for treatment places for people with problems with alcohol and other drugs; and
- \$4 million has been provided to upgrade Banyan House.

The Martin Government will again provide councils with \$250 000 to light parks and laneways.

The Chief Minister has also announced \$150 000 to assist the Alice Springs Town Council with the installation of closed circuit television cameras.

Budget 2007 provides \$35.8 million to keep Territory children safe from abuse. These funds will investigate abuse and support abused children. Since coming to office, the Martin Government has significantly increased the funding for the protection of children.

### Enhancing the Territory Lifestyle

The Territory's lifestyle is unique: the best in Australia. Being a Territorian means having a lifestyle the envy of our friends and family elsewhere.

The Martin Government continues to secure and improve this important lifestyle through Budget 2007.

Fishing is the lure of the Territory.

\$2.8 million will be allocated to build a new boat ramp at East Arm with \$500 000 to fund other fishing infrastructure including new boat ramps across the Territory. The Government will fund the Amateur Fishermen's Association with \$175 000 to provide services.

Fishing research is an important part of protecting Territory fishing into the future. Budget 2007 provides \$1.84 million for research.

\$350 000 is provided for the Government's ongoing program of reducing commercial coastal licences.

Territorians love sport. We love to play it and we love to watch it. The Martin Government has backed both.

Budget 2007 provides \$20.7 million for sport and recreation with \$3.5 million for sports grants to support clubs, administrators and volunteers.

Since coming to office this Government has brought more first class sport to the Territory than ever before. In Budget 2007 the Territory will see the Government continue this program of major events.

Territory netball gets a new home with a \$4.8 million facility to be built at Marrara Sporting Complex.

The Chief Minister has outlined a major project designed to provide a long-term vision for the look and development of Darwin. Budget 2007 begins work on Creating Darwin's Future.

This includes upgraded urban landscaping, establishing Flagstaff Park at Myilly Point including cliff access and a board walk to Mindil Beach. Scoping work will also begin on the proposed Darwin Experience museum and the link between the Darwin Waterfront and Darwin's Heritage Precinct.

Major urban enhancement projects across the Territory will receive \$2 million.

This will see upgrades to the Karama shops and Wulagi shops; improved bike paths in Nhulunbuy and at Girraween; and beautification works at Adelaide River and for the flood-ravaged community of Gunbalanya. The Tennant Creek and Katherine main street projects will continue, while Nightcliff foreshore will be enhanced.

These small projects make a big difference in the look and lifestyle of our suburbs, communities and neighbourhoods.

Budget 2007 supports a diverse and multicultural Territory with \$741 000 for Multicultural Affairs Sponsorship grants and \$350 000 for the Multicultural Facilities Development Program.

Territorians are proudly creative. Budget 2007 supports that creativity by:

- \$5.5 million in arts sponsorship;
- \$12.3 million for the Museum and Art Gallery at Bullocky Point; and
- \$4.3 million for the Araluen Arts and Cultural Precinct.

An important part of our unique lifestyle is based around our environment.

Budget 2007 funds \$34.86 million for 93 parks Territory wide, 157 rangers and 66 support staff.

\$248 000 is provided for the establishment of the Territory's Environment Protection Agency.

In Alice Springs and Tennant Creek, up to \$50 will be paid for subsidising the purchase of water-saving devices.

\$520 000 will be provided to protect Darwin Harbour with \$100 000 provided for Cool Communities in Darwin and Alice Springs. \$460 000 will be available for environment grants to community-based groups.

To secure the lifestyle of Territorians in the bush, the Government is undertaking major local government reform. This reform is focused on providing improved services to Territorians. Budget 2007 will provide \$9.9 million over two years to assist the establishment of shires across the Territory.

Through these measures and others announced in greater detail by individual ministers, the Martin Government will be securing and improving the lifestyle of Territorians now and into the future.

The Territory is a great place.

There is no question that it has an exciting future.

We must do what we can today to grow, develop and strengthen the Territory.

We must plan for the future.

We must ensure we support all Territorians so they can be part of that exciting future.

This Budget achieves those goals. It lays the foundations for jobs, growth and our lifestyle. It creates the opportunities that the Territory and Territorians need. And it does so responsibly with a focus on strong economic management.

Budget 2007 is the Budget our children would want us to deliver.

It is the Budget I am proud to commend to you today.