



2007-08 Budget

Business Highlights

Acknowledgements

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Budget 2007

Backing Territory business is a priority of the Territory Government.

Growing business is an important part of the development of the Territory. It means more jobs, a stronger economy and a better lifestyle for all Territorians.

Growing business strengthens the Territory's economy. The Government's business strategies focus on:

- reducing taxation on business and the community;
- skilling and training Territorians;
- providing a high level of cash for capital works and infrastructure; and
- investing in economic drivers to produce future growth.

These strategies are implemented within strong fiscal parameters that achieve reduced debt and focus on resources for service delivery.

The 2007-08 Budget includes:

- a comprehensive housing plan to get more Territorians into their own homes;
- an expanded Jobs Plan 3, building on the Territory's skills base;
- a record \$645 million cash commitment to improve Government infrastructure;
- lower business taxes, building on reductions in every Budget since 2002;
- improved administrative and procurement arrangements reducing red tape; and
- investment in key economic drivers, particularly roads, across the Territory.

With further increases to the stamp duty concessions for first home buyers, changes to the HomeNorth Xtra scheme to assist families and increased land releases, the Territory Government aims to make home ownership a reality for more Territorians. Significant opportunities will also be generated for contractors and suppliers, particularly in regional centres, to service Government's \$113 million housing construction budget in 2007-08.

Jobs Plan 3 builds on the success of initiatives in past years to train and skill up local workers to provide a stable source of skilled workers for Territory businesses to employ.

The Infrastructure Program

Total infrastructure expenditure in 2007-08 is estimated to be \$645 million, including:

- » a capital works program of \$368 million with estimated expenditure of \$232 million;
- » capital grants spending of \$70 million;
- » Power and Water Corporation capital expenditure of \$143 million; and
- » repairs and maintenance totalling \$192 million (including Power and Water Corporation).



Backing Territory Business

Through its own infrastructure-related expenditures, the Territory Government will be providing work for contractors and suppliers to the value of around \$645 million in 2007-08 on projects from small to very large. Simpler Government procurement arrangements should make it easier for firms to do business with Government and tap into tendering opportunities.

Government's commitment to lowering business taxes is demonstrated with its abolition of all duty on hiring arrangements as well as scrapping two low value stamp duties, which were costly and tedious for business to comply with. These changes demonstrate the Territory's commitment to reducing red tape and increasing business competition, agreed under the National Reform Agenda with all other governments as part of growing our national productivity and capacity.

Several other measures have reduced red tape for business, including simplified thresholds and processes for tenderers pursuing Government contracts, and providing online capability for paying taxes and finding business-related information from Government.

Investment in key economic drivers, such as transport, utilities, health, education and tourism infrastructure will be at record levels in 2007-08, with major projects such as the Red Centre Way, Victoria Highway, middle schools facilities, Desert People's Centre and Alice Springs Hospital upgrades, and \$35 million extra for road repairs and maintenance across the Territory over the next four years.

The Territory Budget is designed to provide a solid base for growth in the economy, beyond the construction phase of mega projects, to sustained productivity and wealth.



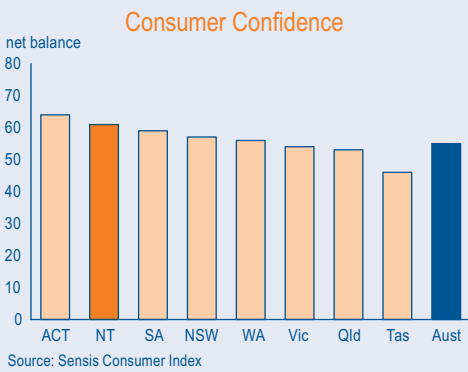
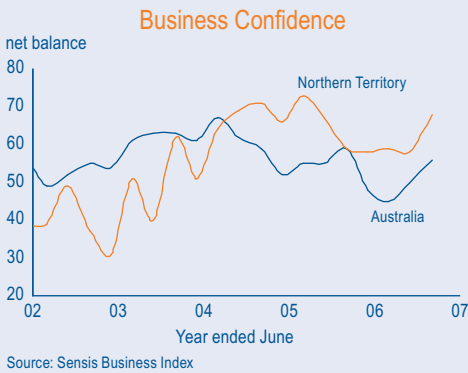
Key Growth Forecasts

Year on Year Percentage Change	2002-03	2003-04	2004-05	2005-06	estimate 2006-07	forecast 2007-08
Real GSP	0.2	0.2	6.0	7.5	7.2	3.7
Resident employment	-0.1	-2.2	-2.0	4.0	4.4	2.3
Population ¹	0.1	0.3	1.2	2.0	1.6	1.4
Darwin CPI ²	2.2	2.1	1.6	2.6	4.4	3.0

1 As at December, annual percentage change

2 As at December

Strengthening Economy



The strengthening Territory economy is expected to consolidate in 2007-08 with continuing steady population increases and jobs growth. Greater numbers of people arriving and settling in the Territory will continue to provide opportunities for local businesses, particularly in services, tourism and residential construction. Positive prospects for the Territory are reflected in high levels of consumer and business confidence, above the national average.

With a number of mega projects in the Territory now finished or nearing completion, economic growth and other key economic indicators, while remaining high in 2007-08, are expected to return to more sustainable levels. Full production of gas from the liquefied natural gas (LNG) plant, alumina from Alcan's G3 investment in Gove and manganese exports from Bootu Creek mine will contribute to strong export growth.

Construction activity, employment growth and population growth are expected to remain strong. Capital investment continues at historically high levels with the Darwin Waterfront Development, significant roads, housing, education and hospital works programs and a sizeable Defence infrastructure schedule in place for 2007-08.

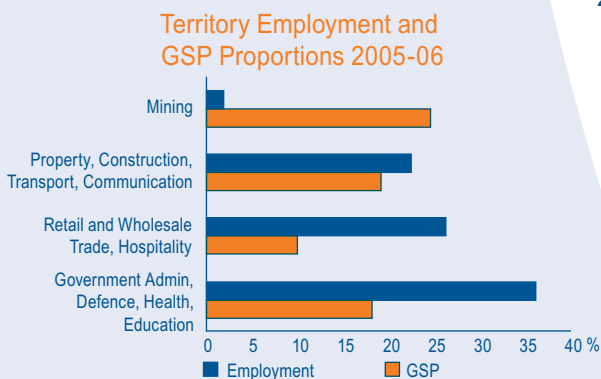
Retail turnover continues at high levels and is a responsive indicator of economic conditions directly reflecting consumer confidence and strength in earnings. Similarly, strong employment growth and record low unemployment as well as recent growth in property prices have boosted consumer confidence.

Population

It is estimated that the Territory population grew by 1.6 per cent in 2006, following stronger than expected growth in 2005 of 2 per cent. Forecast population growth of 1.4 per cent for both 2007 and 2008 is above the national level and consistent with the Territory's positive economic outlook.

Mining and Energy

Large increases in alumina, gold and manganese will increase mineral production and the overall value of mining to the economy in 2007-08. Mineral and energy production is forecast to be \$6.7 billion in 2007-08, boosted by further expected increases in LNG production at Wickham Point.



Retail and Wholesale Trade

Retail turnover is expected to remain at record levels in 2007-08, influenced by strong construction activity, record low unemployment levels and the commodity boom. These industries contribute 6.1 per cent to gross state product (GSP) yet employ about 16 per cent of the workforce.

Hospitality and Tourism

Tourism is worth more to the Territory than to any other jurisdiction, with the highest amount of spending per visitor. It accounts for 7.2 per cent of the Territory's GSP and employs more than 10 per cent of the workforce in industries such as hospitality, retail trade and transport.

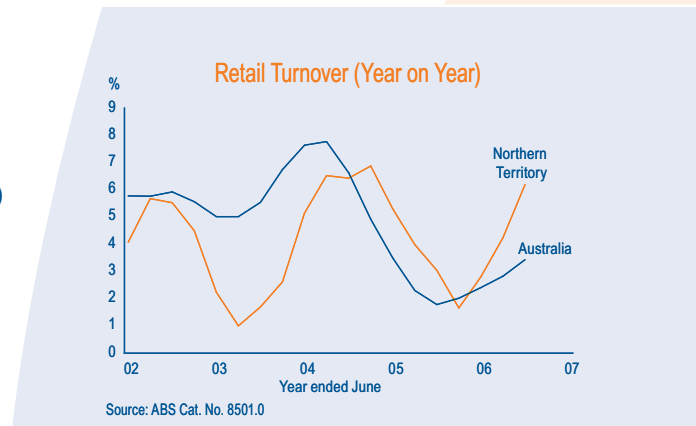
Most recent visitor numbers to the Territory continue to grow, with 42 per cent more self-drive visitors, 12 000 more backpackers and 112 000 more visitor nights. The prospect of Tiger Airways offering domestic flights in Australia in the near future would also benefit the Territory, providing more services and potentially cheaper air travel within Australia. International visitors and spending is forecast to increase in 2007-08.

Construction

The construction industry employs about 8 per cent of the workforce, with forecast expenditure of \$1.7 billion in 2007-08. Residential building activity, including new building and renovations, is expected to remain at high levels. In the year to February 2007, building approvals increased by 14 per cent to 1468. Construction will continue at the Lyons subdivision in Darwin, Mount Johns Valley and rural subdivisions in Alice Springs and ongoing activity in Palmerston, including \$7 million to be spent on headworks for Bellamack. Non-residential building, such as construction of hotels, shopping centres and offices, will also remain strong in 2007-08.

Defence

In 2007-08, the Department of Defence will spend an estimated \$275 million on infrastructure in the Territory, including redevelopment of Robertson Barracks (\$76.6 million), upgrade of the RAAF bases in Darwin and Tindal (\$86 million), extension to the Darwin Naval Base (\$13.9 million) and the Lyons subdivision development (\$70 million). Recurrent Defence expenditure by the Australian Government in the Territory totalled \$954 million in 2005-06.



Lower Business Taxes

Payroll Tax Harmonisation

From 1 July 2008, the first ever major national overhaul of payroll tax arrangements will harmonise laws and procedures across Australia.

Along with other jurisdictions, the Territory has agreed to reform eight important areas of the payroll tax laws, cutting red tape to streamline administration for thousands of Australian businesses, particularly those that operate across state borders.

The 2007-08 Budget will implement more tax cuts, directly designed to benefit Territory business. Cumulative tax savings to Territory businesses since 2002 are \$94 million. Further tax savings of \$62 million to home buyers, largely first home owners, have provided a stimulus for many businesses in the Territory and encouraged population stability. The Territory remains the lowest taxing state or territory in Australia for annual recurrent taxes for small and medium sized businesses (with 100 or less employees), and is the only jurisdiction to have no land taxes or a fire services levy. Since 2002, six separate stamp duties have been reduced or removed entirely by the Territory Government.

Another Stamp Duty Abolished

Stamp duty on hiring arrangements will be abolished from 1 July 2007, saving \$5.3 million a year. Hiring arrangements include hire of goods, such as specialist or heavy equipment or motor vehicles, and hire purchase agreements, including the option to purchase goods by instalments.

The Government has also announced that, from 1 July 2009, it will abolish stamp duty on the conveyance of business property other than land, saving business a further \$11.3 million a year.

By 2007-08, the ongoing program of national taxation reform will deliver savings to Territory taxpayers of around \$246 million.

The Territory's payroll tax regime continues to be the most favourable in Australia for smaller sized businesses with total wage costs up to \$4 million.

Since 2002, the Territory Government has reduced the payroll tax rate from 6.5 per cent to 6.2 per cent and increased the exemption threshold from \$600 000 to \$1.25 million, saving Territory businesses more than \$45 million.

In addition to these reductions, the Government has committed to further reducing payroll tax during its current term, which will deliver added savings to businesses of \$6.3 million.

Tax Savings to 2007-08	\$M
Home owner savings	62.0
Business savings	94.2
– payroll	45.3
– stamp duties and debit tax	48.9
Total	156.2

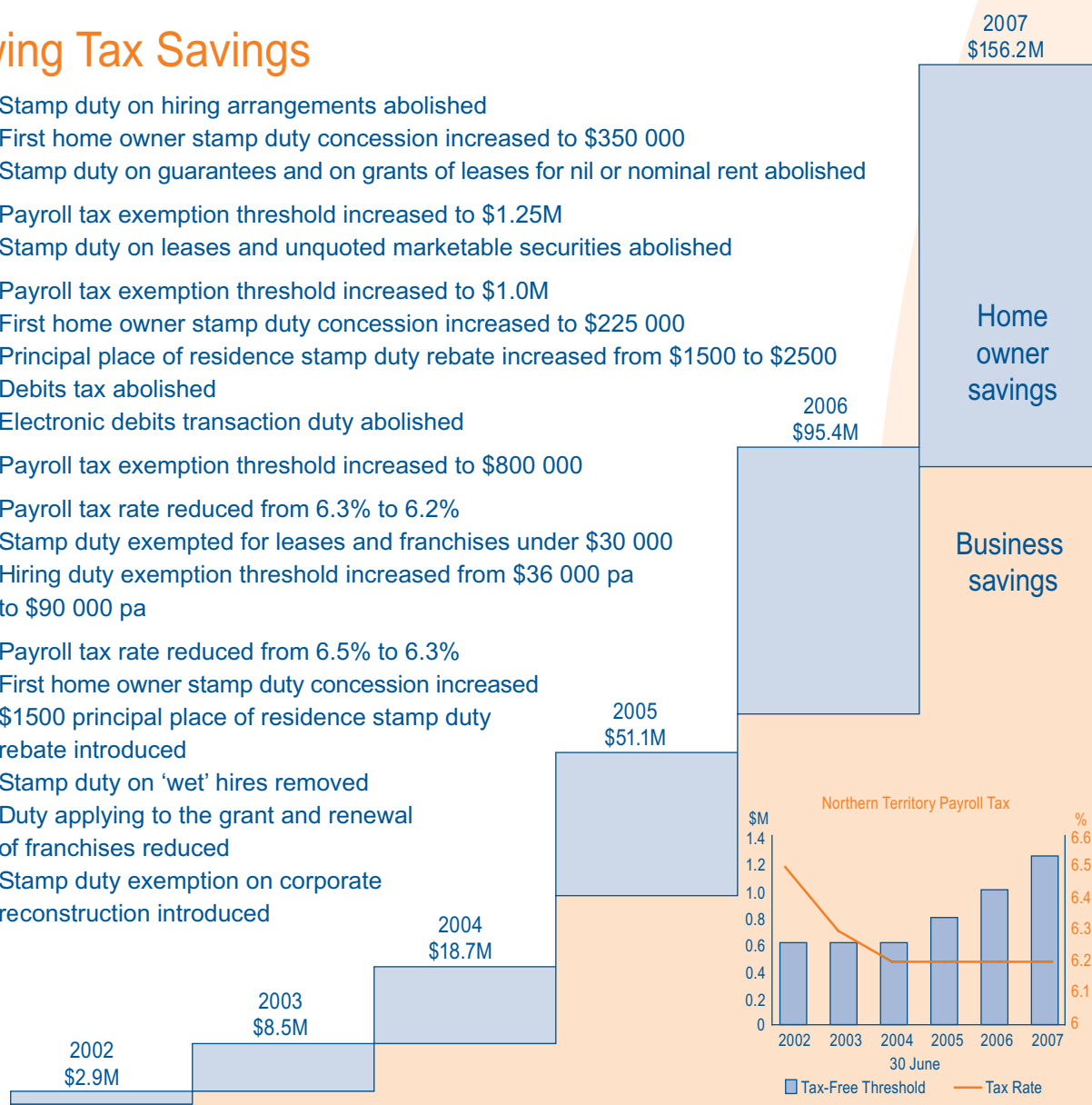
Recurrent taxes for a business with 50 staff

	NSW \$000	VIC \$000	QLD \$000	WA \$000	SA \$000	TAS \$000	ACT \$000	NT \$000
Payroll tax (on wages of \$2.9M pa)	138	119	120	118	132	115	113	102
Land tax (CBD premises, passed on by landlord)	37	12	23	17	7	2	24	
Insurance stamp duty (on \$52 500 premium)	5	5	4	5	6	4	5	5
Workers comp stamp duty (on \$76 125 premium)			4					
Motor vehicle rego (on 12 car fleet and includes MACA equivalent)	13	7	8	7	8	7	13	7
Fire services levy (estimate)	19	26	1	1	1	15	8	
Total	212	169	160	148	154	143	163	114

Note: Current as at April 2007.

Growing Tax Savings

- 2007** – Stamp duty on hiring arrangements abolished
 - First home owner stamp duty concession increased to \$350 000
 - Stamp duty on guarantees and on grants of leases for nil or nominal rent abolished
- 2006** – Payroll tax exemption threshold increased to \$1.25M
 - Stamp duty on leases and unquoted marketable securities abolished
- 2005** – Payroll tax exemption threshold increased to \$1.0M
 - First home owner stamp duty concession increased to \$225 000
 - Principal place of residence stamp duty rebate increased from \$1500 to \$2500
 - Debits tax abolished
 - Electronic debits transaction duty abolished
- 2004** – Payroll tax exemption threshold increased to \$800 000
- 2003** – Payroll tax rate reduced from 6.3% to 6.2%
 - Stamp duty exempted for leases and franchises under \$30 000
 - Hiring duty exemption threshold increased from \$36 000 pa to \$90 000 pa
- 2002** – Payroll tax rate reduced from 6.5% to 6.3%
 - First home owner stamp duty concession increased
 - \$1500 principal place of residence stamp duty rebate introduced
 - Stamp duty on 'wet' hires removed
 - Duty applying to the grant and renewal of franchises reduced
 - Stamp duty exemption on corporate reconstruction introduced



Recurrent taxes for a business with 100 staff

	NSW \$000	VIC \$000	QLD \$000	WA \$000	SA \$000	TAS \$000	ACT \$000	NT \$000
Payroll tax (on wages of \$5.8M pa)	312	265	276	278	291	292	312	282
Land tax (CBD premises, passed on by landlord)	40	49	24	27	17	3	25	
Insurance stamp duty (on \$66 000 premium)	6	7	5	7	7	5	7	7
Workers comp stamp duty (on \$142 250 premium)			8					
Motor vehicle rego (on 25 car fleet and includes MACA equivalent)	28	15	17	14	18	14	26	15
Fire services levy (estimate)	24	33	2	2	2	18	15	
Total	410	369	332	328	335	332	385	304

Note: Current as at April 2007.

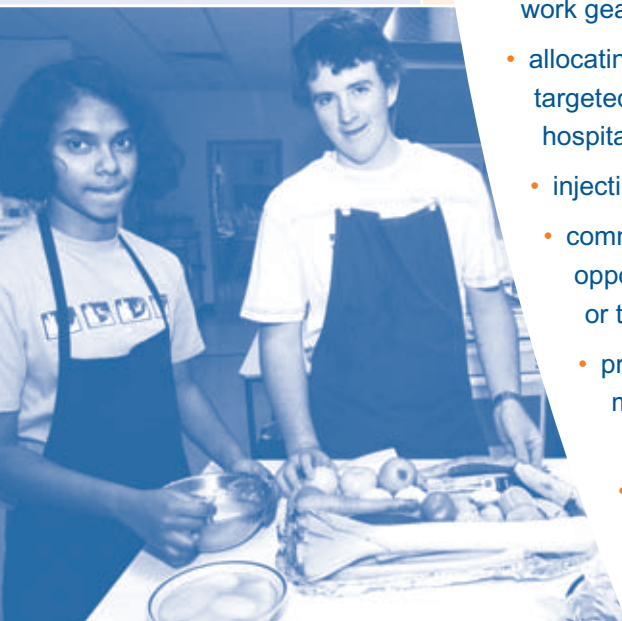
Skills and Jobs

The Territory Government is committed to improving local access to the opportunities arising out of a growing economy. In working with industry to develop a skilled workforce, the Government will spend \$310 million on training Territorians to develop better skills and gain better access to local jobs. Of this amount, \$63 million is directly committed to vocational education and training (VET) during 2007-08.

The Territory Government continues towards its goal of an additional 10 000 apprentices and trainees over four years. To date, 5200 apprentices and trainees have commenced training, with another 2550 places targeted in 2007-08.

Hospitality Pre-employment

As part of a pre-employment program, 15 students participated in a short intensive course designed to prepare them to work in the hospitality industry. The students completed their Certificate II in Hospitality with a focus on the service/front of house sector. All participants have since gained employment in the hospitality industry.



Jobs Plan 3

Jobs Plan 3 builds on the momentum of Jobs Plan 1 and Jobs Plan 2 by reinforcing initiatives and strategies that aim to increase employment opportunities for Territorians, enhance industry partnerships and improve pathways to jobs in regional and remote areas. Commencing from 2007-08, an additional \$8.5 million will be provided to deliver Territory businesses a skilled workforce. This brings the total commitment for Jobs Plan initiatives to \$21.3 million over four years.

Better Skills

The Territory Government will continue to encourage more Territorians to take on an apprenticeship or traineeship and improve their skills by:

- providing \$1.25 million in 2007-08 for the WorkWear WorkGear Bonus – financial bonuses of \$1000 to apprentices in identified skill shortage areas and \$300 to trainees to assist them start their training (for example, to buy work gear, boots, tools and other necessary equipment);
- allocating \$0.5 million to assist the upskilling of existing workers through targeted training, particularly in the automotive, building, construction, hospitality and mining industries;
- injecting a further \$1.5 million to train additional apprentices and trainees;
- committing \$0.25 million to pre-employment programs to increase opportunities for young Territorians and the unemployed to take up jobs or traineeships;
- providing 20 one-off \$4000 scholarships to assist with fees and material costs for Territorians studying for VET Certificate III to diploma level courses; and
- increasing funding for VET at Charles Darwin University to \$45 million, and to \$9.5 million at the Batchelor Institute of Indigenous Tertiary Education in 2007-08.

Incentives for Employers

Jobs Plan 3 will see further financial incentives to encourage and assist eligible employers to take up additional apprentices and trainees, particularly in identified skills shortage areas:

- Occupational Shortages Incentive – 340 incentives a year at \$4000 each will be available to employers to take on apprentices in occupational skills shortage areas; and
- Disadvantaged Groups Incentive – 200 incentives at \$2000 each will be available for employers to take on an apprentice or a trainee from a disadvantaged group.

School to Work Transition

The 2007-08 Budget provides \$4.4 million for the School to Work Transition strategy, including:

- \$2.2 million for the VET in Schools program to provide VET courses and careers advice to more than 1100 students while at school, and as they prepare to move into the Territory workforce;
- \$0.95 million to expand VET under Building Better Schools;
- \$0.2 million to support the Workready program which assists students in their transition to work; and
- \$1 million for driver training and licensing for 16 to 18 year olds.

Training for Remote Workers

The 2007-08 Budget includes \$7.58 million to assist Territorians, specifically those in remote communities, to develop better skills and respond to local employment opportunities. This will be achieved through:

- Flexible Response Funding of \$1.8 million to deliver accredited and non-accredited training in response to community needs;
- \$1 million for the Training for Remote Youth (TRY) program to re-engage 14 to 19 year olds, particularly those in regional and remote communities, in training and learning;
- \$0.98 million under the joint Indigenous Funding Pool to improve training results through literacy, numeracy and mentoring support programs;
- \$0.3 million for the Community Response Program, giving remote Territorians work-ready and employability skills such as driver training and first aid training; and
- \$1.3 million to support regional and remote training centres.

Funding continues to be provided to registered training organisations to deliver a broad range of VET courses in remote communities, with \$1 million in 2007-08 to address training and employment needs of Indigenous adults.

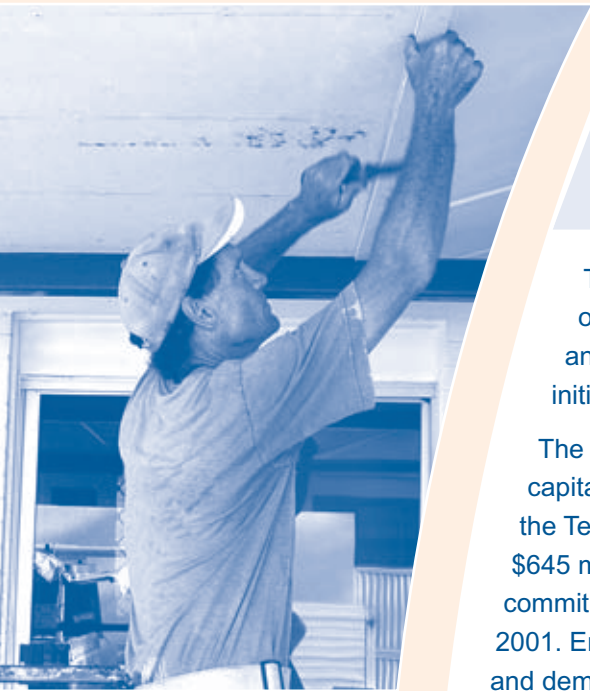


BuildSkills for Pastoral Sector

Through the BuildSkills project, 18 stockmen and women from various stations in the Victoria River district undertook Certificates II, III, and IV in Agriculture. The training addresses the need for skilled workers in remote areas and helps Territory landowners to recruit and train people in their industry.

Skills Recruitment Campaign

The Territory Government's Skilled Worker Recruitment Campaign continues to attract skilled workers and professionals in fields such as electrical and metal trades, automotive, construction, engineers, hospitality, hairdressing, doctors, dentists, nurses, specialist teachers and community workers. The Government has also exhibited in career expos in Brisbane and Sydney and held interstate information sessions with the Territory Construction Association.



Housing and Infrastructure

The 2007-08 Northern Territory Budget demonstrates continued ongoing commitment to the housing and construction industries through another record infrastructure program and a comprehensive range of initiatives to maintain momentum in residential construction.

The Territory's significant infrastructure program in 2007-08 builds on capital investment made in recent years and spreads investment throughout the Territory on large and medium sized projects as part of the Government's \$645 million investment in 2007-08. This brings the Government's commitment to developing the Territory's infrastructure to \$3.3 billion since 2001. Emphasis in the Budget on housing initiatives will boost home ownership and demand for dwellings construction and investment.

Stimulating Housing Construction

Comprehensive housing initiatives include a substantial increase in the first home owner stamp duty concession, a revamped HomeNorth Xtra scheme to provide more assistance for families, the release of additional residential land (including for first home owners) and a range of Indigenous and remote housing initiatives.

Increased First Home Owner Concession

The Territory Government is increasing the first home owner stamp duty concession from 1 May 2007 from \$225 000 to \$350 000, an increase of \$125 000, which is greater than the \$110 000 growth in the median house price. An estimated 85 per cent of all first home buyers will pay no stamp duty. By offsetting the strong housing prices growth of recent years, this initiative, along with the first home owner grant, ensures housing for first home owners remains within their means. The Territory has the second most affordable housing of all the jurisdictions. Encouraging first home

owners to buy in the Territory will boost the skills base and the local labour pool available to business by encouraging people to settle and stay in the Territory.

HomeNorth Xtra

HomeNorth Xtra is a new release of the HomeNorth scheme, which aims to assist public housing tenants and other low and middle income households who are unable to access private sector finance to achieve home ownership.

Updated thresholds, including higher allowances for families with dependants and increased equity share, will ensure that HomeNorth Xtra reflects current market conditions and provides opportunities for a greater number of households to purchase their own homes. Clients will benefit from the greater choice of properties that will become available under the scheme.

Purchasing a First Home	Before May 2007	From May 2007
Threshold before stamp duty is payable	\$225 000	\$350 000
First home owner grant	\$7 000	\$7 000
Savings on stamp duty	\$8 016	\$15 312
Total savings	\$15 016	\$22 312

For other home purchases, the Government provides a principal place of residence rebate of \$2500.

The changes are:

- making the scheme more accessible for families with dependants. The upper income limit to access the scheme will be \$961 a week for single people, \$1154 for couples and \$1346 for households with dependants;
- increasing the Government's maximum equity share to \$70 000;
- regional price caps, to be reset annually, of 85 per cent of the Real Estate Institute of the Northern Territory's average median house price. Price caps will reflect differing property prices in regions. Levels set will allow choice of properties but will limit any flow-on effect to property prices. There will be no price cap for public housing tenants who want to buy the house they have lived in for five years or more and who have met all other criteria; and
- an assets test for all new applicants.

Land Releases

Land servicing work in Palmerston at Bellamack (\$7 million) will be brought forward in line with increased demand, and work will continue on the Mount Johns Valley subdivision in Alice Springs. In addition to the Government's program, work continues at the Lyons subdivision in Darwin, with \$70 million to be spent in 2007-08, and private works at Ragonesi and Stegar Roads will develop rural lots in Alice Springs.

Housing Infrastructure Program

The Government's 2007-08 housing construction budget includes:

- \$55.6 million for Indigenous housing grants;
- \$15 million for new, replacement and upgraded government employee housing in remote areas;
- \$14.5 million for repairs and maintenance;
- \$8.7 million to complete works in progress;
- \$7.7 million for smaller projects (under \$0.3 million each);
- \$6.9 million for new and upgraded public housing in urban areas; and
- \$5 million to service land in remote communities

Indigenous Housing

In addition to the \$55.6 million program for Indigenous community housing and related essential services in 2007-08, the Government has committed an extra \$100 million over five years for housing in remote areas of the Territory. Part of the Government's program includes \$5 million in land servicing in preparation for the \$100 million program due to begin in 2007-08.

Through Indigenous Essential Services arrangements, power, water and sewerage facilities to the value of \$24.9 million will be constructed, repaired and maintained in selected communities in 2007-08.

Other HomeNorth Benefits

- » 2 per cent deposit
- » \$10 000 interest-free loan over 15 years
- » first home owner grant and stamp duty concession
- » encourages early entry to home ownership
- » enables credit history to be established

Government Employee Housing

The Government's commitment to attracting and retaining staff in remote areas involves a significant government employee housing program of \$15 million, throughout the Territory. It will present many opportunities for local contractors and suppliers in regional centres.

2007-08 Program	\$M
Extra housing	5
Replace housing	2
Upgrade housing	7
Serviced land	1
Total	15





Connecting Neighbours

The Territory Government continues to work with the Australian Government to provide more and better housing in Alice Springs town camps, to upgrade electricity, water and sewerage services, and to introduce regular town council-type services for camp residents. Upgrades to telecommunications infrastructure, roads and storm water systems are also under consideration. The agreements are expected to be signed soon to enable work to begin in 2007-08.

Economic Infrastructure

As well as generating opportunities for business as they are delivered, 2007-08 capital projects will add to the Territory's economic infrastructure, furthering the capacity to do business.

Investment in the Road Network

A critical element of the Territory's economic infrastructure is the 35 000 km network of national highways, major, urban and regional arterials and remote roads to provide important links for mining, pastoral, agriculture and tourism businesses, as well as access to regional centres and services for communities. In 2007-08, the Territory Government will invest \$57.2 million on repairing and maintaining the road network, including an extra \$35 million over four years, and in programming a total of \$122.8 million for new and continuing road construction projects.

- Victoria Highway, linking the Victoria River and Katherine region with main freight industries and transport routes to Asian and southern markets, and other regional centres: \$45.9 million to improve road strength and access across the flood plain including bridges over the Victoria River and over Joe, Lost, Sandy, Big Horse and Little Horse creeks.
- Red Centre Way – \$10.5 million to continue upgrading Namatjira Drive as part of the important tourist loop through the West MacDonnell Ranges, linking Alice Springs with Kings Canyon and Uluru. Work also continues on another key tourist loop – Litchfield Park Road, valued at \$4.5 million in 2007-08.
- Tiger Brennan Drive – \$10 million to expand access to East Arm Wharf and the Business Park by duplicating along Berrimah Road, and \$3.5 million to upgrade the intersection with McMinn Street to cater for Darwin Waterfront tourist and commercial traffic (stage 5).
- Port Keats Road – \$12.3 million to continue to improve flood immunity and increase access to the region, particularly through the wet season.
- Rural arterials and other major rural links – a series of new and continuing projects across the Territory to better service



Power and Water Corporation's 2007-08 Infrastructure Budget

In response to the growing demand for power, water and sewerage services by industry and households, the Power and Water Corporation will invest \$143M in new work in 2007-08 and spend \$47M to repair and maintain existing facilities. Major projects include:

- » \$43.5M for the new Weddell power station
- » \$8.9M to start upgrading the Brewer Estate to Alice Springs transmission line
- » \$8.4M to underground overhead powerlines in Darwin suburbs
- » \$6.3M for the Archer zone substation to augment capacity for Palmerston
- » \$6.2M for a new power station in Alice Springs at Brewer Estate
- » \$5M to commence a reticulated sewerage system for Borroloola
- » \$4.9M for network augmentation associated with the Weddell power station
- » \$4M for the Howard East borefield to meet growing water supply needs of Darwin, Palmerston and the Darwin rural area
- » \$3M to commence the East Arm wastewater treatment plant
- » \$2.5M to upgrade the Hudson Creek system control centre
- » \$2M to upgrade the Katherine wastewater treatment plant
- » \$2.1M to reline sewers to reduce blockages and improve reliability
- » \$1.5M to upgrade the Bennett Street switch station to improve reliability
- » \$1.2M for a new Marrakai zone substation to cater for growing demand in the area
- » \$0.8M for new bores at Roe Creek to meet Alice Springs water supply needs

Power and Water tariffs will increase in line with inflation, considerably lower than increases in the states.

pastoral, mining, tourist and service industries, including \$1.2 million for Buntine and Arnhem highways, \$1.4 million for Maryvale Road, \$0.8 million for the Sandover Highway, \$2 million for the Tanami Road and \$2 million for the Outback Way (Plenty Highway).

- National highways (Stuart, Victoria and Barkly) – \$5.4 million in new and continuing work to widen and strengthen various sections.
- Roads to Recovery (local roads in remote areas) – a total of \$8.7 million for improvements, plus \$0.7 million to improve known black spots and reduce the road toll.

Health and Education Projects

Other significant infrastructure investment in 2007-08 is designed to boost education and health standards across the Territory, building skills and capability in the Territory's workforce.

Middle Years Schooling

- \$12.4 million for Darwin High School;
- \$8.4 million for Palmerston High School;
- \$4.3 million for Taminmin High School;
- \$1.0 million for Katherine High School; and
- \$0.7 million for Nhulunbuy High School.

Desert People's Centre

- \$1.5 million for the central administration building;
- \$1.5 million for the Wellbeing and Human Services block;
- \$3.1 million for the Education block;
- \$1.7 million for the Livelihood and Economic Futures block; and
- \$6.4 million for the Information and Technology block.

Borroloola

- \$5.0 million for major upgrade and expansion of the education centre facilities to cater for both primary and secondary students.

Alice Springs Hospital

- \$4.4 million for fire protection and airconditioning works;
- \$1.0 million to upgrade the kitchen;
- \$6.0 million for Emergency Department expansion;
- \$3.0 million for emergency power and electrical upgrade; and
- \$1.9 million for renal facilities expansion.

Other Health Facilities

New and expanded health facilities totalling \$8.7 million, including minor projects worth another \$5.9 million.



Economic Investment

Darwin Port and AustralAsia Trade Route

The Port of Darwin will continue to play a key role in the development of Darwin as a transport hub and regional supply and service centre for the fishing, tourism, defence, mining, and oil and gas industries. Recent investments in port infrastructure capacity have been through:

- \$23.9 million to further develop bulk materials handling infrastructure for the export of Territory minerals;
- \$12.2 million for the first stage of the Darwin industry fuel terminal;
- \$1.1 million to complete the sheet pile wall at Fishermans Wharf;
- \$1 million upgrade of the container crane electrical control system to improve reliability and productivity, due for completion in 2007;
- \$1 million to dredge Fort Hill Wharf to improve access for larger cruise and defence force ships; and
- \$0.75 million towards creating an alternative deep water harbour entry.

The freight task of the railway continues to grow, with total freight movements since operations commenced in January 2004 totalling over 1.7 million tonnes. The year ending June 2006 saw Freightlink increase its tonnage carried by 100 000 tonnes to 663 000 tonnes. Estimates for the period ending June 2007 are nearly double that again.

Bulk mineral exports of manganese began from Bootu Creek (near Tennant Creek) in April 2006, adding 650 000 tonnes per annum to the rail freight task. Territory Iron operations at Frances Creek are expected to begin iron ore exports in mid 2007, adding a further 1.5 million tonnes of freight per annum. The Government is supporting commodity exports by improving bulk materials handling facilities at East Arm Wharf.

Darwin Waterfront Development

Construction of the Darwin Waterfront Development is well under way and is on track for completion in 2008. The development continues to create significant opportunities for Territory businesses in the civil, marine and construction areas and also the supply and services areas.

Project contracts include local content targets of 85 per cent during construction. These targets have been exceeded, with contracts valued at more than \$100 million awarded to local companies to date, equivalent to more than 90 per cent of expenditure. Work opportunities for more than 1100 people have been created.

Construction on the project will continue throughout 2007-08, with a gradual shift of focus from structural elements to building fit out and finishes.

Advanced Bookings

The Darwin Waterfront Development is already attracting new business to Darwin with five conferences already booked and another 30 pencilled in. The conferences alone will bring 1800 extra visitors to Darwin with significant flow-on effects for Top End retailers, tour operators and entertainment and hospitality businesses.



Classified Goods Facility

Headworks will continue (\$3.5 million) in 2007-08 to service the classified (hazardous) goods facility at Hidden Valley, close to the Port of Darwin, in preparation for private sector construction and use of storage facilities for classified goods. The facility will service the import and export of classified goods for onshore and offshore mining operations and has the potential to increase containerised traffic through the port by an estimated 30 per cent. It will assist in securing new trade, stronger international shipping links and developing associated transport businesses at the Darwin Business Park.

Gas

In June 2006, the Power and Water Corporation signed a Gas Sales Agreement with Eni Australia to purchase around 750 petajoules of gas from 1 January 2009 from the Blacktip gas field in the Bonaparte Gulf. This means the Territory has secure arrangements to provide clean, low greenhouse gas emitting energy to business and householders over the next 25 years.

Construction has commenced at the Wadeye site of the onshore gas processing facility, providing employment and economic opportunities to the community and local suppliers. Gas will be transported by pipeline from Wadeye to a point along the Amadeus to Darwin pipeline on Ban Ban Springs Station. Construction is due to start in mid-2008.

Alcan G3 Refinery Expansion

Alcan's \$2.9 billion G3 expansion of its alumina refinery at Gove is due for completion by mid-2007. To date it is estimated that \$803 million has been spent locally on goods and services and a further \$675 million Australia-wide. The Territory Government will continue to work with Alcan to identify ways local industry can access opportunities provided by the expanded refinery and allied developments in Nhulunbuy. Once fully operational, the expanded refinery will employ up to 120 additional workers onsite. Increased spending in the retail and hospitality sectors will continue to benefit local businesses.

Improving Telecommunications

The Australian Broadband Guarantee aims to ensure all Australians are able to access broadband services regardless of where they live. With industry, the Territory Government is seeking over \$70 million from Connect Australia, the Australian Government's telecommunications package, to fund an interstate fibre optic cable. Territory businesses will save on communications costs and be able to develop more innovative services for their clients. For example, as well as making telephone calls and text messaging, mobile phones would be able to access the internet and provide better and faster connectivity to business in regional and remote areas.

Timor Sea Gas and Downstream Gas Industry

Significant progress has been made on developing Timor Sea gas reserves and associated onshore industry.

Establishment of downstream gas industries to enhance and diversify the economic benefits derived from Timor Sea gas through new business and employment opportunities, such as petrochemicals, fertilisers and liquid fuels, continues to be a high priority for the Government.

High level involvement includes the Chief Minister who has promoted the potential benefits around Australia and in South East Asia.

IPPS

Industry Participation Plans (IPPS) provide information to major project proponents in the Territory on local capabilities to ensure local businesses are included in tender processes.

Total value of projects covered by IPPS to date is about \$4.8 billion and includes projects such as the Alcan G3 expansion, the Wickham Point LNG plant and the low security prison at Berrimah.

Supporting Industry

Round Table

Since 2002, over 650 business and industry representatives have participated in 50 meetings of the Chief Minister's Business

Supporting Business

The Territory Government is continuing to assist local business by providing information and development services through Territory Business Centres and programs such as UpSkills, Business Growth, October Business Month and the Chief Minister's Business Round Table.

More than 404 business people have attended the 2006-07 UpSkills Workshops and 30 business people have been assisted with business coaching. October Business Month 2006 attracted around 3000 people across the Territory and this year will focus on issues such as labour shortage, business planning, managing growth, uptake of technology and globalisation.

Programs will continue to be implemented to assist the establishment of Indigenous enterprises, support partnerships between Indigenous and other corporate entities, and provide business support services.

In 2007-08, the Government will continue to assist Territory businesses to grow internationally with joint industry-Government trade missions, offices in Jakarta, Manila and Dili, and continuing with the Growing Our Trade Route strategy to develop the Territory's international trade opportunities. The Trade Support Scheme (\$0.4 million) will continue to assist Territory businesses to market their products overseas, and export training workshops will help to increase businesses' export readiness.

Territory Business Centres

Territory Business Centres are the first point of contact and referral for business services and products provided by Territory Government agencies. They are located in Darwin, Alice Springs, Katherine and Tennant Creek.

At the Territory Business Centre, people can lodge licence applications, register a business name, conduct a business name search and access the Business Licence Information Service to find out about all relevant licence and permit requirements for operating a business in a particular field in the Territory. The centres also provide accurate information on all business assistance services and products offered by Government.

Business Information Kits Online

Four online Business Information Kits are now available from the Territory Government website, designed to assist people to find information on starting and running a business in the Territory. Critical stages covered in the kits are starting a business, growing a business and when businesses are ready to move out of home. Topics covered include tourism, manufacturing, food and home-based business sectors.

An online tool is also available to help businesses find property-specific zoning and planning information.

www.nt.gov.au/businessinformationkits



Supporting Tourism

Destination Marketing Campaign

Tourism NT's destination marketing approach will continue in 2007-08, promoting the six priority destinations of Darwin, Katherine, the Alice Springs area, Uluru-Kata Tjuta, the Tennant Creek and Barkly area, and Kakadu and Arnhem Land (\$2 million). The focus will be to convert interest into higher and longer visitation, and to promote visitation during the shoulder seasons. Other initiatives totalling \$1.9 million including strengthening online and website capabilities and cooperative marketing activities with industry.

Destination Alice Springs for adveNTure

Alice Springs will be promoted as the adventure capital of the Northern Territory, with a \$2.1 million campaign which includes a television commercial filmed around Alice Springs, print advertising and online promotion on the Lonely Planet website, along with cooperative trade activity with industry players such as Flight Centre, Qantas Holidays, Voyages, APT, AAT Kings, and Great Southern Railways.

Cruise Ship Visits

Cruise ships visiting the Port of Darwin increased by 34 per cent in 2006, delivering more than 10 700 passengers to the Top End, spending on average \$150 per person per day onshore.

Also in 2006, 80 Australian and international naval ships visited Darwin, with spending estimated at between \$150 and \$200 per person per day.

Airlines

The Territory is well placed to become the hub for Australian air services to the region. With around 75 per cent of interstate and international visitors entering the Territory by air, efforts to increase aviation services are a priority.

In 2006, average weekly international seat capacity into the Territory increased by 26.6 per cent to 2547 seats. Tiger Airways will expand its operations to five weekly services in 2007. Six direct international charter flights from Fukuoka in Japan to Alice Springs are also expected to inject about \$1 million into the local economy.

Domestic seat capacity increased by 7.2 per cent in 2006 to an average of 22 594 seats per week. Greater capacity is expected in 2007, with Jetstar resuming daily Darwin to Melbourne services from April and increasing Adelaide to Darwin services to five per week.

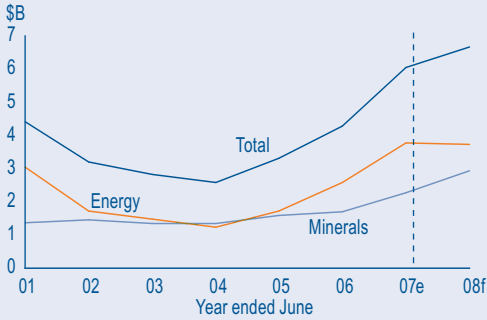
Australia's First National Landscape

In December 2006, the Australian Government announced the Red Centre Way as Australia's First National Landscape (see map on page 12).

As part of the National Landscape Initiative, the Red Centre Way will be promoted nationally and internationally through joint Territory and Australian Government marketing operations, to increase visitor numbers to the region.



Mining and Energy Value of Production and Processing



Source: Northern Territory Treasury, Department of Business, Economic and Regional Development

Mining

Bringing Forward Discovery, at \$12 million over four years, continues the Government's commitment to encouraging investment and growth in the mining industry, including: high quality geological information for industry to promote the mineral and petroleum prospectivity of the Territory (\$6.65 million); promoting Territory mining, exploration and investment opportunities (\$0.5 million); and facilitating exploration and development through efficient granting and maintenance of mineral and petroleum titles (\$2.7 million).

Alice Springs Mining Services Expo

In March 2007, Alice Springs hosted the second annual Mining Services Expo and Supply Seminar. The event included 47 exhibitors representing a broad range of business and industry sectors. More than \$2 million in new business was written as a direct result of the event in 2006, and feedback from the 2007 Expo is very positive, with 72 per cent of respondents saying they had picked up business or potential business through the event.

Defence Support

Defence activity is a major contributor to the Territory economy with a large defence force presence in Darwin, Alice Springs and Katherine, and defence spending approaching \$1 billion a year (50 per cent on salaries and 50 per cent on operations). Defence Housing Australia also manages more than 2200 properties in the Territory and is making significant investments in new housing developments at Lyons and Muirhead.

The Territory Government continues to focus on helping build local capability to service Defence's general and specialised needs, and to identify opportunities for local contractors and suppliers to engage with Defence and Defence families.

Bulk Commodities Transported in the Territory

Commodity	From
Manganese	Bootu Creek
Iron ore	Frances Creek (from July 2007)
Cobalt, nickel, lead, copper, silver	Browns Deposit (near Batchelor)
Gold	Pine Creek
Uranium oxide	Jabiru
Lead and zinc	McArthur River
Alumina and bauxite	Exported from Gove
Liquefied natural gas	Exported from Darwin

Defence Contracts

Local firm General Dynamics Land Systems Australia will handle training and maintenance requirements for the M242 cannons mounted on ASLAVs and Armidale Class Patrol Boats, both of which are stationed in Darwin. Staff are qualified to train others and this makes Darwin the centre for M242 maintenance in the South East Asia and South West Pacific regions, greatly increasing local employment opportunities.



Through an industry development strategy, the Government aims to help local industry build its capability and capacity to secure Defence support projects, both directly and with key prime contractors.

Design work has also begun on the proposed Defence support hub site, adjacent to Robertson Barracks, which will provide a strategic location for industry to support the work needed for Defence projects and equipment including armoured vehicles.

Supporting Primary Industry

The Territory agribusiness sector continues to show strong growth, with significant development opportunities in agriculture, horticulture, livestock, aquaculture and mining. In 2007-08, a range of initiatives will support primary producers:

- in horticulture, grower accreditation and certification of produce will ensure Territory horticulture produce meets necessary standards for domestic and export outlets (\$0.98 million), new and innovative plant development including biofuels, fodder, cut flowers and fruits (\$0.88 million);
- financial assistance for primary producers and land managers will improve their business and resource management skills through FarmBis (\$0.9 million);
- for livestock industries, the National Livestock Identification System assists in identifying and tracing individual Territory cattle from property of birth through to slaughter, for food safety, product integrity and market access purposes (\$0.32 million);
- research, development and extension will maximise pastoral production with environmental sustainability (\$1.45 million);
- investigation, analysis and assessment of ground and surface water capacity, and drilling and testing production bores, ensure proven water supplies have the capacity to support allied business investment in the regions (\$4 million); and
- providing information on soil, vegetation, water resources, flood forecasting, tide and sediment flows (\$1.1 million).

In aquaculture, the Government has joint ventures with Aboriginal organisations in Kulaluk and Maningrida to develop mud crab farming and production for local markets. Research and development of other aspects of the Territory's aquaculture industry will continue, including the production of barramundi fingerlings and the trepang hatchery (\$1 million).



Trepang Hatchery

The joint project between the Government and local trepang harvester Tasmanian Seafoods for a trepang hatchery is producing juvenile trepang at the Darwin Aquaculture Centre. Tasmanian Seafoods is now looking at expanding into a commercial operation. It is expected to produce 640 tonnes of trepang a year, increasing Territory exports and employment opportunities.

Reducing Red Tape

National Reform

In 2006, the Northern Territory, as part of the Council of Australian Governments, agreed to the National Reform Agenda, aimed at improving national productivity and capacity. The agenda includes a stream to remove inefficient regulation (red tape) and unnecessary compliance costs for businesses.

Making Tax Compliance Simpler

From 1 July 2007, the cost to businesses of complying with stamp duty laws will be further reduced. Stamp duties on all types of guarantees and on grants of leases for nil or nominal rent will be abolished by the Territory Government.

Territory Revenue Office is also developing a secure online assessment and payment tool for stamp duties, and has released its online payroll tax returns system.

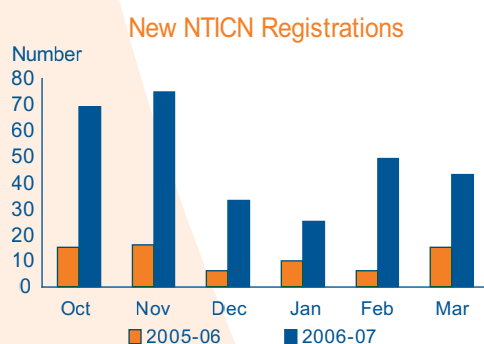
Government Purchasing Arrangements

During 2006-07, the Northern Territory Government simplified its procurement processes with a focus on streamlining quote and tender procedures, and promoting industry development by encouraging new businesses to compete for Government work.

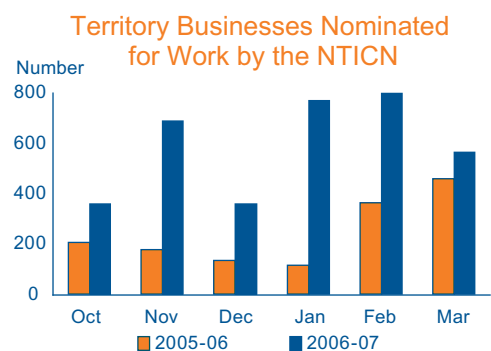
On 1 November 2006, after extensive consultation with industry, the Territory Government increased the threshold for public tenders from \$10 000 to \$50 000, reducing paperwork and time for businesses and government agencies.

Importantly, Government agencies consult with the Northern Territory Industry Capability Network (NTICN) to ensure that local businesses have the opportunity to compete for Government business.

Early results indicate a surge in businesses registering with the NTICN since the changes were introduced. There are positive flow-on effects for these businesses, as they can now also be put forward by the NTICN for non-Government work.



Source: NTICN



Source: NTICN