

BUDGET 2003-04



Northern Territory

BUDGET PAPER No. 1 SPEECH

SPEECH
AND
APPROPRIATION BILL

2003-04

Budget Paper No. I

PART I

SPEECH

DELIVERED ON
27 MAY 2003
BY
THE HON. SYD STIRLING, MLA
TREASURER
OF THE
NORTHERN TERRITORY OF AUSTRALIA

SPEECH

I table the 2003-04 Appropriation Bill and related Budget Papers.

It is my honour to introduce this, my first Budget and the third Budget for the Martin Labor Government.

The 2003 Budget is about jobs, safer communities, and tax cuts. It supports Territory business and contains no new taxes. The Budget is responsible but responsive.

The Budget demonstrates the Government's commitment to sound fiscal management, at the same time providing Territorians with improved health care, better schools and increased opportunities.

The Government's support for Territory business is evident through increased, targeted spending that will promote jobs and economic growth.

This Budget delivers on Labor's commitments.

Putting the Territory's financial house in order remains one of our key priorities. We are on track to perform better than the deficit reduction strategy target for 2002-03, and to achieve the targets we set for ourselves in 2003-04 and 2004-05.

This Budget marks the mid-point of the Martin Government's first term in Office.

We inherited an unsustainable budget position that needed considerable and urgent repair. The economy had seen better times. The 2003 Budget demonstrates that we have done the hard work to turn the Territory's finances around. Importantly, the economy has begun to pick up.

The development of the ConocoPhillips liquefied natural gas (LNG) plant at Wickham Point is the single largest, construction program ever undertaken in the Territory and will provide the stimulus for development and diversification of Territory industry.

This means jobs, jobs, jobs.

We will celebrate the arrival of the first train from Adelaide to Darwin in early 2004. The Government's initiative to build the Darwin Business Park, now under construction, will provide the commercial link between the East Arm Port and the railway to create the North Australian transport hub.

These major projects have the potential to further transform the Territory economy.

At the same time as ensuring these major projects are brought to successful completion, the Government has initiated major reform of public sector finances to ensure that its own house is in order. We cannot expect industry to invest and develop if the Government's fiscal policy settings are wrong.

I can say with confidence that the Budget will be in balance during this term of Government. This Government will not spend more than it earns.

We live in uncertain times. The last two years have not been easy, and I want to record my thanks to the Territory community for their support over this period. Our objective has been to deliver improved Government services in the key areas of education, health and community safety.

We have applied fiscal discipline to ourselves but in doing so we have improved the essential services needed by Territorians, and provided Territory business with consistent and predictable levels of Government spending.

BUDGET HIGHLIGHTS

This Budget provides for significant increases in the priority areas for the Martin Labor Government.

The Health and Community Services budget will rise to \$561 million, an increase of \$14 million.

Employment, Education and Training has increased by \$13.5 million to \$520 million.

Police, Fire and Emergency Services has increased to \$146 million, up by \$3 million, and this is before the results of the O'Sullivan Review are known.

Over \$5.2 million has been provided for the *Itinerants Strategy* to address anti-social behaviour.

\$434 million will be spent on infrastructure investment. This level of investment is the second highest ever, following last year's record.

The payroll tax rate will be further reduced to 6.2 per cent from 1 July 2003.

This Government is concerned about the cost of living for Territory families and has continued its commitment of \$127 million to the many programs that reduce the cost of living in the Territory.

The Budget demonstrates the Government's commitment to improving outcomes for Indigenous Territorians. In education, the recommendations of the *Learning Lessons Report* have provided the blueprint for developing programs to meet the needs of Indigenous students more effectively. In health and community services, in order to improve health status, the Government's aim is to improve access to services and facilities for all Territorians, irrespective of where they live.

The Government's ongoing fiscal discipline and constant attention to the bottom line has resulted in a better than expected outcome for 2002-03.

The brighter outlook for the economy, coupled with the Government's fiscal discipline, has meant that we are able to remove the temporary budget improvement levy, 18 months early, from 1 July 2003.

TERRITORY ECONOMY

Before turning to other key elements of the Budget, I would like to provide a brief report on the state of the Territory economy.

This year, the economy has continued to show signs of recovery after a period of weak onshore growth. In 2002-03, the Territory's real gross state product is estimated to increase by 3.7 per cent.

Business investment remains at a very high level, supported by continuing work on the Alice Springs to Darwin railway and the offshore Bayu-Undan project in the Timor Sea.

Despite low estimated population and employment growth, strong consumption spending has been underpinned by earnings growth, low inflation and interest rates, and defence-related expenditure.

However, economic activity remains patchy. The impetus to growth from railway-related work has begun to tail off and tourism is affected by a weak world economy, terrorist attacks, war in Iraq and SARS (severe acute respiratory syndrome).

Although external conditions are expected to remain soft in the short term, the world economy is set to improve next year, boosting demand for Territory exports, including a pick up in the number of international visitors.

Treasury expects solid growth in the Territory economy in 2003-04, with gross state product forecast to increase by 3.4 per cent. Consumption is expected to contribute positively to growth, assisted by housing and a recovery in tourism.

Price and wage pressures are expected to remain contained, with the growth in the Darwin consumer price index forecast to remain low, at 2.1 per cent, in 2003-04.

After increasing by 5.7 per cent in 2001-02, mainly due to the initial boost from railway construction activity, Territory employment growth is estimated to be stable in 2002-03.

The unemployment rate rose to 6.8 per cent in 2001-02, primarily due to increased labour force participation, but has fallen to an estimated 5.3 per cent in 2002-03.

Boosted by job opportunities related to the first full year of construction of the LNG plant at Wickham Point, Territory employment is forecast to increase by 2 per cent in 2003-04.

Household income, employment and population growth are expected to support further consumption expenditure, forecast to grow by 4.1 per cent in 2003-04.

Dwellings investment should strengthen, increasing by 22.6 per cent in 2003-04. Excess stock appears to have been largely absorbed, with vacancy rates having fallen markedly in the past 18 months.

Non-residential building investment is also expected to strengthen, with an increase of 15 per cent forecast for 2003-04, as work continues on a number of office, retail and hotel developments.

Following the spike in engineering construction related to the railway and Bayu-Undan stage one, total investment is forecast to fall by 6.3 per cent in 2003-04. Completion of these projects will be offset by the construction of the LNG plant and sub-sea pipeline related to stage two of Bayu-Undan.

Local contracts and employment associated with Bayu-Undan stage two will generate significant and localised flow-on benefits for the Territory economy.

The construction phase, involving a 500-kilometre gas pipeline to shore and LNG plant at Wickham Point, should take two and a half years, with production expected in early 2006.

Crude oil exports from the Territory are forecast to fall sharply in line with the production profile of the Laminaria-Corallina oil fields, but this will be offset somewhat as production from stage one of Bayu-Undan comes on stream.

The economy will also benefit from Defence plans to relocate an Army helicopter regiment to Darwin. Facilities will need to be completed by the end of 2005 in time for the arrival of around 1 000 uniformed personnel and dependants.

Territory rural industries and fisheries accounted for 3.3 per cent of GSP in 2001-02. Despite volatile annual growth patterns, this sector has experienced solid trend growth over the past decade although the sector's proportion of GSP has fallen marginally.

The value of rural industries and fisheries production is estimated to decrease marginally by 0.9 per cent in 2002-03, with increased value of fisheries, other livestock and field crops offset by declines in cattle and horticulture. The outlook from 2003-04 is for stronger growth particularly in horticulture.

International visitor numbers to the Territory have declined in recent years, but their spending still represents close to 35 per cent of total expenditure by tourists.

After declines in visitor numbers between 2000 and 2002, growth is beginning to pick up and visitor numbers are expected to increase by 2.1 per cent in 2003-04.

The medium-term outlook is even more positive, driven by improving global economic conditions and increasing traveller confidence as security concerns are addressed.

If growth over the next decade is in line with past trends, the number of visitors to the Territory could reach 2.8 million in ten years time, more than one million higher than current levels.

The Territory's longer-term economic growth prospects are sound.

The Territory's offshore energy production outlook is positive.

There are a number of onshore resource projects in the feasibility stage, including major expansions in alumina production at Nhulunbuy and zinc metal at McArthur River.

The operational phase of the railway, scheduled to commence in early 2004, will provide an important link to southern Australia.

Combined with the new East Arm Port, the railway provides the opportunity for Darwin to develop into a nationally-important transport hub, with significantly increased land-to-sea international freight.

The railway will also help create a more robust and competitive Territory economy. A major impact flowing from a reduction in freight rates will lower the cost of living and conducting business throughout the Territory.

More competitive Territory business will stimulate industry investment and result in further diversification in economic activity, job opportunities and population growth.

There is every reason to be optimistic about our future growth opportunities.

FISCAL MANAGEMENT

The 2003-04 Budget further demonstrates this Government's fiscal credentials and its commitment to transparency and accountability. The 2003-04 Budget Papers are the most comprehensive ever produced by the Territory.

Budget Paper No.2 includes the fiscal and economic outlook for the Territory, and complies with national obligations and the *Fiscal Integrity and Transparency Act*. *Budget Paper No. 3* includes output and financial statements and performance measures for each Budget Sector entity. Detailed explanations of variations are included.

Budget Paper No. 4 outlines the Capital Works Program and more detailed information on revoted items and committal targets for major works. There is a new Budget book for Territory business, and the *Overview*, *Regional Highlights* and *Economy* books provide comprehensive summary information.

At the time of the August 2002 Budget, the estimated outcome was a deficit of \$94 million. The estimate is now projected to be \$31 million in 2002-03, with a projected deficit of \$24 million in 2003-04, and the Budget to be in balance by 2004-05.

Even though the Government inherited a substantial deficit when it took Office, the fiscal principles established in the November 2001 Mini Budget capped the deficit while, at the same time, implementing Labor's election commitments. The 2002-03 Budget demonstrates that the deficit is being brought under control however, while the deficit remains, net debt will continue to grow.

During the previous Government's last term, the Territory's net debt grew as a result of successive deficits. In the 5 years from 1997-98 to 2001-02, net debt grew by \$377 million or 28 per cent. However, due to this Government's fiscal discipline, the growth in the Territory's net debt has slowed dramatically, will soon plateau and then start to decline. For the 5 years from 2002-03 to 2006-07, Territory net debt is estimated to fall by \$31 million.

The Government's financial performance has been consistently better than its targets. The 2001-02 outcome was a deficit of \$83 million, which was \$56 million lower than the target set for the general government sector at the November 2001 Mini Budget. In 2002-03, the improvement in the deficit is \$63 million. This Government's fiscal discipline has resulted in a saving of \$119 million in projected net debt.

External commentators such as Standard and Poors, Access Economics and Moody's Investor Services have consistently endorsed the Territory Government's fiscal strategy and targets as being essential to restoring the Territory's fiscal position. We will not disappoint them.

Interstate benchmarks are the best way to assess the Territory's comparative fiscal performance. The Territory's net operating deficit as a proportion of revenue was -5.3 per cent in 2001-02, indicating that the Territory was not living within its means. In 2002-03, the ratio is estimated to improve to -1.6 per cent, moving closer to the States average of 2.2 per cent, and is projected to improve to 0.9 per cent in 2006-07.

The relative size of the Territory's debt burden is measured by comparing net debt as a proportion of revenue. The Territory's ratio of net debt as a proportion of revenue is 67 per cent in 2001-02 and 66 per cent in 2002-03. This is significantly higher than the States average of 22 per cent but is projected to decline in 2006-07 to 59 per cent, in line with the Territory's fiscal strategy.

When total liabilities are considered, the Territory's ratio of net debt and employee liabilities as a proportion of revenue in 2001-02 is 133 per cent, falling slightly in 2002-03 to 132 per cent, as compared to the States average of 82 per cent. However, this measure is estimated to fall to 120 per cent in 2006-07.

While the Territory's fiscal outlook shows considerable improvement in these benchmarks, maintaining our position relative to the States will require commitment to ongoing fiscal restraint.

2002-03 ESTIMATED OUTCOME

The Territory's estimated outcome for 2002-03 is a cash deficit of \$31 million, a substantial improvement of \$63 million compared with the August 2002 Budget and the Mid-Year Report.

I will explain the key movements in operating payments, receipts and capital payments.

Net capital spending is expected to be \$18 million less than estimated at the time of the 2002-03 Budget. During the year, the \$10 million capital grant paid to PowerWater for Indigenous Essential Services was reclassified from capital to operating expenses. Also, capital expenditure in 2002-03 is estimated to be \$10 million lower than budget, due largely to engineering-related delays at the East Arm Port. As a result, \$10 million has been transferred into 2003-04.

There is one transaction which has no effect on the estimated deficit but does increase both operating receipts and operating payments in 2002-03. South

Australia's final contribution of \$25 million to the Alice Springs to Darwin railway has been brought forward from 2003-04 to 2002-03 and this has increased both receipts and payments.

After taking account of the railway transaction, operating payments are estimated to decrease by \$8 million in 2002-03. This is due to reductions in interest payments of \$12 million, superannuation benefits of \$10 million, and repairs and maintenance of \$5 million not required for flood-related damage. This is offset by increased expenditure associated with additional specific purpose payments revenue of \$12 million, and the inclusion of the \$10 million Indigenous Essential Services grant.

Turning to operating receipts, and again, after allowing for the \$25 million for railway grants, operating receipts have increased by \$37 million. Increased economic activity has resulted in additional, largely one-off, stamp duty receipts of \$19 million, increased payroll tax of \$2 million and higher lotteries and gaming taxes of \$3 million.

Revenue from the Commonwealth has increased by \$20 million since the August 2002 Budget, \$12 million in specific purpose payments and \$8 million in general purpose payments. This relatively small increase in general purpose payments, belies the substantial fluctuations particularly in GST revenues that have occurred throughout the year. Volatility in this, the Territory's major revenue source, will be the norm in future years. Accordingly, it is important that I go through these variations in some detail.

Honourable members will recall that the 2001 Census used a revised methodology for estimated resident population which reduced the Territory's population estimate by 2 300. This, and estimated lower population growth, resulted in an ongoing, annual financial penalty of around \$25 million from 2002-03.

However, just 2 weeks ago in the Commonwealth Budget, GST revenue estimates were increased by over \$1 billion for 2002-03 resulting in a net increase of \$20 million in general purpose payments to the Territory. This comprised an increase of \$46 million in GST revenues but a reduction in budget balancing assistance of \$26 million to zero. However, \$17.5 million had already been paid to the Territory in budget balancing assistance. This amount will need to be repaid in 2003-04.

While the Territory welcomes any increase in GST revenue, the estimate has to be treated with considerable caution. The Commonwealth will revise GST revenue estimates twice before they are finalised for 2002-03. This will occur in June 2003 and after the first quarter of 2003-04. In previous years, post-Budget revisions have reduced the GST revenue estimates. Accordingly, as I will explain in more detail later, the Territory has adopted more conservative, and in our judgement, more realistic, growth estimates for GST revenue from 2003-04 than those contained in the Commonwealth Budget.

FISCAL OUTLOOK FOR 2003-04

The estimated deficit for 2003-04 is \$24 million, a small improvement on the deficit reduction target outlined in the November 2001 Mini Budget.

Operating receipts are estimated to increase by \$32 million or 1.3 per cent and includes a net increase of \$50 million or 2.6 per cent in grants from the Commonwealth after the repayment of \$17.5 million in budget balancing assistance.

The Territory has used a GST revenue estimate for 2003-04 of \$31.2 billion for total GST revenue which is just under \$500 million lower than used in the Commonwealth Budget. Although this produces a GST revenue estimate for the Territory that is \$20 million lower than in the Commonwealth Budget Papers, in the Territory's view,

this more realistic assumption provides a better basis on which to set spending parameters in 2003-04 and future years.

The alternative would have been to bring in a Budget for 2003-04 with optimistic revenue assumptions that would be unlikely to be met. That is not the way this Government manages its fiscal policy. Unlike the previous Government, we use realistic targets and make sure we meet them.

Territory taxes are projected to be \$253 million, an increase of \$3 million, or 1 per cent, from the estimate for 2002-03. This reflects an increase in economic activity, offset by the payroll tax reduction and the removal of the \$90 temporary budget improvement levy from 1 July.

Operating payments are estimated to increase by \$81 million or 3.7 per cent. This is a higher than usual increase due to a one in twelve year event, of 27 pays for the Public Service in 2003-04. Additional capacity of \$45 million has been included in the estimates for this purpose.

Regardless of this unusual event, the deficit reduction strategy has been maintained while still meeting the Martin Government's commitments.

Capital payments are \$193 million, the reduction from 2002-03 reflecting the capital payments related to the railway in that year. When these one-off railway related transactions are removed from 2002-03, there is a reduction in 2003-04 of \$20 million, which is due to the higher additional cash allocation for capital works in 2002-03, and having regard to increased private sector capital spending in 2003-04.

REVENUE MEASURES

The tax measures introduced for the 2003-04 Budget will be beneficial for Territory business, in particular small business. The Budget Papers show that the Territory has the second lowest taxes in Australia, and a tax regime that is particularly beneficial for small business.

As I have said, the \$90 temporary budget improvement levy will cease from 1 July 2003, 18 months early. This measure will benefit the owners of over 90 000 vehicles.

In accordance with the Government's pre-election commitment, the payroll tax rate will be further reduced from 6.3 per cent to 6.2 per cent from 1 July 2003. The reduction will benefit around 1 400 businesses, and will reduce payroll tax collections by \$1.5 million on a full-year basis.

Additional revenue measures include:

- a new stamp duty exemption for commercial leases and franchises with average lease or franchise payments of \$30 000 per annum or less. This will exempt over 450 leases and franchises from stamp duty each year, most of which are held by smaller Territory-based businesses;
- the exemption threshold applied to hiring businesses will increase from \$36 000 per annum to \$90 000 per annum, the third highest exemption threshold for hiring duty in Australia;
- from today the assessment of stamp duty on changes in the ownership of companies and trusts that hold land in the Territory will align the stamp duty consequences of indirect and direct acquisitions of interests in land;
- significant reforms to the *Mineral Royalty Act* change the treatment of exploration expenditure to:

- remove the 50 per cent uplift factor;
- reduce the exploration expenditure cap from 35 per cent to 25 per cent of the royalty that would otherwise be payable; and
- cease the issue of Exploration Expenditure Certificates in respect of exploration expenditure incurred after 1 July 2003.

Exploration Expenditure Certificates were introduced as a means of encouraging additional exploration in the Territory. However, explorers have received minimal benefit from this scheme. These changes to the *Mineral Royalty Act* will provide additional financial capacity that can be applied more directly to encourage increased exploration activity.

These changes are expected to increase mineral royalty collections by \$3.8 million in 2003-04. The Government will use these funds to support a new initiative, *Building the Territory's Resource Base*.

This new strategy will boost mining activity by enhancing the Territory's geological prospectivity by providing high quality geoscientific data. It will also ensure additional resources are available for the grant of further titles and enhancement of the community liaison program with Indigenous communities.

BUILDING TERRITORY BUSINESS

The Territory Government recognises that a vibrant and prosperous business community is a major contributor to economic development and improved living standards for Territorians.

The 2003-04 Budget contains a number of policies, programs, frameworks and activities designed to foster the establishment and growth of the business sector in the Territory. These are detailed in a new Budget Paper, *Building Territory Business*.

A total of \$330 000 is provided for the introduction of a package of measures to support the Territory's *Building Stronger Territory Trade* policy. The new Trade Support Scheme will strengthen the capacity of Territory firms to initiate and develop new international trade marketing initiatives and build on investments in rail and port facilities.

Additional funding of \$400 000 is included in the 2003-04 Budget for the eBusiness initiative to provide a single web-based access point for business information, and online business licensing and registration transactions. Phase one will establish the capability for the first set of 10 online transactions.

Following extensive consultation with stakeholders, a Film, Television and New Media Industries Office will be established in Alice Springs at a cost of \$300 000 rising to \$400 000 by 2005-06. The Office will build on the Territory's talent and skills in the film and new media industries and promote economic growth, artistic development and cultural benefits.

Other business and industry support initiatives include:

- \$200 000 to market and promote business achievements in the Territory;
- an additional \$500 000 to market the Territory as an attractive place to live, work and invest;
- \$300 000 ongoing for the expansion of FarmBis;
- increasing support for the tourism industry, including:

- a further \$1.4 million to facilitate Virgin Blue air services to the Territory (total commitment of \$4 million); and
- an additional \$1.5 million for international and domestic tourism marketing;
- preliminary planning work has commenced on the Darwin Convention Centre and \$3 million has been allocated in 2003-04;
- an additional \$500 000 is provided to increase the capacity of the Office of Work Health to improve occupational health and safety throughout the Territory, particularly in view of the emerging gas and energy industries;
- \$1 million has been approved to upgrade the road on Melville Island to support the development of a forestry industry; and
- over \$35 million is provided to continue construction work at the East Arm Port, relocation of the oil tanks to East Arm, completion of the rail terminals and the Business Park.

The Government will continue to improve frameworks within which businesses operate. Targeted reform areas for 2003-04 are the improvement of Government procurement practices, and the ongoing affordability and availability of insurance, including professional indemnity.

PROMOTING JOBS AND TRAINING

Jobs are the top priority for the Martin Labor Government.

Employment and training is essential to obtain high wage, high skill jobs to produce a modern, developed economy.

The 2003-04 Budget contains a number of measures designed to improve training and employment opportunities for Territorians:

- there is a \$1.5 million increase in training programs for apprentices to provide greater employment and career opportunities, and promote a skilled and innovative local workforce;
- \$500 000 for a new employment bonus scheme;
- \$250 000 is provided to inform employers, primarily small business, and participants about opportunities for vocational education and training;
- FootPrints Forward will continue, with \$86 000 for support services, to assist young Indigenous people in Central Australia to find employment;
- \$100 000 has been approved for the Territory Training Awards – the Awards recognise the achievements of Territory businesses and employees in the vocational education and training sector; and
- \$1 million is provided for the TRY program, Training for Remote Youth, with vocational education and training for young people aged 14 to 19 years targeting employment skills required by communities.

The Territory will contribute \$6.5 million, an increase of \$1.5 million, to Charles Darwin University, which will amalgamate with Centralian College to provide improved education and training opportunities across the Territory. An Institute of Advanced Studies will be established as part of the new University to undertake applied research on issues relevant to the Territory, particularly the gas and energy industries.

\$2.2 million has been approved for headworks for the Desert Knowledge Precinct and \$400 000 ongoing for operational support. This project will assist in the diversification of the Territory's economy, by enhancing knowledge-based areas.

\$5 million has also been set aside towards the establishment of the Desert Peoples Centre within the Desert Knowledge Precinct, subject to satisfactory negotiation with all parties.

This represents a substantial additional investment in training initiatives that will provide better training, jobs and enhanced opportunities for Territorians.

SAFER TERRITORY COMMUNITIES

The Territory Government believes that community safety and security is important to the quality of life.

The 2003-04 Budget introduces a series of measures designed to reduce crime and improve community safety across the Territory.

The Government has acknowledged that dealing effectively with itinerant issues in all major Territory centres requires substantial resourcing to tackle this long term problem, improving the quality of life for all Territorians.

The *Itinerants Strategy* has the support of a wide range of community representatives and the three tiers of government. The number of organisations involved has increased to over 50.

The approach taken by this Government has been widely supported by stakeholders, business and the community.

For 2003-04, \$5.25 million has been allocated for the expanded *Itinerants Strategy*, which will operate across the Territory. Of this amount, \$2.75 million is to fund a range of medical intervention and law enforcement strategies as well as initiatives to encourage people to return to their communities and away from a destructive itinerant lifestyle.

A further \$2.5 million is to be utilised on capital initiatives for homeless and itinerant people.

Improving the justice system is important in providing safer communities. There is \$400 000 for community-based crime prevention initiatives, in addition to \$2.36 million for the Office of Crime Prevention.

Funding of \$0.15 million is provided for the Community Justice/Mediation Centre.

Additional funding of \$0.7 million has been approved to augment existing resources and enable the advancement of two key justice initiatives.

The first of these initiatives is the Integrated Offender Management Program designed to provide prisoners with additional skills to reduce their likelihood of re-offending. The second initiative is a program to facilitate Indigenous input into crime prevention strategies and will operate as part of Government's law and justice strategy.

Turning to Police, Fire and Emergency Services, the Budget provides a record \$146 million. Additional funding of \$1.6 million is provided in 2003-04 for more police and fire officers, a total increase of \$4.9 million to date, as part of the Territory Government's commitment to an extra 50 police and 16 fire officers over its first term.

Additional recurrent funding of \$3 million is allocated to ensure an appropriate level of technical and administrative support for police and in so doing, maximise the

numbers of operational police. This will correct previous underfunding which has compromised the operational capacity of the Police Force.

Recurrent funding of \$1.5 million is allocated for the ongoing enhancement of the Police Realtime Online Management System (PROMIS).

The O'Sullivan Review was commissioned early this year to provide expert and independent advice on police resourcing. The Government has committed to meeting Police resource requirements identified in the review.

The Major Fire Appliance Replacement Program for 2003-04 is for a large support rescue vehicle for the Darwin region at a cost of \$600 000 to carry rescue equipment for motor vehicle rescues, equipment for hazardous material spills and for chemical, biological and radiological incidents.

Significant capital works for police include:

- a new police, fire and emergency services facility in Humpty Doo to improve response time in the rural area, at a cost of \$1.42 million;
- development of stage 2 of the mounted police patrol facility at the Peter McAulay Centre, \$300 000;
- an upgrade of the Ali Curung police station to meet current policing requirements, \$250 000; and
- upgrade to cells in Adelaide River, Gunbalunya, Maningrida and Santa Teresa to comply with recommendations of the Royal Commission into Aboriginal Deaths in Custody, for \$800 000.

BETTER SCHOOLS

Education is a key Martin Government priority and that is why we are allocating a record \$520 million, an extra \$13.5 million, to Employment, Education and Training.

The Government's objectives for school education include increased education standards and outcomes, improved retention rates and more effective transition from school to work measures.

This maintains the Government's commitment to education, demonstrated since its election to Office.

Additional funding of \$3 million ongoing is provided to improve information technology infrastructure in schools. This funding will increase computer network access for schools, improve the availability of laptop computers for teachers and provide infrastructure to assist with the collection and analysis of student data used for planning and managing service delivery.

A further \$2.5 million is included in the 2003-04 Budget to continue a range of Government initiatives including the recruitment of an additional 25 teachers, a student bursary scheme and the recruitment of school attendance officers.

The increase to date in meeting the Government's commitment to 100 extra teachers over its first term totals \$5.2 million.

\$6.3 million has been approved for better wages and conditions for teachers as part of the Enterprise Bargaining Agreement. As Education Minister, I am extremely proud of this outcome.

The Students with Learning Difficulties program will be expanded with the provision of an additional \$458 000 from 2003-04.

This Government will boost spending on school infrastructure across the Territory and has allocated a substantial \$22.1 million in new works in 2003-04:

- the Gillen Primary School will have its airconditioning upgraded at a cost of \$340 000;
- stage 2 of the upgrade of Parap Primary School has been approved and will include the relocation of the preschool and upgrade of existing primary school facilities at a cost of \$4 million;
- the \$7 million redevelopment and upgrade of Darwin High School will commence with initial funding of \$1 million;
- an ongoing program to upgrade remote schools, including the provision of secondary facilities, will continue at \$3 million, including Maningrida, Kalkaringi and Minyerri; and
- work on new secondary education facilities at Palmerston will commence in 2004 following completion of the Secondary Education Review. \$10 million has been approved for this project.

IMPROVING HEALTH

Health and community services remain at the top of this Government's agenda. Since the election of the Martin Labor Government, the budget for the Department of Health and Community Services has increased by \$98 million.

The 2003-04 Budget for Health and Community Services is \$561 million, an increase of \$14 million.

The new emergency department, intensive care units and operating theatres at Royal Darwin Hospital will receive an additional \$3.6 million. The new facility will be opened as soon as it is ready in early July 2003, with significantly larger treatment areas, up-to-date technology and treatment facilities to enable staff to provide an improved service.

An additional \$1.57 million is provided in 2003-04 for more nurses, a total increase of \$3.9 million to date, as part of the Government's commitment to an extra 75 nurses over its first term.

The 2003-04 Budget includes an additional \$900 000 for the first stage of a major upgrade of mental health services across the Northern Territory. This funding will boost the forensic mental health service and strengthen the child and adolescent mental health service, and services for remote and regional areas.

Additional funding of \$400 000 ongoing is incorporated in the 2003-04 Budget to upgrade the quality of dental health services and to increase the number of dentists.

A long-awaited expansion of community-based renal dialysis services will receive additional recurrent funding of \$2.55 million.

Additional ongoing funding of \$500 000 will provide an on-call child protection service on a 24 hour, 7 day a week basis.

\$300 000 is provided for a pilot school breakfast program in remote areas which will be introduced to improve the nutritional status, learning ability and attendance of school children.

\$290 000 is provided to establish a telephone health advice and referral service.

Capital works to support better health in the Territory include:

- stage I of new renal facilities to provide greater access to community-based services including, Galiwinku, Groote Eylandt, Palmerston and other communities, estimated at \$900 000;
- additional facilities to improve aged and health care services in Nhulunbuy and Tennant Creek for \$2.1 million;
- \$3 million is allocated for new health centres that will be constructed at Daly River and Minjilang and there will be upgrading of a number of existing health centres throughout the Territory to improve the provision of primary health care in the regions; and
- an additional chiller at Royal Darwin Hospital will be provided to improve the airconditioning capacity within the expanded hospital complex, \$800 000.

SUPPORTING TERRITORY PEOPLE AND REGIONS

The Government's objective is for all Territorians to share in the benefits of economic growth as shown by the Government's firm commitment to the development of the Territory's regions.

A further \$285 000 has been allocated for regional initiatives:

- \$200 000 has been provided to co-ordinate high priority projects which are part of the *Alice in 10* initiatives, including project coordination and crime prevention projects;
- \$30 000 has been provided to support the Tourism Think Tank Forum, part of the Barkly Blueprint; and
- \$55 000 has been allocated to develop a cultural precinct project management plan as part of the Katherine Region Development Plan.

Funding of \$1 million for a Remote Workforce Development Strategy has been set aside as part of a package of measures to improve public sector employment conditions in remote locations.

The Government has approved \$800 000 to employ additional regional development officers to assist with capacity-building in communities and support the establishment and operation of five Regional Development Boards.

On 19 September 2002, the Chief Minister announced the Northern Territory Government's Five Point Water Safety Plan to help prevent children drowning. Included in the five point plan is a Government-subsidised Water Safety Awareness Program for children under five.

A Pool Fencing Unit has been established with twelve pool fencing inspectors, including two in Alice Springs.

A total of \$1.7 million has been allocated in 2003-04 for pool fencing inspectorate and water safety initiatives.

This Government has recognised that over a number of years inadequate funding has been provided for power, water and sewerage services in remote Indigenous communities. Many of the assets in the communities are now at or near the end of their economic life and require replacement. Repairs and maintenance costs have also been escalating.

Expanded Indigenous housing programs have increased the demand for power and water by about 6 per cent per annum and this growth is expected to continue.

The Martin Government, since coming to Office, has increased the funding for power, water and sewerage essential services for remote Indigenous communities by \$10 million to almost \$46 million ongoing.

The airstrips at Ramingining, Bulman and Minyerri will be upgraded at a cost of \$2.45 million.

The Government's housing program will continue with:

- \$10.5 million approved for the construction, replacement and upgrade of Government employee housing in remote areas;
- \$2 million for urban renewal of public housing dwellings;
- \$4 million for security screens for public dwellings;
- \$3.5 million for Kurringal Flats redevelopment;
- \$2 million for Darwin and Palmerston to provide medium density housing;
- \$500 000 for general purpose public housing in regional centres; and
- \$500 000 for community crisis accommodation and medium-term housing.

PROTECTING THE TERRITORY LIFESTYLE AND ENVIRONMENT

The Government has maintained its commitment to Territorians to keep the cost of living down. In 2003-04, the Government programs that contribute to reducing the cost of living total \$127 million, and include:

- \$39 million for the freeze on electricity prices, and to reduce water and sewerage charges;
- \$4.2 million in fuel subsidies;
- \$9 million in first home owner grants;
- \$5.9 million in stamp duty concessions for home buyers;
- \$3.7 million in child care subsidies;
- \$6.4 million in pensioner concessions;
- \$900 000 for student bus passes;
- \$160 000 for the Seniors' Card; and
- \$57 million for HomeNorth housing assistance.

The Northern Territory has a unique environment and climate, with a wide range of recreational activities. The Territory Government is committed to ensuring that facilities and services are available to allow Territorians to enjoy our great Territory lifestyle.

The 2003-04 Budget contains a range of measures that encourage involvement in recreational, cultural and sporting pursuits.

The Government has allocated resources for several recreational fishing initiatives for the 2003-04 Budget. These include \$500 000 for improved recreational fishing infrastructure, including boat ramps, access roads and car parking, and a further \$350 000 for improved vehicle security measures at Buffalo Creek boat ramp.

Commencement of stage I of the Casuarina Coastal Reserve visitor facilities has been approved at a cost of \$500 000.

The Territory provides substantial resources for the construction and improvement of community sports facilities.

Traeger Park in Alice Springs will receive a further \$2.5 million for upgrading in 2003-04. The substantially-improved Marrara complex now enables the hosting of Australian Football League and international cricket fixtures. The historic Darwin test match between Australia and Bangladesh will be held later this year.

The sale proceeds from the Arafura Bowls Club will be used to support the development of lawn bowls across the Territory. Floodlighting will be installed to upgrade the football oval at Nguuu on Bathurst Island at a cost of \$300 000.

The Territory has commissioned its Major Events Company to plan for a number of significant events in 2003-04. These will include youth concerts in Alice Springs and Darwin, and a series of celebrations for 25 years of Self-Government and the arrival of the first train in early 2004.

\$350 000 additional funding will be allocated to the Northern Territory Office of Environment and Heritage to expand environmental protection and heritage conservation services throughout the Territory, including:

- \$170 000 for enhanced monitoring of projects for compliance with environmental requirements, including the Alice Springs to Darwin railway and the Wickham Point LNG Plant;
- \$70 000 for improved waste discharge licensing and monitoring;
- \$55 000 for air quality management;
- \$55 000 to increase capacity for heritage assessments of development proposals; and
- \$220 000 to establish archives services in Alice Springs.

Funding of \$100 000 has been directed at developing an "island ark" project to re-locate endangered species to the Northern Territory offshore islands to escape cane toads and other threats.

Work will commence on the development of a master plan for Territory parks, both existing and new, and to progress potential new joint management arrangements for national parks. \$500 000 has been approved for this initiative.

\$300 000 is provided for the ongoing management of the Owen Springs Reserve.

\$1 million is provided for visitor facilities in Litchfield National Park including campgrounds and day use facilities.

INFRASTRUCTURE

2003-04 will again see substantial infrastructure investment across the Territory.

Infrastructure spending totals \$434 million, the second highest allocation following the record level in 2002-03, with \$274 million approved in 2003-04 for the Capital Works Program. In addition to the capital projects I have already outlined, the following projects have been approved for the 2003-04 Budget:

- stage 1 of the Alice Springs, Larapinta residential subdivision, will be developed at a cost of \$1.5 million;
- \$1 million has been approved for site work at Stokes Hill Wharf Precinct;
- \$1 million to improve the amenity of suburban shopping centres;
- continuation of the program commenced in 2002-03 to underground powerlines in Darwin at a cost of \$3 million;

- \$1 million has been approved for urban enhancement and heritage projects in various centres including Darwin, Palmerston, Katherine, Tennant Creek, Alice Springs and Nhulunbuy; and
- the Territory's ongoing investment in transport infrastructure will continue with the construction and upgrade of bridges, roads and various amenities on the national highway network programmed at \$14.2 million, and Northern Territory-funded roads at \$17.5 million, including \$3 million for the Alice Springs to Kings Canyon tourist loop (including Namatjira Drive).

CONCLUSION

The 2003 Budget is about jobs, safer communities and tax cuts. It supports Territory business. There are no new taxes. It delivers in the priority areas of the health, education and community safety.

The Budget demonstrates that the Territory Government has established its fiscal management credentials.

The Territory's future prospects are bright. The North Australian Transport Hub will be operational in 2004. The first stage of onshore gas developments will commence in 2003 and result in substantial construction work over the next two to three years. Gas onshore will provide the potential for strong ongoing economic growth, diversification and jobs.

The Government has brought the Territory's budget under control, delivered on its commitment to Territorians and has cut taxes.

It is my honour to present this, the 2003 Budget, and I commend the Bill to the House.

PART II

APPROPRIATION BILL

Serial 147
Appropriation Bill 2003-2004
Mr Stirling

**A BILL
for
AN ACT**

to authorise the issuing and expending of public moneys of the Territory in
respect of the year ending 30 June 2004



NORTHERN TERRITORY OF AUSTRALIA

No. of 2003

AN ACT

to authorise the issuing and expending of public moneys of the Territory in respect of the year ending 30 June 2004

[Assented to 2003]
[Second reading 2003]

The Legislative Assembly of the Northern Territory enacts as follows:

1. Short title

This Act may be cited as the *Appropriation Act 2003-2004*.

2. Authorisation and allocation of \$2 129 121 000

Allocations of the public moneys of the Territory, amounting in aggregate to \$2 129 121 000, are authorised to be paid from the Central Holding Authority to the Purposes specified in the Schedule in respect of the year ending on 30 June 2004.

Appropriation Act 2003-2004

SCHEDULE

Purpose	Allocation
	\$000
AUDITOR-GENERAL'S OFFICE	
Output Appropriation	2 389
OMBUDSMAN'S OFFICE	
Output Appropriation	1 792
DEPARTMENT OF THE CHIEF MINISTER	
Output Appropriation	38 847
Capital Appropriation	6 523
DEPARTMENT OF THE LEGISLATIVE ASSEMBLY	
Output Appropriation	14 652
Capital Appropriation	41
NORTHERN TERRITORY TREASURY	
Output Appropriation	93 031
DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING	
Output Appropriation	394 472
OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT	
Output Appropriation	4 125
DEPARTMENT OF JUSTICE	
Output Appropriation	92 553
Capital Appropriation	380
DEPARTMENT OF CORPORATE AND INFORMATION SERVICES	
Output Appropriation	82 845
DEPARTMENT OF BUSINESS, INDUSTRY AND RESOURCE DEVELOPMENT	
Output Appropriation	66 489
NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES	
Output Appropriation	131 702
Capital Appropriation	2 679
DEPARTMENT OF COMMUNITY DEVELOPMENT, SPORT AND CULTURAL AFFAIRS	
Output Appropriation	140 891
Capital Appropriation	45
ABORIGINAL AREAS PROTECTION AUTHORITY	
Output Appropriation	2 287
Capital Appropriation	38
DEPARTMENT OF HEALTH AND COMMUNITY SERVICES	
Output Appropriation	396 065
Capital Appropriation	646

Appropriation Act 2003-2004

SCHEDULE – continued

Purpose	Allocation
	\$000
DEPARTMENT OF INFRASTRUCTURE, PLANNING AND ENVIRONMENT	
Output Appropriation	147 113
Capital Appropriation	138 496
TRADE DEVELOPMENT ZONE AUTHORITY	
Output Appropriation	1 080
NORTHERN TERRITORY TOURIST COMMISSION	
Output Appropriation	26 296
Capital Appropriation	1 941
CENTRAL HOLDING AUTHORITY	
Treasurer's Advance	37 000
Interest, Taxes and Administration	154 871
Employee Entitlements	149 832
TOTAL APPROPRIATION	2 129 121
Output Appropriation	1 636 629
Capital Appropriation	150 789
Treasurer's Advance	37 000
Interest, Taxes and Administration	154 871
Employee Entitlements	149 832