

INTRODUCTION

Mr Speaker, I now move that the Bill be read a second time.

It gives me great pleasure to table the nineteenth budget of this Government, and my first as Treasurer.

Our economy and population is growing faster than any other jurisdiction in Australia. This is an ideal position for the Territory to be in, although it brings with it both benefits and some challenges.

The benefits are readily seen all around us. Cranes on the horizon, more jobs, more activity and greater opportunity. The challenges are less visible but must be accepted if we are to sustain this growth without sacrificing the quality of life of Territory residents.

In much the same way a growing family may have to build onto the family home, the Northern Territory Government must take up the challenge and invest in essential infrastructure to meet the needs of our growing population.

Accordingly, this Budget includes the largest expenditure of cash on capital works by this Government for the last 10 years.

The demand for new services and the need for more capital works has coincided with significant real reductions in Commonwealth payments.

Fortunately, the strong growth in the Territory economy and population means that a large part of this reduction will be offset by higher Territory revenue collections, due to an expansion of the revenue base.

In taking advantage of the opportunities available to us and meeting the challenges which we face, recurrent standards of services will at least be maintained, and in key areas enhanced, whilst extensive capital works will be undertaken to meet the infrastructure needs of our growing population.

In terms of revenue there are minimal increases in rates of taxes and charges.

As a result of these combined influences, net debt will rise slightly but the Territory's overall level of net debt remains below the level of two years ago.

THE ECONOMY

I am pleased to confirm that the Territory economy continues to perform strongly. The high rate of growth of last year has continued and appears to be consolidating, despite a slower national economy and a continuing subdued international business climate.

The world's largest economies, the so called G7 nations, are estimated to have grown by only 1.9 per cent during 1995 with the US recording growth of 2.0 per cent, Germany 2.1 per cent and Japan 0.7 per cent. The outlook for the G7 nations over the next few years is for only a moderate improvement.

Australia's growth has been stronger with an increase in GDP of 4 per cent expected in 1995-96. Despite this relatively high rate of growth, employment has been flat for the past six months, unemployment remains high at 8.5 per cent, inflation is marginally on the high side at 3.1 per cent and the current account deficit as a proportion of GDP remains higher than is sustainable in the long term.

Over the past decade the world's fastest growing region has been the East Asian region. The Northern Territory is strategically placed on the rim of this region and well positioned to benefit from, and contribute to, the continuing emergence of the East Asian region as a dynamic centre of economic activity.

As the international business climate improves and the countries of South East Asia continue to experience strong rates of growth, the demand for Territory primary products and a range of services will strengthen.

After recording growth of 10 per cent in 1994-95 the Territory economy is estimated to have grown by a further 8 per cent in 1995-96. This level of growth is comparable with the rate of growth of the newly industrialised countries of South East Asia and more than double the national growth rate.

This is consistent with the Territory's achievement over the past decade with an average rate of growth of 5.4 per cent, almost double the national average of 2.9 per cent.

The Territory economy is expected to continue its strong growth in 1996-97, but, conservatively, at a more sustainable level of 5.2 per cent - which is still considerably higher than the national forecast of 3.3 per cent.

The high rate of economic growth over the last two years has been accompanied by a 2.7 per cent increase in the Territory's population during 1995. This is more than double the national rate of 1.3 per cent, and is the Territory's highest rate of growth in a decade, and higher than any other State or Territory during 1995.

The growth in the economy has translated into real benefits for Territorians. The labour market in the Territory has performed strongly over the year, with rising levels of employment and participation. The Territory continues to have the lowest unemployment rate of any jurisdiction.

A further sign of the strength of our economy was the Territory construction

industry, which grew solidly over the year, despite a slow down in the industry nationally. Strong growth came from major non-residential developments undertaken by the tourism, business and retail sectors.

The residential construction sector also performed well, especially in areas of strong population growth, such as Palmerston. The Territory continued to enjoy the second most affordable housing in Australia. While declines in some housing indicators were recorded in the past year, these were less severe than experienced nationally and resulted primarily from high interest rates.

The Territory's primary industries, particularly mining and agriculture, continue to be crucial to the economic growth and prosperity of the Northern Territory.

The value of minerals and energy produced in the Territory in 1995-96 was more than \$1.4 billion, and included increased output for a number of commodities including manganese, bauxite, uranium and gold, with more than 16 tonnes of gold valued at \$320 million being produced.

Significant increases in mineral production are expected in 1996-97 following a full year's production from the McArthur River lead zinc mine, and increased gold production from a number of gold mines including Mt Todd. The Granites and the newly opened Tanami and Brock's Creek mines. Similarly, the Nabalco bauxite mine and Gemco's manganese mine are increasing production.

With the upturn in the uranium market, Energy Resources of Australia have recently announced a plant upgrade costing over \$35 million, which will boost the Ranger Mill capacity to 5 000 tonnes of uranium oxide per year with an estimated value of more than \$200 million.

ERA has also commenced development of Orebody No. 3, with production due to commence in mid 1997. In close association with other Northern Territory and Commonwealth agencies, ERA is working to progress the development of the Jabiluka deposit which has a projected value of \$11 billion.

The most exciting energy developments in the Territory have occurred in the Timor Sea. The recent discovery of seven oil and gas fields has confirmed the presence of a major petroleum province off the Northern Territory coast. A range of companies including Woodside, BHP and Phillips Petroleum are all involved in feasibility studies to determine the optimal development plans for these fields, with Woodside Petroleum recently unveiling plans to develop the Corallina and Laminaria oil fields at a cost of \$900 million.

The pastoral and horticultural industries in the Northern Territory also consolidated their strong position in 1995. The Territory's unique climate and location enable producers to supply early season or out of season fruit and

vegetable produce to interstate and international markets. The live cattle export market had yet another exceptional year. Over 360 000 head of cattle were turned off in 1995. Approximately 300 000 head were exported through the Port of Darwin - an increase of 20 per cent on the previous year. The growth in cattle exports has been driven by strong demand from South East Asian markets, in particular the Philippines and Indonesia.

Despite a poorer than expected mango season, the value of horticulture production increased 13 per cent to just over \$44 million in 1995, while the value of fishing production rose slightly to nearly \$112 million. The Northern Territory aquaculture industry, which includes the farming of pearls, prawns and barramundi, returned \$45 million in 1995.

This Government, in conjunction with the tourism industry, has made a concerted effort to develop and expand the opportunities for the tourism industry. The Northern Territory is Australia's fastest growing tourism region and is expected to remain so into the next century.

Record visitor numbers of nearly 1.5 million people were achieved during 1995, a growth of around 12 per cent. Tourism expenditure topped \$712 million, a growth of 9.7 per cent

To cope with added demand, the private sector has invested heavily in expanding tourism infrastructure. Construction of two new hotels, the 208 room Holiday Inn and the 132 room Darwin Central Hotel, together with the 294 bed Youth Hostels Association development, are good examples of investment that is occurring across the Territory.

Stage I of the new East Arm Port is expected to be completed by the end of 1997. The port will play a crucial role in the Territory's continuing emergence as an exporter of goods to Asia. Approximately two thirds of all Territory exports in 1995-96 were destined for Asia. As per capita incomes in South East Asian countries continue to grow, demand for Territory mineral, energy and horticultural products, and a range of services will grow.

As Treasurer I am in the enviable position of being able to report on the Territory's economic circumstances at a time when we are Australia's fastest growing economy, and have the country's fastest rate of population of growth.

The Territory has consistently outperformed the rest of the nation in the economic stakes, and the outlook for the future holds much promise for the continued prosperity of the Territory and Territorians.

Our big challenge at the moment is keeping pace with the delivery of quality

services and the provision of essential infrastructure to meet the expanding needs of our rapidly growing population.

In concluding my overview of the Territory economy and setting the scene for this year's Budget, I confirm that this Government accepts with relish the challenge of meeting the growing needs of the Territory population. However, before going on to detail the 1996-97 Budget, I will outline a number of improvements in the way we conduct the business of Government.

FINANCIAL MANAGEMENT REFORM

The Budget is not only about the Territory's financial resources but has traditionally been the means of providing information on wider issues concerning financial management. The Government is constantly monitoring developments and selecting those ideas and approaches which appear to offer benefits to Territorians through improved financial management.

There have been a number of developments in this area during the last year. Two measures in particular deserve special mention in the context of this year's Budget. The first concerns the next step in the reform of Government Business Divisions which commenced last year with the introduction of the *Financial Management Act*. The second concerns the further progress made in this Budget to enhance program budgeting.

Government Business Divisions

The new *Financial Management Act* introduced in April last year recognised the fundamental difference between the Territory's general government activities and its more commercially-oriented business activities, such as the Power and Water Authority. The Act established a category of operations known collectively as Government Business Divisions (or GBDs).

This separation of activities recognises that where the Government provides business-like services, a commercial focus is required that is not appropriate for general government activities. While this commercial approach has been evident in many Government businesses for several years, the creation of GBDs has established a consistent platform for change across all business activities.

The basic objective of this process is to establish Government business activities on a truly business-like footing that encourages the efficient delivery of services, at the lowest cost using best practice.

Commencing 1 July this year, Business Divisions were required to introduce a range of changes to the way they operate. These include the establishment of

management practices and procedures appropriate for commercial entities, undertaking an analysis of their cost structures and developing an efficient schedule of charges that reflect those costs, and explicitly recognising those costs which are normally part of the environment in which private sector businesses operate.

This ongoing process of reform will provide benefits to all Territorians through the improved performance and responsiveness of GBDs. The Government will also reap extensive benefits as its business activities become more efficient in the way they go about their business and in the improved information that will be available to public sector managers in deciding how best to allocate available resources to meet the Government's objectives.

These benefits will not be immediately apparent, but will be realised over the coming years. The process of reform is not like making a cup of instant coffee - add ingredients, stir and it's done - rather it is a process that needs to be progressed in continual but reasonable steps. In the coming year we will push forward with initiatives to refine the procedures and further enhance the performance of these entities.

While the thrust of these initiatives is towards improving the efficiency with which services are provided both within Government and to the general public, progress will not come at the expense of community service functions that these entities often provide to a range of individuals and groups in the community. Within the reform process the Government has ensured that specific recognition is given to these community service functions.

The reform process the Government has put in train is a key element of this Government's response to the National Competition Policy agreed between the Commonwealth and all State and Territory Governments.

Program Budgeting

The second significant measure in financial management reform relates to the further development of program budgeting.

Several years ago the Territory moved away from focusing on Budget inputs such as salaries and operational costs when we adopted the Program Budgeting approach to allocating the Territory's public sector resources. Program Budgeting provides a clear link between the Government's stated policies and Agency activities and programs required to implement those policies.

In this year's Budget we have progressed this approach even further by presenting additional information on what is to be done and why. It enhances the focus of the Budget on results which is what resource allocation is all about.

While much of this additional information is currently reported in other sources such as Annual Reports, Budget Paper No. 2 provides a summary of the main elements for each agency and presents the information in a uniform manner. More detailed information is therefore being presented in the Budget in a simplified form to enable all interested parties to better understand what the Government is doing and achieving with the taxpayers' dollars. This presentation will be further developed in the future.

OUTCOME FOR 1995-96

The Budget for 1995-96 ended significantly better than originally forecast.

Expenditure was less than the amount budgeted and receipts were well up. As a result of these favourable movements, the Territory's net debt within the Budget sector actually decreased by over \$50 million. As the largest reduction in net debt ever experienced in the Territory, this represents an outstanding achievement.

On the expenditure side, current expenditures came in slightly under budget while capital expenditures were \$15 million less than budgeted. However, most of this expenditure has been carried over to 1996-97.

In regard to revenue, the strong growth in the Territory economy has resulted in revenue from own sources increasing by \$24 million, with taxes, fees and fines being the main contributors. Commonwealth grants also rose by \$33 million compared with the original Budget estimates and again the higher population growth experienced in 1995-96 was a significant factor.

These combined favourable movements of reduced expenditure and increased revenue mean the Territory is better placed to cope with the reductions in Commonwealth payments for 1996-97 which were announced at the Premiers' Conference earlier this year.

The outcomes for 1995-96 were all within the Government's fiscal strategy targets. The commitment to limiting current expenditure growth to no more than the combined effects of population growth and inflation remains the most demanding element of the strategy to achieve. However, we have achieved that target on an annual basis and without needing to average expenditure over three years as the strategy in fact allows.

THE BUDGET STRATEGY - 1996-97

This Budget has been framed in the context of, on the one hand, a rapidly growing economy and, on the other, the constraints imposed by a real reduction in Commonwealth funding to the Territory. These two factors will offset each other to some extent, so that the potential pain that would have accompanied lower Commonwealth funding has been reduced.

Overall, the Government's fiscal strategy remains intact and all fiscal targets are expected to be met. However, changing circumstances will require the fiscal strategy to be kept under review to ensure that it remains appropriate. This year's Budget means that the Territory is well equipped to deliver the growth in services which are required to keep pace with our growing population while at the same time ensuring that the long term viability of the Territory is protected by living within our means.

Thus, in 1996-97:

- current expenditure growth is projected to be 4.6 per cent, which will be within the strategy limit of 5.1 per cent real per capita growth;
- interest payments will be \$205 million, which is well below the set limit of \$220 million;
- interest payments as a proportion of revenue have fallen to 12.1 per cent and will remain below average State levels;
- there are minimal increases in taxes and charges which means that Territorians will continue to have rates of taxes and charges that, overall, are below those of the States;
- the increase in gross debt is well below the 5 per cent of expenditure limit and the lowest the Territory has ever recorded, even with the expanded capital works expenditure unveiled in this Budget.

1996-97 BUDGET

As in previous years, the 1996-97 Budget is presented in both gross and net terms.

In gross expenditure terms, total expenditure for 1996-97 is projected at \$2 670 million, a 13 per cent increase, and total receipts on a gross basis \$2 651 million, which is a 7 per cent increase.

Expenditure on a net, or economic transactions, basis is \$1 729 million with current expenditures at \$1 466 million, an increase of 4.6 per cent over 1995-96, and capital expenditures at \$264 million, an increase of 43 per cent over 1995-96.

In overall terms, the total increase in expenditure is 9 per cent.

Total receipts on a net basis is \$1 698 million, which is a 4 per cent increase over 1995-96. Territory revenue at \$457 million shows an 11 per cent increase whilst Commonwealth grants are increasing by only 1 per cent to \$1 241 million.

The overall effect of the Budget is an increase in net debt of \$31 million, comprising new borrowings of \$4 million and a use of financial assets, mostly Territory reserves accumulated in 1995-96, of \$27 million.

1996-97 REVENUE

Total receipts will be \$2 651 million in the traditional budget format and \$1 698 million in the economic transactions framework. The economic transactions aggregate is the more meaningful and shows that receipts will be increasing slightly in real terms.

Revenue from Territory Sources

The real increase in revenue in 1996-97 is attributed to the increases in Territory revenue sources. Commonwealth receipts have in fact declined by more than two per cent in real terms.

Most of the real increase in Territory revenue sources is due to growth in the economy and hence expansion of the tax base. Few Territorians will face any direct increases in Territory taxes in this Budget. The only increase in tax rates relates to registration fees for heavy vehicles following a national agreement between all States, Territories and the Commonwealth, and some of the extra costs will be expected to flow on to Territory consumers. However, if the Territory had not participated in this national agreement, our rights to receive the \$28 million Specific Purpose Grants from the Commonwealth for roads would have been jeopardised. Receipts from this measure, which came into effect on 1 July, are projected at \$6.4 million.

Only two charges of any significance will increase in the Budget:

- Power and Water Authority charges for water will increase by 7 cents per 1 000 litres, effective from 1 September. This will bring the price of water to 53 cents per 1000 litres, which is still amongst the cheapest water tariffs of any capital city in Australia. This revenue measure is expected to raise an additional \$2.7 million in 1996-97 and \$3.2 million in a full year. In keeping with this Government's election commitment to Territorians, the freeze on electricity prices is retained, and there has now been no increase in electricity tariffs since 1 October 1992.
- Housing Commission base rents will rise by 8 per cent from 7 October. After

allowance for rental rebates, net rent receipts will increase by \$1.9 million. This increase is above the rate of inflation but, as with water, there is a significant difference between the costs for public housing and the rents that are currently charged. The Territory will be maintaining its rental rebate policy under which people on low incomes will continue to be protected from high rents.

Several revenue categories are forecast to increase as a result of the strength in the economy:

- stamp duty is projected to rise by 10 per cent to \$52 million mainly as a result of heightened activity in the construction and sale of residential accommodation;
- payroll tax is expected to be up by over 5 per cent to \$71 million as a result of the growth in numbers employed and increased wages;
- revenue from sales of electricity is expected to be \$206 million, up by at least 7.5 per cent and this follows an increase of 11 per cent in 1995-96;
- and mining royalties are budgeted at \$32 million, \$9 million more than 1995-96 which represents a 40 per cent increase due to the combined effects of higher commodity prices and increased production.

None of these increases in Territory receipts are the result of changes in the tax rate. They are solely due to the growth in the economy.

Grants from the Commonwealth

This Budget includes a 1.1 per cent increase in grants from the Commonwealth which represents a real reduction of more than 2 per cent.

Most of this reduction is due to the revised relativities as assessed by the Commonwealth Grants Commission and, while we may have reservations about this outcome, the Commission is an independent expert body and we must accept the umpire's decision.

There are other aspects of Commonwealth/Northern Territory financial relations that are less acceptable. At this year's Premiers' Conference, the States and the Territories agreed to help the Commonwealth solve its \$8 billion Budget problem which it inherited from the previous Government. The Territory's contribution from general revenue assistance is \$6 million in 1996-97. Furthermore, the Commonwealth has signalled its intention to reduce Specific Purpose Grants to the States and Territories. While the precise amount will not be known until after the Commonwealth Budget is presented, the Prime Minister has indicated that the reduction will not exceed 3 per cent in 1996-97. The Territory Budget allows for a \$6 million reduction in Specific Purpose Grants

in 1996-97.

The States and Territories were reluctant to contribute this level of assistance, as the published statistics prove that the Commonwealth's budget problems have arisen entirely as a result of its inability to control outlays. In the last four years, for example, Commonwealth own-purpose outlays have increased by 23 per cent whereas State and Territory own-purpose outlays have gone up by only 12 per cent.

The previous Commonwealth Government, which was responsible for ensuring a fair distribution of the nation's resources between the tiers of government, actually reduced the distribution of grants to the States and Territories and spent the money on its own purposes.

Nevertheless, it was accepted at the Premier's Conference that there was a national problem and the States and Territories acted responsibly by assisting in the resolution of that problem. We do, however, expect the Commonwealth to do the same for the States and Territories once it has regained control of its budget.

We also expect that the Commonwealth will take action to reduce the overlap and duplication that continues to pervade most Specific Purpose Grants.

There is some good news, however, in the area of Commonwealth grants to the Territory. The Commonwealth Government has agreed to continue the \$10 million Special Revenue Assistance to the Territory in 1996-97. Furthermore, in talks with the Territory Government, the Prime Minister has also agreed to provide \$15 million over 3 years to construct health related infrastructure on remote communities. The first year's allocation will be used to provide health clinics in remote areas.

BUDGET EXPENDITURE

More than any year since the mid 1980s, this is a capital works dominated budget with capital expenditure up by 43 per cent to \$264 million.

Recurrent outlays have also increased by more than the rate of inflation, which reflects the increased demand placed on service delivery by a growing population.

The Budget Papers show there have been movements in allocations to some agencies that are unrelated to an expansion in the overall level of activity by Government. This reflects the different treatment of Government Business Divisions which I previously highlighted. While this has required a one-off transfer of funds between agencies, it has no net effect on the budget.

The growth in the Territory population has required this Government to accelerate its capital works expenditure in 1996-97 to ensure that Territorians continue to access the full spectrum of services available elsewhere in Australia.

This Budget includes initiatives to:

- provide services to families to enhance our quality of life;
- strengthen the economy for the benefit of all industry; and
- promote economic development of particular industry sectors.

Quality of Life

This Budget delivers a significant increase in funding to those areas which matter most to Territorians - health, education, public order and safety, housing, and sport and recreation.

The increased expenditure reflects the growth in the Territory population, and this Government's commitment to the development of our regional centres.

There are many aspects which determine the quality of life for Territory residents. I would like to detail some of the key features in this Budget which support a continuation of our unique lifestyle.

In education, Territory schools provide pre, primary and secondary education for 38 000 students. The Budget includes funding for the University for 10 000 students, and in TAFE there will be close on 15 000 enrolments in 1996-97.

In other words, this Government will provide education services to nearly one third of our population. To ensure that Territory students are able to access quality education, this Budget provides \$39 million for capital works in all education sectors, and a total capital works program in 1996-97 of \$59 million. This includes:

- the construction of a \$6.1 million preschool and primary school at Katherine East;
- the construction of a \$5.5 million pre and primary school at Fairway Waters in Palmerston; and
- the construction of a \$4.2 million Larapinta Primary School in Alice Springs, to complement the existing preschool.

There are numerous other significant developments in schools that my colleague the Minister for Education will detail.

For the NT University, \$1.8 million has been allocated for refurbishment of Building 16 at the Casuarina campus, along with \$2.2 million for the Stage 4 expansion of the Casuarina campus siteworks. This is in addition to the \$15 million capital works already underway and which will be substantially completed this financial year.

In health, the Territory continues to provide a comprehensive quality health service to Territorians no matter where they live.

In 1996-97, hospital admissions at the Territory's five main hospitals - Royal Darwin, Katherine, Gove District, Tennant Creek and Alice Springs - are expected to exceed 46 000. In addition, health services are provided across the Territory in some of the remotest parts of Australia. The total expenditure on Territory Health Services will be \$343 million - which is \$12 million more than last year.

While my colleague the Minister for Territory Health Services will have other initiatives to announce, I wish to highlight the \$5 million program to construct up to seven new health clinics and significantly upgrade 10 existing clinics in remote communities across the Northern Territory.

This initiative reflects recognition by the Prime Minister and the Territory Government of the pressing health needs of Aboriginal people living in remote localities.

Mr Speaker, public order and safety has always been a priority and it remains so this year.

To ensure the highest level of community safety and social order are maintained, the total Budget allocation for Police, Fire and Emergency Services is \$93.4 million, an increase of 6.1 per cent. This will ensure police maintain 775 police on duty. This increase is additional to extra funding provided to Police during the course of last financial year.

The Territory currently has more police per capita than any other jurisdiction in Australia, and this provides us with the resources to undertake significant new programs such as:

- the establishment of a new police unit to address unlawful entry and stealing, following on from the successful Operation Surf program;
- a Crimestoppers program which involves publicising unsolved crimes; and
- a Domestic Violence Unit following on from the earlier pilot study.

There are also significant capital works projects in Police, Fire and Emergency Services, including:

- \$2.5 million on construction of a new fire station in Alice Springs; and
- police stations and police officer accommodation will be improved through capital works expenditure at a range of centres, including Wadeye, Maningrida, Lajamanu, Maranboy, and Avon Downs.

The Government's Domestic Violence Strategy continues to be a priority this year through the Office of Women's Policy in the Department of the Chief Minister, with more than \$614 000 committed to the third year of the Government's five year program.

An additional \$190 000 will be spent this year on the Aboriginal Family Violence Strategy as a discrete component of the overall Domestic Violence Strategy.

The Budget also provides for the appointment of a sixth Supreme Court Judge which will expedite due legal process in the Courts.

Turning to housing, the Territory accommodates 8 500 families in Government-owned rental dwellings.

This Budget allows for maintenance of the housing stock, and ongoing operation of the largest and most comprehensive tenancy management service in the Territory.

In Aboriginal housing, we will be spending \$23.5 million, all of which will be spent via the newly created Indigenous Housing Authority. This was created following the signing of a bilateral agreement with the Commonwealth.

Regarding home ownership, 4 300 families are currently in receipt of a Government loan to buy their own home, and in 1996-97 a further \$19 million will be spent to enable more first home buyers to purchase homes through the HomeNorth portfolio.

The expansion of home ownership indicates a growing commitment to the Territory and a high level of confidence in the strength of the Territory economy.

In order to further expand local government in the Territory, the Government has committed more than \$1.4 million to establish three new community government councils with a further \$800 000 identified for possible additional councils.

I am also pleased to be able to advise that this Government has committed \$1 million over the next three years to improve access for recreational fishermen to a range of fishing spots on the Territory's major river systems. This initiative builds on the Territory Government's earlier fishery management programs and confirms our reputation as the lead jurisdiction in the promotion of recreational fishing.

Other recreation highlights include:

- \$392 000 to upgrade the walking tracks and amenities within Litchfield National Park;

- \$300 000 for the establishment of visitor facilities at Kathleen Falls within the Flora River National Park;
- additional funding of \$793 000 for the establishment of the Northern Territory Institute of Sport, bringing the total provision in the Budget to \$1.4 million;
- a total of \$3 million will be spent on construction of a new recreation centre in Katherine;
- a cycleway from Berrimah Road to Palmerston will be built at a cost of \$420 000;
- \$1.6 million will be spent on urban enhancement projects across all regions; and
- the introduction of an Urban Landcare Coordination program to assist with the management and protection of natural urban environments, such as Ludmilla and Rapid Creeks.

These initiatives will also provide substantial benefits to the tourism industry and assist in the Government's pursuit of regional development.

In the arts, the Araluen Arts Centre will receive operational funding of \$623 000, the Darwin Entertainment Centre will receive \$317 000, while \$50 000 will be spent developing the arts across all regions.

Economic Development

I now highlight those elements of the Budget which provide essential economic infrastructure for all industry sectors, as well as, in most cases, the general population.

These include roads, ports, utilities and the provision of land - all of which are essential in maintaining the Territory's record economic growth and employment prospects.

In this Budget, the Government has allocated \$10 million to the Alice Springs to Darwin railway which will be used to assist with completion of the route survey, land acquisition, and various engineering, geotechnical and hydrological investigations.

The project has now advanced to the stage where it needs funding of its own to pursue the construction of this major development project for the Territory.

Regarding roads and putting aside the tourist and other industry specific roads which I will come to shortly, the Budget includes \$8.4 million for various projects to upgrade the Victoria Highway, and \$3.1 million for the Stuart

Highway.

For local roads, there is \$2.9 million for the extension of Tiger Brennan Drive to Berrimah Road in Darwin and \$500 000 to improve traffic flow and safety between Dalgety and Head Streets in Alice Springs.

Moving to utilities, the commercial arm of the Power and Water Authority will spend \$20 million on electricity, water and sewerage expansion, which is three times the amount spent last year.

Project highlights include:

- the augmentation of additional power generation capacity at Yulara, worth \$1.7 million;
- \$225 000 will be spent on a new 11kV power supply to Fairway Waters at Palmerston;
- in Alice Springs, a second express feeder will be connected to Lovegrove Switching Station at a cost of \$1.5 million; and
- the control system at Tennant Creek power station will also be upgraded at a cost of \$220 000.

In view of the significance of natural gas as the primary fuel for electricity generation in the Territory, and uncertainty over the extent of reserves in the Amadeus Basin in Central Australia, the Government has engaged the international consultancy firm Arthur D. Little to report on the current situation and prospects for natural gas.

The Government has allocated \$300 000 to prepare a strategy for natural gas use in the Territory for the next 20 to 30 years. In particular, the consultants will investigate the emerging opportunities presented by the likely development of large gas fields to the west and north of Darwin, and plans for an onshore LNG facility near Darwin.

In other highlights, direct expenditure on the East Arm Port is increased by \$11 million to \$27 million, with additional work totalling \$6 million to commence this year on the provision of roads, water and electricity to the Port.

Other land and development initiatives include:

- \$2 million to develop Stage 4 of the new Palmerston suburb of Rosebery;
- a further \$2.8 million will be made available for the Department of Lands, Planning and Environment to undertake a program of land release for future development across all regions;
- \$800 000 for sewerage headworks for the Frances Bay precinct;

- the extension of services adjacent to Wishart Road in the East Arm Peninsula development, at a cost of \$920 000; and
- \$1.1 million for construction of a Trade Waste Treatment Facility at Hudson Creek.

Industry Development

I have just described a range of measures which will provide infrastructure and services across the Territory. I would now like to highlight those programs and initiatives which promote and support specific industry sectors.

Tourism is the Territory's main private sector employer, and it is also the area where there is the greatest potential for further job growth, and this applies to virtually all regions of the Territory.

A number of agencies administer programs associated with the tourism industry, for example, the Tourist Commission's promotional activities will receive a significant boost through a 12 per cent increase in the overall Budget of \$26 million.

In Parks and Wildlife, the Government is funding a number of developments to promote tourist access to the Territory's world-class natural attractions. Better access to a wider range of tourist experiences will encourage more visitors to come to the Territory and stay longer.

For example, two highlights for the 1996-97 Budget are:

- \$1.5 million for the redevelopment of the tourist precinct in Nitmiluk (Katherine Gorge) National Park which will provide facilities for visitor orientation, a booking office, administration, kiosk and improvements to the camping and caravan area. The complex will be jointly developed by Northern Territory Government and the Nitmiluk Tours Joint Venture, at a total cost of \$3.9 million.
- \$1.7 million for the operational costs of the Desert Wildlife Park in 1996-97, while a further \$500,000 has been allocated for Stage 3 capital works for additional exhibits. Once operational, an additional 42 permanent jobs will be created in Alice Springs.

In support of tourism in Central Australia, a number of key tourist roads will be expanded in 1995-96, including:

- \$1 million for the first stage of sealing the remaining 18.5 km unsealed section of Larapinta Drive to Hermannsburg, with the remainder of this project to be completed in 1997-98, to improve access to the West Macdonnells National Park;

- an additional \$750 000 will also be spent on selected gravel sheeting and drainage work on the Western Tourist Loop road between Hermannsburg and Kings Canyon;

In the Top End the continuation of sealing works on the Litchfield Park Road, with two new projects totalling \$2.6 million, will extend the sealed section by 12.5 km.

These three projects will promote greater visitor numbers to these regional centres and create new employment opportunities. In addition, local residents will also enjoy the improved access that these roads provide.

The primary industries remain a key sector of our economy and this is reflected in the Budget.

Overall outlays to the Department of Primary Industry and Fisheries in 1996-97 will be \$41 million. While this is a decrease compared with actual expenditure for 1995-96, the net reduction to the Department's Budget relates largely to further winding down of the BTEC program.

A major new feature of the Department's program includes expenditure of \$650 000 as the Northern Territory's contribution to the second stage of the Ord River development. The ultimate aim of this initiative is the release of large areas of irrigated land on both sides of the Northern Territory/Western Australia border to allow a major expansion of agriculture in the region.

The second stage of Lambell's Lagoon subdivision near Humpty Doo will provide approximately 500 hectares of land to facilitate further expansion of the horticultural industry, and is expected to be made available in early 1997.

In reviewing the Government's research priorities, it has been decided to reduce research activities at the Coastal Plains Research Station. The savings from this measure will be redirected to higher priority research projects that are more appropriate for the time and deliver real benefits for the industry. These include:

- funds for the ongoing development of the aquaculture industry, with expansion of research projects for Golden Snapper and Mud Crabs; and
- \$250 000 to further encourage and develop the horticulture industry. This additional funding will be provided for mangoes and Asian vegetables, and surveillance programs on Mediterranean and Papaya fruit flies, melon thrips, and poinsettia white fly.

Other major areas of interest to the primary industry sector include:

- \$1.5 million for construction of the first stage of a new loop road from Dry River off the Victoria Highway to Gorrie off the Stuart Highway, to increase productivity through improved access for pastoralists in the Sturt Plateau region south of Katherine; and
- \$1.5 million for road development in the Katherine/Daly Basin.

Turning to the mining industry, overall expenditures will be \$15.5 million. This will include geological survey work which is vital to increasing the level of mineral exploration in the Northern Territory.

Major field mapping programs are in progress in three locations - Southern Arnhem Land, Helen Springs north of Tennant Creek and the Petermann/Musgrave area in the south west of the Northern Territory.

This year a half million dollar airborne geophysical survey is scheduled for the Robinson River region to the south of the Gulf of Carpentaria, and will provide valuable scientific data which will promote further exploration and development in these areas.

THE FUTURE

With the continued growth in the Northern Territory, our region has become the focus for both national and international interest, particularly as a stepping stone to the markets of South East Asia.

A number of major developments are currently under consideration in the Northern Territory, any of which would have a dramatic effect on employment opportunities and export income.

With the discovery of seven major oil and gas fields in the Timor Sea, the Northern Territory Government is strongly supporting moves to bring natural gas onshore, either for domestic use, or for export in the form of Liquefied Natural Gas.

In response to a number of companies involved in developing these fields, this Government is currently identifying sites around Darwin and investigating the infrastructure needs of an LNG plant for Darwin. The confidence in the Territory's oil and gas industry is best illustrated by the Undan-Bayu gas field in the Timor Sea - the world's largest gas discovery in 1995.

This Government anticipates an additional \$3 billion in petroleum development expenditure and exploration in the Timor Sea over the next five years, including 30 exploration wells planned for the next three years.

Based on this level of activity, further discoveries are likely.

Furthermore, the proponents of the satellite launching facility at Gunn Point have this month commenced an Environmental Impact Statement, costing \$1 million. The EIS is a prerequisite of both the Territory and Commonwealth Governments prior to final decisions being made to proceed. The fact that the company is prepared to spend a million dollars on the EIS is an indication of their commitment to the project.

Of course, further petroleum development and the satellite launching facility are but two of the major economic projects on the Territory horizon.

The Territory Government is cautiously optimistic about these and other major development projects such as the railway.

We are working with a range of companies to bring them on line, and the capital works program outlined in this Budget will ensure that the necessary infrastructure is in place when required, to meet the emerging needs of these projects.

CONCLUSION

Mr Speaker, the Territory is growing faster than anywhere else in Australia. This Budget is responding to that growth, while it also sets the scene for further growth in the future. This is an action Budget.

This Government has two fundamental objectives - first, we want to ensure that Territorians have access to a high standard of services which enhance the quality of life, and second, we want to create the right environment for economic growth and respond to the growth as it occurs, to ensure that the private sector is in a position to do its part to take the Territory forward.

This Budget achieves both these objectives.

This Budget increases expenditure in the key areas of health, education and public order and safety, all of which are central to ensuring the maintenance of our lifestyle and meeting the needs of Territory residents.

It also ensures that the essential infrastructure expected of Government is maintained and expanded to meet the needs of Territory families and industry. This will be the largest capital works program by this Government in 10 years.

Despite the need to respond to this growth, we have managed to operate within the fiscal strategy and the Territory is therefore well placed to respond to needs as they emerge.

Accordingly, we can approach the year ahead with some confidence.

I commend the Bill to Honourable Members, and table the Budget documents.