BUDGET STATEMENT

MINI BUDGET 2001-02

DELIVERED ON
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BY
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OF THE
NORTHERN TERRITORY OF AUSTRALIA

Budget Paper No. 1

BUDGET STATEMENT

Madam Speaker, I present the November 2001 Mini Budget statement to this Parliament.

The Mini Budget is a milestone in public administration as it places the Territory's finances on the most important path of fiscal sustainability, a path the Territory has wavered from in recent years. In achieving fiscal sustainability however, the priorities for government spending have been re-set and the initiatives outlined in Labor's election platform have been implemented.

Madam Speaker, when my Government first came to power, Territorians were unaware of the parlous state of the Territory's finances. At the first briefing I received from Treasury as Chief Minister and Treasurer, I was advised that the Budget was unsustainable. As Honourable members are well aware, this was devastating news to Territorians and the new Government and we immediately commissioned an independent expert to advise us on the full state of the Northern Territory's finances, the reasons for that position and to suggest solutions.

Professor Allan confirmed Treasury's advice. He recommended that a deficit reduction strategy be implemented immediately and a range of financial reforms be adopted in order to promote improved fiscal management practices. That has been done. The alternative was to continue to send Territorians further and further into debt, with consequent cuts in core services, and their priorities overturned by the demands of financiers.

This Mini Budget is the product of 3 months intensive work by the Cabinet, the public sector and the many parts of the community with whom we have consulted. As a result the Government has been able to develop a fiscally sustainable plan for this, our first term of government.

We have taken on board the important and valuable contributions provided by the economic summit.

The Mini Budget incorporates Labor's election commitments and reorders government spending to increase the priority given to the essential areas of health, education and law enforcement services.

Considerable assistance is provided to the construction industry this year through an additional $8.7 million for capital works and a further $6 million for repairs and maintenance expenditure.

As an additional stimulus to our construction sector, QuickStart will be reinstated from tomorrow. QuickStart II will operate under the same guidelines as previously and will continue until 31 January 2002. The extension of the scheme at this critical time will boost residential construction and help to keep construction workers in the Territory. The estimated cost is $1.5 million.

QuickStart II is timed to take maximum advantage of the Commonwealth's extension to its First Home Owners Grant and should mean that there is greater take up of the scheme than had it been extended at a later time.

Madam Speaker, importantly, the Mini Budget incorporates a deficit reduction strategy designed to get the budget in surplus by 2004-05.

This substantial turn around in the Territory's finances has not been achieved through a policy of slash and burn. It is the result of careful re-allocation and re-balancing of the priorities across government.

The Mini Budget does not cut expenditure. Rather the growth in expenditure over 2001-02 and the forward estimates period is being slowed so that the Territory's revenue can catch up.

Over the period of the Government's first term, it is expected that final consumption expenditure, representing the Government's major spending component on salaries and operational costs, will increase by 14 per cent, which is close to a 4 per cent real increase.

Excluding spending on the railway, the Territory Government's expenditure on new fixed assets will be slightly higher over the next four years, averaging at $236 million, higher than it has been over the previous five years where the average was $231 million. Expenditure will be slightly higher in the first two years because of the increases in capital works spending approved by the Government and progress of a number of major projects including the Royal Darwin and Alice Springs hospitals and the East Arm Port.

In the best interests of Territorians, this Mini Budget is framed around four core principles:

- the unavoidable necessity of restoring the budget bottom line to surplus, thus placing the Territory on a financially responsible path of debt reduction over the medium term;
- delivering on the promises my Government made to the people of the Territory in the lead up to the August election;
- maintaining core services and where possible improving them through increasing the productivity of the public service; and
- ensuring the revenue-raising effort required of Territorians is equitable, and consistent with the average paid by the residents of other States.

In addition, we took on board a number of the initiatives raised during the Economic Development Summit.

Madam Speaker, before providing details of the Mini Budget, it is appropriate that I provide an update on the Territory economy.

THE ECONOMY

During the mid to late 1990s, the Territory economy outperformed the rest of Australia.

As the stimulus from the defence force relocation program eased back, the 1990s growth phase came to an end.

After falling to just 0.9 per cent in 1999-00, economic growth of 4.5 per cent was recorded in 2000-01, but a spike in oil production acted to mask subdued onshore conditions.

In 2000-01, dwellings investment declined for the second year in a row and private consumption growth weakened markedly after three years of strong growth.

After two years of weak onshore activity, the economy is expected to show some signs of a pick up in the short term, despite heightened external risk to the outlook.

The outlook has been affected by the deferral of the gas pipeline from the Timor Sea to Darwin and the decision by Methanex to pursue an alternative location for its methanol plant.

In addition, the impact of an already weakening world economy has been exacerbated by fallout from the terrorist attacks in the US and the collapse of Ansett.

Nonetheless, the Territory economy can improve.

Economic growth is forecast by Treasury to grow by 5 per cent in 2001-02, despite recent setbacks.

Economic growth will be driven by the construction phase of the $1.3 billion Alice Springs to Darwin railway and a modest recovery in dwellings investment and household consumption expenditure.

The work done on the railway will boost output, employment, and incomes in the Territory, boosting activity in construction and manufacturing industries.

Contracts and employment associated with the railway will also act to improve consumer confidence and business sentiment.

Private consumption is set to turn around through 2002 although, in the short term, consumer confidence will play an important role in determining how quickly spending recovers.

After two years of negatives, dwellings investment is expected to make a positive contribution to economic growth in 2001-02.

Given recent events and uncertainty surrounding major oil and gas projects, the anticipated phase of strong and sustained employment growth in the Territory may be delayed.

Employment will benefit from the construction phase of the railway, but will be affected by the impact on tourism-related sectors of the world economic slowdown, compounded by the September 11 attacks, and the collapse of Ansett.

Population growth in the Territory has moderated in line with the defence relocation program, falling to 1.1 per cent in the year to March 2001.

Population is expected to increase in 2001-02, with the outflow experienced over the past three years from net interstate migration expected to decline.

In 2000-01, the one-off impact of the introduction of the GST influenced price inflation, as did the exchange rate and petrol prices.

The Darwin CPI increased by 5.4 per cent in 2000-01, below the 6.0 per cent national increase. In the latest (September 2001) quarter, Darwin's annual CPI fell back to 1.9 per cent (2.5 per cent nationally) as the one off impact of the GST dropped out.

Darwin CPI inflation for 2001-02 is forecast at 2.5 per cent.

Territory average weekly ordinary time earnings growth slowed in 2000-01, reflecting a soft labour market. Territory wages growth is likely to remain contained in 2001-02, in line with national trends.

Exports contributed strongly to growth in 2000-01. This will change in 2001-02 as oil field pressure and therefore production from Laminaria-Corallina falls.

Deteriorating external conditions will also act to undermine prices and demand for Territory exports of goods and services.

External risks are therefore biased on the downside.

A large proportion of Territory exports are used in manufacturing production in South East Asia, for subsequent export to the United States and other industrialised nations.

International travel is being affected in the short term by weaker economic conditions in many parts of the world as well as fallout from the terrorist attacks.

Nevertheless, Australia's 'safe haven' status and low dollar should cushion the impact on international visitor arrivals to some extent. There is also increased likelihood that Australians will defer international travel in favour of domestic travel.

Despite short term uncertainty, the Territory's medium term, economic growth prospects have significant upside, particularly considering the number of potential gas-related projects under serious consideration.

THE ECONOMIC DEVELOPMENT SUMMIT

Territorians demonstrated their faith in future at the recent Economic Development Summit hosted by my Government at the beginning of November.

For the first time, a broad cross-section of the business community, unions, Indigenous and welfare groups, and educators were brought together to explore the options available to the Territory to secure its economic future in both the short and longer term.

My Government is listening to Territorians and we are acting on their recommendations. There emerged a true spirit of partnership that together, we can work cooperatively making the most of the genuine opportunities available to us.

This means not only oil and gas but a broad spectrum of possibilities emerging in this new century, harnessing the skills, knowledge and drive of Territorians, and unleashing the potential of our Indigenous community.

I am proud of the positive way business has responded to the Summit and my Government has already worked to ensure open and effective communication between Government and business. Just last Thursday, the Gas Task Force met with business to discuss the status of current developments and to seek input into strategies that will bring the earliest delivery of gas onshore.

Further I received a submission from leading business organisations, including the Chamber of Commerce, the Territory Construction Association, the Minerals Council and the Motor Traders Association on a proposal to establish a Territory-based "think tank". This will commission further research to expand business opportunities and to harness the talent that we have across the public and private sectors.

I support this concept. A working party will continue to develop the concept and explore the best options to be adopted with the full support of the Government.

As these business organisations have noted, more and more we will need to pursue the issues associated with building our own economic sovereignty in the face of national and international pressures. No one else is going to do it for us.

I believe that further positive initiatives will be announced shortly by the business community.

The Summit delegates also acknowledged that the Government, for its part, must repair the damaged finances it inherited and work towards fiscal sustainability.

FISCAL MANAGEMENT ISSUES

One of Professor Allan's recommendations was the introduction of fiscal integrity and transparency legislation similar to the Commonwealth's Charter of Budget Honesty and comparable legislation in some state jurisdictions. The Territory's legislation is expected to be passed during these sittings.

The Mini Budget documentation has been prepared on a basis consistent with the Fiscal Integrity and Transparency Bill and sets new standards for the presentation of budget information in the Territory. The Bill requires that whole of government information be prepared on a basis which is consistent with externally determined standards and be based on the Uniform Presentation Framework as agreed by governments.

This has required a change to *Budget Paper No. 2* which includes the agency-based estimates and the introduction of the new *Budget Paper No. 3: The Economic and Fiscal Outlook*.

As before, *Budget Paper No. 2* includes detailed material for each agency and summary tables for the Public Account on a gross basis consistent with the information required for agency management, appropriation and allocation purposes. The information in Budget *Paper No. 2* is consistent with the new public sector administrative arrangements that I announced on 13 November.

Because of the short time between that announcement and the Mini Budget, estimates have been made on the amounts associated with the restructure which will need to transfer from one agency to another. The amounts identified are generally those provided by the agency from which the function is transferring although it is likely that these amounts may increase when negotiations about corporate overhead and centrally-managed costs are finalised.

Budget Paper No. 2 no longer includes summary information on a net basis. The whole of government net information is included in *Budget Paper No. 3* and is based on the Northern Territory's total public sector as required by the Fiscal Integrity and Transparency legislation and consistent with the Uniform Presentation Framework agreement.

This Uniform Presentation Framework scope is broader than the Public Account included in *Budget Paper No. 2* and includes the AustralAsia Railway Corporation. Because of timing differences between the receipt of funds from the three governments and payments to the Consortium, and the magnitude of the funds involved, the inclusion of the AustralAsia Railway Corporation distorts the Territory's underlying fiscal position. These timing differences result in a notional improvement in the Territory's bottom line in 2000-01 and a similar deterioration in 2001-02.

Accordingly, in order to provide the most the most accurate picture of the Northern Territory's fiscal position, I will report on the Territory's total public sector, excluding the AustralAsia Railway Corporation.

MINI BUDGET AND FORWARD ESTIMATES

Budget Aggregates

The estimated outcome for 2001-02, following the Mini Budget considerations is a deficit of $126 million. This amount includes $17 million in carryover items from 2000-01 and it is expected that a similar amount will be carried into 2002-03. Thus the likely end of year outcome is expected to be lower than the $126 million forecast.

This result has been achieved after resetting the allocation for agencies to properly reflect their expenditure requirements, inclusion of the Government initiatives and savings as outlined in the election platform, and incorporation of a deficit reduction strategy necessary to put the Territory's finances on a sustainable basis.

Final consumption expenditure is expected to grow by 3.5 per cent compared to 2000-01 and will ensure that government spending so necessary for the local economy is growing in real terms but at a more sustainable rate than over the past 4 years. Current outlays are expected to grow by a lesser 1.6 per cent due to reductions in interest costs as a result of the Territory's large debt refinancing program occurring in a lower interest rate environment.

Excluding the railway, new fixed capital expenditure is $33 million greater than in 2000-01 and $12 million more than in the May Budget brought down by the previous Government. This increase has been achieved in a very difficult fiscal environment and indicates the Government's commitment to the construction industry as a key contributor to the local economy.

The Territory's revenues are expected to be $2 064 million in 2001-02, an increase of 4.2 per cent over last year. Territory taxes are estimated to decline by nearly $5 million due to the abolition of state-based taxes as part of the national tax reform package. Commonwealth grants show a commensurate rise, consistent with the commitment that state jurisdictions will be no worse off as part of tax reform.

The Territory is required to increase its borrowings by $100 million, consistent with the estimated deficit. If the outcome is better than anticipated, then a lower level of borrowings will be undertaken.

Forward Estimates

The forward estimates project that the Territory's total public sector will be in surplus by 2004-05.

This has been achieved after the re-allocation of expenditure requirements of government agencies so that their budget allocations reflect their expenditure needs, the inclusion of Government initiatives and savings, and the incorporation of the deficit reduction strategy.

This is a considerable achievement for the Government given the advice that we received just three months ago on the unsustainability of the Territory's financial position. The key requirement in achieving the projected outcome is to limit growth in final consumption expenditure to no more than 3.4 per cent per annum over the forward estimates period. This will be difficult when compared with recent years where, despite initial budget predictions of little growth, actual outcomes showed growth of 6.7 per cent per annum on average over the four years to 2000-01, but there is no alternative. We simply cannot afford to spend more.

I hasten to repeat that this is not a decline in expenditure but rather a slowing down in the rate of growth.

The basis upon which the forward estimates have been projected is set out in *Budget Paper No. 3*. The projections include a provision for a contingency amount that has not been allocated to specific functional areas. The contingency is consistent with amounts required in previous years and needs to accommodate fiscal events outside of the Territory's direct control. These can include natural disasters such as floods or cyclones, changes in national economic parameters that affect the Territory's level of grants from the Commonwealth or other concerns such as national or international recession. It also prudently sets aside funds to assist in meeting the infrastructure costs associated with the arrival of gas onshore.

The forward estimates include the known requirements of agencies and reflect policy decisions made to date. Over the next couple of months more detailed analysis of the forward estimates will be undertaken to determine whether all of the known agency related issues that will affect our future fiscal position have been included. This may result in some re-allocation of the contingency amount to agencies.

At the end of that process, Cabinet will determine an approved forward estimate for each agency and will expect the agency to manage its service delivery requirements within that allocation.

GOVERNMENT INITIATIVES

An important element of this Government's election platform was the carefully developed, fully costed election promises. As part of the Mini Budget planning, each of those promises have been analysed and considered again by the Government.

Madam Speaker, I am pleased to announce that all of the initiatives that we included in our financial platform have been included in the Mini Budget and forward estimates in a fiscally responsible manner. With the benefit of greater information available in government, we have been able to revise the costing of a number of initiatives and also to identify others where the initiative can be undertaken within the existing resources of agencies. Others have had their expected start dates deferred by a year.

The cost of these Government initiatives is $13 million in 2001-02 (including the bringing forward of a grant of $6 million to the Nominal Insurer payable with respect to the emerging costs of the HIH liabilities) and $136 million over the 4 years to 2004-05:

- $49 million or 36 per cent has been allocated to health;
- $28 million or 21 per cent to education; and
- $20 million or 15 per cent to law enforcement.

These amounts are in addition to the increases in ongoing operational funding and the escalation provisions included in the forward estimates.

To put these costs in perspective, they represent just 1.5 per cent of total outlays over the 4 years to 2004-05.

These costs are offset by the savings measures identified by the Government prior to the election together with a small part of the Budget improvement measures. The Budget improvement measures in this Mini Budget are predominantly required to fix the deficit my Government inherited.

Budget Paper No. 3 includes a complete listing of the Government initiatives. I will also detail a number of the initiatives later in this statement.

THE DEFICIT REDUCTION STRATEGY

To bring the Territory's fiscal position under control, a deficit reduction strategy is an essential component. It has not been easy but the Government was committed to putting in place an achievable, realistic deficit reduction strategy.

The strategy has necessarily required additional revenue measures as well as savings targets for agencies. However, the revenue measures are limited and account for less than a quarter of the recurrent savings measures.

The revenue measures are carefully targeted to ensure Territorians contribute equitably, while keeping the burden as low as possible on any individual group or sector.

Revenue Measures

The revenue-raising measures are:

- the introduction of a Temporary Budget Improvement Levy on vehicle registrations;
- increases in vehicle and driver licence fees (excluding commercial vehicle licence fees) and miscellaneous charges imposed by the Motor Vehicles Registry;
- an increase in the rate imposed on pastoral rents, from 1 per cent to 2 per cent;
- a 5 per cent increase in water and sewerage tariffs; and
- waste charges for the disposal of non-domestic strength sewerage.

The new measures should raise $4.4 million for the remainder of 2001-02 and about $42 million to the end of 2004-05.

Temporary Budget Improvement Levy

The Temporary Budget Improvement Levy is being introduced from 28 November 2001 as a supplementary levy on vehicle registration fees. The levy is set at $90 per annum and applies to vehicles capable of being used for private and domestic purposes. The legislation specifies the levy will only operate for 3 years, ending on 27 November 2004 and during that time is expected to raise $24 million.

A 50 per cent concession applies to holders of the NT Pensioner Concession Card and holders of the Commonwealth Health Care Card and Pensioner Health Benefit Card issued under the Commonwealth Social Security Act. Certain vehicles, including heavy vehicles, trailers, caravans, tractors and mobile plant and machinery are excluded from the levy to minimise the impact on business.

Arrangements have also been made to ensure the cost of the levy is passed through to Parliamentarians and Government workers who are provided with a private-plated government vehicle for their private use.

Vehicle and Driver Licensing Fees and Miscellaneous Charges

Vehicle and driver licensing fees in the Territory have remained unchanged for a number of years and, in some cases, are low compared with other jurisdictions. These fees will increase by 20 per cent. For example, a one-year driver's licence will increase from $20 to $24. The exception is commercial vehicle licence fees which remain unchanged since these fees were restructured in 1999 as part of the taxi licence compensation scheme.

Miscellaneous Motor Vehicle Registry charges include vehicle inspection charges and fees for personalised number plates. Again these fees have remained unchanged for a number of years and are low compared with other jurisdictions. The current $50 flat fee for personalised number plates does not cover production and administration costs and will increase to $140 from 1 January 2002. Vehicle inspection fees will increase from $20 (GST-exclusive) to $35 (GST-exclusive) for light vehicles and $70 (GST-exclusive) for heavy vehicles from 1 January 2002. This will also assist private inspectors to recover inspection costs.

Other miscellaneous Motor Vehicle Registry charges will increase by around 20 per cent. These include various administrative fees as well as some fees for METAL (Motorcyclist Education, Training and Licensing).

Pastoral Lease Rents

The pastoral lease rental rate will increase from 1 per cent to 2 per cent with effect from 1 July 2002 for the 2002-03 year, the first increase in the rate since 1992. This should lead to increased revenue in 2002-03 of $1.4 million. It is recognised that the pastoral industry is susceptible to seasonal and fluctuating market fortunes. Accordingly, hardship criteria have been established to allow pastoral rents to be deferred or waived in appropriate circumstances.

Water and Sewerage Charges

Water and sewerage tariffs will increase by 5 per cent with effect from 1 January 2002. For example, for water, the domestic usage charge will increase from $0.63c/kL to 0.66c/kL. For a domestic consumer, the average impact is increased water charges of $18 per annum. Similarly, for sewerage, the current fixed annual charge for domestic customers rises from $299 to $314 (or, an additional $15 per annum for the average domestic customer).

The range of sewerage charges will be expanded to recover the cost of collection and treatment of non-domestic sewage from the commercial sector. Trade waste charges will apply from 1 January 2002. This should lead to better environmental, occupational health and safety, regulatory, and financial outcomes for PAWA and the Territory Government as well as meeting COAG water reform objectives.

More details on these revenue measures are included in Chapter 2 of *Budget Paper No. 3*.

Budget Improvement Measures

The overall approach to budget improvement has been to slow down the growth in outlays for the government sector as a whole. While overall outlays continue to rise in real terms, the impact on agencies varies. The budget improvement measures comprise the savings measures where the Government indicated before the election that it would increase efficiency and eliminate waste, and targeted budget improvement measures across the public sector.

The areas where the Government indicated it would make savings include reductions in travel costs, public relations and marketing and consultancies. Information on these saving measures is included in Chapter 3 of *Budget Paper No. 3*.

In addition to these specific areas and in line with the recommendations made by Professor Allan to address the financial circumstances we inherited, the Government has approved a budget improvement model which meets the budget improvement target without compromising the priority areas for this Government.

Budget improvement targets were focused on the final consumption expenditure of agencies. Grants, capital expenditure, repairs and maintenance expenditure and superannuation benefit payments were excluded from the savings measures.

Hospitals, health and community services, schools, police and emergency services and custodial services have been largely quarantined from these budget improvement measures.

The budget improvement target is applied in 2001-02 and 2002-03. Thereafter, an annual productivity dividend of one per cent is applied on the expectation that the public sector will achieve ongoing productivity improvements from technology and other investments and improved work practices. The annual productivity dividend will be applied in the same way as the budget improvement model in that only one quarter of a per cent will be applied to the quarantined functional areas.

To assist agencies to achieve these targets, a series of workshops has already been held outlining the ways in which real productivity improvements can be achieved in both the short and longer term.

Under the old management culture, agencies were given unrealistically low budgets with detailed allocations for activities within each agency. The inevitable budget blow-outs were funded without due regard to an overall fiscal strategy with deficits growing rapidly over the past four years. Chief Executive Officers were not held accountable for the performance of their agencies.

As part of the new culture, the Government has established criteria to improve public sector management. The onus will be on Chief Executive Officers to deliver a threefold bottom line to:

- produce financial outcomes within annual budgets;
- maintain or improve services; and
- maintain high staff morale and job satisfaction.

The Government will monitor carefully the implementation of the Budget improvement initiatives to ensure services to the Territory's regional and remote areas are not compromised.

Chief Executive Officers are to be provided with greater flexibility in managing the budgets of their agencies through the move to a single line appropriation from this Mini Budget and progression to net appropriations from 2002-03.

SPECIFIC INITIATIVES INCLUDED IN THE MINI BUDGET

Madam Speaker, I would like to highlight particular aspects of the Mini Budget.

Health is a priority area for this Government and the Mini Budget delivers on our commitments. An additional $34 million has been provided to the Department of Health and Community Services. Significant initiatives included in this amount are:

- the recruitment of an additional 10 nurses in 2001-02, increasing to 75 by the end of this term of Government;
- the recruitment of additional regional health care teams commencing in 2001-02, with an additional 25 nurses to be employed by the end of 2002-03;
- additional operational funding of $15 million which reflects the real expenditure requirements of the Department;
- $4 million has been provided for the nurses' Enterprise Bargaining Agreement which will increase nurses' salaries by 11 per cent over two years. This means we are delivering early on our commitment to increase nurses' salaries by 15 per cent over four years; and
- $400,000 from 2002-03 to provide for renal dialysis services in Tennant Creek.

Another priority area is Employment, Education and Training where the newly established department will bring together a range of important functions to ensure that the Territory's education and training needs are appropriately met and as a result employment grows. There is a $10 million increase in funding for services provided by the Department. Specific initiatives are:

- $5 million has been provided for increased operational funding for schools;
- in addition, capacity has been provided to recruit an additional 20 teachers from the 2002 school year. This will increase progressively to an additional 100 teachers by the end of the Government's first term;
- vocational education and training programs will be extended down to Year 9 in urban and rural areas; and
- $1.2 million has been provided for the fit-out of three new schools and the refurbishment of a further four existing schools.

An additional $6 million has also been provided to the Nominal Insurer in relation to the collapse of HIH.

Law enforcement functions have received priority in the Mini Budget.

Police, Fire and Emergency Services have been provided with an additional $2 million. In addition to $0.7 million in one-off funding for the Falconio investigation, ongoing funding of $1.3 million has been provided for increased communications costs and the Police Consent Agreement. Funding has also been provided to progressively deploy an additional 50 police officers and 7 support staff: 10 police and 2 support staff will be recruited in 2001-02.

The Department of Justice has received a $5 million increase in its base allocation to manage payments associated with the Crimes Victims Assistance Scheme. This was previously funded from Treasurer's Advance making management of the Scheme more difficult than it needed to be. An additional $0.9 million has been provided to the Director of Public Prosecutions having regard to the additional workload faced by the Office over an extended period of time.

Services to industry will receive an additional focus as a result of the Mini Budget and the administrative restructuring that I announced on 13 November 2001.

The Office of Territory Development will receive an additional $0.12 million in 2001-02 to assist with its establishment. A further $0.6 million will be provided from 2002-03 onwards for its expanded operations. This is in addition to the budgets of the existing units which will be brought together to form the Office.

$0.25 million has been provided to progress the Desert Knowledge Precinct.

The Department of Business, Industry and Resource Development has been provided with an additional $1.7 million for a range of programs, some of which have been carried over from 2000-01. They include the eradication of Banana Black Sigatoka and Red Imported Fire Ant, additional funding for the Rail Task Group and the establishment of short course Business Skills workshops and Business Case Managers.

The new Department of Community Development, Sport and Cultural Affairs will bring together the many community and lifestyle functions which are so important in the Territory.

An additional $0.2 million has been provided for the operational requirements of the Alice Springs Cultural Precinct. Increases in a range of arts and cultural programs have been approved to commence from 2002-03.

The Territory's remote communities have been given priority in the Mini Budget with an additional $2 million for essential services and $0.15 million for sport and recreation officers in 2001-02, rising to $0.3 million in 2002-03.

The Department of Infrastructure, Planning and Environment will bring together key functions necessary to ensure the sustainable development of the Territory. It is expected that the improved coordination which will result from the new department will enhance the opportunities available to developers and those in the construction industry.

As I have already said, this Mini Budget includes a significant boost for the construction industry with an increase of $15 million in various parts of the works programs. An additional $6 million has been provided for repairs and maintenance programs. A further $4 million has been provided for minor new works items.

In line with the recommendation of the Economic Development Summit, the Government has already announced it will progress the redevelopment of the Darwin Wharf Precinct in conjunction with the private sector.

The Power and Water Authority will spend an additional $1.5 million on supervisory control and data acquisition systems (or SCADA systems) and $1.5 million on increased maintenance at Channel Island.

CONCLUSION

Madam Speaker, this Mini Budget sets the Territory on a long overdue path to fiscal sustainability. There is no alternative. The reason this Mini Budget is required is to address the substantial deficit we inherited.

Improvement in the Territory's fiscal position will require commitment and discipline. It will not be easy but it is essential that the fiscal targets set out in the forward estimates be met.

Even so, the Mini Budget provides for growth. There are real annual increases in final consumption expenditure and new fixed capital expenditure is expected to average slightly more over the forward estimates period than the previous five years. The fiscal position will recover as the economic situation improves. In addition to the Government's works program, the railway construction will deliver considerable additional work to the construction and related services industries.

Madam Speaker, the Mini Budget provides the firm fiscal base from which the Territory's next stage of development will come. I commend the Statement to the House.