



THE NORTHERN TERRITORY OF AUSTRALIA

1997-98

BUDGET SPEECH

AND

APPROPRIATION BILL

BUDGET PAPER No. 1

Introduction

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

I have pleasure today, in bringing down another Country Liberal Party Government Budget which will meet the needs of a growing population and a vibrant economy.

The Northern Territory economy is strong, healthy, and continues to grow.

This growth is the envy of the States. It is a major reason why people are moving here from interstate and overseas.

The Northern Territory provides our new residents with jobs, a great lifestyle and the promise of a brighter future.

A strong economy, low unemployment, population growth and good lifestyle don't just happen. It requires hard work, sound financial management and a responsive government working in harmony with the private sector and the community, to achieve such a result.

This Government has worked with the private sector to take best advantage of the natural and human resources the Territory has to offer. This Budget continues that process.

Mr Speaker, this Budget provides for the needs of Territorians in a number of ways.

It maintains services for Territorians and where necessary expands services.

It continues to support and encourage the private sector in the Territory in pursuit of further investment, development and job creation.

It provides funding for projects to further enhance the Territory lifestyle.

And it continues the Government's commitment to infrastructure as the basis for future growth.

The Economy

The Northern Territory economy continues to grow faster than the national rate. Our economy has entered a period of consolidation. Our strong rate of economic growth can be expected to continue over the next few years at a more sustainable level of about five per cent per annum.

Despite a slowing national economy, Territory growth rates continue along similar lines to those of the newly industrialised countries in South East Asia.

Importantly, the private sector continues to be the major contributor to growth in the Territory economy. In 1995-96, private capital expenditure increased by 84 per cent. This was primarily due to investment in hotels, shopping centres and mining infrastructure. This investment has already had a positive impact on the income generating capacity of the Territory economy which will continue for many years. In 1996-97, a further increase of 9 per cent in private capital expenditure is expected.

During 1996, the Territory again recorded the highest rate of population growth of any State or Territory at 2.2 per cent, almost double the national rate. This population growth has resulted from our healthy economy, and in turn, is helping it grow even stronger. Younger people account for a large part of the growth. The Territory population is now estimated to be nearly 181 000.

The Territory's unemployment rate of 5.5 per cent is the lowest in Australia. This is more than three percentage points lower than the national average.

Mr Speaker, the Territory's unemployment rate has been lower than the national average for the past seven years. This provides a clear indication of the strength of the Territory economy and its ability to provide jobs for the higher than average participation rate of our labour force.

Employment growth over the past year has been robust. It has been particularly influenced by the continuing expansion of the tourism, mining and transportation industries, and in activity associated with the continued defence build-up in the Territory. These industries provide the basis for employment growth in 1997-98.

Independent employment forecasts indicate that Territory employment will increase by 3.2 per cent during 1997-98, compared with 2.4 per cent nationally.

Growth in the residential sector of the construction industry continues at high levels, buoyed by strong population growth, lower interest rates and high levels of investor confidence in the local housing industry. Residential building activity is expected to remain strong in 1997-98, following the considerable increase in building approvals throughout 1996-97.

New suburbs in Palmerston such as Rosebery and Bakewell and residential developments such as Stuart Park north and the Frances Bay tank farm site will support residential construction activity into the foreseeable future.

Work carried out on non-residential building was the highest for a decade. This was dominated by construction of retail facilities, hotels, holiday apartments and business premises. Engineering work was also very strong. Construction of roads and highways, infrastructure associated with defence force expansion, mining works and the new port facility at East Arm were significant contributors.

Growth in non-residential building and engineering construction will continue through 1997-98, boosted by new tourism infrastructure, while detailed planning has commenced for further upgrades of RAAF Base Tindal in Katherine. Work is already well underway on a major extension of Casuarina Shopping Square which is expected to be completed by early 1998.

Mining, tourism and rural industries continue to be the most important in the Territory.

For the second consecutive year the mining industry recorded an increase in value of production. The latest estimates show that the industry accounts for about one-sixth of Territory Gross State Product, larger than any other industry. This also reflects the wealth of resources in the Territory. Both mineral and energy production were up in 1996-97 with the outlook for both sectors very promising. Production for 1997-98 is estimated at \$1.8 billion.

New gold mines at Burnside in the Pine Creek area and Maud Creek near Katherine are planned to come into production by the end of 1998, as well as a garnet sands mine at Harts Range and a diamond mine at Merlin in the Gulf of Carpentaria. Major upgrades are planned for the gold mining operation at Rustlers Roost and the Nabalco alumina processing plant at Gove. These provide signs of strong growth in mineral production and processing over the next few years.

Oil production from the Elang/Kakatua field in area "A" of the Zone of Cooperation is expected in late 1997. Oil production from the larger Laminaria/Corallina field is expected in early 1999, with the \$1 billion project given the official go ahead only last week.

There is a buoyant outlook for the energy sector. The value of mineral and energy production is forecast to reach \$2.6 billion in 1998-99.

The development of an integrated offshore oil industry supply and service base at or near the new East Arm port is being investigated. Expressions of interest were invited on 24 April and applications close on 30 May. This is a key initiative for consolidating Darwin's future as the region's most efficient supply and service centre.

The tourism industry now accounts for about one in five jobs. It also generates a sizeable proportion of Territory Gross State Product.

The steady expansion of the tourism industry continues with increases in the number of visitors, visitor nights and expenditure.

The industry is confident of further growth as evidenced by the construction of 600 new hotel and holiday apartment rooms ready for the 1997 tourist season.

Territory national parks and Aboriginal culture remain major attractions with the underlying perception among international visitors that the Territory outback is the “real” Australia.

The opening of the Alice Springs Desert Park, extension to the Ayers Rock Resort, increases in aviation capacity and continuing aggressive promotion by the Northern Territory Tourist Commission in conjunction with industry operators will generate further growth in tourism numbers to the Northern Territory.

The past year was a year of consolidation in the Territory’s rural and fishing industries. The gross value of production in 1996 is estimated to be \$308 million. While overall production was down, primarily due to a decline in the value of the prawn catch and an unexpected decline in mango production, the strong trade in live cattle to South East Asia continued with further increases in exports in 1996. Continued growth is expected in 1997 with the total number of live cattle exports estimated to increase by 11 per cent to 426 000 head.

The growth in live cattle exports is expected to remain stronger than exports of fresh, frozen or chilled beef. Properties across Northern Australia are now specialising in the live cattle export trade and the numbers are expected to increase.

Horticultural production has increased and diversified markedly in recent years. The Territory has been able to capitalise on being able to supply early season and out of season markets with a range of produce. The “Northern a-Peel” trade mark for Territory mangoes will ensure that the Territory’s reputation in supplying quality produce is maintained.

The prospects for horticulture are particularly good with increases anticipated in a range of products, especially mangoes, bananas, nursery flowers and cut flowers.

The outlook for aquaculture is also bright and demand remains strong for quality Territory seafood, particularly from Asian markets.

Mr Speaker, under the policies of this Government, the economy will continue to enjoy our strong support. New initiatives contained in the Budget will ensure future growth. With this assistance, I am confident our economy will further expand towards the year 2000.

Financial Management Reform

The Territory remains at the forefront of financial management reform in Australia. We were among the first jurisdictions to adopt output based budget reporting and a budget presentation using the internationally recognised Government Finance Statistics framework. We also have the most comprehensive coverage in the Budget of any jurisdiction.

This year *Budget Paper No. 2* has been combined into one volume, with the tables outlining the gross outlays and receipts, enhanced program statements and data produced in the economic transactions framework.

Users of Budget Papers should find this development an improvement as all the relevant information on particular Agencies has been grouped together.

Last year saw the introduction of new arrangements for Government Business Divisions. Considerable advancements have been made during 1996-97, with the adoption of commercial practices, resulting in greater efficiencies in the delivery of services. The more accurate identification of community and government service obligations has allowed a clearer focus on those areas where the Government determines what services should be provided to Territorians at less than the full cost and those which should.

A further reform to commence with the 1998-99 Budget will be the publication of forward estimates of receipts and expenditure. These will be published on much the same basis as in the States.

Mr Speaker, as Treasurer, I am committed to further improvements in financial management practices. However, I do not support change for change sake. I will only consider amendments which contribute to better analysis and improved resource allocation decisions.

Outcome for 1996-97

This year we return to the practice of introducing a Budget well in advance of the commencement of the financial year. Last year this was not possible due to the timing of the Commonwealth Budget following the election of the Howard Government. Accordingly, the analysis of the outcome for 1996-97 is based on current estimates.

The following analysis of the anticipated end of year outcome has been done largely on the basis of gross outlays and receipts. The gross figures provide the best analysis of outlays of individual agencies. However, the gross figures do include transactions which occur between agencies and, if considered in isolation, can overstate total outlays.

The net figures eliminate intrasector transactions and best indicate the effect of Government activity on the economy. Trends of either gross or net data are equally relevant. The use of net data is also consistent with the uniform presentation framework as agreed by Governments in 1991 and revised at the 1997 Premiers' Conference.

Mr Speaker, I must stress that the outcome for 1996-97 is an estimate. It is likely that the final year figures will vary from what is anticipated and there will be some inter-year transfers. I therefore urge caution when analysing the likely result for 1996-97.

The estimated outcome for the 1996-97 year, shows some variation from that expected when the Budget was brought down.

Total gross outlays are expected to be \$2 758 million, \$89 million higher than the Budget estimate of \$2 669 million. The increase has been due to greater demand in essential social services and reflects this Government's capacity and commitment to meeting the needs of Territorians.

Territory Health Services achieved an increase of \$17 million, due to the escalating demand for hospital services where there has been a 9 per cent increase in admissions in 1996-97.

Additional funds have also been provided for increased community care facilities and renal services in non-urban areas.

An increase of \$8 million was provided to Northern Territory Correctional Services mainly to cope with additional prisoners resulting from changed sentencing practices and this Government's law and order initiatives.

There was a \$6 million increase to the Department of Education, due largely to the Enterprise Bargaining Agreement for teachers and an additional \$2 million in Commonwealth assistance for non-government schools.

These substantial increases, since the last Budget was delivered, demonstrate this Government's capacity to respond to emerging needs.

There are also variations with respect to borrowings, and interest payments and receipts which I will discuss in detail later.

Savings have been made within agencies, due to the two per cent Budget improvement measure introduced earlier this year. Other savings are associated with the introduction of Government Business Divisions. In particular, there has been a more efficient use of computing and communications resources which has resulted in \$10 million lower expenditure.

On the revenue side, while there have been variations in individual items, total receipts are expected to be \$2 646 million, a reduction of \$5 million on the Budget estimate of \$2 651 million.

The Fiscal Strategy

As Members will be aware, the Government has adopted a formal fiscal strategy to assess its financial performance and also to guide its budgetary deliberations.

As is clear from the analysis of the expected 1996-97 outcome, this year has presented quite unusual challenges. The need to respond to large increases in demand has been coupled with a decision to reduce the level of gross debt.

It became clear during this year that the demand for services in large critical areas of health, education and correctional services was growing at a rate which was far greater than the real per capita growth element included in the strategy.

Accordingly, Mr Speaker, I report to the House that in respect of 1996-97, we expect current expenditures will increase by 5.6 per cent compared with a real per capita increase of 3.5 per cent. As indicated in last year's Budget Papers, the strategy is to be assessed over three years.

When current expenditures are considered over three years, the growth is below the real per capita growth. Thus while current expenditure growth is above the year on year target, and that is the first time this has occurred since the strategy was announced, on average over the three years, current expenditure growth remains within the fiscal strategy.

In 1997-98, current expenditures are expected to be less than the real per capita increase as services are consolidated following the additional expenditure allocated this year.

I refer Honourable Members to *Budget Paper No. 5* for further details.

The fiscal strategy provides the medium to long term targets. The Government has determined that, within the overall framework of the strategy, there is to be a debt reduction policy whereby gross debt will be reduced to less than \$2 billion by the end of 1998-99. This will result in lower interest payments, a consequent reduction in current expenditure and reduce the Territory's exposure to any rise in interest rates.

Clearly, this Budget has placed considerable demands on the Territory's resources because of the unprecedented and atypical increase in demand for services. Even so, the Government has been able to put in place a Budget strategy which meets those demands while still reducing absolute debt levels.

The capacity to meet additional demand, and at the same time, initiate a substantial debt reduction program, is a fine illustration of this Government's outstanding ability to manage the public finances of the Territory.

1997-98 Budget

In continuing to present meaningful figures in the Budget, the data is presented in both gross and net terms at the Agency level with further dissections of the gross into Activities and Programs within Agencies.

On a gross basis, total outlays for 1997-98 are projected to be \$2 747 million, a 0.4 per cent decrease from the expected outcome for 1996-97, while the estimate for total receipts is \$2 679 million, an increase of 1.2 per cent.

On a net basis, total expenditure is \$1 770 million, an increase of 1.3 per cent. Current expenditures at \$1 542 million increase by 3.7 per cent over 1996-97. New fixed assets is the major component of capital expenditure and will be \$244 million in 1997-98, virtually the same as 1996-97.

The 1997-98 Capital Works Program remains strong at \$283 million, although lower than the 1996-97 program of \$325 million which included construction of the East Arm Port. The total cash allocated in 1997-98 to meet the Capital Works Program is \$195 million which is on par with the 1996-97 allocation of \$197 million.

Total revenue is estimated at \$1 744 million, which is a 3.1 per cent increase.

Commonwealth Grants are increasing by 2.2 per cent to \$1 270 million, while Territory revenue increased by 5.8 per cent.

Members will note that the increase in Territory revenue is \$26 million, just \$1 million less than the increase in Commonwealth grants, which is \$27 million.

Mr Speaker, the Government has taken action to reduce the Territory's gross debt to less than \$2 billion by the end of 1998-99. Prudent use of the Territory's healthy level of cash reserves will reduce the Territory's interest bill and limit exposure to future interest rate rises.

The debt retirement process has already commenced in order to achieve the target. Debt will be reduced by \$80 million in 1996-97, with a further \$50 million retirement in 1997-98 and \$20 million proposed for 1998-99.

Interest payments will reduce by \$13 million per year once the target is reached, while interest receipts will be down by \$10 million, achieving a net gain of \$3 million per annum.

This strategy will clearly produce immediate and long term financial benefits for the Territory.

1997-98 Revenue

Total receipts will be \$2 679 million in the traditional budget format.

Mr Speaker, there are no new or increased taxes or charges in this Budget.

Receipts from Territory sources include \$30 million from asset sales. As I announced last week, the Government is considering selling its interest in the Ayers Rock Resort and the available land and buildings in the Trade Development Zone. This does not represent the total value of the two assets under consideration. If more or less is received, the change will be reflected in the use of balances. Territory net debt would therefore be affected accordingly.

There are a number of significant variations in the revenue from Territory sources, including a rise in land sales to \$20 million. The freeze on electricity tariffs imposed from 1 October 1992 will continue, and additionally there will be no increases in water and sewerage tariffs during 1997-98.

Other forecasted rises in Territory revenue categories result from the growth in the population and the economy. As a result, revenue for stamp duty is up \$3.3 million, payroll tax \$5.1 million and gaming taxes an extra \$2.9 million.

Payment of conveyance duty will in future be applied on land purchased from Government, addressing a present anomaly. This is expected to recover \$300 000 per annum.

The decision to reduce debt to below \$2 billion by 1998-99 affects interest receipts as the debt retirement is achieved by reducing cash balances. This is the main reason interest receipts in 1997-98 will be \$9 million less than 1996-97.

Grants from the Commonwealth

Grants from the Commonwealth will account in all for some 73 per cent of total Northern Territory revenue in 1997-98 and are projected to rise by 2.1 per cent. Of the total of \$1 270 million, general purpose payments comprise \$965 million, and these are budgeted to rise by \$40 million. This is mainly due to the real per capita growth in the total States and Territories financial assistance grants pool, the Territory's relatively high population growth, plus a small improvement in the Territory's share of the pool as recommended by the Commonwealth Grants Commission. These increases were offset by the cessation in 1997-98 of the \$10 million special revenue assistance received in 1996-97.

The Territory will contribute \$6 million in 1997-98 to assist the Commonwealth debt reduction strategy, in keeping with the 1996-97 Premiers Conference agreement.

There is also a fall in other Commonwealth grants of \$13 million.

The Territory did better than most other jurisdictions at this year's Premiers Conference, although the overall increase in total Commonwealth payments is nearly two per cent below the combined effect of inflation and population growth.

Budget Expenditure

The strength of the Northern Territory economy is one of the major factors contributing to our significant population growth. This growth has generated the need for more services to cater for more people. This Budget responds to those needs with a range of new and improved services.

One of the key services is health. Expenditure on providing medical services to Territorians makes up the largest single commitment in this Budget. Territory Health Services will receive \$377 million. That is an increase of \$17 million on the previous year or \$34 million since July 1996.

There is projected to be a nine per cent increase in patient admissions at Royal Darwin Hospital in 1996-97, with lesser growth in numbers at other Territory hospitals.

Responding to the demand for additional hospital services, the Government will spend \$5.1 million upgrading the Alice Springs Hospital which will include a 10 bed acute care facility. \$3.6 million will be spent on the Royal Darwin Hospital for works to improve the front entrance and to relocate the emergency department within the hospital.

The Government will introduce measures to treat the increasing incidence of chronic renal disease. \$2 million has been budgeted to increase the provision of renal dialysis in both Darwin and Alice Springs. The number of people requiring renal dialysis increased by 44 per cent in 1996-97, and the rate is likely to continue to double every 3.5 years.

A renal dialysis unit will be completed in 1997-98 at Nguiu on Bathurst Island, where the incidence of renal failure continues to increase at a higher rate than other Aboriginal communities.

1996-97 saw a major expansion and upgrade of health clinics in remote areas of the Northern Territory and this work will continue in 1997-98 with the construction of a new health clinic at Timber Creek to cost \$500 000.

Following the completion of the Territory's hospital information system, \$4.6 million has been included in the Budget for a Community Care System.

The Disability Services Program will be expanded in 1997-98, providing greater access to respite care, increases in the availability of attendant care and accommodation support for people with disabilities.

Forensic mental health services will be expanded at a cost of \$100 000.

While our growing population has placed increased demands on our health services, it has also created a greater need for child care facilities. Our population is the youngest in Australia, with an average age of 28.9 years, five years below the national average. In many cases, both partners or single parents are working and need ready access to child care.

To address this need, the Territory Government will spend an extra \$3.5 million over two years on a range of initiatives to upgrade child care services. Currently, there are 2 500 home based and centre based child care places in the Territory. The Government's Children's Services Plan provides funding for an additional 1 150 places by the year 2001. This Budget includes funding for an increase of 478. The Budget will ensure more places in the areas of critical need, such as for children under the age of three, and for children whose parents work extended hours.

This initiative includes the upgrading of existing child care centres, the creation of additional child care centres, as well as additional child care places through extra Territory Government subsidies.

Other measures in the Budget aimed at helping the Territory's working families include the promotion of child care centres catering for smaller groups and a pilot of an integrated care and pre-school education service in Darwin and Alice Springs. These initiatives are part of a 5 year Children's Services Plan for the Northern Territory and also include the establishment of a child care facility at the Royal Darwin Hospital.

The Northern Territory Government provides more resources for child care services than any other State or Territory government.

Mr Speaker, the Chief Minister has initiated a number of programs directed at the Territory's youth. Government is committed to providing positive opportunities for young Territorians and believes that the contributions and achievements of our young people should be actively promoted.

Funding has been provided for a Territory-wide Youth Festival to be staged later in 1997, as well as for the operation of the Chief Minister's Youth Advisory Committee. Other initiatives include the establishment of Regional Youth Forums.

Resources have also been earmarked for adequate and appropriate staff to be employed within the Office of Youth Affairs to ensure that young people can access appropriate information about youth issues through mechanisms such as the creation of Internet Web Sites.

The Territory Government's pensioner concession scheme will be continued. To further our commitment to the elderly, \$6.5 million will be provided over the next three years to upgrade nursing home facilities.

The growing Territory population has resulted in the need for new and expanded schools. In responding to these needs, the Department of Education budget will increase to \$304 million. That compares with \$283 million for 1996-97, providing a boost of \$21 million.

In keeping with this Government's past record of providing modern, well equipped schools for Territory school students, a new primary school will be built at Bakewell, to include two preschool units and a community oval, at a cost of \$6.4 million. A new primary school and preschool will be built at Durack at a cost of \$5.5 million.

Additional classrooms and other modifications for Sanderson High School will receive \$1.8 million whilst redevelopment of the Taminmin High School will cost \$1.9 million.

Karama Primary School will be expanded at a cost of \$1.5 million and Stage 4 additions to Nightcliff Primary School will cost \$1.4 million.

The Berry Springs preschool will be replaced at a cost of \$725 000.

All 'silver bullet' classrooms are to be replaced through at \$3.8 million program over two years. One of the first schools to benefit will be the Mount Allen School, with the replacement of 'silver bullets' at a cost of \$361 000.

A new primary school will be constructed at Timber Creek costing \$660 000 and \$343 000 will be provided for a new preschool at Numbulwar.

A comprehensive information technology plan is to be developed for the Department of Education in 1997-98 at a cost of \$750 000.

School and public libraries across the Territory will benefit from the replacement of the Northern Territory Library's Management System, to cost \$2.5 million.

Many of the Territory's growing number of young students will go on to further studies. Our adult population too, will be seeking to improve their education. The Northern Territory Employment and Training Authority will receive \$35 million to purchase vocational education and training places from registered training providers for approximately 9 000 Territorians in areas which meet industry demands.

For the past seven years, the Northern Territory has had the lowest unemployment in Australia. This year our jobless rate is expected to be about 5.5 per cent, three percentage points below the national rate.

This strength in our workforce has created a high demand for training for young Territorians and as a consequence, an additional \$1.5 million will be provided in 1997-98 for apprenticeships and traineeships in the Territory for training, accommodation and travel.

\$3.3 million has been provided in 1997-98 to the Training Network NT to enhance training in rural and remote areas.

In 1997-98, \$2.9 million will be provided for Vocational Education and Training facilities at Northern Territory University, with \$2.3 million for Stage 2 of the Multi Skilling building, \$600 000 for a Commercial Music Facility and \$60 000 to refurbish Building 18.

Mr Speaker, law and order is a major concern for residents of the Northern Territory. This Government is responding by the announcement today of a major increase in the police establishment by 150, commencing in 1997-98.

Two extra police recruit schools will be conducted before the end of 1997, resulting in 50 to 60 more police on the streets.

There will also be a buy-back of recreation leave which will provide an additional 23 police officers on the street.

Further details of these initiatives will be provided by the Police Minister.

The Police, Fire and Emergency Services Budget will be increased by \$11 million to \$105 million of which \$4 million has been earmarked for additional police personnel.

To ensure our police are supported by the latest technology, \$570 000 will be spent over two years upgrading the National Exchange of Police Information computer system which links Northern Territory crime data with that of other States and Territories.

\$400 000 will also be provided for the introduction of red light and speed cameras, \$251 000 for the replacement of obsolete forensic equipment, and \$420 000 to upgrade police cells and interview rooms in rural areas.

A new cell block and upgrading of air conditioning at the Alice Springs Police Station will be provided at a cost of \$2.2 million.

Another important law and order initiative is the establishment of a victim support unit within the Office of the Director of Public Prosecutions. Funds provided for this unit will also include a provision for an annual grant to the Victims of Crime Assistance League.

A greater commitment to law and order has resulted in more offenders being ordered to serve gaol terms. This is expected to increase under the Government's mandatory sentencing laws. A larger prison population creates the need for extra funding. This Budget delivers that, with \$40 million for Northern Territory Correctional Services.

The Government has recognised the need to improve the standard of housing for staff in the remote areas. A \$5 million program will commence this year, comprising \$1.3 million for police housing, \$2.2 million over two years to replace Education Department 'silver bullets' and \$1.5 million for other staff housing.

The Northern Territory Housing Commission Budget will be maintained at its previous level. This includes \$24 million for the Indigenous Housing Authority for housing and infrastructure works on remote Aboriginal communities and \$10.6 million for construction and upgrading in all other areas. Total maintenance expenditure will be \$12.8 million.

The Government maintains its commitment to home lending and unspent funds from 1996-97 will transfer to 1997-98.

The Department of Primary Industry and Fisheries services a sector which continues to develop and take advantage of export opportunities, particularly in the pastoral and horticultural industries.

Major initiatives of the Department in 1997-98 will include the continuation of planning for the extension of the Ord River development to provide available land suitable for irrigation. The engineering and public environmental reports have been finalised. This now paves the way for the calling of expressions of interest from developers to participate in the development, pending resolution of native title issues.

A weighbridge to support the live cattle export trade will be constructed on the East Arm Port access road at a cost of \$1 million.

The Government is retaining a role in the provision of water drilling and testing to support ground water exploration and water use for agricultural purposes. This commitment is reinforced by the purchase of a replacement drilling rig and associated equipment, costing \$1.5 million.

The introduction of a stock water enhancement scheme, costing \$300 000, will assist the pastoral industry to efficiently manage and develop water resources.

The Northern Territory is blessed with plentiful supplies of fish. Two joint industry-government surveys have confirmed that commercial quantities of red snapper can be harvested using drop line fishing techniques. In 1997-98 a \$75 000 marketing program is to be developed and implemented to improve the marketability of red snapper which will help to further develop this fishery.

Mining is a lifeblood for the Northern Territory, providing valuable jobs and investment. The Department of Mines and Energy will focus on programs to boost exploration and development opportunities for minerals, oil and gas.

The major new discoveries and developments in the Timor Sea provide opportunities for onshore developments in Darwin to maximise the benefits for the economy and population of the Northern Territory.

This Government will be working closely with the Commonwealth and international companies to establish Darwin as the major offshore supply base and service centre for the region.

The Budget encourages new mineral exploration. Geological surveys sponsored by the Government can lead to important new discoveries. In 1997-98, an extra \$2.4 million will be spent on this effort, as part of a total survey budget of \$4.7 million.

This will provide for the provision of high quality airborne geophysical survey work in the Alice Springs region and Tanami gold province. There will be geological mapping of the Alcoota, Bloods Range, Robinson River and Limbunya mapsheet areas as well as metallurgical mapping of the Mount Evelyn mapsheet.

\$1 million will be spent on the expansion of the geophysical data base.

Tourism is also a significant contributor to the Northern Territory economy. It is estimated that visitors to the Territory spent \$718 million in 1996. Territorians continue to prosper from the high number of visitors. The Northern Territory Tourist Commission is playing a leading role in ensuring the Territory is one of the world's leading tourist drawcards.

The Northern Territory Government will again support tourism with a range of infrastructure and other initiatives.

I am pleased to announce \$1.5 million will be spent on the construction of a new Cruise Liner Terminal, to be built at Stokes Hill Wharf. The number of visits by cruise ships into Darwin is expected to double over the next five years and 17 are planning to visit Darwin in 1997. The new terminal will improve arrival and departure facilities for cruise ship passengers.

Tourism is an extremely competitive industry. This Government is increasing its level of activity in the market place to ensure the Territory is recognised as a leading tourist destination. Accordingly, the Tourist Commission's marketing budget is to be increased by \$1.5 million. There will be specific funding for a campaign to promote the Alice Springs region, to reverse the reduction in length of stay by visitors to the region. Promotional and marketing activity in overseas source markets will be increased.

The Budget includes funding to upgrade key tourism roads and access to tourist destinations. The remainder of the Ross Highway will be sealed to the Ross River Homestead, at a cost of \$600 000. \$800 000 will be allocated to upgrading access to Litchfield National Park. 15 kilometres of the Katherine Gorge Road will be upgraded at a cost of \$600 000 and \$360 000 will be spent on an access road to Bitter Springs in Elsey National Park.

The Araluen Centre in the Alice Springs cultural precinct will receive a \$1 million upgrade to provide an enhanced attraction for local residents and tourists, including relocation of the Central Australian Museum.

The strength of the Northern Territory's tourism industry is largely dependent on our natural attractions and heritage. In this Budget, I am pleased to announce a number of exciting projects to further enhance the Parks and Wildlife Commission's reputation and performance in this area, thus providing more support for the tourism industry and recreation opportunities for Territorians.

Leading the list of new developments is the new Charles Darwin National Park. To be named after renowned naturalist Charles Darwin, the park will cover 690 hectares of the area previously intended for the Darwin South development. The Park will be bounded by Sadgroves Creek, Darwin Harbour, Reichardt Creek and Tiger Brennan Drive. \$500 000 will be allocated in 1997-98 for initial developments which could see the park open to the public as early as next year.

The old Marrakai/Cape Hotham reserve at Adelaide River is to become the Djukbing National Park, with management costs of \$157 000 per annum.

Litchfield National Park has seen visitor numbers reach 290 000 in 1996. Reflecting the growing public appeal of the park, \$715 000 will be spent establishing a new walking trail, expansion of visitor facilities for four wheel drive enthusiasts and the establishment of a new camping area.

The popular Casuarina Coastal Reserve is one of Darwin's key attractions, especially at this time of the year. It will receive an additional \$400 000 to extend carparking and picnic facilities at Lee Point and for mosquito control.

The world class Territory Wildlife Park continues to impress its many visitors. Additional habitat displays and facilities will be constructed at the park at a cost of \$340 000, to help maintain the facility as a prime tourist attraction.

\$700 000 will be devoted to parks in the Katherine region in 1997-98 including \$390 000 to Elsey National Park to provide public facilities and interpretive signage at Bitter Springs.

On related matters, two important environmental projects within the Department of Lands, Planning and Environment are the Mangrove Management Strategy, costing \$130 000 and ongoing works to prevent salt water intrusion in the Mary River wetlands, to cost \$300 000.

Mr Speaker, a feature of previous Territory budgets has been the enhancement of what many Territorians consider to be our greatest treasure - the Territory lifestyle. This Budget is no exception.

Sport and recreation, the Arts, the enhancement of our urban environment and recreational fishing feature strongly in this Budget.

More than one in three Territorians go recreational fishing. It is one of our most, if not the most popular recreational activity. The Government's commitment in this area has included the dedication of entire river systems to recreational fishing. It has seen the Territory become Australia's premier fishing destination. Initiatives included in the Budget will enhance this outstanding reputation.

Darwin Harbour and Shoal Bay are to be dedicated to recreational fishing. \$1 million will be provided to buy back commercial barramundi fishing licences. My colleague, the Minister for Primary Industry and Fisheries will outline other Territory waters which will benefit from further reductions in commercial barramundi fishing.

Last year's Budget included \$350 000 for a new fishing access scheme. The initiative continues in 1997-98 with funding increased to \$460 000.

To assist those recreational fishermen who don't have boats, especially young Territorians, this Budget also provides for the construction of an artificial reef at Stokes Hill Wharf. A fishing platform will be constructed above this reef, at a cost of \$250 000.

Mr Speaker, over many years the Government has provided resources to enhance our urban environment. This very successful program will itself be improved in 1997-98 by combining and refocussing the former Urban Enhancement and Heritage Trail programs, with funding increased to \$2.1 million. I will be in contact with Councils to discuss future management of the new and expanded Urban and Heritage Enhancement Program.

In addition to sports grants totalling \$2.7 million recently announced by the Minister for Sport and Recreation, the 1997-98 Budget includes further funding for sport and recreation infrastructure. This includes \$1.5 million for a second hockey field at Marrara, and \$250 000 for additional car parking.

Cyclepaths will be extended in Alice Springs, Katherine, Palmerston and Darwin at a cost of \$660 000.

For the Arts, 1997-98 sees the second year of a three year, \$467 000 commitment to the Darwin Entertainment Centre. \$20 000 will be provided to continue the 'artists in schools' program. The Corrugated Iron Youth Theatre will receive \$57 000 and other assistance.

Economic Infrastructure

1997-98 will see another strong capital works and capital items program to support industry, encourage development and continue the Government's long standing practice of improving infrastructure across the Territory.

With the completion of engineering construction of the East Arm Port, the focus in 1997-98 will shift to the provision of services. To facilitate relocation of the fuel farm from Stuart Park, \$3 million will be provided for oil handling services and \$3.2 million for the installation of fuel delivery lines from the wharf to the new joint user fuel terminal site.

The Budget includes provision for continued funding to enable the completion of a 600mm water main and an 11kv power supply line to service the new port and adjacent land at a total project cost of \$5.5 million.

In addition, \$4.3 million will be provided for undercover storage, administrative accommodation, and hard-stand areas.

A further \$10 million has been allocated in this Budget for the finalisation of planning and land acquisition for the Adelaide to Darwin railway.

Mr Speaker, the Government will continue its commitment to improve national highways with some \$7.5 million to be spent on upgrading the Stuart Highway. These works will include the upgrading the Elizabeth River bridge costing \$2.5 million, construction of the Palmerston bypass for \$3 million, pavement widening between Alice Springs and Erldunda costing \$1 million, and \$1.7 million for a second carriageway between Lindsay and Crawford Streets in Katherine.

In addition to roads serving the tourism industry I mentioned earlier, the regional roads program includes completion of sealing Larapinta Drive to Hermannsburg, sealing part of Larapinta Drive between Hermannsburg and Kings Canyon and upgrade to the Tanami Road between Papunya and Lajamanu turn offs. Each of these projects will cost \$1 million.

Northern region road works include \$1.2 million for further sealing of the Daly River Road and works to complement pastoral and agricultural development in the Katherine region, including a \$1 million upgrade of the Dry River to Gorrie Road, and extension of the seal on Florina Road at \$270 000.

The Government's commitment to transport infrastructure has resulted in the allocation of \$1 million to upgrade the Palmerston Bus Interchange. The project will see the provision of additional parking facilities and minimise delay times for passenger pick up and set down.

The commercial arm of the Power and Water Authority needs to respond to increased demand and will spend over \$30 million on electricity, water and sewerage infrastructure expansion across the Territory.

Highlights include \$16 million to enhance the performance of generating plant for Channel Island Power Station and \$5.5 million for the installation of new generating plant at Tennant Creek to improve fuel efficiency and to enable retirement of older equipment.

In Katherine, undergrounding of powerlines in Katherine Terrace, an additional supply feeder into Katherine CBD and upgrading of older overhead powerlines by conversion from 11kv to 22kv in the CBD and surrounding area will cost \$1.4 million.

Construction of the first stage of a new water main from Stuart Park to Darwin CBD, worth \$1.5 million and the construction of a water main to the new suburb of Rosebery and Bakewell to cost \$1.5 million will meet increasing demand in these areas.

The Future

Mr Speaker, this Budget sets the framework for soundly-based economic and social development of the Territory, well into the 21st Century.

Territorians can look towards the future with confidence knowing the Government is taking a prudent and responsible approach to running the economy.

The Government looks forward to receiving announcements on a number of major projects of national and international significance.

The land acquisition for the Adelaide to Darwin rail link is almost complete and we await a decision on federal funding.

An announcement is also due on the proposed liquefied natural gas plant for Darwin. Strong representations have been made to BHP and its joint venture partner Phillips Petroleum to choose the on-shore LNG plant option at Darwin, rather than an off-shore facility.

The Territory's wealth of natural resources both on land and at sea have provided us with much optimism. Seismic investigations for oil and gas in the Timor Sea have been very successful and confirmed by world class discoveries.

The mining industry will remain at the forefront of the Territory economy for many years to come.

The East Arm Port facility will be in operation within the next financial year and provide a substantial asset which will benefit Territorians well into the next century.

The live cattle trade into South East Asia will continue to provide a sound market for the pastoral industry and demonstrates similar potential for the horticulture industry.

Construction work will continue to be an important source of employment for the Territory. The growing population and continued demand for quality tourist accommodation together with the other major developments will provide the demand for building expertise with other major developments.

Development of Defence infrastructure by the Commonwealth Government continues with new projects in the pipeline such as the Bradshaw Field Training Area.

Mr Speaker, the independent and highly respected financial analysts Access Economics have forecast that over the next five years the Territory economy will grow at an average annual rate of 4.2 per cent. This is higher than any State, including the resource-rich sun-belt States of Queensland and Western Australia and considerably higher than the national forecast of less than three per cent.

The policies of the Country Liberal Party Government will help ensure that this growth in the economy continues. The Government is focussed on creating jobs and maintaining our treasured lifestyle.

The Government strategies cater for a growing population by providing support to the private sector and key services for Territorians.

Conclusion

Mr Speaker, this is a Budget which will set strong foundations for the exciting opportunities that lie ahead.

The Budget responds to the needs and wishes of Territorians. It provides significant funding for the key service areas of health, education, and law and order.

Infrastructure spending has been maintained.

The Budget also improves sporting and recreational facilities, safeguarding our lifestyle. It will build the foundation for jobs growth and a prosperous future.

It is a Budget which supports families, with particular emphasis on schools, health services, child care and community safety.

At the same time, there will be no new or increased taxes or charges.

It is a responsible Budget that reduces debt and ensures that we continue to live within our means.

Mr Speaker, this is a 'Budget for the People', focussing on jobs, services and our lifestyle.

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