

BUDGET SUMMARY

NET PRESENTATION	2000-01 Estimate \$M	2001-02 Budget \$M
CURRENT EXPENDITURE	1 873	1 892
Final Consumption Expenditure	1 279	1 302
Current Grants and Subsidies	412	402
Interest Paid	182	188
CAPITAL EXPENDITURE	129	219
New Fixed Assets	237	244
Capital Grants	188	47
Other Net Expenditure	-296	-72
<i>less</i>		
TERRITORY REVENUE	400	408
Taxes	227	218
Property Income	57	51
Interest Received	36	31
Surplus of Business Divisions	71	84
Other Revenue	9	24
COMMONWEALTH GRANTS	1 603	1 691
GST Related Revenue	1 285	1 386
Other Grants	318	305
<i>equals</i>		
INCREASE IN TERRITORY DEBT	190	47
DECREASE IN FINANCIAL ASSETS	-191	-35
CHANGE IN NET DEBT	-1	12

In 2001-02:

- Total expenditure to increase by 5.4%; when one off effects are removed, increase is 1.3%.
- Final Consumption Expenditure to increase by 1.7%.
- Expenditure on New Fixed Assets to increase by 3%.
- Commonwealth Grants to increase by 5.5%.
- Net debt to rise by \$12 million.

In 2000-01:

- \$315 million in capital receipts, for railway contributions and Conditions of Service Trust.
- Net debt decreases by \$1 million, after \$150 million payment from Conditions of Service Trust.

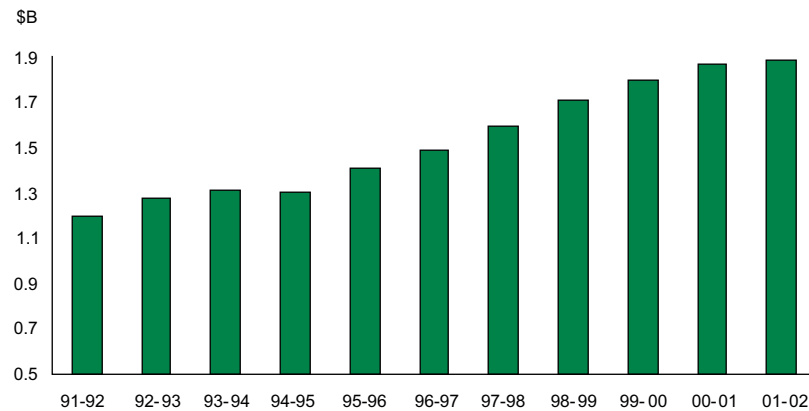
GROSS PRESENTATION	2000-01 Estimate \$M	2001-02 Budget \$M
Outlays	3 568	3 185
Receipts	3 741	3 272
Use of Balances	-173	-87

HIGHLIGHTS

- 2001-02 Budget complies with all five elements of the Fiscal Strategy.
- Reduction in pay-roll tax rate from 6.6% to 6.5%.
- No increase in Taxes and Charges.
- Removal of Financial Institutions Duty.
- Commencement of Alice Springs to Darwin railway.
- Study to be undertaken to determine passenger and tourist railway requirements.
- Stage two of East Arm Port underway.
- Broad range of lifestyle initiatives including:
 - air-conditioned basketball stadium;
 - increase recreational fishing projects;
 - ski beach rehabilitation at Manton Dam;
 - improved park visitor facilities at Litchfield, Simpsons Gap and Gregory National Park; and
 - new cycle/pedestrian paths in Palmerston.
- Economic growth over the next 5 years predicted to be the fastest in Australia.
- Major Government-sponsored private sector construction projects to commence in 2001-02, including the Alice Springs Convention Centre and Mitchell Plaza development.
- An increase in Capital Works expenditure from \$183 million to \$193 million.
- Commencement of gas industry related infrastructure.
- Solar electricity generation plant at Watarrka.
- Enhanced whole of Government approach to assist industry in dealing with native title issues.
- Sale of NT Fleet assets.
- Relocation of the Darwin Dental Clinic to Casuarina, leaving the Mitchell Street site available for redevelopment.

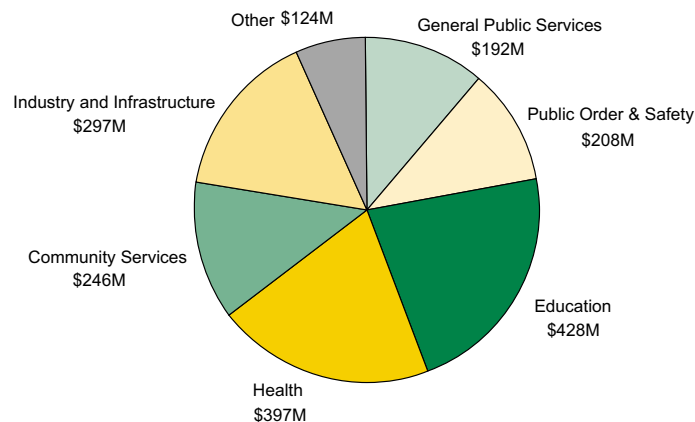
CURRENT EXPENDITURE

CURRENT EXPENDITURE



- Current expenditure of \$1 892 million in 2001-02.
- Current expenditure growth of 1% remains within Fiscal strategy.
- Moderate growth in current expenditure resulting from efficiency measures in recent years.
- Final Consumption Expenditure to increase by \$23 million.
- Growth in health, education and police greater than growth within population and inflation.
- The major social services functions of education, health, community services and public order and safety account for 66% of the Northern Territory's current expenditure.

CURRENT EXPENDITURE BY FUNCTION 2001-02

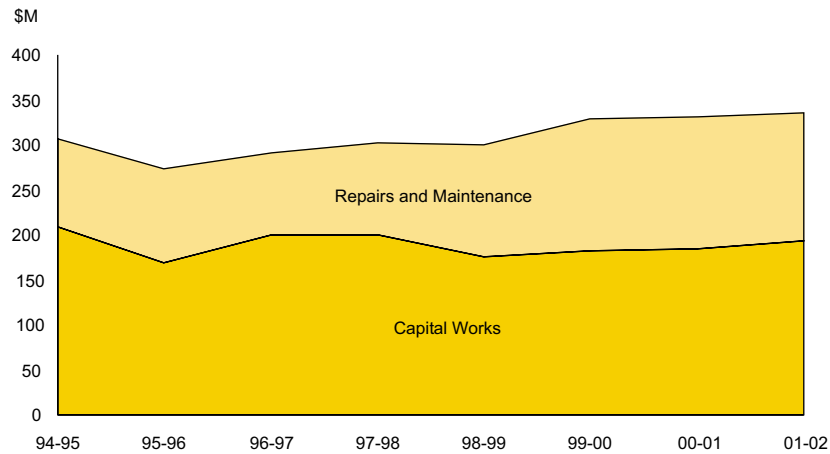


CURRENT EXPENDITURE INITIATIVES

- Additional funds for the Department of Education for improved educational outcomes.
- Roll out of the Learning and Technology in Schools (LATIS) program, designed to incorporate interactive information technology into Territory teaching and learning.
- Various health initiatives including increased funding for School Therapy services, implementation of a cardiac rehabilitation program, introduction of free syringes for diabetic sufferers and the establishment of a Northern Territory Organ and Tissue Donor Agency.
- Expanded chronic disease prevention programs in remote areas.
- Funds for enhanced research capacity at the Menzies School of Health Research.
- Additional funds for NTsafe.
- Appointment of a Rugby Union coach at the Northern Territory Institute of Sport.
- Preparation for the 60th Anniversary of the Bombing of Darwin, along with restoration of the ammunition storage magazine at Charles Darwin National Park to World War II era and interpretation signage at other World War II sites.
- Upgrade displays at Bullocky Point Museum and increased funding for the Alice Springs Cultural Precinct to operate the expanded facilities and for new capital items.
- Funding to bring major events to the Territory in 2001-02, including 'Grease', 'The Main Event', V8 Supercars and the NT Safari.

CAPITAL EXPENDITURE

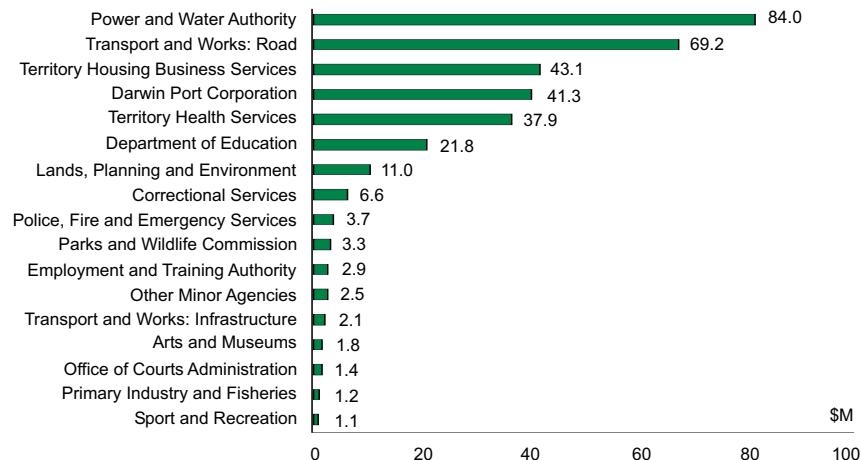
CAPITAL WORKS AND REPAIRS & MAINTENANCE EXPENDITURE



- Capital Works cash allocation of \$193 million, increase of \$9 million on 2000-01.
- Repairs and maintenance cash of \$142 million, a decrease of \$6 million due to one-off flood expenditure in 2000-01.
- Major capital expenditure in 2001-02:

- Alice Springs Hospital, Royal Darwin Hospital and Maningrida Health Clinic (\$23 million)
- Girraween Primary School (\$7.5 million)
- HomeStart (\$25 million)
- Access road to Middle Arm industrial estate (\$4.7 million)
- Redevelopment of the Darwin Correctional Centre (\$7 million)
- East Arm Port Projects (\$35 million)
- \$13 million for road rehabilitation and reconstruction throughout the Territory.

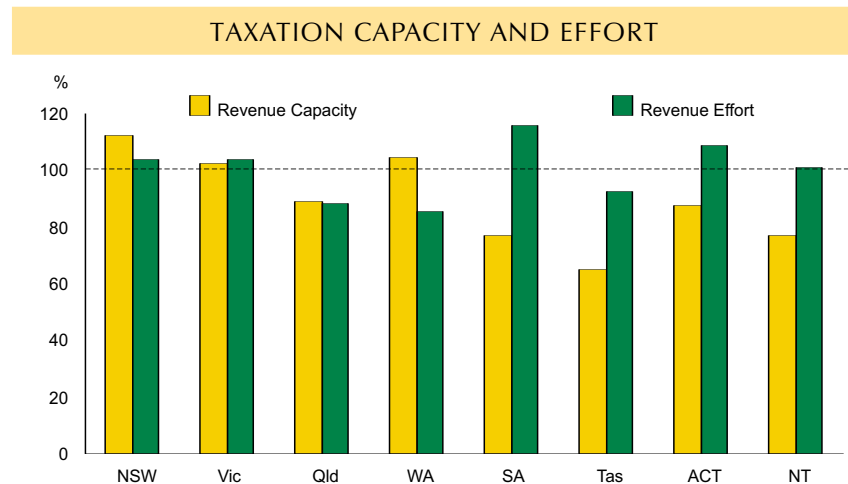
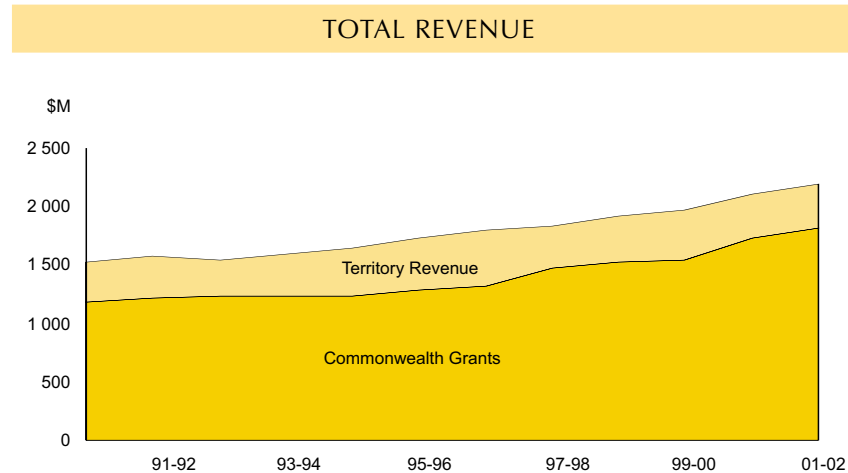
CAPITAL WORKS AND REPAIRS & MAINTENANCE EXPENDITURE



CAPITAL EXPENDITURE INITIATIVES

- A new air conditioned basketball stadium at Marrarra with 3 full-size courts to accommodate basketball and netball. Total cost \$4.3 million, with Government contributing \$3 million.
- Continuation of the Urban Enhancement and Heritage program throughout the Territory, with an additional \$2.6 million to be provided in 2001-02.
- Redevelopment fitout at Royal Darwin and Alice Springs Hospitals, \$5.1 million in 2001-02 with a total program of \$10.5 million.
- Additional \$2 million for upgrade of strength-deficient bridges across the Territory, total program \$4.7 million.
- \$5.3 million for new and upgraded school facilities including Leanyer Primary School, Jilkminggan School and a new school at Maranunga (Daly River).
- \$0.6 million for a new health clinic at Barunga.
- \$13.6 million towards housing in various urban and remote centres, including construction of crisis and medium-term housing, one and two bedroom units for general public housing and Government employee housing.
- \$10.5 million for essential services in Aboriginal communities, including headworks for a new housing area in Beswick and establishment of a new water supply source at Yuendumu.
- Additional \$2 million (\$7 million already provided) for gravelling and sealing the Alice Springs to Kings Canyon Tourist Loop.
- Stage one of an ongoing program of saltwater intrusion works on the Mary River Wetlands (\$1 million).
- \$24.2 million for essential services infrastructure including solar power generation at Kings Canyon and upgrading the spillway at Manton River Dam.

REVENUE



- Total revenue will grow by 4.8% from \$2 003 million in 2000-01 to \$2 099 million in 2001-02.
- Third year of reduction in pay-roll tax at a cost of \$1.4 million in 2001-02.
- Financial Institutions Duty and stamp duty on marketable securities abolished from 1 July 2001 at a cost of \$13 million in 2001-02.
- Headline growth in Commonwealth Grants is 5.5%; underlying growth after removal of tax reform effects is 4.6%.
- Tax reform has resulted in greater reliance on Commonwealth revenue.
- Territory revenue growth is 2%, reflecting abolition of two taxes and reduced pay-roll tax rate.
- Territory taxation capacity below Australian average following tax reform changes but tax effort is at Australian average level.

REVENUE INITIATIVES

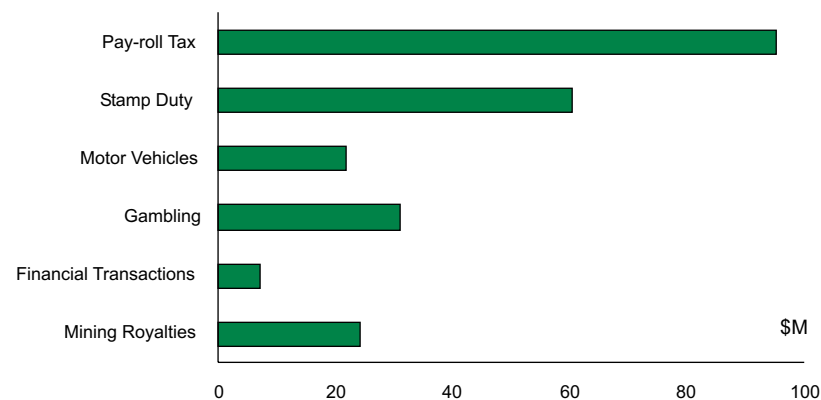
■ Pay-roll tax measures:

- pay-roll tax rate further reduced to 6.5% from 6.6% (6.75% to 6.6% in 2000-01)
- limiting application of the grouping arrangements to greater than 50% controlling interests
- various measures to simplify pay-roll tax administration including the removal of the requirement to lodge pay-roll tax returns for electronic payments.

■ Stamp duty changes:

- tax-free threshold for hiring duty increased from \$12 000 to \$36 000 and an exemption for certain related party hiring arrangements
- payment date for conveyance duty moved from 30 days after the date of assessment to 60 days after the date of execution
- a range of administrative and integrity/anti-avoidance measures
- removal of stamp duty exemptions available to Government Business Divisions.

MAJOR REVENUE COMPONENTS 2001-02



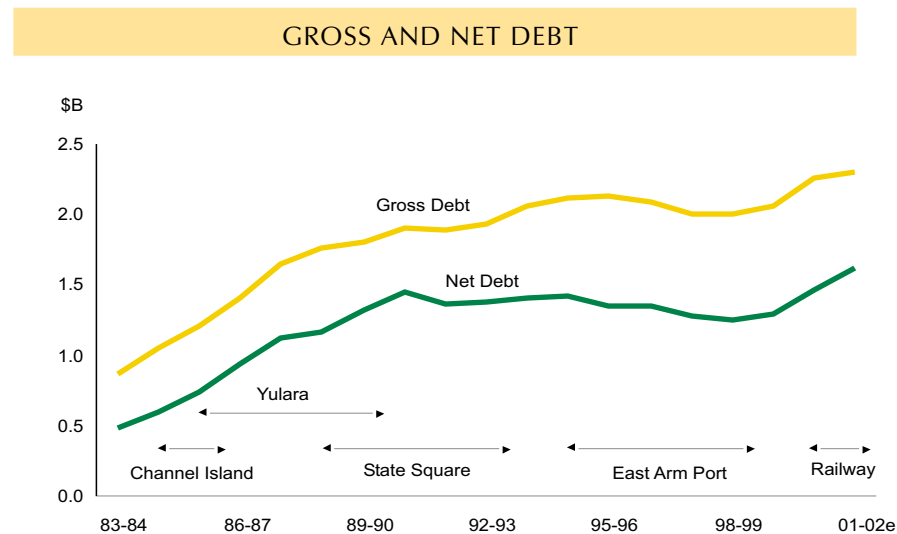
- Establishment of a taxation consultative forum to advise Treasurer on simple but fair tax arrangements for Territorians.

- More detail in *Budget Paper No. 3*.

GROSS AND NET DEBT

GROSS AND NET DEBT	Gross Debt \$M	Financial Assets \$M	Net Debt \$M
As at 30 June 2000			
Consolidated Total	2 064	770	1 294
As at 30 June 2001			
Consolidated Total	2 250	807	1 443
As at 30 June 2002			
Consolidated Total	2 297	842	1 455

- Gross debt in 2000-01 and 2001-02 has risen although the increase is less than the Territory's expenditure on infrastructure.
- Net debt increases in 2000-01 as financial assets built up in previous years are realised for the Territory's contribution to the railway.
- Gross and net debt remains within the fiscal strategy.



FISCAL STRATEGY

The Northern Territory Government is committed to the long term viability of the Territory through sound financial management of the Territory's resources. The Government's core strategies and fiscal targets are:

- current expenditure per capita will not increase in real terms;
- infrastructure will be maintained at levels sufficient to meet the Territory's economic and social needs;
- the Territory's own source revenue effort will be broadly comparable to the States;
- Territory debt as a proportion of economic output will decline over time; and
- Territory debt servicing as a proportion of total Territory revenue and Commonwealth grants will be broadly comparable to the States.

Provisos:

- in any given year, the percentage change in Commonwealth grants to the Northern Territory should not be significantly different to the change for the States;
- the Territory should receive adequate discretion in the application of funds to priorities determined by Territorians; and
- assessment against the targets should exclude the budgetary impact of major one-off events, such as natural disasters.

DEVELOPMENT OUTLOOK: THE AUSTRALASIA RAILWAY AND THE EAST ARM PORT

- In April 2001 the final financial documents were signed, including the important Concession Deed.
- Projected expenditure on the project is \$1.3 billion, with private sector funding of \$725 million and the remainder, in grant and commercial stand by funding, from Governments.
- In addition to the \$165 million in direct funding, the Territory Government has spent \$22 million on purchasing the land for the rail corridor including \$8.4 million in compensation payments to the 13 Aboriginal clans whose land lies along the corridor.
- The Local Industry and Aboriginal Participation Plan provides for 75% of railway expenditure to be spent within the Territory and South Australia.
- Contracts worth \$280 million to Territory and South Australian suppliers and contractors were announced in April.
- The Territory is expected to experience a \$400 to \$450 million boost in project expenditure to the local economy during construction including:
 - Concrete sleeper plants in Katherine and Tennant Creek
 - 200 000 tonnes of freight moved, by road from Alice Springs rail head
 - The construction headquarters in Darwin
 - Freight terminals in Darwin, Katherine, Tennant Creek and Alice Springs
 - \$200 million of employment and training.
- Tenders for the construction of stage two of the East Arm Port have been called. The new port facilities will include a railway embankment and multi-modal terminal and liquids berth.
- The land bridge will be completed in 2004 with the finalisation of stage two of the East Arm Port and the AustralAsia Railway.

DEVELOPMENT OUTLOOK: OIL AND GAS INDUSTRIES

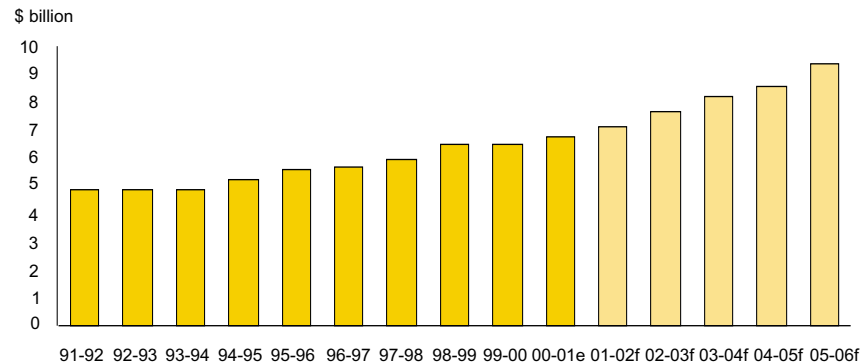
- The development of the Timor Sea natural gas resources will be a cornerstone for the future of East Timor and the Northern Territory. Strong partnerships are expected to result from these developments.
- Timor Sea reserves identified to date are estimated at 22 trillion cubic feet of natural gas and 1.05 billion barrels of oil, condensate and liquid petroleum.
- The Territory Government has positioned this years budget so it can respond to the infrastructure requirements of the gas industry. Immediate requirements include:
 - Construction of Wickham Point Road to access Middle Arm Industrial Estate (cost of \$4.7 million)
 - Acquiring all interests in Glyde Point land for the development of an industrial estate.
- Around \$340 million of Government infrastructure requirements has been identified for projects currently under consideration.
- \$10 billion worth of onshore and offshore projects are already in the advanced stages of planning with considerable financial resources already spent.
- A further \$3.7 billion worth of projects are in various stages of discussion.

OFFSHORE DEVELOPMENTS	\$ BILLIONS
Bayu-Undan Liquids Project	2.7
Greater Sunrise Offshore	1.2
Pipelines to shore	1.5
ONSHORE DEVELOPMENTS	\$ BILLIONS
Methanex Methanol Plant	1.5
Phillips LNG Plant	3.0
GTL Resources Plant	0.5
Pipeline to Moomba	1.5
Mineral processing at Batchelor and Gove	0.3
Other projects under discussion	1.5
TOTAL	\$13.7*

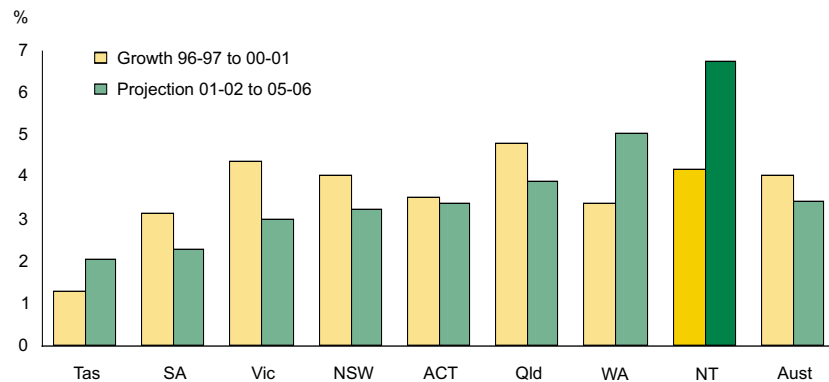
* This estimate is based on the total value of known capital projects as at the time of the printing of this publication in May 2001.

ECONOMIC GROWTH

TERRITORY REAL GROSS STATE PRODUCT

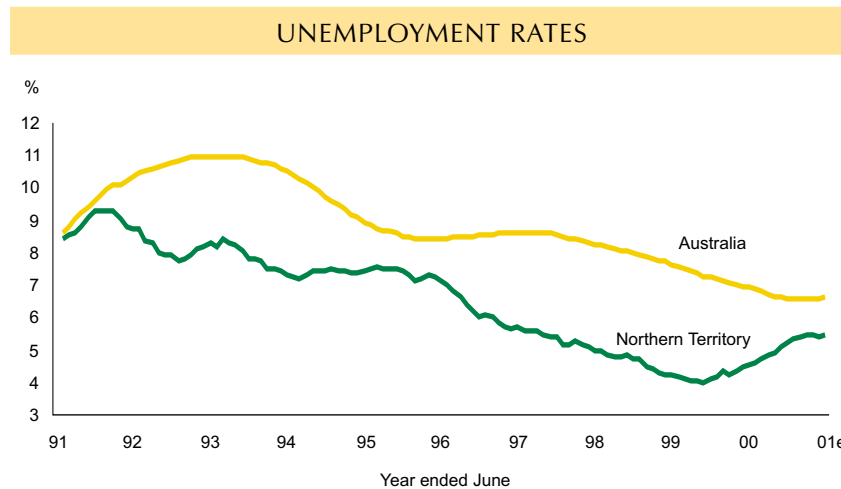
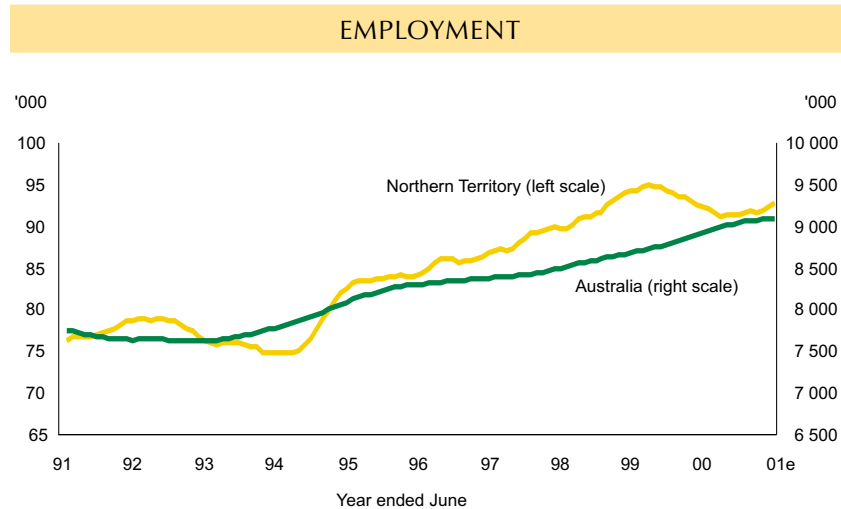


GSP/GDP ACTUAL AND PROJECTED GROWTH



- Territory Gross State Product is forecast to grow by 5.9% in 2001-02.
- Construction of the \$1.3 billion Alice Springs to Darwin railway and a pick up in dwellings investment and household consumption expenditure will be major contributors to growth.
- Commencement of construction work on several onshore gas-related projects will lift capital expenditure further.
- Activity related to those projects will provide the catalyst for a turnaround in Territory business and consumer confidence during 2001-02.
- The Territory economy is forecast to grow by an average annual rate of 6.7% over the next five years, substantially higher than other jurisdictions, and almost double that of Australia.

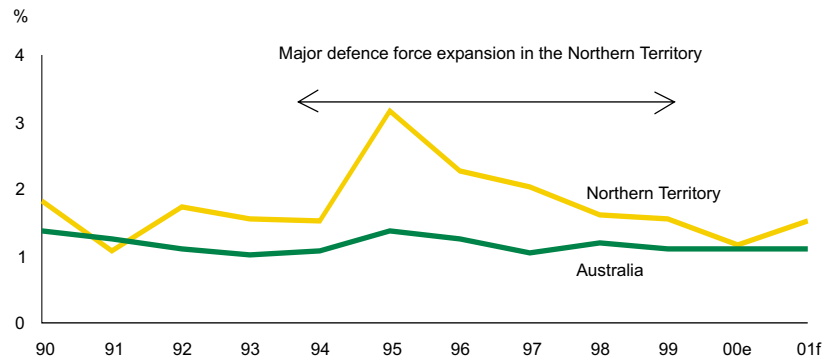
EMPLOYMENT



- The remarkably strong period of employment growth in the Territory peaked in 1999 in line with strong economic growth.
- The average unemployment rate fell from around 8% in 1991 to 4% in 1999.
- Inevitably after such a strong phase, employment growth fell back and the unemployment rate began to rise.
- Employment growth is beginning to pick up and will be boosted by the construction of the Alice Springs to Darwin railway and growth in economic activities.
- Territory employment growth will be further strengthened as construction commences on Timor Sea oil and gas projects, and with continued growth in tourism and the mining and rural industries.
- Access Economics projects Territory employment growth over the next 5 years to be 3.5%.

POPULATION

POPULATION GROWTH RATES



- Over the past five years, the Territory equalled Queensland in achieving the fastest population growth of all jurisdictions at an average annual growth rate of 1.7%.
- The major driving force for population growth over this period was the continued movement of Defence Force units to the Territory.
- Population subsequently moderated, increasing by an estimated 1.3% in 2000-01.
- The Territory's population growth rate is expected to increase by around 1.7% in 2001-02.
- Future population growth is expected to strengthen, increasing to annual rates of around 2% due to construction activity related to the Alice Springs to Darwin railway and onshore gas developments.

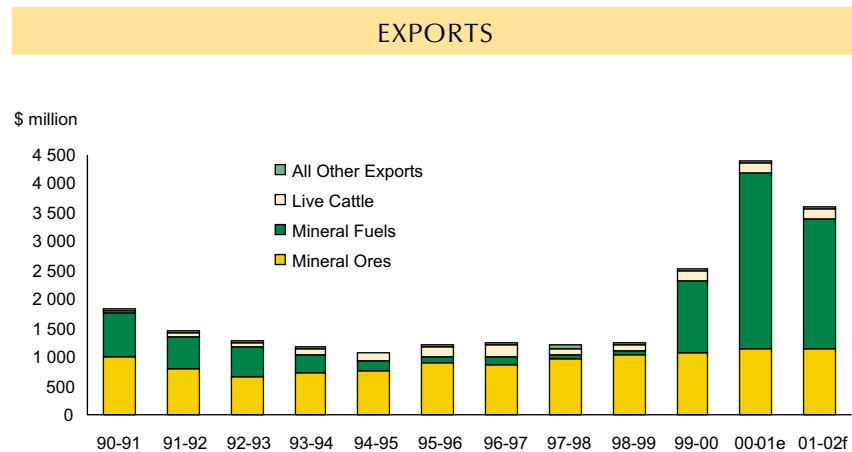
POPULATION GROWTH RATES OVER 5 YEARS



INTERNATIONAL TRADE

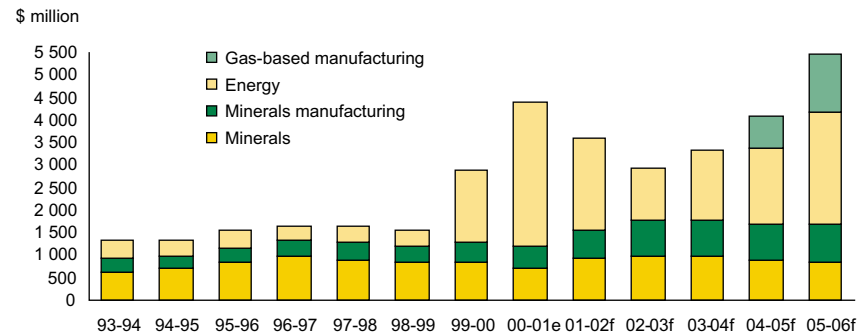


- The value of Territory merchandise exports increased by 74% during 2000-01, due almost entirely to an increase in oil exports. The Territory's merchandise trade surplus rose to \$3.7 billion.
- The fall in Territory merchandise imports was due to abnormally high imports in the previous year, associated with large imports of equipment for the Laminaria/Corallina oil field.
- A surplus in services trade reflected strength in tourism and expenditure by visiting defence personnel.
- The outlook for Territory exports is very strong due to the weak Australian dollar, high production levels of oil, and high oil prices. The outlook for Territory mineral ores is also positive with prices for most minerals expected to rise over 2001-02. Live cattle markets are expected to continue to grow over the medium term.



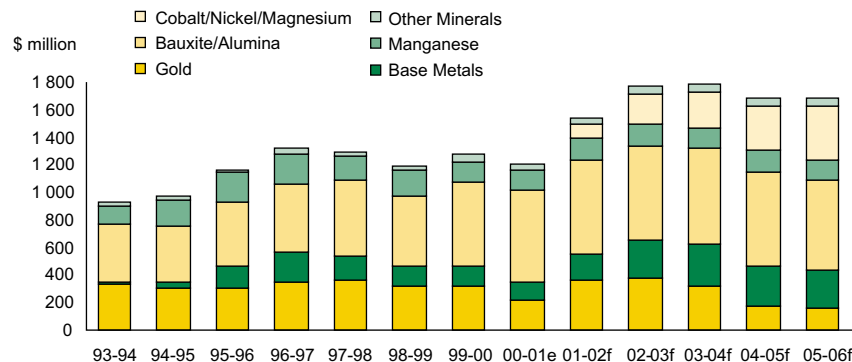
MINING

MINERAL AND ENERGY PRODUCTION AND PROCESSING



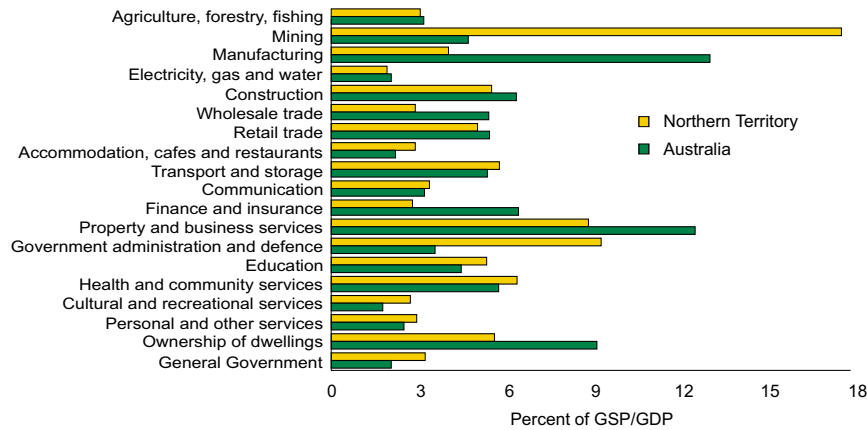
- The mining industry remains the single most significant contributor to Territory Gross State Product, accounting for 17.7% of GSP in 1999-00.
- In 2000-01, the value of mineral and energy production is estimated to have increased substantially.
- The value of energy production is estimated to have doubled to \$3.2 billion, boosted by the first full year of oil production from Laminaria/Corallina.
- The value of mineral production is estimated to have decreased by 6% to \$1.2 billion due to decreasing gold production, partially offset by improved alumina prices.
- The outlook for Territory energy developments is very positive. Oil production will dominate initially; gas extraction and gas-based manufacturing are expected to dominate in the medium term.

MINERAL PRODUCTION AND PROCESSING

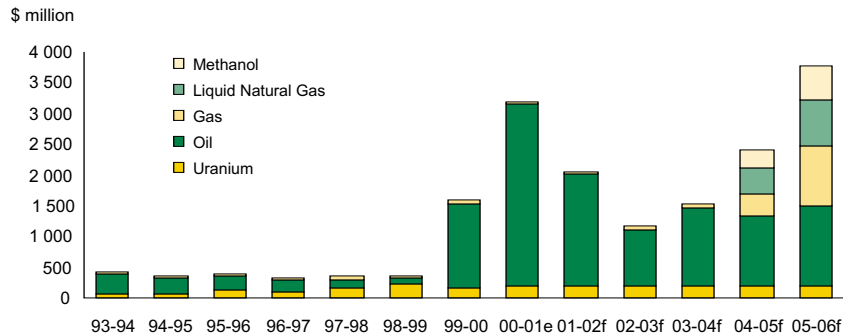


GAS-BASED PROJECTS AND MANUFACTURING

GROSS STATE PRODUCT BY INDUSTRY 1999-2000



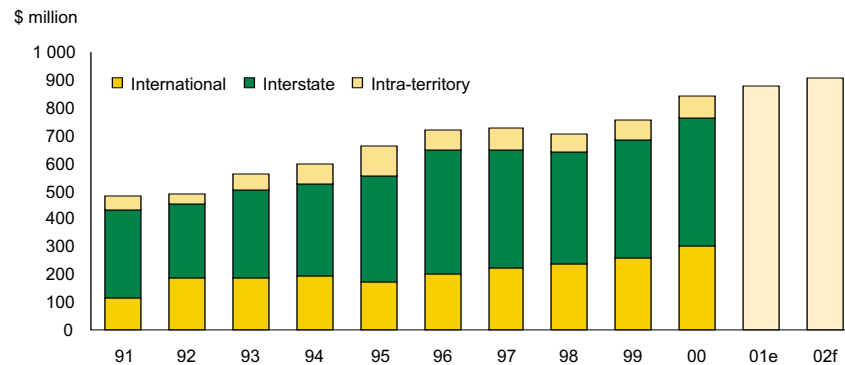
ENERGY PRODUCTION



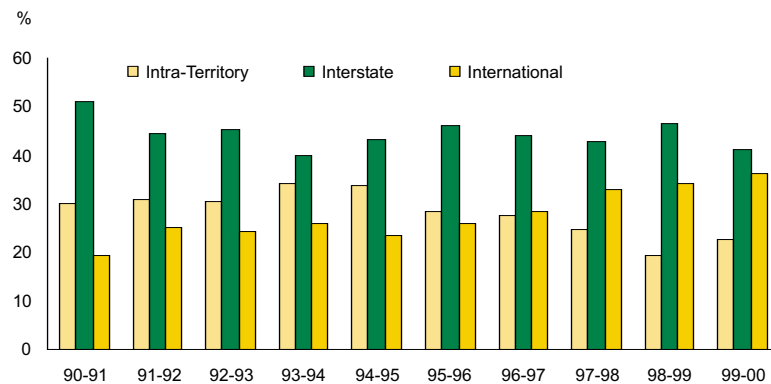
- The construction cost of prospective onshore and offshore gas projects is currently estimated at over \$13.7 billion. While final contracts are yet to be signed, delivery to Darwin of the first gas is expected around 2004-05.
- The piping of gas onshore for processing by manufacturing plants, will transform Darwin into a major regional manufacturing centre for various energy products.
- Operational benefits from such projects are significant. Around 600 ongoing jobs and \$300 million worth of direct expenditure is expected annually, with the vast majority of benefits retained in the Territory.
- With the potential for gas to be used both as a feedstock and as a cheaper energy source, the development of a gas-based manufacturing industry would significantly broaden the Territory's economic base.

TOURISM

TOURISM EXPENDITURE



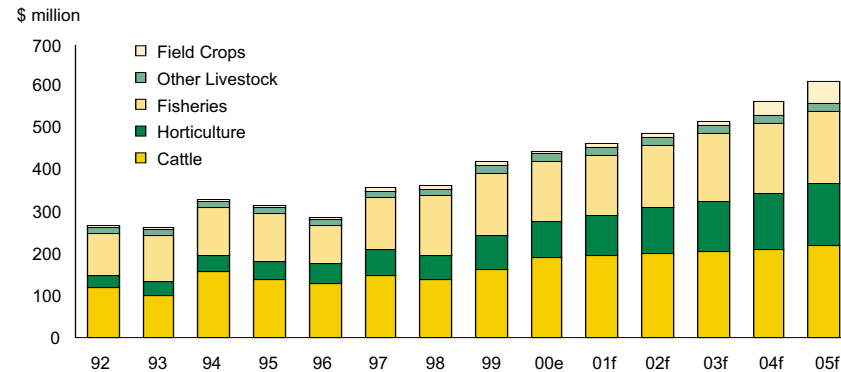
PERCENTAGE OF TERRITORY VISITORS BY PLACE OF RESIDENCE



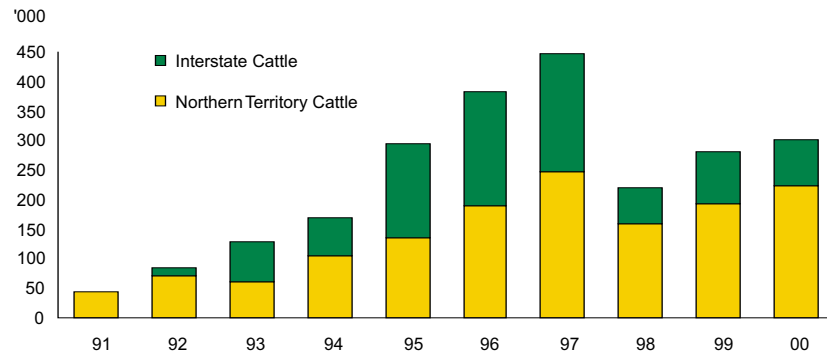
- Tourism contributes more to Territory GSP and employment than in any other jurisdiction.
- Strong growth in tourism demand will continue to be a key driver of the Territory economy.
- Even with the boost to visitor numbers in 1999-00 associated with the East Timor relief effort, visitor numbers to the Territory are estimated to have increased by 5% in 2000-01, to 1.5 million.
- Although petrol prices may be affecting the 'drive market', the weak dollar is encouraging Australians to take domestic holidays in preference to overseas holidays.
- The low Australian dollar and the flow-on effects from the Sydney Olympic Games will continue to boost international tourism which is already the fastest growing component of the Territory market.
- Completion of the Alice Springs Convention Centre in 2002 will boost tourism in Central Australia.

RURAL INDUSTRIES AND FISHERIES

VALUE OF RURAL INDUSTRIES AND FISHERIES PRODUCTION



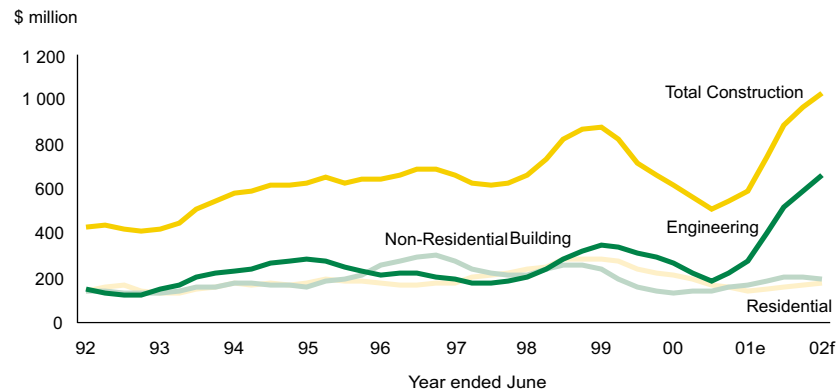
LIVE CATTLE EXPORTED THROUGH DARWIN



- The value of production of Territory rural industries and fisheries is forecast to increase by 4.1% to \$464 million in 2001. The outlook for the industry is for steady growth to 2004.
- In horticulture, the Territory enjoys advantages due to its capacity to supply markets with early and out of season produce. This advantage will underpin future industry growth.
- The long term outlook for the fishing industry, both wildstock and aquaculture, is promising, with domestic consumption of seafood increasing. Growth in world seafood demand is expected to exceed supply over the coming decade.
- The impact of the Ord River Irrigation Project is expected to increase the value of field crop production.
- Live cattle exports are expected to grow over the medium term but have not yet reached the level prior to the 'Asian Crisis'.

CONSTRUCTION

VALUE OF CONSTRUCTION WORK DONE



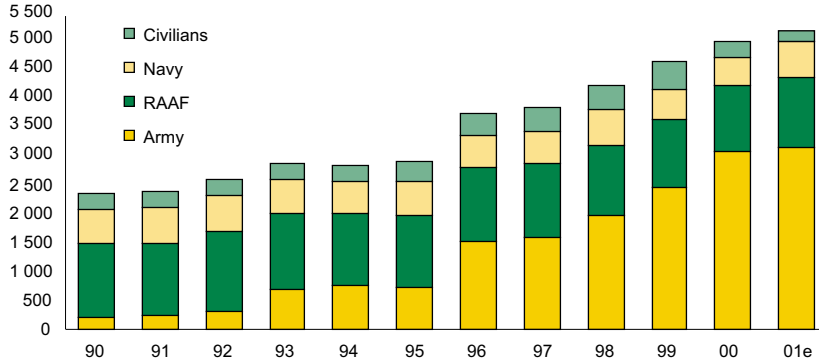
TERRITORY RESIDENTIAL DWELLING COMMENCEMENTS



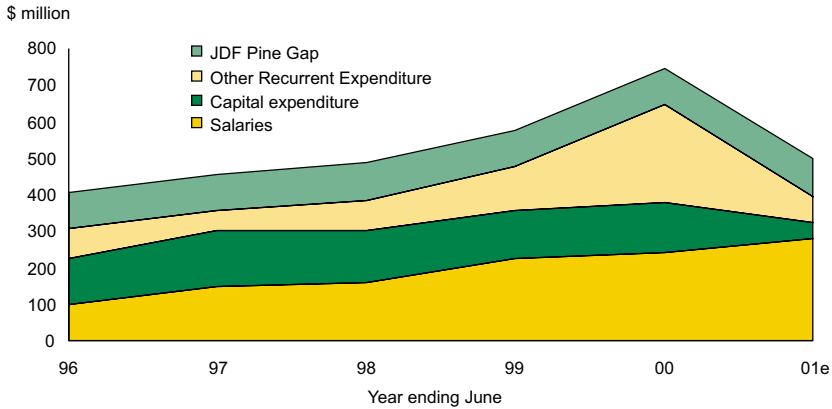
- Engineering construction is forecast to grow very strongly over the next three years, primarily as a result of the Alice Springs to Darwin railway and Timor Sea-related oil and gas activity.
- Following strong growth in the mid 1990s related to the Defence build-up, Territory dwelling and non-residential building slowed.
- In 1999-00 the construction industry was 5.6% of Territory GSP, its lowest contribution to GSP in the 1990s, and the only year of the 1990s when it was below the national rate.
- Residential construction is forecast to strengthen over 2001-02. Population growth will absorb the oversupply of dwellings leading to another growth phase in residential construction.
- Non-residential building construction is forecast to increase in 2001-02.

DEFENCE

DEFENCE PERSONNEL STATIONED IN THE TERRITORY



DEFENCE EXPENDITURE



- The number of defence personnel in the Territory more than doubled over the 1990s. Defence expenditure also increased strongly, before peaking at \$744 million in 1999-00. Expenditure is estimated to have declined in 2000-01, due to reduced activity in East Timor but remains significant at close to \$500 million.
- Territory industries such as housing, retail trade and tourism have benefited substantially from the increased defence presence, helping to broaden the base of the Territory economy.
- Australian involvement in the East Timor peacekeeping operations provided a significant boost to the Territory economy. Defence forces and Territory businesses will continue to be involved in the reconstruction of East Timor.
- There are plans to expand the Navy patrol boat group and to base a new squadron of armed reconnaissance helicopters in Darwin.