



NORTHERN TERRITORY

BUDGET 2020-21

Budget Paper No. 1

SPEECH AND
APPROPRIATION BILL

Part 1

Speech

Delivered on
10 November 2020

by

The Hon. Michael Gunner MLA

Treasurer

of the

Northern Territory of Australia

Introduction

Madam Speaker, I move that the bill now be read a second time. I table the 2020-21 Appropriation Bill and related papers.

The Northern Territory's 2020 budget is being delivered in a world very different to the one we were in last year. 2020 has changed just about everything.

After some hard times in the wake of the INPEX boom, we started the year with the economy finally turning a corner. Confidence was picking up, so was growth, so were jobs.

And then, we went head-first into a once-in-a-century crisis that has impacted a lot more than the budget papers. In different ways, every Territorian has felt it.

The coronavirus pandemic – and the global recession that has followed – was not the fault of anyone in the Territory. We did not cause it, and we did not want it. We just had to deal with it.

While 2020 has changed a lot, Madam Speaker, some things do not change, like the strength and resilience of Territorians. Together, we have made the Territory the safest place in Australia.

That means we can have the strongest comeback in Australia. My government is determined to turn this once-in-a-century crisis into a once-in-a-century opportunity for the Territory: to make the Northern Territory Australia's comeback capital.

Economic outlook

As the economic outlook in the budget shows, the comeback has begun. While the Australian economy went backwards in the last financial year, the Territory's economy is estimated to have grown by 4.8 per cent.

While the Australian economy is forecast to shrink by a further one-and-a-half per cent in this financial year, as the worst effects of the crisis are felt, in the Territory we are expected to hold about steady, contracting by just 0.1 per cent.

State final demand is also expected to stay level in 2020, before growing steadily, and strengthening to 1.4 per cent growth in 2023.

After recent years of declining population, 2020 is the year it starts to turn around. We are growing again.

Our unemployment rate is below the national average, and it is forecast to stay lower. The most recent monthly retail turnover figures show the Territory was the only place in Australia where the numbers went up. Residential building approvals were up 150 per cent in September – nearly 10 times the national average, and Darwin scored the strongest property price growth of any capital city last month.

Despite the impact of COVID-19 on operations and global markets, our mining sector continues to perform strongly, with production and exploration at near-record levels.

Though the Budget's economic outlook for the Territory is positive, it is also conservative. It does not factor in the planned and potential projects in the pipeline, such as the Barossa gas field project which would boost growth forecasts in 2023-24.

This is just one example of the projects ahead of us, approaching final investment decisions, which can deliver even stronger growth and more jobs for the Territory than are reflected in the forecasts.

The numbers are good but the potential is greater.

Budget position

Madam Speaker, despite the escalating impacts of the coronavirus in the final months of the last financial year, the budget outcome for 2019-20 was \$233 million better than forecast, with a fiscal balance deficit of \$821 million.

But there is no escaping the budget hit in 2020-21 where the full effects of this crisis are felt. Just like the Commonwealth budget, our budget has been hit, and hit hard. The fiscal balance deficit for 2020 is forecast to be \$2.45 billion, reflecting the massive loss of revenue as a result of the pandemic, as well as the cost of the measures we have taken to protect Territorians from the virus, and protect their jobs.

The biggest factor is the reduction in GST revenue, our biggest revenue source. The loss of GST revenue and relativity top-up payments, compared to the last budget's projections, amounts to \$1.6 billion over four years from 2019-20, with an average shortfall of \$334 million a year expected from 2020. While it once provided more than 50 per cent of the Territory's total revenue, in 2020-21, the GST makes up just 39 per cent – the lowest it has ever been.

There's no getting around it – this hurts. But despite this massive whack to revenue, because we have controlled the virus, kept the Territory in business, and kept Territorians in work, we expect to see the deficit cut in half in the next two years from 2020-21 levels.

Net debt is expected to be \$8.4 billion this financial year, slightly above the projection in the COVID-19 Financial Report. This puts the Territory's net-debt-to-revenue ratio at 132 per cent this financial year, coming in under the Commonwealth's net-debt-to-revenue ratio of 149 per cent.

We are all in the same boat here. We are all in the same fight.

Again, the 2020 budget is when the full force of the crisis is felt which is reflected in the projected 45 per cent year-on-year increase in net debt for 2020-21.

But year-on-year growth in net debt will slow dramatically to 20 per cent in the next financial year, with the growth rate continuing to decline over the forward estimates to just 8 per cent in 2023-24.

As I have said before, saving lives and saving jobs is not free. It costs money. The government will keep taking this hit for now. We have to – it is the only way, because I would rather we take this hit, than a Territory business hit the wall, or a Territory worker hit the dole queue.

Just like the Commonwealth, our budget can and will recover over the long term, once we are through this crisis. But a local business that goes under, could be gone forever. A local job that is lost, could be lost forever.

Our health and border measures are costly, but if we relax them too early, we risk the virus spreading, and a lost life, is lost forever.

So the government will continue to take the action necessary to protect the Territory, and to protect Territory jobs. It has to be done.

Budget repair

But Madam Speaker, there is no needless spendathon in this budget. There is no long shopping list. There is no extra sugar on the table. This is a budget for the times.

Many Territorians have struggled this year. They have had to make sacrifices, they have had to make hard decisions about what is important. It is only fair that their government does the same.

The new commitments in the 2020 budget cover three objectives: controlling the virus, protecting jobs, and kick-starting the recovery. Wherever we can, we have redirected existing funding towards these objectives.

Because of this discipline, the 2020 budget forecasts a reduction in government expenditure every year over the forward estimates, with total expenditure expected to be \$1 billion lower in 2023-24 than what is projected in 2020-21.

The coronavirus crisis has not stopped the work to implement our budget repair measures.

Budget 2020 includes the government's new wages policy for the public service, in line with the recommendations of *A Plan for Budget Repair*. From 2021-22, wage indexation will be paused for four years, with an annual retention bonus available of \$1000. The new wages policy improves the budget bottom line by \$424 million over four years from 2021-22.

Too often, public servants get a bad rap. They are an easy target for some who make lazy and untrue assumptions about them. Our public servants are dedicated and diligent employees, and proud Territorians. And in 2020 – when the Territory needed them the most – they have been exceptional. I am proud to work alongside them every day.

COVID-19 response

Madam Speaker, all Territorians had a stake in our response to the coronavirus crisis, all Territorians contributed, and all Territorians can share in the success. We are the safest because Territorians have been the best.

While the budget shows the full cost of controlling the virus, the cost of not acting was never something we were going to contemplate. The predictions of what could have happened if the coronavirus was let loose in the Territory – 90 000 infections, 5 000 hospitalisations, Territorians dying – was never on the table for this government. We threw the kitchen sink at this thing, to save lives and save jobs.

When it comes to protecting jobs, our measures to keep Territory businesses open, and keep Territorians working, have cost us nearly \$400 million so far.

When it comes to protecting lives, our frontline response to the pandemic broadly covers three priorities:

- the health priority: in our hospitals, health clinics and communities
- the police priority: especially on our borders
- the quarantine priority: with the Centre for National Resilience at Howard Springs.

In 2019-20, the government spent \$63 million on the frontline fight against coronavirus – for health, for police and for quarantine, and in this budget, we double down on our most important task: protecting the Territory.

The 2020 budget provides \$120 million in funding to keep winning the fight against this virus, and to keep the Territory the safest place in Australia. This includes:

- \$63 million to operate and maintain our gold-standard quarantine facilities, as well as infrastructure upgrades to border checkpoints and the emergency operations centre
- \$26 million for the frontline health response: such as screening and testing, support at quarantine facilities, and operational costs like personal protective equipment
- \$10.5 million for police to maintain their presence on our borders and in our communities, in addition to the \$20 million previously committed for this financial year to boost recruits.

This is the cost of controlling the virus. This is the cost of protecting the Territory and every dollar is worth it.

Jobs First Plan

Madam Speaker, the Territory is on the road to recovery before the rest of Australia. We know that the only way to have a strong recovery is to have a jobs-led recovery. In the Territory, jobs come first.

One thing I will always remember about 2020 – the image that will stay with me forever – is the queues around the corner of the Centrelink office back in March. I think we all felt like we had been punched in the guts when we saw that. It hit home just how real this crisis was. That same day, I heard a bloke on local radio who had just lost his job and was claiming welfare for the first time. He said it was his responsibility to provide for his family. He said he felt like a failure. He said he had let his family down. That was heartbreaking.

I learnt the value of work – the dignity of a job – from my parents. We moved around the Territory a lot when I was a kid as my parents chased work. My dad did everything: truckie, boilermaker, dug holes, cleaned bathrooms, whatever it took to pay the bills. But there were times when he could not find work, and Dad went on the dole. And he never said it out loud, but I know that hurt Dad a bit. He felt a sense of shame with that.

There is pride in a job. That's what drives me. In the Territory, jobs come first.

To be Australia's comeback capital, we need to have a jobs-led recovery, and build a jobs first economy.

The Territory has the potential to be a \$40 billion economy by 2030, with 35 000 new jobs for Territorians.

This is an ambitious goal, but we should be ambitious for the Territory. We have the best resources in the country, we have the best people in the country. Our potential is limitless.

Putting jobs first means:

- protecting existing jobs
- creating new jobs
- preparing Territorians for the jobs of the future.

To kick-start our recovery agenda, Budget 2020 includes the Territory Government's Jobs First Plan.

This is a plan to protect and create jobs, attract new investment, develop new industries, and make the Territory the easiest place in Australia to do business.

Madam Speaker, throughout this crisis, we have worked side-by-side with the Federal Government to keep people safe and keep people working. I met with the Prime Minister a few weeks ago. We discussed the Commonwealth budget, what it meant for the Territory, and how we could build on it. The first measure in the Jobs First Plan does exactly that: the JobMaker Booster.

We will invest \$7.8 million to supplement and extend the Commonwealth's JobMaker hiring credit by providing a wage subsidy to small businesses who hire a Territorian on JobSeeker.

We will top it up by providing \$100-a-week for new employees aged 30 to 35. And we will extend it by providing \$200 a week for new employees aged over 35. Combined with the Commonwealth, this guarantees a \$200-a-week wage subsidy for eligible Territorians, no matter their age, who go from Centrelink to a job. This means new jobs, with funding also available to help find people from interstate for existing, hard-to-fill jobs.

Madam Speaker, if we are going to be the comeback capital, the Territory must also be the small business capital of Australia.

The government's Small Business Survival Fund has kept hundreds of local businesses alive this year, because we know we need them here for the rebound. Small businesses deliver for the Territory every day, and Budget 2020 delivers for them. Even as we begin our recovery, we know we are still in hard times, and many small businesses are still struggling.

That is why this budget invests \$5 million in Territory Small Business Saver Grants, to help reduce their ongoing costs. Small businesses can apply for up to \$10 000, with a co-contribution, demonstrating how this funding will help them reduce their ongoing costs, so they can keep serving the Territory.

As well as helping small businesses stay open, the Budget also helps them grow. The government is investing \$5 million in Customer Experience grants: one-off grants of up to \$20 000, with a co-contribution, to help small businesses enhance the direct experience that locals and visitors get from their product or service.

The \$4 million Small Business Pivot Grant will help small businesses hit hard by COVID-19 to adapt to the new economic environment, and access new markets. Grants of up to \$10 000, with a co-contribution, will be available to businesses, with a focus on Territory enterprises that want to build their e-commerce capacity.

From our work on the Small Business Survival Fund, we learned that many small business owners want to gain more skills to help them stay on top of the financial side of running their business. The \$2 million Small Business Financial Fitness Fund will help them access financial sustainability training, and help peak industry groups to develop training programs.

One thing that has kept coming back to us is concerns about supply chain issues. The \$2 million Supply Chain Solver will help address that, with grants available to help businesses unlock potential opportunities in their supply chains, and our small business champions on hand to help find solutions.

Madam Speaker, I love a road trip, and I have been fortunate to do a couple this year, up and down the Stuart Highway.

Kristy and I used to put in pretty long stints behind the wheel, getting to our final destination as quickly as we could, but this year we have had Hudson on board, and we quickly learned that he prefers to take it a lot slower.

Because of that, we have become much better acquainted with some of the Territory's roadhouses. At Renner Springs, Highway Inn, Adelaide River, and a stack of other places, dotted all over the Territory, you can find good food, cold drinks, great people.

Today I want to make special mention of Gary Frost, who runs the Dunmarra Wayside Inn. Gary captures the true character of Territorians. He is down-to-earth, he is a hard worker, he looks out for people. He made headlines this year when, in the middle of the pandemic, Gary got in his plane and delivered pizza and beers to the cattle stations in the region. He also happens to make the best meat pies in the Territory, in my humble opinion. When he gets a minute to stop for a yarn, he is great company. After all these years, Gary still has ideas for how he can make his little slice of the Territory even better for the people who pass through.

Madam Speaker, being the comeback capital is all about seizing new opportunities in a new era. COVID has meant that our tourism drive market is more important than it has ever been. More people are looking at the Territory for their next holiday, and more people are hopping in the car to explore our backyard, but there is a whole lot more to the Territory than the major attractions.

Today I announce the Territory Government's Roadhouse to Recovery fund, a \$4 million investment to help the Territory's roadhouses and wayside inns upgrade amenities and improve the experience for visitors.

Grants of up to \$150 000 will be available for new and upgraded infrastructure, like improved cabins and campsites, playgrounds, or dining facilities. It will be a co-contribution, with one dollar investment expected for every three from the government. And the priority will be remote roadhouses. We want everyone to know that our roadhouses are more than just petrol or toilet stops. We want everyone to know that in the middle of nowhere, you can find something pretty special. The Roadhouse to Recovery Fund is all about giving people more reasons to stop, and more reasons to stay.

Madam Speaker, finishing high school is hard enough in normal times, but 2020 has brought a whole different set of challenges for Territory students, and they have been brilliant. In a strange and stressful year, they have just kept going. Now they are in the final stretch, sitting their exams. When they finish school, they will be stepping into a world more uncertain than we could have imagined.

A while ago, I asked year 12s to give me their views – how they were feeling about finishing school, what worries they might have about the future, and how they thought their government could help.

Because of their feedback, the 2020 budget includes the Get SET in the NT program. Supporting school leavers to study in the Territory, earn in the Territory and train in the Territory:

- Charles Darwin University will provide 10 scholarships to top-performing students, comprising free tuition for the first year of their chosen degree, and free on-campus accommodation, if required
- the government will also support industry groups to engage with Territory school leavers, so they can see all the training and job opportunities that are on offer here at home
- and finally, the government will provide 100 12-month traineeship places in the public service for Territory school leavers.

Territory Economic Reconstruction Commission

Madam Speaker, my government established the Territory Economic Reconstruction Commission because we want the Territory to emerge from this crisis in front.

I want us to hit the ground running in the post-corona world, to start the comeback before anyone else, and get the best people for the job, before anyone else gets them. We put together a team of champions, who agreed to work for the Territory, to work for all of us, and to help us write the roadmap for the Territory's recovery.

The commission is finalising its recommendations now. I am expecting their final report by the end of this month, but we have not waited for them to finish before we start working. The commission's first report, released in July, made some initial recommendations and we are jumping on them.

We are providing \$1.2 million for a feasibility study into an 'electricity superhighway' between Darwin and Alice Springs, to assess the opportunities for a transmission link in a renewable energy future, and a potential link to the National Electricity Grid.

We are investing \$6.6 million in the Renewable Remote Power Program, beginning with a pilot program to supplement the power supply at Wurrumiyanga with renewables to displace diesel, with further roll-out across remote communities in the future.

We will provide \$3.7 million to accelerate the initial work currently underway to secure our water supply infrastructure, including advancing the Adelaide River Off-stream Water Storage project.

We want to make the Territory the easiest place in Australia to do business, which is why one of our first actions as a re-elected government was to start implementing a red tape reduction agenda.

The government will invest up to \$10 million for the Department of Corporate and Digital Development to make standard business approvals fully digital. Food and retail approval applications will be moved to a new online platform, replacing the largely paper-based and in-person processes that currently exist. This is not about cutting corners, this is about being faster and smarter.

If a Territorian wants to open a business or expand a business, and hire more locals, we are going to make it as easy for them as it possibly can be.

Investing in the Territory

Madam Speaker, Budget 2020 continues our government's unprecedented investment in infrastructure because every infrastructure project is also a jobs project. This budget invests \$1.75 billion in job-creating infrastructure across the Territory, with 60 per cent of our infrastructure program allocated to remote and regional areas.

Working with the Commonwealth, we are improving roads up, down and across the Territory: the Carpentaria Highway, Arnhem Highway, the Buntine, the Tanami, Tiwi Islands roads, and more.

The budget includes \$597 million for new and refurbished housing, in our cities, regional centres and remote communities. No other Territory Government has ever invested in remote housing at the scale we have. It contributes to jobs, it contributes to safety, it contributes to community. We will keep working hard at this every day because we invest in the things that matter to Territorians.

The Territory's dedicated police are our most important asset in building safer communities.

We have recruited the police that the Country Liberal Party promised and failed to deliver, we have continued to recruit above attrition, and we will keep giving police the resources they need to help keep Territorians safe.

The 2020 Budget builds on this, with investments in new police stations in Maningrida and Ngukurr, continuing the construction of the new Nightcliff police station, and making improvements to the Tennant Creek watch house.

Madam Speaker, tourism is a great economic multiplier – the better the tourism sector is doing, the better the Territory is doing.

That is why we have backed the tourism sector throughout this crisis, especially with the epically popular Territory Tourism Vouchers, and it is why this budget keeps investing to boost visitor numbers and boost jobs.

It includes nearly \$90 million to progress a heap of projects to upgrade Kakadu and the township of Jabiru – to support local jobs, and so we can showcase Kakadu to the world as the environmental and cultural mecca it deserves to be known as.

Madam Speaker, Alice Springs deserves the National Aboriginal Art Gallery. There is \$50 million in our infrastructure program to build it. Whether it happens the easy way or the hard way, we will build the National Aboriginal Art Gallery for Alice Springs.

The budget also invests more than \$26 million to continue the extensions to the arts trail of galleries in Arnhem Land, Katherine and Tennant Creek.

Our infrastructure program also includes \$29 million to continue the development of the Katherine Logistics and Agribusiness Hub, and nearly \$25 million to keep upgrading Berrimah Farm.

Our agribusiness, aquaculture and fisheries industries are worth more than a billion dollars to the Territory, and we want them to keep growing.

We have the best cattle, mango, barramundi and crocodiles in the world, plenty of land and plenty of sun.

Growing our economy means diversifying our economy, with more new projects in renewables, modern cotton, industrial hemp and prawns, to name a few. We have 17 mining projects at various stages of their processes before final investment decision, with a combined proposed capital expenditure of \$5.8 billion, and thousands of jobs.

These are some of the exciting major projects that are in the pipeline.

But there are some already underway, like the ship lift. It will create hundreds of jobs for Territorians, it will expand the industries we attract to the Territory and, with this budget, we will start building it.

Madam Speaker, as I said, there is no long shopping list in this budget. For those looking for a big bag of goodies, this is not the year for them. In these times, and in the times ahead, we have to maintain discipline, be strict with the budget, and smart about what we spend. But making savage cuts to jobs and services, as others would do, is not smart – it is dumb.

If we have learned anything this year, it is that the health of any one of us matters to all of us. I am proud of our health care heroes, and I am proud to lead a government that does not cut health care but invests in it.

As well as additional resources for our frontline staff, this budget invests in upgrades to mental health facilities in Darwin, new consulting rooms in Katherine, upgrades at Borroloola Health Centre, and the new multistorey carpark at Alice Springs Hospital.

Every Territorian deserves decent healthcare, and every Territory kid deserves a decent education. We are building schools and classrooms, backing teachers and support staff, and supporting children and families in the early years, so every child can have the best possible start in life, and we will not cut our schools or cut our educators, because you do not make kids smarter by sacking their teachers.

Cuts to frontline services would kill jobs, kill our economy and kill our comeback. It is not the Territory way, it is not part of our future.

Conclusion

Madam Speaker, the Northern Territory is leading the national comeback. And, while we are on the road to recovery, while there is plenty to be encouraged by, we also know the recovery will be long and bumpy.

There are still Territory businesses struggling, there are still Territorians hurting. There is still more to do. We have had our fair share of tough times but, when times are tough, Territorians stick together. We stick together and we see it through.

This is a time to talk up the Territory. This is a time to come together, to maintain the unity and the urgency that has seen us withstand this pandemic better than anywhere else in the world, to hold onto the 'whatever it takes' attitude that has steered us through this crisis, and keep it going for the recovery.

Together, we can keep the Territory the safest place in Australia, with the strongest recovery in Australia.

Together, we can put Territory jobs first.

We can solve old problems, embrace new opportunities, and make real the promise and potential of the Northern Territory.

We can make the Territory Australia's comeback capital.

Madam Speaker, I commend the Bill to the House.

Part 2

Appropriation Bill

Appropriation (2020-2021) Bill 2020

Mr Gunner

A BILL
FOR
AN ACT

to authorise an amount to be paid from the Central Holding Authority
for the financial year ending 30 June 2021

NORTHERN TERRITORY OF AUSTRALIA

APPROPRIATION (2020-2021) ACT 2020

Act No. [] of 2020

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Schedule



NORTHERN TERRITORY OF AUSTRALIA

Act No. [] of 2020

An Act to authorise an amount to be paid from the Central Holding Authority
for the financial year ending 30 June 2021

[Assented to [] 2020]
[Introduced [] 2020]

The Legislative Assembly of the Northern Territory enacts as follows:

1 Short title

This Act may be cited as the *Appropriation (2020-2021) Act 2020*.

2 Commencement

This Act commences on the day after the day on which the Administrator's assent to this Act is declared.

3 Appropriation

- (1) An amount in aggregate of \$6 781 600 000 is authorised to be paid from the Central Holding Authority for the financial year ending 30 June 2021.
- (2) The amount is authorised to be paid to each Purpose of an Agency that is specified in the Schedule in the amount specified opposite the Purpose.
- (3) The aggregate amount authorised to be paid from the Central Holding Authority under the *Supply (2020-2021) Act 2020* is included in (and is not in addition to) the aggregate amount authorised to be paid under subsection (1).

4 Repeal of Act

This Act is repealed on 1 July 2021.

SCHEDULE
section 3(2)

Purpose	Amount
	\$000
Department of the Chief Minister and Cabinet	
Output	218 364
Commonwealth	66 426
Department of the Legislative Assembly	
Output	24 608
Capital	41
Auditor-General's Office	
Output	3 088
Northern Territory Electoral Commission	
Output	4 021
Office of the Independent Commissioner Against Corruption	
Output	6 949
Ombudsman's Office	
Output	2 516
Department of Treasury and Finance	
Output	150 662
Northern Territory Police, Fire and Emergency Services	
Output	391 573
Capital	13 135
Commonwealth	26 379
Department of Industry, Tourism and Trade	
Output	431 171
Capital	251
Commonwealth	29 875
Department of Health	
Output	1 103 435
Capital	77
Commonwealth	88 121
Department of Infrastructure, Planning and Logistics	
Output	332 129
Capital	357 614
Commonwealth	192 346
Department of Environment, Parks and Water Security	
Output	97 575
Capital	2 845

SCHEDULE
section 3(2)

Purpose	Amount
	\$000
Department of Education	
Output	526 347
Commonwealth	409 792
Department of Territory Families, Housing and Communities	
Output	727 664
Capital	126 101
Commonwealth	121 961
Department of the Attorney-General and Justice	
Output	286 249
Capital	5 961
Commonwealth	27 837
Department of Corporate and Digital Development	
Output	310 791
Capital	66 332
Aboriginal Areas Protection Authority	
Output	3 442
Central Holding Authority	
Treasurer's Advance	30 000
Interest, Taxes and Administration	249 162
Employee Entitlements	346 760
TOTAL APPROPRIATIONS	6 781 600
Output	4 620 584
Capital	572 357
Commonwealth	962 737
Treasurer's Advance	30 000
Interest, Taxes and Administration	249 162
Employee Entitlements	346 760

