On Tuesday 7 May 2019 the Northern Territory Deputy Chief Minister and Treasurer, the Hon Nicole Manison MLA delivered the 2019-2020 Northern Territory Budget. This is the third Gunner Government budget delivered by Ms Manison.

The Treasurer’s full speech is available here.

The 2019-2020 Budget Papers are available here.

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The Budget Outlook

The Budget Repair report provided a plan to reduce expenditure by $11.2 billion over 10 years and aims to return the budget to balance by 2028-29. The new fiscal strategy has two objectives:

1) support the NT economy in the short term
2) provide a pathway back to a balanced budget and reduced debt levels over the medium term.

The 2019-20 Budget has a deficit of $1.1 billion which is forecast to reduce to a $530 million deficit by 2022-23, an improvement, on average, of $166 million per annum compared to the 2018 Budget.

The general government net operating deficit is $632 million in 2019-2020, declining to a deficit of $383 million in 2022-23. Again, this is an on average improvement of $335 million per annum compared to the 2018 Budget.

The Budget’s forward estimates show the Government has reduced its growth in spending to an average growth rate of 0.9 per cent per annum.

Debt will grow to $6.2 billion next financial year, which is significant when considering total expenditure will be $8.4 billion. The forward estimates show the NT’s debt will rise to $8 billion by 2022-23, although the introduction of a new Australian accounting standard means that figure is $871 million higher than it otherwise would have been.

NT GST revenue in 2019-20 will be $2.76 billion, including a Commonwealth financial assistance payment of $252 million – $500 million per annum less than projected in the 2016 Pre-Election Fiscal Outlook.

Over the forecast period the Territory economy is expected to transition to export-led growth. This results in some of the key economic indicators, particularly Gross State Product (GSP) and State Final Demand (SFD) reporting quite different measures of economic activity over the short term. GSP is forecast to grow by 6.3 per cent in 2019-20, then average to 3.2 per cent growth over the remaining forward estimates. SFD is expected to remain at negative 1.7 per cent in 2019-20, before recovering to 0.3 per cent in 2020-21 and strengthening to 2.4 per cent in 2021-22.

Population is expected to grow steadily from 0.2 per cent in 2019-20 to 0.8 per cent in 2022-23, with positive employment growth from 2020-21 at 0.7 per cent, increasing to 1 per cent in 2022-23. Employment growth is predicted to be 0 per cent in 2019-2020, rising to 0.7% in 2020-21 and 1% in 2022-2023. The unemployment rate decreases slightly to 4.6 per cent, compared to 4.7% in 2018-19. The 2019-2020 Forecast CPI is 1.6 percent and the Wage Price Index is 1.5 percent.
Key Initiatives and Agency Highlights

Office of Investment Attraction:
In response to the Plan for budget repair, the Territory Government is establishing an Office of Investment Attraction to consolidate major projects, microeconomic reform and investment attraction functions across government. The new Office will improve coordination of industry development and support and reduce “red, green and beige tape” impacting the Territory’s economic competitiveness. The Office will develop a microeconomic reform roadmap with the key objective being to make the Territory a globally competitive destination for capital investment. The Budget also includes:

- $89 million to establish a local Jobs Fund to provide new job-creating stimulus projects including capital grants and concessional loans to deliver short-term finance to small and emerging businesses with long-term potential and equity finance.
- $450,000 per annum to provide greater capacity to administer market-led proposals and secure new major projects.

Infrastructure:
The Territory Government is committed to investing in infrastructure to facilitate economic activity, creating jobs and growing labour force skills. The 2019 Budget provides $1.45 billion for infrastructure projects. This includes $125.6 million to fast-track five key projects by approximately 12 months. These projects are:

- $50 million for a new Mandorah Marine Facility, replacing the existing aging jetty to improve safety and boost tourism capacity
- $29 million for Stage 2 of Zuccoli Primary School
- $25 million to deliver a new Palmerston Fire and Emergency Services Complex
- $17.5 million to upgrade Litchfield National Park to provide new campgrounds and visitor facilities
- $4.1 million to support the Kilgariff development stage 2, to ensure affordable land supply in Alice Springs.

The Government expects the fast tracking of these projects to create around 500 direct and indirect jobs and ensure a continuous pipeline of construction activity for Territory businesses. Other key infrastructure projects funded in the 2019-20 Budget include:

- $70 million to progress contemporary youth justice centres in Darwin and Alice Springs
- $60.2 million to improve sections of the Plenty Highway and Tjukaruru Road
- $16.2 million to upgrade and seal sections of the Central Arnhem Road
- $46.6 million to revitalize the Darwin CBD
- $14.7 million to revitalize the Alice Springs town centre
- $18 million to continue flood mitigation works in Darwin, Palmerston and Katherine
- $125 million for economic and community infrastructure including:
  - upgrades to Kakadu
  - support for the Jabiru township as its economy transitions from mining to a tourism and regional services hub
  - $41.5 million for headworks and subdivision works in Berrimah North, Borroloola, Darwin Waterfront, Kalkarindji, Kilgariff, Palmerston East and Zuccoli
  - $30 million for Katherine Logistics and Agribusiness Hub
  - $29.4 million to upgrade Berrimah Farm Research facilities
- $9.9 million to develop the Marine Service Area in East Arm

**Gas and Resources:**

The 2019 Budget seeks to boost economic activity and jobs growth in the resource sector by providing:

- $6.5 million to continue to deliver the four-year $26 million Resourcing the Territory program to stimulate resource exploration and investment attraction
- $1.48 million to continue to implement the recommendations of the Scientific Inquiry into Hydraulic Fracturing in Northern Territory including coordination and advice on petroleum environmental management issues.
- $300,000 per annum to develop Tennant Creek as a mining and minerals services centre and deliver new industries, business opportunities and employment in Tennant Creek.

The Budget also re-establishes the NT Gas TaskForce to implement the Government’s five-point NT Gas Strategy. The TaskForce will have a $820,000 budget with a further $5 million per annum to support development of the gas industry and implement the Strategy.

**Skills and Training:**

$101.3 million will be provided in 2019-20 for skills and training initiatives including:

- $53.5 million to deliver skills training through registered training organisations
- $27 million to support training for apprentices and trainees
- $8.4 million over two years to establish a Future Skills Program to upskill employees
- $3 million for Aboriginal workforce development programs as part of the Aboriginal Employment Program
- $2.1 million for the Employer Apprenticeship and Traineeship Support Program

**Tourism:**

The 2019-2020 Budget provides $62.8 million over two years to deliver Turbo 2, an extension to the Government’s highly successful $103 million Turbocharging Tourism initiative. Key projects include:

- $27.7 million for targeted domestic and international marketing
- $20 million allocated over two years for festivals and major events including Parntijma – A Festival of Light, BASSINTHEGRASS, V8 Supercars, RedCentre Nats, Darwin Festival and hosting AFL premiership games & NRL games
- $15.1 million for parks and reserves to unlock private sector investment through the Visitor Experience and Enhancement program and support arts and cultural offerings
- $46.3 million to enhance the visitor experience in national parks
- $23.9 million to upgrade recreational fishing infrastructure across the Territory

**Arts and Culture:**

Arts and Cultural activities are well supported in the 2019 Budget. Key funding commitments include:

- $81.9 million to construct the National Aboriginal Art gallery in Alice Springs and extend galleries in Tennant Creek, Katherine and East Arnhem
- $1.9 million to support the Territory Screen industry
Health:
The 2019 Health Budget is $1.72 billion. Headline expenditure includes:
- $1.3 billion for primary health care services in hospitals, health centers and in the home
- $15.5 million to provide assessment, withdrawal and specialized alcohol treatment services
- $6.6 million to refurbish and expand the Nightcliff renal facility
- $5.8 million to upgrade Alice Springs Hospital
- $5 million to support the delivery of the Sustained Nurse Home Visiting for Vulnerable Families program

Education:
The 2019 Budget provides $1.28 billion for NT Education. Key initiatives include:
- $42.6 million for a new government for a new government school in Zuccoli
- $14.1 million for round 3 of the Building Better Schooling initiative which provides $300,000 per school for refurbishments and upgrades to facilities
- $518 million for government schools resourcing
- $48.6 million to implement Stage Two of the Indigenous Education Strategy

Housing:
The 2019 Budget continues to invest significantly in new housing and the refurbishment of existing housing in remote and urban areas. This investment includes:
- Progressing the $1.1 billion 10-year Remote Housing Investment Package
- $151.7 million for public housing
- $61.8 million for land servicing to support the Remote Housing Investment Package
- $41.8 million to continue to upgrade housing through the National Partnership on Remote Housing

Treaty and Local Decision Making
The 2019 Budget supports Aboriginal communities to work together with Government to develop policies and practices for service delivery tailored to a community’s aspirations and needs. $1.4 million has been provided to establish an independent Treaty Commission Office, to lead a treaty engagement process and develop a treaty negotiation framework. A further $3 million is provided to continue growing regional development and provide the 10-year plan to drive the Local Decision-Making agenda.

Tackling Anti-social Behaviour
The 2019 Budget continues to deliver the Government’s five-point plan to reduce the impact of anti-social behavior. The plan includes a range of measures to make the community safer including:
- $6.6 million to establish Better Pathways Centres and short-stay accommodation facilities for vulnerable people who are homeless and sleeping rough in Darwin and Palmerston
- $1.3 million to extend the Larrakia Nation day patrol service with four additional vehicles to help relocate people to their home community and provide rehabilitation support
- $700,000 for the Larrakia Ambassador Program to reduce the impact of people living rough on Larrakia Country
- An additional $350,000 million to extend the Darwin Sobering Up Shelter operations to 24 hours a day to ensure people who need help with alcohol addiction can access the support
Further information

Hawker Britton’s Occasional Paper on the 2018-19 Queensland Budget is available in full here.

For further information, contact your Hawker Britton Director Shayne Sutton on 0410 508 541.