2005-06 Budget in Reply

Leader of the Opposition

3 May, 2005

Yesterday the Treasurer laid down Labor’s blueprint to take the Territory forward.

Unfortunately for the Martin Labor Government it also records their track record.

Sadly and worryingly it is a litany of failure and lost opportunity from a Government that has never had a vision for the Northern Territory.

In a tragic irony this lack of vision has been coupled with enormous financial opportunity that has been lost.

This Budget has demonstrated clearly why the Labor Government has no understanding of how to stimulate and grow the economy.

Nor any grasp on how to manage money and no idea of how to realise the vast potential of this great land to benefit the lives and prosperity of individual Territory families and businesses.

It is a budget of failures and false promise - a blatant attempt to whitewash the facts and mislead Territorians.
Let’s look at the facts from the Government’s own Budget Papers.

POPULATION

Population growth is projected to grow at a low level of just 1% - well below the average growth under successive CLP Governments.

JOBS

Job growth at around 5.4% when the ALP took office has declined rapidly and is now forecast to remain negative.

The facts are that there are less people in employment now than there were when the ALP took office.

State Final Demand in 2004/5 has grown by only 1.2% which indicates a stalled economy.

Madam Speaker this is not a Budget; it is a white wash, a con.

Like all of its predecessors it is built on a foundation of false hope and chicanery.

Let’s briefly look at some of the previous Budgets and their claims before turning to the real issue at hand – how to make the Territory the thriving robust economy it once was with a lifestyle that was the envy of every other Australian.
In the November Mini Budget of 2001 the Chief Minister, the Member for Fannie Bay, said this:

“…the Mini Budget incorporates a deficit reduction strategy designed to get the Budget in surplus by 2004-05.”

Fact. Labor now says this will now not occur until 2008/09.

That in itself is telling of Labor’s ability to manage the economy - or alternatively it was just a bare faced con.

Further the Member for Fannie Bay forecast that the economy would grow by 5% in 2001-02

It didn’t. It grew by 2.3%

In 02/03 it was forecast to grow by 3.7% and it grew by just 0.2%.

In 03/04 it was forecast to grow by 3.4% and it grew by 0.4%

In 04/05 it was forecast to grow by 5.8% and now they are forecasting in this Budget an implausible 7.3%.

Really? After we have already had two quarters of zero growth.

The question this raises is why should we believe the Treasurer when he forecasts 6.2% for 05/06.
And the answer is simple – we shouldn’t – not on past performances.

Let’s turn to the Government’s ability to control its spending.

Every year general Government spending has blown out beyond forecasts.

In 01/02 they overspent on their mini budget by $34 million.

In 02/03 they overspent by $64 million.

In 03/04 it was $104 million and in 04/05 it was $84 million.

That’s $284 million more than was budgeted for.

If a Government can’t control its expenditure, it clearly can’t manage the economy.

And this Government’s record on infrastructure is as damning as any other of its failed promises.

Capital Works spending is down in this Budget.

More than $131m has been rolled over from last years Capital Works Budget unspent and much of the mooted capital works spending announcements such as an upgrade to Ward 4 of Alice Springs Hospital with 8 renal stations won’t even begin until next year.
And what about Palmerston Senior College. Labor has promised this over three Budgets with a targeted school opening in 2005 yet not a sod has been turned and there is now no committal dated for construction of this school in this budget.

More than $60m in the Capital Works Budget is Federal Roads money and Labor’s only major project – the Waterfront - requires borrowing to fund the $73m government contribution from 04-06.

The huge emphasis on the Waterfront project is an attempt to boost the ALP image, yet Territorians have not been told the full story and costs before this major commitment was made.

Madam Speaker, Labor came to power on a promise to reduce debt yet it plans to increase the Territory’s net debt position on a project that Territorians have not yet been appraised of in terms of its benefit or risks.

This project binds Territorians for 16 years and should not be finalised behind closed doors.

What is worse is that the Government plans to borrow more despite the enormous additional revenue it has received from GST and Territory taxes.

Madam Speaker, this budget and its predecessors reveal once again a:

- Failure to accurately achieve forecast growth
- Failure to stimulate the economy
• Failure to grow the population and
• Failure to grow jobs- just to name a few.

For the Treasurer and this Government there is always an excuse when confronted by failure.

It’s either the Australian Bureau of Statistics at fault, or the Commonwealth Government dudding the Territory, or some sort of external force at work.

The Treasurer’s response is the equivalent of a students excuse to his teacher: “The dog ate my homework.”

Never is it the economic incompetence of this Government.

Madam Speaker, how can people have confidence in the future?

   The confidence to invest in and grow their businesses,

   The confidence to move to the Territory and bring up their families

When the Government cons them with false assumptions in the most important document they produce each year?

Let me turn to a few of the specifics in this Budget which give further rise to concern.
Firstly the Treasurer can’t do basic maths. Spending figures on business initiatives on page 26 of Budget paper 2 – don’t add up to the totals provided.

This is not a trivial mistake, it is expected that the Treasurer will be accurate.

The Treasurer has based his entire 2005-6 Budget on a CPI figure of 1.6% when even his own Budget papers forecast 2%.

This will affect the accuracy of every figure in this budget – so how can we believe it?

According to this year’s Budget papers, employment last year dropped by 1.3% or roughly 1300 jobs.

Yet the Treasurer claimed last year that his Budget would deliver more jobs and even wrote to Territorians promising this.

And what about the teachers’ pay increase?

A $55m commitment over the next two years yet no accounting for it in these Budget papers. That will require an unaccounted for amount of around $27m in this budget period – yet no mention in the Budget!

So how can we believe anything the Treasurer says?

This Government’s own tax revenue has increased from an estimated average of $1326.00 for every man women
and child last year to a whopping $1466.00 per person this budget, twelve months later.

Yet the Treasurer would have us believe that his Budget delivers less tax for Territorians.

Overall this Government is reaping an extra $46 million more in own state revenue than last year.

Minister Stirling claims that this government is “the most tax reforming government in the Territory’s history”.

The truth is the reforms were made by the Commonwealth, signed off by my CLP Government and fought against by the Labor Party.

Madam Speaker, the fact is that this Budget must be judged on the outcomes and predictions of its predecessors and by those standards it will not stand any test of scrutiny.

This is why the Territory is marking time while the rest of Australia powers ahead.

It is a Government at sea, a Government that is at sea and drowning in incompetence.

So Madam Speaker, after 4 years of inaction and with an election looming, the ALP is predictably attempting in this budget to get some focus on major economic boosters like the Waterfront.
They have tried to have us believe they are leading the way in tax reform by making some limited concessions to business.

This really is a case of too little too late.

They have had a dream run. Never before has a Territory Government been so flush with money with a GST windfall of $249 million since 2003/04 and a further windfall of $683 million over the next five years.

The sad thing is that they have done so little with it.

The ALP has proved again it can spend but cannot manage.

It has frittered away the cash without appreciable long term economic benefit.

They have not used the windfall GST to address the economic malaise from which the Territory suffers.

The key economic drivers of population and jobs are well below where they need to be and Territory business needs more support than indicated in this budget.

It’s just not good enough.
Madam Speaker,

What the Territory desperately needs and what only the Country Liberal Party can provide is sound economic management based on reality not fantasy.

Madam Speaker, the Country Liberal Party is the Party of the Territory.

It is not a branch office of any other Party, but a Party solely dedicated to advancing the interests of the Territory and Territorians.

• We stand for a strong, dynamic Territory with a powerhouse economy - an economy that fuels our living standards.

• We stand for a Territory where business – both small and large – can flourish and prosper.

• We stand for a Territory where families can safely and without intimidation enjoy our unique lifestyle - where it is safe to go to a park or to stroll down the street and our children can go down to the corner shop without being harassed.

As I and my colleagues regularly travel throughout the Territory people from the remotest outposts, our towns and cities are telling us the same thing.
In Alice Springs people are saying we can’t buy an affordable block of land and telling us of the problems with itinerants.

In Darwin people have told us of the same problem and the gangs that roam our streets and also the ever growing obstacles for business.

In Tennant Creek people want basic health care such as not having to travel to Alice Springs to have a baby, and want control of their streets at night from roving drunks.

I think that 140 people arrested in one night is inexcusable and I think the Member for Barkly would agree with me on this.

In Katherine people want their streets cleaned up.

In Palmerston they want their 24 hour health clinic restored.

Critically everywhere we go the question on peoples’ lips is this:

“What has been done with all the money from the increases in stamp duty and the GST windfall?”

They are asking us:

Why isn’t the health system any better?

Why are people leaving the Territory?
Why isn’t more happening with infrastructure?

Why haven’t any new schools been built?

Why haven’t our roads been fixed?

Why are tourism numbers falling?

Why isn’t business getting the relief its needs?

And they are saying, “It’s just not good enough”

In fact throughout the Territory people are crying out for the same thing.

They are demanding that Government meets their priorities, their wants and needs and not those of a set of social engineers and no, they don’t want to be just like every other state.

They are demanding that Government deliver.

Madam Speaker, I and my colleagues in the Country Liberal Party have heard those concerns.

We have developed a comprehensive plan to make the Territory the great place it once was.

We are going to unleash the full potential of the Territory.

We are going to reinvigorate the real engine and spirit of the Territory – the entrepreneurial and pioneering “go get
‘em attitude” that was once prevalent, but is now suppressed by Government.

Today I am going to announce some elements of our plan for the Territory and for Territorians:

- A plan to ease the tax burden on our businesses to stimulate their growth and profitability;
- A pledge to grow our shrinking population;
- A comprehensive plan for infrastructure that delivers, not promises;
- A plan to improve the quality of life for families and an action plan on law and order; and,
- A commitment to end waste in government.

A BUSINESS TAX PLAN

Madam Speaker, I believe that business is the backbone of the Territory.

We want people to have the opportunity to start a business, be successful in it and grow it.

Successful enterprises benefit us all.

For too long business in the Territory has been shackled by a punitive tax regime that is designed to keep the Government’s coffers full, not grow a business.
Unless business has the capital and the freedom to use that capital then it will not employ other Territorians.

A strong business sector equals a strong Territory and that means jobs and security for families and individuals.

Madam Speaker, the Country Liberal Party has a business tax plan that will invigorate both small and large business.

It will not only foster smaller businesses, but attract larger companies to the Territory and encourage them to invest in our resources, in our tourist industry, in our export industries, in manufacturing.

I have already announced the first tranche of business tax cuts:

- Stamp Duties on Non Residential Conveyances;
- Stamp Duties on Non Quotable marketable securities;
- Stamp Duty on leases;
- Stamp Duty on Hiring Arrangement Duty; and
- Electronic debits.
Cutting these taxes will boost business, especially small business that – fortunately – is not burdened by payroll tax.

On coming to Government the Country Liberal Party will immediately cut these taxes – not in piecemeal way or grudgingly, but all of them in one tranche.

This will be an immediate shot in the arm to the tune of $67.2 million and business will not have to wait until 2009 to get the full benefit.

However our plan is not confined to small business.

We know that, for the Territory to grow, we need new investment.

We must create a climate where businesses actually find it to their competitive advantage to move to the Territory and invest in our future.

And we must ensure that businesses that already do business in the Territory can do so on a competitive footing not only with their interstate counterparts, but also with our northern neighbours.

Currently large businesses are burdened with the second highest level of payroll tax in the country at 6.2%. Only the Australian Capital Territory has a higher rate.

A Country Liberal Party Government is committed to making our payroll tax regime the most competitive in the country, not the most punitive.
Tinkering with thresholds will not attract businesses, but a wholesale cut in the rate will.

Therefore we will reduce the payroll tax rate by 27% to make the Territory the lowest payroll jurisdiction in Australia.

That would cut the Territory’s rate to 4.5% - creating an investment stimulus that goes beyond any that a mere tinkering of the threshold will achieve.

Further a Country Liberal Party Government would maintain the thresholds as forecast in the Budget.

And it would also have a positive impact on the attitude to investment by businesses not only here in the Territory, but also by those interstate and overseas.

Investment is the lifeblood of the Territory and only the Country Liberal Party – the Territory’s own Party – is prepared to foster that investment.

We will also end the ambiguous definition of a sub contractor in the Territory that is destroying those Territory businesses that built the Territory and prevent more companies from being roped into the payroll tax net.
GROWING OUR POPULATION

Madam Speaker, the Territory could once proudly boast that it had one of the strongest population growth rates in the country.

Throughout the 1990s our population grew by 1.8% - well above the national average.

That population growth was a powerful tool in boosting our economic growth.

Now we are growing at a miserable 0.7% according to the latest Australian Bureau of Statistics data – well below the national average of 1.2%.

Madam Speaker, there is a serious problem confronting the Territory.

Our birth rate is the highest in the country – well above the national average – but our population growth rate is below the national average.

Any population growth we do have is being offset by losses from net interstate migration. Put simply more people are leaving the Territory than are arriving.

The latest ABS data reveals that 1500 more people left the Territory for interstate than arrived in the Territory.

Further the Budget papers show that school student numbers are down by around 1300
These figures have a dramatic impact on the economy and can’t be ignored.

Madam Speaker, the Country Liberal Party, as part of its plan to revitalise the Territory, will focus on population growth as an urgent priority.

In Government we will have a medium term goal of growing the population by 2.5% per year.

On our revenue base that will add, after allowing offsets for costs associated with growth, in excess of $60 million per year in additional revenue, or $240 million over a four year term.

We can grow our population base and we will.

The first step will be to reverse the net interstate migration.

Our Business Tax Plan is the first plank in that reversal.

Creating the environment to grow business will grow the pool of jobs and the Territory’s economy along with it.

The second plank will be ongoing and major infrastructure programs.

**A COMPREHENSIVE INFRASTRUCTURE PLAN**

Traditionally major projects and infrastructure works have driven the Territory’s economy.
And it has always been the Country Liberal Party which has won and delivered these projects and supported the Territory with a comprehensive, ongoing and deliverable program of Government capital works.

It was the Country Liberal Party that got the Alice to Darwin Rail Line up.

It was the Country Liberal Party that built East Arm Port.

It was the Country Liberal Party that built a new school almost yearly.

It was the Country Liberal Party that built the $60m extension to Royal Darwin Hospital, the University, the Performing Arts Centre, Marrara Sporting facilities and also health clinics, barge landings, schools and airstrips in remote communities.

Madam Speaker, the Labor Government and the Territory’s economy have been the recipient of the major projects and initiatives that were won and commenced under the Country Liberal Party.

Over the past four years we have not seen one major project started or completed by Labor and the Territory is the worse for it.

What we have seen is government in paralysis – unable to get a major project commenced or completed – the Waterfront is a stark example of this failure.
A government unable or unwilling to bite the bullet and force projects through.

A government that prevaricrates, that constantly wrings its collective hands and in endless consultation and unable to reach a decision.

But more importantly Labor’s vacillation and policy confusion has impacted in a negative way on the Public Service. Quick decisions traditionally made by public servants are now delayed in a bureaucratic maze ruled by Ministers.

The first step a Country Liberal Party will make is to free up the Public Service to make decisions and do their job – that is serving the public.

A Country Liberal Government will set the direction and public servants will revert to their traditional role of providing best advice to the Government of the day.

In Government the Country Liberal Party will have a Cabinet of nine ministers to ensure greater access and direct responsibility to the public.

I will guarantee that industry and business is a primary source of advice to Government and I will establish a Business Consultative Council reporting directly to the Chief Minister to ensure bottlenecks such as those affecting procurement and infrastructure works are eliminated.
Further I want the Business Consultative Council to bring forward ideas to government, to plan and coordinate with government and to operate in partnership with government to get major infrastructure works happening.

Madam Speaker, we have to make the Government and the Public Service responsive to the business sector if infrastructure projects are not to be bogged down and that is what we will do.

But having put the processes in place we then need a program.

Upon winning government we will implement a ten year program to weather proof our major road network and that includes bridges.

We will provide the infrastructure to East Arm Port to allow it to achieve operational benchmarks to match those of other ports in our region.

We will build a major water supply for Alice Springs including using it for recreational activities.

We will guarantee that the Waterfront project connects completely and seamlessly with the Central Darwin Business District.

We will work with the Defence Industry to provide the necessary infrastructure to establish Darwin as a major centre for Defence maintenance in Australia.
We will put the excitement back into our tourism product by developing a number of major tourism infrastructure projects including further resort development.

These are just a few of the major infrastructure projects that will be undertaken by the Country Liberal Party.

Madam Speaker, the Country Liberal Party will ensure speedy approval of projects and have a proactive, focused approach that plans and executes projects and then delivers them on time and on budget.

We will smooth the peaks and troughs that have characterised infrastructure development in the Territory giving confidence and certainty to business to plan for the long term.

We will build rise and fall provisions into our tendering processes.

Madam Speaker, another fundamental for the Territory and its infrastructure development – in fact the key driver of the future for the Territory - is power, particularly electricity.

The Territory must have a reliable and expanding supply of electricity if it is to capture a greater share of the nation’s wealth and development.

We must grow our manufacturing base and cheaper energy is fundamental to this.
Our current gas reserves are finite. We must ensure that we have more energy for the future.

Labor bungled the final arrangements for the Bayu-Undan field by not reserving any gas from these enormous reserves for Territory consumption.

A Government with its eye on the ball would have negotiated so that our gas supplies would be guaranteed.

A future Country Liberal Party Government will secure a share of the enormous off-shore gas fields to ensure our energy and electricity generating requirements into the future.

And that leads me to the next element of the Country Liberal Party’s plan for the Territory.

**IMPROVING THE QUALITY OF LIFE FOR FAMILIES.**

Madam Speaker, I have outlined how we will stimulate business, how we will grow our population through that and other initiatives and how we will manage the infrastructure requirements of the Territory.

These coordinated plans mesh to produce a vibrant economy.

However a vibrant economy without an environment that encourages people to raise their families in the Territory and to migrate to the Territory is of little consequence.
Also we have to guarantee people that their quality of life will be assured – that the Territory is a great place to have and raise a family with opportunities for their sons and daughters.

Therefore as part of our plan to reenergise the Territory a Country Liberal Party will tackle the quality of life issues that face families everyday.

**LAW AND ORDER**

Firstly, we are going to make the Territory a safer place.

A safer place for families, for kids, for our elderly.

We unreservedly commit ourselves to a Zero Tolerance Policy.

We will not tolerate gangs and itinerants threatening and intimidating our way of life and its very quality.

Madam Speaker, the Territory’s unique way of life is being undermined and that in turn threatens our tourism industry and our reputation as a safe place to bring up kids.

It is one of the reasons people are packing up and leaving and why people from other states are not migrating north.

And you can understand it when there are riots in the streets and police have to draw their guns, when you daily read headlines such as:
Attacked by gang at shops, or

Bail boy mugs woman, or

Harassed by itinerants, or

Cabbie slashed after beer hassle.

And you know when you read them that they are the norm, not an aberration.

We will not tolerate this behaviour and we will fix it.

The CLP will introduce a zero-tolerance approach to itinerants and all anti-social behaviour. If you break the law you will be facing the full extent of the law.

At the same time we will introduce programs to help build respect for the law and build self esteem for chronic offenders.

We will establish police kiosks in target areas known for high anti social behaviour.

There will be a three strikes policy for property offenders.

Domestic violence will be treated the same as assault. We will not tolerate child abuse or sexual offenders in any way.
Fixing these problems is not just about more police; they’re doing a great job.

It is about an attitude that will not accept lawlessness and that attitude must come from the top down.

Madam Speaker, a Country Liberal Party Government will not tolerate taxpayers’ money being paid directly to drug users, as this Government is doing, to research party drug use in the Territory

Madam Speaker, addressing these problem will go a long way to addressing our declining population by shoring up our quality of life.

Quality of life also goes to the delivery of services and bolstering our community.

How can we expect to attract professionals, skilled workers and families to the Territory when we can’t offer a standard of hospital and specialist services that people expect to find in other capital cities in Australia.

Therefore Madam Speaker a CLP Government will provide increased specialist services including a full cardio vascular service in our first term with upgraded oncology facilities to follow.

We will work with the Federal Government to establish Darwin as a regional specialist centre for North Australia and the near Asia region.
Families not only need to know they will have access to a health system that is equal to the rest of Australia, but also an Education system to match.

Despite Labor’s repeated promises, a CLP government will build the Palmerston Senior College as a matter of urgency.

And read my lips, to cater for our projected population growth a CLP government will build new schools designed to cater for 300 students in each school.

No existing schools will be affected as this policy is designed to give parents greater choice for their children’s education.

I am disappointed to learn that the Minister for Education, the Treasurer has used a taxpayer funded government flyer to peddle a deception on this matter.

We will encourage parents and families to be genuine partners in their children’s education.

We will strengthen and extend the parent as teachers programme territory wide.

Sport is also the glue that binds our community at a grass roots level.

The Country Liberal Party will ensure that community sporting groups have their funding restored to levels that will allow them to grow and develop.
For young Territorians a Country Liberal Party Government is committed to ensure that major musicians are supported by the Government so that they can stage shows in the Territory.

Distance should not create a cultural divide between Territory youth and their interstate peers.

One of the key ingredients of Territory lifestyle is our recreational fishing.

The CLP will ensure the Territory remains the pre-eminent recreational fishing destination in Australia.

We will work with the Commonwealth, land owners and recreational fishermen to achieve greater access for recreational fishing in coastal waters and inland waterways.

These integrated quality of life plans will help deliver an environment where people can once again enjoy our unique lifestyle – without threat or intimidation and the surety of a health and education system that gives parents and their children the opportunities they deserve.

**CUTTING BACK ON WASTE**

Madam Speaker,

The Labor Government has been spendthrift – particularly when it comes to self promotion.
Only the Country Liberal Party has the financial and economic management skills to control the Budget processes, but also the right priorities when it comes to spending.

As pointed out earlier this Government has overshot all its spending targets in each of its budgets.

That is not management that is mismanagement.

The Chief Minister gave an undertaking early in her term that Heads of Departments jobs would be in jeopardy if they over-ran their budgets.

Further, this government has presided over an unprecedented growth in political staff.

The Chief Ministers office now has 30 more people on its payroll serving eight ministers than the CLP had serving 9.

These people serve no purpose other than as propagandists for the failed policies of the Martin Government.

It is typical of this Government that they are prepared to spend more money on spin than they are on the needs of everyday Territorians.

I make this commitment that with a CLP Government we will immediately cut staff numbers by 30 to save $2m and redirect this money to worthwhile community groups.
CONCLUSION

Madam Speaker, there are unlimited opportunities available in order to reach our full potential, but the Territory needs a clear vision to get there. The Governments Budget, delivered yesterday does not deliver that vision.

Our commitments laid out here today are just a taste of the exciting future ahead under a Country Liberal Party Government.

These commitments are squarely aimed at stimulating the Territory’s economy by fostering business and growing our population.

Without a vibrant business sector the Territory languishes and that affects us all.

Our initiatives, our plans will stimulate investment and business growth.

They are designed to capture the spirit that made the Territory the great place it once was and could be again.

They mesh the requirements of a safe and secure environment for investment and growth coupled with an equally safe and secure environment for families.

You can’t look after one without the other.
People are the Territory and it is people who are prepared to have a go, people prepared to take a chance, people who want to enjoy our unique lifestyle that these elements of our plan cater to.

Madam Speaker, as I said at the outset the Country Liberal Party stands for a strong, dynamic Territory with a powerhouse economy.

To do that we will cut business taxes and boost jobs with a comprehensive and deliverable infrastructure program.

We will strengthen our vital tourism, primary and secondary industries and attract new investment with our Business Tax Plan.

We stand for a future of unbridled opportunity for all Territorians and that is what this plan delivers.

It is a part of a comprehensive approach to reinvigorating the Territory and making it the great place it once was.

It will stimulate business and create jobs, and while the outline I have provided is focussed squarely on tax relief for business I will be making further announcements to afford relief to families and individuals in the lead up to the election.

Our plans for the Territory are fully costed.

Madam Speaker, our opponents will say this plan is unaffordable.
I say we cannot afford not to implement this plan.

Without it the Territory will languish in a mire of mediocrity and I will not stand for that.

**End.**