

Chapter 4 Budget Initiatives

Overview

This chapter summarises the Government's new and expanded initiatives for expenditure and revenue included in the 2009-10 Budget, along with the significant new works on the 2009-10 Capital Works Program.

In addition to new initiatives, the listing in table 4.2 includes initiatives that were announced in the 2008-09 Budget but will not commence until 2009-10 or will increase in 2009-10.

The Capital Works Program tables list major works projects and capital grants. The amounts reflect the total project costs, not the cash allocation in the 2009-10 Budget.

For more details about initiatives and capital projects, including capital works projects continuing from 2008-09, see *Budget Paper No. 3* and *Budget Paper No. 4*. *Budget Paper No. 3* also provides information on Commonwealth-funded projects not included in this chapter.

A detailed discussion of revenue initiatives, including revenue policy changes, is also presented in the last section of this chapter.

Tables 4.1 and 4.3 provide summaries of initiatives across all agencies. Tables 4.2 and 4.4 provide the initiative details.

Table 4.1: Summary of Initiatives

	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$M	\$M	\$M	\$M	\$M
Northern Territory Electoral Commission	1.5				
Ombudsman's Office		0.2	0.2	0.2	0.2
Department of the Chief Minister	4.2	2.7	3.4	2.9	2.9
Department of the Legislative Assembly	0.7	0.7	0.2	0.2	0.2
Northern Territory Police, Fire and Emergency Services	16.4	25.2	18.2	22.1	25.0
Department of Education and Training	8.6	14.9	17.3	19.8	19.9
Northern Territory Treasury	3.2	- 9.5	- 11.0	- 11.4	9.0
Department of Justice	13.3	20.6	18.4	18.8	18.8
Department of Planning and Infrastructure	15.4	6.4	6.9	6.7	6.7
Darwin Port Corporation	1.3				
Department of Business and Employment	11.7	5.8	1.6	0.9	0.9
Tourism NT	1.6	1.6	1.3	1.3	1.3
Department of Health and Families	18.5	46.7	52.5	64.2	59.7
Department of Regional Development, Primary Industry, Fisheries and Resources	0.4	1.1	0.9	0.8	0.2
Office of the Commissioner for Public Employment		1.3	1.3	1.3	1.3
Department of Local Government and Housing	7.1	10.0	5.3	5.8	4.2
Department of Natural Resources, Environment, the Arts and Sport	0.6	2.1	2.1	2.2	2.0
Aboriginal Areas Protection Authority	0.3	1.3	1.3	1.3	0.7
Total Initiatives	104.8	131.1	119.9	137.1	153.0

Table 4.2 Initiatives by Agency

	2008-09 Estimate \$000	2009-10 Budget \$000	2010-11 \$000	2011-12 \$000	2012-13 \$000
			Forward Estimates		
Northern Territory Electoral Commission					
Additional capacity to conduct the Legislative Assembly general election and inaugural shire and rural council elections	1 480				
Total	1 480				
Ombudsman's Office					
Funding to meet increased employee expenses		200	200	200	200
Total		200	200	200	200
Department of the Chief Minister					
Election Commitments					
Ethnic Communities Facilities Development Program	270				
Other Initiatives					
Additional resources for the Office of the Leader of the Opposition	297	297	297	297	297
Grant to assist the Nhulunbuy Corporation Ltd to upgrade facilities in the Nhulunbuy community	120	120			
Resourcing for Offices of the Chief Minister in Palmerston and Katherine		500	500	500	500
Grant funding for the Northern Territory show societies	330	220	150	100	70
Funding for the Territory Growth Planning Unit	480	500	500		
Increased capacity for the Office of Climate Change	1 550				
Funding for the installation of CCTV cameras around the Alice Springs central business district	1 100				
Telephone reporting service provided under the antisocial behaviour initiatives	100	100			
Funding for improved coordination of service delivery in remote Indigenous communities		1 000	2 000	2 000	2 000
Total	4 247	2 737	3 447	2 897	2 867
Department of the Legislative Assembly					
Funding associated with the increase in Legislative Assembly sitting days	132	166	166	166	166
Funding to support Statehood public consultation workshops	550	550			
Total	682	716	166	166	166

(continued)

	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Northern Territory Police, Fire and Emergency Services					
Election Commitments					
Establish Police Beats in shopping precincts and a Bagot Police Post	1 456	2 462	3 379	6 254	6 254
Funding towards monitoring CCTV in the greater Darwin area	650	2 755	1 440	1 150	1 150
Other Initiatives					
Continued funding for the Safer Streets initiative to increase uniformed police in urban areas and call centre auxiliaries	4 200	9 300	9 300	9 300	9 300
Continued upgrade and expansion of the digital radio network	5 161	7 264	575		
First Response Patrol to address antisocial behaviour	953	953			
Establishment of a youth services coordinator in Alice Springs		254	254	254	254
Additional resources for the Northern Territory Fire and Rescue Service, including 20 extra firefighters in 2009-10, to meet current and future fire and emergency risks		1 651	2 711	4 651	7 511
Additional funding to enhance the capacity of the Forensic Science Branch		524	524	524	524
Funding to meet increased employee expenses in 2008-09	4 000				
Total	16 420	25 163	18 183	22 133	24 993

Department of Education and Training

Election Commitments					
Support for 10 000 trainee and apprentices to commence work		1 000	1 000	1 000	1 000
Expand the Work Ready program		500	500	500	500
Expand the Build Skills program		500	500	500	500
Increase in Back to School Payments from \$50 to \$75	1 050	1 050	1 050	1 050	1 050
Support for the Pacific School Games	100				
IT Parents Portal to enable parents to access student results online	300				
Funding for the Families as First Teachers program	1 300	2 600	2 600	2 600	2 600
Milikapiti Training Facility	500				
Upgrade the Wadeye school oval		280			
Other Initiatives					
Stakeholders Partnership program to improve student engagement and community involvement	1 203	1 705	1 705	1 705	1 705
Additional teachers to increase education opportunities for all children in remote communities	1 500	2 400	3 600	4 800	4 800
Continued roll out of new mobile preschools for children in remote communities	1 500	2 000	2 500	3 000	3 000
Operating costs for two regional senior studies hostels to support education for children in remote communities	100	200	200	200	200
Child Protection Unit to provide specialist support to schools including ten student counsellors for remote communities	500	700	900	1 030	1 030
Introduction of early childhood development and learning programs	500	1 000	1 000	1 000	1 000
Additional funding for utility costs		1 000	1 708	2 455	2 522
Total	8 553	14 935	17 263	19 840	19 907

(continued)

	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Northern Territory Treasury					
Deferral of the abolition of stamp duty on business property conveyances excluding land until 2012 ¹		- 9 589	- 9 829	- 10 075	10 327
Abolition of on road fuel subsidy with savings directed to road upgrades and transport	- 500	- 3 925	- 4 186	- 4 353	- 4 353
Payroll tax harmonisation ¹	1 700	3 000	3 000	3 000	3 000
Buildstart initiative to provide a \$14 000 incentive for homebuyers or investors to buy or build a new home	2 000	1 000			
Total	3 200	- 9 514	- 11 015	- 11 428	8 974

¹ Recorded in the Central Holding Authority

Department of Justice

Additional remote area corrections officers	700	1 000	1 300	1 300	1 300
Increased funding for rehabilitation programs for sex offenders	700	900	1 150	1 150	1 150
Continued support for the Indigenous Family Violence Community Based Program	800	1 000	1 300	1 640	1 640
Increased prisoner capacity at Darwin and Alice Springs correctional centres	6 860	9 150	10 570	10 570	10 570
Improved prisoner education and rehabilitation programs	500	1 000	1 000	1 000	1 000
Additional funding to support initiatives in Alice Springs to address antisocial behaviour	291	291	100	100	100
Funding to operate and monitor CCTV around the Alice Springs central business district	200	200	200	200	200
Additional resources to improve courts safety, security and capacity		1 795	1 795	1 795	1 795
Increased prosecutorial capacity		1 025	1 025	1 025	1 025
Increased grant funding to support the thoroughbred racing industry	700	2 226			
Funding to establish a prisoner work camp ¹		2 000			
Increased capacity for crime victims assistance in 2008-09	2 500				
Total	13 251	20 587	18 440	18 780	18 780

¹ Ongoing funding to be determined during 2009-10

Department of Planning and Infrastructure

Election Commitments

Funding for the DriveSafe NT scheme to implement a new and expanded driver training program	550	1 100	1 100	1 100	1 100
Improved bus service operating between Darwin, Casuarina Palmerston and the rural area			3 200	3 200	3 200
Free bus services for seniors and students		1 800	1 800	1 800	1 800

Other Initiatives

Funding to undertake climate change initiatives	379	429	220		
Payment for transferring the management responsibility of single user access roads to the lessee/owner of pastoral leases		2 500			
Increased capacity for the Development Consent Authority		569	569	569	569
One-off flood-related road maintenance, legal expenses and public transport operating costs	14 428				
Total	15 357	6 398	6 889	6 669	6 669

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	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Darwin Port Corporation					
Additional resources for repairs and maintenance at Fisherman's Wharf and Fort Hill Wharf	1 300				
Total	1 300				

Department of Business and Employment

Election Commitments

Support for the Major Projects Forum	200				
Funding to establish and operate regional jobs hubs in Nhulunbuy and Tennant Creek		500	500	500	500
Support for a Workforce Growth Unit to attract more people to the Territory from other parts of Australia and overseas		350	350	350	350

Other Initiatives

Support for the Darwin Aviation Hub	5 000				
Funding for fibre optic project in Arnhem Land (Jabiru to Nhulunbuy)	4 000	2 794			
Funding for sourcing strategy and tender development for information communication and technology services	950	450			
One-off workers compensation costs	280				
Support for the Centre Bush Bus	290				
Funding for a consultancy into electronic service delivery	300				
Establishment costs of the new Procurement Unit		1 000			
EcoBiz NT	657	677	702		
Total	11 677	5 771	1 552	850	850

Tourism NT

Election Commitments

Marketing the Northern Territory internationally	1 000	1 000	1 000	1 000	1 000
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Other Initiatives

Funding to market the Darwin Aviation Hub	300	300	300	300	300
Additional funding for increased costs of overseas operations as a result of foreign exchange fluctuations	317	317			
Total	1 617	1 617	1 300	1 300	1 300

(continued)

	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Department of Health and Families					
Election Commitments					
Additional resources to enhance ambulance service in Palmerston		960	800	800	800
Support to implement a 10-year plan to improve cardiac services		630	420	420	420
Funding to support an increase in pensioner and carers card holders' Motor Vehicle Registry and drivers licence subsidies		605	605	605	605
Additional resources for the Palmerston Super Clinic		2 000	2 000	2 000	2 000
Other Initiatives					
Expansion of the Child Abuse Taskforce	1 700	2 000	2 300	2 500	2 500
Additional care and case management for children in care		2 000	2 500	3 500	3 500
Residential care unit for children in care	1 000	1 500	1 850	1 850	1 850
Therapeutic services for children in care	500	600	800	800	800
Additional child protection workers for children in care	1 000	1 500	1 800	2 000	2 000
Further funding to increase the capacity of Aboriginal child protection and care services	1 300	1 800	3 300	3 300	3 300
Continued expansion of Sexual Assault Referral Centre services in Darwin, Alice Springs, Tennant Creek and Katherine	1 000	1 200	1 500	1 900	1 900
Continued development of integrated community family violence and support services in remote communities	1 000	1 500	2 000	2 600	2 600
Delivery of antenatal care and maternal health programs to mothers	1 000	1 500	1 500	1 500	1 500
Expansion of preventable chronic disease programs targeting diabetes, respiratory disease, kidney failure and hearing loss		1 300	2 500	5 000	5 000
Supporting Indigenous employment by replacing Community Development Employment Project jobs with real jobs in the Northern Territory Public Sector	1 000	1 000	1 250	1 250	1 250
Capacity to meet an increased demand for renal dialysis and primary health care services to manage chronic and early kidney disease	2 450	4 150	5 850	5 850	5 850
Expansion of disability services in the Northern Territory	3 735	5 204	6 549	7 976	7 976
Additional funding to facilitate the mandatory reporting of domestic violence by raising awareness and increasing services	500	3 000	3 000	2 500	
Increased resources for youth rehabilitation camps and for additional youth support workers	880	880	880	880	880
Establishment and operational funding for the Darwin Family Hub		2 505	675	675	675
Additional funding for central coordination of aero medical services	650	1 000	1 000	1 000	1 000
Support for aero medical services across the Top End until a new tender is in place	200	2 000			
Additional resources to improve emergency accommodation in Alice Springs for young people at risk	544	1 120	1 120	1 120	1 120
Further resources for general dental services and to enhance dental services in remote communities		1 500	750	750	750
Additional funding to continue to implement the National e-Health initiative		2 000	2 000	2 000	
Additional resources to enhance secure care services for young people and adults with complex care needs		3 260	5 519	11 428	11 428
Total	18 459	46 714	52 468	64 204	59 704

(continued)

	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Department of Regional Development, Primary Industry, Fisheries and Resources					
Election Commitments					
Funding for the management and sustainable utilisation of inshore marine resources		600	600	600	
Support for the Regional Business Facilitation program	100	200	250	150	150
Other Initiatives					
Support for the Battery Hill Mining Centre and Nyinkka Nyunyu Art and Cultural Centre	258	258			
Total	358	1 058	850	750	150

Office of the Commissioner for Public Employment

Election Commitments					
Funding to provide the layered scholarship, graduate recruitment and career development programs		1 250	1 250	1 250	1 250
Total		1 250	1 250	1 250	1 250

Department of Local Government and Housing

Election Commitments					
Funding to support the upgrade of facilities at Bagot Community		2 000	1 000	1 000	
Other Initiatives					
Establish local community boards to allow community representation in the local government shires and promote Indigenous leadership	400	700	700	1 000	
Increased contracting costs in the provision of Indigenous Essential Services to remote communities		2 847	2 847	2 847	2 847
Increased distillate costs associated with the provision of Indigenous Essential Services	3 000				
Phase 2 of the Safe Water and Sustainable Water Strategy	2 500				
Additional priority Indigenous Essential Services projects		3 950			
Funding to support the Pool Fence Grants initiative	1 000				
Territory Government contribution to fund a tenancy sustainability scheme and ongoing management costs under the A Place to Call Home program	249	498	747	996	1 329
Total	7 149	9 995	5 294	5 843	4 176

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	2008-09	2009-10	2010-11	2011-12	2012-13
	Estimate	Budget	Forward Estimates		
	\$000	\$000	\$000	\$000	\$000
Department of Natural Resources, Environment, the Arts and Sport					
Election Commitments					
Increase in arts grant funding		100	100	100	100
Increase in grant funding to support festivals		200	200	200	200
Additional resources to build stronger arts business in the Territory		250	250	250	250
Additional funding to the Arid Lands Environment Centre and the Northern Territory Environment Centre		160	160	160	160
Support for touring of Indigenous art	150	150			
Funding for the Remembering Territory Families program	30	160	60		
Water Tank Rebate Scheme		250	250	250	250
Funding for boxing schools to support young people at risk		50	50	50	50
Operational funding for the Palmerston Sports Complex			200	200	200
Operational funding for the Palmerston Water Park				200	200
Supporting the Arafura to Alice Eco-link		100	100	100	
Funding to support a community cultural centre in Darwin	75	125	125	125	125
Other Initiatives					
Additional support for the Darwin Festival	260	267			
Funding for National Basketball League teams Perth Wildcats and Perth Lynx to play matches in Darwin	55	175	185	110	
Support for Strategic Weed Management programs		140	450	450	450
Total	570	2 127	2 130	2 195	1 985
Aboriginal Areas Protection Authority					
Additional resources to meet demand for sacred site protection		700	700	700	700
Funding to provide a coordinated approach to issuing certificates in remote Indigenous communities ¹	300	618	618	616	
Total	300	1 318	1 318	1 316	700

¹ Funded by agencies seeking sacred site clearances

Table 4.3: Summary of
2009-10 New Capital Works

	\$M
Northern Territory Police, Fire and Emergency Services	8.6
Department of Education and Training	126.1
Department of Justice	22.4
Department of Planning and Infrastructure	143.0
Darwin Port Corporation	2.4
Land Development Corporation	10.0
Department of Health and Families	22.2
Department of Regional Development, Primary Industry, Fisheries and Resources	5.0
Department of Local Government and Housing	271.3
Department of Natural Resources, Environment, the Arts and Sport	15.9

Table 4.4: 2009-10
Capital Works by Agency

	\$M
Northern Territory Police, Fire and Emergency Services	
Alice Springs Police Station upgrade	6.0
CCTV for the greater Darwin area	0.6
Numbulwar police post – upgrade to police station	2.0
Department of Education and Training	
Alice Springs Middle School and Youth Hub	4.7
Angurugu School – upgrade classrooms	1.3
Dripstone Middle School – redevelop science facilities	3.0
Gapuwiyak School – outdoor teaching and learning areas	1.3
Gunbalanya School – extend and upgrade administration area	1.3
Homeland learning centre upgrades at various locations	2.0
Lajamanu School – new classrooms for early years	1.3
Numbulwar School – upgrade teaching and learning areas	1.3
Office space for student counsellors at Gunbalanya and Nhulunbuy	0.4
Primary Schools of the 21st Century	91.0
Ross Park Primary School upgrade – stage 3	3.2
Tennant Creek High School – new multipurpose sports facility	3.0
Tennant Creek Trade Training Centre	1.3
2009-10 Major Capital Grants	
National School Pride Program	11.0

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	\$M
Department of Justice	
Short/medium term prisoner accommodation in Darwin and Alice Springs	1.4
Doug Owston Correctional Facility – headworks	21.0
Department of Planning and Infrastructure	
Black Spot Program – improve known danger areas	2.0
Capital Cities Projects	2.0
Community, Beef and Mining Roads	
– Buntine Highway – stage 2	4.0
– Maryvale Road upgrade – stage 3	2.0
– Plenty Highway – stage 2	4.0
– Tanami Road – stage 2	2.0
– Wollogorang Road – bridge over McArthur River	7.0
Coolalinga traffic management improvements	1.0
Cyclone shelter upgrades	2.0
Darwin Waterfront redevelopment – stage 7	7.1
Fog Bay Road – upgrade and seal	2.0
Heavy Vehicle Safety and Productivity program	0.6
Improve safety at rail crossings	3.9
Jenkins Road – upgrade to seal	4.5
Johnston Sewerage Pump Station	4.0
Kata Tjuta to Kaltukatjara Road upgrade	0.5
Katherine Main Street Initiative	0.4
Kintore Road – Papunya and Mt Liebig Road upgrade	0.8
Lajamanu airstrip upgrade	2.5
Litchfield Road – upgrade and seal 10 km	3.0
National Network Road Safety Initiatives	5.0
National Network strengthening and widening	12.0
Palmerston East – headworks	20.0
Park and ride bus facilities	1.0
Remote Aerodrome Safety program	1.7
Roads to Recovery – upgrade local roads across regions	4.6
Rural arterials – strengthening and widening	1.0
Stuart Highway – Darwin to Katherine overtaking opportunities	5.0
Stuart Highway – heavy vehicle diversion around Katherine CBD	10.0
Tanami Road upgrade	2.0
Tennant Creek Main Street Initiative	0.4
Tiger Brennan Drive – Berrimah Road rail overpass	11.0
Tiger Brennan Drive – passing lanes and duplication	8.0
Urban arterials – strengthening, traffic management and landscaping	5.0
2009-10 Major Capital Grants	
Cyclone shelter upgrades	1.0

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	\$M
Darwin Port Corporation	
Hornibrooks Wharf rehabilitation	1.5
Unic crane – replacement	0.4
Vessel traffic system and operation centre	0.5
Land Development Corporation	
Common User Area – additional hardstand and surfacing works	2.5
Darwin Business Park – North – stage 2	6.0
Sewer rising main upgrade	1.5
Department of Health and Families	
Accommodation for radiation oncology patients and carers	2.0
Alice Springs Hospital – upgrade emergency power	2.0
Alice Springs Hospital – fire protection, air-conditioning and remediation	5.3
Emergency accommodation for victims of domestic violence	2.0
Renal facilities based in Tennant Creek	2.4
Royal Darwin Hospital – staff accommodation	4.0
Secure care facilities in Alice Springs and Darwin	4.5
Department of Regional Development, Primary Industry, Fisheries and Resources	
Palmerston boat ramp upgrade	4.0
Recreational fishing infrastructure across the Top End	1.0

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Department of Local Government and Housing

Government Employee Housing

Closing the Gap – construct housing in remote localities	10.0
Construct housing in remote localities	8.0
Land servicing for housing in remote localities	6.0
Replace existing housing in remote localities	2.0
Upgrade police and other priority housing in remote localities	6.0

Public Housing

Bellamack Seniors Village	10.0
Construct general purpose housing	1.0
Homelessness National Partnership – A Place to Call Home	1.3
Construct and upgrade public housing stock	22.7
Redevelop unit complexes in urban areas	4.0

Indigenous Housing

Strategic Indigenous Housing Infrastructure Program	98.2
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2009-10 Major Capital Grants – Indigenous Essential Services

Minor new works – NT wide	9.4
Alpurrurulam – construct new power station	1.6
Alpurrurulam – water source development	0.5
Barunga – water source development	0.5
Beswick – water source development	0.5
Palumpa – upgrade ground and elevated water storage	1.0
Ramingining – replace ground level water storage tank	0.7
Rittarangu – equip new production bores	0.5
Warruwi – extend power station and upgrade fuel bunding	0.6
Warruwi – replace elevated water storage and provide additional storage capacity	1.0
Wilora – replace ground level water storage tank	0.4
Yuelamu – powerline connection to Yuendumu grid	2.4

2009-10 Major Capital Grants – Other

Municipal and Essential Services	4.5
Strategic Indigenous Housing Infrastructure Program	78.5

Department of Natural Resources, Environment, the Arts and Sport

Araluen Centre – air-conditioning	4.5
Arafura to Alice Eco-link	0.5
Hidden Valley Motor Sports Complex – upgrade infrastructure	1.8
Litchfield National Park redevelopment	1.0
TIO Stadium – upgrade public address system	0.6
Nitmiluk National Park – upgrade utilities infrastructure	1.0
Palmerston Water Park	5.0
West MacDonnell visitor centre and facilities	1.5

Revenue Initiatives

A number of key revenue measures are included in the 2009-10 Budget.

Stamp duty on non-land business property in 2012

In the 2005-06 Budget, the Territory Government announced a timetable for the abolition of a number of stamp duties that were listed for review in the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA). In accordance with this announcement, the Territory abolished stamp duty on unquoted marketable securities from 1 July 2006, stamp duty on rent paid for grants and renewals of leases and franchises from 1 July 2006, and stamp duty on hiring arrangements from 1 July 2007.

In addition, the Territory Government has implemented a number of non-IGA related tax reforms, such as increasing the payroll tax-free threshold from \$0.6 million to \$1.25 million and decreasing the payroll tax rate from 6.5 per cent to 5.9 per cent; harmonisation of the payroll tax legislation with most states (detailed further below); reducing conveyance stamp duty rates, including lowering the minimum rate to 1.5 per cent (from 2.1 per cent), the top rate to 4.95 per cent (from 5.4 per cent) and applying the top rate from \$525 000 (increased from \$500 000); introducing a principal place of residence rebate on stamp duty for persons purchasing homes; increasing the stamp duty first home owner concession; and rewriting the taxation administration legislation to reduce red tape and compliance costs for taxpayers and the Government.

More recently, the Commonwealth, states and territories signed the Intergovernmental Agreement on Federal Financial Relations (the 2008 IGA) in December 2008. Under the 2008 IGA, the timeframe in which all states and territories are to abolish the agreed stamp duties has been extended to 1 July 2013 having regard to falling own-source revenue of states and territories.

Of the IGA taxes, the Territory only continues to impose stamp duty on the non-land component of business conveyances, which was originally scheduled for abolition from 1 July 2009. However, the Territory has decided to delay abolition of this duty until 1 July 2012, still one year earlier than required under the 2008 IGA.

This is consistent with Queensland, South Australia and New South Wales, as these states have announced that they will alter their previously announced abolition schedules so as to delay the abolition of all remaining IGA taxes until 1 July 2012.

This includes:

- Queensland – stamp duty on non-land business property;
- South Australia – stamp duty on non-land business property and unquoted marketable securities duty; and
- New South Wales – stamp duty on non-land business property, unquoted marketable securities duty and mortgage duty on business loans.

The impact of the deferral is to reinstate revenue of \$9.6 million in 2009-10.

Cessation of the on-road fuel subsidy

Historically, the Territory paid a fuel subsidy of 1.1 cents per litre for fuel used for on-road purposes to:

- fuel wholesalers on the basis that the subsidy will be passed on to service station retailers and ultimately to consumers through lower fuel prices; and

- bulk purchasers of fuel used for on-road purposes. Claims made by bulk purchasers vary across a wide range of industries including freight, transport, road construction and mining.

The scheme was a legacy of subsidy arrangements introduced in 1997 to compensate consumers for the Commonwealth increasing its fuel excise. The excise was increased by 8.1 cents per litre, with the proceeds paid to the states and territories (the states) to compensate them for the loss of revenue following the removal of business franchise fees after a High Court ruling.

Those states that charged a business franchise fee of less than 8.1 cents per litre returned any excess revenue via a subsidy to ensure petrol prices did not increase as a result of the 1997 revenue replacement arrangements. In the case of the Territory, the former business franchise fee was 7 cents per litre, resulting in a subsidy of 1.1 cents per litre.

It is difficult to ascertain whether fuel companies are passing the benefits of the subsidy on to consumers. However, given a number of inquiries and the experience in Victoria and Tasmania, it appears unlikely.

For example, the Inquiry into Fuel Prices in the Territory in February 2005 reported that the main factors affecting fuel prices in the Territory were the low volume of fuel sold, lack of vigorous competition and higher transport costs in remote areas, rather than government regulation or subsidies. Similarly, a Commission of Inquiry in 2007 in relation to the 8.354 cpl fuel subsidy scheme in Queensland found that there was serious doubt that the subsidy was getting through to consumers, particularly in regional areas.

Victoria removed its less than 1 cent per litre subsidy on 1 July 2007 and Tasmania removed its almost 2 cent per litre subsidy on 1 October 2007. Both states announced that it was unclear whether motorists were benefiting from reduced fuel prices because of the subsidies. An analysis of Victorian and Tasmanian fuel prices immediately before and after these states removed their subsidies revealed that there appeared to have been no effect on fuel prices.

Accordingly, from 5 May 2009, the Territory will cease payment of the on-road fuel subsidy. The estimated \$3.9 million in savings from removing the subsidy will be used for public transport and road network improvements.

Equity, Efficiency and Administrative Enhancements

Landholder Stamp Duty

The landholder stamp duty provisions apply conveyance duty to acquisitions of significant interests in landholding companies (acquisitions of 50 per cent or more) and unit trusts (acquisitions of 20 per cent or more) with land valued at \$500 000 or more. The duty is imposed in proportion to the interest acquired in the company or trust on the value of the land in the Territory to which the company or trust is entitled. This treatment ensures that the indirect transfer of land is not treated more favourably than the direct transfer of land.

However, an inequitable treatment occurred in relation to acquisitions in companies and trusts listed on a recognised financial market, including stock exchanges such as the Australian Securities Exchange, as these were generally not subject to duty. This preferential treatment is difficult to justify when a listed entity is taken over by another entity, as the acquirer obtains full control over the target entity and

its landholdings without paying stamp duty. By contrast, a direct transfer of the landholdings or a takeover of an unlisted company would be subject to stamp duty.

Accordingly, the landholder stamp duty provisions have been amended to provide greater consistency of treatment between listed and unlisted landholders, including the alignment of the relevant acquisition thresholds for unlisted trusts with those of unlisted companies. Under the new scheme, stamp duty is payable for acquisitions of significant interests in both listed and unlisted companies and trusts, being:

- acquisitions of 90 per cent or more in listed companies and trusts; and
- acquisitions of 50 per cent or more in unlisted companies and trusts.

The 90 per cent threshold for listed companies and trusts listed corresponds with the level at which the Commonwealth *Corporations Act* recognises that the purchaser has gained control of the target entity and can proceed to compulsorily acquire the remaining shares of the target. At this acquisition threshold, the acquirer has gained effective control of the land owned by the target entity.

This also aligns with the treatment of listed landholding companies and trusts in Western Australia, which also imposes stamp duty on acquisitions of 90 per cent or more in listed entities and acquisitions of 50 per cent or more in unlisted entities.

The alignment of the acquisition threshold for unlisted companies and trusts at 50 per cent (previously it was 20 per cent for private unit trusts) simplifies the application of the landholder duty rules by removing the complexity in defining a private unit trust and provides for the same set of acquisition rules regardless of the nature of the landholding entity.

A further amendment to the landholder provisions enables the restructure of listed property trusts and stapled securities to interpose a new head trust or elevate an existing trust to head trust without stamp duty consequences, provided the rules for capital gains tax roll-over relief are met. This is known as a 'top hat' structure and it provides income tax and commercial advantages, including facilitating foreign investment in the trust.

Stamp Duty on Mergers

It can often be complex to determine the taxation consequences of mergers, such as whether there has been a conveyance of dutiable property, the identity of the liable party, or whether there has been a dutiable acquisition in a landholder. Accordingly, clear rules have been introduced regarding the imposition of stamp duty on mergers. The approach adopted is consistent with the Territory's existing provision charging stamp duty on the change in ownership of property by a statutory vesting (the vesting of property in a person by legislation) and is also consistent with the merger provisions in New South Wales, Victoria and Western Australia.

The provisions will cover stamp duty on mergers where:

- there is a merger of an entity with and into another entity;
- there is a merger of entities that results in a new entity being formed; and
- there is a merger of entities with and into each other and both the merging entities continue to exist following the merger, albeit in a merged structure.

Payroll Tax Harmonisation

From 1 July 2008, the Territory harmonised its payroll tax laws with all states in eight agreed areas. These areas relate to the timing of lodgements, motor vehicle

allowances, accommodation allowances, a range of fringe benefits, payroll tax imposed on work performed outside a jurisdiction, employee share acquisition schemes, superannuation contributions for non-working directors and the grouping of businesses. This is estimated to have provided employers \$1.7 million in payroll tax savings.

At that time, Government also committed to further payroll tax harmonisation by introducing payroll tax laws from 1 July 2009 that are consistent, as far as possible, with those of New South Wales, Victoria, Queensland and Tasmania. This is given effect by the introduction of a new *Payroll Tax Act* that repeals the former *Pay-roll Tax Act*.

The payroll tax harmonisation measures will provide significant compliance cost savings for businesses paying payroll tax, particularly for those that employ people in a number of states, as they will only need to deal with one set of payroll tax rules.

In addition to the cost savings for businesses, it is estimated that several significant changes in application of the new legislation from adopting all the harmonisation measures will provide an additional \$1.3 million in payroll tax savings per year, bringing the total payroll tax savings to businesses of harmonisation to about \$3 million a year. The main differences under the new legislation are:

- The introduction of relevant contract provisions, which are a set of practical tests that approximate the common law employer/employee test. These provisions provide a greater level of certainty for employers and set out a set of deductions for non-labour component of payments to contractors. All states other than Western Australia have relevant contract provisions that impose payroll tax on the labour services of contractors. Those services may be provided by a sole trader or by a person through their company, partnership or trust.
- The exemption of payroll tax for wages paid by public benevolent institutions and religious institutions has been extended to include all non-profit organisations that have a sole or dominant charitable, benevolent, philanthropic or patriotic purpose.
- The introduction of payroll tax exemptions for wages paid to employees participating in voluntary work for bushfires and emergency relief and for wages paid as maternity and adoption leave for a maximum of 14 weeks.
- Not imposing payroll tax on wages paid by employment agents to temporary staff where the wages would be exempt if paid directly by the client (for example, where the client is a public hospital or charity).

Other Enhancements

The Government has also approved a package of changes that provide greater simplicity, efficiency and equity under the Territory's stamp duty and first home owner grant laws. The measures, which generally to commence from 1 July 2009, include:

- extending the stamp duty exemptions for public benevolent institutions to all charitable organisations other than for commercial activities;
- exempting caravans and non-motorised trailers from motor vehicle registration stamp duty;
- allowing a purchaser to nominate a related person prior to settlement to receive the property being purchased without double stamp duty consequences unless a sub-sale of property has occurred;

- removing the requirement to lodge cancelled agreements unless a sub-sale of property has occurred;
- introducing stamp duty exemption for retirement village leases;
- limiting eligibility to the first home owner grant to homes with a value or consideration of \$750 000 or less;
- limiting eligibility to the stamp duty first home owner concession to homes with a consideration or unencumbered value of \$750 000 or less or vacant land with a consideration or unencumbered value of \$385 000 or less; and
- other changes that clarify minor aspects of the taxation laws.

The specific details of these measures are to be provided in the Bill and explanatory information at the time it is introduced into the Legislative Assembly.

Fees and Charges

Fees and charges are imposed for the provision of a general government service. The Territory levies these user charges across a range of services including culture and recreation, environment, licensing and transport.

In May 2000, the *Revenue Units Act* was introduced to simplify the process for reviewing and updating fees by converting suitable fees to a standard monetary unit (revenue unit). However, a number of fees and charges that are appropriate for being converted to revenue units have not been converted. Moreover, many fee levels have not been reviewed for a number of years. As a result, these fees do not appropriately reflect the value of the service provided and often bear little relation to the costs of providing these services.

User charges are being reviewed in order to complete the conversion of all appropriate fees to revenue units by 1 January 2010. As part of the conversion process, the fees will be reviewed to ensure that they are set at levels that better reflect the costs of providing the services.

Also, the *Revenue Units Act* will be amended to introduce a mechanism to automatically index the value of a revenue unit each year by the year on year change in the consumer price index (CPI). This will ensure that fees maintain parity with inflation.

Penalty Units

The *Penalty Units Act* allows for monetary penalties for offences to be expressed in penalty units, with the purpose of ensuring that there is an efficient method of amending penalties in a consistent manner.

A new *Penalty Units Act* is to be introduced to allow for the review of the value of a penalty unit in accordance with a CPI-based calculation each year. This ensures that penalties maintain their real deterrent value over time, as penalties cease to have a significant deterrent or punishment impact if the effect of inflation is not taken into account.