Territory growth fuels GST outcome

Treasurer, Delia Lawrie, today said the Territory’s population growth and infrastructure challenges to meet a strong economy have softened the blow of a GST relativity reduction.

The Commonwealth Grants Commission (CGC) today released its final report on GST distribution to states and territories.

The report recommends the Northern Territory will receive a $77 million reduction in its relativity share of the GST.

“However, the CGC has taken into account the Territory’s unique needs and challenges of delivering essential services to remote areas,” Ms Lawrie said.

“These factors, combined with the Territory’s high population growth and overall GST pool growth have provided a net result increase of $78 million in 2010-11 compared to this financial year.

“This is a significantly better outcome than the $340 million loss we were facing in its Interim Report issued last year.

“We put a strong argument to the CGC that the Northern Territory has unique challenges, with a large indigenous population, vast distances to service and the infrastructure demands of growth.

“The Territory is a small but developing jurisdiction with strong population growth forecast at 2 per cent over the next five years.

“Our smaller population means that we have a much smaller tax base so GST makes up about two thirds of our overall revenue.

“The Rudd Government is committed to Closing the Gap to reduce real life outcomes between Indigenous and non-Indigenous Australians and we will continue to work with the Commonwealth to achieve these goals.”

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