Shadow Treasurer

5th June 2006

06/000157

NT Government On The Dole: Trouble Ahead Says Leading Academic

Senior Fellow with the Institute of Public Affairs, Dr Mike Nahan, has brought down a damning indictment on the States and Territories for their fiscal irresponsibility. In his paper, “Opportunity Squandered: How the States Have Wasted the Reform Bonus”, Dr Nahan points out how the NT, as well as the other states, has wasted its opportunities with the extra revenues and taxes collected by the states.

“One of the comments that Dr Nahan makes, on page 10 of the report is that the country’s new taxation system has provided the States with ‘enough money to drown to voices of opposition, thus dulling the most potential sources of accountability in our democratic system’” Shadow Treasurer Terry Mills said today.

“A central plank of the paper is that the State and Territory Governments have squandered the vast majority of this increased income on wages. Since 2001, when this Territory Government came into power, the cost of wages to Government has gone up by 38% to $1.237 billion dollars. Dr Nahan makes the point that much of this extra expenditure has been soaked up by administrative and executive staff rather than front line services. The Territory Auditor General said the same thing about the Territory’s results in February this year.

“The Territory has seen results that accord with his observations as here staff numbers and wages have been going up with no improvement in service delivery. In fact in the area of elective surgery waiting lists the results have been getting poorer.

“The worrying thing is that projected wages growth and projected revenues do not match. The trend around the country at the moment is to project wages growth that is larger than projected revenue.

“This means that pain is coming for public servants who will face layoffs if the current fiscal regime is applied. Dr Nahan says that the layoffs that the NSW public service is currently undergoing could spread to the other States and Territories because of these poor management practices.

“Dr Nahan is critical of the failure of the states to nation build with their increased income. The extra cash should be spent on infrastructure yet this year the cash spend on infrastructure will be the lowest the Martin Government has ever produced. Compared with 2001, this year the Government will spend $14 million less cash on infrastructure but $341 million dollars more in wages. All this on a population that’s hardly shifted in that time.”

Media Contact: John Elferink - Email: john.elferink@nt.gov.au - Ph: 08 8901 4184 (m) 0418 506 633