Pressure from the Federal Treasurer to revisit the Federal/State relationship has an understandable justification, according to Shadow Treasurer Terry Mills. Last month Senior Fellow with the Institute of Public Affairs, Dr Mike Nahan, 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 pointed out how the NT, as well as the other states, has wasted its opportunities with the extra revenues and taxes collected by the states.

“The Federal Treasurer’s irritation is palpable and understandable.” Terry Mills said.

“The Labor Party around the country pilloried a consumption tax and Keating won an election on the issue. Now State Labor Governments have been the recipients of the largess of the tax system and Nahan’s assertions that the money has been spent on bureaucracy building rather than on nation building is being borne out in the numbers of public servants in various state jurisdictions.

“ABS figures are beginning to show that the States are building their public services enormously and the Territory is no exception. Since the Territory Government has come to power it has substantially swelled the ranks of the NT’s Public Service particularly with the increase of Executive Level Public Servants increasing from 375 (June 2002) to 511 (June 2005).”

“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.

“We as a nation should be using our extra wealth to build infrastructure and build our jurisdictions. Rather what is occurring is that the States and the Northern Territory are basically buying votes.

“Based on the Government’s own figures there is now one public servant for every 12.69 Territorians. The public service has grown by 10% in four years from 14,303 in June 2002 to 15,754 in June 2006 when the Territory’s population has only increased by 3.4% in that time. The Territory has the most public servants to population in the country.

“The question is, where are the improved services, and where is the investment in the infrastructure that will build the Territory’s wealth?”

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