

WRITTEN QUESTIONS

7th Assembly

28/11/1994

31. Northern Territory Taxation

Mr. EDE to MINISTER for TREASURER

QUESTION

1. Does the Northern Territory Government have any plans to reduce taxation to equal or make it below the average State taxation severity in light of the Tasmanian budget showing that the Northern Territory now has an above average taxation severity.

ANSWER

Answered on 20/02/96

As often occurs, the Opposition Leader has used part of the story and not explained the full story. He has referred only to "taxation" when there are other more comprehensive measures of revenue raising effort that need to be taken into account. One of these is included in the same document that Mr Ede quotes from. I refer to Chart 10.6 in the Tasmanian paper which shows the Territory's revenue raising effort compared to the States (that is it includes more revenue items than taxation) and this shows the NT to be well below the States average.

I also need to say that it is inappropriate to base policy on this type of analysis. Considerable judgement goes into trying to determine and measure the various influences that operate in an environment where the Territory is a very small player and changes to one or two assumptions could cause the NT's figures to swing one way or the other. (In addition the Grants Commission does not consider all receipts).

There are other measures that can be used to provide a guide such as those detailed in Budget Paper 3 which shows that in 1992/93, Territorians on average paid \$243 less in taxes and fees than the average of the States.

Of course there is a trade off between levels of taxes and charges and standards of service. The higher the taxes the higher the standard of service that can be provided and vice verse.

However, at the end of the day, the Territory needs to be able to demonstrate to the rest of Australia that it is making a "reasonable revenue raising effort" so all Australians can be confident that Territorians are paying their fair share for delivery of services. I believe we are.

