Claims of GST cuts to the Northern Territory are fake news, says Matt Cunningham.

NT News, Saturday December 1, 2018, Weekend, page 6 (this is an abbreviated version of the article).

This week [the Northern Territory Treasurer Nicole Manison] announced the deficit would blow out by $350 million more than had been predicted when the Budget was handed down just six months ago.

This came just days after the Chief Minister announced $100 million in “new money” (read money we don't have) for a stimulus package, and just weeks after it was revealed we have employed an extra 293 public servants in the past 12 months, despite announcing a hiring freeze.

But again the GST got the blame.

“The massive reduction in GST has left the Territory $500 million worse off each and every year,” Ms Manison said.

So what's really happening with the GST? Well, GST is distributed between the states and territories under a system known as horizontal fiscal equalisation. It's designed to ensure that those jurisdictions with greater need receive a greater share of the pie.

There are various formulae used to calculate this distribution, including population and indigenous status. In the Northern Territory out GST relativity is about 4.2.

This means we get about $4.20 for every dollar we contribute. Not a bad deal at all, and by far the best in the country. Our relative share hasn't fallen, but our population has, so we should be getting less GST revenue. But we're not.

Instead of our GST falling by $136 million (under a system that benefits us far more than any other state or territory) we received an extra $123 million.

This was untied funding we were free to spend any way we pleased, a point worth remembering the next time the NT Government complains the Feds haven't tipped in to build a new youth detention centre.

Perhaps Canberra should have given us $159 million untied and insisted we spend the other $100 million on a new Don Dale?

The Northern Territory is in no position to complain about GST distribution. Consider the alternative. The Productivity Commission recently conducted a review of GST funding. It followed complaints from Western Australia – which receives just 47 cents to the dollar – that it wasn't getting its fair share.

There was no cut, there is no cut, and there will be no cut. In fact the Federal Government has agreed to continue topping up our GST payments, meaning our relativity will effectively increase to 4.6. For that we should thank our lucky stars.

It's true that at the beginning of the Inpex-led population boom it was once predicted we would receive more GST funding. But as our population growth has dropped, so has our GST money. Despite this, we've continued to spend like drunken sailors.

We're building a $25 million Rugby League stadium, an $18 million indoor netball stadium right next to the outdoor netball stadium that was only finished a few years ago, a $32 million underground car-park, and we've just finished work on the $18 million “international” tennis stadium, complete with its unique sloping centre court...