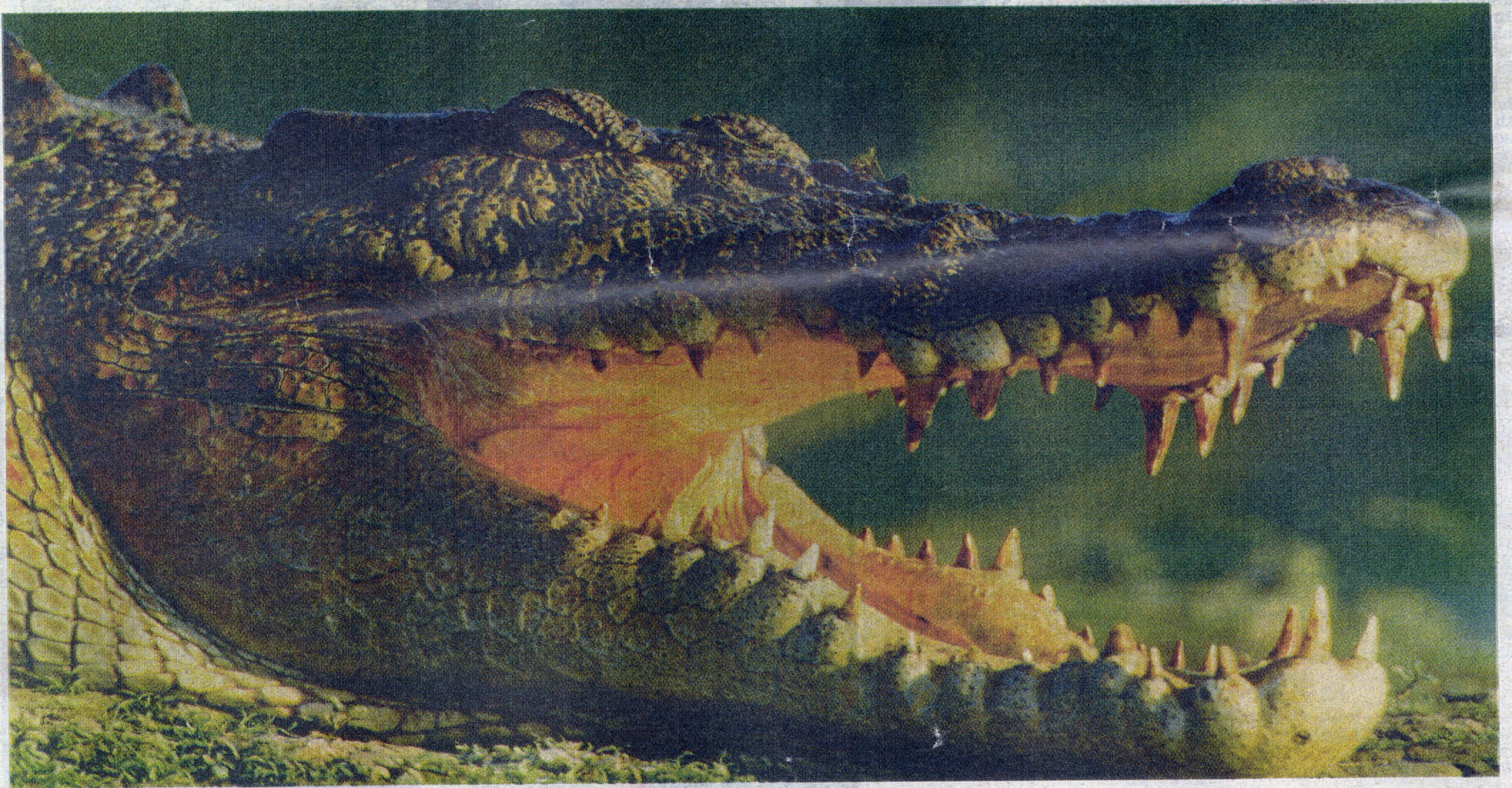


**If you never never go,
you'll never never know
where \$540m of
NSW taxes get
snapped up every year.**



The shores of Canberra's Lake Burley Griffin are home to a more formidable predator than the salt water crocodile.

It's called the Commonwealth State Grant system, and it costs the NSW taxpayer an arm and a leg.

Last year, for example, the combined demands of the Northern Territory and South Australia and Queensland and Tasmania put the bite on NSW for a staggering \$1.5 billion.

That's \$1.5 billion of your taxes that should be spent on your needs – things like hospitals, schools, roads and the police force.

Despite what Federal Governments may think, our resources and patience are not inexhaustible.

The Commonwealth State Grant system may well have served a useful and worthwhile purpose back in the early days of federation.

But now it's just biting the hand that feeds it.

You deserve to know where your taxes go.



The Sydney Morning Herald

Carr crashes into Canberra

THE tax advertisements placed by the Carr Government demonstrate that State governments can always fund their follies. This phenomenon is something asserted by prime ministers at every Premiers' Conference. The conference, which takes place in Canberra tomorrow, maintains the fiction that premiers and the prime minister bargain their way to a fair distribution of the tax takings. In reality, this conference, like all previous conferences, will be no more than a public spectacle where haggling is done over an outcome that has already been worked out by the Federal Government. One of the justifications used by prime ministers for presenting premiers with a take-it-or-leave-it deal is that they need to be disciplined by the Federal Government against their tendency to indulge in overspending, inefficiencies and follies.

The tax advertisements run by the Carr Government, unfortunately, are examples of such tendencies. The advertisements have been telling NSW taxpayers that they are losing \$1.5 billion a year through the Federal Government's method of dividing tax revenue among the States. The cost of the campaign is \$1 million. In terms of State expenditure, this is an extremely small amount. But a State government that is prepared to waste \$1 million with a misleading and politically charged advertising campaign risks being seen by many as probably ready to misuse far greater amounts if it suits it.

Mr Carr knows that the argument put by the advertisements — that it is unfair that NSW does not receive the full amount of the taxes raised in this State — is nonsensical. The point of liberal democracy is that tax revenues are distributed from the well off to those less well off on the grounds of equity and in the hope that providing assistance will help disadvantaged people (and States) to overcome their disadvantages. Indeed, this is the very point that Mr Carr has used to justify the imposition of a land tax on homes valued at \$1 million or more. He has directly related the intake from this tax to the distribution of the \$50 school allowance to every student in NSW. The reality is that with these advertisements, Mr Carr is simply indulging in the time-honoured practice of premiers, perfected by Sir Joh Bjelke-Petersen, of bashing Canberra before a premiers' conference.

When he was Opposition Leader, Mr Carr promised to legislate to prevent governments using public funds to pay for politically partisan advertising. He has reneged on this promise since becoming Premier. He claims it is difficult to draft a law which distinguishes between the proper promotion of a government initiative and advertising intended to promote the re-election of an incumbent.

This argument is as phony as the one in these advertisements. Why, then, is Mr Carr, a politician of civility and sophistication, behaving like a former Queensland premier whose rhetoric and tactics were despised by his Labor opponents and, presumably, Mr Carr? Why does Mr Carr sound so much like Ms Pauline Hanson when he talks about tax? The answer may well lie in Labor's outright rejection of any taxation of the service sector, the most quickly growing part of the economy. This rejection of a GST is not based on the arguments for or against the tax, but on the bitter politics of trying to win votes by opposing a new tax. Labor's opposition comes despite the fact that it was Mr Keating, as Treasurer in the Hawke Government, who put the GST on the political agenda. The continuing opposition to a GST, though, is pulling down Labor leaders — including Mr Carr, who should know better — into a quagmire of political hypocrisy.

Carr ads chase tax

NICOLE MANKTELOW

STATE and Territory rivalry is set to take to the airwaves as the November 13 Special Premiers Conference approaches.

In the jostle for federal funding, a pre-election NSW is applying all the pressure its \$1 million advertising budget can muster.

"You may never-never go to the Northern Territory, but you deserve to know where your taxes go," says one commercial, while another describes Tasmania as "spoilt".

NSW Premier Bob Carr launched the stinging print and radio advertising campaign yesterday, and said the State Government would try to "claw back" some of the \$1.5 billion in taxes used to subsidise smaller States and the Territories.

Under the Howard Government's planned tax package, NSW taxpayers will contribute 36 per cent of the GST. They will get back only 31 per cent.