

GST carve-up should not reward reform-shy states

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With the renewed GST debate (“Coalition split on GST pledge”, 16/8) the usual suspects have emerged to defend their positions. Among them is Jay Weatherill, a premier enamoured of the free lunch — an attitude facilitated by a flawed system of rewarding mendicant jurisdictions. The Commonwealth Grant Commission’s horizontal fiscal equalisation policy should be applied as a safety net to mitigate cyclic fiscal shortfalls, and not as a perpetual underwriter for “do nothing” states. It’s a recipe for laziness and adds to the case for reform of the tax system, including the requirement of the states to raise their own income tax in the pursuit of efficiencies.

Kim Keogh, East Fremantle, WA

Those premiers who think the current GST distribution system is acceptable demonstrate an appalling lack of fairness and a healthy bout of greed. West Australians, like everybody else, pay 10 per cent GST but receive the benefit of only 30 per cent of that tax. It has been estimated that WA will subsidise other states to the tune of \$17.8 billion between now and 2019-20, on top of the huge subsidies already provided since the inception of this tax. Voters in this state were, in effect, misled immediately prior to the “GST election” of 1998. We voted on the understanding that the new tax was essential for the nation as a whole, with the benefit of the proceeds to be shared equitably. Had we been told that the benefit of the tax could be reduced to 30 cents in the dollar, that very close election result would probably have been different and the GST would not have been introduced shortly thereafter. As for a potential increase in the rate of the tax, forget it unless all states are assured of a full return of the GST as collected. Only a full return of the tax would allow WA to build infrastructure commensurate with its massive land area; fund its substantial commitments in respect of indigenous issues and restart the process of populating the western third of this nation.

David Burt, Peppermint Grove, WA

Your articles on GST and horizontal fiscal equalisation prove how important mining is to the nation’s economy. Two states are on the dole, their way of life being heavily subsidised by GST from mining. Australians should take notice. Too many people want to shut mining down “to protect the environment”. Well, our houses, universities, schools, hospitals and roads are a part of the environment. And these assets are created by money made from industry and hard work.

Phil Tucker, Tweed Heads, NSW

Out of the blue Prime Minister Malcolm Turnbull has told the WA Liberal Party his government intends to change the distribution between the states of the revenue from the GST because the current arrangements have resulted in WA receiving an unprecedentedly low share that “has hit the state’s budget hard” (“Turnbull’s GST pledge sparks row”, 15/8). It is true that WA has been adversely affected by the cessation of the mining boom. But in his May 2016 budget speech Treasurer Mike Nahan announced the end of the government’s recruitment freeze which “has enabled us to avoid the large scale redundancy programs that have occurred in other jurisdictions” and said that it had succeeded in bringing expenditure under control.

For 2016-17 the state is also estimated to receive an increase in revenue from the GST of no less than 6.75 per cent, faster than the increase of 5.2 per cent for all states. But it is inescapable that the other states would receive an even smaller increase if WA receives a supplement to its grant. Your report has federal Treasurer Scott Morrison saying that “we will have a window in the next few years” to create a prospective floor on the share of GST. This suggests that, as with some other Turnbull decisions, his Treasurer was not consulted about GST distribution.

Des Moore, South Yarra, Vic

If Australia had an effective government, the Australian public could expect them to prepare the grounds for a change to the GST to reflect economic realities prior to announcing any proposal to actually change the tax. A competent approach would see the government put together a long term campaign. However, pigs might fly before we see the Turnbull government do the hard yards; it is much easier (and lazier) to make a pronouncement from on high and then wear the (unnecessary) push-back from the public.

Paul Tooker, Bald Knob, Qld