

Morrison's \$9bn GST 'fix' facing Labor, states revolt



Prime Minister Scott Morrison in Perth yesterday. Picture: AAP

**Andrew Burrell, WA Chief Reporter, Rachel Baxendale, Reporter, 12:00AM
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Scott Morrison's \$9 billion plan to overhaul the GST carve-up is facing ruin when parliament resumes after state treasurers joined Bill Shorten in opposing the legislation unless it contains guarantees that no state or territory will be disadvantaged.

At a meeting in Melbourne yesterday, five treasurers — including Liberals from NSW, South Australia and Tasmania — demanded the Prime Minister alter the planned laws, arguing that without a legislated guarantee, some could be worse off if economic conditions changed. The states-led revolt means the federal Opposition Leader is more likely to block the legislation unless it provides the guarantee, setting the scene for a battle when parliament resumes on October 15.

West Australian Labor Treasurer Ben Wyatt, whose state stands to benefit by more than \$4bn under the plan, was the only one who sided with Josh Frydenberg at yesterday's meeting, but he told *The Australian* he could understand why his state counterparts held some concerns and he believed the legislation might need to be amended in the Senate.

He said he expected Mr Shorten to ultimately back the laws.

Mr Morrison, on a three-day visit to Perth where he has spruiked his GST plan, maintained there was no need for a guarantee because all states would benefit under the changes he unveiled in July. He said he would take his GST fix to the election if Labor and the crossbench failed to pass it. "It's time for Bill Shorten to stop making excuses and looking for excuses," he said. "He's crab-walking at the moment. It's time for the whole country, frankly, to recognise that WA has had a raw deal."

Victorian Labor Treasurer Tim Pallas, NSW Liberal Treasurer Dominic Perrottet, Queensland Labor Treasurer Jackie Trad, Tasmanian Liberal Treasurer Peter Gutwein and South Australian Liberal Treasurer Rob Lucas presented a united front. "On innumerable occasions, the Prime Minister gave assurances there would be no disadvantage to any other state," Mr Pallas said. "So all states and territories, and can I reinforce that — all states and territories — have agreed to the principle that we need these guarantees incorporated into legislation. "That's the sort of absolute surety that we need in order to manage our budgets. "The alternative could be financially catastrophic and I don't believe that the citizens of any state, or should I say the people who depend upon proper budget management, would see this as a fair or appropriate thing without the guarantees that have already been given being given real teeth."

Labor Treasury spokesman Chris Bowen said it was difficult to unite the states and territories on GST distribution, but Mr Morrison and the Treasurer had managed to do so. "Labor has said consistently that the floor, particularly in relation to WA, should be legislated," he said. "Make the floor the law, as we've said. So we support the principle of legislating this. "Scott Morrison and Josh Frydenberg have said no state will be worse off, but they're not prepared to put that guarantee in writing in the law."

The proposed legislation paves the way for about \$7.2bn in additional GST payments to the states over eight years. The Coalition has already committed \$1.7bn in GST top-up payments over the next three years to WA, taking the total cost of the package to about \$9bn.

The legislation will also guarantee that no state's share of the GST can fall below 70c in the dollar from 2022-23, rising to 75c from 2024-25.

Labor and the government agree there should be a 75c floor in GST distributions but Mr Shorten has yet to commit to the changes to the revised distribution formula.

The Coalition's plan is designed to stop WA's share of the GST falling back to 30c in the dollar.

It is also aimed at boosting the government's chances of retaining several key seats in WA.