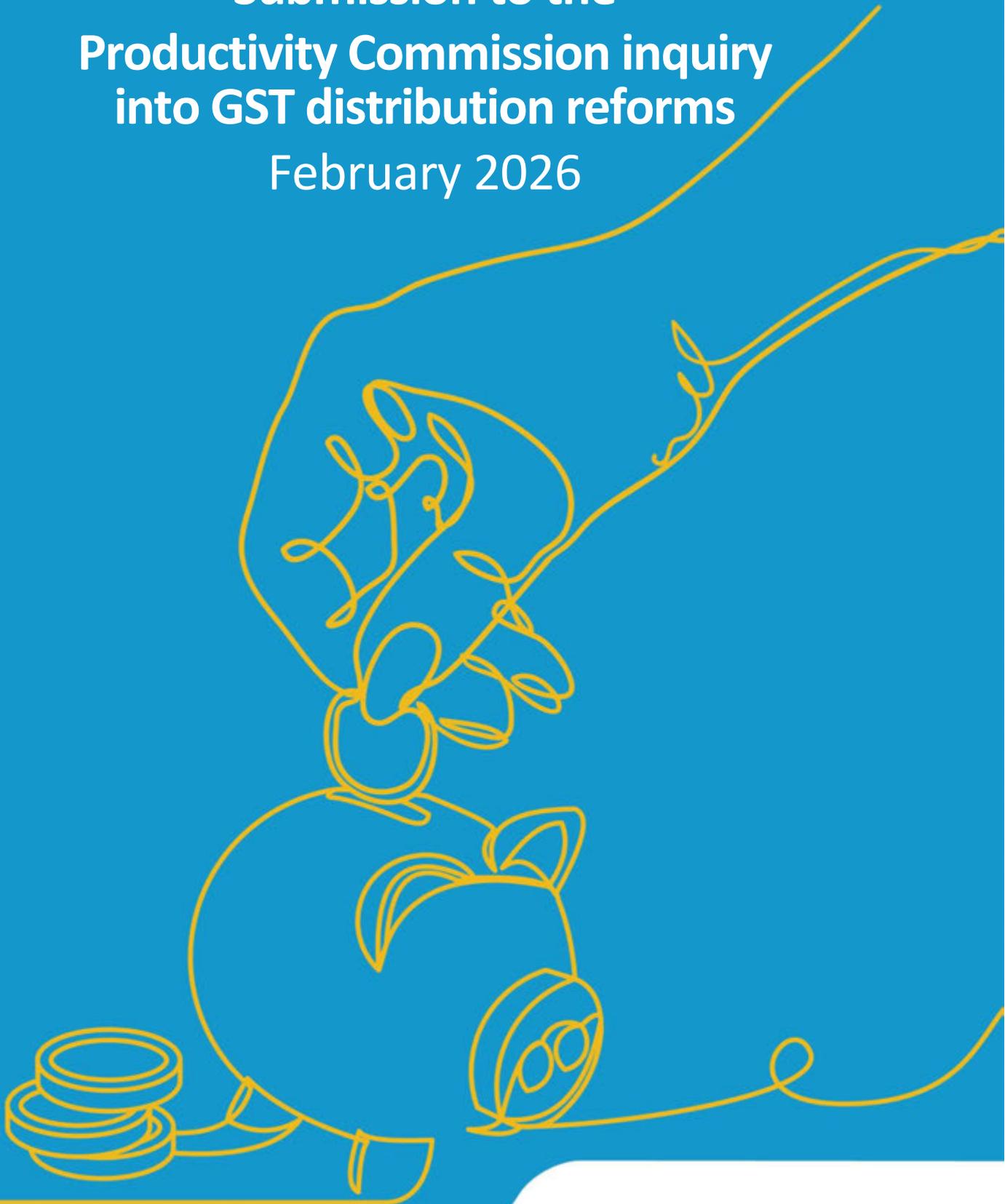


**Submission to the
Productivity Commission inquiry
into GST distribution reforms
February 2026**



**WORKING FOR
A JUST TASMANIA**



**SOCIAL
ACTION &
RESEARCH
CENTRE**

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Anglicare Tasmania acknowledges the Tasmanian Aboriginal community as the traditional and original owners and continuing custodians of this land lutruwita. We pay respect to Elders past and present.

About Anglicare Tasmania

Anglicare Tasmania is a large community service organisation in Tasmania with offices in Hobart, Glenorchy, Launceston, St Helens, Devonport, Burnie, Sorell and Zeehan and a range of programs in rural areas. Anglicare Tasmania's services include: delivering the state-wide Housing Connect Front Door on behalf of the State Government; crisis, short-term and long-term accommodation support; mental health support services; support services following a motor vehicle accident; aged and home care services; alcohol and other drug services; financial and gambling counselling; and family support. In addition, Anglicare Tasmania's Social Action and Research Centre conducts research, policy and advocacy work with a focus on issues affecting Tasmanians on low incomes.

Anglicare Tasmania is committed to achieving social justice for all Tasmanians. It is our mission to speak out against poverty and injustice and offer decision-makers alternative solutions to help build a more just society. We provide opportunities for people in need to reach their full potential through our services, research and advocacy.

Anglicare Tasmania's work is guided by a set of values which includes these beliefs:

- that each person is valuable and deserves to be treated with respect and dignity;
- that each person has the capacity to make and to bear the responsibility for choices and decisions about their life;
- that support should be available to all who need it; and
- that every person can live life abundantly.

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Recommendations

Anglicare Tasmania is a major community service provider in Tasmania and has extensive experience of the challenges of providing services in a relatively small state with an ageing and dispersed population. Horizontal fiscal equalisation is vital for Australians living in Tasmania to receive services comparable to those available to people living in other states.

Anglicare Tasmania is of the view that current GST distribution arrangements are not aligned with the meaning and intent of the principle of horizontal fiscal equalisation and, in practice, are not fiscally sustainable.

To deliver social justice to all Australians, regardless of their circumstances, Anglicare Tasmania recommends:

- returning to full horizontal fiscal equalisation for states and territories
- horizontal fiscal equalisation is understood as “the principle that the respective payments to which the States are entitled ... should enable each State to provide, without imposing taxes and charges at levels appreciably different from the levels of the taxes and charges imposed by the other States, government services at standards not appreciably different from the standards of the government services provided by the other States”¹
- consideration of broader reforms beyond GST distribution to achieve “the broad, long-standing, objective of ‘horizontal fiscal equalization’ and through a more readily comprehensible, transparent and predictable system than the one which has evolved over the past ninety years, using a limited number of widely understood and readily accessible economic, demographic, social and fiscal indicators”²
- that broader reforms include consideration of support from the Australian Government to enable reform of states’ own-source revenue.

In terms of how the GST distribution should be reformed, Anglicare Tasmania supports the recommendations made by Saul Eslake in his submission to this inquiry.³

Horizontal fiscal equalisation

Social justice is a deeply held value that guides the work of Anglicare Tasmania. Australia’s historical commitment to equity, embodied in the principle of horizontal fiscal equalisation, is deeply valued and should be celebrated.

The term ‘commonwealth’ means that the collective wealth of the states is shared among all Australians. Equalisation implies redistribution to achieve an outcome in which one state’s capacity to deliver services is not appreciably higher than others. As a principal, it is about collectively agreed and fair distribution of national resources rather than simply “providing additional support to fiscally weaker states and territories”.⁴

Horizontal fiscal equalisation is articulated in the *States (Personal Income Tax Sharing) Amendment Act 1978* (Subsection 5(a)) as:

¹ *States (Personal Income Tax Sharing) Amendment Act 1978* (Cth) s 5

² Eslake S, Submission No 3 to Productivity Commission, *Inquiry into GST distribution reforms* (January 2026) p.4

³ Eslake S, Submission No 3 to Productivity Commission, *Inquiry into GST distribution reforms* (January 2026)

⁴ Productivity Commission 2025 *GST distribution reforms issues paper*

“the principle that the respective payments to which the States are entitled ... should enable each State to provide, without imposing taxes and charges at levels appreciably different from the levels of the taxes and charges imposed by the other States, government services at standards not appreciably different from the standards of the government services provided by the other States”.⁵

It is important that a commitment to providing horizontal fiscal equalisation is accompanied by incentives and appropriate Commonwealth support for states to exercise fiscal discipline and transition to more reliable and predictable own-source revenue.

⁵ *States (Personal Income Tax Sharing) Amendment Act 1978* (Cth) s 5