

Productivity Commission
GST Distribution Reforms Inquiry
GPO Box 1428
Canberra City ACT 2601

Dear Commissioners,

Re: GST Distribution Reforms – Interim Report

The Council on the Ageing (COTA) Tasmania and the Tasmanian Council of Social Service (TasCOSS) welcome the opportunity to provide this joint submission in response to the Productivity Commission's interim report on GST distribution reforms.

Our organisations recognise that the technical design of horizontal fiscal equalisation is complex, and that our respective national peak bodies will bring broader perspectives to the Commission's consideration of federal financial relations. Our purpose in making this submission is to ensure that Tasmania's particular circumstances are not lost within a nationally averaged view.

Tasmania's older and more geographically dispersed population, comparatively limited own-source revenue capacity, socioeconomic circumstances and high reliance on Commonwealth transfers all have direct implications for the cost of providing essential services and for the State's capacity to respond to changes in GST revenue.

Our submission therefore focuses on the practical outcome that should sit at the centre of any reform: Australians should have a reasonable expectation of access to essential public services irrespective of the state or territory in which they live.

We see considerable merit in the Commission's Option 2, which would restore full horizontal fiscal equalisation while dealing with concerns about Western Australia's circumstances through separate and transparent Commonwealth payments.

At the same time, our support is principally for the underlying objectives of full and durable equalisation, transparency and protection of essential service capacity, and we encourage the Commission to remain open to other approaches capable of achieving those outcomes.

We particularly support stronger monitoring of whether differences in state fiscal capacity translate into differences in access to services and outcomes for communities, including older people, people on low incomes and people living in regional and rural areas.

Thank you for considering our submission. We would be pleased to provide any further information that may assist the Commission in preparing its final report.

Yours sincerely,

Brigid Wilkinson
Chief Executive Officer
COTA Tasmania

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Chief Executive Officer
TasCOSS