

This submission supplements my submission of 27 February 2026 (Submission 51) to the Productivity Commission (“PC”) and my evidence at the public hearing on 14 September. I ask that they be taken as read. My central point remains: GST redistribution is only the tip of the iceberg when considering Western Australia’s overall fiscal relationship with the Federation.

More than half a trillion dollars in just twenty years

WA Treasury estimates WA’s net contribution through Commonwealth revenue raising and expenditure at \$36.2 billion in 2024–25, or \$12,016 per person – more than eleven times NSW’s \$1,046. The GST-related component was only \$2.2 billion: about 6% of the total.^[1]

My updated series, based on WA Treasury estimates and restated in 2024–25 dollars, totals \$511 billion over 2005–06 to 2024–25. That is more than half a trillion dollars in real terms over just twenty years.^[2]

Of course WA contributes more when commodity prices are high. That is to be expected. But what *really* matters is what happens at the bottom of the cycle. Even at the bottom of the cycle – during the prolonged downturn of the 1990s and early 2000s, and again in the mid-2010s, WA remained not just a net contributor – not even a small net beneficiary – but the *largest* net contributor on a per capita basis. The updated chart reinforces that point.

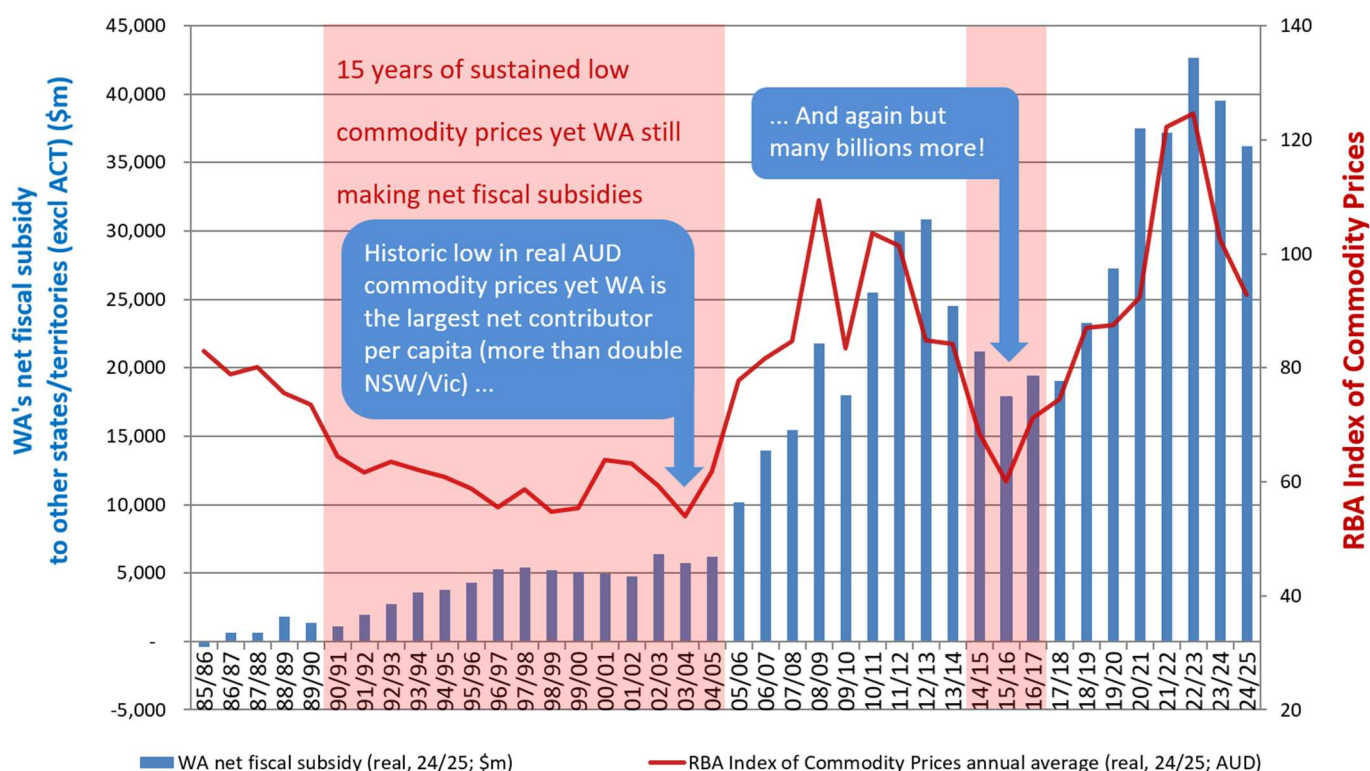


Figure 1. Western Australia’s net fiscal contribution and real commodity prices, 1985–86 to 2024–25

Sources: WA Treasury historical estimates and Budget Papers; RBA Index of Commodity Prices (AUD). Both series adjusted using annual-average CPI to a 2024–25 price basis. Author’s calculations.^[2]

I am not proposing that every Commonwealth tax or expenditure item be put into the Commonwealth Grants Commission’s formula. My question is narrower: how can broader judgments about equity, fiscal sustainability and federal financial relations be made without assessing this much larger fiscal relationship?

If the data is inadequate, improve it

At the hearing, Commissioner Jackson explained that the PC had considered the relationship between commodity prices, company-tax receipts and No Worse Off payments, but noted difficulties attributing tax geographically. Commissioner Robson acknowledged the potential value of quantification as a first step.^[3] The interim report itself acknowledges the additional Commonwealth tax revenue from higher iron-ore prices but does not estimate the net fiscal effect.^[4] That gap warrants analysis.

WA Treasury has already produced a longstanding official estimate. In my assessment, it provides compelling evidence of the scale and persistence of the fiscal transfers. If the PC considers it insufficiently reliable, it should identify the deficiencies, test their significance and undertake, commission or recommend the work needed to improve it.

The WA Government's own submission compares the position with one in which the Federation did not exist: company tax on WA mines is attributed to WA, while income tax paid by interstate shareholders is attributed to their home States.^[5] My question uses that source-based definition to locate company-tax revenue, rather than shareholder residence. A Pilbara mine does not cease to generate taxable profits in WA because its shareholders live elsewhere. That is a principle for geographical attribution, not a forecast of the financial consequences of secession.

I therefore ask the PC to quantify, or recommend that Commonwealth Treasury, working with the ATO and ABS (requiring companies to provide key annual data for example), quantify and publish annually the net Commonwealth fiscal contribution or benefit of each State and Territory over the full economic and commodity cycle. The work should also examine whether WA becomes a net recipient in downturns or merely contributes less.

There is a relevant precedent in the 2015 Reform of the Federation Discussion Paper, which proposed improved intergovernmental data collection, sharing and public reporting, including a possible reporting role for the Productivity Commission. Although directed principally at service delivery and performance, that transparency principle is also relevant to the fiscal-attribution work requested here.^[6]

This should include a transparent estimate of GST attributable to each State's taxable consumption, accounting for credits and exemptions – its 'state of consumption', not simply its population, production or business-headquarters share. The question is how GST grants compare with attributed GST revenue; a 0.75 relativity is not an answer to that different question.

Related matters

Vertical fiscal imbalance is also relevant: States' spending responsibilities exceed their own-source revenue capacity.^[7] As discussed at the hearing, closer alignment of taxing and spending responsibilities could improve accountability and fiscal sustainability. If examining this is beyond this inquiry's scope, the PC should recommend a separate examination.

There is some historical precedent to draw on in this respect. The National Commission of Audit's 2014 report, addressed governmental responsibilities, accountability and vertical fiscal imbalance.^[8] The 2015 Reform of the Federation Discussion Paper also examined governance and options for greater State revenue autonomy.^[6]

Two hearing matters warrant follow-up. NSW Treasurer Mookhey described GST consequences influencing actual royalty-policy deliberations; that is direct evidence of GST effects on state policy choices.^[9] And, if the PC recommends returning to pre-2018 arrangements, it should model its proposed dominant-state correction and quantify WA's annual fiscal outcome.

Nine years after I first raised this issue, the request remains: measure the whole fiscal relationship, not just the tip of the iceberg.

Sources and calculation notes

1. [WA Budget 2026–27, Budget Paper 3, Appendix 11, pp. 369–372, Tables 11.1–11.2.](#)
2. Author's updated workbook, 30 September 2026: sheet "2024–25", FY06–25 sum \$511,299 million. Historical Treasury series, including data supplied 7 November 2024; RBA commodity-price and CPI series. This is my inflation-adjusted total from the chart series, not a separately published Treasury aggregate.
3. [PC hearing transcript, 14 September 2026, pp. 19–21.](#)
4. [PC, GST distribution reforms, Interim Report, p. 57](#)
5. [WA Government, Submission 37, February 2026, pp. 44.](#)
6. [Australian Government, Reform of the Federation Discussion Paper, 2015, Chapter 3, Option 3, pp. 25–27; and Chapter 5, section 5.2, pp. 91–97.](#)
7. [PC, Supporting Paper 1: Understanding Australia's system of fiscal transfers, section 1.](#)
8. National Commission of Audit, Towards Responsible Government, Phase One, February 2014, Chapter 6, pp. 68–72, particularly Recommendations 7 and 8.
9. [PC hearing transcript, 14 September 2026, pp. 6–7.](#)