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Inquiry into Horizontal Fiscal Equalisation

Thank you for the opportunity to make a submission, which I do in a personal capacity. I wish to make the following points:

1. It is no longer clear what purpose is served by this scheme. It has been in existence a very long time, and has been the subject of extensive commentary, but very few people understand its operation or why it is in place. This serves to undermine public confidence in the scheme, as well as its effectiveness.
2. The Commission ought in its inquiry to set out why the scheme exists and how it serves the best interests of the nation and the community. These should emphasise the rationale of the scheme as being to promote fairness and equal opportunity as well as social and economic prosperity. As far as possible, the Commission should provide examples of how the scheme has and can make a positive difference to the community.
3. The scheme should then be assessed against this rationale. It has developed over the course of decades, such as that it is no longer clear how well it serves these underlying principles. To the extent that it has departed from these, it should be reformed.
4. The scheme should be administered by an impartial agency at arms-length from the political process. The risk of interference is too high for it to be incorporated more directly with the executive. The agency must also retain the confidence of all governments.
5. The agency should operate in accordance with a clear set of expectations and be subject to questioning at regular intervals by an appropriate federal Parliament committee.
6. That agency and its leadership should play a larger role in communicating the operation of the scheme and its rationales. As does the Reserve Bank, the agency should see itself as playing a key role in public debate and in supporting policy outcomes that align with the rationales of the scheme.
7. In addition to more effectively communicating its role and outcomes, the agency should strive for greater transparency. The presumption should be that its data and modelling will be available publicly. This will help build confidence in the process and assist in providing accountability. Information should be withheld from the public only where there is a clear and strong competing public policy objective to be served by this.

Yours sincerely

George Williams