

# GST DISTRIBUTION PART TWO

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The Horizontal Fiscal adjustment formula as applied by the Commonwealth Grants Commission (CGC) is no longer relevant in 2017 nor does it meet the expectations of the 17million Australians resident in NSW,VIC,and WA whose refund of the GST they have paid is short changed by 10% in the case of NSW and VIC or approx. \$3bn whilst WA loses 96% or about \$4bn on a straight per capita refund

Queensland and its 4.8million population however presently gains 18% and thus mistakenly supports a system which whilst ignoring the circumstances now applying to WA which only requires an increase in its mining outputs and or pricing

That 250000 persons in the NT receive a grant in excess of \$3 bn as compared to 2.6m West Australians receiving \$2.3bn defies imagination

The GST tax system was portrayed to Australians as a tax to be distributed to State Governments to allow them to adequately fund their Health ,Education and Law enforcement operations and there can be no question that irrespective of distance and isolation people are the primary source of cost estimation in those services Similarly on average their expenditure on GST eligible goods will also equate per capita The summary of which is that the distribution of the proceeds of GST should relate to a once only per capita grant based upon each State or Territory Considering its size the cost of serving a population of 520,000 people in a land mass the size of Tasmania in these service areas can no way be compared to WA who gets less money to serve 2.6m

When the two (or three ) major Party leaders come from NSW and Victoria it is passing strange that the contemporary losses in those States AND THEIR OWN ELECTORATES is not sufficient reason to make the simple change to a straight per capita grant even if they see political advantage from supporting the Mendicant States and Territory Govts who of course make all the fuss whilst their people would happy to just know they would always get their money back

HOWEVER THIS PROBLEM CAN BE OVERCOME WITH AN INTEREM MEASURE THAT SPREADS THE COST OF THIS CROSS SUBSIDY EQUALLY AMONGST THE STATES AND TERRITORIES AND THEN DISTRIBUTING THE REMAINING BALANCE ON A PER CAPITA BASIS

As an example were \$ 5billion dollars to be deducted from the estimated \$63bn GST collection for 2017/18 There would be \$58bn available for PER CAPITA DISTRIBUTION which using 2016 population figures would first result in the following grants at \$2400 pc whilst the \$5 bn could be utilised for top up

State	PC grant	CGC Grant	Differential	Special grant
NSW	\$18.5bn	\$17.7bn	+ \$ 00.8bn	\$00.00
Vic.	\$14.6bn	\$14.8bn	- \$00.2bn	\$ 00.00
Q	\$11.6bn	\$14.9bn	-\$03.3bn	\$02.50bn
WA	\$ 06.30bn	\$02.35bn	+\$04.0bn	\$00.00
SA	\$04.00bn	\$06.30bn	-\$02.3bn	\$ 01.5bn
TAS.	\$ 01.2bn	\$02.4bn	-\$01.2bn	\$00.50bn
ACT	\$0.95bn	\$01.2bn	-\$00.25bn	\$00.00
NT	\$0.60	\$02.9bn	-\$02.3bn	\$01.00
Total	\$57.55	\$62.55bn		\$05.5bn

I have adjusted the Special Grants down wards as they represent some compensation not necessarily based upon CGC methodology however it can be seen that the \$5bn reaches a reasonable adjustment about which no one can have a legitimate objection that might resonate with the local voters and WA gets an xtra \$4bn whilst no one else feels any serious pain

I strongly recommend this transition arrangement which should have a sunset clause so the mendicant States can put there house in order as the fundamental argument is that the people of Australia are entitled a refund in services that their tax has paid for in the State where they live