

I am a West Australian who has only taken a passing interest in the GST debate until recently, and who broadly supports the principle of distributing the revenue according to fairness and need. The problem I think, is that until now that fairness argument hasn't been properly argued on behalf of WA; our governments and media have instead relied on arguments which come across more as wealthy people wanting a tax cut, than a poorer state not having the money to meet our needs. Nor does it help, I think, that billionaire miners have tried to position themselves as the face of WA's plight. This obscures the reality of the people who are really suffering from the inequitable GST distribution, which is the low income earners in need of services which cannot be provided due to lack of funding.

The fairness argument should not be centred around the rate of GST taken or returned to the state, but rather on the inadequacy of the funds we're getting to meet our basic service needs, and the fact that that money is not being taken from us as a wealthy state, but as a less wealthy one in support of wealthier states. The fairness argument would be better argued as one of being a reverse Robin Hood situation, rather than one of simply complaining about how much tax we're paying. In making that fairness argument, it hasn't helped that we've had a Liberal government for the past eight years, together with conservative local media organisations who have failed to adequately mount that case. 'Fairness' is not the natural domain of the Liberal party or conservatism.

That said however, I would just like to point out that if this were income tax, WA's return of 34.4¢ in the dollar would equate to an income tax rate of 65.6%. I personally don't object to the tax rate going close to 50%, and I'm not someone who would say it should absolutely never ever go over that figure as some would; but I'm also not comfortable with it going over that figure unless it's an absolutely dire national emergency, such as a catastrophic cyclone, tsunami or being at war. Failing that however, I don't think the tax rate should go above 50% as that would indicate a government that doesn't know its place. I would suggest therefore setting a floor amount of GST funding at 50.01% of per capita revenue raised, to equate with that principle of never taxing more than 50% unless it's absolutely necessary, but with escape clauses to deal with national emergencies.

I wouldn't argue though, as our WA governments have, that the floor amount should be 70%, as that would equate to arguing that the maximum rate of income tax should be 30%. That is again a very Liberal argument which ignores the adequacy of funding for service delivery. 30% is not a sufficient rate of taxation to cover all our health, education, social support provision and infrastructure building needs, and to set the GST floor at 70% would give the message that it is. The floor amount should be just over 50%, to equate to a maximum tax rate just under. But again, with exit clauses to deal with catastrophic emergencies.

What does need to be fixed is that all income sources should be treated equally; and that the fairness criteria for distribution of funding should focus only on things such as population age, disability and geographic spread, and the likelihood of natural disasters occurring. I wouldn't argue as some would that funding should be distributed purely on a per capita basis, as that doesn't take into consideration the extra strain on state budgets of providing support services to an older population or one with a higher rate of disability. Nor would it compensate Western Australia, Queensland or the Northern Territory for our higher risk of unpreventable natural disasters, particularly cyclones and floods. As a West Australian, I have no problem with extra funding being given to Queensland or the Northern Territory, as I recognise that they, like us, have a higher rate of natural disasters and a higher need for extra funding to pay for rebuilding costs.

One last point I would like to raise relates to the make-up of the Commonwealth Grants Commission and how representative they are of the whole country. Who sits on the commission? Are they Canberrans? Canberrans originally from Sydney or Melbourne? How geographically representative are they of the whole of Australia? How in touch are they with the threat of natural disasters felt across the north of our country, or with rural and regional poverty? Is there any way they can be made more representative?

Thankyou.