



**Treasurer
Minister for Trade and Investment**

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Horizontal Fiscal Equalisation inquiry
Productivity Commission
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Dear Commissioner

Productivity Commission Inquiry into Horizontal Fiscal Equalisation

The Queensland Government welcomes the opportunity to provide a submission to the Productivity Commission's Inquiry into Horizontal Fiscal Equalisation.

The Queensland Government strongly supports the principle of horizontal fiscal equalisation as an essential part of the social compact in Australia which helps ensure the cohesion of the nation. However we acknowledge that there are challenges with how this principle is implemented and there may be room for improvement.

Queensland's submission, attached, highlights our commitment to these ideals along with some of the challenges the review could investigate to improve outcomes for the GST distribution process. In particular, issues around the volatility of relativities could be examined. In addition, Queensland encourages the PC to ensure that the challenges faced by Queensland as the most decentralised mainland state are fully taken into account.

I look forward to the Draft Report and a further opportunity to contribute to the horizontal fiscal equalisation inquiry.

Yours sincerely

HON. CURTIS PITT MP
Treasurer
Minister for Trade and Investment

Encl.