



Premier of Western Australia

Our ref: 59-017568/DC

Horizontal Fiscal Equalisation Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
MELBOURNE VIC 8003

Dear Commissioners

WESTERN AUSTRALIAN GOVERNMENT SUBMISSION TO THE PRODUCTIVITY COMMISSION'S INQUIRY INTO HORIZONTAL FISCAL EQUALISATION

On behalf of the Western Australian Government, we are pleased to provide a submission to the Productivity Commission's Inquiry into Horizontal Fiscal Equalisation (HFE).

Western Australia welcomes this inquiry and urges the Productivity Commission to recommend much needed reforms that address the significant concerns with the current implementation of HFE outlined in this submission.

In particular, the current approach to HFE in Australia fails to meet its equity objectives and is destructive to States' incentives to improve productivity and develop their economies. As such, the current system is imposing net costs on the Australian community as a whole.

We consider reforms can and should be made that preserve the general principle of HFE while improving these incentives and enabling better budget management.

Western Australia is available to clarify its views in this submission or otherwise provide further information that would assist the Commission in its inquiry into these important issues.

Yours sincerely

MARK MCGOWAN MLA
PREMIER

BEN WYATT MLA
TREASURER

Att.

29 JUN 2017

29 JUN 2017
1 Parliament Place, West Perth, Western Australia 6005
Telephone: +61 8 6552 5000 Facsimile: +61 8 6552 5001 Email: WA-Government@dpc.wa.gov.au
www.premier.wa.gov.au