

Thank you for the opportunity to make a submission to the Productivity Commission's Inquiry into Australia's system of Horizontal Fiscal Equalisation (HFE). The Western Australian Parliamentary Liberal Party welcomes the inquiry on the presumption that it will raise the level of debate on what is a serious issue both for the States and also for the national economy. Since 2009, the previous Western Australian Government has consistently highlighted that the current approach to HFE is inequitable, creates disincentives for reform and fails to enhance the revenue raising capacities of the States or drive efficiencies in spending. The Western Australian Parliamentary Liberal Party considers that the only reform option that will fully resolve the inequities and perverse incentives of the current HFE system is to transition all States and Territories to a system that distributes the large majority of Goods and Service Tax revenues on a population based (per capita) basis. I look forward to the Productivity Commission's consideration of this submission, and its recommendations for reform with regards to efficiency and economic growth.