

Dear Commissioner and Federal Treasurer Mr Scott Morrison

Re: Horizontal Fiscal Equalisation Inquiry

I wish to register the strongest possible protest over the current distribution of GST funds to WA. Or the lack thereof.

Herein lies the crux of the GST issues. That the current federal government requires SA's and Tasmania's senate votes, who just happen to be the biggest beneficiaries. Political expediency.

The sight of nearly every second WA shop empty, half the nearby factory units festooned with 'For Lease and For Sale' signs, moves me to write. Little work for the trained or young, even my local Op Shop with donated goods and volunteer staff, runs at a loss! Inexplicably CGC policy implementation has lagged way behind the current stark reality within WA. Are the Commissioners blind, deaf, fraudulent or incompetent? The current outflow of population from WA suggests maybe all.

Even Blind Freddy cannot deny that the CGC has outlived its usefulness in distributing GST funds equitably within Australia. All they have achieved is a distorted system of political/financial gerrymander where some states reap the hard earned rewards of another, not for short term either. 'Robbing Peter to pay Paul' was never envisaged as a long term GST policy. However the logical proposal of dissolving the CGC and reverting to a population distribution is probably seen as a bridge too far, not the least for the CGC commissioners clinging to their well paid and cushioned seats. That the federal government panders to a few influential Senators from allegedly 'needy' states for political support defies democracy, and so the CGC has survived economic justification and exposure to the electorate.

This current CGC system:

1. Creates dependency on federal funding rather than state, distorting political influence.
2. Encourages inefficiency where state deficits initiate compensating federal grants.
3. Discourages innovation, development of new industries and investment, instead insisting on supposedly environmentally and sustainable policies. That these states benefit from others allegedly 'pillaging' the country reeks of sheer hypocrisy. The terms, 'I'm alright, blow you Jack, and 'not in my backyard' seem all too prevalent.
4. Caters to the lowest of human weaknesses, laziness, both human and political. Imagine a system where for every dollar of GST raised each state received a federal dollar. How quickly funding distribution might change!
5. Distorts electoral responsibility, where state government blames federal government and vice versa over funding issues. Health and Education are classic cases of duplication.
6. Some states have sought to circumnavigate current GST distribution by developing revenue streams outside of their CGC's measures. That gambling revenues, with all its incumbent social problems, could be seen to be encouraged by the Federal government is reprehensible. State sovereignty over gambling, privatisation and overseas investment should be respected. After all, it is the state representatives that are first in the political firing line. The CGC should note the recent landslide change of WA government was significantly attributed to GST distribution. Next in line is the Federal Government, a government that 'compensates' WA with an infrastructure grant that can't be spent for

several years. Too little, too late. Compensation confirms that the original arrangements are seriously flawed. The mining boom ended over 3 years ago, go figure! What is needed in WA is it's own generated GST right **NOW!**

Failing dissolution of the CGC, introduction of a minimum floor, or even quarantining some mining revenue, may I humbly suggest that the following relative measures of states be utilised to determine GST distribution:

1. Unemployment figures, adult and youth
2. Job advertisement rates
3. Population numbers, growth, or loss
4. Government tax levels, Land Tax etc,
5. Utility costs, energy, water and sewerage
6. Property vacancy rates, residential and commercial
7. Property rents, residential and commercial
8. Wage levels, federal income tax receipts
9. NAPLAN education results
10. Public hospital wait lists, elective surgery waits
11. City congestion, traffic flows, parking, public transport utilisation measures
12. University graduate employment rates
13. Car sales

Please note that the old furbies of huge land area and remoteness considerations are not being claimed. But when WA absorbed a Tasmania-sized population during the mining boom its infrastructure experienced significant stress. That Tasmania claims to be remote is laughable.

Another old furbie trotted out at this time usually refers to WA previously receiving federal funding, an investment in a National road system that has been repaid many times over, many years ago. Even more recently WA was credited with cushioning Australia from the GFC, a state with 10% of population providing 40% of GDP.

But I guess this inquiry seeks to achieve the usual outcomes. Defer and deflect.

Please ignore this heartfelt missal at your peril. The plans for a deep trench northwards at the WA-SA border are being re-examined; maybe succession is a faster, more equitable and achievable alternative for HFE. 2.4 million West Australians ponder the benefits of Federation, believe me.

Yours sincerely

John Pitman

Th June 2017