



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 17 November 1998

MINISTERIAL STATEMENT

Goods and Services Tax

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (9.50 a.m.), by leave: As the Premier has made abundantly clear, the Commonwealth has conspired with other Australian States and Territories to rob Queensland of \$465m. This is fiscal larceny on a grand scale. Not only does Queensland end up short-changed to the tune of \$465m; all Queenslanders will end up paying higher taxes as a result of the tax reform package, a package championed in Queensland by the members for Moggill and Surfers Paradise. Let me make it very, very clear at this point that this higher tax burden is not—I stress "is not"—because this Government has any plans to increase State taxes and charges; we do not. Rather, all Queenslanders will be burdened with a higher level of tax because Queensland gets the GST but Queensland does not receive adequate compensation for its introduction.

Ironically, all Queenslanders will pay a penalty for years of responsible fiscal management in this State. All Queenslanders are being asked to bail out the profligate spenders in New South Wales and Victoria to fund John Howard's and Rob Borbidge's GST. Our money will go to funding the removal of financial institutions duty in Victoria and bed taxes in New South Wales. For high-tax States such as New South Wales and Victoria there will be a massive reduction in State taxes as taxes such as FID are removed. But in Queensland—which does not even levy financial institutions duty—overall tax burdens are likely to rise. This is because Queenslanders will pay exactly the same GST that other Australians will pay, but we do not get the same level of compensation for its introduction. We simply do not have the same level of taxes to remove in the first place. It is like levying everyone \$10,000 a year to abolish their Bankcard bills but failing to recognise that some—that is, Queenslanders—have been responsible spenders and owe only \$2,000 on their Bankcard and are funding the reduction of a \$16,000 a head Bankcard debt in New South Wales. It is grossly unfair.

Different tax efforts in different States are going to be replaced by a uniform GST. Initial estimates show that the average tax per person in Queensland as a result of the GST package will rise 24% by 2002-2003; however, average tax per person will decline by an estimated 11% in New South Wales. It is only fair and reasonable that Queenslanders should see an additional return to the State Budget in line with the extra taxes that they will be required to pay through the GST. In the first three years of the coalition's proposed GST arrangements, it is proposed that Queensland would have received an estimated \$465m as a result of the higher taxes levied on Queenslanders. But under the proposed guarantee arrangements—the arrangements which Mr Borbidge naively assured this House last week would see Queensland adequately compensated—the Commonwealth will claw back all the extra GST revenue raised in Queensland to assist in funding guarantee payments to other States and Territories.

In the first three years of the Howard/Borbidge GST, it is estimated that some \$1.6 billion in guarantee payments will be required to meet the shortfall in State Budgets. Queensland will not only receive absolutely nothing from these guarantee payments but in fact will be required to contribute some \$465m or almost 30% of the payments. Queenslanders are being asked to fund a substantial part of the guarantee offered by the coalition Government as an inducement for the States to support its national tax reform package.

It is an iniquitous situation, and what should gall every member of this House is the support shown by the Leader of the Opposition and the Leader of the Liberal Party for this attempt to maim

Queensland's financial position. Unless Mr Borbidge and Dr Watson come out in support of this Government's efforts to extract a fair deal for Queensland, unless they condemn the proposal put forward by their coalition cronies in Canberra, then they should stand condemned by every Queenslander as having tried to sell this State and all their constituents down the river.
