



Speech by

**Hon. D. HAMILL**

**MEMBER FOR IPSWICH**

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Hansard 18 November 1998

**MINISTERIAL STATEMENT**

**Goods and Services Tax**

**Hon. D. J. HAMILL** (Ipswich—ALP) (Treasurer) (9.39 a.m.), by leave: In the debate over the introduction of a GST and the share of that revenue which is to find its way to Queensland, truth is being sacrificed at the altar of political expediency. Yesterday we saw the Leader of the Opposition parroting the lines of the Federal Treasurer, Mr Peter Costello, by claiming that Queensland had signed off on all but a small portion of the Federal Government's GST package. Let me place it on the record once again: Queensland did not sign anything at the Premiers Conference last Friday. Not only did we make it clear in the communique that our participation in the Special Premiers Conference did not imply in-principle endorsement of the GST; we made it absolutely clear at page 3 of the communique that we did not agree with the transitional arrangements through which the Federal Government intends to strip Queensland of the \$465m to which Queensland is entitled under the funding formula proposed by the Federal Government.

Mr Costello and his Canberra spin doctors, aided and abetted by their Queensland coalition colleagues, continue to misrepresent what was an unequivocal position by a Queensland Government which will not remain mute while Queensland taxpayers see their tax burden increased by the imposition of a GST in this State. The coalition's spin doctors have also been at work in peddling an argument which claims that Queensland's forfeiting \$465m is a small price to pay for long-term increased revenue flowing to Queensland as a result of the GST. In fact, the Leader of the Opposition has likened the situation to a football game and said that the Queensland Government is focusing merely on the half-time score. It is clear that the Leader of the Opposition knows little about football or he would realise that no team would accept his proposition that goals scored in the first half should be ignored in determining what the final score should be, because that is exactly what he is claiming in respect of this unfair distribution of GST revenue as proposed by the Howard Government.

For the information of all honourable members, a full exposition of the facts is necessary. Fact 1: the Federal Government grossly underestimated the negative impact of its GST proposals on State and Territory Budgets. While the Federal Government proposed compensation of some \$1.26 billion during the three-year transition period for the implementation of its tax package, State and Territory Governments have determined that a figure closer to \$3.8 billion in compensation payments would be necessary to deliver Mr Howard's guarantee that States and Territories would not be worse off.

Fact 2: the Federal Government also conceded that it got its figures horribly wrong in relation to gaming revenue where it intends to impose its 10% GST. Federal Treasurer Costello conceded that a figure of around \$400m in extra funds would need to be found by the Federal Government to fill this gap in State revenues. Fact 3: the Commonwealth has proposed that the removal of State stamp duties on business conveyances of real property should be delayed and not occur during the transition period. This measure is designed to assist the Commonwealth in bridging the gap between the losses to revenue which would be sustained by States and Territories and the wholly inadequate compensation payments which would now total some \$1.6 billion.

Fact 4: it should also be noted that as a result of the States retaining their stamp duty revenues on business conveyances of real property, the \$1.6 billion in Commonwealth compensation payments should be sufficient not only to provide the guarantees to higher taxing State and Territory Governments which face revenue shortfalls over the three-year transitional period but also—and I stress

this—provide the full measure of funds to which lower taxing States like Tasmania and Queensland are entitled in the transition period. And if anyone needs reminding what that means for Queensland, it means \$465m. While the coalition seems to see this \$465m as a windfall, let there be no doubt that the \$465m is nothing other than Queensland's fair and just entitlement for this increase in taxation over the levels currently applied in this State during this period as a result of the imposition of the coalition's GST. I find it almost beyond belief that the coalition is claiming that Queenslanders should not receive any benefit of their paying this additional tax burden during this period. To add insult to injury, the Commonwealth is effectively stripping Queensland of its fair share to help the Commonwealth make up the \$1.6 billion shortfall which was of its own making.

Fact 5: we have heard a lot from Prime Minister Howard claiming that it is okay for Queensland to forfeit its \$465m entitlement because in Year 4 Queensland would receive a windfall of \$420m. Furthermore, this argument seems to appeal to his State coalition colleagues, who have rushed to claim a \$1.8 billion windfall for Queensland after 2003. The enthusiasm demonstrated by the Leader of the Opposition to support his Federal colleagues' attempt to short-change Queensland can be seen in his lack of understanding of the very figures which he brandishes to support his claims. As I have already stated, the Federal Government has proposed that stamp duty on business conveyances of real property be retained by the States during the transition period. However, after that time the Federal Government wants to see that State revenue source abolished. For the information of the Prime Minister, the Leader of the Opposition and the Leader of the Liberal Party in this place, I point out that the abolition of this area of stamp duty in Year 4 turns the much-trumpeted \$420m windfall to Queensland into a \$32m benefit to Queensland. This demonstrates clearly the total dishonesty of the Federal Government's position. To claim that Queensland should forfeit \$465m—which would employ around 9,300 additional teachers, nurses and police—in return for what is in reality a paltry \$32m benefit in 2003-04 demonstrates what an obscenity this whole proposal is for Queensland.

I will be writing to all Queensland members of Parliament, both State and Federal, as well as the Greens, the Democrats, Senator Colston and indeed anyone who will listen in order to obtain justice for Queenslanders in this matter and I would hope that all members of this House would give us their support.

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