



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 11 November 1998

MINISTERIAL STATEMENT

Special Premiers Conference; Goods and Services Tax

Hon. P. D. BEATTIE (Brisbane Central—ALP) (Premier) (9.36 a.m.), by leave: This week's Special Premiers Conference represents the first real test of John Howard's mettle. In a letter to all Premiers and Chief Ministers of the Territories on 13 August, the Prime Minister made a promise that I will demand that he honours. In fact, the Prime Minister made two promises that he must honour.

First, Mr Howard pledged that no State or Territory would be financially disadvantaged by the new Commonwealth/State funding arrangements. Second—and this is the important one—Mr Howard promised that the goods and services tax pool would be distributed using the long established principles of horizontal fiscal equalisation, or HFE. As honourable members would be aware, the principles of HFE are quite simple. The Commonwealth distributes its funds to States to enable them to provide the same standard of services, for example, in health and education, which are fundamentally important to the growth of this nation.

As I said yesterday, horizontal fiscal equalisation is the technical or economic term; I call it giving everyone, no matter where they live in Australia, a fair go. And that is why I will demand that Prime Minister Howard honours his promise and does not bow to the pressure being applied by the larger States to grab a bigger slice of the tax pool for themselves. Friday's Special Premiers Conference will be a test of Mr Howard's leadership, honesty and integrity. Mr Howard will have to demonstrate that this was a core promise, not just some glib throwaway line that can be forgotten.

I ask Mr Howard to remember that he was elected by the people of the bush as well as the northern suburbs of Sydney. As the national affairs editor of the Australian, Mr Mike Steketee, put it so eloquently yesterday, the larger States are arguing that Tasmanians, South Australians and Queenslanders should get inferior Government services or that their residents should pay more for them. Taken to its logical conclusion, what Bob Carr and Jeff Kennett are saying is that the people in their States who live outside Sydney and Melbourne do not deserve to have decent health or education services. No-one would support that. What rubbish and what a load of economic rationalist trash.

There is another potential threat at this week's Special Premiers Conference: the potential for the Commonwealth to gradually wipe out special purpose payments. These payments help States and Territories to implement specific projects that are of great benefit to local communities around Australia. Along with the Treasurer, I will therefore also be urging that the Prime Minister give a commitment to at least maintain the level of funding for specific purpose payments and not, as has been hinted, gradually run down the pool. Such a move would greatly disadvantage smaller States and force all States and Territories to become dependent on the GST. That would put pressure on the States to either seek a broadening of the GST net or an increase in the tax rate. That is something I will never support. For the information of all members, I table a copy of the Prime Minister's letter to me dated 13 August.
