



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

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MINISTERIAL STATEMENT

GST Tax Pool

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (9.36 a.m.), by leave: The run-up to tomorrow's Special Premiers Conference has featured more than the usual level of interstate bickering and debate. But as I informed this House this week, the difference between this and previous Premiers Conferences is that the stakes are much higher. There is a new funding method for the tax pool—the insidious goods and services tax—and there are serious threats from the larger States to change the way the pool is shared. The introduction of a GST is bad enough, but the possibility of smaller States receiving a smaller share of the tax pool is arguably the most serious threat to Commonwealth/State relations since Federation.

Victorian Premier, Jeff Kennett, and New South Wales Premier, Bob Carr, argue that Australians who live in Toorak or Double Bay deserve better basic services than people who live in Charleville or Cairns. They argue that Queenslanders, by bearing the burden of a GST, should effectively subsidise the removal of taxes such as financial institutions duty in other States or the bed tax in New South Wales. Victoria and New South Wales argue that Queensland should relinquish its competitive advantage for a diminished share of Federal revenue. Queensland will not stand for this. It is not on. My Government will not tolerate financial discrimination based on postcodes. I can assure the House that, in Canberra this afternoon and tomorrow, the Treasurer and I will not agree to any deals that short-change Queensland.

The New South Wales Government has engaged in a strident and intellectually dishonest \$1m advertising campaign against Queensland and some other States. The aim of this campaign is to end the fair and equitable distribution of Commonwealth grants. This is the principle that enables less affluent States to provide similar levels of basic public services in key areas such as health, education and law and order to those provided by the richer States. It is a principle that means that someone living in Longreach can have the same expectations of quality education, health care and so on as someone living in Sydney or Melbourne. It is the New South Wales and Victorian stance—their greedy, rapacious push for an end to fiscal equalisation—that makes tomorrow's conference of such vital importance. It is Queensland's desire to retain horizontal fiscal equalisation as the basic thrust of our push.

In addition, the existing grant system also takes into account the spending needs of individual States. It does not discriminate on the basis of an individual State's use of its own tax base. As the Commonwealth's proposal for the Premiers Conference stands, people in high-tax States, such as New South Wales and Victoria, will actually see their overall tax burden reduced with the introduction of a GST. But here in Queensland, the lowest taxed State in Australia, the effective tax burden will rise. In short, we will be penalised for being a low-tax State and we will be penalised for years of effective administration of our finances by both sides of politics. We will be penalised for achieving the very financial goals that the Commonwealth has set for itself.

New South Wales and Victoria would receive hundreds of millions of dollars in compensation in return for abolishing taxes that have never existed in Queensland. What does Queensland get? The GST! In other words, we pay more tax in Queensland and yet we end up subsidising the removal of taxes in other States.

If Queensland has to live with it, if the GST is ever passed by the Senate—and we sincerely hope that it is not—then we will not live with it on terms dictated by New South Wales and Victoria. As is evident from the full and frank exchange of views between us and the New South Wales Government, tax reform is an issue that has transcended traditional party political allegiances. I call now for all Queensland representatives, State and Federal, of all political parties to support this Government in its determination to ensure that Queensland is not short-changed in the reform process. With this issue honourable members are either for Queensland or against Queensland. There is no in-between.

I hope that when we meet this afternoon the Premiers can agree on a fair go for all Australians and that we end the bickering between the States and have a united approach when meeting with the Commonwealth tomorrow that is fair and equitable but that maintains horizontal fiscal equalisation and the grants scheme to look after the interests of this State.

This morning I had a telephone conversation with Senator Brian Harradine. I indicated to him our desire to get a fair balance for Queensland in the Commonwealth/State financial arrangements. I indicated to him that I would like the opportunity to continue to brief him, subject to the discussions over the next two days. I also indicated to him the success of our native title legislation which passed through the House last night, and I indicated to him that I would be keen to seek his support and the support of the Senate for our native title legislation.
