

**GOODS AND SERVICES TAX — WESTERN AUSTRALIA'S DECLINING SHARE**

*Motion*

**HON PETER KATSAMBANIS (North Metropolitan)** [11.33 am] — without notice: It is a pleasure to stand here today and move the motion in my name. I move —

That the Council —

- (1) recognises that Western Australia's declining share of goods and services tax revenue is seriously impacting on our state's financial position; and
- (2) calls on the federal government, through the Council of Australian Governments, to urgently re-examine the process by which GST is distributed to —
  - (a) provide a set percentage figure of at least 80 per cent of GST revenue on a per capita basis to each state;
  - (b) provide the balance of GST revenue to the states based on a new agreed formula that promotes and rewards further economic reforms implemented by each state; and
  - (c) provide any interim top-up equalisation funding to smaller states from general commonwealth revenue, as has previously been submitted by the state governments of New South Wales, Queensland, Victoria and Western Australia.

It is no secret that the current system for the distribution of GST revenue amongst the Australian states is broken. GST was hailed as a states' tax when it was first introduced. It was a tax that would be fully distributed to states, in part, to recognise the growing vertical fiscal imbalance since the creation of the federal government and the Commonwealth of Australia, in 1901, where, increasingly, taxing powers seemed to centralise in Canberra and the needs and requirements of the states to continue to fund important services such as public hospitals, schools, police, courts and the like continued to grow, but their ability to raise own-source revenue had diminished. That was recognised and the GST was brought in. A formula was set, in agreement between the states and the government at that time.

In the context of our Federation, 1999—when the GST agreement was finally reached—might not be a long time; however, in the context of an ever-involving twenty-first century economy, of which Western Australia and Australia are part, those 14 years have been a very long time indeed. Incrementally, over that 14-year period, Western Australia has been and continues to be disadvantaged by the original agreement on the way the GST revenue would be distributed between the states. Members do not have to take my word or any Western Australian's word, or the Premier's or the Treasurer's word, when we say that the current system is broken. Over the past few years the federal government commissioned its GST review.

The review was commissioned in March 2011 and the final report of that group was delivered in November 2012 to the commonwealth government. The review was headed by two former state Premiers, Hon Nick Greiner from New South Wales and Hon John Brumby from Victoria, and leading economist Bruce Carter. They found that the system was broken and they made a series of recommendations for interim steps, which I will address in a moment, and also some longer term reform that would lead to an equal per capita distribution of GST grants, with the commonwealth providing top-up equalisation payments to the smaller states. That is very similar to what I have proposed in my motion today.

If members look at the statistics, Western Australia comprises a little under 11 per cent of the Australian population at the moment. It currently receives less than five per cent of the share of the national GST pie, so on a per capita basis we already get less than half of what we would be entitled to be if we were getting a full per capita share of that GST revenue. To put it into context per person, we get less than \$1 000 a person. In this current financial year, we expect to receive \$967 per person. When we compare that with the Northern Territory, it receives over \$11 000 per person in GST revenue. In fact, it is forecast that this year the Northern Territory, which has only one per cent of Australia's population, will receive more in total GST revenue than the state of Western Australia will receive. The Northern Territory has 11 times fewer than our population, yet it will get more GST revenue. That is inequitable and it will lead to some terrible outcomes for our state.

The WA Treasury projects that if Western Australia were to receive 100 per cent of its per capita entitlement to GST revenue in the current financial year, 2013–14, it would get an extra \$3 billion of revenue into this state. Can members picture what an extra \$3 billion in revenue could do? It could certainly provide a lot more essential services. It could allow us to pay off debt that we continue to acquire to fund our growing infrastructure needs—I do not need to spell those out, they have been spelt out again and again. As our population grows and as we open up our vast state, we have emerging infrastructure needs in roads, public transport, schools and

hospitals. We are doing a great job in all that. We are continuing to build new schools; we are building a series of new hospitals and replacing old hospitals; and we are continuing to fund more police. However, we are doing that without that additional \$3 billion we would be entitled to if we were getting a 100 per cent per capita share of our GST revenue. The WA Treasury projections indicate that by 2016–17, only a few short years away in three financial years' time, we would be losing \$6.1 billion each and every year in GST revenue if the continuing slide under the continuing broken formula was applied. Could members imagine the net impact on the state's ability to fund itself, to look after the interests of Western Australians, to provide essential services, to provide infrastructure and to drive further economic reforms to drive reductions in taxation? Hopefully, as people have heard me say, it could lead to the reduction and eventual elimination of that iniquitous job-destroying payroll tax. We cannot do any of that whilst our share of GST revenue is redistributed to other states across Australia.

We can argue about the whys and the wherefores; we can go back to 1999 and say we signed off on the deal for eternity. But we did not sign off on it for eternity in 1999; what we did back then was come to an agreement based on the known series of facts. Who was to know that whilst over the past 14 years people and companies in Western Australia would take the punt and invest in new exploration, in particular to develop the resources of this state and to create new wealth in this state, other states would sit on their hands and think that if they did not do anything, the commonwealth government would take money off Western Australians and give it to them. They would lock up their state and find every excuse in the book not to develop and not to progress, because they could suck off the teat of Western Australians. That is what has happened over the last 14 years. If someone is a negative person, if someone is a retributive person, if someone believes people always act in that negative capricious way, maybe they could have predicted what would happen in 1999. However, most good leaders, most people who have a vision for the future of the state and the country, when they sat down at the table, would have looked around at the other people around the table and thought, "Like we want to progress our state, they should too." WA should not be punished for the fact that other states have chosen to sit on their hands and do nothing. We should not be punished for our growth, which leads to challenges, as I have mentioned, in the provision of services and infrastructure; we should be congratulated and encouraged.

I have not come into this place to carp, bitch and moan. I have come to offer some solutions. I believe the formula I have put before the house today offers that solution. Eighty per cent of all GST revenue ought to be distributed on a per capita basis. We are not even calling for 100 per cent; we are happy to make a contribution to other states, but a floor of 80 per cent would provide some certainty. For instance, if we received 80 per cent of our GST share, rather than the current dwindling percentage year on year, and if we had some certainty around the 80 per cent figure, this year we would have an extra \$1.9 billion available to our state for additional infrastructure expenditure for roads, for public transport, for schools, for hospitals and for police stations. We could use it for some recurrent expenditure as well. We could use it for more police and the like. Of course, we could also use it to reduce taxes, which would be a great thing. It would encourage more growth, it would encourage more people to employ Western Australians and it would continue to support the growth and investment in the state. If we extrapolate out based on the WA Treasury's figures to 2016–17—only three short years away—we will only be entitled to around \$500 million in GST distribution. If we had an 80 per cent GST share in that year, and the years following, we would have an extra \$4.8 billion. That is money that Western Australians are entitled to. It is our money and we could make great use of it; we could continue to grow our state and provide for the needs that come with a growing state. That is what this motion is about.

I will skip the second part of my formula for the moment and get to the third part. If the commonwealth government really believes it should balance up revenue distribution between the states, it should do so from its own revenue. I made reference to the Northern Territory before. The territories are effectively protectorates of the commonwealth; they are not states, so GST revenue should not be used as a way of compensating territories like the Northern Territory when it is the commonwealth government's direct responsibility to do so. The commonwealth should not use the states' tax, the GST, to perform the balancing act that it ought to do with its own revenue. It should look at the GST distribution review I mentioned earlier that discussed balancing out vertical fiscal imbalance, reducing specific-purpose funding to the states and making sure that the revenue raising capacity of the states better matched its expenditure responsibilities than it does today. I do not have a lot of time, so unfortunately I cannot talk about these things in any great detail today.

The middle part of my proposal, which is the proposal to use the balance—the other 20 per cent of GST revenue that is not used for per capita distribution to provide some incentives to the states—will eventually end up being the best method for correcting this current imbalance. We have seen in the past with payments like the national competition payments through the introduction of the national competition principles, which were bipartisan throughout their implementation, that we can effect reform by encouraging states to provide those reforms with some direct payments. I acknowledge that the system was not perfect, but it did lead to some really strong reform outcomes that helped all Australians. By getting together at the Council of Australian Governments and other

Hon Peter Katsambanis; Deputy President; Hon Ken Travers; Hon Jacqui Boydell; Hon Nick Goiran; Hon Simon O'Brien

---

forums, the states and the federal government could come up with a formula that would reward states for economic reform, reward states for promoting growth and reward states for encouraging growth and development in their own places. It would be a much better system than the one we have today whereby lazy states can sit back and reap the rewards of Western Australia's growth at our expense. We are happy for everybody to benefit, but not at our expense. That is what this proposal does today. I hope it gains bipartisan support. Members will notice that there has been a change of federal government, but there has not yet been a change of attitude. I hope that the new coalition federal government changes its mind and promotes this proposal.

**The DEPUTY PRESIDENT (Hon Adele Farina):** I understand that Hon Ken Travers has a sore back and he would like to speak while sitting in his chair; that is quite okay.

**HON KEN TRAVERS (North Metropolitan) [11.48 am]:** I want to indicate that the sentiments of this motion are supported by the opposition. We accept that the GST arrangements and the distribution of those GST funds is a broken system. The issue that the government continues to refuse to accept though is that it has been a broken system from the time it was implemented in 1999. Even when it went through the cabinet, of which Colin Barnett was Deputy Premier, cabinet knew it was a broken system. In fact, one of the things that it sought to have included in the package was future reform of the system. Of course, the government failed miserably in that. It failed because it put getting a tax reform package ahead of getting a good tax reform package. It went out of its way to support John Howard and Peter Costello's tax reform package, rather than prosecuting an argument for the good of the state. It was in the submissions considered by cabinet and therefore known by cabinet back in 1999 that the system was broken. The cabinet submissions specifically rejected the proposal that was being put forward by New South Wales for a per capita sharing. We would have got the \$3 billion that Hon Peter Katsambanis talked about this morning if Colin Barnett and Richard Court had stood up for Western Australia back in 1999.

The process was supposed to fix the vertical fiscal imbalance; it actually made it worse. It was recognised back then that Western Australia's consumption was growing at a faster level than the national level, and that over time that would continue to see Western Australia disadvantaged, but the then Liberal government failed to put forward a strong case for Western Australia. That is why we are in the situation we are in today and we need to acknowledge that. The Liberal Party needs to finally come forward and accept that that is what caused the problems that exist today; we can then all work together to try to fix the system going forward into the future.

**Hon Peter Katsambanis:** What's your solution?

**Hon KEN TRAVERS:** I am about to come to that, Hon Peter Katsambanis.

**Hon Peter Katsambanis** interjected.

**The DEPUTY PRESIDENT (Hon Adele Farina):** Order, members! Hon Ken Travers has the call.

**Hon KEN TRAVERS:** This is the problem that the Liberal Party has. It has had the windows of opportunity to fix these problems, and one of those key windows of opportunity was when our negotiating position as a state was at its strongest back in 1999, but the Court government missed that opportunity. We now need to fight and sell the case to the rest of Australia for why we should reform the system, so that it is not just of benefit to Western Australia but also of benefit to the national economy. Let us face it; we are always going to battle to get a good system for Western Australia unless we can convince the other states that that system will be as good for them as it will be for us. We have the capacity in Western Australia to drive the national economy and to lead the charge; that is why I am so disappointed that the new federal Abbott government struck off two Western Australian roads from federal funding, Great Northern Highway and North West Coastal Highway. Those are both really important pieces of infrastructure, not just for Western Australia, but also for Western Australia's ability to drive the national economy.

I like the motion moved by Hon Peter Katsambanis in the sense that, for the first time, the Liberal Party has adopted the Labor Party's idea of an 80 per cent minimum floor; that is very different from what the Premier said. In January 2012 Hon Mark McGowan put very clearly on the record that the Labor Party believed that Western Australia should be getting a minimum floor of 80 per cent of the GST, distributed on a per capita basis. We now have bipartisan support for that idea. The Liberal Party has in the past been a little bit weak on that issue; it is great to see that it has now come around and joined us.

The part of this motion that causes me the greatest concern, though—I do not think this was fully explained by the member this morning—is the part in which he calls for a system of contestable grants to be available for the distribution of GST. I find that very interesting in light of an article I read —

Hon Peter Katsambanis; Deputy President; Hon Ken Travers; Hon Jacqui Boyde; Hon Nick Goiran; Hon Simon O'Brien

---

**Hon Peter Katsambanis:** I didn't use the word "contestable" deliberately. They don't have to be contestable, and you are well versed enough to understand the difference.

**Hon KEN TRAVERS:** I think the wording that the member has used suggests that. I do not know how else it could be done, other than having some form of contestability about it.

**Hon Peter Katsambanis:** I'll explain it to you, if you want.

**Hon KEN TRAVERS:** The member will get his right of reply.

I find it fascinating to hear this argument that we should have a further distribution based on promoting and rewarding economic reforms. What are the economic reforms that the member is talking about? There was an interesting article in Saturday's *Weekend Australian* about what the federal Treasurer wants to do. It is proposed that one option for reform would be for Canberra to offer contestable grants to states that use privatisation or other ways to finance new infrastructure. That is very interesting; is this part of a national agenda for the Liberal Party? Is the Western Australian Liberal Party falling into line, as it did in 1999, to do the bidding of its federal colleagues? Is this about setting up an arrangement whereby we will get money only if we sell off income-producing assets to build non-income producing assets in Western Australia? Is that the sort of reform that the Liberal Party is putting forward today? Will the proposed reforms for finding other ways of financing new infrastructure include toll roads? We know Joe Hockey wants Western Australia to have toll roads; he told us so when he came to Western Australia about a year ago. He told the story of how he had driven on Forrest Highway, and that in any other state that road would be a toll road. It is clear that that is what the federal Liberal Party wants. Is the Liberal Party in WA preparing the groundwork for a change in the GST formula? It is not about getting money that should rightfully be available to Western Australia—getting money that will allow Western Australia to develop the infrastructure—but about putting it into a framework that will force us to sell off income-producing assets and force us to go down the path of finding new ways of financing our infrastructure. I think that is code for toll roads, and we know that it has been Mr Hockey's long-standing agenda to try to force WA down the path of toll roads.

We have seen it all before; this bears all the usual hallmarks. The Western Australian Liberal Party talks tough when the federal party is in opposition, but when it gets into government in Canberra, the WA Liberal Party goes weak at the knees, caves in and simply does the bidding of its Canberra masters. We need to put in place a system that removes the vertical fiscal imbalance. The whole debate in 1999 was about reducing vertical fiscal imbalance; what taxation system did we end up with? We ended up with an increase in vertical fiscal imbalance and a reduction in the capacity of the state to raise its own-source revenue. That is the issue, and that is why we face the problems we have today. I will be very concerned if this is about the Liberal Party trying to set up a framework for building income-producing assets.

I make the final comment that if we are to go down the path of trying to force these changes, I will strongly oppose it. It is my view that we should keep in state hands those assets that produce income for us, because that will allow us to maintain control. We have seen plenty of examples in Western Australia in which privatised assets have actually damaged the growth of our economy. We need look no further than the number of rail lines that have closed in regional Western Australia because the Liberal Party privatised them by leasing them out back in the 1990s. We are now suffering as a result of that decision. We are suffering because the development of Perth Airport did not occur as quickly as it should have occurred because of its privatisation. We should be under no illusion about that, if are to try to privatise our ports. It could not be any worse than the current Liberal government in terms of getting on with building some of that infrastructure.

The Labor Party strongly supports reform of GST distribution. We believe that Western Australia is being ripped off, and that goes back to the decisions of 1999. We now need to find a way to reform that. It is my view that the only way we will be successful in that debate will be by putting forward strong arguments that demonstrate to the rest of Australia that investing in Western Australian infrastructure will allow the WA economy to grow without conditions such as toll roads or privatisation. The national economy will then be bigger, the pie will be bigger, and we want our fair share of that bigger pie.

**HON JACQUI BOYDELL (Mining and Pastoral)** [11.58 am]: I thank Hon Peter Katsambanis for bringing this motion to the house today. The debate has been interesting; we all agree and we all get it here in Western Australia that there is a major failure and flaw in the GST system. It is our job to work with our federal colleagues, our Western Australian representatives in the federal Parliament, to make sure that they get it, and I am sure they do, but they actually need to have the debate in their party rooms and they need to listen to the things that we as state members of Parliament are saying and our state government is saying.

**Hon Ken Travers:** Warren Truss needs to give us the money he took off us!

Hon Peter Katsambanis; Deputy President; Hon Ken Travers; Hon Jacqui Boyde; Hon Nick Goiran; Hon Simon O'Brien

---

**Hon JACQUI BOYDELL:** And Warren Truss will be at the table making a decision in the best interests of Western Australia.

The current GST distribution to Western Australia is a failure, and I fully support Hon Peter Katsambanis's request for an immediate review of the GST arrangements to ensure an equitable distribution across the states of Australia so that we can grow our state's economy. Members will recall in my private member's motion in August this year that I also called upon the federal government to undertake a review of the taxation system, including the GST. I think there was a reticence to do that by the federal Labor government at the time. Unfortunately, we also see that in the comments of the current Prime Minister, Tony Abbott. I hope that will change as a result of conversations with our federal representatives from Western Australia.

My former colleague and then federal member for O'Connor, Tony Crook, also stood up for Western Australia in the federal Parliament on 12 September 2011 when he moved a motion calling for the GST floor to be set at 75 per cent. Hon Peter Katsambanis has asked for 80 per cent. Hon Ken Travers agrees with that. I am happy for it to be increased to 80 per cent.

**Hon Martin Aldridge:** It should go up by five per cent every year!

**Hon JACQUI BOYDELL:** It should go up by five per cent every year; that is right.

**Hon Ken Travers** interjected.

**Hon JACQUI BOYDELL:** We could not get any Western Australian federal MP at that time to agree to 75 per cent, so it would be a major achievement to get them to agree to 80 per cent, but I am behind the argument.

I believe that, whatever political persuasion we hold, we all support a reformed GST arrangement. We were reminded by Treasury's forward estimates that were released a few months ago just how important this issue is, as Hon Ken Travers highlighted, not just for WA, but the nation. The number one issue at this time is how the federal government finds a way to support the growth of Western Australia and the continued economic development of this state.

The lack of investment from the federal government and the lack of GST return impacts on not only Western Australia, but also the economic prosperity of Western Australia. As we all know, Western Australia drives the nation's economy. It is fundamentally important that we continue to invest heavily in essential economic infrastructure, such as hard, social and educational infrastructure in WA, that will continue to underpin the prosperity of the nation and the state. This state government is doing that, but it cannot do it alone. Every family, business and community in Western Australia is feeling the pressure of the unfair and unequal distribution at this very moment. We are being forced to trim the budgets that provide essential services as a result of declining revenue bases, the increasing debt level and increasing costs. Western Australia continues to be a rapidly growing state, with commensurate increases in demand for continued economic and social development. It is the biggest challenge that the state government has. There is simply no way that the state government can continue to invest so strongly in our resource sector, our agricultural sector, regional development and our health and education services with a declining GST revenue base. It is a very difficult thing to manage without investment from the federal government in Western Australia, and also in a climate in which the federal government has cut important funding to the state. Something has to give in this situation. Apart from reminding the federal government just how important WA is to the national economy, that WA is the largest state, with population settlements and regional development needs from the very north of the state to the very south, and how important it is to continue to invest in economic development opportunities, we need to think of an alternative way to get a fair share of investment back into our economy.

During our federal election campaign, the National Party candidates campaigned strongly for WA to receive a greater share of commonwealth government revenue generated by resource projects off the state's coast in the form of a petroleum resource rent tax. Just as we receive a royalty from land-based mineral projects—that has been incidental in the transformation of regional and, indeed, metropolitan WA—we suggest that a similar royalty from offshore oil and gas projects be negotiated. Maybe this is an alternative to the dwindling GST that we need to look at. Similar policies have been proposed previously by other parties and other members, and I agree with them. But nothing yet has been delivered. We have not managed to achieve any sort of agreement. We need to keep working on that with a bipartisan approach from Western Australia to the federal government. I hope the Western Australian representatives in the new Parliament in Canberra will take up the challenge to promote WA's interests first before they consider voting along party lines.

In 2012, Western Australia accounted for 75 per cent of the nation's crude oil and condensate production and more than 60 per cent of the nation's natural gas production. If we could negotiate a 25 per cent royalty from an oil and gas project such as Wheatstone or Gorgon, it would transform the state of WA. Back in the 1970s, the then WA Premier, Sir Charles Court, successfully secured a monumental agreement with the federal government

Hon Peter Katsambanis; Deputy President; Hon Ken Travers; Hon Jacqui Boydell; Hon Nick Goiran; Hon Simon O'Brien

---

to receive royalties from the North West Shelf gas project, which has delivered major benefits to WA. What an insightful decision it was at the time. It was absolutely insightful of the Premier of Western Australia to negotiate that sort of agreement, which has benefited and continues to benefit the state of WA.

In the next phase of WA's resource boom, oil and gas projects off the WA coast are set to generate hundreds of billions of dollars in royalties, which, under current arrangements, go straight to the federal government. Members of the Western Australian Parliament, in both this and the other place, need to take up this fight. We have to change the current process. Of course, these reserves are in commonwealth waters. I understand that at this time, but WA bears an unfair cost burden associated with these projects, such as establishing roads, industrial land and port facilities. The projects also generate population growth and put pressure on key infrastructure services. There are substantial costs associated with providing essential services for the workforce, including housing, education and health services. Those are costly burdens that are falling solely on the state and local governments at the moment, while all the oil and gas royalty receipts go straight to the federal government. We are not seeing any on-ground support for those projects to continue.

Onslow, in Western Australia's north, is a perfect example. With major resource projects under construction nearby led by Chevron's Wheatstone development, Onslow's population is expected to grow by some 1 500 new residents over the next three to four years. As a result, the median private rental has climbed to \$1 800 a week, and there is increasing pressure to provide housing to service workforce demands. In September this year, the Minister for Regional Development, Brendon Grylls, announced that \$4.8 million of royalties for regions funding will be used to meet the shortfalls in housing and land being created by the oil and gas projects in Onslow. That is a great thing, but I reiterate that the state government cannot bear the burden of those infrastructure costs alone. The federal government receives the royalty receipts from those oil and gas projects, while Western Australia receives nothing. This is something that we can all take to our federal colleagues.

Onslow is the next in a series of regional Western Australian communities that the Liberal-National government will invest in under its Pilbara Cities vision to transform it into a sustainable community.

**HON NICK GOIRAN (South Metropolitan)** [12.09 pm]: I rise to support the motion moved by Hon Peter Katsambanis. I do not merely support the motion but also congratulate the member on the initiative he has shown in bringing this motion to the house. However, I would say to the mover of the motion that, regrettably, we have already seen this morning one demonstration of the difficulties we all have on this side of the house in achieving our stated outcomes. The contribution to the debate by Hon Ken Travers can best be described as playing the blame game.

**Hon Ken Travers:** No; it was about setting the history right.

**Hon Peter Katsambanis:** Yes; the blame game!

**Hon Simon O'Brien:** No; your version is seriously flawed.

**The DEPUTY PRESIDENT (Hon Adele Farina):** Order, members! Hon Nick Goiran has the call.

**Hon Ken Travers:** Show me where I'm wrong.

**Hon Simon O'Brien:** If I get a chance, I will; I'll show you for the phoney you are.

**The DEPUTY PRESIDENT:** Order, members!

**Hon Simon O'Brien:** It's time someone put you right on the bulldust you keep spreading about that.

**The DEPUTY PRESIDENT:** Hon Simon O'Brien!

**Hon Simon O'Brien:** I apologise, Madam Deputy President.

**Hon NICK GOIRAN:** I say to the mover of the motion that we have a bigger problem.

**Hon Simon O'Brien:** You are so full of shit, Hon Ken Travers! You and your Labor mates; you're the ones who sold the state down the river.

**The DEPUTY PRESIDENT:** Order, members! Hon Nick Goiran has the call. I hope I do not have to name Hon Simon O'Brien.

**Hon Ken Travers:** I hope Hansard didn't get what he said; otherwise, he'll have to withdraw it.

**Hon Simon O'Brien:** I'll repeat it for your benefit!

**The DEPUTY PRESIDENT:** Order, members!

**Hon NICK GOIRAN:** I thank members for their assistance with their contributions towards my speech this afternoon! What I was saying to Hon Peter Katsambanis is that we have a bigger problem than the blame game

that has already been talked about this morning. I have three words for Hon Peter Katsambanis; Premier Lara Giddings. The problem is that there is an honourable member on the other side of the country, deep in the south in Tasmania, who seems to be suffering, when it comes to this debate, from three conditions, which I will outline to members. She suffers from a scarcity mentality, from being a peace-faker and from exaggeration syndrome. I will expand on that a little.

Firstly, my proposal is that the Tasmanian Premier suffers from a scarcity mentality. I will quote from an ABC online news article to support my contention and then explain to members what scarcity mentality is all about. The ABC online news article of 20 September 2013 is entitled “Tasmanian Premier seeks pledge from PM on GST changes” and states —

**Tasmania’s Premier Lara Giddings has written to the Prime Minister, urging against any changes to GST distribution.**

Tony Abbott has promised there will be no change to the GST, but he is now facing pressure from West Australian Premier Colin Barnett.

Mr Barnett wants him to reconsider his position, arguing the tax is not raising enough money.

Tasmania’s Premier has long been concerned that any change to the GST formula would disadvantage the state.

The tax accounts for a significant portion of the state’s revenue.

Lara Giddings has written to Mr Abbott seeking a reassurance he will not support the idea of a per-head distribution of the tax.

It is estimated such a change would cost the state about \$700 million.

Ms Giddings says that would impact on her Government’s ability to deliver services.

That is what we describe as scarcity mentality. The notion of scarcity mentality was invented by a very learned individual, Stephen Covey. Some people will be familiar with his work *The 7 Habits of Highly Effective People*. He describes in his work the difference between people who have a scarcity mentality and those who have an abundance mentality. A person with a scarcity mentality fears that there is not enough for everybody, so they clamour and try to hold on to all that they can for themselves. It is a bit like a kid at a birthday party who wants all the birthday cake and does not want to share anything with anyone else because they fear that there will not be enough. That is in contrast to a person who holds an abundance mentality, who says “Actually, we’re going to make the cake even bigger. There will be enough for everybody.” Unfortunately, people in Tasmania are suffering from what we refer to as scarcity mentality. It is to their detriment. Unfortunately, that is a major stumbling block for us with regard to Hon Peter Katsambanis’s very noble reforms.

**Hon Simon O’Brien:** And they’re rewarded for it.

**Hon NICK GOIRAN:** Correct, Hon Simon O’Brien. The second thing I have suggested the Premier is suffering from is of being a peace-faker. Let me provide some evidence for that. I go to the ABC online news again, this time from 8 May 2013. The article is entitled “Libs claim Premier snubs GST meeting” and states —

**The Opposition has criticised the Premier for skipping a meeting with the Federal Treasurer which included talks on the carve up of the goods and services tax.**

Lara Giddings was the only state Treasurer not to attend Wednesday’s meeting in Canberra.

Ms Giddings is a vocal critic of Western Australia’s push for a greater share of the tax, but instead she sent the Finance Minister Scott Bacon.

The Treasurers of other smaller states say they used the meeting to campaign to maintain their share of the GST.

Opposition Leader Will Hodgman says it was hypocritical of the Premier.

“I think it’s inexcusable that the Premier, who makes so much about this GST issue and whips up a scaremongering fear campaign on this very subject, doesn’t treat it with the seriousness to actually attend a meeting when every other Premier and Treasurer was their fighting for their state,” he said.

“It makes a mockery of Lara Giddings’ claims in the past that she takes this issue seriously if she can’t even turn up.”

That is what we call a peace-faker. For members who are not familiar with the concept of “peace-faker”, it was a notion invented by a learned friend in America—a lawyer by the name of Ken Sande. Ken Sande has written a fantastic book that I recommend to members called *The Peacemaker*. In it he refers to three categories of

individuals; the peace-faker, the peacemaker and the peace-breaker. Each type has different characteristics. The peace-faker is the one who wants to run away from anything that is tough; they run away from conflict. That is their *modus operandi*. They try to escape; they take their bat and ball and go home. The peace-breaker is the one who wants to attack and basically destroy everything, probably along the lines of what I referred to earlier with the scarcity mentality; that is, to eliminate everyone else so that they can have everything for themselves. The best model of all is the peacemaker, who tries to achieve what I believe Hon Peter Katsambanis has demonstrated today in a very good peacemaking fashion; that is, to provide some form of sensible compromise by doing the intellectual heavy lifting and actually providing a proposal that will work for everyone. Do not be the peace-faker, like Premier Lara Giddings; do not have a scarcity mentality like her, but rather take the example of Hon Peter Katsambanis.

The third characteristic of this Premier on the other side of the country that I have identified is that she suffers from exaggeration syndrome. I will give yet another example of what I am referring to. It is found in an ABC online news article—the ABC has been very helpful to me today! The article is from 12 March 2013 and is entitled “Tas Govt accused of fear campaign on GST”. It states —

Federal Finance Minister Penny Wong —

As she then was —

flew into Hobart on Monday morning saying the state could lose up to \$700 million.

“We want to talk about Tony Abbott’s plan, should he ever become prime minister of Australia —

I pause to note that she must be some form of Nostradamus! Moving on —

taking money away from Tasmania,” she said.

The Tasmanian Labor Party has launched a television ad campaign on the issue.

The ads use quotes it says are evidence that Mr Abbott would cut hundreds of millions of dollars in GST revenue to the state.

Premier Lara Giddings has described the re-election of West Australian Liberal Premier Colin Barnett as frightening.

Ms Giddings says Mr Barnett is the chief agitator —

Well, maybe it is Hon Peter Katsambanis; nevertheless —

in trying to change GST distribution to the detriment of Tasmania.

“For Tasmania it’s frightening to see Colin Barnett there believing now that he’s got an even stronger endorsement to rip up to \$700 million out of Tasmanians pockets,” she said.

Interestingly, Senator Eric Abetz, the Leader of the Opposition in the Senate at the time—he is now Leader of the House—described it in the article as a —

... very cynical, highly politically-charged campaign that has no basis, no merit, no substance ...

That is why I say that the Tasmanian Premier is suffering from a scarcity mentality, is a peace-faker and is suffering from exaggeration syndrome. Rather than doing those things, I would encourage her to listen to the learned comments of Hon Peter Katsambanis and to support him.

**HON SIMON O'BRIEN (South Metropolitan) [12.20 pm]:** Every time the subject of Western Australia’s declining share of goods and services tax revenue is raised in this place we hear some very good arguments why it should not be so and how it should be fixed. We also hear the Labor Party saying that it generally agrees with the sentiment but it is all the Liberal Party’s fault that we are in the position we face at the moment. Instead of debating the present and future of the Western Australian economy from 2013 onward, we hear a reinvention of history, which we have heard again from my good friend Hon Ken Travers, who has said it is all about the current Premier when he was in cabinet in 1999 and how he and his colleagues, from Premier Court down, somehow let down Western Australia, and did so deliberately in pursuit of some deal. That is absolute rubbish! I have heard that frequently. It is about time someone put Hon Ken Travers straight on this in front of the current members of this place, because I am the only one on this side of the house who was actually here at that time and who is able to speak about this matter. Let me tell members what happened.

Back in the early 1990s there was a visionary leader of the federal Liberal Party called John Hewson. He had a proposal to reform taxation arrangements to provide for the states to have a future growth revenue source that would to a large extent not only eliminate a whole lot of nuisance state taxes but also create a growth tax for all of the states that was directly proportionate to their patterns of consumption—that is, the size of their economies.



Hon Peter Katsambanis; Deputy President; Hon Ken Travers; Hon Jacqui Boydell; Hon Nick Goiran; Hon Simon O'Brien

---

By and large, the vast bulk of particularly middle Australia thought this was a darn good thing, but the Labor Party of the day, under then Prime Minister Paul Keating, predictably ran a scare campaign over a long period of time. “I am going to do you slowly, mate,” is what he said. He capitalised on the inexperience of the altruistic Dr Hewson and ultimately won a remarkable unwinnable election, which he described as “Here’s one for the true believers”.

**Hon Peter Katsambanis:** He had supported the GST.

**Hon SIMON O'BRIEN:** Previously he had supported the GST and, indeed, proposed it as a federal Treasurer himself. But the realities of the internal politics of the Labor Party saw that aspiration of Paul Keating’s suppressed at the time and he had to toe the party line—indeed, he did. That was a great pity not only for Australia generally but also for Western Australia particularly, as reflected in this current debate.

One thing Prime Minister Hon Paul Keating acknowledged during that election campaign was that if Dr Hewson and the coalition had won government, they would have won it on this issue and that a Labor opposition should acknowledge it and allow the enabling legislation to go through. I think, particularly with the benefit of over 20 years’ hindsight, if we did not see it then, then one can see that that was the honourable position for a Prime Minister going into an election, which he might have lost, to take. It was the right thing. It was the honourable thing. It is what democracy is all about. When an election is run so overwhelmingly on a large and substantial issue like that and one side gets up, then that is a real mandate that should be respected. But it did not, and that is a moot point. The Labor government was returned and we had to wait another day for what became a GST to be contemplated by the Australian public.

It was not done by Prime Minister Howard and his government in their first term. Oh, no! He had said, “We will not be bringing in a GST,” during the subsequent election campaign. All the states wanted him to do it, but he said the only way he was going to put forward enabling legislation was if he went back to the Australian people and got a mandate to do it, which, again, is the right thing. What a crippling thing to do! To go to an election on what could be beaten up as a big, new scary tax—and the Labor Party tried. That is what that election was on. There were a lot of Liberal members, including people known to me, who suffered as a result of that being a central issue of that election campaign. But John Howard was returned with a mandate to do it.

Back in Western Australia was the government of Hon Richard Court, which I had the privilege to serve under from 1997 onwards. I entered the Parliament the same day as Hon Ken Travers and Hon Ljiljana Ravlich, among others.

**Hon Ken Travers:** It was a great day.

**Hon Ljiljana Ravlich:** We should celebrate it.

**Hon SIMON O'BRIEN:** Suffice to say, there are stayers and players! I have limited time to finish this important point. The important point is that after all the negotiations, after all of this history, that tax reform, which was essential for the future of not only the country but also particularly the states, was about to be stymied and defeated at the last hour in the Senate. Members have all seen the pictures of the peacock, due to become later a feather duster, Senator Harradine from Tasmania and the Australian Democrats, wanting to try to craft things for themselves, getting in there and sowing the seeds of their own destruction by wanting to tinker and generally bastardise what would have been a good formula for a good tax that would have given us the benefits that would have stopped us from having this unnecessary debate today.

What was presented at the end by the feds, after a semi-gutted deal could finally be presented to the states? Yes, there would have been a cabinet submission. I do not know how Hon Ken Travers has a copy of it, because I certainly have never seen it; I am not privy to that. A cabinet submission, with advice from Treasury and the Department of the Premier and Cabinet, would have gone forward to our state cabinet and, yes, it would have included the shortcomings of the then new deal, the current deal that we are now bemoaning. The criticism is now being levelled at the then Minister for Education, who incidentally was not the Deputy Premier at the time—I think that was Hon Hendy Cowan. That does not matter; blame Colin Barnett for everything—that is the Labor way.

**Hon Ken Travers:** He was your deputy leader. Have you forgotten that?

**Hon SIMON O'BRIEN:** He was not the Deputy Premier. They were confronted with that prospect. That was the real question: is the whole lot going to be thrown out or do we have to get the best we can get? They were the arrangements. Why were they forced into that deal, as Hon Ken Travers points out? Why was it not all that they would have wanted it to be for Western Australia? Because there was a gun being held at the head of the entire plan, and that gun was being held at the head of all of us by the Australian Senate. It was not only the Brian

Harradines or the Australian Democrats—god rest their souls. No! Where was the Australian Labor Party and its senators, including its Western Australian senators, in all of this? They were the ones selling all the states, including this one, down the river, because of their recalcitrance. Members should understand why I get just a little bit cross when I hear this sort of sanctimonious wind-baggery coming again and again from the current ALP, championed by a member who was there and does know that what I am saying is the accurate reflection of what happened at that time. That is when Western Australia got a second-best deal, and it was courtesy of the Australian Labor Party.

**HON PETER KATSAMBANIS (North Metropolitan)** [12.29 pm] — in reply: I would like to exercise my right of reply and in so doing thank all members for their contributions to this motion. It is quite clear that this is an extremely important subject for the future of our state. I think today is the American celebration or holiday, or whatever they call it, of Halloween and, unfortunately, Hon Ken Travers chose to see ghouls, monsters and all sorts of scary creatures under the bed this morning, because that was an extraordinary contribution. It was a combination of scaremongering, fearmongering and an unfortunate rewriting of history. Hon Ken Travers ought to know better. Unfortunately, what he has done today is reinforce those public comments that his leader in the other place made about members of the Labor Party in this place. They were unparliamentary terms and for that reason I will not use them, obviously, but it was a four-letter word starting with “c” and ending with “p”. Hon Ken Travers came into this place today and reinforced those comments of his leader quite well with his contribution, I am sorry to say.

In contrast, Hon Jacqui Boydell, in her contribution, demonstrated not only concern for this state and its future, but also a way of moving forward. When looking at how we can provide a framework to promote and reward further economic reforms by each state in carving up the 20 per cent of the goods and services tax that I suggest should be carved up in that way, she demonstrated very practically a way that it can be done to show people like Hon Ken Travers that we do not have to do it through fearmongering and through scares, and that it is not going to happen through tolls or sales of assets. That is completely not a part of this equation. I commend Hon Jacqui Boydell for her contribution. It was sensible and knowledgeable, and it is one of the things we should consider.

I thank Hon Nick Goiran for his contribution and for his support. I am sure the people of Tasmania and the opposition leader in Tasmania, Will Hodgman, thank him for that particular character assessment of the Premier of Tasmania. In particular, I think Hon Nick Goiran highlighted that general Labor malaise, which I think he described as a concept of scarcity. I have some economic training and understand the term “scarcity” in slightly different situations, but in this way he used it to describe people who are not interested in growing the pie; they are interested only in their share of an ever-diminishing pie, to the detriment of the whole of our society.

I also thank Hon Simon O'Brien for his contribution. He gave us a potted history of the development of the goods and services tax from its original inception at the 1985 Tax Summit at which Paul Keating proposed it, through John Hewson's time and into John Howard's time, and he also showed us how the federal Labor Party reneged on the Liberal Party's mandate at the time, put a gun to our head and gave us a second-best outcome. I thank him for that. I commend this motion to the house and thank all members for speaking on it.

Motion lapsed, pursuant to standing orders.