

GST DISTRIBUTION — HON JULIE BISHOP'S COMMENTS

587. Mrs J.M.C. STOJKOVSKI to the Treasurer:

I refer to the assertion by the Acting Prime Minister, Julie Bishop, that it is not up to the federal government to resolve WA's unfair share of the GST.

- (1) Is this assertion correct; and, if not, what can the federal government do to fix the unfair distribution of GST?
- (2) Can the Treasurer advise the house of what the Productivity Commission said about what the federal government can do to fix WA's share of the GST?

Mr B.S. WYATT replied:

- (1)–(2) I thank the member for Kingsley for her very good question. I think the Premier has outlined already some of the frustration that we have, and I would hope the frustration we all have.

Dr M.D. Nahan: I had the same thing with Bill Shorten!

The SPEAKER: I have the same problem with you, Leader of the Opposition, of continually interjecting all the time. You have a job as the Leader of the Opposition. It does not matter what they say there. They are on their feet. I call you to order for the first time.

Mr B.S. WYATT: I hope the frustration —

Mrs L.M. Harvey interjected.

The SPEAKER: Member for Scarborough, I call you to order for the second time.

Mr B.S. WYATT: Can I just say by way of an aside, I am fairly confident that Julie Bishop is robust enough to defend herself on this particular policy debate. I do not know her well, but I am pretty sure she is robust enough to defend herself from any outrageous allegations that may be made in this house. I hope I speak for all members of Parliament when I say I am incredibly disappointed in the rhetoric from the most senior politician in Western Australia, the Acting Prime Minister, nonetheless, and for all intents and purposes maybe a future Prime Minister, when she has effectively abandoned commonwealth leadership in getting WA a fair share of the GST.

There are two things at play here. There is the issue of the GST. There is also the issue of the objective of horizontal fiscal equalisation. It is really the second point that bedevils us the most, and that is what the Productivity Commission is currently inquiring into. Can I say that, finally, at the instigation of the commonwealth Treasurer, Scott Morrison, we have a report that, despite Julie Bishop's disappointment, actually highlights that WA has a case in respect of the unfair distribution and HFE of our GST.

I want to highlight this. Recommendation 2.1 of the draft Productivity Commission report explicitly states —

The Commonwealth Government —

Through the Treasurer, because that is how this works; not through the states —

should clearly articulate the objective of HFE.

Currently, the objective is to equalise to the strongest state. The Productivity Commission made a range of different suggestions. One of those is to change the objective to equalise to the "reasonable" or the "average" state. That would mean—either/or—a very, very significant fiscal return for Western Australia, in the order of billions. The Productivity Commission also states this at page 17. It is effectively imploring the commonwealth government to, and I quote —

... take on a greater leadership role in specifying the objective —

That is, the objective of HFE. It is up to the commonwealth to specify the objective. It is not up to the Council of Australian Governments. It is not up to the state Treasurers. It is up to the commonwealth government, through the commonwealth Treasurer.

Last Friday, we had a meeting in Sydney of all the Treasurers in the nation. I have to say that Scott Morrison, to his credit, is actually trying to find some space to give Western Australia an outcome. I am not sure what his thinking of the outcome is. But there are two things that were raised with me and were thrown in my face with some force by some of my colleagues, mainly Liberal, who made this point, and they quoted the Productivity Commission report in particular. These are the two problems we have. Firstly, we have the issue of the 2012–13 state budget, in which the former government assumed that the GST would be fixed, and spent accordingly. So I had the Tasmanian—unsurprisingly—Liberal Treasurer in particular throwing that in my face and saying the former government spent too much.

Mr D.T. Redman interjected.

Dr M.D. Nahan: He's shy.

Mr B.S. WYATT: The South Australian Treasurer is one thing, but he is not shy. At least he did not throw that in my face. I think he has thrown it in the face of the former government, quite rightly. But this is a big hurdle that we have. To his credit, Scott Morrison—in the media statement that he put out when the Productivity Commission draft report was released and certainly in the conversation we had last week—is trying to find some space to give, I think, some form of a solution to Western Australia. To have the federal member for Curtin, the Acting Prime Minister from Western Australia, Julie Bishop, saying, “You know what? You're all in a parallel universe, Western Australia, if you think you're going to get a fairer outcome on your GST”, makes that second hurdle all the harder. How will I go over east and have a conversation with the other state Treasurers and have a conversation with the federal Treasurer when Julie Bishop is back here in Perth saying, “You're in a parallel universe to expect a better outcome”? I have to say that I think she has drunk the east coast Kool Aid. She is not helping us in any way whatsoever. I hope those who know her well and perhaps have regular conversations with her can encourage her to get on board the case for Western Australia to ensure that Western Australia may, in some course, despite Julie Bishop's best efforts, get a fairer return on our GST.