



States Losing GST Funds Don't Have A Leg To Stand On

Publish Date:

July 2018

Free market think tank the Institute of Public Affairs has noted the release to the media of the Productivity Commission's recommendations into the GST distribution.

"The Productivity Commission's recommendations may lead to slight improvements in the GST distribution formula, but would have little effect on the deeply embedded incentives problems at the core of redistribution," said Morgan Begg, Research Fellow at the IPA.

"The states 'losing' funds on the PC's recommendations don't have a leg to stand on. To be clear, the PC's recommendations would still see South Australia, Tasmania, Queensland and the Territories be net beneficiaries of GST payments

"These small states and territories between them have been given over \$100bn over the life of the GST more than they raised. The only thing that would change is the extent of the redistribution in their favour.



“The PC’s recommendations do not increase inequalities between the states. The GST distribution system itself is fundamentally unequal. The government should strive for fiscal neutrality by letting states keep the GST that is raised in each state,” said Mr Begg.