

WA STATE BUDGET 2017-18 WESTERN AUSTRALIA'S GST SHARE

The McGowan Labor Government will continue to fight for a fair reform of the GST distribution system to deliver Western Australia the GST it deserves and establish a fair system across the country.

In 2017-18 Western Australia will receive only 34.4% of its population share of national GST revenue.

GST AT A GLANCE

- In 2017-18, Western Australia will contribute around \$4.4 billion in GST revenue to other States through the Commonwealth's fiscal equalisation process.
- WA will receive only 34.4% of its population share of national GST revenue in 2017-18.
- Compared to an equal per capita share, Western Australia will lose an estimated \$18.6 billion in GST revenue over the five years to 2020-21.
- Changes to population estimates following the ABS 2016 Census have resulted in a \$2 billion write down in Western Australian GST revenue projections over the forward estimates.
- If GST was distributed on an equal per capita basis, Western Australia would receive \$6.6 billion in GST grants in 2017-18. Instead, the State will receive just \$2.2 billion and, as a result, needs to borrow to fund service delivery in key areas such as health and education.

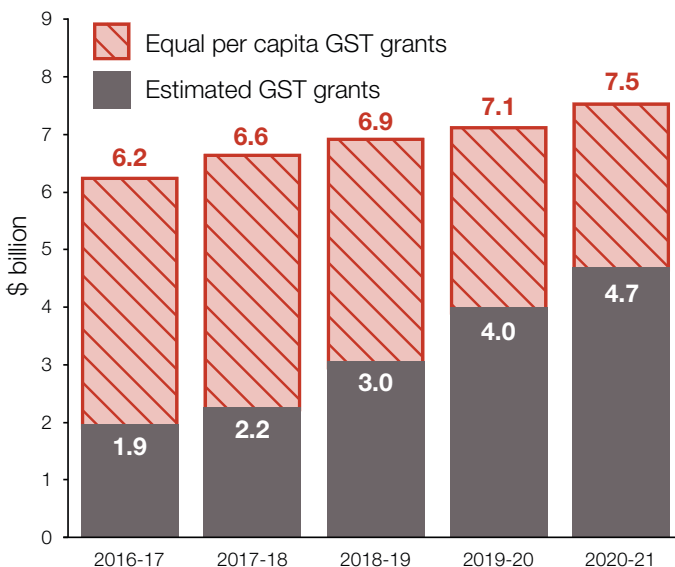


THE NEED FOR FAIRER GST DISTRIBUTION

The McGowan Government has submitted a package of reform options to the Productivity Commission to improve the GST distribution system, not just for Western Australia but for the benefit of the nation as a whole.

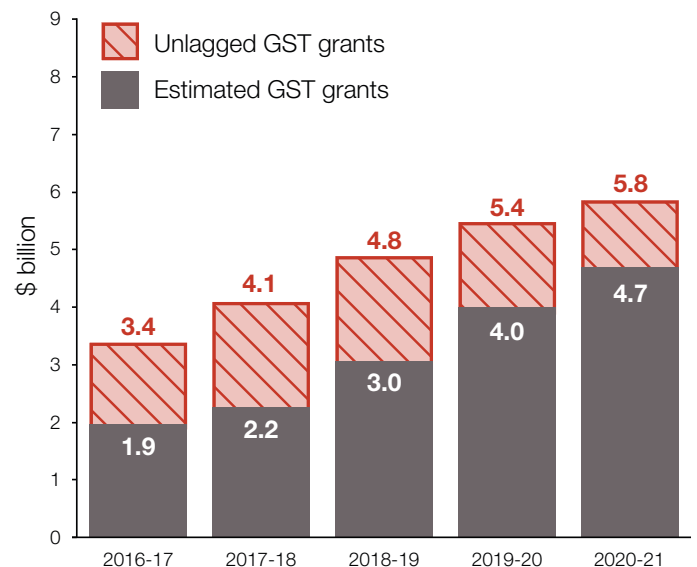
- The Commonwealth Grants Commission bases our GST share on the State's higher revenue streams of years gone by (fuelled by royalties from the mining boom). Without this time lag, Western Australia would receive \$7.7 billion more in GST grants over the five years to 2020-21.
- The Commonwealth's fiscal equalisation process discourages State Governments from developing local industry – thereby reducing economic growth.
- GST grants are highly sensitive to ABS population estimates. Following the 2016 Census, the ABS significantly revised its population estimates – resulting in a \$2 billion write down in the State's GST revenue projections over the forward estimates.

LOSS IN WA GST GRANTS COMPARED TO POPULATION SHARE



5-YEAR LOST REVENUE: \$18.6 BILLION

LOSS IN WA GST GRANTS COMPARED TO UNLAGGED DISTRIBUTION



5-YEAR LOST REVENUE: \$7.7 BILLION