



Hon Andrew Fraser MP
Member for Mount Coot-tha



**Queensland
Government**

**Deputy Premier and Treasurer
Minister for State Development
and Trade**

TRX-17687

10 OCT 2011

Review of GST Distribution Panel
GST Distribution Review
The Treasury
Langton Crescent
PARKES ACT 2600

Dear John, Nick + Bruce

Queensland welcomes the opportunity to provide a submission to the Review of the GST Distribution, in response to the July 2011 Issues Paper.

Queensland's submission, attached, highlights a number of issues the review should address to improve the transparency, reliability and equalisation outcomes of the GST distribution process.

Above all, this review must rectify the fundamental flaws in the assessment of mining revenues. It is of course reasonable to recognise that mineral resources are not evenly distributed across the States, and it is appropriate for all Australians to benefit from these resources.

However, Queensland again calls in to question the appropriateness and effectiveness of the current process which:

- requires Terms of Reference directives to maintain its policy neutrality, as in the case of Western Australia's changes to their iron ore fine concessions;
- results in resource States retaining less revenue per capita than non-resource states following equalisation; and
- places such heavy emphasis on one source of revenue, where mining represents around 76% of the GST redistributed due to revenue, despite making up only 7% of the aggregate revenue of the states.

To merely implement a floor on relativities, as suggested by Western Australia, would apply a band-aid solution to a process that requires fundamental change.

Level 9 Executive Building
100 George Street Brisbane
GPO Box 611 Brisbane
Queensland 4001 Australia
Telephone +61 7 3224 6900
Facsimile +61 7 3229 0642
Email deputypremierandtreasurer@qld.gov.au
ABN 65 959 415 158

In general, the GST distribution process should be improved by:

- clarifying the aim of the process;
- addressing the problems with the current assessment of mining revenue;
- simplifying the assessment process; and
- focusing on providing appropriate support to those States that genuinely require it.

A number of approaches to each of the above are detailed in Queensland's submission and warrant further investigation by the Review.

I look forward to the February 2012 interim report and further opportunity to contribute to the Review of the GST Distribution.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Fraser', written in a cursive style.

ANDREW FRASER