



Media Release

Senator Alan Eggleston

Liberal Senator for Western Australia

GST Grab a Threat to Federalism and State Financial Independence

22nd April 2010

Western Australian Premier Colin Barnett should be applauded for his recent efforts in resisting the Federal Government's attempt at a 30 percent GST grab to fund Labor's grand health care reforms according to WA Senator Alan Eggleston.

"The GST was set up to provide a secure, independent revenue stream for the States and any attempt to claw back such a significant portion of that revenue must ring alarm bells," said Senator Eggleston.

"The implications of this reform are profound and extend far wider than the health sector – it has become a significant tax issue that has the effect of consolidating power in Canberra and this is a ploy that is consistent with the Labor Government's centralistic approach to Australian politics.

"Less than ten years ago, the States agreed to abolish various taxes in accepting the GST. The question remains as to whether the States will be able to reinstate these taxes which they agreed to abolish, or whether some other form of financial compensation will be offered to the States for the loss of GST revenue.

"The implication for the future is if the States are totally dependent on the Commonwealth for finances then this will result in a loss of State autonomy over expenditure, because all Federal grants will be conditional on implementing Federal policy.

"This strikes at the heart of the conceptual basis of Federalism which allows for regional differences rather than central control and dispersal of power between the States, instead of a single powerful central Government dictating policy," Senator Eggleston said.

"Given the fact that the other States have been all too willing to surrender their GST and in the face of large 'sweeteners' offered by the Prime Minister (which will become proportionally insignificant in the long term), Mr Barnett has shown great fortitude by refusing to accept the proposal and is congratulated for supporting Federalist principles and so protecting the interests of Western Australia."

-Ends-