



Media Release

Senator Alan Eggleston

Liberal Senator for Western Australia

Let the states retain financial independence: Eggleston

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Last week's suggestions by Secretary to the Treasury Ken Henry that the Federal Government has the power to impose financial punitive measures against resource rich states in order to deter royalty increases is a dangerous threat to federalism, says Western Australian Senator Alan Eggleston.

"Each state is the constitutional owner of the resources found within their boundaries and as such should retain the right to increase state royalties as they see fit, with the Federal Government already receiving significant financial benefits through company and payroll taxes," said Senator Eggleston.

"If the attitude shown last week by the Treasury prevails, the Commonwealth would effectively be ignoring the constitutional rights of the states in favour of centralising decision making in Canberra.

"Western Australia has a right to be concerned about Canberra having more control over the states finances given that the Commonwealth Grants Commission only returns 68 cents to WA for every dollar given in GST revenue.

"The truth is once the money goes to Canberra, WA has very little determination over what is returned," said Senator Eggleston.

"Dr Henry's comments are curious as it seems to show a distinct disregard for the preservation of the state's financial independence.

"Premier Barnett should be commended for defending Western Australia's ability to set company royalty rates as the government deems appropriate, rather than roll over to the demands of the Federal Government," he said.

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