



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

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Gillard GST grab a breach of contract

The Coalition will not support Labor plans to breach the 1999 GST Agreement.

"One of the key features of the 1999 GST Agreement was that any changes required unanimous agreement," Shadow Assistant Treasurer Mathias Cormann said.

"There is no unanimous agreement to change the GST deal," he said.

"Western Australia is clearly opposed. There are also elections around the corner in both Victoria and NSW with alternative governments in both States having indicated their opposition to handing over any of their States GST revenue.

"The Gillard government has clear Treasury advice that changes to the 1999 Intergovernmental Agreement on Federal Financial Relations can only be made by unanimous agreement.

"Treasury told Wayne Swan that he should resolve this before re-introducing relevant legislation.

"This is not about health reform. This is about yet another Labor Party dash for more federal cash.

"The GST is supposed to be an efficient growth revenue for the States and Territories. Now the Gillard government wants to get control of a significant proportion of that growth revenue.

"Julia Gillard and Wayne Swan want to get their hands on \$56.1 billion in GST revenue over three years of the current forward estimates at the expense of the States and Territories.

"This comes on top of more than \$40 billion in new or increased taxes and more than \$90 billion in new net debt over the past three years.

"In exchange, they're promising 'top up payments' of about \$15.6 billion over six years from 2014/15.

"There is also a complete lack of transparency around how much GST each individual State or Territory is expected to hand over to the Federal government.

"The Treasurer tells us it will be 'about one third' of GST revenue. Yet in the ACT it will be between 48 and 50% and in Queensland about 40%.

"The problem is that the Gillard government is addicted to more and more spending. That's why they're always casting around for more cash.

"The Gillard government is unable to properly manage the money they're responsible for now. How can they possibly be trusted with even more of our money," Senator Cormann asked.

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