

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 130

Topic: Horizontal Fiscal Equalisation

Hansard Page: Written

Senator BROWN asked:

130. In assessing horizontal fiscal equalisation, does the Commission take into account the disadvantage Tasmanian firms face in being separated by Bass Strait from mainland transport links?
- a. If so, how?

Answer:

The Commission's terms of reference ask it to recommend a distribution of the GST consistent with giving State governments the same capacity to provide services and infrastructure to their residents. Its terms of reference do not ask it to take account of the impact of Bass Strait on private firms and it does not do so.

As part of its work, the Commission assesses the Tasmanian government as needing additional GST revenue because of its location away from centres of supply. The Commission accepts the Tasmanian Government faces higher costs for the goods and services it purchases and has higher airfare and accommodation costs associated with interstate meetings. In 2012-13, the Tasmanian government will receive about \$30 million more in GST because of these influences.

As part of its work, the Commission also assesses the Tasmanian government as needing additional GST revenue to provide services to people who live on Flinders and King Islands due to their remoteness from Tasmania. In 2010-11, the Tasmania government will received about \$45 million more in GST because of these influences.