

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 54

Topic: State Distribution of the Goods and Services Tax

Hansard Page: E102

Senator Eggleston asked:

Senator EGGLESTON—Have there been discrepancies with other states in the past between their estimate of what GST they should receive and what the Commonwealth has predicted they would receive?

Mr Ray—There are two issues here. One is we estimate here the total amount of GST that will be collected. And then the allocation to individual states is based on the formula through the Commonwealth Grants Commission, so there a different element.

Senator EGGLESTON—The states allocation is based on a Grants Commission estimate?

Mr Ray—That is right.

Senator EGGLESTON—And yours is not?

Mr Ray—We are estimating the total envelope.

Senator EGGLESTON—Why is the same basis of estimation not used by the states? I do not really quite follow why there should be a difference.

Mr Ray—That is a question for my Fiscal Group colleagues, because that goes to the allocation of the total GST pool. The relevant expert will be with us tomorrow morning. Perhaps we could take that question then.

Senator EGGLESTON—Could you take it on notice. I have some documentation about this, which I might see if I can bring down and perhaps you could accept that documentation and give me an answer on notice on the basis of the actual estimated figures that Mr Ripper has referred to.

Mr Ray—We are happy to take it on notice and have a look at it.

Answer:

The Commonwealth's estimates of how GST will be distributed among the States are based on the Commonwealth Grants Commission's assessment methodology, Treasury Budget estimates of GST revenue and population, Budget estimates of health care grants, Treasury projections of the assessed difference or need for each State based on the latest Commonwealth Grants Commission update, and any changes in Commonwealth Grants Commission assessments that are foreshadowed in the latest update, such as the backcasting of the financial transaction taxes from 2009-10.