



Victoria not getting its fair share of GST revenue

Victoria is set to lose billions of dollars in GST revenue under the Commonwealth Government's new distribution formula, a Victorian Parliamentary Committee has found.

The Legislative Assembly Economy and Infrastructure Committee's Inquiry into Commonwealth support for Victoria heard from other state and territory governments, the Commonwealth Grants Commission, a range of senior economists, municipal organisations and business and welfare groups.

"As a Victorian, I'm annoyed and quite frankly offended that we are being duded out of billions of dollars of federal funding each year, significantly reducing the capacity of current and future Victorian governments to provide vital infrastructure and services, including health and education," said Committee Chair John Eren.

Commonwealth reforms to GST distribution, which took effect in the 2021–22 financial year, leave all states and territories, except Western Australia, worse off, according to the report tabled in the Legislative Assembly today.

While the Commonwealth agreed to a "no-worse-off guarantee", that agreement expires in 2026-27, costing Victoria \$1 billion in the 2027-28 year alone.

The Department of Treasury and Finance estimates this is the equivalent to yearly funding for up to 9,000 teachers, 9,200 police officers or more than 10,000 nurses.

"The evidence received by the Committee overwhelmingly indicates that WA is the primary beneficiary of the new equalisation arrangements, even if mining production levels fall. This is despite WA recording a large budget surplus in 2020–21 and expecting future surpluses in the years to follow," the report finds.

"The GST reforms should be reversed or, at the very least, the no-worse-off guarantee must be continued beyond 2026–27," Mr Eren said.

The Committee also found a significant gap between Victoria's share of Commonwealth infrastructure funding and its population share as well as a lack of transparency around infrastructure funding decisions.

The report makes seven recommendations, including that the Victorian Government work with the other adversely affected states and territories to advocate that the Federal Government revert to the former equalisation arrangements for GST revenue distribution; the extension of the no-worse-off guarantee beyond 2026–27 until the inequity created by the new equalisation arrangements is addressed; and an independent review of the new arrangements.

It also recommends the Victorian Government advocate for more infrastructure investment in Victoria, including greater investment in regional infrastructure development as well as more support for local government and additional support to assist recovery from the COVID-19 pandemic.

The full report is available on the Committee's [website](#).

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