

1980-81-82

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

STATES (TAX SHARING AND HEALTH GRANTS) AMENDMENT BILL 1982

ADDENDUM TO
EXPLANATORY MEMORANDUM

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The purpose of the amendments is to correct a technical fault in the States (Tax Sharing and Health Grants) Amendment Bill 1982.

As the Amendment Bill now stands the States' aggregate tax sharing grant could vary from the figure settled at the June 1981 Premiers' Conference to the extent that the Statistician's determination of State and Northern Territory populations as at 31 December 1981 is different from the estimates that were used for this purpose in June 1981. The proposed amendments overcome this problem by fixing the States' aggregate "basic" tax share at \$6524.6 million and providing for the addition of \$165.1 million on a basis also determined at the Premiers' Conference. The amendments also simplify the description in the legislation of the calculation of States' tax sharing grants.

At the Premiers' Conference on 20 June 1981, it was decided to pay the States an aggregate tax sharing grant of \$6689.7 million in 1981-82. This amount was comprised of a "basic" tax sharing grant of \$6524.6 million and certain other additions which total \$165.1 million and which, with the exception of the \$9 million once-and-for-all grant to Queensland, are set out in Schedule 2 of the Amendment Bill. It was further decided at the Conference that, in distributing

the "basic" tax sharing grant amongst the States, the existing States' per capita relativities would be used. That is, the distribution of the "basic" grant would be calculated on the basis of the populations of each State at 31 December 1981 weighted by the per capita relativities contained in Section 8 of the Principal Act, which in turn derive from the per capita relativities established by the financial assistance grants in 1975-76.

The distribution of the \$156.1 million additional grants is also set out in Schedule 2.

The amendments retain the description of the basis of distributing the "basic" tax share amongst the States, but remove the method of calculating the basic tax share. In doing so, the amendments involve nothing other than simplifying the description and providing for the payment to the States, in aggregate, of the amount which was decided at the June 1981 Premiers' Conference.