STATE'S (TAX SHARING AND HEALTH GRANTS) AMENDMENT BILL 1984

Date Introduced: 2 May 1984
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Acting Treasurer

Short Digest of Bill

Purpose
To amend the States (Tax Sharing and Health Grants) Act 1981.

Background
At the Premier's Conference of May 1981, the Commonwealth announced its intention to transfer certain Commonwealth operated pathology laboratories to the States. It also proposed that the State's tax sharing grants would be increased by an amount representing the estimated cost of operating the laboratories. Western Australia is the only State that has taken over the laboratories.

At the June/July 1983 Premier's Conference, the Commonwealth announced its intention to remove this anomaly. The Commonwealth and States agreed that the adjustment would be made by decreasing the amount of identified health grants to which the affected States would be entitled. The adjustment would apply from 1 July 1984.

Under the provisions of the States (Tax Sharing and Health Grants) Act 1981, the arrangements for tax sharing and identified health grants cease operation on 30 June 1985. A review of the Act is planned before new legislation is drafted. This Bill amends the States (Tax Sharing and Health Grants) Act 1981 to allow the Treasurer to make regular payments to the States between 1 July 1985 and the commencement of operation of the new legislation.

Main Provisions
Clause 3 amends the Principal Act, the States (Tax Sharing and Health Grants) Act 1981, by subtracting from the previously agreed Identified Health Grants for 1984-85, the amount allocated to cover the costs of the pathology laboratories which the Commonwealth proposed to transfer to the States, an offer which only Western Australia has
accepted. The clause also details the formula by which the reductions will be calculated.

Clause 4 provides a mechanism by which the Commonwealth Treasurer may make regular payments to the States in the six month period after 1 July 1985. This will allow time for the introduction of new legislation. The amounts forwarded by the Treasurer must not exceed half the sum of the guaranteed minimum tax sharing amount paid to the State in 1984-85 and the Identified Health Grants for 1984-85.

For further information, if required, contact:

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7 May 1984