

Brian Buckley - Submission On Interim Reports of GST Distribution Review:

1. The Reports, whilst welcome, do not appear to have advanced far in dealing with the following issues:

- . Estimating the quantum and possible duration of revenues to the States from the GST
- . Providing a sound analysis of the GC view that States should be assisted to provide services which are the "same" or nearly the "same"
- . The problem which the above raises in reducing incentives for efficiencies in service delivery
- . The practical and public concerns which will arise when one or more States receive very low or even zero GC grants
- . The failure of the GC to recognise that some Regions of States may have special problems in lack of services and infrastructure, e.g. the Pilbara, the Kimberley, western and central Queensland, caused by recent development, distance etc
- . The actions of the GC in "punishing" States for special payments of the Commonwealth government for infrastructure etc which may be of some national importance
- . The possibility of extending the GST into areas such as health services, fresh food, some financial services
- . Encouraging the States to move from production royalties to profits royalties
- . The possibility of the States receiving percentages of other guaranteed streams of Commonwealth Government income
- . The opportunity some of the above offer for ending the present system of so-called "tied grants" which are often inefficient and politicised

2. Another matter which the Review may address is the need to continue with the Grants Commission at all. Permanent per capita grants to all States would open up this possibility for Commonwealth savings.

3. Practically, a return to 75% of GST revenues to the States on a per capita basis based on each State contribution would be a sensible start in dealing with the above. This could rise to 100 per cent over five years, whilst the special payments problems and other guaranteed income streams for the States were addressed.

4. The special needs of a few States and Territories, such as a higher proportion of aboriginal people, or the decimation of industries by political compromises, should be met by specific Commonwealth negotiations, including the requirement that funds offered be spent for the purposes stated.