Date Introduced: 27 October 1981
House: House of Representatives
Presented by: Hon. K.E. Newman, M.P., Minister for Administrative Services

Purpose
To remove the present limit on the maximum number of members that may be appointed to the Commonwealth Grants Commission and to repeal the now obsolete section 19A of the Principal Act which prescribes the conditions under which members shall be appointed to the Commission for the purposes of conducting a review of State per capita tax sharing relativities.

Background
Since the passing of the Grants Commission Act 1973, the limits on the number of members who may constitute the Commission have been amended on several occasions. Under the 1973 Act, the Commission was to consist, in addition to the Chairman, of no less than four members and no more than six. In 1975, the upper limit was raised to seven. Following the death of one of the members of the Commission and the resignation of two other members in 1977, the number of members fell below the lower limit. Since, with the introduction of the Government's new federalism policy in 1976, the Commission's responsibilities in the area of recommending the allocation of funds to local government had been reduced, the Principal Act was amended such that the Commission should have not less than two or more than four members.

However, under the terms of the States (Personal Income Tax Sharing) Act 1976, a Review of per capita tax sharing relativities was to be conducted by June 1981. This task was referred to the Commission and, in 1978, the Principal Act was amended to authorise the appointment of three part-time associate members who would assist in conducting the Review. The conditions under which these associate members were appointed were inserted as section 19A of the Principal Act.
The Commission completed its relativities review in June 1981. Its Report was subsequently considered by the State and Commonwealth Governments and the Commission has been directed to review its Report in the light of various issues which were raised. However, with the lapsing, in June 1981, of legislation relating to the Review, the appointments of the associate members who assisted in drafting the Report expired. The view has been expressed by the States that the Commission should have the same membership while conducting its review as participated in drafting the Report. This Bill, by removing the upper limit on the number of members constituting the Commission, will enable sufficient appointments to be made to comply with the States' wishes.

The Minister, in introducing the Bill, has indicated that the removal of the upper limit on membership will also enable the appointment of members to investigate the financing of works and services in the Australian Capital Territory as authorised by section 16B of the Principal Act. Presumably, once the Government has formulated its policy on the matter, an expanded Commission could also continue its investigations, if required, into the distribution among the States of general revenue funds for local government.

Main Provisions

Sub-clause 3 (1) amends sub-section 8 (1) to remove the upper limit on the number of members who may be appointed to the Commission. Sub-clause 3 (2) states that the amendment made by sub-clause 3 (1) does not affect the appointment of any member holding office immediately before the commencement of the Act.

Clause 4 authorises amendments as set out in the Schedule to the Bill. One item in the Schedule repeals the now obsolete section 19A of the Principal Act, while the other items make a number of minor amendments in line with current legislation drafting practice.

For further information, if required, contact:

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