DATE INTRODUCED: 22 AUGUST 1979

HOUSE: HOUSE OF REPRESENTATIVES

PRESENTED BY: HON. P.J. NIXON, M.P., MINISTER FOR TRANSPORT

SHORT DIGEST OF BILL

PURPOSE

To amend the States Grants (Roads) Act 1977 to provide for an additional $33 million to be paid to the States in 1979-80 for roadworks. The Bill also raises the minimum levels which the States must contribute for roads expenditure from their own resources.

BACKGROUND

Commonwealth assistance for expenditure on roads has taken two main forms - general assistance and assistance for specific road projects. Payments of the latter kind (such as those for beef roads and the sealing of the Eyre Highway) were subsumed in the general program of roads assistance introduced in 1974-75.

In the period 1974-75 to 1976-77 payments to the States for various categories of roadworks (e.g. National Highways Construction, Rural Arterial Roads, Urban Local Roads etc.) were provided under the National Roads Act 1974 and the Roads Grants Act 1974. These Acts terminated on 30 June 1977.

For the three years 1977-78 to 1979-80 the arrangements for providing assistance to the States for roads are embodied primarily in the States Grants (Roads) Act 1977 (the Principal Act). The new arrangements were determined by the Government after consideration of a "Report on Roads in Australia 1975" by the former Commonwealth Bureau of Roads - although the program adopted differed considerably from that recommended by the Bureau. Details of the changes in roads funding arrangements embodied in the Principal Act are set out in the Explanatory Memorandum which accompanied the introduction of the legislation into the House on 15 September 1977.

Under the Principal Act, $475 million was appropriated to the States for each of the three years 1977-78 to 1979-80. However, it was decided that the grants
for 1978-79 and 1979-80 would be adjusted upwards in line with price movements so that the value of the grants in real terms would be maintained at the level of the 1977-78 grant. Accordingly, the States Grants (Roads) Amendment Act 1978 implemented the first of the two required annual indexation adjustments by providing for an additional $33 million to be paid to the States in 1978-79 and 1979-80. This represented an increase of 7 per cent over the grant provided in 1977-78. This Bill implements the second required indexation adjustment by providing for an additional $38 million for roads for 1979-80. This represents an increase of 7.5 per cent over the level of grant for 1978-79 and is based on a forecast of relevant price movements in 1979-80. The additional Commonwealth funds for 1979-80 have been allocated on a pro-rata basis amongst the various categories of roadworks set out in the Principal Act.

The Principal Act also sets down annual quotas for expenditure by each State from its own resources. These quotas represent minimum amounts of expenditure required from State sources, but each State is generally free to allocate its quota amongst the various roadworks categories according to its own priorities. As with the States Grants (Roads) Amendment Act 1978 for 1978-79 this Bill also implements the Government's decision that State expenditure quotas for 1979-80 should be increased by the same percentage as the Commonwealth grants.

Further details on the history of roads funding arrangements may be found in 1979-80 Budget Paper No. 7 "Payments To or For the States, the Northern Territory and Local Government Authorities 1979-80", page 66, and on page 81 of the 1975-76 issue of that document.

Main Provisions

The eleven Schedules to the Principal Act set out the amount of Commonwealth grants to be spent in each of the ten roadworks categories and the State quotas for the three years 1977-78 to 1979-80. These Schedules are to be repealed and replaced with eleven new Schedules setting out the increased Commonwealth grants in each category and the increased State quotas (clause 3).