COMMONWEALTH GRANTS COMMISSION AMENDMENT BILL 1978

Date Introduced: 4 May 1978
House: House of Representatives
Presented by: John Howard, M.P., Treasurer

Short Digest of Bill

Purpose

To amend the Commonwealth Grants Commission Act 1973 in respect of two separate matters:

(i) to reconstitute the Commission for the purpose of enabling it to inquire into and report on the distribution between the States of their tax sharing entitlements under the States (Personal Income Tax Sharing) Act 1976; and

(ii) to give the Northern Territory the right to apply for a grant of special assistance from the Commonwealth on a similar basis to that of a claimant State.

Background and Main Provisions

(i) Reconstitution of the Grants Commission for the Purpose of State Relativity Reviews

A specially constituted Division of the Commission is to be established to periodically inquire into and report on whether a change is desirable in the per capita relativities between States in their personal income tax sharing entitlements. Total entitlements will be, from 1978-79, 39.87% of the preceding year's net personal income tax collections by the Commonwealth. The initial relativities are the same as for the financial assistance grants in 1975-76. The States (Personal Income Tax Sharing) Amendment Bill 1978, introduced concurrently with this Bill, includes provisions under which the responsibility for conducting such reviews may be referred to the Commonwealth Grants Commission. (For further background see the Digest for the States (Personal Income Tax Sharing) Amendment Bill 1978).

The new Division will comprise the Chairman and two other members of the Commission and three part-time associate members of whom one will be appointed on the nomination of the Premier of New South Wales and the Premier of Victoria and two on the nomination of
the Premiers of the four other States (clause 11). Any report of the Commission will be tabled in Parliament before any legislative action is taken on them (clause 15).

(ii) Northern Territory - Right to Apply for Special Grants

At present, the four less populous States are free to apply for a grant on the recommendation of the Grants Commission in addition to their share of personal income tax sharing entitlements. When an application is made by a State, the Commission is required to inquire into and report on whether special assistance is necessary "for the purpose of making it possible for the State, by reasonable effort, to function at a standard not appreciably below the standards of other States".

As noted in the Treasurer's Second Reading Speech on this Bill, the progressive implementation of self-government for the Northern Territory is expected to begin on 1 July 1978 and should be completed by 1 July 1979 or 1 July 1980 at the latest. After the completion of the self-government program, the Territory will be eligible to receive special assistance in respect of the functions for which Northern Territory Ministers will have executive authority.

Details of the program under which the Northern Territory is to be granted self-government were outlined in a Press Release of 17 July 1977 by the Minister for the Northern Territory, Mr. Adermann.

Any inquiry into an application by the Northern Territory will be made in accordance with the same principles and provisions as presently apply with regard to the four less populous States (clauses 5, 9 and 15).

The provisions of this Bill do not affect the functions or operations of the Grants Commission for the purpose of its existing responsibilities, i.e. for inquiring into applications for special grants by claimant States and for reviewing the proportional distribution between the States of the 1.52 percent share of net personal income tax collections to which local governments are entitled.