Date Introduced: 15 November 1978
House: House of Representatives

Purpose

To authorise payment to Queensland of a special grant of $21.7 million in 1978-79 and an interim grant of up to $10,850,000 in 1979-80.

Background

Special grants are untied payments from the Commonwealth to certain States, made on the recommendation of the Grants Commission, supplementing other general purpose payments. Any of the four less populous States can apply for a special grant but Queensland has been the only applicant State in recent years. However, Tasmania, which had withdrawn from claimancy in 1974-75, applied on 30 June 1978 for a special grant in respect of 1977-78 and the matter has been referred to the Commission.

The purpose of special grants is to enable a claimant State to function at a standard not appreciably below that of other States without having to levy taxation and other charges of greater severity than the other States. The claimant State's revenue is supplemented because of a lower capacity to raise taxes and other revenue, or a need to incur higher costs in order to provide comparable governmental services. To assess the amount of the grant, the Grants Commission compares the revenue raising capacity and expenditure needs of the claimant State (in this case Queensland) with those of N.S.W. and Victoria, using the average of the situation in N.S.W. and Victoria as a standard.

The special grant made to a State in respect of any one year is actually paid in two parts: the first part, the advance payment, is paid to the State during that year and is a preliminary estimate of the State's financial need for the year; the second part, the completion payment, is paid to the State two years later when the Commission has compared in detail the finances of the claimant and standard States for that year. (The completion payment may be either positive or negative). The payment to Queensland in 1978-79 of $21.7 million for which this Bill provides, for example,
consists of an advance payment for 1978-79 of $16.0 million and a completion payment in respect of 1976-77 of $5.7 million. Details and explanations of these amounts as recommended by the Grants Commission are contained in its forty-fifth Report 1978 which was tabled in the Parliament on 7 November 1978.

Main Provisions

Sub-clause 3(1) provides for the payment of $21.7 million to Queensland during 1978-79.

Sub-clause 3(2) ensures that the payment of $21.7 million referred to above will be reduced by any interim amount already paid in 1978-79 under section 4 of the Queensland Grant (Special Assistance) Act 1977. Section 4 of the 1977 Act authorised the payment of up to $12.4 million to Queensland pending the enactment of this Bill.

Section 4 of this Bill similarly authorises advances not exceeding $10.85 million (i.e. half of the 1978-79 special grant) to Queensland in the first six months of 1979-80 pending passage of similar legislation in that year.

Clause 5 provides for appropriations under this Bill to be made out of the Consolidated Revenue Fund.

Finance, Industries, Trade & Development Group

16 November 1978

LEGISLATIVE RESEARCH SERVICE