



PRIME MINISTER

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CYCLONE ALTHEA - COMMONWEALTH FINANCIAL ASSISTANCE

Statement by the Prime Minister, Mr. William McMahon, CH, MP.

Cyclone Althea struck the Townsville region on 24 December last. I informed the then acting Premier of Queensland on Christmas Day that the Commonwealth Government was ready to join with the State in providing finance for the relief of personal hardship and distress and informed him that the co-operation of Commonwealth facilities was being made available.

The Army and R.A.A.F. rendered sterling service, as did other Commonwealth authorities.

While relief and restoration measures other than the relief of personal hardship and distress resulting from natural disasters are regarded as a State responsibility, the Commonwealth nevertheless recognises that the States have limited financial resources to draw upon in an emergency and is prepared to assist in financing measures other than the relief of personal hardship and distress where the States are involved in substantial expenditure of an abnormal nature.

Furthermore, when a State incurs expenditure on such additional agreed measures in excess of an initial base amount in a financial year, the Commonwealth is prepared to meet in full the remaining expenditure which would have been incurred by the State on eligible relief and restoration measures. As Queensland had in 1971-72 already incurred expenditure before Cyclone Althea struck amounting to \$2 million - the "base" amount for that State - the Commonwealth has agreed to provide the following financial assistance to the State, in addition to sharing on a dollar-for-dollar basis expenditure for the immediate relief of personal hardship and distress:

- (1) State Government eligible expenditure in 1971/72 on the restoration of Government assets will be fully reimbursed by the Commonwealth in keeping with its undertaking to meet all eligible natural disaster expenditure this year in excess of \$2 million.

- (2) The Queensland Government normally requires semi-Government and local authorities to meet one third of restoration costs in situations such as this. In view of the large amounts involved with this cyclone, the Commonwealth has agreed with a request by the State that such authorities be required to bear one-third of the cost of restoration of their assets up to a maximum of \$100,000 in any one financial year. In addition, special consideration will be given where a figure approaching \$100,000 would be unduly onerous for a smaller authority to bear. The Commonwealth will accordingly meet these excess costs.
- (3) The State's scheme of grants to necessitous persons for repairing and rebuilding private dwellings damaged by the cyclone would normally fall within the category of relief of "personal hardship and distress" which is shared on a dollar-for-dollar basis with the State concerned. In view of the exceptional circumstances of the disaster and the widespread damage to private property, particularly that of pensioners, I have informed the Premier that the State's share of the cost of this scheme may be included with its expenditure on the restoration of Government assets, for the purpose of assessing the amount of State natural disaster expenditure reimbursable by the Commonwealth in 1971-72.

On the basis of preliminary estimates, the cost to the Commonwealth of financial assistance to the Queensland Government in respect of damage caused by Cyclone Althea will be between \$5½ and \$6 million this financial year. To the extent that some of the repairs may not be completed before 30 June 1972, the carry-over costs would be a charge against the State's base expenditure for 1972-73 and Commonwealth expenditure in 1971-72 would be that much the less.

CANBERRA,

16 February, 1972.