

1987-88-89

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 5 October 1989

(Minister Assisting the Treasurer)

A BILL

FOR

An Act to provide for grants to the States and the Northern Territory

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

PART 1—PRELIMINARY

Short title

5 1. This Act may be cited as the *States Grants (General Purposes) Act 1989*.

Commencement

2. (1) Subject to subsection (2), this Act commences on the day on which it receives the Royal Assent.

10 (2) Section 19 commences on 31 December 1989.

Interpretation

3. (1) In this Act, unless the contrary intention appears:

“**adjusted population**”, in relation to a State, means the estimated population of the State on 31 December 1989 multiplied by the population factor for the State;

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“**adjusted extra State revenue**”, in relation to a State, means the extra State revenue in relation to that State adjusted by the Treasurer by determination as follows:

(a) by determining the amount (in this definition called the “**later amount**”) that is equal to 90% of the payroll tax estimated to have been received by the State in the financial year that commenced on 1 July 1988 because of the amendments made by the *Commonwealth Authorities Legislation (Pay-roll Tax) Amendment Act 1988*; and

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(b) by doing either of the following, as the case requires:

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(i) if the amount of the extra payroll tax revenue determined under the *States Grants (General Revenue) Act 1988* is greater than the later amount—by deducting the amount of the difference from the extra State revenue;

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(ii) if the amount of the extra payroll tax revenue determined under the *States Grants (General Revenue) Act 1988* is less than the later amount—by adding the amount of the difference to the extra State revenue;

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“**adjusted total population**” means the sum of the adjusted populations of all of the States;

“**base assistance amount**” means \$12,766,981,591 or such other amount as is determined by the Treasurer, being an amount that represents an adjustment of \$12,766,981,591 so as to take into account:

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(a) the receipt from an authority of the Commonwealth by a State after 1 September 1989 of payroll tax where the liability to pay that tax arose before the grant year; or

(b) the refund to an authority of the Commonwealth by a State after that date of an amount paid as payroll tax before the grant year;

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“**calculation quarter**” means the June 1989 quarter, the September 1989 quarter, the December 1989 quarter or the March 1990 quarter;

“**Education Minister**” means the Minister for Employment, Education and Training;

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“estimated population” has the meaning given by section 4;

5 “extra State revenue”, in relation to a State, means the amount determined by the Treasurer to be equal to 90% of the taxes and charges considered by the Treasurer to be relevant for the purposes of this definition estimated to be received by that State in the grant year because of the removal, with effect on or after 1 April 1989, in relation to authorities of the Commonwealth, of exemptions in relation to the payment of such taxes and charges;

10 “grant year” means the financial year that commenced on 1 July 1989;

“Health Minister” means the Minister for Community Services and Health;

“higher education institution” has the same meaning as in the *Employment, Education and Training Act 1988*;

15 “hospital funding arrangements” means the arrangements set out in the agreements entered into with the States under section 23F of the *Health Insurance Act 1973*;

“hospital grant”, in relation to a State, means an amount worked out using the formula:

$$\text{TAP} - (\text{SDA} - \text{RCC})$$

20 where:

25 “TAP” [Total Amount Payable] means the amount determined by the Health Minister before 10 June 1990 to be the estimate of the total amount payable to the State, in relation to the grant year, under the hospital funding arrangements for that year;

30 “SDA” [Sum of Deductible Amounts] means the amount determined by that Minister before that date to be the estimate of such part of TAP as is the sum of the amounts payable to the State, in relation to the grant year, under the hospital funding arrangements for that year, for:

- (a) additional day surgery procedures; and
- (b) post-acute and palliative care services; and
- (c) development of cost-based information systems; and
- (d) purposes relating to Acquired Immune Deficiency Syndrome; and

35 “RCC” [Reduction in Certain Circumstances] means the amount determined by that Minister before that date to be the estimate of any reduction in the amount otherwise payable to the State, in relation to the grant year, under the hospital funding arrangements for that year, because of the existence of circumstances that under those arrangements require the reduction to be made;

40 “index estimate” means:

- (a) except where paragraph (b) applies, 786.5, being the sum of

the index numbers, in respect of the calculation quarters, estimated by the Department in May 1989; or

- (b) if the Statistician changes the reference base for the Consumer Price Index in relation to a calculation quarter, the number that the Treasurer determines would have been the sum of the index numbers, in respect of the calculation quarters, estimated by the Department in May 1989 if it had known the terms of the new reference base;

“index factor” means the factor ascertained by dividing the sum of the index numbers in respect of the calculation quarters by the index estimate;

“index number”, in relation to a quarter, means the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Statistician in respect of that quarter;

“population factor” means:

- (a) in relation to New South Wales—1.014; or
- (b) in relation to Victoria—1.000; or
- (c) in relation to Queensland—1.267; or
- (d) in relation to Western Australia—1.349; or
- (e) in relation to South Australia—1.439; or
- (f) in relation to Tasmania—1.589; or
- (g) in relation to the Northern Territory—5.200;

“State” includes the Northern Territory;

“Statistician” means the Australian Statistician;

“unfunded superannuation liabilities”, in relation to higher education institutions in a State, means unfunded superannuation liabilities under superannuation schemes conducted by the State.

(2) Subject to subsection (3), if at any time after the publication of an index number in respect of the March 1990 quarter the Statistician publishes an index number in respect of a quarter in substitution for an index number previously published by the Statistician in respect of the last-mentioned quarter, the publication of the later index number is to be disregarded for the purposes of this Act.

(3) If at any time the Statistician changes the reference base for the Consumer Price Index in relation to a calculation quarter, then, for the purposes of the application of this Act, regard is to be had only to index numbers published in terms of the new reference base.

Determination of population of a State

4 (1) Subject to subsection (2), a reference in this Act to the estimated population of a State on 31 December 1989 is a reference to the population of the State on that date as determined by the Statistician after that date and before 10 June 1990.

(2) The Statistician, in making a determination under this section of the estimated population of a State, must, where practicable, consult with the official Statistician of the State and must have regard to the latest statistics in relation to population available to the Statistician on the day on which the determination is made.

PART 2—GRANTS TO THE STATES AND THE NORTHERN TERRITORY

Division 1—General Revenue Grants

Financial assistance grants

5. Subject to this Act, each State is entitled to the payment by way of financial assistance, in relation to the grant year, of a financial assistance grant worked out using the formula:

$$\frac{ASP (ABA + THG)}{ATP} - (SHG + AESR)$$

where:

“ASP” [Adjusted State Population] means the adjusted population of that State;

“ATP” [Adjusted Total Population] means the adjusted total population;

“ABA” [Amount of Base Assistance] means the product of the base assistance amount and the index factor;

“THG” [Total Hospital Grants] means the sum of the hospital grants for all the States;

“SHG” [State Hospital Grant] means the hospital grant in relation to that State;

“AESR” [Adjusted Extra State Revenue] means the adjusted extra State revenue in relation to that State.

Special revenue assistance grant

6. Subject to this Act, the Northern Territory is entitled to the payment by way of financial assistance, in relation to the grant year, of a special revenue assistance grant of an amount equal to the product of \$45,000,000 and the index factor.

Reduction of general revenue grants to take account of certain advance payments

7. The sum of the amounts that would, but for this section, be payable under this Division in relation to the grant year to a State is to be reduced by an amount equal to the sum of any amounts paid to the State under section 11 of the *States Grants (General Revenue) Act 1988*.

Division 2—Capital Expenditure Grants**Grants to States in respect of capital expenditure**

8. Subject to this Act, each State specified in column 1 of the Schedule is entitled to the payment by way of financial assistance, in relation to the grant year, in connection with expenditure of a capital nature, of amounts not exceeding in the aggregate the amount specified in column 2 of the Schedule for the State.

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States not bound to apply payments towards capital expenditure

9. Nothing in this Act prevents a State from applying an amount paid to it under section 8 for the purpose of expenditure that is not of a capital nature.

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Reduction of capital expenditure grants to take account of certain advance payments

10. The sum of the amounts that would, but for this section, be payable under this Division in relation to the grant year to a State is to be reduced by an amount equal to the sum of any amounts paid to the State under section 5 of the *States (Works and Housing) Assistance Act 1988*.

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Division 3—Conditions on which grants made**State contribution to costs of higher education superannuation**

11. (1) Financial assistance to which a State is entitled under this Act in relation to the grant year is granted on the following conditions:

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(a) that the State will pay to the Commonwealth the amount (if any) determined by the Education Minister on or before 31 March 1990 as representing the State's share of the costs of any unfunded superannuation liabilities of higher education institutions in the State, being liabilities required to be discharged during the grant year;

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(b) that the Treasurer may, after 31 May 1990, deduct from payment due to the State under this Act any amount that is payable by the State to the Commonwealth under paragraph (a) and remains unpaid.

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(2) The amount to be determined under paragraph (1) (a) in relation to a State is the amount that equals the sum of:

(a) the amount worked out using the formula:

$$\text{ETP} \times \text{SRC}$$

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where:

“ETP” [Estimated Total Payments] means the estimated total of the payments required to be made during the grant year in discharge of unfunded superannuation liabilities of higher education institutions in the State attributable to service before 1 January 1974;

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“SRC” [State Recurrent Costs] means the fraction representing, as nearly as is practicable, the proportion of the recurrent costs of higher education in the State borne by the State in the period during which that service was being performed; and

(b) the amount by which the estimated total of the payments required to be made during the grant year in discharge of unfunded superannuation liabilities of higher education institutions in the State attributable to service on or after 1 January 1982 exceeds the sum of:

- (i) the amount that would be the estimated total of such payments if the benefits provided under superannuation schemes under which those liabilities arise were reduced to a level that could be financed by a long-term employer contribution at the rate of 14% of members’ salaries; and
- (ii) any amount that the Education Minister determines is appropriate having regard to relevant industrial awards relating to superannuation.

(3) An amount deducted under paragraph (1) (b) from payment due to a State is to be taken to have been paid by the State to the Commonwealth under paragraph (1) (a).

Payment under the Commonwealth State Land Exchange Agreement

12. (1) Financial assistance to which New South Wales is entitled under this Act in relation to the grant year is granted on the following further condition, namely, that the Treasurer may, after 31 May 1990, deduct from payment due to that State under this Act any amount, as determined by the Minister for Administrative Services, that as at that date represents the whole, or such part as remains unpaid by that State to the Commonwealth, of the amount that, as at 30 April 1989, stood to the credit of the Commonwealth under the pooling arrangement referred to in the agreement.

(2) An amount deducted under subsection (1) from payment due to New South Wales is to be taken to have been paid by that State to the Commonwealth in respect of the amount standing to the credit of the Commonwealth referred to in that subsection.

(3) In this section:

“agreement” means the agreement known as the Commonwealth State Land Exchange Agreement entered into between the Commonwealth and New South Wales in 1979.

PART 3—MISCELLANEOUS

Advance payments for grant year

13. The Treasurer may make advances to a State of portions of the amount or amounts to which it appears to the Treasurer the State will be entitled under this Act in relation to the grant year.

Advance payments for succeeding year

14. (1) The Treasurer may, during the period of 6 months commencing on 1 July 1990, make payments to a State of amounts not exceeding in the aggregate 50% of the sum of the amounts payable to the State under this Act in relation to the grant year.

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(2) In working out, for the purposes of subsection (1), the sum of the amounts payable to a State, the operation of sections 7 and 10 is to be disregarded.

Treasurer may fix amounts, and times of payments, of financial assistance

15. Financial assistance payable to a State under this Act is to be paid in such amounts, and at such times, as the Treasurer determines in writing.

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Appropriation

16. Payments under this Act are to be made out of the Consolidated Revenue Fund, which is appropriated accordingly.

Delegation by Treasurer

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17. (1) The Treasurer may, by writing signed by him or her, delegate to a person holding, or performing the duties of, an office in the Department all or any of the Treasurer's powers under sections 13, 14 and 15.

(2) A delegate is, in the exercise of a power so delegated, subject to the Treasurer's directions.

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Determinations

18. A determination made under this Act by:

- (a) the Treasurer; or
- (b) the Education Minister; or
- (c) the Health Minister; or
- (d) the Minister for Administrative Services; or
- (e) the Statistician;

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is, for the purposes of this Act, conclusively presumed to be correct.

Repeal

19. The *States Grants (General Revenue) Act 1988* is repealed.

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SCHEDULE

Section 8

AMOUNTS OF CAPITAL GRANTS

Column 1	Column 2
State	Maximum amount of grant under section 8
	\$
New South Wales	86,335,500
Victoria	71,477,000
Queensland	18,724,500
Western Australia	22,877,000
South Australia	39,584,500
Tasmania	27,657,500
Northern Territory	43,848,000
Total	310,504,000



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