

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time

(Treasury)

STATES GRANTS (GENERAL PURPOSES) BILL 1993

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A BILL

FOR

An Act to provide for grants to the States, the Northern Territory and the Australian Capital Territory

The Parliament of Australia enacts:

PART 1—PRELIMINARY

Short title

5 **1.** This Act may be cited as the *States Grants (General Purposes) Act 1993*.

Commencement

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

(2) Section 27 commences on 31 December 1993.

10 **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 1993 multiplied by the population factor for the State;

15 “**base assistance amount**” means \$13,926,118,043;

 “**calculation quarter**” means a period of 3 months ending on 30 June 1993, 30 September 1993, 31 December 1993, or 31 March 1994;

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

“**estimated population**” has the meaning given by section 5;

“**grant year**” means the financial year that commenced on 1 July 1993;

“**Health Minister**” means the Minister for Health; 5

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

“**hospital funding arrangements**” means the arrangements set out in the agreements entered into with the States under section 24 of the *Health Insurance Act 1973*; 10

“**hospital grant**” has the meaning given by section 4;

“**index estimate**” means:

(a) except where paragraph (b) applies—443.8, being the sum of the index numbers, in respect of the calculation quarters, estimated by the Department in July 1993; or 15

(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 July 1993 if it had known the terms of the new reference base; 20

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

“**index number**”, in relation to a calculation 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; 25

“**population factor**” means:

(a) in relation to New South Wales—0.854; or

(b) in relation to Victoria—0.835; or

(c) in relation to Queensland—1.093; or

(d) in relation to Western Australia—1.117; or 30

(e) in relation to South Australia—1.221; or

(f) in relation to Tasmania—1.480; or

(g) in relation to the Australian Capital Territory—0.865; or

(h) in relation to the Northern Territory—4.784;

“**State**” includes the Northern Territory and the Australian Capital Territory; 35

“**Statistician**” means the Australian Statistician;

“**unfunded superannuation liabilities**”, in relation to higher education institutions in a State, means unfunded superannuation liabilities in relation to higher education under superannuation schemes conducted by the State. 40

(2) Subject to subsection (3), if, at any time after the publication of an index number in respect of the calculation quarter ending on 31 March 1994, the Statistician publishes an index number in respect of a calculation 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.

Hospital grant

4. In this Act, a reference to a hospital grant for a State is a reference to an amount worked out using the formula:

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

where:

“TAP” [Total Amount Payable] means the amount determined by the Health Minister before 10 June 1994 to be the estimate of the total amount payable to the State, during the grant year, under the hospital funding arrangements for that year;

“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, during the grant year, under the hospital funding arrangements for that year that relate to:

(a) bonus grants payments made in accordance with Schedule D of the 1993-1998 Medicare Agreements; and

(b) the Incentives Package for:

(i) Area Health Management; and

(ii) Hospital Access Program; and

(iii) Devolution of Clinical Budgets; and

(iv) Strategic Capital Planning of hospital infrastructure; and

(c) mental health reforms; and

(d) nominated health services, including:

(i) the treatment of AIDS patients; and

(ii) day surgery; and

(iii) post-acute and palliative care;

“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, during 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.

Determination of population of a State

5. (1) Subject to subsection (2), a reference in this Act to the estimated population of a State on 31 December 1993 is a reference to the population of the State on that date as determined by the Statistician after that date and before 10 June 1994. 5

(2) The Statistician, in making a determination under this section of the estimated population of a State, must:

- (a) if practicable, consult with the official Statistician of the State; and
- (b) have regard to the latest statistics in relation to population available to the Statistician on the day on which the determination is made. 10

PART 2—GRANTS TO THE STATES

Division 1—General Revenue Grants

Financial assistance grants

6. (1) 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: 15

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

where:

“ASP” [Adjusted State Population] means the adjusted population of that State; 20

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

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

“ATP” [Adjusted Total Population] means the sum of the adjusted populations of all of the States; 25

“SHG” [State Hospital Grant] means the hospital grant for that State.

(2) The amount that would be payable to a State under this section in relation to the grant year is to be reduced by an amount determined by the Education Minister before 10 June 1994 to reflect the transfer of financial responsibility for basic nurse education to the Commonwealth. 30

Identified arterial road grants

7. Subject to this Act, each State is to be paid, by way of financial assistance, in relation to the grant year, amounts totalling the amount for the State shown in the following table: 35

AMOUNTS OF ARTERIAL ROAD GRANTS

State	Amount
New South Wales	51,800,000
Victoria	51,600,000
Queensland	31,500,000
Western Australia	21,700,000
South Australia	11,400,000
Tasmania	4,400,000
Australian Capital Territory	700,000
Northern Territory	1,900,000
TOTAL	175,000,000

States not bound to apply payments towards expenditure on roads

8. A State may apply an amount paid to it under section 7 for a purpose that is not connected with roads.

5 Special revenue assistance grant—Australian Capital Territory

9. Subject to this Act, the Australian Capital 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 worked out by multiplying \$20,000,000 by the index factor.

10 Special revenue assistance grant—Northern Territory

10. 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 worked out by multiplying \$30,000,000 by the index factor.

15 Special revenue assistance grant relating to additional Medicare agreement guarantees—New South Wales

11. Subject to this Act, New South Wales 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 worked out by multiplying \$135,762,074 by the index factor.

Special revenue assistance grant relating to additional Medicare agreement guarantees—Victoria

12. Subject to this Act, Victoria 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 worked out by multiplying \$190,297,095 by the index factor. 5

Reduction of general revenue grants to States (other than the Australian Capital Territory) to take account of certain advance payments

13.(1) The total amount that would be payable to a State under this Division in relation to the grant year is to be reduced by an amount worked out using the following formula: 10

1992-93 advances — 1992-93 capital advances

where:

“1992-93 advances” is the total amount be paid to the State under section 17 of the *States Grants (General Purposes) Act 1992*; 15

“1993-94 capital advances” is the total of the amounts determined by the Treasurer under section 17 of this Act to have been paid in connection with expenditure of a capital nature.

(2) This section does not apply to the Australian Capital Territory. 20

Reduction of general revenue grants to the Australian Capital Territory to take account of certain advance payments

14. The total amount that would, apart from this section, be payable to the Australian Capital Territory under this Division in relation to the grant year is to be reduced by the amount equal to the total amount paid to the Australian Capital Territory as a general revenue grant out of either or both of the following: 25

(a) the money appropriated by the *Supply Act (No. 2) 1993-94* specified in Division 977 in Schedule 2 to that Act;

(b) the money appropriated by the *Appropriation Act (No. 2) 1993-94* specified in Division 977-03 in Schedule 4 to that Act. 30

Division 2—Capital Expenditure Grants

Grants to States in respect of capital expenditure

15. Subject to this Act, each State is entitled to be paid, by way of financial assistance, in relation to the grant year, in connection with expenditure of a capital nature, amounts totalling the amount for the State shown in the following table: 35

AMOUNTS OF CAPITAL GRANTS

State	Amount
New South Wales	79,756,000
Victoria	68,263,000
Queensland	16,095,000
Western Australia	22,425,000
South Australia	38,963,000
Tasmania	27,468,000
Australian Capital Territory	33,521,000
Northern Territory	43,816,000
TOTAL	330,307,000

States not bound to apply payments towards capital expenditure

16. A State may apply an amount paid to it under section 15 for the purpose of expenditure that is not of a capital nature.

5 **Reduction of capital expenditure grants to States (other than the Australian Capital Territory) to take account of certain advance payments**

10 17.(1) The total amount that would be payable to a State under this Division in relation to the grant year is to be reduced by an amount equal to so much of the total amount paid to the State under section 17 of the *States Grants (General Purposes) Act 1992* as the Treasurer determines in writing is the total amount paid in connection with expenditure of a capital nature.

(2) This section does not apply to the Australian Capital Territory.

15 **Reduction of capital expenditure grants to the Australian Capital Territory to take account of certain advance payments**

20 18. The total amount that would, apart from this section, be payable to the Australian Capital Territory under this Division in relation to the grant year is to be reduced by the amount equal to the total amount paid to the Australian Capital Territory as a general purpose capital grant out of either or both of the following:

- (a) the money appropriated by the *Supply Act (No. 2) 1993* specified in Division 977 in Schedule 2 to that Act;
- (b) the money appropriated by *Appropriation Act (No. 2) 1993-94* specified in Division 977-04 in Schedule 4 to that Act.

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

19.(1) Financial assistance to which a State is entitled under this Act in relation to the grant year is granted on the condition that the State will pay to the Commonwealth the amount (if any) determined by the Education Minister on or before 31 March 1994 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. 5

(2) The Treasurer may, after 31 May 1994, deduct from a payment due to the State under this Act any amount that is payable by the State to the Commonwealth under subsection (1) and remains unpaid. 10

(3) The amount to be determined under subsection (1) in relation to a State is the amount worked out using the formula:

$$(\text{ETP} \times \text{SRC}) + (\text{UHESL} - [\text{ET} + \text{AA}]) \quad 15$$

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; 20

“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;

“UHESL” [Unfunded Higher Education Superannuation Liabilities] 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 on or after 1 January 1982; 25

“ET” [Estimated Total] means 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; 30

“AA” [Additional Amount] means any amount that the Education Minister determines is appropriate having regard to relevant industrial awards relating to superannuation. 35

(4) An amount deducted under subsection (2) from a payment due to a State is taken to have been paid by the State to the Commonwealth under subsection (1).

Higher education funding condition

5 20.(1) Financial assistance to which a State is entitled under this Act in relation to the grant year is granted on condition that the State will pay to the Commonwealth an amount equal to the total amount (if any) that has been paid by the Commonwealth to that State's higher education institutions under section 25A of the *Higher Education Funding Act 1988* during the grant year.

 (2) The Treasurer may, after 31 May 1994, deduct from a payment due to a State under this Act an amount that is payable by the State to the Commonwealth under subsection (1) and remains unpaid.

10 (3) An amount deducted under subsection (2) from the payment due to a State is taken to have been paid by the State to the Commonwealth under subsection (1).

PART 3—MISCELLANEOUS

Advance payments for grant year

15 21. 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

20 22.(1) The Treasurer may, during the period of 6 months commencing on 1 July 1994, make payments to a State of amounts not exceeding in the aggregate 55% of the sum of the amounts payable to the State under this Act in relation to the grant year.

25 (2) In working out, for the purposes of subsection (1), the sum of the amounts payable to a State, the operation of sections 13, 14, 17 and 18 is to be disregarded.

 (3) The sum of the amounts paid under subsection (1) must not exceed 50% of all the amounts payable under this Act in relation to the grant year.

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

30 23. 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.

Appropriation

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

35 **Delegation by Treasurer**

 25.(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 17, 18, 19, 21, 22 and 23.

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

Determinations

26. A determination made under this Act by:

- (a) the Treasurer; or
- (b) the Education Minister; or
- (c) the Health Minister; or
- (d) the Statistician;

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

Repeal

27. The *States Grants (General Purposes) Act 1992* is repealed.

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