

1987-88

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 1 September 1988

(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:

Short title

5 **1.** This Act may be cited as the *States Grants (General Revenue) Act 1988*.

Commencement

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

(2) Section 16 commences on 31 December 1988.

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 1988 multiplied by the population factor for the State; 5

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

“borrowing” has the same meaning as in the *Commonwealth Borrowing Levy Collection Act 1987*;

“calculation quarter” means the June 1988 quarter, the September 1988 quarter, the December 1988 quarter or the March 1989 quarter; 10

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

“extra payroll tax revenue”, in relation to a State, means the amount determined by the Treasurer to be equal to 90% of the payroll tax estimated to be received by that State in the grant year because of the amendments made by the *Commonwealth Authorities Legislation (Pay-roll Tax) Amendment Act 1988*; 15

“grant year” means the financial year that commenced on 1 July 1988;

“Health Minister” means the Minister for Community Services and Health; 20

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

“hospital grant”, in relation to a State, means the difference between:

(a) the amount determined by the Health Minister before 10 June 1989 to be the estimate of the total amount payable to that State, in relation to the grant year, under the hospital funding arrangements for that year; and 25

(b) the amount determined by the Health Minister before that date to be the estimate of such part of the amount determined under paragraph (a) as is for purposes relating to Acquired Immune Deficiency Syndrome; 30

“index estimate” means:

(a) except where paragraph (b) applies, the sum of the index numbers, in respect of the calculation quarters, estimated by the Department in May 1988, being 724.5; or 35

(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 1988 if it had known the terms of the new reference base; 40

“index factor” means the factor ascertained by dividing the sum of the index numbers in respect of the calculation quarters by the index estimate; 45

“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;

5 “new borrowing” means an amount of a borrowing that is received in the grant year but does not include an amount of a borrowing for the purpose of refinancing debt outstanding on 30 June 1988;

“population factor” means:

(a) in relation to New South Wales—1.026;

(b) in relation to Victoria—1.000;

10 (c) in relation to Queensland—1.218;

(d) in relation to Western Australia—1.360;

(e) in relation to South Australia—1.381;

(f) in relation to Tasmania—1.528; or

(g) in relation to the Northern Territory—5.042;

15 “State” includes the Northern Territory;

“State instrumentality” includes:

(a) a semi-governmental or local authority of the State;

(b) a body corporate that is an instrumentality of the State; and

(c) a trust of which the State is a trustee or a beneficiary;

20 “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.

25 (2) Subject to subsection (3), if at any time 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 that quarter, the publication of the later index number shall be disregarded for the purposes of this Act.

30 (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 shall be had only to index numbers published in terms of the new reference base.

Determination of population of a State

35 4. (1) Subject to subsection (2), a reference in this Act to the estimated population of a State on 31 December 1988 is a reference to the population of the State on that date as determined by the Statistician after that date and before 10 June 1989.

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

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 calculated in accordance with the formula:

$$\frac{ASP (ABA + THG)}{ATP} - (SHG + EPT) \quad 5$$

where:

- ASP is the adjusted population of that State;
- ATP is the adjusted total population;
- ABA is the product of the base assistance, being \$12,387,516,792, and the index factor; 10
- THG is the sum of the hospital grants for all of the States;
- SHG is the hospital grant for that State;
- EPT is the extra payroll tax revenue of that State.

Special revenue assistance grants

6. Subject to this Act, a State specified in column 1 of the following Table 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 the base special assistance for that State, being the amount specified in column 2 of that Table opposite to that State, and the index factor. 15
20

TABLE

Column 1 State	Column 2 Base Special Assistance
	\$
Western Australia	2,753,881
South Australia	10,212,160
Tasmania	16,257,639
Northern Territory	57,453,848

State observance of global borrowing limit

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

- (a) that the State will not allow the sum of its new borrowings and the new borrowings of the State's instrumentalities to exceed the global borrowing limit for the State, being the amount specified in column 2 of the following Table opposite to the State; 25
- (b) that if, in the opinion of the Treasurer, the global borrowing limit for the State has been exceeded, the Treasurer may reduce payment due to the State under this Act by an amount equal to, or less than, the amount that the Treasurer determines to be the amount of the excess. 30

(2) Where the Treasurer and the Treasurer for a State agree that the amount specified in column 2 of the following Table opposite to that State should be varied, the Treasurer may declare that amount is so varied and the declaration shall have effect accordingly.

TABLE

Column 1 State	Column 2 Global Borrowing Limit
	\$
New South Wales	1,449,900,000
Victoria	1,487,400,000
Queensland	792,800,000
Western Australia	590,700,000
South Australia	258,300,000
Tasmania	171,000,000
Northern Territory	95,000,000

5 **State contribution to costs of higher education superannuation**

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

- 10 (a) that the State will pay to the Commonwealth the amount (if any) determined by the Education Minister on or before 31 March 1989 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;
- 15 (b) that the Treasurer may, after 31 May 1989, 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.

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

- 20 (a) the amount calculated in accordance with the formula:

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

where:

25 **ETP** is 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;

30 **SRC** is 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 5
- (ii) any amount that the Education Minister determines is appropriate having regard to relevant industrial awards relating to superannuation. 10

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

Reduction of grants to take account of certain advance payments

9. (1) The sum of the amounts that would, but for this section, be payable under this Act in relation to the grant year to a State (other than the Northern Territory) shall be reduced by an amount equal to the sum of any amounts paid to the State under section 12 of the *States Grants (General Revenue) Act 1985*. 15

(2) The sum of the amounts that would, but for this section, be payable under this Act in relation to the grant year to the Northern Territory shall be reduced by an amount equal to the sum of any amounts paid to the Northern Territory as a general revenue grant out of either or both of the following: 20

- (a) such of the money appropriated by the *Supply Act (No. 2) 1988-89* as is specified in Division 977 in Schedule 2 to that Act; 25
- (b) such of the money appropriated by the *Appropriation Act (No. 2) 1988-89* as is specified in Division 977 in Schedule 4 to that Act.

Advance payments for grant year

10. 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. 30

Advance payments for succeeding year

11. The Treasurer may, during the period of 6 months commencing on 1 July 1989, 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. 35

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

12. Financial assistance payable to a State under this Act shall be paid in such amounts, and at such times, as the Treasurer determines in writing. 40

Appropriation

13. Payments under this Act shall be made out of the Consolidated Revenue Fund, which is appropriated accordingly.

Delegation by Treasurer

5 14. (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 10, 11 and 12.

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

10 **Determinations**

15. A determination made under this Act by:

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

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

Repeal

16. The following Acts are repealed:

States Grants (General Revenue) Act 1985

20 *States Grants (General Revenue) Amendment Act 1987.*

