

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 11 October 1990

(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 1990*.

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 1990.

Interpretation

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

“**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: 5

(a) by determining the amount (in this definition called the “**later 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 the State in the financial year prior to 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

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

(i) if the amount of extra State revenue in relation to the State, determined under the *States Grants (General Purposes) Act 1989* is greater than the later amount—by deducting the amount of the difference from the extra State revenue determined under this Act; 15

(ii) if the amount of that extra State revenue is less than the later amount—by adding the amount of the difference to the extra State revenue determined under this Act; 20

“**adjusted population**”, in relation to a State, means the estimated population of the State on 31 December 1990 multiplied by the population factor for the State; 25

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

“**base assistance amount**” means \$13,294,395,290 or such other amount as is determined by the Treasurer, being an amount that represents an adjustment of \$13,294,395,290 so as to take into account the receipt from an authority of the Commonwealth by a State after 1 September 1990 of tax or a charge where the liability to pay that tax or charge arose before the grant year; 30

“**calculation quarter**” means the June 1990 quarter, the September 1990 quarter, the December 1990 quarter or the March 1991 quarter; 35

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

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

“**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 (including taxes and charges that operate retrospectively from a time occurring before 1 July 1990), 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 40

or after 1 April 1989, in relation to authorities of the Commonwealth, of exemptions in relation to the payment of such taxes and charges;

“grant year” means the financial year that commenced on 1 July 1990;

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

10 “higher education funding condition” means a condition that an Act imposes on the granting of financial assistance to a State in relation to the expenditure of an institution in the State, being a condition relating to action that has the effect, directly or indirectly, of preventing or hindering:

(a) the imposition, by the governing body of an institution, of fees for an organisation that represents the interests generally of students at the institution; or

(b) the collection of fees so imposed;

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:

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

where:

25 “TAP” [Total Amount Payable] means the amount determined by the Health Minister before 10 June 1991 to be the estimate of the total amount payable to the State, during 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, during 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

35 (d) purposes relating to Acquired Immune Deficiency Syndrome; and

40 “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;

“index estimate” means:

(a) except where paragraph (b) applies, 845.9, being the sum of the

index numbers, in respect of the calculation quarters, estimated by the Department in June 1990; 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 June 1990 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;

“institution”, except in section 11 of this Act, has the same meaning as in the *Higher Education Funding Act 1988* (other than Chapter 4 of that Act);

“population factor” means:

- (a) in relation to New South Wales—1.020; or
 (b) in relation to Victoria—1.000; or
 (c) in relation to Queensland—1.282; or
 (d) in relation to Western Australia—1.366; or
 (e) in relation to South Australia—1.457; or
 (f) in relation to Tasmania—1.623; or
 (g) in relation to the Northern Territory—5.303;

“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 1991 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 1990 is a reference to the population of the State on that date as determined by the Statistician after that date and before 10 June 1991.

(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:

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

where:

- 20 “ASP” [Adjusted State Population] means the adjusted population of that State;
- “ATP” [Adjusted Total Population] means the adjusted total population;
- 25 “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;
- 30 “AESR” [Adjusted Extra State Revenue] means the adjusted extra State revenue in relation to that State;
- 35 “DTRA” [Debits Tax Replacement Amount] means the amount determined by the Treasurer to be the amount that represents the State’s share of any revenue that the Commonwealth has forgone or will forgo as a result of amendments of the *Debits Tax Act 1982* enacted after 1 October 1990.

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 \$50,000,000 and the index factor.

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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 14 of the *States Grants (General Purposes) Act 1989*, not being amounts that the Treasurer has determined, under section 10 of this Act, to be amounts paid in connection with expenditure of a capital nature.

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Division 2—Capital Expenditure Grants

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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 14 of the *States Grants (General Purposes) Act 1989*, being amounts that the Treasurer determines in writing to be amounts paid in connection with expenditure of a capital nature.

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

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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:

- (a) that the State will pay to the Commonwealth the amount (if any) determined by the Education Minister on or before 31 March 1991 as representing the State's share of the costs of

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any unfunded superannuation liabilities of higher education institutions in the State, being liabilities required to be discharged during the grant year;

5 (b) that the Treasurer may, after 31 May 1991, 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:

10 (a) the amount worked out using the formula:

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

where:

15 “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; and

25 (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:

30 (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

35 (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 taken to have been paid by the State to the Commonwealth under paragraph (1) (a).

40 (4) In this section:

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

Breach of higher education funding conditions

12. (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 pay to the Commonwealth an amount equal to the sum of the amounts (if any) that have been paid by the Commonwealth to institutions in the State during the grant year as a result of the Education Minister determining, under another Act, that such amounts are payable because the State has failed to fulfil a higher education funding condition; 5
- (b) that the Treasurer may, after 31 May 1991, 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. 10

(2) An amount deducted under paragraph (1) (b) from payment due to a State is taken to have been paid by the State to the Commonwealth under paragraph (1) (a). 15

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. 20

Advance payments for succeeding year

14. (1) The Treasurer may, during the period of 6 months commencing on 1 July 1991, 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 7 and 10 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. 30

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. 35

Appropriation

16. Payments under this Act are to be made out of the Consolidated Revenue Fund, which is appropriated accordingly. 40

Delegation by Treasurer

5 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 10, 11, 13, 14 and 15.

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

Determinations

10 18. A determination made under this Act by:

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

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

15 **Repeal**

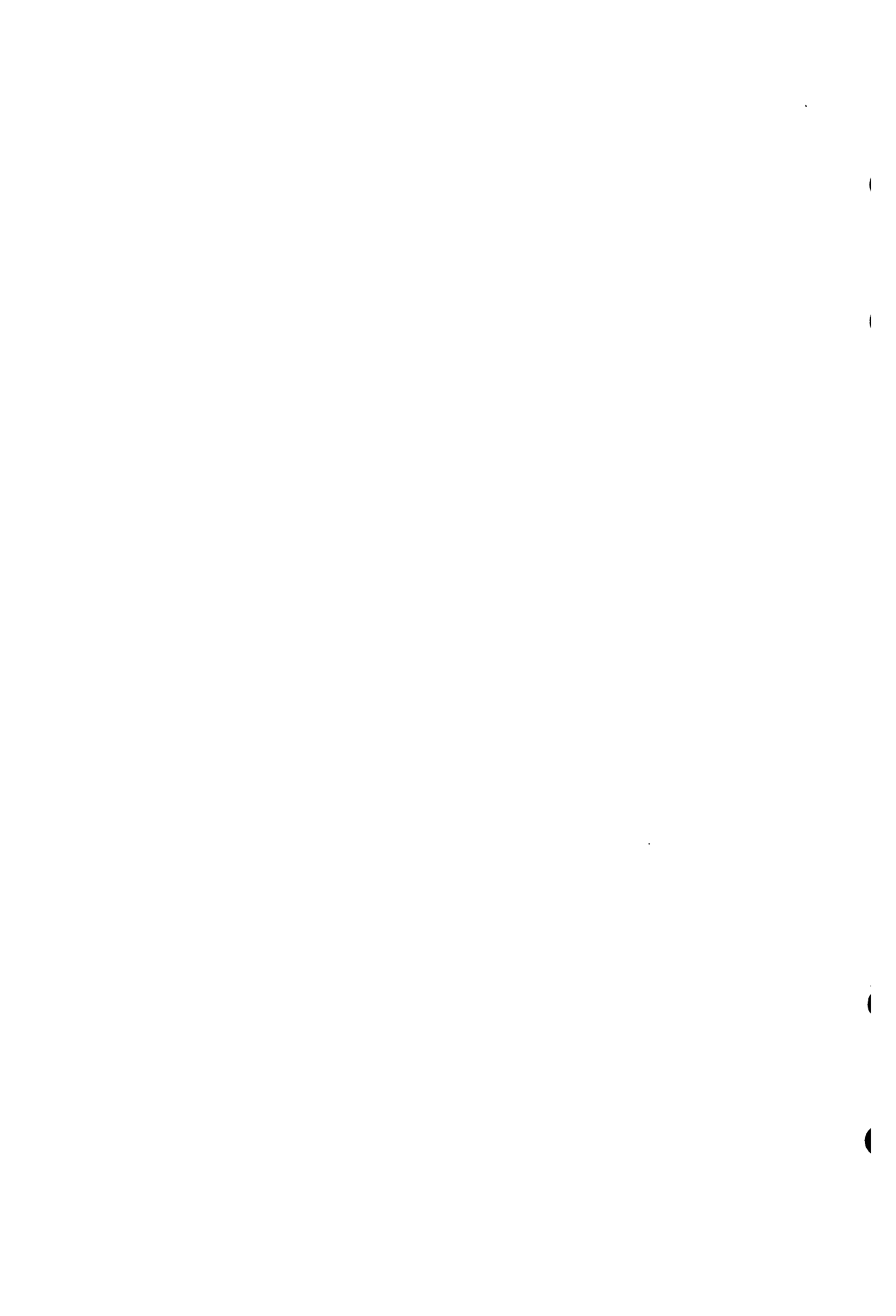
19. The *States Grants (General Purposes) Act 1989* is repealed.

SCHEDULE

Section 8

AMOUNTS OF CAPITAL GRANTS

Column 1	Column 2
State	Maximum amount of grant under section 8
	\$
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
Northern Territory	43,816,000
Total	296,786,000



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