

1993-94

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time

(Treasury)

STATES GRANTS (GENERAL PURPOSES) BILL 1994

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A BILL

FOR

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

The Parliament of Australia enacts:

PART 1—PRELIMINARY

Short title

- 5 1. This Act may be cited as the *States Grants (General Purposes) Act 1994*.

Commencement

2. This Act commences on the day on which it receives the Royal Assent.

Application of Act to 1994-95 grant year

3.(1) This Act has effect in relation to the grant year commencing on 1 July 1994 as if references in the Act to the applicable Schedule were references to Schedule 1.

(2) The provisions set out in Schedule 1 apply in relation to the grant year commencing on 1 July 1994. 5

Interpretation

4.(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 in the grant year (see subsection 8(1)) multiplied by the relativities factor for the State; 10

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

“**grant year**” has the meaning given by the applicable Schedule;

“**grant year calculation quarter**” means a period of 3 months ending on 30 June immediately before the commencement of the grant year or on 30 September, 31 December or 31 March in the grant year; 15

“**Health Minister**” means the Minister for Human Services and Health;

“**index factor**” for a grant year means the factor worked out under section 6; 20

“**index number**”, for a grant year calculation quarter or a previous year 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;

“**population factor**” for a grant year means the factor worked out under section 7; 25

“**previous year**” has the meaning given by the applicable Schedule;

“**previous year calculation quarter**” means a period of 3 months ending on 30 June immediately before the commencement of the previous year or on 30 September, 31 December or 31 March in the previous year; 30

“**relativities factor**” for a State is the factor set out in the applicable Schedule;

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

“**Statistician**” means the Australian Statistician. 35

(2) If, at any time after the publication of an index number for the grant year calculation quarter ending on 31 March in the grant year, the Statistician publishes an index number for a grant year calculation quarter or a previous year calculation quarter in substitution for an index number previously published by the Statistician for the last-mentioned quarter, the publication of the later index number is to be disregarded for the purposes of this Act. 40

Hospital grants

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

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

5 where:

“**TAP**” (total amount payable) means the amount determined by the Health Minister before 10 June in the grant year to be the estimate of the total amount payable to the State, during the grant year, under the hospital funding arrangements for that year;

10 “**SDA**” (sum of deductible amounts) means the amount determined by the Minister before 10 June in the grant year 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:

15 (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

20 (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

25 (iii) post-acute and palliative care;

30 “**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.

(2) In this section:

35 “**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*.

Index factor

6. The index factor for a grant year is the factor worked out using the formula:

$$\frac{\text{grant year index numbers}}{\text{previous year index numbers}}$$

where:

“grant year index numbers” means the sum of the index numbers for the grant year calculation quarters;

“previous year index numbers” means the sum of the index numbers for the previous year calculation quarters.

5

Population factor

7. The population factor for a grant year is the factor worked out using the formula:

$$\frac{\text{total estimated population (grant year)}}{\text{estimated total population (previous year)}}$$

where:

10

“total estimated population (grant year)” means the sum of the estimated populations of the States on 31 December in the grant year (see subsection 8(1));

“estimated total population (previous year)” means the estimated total population of the States on 31 December in the previous year (see subsection 8(2)).

15

Determination of population of a State

8.(1) A reference in this Act to the estimated population of a State on 31 December in the grant year is a reference to the population of the State on that date as determined by the Statistician after that date and before 10 June in the grant year.

20

(2) A reference in this Act to the estimated total population of the States on 31 December in the previous year is a reference to the total population of the States on that date as determined by the statistician after that date and before 10 June in the grant year.

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(3) In making a determination under this section, the Statistician must:

(a) if practicable, consult with the official Statistician of each State concerned; 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.

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PART 2—GRANTS TO THE STATES

Division 1—General revenue grants

Financial assistance grants

9. 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:

35

$$\frac{\text{ASP}[(\text{BAA} \times \text{IF} \times \text{PF}) + \text{THG}]}{\text{ATP}} - \text{SHG}$$

where:

“ASP” (adjusted State population) means the adjusted population of the State;

5 “BAA” (base assistance amount) means the base assistance amount set out in the applicable Schedule;

“IF” (index factor) means the index factor for the grant year;

“PF” (population factor) means the population factor for the grant year;

10 “THG” (total hospital grants) means the sum of the hospital grants for all the States (see section 5);

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

“SHG” (State hospital grant) means the hospital grant for the State (see section 5).

15 Arterial road grants

10.1 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 applicable Schedule.

20 (2) The applicable Schedule may provide for a State not to receive any amount under this section in relation to the grant year.

States not bound to apply payments towards expenditure on roads

11. A State may apply an amount paid to it under section 10 for a purpose that is not connected with roads.

Special revenue assistance grant

25 12.1 Subject to this Act, each State is to be paid, by way of financial assistance, in relation to the grant year, an amount worked out as set out in the applicable Schedule.

(2) The applicable Schedule may provide for a State not to receive any amount under this section in relation to the grant year.

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

13. The total amount that would be payable to a State under this Division in relation to the grant year is to be reduced by the total amount of advances in respect of the grant year paid under section 17.

Division 2—Conditions on which grants made**State contribution to costs of higher education superannuation**

14.(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 in the grant year 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 amount to be determined under subsection (1) in relation to a State is the amount worked out using the formula: 10

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

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; 15

“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 service before 1 January 1974 was being performed; 20

“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.

(3) The Treasurer may, at any time after 31 May in the grant year, deduct from a payment due to a State under this Act, in respect of the grant year or a later year, any amount that is payable by the State to the Commonwealth under subsection (1) and remains unpaid. 35

(4) An amount deducted under subsection (3) from a payment due to a State is taken to have been paid by the State to the Commonwealth under subsection (1). 40

(5) In this section:

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

5 “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.

Higher education funding condition

10 15.(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 sum of the amounts (if any) that have been paid by the Commonwealth under section 25A or 25B of the *Higher Education Funding Act 1988* during the grant year as a direct or indirect consequence of the actions of that State.

15 (2) The Treasurer may, at any time after 31 May in the grant year, deduct from a payment due to a State under this Act, in respect of the grant year or a later year, an amount that is payable by the State to the Commonwealth under subsection (1) and remains unpaid.

20 (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

25 16. 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

30 17.(1) The Treasurer may, during the period of 6 months commencing on 1 July immediately after the end of the grant year, make payments to a State of amounts not exceeding in total 55% of the sum of the amounts payable to the State under this Act in relation to the grant year.

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

(3) The operation of section 13 is to be disregarded:

35 (a) in working out, for the purposes of subsection (1), the sum of the amounts payable to a State in relation to the grant year; and

(b) in working out, for the purposes of subsection (2), the total amount payable under this Act in relation to the grant year.

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

18. 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

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

Delegation by Treasurer

20.(1) The Treasurer may, by signed writing, 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 14, 16, 17 and 18. 10

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

Determinations

21. A determination made under this Act by: 15

- (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. 20

Repeal of *States Grants (General Purposes) Act 1993*

22.(1) The *States Grants (General Purposes) Act 1993* is repealed.

(2) Subsection (1) takes effect on 31 December 1994.

SCHEDULE 1

Section 3

Grant year 1994-95**Interpretation**

1. In the Act and this Schedule, unless the contrary intention appears:
“base assistance amount” means \$13,634,329,736;
“grant year” means the financial year that commenced on 1 July 1994;
“previous year” means the financial year that commenced on 1 July 1993.

Relativities factors

2. The relativities factors for the States are as shown in the following table:

State	Relativities factor
New South Wales	0.8756
Victoria	0.8374
Queensland	1.0441
Western Australia	1.0839
South Australia	1.2186
Tasmania	1.5173
Australian Capital Territory	0.8968
Northern Territory	4.9863

SCHEDULE 1—continued**Arterial road grants**

3. The amounts of arterial road grants payable to the States under section 10 of the Act are as shown in the following table:

State	Amount of arterial road grant \$
New South Wales	103,600,000
Victoria	103,200,000
Queensland	63,000,000
Western Australia	43,400,000
South Australia	22,800,000
Tasmania	8,800,000
Australian Capital Territory	1,400,000
Northern Territory	3,800,000

Special revenue assistance grants

4. The amounts of special revenue assistance grants to the States payable under section 12 of the Act are to be worked out using the formula:

$$\text{base amount} \times \text{index factor} \times \text{population factor}$$

where:

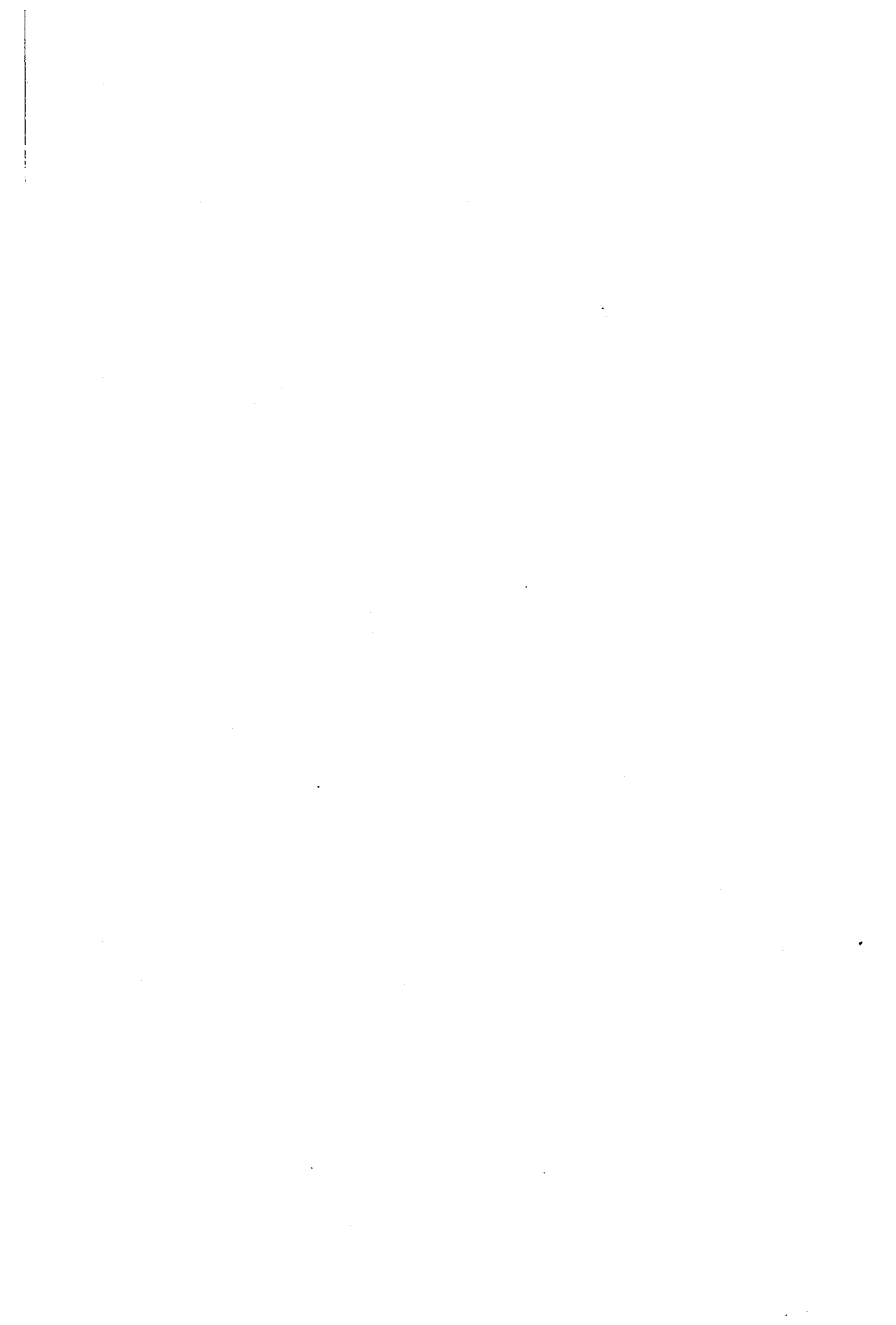
“base amount” is the base amount shown in the following table:

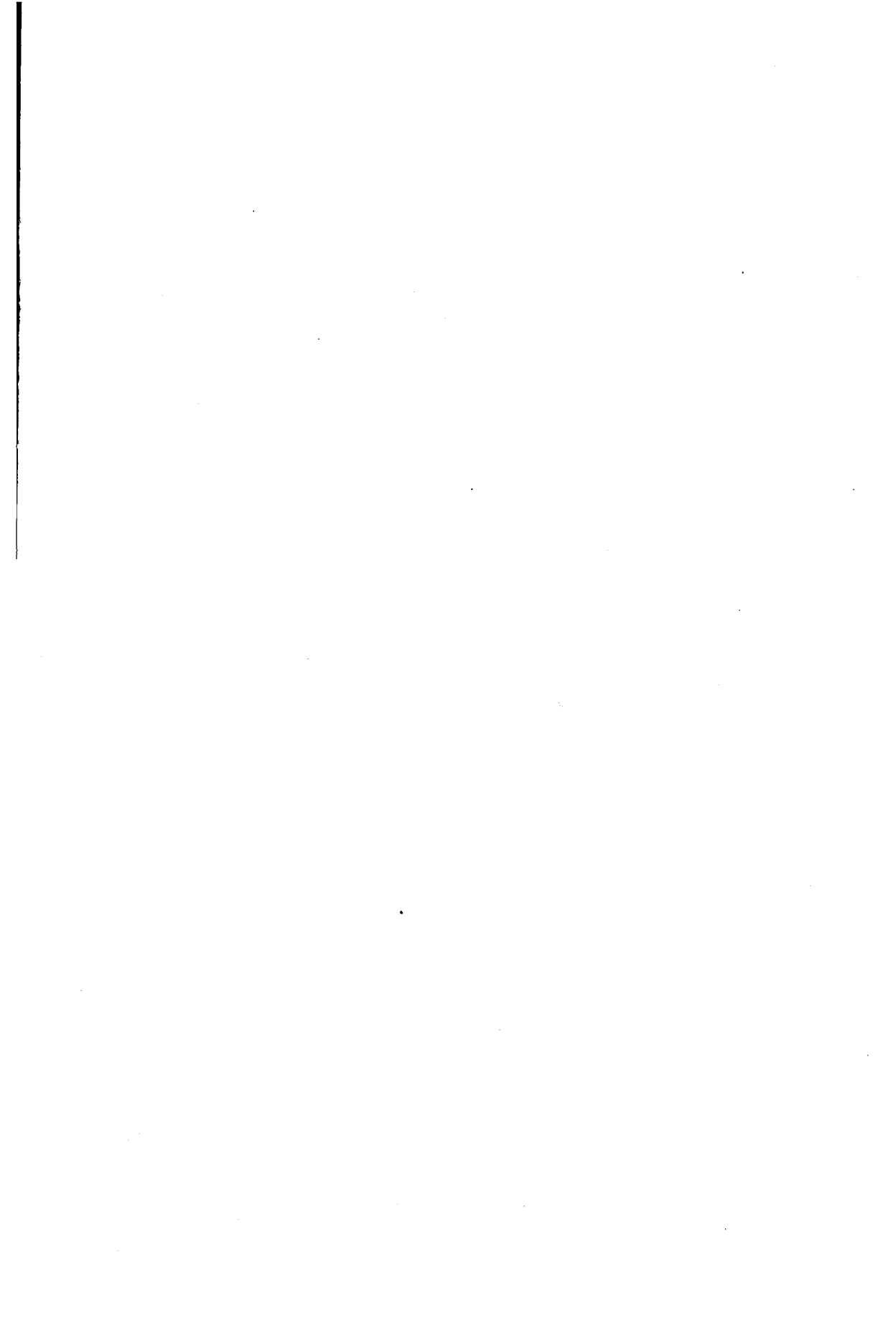
State	Base amount \$
New South Wales	158,638,731
Victoria	207,806,948
Queensland	38,707,300
Western Australia	14,515,237
South Australia	4,838,412
Tasmania	7,741,460
Australian Capital Territory	39,965,287
Northern Territory	28,062,792

SCHEDULE 1—continued

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

5. Section 13 of the Act applies in relation to the grant year as if “section 17” were omitted and “section 22 of the *States Grants (General Purposes) Act 1993*” were substituted.







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