

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

HOUSING ASSISTANCE AMENDMENT BILL 1987

EXPLANATORY MEMORANDUM

(CIRCULATED BY AUTHORITY OF THE
MINISTER FOR COMMUNITY SERVICES AND HEALTH
THE HON NEAL BLEWETT MP)

HOUSING ASSISTANCE AMENDMENT BILL 1987

OUTLINE

The purpose of this Bill is to authorise an appropriation for the provision of financial assistance for public housing for the years 1988/89 and 1989/90, and to authorise the Commonwealth Minister to reallocate specific housing assistance grants between States.

In 1984 the Government renegotiated arrangements relating to the provision of public housing in Australia and as a result the Housing Assistance Act 1984 was enacted. A new Commonwealth-State Housing Agreement (CSHA) was also entered into in that year, having been authorised by the Housing Assistance Act (the Act).

Clause 42 of the CSHA requires its operation to be evaluated triennially. Following the CSHA Triennial Evaluation undertaken during 1986, and the Housing Ministers' Conference held on 8 April 1987, the Commonwealth, State and Territory Ministers successfully negotiated a series of amendments to the Act and CSHA.

This Bill seeks to extend the existing funding arrangements by providing that a guaranteed annual base level grant funding of \$700 million be provided in 1988/89 and 1989/90. This same funding is guaranteed for 1987/88 but will be appropriated in Appropriation Act (No 2) 1987/88. From this amount of \$700 million, a guaranteed annual base of \$11 million is specified for the Local Government and Community Housing Program and \$14 million for the Crisis Accommodation Program components of the CSHA.

Section 11 of the Act authorises the Minister to reallocate specific housing assistance grants from one State to another.

Clause 4 of the Bill amends that section to allow the Commonwealth Minister responsible for administering the CSHA to redirect funds to other States, or for the funds to be retained by the Commonwealth, in the event of a State failing to comply with the provisions of the CSHA relating to specific purpose programs or the guidelines for those programs.

The guidelines would, for example, require States to have regard to Commonwealth priorities in determining the allocation of funding provided under specific purpose programs.

Financial Impact Statement

The appropriation provided for will represent a cost to the Commonwealth of \$700 million in each of the financial years, 1988/89 and 1989/90.

NOTES ON INDIVIDUAL CLAUSES

Clause 1 - Short Title

Formal.

Clause 2 - Commencement

Provides for commencement on the day the Act receives Royal Assent.

Clause 3 - Appropriation

Amends section 8 of the Principal Act to appropriate the Consolidated Revenue Fund for the purpose of providing financial assistance for housing to the States for the 1988/89 and 1989/90 years, covering, for each year

- . financial assistance of \$700 million, including
- . \$11 million for expenditure on local government and community housing, and
- . \$14 million for expenditure on crisis accommodation.

Clause 4 - Re-allocation of Specific Housing Assistance Grants

Amends section 11 of the Principal Act which provides for the reallocation, under certain circumstances, of specific housing assistance grants.

Proposed subsection 11(1A) provides that where the Minister is satisfied that a State has not complied with the agreement or guidelines in respect of specific purposes programs, then the Minister may reduce the allocation of such grants to that State. The Minister may then declare that the amount by which the grant to a particular State is reduced may be made available for allocation to other States.

There is no requirement that such funds are to be reallocated. They may be retained by the Commonwealth.

Proposed subsection 11(1B) authorises the distribution of any money that the Minister has declared to be available for reallocation.