

1992

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HOUSING ASSISTANCE AMENDMENT BILL 1992

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Health, Housing
and Community Services, the Honourable Brian Howe MP)

HOUSING ASSISTANCE AMENDMENT BILL 1992

OUTLINE

The purpose of the Bill is to amend the Housing Assistance Act 1989 under which the States, with financial assistance from the Commonwealth, deliver housing assistance for rental housing and home purchase in accordance with the terms of the 1989 Commonwealth/State Housing Agreement (CSHA). That Agreement is Schedule 1 to the Housing Assistance Act 1989.

It extends the period of guaranteed funding under the CSHA from 1 July 1993 to 30 June 1996 and appropriates total additional funding of \$3.2 billion as part of a package of measures negotiated with the States for reform of the CSHA.

Consistent with new cash management arrangements being introduced in 1992-93, the Bill also allows for funds that have been allocated to a State in respect of a grant year but not fully paid out in that year to be carried over between grant years.

FINANCIAL IMPACT

The Bill appropriates from the Consolidated Revenue Fund a total of \$1,076,972,000 in respect of 1992-93 including an additional \$75,000,000 in untied grants for employment generation in the housing industry and \$23,696,000 for a new Community Housing Program. Improved cash management arrangements in respect of grants to the States are estimated to yield savings of \$50,000,000 in 1992-93 against an existing appropriation of \$1,028,276,000.

It also appropriates \$1,080,890,000 including \$25,000,000 for employment generation in respect of 1993-94, and \$1,010,641,000 and \$1,017,863,000 in respect of 1994-95 and 1995-96 respectively. The additional amounts for employment generation in 1992-93 and 1993-94 have been offset by reductions of \$50,000,000 in the level of untied grants to be provided in each of 1994-95 and 1995-96.

The appropriations for 1992-93 to 1995-96 include additional amounts totalling some \$123,000,000 for expenditure under the CSHA on the Community Housing Program. This funding is offset by savings from termination of the Private Rental Subsidy Scheme.

HOUSING ASSISTANCE AMENDMENT BILL 1992**NOTES ON CLAUSES****1 - Short title**

This clause is a formal provision specifying the short title of the Act as the Housing Assistance Amendment Act 1992. It also identifies the Housing Assistance Act 1989 as the Principal Act referred to in the Bill.

Clause 2 - Commencement

This clause provides that the Act will commence on the day on which it receives Royal Assent.

Clause 3 - Interpretation

This clause corrects an error in section 3 of the Principal Act by substituting the word "Agreement" with "Assistance" in the definition of "1984 Act".

Clause 4 - Principal appropriation

Paragraph (a) of this clause makes a consequential amendment to subsection 7(3) of the Principal Act to delete provision for appropriation in respect of 1992-93.

Paragraph (b) of this clause inserts a new subsection 7(3A) to appropriate \$1,059,200,000, \$1,080,890,000, \$1,010,641,000 and \$1,017,863,000 from the Consolidated Revenue Fund for the purpose of making payments under the Principal Act in respect of 1992-93, 1993-94, 1994-95 and 1995-96 respectively.

Clause 5 - Commonwealth funds to be carried forward

This clause amends the Principal Act by inserting a new section 7A enabling, after consultation with the State Minister, Commonwealth funds authorised for payment to a State in respect of 1992-93, 1993-94, 1994-95 and 1995-96 but not fully paid to a State in such grant year to be carried over for payment to the State in the following grant year.

Clause 6 - Allocation among the States of untied grants after first grant year

This clause substitutes or inserts new provisions into section 13 of the Principal Act.

Replacement paragraph 13(1)(b) will enable the Australian Capital Territory, which is not otherwise to be treated as a State under section 13 before 1 July 1993, to participate in funding under new subsection 13(5A) in 1992-93.

New subsections 13(5A) and (5B) will enable the amounts of \$75,000,000 and \$25,000,000 brought forward for the purposes of employment generation in 1992-93 and 1993-94 respectively, to be allocated to such of the States as the Minister considers appropriate having regard to proposals for employment generation in the housing industry submitted by State Ministers.

New subsections 13(7A) and (7B) will ensure that the total amount of untied grants allocated to a State under section 13 for the period 1992-93 to 1995-96 is as near as practicable what it would have been had subsections (5A) and (5B) not operated.

Clause 7 - Grants to be matched by State

This clause amends section 15 of the Principal Act by inserting a new subsection 15(4).

Paragraph 15(4)(a) will have the effect that States will not be required to match the funds brought forward to 1992-93 and 1993-94 through allocation under new subsections 13(5A) and (5B) for the purpose of employment generation until 1994-95 and 1995-96 when they would otherwise have been paid.

Paragraph 15(4)(b) will have the effect that States are not required to match funds carried forward between years under new subsection 7A(1) until the year in which they are actually paid.