

1992

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

LOCAL GOVERNMENT (FINANCIAL ASSISTANCE)
AMENDMENT BILL 1992

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for
Local Government
the Honourable David Simmons MP)



LOCAL GOVERNMENT (FINANCIAL ASSISTANCE) AMENDMENT BILL 1992

OUTLINE

In October 1990, the Special Premiers' Conference decided that funds for local roads be untied and paid at the same level to Local Governments or to State Governments via general purpose grants.

2 Interim funding arrangements were provided for in the financial year 1991-92 to provide stability while the detailed arrangements were finalised for subsequent years. These interim arrangements were reflected in the Local Government (Financial Assistance) Amendment Act 1991.

3 Further funding arrangements have been finalised for the next three financial years ie commencing on July 1992. The mechanism for this arrangement is provided in the Local Government (Financial Assistance) Amendment Bill 1992.

FINANCIAL IMPACT STATEMENT

The proposed amendments will not involve any additional assistance for identified local roads funding. Local Government will receive some additional funding but this will be compensated for by a reduction in funding to the States.

NOTES ON INDIVIDUAL CLAUSES

Clause 1 Short Title

This clause provides that the Act may be cited as the Local Government (Financial Assistance) Amendment Act 1992 and that the term "Principal Act" is a reference to the Local Government (Financial Assistance) Act 1986.

Clause 2 Commencement

This clause provides that this Act is to commence on the day on which it receives Royal Assent.

Clause 3 Interpretation

This clause amends section 3 of the Principal Act to amend the definition of the "base figure" for the financial assistance grants in 1995-96 to absorb the roads money (as provided for in section 10A) and provide for a consequential amendment to the base figure for the "current year" to take into account the arrangements for the financial years 1992-93, 1993-94 and 1994-95.

The previous clauses were in place in the event that no decision was taken on the local road funding arrangements beyond the interim arrangements determined for 1991-92. The new subsections 10A(2A), (2B), and (2C) reflect the new arrangements.

Clause 4 Additional Untied Funding

This clause amends section 10A of the Principal Act to:

- . consolidate funding provided in 1991-92 for the next three financial years and provides for the movement in general purpose assistance to Local Government to be directly linked to the movement in general revenue assistance to the States and the Northern Territory;
- . provide, in relation to the Northern Territory and Tasmania, for incorporation of additional funding (and its subsequent adjustment) through the transfer of funding from the States Grants (General Purpose) Act 1990. In the case of Tasmania, the transfer is the result of a rationalisation of responsibilities between the State Government and Local Governments. In the case of the Northern Territory, it is designed to enable all local governing bodies who receive general purpose assistance, to also receive identified road funding.

The amount is to be gazetted because the base amount will not be available until after the Bill is enacted. However new subsection 10A(2C) specifies a maximum amount which may be gazetted. For the subsequent financial years (those from 1993-94), the funding level for the Northern Territory and Tasmania will be calculated under subsection 10A(2A).

- . consequential amendments are made to subsections (3) and (4).

Clause 5 Adjustment consequential on difference between estimated and final factor - section 10A payments

Section 10B provides for an adjustment of the amounts payable under section 10A to reflect the difference between the estimated factor and the final factor. The procedure is similar to the procedure in relation to the adjustment of section 7 payments (see section 8).

This clause amends section 10B as a consequence of the amendments made to section 10A to provide that the adjustments are applicable to not only the 1991-92 financial year but the financial years 1992-93, 1993-94 and 1994-95.

Clause 6 Allocation amongst local governing bodies - section 10A payments

This clause amends section 10C of the Principal Act to provide that the allocation of payments under subsections 10A(2A) or (2B) is in accordance with any relevant principles approved or determined by the Minister. The principles are those which relate to expenditure on roads by local governing bodies.