

1982-83

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

STATES (WORKS AND HOUSING) ASSISTANCE BILL 1982

EXPLANATORY MEMORANDUM

(Circulated by Authority of the Treasurer, the Hon John Howard, MP)

## STATES (WORKS AND HOUSING) ASSISTANCE BILL 1982

## GENERAL OUTLINE AND MAIN PURPOSE OF BILL

The main purpose of the Bill is to obtain the approval of Parliament for the payment in 1982-83 of:-

- interest-free capital grants to the States of \$457,667,000 as part of the 1982-83 States' Loan Council programs; and
- amounts States may nominate from their 1982-83 Loan Council programs (and the Northern Territory from its equivalent general purpose capital advances) as being for the purposes of welfare housing and payable under the concessional loan terms and conditions of the Commonwealth-State Housing Agreement

in accordance with arrangements approved at the June 1982 Loan Council meeting.

The grants for State works are being made in accordance with arrangements originally agreed at the June 1970 Premiers' Conference as part of revenue assistance arrangements under which the Commonwealth Government provides a portion of the States' Loan Council programs as capital grants in lieu of loan raisings.

The purpose of the grants is to relieve the States of debt charges they would otherwise have to pay and thus free funds for other purposes.

Grants amounting to \$457,667,000, equal to one-third of the approved Loan Council program for the States in 1982-83, were agreed to at the June 1982 Loan Council meeting. The Bill also authorises the payment of capital grants in the first six months of 1983-84 pending passage of similar legislation in that year.

The amount of the grants is included in the borrowing program approved by the Loan Council for the Commonwealth Government and the Bill provides the necessary borrowing and appropriating authority.

The concessional loans for welfare housing, based on amounts to be nominated by the States and the Northern Territory, are part of several measures in this area agreed at the June 1982 Loan Council meeting. Other Commonwealth funds for welfare housing, including a grant to the States of \$65 million designated for this purpose out of the 1982-83 States' Loan Council program (and \$5,711,000 to the Northern Territory out of its general purpose capital advances), are being appropriated under the Housing Assistance Act 1981 and the Appropriation Bill (No 2) 1982-83.

Since the States and the Northern Territory have not yet nominated additional amounts for welfare housing out of their Loan Council programs, this Bill seeks general legislative authority to make the payments at the appropriate time without at this stage specifying figures. Overall funds to be provided to the States in 1982-83 have already been determined. This Bill merely provides for certain of these funds to be provided under the concessional terms and conditions of the

Commonwealth-State Housing Agreement when and if the States and the Northern Territory so desire.

#### NOTES ON CLAUSES

##### CLAUSE 1 - SHORT TITLE

Self-explanatory.

##### CLAUSE 2 - COMMENCEMENT

The legislation is to come into operation on the date on which it receives the Royal Assent.

It should be noted that, pending passage of this legislation, monthly payments of the grants are being made in the first half of 1982-83 under the authority of section 4 of the States Grants (Capital Assistance) Act 1981, the counterpart in that legislation to clause 4 in this Bill.

##### CLAUSE 3 - GRANTS TO STATES DURING YEAR 1982-83

Sub-clause (1), in conjunction with the second column of the Schedule to the Bill, sets out the amount payable to each State during 1982-83 as its share of the total grants of \$457,667,000 in that year. The grants are expressed as being "in connection with expenditure of a capital nature" but the States are free to apply them as they decide themselves.

The capital grants are distributed between the States in the same proportion as the total State Loan Council programs approved at the June 1982 Loan Council meeting.

Sub-clause (1) also provides that any amounts paid in 1982-83 under authority of section 4 of the States Grants (Capital Assistance) Act 1981 shall have the effect of reducing the amounts payable under this Bill.

The purpose of this provision is to ensure that the total grant paid to each State in 1982-83 is not greater than the amount payable to it as set out in the second column of the Schedule to the Bill.

Sub-clause (2) authorises the Treasurer to approve the amounts and timing of payments making up a State's entitlement for 1982-83 which is the normal practice with respect to these and other general purpose grants to the States. In practice, the grants are paid monthly.

#### CLAUSE 4 - ADVANCE PAYMENTS TO STATES FOR 1983-84

This clause authorises the Treasurer to make payments to the States of capital grants during the first six months of 1983-84 pending the enactment of corresponding legislation for that year.

Pending the passage of corresponding legislation in 1983-84, the amount to be paid to the States during the first six months of 1983-84 under this clause will not exceed one-half of the grants paid to them in 1982-83.

## CLAUSE 5 - LOANS TO STATES FOR WELFARE HOUSING

Sub-clause (1) provides for general legislative authority to make payments to the States for welfare housing of whatever amounts they may nominate from within their 1982-83 Loan Council borrowing programs. Column 4 of the Schedule to the Bill sets out the borrowing components of their Loan Council programs; these amounts therefore represent the maxima which the States may nominate.

Sub-clause (2) provides for the nominated amounts to be paid at the concessional loan terms and conditions of the Commonwealth-State Housing Agreement. These terms and conditions allow for loans to bear interest at the rate of 4 1/2 per cent per annum and to be repaid over 53 years.

Sub-clause (3) authorises the Treasurer to approve the amounts and timing of payments making up a State's entitlement for 1982-83. This is a similar authority to that in sub-clause 3(2) regarding capital grant payments.

## CLAUSE 6 - ADDITIONAL CONDITIONS RELATING TO LOANS TO STATES FOR WELFARE HOUSING

Sub-clause (1) sets out a further condition to the provision of the nominated additional concessional loans for welfare housing that the States will continue to provide at least as much from their own resources for welfare housing in 1982-83 as they did in 1981-82. This condition was indicated to the States at the June 1982 Loan Council meeting. The

reason for it is to limit the extent to which States might nominate additional funds from their Loan Council programs in order to take advantage of the concessional terms and conditions without adding to the total commitment to welfare housing. The sub-clause provides for the States to furnish a statement to the Commonwealth about their expenditures on welfare housing in 1981-82 and 1982-83.

Sub-clause (2) provides for the Treasurer, upon receiving advice from the Minister for Social Security that the condition has not been met by a State, to reduce or remove the concessions on the interest and repayment terms of the loan to that State.

#### CLAUSE 7 - LOANS TO THE NORTHERN TERRITORY FOR WELFARE HOUSING

This clause provides for arrangements for the Northern Territory analogous to those for the States under clause 5.

#### CLAUSE 8 - ADDITIONAL CONDITIONS RELATING TO LOANS TO THE NORTHERN TERRITORY FOR WELFARE HOUSING

This clause provides for arrangements for the Northern Territory analogous to those for the States under clause 6.

#### CLAUSE 9 - PAYMENTS TO STATES TO BE MADE OUT OF CONSOLIDATED REVENUE FUND OR FROM LOAN FUND

The effect of this clause is to allow payments under the Act to be made either from Consolidated Revenue Fund or from the Loan Fund. However,

the total amount payable from the two funds combined is determined by clauses 3, 4, 5 and 7.

CLAUSE 10 - AUTHORITY TO BORROW

Sub-clause (1) authorises the Treasurer to borrow, during the period beginning on the date of commencement of the Act and ending 31 December 1983, an amount not exceeding \$686,500,500, being the total of the grants payable under clauses 3(1) and 4, plus the amounts to be provided for welfare housing under sub-clauses 5(1) and 7(1), plus the expenses of borrowing which will be charged to Loan Fund.

Sub-clause (2) provides that the amount that may be borrowed under sub-clause (1) is to be reduced by the sum of any amount borrowed in accordance with the provisions of section 6(1) of the States Grants (Capital Assistance) Act 1981, for the purpose of making payments in accordance with section 4 of that Act. The effect of this sub-clause is to ensure that any borrowings made before the commencement of the Act which are applied to the financing of grants under the Act will not be additional to the borrowings authorised under the Act.

CLAUSE 11 - APPLICATION OF MONEYS BORROWED

The effect of this clause is to limit the use of any funds borrowed under clause 10 to the meeting of borrowing expenses, the making of interest-free capital grants to the States, the making of concessional welfare housing loans to the States and the Northern Territory, and the

reimbursement of the Consolidated Revenue Fund for any payments made from that Fund under this legislation (see sub-clause (1) of clause 12).

#### CLAUSE 12 - REIMBURSEMENT OF CONSOLIDATED REVENUE FUND FROM LOAN FUND

Sub-clause (1) authorises the Minister for Finance to reimburse the Consolidated Revenue Fund for payments of the grants made from it if and when loan proceeds become available.

Sub-clause (2) provides authority to enable amounts paid from the Loan Fund to the Consolidated Revenue Fund in accordance with sub-clause (1) to be shown, in the statements of receipts and expenditure of the Consolidated Revenue Fund (prepared under section 50 of the Audit Act 1901 as amended), as deductions from expenditure from that Fund rather than as receipts of that Fund. This practice is designed to ensure consistency between the formal Department of Finance accounts and various other statements on the financial transactions of the Commonwealth Government.

#### CLAUSE 13 - APPROPRIATION

This clause appropriates the Consolidated Revenue Fund and the Loan Fund for payments to be made under the Act.





