

ACTS
PASSED BY
THE PARLIAMENT
OF THE
COMMONWEALTH OF AUSTRALIA
DURING THE YEAR
1946.

STATES GRANTS (TAX REIMBURSEMENT).

No. 1 of 1946.

An Act to make provision for the grant of Financial Assistance to States, and for other purposes.

[Assented to 13th April, 1946.]

BE it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1. This Act may be cited as the *States Grants (Tax Reimbursement) Act 1946*. Short title.

2. This Act shall come into operation on the first day of July, Commencement.
One thousand nine hundred and forty-six.

3.—(1.) The *States Grants (Income Tax Reimbursement) Act 1942** and the *States Grants (Entertainments Tax Reimbursement) Act 1942†* are repealed. Repeal.

(2.) Notwithstanding the repeal effected by this section, the provisions of sections six and seven of the *States Grants (Income Tax Reimbursement) Act 1942* shall be deemed to continue in force for all purposes arising out of the operation of that Act in respect of the year ending on the thirtieth day of June, One thousand nine hundred and forty-six.

* Act No. 20, 1942.

† Act No. 43, 1942.

Definitions.**4.** In this Act, unless the contrary intention appears—

“arrears of tax” means any amount payable by any person in respect of any tax imposed upon incomes by or under the law of a State for any year prior to the year which commenced on the first day of July, One thousand nine hundred and forty-two, which was not collected by the State prior to that date;

“grant” means financial assistance under section five of this Act;

“refund of tax”, in relation to any State, means any amount paid by the Commonwealth, on behalf of that State, since the thirtieth day of June, One thousand nine hundred and forty-two, by way of refund of moneys paid as tax imposed on incomes by the law of the State;

“the adjusted populations of the States” means the adjusted populations of the States determined under section nine of this Act in accordance with the provisions in the Second Schedule to this Act;

“the aggregate grant”, in relation to any year, means the amount ascertained in respect of that year in accordance with section six of this Act;

“the average wages per person employed” means the average wages per person employed determined under section nine of this Act in accordance with the provisions in the Second Schedule to this Act;

“year” means financial year.

Grants to States.

5. In respect of any year during which this Act is in operation and in respect of which the Treasurer is satisfied that a State has not imposed a tax upon incomes, there shall be payable by way of financial assistance to that State an amount calculated in accordance with the provisions of this Act (other than this section), less an amount equal to any arrears of tax collected by or on behalf of that State during that year.

Aggregate grant.

6. The aggregate amount which shall, subject to this Act, be distributed in grants to the States shall be—

(a) in respect of each of the years ending on the thirtieth day of June in the calendar years One thousand nine hundred and forty-seven and One thousand nine hundred and forty-eight respectively—the amount of Forty million pounds; and

(b) in respect of each subsequent year—an amount calculated by—

(i) dividing the amount of Forty million pounds by a number equal to the total of the populations of the six States on the first day of July, One thousand nine hundred and forty-seven, and

multiplying the result by a number equal to the total of the populations of the six States on the first day of the year in respect of which the calculation is made; and

- (ii) increasing the amount so calculated by a percentage equal to half the percentage (if any) by which the average wages per person employed in the year preceding the year in respect of which the calculation is made exceed the average wages per person employed in the year ending on the thirtieth day of June, One thousand nine hundred and forty-seven.

7.—(1.) The aggregate grant shall, subject to this Act, be divided amongst the States—

Distribution
of aggregate
grant.

- (a) for the years ending on the thirtieth day of June in the calendar years One thousand nine hundred and forty-seven and One thousand nine hundred and forty-eight respectively—in accordance with the table in the First Schedule to this Act;

- (b) for each of the years ending on the thirtieth day of June in the calendar years One thousand nine hundred and forty-nine to One thousand nine hundred and fifty-seven (inclusive) respectively—

- (i) as to the percentage of the aggregate grant ascertained for that year in accordance with the next succeeding sub-section—in the proportions in which the amount of Forty million pounds is divided amongst the States in the table set out in the First Schedule to this Act; and

- (ii) as to the remainder of the aggregate grant—in proportion to the adjusted populations of the States in that year; and

- (c) for each subsequent year—in proportion to the adjusted populations of the States in that year:

Provided that, where the share of any State for any year ascertained in accordance with the foregoing provisions of this section would be less than the share of that State for the year ending on the thirtieth day of June, One thousand nine hundred and forty-seven, as set out in the table in the First Schedule to this Act, the share of each such State shall be the amount so set out in that table and the foregoing provisions of this section shall apply to the distribution of the remainder of the aggregate grant as if it were the whole of the aggregate grant and the remaining States were the only States:

Provided further that, if any State is not entitled to receive a grant in respect of any year, the amounts payable under this Act to the remaining States shall not thereby be increased.

(2.) The percentage of the aggregate grant to be divided in accordance with sub-paragraph (i) of paragraph (b) of the last preceding sub-section shall be ninety in the year ending on the thirtieth day of June, One thousand nine hundred and forty-nine, and the figure denoting that percentage shall be decreased by ten in each subsequent year to which that paragraph applies.

Further
assistance in
respect of
arrears of tax

8.—(1.) In the event of every State imposing a tax upon incomes in respect of any year, then, in order that the States may receive in that year an amount of revenue to compensate them for the difference likely to occur between the amount of that tax actually collected by a State during that year and the full amount of that tax payable for that year, there shall be payable as further financial assistance to any State by or on behalf of which any arrears of tax have, before the commencement of this Act, been collected, or by or on behalf of which there are collected, at any time before the beginning of that year, any arrears of tax, an amount equal to the total of the arrears of tax so collected, less the total of any refunds of tax.

(2.) So much of any amount payable under this section as is equal to the excess of the total of the arrears of tax collected in any year before the commencement of this Act over the total of any refunds of tax during that year shall bear simple interest in respect of the period from the beginning of the year next following that year until the commencement of this Act at such rate (not being less than Three pounds per centum per annum) as the Treasurer determines.

Statistical
calculations,
&c.

9.—(1.) All statistical and mathematical calculations and determinations required for the purposes of section six or section seven of this Act, including the calculation or determination of—

- (a) the populations of the States at any time ;
- (b) the adjusted populations of the States at any time ; and
- (c) the average wages per person employed in any year,

shall be made, not later than the thirty-first day of December in the year in respect of which the calculations and determinations are required, by the Commonwealth Statistician, after consultation, where practicable, with the official Statisticians of the States.

(2.) In making calculations and determinations for the purposes of this Act, the Commonwealth Statistician shall apply, wherever applicable, the provisions set out in the Second Schedule to this Act.

(3.) All calculations and determinations made by the Commonwealth Statistician in pursuance of this section shall, for all purposes of this Act, be conclusively presumed to be correct.

Review of
grants.

10. If, at any time—

- (a) after the thirtieth day of June, One thousand nine hundred and fifty-three ; or

(b) before that date, but after there has been, or is proposed to be, a major change in the relations between the Commonwealth and any State or States, having an effect on the finances of that State or States, whether by reason of a substantial alteration in the powers, functions or responsibilities of the Commonwealth or of any State or States or otherwise,

the Government of any State so requests, the Government of the Commonwealth shall enter into consultation with the Governments of the States with a view to determining whether any change is desirable in the method provided by this Act for calculating the aggregate grant and the distribution thereof amongst the States, and to submitting to the Parliament legislation to give effect to such changes (if any) which, as a result of that consultation, the Government of the Commonwealth considers to be desirable.

11.—(1.) The Treasurer may, in any year, make monthly or other advances to any State of portions of the grant to which it appears to him that the State will be entitled under this Act in respect of that year.

Payment of grant.

(2.) Any such advance shall be made on the condition that the State shall not impose a tax upon incomes in respect of that year, and if, after the close of that year, the Treasurer gives notice in writing to the Treasurer of the State that he is not satisfied that the State has not imposed such a tax, the advances shall be repayable and shall be a debt due by the State to the Commonwealth.

12. Payments in accordance with this Act shall be made out of the Consolidated Revenue Fund, which is hereby appropriated accordingly.

Appropriation

THE SCHEDULES.

THE FIRST SCHEDULE.

Sec. 7.

DISTRIBUTION OF AGGREGATE GRANT IN THE FINANCIAL YEARS 1946-47 AND 1947-48.

State.	Amount.
	£
New South Wales	16,477,000
Victoria	8,860,000
Queensland	6,601,000
South Australia	3,458,000
Western Australia	3,384,000
Tasmania	1,220,000
	40,000,000

Sec. 9.

THE SECOND SCHEDULE.

STATISTICAL PROVISIONS.

Average wages
per person
employed.

1. The "average wages per person employed", in relation to any year, shall, for the purposes of this Act, be the sum arrived at by dividing the aggregate of wages and salaries shown in the returns lodged by employers for the purpose of the *Pay-roll Tax Assessment Act 1941-1942* as having been paid in respect of periods ending in that year by the sum of the mean number of males, and one half of the mean number of females, shown by those returns as having been employed by those employers during that year.

Population
of States.

2. The population of each State for the purposes of this Act shall include members of the Defence Force serving overseas, but shall not include full-blooded aboriginal natives of Australia.

Adjusted
population.

3.—(1.) The adjusted population of each State in any year shall be calculated by adding four times the number of children aged five to fifteen years inclusive living in that State at the beginning of that year to the population of that State at that time, and by increasing the number so arrived at by a percentage equal to the percentage which the sum of—

- (i) three-quarters of the population living in that State at that time in areas with a population of less than one person per square mile;
- (ii) half the population living in that State at that time in areas with a population of not less than one but less than two persons per square mile; and
- (iii) one-quarter of the population living in that State at that time in areas with a population of not less than two but less than three persons per square mile,

is of the population of that State at that time.

(2.) For the purposes of this paragraph "area" means an area (in this sub-paragraph referred to as a "local government area") by reference to which the functions of a local government authority are defined:

Provided that—

- (a) so much of the territory of a State as is not incorporated in a local government area shall be treated together as one area;
- (b) where a local government area with a population of fewer than five thousand persons is entirely surrounded by a larger local government area, the area of both such local government areas shall be combined and treated as one area; and
- (c) the area of any local government area not entirely surrounded by a larger local government area, and having a population of fewer than five thousand persons and an area of less than one hundred square miles shall be combined with the area of the local government area (in the same State and having an area of more than one hundred square miles) with which it has the longest common boundary, and the combined area shall be treated as one area.

Number of
children from
five to fifteen
years.

4. The number of children aged five to fifteen years inclusive living in a State at any time shall, for the purposes of this Schedule, be deemed to be the number of children born in that State not less than five but less than sixteen years before that time multiplied by the figure arrived at by dividing the number of children aged five to fifteen years inclusive living in that State determined by the most recent census of the Commonwealth of which the results are available by the number of children born in that State not less than five but less than sixteen years before the date at which the census was taken.

Number of
persons living
in an area.

5. The number of persons living in any area shall, for the purposes of this Schedule, be determined by the most recent census of the Commonwealth of which the results are available.

Where no
recent census
available.

6. Until the results of the first census of the Commonwealth taken after the commencement of this Act are available, and thereafter whenever the results of any census have been used for the purposes of this Schedule for five years, the matters required by this Schedule to be determined by reference to a census of the Commonwealth shall be determined on such basis and by such method as the Commonwealth Statistician, after consultation, where practicable, with the official Statisticians of the States, decides.