State (Works and Housing) Assistance Amendment Bill 1986

Date introduced: 24 September 1986
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister for Immigration and Ethnic Affairs

DIGEST OF BILL

Purpose

To provide for the payment of capital grants to the States in 1986-87 and provide for loans to the States and Northern Territory for public housing in 1986-87.

Background

Federal and State government borrowings are co-ordinated by the Loans Council which limits the total amount that may be borrowed in each financial year. The borrowing is undertaken by the Federal government for its own purposes and on behalf of the States. Since 1970-71 part of the annual borrowing approved by the Loans Council for State governments has been provided by the Federal government as non-repayable, interest-free grants. From 1975-76 to 1984-85 these capital grants have amounted to one-third of each States Loan Council borrowings. It was decided at the 13 June 1986 Loan Council meeting that State government borrowings for 1986-87 would be reduced from the 1985-86 level of $1564.5 million to $1204 million. It was further decided that the 1985-86 arrangement whereby the grant proportion rose by 7% (to approximately 35.7% of total borrowings) and the loan proportion decreased by an equal amount will continue in 1986-87.

Since 1982-83, the States have been able to nominate part of their approved borrowings for public housing. These funds are available at a concessional interest rate of 4.5% per annum, and are repayable over 53 years. To be eligible for the concessional interest rate the States must first have fulfilled their obligations under the Commonwealth/States Housing Agreement. In accordance
with the decisions of the 13 June 1986 Loans Council Meeting, the States will be able to nominate up to 60% of the loan portion of their Loan Council programs (and 100% in the case of Western Australia and South Australia) in 1986-87 to be received as loans for public housing on the same concessional terms and conditions as provided under the Commonwealth/State Housing Agreement. The Northern Territory will be able to nominate up to 60% of the related general purpose capital assistance provided to it by way of loans in 1986-87.

The Commonwealth Government will make $1278.4 million available to the States and the Northern Territory for public housing in 1986-87. Of this amount, $693.7 million is a grant under the Commonwealth/State Housing Agreement and the balance of $584.7 million is available to the States as concessional loans through the States Loan Council borrowing program.

Outline

The Bill will provide for general purpose capital grants to the States in 1986-87, the prepayment of such grants during the first half of 1987-88 and allow the States and Northern Territory to apportion part of the loans to public housing in 1986-87.

Main Provisions

A detailed explanation of the clauses of the Bill is contained in the Explanatory Memorandum.

Clause 3 will insert new sections 5A and 5B into the States (Works and Housing) Assistance Act 1985 (the Principal Act). Proposed section 5A provides for grants to the States during 1986-87 in respect of capital expenditure and proposed section 5B provides for advances during the first half of 1987. The maximum each State will receive under proposed sections 5A and 5B is set out in Schedule 3 which will be added to the Principal Act by clause 6.

The States can nominate a percentage of their Loans Council borrowings to be allocated for public housing purposes (section 6 of the Principal Act). The maximum percentage that may be allocated to public housing for Western Australia and South Australia will be increased from 60% to 100% and the remaining States' entitlements will be increased from 30% to 60% (clause 4 which will amend section 6 of the Principal Act). Similarly, clause 5 will amend...
section 10 of the Principal Act so that the maximum allocation to public housing for the Northern Territory will be increased from 30% to 60%.

For further information, if required, contact the Economics and Commerce Group.

15 October 1986

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.