States (Works and Housing) Assistance Bill 1988

Date Introduced: 23 August 1988
House: House of Representatives
Presented by: The Hon. Paul Keating, M.P., Treasurer

Digest of Bill

Purpose

To provide grants to the States and Northern Territory, and to make funds available to the States and Northern Territory for public housing at concessional rates.

Background

In the Budget the Commonwealth provides financial assistance to the States through general and specific purpose grants; general purpose capital payments; and grants and loans. This Bill deals with the latter two categories.

General purpose capital payments were originally advances of loans that the Commonwealth would raise on the States behalf and, as such, the payments were untied. Since 1970–71 part of the annual borrowings have been provided by the Federal Government as non-repayable grants. The grant proportion has averaged approximately one-third of the authorised borrowings since 1970–71 and this Bill proposes to increase that amount to 50%.

The Commonwealth also offers concessional loans to the States and Northern Territory. The loans are available at the favourable interest rate of 4.5% and are repayable over 53 years but are only available if used for public housing and if the State has satisfied its obligations under the Commonwealth/State Housing Agreement. The principal requirement is that the State matches the amount of the loan in expenditure on public housing.

As both payments notionally represent borrowings by the States, their amount is determined by the level set at the Loan Council which decides how much the Commonwealth and States borrow. At the 12 May 1988 meeting of the Loans Council it was determined that, in 1988–89, grants to the States and Northern Territory
would total $310.5 million and that the same amount would be made available under the public housing loans provision. (It should be noted that if a State does not take up the full amount of the public housing loan it may borrow, through the Commonwealth, an amount equal to the shortfall at normal interest rates.) The total amount available as grants and loans in 1988–89 will be $621 million, the same amount as in 1987–88.

Background

Clause 4 provides for grants to the States of the amounts specified in column two of the Schedule to the Bill, while clause 5 provides for advances of the amounts specified in column two of the Schedule in the first half of 1989–90.

By clause 8, the Treasurer is not to make sums available for public housing unless satisfied that the State will comply with the provisions for matching funds contained in the Commonwealth/State Housing Agreement.

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

20 September 1988

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.

© Commonwealth of Australia 1988

Except to the extent of the uses permitted under the Copyright Act 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.