PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

STATES GRANTS (URBAN PUBLIC TRANSPORT)
AMENDMENT BILL 1978

Date Introduced: 9 November 1978
House: House of Representatives

Short Digest of Bill

Purpose

To amend the States Grants (Urban Public Transport) Act 1978 to provide for the deferment of Commonwealth payments totalling $25 million which would otherwise have been paid to the States over 1978-79 and 1979-80, and for this amount to be made available over the years 1980-81 to 1982-83.

Background

1973-74 to 1977-78

The Commonwealth commenced assistance to the States for urban public transport projects in 1973-74. Under the Urban Public Transport Agreement (incorporated as a Schedule to the States Grants (Urban Public Transport) Act 1974, the Commonwealth met two-thirds of the cost of approved urban public transport projects in the States. Proposals were initiated by the States and subjected to examination by the Commonwealth prior to approval. Major projects have included the acquisition of new rolling stock for train, tram and bus services, new ferries, railway upgrading etc.

$190 million of Commonwealth funds was provided to the States over the five years of the Agreement ending June 1978.

1978-79 to 1982-83

The States Grants (Urban Public Transport) Act 1978 (the Principal Act) provides for a new program of assistance totalling $300 million for the period 1978-79 to 1982-83. Under the 1978-83 program, the Commonwealth will continue to meet two-thirds of the cost of approved urban public transport programs, but unlike the previous program there is no automatic provision for the Commonwealth to support cost escalation. The Commonwealth's liability for each project will be specifically determined at the time the project is approved.
This Bill does not alter the total amount of assistance to be provided under the new program, but it does alter the rate at which that assistance is to be provided over the five year period. Specifically, an amount of $25 million which would otherwise have been made available over 1978-79 and 1979-80 is being re-allocated over the last three years of the program. This decision was made by the Government in the light of present budgetary considerations.

Main Provisions

The Schedule to the Principal Act allocates an amount of $200 million between the States over the five years 1978-79 to 1982-83 at the rate of $40 million per annum. These amounts in the Schedule are 'guaranteed' minimum allocations.

In addition, Section 8 of the Principal Act provides for an additional $100 million to be made available to the States at the rate of $20 million per annum, but the distribution of this amount is not prescribed; Section 8 funds are to be allocated to States on the basis of assessed needs and priorities in the light of proposals submitted by the States.

This Bill provides for the total guaranteed minimum allocations to be increased by $25 million (Clause 4) and for Section 8 funds to be reduced by that same amount (Clause 3). Clauses 3 and 4 also adjust the rate of payment of funds as follows:

<table>
<thead>
<tr>
<th></th>
<th>Guaranteed Minimum Allocations</th>
<th>Section 8 funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under Principal Act</td>
<td>As under amendment</td>
</tr>
<tr>
<td>1978-79</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>1979-80</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>1980-81</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>1981-82</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>1982-83</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>225</td>
</tr>
</tbody>
</table>
The Bill provides for the $25 million which has been added into the guaranteed minimum allocations to be apportioned between the States in the same proportions as the allocations contained in the Schedule to the Principal Act and amends that Schedule accordingly (Clause 4). State by State allocations and further details relating to this Bill may be found in the Explanatory Memorandum.

14 November 1978

Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE