

## States Grants (No. 2)

No. 135 of 1971

An Act to grant Financial Assistance to the States.

[Assented to 16 December 1971]

**B**E it enacted by the Queen'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 Act (No. 2) 1971*. Short title.
2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.
- 3.—(1.) The *States Grants Act 1970* and the *States Grants Act 1971* are repealed. Repeal.
  - (2.) Subject to the next succeeding sub-section, a State is not, and shall be deemed not to have been, entitled to a grant under the *States Grants Act 1970–1971* by virtue of the operation of that Act on and after the first day of July, One thousand nine hundred and seventy-one.
  - (3.) A payment made to a State under the *States Grants Act 1970–1971* on or after the first day of July, One thousand nine hundred and seventy-one, and before the commencement of this Act shall be deemed to be an advance made under section 17 of this Act in respect of a grant payable to that State under this Act during the year that commenced on that date.
4. In this Act, unless the contrary intention appears— Interpretation.
  - “pay-roll tax law” means a law that relates to the imposition upon employers of a tax on wages paid or payable by them and the assessment and collection of that tax;
  - “the base year” means the year that commenced on the first day of July, One thousand nine hundred and seventy-one;
  - “year” means a financial year.
- 5.—(1.) For the purposes of this Act, the notional pay-roll tax in respect of a State in respect of a period shall be ascertained as follows:— Notional pay-roll tax.
  - (a) there shall first be calculated the amount of tax that would have been paid in that State within that period (after the deduction of refunds and rebates made within that period) under the *Pay-roll Tax (Territories) Assessment Act 1971* (in this sub-section referred to as “the Assessment Act”) and the *Pay-roll Tax (Territories) Act 1971* if—
    - (i) those Acts, as in force at the commencement of this Act, were laws of that State and had come into operation on the first day of July, One thousand nine hundred and seventy;

- (ii) references in the Assessment Act to a Territory or the Territories were references to that State;
  - (iii) references in the Assessment Act to a State were references to any of the other States;
  - (iv) references in the Assessment Act to officers or authorities of the Commonwealth, in relation to the administration of the Act, were references to an officer or authority of that State;
  - (v) the Australian Capital Territory (including the Jervis Bay Territory) and the Northern Territory of Australia together constituted a State;
  - (vi) the Crown in right of that State were an employer within the meaning of the Assessment Act;
  - (vii) the definitions of "employer" and "wages" in sub-section (1.) of section 3 of the *Pay-roll Tax Assessment Act* 1941-1969 were substituted for the definitions of "employer" and "wages", respectively, in sub-section (1.) of section 4 of the Assessment Act; and
  - (viii) section 15 of the *Pay-roll Tax Assessment Act* 1941-1969 were substituted for section 13 of the Assessment Act; and
- (b) there shall be deducted from the amount calculated in accordance with the last preceding paragraph an amount equal to the difference between—
- (i) the amount included in the amount so calculated in respect of wages paid by local governing bodies; and
  - (ii) the amount that would have been included in the amount so calculated, in respect of wages paid or payable by local governing bodies, if wages paid or payable by those bodies in respect of governmental activities had been exempted from the tax.
- (2.) For the purposes of the last preceding sub-section—
- (a) a reference to local governing bodies shall be read as a reference to municipal corporations and such other bodies as, in the opinion of the Treasurer, are local governing bodies; and
  - (b) a reference to governmental activities of local governing bodies shall be read as a reference to activities of those bodies that, in the opinion of the Treasurer, are not business activities.

Purpose of  
grants.

6. Financial assistance is granted to the States by way of the amounts payable under this Act.

Grants to  
States.

7.—(1.) Subject to this section and to section 13 of this Act, there is payable to each State, during the base year and during each succeeding year, an amount equal to the sum of—

- (a) an amount that bears the same proportion to the amount of the grant under this section paid to that State during the year preceding the year concerned as the population of that State on the

thirty-first day of December in the year concerned bears to the population of that State on the thirty-first day of December in the year preceding the year concerned;

- (b) if the average wages per person employed in Australia in the period of twelve months ending on the thirty-first day of March in the year concerned exceed the average wages per person employed in Australia in the period of twelve months ending on the thirty-first day of March in the year preceding the year concerned—an amount equal to such percentage of the amount ascertained under the last preceding paragraph as is equal to the percentage by which the first-mentioned average wages exceed the second-mentioned average wages; and
- (c) an amount equal to one and four-fifths per centum of the sum of the amount ascertained in accordance with paragraph (a) of this sub-section and the amount, if any, ascertained in accordance with the last preceding paragraph.

(2.) For the purpose of ascertaining the amount of the grant to be paid under this section to a State during the base year, there shall be deemed to have been paid under this section to that State during the year preceding that year a grant equal to the amount specified in the following table opposite to the name of the State:—

				\$
New South Wales	..	..	..	473,587,504
Victoria	..	..	..	352,732,384
Queensland	..	..	..	221,552,056
South Australia	..	..	..	153,931,803
Western Australia	..	..	..	152,963,492
Tasmania	..	..	..	65,731,055

(3.) For the purpose of ascertaining the amount of the grant to be paid under this section to a State during the year commencing on the first day of July, One thousand nine hundred and seventy-two, there shall be deemed to have been paid under this section to that State during the base year a grant of an amount equal to the sum of—

- (a) the amount that, but for section 13 of this Act, would have been paid to that State during the base year under this section plus, in the case of the State of Queensland, Two million dollars;
- (b) the amount that, but for section 13 of this Act, would have been paid to that State under section 11 or section 12 of this Act, whichever is applicable;
- (c) the excess of the amount that would have been the administrative expenditure incurred by that State during the base year if the pay-roll tax law of that State had imposed tax in respect of wages paid or payable on or after the first day of June, One thousand nine hundred and seventy-one, over the amount that would have been that administrative expenditure if that law had not been enacted; and

- (d) the amount that bears to Three million dollars the same proportion as the amount that, but for section 13 of this Act, would have been paid to that State under section 10 of this Act bears to Forty million dollars,

less the amount of the notional pay-roll tax in respect of that State in respect of the base year.

(4.) For the purposes of paragraph (c) of the last preceding sub-section, expenditure that, in the opinion of the Treasurer—

- (a) is, or would have been, of a capital or non-recurring nature; and  
(b) was, or would have been, incurred by the relevant State for the purpose of commencing the administration of the pay-roll tax law of that State,

shall be disregarded.

(5.) For the purpose of ascertaining the amount of the grant to be paid under this section to the State of Queensland during the year commencing on the first day of July, One thousand nine hundred and seventy-three, or during the next succeeding year, the amount of the grant under this section paid to that State during the year preceding the year concerned shall be deemed to be an amount equal to the sum of the amount of that last-mentioned grant and Two million dollars.

Additional  
grants to  
New South  
Wales and  
Victoria.

8. Subject to section 13 of this Act, in addition to the grants payable under the last preceding section to the States of New South Wales and Victoria during the base year and the next three succeeding years, there is payable to each of those States during each of those years an amount ascertained by multiplying Two dollars by the number of persons included in the population of the State on the thirty-first day of December in the year concerned.

Additional  
grants to  
Western  
Australia.

9. Subject to section 13 of this Act, in addition to the grants payable under section 7 of this Act to the State of Western Australia during the base year and the next three succeeding years, there are payable to that State during those years the amounts respectively specified in the following table opposite to the references to those years:—

	\$
Year that commenced on 1 July, 1971 ..	9,500,000
Year commencing on 1 July, 1972 ..	6,500,000
Year commencing on 1 July, 1973 ..	3,500,000
Year commencing on 1 July, 1974 ..	500,000

Additional  
grants to  
States during  
1971-72.

10. Subject to section 13 of this Act, in addition to the grants payable to the States under the last three preceding sections during the base year, there is payable to each of the States during that year an amount that bears to Forty million dollars the same proportion as the sum of the amounts that, but for section 13 of this Act, would be payable to that State during that year under the last three preceding sections bears to the sum of the amounts that, but for section 13 of this Act, would be payable to all the States during that year under the last three preceding sections.

**11.—**(1.) Subject to section 13 of this Act, in addition to the grants payable to New South Wales and Victoria under sections 7, 8 and 10 of this Act during the base year, there is payable to each of those States during that year an amount that bears to Twenty million dollars the same proportion as the amount determined in accordance with the next succeeding sub-section in relation to that State bears to the sum of the amounts so determined in relation to each of the States.

Additional grants to New South Wales and Victoria during 1971-72.

(2.) The amount to be determined under this sub-section in relation to a State is the amount that would be the amount ascertained in accordance with paragraph (a) of section 13 of this Act in relation to that State if no deduction were made in accordance with paragraph (b) of sub-section (1.) of section 5 of this Act.

**12.** Subject to the next succeeding section, in addition to the grants payable to Queensland, South Australia, Western Australia and Tasmania under sections 7, 9 and 10 of this Act during the base year, there is payable to each of those States during that year an amount equal to one-half of the amount that, but for the next succeeding section, would be payable to that State under section 10 of this Act.

Additional grants to Queensland, South Australia, Western Australia and Tasmania during 1971-72.

**13.** There shall be deducted from the aggregate amount of grants that, but for this section, would be payable under this Act to a State during the base year an amount equal to the difference between—

Deductions during 1971-72 relating to notional pay-roll tax.

- (a) the amount that would have been the amount of the notional pay-roll tax in respect of that State in respect of the period of ten months that commenced on the first day of September, One thousand nine hundred and seventy-one, if that notional tax had not included any tax, further tax or additional tax in respect of wages paid or payable before that date and no rebates or refunds had been made in respect of tax paid before that date; and
- (b) the amount by which the administrative expenditure that will be incurred by that State during the base year exceeds the administrative expenditure that would be incurred by that State during the base year if the pay-roll tax law of that State had not been enacted.

**14.** All statistical and mathematical calculations, determinations and estimates required for the purposes of ascertaining the amounts referred to in paragraph (c) of sub-section (3.) of section 7 of this Act, the amounts of notional pay-roll tax referred to in that sub-section and the amounts referred to in section 13 of this Act shall be made by the Treasurer.

Statistical calculations, &c., for certain purposes of section 7 (3.) and for purposes of section 13.

**15.—**(1.) All statistical and mathematical calculations and determinations required for the purposes of this Act, other than those referred to in the last preceding section, shall be made by the Commonwealth Statistician, after consultation, where practicable, with the official Statisticians of the States.

Other statistical calculations, &c.

(2.) For the purpose of ascertaining the amount of a grant payable under this Act to a State during a year—

(a) the determination of the population of the State on the thirty-first day of December in the year concerned and on the thirty-first day of December in the year preceding the year concerned—

(i) shall be made after the thirty-first day of December, and not later than the tenth day of June, in the year concerned; and

(ii) shall be made having regard to the latest statistics in relation to population available to the Commonwealth Statistician on the day on which the determination is made; and

(b) the average wages per person employed in Australia in the period of twelve months ending on the thirty-first day of March in the year concerned and in the period of twelve months ending on the thirty-first day of March in the year preceding the year concerned shall be ascertained, after the thirty-first day of March, and not later than the tenth day of June, in the year concerned, in such manner as the Treasurer, after consultation with the Treasurer of each State, determines, which may be a manner that—

(i) for the purpose of calculating the total number of persons employed and the total wages paid, disregards any of the persons on whose wages tax is not payable under the pay-roll tax law of the Commonwealth or of a State; and

(ii) for the purpose of calculating the total number of persons employed, takes into account a proportion only of the number of female persons employed who are not disregarded in accordance with the last preceding subparagraph.

(3.) All calculations and determinations made by the Commonwealth Statistician in pursuance of this section for the purposes of ascertaining the amount of a grant payable under this Act to a State during a year shall, for that purpose, be conclusively presumed to be correct.

**Review of  
grants.**

16.—(1.) The Government of the Commonwealth shall, at the request of a State, or may, if it considers it desirable to do so, enter into consultation with the Governments of the States with a view to determining whether any change is desirable in the provisions of this Act in so far as they relate to a year subsequent to the year ending on the thirtieth day of June, One thousand nine hundred and seventy-five, and submitting to the Parliament legislation to give effect to any changes that the Government of the Commonwealth considers to be desirable as a result of that consultation.

(2.) If there has occurred, or there is proposed to be, a substantial change in the financial arrangements between the Commonwealth and a State or States, the Government of the Commonwealth may review the

provisions of this Act in consultation with the Governments of the States with a view to submitting to the Parliament legislation to give effect to any changes it considers to be desirable as a result of that review.

**17.** The Treasurer may, in any year, make monthly or other advances to a State of portions of a grant to which it appears to him the State will be entitled under this Act in respect of that year. Advance payments.

**18.** Payments under this Act shall be made out of the Consolidated Revenue Fund, which is appropriated accordingly. Appropriation.

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