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# COMMONWEALTH FINANCIAL RELATIONS WITH OTHER LEVELS OF GOVERNMENT

1988-89

CIRCULATED BY  
THE HONOURABLE P. J. KEATING, M.P.,  
TREASURER OF THE COMMONWEALTH OF AUSTRALIA  
FOR THE INFORMATION OF  
HONOURABLE MEMBERS ON THE OCCASION  
OF THE BUDGET 1988-89

BUDGET PAPER No. 4

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(This document is to be released in November 1988).

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## PREFACE

This Paper provides information on the Commonwealth Government's financial relations with other levels of government, namely the States, the Northern Territory, local government authorities and, for the first time, the ACT.<sup>(1)</sup>

Some changes have been made this year in the format of the Paper, including the following:

- Chapter II is less descriptive of budgetary developments in the State/local sector as a whole, with the key points now incorporated in Statement No. 7, 'Transactions of the Public Sector as a Whole' in Budget Paper No. 1. The analysis in Chapter II focuses on significant developments in individual States and in the local government sector. There is an expanded section on fiscal equalisation and Commonwealth Grants Commission processes;
- material on specific purpose payments previously provided in Chapters V and VI has been abbreviated to reduce overlap with Statement No. 3, 'Outlays' in Budget Paper No. 1, and incorporated into Chapter V; and
- more of the detailed statistical material is included in the relevant chapters and, as a result, the number of appendices at the end of the document has been reduced from six to three.

### Population Figures Used in this Paper

The State population series underlying per capita figures in this Paper are, with the exception of 1987-88 and 1988-89, the mean resident populations for the financial year as published by the Australian Bureau of Statistics (ABS) in *Australian Demographic Statistics* (Catalogue No. 3101.0). The ABS' estimates of population at 31 December 1987 have been used for 1987-88 and Treasury projections of population at 31 December 1988 have been used for 1988-89. The population figures are set out in Table 7.

### Relationship with Other Budget Papers and Terminology

When examining government finances the most relevant aggregates are usually those relating to payments on a net basis—that is, after repayments of Commonwealth Government loans and sinking fund contributions by the States and the Northern Territory in respect of borrowings by the Commonwealth on their account. This is the approach adopted in other budget papers and embodied in the national accounting aggregate 'Grants and Net Advances to the States, the Northern Territory and Local Government Authorities'.

On the other hand, where repayments occur, they tend to lag the initial advances and, in many cases, are made in respect of programs which have already terminated. Moreover, repayments can be met from general purpose funds and their direct relationship to the programs to which they nominally relate is not always clear.

(1) Except for the ACT, information for earlier years is contained in last year's Budget Paper No. 4, and in the predecessor to that Paper, Budget Paper No. 7, *Payments to or for the States, the Northern Territory and Local Government Authorities*. The 1975-76 issue of that Paper contained a consistent series of aggregate figures from 1956-57, details of borrowing programs from 1951-52 and details of the various specific purpose payments from their inception. The 1981-82 issue contained an historical summary of general purpose assistance showing general revenue payments from 1950-51 and special grants from 1910-11.

Largely for these reasons, this Paper records payments on a gross basis, although tables showing repayments are included in Appendix II to enable net figures to be derived.

In Budget Paper No. 1, the term 'payment' is used as a gross measure and the term 'outlay' as a net measure. In this Paper, 'payment' is used also as a generic term to describe a class of transactions involving the flow of funds from the Commonwealth to the States, the Territories and local government authorities (for example, specific purpose payments). As noted, the emphasis in this Paper is on gross flows and the use of the term 'payment' is consistent with that in Budget Paper No. 1. In instances where the net measure is more appropriate the term 'net payment' is used.

Statement No. 7 'Transactions of the Public Sector as a Whole' in Budget Paper No. 1, discusses developments in the State/local sector in a broad context and draws a distinction between general government and public trading enterprises. The analysis in that Statement complements the discussion in Chapter II of this Paper on 'Structure and Trends in State and Local Government Finances'.

### **Treatment of the Northern Territory**

The Northern Territory became a self-governing Territory on 1 July 1978 under the *Northern Territory (Self-Government) Act 1978*. Under this and associated legislation and regulations, the Territory has outlays responsibilities and revenue raising powers similar to those of a State, although the Territory is not a State under the Constitution.

The basic framework for financial arrangements between the Commonwealth and the Northern Territory since 1978 is set out in the Memorandum of Understanding in Respect of Financial Arrangements Between the Commonwealth and a Self-Governing Northern Territory. These financial arrangements are modelled on the arrangements that apply between the Commonwealth and the States. Each year since 1979-80 the Commonwealth has provided the Northern Territory with grants for general revenue purposes, a grant by way of general revenue assistance to local government and specific purpose payments, under arrangements similar to those with the States. The Commonwealth also has provided general purpose capital funds to the Territory, comprising grant and loan components, on the same terms and conditions as apply to the general purpose capital funds paid to the States under Loan Council arrangements. In addition, the Territory borrows on behalf of its authorities under arrangements analogous to the Loan Council arrangements for State semi-government and local authorities, government-owned companies and trusts.

### **Treatment of the Australian Capital Territory**

The ACT is governed by the Commonwealth, and in the past its finances have been subsumed in the Commonwealth Budget. Since 1985-86, the Commonwealth has taken steps to separately identify receipts and payments associated with ACT territorial and municipal functions and to consolidate the administration of the Territory in preparation for possible ACT self-government. As part of that process, an ACT Budget was published for 1987-88 as Budget Related Paper No. 7, identifying ACT receipts and payments within the Commonwealth's accounts.



An ACT 'fiscus', operating through the ACT Trust Account and a number of subsidiary accounts, was established on 1 July 1988. ACT territorial and municipal taxes, charges and other receipts will be paid into these accounts and payments made from them. The Commonwealth's subventions to the ACT will take the form of payments analogous to those made to the States and the Northern Territory, and will include general and specific purpose payments. Commonwealth outlays in the ACT for national purposes will continue to be financed from the Commonwealth Budget.

Details of Commonwealth general and specific purpose payments to the ACT Trust Account are included in relevant sections of this Paper. These payments, however, are not reflected in the summary tables covering the States and the Northern Territory because the ACT Trust Account is within the Commonwealth Public Account and, therefore, is internal to the Commonwealth Budget sector. More detailed information on Commonwealth payments to the ACT, and ACT finances generally, is contained in Budget Related Paper No. 7, *Australian Capital Territory Budget 1988-89 and ACT Administration Explanatory Notes for Parliamentary Estimates Committees*.

### Further Information

Much of the data presented in this Paper are sourced from the ABS. A number of ABS publications provide information that is relevant in analysing Commonwealth financial relations with other levels of government, including:

- *Government Financial Estimates, Australia* (5501.0)—issued annually;
- *Commonwealth Government Finance, Australia* (5502.0)—issued annually;
- *State and Local Government Finance, Australia* (5504.0)—issued annually;
- *Taxation Revenue, Australia* (5506.0)—issued annually; and
- *Classifications Manual for Government Finance Statistics, Australia* (1217.0).

Some of the data presented in the second part of Chapter II are drawn from publications of the Commonwealth Grants Commission, including:

- *Report on General Revenue Grant Relativities 1988 Volume I—Main Report*; and
- *Report on General Revenue Grant Relativities 1988 Volume II—Appendixes and Consultants' Reports*.

### **Style Conventions**

- The Australian Capital Territory is abbreviated to the ACT.
- References to the 'States' do not include the Northern Territory or the ACT.
- The 'State and local government sector' is denoted as the State/local sector. References to the 'State/local sector' and the 'State government sector' include the Northern Territory, but do not include the ACT.
- References to the 'States and the Territories' include the six States, the Northern Territory and the ACT.
- Figures in tables and, generally in the text, have been rounded. Discrepancies in tables between totals and sums of components are due to rounding. Percentage changes in all tables are based on the underlying unrounded amounts and not the rounded amounts.
- The following notations are used in the tables:
  - .. nil to less than \$500 in tables rounded to the nearest \$1 000 and  
nil to less than \$50 000 for tables rounded to the nearest \$100 000
  - na not available
  - \$m \$ million
  - % per cent

## CHAPTER I—INTRODUCTION

The Commonwealth Government's financial relations with the State/local sector comprise:

- the provision of financial assistance from the Commonwealth Budget. This assistance may be classified as:
  - general purpose or specific purpose payments;
  - payments for recurrent or capital purposes; and
  - grants or advances (loans);
- borrowings undertaken by the Commonwealth, as determined by Loan Council, on behalf of the State and the Northern Territory governments. Such transactions form the State Governments' Loan Council programs and are recorded as advances from the Commonwealth Budget; and
- 'global' borrowing limits determined by Loan Council but undertaken by Commonwealth, State and Northern Territory semi-government and local authorities, government-owned companies and trusts.

From 1988-89 the Commonwealth will make payments to the ACT for territorial and municipal functions analogous to those it provides for the States, the Northern Territory and for local government.

### **Forms of Commonwealth Financial Assistance to the State/Local Sector**

This section focuses on the first two types of financial transactions mentioned above. Payments to the State/local sector account for about 30% of Commonwealth Budget outlays; such payments are equivalent to over 40% of State and Northern Territory outlays. Commonwealth payments to local government represent 17% of local government outlays. Commonwealth financial assistance is provided mainly in the forms summarised below and described more fully in subsequent chapters.

#### *Financial Assistance to the States*

- *General revenue assistance* consists of untied grants to assist in meeting recurrent outlays. They constitute the largest inter-governmental transfer, accounting for 51.8% of estimated net Commonwealth payments to the State/local sector in 1988-89.
- *General purpose capital payments* are untied payments to assist with outlays for capital purposes. They originally comprised advances of the proceeds of borrowings by the Commonwealth on behalf of the States and the Northern Territory. However, in 1988-89, one half of the program will be provided as grants by the Commonwealth in lieu of those borrowings. In addition, the States and the Northern Territory are permitted to nominate up to the whole of the remainder of the program for public housing purposes. As these latter amounts are provided as specific purpose loans from the Commonwealth on very concessional terms and conditions, it is expected that no non-concessional general purpose advances will be made.

- *Specific purpose payments* are payments to help meet expenditures for purposes designated by the Commonwealth and/or as a condition of States agreeing to undertake particular actions. In 1988-89, some 75.9% of the payments are for recurrent purposes and virtually all are provided as grants. Some payments are passed by State and Northern Territory governments to local government authorities. Except in the case of general purpose assistance for local government (which is paid through the States—see below), the amounts passed on are generally at the discretion of the State and the Northern Territory governments, although in certain instances (such as road funding) the amounts passed on are subject to the approval of the Commonwealth.

### *Financial Assistance to Local Government*

In addition to the assistance passed on through the States and the Northern Territory at their discretion, local government is eligible for two other forms of Commonwealth payments:

- *general purpose assistance* comprising untied grants which are the local government equivalent of general purpose assistance to the States. The grants are paid initially to the States and the Northern Territory who are required to pass on the full amounts to local government authorities; and
- *direct payments* made to local government authorities under various programs (eg children's services).

Table 1 shows payments to the State/local sector categorised under these headings for the years since 1984-85. Table 2 shows some of the payments on a per capita basis. Greater statistical detail is provided in the three appendices at the end of this Paper.

**Table 1—Commonwealth Payments to the States and the Northern Territory, State Government Loan Council Programs and Payments Made Direct to Local Government Authorities, 1984–85 to 1988–89 (\$ millions)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>General Revenue</b>								
1984–85 . . . . .	3 214.6	2 395.1	1 990.3	1 224.6	1 182.6	476.1	490.9	10 974.2
1985–86 . . . . .	3 575.6	2 619.4	2 097.1	1 299.3	1 267.3	493.6	561.3	11 913.5
1986–87 . . . . .	3 978.7	2 906.3	2 336.2	1 464.9	1 381.9	518.6	629.4	13 216.0
1987–88 . . . . .	4 276.8	3 112.6	2 562.3	1 619.3	1 470.0	528.9	678.4	14 248.2
1988–89 (a) . . . . .	3 669.2	2 649.2	2 224.3	1 446.4	1 304.5	481.5	675.3	12 450.5
<b>Specific Purpose—Recurrent</b>								
1984–85 . . . . .	1 824.5	1 487.9	746.5	503.4	512.2	176.9	195.8	5 447.3
1985–86 . . . . .	1 987.6	1 572.9	807.7	542.6	539.8	190.5	108.6	5 749.6
1986–87 . . . . .	2 057.9	1 641.8	876.8	580.3	571.2	196.6	102.1	6 026.6
1987–88 . . . . .	2 232.1	1 736.9	911.4	596.3	592.0	207.0	116.9	6 392.6
1988–89 (a) . . . . .	2 915.6	2 313.4	1 358.8	801.6	777.8	258.5	134.1	8 559.8
<b>Total Recurrent</b>								
1984–85 . . . . .	5 039.1	3 883.0	2 736.8	1 728.0	1 694.8	653.1	686.7	16 421.5
1985–86 . . . . .	5 563.2	4 192.2	2 904.8	1 841.9	1 807.1	684.0	669.9	17 663.1
1986–87 . . . . .	6 036.6	4 548.1	3 213.0	2 045.2	1 953.0	715.2	731.5	19 242.6
1987–88 . . . . .	6 508.9	4 849.5	3 473.7	2 215.6	2 061.9	735.9	795.3	20 640.8
1988–89 (a) . . . . .	6 584.8	4 962.6	3 583.1	2 248.1	2 082.4	740.0	809.4	21 010.4
<b>General Purpose Capital</b>								
1984–85 . . . . .	505.7	393.0	207.4	144.8	203.9	109.6	137.5	1 702.0
1985–86 . . . . .	505.7	393.0	207.4	144.8	203.9	109.6	171.5	1 736.0
1986–87 . . . . .	389.2	302.5	159.6	111.4	156.9	84.4	131.9	1 336.0
1987–88 . . . . .	172.7	143.0	37.4	45.8	79.2	55.3	87.7	621.0
1988–89 (a) . . . . .	172.7	143.0	37.4	45.8	79.2	55.3	87.7	621.0
<b>Specific Purpose—Capital</b>								
1984–85 . . . . .	812.9	577.4	474.0	287.0	253.8	131.0	97.1	2 633.2
1985–86 . . . . .	833.1	570.6	507.0	313.2	221.7	97.0	106.2	2 648.8
1986–87 . . . . .	893.5	591.6	525.1	299.9	253.2	106.1	121.3	2 790.6
1987–88 . . . . .	894.9	615.5	512.4	358.3	258.5	107.5	83.0	2 830.3
1988–89 (a) . . . . .	839.9	636.6	525.8	311.3	217.6	103.6	85.8	2 720.6
<b>Total Capital (Gross)</b>								
1984–85 . . . . .	1 318.6	970.4	681.5	431.8	457.7	240.7	234.6	4 335.2
1985–86 . . . . .	1 338.8	963.7	714.4	458.0	425.6	206.6	277.6	4 384.8
1986–87 . . . . .	1 282.7	894.1	684.7	411.3	410.1	190.5	253.2	4 126.6
1987–88 . . . . .	1 067.6	758.5	549.9	404.1	337.7	162.8	170.7	3 451.3
1988–89 (a) . . . . .	1 012.6	779.6	563.3	357.1	296.7	158.9	173.4	3 341.6
<b>Total General Purpose</b>								
1984–85 . . . . .	3 720.3	2 788.2	2 197.7	1 369.4	1 386.5	585.8	628.3	12 676.2
1985–86 . . . . .	4 081.3	3 012.4	2 304.5	1 444.0	1 471.1	603.2	732.8	13 649.4
1986–87 . . . . .	4 367.8	3 208.8	2 495.8	1 576.4	1 538.8	603.0	761.3	14 551.9
1987–88 . . . . .	4 449.4	3 255.5	2 599.7	1 665.0	1 549.1	584.2	766.1	14 869.2
1988–89 (a) . . . . .	3 841.9	2 792.2	2 261.8	1 492.2	1 383.7	536.8	763.0	13 071.5
<b>Total Specific Purpose</b>								
1984–85 . . . . .	2 637.4	2 065.3	1 220.6	790.4	766.0	308.0	292.9	8 080.5
1985–86 . . . . .	2 820.7	2 143.5	1 314.6	855.8	761.5	287.5	214.8	8 398.4
1986–87 . . . . .	2 951.4	2 233.4	1 401.9	880.2	824.3	302.7	223.4	8 817.3
1987–88 . . . . .	3 127.0	2 352.4	1 423.8	954.6	850.5	314.6	199.9	9 222.9
1988–89 (a) . . . . .	3 755.5	2 950.0	1 884.6	1 112.9	995.4	362.1	219.8	11 280.4
<b>Total Payments to the States and to the Northern Territory</b>								
1984–85 . . . . .	6 357.7	4 853.5	3 418.3	2 159.8	2 152.5	893.7	921.3	20 756.7
1985–86 . . . . .	6 902.1	5 155.9	3 619.2	2 299.9	2 232.7	890.7	947.6	22 047.9
1986–87 . . . . .	7 319.2	5 442.2	3 897.7	2 456.5	2 363.1	905.7	984.7	23 369.2
1987–88 . . . . .	7 576.5	5 608.0	4 023.6	2 619.7	2 399.6	898.7	966.0	24 092.1
1988–89 (a) . . . . .	7 597.4	5 742.2	4 146.4	2 605.1	2 379.1	899.0	982.9	24 352.0

**Table 1—Payments to the States and the Northern Territory, State Government Loan Council Programs and Payments Made Direct to Local Government Authorities, 1984-85 to 1988-89 (\$ millions)—continued**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>Payments Made Direct to Local Government Authorities (Gross)</b>								
1984-85 . . . . .	26.4	20.4	11.6	7.9	5.0	2.4	0.9	74.5
1985-86 . . . . .	37.3	35.4	14.9	11.0	7.9	3.4	1.6	111.5
1986-87 . . . . .	34.9	33.3	11.5	10.4	6.5	3.2	1.7	101.5
1987-88 . . . . .	33.4	37.6	15.8	9.1	3.2	4.3	2.0	105.3
1988-89 (a) . . . . .	34.6	43.2	24.1	10.1	3.4	4.9	1.7	122.0
<b>Total Payments (Gross)</b>								
1984-85 . . . . .	6 384.1	4 873.8	3 429.9	2 167.7	2 157.5	896.1	922.1	20 831.3
1985-86 . . . . .	6 939.4	5 191.3	3 634.1	2 310.8	2 240.5	894.0	949.2	22 159.4
1986-87 . . . . .	7 354.1	5 475.5	3 909.2	2 466.9	2 369.6	908.8	986.4	23 470.7
1987-88 . . . . .	7 609.9	5 645.5	4 039.4	2 628.8	2 402.8	903.0	968.0	24 197.4
1988-89 (a) . . . . .	7 631.9	5 785.4	4 170.4	2 615.2	2 382.5	903.8	984.6	24 473.9
<b>Repayments by the States, the Northern Territory and Local Government Authorities</b>								
1984-85 . . . . .	131.3	86.0	52.1	51.8	42.1	18.8	7.7	389.8
1985-86 . . . . .	120.7	77.5	51.7	44.4	48.8	17.4	8.6	369.1
1986-87 . . . . .	103.8	78.0	53.6	42.2	39.2	17.8	10.0	344.4
1987-88 . . . . .	104.7	79.5	56.3	38.6	164.3	18.1	12.4	473.9
1988-89 (a) . . . . .	115.1	81.2	59.3	37.2	104.0	18.5	11.8	427.1
<b>Total Payments (Net)</b>								
1984-85 . . . . .	6 252.9	4 787.9	3 377.7	2 115.9	2 115.4	877.3	914.4	20 441.4
1985-86 . . . . .	6 818.6	5 113.8	3 582.5	2 266.5	2 191.7	876.6	940.6	21 790.3
1986-87 . . . . .	7 250.4	5 397.6	3 855.6	2 424.8	2 330.4	891.1	976.5	23 126.2
1987-88 . . . . .	7 505.3	5 566.0	3 983.1	2 590.2	2 238.5	884.9	955.6	23 723.5
1988-89 (a) . . . . .	7 516.8	5 704.2	4 111.2	2 578.1	2 278.5	885.3	972.8	24 046.8

(a) Estimate.

**Table 2—Commonwealth Payments to the States and the Northern Territory, State Government Loan Council Programs and Payments Made Direct to Local Government Authorities, 1984-85 to 1988-89 (\$ per capita)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>General Revenue</b>								
1984-85 . . . . .	591.61	584.45	781.24	872.18	866.00	1 081.84	3 378.47	711.03
1985-86 . . . . .	650.43	632.64	807.51	903.84	920.44	1 110.14	3 695.30	761.46
1986-87 . . . . .	714.12	694.60	881.44	989.96	995.36	1 159.21	4 039.58	832.38
1987-88 . . . . .	755.55	735.21	946.82	1 065.39	1 049.08	1 181.03	4 329.57	883.56
1988-89 (a) . . . . .	639.36	618.57	802.88	928.04	921.53	1 074.37	4 329.02	760.55
<b>General Purpose Capital</b>								
1984-85 . . . . .	93.07	95.91	81.43	103.10	149.30	249.14	945.99	110.27
1985-86 . . . . .	91.99	94.93	79.88	100.71	148.09	246.62	1 128.72	110.96
1986-87 . . . . .	69.85	72.29	60.23	75.29	113.02	188.61	846.89	84.14
1987-88 . . . . .	30.50	33.77	13.84	30.10	56.50	123.53	559.64	38.51
1988-89 (a) . . . . .	30.09	33.38	13.52	29.36	55.93	123.42	562.15	37.93
<b>Total Specific Purpose</b>								
1984-85 . . . . .	485.39	503.96	479.10	562.93	560.92	699.77	2 016.02	523.54
1985-86 . . . . .	513.11	517.70	506.21	595.35	553.12	646.54	1 414.04	536.80
1986-87 . . . . .	529.74	533.77	528.94	594.78	593.77	676.47	1 433.96	555.34
1987-88 . . . . .	552.43	555.66	526.14	628.10	606.97	702.44	1 275.44	571.93
1988-89 (a) . . . . .	654.41	688.80	680.27	714.50	703.17	807.96	1 409.16	689.08
<b>Total Payments to the States, the Northern Territory and Local Government Authorities (Net)</b>								
1984-85 . . . . .	1 150.78	1 168.31	1 325.86	1 506.93	1 549.06	1 993.43	6 293.15	1 324.41
1985-86 . . . . .	1 240.36	1 235.10	1 379.46	1 576.67	1 591.90	1 971.73	6 192.09	1 392.75
1986-87 . . . . .	1 301.35	1 289.99	1 454.73	1 638.57	1 678.59	1 991.63	6 267.53	1 456.56
1987-88 . . . . .	1 325.90	1 314.73	1 471.83	1 704.20	1 597.56	1 976.09	6 098.12	1 471.14
1988-89 (a) . . . . .	1 309.82	1 331.89	1 483.96	1 654.08	1 609.57	1 975.27	6 235.72	1 468.92

(a) Estimate.

## **State and Local Authority Borrowings**

Each year Loan Council approves annual borrowing programs (comprising both new money borrowings and refinancings) by Commonwealth and State semi-government and local authorities, government-owned companies and trusts, as well as by the Northern Territory and authorities in the ACT.

In the last five years new money borrowings by State and Northern Territory authorities have on average represented 9% of the total funds available to them. Chapter IV provides more detailed information about these arrangements.

### **Institutional Arrangements**

Since Federation, institutions have evolved to provide a framework for the management of various aspects of Commonwealth/State financial relations. The most important of these are:

- the Premiers' Conference (which actually predates Federation in 1901);
- the Australian Loan Council (established informally in 1923 and formally in 1927); and
- the Commonwealth Grants Commission (established in 1933).

It is at the annual Premiers' Conference that the amount and distribution of general revenue assistance are determined. These payments are usually subject to some negotiation among the Commonwealth and the States at the Conference. Their distribution among the States is generally determined having regard to the per capita relativities recommended and periodically reviewed by the Commonwealth Grants Commission. These relativities are set with a view to compensating States for relative revenue and expenditure disabilities in their recurrent budgets; Chapters II and III provide more detail.

Under the Financial Agreement of 1927, Loan Council, which meets at the same time as the Premiers' Conference, has responsibility for determining the level of borrowings by the Commonwealth on its own behalf and on behalf of the State governments. Except in limited circumstances, State governments are not permitted to borrow in their own right. Loan Council is therefore responsible for determining the level of general purpose capital assistance, while the Commonwealth determines the amounts within that total to be provided in the form of grants and concessional loans. The remainder of the program is provided as loans at market rates of interest and is financed by the sale of various Commonwealth Government securities. The proceeds of these sales are allocated to the States and represent State debt. While the Northern Territory and the ACT are not members of Loan Council, analogous arrangements apply.

Borrowings by Commonwealth and State authorities (semi-government and local authorities, government-owned companies and trusts) are not subject to the Financial Agreement, although Loan Council also approves the annual borrowing programs of these authorities. Under the present 'Global Approach', which has been in place since the May 1985 Loan Council Meeting, all borrowings and related means of financing capital expenditure by authorities are subject to global limits covering new money raisings and the refinancing of existing debt (see Chapter IV for more detail).

## **Summary of 1988 Premiers' Conference and Loan Council Meeting Outcome**

At the Premiers' Conference and Loan Council Meeting held on 12 May 1988, the main funding decisions were that :

- general revenue assistance and hospital funding payments for 1988-89 would be based upon amounts \$650 million lower than the forward estimates at the time;
- general purpose capital assistance to the States and the Northern Territory would be maintained at the same nominal level as in 1987-88 (\$621 million); and
- the global borrowing limits of State and Northern Territory authorities for 1988-89 would total \$4 845 million, or 9.7% less than the agreed limits for 1987-88 (Queensland did not agree to this reduction—see Chapter IV).

On a comparable basis of measurement, these decisions imply that general purpose assistance will decline by about 4.6% in real terms<sup>(1)</sup> in 1988-89, following a real decline of 5.1% in 1987-88.

Other decisions made at the last Premiers' Conference were:

- to implement the revised relativities recommended by the Commonwealth Grants Commission, subject to the three less populous States and the Northern Territory receiving special revenue assistance in order to ease the adjustment (see Chapter III);
- to implement new hospital funding arrangements (see Chapter V);
- to remove the payroll tax exemption for Commonwealth business enterprises from 1 July 1988, with 90% of the additional revenue available to the States (estimated at approximately \$220 million in a full year) to be recouped by the Commonwealth by an additional reduction in general revenue assistance (see Chapter III); and
- the replacement of triennial reviews by the Commonwealth Grants Commission with annual updates of relativities and five-yearly reviews of the underlying methodology (see Chapter III).

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<sup>(1)</sup> In this Paper, all rates of change relating to real values are calculated using the non-farm product deflator, unless otherwise specified.



## CHAPTER II—STRUCTURE AND TRENDS IN STATE AND LOCAL GOVERNMENT FINANCES

This chapter provides an overview of the structure of the public sector; outlines trends in the principal budget aggregates and in government employment for the State and local government sectors and for individual States; and discusses the methodology of fiscal equalisation.

Statement No. 7 in Budget Paper No. 1, 'Transactions of the Public Sector as a Whole', provides further information on recent developments in the public sector, including at the general government and public trading enterprise levels.

### THE STRUCTURE OF THE PUBLIC SECTOR

Shares of the major budget aggregates and public sector employment in 1986-87 (the latest year for which data are available) for each level of government are set out in Table 3. It can be seen that the Commonwealth Government raises almost three quarters of total revenue while accounting for only about half of total public sector outlays. Payments to or for other levels of government account for the difference, representing about one third of Commonwealth outlays.

**Table 3—Public Sector Budget Aggregates and Employment: Shares of Each Level of Government, 1986-87 (%)**

	Outlays (a)		Revenue		Net PSBR (b)	Employment
	Current	Capital	Total	Own-Source		
Commonwealth . . . . .	54	25	49	74	43	25
State . . . . .	42	62	45	22	56	66
Local . . . . .	4	12	5	4	1	9
Total . . . . .	100	100	100	100	100	100

(a) Current, capital and total outlays exclude payments to or for other levels of government.

(b) In 1987-88, the State/local sector accounted for all of the net PSBR, with State/local sector borrowing being offset, in part, by a Commonwealth sector surplus.

The State sector (excluding transfers to the local government sector) accounts for about 45% of total public sector outlays, but significantly higher proportions (over 60%) of capital expenditure and employment.

The Commonwealth accounts for only 25% of public sector employment. This low relative share essentially reflects the importance of personal benefit payments at the Commonwealth level (around 45% of total outlays excluding transfers to or for other levels of government), which are not nearly as labour intensive as the provision of education, health and police services delivered at the State level.

Own-source revenue accounted for 49% of total State revenues in 1986-87, compared with 75% for local government. The main sources of State and local government funds in 1986-87 are shown in Table 4.

**Table 4—Sources of Revenue for State and Local Government, 1986-87**

	State Government	Local Government
	%	%
Own-Source Revenue		
Taxes, Fees and Fines—		
Payroll Tax . . . . .	9	..
Stamp Duties . . . . .	5	..
Motor Vehicle Taxes . . . . .	4	..
Franchise Taxes . . . . .	3	..
Municipal Rates . . . . .	..	50
Other . . . . .	9	3
Total . . . . .	30	53
Net Operating Surplus . . . . .	10	8
Other . . . . .	9	14
Total . . . . .	49	75
Payments from Higher Levels of Government		
—from Commonwealth (a) . . . . .	51	18
—from State . . . . .	..	7
Total . . . . .	100	100

(a) In 1986-87, Commonwealth payments to local government comprised general revenue assistance (10% of local government revenue), direct payments to local government (2% of local government revenue) and specific purpose payments to the States that were on-passed to local government (6% of local government revenue).

### TRENDS IN STATE AND LOCAL GOVERNMENT BUDGETS

This section discusses trends in the main budget aggregates and government employment in the State/local sector as a whole; it also briefly compares developments in the State and local government sectors.

#### *State/Local Sector*

State/local sector budget policies were much more restrained in 1987-88 than previously, thereby complementing Commonwealth fiscal policies (see Chart 1 and Table 5). The main points in respect of 1987-88 are:

- preliminary estimates indicate that outlays declined by 3.8% in real terms, the first such decline since at least the early 1960s (the extent of available data);
- the sector's net PSBR (which measures its direct call on financial markets) declined by \$2.1 billion to \$3.3 billion in 1987-88, and fell as a percentage of GDP from 2.1% in 1986-87 to 1.1% in 1987-88, the lowest level since 1977-78;
- reflecting reductions in net Commonwealth payments, total revenues declined further as a proportion of GDP; and
- State/local sector employment growth declined slightly in the nine months to March 1988 compared with the same period of the previous year, following an increase of 0.9% in 1986-87.

The outcome for the State/local sector in 1987-88 presents some significant contrasts with developments in earlier years:

- outlays increased by 1.7% in 1986-87 and at an average annual rate of 4.2% in the previous four years;
- the net PSBR remained fairly steady as a proportion of GDP at about 2% in 1985-86 and 1986-87; and

- employment increased by 2.0% in 1984-85 and 2.4% in 1985-86.

While several factors contributed to greater restraint in State/local sector budget policies in 1987-88, the most important was the significant reductions in net Commonwealth payments agreed at the May 1987 Premiers' Conference/Loan Council Meeting:

- Commonwealth general purpose payments declined by 5.1% in real terms, following a reduction of 0.8% in 1986-87. In real terms total net payments declined by 4.8% in 1987-88, the third successive year of such reductions; and
- State global borrowing limits were set \$1 000 million lower than in 1986-87, following a significant reduction in 1986-87.

The decline in the relative importance of Commonwealth payments since 1983-84 as a source of funds for the State/local sector is illustrated in Chart 2. The State/local sector initially responded to these cutbacks by increased borrowing but has recently restrained the growth of its outlays and there have been strong increases in its own revenues:

- State/local sector outlays declined from 21.7% of GDP in 1985-86 to 19.9% in 1987-88. Current outlays declined by 1.6% in 1987-88 and there were much larger cuts in capital outlays. Lower capital outlays have been associated with the winding-down of a number of resource related infrastructure projects, as well as discretionary cuts in response to reduced Commonwealth funding. The restraint in current outlays is related to falling real wages in recent years, to restraints on employment numbers and slower growth in interest payments; labour costs account for around half of State/local current outlays; and
- while the sector's own-source revenue has increased as a proportion of GDP, total revenue has been falling because of the cut back in Commonwealth payments. The firm growth in own-source revenue mainly reflects strong growth in taxation revenue, particularly in stamp duties.

At the May 1988 Premiers' Conference/Loan Council Meeting the following cuts in Commonwealth payments and State global borrowing limits were agreed:

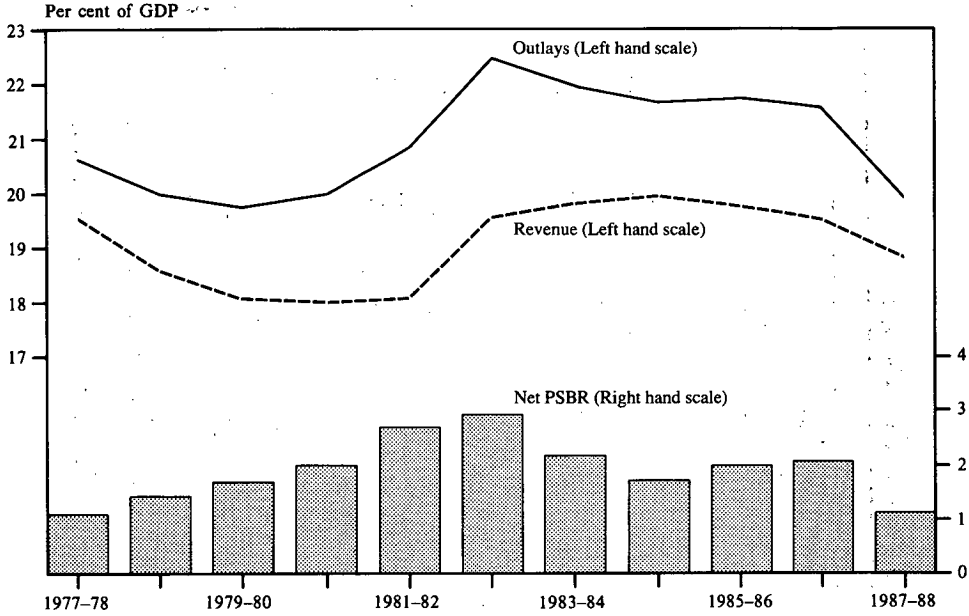
- Commonwealth general purpose payments are estimated to decline by 4.6% in real terms in 1988-89. Total net Commonwealth payments are estimated to decline by 4.4% in real terms in 1988-89; and
- the State/local sector's approved global borrowing limits were reduced by \$519 million to \$4 845 million in 1988-89.<sup>(1)</sup>

It is not possible to forecast State/local budget aggregates for 1988-89 in advance of the State Budgets. In broad terms, however, it is expected that the State/local sector will show further restraint in outlays and net borrowings in 1988-89. An estimate of the net borrowings for the State/local sector is presented in Statement No. 7 in Budget Paper No. 1.

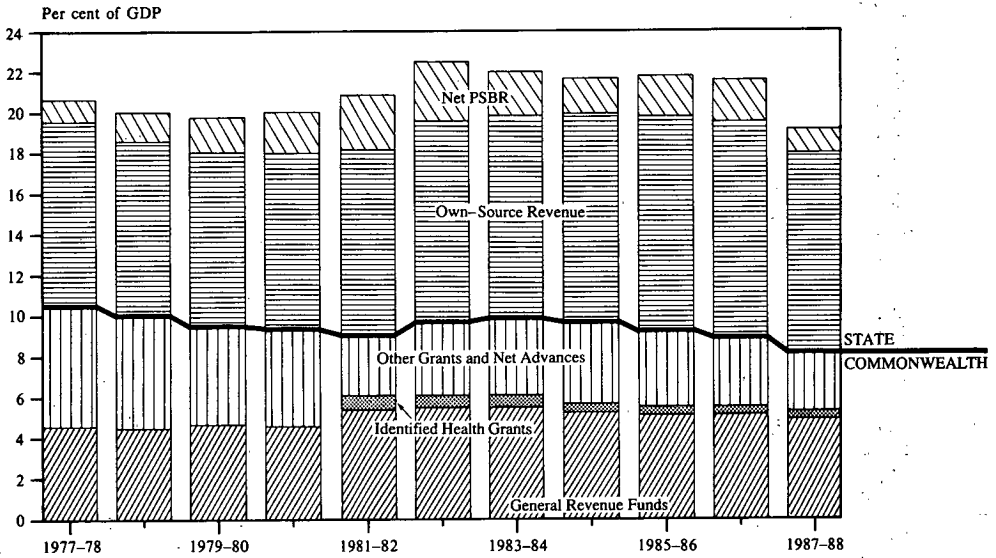
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<sup>(1)</sup> Queensland has not agreed to its share of this overall limit, or to abide by other aspects of the Global Approach. The Commonwealth has indicated that, if this situation persists, it will reduce payments of financial assistance grants to Queensland to the extent that its new money borrowings in 1988-89 exceed \$793 million (see Chapter IV).

**Chart 1: State/Local Sector Budget Aggregates**



**Chart 2: State/Local Sector Sources of Funds**



**Table 5—Budget Aggregates, State and Local Government Sectors, 1982–83 to 1986–87 (real change)**

	Outlays (a)			Revenue								Net PSBR (b)	Government Employment (c)
	Current	Capital	Total	Taxes, Fees and Fines	Own-Source Revenue	Total Net Payments Received	Total Revenue	Net PSBR (b)	Government Employment (c)				
	%	%	%							% GDP	% GDP		
	State/Local												
1982–83 . . . . .	5.8	6.7	6.1	22.5	4.3	6.9	9.2	5.4	6.1	18.8	2.9	na	
1983–84 . . . . .	4.6	-2.0	2.7	22.0	3.9	4.0	9.1	7.0	5.5	18.9	2.2	na	
1984–85 . . . . .	5.9	-3.8	3.2	21.7	5.6	7.6	9.3	2.8	5.1	19.0	1.7	2.0	
1985–86 . . . . .	4.6	5.0	4.7	21.7	2.7	7.6	9.6	-0.4	3.5	18.8	2.0	2.4	
1986–87 . . . . .	2.3	-0.1	1.7	21.6	4.8	3.8	9.7	-1.2	1.3	18.6	2.1	0.9	
1987–88 . . . . .	-1.6	-10.2	-3.8	19.9	7.3	5.5	9.9	-4.8	0.6	18.0	1.1	-0.1	
Average growth 1982–83 to 1986–87	4.7	1.1	3.7		4.2	6.0		2.6	4.3				
	State												
1982–83 . . . . .	5.6	9.9	6.8	20.1	4.5	7.5	7.6	5.3	6.2	17.2	2.8	na	
1983–84 . . . . .	4.6	-1.7	2.9	19.6	3.9	3.9	7.5	6.9	5.6	17.3	2.2	na	
1984–85 . . . . .	6.1	-6.3	2.8	19.3	6.0	8.5	7.7	2.7	5.2	17.4	1.7	1.7	
1985–86 . . . . .	4.9	5.3	5.0	19.4	2.8	8.0	8.0	-0.6	3.3	17.2	2.0	2.6	
1986–87 . . . . .	2.6	..	1.9	19.3	5.6	4.3	8.1	-1.2	1.4	17.0	2.0	1.0	
Average growth 1982–83 to 1986–87	4.7	1.3	3.8		4.6	6.4		2.6	4.3				
	Local												
1982–83 . . . . .	8.3	-8.2	1.1	2.4	3.2	4.5	1.7	5.4	4.8	2.2	0.1	na	
1983–84 . . . . .	4.6	-3.5	1.4	2.4	3.9	4.9	1.6	20.3	8.9	2.3	-0.1	na	
1984–85 . . . . .	4.1	10.7	6.6	2.4	3.7	3.1	1.6	3.1	3.1	2.3	..	4.4	
1985–86 . . . . .	2.3	3.7	2.8	2.4	2.4	5.8	1.6	-6.4	2.3	2.2	..	1.4	
1986–87 . . . . .	0.6	-0.4	0.2	2.3	1.4	2.0	1.6	-5.5	..	2.2	..	0.1	
Average growth 1982–83 to 1986–87	3.9	0.2	2.4		2.9	4.0		2.9	3.8				

(a) State government current, capital and total outlays exclude payments to or for other levels of government.

(b) The net PSBR is defined as outlays less total revenue (including advances received from the Commonwealth) less the increase in provisions.

(c) Figures for 1987–88 relate to the nine months to March 1988 (the latest available data). The per cent change is the nine months to March 1988 over the nine months to March 1987.

### *State Sector and Local Government Sector*

Changes in budget aggregates and government employment in the State government and the local government sectors for the period 1982-83 to 1986-87 are set out in Table 5. In considering trends in these sectors it should be noted that:

- the Commonwealth Government has a more substantial direct impact on State than on local government budget policies. Commonwealth payments to State governments account for 51% of State revenues, whereas Commonwealth payments account for only 12% of local government revenue (see Table 4); and
- the range of activities undertaken by local government varies among the States. For example, electricity undertakings in Western Australia, Queensland and Tasmania are operated exclusively by State governments, whereas in the remaining States both State and local governments are involved; government transport undertakings are operated exclusively by State governments in all States except Queensland. These and other factors contribute to differences in the relative size of the local government sector among States (from around 13% of the State/local sector in New South Wales and Queensland to around 8% in Tasmania and Western Australia).

Over the five years to 1986-87, State sector outlays (excluding State-sourced payments to the local government sector) have increased somewhat faster than local government outlays. In 1986-87 outlays growth slowed markedly in both sectors, mainly reflecting restraint in capital expenditure.

The significant fluctuations in the level of payments received by local government (a 20% increase in 1983-84 and a 6% fall in 1985-86) mainly reflect changes in Commonwealth specific purpose payments, paid either direct to local government authorities or on-passed by State governments. Payments under specific purpose programs give effect, in varying degrees, to Commonwealth priorities and objectives. Changes in the level of funds on-passed under the Community Employment Program account for much of the observed variation. General purpose payments, which account for around 60% of Commonwealth payments to both State and local governments, are available to be spent at the recipients' discretion. As indicated in Table 6, general purpose payments to local government increased during the period to 1987-88. In contrast, the real level of general purpose payments to the States has declined. The real level of general purpose payments to both sectors is estimated to decline in 1988-89.

**Table 6—Commonwealth General Purpose Payments to State and Local Government, 1982–83 to 1988–89**

	State Government		Local Government	
	\$m	Real Change %	\$m	Real Change %
1982–83	10 711	-0.1	427	9.1
1983–84	11 955	4.5	462	1.3
1984–85	12 676	..	489	-0.1
1985–86	13 649	0.6	539	3.0
1986–87	14 552	-0.8	586	1.2
1987–88	14 869	-5.1	642	1.7
1988–89	13 072	-4.6(a)	653	-4.0
Average 1982–83 to 1987–88		-0.2		3.2

(a) In order to calculate a comparable real percentage change, identified health grants have been excluded from the 1987–88 base figure, as those grants have been absorbed into the specific purpose payment 'Hospital Funding Grants' in 1988–89. The amount excluded includes a notional amount for the Northern Territory (see Chapter V for details). For 1988–89, special revenue assistance for the transfer of Commonwealth programs (\$49.9 million) has been excluded as has the effect of the payroll tax adjustment (-\$178.6 million) (see Chapter III).

### BUDGET DEVELOPMENTS IN INDIVIDUAL STATES

In making State comparisons of spending, taxing and borrowing, account should be taken of differences in the growth of population, gross state product (GSP) and the level and growth in Commonwealth payments to individual States. Variations in rates of population growth, for example, can have a strong bearing on the demand for education, hospitals and law enforcement services.

**Table 7—Population(a), 1981–82 to 1988–89 (thousands)**

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	ACT	Australia
1981–82	5 267.9	3 969.1	2 386.8	1 320.3	1 325.0	428.6	127.3	229.9	15 054.8
1982–83	5 329.4	4 013.8	2 455.9	1 354.8	1 338.1	431.0	133.0	235.4	15 291.5
1983–84	5 376.4	4 055.6	2 503.3	1 380.6	1 353.0	435.1	139.3	241.8	15 485.2
1984–85	5 433.6	4 098.1	2 547.6	1 404.1	1 365.6	440.1	145.3	247.6	15 681.9
1985–86	5 497.3	4 140.4	2 597.0	1 437.5	1 376.8	444.6	151.9	255.4	15 901.0
1986–87	5 571.4	4 184.2	2 650.4	1 479.8	1 388.3	447.4	155.8	262.6	16 139.9
1987–88	5 660.5	4 233.6	2 706.2	1 519.9	1 401.2	447.8	156.7	269.7	16 395.6
1988–89 (b)	5 738.8	4 282.8	2 770.4	1 558.6	1 415.6	448.2	156.0	276.7	16 647.2

(a) The population series in this Table, which underlie the per capita figures in this Paper are, with the exception of 1987–88 and 1988–89, the estimated mean resident populations for the financial year as published by the ABS in *Australian Demographic Statistics* (Catalogue No. 3101.0). The ABS' preliminary estimates of population at 31 December 1987 have been used for 1987–88 and Treasury projections of population at 31 December 1988 have been used for 1988–89.

(b) Projection.

**Table 8—Population Growth by State, 1982–83 to 1988–89 (% change)**

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	ACT	Australia
1982–83	1.2	1.1	2.9	2.6	1.0	0.6	4.5	2.4	1.6
1983–84	0.9	1.0	1.9	1.9	1.1	1.0	4.7	2.7	1.3
1984–85	1.1	1.0	1.8	1.7	0.9	1.1	4.3	2.4	1.3
1985–86	1.2	1.0	1.9	2.4	0.8	1.0	4.5	3.2	1.4
1986–87	1.3	1.1	2.1	2.9	0.9	0.6	2.6	2.8	1.5
1987–88(a)	1.6	1.2	2.1	2.7	0.9	0.1	0.6	2.7	1.6
1988–89(a)	1.4	1.2	2.4	2.5	1.0	0.1	-0.4	2.6	1.5
Average 1982–83 to 1986–87	1.1	1.1	2.1	2.3	0.9	0.9	4.1	2.7	1.4

(a) Estimate.

75266  
Total  
16370.4

Trends in GSP among the States can be affected significantly by fluctuations in commodity prices, given differences in the relative importance of the mining and agricultural sectors. Mining and agriculture together account for at least 15% of GSP in Queensland, Western Australia and the Northern Territory, compared with an average of about 8% in the other four States. Changes in the ratios of outlays, revenue and State net borrowing requirements to GSP can therefore be affected by influences on the GSP base that are not directly related to the stance of fiscal policy.

**Table 9—Gross State Product(a), 1982–83 to 1986–87 (% nominal change)**

	New South Wales	Victoria	Queens- land	Western Australia	South Australia	Tasmania	Northern Territory	Total
1982–83 . . . . .	6.9	9.4	9.0	15.0	9.6	9.0	17.7	9.1
1983–84 . . . . .	10.6	13.4	11.6	8.6	21.2	10.7	16.5	12.2
1984–85 . . . . .	9.2	10.0	11.1	18.1	12.3	11.7	7.6	10.9
1985–86 . . . . .	11.9	12.7	9.6	11.0	9.7	12.0	21.8	11.7
1986–87 (b) . . . . .	10.5	10.8	11.2	9.0	8.5	9.8	4.3	10.2
Average 1982–83 to 1986–87 (b) . . . . .	9.8	11.3	10.5	12.3	12.2	10.7	13.4	10.8

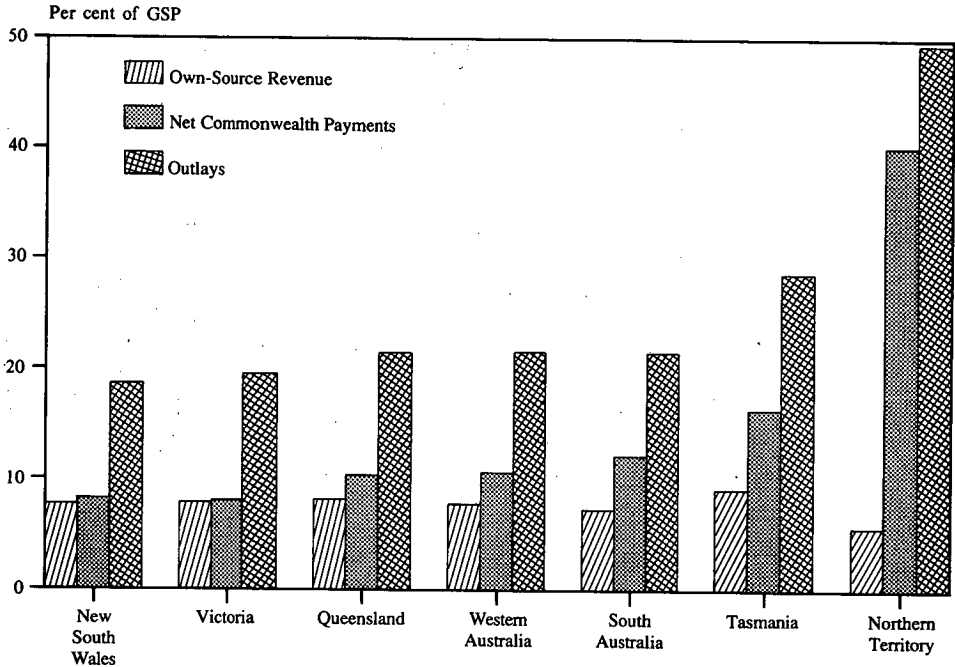
(a) 'Gross State Product' (GSP) refers to each State's Gross Domestic Product (GDP) at market prices. Estimates of each State's GDP at factor cost are published by the ABS for the years 1977–78 to 1985–86 in *Australian National Accounts, State Accounts, 1986–87* (Catalogue No. 5220.0). In order to obtain estimates at market prices to 1986–87, it has been assumed that gross operating surplus has continued to be distributed in line with past shares (specifically the average share apparent in the last three years for which data are available). Commonwealth indirect taxes less subsidies and differences between the latest estimates of GDP and those published in *Australian National Accounts, State Accounts, 1986–87*, for all years have been allocated across the States and the Territories in line with their estimated shares of GSP before the allocation of these items.

(b) Estimate.



As can be seen in Chart 3, the ratio of own-source revenue to GSP does not differ greatly among the States. On the other hand, the ratio of outlays to GSP does vary considerably. This latter variation, of course, is associated with similarly wide variations in net Commonwealth payments, largely reflecting the distribution of general revenue assistance based on fiscal equalisation principles (see below).

**Chart 3: Outlays, Own-Source Revenue and Net Commonwealth Payments—  
State Government Sector, Average 1982-83 to 1986-87**



In evaluating recent State budget developments, there are two points to note regarding the level of net Commonwealth payments:

- they have been reduced more sharply in recent years for the less populous States, declining in Tasmania from 17.3% of GSP in 1984-85 to 14.3% in 1986-87 and in the Northern Territory from 42.6% to 35.9% over the same period; and
- they remain, however, more important for the less populous States, ie South Australia and Tasmania and especially the Northern Territory.

Table 10 shows changes in the key fiscal aggregates of individual States during the five year period 1982-83 to 1986-87 in real and real per capita terms; Table 11 shows those aggregates as a share of GSP. Chart 4 shows total outlays and revenue and the net PSBR as a proportion of GSP. The main points are discussed below.

**Table 10—State Budget Aggregates, 1982–83 to 1986–87 (% real change and real per capita change)**

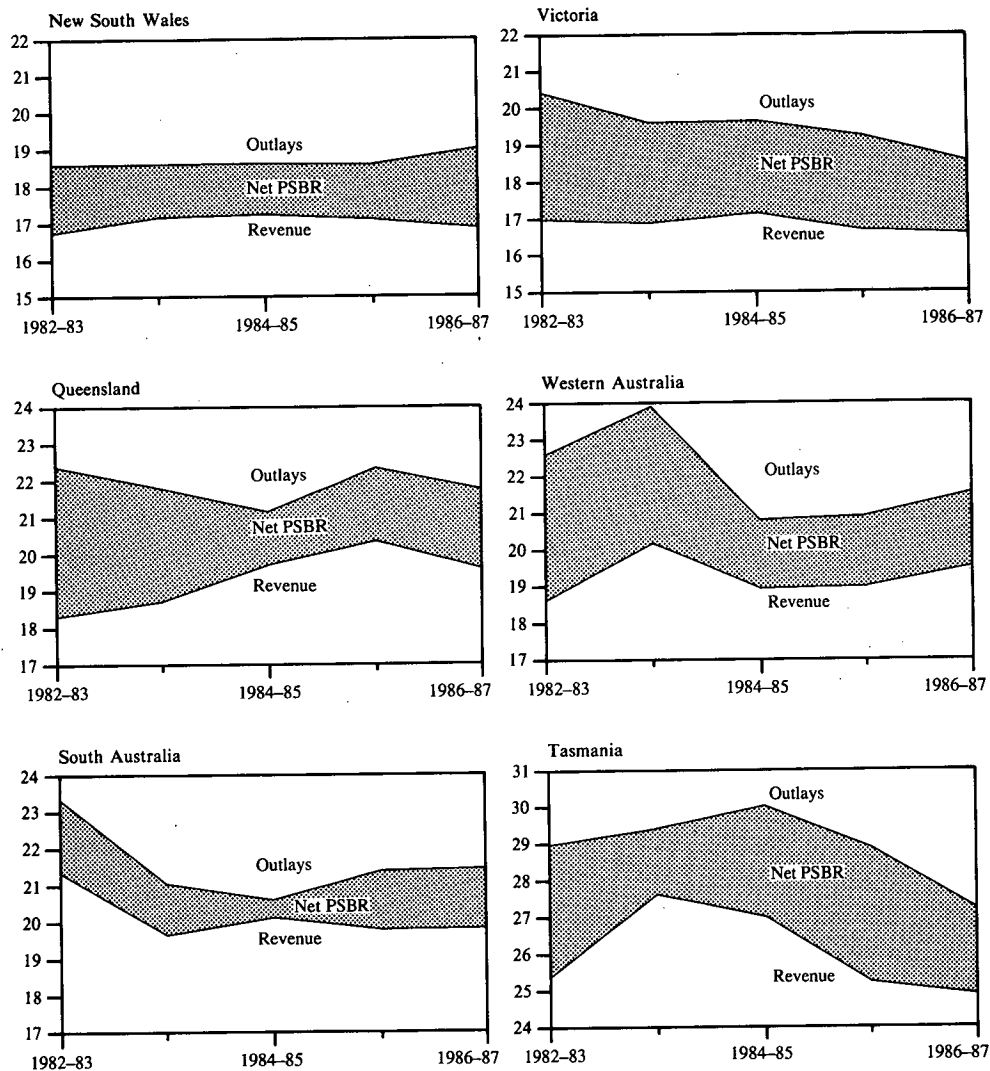
	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>Current Outlays</b>								
1982–83 . . . . .	2.0	7.9	9.0	8.1	6.2	-0.1	10.3	5.7
1983–84 . . . . .	3.2	3.4	9.3	9.4	2.5	7.1	11.6	5.0
1984–85 . . . . .	4.8	7.3	6.1	5.0	7.4	4.1	8.5	6.0
1985–86 . . . . .	4.1	5.1	5.7	5.4	6.4	2.0	-5.7	4.6
1986–87 . . . . .	3.7	1.9	1.8	3.1	2.0	0.3	-5.2	2.4
Average real growth 1982–83 to 1986–87 . . . . .	3.5	5.1	6.3	6.2	4.9	2.6	3.6	4.7
Average real per capita growth 1982–83 to 1986–87 . . . . .	2.4	4.0	4.1	3.8	3.9	1.7	-0.5	3.3
<b>Capital Outlays</b>								
1982–83 . . . . .	-8.1	1.1	27.4	55.4	22.7	21.9	7.5	9.4
1983–84 . . . . .	5.3	-1.9	-11.0	3.6	2.1	-0.1	-2.0	-0.9
1984–85 . . . . .	-1.9	-5.5	-7.1	-21.0	-8.3	17.8	-5.8	-6.0
1985–86 . . . . .	5.0	-3.7	14.1	0.7	6.6	-2.6	-21.2	4.4
1986–87 . . . . .	9.5	-9.9	-1.7	8.4	-2.0	-14.7	-13.2	-0.2
Average real growth 1982–83 to 1986–87 . . . . .	1.8	-4.1	3.4	6.8	3.7	3.6	0.8	1.2
Average real per capita growth 1982–83 to 1986–87 . . . . .	0.6	-5.1	1.2	4.4	2.7	2.7	-3.2	-0.2
<b>Total Outlays</b>								
1982–83 . . . . .	-0.7	6.0	15.2	19.7	9.7	4.9	9.5	6.7
1983–84 . . . . .	3.7	2.0	1.8	7.6	2.4	5.2	7.8	3.3
1984–85 . . . . .	3.1	4.0	1.8	-3.0	3.7	7.6	4.9	2.8
1985–86 . . . . .	4.3	3.1	8.2	4.2	6.4	0.7	0.4	4.6
1986–87 . . . . .	5.1	-0.6	0.7	4.4	1.2	-3.8	-7.4	1.8
Average real growth 1982–83 to 1986–87 . . . . .	3.1	2.9	5.4	6.3	4.6	2.8	2.9	3.8
Average real per capita growth 1982–83 to 1986–87 . . . . .	1.9	1.8	3.2	3.9	3.6	2.0	-1.2	2.4
<b>Own-Source Revenue</b>								
1982–83 . . . . .	9.6	8.1	3.6	6.8	3.3	1.9	34.6	7.5
1983–84 . . . . .	2.8	-0.6	5.7	15.9	7.0	8.2	8.9	3.9
1984–85 . . . . .	5.6	5.0	21.5	6.7	10.1	10.0	18.4	8.5
1985–86 . . . . .	6.9	5.8	13.3	9.4	10.0	4.3	2.8	8.0
1986–87 . . . . .	3.4	7.9	-2.4	11.6	2.6	9.6	-10.9	4.3
Average real growth 1982–83 to 1986–87 . . . . .	5.6	5.2	8.0	10.0	6.5	6.7	9.7	6.4
Average real per capita growth 1982–83 to 1986–87 . . . . .	4.5	4.1	5.8	7.5	5.5	5.8	5.4	4.9
<b>Net Commonwealth Payments</b>								
1982–83 . . . . .	3.7	4.6	5.3	1.4	10.2	4.0	4.8	5.3
1983–84 . . . . .	7.3	6.0	7.5	7.8	3.5	11.6	8.1	6.9
1984–85 . . . . .	1.9	3.5	2.4	2.6	4.8	0.1	4.1	2.7
1985–86 . . . . .	1.5	-0.4	-0.9	-0.5	-3.3	-6.7	-4.0	-0.6
1986–87 . . . . .	-1.9	-1.6	0.2	-0.8	-0.1	-5.3	-3.2	-1.2
Average real growth 1982–83 to 1986–87 . . . . .	2.5	2.4	2.8	2.1	2.9	0.5	1.8	2.6
Average real per capita growth 1982–83 to 1986–87 . . . . .	1.3	1.3	0.7	-0.2	2.0	-0.4	-2.2	1.2
<b>Total Revenue</b>								
1982–83 . . . . .	6.5	6.3	4.6	3.5	7.7	3.3	7.6	6.2
1983–84 . . . . .	5.2	2.7	6.8	11.0	4.7	10.4	8.2	5.6
1984–85 . . . . .	3.6	4.2	10.2	4.3	6.7	3.4	5.8	5.2
1985–86 . . . . .	4.1	2.6	5.5	3.7	1.6	-2.9	-3.1	3.3
1986–87 . . . . .	0.7	3.1	-1.0	4.7	1.0	0.3	-4.3	1.4
Average real growth 1982–83 to 1986–87 . . . . .	4.0	3.8	5.1	5.4	4.3	2.8	2.7	4.3
Average real per capita growth 1982–83 to 1986–87 . . . . .	2.8	2.7	2.9	3.0	3.3	1.9	-1.4	2.9

**Table 11—State Budget Financial Aggregates, 1982–83 to 1986–87 (% of GSP)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>Current Outlays</b>								
1982–83 . . . . .	14.0	15.0	14.1	15.4	17.8	21.2	37.2	14.8
1983–84 . . . . .	13.9	14.6	14.7	16.6	16.1	21.9	38.1	14.8
1984–85 . . . . .	14.1	15.1	14.9	15.6	16.3	21.7	40.7	15.0
1985–86 . . . . .	14.1	15.1	15.4	15.9	16.9	21.1	33.8	15.0
1986–87 . . . . .	14.2	14.9	15.1	16.1	17.1	20.7	33.0	15.0
Average—1982–83 to 1986–87 . . . . .	14.1	15.0	14.8	15.9	16.8	21.3	36.6	14.9
<b>Capital Outlays</b>								
1982–83 . . . . .	4.7	5.4	8.3	7.2	5.5	7.8	14.3	5.8
1983–84 . . . . .	4.7	5.0	7.1	7.3	5.0	7.5	12.9	5.5
1984–85 . . . . .	4.5	4.5	6.3	5.2	4.3	8.4	11.9	4.9
1985–86 . . . . .	4.5	4.2	7.0	5.0	4.5	7.8	12.7	4.9
1986–87 . . . . .	4.8	3.6	6.6	5.4	4.3	6.5	11.4	4.8
Average—1982–83 to 1986–87 . . . . .	4.6	4.5	7.0	6.0	4.7	7.6	12.7	5.2
<b>Total Outlays</b>								
1982–83 . . . . .	18.6	20.4	22.4	22.6	23.3	29.0	51.6	20.6
1983–84 . . . . .	18.6	19.6	21.8	23.9	21.1	29.4	51.0	20.3
1984–85 . . . . .	18.6	19.7	21.2	20.8	20.6	30.0	52.7	19.9
1985–86 . . . . .	18.6	19.3	22.3	20.9	21.4	28.9	46.5	20.0
1986–87 . . . . .	19.0	18.6	21.7	21.5	21.4	27.2	44.4	19.8
Average—1982–83 to 1986–87 . . . . .	18.7	19.5	21.9	21.9	21.6	28.9	49.2	20.1
<b>Own-Source Revenue</b>								
1982–83 . . . . .	7.7	8.2	7.3	7.0	7.3	8.6	5.7	7.6
1983–84 . . . . .	7.7	7.7	7.4	8.0	6.9	9.0	5.7	7.5
1984–85 . . . . .	7.9	7.8	8.6	7.7	7.1	9.3	6.6	7.7
1985–86 . . . . .	8.0	7.8	9.5	8.1	7.7	9.3	6.0	8.0
1986–87 . . . . .	8.1	8.2	9.0	8.9	7.8	10.0	5.5	8.1
Average—1982–83 to 1986–87 . . . . .	7.9	7.9	8.4	7.9	7.3	9.2	5.9	7.8
<b>Net Commonwealth Payments</b>								
1982–83 . . . . .	8.3	8.3	10.5	10.8	13.4	16.9	41.9	9.6
1983–84 . . . . .	8.6	8.3	10.8	11.4	12.3	18.2	41.6	9.8
1984–85 . . . . .	8.5	8.3	10.6	10.5	12.1	17.3	42.6	9.6
1985–86 . . . . .	8.3	7.8	10.2	10.1	11.4	15.4	36.0	9.2
1986–87 . . . . .	7.9	7.5	9.9	9.9	11.3	14.3	35.9	8.8
Average—1982–83 to 1986–87 . . . . .	8.3	8.0	10.4	10.5	12.1	16.4	39.6	9.4
<b>Total Revenue</b>								
1982–83 . . . . .	16.0	16.5	17.9	17.8	20.7	25.5	47.6	17.2
1983–84 . . . . .	16.3	16.0	18.2	19.4	19.1	27.1	47.2	17.3
1984–85 . . . . .	16.4	16.0	19.2	18.2	19.2	26.6	49.2	17.4
1985–86 . . . . .	16.3	15.6	19.7	18.2	19.1	24.7	41.9	17.2
1986–87 . . . . .	16.0	15.6	18.9	18.8	19.1	24.2	41.3	17.0
Average—1982–83 to 1986–87 . . . . .	16.2	15.9	18.8	18.5	19.5	25.6	45.5	17.2
<b>Net PSBR(a)</b>								
1982–83 . . . . .	1.9	3.4	4.1	3.9	2.0	3.6	1.0	2.8
1983–84 . . . . .	1.5	2.7	3.1	3.7	1.4	1.8	2.0	2.2
1984–85 . . . . .	1.4	2.5	1.4	1.9	0.5	3.0	1.6	1.7
1985–86 . . . . .	1.5	2.6	2.0	1.9	1.6	3.7	3.7	2.0
1986–87 . . . . .	2.2	2.0	2.1	2.0	1.6	2.4	2.3	2.0
Average—1982–83 to 1986–87 . . . . .	1.7	2.6	2.5	2.7	1.4	2.9	2.1	2.1

(a) The net PSBR is defined as outlays less total revenue (including advances received from the Commonwealth) less the increase in provisions.

**Chart 4: State Governments—Outlays, Revenue and Net PSBR as a percentage of GDP (a)**



(a) The charts show total outlays, revenue and the net PSBR as a share of GDP. The net PSBR is shown as the vertical difference between the outlays and revenue lines. The scale in each chart is the same, however, the level differs between States, for example, outlays in 1986-87 as a proportion of GDP were around 19 per cent in New South Wales and Victoria and above 27 per cent in Tasmania. Such differences in large part reflect the impact of fiscal equalisation, which is discussed at the end of this chapter. The change in the ratios for individual States provide the best guide to the stance of their fiscal policies.

### *Outlays*

- In most States during the five years to 1986-87, current outlays increased much faster than capital outlays, with average annual real increases of 4.7% and 1.2%, respectively.
- The growth in total outlays slowed from an average of 4.6% in 1985-86 to 1.8% in 1986-87, with outlays falling in real terms in Victoria, Tasmania and the Northern Territory in 1986-87.
- The States with the fastest real growth in total outlays in the period 1982-83 to 1986-87—Western Australia and Queensland—experienced strong growth in capital expenditure early in the period and had the fastest growing population. After adjustment for relative population growth (ie on a real per capita basis) outlays still increased relatively quickly in Western Australia and Queensland, as well as in South Australia.
- Total outlays accounted for a smaller share of GSP in 1986-87 (compared with 1982-83) in all States except New South Wales. The general State reduction reflected significant declines in capital outlays, which accounted for 4.8% of GSP on average in 1986-87, compared with 5.8% in 1982-83.

### *Revenue*

- The growth in total revenue has slowed markedly since 1985-86, reflecting the decline in real Commonwealth payments in that period and the slower growth of own-source revenue in 1986-87. Total revenue in Western Australia and Queensland has grown markedly faster than in the remainder of the sector.
- Own-source revenue has increased relatively quickly in Queensland and Western Australia and relatively slowly in Victoria and New South Wales.
- Net Commonwealth payments have increased relatively quickly for South Australia and Queensland; adjusted for population growth, however, the increase in payments to Queensland was below the average.
- Since 1985-86, payments to Tasmania and the Northern Territory have declined relatively quickly, reflecting adjustments in line with the recommendations of the Commonwealth Grants Commission's *Report on Tax Sharing Relativities 1985*.

### *Public Sector Borrowing Requirement*

- The net PSBR in the State sector has declined from 2.8% of GSP in 1982-83 to 2.0% in 1986-87. The decline mainly reflects reductions in borrowings in Queensland, Western Australia and Victoria associated with reduced capital outlays (see Chart 4). (In those three States capital outlays accounted for 4.8% of GSP in 1986-87, compared with 6.3% of GSP on average in 1982-83 and 1983-84.) Over the period 1982-83 to 1986-87 as a whole, the net PSBR as a proportion of GSP has been highest in Tasmania.

### *Employment*

- Table 12 shows annual changes in government employment in the period 1984-85 to 1987-88 on a State-by-State basis for both the States and local government. In the States, growth has been slow in Tasmania and Queensland

and relatively rapid in Victoria. In 1986-87 and 1987-88, employment growth in most States slowed significantly. The trend in local government employment has been similar to that in the State sector, with the rate of growth declining markedly in 1986-87 and 1987-88 compared with the previous two years. Among the States, in the four years to 1987-88, local government employment also grew fastest in Victoria.

**Table 12—Employment: State and Local Sectors, 1984-85 to 1987-88**  
(% change)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
State Sector								
1984-85 . . . . .	1.3	3.5	2.1	0.8	-0.2	-0.1	2.8	1.7
1985-86 . . . . .	1.4	4.1	1.5	3.7	3.2	2.1	2.7	2.6
1986-87 . . . . .	0.4	1.7	0.5	0.3	1.9	-0.2	-0.6	1.0
1987-88 (a) . . . . .	0.6	0.3	-2.3	-1.0	0.7	0.6	-2.6	-0.2
Average—1984-85 to 1987-88 . . . . .	0.8	2.3	0.4	0.9	1.3	0.4	0.7	1.2
State Sector as a Proportion of Total Wage and Salary Earners								
1986-87 . . . . .	18.9	19.6	22.2	23.1	22.5	26.0	28.7	20.2
Local Sector								
1984-85 . . . . .	2.7	6.3	5.2	5.5	4.4	-0.5	27.3	4.4
1985-86 . . . . .	0.3	5.0	-2.6	3.0	2.1	2.2	-9.2	1.4
1986-87 . . . . .	1.0	2.4	-3.6	-1.8	-0.5	-0.2	-7.5	0.1
1987-88 (a) . . . . .	-0.2	2.6	-2.5	0.7	2.7	2.5	-4.0	0.5
Average—1984-85 to 1987-88 . . . . .	1.0	4.0	-0.7	1.9	2.2	0.9	5.7	1.6
Local Sector as a Proportion of Total Wage and Salary Earners								
1986-87 . . . . .	3.2	2.7	3.3	2.0	1.7	2.3	1.5	2.7

(a) Figures for 1987-88 relate to the nine months to March 1988 (the latest available data). The per cent change is the nine months to March 1988 over the nine months to March 1987.

## FISCAL EQUALISATION AND GENERAL REVENUE ASSISTANCE

The level of outlays relative to GSP differs markedly among the States. These differences are associated with, among other things, different levels of Commonwealth payments to the States (see Chart 3). The pattern of such Commonwealth assistance involves a substantial redistribution, or 'equalisation', of national public sector resources among the States and the Northern Territory. Two elements of the overall redistribution of recurrent funding can be distinguished:

- the redistribution produced because such funding is not distributed to the States in proportion to the Commonwealth tax collections in each State (here described as Commonwealth tax equalisation); and
- the redistribution reflecting differences assessed by the Commonwealth Grants Commission in respect of:
  - States' own-source revenue-raising capacities (or revenue equalisation); and
  - the costs of providing average levels of State services (or expenditure equalisation).

The contribution of these elements to the overall redistribution of Commonwealth budgetary assistance provided to the States for 1986-87 is quantified in Table 13 which is based in part on the assessments included in the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities 1988* (hereafter referred to as the Commission's 1988 Report).<sup>(2)</sup> The estimates suggest that Commonwealth tax equalisation contributes about half of the overall redistribution among the States. The estimate for Commonwealth tax equalisation is calculated as the difference between an equal per capita distribution of Commonwealth assistance (which the Commission takes as its starting point) and a distribution in proportion to the amount of Commonwealth tax revenue actually raised in each State.<sup>(3)</sup>

The less populous States and the Northern Territory, which make a relatively low per capita contribution to Commonwealth personal income tax revenue, benefit from an equal per capita distribution. Such a redistribution of Commonwealth revenues toward the less populous States, and away from Victoria and New South

**Table 13—The Extent of the Redistribution of Commonwealth Budgetary Assistance Due to Fiscal Equalisation, 1986-87 (\$ per capita)**

	Commonwealth tax equalisation (a)	Revenue equalisation (b)	Expenditure equalisation (c)	Total redistribution
New South Wales . . . . .	-88	-37	-97	-221
Victoria . . . . .	-181	-22	-115	-318
Queensland . . . . .	281	1	61	343
Western Australia . . . . .	81	5	156	243
South Australia . . . . .	195	132	67	394
Tasmania . . . . .	211	208	128	548
Northern Territory . . . . .	116	59	3 040	3 215
Contribution to total redistribution (\$m) (d)	1 247	295	1 021	2 563
Proportion of total redistribution (%)	48.6	11.5	39.8	100.0

- (a) This represents the difference between an equal per capita distribution of Commonwealth budgetary assistance (the combined amount of general revenue assistance and specific purpose payments treated by the Commission's inclusion approach) and a notional distribution of that assistance in proportion to the amount of Commonwealth personal income tax revenue raised in each State.
- (b) This represents the difference between an equal per capita distribution of Commonwealth budgetary assistance and a notional distribution of that assistance based upon the Commission's assessment of revenue needs only. Total revenue needs (ie including both negative and positive assessments) have been adjusted to sum to zero. The basis of adjustment accords with the Commission's method for dealing with the 'gap' between the sum of the total financial assistance requirements determined for each State and the Northern Territory and the total amount of financial assistance available for distribution. For a detailed explanation of the Commission's procedures for adjusting its distribution model to take account of the gap referred to above, see Appendix VII of the Commission's 1988 Report.
- (c) This represents the difference between an equal per capita distribution of Commonwealth budgetary assistance and a notional distribution of that assistance based upon the Commission's assessment of expenditure needs only. Total expenditure needs have been adjusted to sum to zero in the same way as that outlined in (b) above for revenue needs.
- (d) Aggregate funds redistributed from New South Wales and Victoria to other States and the Northern Territory.

- (2) The assessments in the Commission's 1988 Report were based on data averaged over three years, 1984-85 to 1986-87. As noted, the illustrative calculations here are based only on data for 1986-87. In the Commission's assessments, Commonwealth budgetary assistance for the States includes general revenue assistance as well as certain specific purpose payments for recurrent purposes.
- (3) The distribution of Commonwealth tax revenue used in determining the Commonwealth tax equalisation figures in Table 13 is based on collections of personal income tax in each State. While the distribution of total Commonwealth tax collections would be a preferred base, reasonably accurate data on tax collections in each State are available only for personal income tax.

Wales, reflects the higher per capita incomes in the more populous States. Average household income per capita in Victoria and New South Wales was some 15% higher than the average in the other four States and the Northern Territory in 1986-87.

The second element in the redistribution of Commonwealth budgetary assistance reflects the application of the principle of fiscal equalisation as reflected in the assessments of the Grants Commission. This principle, as specified in the terms of reference for the Commission's 1988 Report, requires the Commission to determine a distribution which:

' . . . should enable each State to provide, without having to impose taxes and charges at levels appreciably different from the levels imposed by the other States, government services at standards not appreciably different from the standards provided by the other States . . . [having regard to] differences in the capacities of the States to raise revenue, and . . . differences in the amounts required to be spent by the States in providing government services of a comparable standard.'

The Commission's approach to fiscal equalisation is to determine such variations from an equal per capita distribution of general revenue assistance which would offset differences in State revenue-raising capacities and costs of service delivery, which the Commission judges to be both 'largely outside' the control of State governments and not met by above-average shares of relevant specific purpose payments from the Commonwealth. The objective of fiscal equalisation is to give each State the *capacity* to provide an average level and pattern of services on the assumption that it also imposes an average level and pattern of State taxes and charges. Each State, however, retains its discretion to vary the level and pattern of its revenue raising or spending without affecting the level of its equalisation payment. Therefore, if a State chooses to raise below-average revenue or to incur above-average expenditure on services, the budgetary effects of such policy decisions are not compensated for within the equalisation process.

The implementation of this principle requires the Commission to assess relative revenue and expenditure 'needs' for each State. Essentially:

- the revenue needs of a particular State are measured by the difference between:
  - (a) the revenue it would collect if it raised average per capita amounts of, among other things, payroll tax, stamp duties, and mining royalties and
  - (b) the revenue it would collect if it applied average tax rates; with needs calculated as being positive (negative) in those States which have below-average (above-average) revenue-raising bases; and
- the expenditure needs of a particular State are measured by the difference between:
  - (a) the expenditure it would incur if it provided average levels of service at average levels of efficiency; and
  - (b) the expenditure it would incur if it spent average per capita amounts; with needs calculated as being positive (negative) in States where, for reasons not attributable to State policies, either the relative demand for services is higher (lower) than average because of, for example, differences in the proportion of school-age children or where the unit cost of supplying services is above-average (below-average) because of, for example, differences in economies of scale or dispersion of the population.



It is apparent from Table 13 that equalisation for State revenue and expenditure needs also involves a substantial redistribution toward the less populous States. Within this element, expenditure equalisation is more important overall, but its importance relative to revenue equalisation differs markedly among the States:

- South Australia and Tasmania are the recipients of most of the revenue equalisation, reflecting relative capacities to collect payroll tax, stamp duty and mining royalties, among other things, which are well below average; and
- Western Australia, Tasmania and the Northern Territory are the dominant recipients of expenditure equalisation:
  - location-specific needs (such as those associated with diseconomies of scale at the point of delivery and differences in the degrees of geographic dispersion of population) contribute to above-average per capita expenditures in Western Australia;
  - Tasmania's needs stem mainly from diseconomies of scale in general administration; and
  - The Northern Territory is assessed as having significant expenditure needs on both these counts, as well as having significant needs because of its stage of development (giving rise, for example, to relatively high debt charges) and social composition, including the provision of community services to Aboriginals (who account for 23% of the Territory's population, compared with just over 1% for Australia as a whole).

As well as assessing the overall expenditure and revenue needs of the States, the Commission's relativities assessment procedures for *general* revenue assistance also take into account the relative distribution of certain Commonwealth *specific* purpose recurrent grants. A State receiving a higher share of certain specific purpose recurrent grants is assessed as requiring a commensurately lower share of general revenue assistance, and vice versa. The specific purpose payments which the Commission brings into its assessments in this way (under its 'inclusion approach') are those which, like general revenue assistance, replace the need for funding from States' own sources. The payments treated in this way in 1986-87 amounted to \$3 230.7 million, compared with \$13 241.5 million which the Commission regarded as general revenue assistance. Specific purpose payments treated by the inclusion approach accounted for just over 50% of total recurrent specific purpose payments to the States and the Northern Territory in 1986-87.

Table 14 provides illustrative data for 1986-87. It shows, for example, that Queensland's per capita share of *overall* ('global') budgetary assistance from the Commonwealth, as assessed by the Grants Commission, should have been about 22% higher than Victoria's in that year. However, Queensland receives a below-average share of those specific purpose payments which the Commission treats by the inclusion approach. Queensland is therefore assessed as requiring a commensurately higher share of *general revenue* assistance, reflected in the relativity factor showing Queensland's per capita general revenue assistance being 35% higher than Victoria's.<sup>(4)</sup>

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(4) It is noted again that these illustrative figures refer to 1986-87 only, whereas the assessments in the Commission's 1988 Report were based on data averaged over three years, 1984-85 to 1986-87. Moreover, as discussed in Chapter V, the new hospital funding arrangements introduced from 1 July 1988 will significantly increase Queensland's share of recurrent specific purpose payments and, as a result, its share of general revenue assistance will decline.

**Table 14—Impact of Specific Purpose Payments on the Distribution of General Revenue Assistance, 1986–87 (\$ per capita)**

	<i>Assessed needs (a)</i> (1)	<i>Implied global relativity factor (b)</i>	<i>Above-average share of included specific purpose payments (c)</i> (2)	<i>Needs to be met by share of general revenue assistance (3)=(1)–(2)</i>	<i>Implied relativity factor for general revenue assistance (d)</i>
	\$		\$	\$	
New South Wales . . . . .	–134	1.003	4	–137	1.002
Victoria . . . . .	–137	1.000	2	–138	1.000
Queensland . . . . .	62	1.221	–45	107	1.353
Western Australia . . . . .	162	1.331	6	156	1.422
South Australia . . . . .	199	1.373	30	170	1.443
Tasmania . . . . .	336	1.525	49	287	1.612
Northern Territory . . . . .	3 099	4.519	134	2 965	5.459

- (a) Rounded sum of expenditure and revenue equalisation shown in Table 13.
- (b) By convention, the per capita relativity factor for Victoria is 1.0. Using the figures from Column (1), the relativity for Queensland, for example, is calculated as the ratio between the State's assessed per capita assistance (being the sum of average per capita general revenue assistance and 'included' recurrent specific purpose payments (\$834 + \$204 = \$1 038) plus its assessed needs (\$62) and Victoria's assessed per capita grant (being the average per capita assistance (\$1 038) plus Victoria's assessed needs (–\$137)); that is, the ratio of \$1 100 to \$901. The 'global' relativity refers to the distribution of general revenue assistance and relevant specific purpose payments for recurrent purposes.
- (c) The major payments comprise those for Medicare, schools, TAFE, home and community care, children's services, Aboriginal advancement and legal aid, which together account for around 95% of payments which the Commission treats by the inclusion approach.
- (d) Calculated in the same way as described in (b) above, but using the figures from Column (3) by reference only to the average per capita general revenue assistance in 1986-87 (\$834).

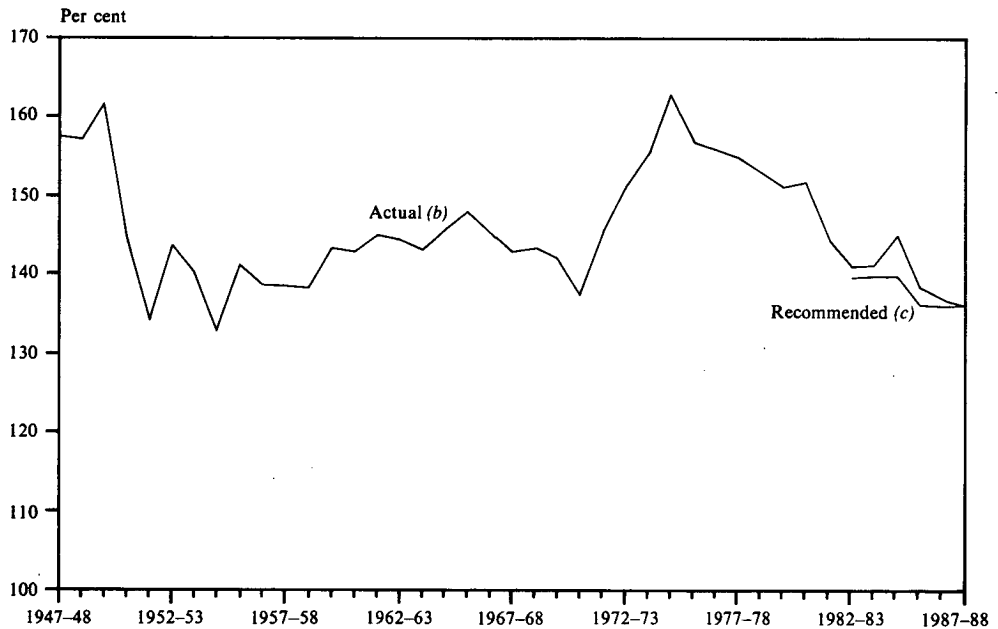
It is apparent that the process of fiscal equalisation involves a significant redistribution of public sector resources toward the smaller States. A simple summary measure is given by the percentage differential between the Commonwealth's per capita general revenue assistance to the two more populous States on the one hand, and to the four less populous States (excluding the Northern Territory) on the other (see Chart 5).

The main points to note are that:

- the less populous States, on average, received per capita general revenue assistance some 60% higher than New South Wales and Victoria in the 1940s and in the early 1970s;
- since the early 1970s the redistribution in favour of the smaller States has been significantly reduced; and
- the Commission's assessed relativities in the 1980s have implied narrower differentials than the actual differentials that applied during most of the period since the late 1940s.

The redistribution of financial resources involved in fiscal equalisation is considerable, and has implications for the overall allocation of resources in the economy. The trend toward a reduced redistribution in favour of the less populous States is serving to complement efforts in recent years to increase efficiency through structural reforms in a number of other areas of economic policy.

**Chart 5: General Revenue Assistance to the More and Less Populous States,  
Relative Per Capita Differential (a)**



- (a) Measured by the per capita Commonwealth assistance to the four less populous States (Queensland, Western Australia, South Australia and Tasmania) expressed as a percentage of the per capita assistance to New South Wales and Victoria in that year. An increase implies a redistribution toward the less populous States.
- (b) The 'actual' differential is based upon the distribution of financial assistance grants (or its equivalent), special grants, various forms of special revenue assistance, and general purpose hospital funding in the form of identified health (and related) grants from 1981-82 to 1987-88.
- (c) The 'recommended' differential is based upon the actual grants outlined in (b), where appropriate, being distributed in line with the relevant per capita relativities assessed by the Grants Commission, to apply in that year. As such, these relativities are based upon assessments with respect to earlier years.

### CHAPTER III—GENERAL REVENUE ASSISTANCE

This chapter outlines the arrangements for payment of general revenue assistance to the States, the Northern Territory, the ACT and local government authorities in 1988-89. It also outlines revised arrangements for the Commonwealth Grants Commission to review the distribution of general revenue assistance among the States and the Northern Territory.

#### GENERAL REVENUE ASSISTANCE TO THE STATES AND THE TERRITORIES IN 1988-89

General revenue grants have been paid by the Commonwealth to the States in one form or another since Federation, and to the Northern Territory since 1979-80; such grants will be paid to the ACT for the first time in 1988-89. These grants assist, by way of subventions to State and Territory budgets, in financing the outlays of the States and the Territories. The recipients are free to allocate these grants in line with their own budgetary priorities. In 1988-89, general revenue assistance is estimated to account for 55% of total net Commonwealth payments to the State/local sector.<sup>(1)</sup>

Table 15 shows payments of general revenue assistance since 1984-85. Total payments are estimated to decline in 1988-89, but this largely reflects the termination of the identified health grants which, from 1988-89, are absorbed in a new specific purpose program for funding hospitals. Excluding identified health grants from the figures for both years, general revenue assistance is estimated to increase in nominal terms in 1988-89 but to decline by 5.5% in real terms.

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(1) A detailed history of arrangements for general revenue assistance to the States since Federation was presented in Chapter II of the 1981-82 and 1982-83 issues of Budget Paper No. 7, and in Appendix II of the 1981-82 issue.

**Table 15—General Revenue Assistance to the States and the Northern Territory, 1984–85 to 1988–89 (\$ millions)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
Financial Assistance Grants (a) (b)								
1984–85 . . . . .	2 693.1	2 019.9	1 885.6	1 042.3	1 000.3	417.1	471.3	9 529.7
1985–86 . . . . .	3 012.6	2 248.3	1 973.6	1 123.0	1 037.2	387.0	561.3	10 343.0
1986–87 . . . . .	3 350.0	2 494.0	2 206.0	1 263.8	1 147.0	428.8	628.1	11 517.8
1987–88 . . . . .	3 594.9	2 667.3	2 414.3	1 393.3	1 233.3	452.9	690.0	12 446.1
1988–89 (c) . . . . .	3 654.1	2 635.3	2 215.8	1 438.2	1 289.7	463.5	616.6	12 313.2
Identified Health Grants (b)								
1984–85 . . . . .	521.4	344.2	104.7	162.0	182.3	59.0	27.2	1 400.8
1985–86 . . . . .	563.0	371.0	113.5	176.3	195.9	63.6	..	1 483.3
1986–87 . . . . .	626.6	411.9	127.0	198.6	216.8	70.5	..	1 651.3
1987–88 . . . . .	674.0	441.6	139.3	219.5	233.7	74.6	..	1 782.7
1988–89 . . . . .	..	..	..	..	..	..	..	..
Special Revenue Assistance								
1984–85 . . . . .	..	31.0	..	20.3	..	..	..	51.3
1985–86 . . . . .	..	..	10.0	..	34.2	43.0	..	87.2
1986–87 . . . . .	2.1	0.4	3.2	2.5	18.0	19.4	1.2	46.9
1987–88 . . . . .	7.9	3.6	8.7	6.5	3.0	1.4	2.8	33.8
1988–89 (c) . . . . .	15.0	13.9	8.5	8.3	14.8	18.0	58.7	137.3
Total General Revenue Assistance (d) (e)								
1984–85 . . . . .	3 214.6	2 395.1	1 990.3	1 224.6	1 182.6	476.1	490.9	10 974.2
1985–86 . . . . .	3 575.6	2 619.4	2 097.1	1 299.3	1 267.3	493.6	561.3	11 913.5
1986–87 . . . . .	3 978.7	2 906.3	2 336.2	1 464.9	1 381.9	518.6	629.4	13 216.0
1987–88 . . . . .	4 276.8	3 112.6	2 562.3	1 619.3	1 470.0	528.9	678.4	14 248.2
1988–89 (c) . . . . .	3 669.2	2 649.2	2 224.3	1 446.4	1 304.5	481.5	675.3	12 450.5

- (a) Consists of tax sharing grants in 1984–85 and financial assistance grants to the States and general revenue grants to the Northern Territory from 1985–86 to 1987–88.
- (b) Identified health grants to the Northern Territory were absorbed into the Territory's general revenue grant in 1985–86. Identified health grants were absorbed into the specific purpose payment 'Hospital Funding Grants' in 1988–89.
- (c) Estimate.
- (d) Includes special grants to the Northern Territory of -\$12.6 million and -\$14.4 million in 1984–85 and 1987–88 respectively and an additional assistance grant to the Northern Territory of \$5 million in 1984–85.
- (e) The items 'Recreation Leave and Furlough Entitlements' and 'Grants in Lieu of Royalties' paid to the Northern Territory and treated as general revenue assistance in earlier editions of this paper are now excluded and are treated as specific purpose payments under the functional heading 'Not Allocated to Function' (see Appendix III).

### The Level of Financial Assistance Grants

In the triennium ending 1987-88, general revenue assistance to the States and the Northern Territory was provided as financial assistance grants and identified health grants. Identified health grants, which amounted to \$1 783.1 million in 1987-88, have been discontinued and replaced by a new specific purpose program for hospitals (see Chapter V).

For 1987-88 the pool of financial assistance grants was fixed at the 1987 Premiers' Conference at a level estimated at that time as being sufficient to maintain the same real level as in 1986-87. In the event, that amount (\$11 756.1 million) turned out to be a little higher (\$12.4 million) than the sum required to maintain the real level of assistance.

At the 1988 Premiers' Conference, a base level of financial assistance grants to the States and the Northern Territory was established for 1988-89, by deducting

from the forward estimates at the time for general revenue assistance and hospital grants, the sum of:

- \$650 million in savings;
- the total of the new hospital funding grants; and
- the total of the special revenue assistance calculated at that time to meet the 'same nominal' guarantee (see below).

The derivation of this base level of funding is set out in Table 16. Further, it was agreed that the base level of financial assistance grants would be adjusted up or down in line with the actual increase in the CPI over the relevant period. On present estimates, financial assistance grants will be a little above the estimate identified at the 1988 Premiers' Conference.

As part of its review of the operation of government business enterprises, the Commonwealth has removed the exemption from payroll tax for such enterprises from 1 July 1988. This, in effect, represents the final step in the transfer of payroll tax to the States initiated in 1971. The change is estimated to add some \$203 million to the States' and the Territories' tax revenue in 1988-89 and \$222 million in a full year. In the light of those numbers the Commonwealth has decided to recoup 90% (or approximately \$183 million) of actual collections in each of the States and the Territories in 1988-89 by way of reductions in financial assistance grants.

Table 16 provides details of the calculation of the pool of financial assistance grants to be provided to the States and the Northern Territory in 1988-89.

**Table 16—Derivation of Financial Assistance Grants Pool, 1988-89 (\$ millions)**

	Total
Premiers' Conference Estimate	
(1) General Revenue Assistance Pool (a)	15 060.5
(2) plus Medicare Compensation Grants	1 088.5
(3) General Revenue and Hospital Grants	16 149.0
(4) less Savings agreed at Conference	650.0
(5) General Revenue and Hospital Grants Pool	15 499.0
(6) less Hospital Funding Grants	3 024.8
(7) General Revenue Assistance Pool	12 474.2
(8) less Special Revenue Assistance to Fund 'Same Nominal' Guarantee (b)	86.7
(9) Base Financial Assistance Grants Pool	12 387.5
Current Estimate	
(10) Base Financial Assistance Grants Pool (c)	12 491.8
(11) less Payroll Tax Adjustment (d)	178.6
(12) Financial Assistance Grants Pool	12 313.2

(a) Forward estimate based upon continuation of arrangements in place in 1987-88 and a forecast increase in the CPI in year to March quarter 1989.

(b) Based upon estimates provided in Table 18.

(c) This estimate reflects the variation between the Premier's Conference and current forecast of the increase in the CPI in the year to March quarter 1989.

(d) Based upon estimates provided in Table 17.

## Distribution of Financial Assistance Grants

Table 17 shows the derivation of the distribution of the pool of financial assistance grants among the States and the Northern Territory in 1987-88 and 1988-89.

The distribution of financial assistance grants, before account is taken of the payroll tax adjustment (Table 17, Row (7)), is to be determined in line with per capita relativities recommended by the Commonwealth Grants Commission in its *Report on General Revenue Grant Relativities 1988*. The relativities adopted were those prepared by the Commission on the assumption that both identified health grants and the Medicare compensation grants would be combined with financial assistance grants into a single pool in 1988-89. As a consequence of the decision to include the Northern Territory in the States' pool from 1988-89, the relativities used are those assessed by the Commission on a seven 'State' basis.

- A State's share of financial assistance grants is derived as the difference between:
  - its share of financial assistance grants and hospital funding grants combined, based on the new per capita relativities (Table 17, 1988-89, Rows (1) to (5)); and
  - its actual share of hospital funding grants (excluding grants for AIDS) which are distributed in accordance with age-sex weighted populations.

The AIDS funding is omitted so that a State's share of the AIDS money is distributed in line with the State-by-State incidence of AIDS cases, rather than in line with per capita relativities.

As noted in Chapter II, the Commission's procedures for assessing relativities for distributing general revenue assistance involve, firstly, the assessment of the overall relative expenditure and revenue needs of the States and the Northern Territory and, secondly, the extent to which those needs are already met by the distribution of Commonwealth specific purpose recurrent grants. Thus, a State which receives a higher share of relevant specific purpose recurrent grants will be assessed as requiring a commensurately lower share of general revenue assistance, and vice versa. For example, there is to be a significant decline in Queensland's share of financial assistance grants between 1987-88 and 1988-89 (Table 17, Row (4)). This reflects a substantial offsetting increase in the share of specific purpose payments to Queensland in 1988-89 under the new hospital funding arrangements (see Chapter V).

As in previous years, the distribution among the States and the Northern Territory will be based on the Statistician's determination, made later in 1988-89, of the distribution of population as at 31 December 1988. The distribution of financial assistance grants will be influenced also by the distribution of hospital grants and payroll tax collections. The distribution for both these items (Table 17, Rows (6) and (8)) are based on estimates.

**Table 17—Financial Assistance Grants to the States and the Northern Territory, 1987–88 and 1988–89**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>1987–88</b>								
(1) Population at 31.12.87 ('000s)								
(a)	5 660.5	4 233.6	2 706.2	1 519.9	1 401.2	447.8	—	15 969.2
(2) Per Capita Relativities (b)	1.008	1.000	1.416	1.455	1.397	1.605	—	—
(3) Product of Rows (1) and (2)	5 705.8	4 233.6	3 831.9	2 211.5	1 957.5	718.8	—	18 659.0
(4) Percentage Distribution of Row (3) among States (%)	30.6	22.7	20.5	11.9	10.5	3.9	—	100.0
(5) Amount of Grants (\$m)	3 594.9	2 667.3	2 414.3	1 393.3	1 233.3	452.9	690.0	12 446.1
<b>1988–89 (estimate)</b>								
(1) Population at 31.12.88 ('000s)								
(a)	5 738.8	4 282.8	2 770.4	1 558.6	1 415.6	448.2	156.0	16 370.5
(2) Per Capita Relativities (c)	1.026	1.000	1.218	1.360	1.381	1.528	5.042	—
(3) Product of Rows (1) and (2)	5 888.0	4 282.8	3 374.4	2 119.7	1 955.0	684.9	786.6	19 091.3
(4) Percentage Distribution of Row (3) among States (%)	30.8	22.4	17.7	11.1	10.2	3.6	4.1	100.0
(5) Amount of Financial Assistance and Hospital Grants (\$m)	4 780.9	3 477.5	2 739.9	1 721.1	1 587.4	556.1	638.7	15 501.6
(6) less Hospital Funding Grants (\$m) (d)	1 066.7	791.4	499.6	268.3	278.1	86.1	19.6	3 009.8
(7) Amount of Financial Assistance Grants (\$m)	3 714.2	2 686.2	2 240.3	1 452.8	1 309.3	470.0	619.1	12 491.8
(8) less Payroll Tax Adjustment (e)	60.1	50.9	24.5	14.6	19.6	6.5	2.5	178.6
(9) Amount of Grants (\$m) (f)	3 654.1	2 635.3	2 215.8	1 438.2	1 289.7	463.5	616.6	12 313.2

(a) Estimates of population for 31 December 1987 were determined by the Statistician in accordance with the *States Grants (General Revenue) Act 1985*. The estimates for December 1988 are subject to revision.

(b) Per capita relativities adopted at 1985 Premiers' Conference to apply in the triennium which commenced 1985–86.

(c) Per capita relativities adopted at the 1988 Premiers' Conference to apply in 1988–89.

(d) The distribution of this amount among the States and the Northern Territory is an estimate.

(e) Based upon preliminary estimates by Commonwealth authorities of payroll tax payable in 1988–89.

(f) Derivation of the amount of the pool is shown in Table 16.



### **Special Revenue Assistance Grants**

The special revenue assistance payments made in 1987-88 for the Isolated Patients Travel and Accommodation Assistance Scheme and the Program of Aids for Disabled People have been absorbed into the financial assistance grants for 1988-89.

Agreement was reached at the Premiers' Conference in respect of two forms of special revenue assistance in 1988-89. The first is designed to ease adjustment for those States most affected by the new relativities and the reduced pool of assistance; the second is related to the transfer of certain Commonwealth programs to the States and the Northern Territory.

#### *Special Revenue Assistance to Ease Adjustment to the New Arrangements*

To ease the adjustment to the \$650 million reduction in general revenue assistance and the implementation of the new relativities, it was agreed at the 1988 Premiers' Conference that special revenue assistance would be provided to those governments most affected by these changes. At the time of the Conference, the base level of such assistance was set at levels which ensured that, in 1988-89, each State and the Northern Territory would receive at least the same nominal level of general revenue assistance and hospital grants as then estimated for 1987-88. Further, as with financial assistance grants, this form of special revenue assistance is to be adjusted up and down in line with the actual CPI increase to the March quarter 1989. These grants are currently estimated to total \$87.4 million, a little higher than the Premiers' Conference estimate.

Table 18 outlines how the amounts of such estimates were derived at the time of the Premiers' Conference. It is apparent from the distribution in Row (9) that, in the absence of this arrangement, general revenue assistance for South Australia, Tasmania and the Northern Territory would have declined sharply, reflecting lower relativities in combination with modest population growth. As special revenue assistance is being funded from the pool of general revenue assistance, the arrangement effectively implies that the 'winners' under the new relativities are assisting the 'losers' by forgoing part of the increased share they would otherwise receive under the new relativities. The question of further phasing in the new relativities—and phasing out the special revenue assistance—will be addressed again at next year's Premiers' Conference.

**Table 18—Special Revenue Assistance to the States and the Northern Territory to Fund the ‘Same Nominal’ Guarantee (a), 1988–89 (\$ millions)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
1987–88 (Premiers' Conference Estimates)								
(1) Financial Assistance Grants	3 594.3	2 667.2	2 414.8	1 393.3	1 233.6	453.0	690.0	12 446.1
(2) <i>plus</i> Identified Health Grants	673.9	441.6	139.3	219.5	233.8	74.6	..	1 782.7
(3) <i>plus</i> IPTAAS and PADP Payments (b)	7.9	3.6	8.7	6.5	3.0	1.4	2.8	33.8
(4) General Revenue Assistance	4 276.0	3 112.5	2 562.8	1 619.2	1 470.3	529.0	692.8	14 262.6
(5) <i>plus</i> Medicare Compensation Grants	442.4	284.7	83.4	93.1	116.6	39.6	13.4	1 073.3
(6) <i>plus</i> Special Grants (c)	..	..	..	..	..	..	-14.4	-14.4
(7) General Revenue and Hospital Grants 1987–88	4 718.4	3 397.2	2 646.2	1 712.3	1 586.9	568.6	691.8	15 321.4
1988–89 (Premiers' Conference Estimates)								
(8) Financial Assistance and Hospital Funding Grants	4 748.7	3 454.1	2 721.5	1 709.5	1 576.7	552.4	634.4	15 397.3
(9) Special Revenue Assistance to Achieve ‘Same Nominal’ Level of Funding	..	..	..	2.8	10.2	16.3	57.5	86.7
1988–89 Current Estimate (d)	..	..	..	2.8	10.3	16.4	57.9	87.4

- (a) The guarantee involved each State and the Northern Territory receiving at least the same nominal level of general revenue assistance and hospital grants in 1988–89 as they did in 1987–88, based upon figures available at the 1988 Premiers' Conference before account was taken of the payroll tax adjustment or the adjustment for the transfer of Commonwealth programs to the States.
- (b) These payments for transferred Commonwealth programs were absorbed into financial assistance grants from 1988–89.
- (c) Repayment of ‘overfunding’ of the Northern Territory in 1983–84 assessed by the Commonwealth Grants Commission.
- (d) This estimate reflects the variation between the Premiers' Conference and current forecasts of the increase in the CPI in the year to March quarter 1989.

***Special Revenue Assistance to Compensate for the Transfer of Commonwealth Programs***

With a view to rationalising Commonwealth and State administrative responsibilities, the following Commonwealth programs were transferred to the States with effect from 1 July 1988:

- Family Support Program;
- Emergency Relief;
- Vaccination Program;
- Royal Far West Children's Health Scheme;
- Royal Queensland Bush Children's Health Scheme; and
- Miscellaneous Pharmaceutical Benefits.

Funds equivalent to the estimated expenditure under these programs in 1988-89 will be provided on an interim basis by way of special revenue assistance, preparatory to the absorption of these payments into financial assistance grants and, in the case of miscellaneous pharmaceutical benefits, into the hospital funding grants, from 1989-90. In aggregate, these programs are estimated to involve payments of \$49.9 million to the States and the Northern Territory in 1988-89; Table 19 shows the composition and estimated distribution of these payments.

**Table 19—Special Revenue Assistance Paid on Account of the Transfer of Certain Commonwealth Programs to the States and the Northern Territory (a), 1988-89 (\$ thousands)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
Family Support Program . . . . .	3 618	4 018	1 548	1 592	1 255	388	336	12 755
Emergency Relief . . . . .	2 626	1 400	1 244	645	676	242	127	6 960
Vaccination . . . . .	1 615	784	1 050	456	332	104	98	4 439
Royal Far West Children's Health Scheme . . . . .	1 830	..	..	..	..	..	..	1 830
Royal Queensland Bush Children's Health Scheme . . . . .	..	..	1 512	..	..	..	..	1 512
Administrative Costs . . . . .	149	138	84	54	45	16	8	494
<b>Sub Total (b) . . . . .</b>	<b>9 838</b>	<b>6 340</b>	<b>5 438</b>	<b>2 747</b>	<b>2 308</b>	<b>750</b>	<b>569</b>	<b>27 990</b>
Miscellaneous Pharmaceutical Benefits Scheme								
• State Hospitals . . . . .	1 935	4 188	1 520	2 095	1 379	491	..	11 608
• Vaccines/Antivenoms . . . . .	376	981	288	295	342	108	43	2 433
• Home Dialysis . . . . .	2 892	2 413	1 144	311	499	250	63	7 572
• Bush Nursing Centres . . . . .	2	12	138	37	..	..	90	279
<b>Sub Total (c) . . . . .</b>	<b>5 205</b>	<b>7 594</b>	<b>3 090</b>	<b>2 738</b>	<b>2 220</b>	<b>849</b>	<b>196</b>	<b>21 892</b>
<b>Total . . . . .</b>	<b>15 043</b>	<b>13 934</b>	<b>8 528</b>	<b>5 485</b>	<b>4 528</b>	<b>1 599</b>	<b>765</b>	<b>49 882</b>

(a) Responsibility for these programs was transferred to the States from 1 July 1988.

(b) This total is to be absorbed into financial assistance grants from 1989-90.

(c) This total is to be absorbed into hospital funding grants from 1989-90.

### General Revenue Assistance to the ACT

For the first time in 1988-89, the ACT will receive general revenue grants analogous to those received by the States and the Northern Territory. The estimated payment of \$418.9 million will maintain a notional 1987-88 base figure in real terms (based on the CPI increase for the year ending the March quarter 1989). The base figure is that part of the Commonwealth subvention to the ACT in 1987-88 which was neither capital in nature nor in the form of recurrent assistance being provided in 1988-89 by way of specific purpose payments. The ACT's grant can be expected to vary from the Budget estimate as the base figure is refined and on account of any variation in the actual CPI increase from the estimate.

In addition, the ACT will receive special revenue assistance totalling \$10.7 million in 1988-89. This assistance comprises:

- a one-off establishment grant of \$900 000 to meet the costs of establishing a separate ACT fiscus and self-government task force;

- \$563 000 for transferred Commonwealth programs; and
- temporary revenue assistance prior to the alignment of certain specific purpose recurrent payments with State arrangements during the year, presently estimated at \$9.3 million.

## ARRANGEMENTS FOR THE STATES AND THE NORTHERN TERRITORY BEYOND 1988-89

The Commonwealth did not make any comprehensive commitments to the States and the Northern Territory in respect of the overall level of assistance to be provided in future years. However, a number of decisions made at the 1988 Premiers' Conference will affect funding in 1989-90.

In conjunction with the decision on payroll tax, the Commonwealth decided, with effect from 1 July 1989, to remove the exemption for Telecom and Australia Post from other State and local government taxes, rates and charges. As in the case of the payroll tax change, it is proposed to recoup 90% of the additional revenue collected by State and local governments. These changes will impact on general revenue assistance in 1989-90. The full year adjustment in respect of payroll tax will be absorbed into the pool in 1989-90.

The special revenue assistance provided for the transfer of the Commonwealth programs mentioned above is to be absorbed into financial assistance grants and, in the case of miscellaneous pharmaceutical benefits, into hospital grants from 1989-90.

At the 1988 Premiers' Conference, agreement was reached on new arrangements for the Grants Commission to review the per capita funding relativities to apply from 1989-90. Those arrangements provide for the replacement of triennial reviews with annual updates of relativities on the basis of three-year moving averages using existing methodology, with comprehensive reviews of methodology scheduled at five-yearly intervals. These new arrangements will:

- significantly reduce the workload on State and Northern Territory administrations;
- reduce the problem of allowing for trends, transient factors and temporal changes in policy which impact on the appropriateness of using the same relativities for periods as long as three years; and
- by extending the period between major reviews, the Commission will have more time to analyse and report on important methodological issues.

Terms of reference for the first annual update are to be transmitted to the Commission and its Report is due by 31 March 1989. Any changes to prevailing relativities implied by the updated calculations will be subject to consideration at the 1989 Premiers' Conference.

## GENERAL PURPOSE ASSISTANCE FOR LOCAL GOVERNMENT IN 1988-89

General purpose financial assistance has been paid to local government authorities since 1974-75. Arrangements since 1986-87 have been embodied in the *Local Government (Financial Assistance) Act 1986*, with the Northern Territory included with the States under the Act.

In 1987-88, as in 1986-87, the total amount of Commonwealth general purpose financial assistance for local government authorities was determined by increasing the previous year's level of funding by the larger of:

- the increase in the All Groups Consumer Price Index for the eight capital cities in the year to the March quarter over the previous year; and
- the percentage change in general purpose payments to the States (defined as the sum of financial assistance grants, identified health grants and general purpose capital assistance).

In both years the former approach has yielded the larger figure.

From 1988-89, the Act originally provided for the amount of assistance to escalate at the same rate as general purpose payments to the States. However, because of the decision to eliminate identified health grants, the level of general purpose payments to the States, as defined in the Act, would have declined very sharply. As a consequence, the Act was amended on an interim basis following the 1988 Premiers' Conference to provide for assistance totalling \$652.5 million in 1988-89. This amount represents a 2.5% increase over the previous year's entitlement of \$636.7 million and is around \$10 million higher than if local government funding had been escalated in line with the increase expected for the States and the Northern Territory at the time of the Premiers' Conference, abstracting from the effect of discontinuing identified health grants.

The distribution of total assistance for local government among the States and the Northern Territory in 1988-89 reflects the transition from the distribution in 1985-86 (which was based on recommendations made by the Commonwealth Grants Commission in 1977) towards an equal per capita distribution by 1989-90. Table 20 shows the actual and percentage distribution of these payments in 1987-88 and 1988-89.

**Table 20—General Purpose Financial Assistance for Local Government Authorities—Distribution among the States and the Northern Territory, 1987-88 and 1988-89**

	1987-88		1988-89	
	\$m (a)	% (b)	\$m	% (b)
New South Wales	227.1	35.6609	229.4	35.1625
Victoria	164.5	25.8433	172.7	26.4714
Queensland	106.0	16.6526	108.3	16.6010
Western Australia	58.8	9.2407	59.9	9.1788
South Australia	55.1	8.6552	57.3	8.7890
Tasmania	19.1	3.0049	18.5	2.8398
Northern Territory	6.0	0.9424	6.2	0.9575
<b>Total</b>	<b>636.7</b>	<b>100.0000</b>	<b>652.5</b>	<b>100.0000</b>

(a) This column shows entitlements in respect of 1987-88. The amounts actually paid in 1987-88 included \$4.8 million owing in respect of 1986-87. The distribution of the total amount of \$641.5 million is included in Appendices I and III.

(b) Percentages as specified in the *Local Government (Financial Assistance) Act 1986*.

From 1988-89, the Commonwealth is to make a payment to the ACT as general purpose assistance for local government functions, analogous to that paid to the States and the Northern Territory. The payment will maintain the real level, by reference to the increase in the CPI in the year to the March quarter 1989, of a notional grant equal in per capita terms to that received by the States in 1987-88. The payment is estimated to be \$11.2 million.

### **Distribution of Payments within each State**

In accordance with the requirements of the Act, the distribution of grants to local government bodies is based on principles developed in each State. These principles are required to have regard to the objective of horizontal fiscal equalisation. This is defined in the Act as a distribution that:

'ensures that each local governing body in the State is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the States, and that takes account of differences in the expenditure required by those local governing bodies in the performance of their functions and in the capacity of those local government bodies to raise revenue.'

The Act also provides that no local authority is to receive an amount in any year that is less than the amount it would receive if 30% of the State/Territory's grant were allocated among local authorities on an equal per capita basis.

The distributional arrangements are intended to achieve a greater degree of uniformity in distributional methodologies across States. They do, however, leave each State's Local Government Grants Commission with considerable discretion in the detailed assessment of each authority's relative need for assistance.

### **LOCAL GOVERNMENT FUNDING IN 1989-90**

It is intended that the general revenue assistance pool to be distributed to local government through the States and the Northern Territory will be reduced by 90% of the additional revenue that local government receives from Telecom and Australia Post, pursuant to the decision of the Commonwealth to lift the exemption of these government business enterprises from local government rates with effect from 1 July 1989. This additional revenue consists of the difference between the income to be generated by local government rates and the ex gratia payments which local authorities have hitherto received from Telecom and Australia Post, in respect of certain local government services.

## CHAPTER IV—GENERAL PURPOSE CAPITAL ASSISTANCE AND BORROWINGS BY THE STATE/LOCAL SECTOR

This chapter details those aspects of the financial relations between the Commonwealth and the State/local sector which come within the purview of Loan Council, particularly the provision of general purpose capital assistance and the determination of borrowing levels.

General purpose capital assistance to the States is paid from the Commonwealth Budget under the State Governments' Loan Council programs. In recent years, these programs have included a substantial grant component and a component provided as loans for public housing at concessional interest rates, as well as borrowings made by the Commonwealth on behalf of the States.

Under the Financial Agreement of 1927, State Governments have very limited borrowing powers but the Commonwealth can undertake borrowings on their behalf. The amount of such borrowings is determined each year by Loan Council, which was established under the Financial Agreement to co-ordinate borrowings for the Commonwealth and State Governments; it consists of representatives of the Commonwealth and each State.

The Financial Agreement also provides that the annual borrowing program of the Commonwealth Government (except defence borrowings, borrowings for temporary purposes and the refinancing of existing debt) is subject to approval by Loan Council. Given its projected Budget surplus, the Commonwealth did not seek approval for a borrowing program for 1988-89.

The Northern Territory and the ACT are not subject to the Financial Agreement but receive general purpose capital assistance on a basis similar to that provided to State Governments.

Borrowings by Commonwealth and State authorities are not subject to the Financial Agreement. However, various arrangements agreed to by Commonwealth and State Governments since 1936 have provided for Loan Council approval of annual borrowing programs for semi-government and local authorities. Under the Global Approach to authority borrowings, which has applied since June 1984, authorities are subject to global borrowing limits agreed annually by Loan Council.

### TRENDS IN STATE/LOCAL SECTOR CAPITAL FUNDING

Since the 1960s, the State/local sector has generally accounted for more than three quarters of public sector capital outlays. The State/local sector is responsible for the major part of public infrastructure, including roads, public transport, electricity and water, schools and hospitals, while Commonwealth sector capital formation is mainly related to communications and the aviation industry. State/local capital expenditure has declined since the 1960s from around 7.5% of GDP to around 5% (Table 21, Column (1)). There have been large year to year variations in levels of capital expenditure by both the Commonwealth and State/local sectors, reflecting both changes in demand for facilities and the 'lumpiness' of capital projects. In the early 1980s, for example, there was a sharp increase in State/local capital outlays on electricity generation facilities and infrastructure for resource projects, while in

1988-89 the Commonwealth sector will be increasing substantially its capital outlays to upgrade government owned airline fleets and airport facilities.

The State/local sector finances its capital expenditure from four sources:

- own-source revenues (State and local government taxes and charges);
- general purpose capital assistance provided by the Commonwealth under the State Governments' Loan Council programs and related payments to the Northern Territory;
- other Commonwealth payments, including general revenue assistance and specific purpose capital payments; and
- borrowings by State/local authorities.

Net borrowings by State authorities and advances from the Commonwealth, including both general purpose and specific purpose capital advances, constitute the State/local sector deficit. This deficit has generally amounted to some 40% to 50% of State/local capital expenditure (Table 21, Column (2)). The importance of net advances from the Commonwealth as a source of funding for the State/local sector deficit has declined sharply since the mid 1970s; in 1987-88, the sector made small net repayments to the Commonwealth (Table 21, Column (5)). The counterpart has been a more than corresponding increase in the borrowings of State/local authorities direct from financial markets (the net PSBR of the sector—Table 21, Column (9)). Most of the increase in the State/local sector's net PSBR in the early 1980s represented borrowings outside the approved Loan Council borrowing programs for authorities (Table 21, Column (8)). This included borrowings undertaken by electricity authorities in 1982-83 and 1983-84 following the decision by Loan Council that, for a trial period, domestic borrowings by such authorities should no longer be subject to a borrowing ceiling. It was against the background of a very large surge in such borrowings in the early 1980s that Loan Council agreed at its 21 June 1984 Meeting to bring all State/local sector authority borrowings within agreed limits under the Global Approach (which corresponds to the State/local sector gross PSBR—Table 21, Column (12)).



**Table 21—State/Local Sector Capital Outlays and Borrowing Requirement, 1961–62 to 1987–88**

	Capital outlays		Ratio of deficit to capital outlays		Net advances from the Commonwealth		Loan Council borrowing programs for authorities		Borrowings by authorities outside Loan Council programs		Net PSBR		Gross PSBR	
	(1)	(2)	Deficit (a)		(5)	(6)	(b)	(c)	(9)	(d)	(11)	(e)	(13)	
	% of GDP	%	\$m	% of GDP	\$m	% of Deficit	\$m	\$m	\$m	% of GDP	% of Deficit	\$m	% of GDP	
1961–62	7.2	51.4	579	3.7	437	75.5	263	-121	142	0.9	24.5	na	na	
1962–63	6.9	48.9	569	3.4	457	80.3	276	-164	112	0.7	19.7	na	na	
1963–64	6.9	50.6	652	3.5	491	75.3	297	-136	161	0.9	24.7	na	na	
1964–65	7.2	51.9	764	3.7	524	68.6	305	-65	240	1.2	31.4	na	na	
1965–66	7.6	53.1	868	4.0	557	64.2	312	-1	311	1.4	35.8	na	na	
1966–67	7.1	48.0	814	3.4	585	71.9	341	-112	229	1.0	28.1	na	na	
1967–68	7.1	45.4	817	3.2	636	77.8	421	-240	181	0.7	22.2	na	na	
1968–69	6.7	45.9	879	3.1	634	72.1	460	-215	245	0.9	27.9	na	na	
1969–70	6.5	48.0	995	3.1	673	67.6	471	-149	322	1.0	32.4	na	na	
1970–71	6.3	39.5	878	2.5	517	58.9	497	-136	361	1.0	41.1	na	na	
1971–72	6.4	40.5	1 015	2.6	590	58.1	547	-122	425	1.1	41.9	na	na	
1972–73	5.9	33.2	875	2.0	667	76.2	643	-435	208	0.5	23.8	na	na	
1973–74	5.7	34.2	1 041	1.9	748	71.9	719	-426	293	0.5	28.1	na	na	
1974–75	7.0	44.6	2 015	3.1	1 224	60.7	866	-75	791	1.2	39.3	na	na	
1975–76	6.7	29.0	1 497	2.0	1 372	91.6	1 054	-929	125	0.2	8.4	na	na	
1976–77	6.2	35.1	1 895	2.2	1 278	67.4	1 279	-662	617	0.7	32.6	na	na	
1977–78	6.4	37.7	2 304	2.4	1 261	54.7	1 584	-541	1 043	1.1	45.3	na	na	
1978–79	6.0	41.0	2 663	2.5	1 127	42.3	1 872	-336	1 536	1.4	57.7	na	na	
1979–80	5.7	42.2	2 950	2.4	895	30.3	2 195	-140	2 055	1.7	69.7	na	na	
1980–81	5.6	47.3	3 693	2.7	936	25.3	2 440	317	2 757	2.0	74.7	na	na	
1981–82	6.0	53.6	5 049	3.2	865	17.1	2 626	1 558	4 184	2.7	82.9	na	na	
1982–83	6.6	53.9	6 012	3.5	1 056	17.6	1 567	3 389	4 956	2.9	82.4	6 165	3.6	
1983–84	6.1	43.7	5 104	2.7	996	19.5	1 782	2 326	4 108	2.2	80.5	6 603	3.5	
1984–85	5.6	37.0	4 408	2.1	791	17.9	na	na	3 617	1.7	82.1	7 067	3.3	
1985–86	5.7	40.8	5 459	2.3	786	14.4	na	na	4 673	2.0	85.6	7 041	3.0	
1986–87	5.5	41.0	5 890	2.3	546	9.3	na	na	5 344	2.1	90.7	6 395	2.5	
1987–88	4.8	23.2	3 224	1.1	-44	-1.4	na	na	3 268	1.1	101.4	5 522	1.9	

- (a) Financing transactions (ie total outlays less total revenue) less increases in provisions as defined in the ABS publication *Government Financial Estimates*. Sum of Columns (5) and (9).
- (b) Includes conventional borrowings by all authorities subject to Loan Council arrangements. Excludes borrowings by electricity authorities in 1982–83 and 1983–84.
- (c) Includes borrowings by electricity authorities in 1982–83 and 1983–84 and non-conventional forms of financing such as sale and leaseback transactions, overseas trade credits, domestic deferred payments, security deposits and other front end capital contributions, identified changes in short term borrowings (overdrafts, promissory notes, bills of exchange) and net changes in cash balances. Calculated as Column (9) less Column (7).
- (d) Net financing requirement as defined in the ABS publication *Government Financial Estimates*.
- (e) Total borrowings, as defined under Loan Council's Global Approach, by the State/local sector. Estimates of the sector's gross borrowings prior to 1982–83 are not available from Loan Council sources. In concept, the difference between the gross and net PSBR reflects changes in the stock of financial assets, with an excess of the gross PSBR over the net PSBR implying a build-up of financial assets, and vice versa. A number of other factors effect the measured differences between the net and gross PSBR, see Statement No. 7, Budget Paper No. 1.

## GENERAL PURPOSE CAPITAL ASSISTANCE

Loan Council agreed at its 12 May 1988 Meeting that general purpose capital payments to the States and the Northern Territory in 1988-89 should be maintained in nominal terms at \$621 million. This implies a real reduction of 5.7%, following a decline of 56.8% in 1987-88.

The distribution of the State Governments' Loan Council programs among the States was unchanged from 1975-76 to 1986-87 and followed the historical pattern dating from 1927-28, even though that pattern has borne little relation to the relative capital needs of the States in recent years. The share of general purpose capital assistance for the Northern Territory was determined at self-government on 1 July 1978 and adjusted in 1985-86. A new distribution was implemented for 1987-88 and has been retained in 1988-89.

The new financial arrangements to apply to the ACT from 1988-89 include, for the first time, the provision of general purpose capital assistance. The level of assistance of \$58 million is based on actual capital expenditures on municipal and territorial works in the ACT in 1987-88. A one-off supplementation grant of \$9.8 million is also to be provided for ACT capital works. This grant recognises the expenditure pattern associated with works approved in earlier years but not yet completed and will enable funding of these works and a normal new works program in 1988-89.

### **Concessional Elements of General Purpose Capital Assistance in 1988-89**

At the 12 May 1988 Meeting, Loan Council also agreed that one half of total general purpose capital assistance to the States and the Northern Territory in 1988-89 would be provided as an interest free non-repayable grant, compared with one third in 1987-88. This proportion is the highest that has applied since the inception of the grant arrangements in 1970-71. As a result, of the total program of \$621 million, \$310.5 million is to be provided as grants in 1988-89, an increase of \$103.5 million.

Loan Council further agreed that, subject to meeting the matching requirements of the Commonwealth State Housing Agreement, the States and the Northern Territory would be able, as in 1987-88, to nominate the whole of the loan portion of their 1988-89 programs for public housing. These arrangements will allow the States and the Northern Territory to nominate up to \$310.5 million for housing in 1988-89, compared with nominations of \$414 million in 1987-88. The reduction of \$103.5 million corresponds to the increased proportion of the program provided as grants. The Commonwealth indicated to Loan Council its wish that those additional grant funds also be used for public housing purposes.

Table 22 shows the assistance provided to the States and the Northern Territory since 1984-85 in aggregate and per capita terms, and the amount of each form of assistance provided. In 1988-89, the ACT will receive a capital grant of \$28.9 million and is expected to nominate \$7 million from its general purpose capital advance for public housing.

**Table 22—State Governments' Loan Council and Northern Territory Government Borrowing Programs, 1984-85 to 1988-89**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>LOANS (\$ millions)</b>								
Amounts nominated for public housing								
1984-85 . . . . .	80.0	45.1	30.0	96.5	135.9	18.3	..	405.8
1985-86 . . . . .	65.0	75.9	40.0	93.1	131.2	21.2	33.1	459.4
1986-87 . . . . .	150.2	116.8	61.6	71.7	100.9	32.6	50.9	584.7
1987-88 . . . . .	114.4	94.6	25.0	34.5	51.8	36.9	56.8	414.0
1988-89 (a) . . . . .	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5
Other (b)								
1984-85 . . . . .	257.1	216.9	108.3	..	..	54.8	91.6	728.9
1985-86 . . . . .	260.3	177.0	93.4	..	..	49.4	77.2	657.4
1986-87 . . . . .	100.2	77.8	41.1	..	..	21.7	34.0	274.7
1987-88 . . . . .	..	..	..	..	..	..	..	..
1988-89 . . . . .	..	..	..	..	..	..	..	..
Total								
1984-85 . . . . .	337.1	262.0	138.3	96.5	135.9	73.1	91.6	1 134.6
1985-86 . . . . .	325.3	252.9	133.5	93.1	131.2	70.5	110.3	1 116.8
1986-87 . . . . .	250.4	194.6	102.7	71.7	100.9	54.3	84.9	859.5
1987-88 . . . . .	114.4	94.6	25.0	34.5	51.8	36.9	56.8	414.0
1988-89 . . . . .	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5
<b>GRANTS (\$ millions)</b>								
1984-85 . . . . .	168.6	131.0	69.1	48.3	68.0	36.5	45.8	567.3
1985-86 . . . . .	180.4	140.2	74.0	51.6	72.7	39.1	61.2	619.2
1986-87 . . . . .	138.8	107.9	56.9	39.7	56.0	30.1	47.1	476.5
1987-88 . . . . .	58.2	48.3	12.5	11.3	27.4	18.4	30.9	207.0
1988-89 . . . . .	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5
<b>TOTAL PROGRAM (\$ millions)</b>								
1984-85 . . . . .	505.7	393.0	207.4	144.8	203.9	109.6	137.5	1 702.0
1985-86 . . . . .	505.7	393.0	207.4	144.8	203.9	109.6	171.5	1 736.0
1986-87 . . . . .	389.2	302.5	159.6	111.4	156.9	84.4	131.9	1 336.0
1987-88 . . . . .	172.7	143.0	37.4	45.8	79.2	55.3	87.7	621.0
1988-89 . . . . .	172.7	143.0	37.4	45.8	79.2	55.3	87.7	621.0
<b>TOTAL PROGRAM (\$ per capita)</b>								
1984-85 . . . . .	93.07	95.91	81.43	103.10	149.30	249.14	945.99	108.53
1985-86 . . . . .	91.99	94.93	79.88	100.71	148.09	246.62	1 128.72	109.17
1986-87 . . . . .	69.85	72.29	60.23	75.29	113.02	188.61	846.89	82.77
1987-88 . . . . .	30.50	33.77	13.84	30.10	56.50	123.53	559.64	37.88
1988-89 . . . . .	30.09	33.38	13.52	29.36	55.93	123.41	562.12	37.30

(a) Amounts nominated for public housing, and made available on concessional terms. States may nominate amounts for 1988-89 until 31 December 1988—the amounts shown here represent the maximum available for nomination by each State.

(b) Amounts raised on behalf of the States and the Northern Territory by the Commonwealth and made available on terms achieved by the Commonwealth in the market.

On the assumption that the States and the Northern Territory fully utilise these nominating arrangements for public housing, all general purpose capital funds will be provided to them on concessional terms in 1988-89, as was the case in 1987-88. This compares with 79% in 1986-87 and 62% in 1985-86. Payments of the grant and housing nominations are shown in Table 23. The concessional elements of the 1988-89 program are estimated to yield an annual interest saving to the States and the Northern Territory of some \$60 million in a full year. This will take the interest saving to the States and the Northern Territory—and the consequent cost to the Commonwealth—from the cumulative provision of concessional funds since 1970-71 to an annual rate of over \$1 100 million.

**Table 23—Concessional Elements of General Purpose Capital Assistance and Commonwealth Assistance for State and Northern Territory Debt, 1970–71 to 1988–89 (\$ millions)**

	Grant	Housing Nominations	Commonwealth Sinking Fund Contributions(a)	Total Payments
1970–71 . . . . .	200.0	..	24.6	224.6
1971–72 . . . . .	219.1	..	26.3	245.4
1972–73 . . . . .	248.5	..	28.0	276.5
1973–74 . . . . .	278.3	..	29.5	307.8
1974–75 . . . . .	345.9	..	30.8	376.7
1975–76 . . . . .	430.3	..	30.2	460.5
1976–77 . . . . .	452.0	..	31.6	483.6
1977–78 . . . . .	477.9	..	33.7	511.7
1978–79 . . . . .	477.9	..	36.0	513.9
1979–80 . . . . .	450.8	..	38.1	489.0
1980–81 . . . . .	474.0	..	40.1	514.2
1981–82 . . . . .	474.0	..	42.3	516.3
1982–83 . . . . .	497.9	145.9	44.4	688.2
1983–84 . . . . .	532.7	227.1	46.3	806.1
1984–85 . . . . .	567.3	405.8	48.2	1 021.3
1985–86 . . . . .	619.2	459.4	49.9	1 128.5
1986–87 . . . . .	476.5	584.7	51.4	1 112.6
1987–88 . . . . .	207.0	414.0	51.7	672.7
1988–89 . . . . .	310.5	310.5	50.7	671.7
Total . . . . .	7 739.9(b)	2 547.5	734.0(c)	11 021.4(b) (c)

(a) Includes notional Commonwealth sinking fund payments for the period from 1980-81 to 1984-85 in respect of debt allocated to the Northern Territory, as these were used to determine the amount of Commonwealth debt on issue to the Territory.

(b) Excludes \$1 000 million of State debt transferred to the Commonwealth in 1975-76.

(c) Only cumulative sinking fund contributions for the period 1970-71 to 1988-89 are shown. Between 1927-28 and 1969-70, sinking fund contributions of \$321.6 million were made resulting in total sinking fund contributions of \$1 056 million in the period to 1988-89.

The Commonwealth also contributes to the cost of debt issued on behalf of the States and the Northern Territory in other ways. Under the Financial Agreement, the Commonwealth makes contributions to the National Debt Sinking Fund in respect of State debt and similar payments are made to the Northern Territory Debt Sinking Fund for debt issued on behalf of the Northern Territory Government. (These sinking fund contributions are shown in Table 23 and discussed further in Chapter V.) By an amendment to the Financial Agreement on 5 February 1976, the Commonwealth took over \$1 000 million of State debt from 30 June 1975. The combined effect of this debt transfer, and of the cumulative sinking fund contributions by the Commonwealth on behalf of the States and the Northern Territory from 1927-28 to 1988-89, is to generate interest savings to the States and the Northern Territory at an annual rate of about \$250 million (in addition to those referred to in the previous paragraph). Interest savings also accrue to the States and the Northern Territory because, by acting as the central borrower and using Commonwealth guaranteed debt instruments, the Commonwealth is able to issue debt on more favourable terms than the States and the Northern Territory.

#### Financing of General Purpose Capital Assistance

The concessional elements of the State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory are financed by the Commonwealth from its own resources. However, any portion of the programs that is provided as loans at market rates of interest, along with the conversion or

redemption of maturing State and Northern Territory debt that cannot be financed from the National and Northern Territory Debt Sinking Funds respectively, is financed from the proceeds of the issue of Treasury Bonds. Australian Savings Bonds, issues of which were suspended in January 1988, were also used for this purpose. The proceeds of bond issues are then allocated to the States and the Northern Territory and represent State and Northern Territory Government debt. Similar arrangements will be applied to the ACT, with the Territory taking over responsibility for financing a notional amount of past debt.

In line with previous practice, the Commonwealth undertook at the 12 May 1988 Loan Council Meeting to 'underwrite' the total approved State Governments' Loan Council programs, on the understanding that the States agreed to the global limits proposed on Commonwealth and State authority borrowings and the various other requirements of the Global Approach (details of which appear later in this chapter). The Commonwealth further agreed to:

- provide \$310.5 million of the programs as a capital grant;
- provide the remaining \$310.5 million of the programs on concessional terms for public housing;
- arrange, to the maximum extent possible, for the redemption of maturing State debt that cannot be met from State Sinking Funds; and
- make pro-rata weekly advances of the programs.

All States except Queensland accepted Underwriting Agreements on these terms. While Queensland agreed to the level and distribution of general purpose capital assistance in 1988-89, and will be provided with concessional assistance in the forms indicated, it has not agreed to comply with the global limits.

## LOAN COUNCIL ARRANGEMENTS APPLYING TO AUTHORITY BORROWINGS

The Gentlemen's Agreement between the Commonwealth and the States provided the framework for Loan Council oversight of borrowings by Commonwealth and State authorities from 1936 to 1984. By the early 1980s, however, the Loan Council was exercising increasingly less influence under the Agreement over the totality of authority borrowings. This reflected extensive use of non-conventional financing techniques, such as financial leases and similar forms of borrowing, which were outside the scope of the Agreement. The decision in June 1982 to exclude domestic borrowings by electricity authorities from Loan Council control for a trial period of three years further reduced Loan Council influence on authority borrowings.

These developments culminated in the suspension of the Gentlemen's Agreement at the 21 June 1984 Loan Council Meeting and the adoption of the Global Approach on a trial basis for 1984-85. The objective of the Global Approach, which was adopted on an on-going basis at the 30 May 1985 Loan Council Meeting, was to broaden the scope of Loan Council oversight of authority borrowings by bringing within voluntarily agreed limits all forms of borrowings by Commonwealth and State semi-government and local authorities, government-owned companies and trusts. The Global Approach also provides for the publication of timely information on total borrowings by Commonwealth and State authorities.

Under the Global Approach, Loan Council does not exercise any control over the terms and conditions of authority borrowings, although individual States and the Commonwealth may do so. State semi-government and local authorities generally borrow at somewhat higher interest rates than the Commonwealth Government with the margins varying from time to time depending on market conditions. Indicative interest rates for smaller semi-government and local authorities in recent years, and the margins applying over Commonwealth securities of similar maturity, are shown in Table 24.

**Table 24—Indicative Coupon Interest Rates for Borrowings by Smaller Semi-Government and Local Authorities (a)**

	Years to Maturity					
	2 Years		4 Years		10 Years	
	Interest rate	Margin over bond rate	Interest rate	Margin over bond rate	Interest rate	Margin over bond rate
June 1986 . . . . .	13.9	+1.2	13.9	+1.2	13.8	+1.2
September 1986 . . . . .	16.9	+1.4	16.1	+1.4	15.5	+1.4
December 1986 . . . . .	15.6	+1.4	15.3	+1.4	14.9	+1.4
March 1987 . . . . .	15.5	+1.4	15.3	+1.4	14.9	+1.4
June 1987 . . . . .	14.5	+1.4	14.6	+1.5	14.4	+1.5
September 1987 . . . . .	13.0	+1.3	13.0	+1.2	13.5	+1.1
December 1987 . . . . .	12.9	+1.7	13.4	+1.6	14.0	+1.1
March 1988 . . . . .	12.4	+1.5	12.9	+1.4	13.2	+1.2
June 1988 . . . . .	13.4	+1.6	13.4	+1.5	13.4	+1.5

(a) Rates are as at the end of each month shown and are based on secondary market yields, as assessed by the Loan Council Secretariat, on Treasury Bonds of comparable maturities plus a margin for each maturity, which is reviewed monthly.

### The Global Approach

The main feature of the Global Approach is the imposition of aggregate quantitative controls, or 'global limits', on borrowings, or other means of financing capital expenditures, by Commonwealth and State authorities. It also provides for a ceiling (currently 22% of new money borrowings) within the global limits on overseas borrowings by State authorities, together with arrangements for ensuring orderly access by authorities to overseas public capital markets.

Under the Global Approach, as modified since May 1985, it is agreed that:

- the Commonwealth and each State Government will voluntarily limit the level of new money borrowings each year from all sources by their authorities to global limits agreed by Loan Council. As occurred under the Gentlemen's Agreement, the States and the Commonwealth are free to determine the distribution of the global total among their individual authorities;
- authorities subject to the limits include semi-government and local authorities and all companies and trusts which are wholly-owned, majority-owned or partly-owned and effectively controlled by governments. Borrowings by government-owned financial institutions (such as State banks and insurance companies) and statutory marketing authorities are excluded from the global limits except when on-lent to, or used for the purposes of, governments or authorities subject to the limits (except where such borrowings are associated with temporary or unexpected fluctuations in government outlays and revenue);

- new money borrowings within the agreed limits include 'conventional' domestic and overseas loan raisings, deferred payment arrangements, overseas trade credits, financial leases (including leveraged leases and similar arrangements), sale and leaseback arrangements, instalment purchase by government departments, the net change in temporary purpose borrowings over the financial year and any other form of raising new capital funds (including equity raisings by or on behalf of authorities). New money borrowings exclude operating leases and temporary purpose borrowings within the financial year; and
- bodies subject to global limits are able to refinance maturing debt outside new money borrowing limits, provided there is no net addition to the total level of outstanding debt.

### **Overseas Borrowings within the Global Approach**

Arrangements for overseas borrowings under the Global Approach are as follows:

- new money overseas borrowings by State authorities, including non-conventional financing techniques (such as trade credits and financial leases) and the net change in temporary purpose overseas borrowings over the financial year, are subject to an aggregate overseas ceiling. The distribution of the overseas ceiling is determined by agreement among the States;
- new money overseas borrowings (including the net change in temporary purpose borrowings) are not to exceed, for more than a two month period during the financial year, each State's new money overseas borrowing ceiling for that year, with an upper limit at all times during the year of 150% of each State's ceiling;
- while borrowings by statutory marketing authorities are outside global limits, the following limits apply to the amounts which statutory marketing authorities may borrow overseas:
  - not more than the level of their expected foreign currency denominated sales for advance payments to growers (provided this does not exceed their current season's net borrowing requirement); and
  - not more than 50% of their borrowing requirement to finance buffer stocks held in Australia (there are no limits on borrowings to finance buffer stocks held or being shipped abroad);
- Commonwealth and State authorities subject to the global limits, and statutory marketing authorities, are allowed to borrow in all private overseas capital markets and a range of overseas public issue markets. The permitted public issue markets are:
  - domestic \$US market;
  - Eurodollar market;
  - Swiss Franc market;
  - Euro-sterling market;
  - European Currency Unit (ECU) market;
  - Euro-\$A market;
  - Yen and non-Yen Tokyo markets;

- Deutschemark market;
- Euro-yen market;
- Dutch Guilder market; and
- Euro-Canadian dollar market;
- conversion or refinancing of overseas debt is permitted outside the overseas borrowing ceiling;
- since the 21 June 1984 Loan Council Meeting, approval of the terms and conditions of overseas borrowings by authorities has been delegated to the individual members of Loan Council. However, specific Loan Council approval of terms and conditions of individual overseas borrowings is still required in the Sterling private placement market (essentially with a view to differentiating such borrowings from public issues by the Commonwealth in the relatively small Sterling market); and
- individual approaches to public markets continue to require prior Loan Council approval, and are subject to orderly queuing arrangements designed to avoid the possibility of clashes between Australian public sector issues in these markets. The queuing arrangements provide for a maximum number of approaches per quarter in each of the permitted markets, as well as a minimum period of time between approaches (two to four weeks in most cases), and are set having regard to conditions in each market. The Commonwealth Government has a prior right of access to all markets.

#### **Global Borrowing Limits for 1988-89**

At its 12 May 1988 Meeting, Loan Council members other than Queensland agreed to an aggregate new money borrowing limit for State authorities of \$4 750 million, which is \$543 million, or about 10%, less than the borrowing limits approved for 1987-88. The agreed amount includes a special temporary addition of \$108 million for Western Australia. A global borrowing limit for the Northern Territory of \$95 million was also agreed for 1988-89, compared with actual borrowings of \$71 million in 1987-88. Details of the borrowing programs for each of the States and the Northern Territory are provided in Table 25, while Table 26 details the agreed conversion/refinancing programs.



**Table 25—'Global' New Money Borrowings by Commonwealth, State and Northern Territory Semi-Government and Local Authorities (a), 1984-85 to 1988-89**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	States and the Territory	Commonwealth (b)	Total
Global borrowings (\$ thousands)										
1984-85 . . . . .	1 940 648	1 984 750	1 552 000(c)	818 058	493 000	228 988	49 990	7 067 434	986 567	8 054 001
1985-86 . . . . .	2 059 064	2 006 660	1 538 912	741 332	400 000	230 000	65 000	7 040 968	1 177 752	8 218 720
1986-87 . . . . .	1 845 000	1 875 140	1 387 000	635 000	350 000	217 000	86 300	6 395 440	1 401 980	7 797 420
1987-88 . . . . .	1 539 600	1 684 400	1 160 500	584 000	300 800	181 600	71 261	5 522 161	859 295(d)	6 381 456
1988-89(e) . . . . .	1 449 900	1 487 400	792 800	590 700	258 300	171 000	95 000	4 845 100	2 640 000	7 485 100
Global borrowings (\$ per capita)										
1984-85 . . . . .	357.16	484.31	609.20	582.62	361.01	520.31	344.05	450.67	62.91	513.59
1985-86 . . . . .	374.56	484.65	592.57	515.71	290.53	517.32	427.91	442.80	74.07	516.87
1986-87 . . . . .	331.16	448.15	523.32	429.11	252.11	485.02	553.92	396.25	86.86	483.11
1987-88 . . . . .	271.99	397.86	428.83	384.24	214.67	405.54	454.76	336.81	52.41	389.22
1988-89 . . . . .	252.65	347.29	286.17	378.99	182.46	381.51	608.94	291.05	158.59	449.63
Global borrowings (percentage of GSP) (f)										
1984-85 . . . . .	2.7	3.4	4.9	4.1	2.8	4.5	2.3	3.3	na	3.8
1985-86 . . . . .	2.5	3.1	4.4	3.3	2.1	4.0	2.5	3.0	na	3.5
1986-87 . . . . .	2.0	2.6	3.6	2.6	1.7	3.5	3.2	2.5	na	3.0
1987-88 . . . . .	1.5	3.3	2.7	2.1	1.3	2.6	2.3	1.9	na	2.2
1988-89 . . . . .	1.3	1.7	1.7	2.0	1.0	2.2	2.8	1.5	na	2.3

(a) Includes borrowings by all Commonwealth, State and Northern Territory semi-government and local authorities, government-owned companies and trusts.

(b) Includes 'implicit' borrowings associated with instalment purchase transactions by Commonwealth Government departments.

(c) Commonwealth Treasury estimate.

(d) A Commonwealth authority converted approximately \$1.2 billion of financial leases to operating leases during 1987-88. These transactions are not reflected in reported global borrowings by Commonwealth authorities.

(e) 'Global' new money limits agreed at the May 1988 Loan Council Meeting by all members except Queensland.

(f) Total figures are given as a proportion of GDP.

**Table 26—Borrowings by Semi-Government and Local Authorities for the Refinancing of Maturing Debt (a), 1984-85 to 1988-89 (\$ thousands)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	States and the Territory	Commonwealth	Total
Domestic										
1984-85 . . . . .	414 466	1 020 450	255 957	131 083	167 200	40 979	34 666	2 064 801	75 905	2 140 706
1985-86 . . . . .	731 331	1 485 260	297 363	250 280	559 400	123 257	58 290	3 505 181	345 124	3 850 305
1986-87 . . . . .	779 903	1 719 370	591 200	588 827	767 200	141 998	39 313	4 627 811	712 163	5 339 974
1987-88 . . . . .	1 877 300	3 406 440	660 400	1 289 141	1 012 300	222 342	82 665	8 550 588	693 493	9 244 081
1988-89 (b) . . . . .	1 897 000	1 832 530	na	276 150	303 100	146 041	60 000	na	811 783	na
Overseas										
1984-85 . . . . .	..	79 860	..	..	40 000	..	..	119 860	114 646	234 506
1985-86 . . . . .	168 770	145 080	212 000	46 415	350 700	..	..	922 965	297 128	1 220 093
1986-87 . . . . .	561 451	101 520	579 500	264 830	155 700	1 095	..	1 664 096	239 500	1 903 596
1987-88 . . . . .	52 500	138 490	89 200	88 167	72 800	26 056	..	467 213	343 222	810 435
1988-89 (b) . . . . .	251 000	93 600	na	119 390	37 600	1 801	..	na	620 217	na
Total										
1984-85 . . . . .	414 466	1 100 310	255 957	131 083	207 200	40 979	34 666	2 184 661	190 551	2 375 212
1985-86 . . . . .	900 101	1 630 340	509 363	296 695	910 100	123 257	58 290	4 428 146	642 252	5 070 398
1986-87 . . . . .	1 341 354	1 820 890	1 170 700	853 657	922 900	143 093	39 313	6 291 907	951 663	7 243 570
1987-88 . . . . .	1 929 800	3 544 930	749 600	1 377 308	1 085 100	248 398	82 665	9 017 801	1 036 715	10 054 516
1988-89 (b) . . . . .	2 148 000	1 926 130	679 100	395 540	340 700	147 842	60 000	5 697 312	1 432 000	7 129 312

(a) Includes borrowings for the purposes of refinancing or converting the maturing debt of semi-government and local authorities and government-owned companies and trusts. Such borrowings are undertaken in addition to the new money borrowings set out in Table 25.

(b) Amounts advised to Loan Council. Individual members of Loan Council have discretion to amend the approved refinancing programs to account for the refinancing of debt prior to maturity and, in the case of overseas debt, for movements in exchange rates.

For 1988-89, Loan Council members other than Queensland also agreed to an aggregate overseas borrowing ceiling of \$1 045 million for State authorities, equal to 22% of aggregate new money borrowings. This compares with overseas borrowings of \$1 166 million in 1987-88. The distribution of the overseas ceiling, which was agreed among the States (other than Queensland) and represents 22% of each State's global limit, is shown in Table 27.

At the Meeting, Queensland was not prepared to agree to a global limit on its authorities' borrowings, or to abide by other aspects of the Global Approach. The Commonwealth has indicated that, if this situation persists, it will reduce payments of financial assistance grants to Queensland to the extent that its new money borrowings in 1988-89 exceed \$793 million.

**Table 27—New Money Overseas Borrowings by State Semi-Government Authorities (a), 1984-85 to 1988-89 (\$ millions)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Six State Total	Commonwealth (b)	Total
1984-85 (c)	693.4	631.4	288.0	158.1	146.0	43.4	1 960.3	354.9	2 315.2
1985-86	406.1	500.1	315.0	155.0	95.0	45.3	1 516.5	315.1	1 831.6
1986-87	406.0	340.0	196.1	172.0	86.0	47.4	1 247.5	353.5	1 601.0
1987-88	339.0	335.9	255.4	129.7	66.3	40.0	1 166.3	400.4	1 566.7
1988-89 (d)	319.0	327.2	174.4	130.0	56.8	37.6	1 045.0	na(e)	na

(a) Includes overseas new money borrowings by all semi-government and local authorities, government-owned companies and trusts.

(b) Includes the Northern Territory. The Territory has not so far borrowed overseas.

(c) Special additions of \$390 million were approved during the year, further to the 1984-85 overseas (conventional) borrowing ceiling of \$1 200 million.

(d) A ceiling of 22% of the global limits (\$1 045 million) on all overseas borrowings by State authorities was agreed at the 12 May 1988 Loan Council Meeting by all members except Queensland, who did not agree to the global limits.

(e) No overseas ceiling is set for Commonwealth authorities within their global limit.

Commonwealth authority borrowings were \$329 million lower than the global limit agreed at the 25 May 1987 Loan Council Meeting because of delays in capital expenditure and larger than expected debt repayments. For 1988-89, Loan Council approved a new money borrowing limit for Commonwealth authorities of \$2 640 million, an increase of \$1 781 million on borrowings undertaken in 1987-88. More than half of this limit comprises a special component of \$1 450 million to meet major fleet re-equipment and expansion requirements for Qantas and Australian Airlines, together with related airport infrastructure.

The non-aviation component of \$1 190 million represents a 30% nominal increase on comparable borrowings by Commonwealth authorities in 1987-88. A large part of this limit comprises borrowings to finance Telecom's extensive capital works program, as well as borrowings to be undertaken by Austrade to fulfil the Commonwealth's obligations to wheat growers following the rescheduling by Egypt of its wheat debt to Australia.

### Borrowing Arrangements for the ACT

The ACT, like the Northern Territory, is not a member of Loan Council. Semi-government authorities in the ACT (notably the ACT Electricity and Water Authority) may borrow within the global limit for Commonwealth authorities. For 1988-89, the Commonwealth will make loans to the ACT on terms and conditions similar to semi-government borrowings for activities that would normally be funded by semi-government borrowings in the States (including public transport infrastructure and some roads expenditure). These loans are estimated at \$50 million.

## Local Government Authority Borrowings

As shown in the following table, local authority borrowings, undertaken within the global limits for State authorities and the Northern Territory, totalled \$623 million in 1987-88, or about 11% of State/local new money borrowings in Australia.

The amount of borrowings by local government authorities varies markedly among States as a proportion of total State borrowings. A contributing factor is variations among the States in the functions undertaken by local government.

**Table 28—New Money Borrowings by Local Government Authorities (a), 1984-85 to 1988-89 (\$ thousands)**

	New South Wales (b)	Victoria (c)	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
Total borrowings (\$ thousands)								
1984-85 . . . . .	271 000	127 119	233 993	43 692	131 128	10 975	1 574	819 481
1985-86 . . . . .	287 000	130 502	241 740	41 161	45 500	14 847	2 574	763 324
1986-87 . . . . .	251 000	130 521	239 375	32 408	46 000	18 871	3 141	721 316
1987-88 . . . . .	209 700	58 680	263 197	29 641	40 000	19 272	2 370	622 860
1988-89 (d) . . . . .	197 600	80 000	224 380	40 000	35 000	17 980	3 000	597 960
Total borrowings as a percentage of each State's total new money borrowings								
1984-85 . . . . .	14.0	6.4	15.1	5.3	26.6	4.8	3.1	11.6
1985-86 . . . . .	13.9	6.5	15.7	5.6	11.4	6.5	4.0	10.8
1986-87 . . . . .	13.6	7.0	17.3	5.1	13.1	8.7	3.6	11.3
1987-88 . . . . .	13.6	3.5	22.7	5.1	13.3	10.6	3.3	11.3
1988-89 . . . . .	13.6	5.4	28.3	6.8	13.6	10.5	3.2	12.3

(a) New money borrowings include 'conventional' loan raisings, as well as other borrowings such as domestic deferred payment arrangements, overseas trade credits, financial leases, sale and leaseback and similar arrangements, security deposits and other repayable capital contributions, and net changes in temporary purpose borrowings over the financial year.

(b) Excludes New South Wales County Councils.

(c) Excludes Victorian municipal authorities with electricity distribution functions.

(d) Estimate.

## Outstanding Debt of Commonwealth and State Authorities

Table 29 below shows the outstanding debt of Commonwealth and State semi-government authorities based on data collected from annual surveys conducted by Loan Council. These surveys are in the process of being superseded by a more comprehensive annual survey of public sector debt to be undertaken by the Australian Bureau of Statistics.

**Table 29—Commonwealth and State Authorities' Gross Debt Outstanding and Maturity Profile (a), 1988–89 and Beyond (\$ millions)**

	Domestic maturities			Overseas maturities (b)			Total maturities		
	Common-wealth	States (c)	Total	Common-wealth	States (c)	Total	Common-wealth	States (c)	Total
1988–89 . . . . .	1 041	5 599	6 640	696	1 901	2 597	1 737	7 500	9 237
1989–90 . . . . .	532	3 752	4 284	296	761	1 057	827	4 513	5 341
1990–91 . . . . .	638	5 699	6 337	275	1 081	1 356	913	6 779	7 693
1991–92 . . . . .	694	4 928	5 622	283	1 568	1 851	977	6 496	7 473
1992–93 . . . . .	865	5 589	6 453	354	2 192	2 546	1 219	7 781	9 000
1993–94 and beyond . . . . .	2 085	20 603	22 688	977	4 673	5 650	3 063	25 275	28 338
Total debt outstanding . . . . .	5 855	46 169	52 024	2 881	12 176	15 057	8 736	58 346	67 081

- (a) Includes maturing debt of Commonwealth and State semi-government authorities, government-owned companies and trusts at 30 June 1988. The refinancing programs for 1988–89 shown in Table 26 differ from the maturities shown in this table due either to expected redemptions of some maturing debt or the intended conversion/refinancing of debt prior to maturity.
- (b) Australian dollar equivalent as at 30 June 1988.
- (c) Includes maturing debt of Northern Territory authorities. Excludes domestic non-conventional debt maturities of Western Australian authorities.

## CHAPTER V—SPECIFIC PURPOSE PAYMENTS

This chapter details the distribution of specific purpose payments among the States, the Northern Territory and the ACT. The tables in Appendix III provide a more comprehensive record of such payments. The programs are examined in greater detail in Statement No. 3, 'Outlays', in Budget Paper No. 1.

Since the Northern Territory became self-governing in 1978, it has received specific purpose payments on the same basis as the States. Similar arrangements are to apply from 1988-89 for payments to the ACT, although in some cases specific purpose assistance may be phased in during the year, with offsetting adjustments to general purpose assistance.

The distribution of assistance under some programs is dependent on undertakings by the recipient governments to participate in programs, or on the approval of particular projects. For a few programs, final decisions on the State-by-State distribution have not been taken by the Commonwealth; for others, the final distribution will not be settled until further data become available. In such cases, a provisional or notional estimate of the likely distribution is included. This does not constitute a commitment by the Commonwealth to a particular level of funding or provide an indication that a State or the Northern Territory has agreed to participate in the program.

### OVERVIEW

Specific purpose payments are provided for in the Constitution.<sup>(1)</sup> Payments of this form are estimated to total \$11 280 million, or 46.3% of net Commonwealth payments to the State/local sector in 1988-89.

Specific purpose payments are made where the Commonwealth wishes to have some involvement in the direction of State/local sector expenditure. The extent of such involvement varies significantly from program to program. At one end there are programs, such as assistance for higher education, where the Commonwealth determines all aspects of expenditure and the States effectively act as agents for the Commonwealth in the dispersal of funds. At the other there are programs, such as hospital grants, where the Commonwealth imposes specific conditions on the expenditure of only a small part of the funds (although in this case it also requires that State hospitals not impose fees on Medicare patients). In most cases, however, the States administer specific purpose assistance under broad guidelines agreed with the Commonwealth.

While there are a large number of specific purpose payments, the bulk of this assistance is accounted for by a few major programs. In 1988-89, for example, it is estimated that payments for education, hospitals, housing and roads will account for over 80% of total payments.

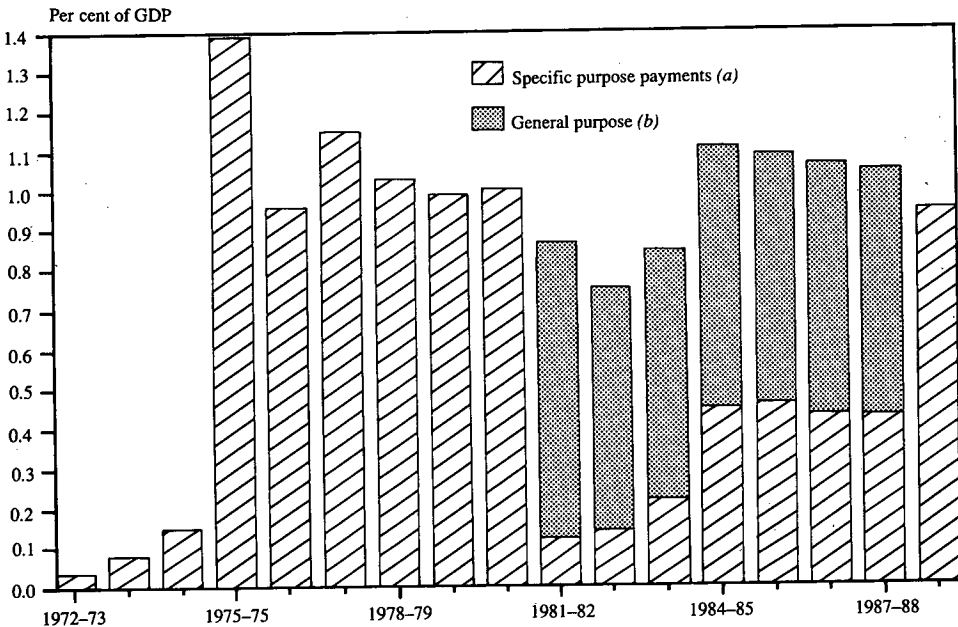
Trends in specific purpose payments over the years mainly reflect changes in Commonwealth policy in relation to these major payments. The large increases in specific purpose payments that occurred between 1972-73 and 1975-76 were primarily a result of increased Commonwealth involvement in education and health

(1) Section 96 provides that the Commonwealth may grant financial assistance to any State on such terms and conditions as it thinks fit.

funding. Since then assistance to the States and the Northern Territory for education (including the Commonwealth's full funding of higher education and its contribution to technical and further education and schools) has remained relatively stable as a proportion of GDP. In 1988-89, assistance to the States and the Northern Territory will, for the first time, be supplemented by the Higher Education Contribution Scheme, under which a portion of Commonwealth funding will be paid directly to higher education institutions (see below).

Changes in the level of specific purpose assistance have been heavily influenced by changes in health funding arrangements. From 1975-76 to 1980-81, Commonwealth assistance for health purposes was primarily through hospital cost sharing grants, a specific purpose payment. In 1981-82, these grants for all States except South Australia and Tasmania were replaced by identified health grants, a component of general revenue assistance. With the introduction of Medicare in February 1984, South Australia and Tasmania joined the identified health grant arrangements. At the same time, new specific purpose payments (Medicare compensation grants) were introduced to compensate States for the additional costs imposed on their health systems, and loss of revenue from patients' charges arising from free public patient treatment under Medicare. From 1 July 1988, identified health grants and Medicare compensation grants were absorbed into a single specific purpose payment, hospital funding grants. The impact of these institutional changes on overall Commonwealth assistance for health purposes is shown in Chart 6.

**Chart 6 : Hospital Funding for the States and the Northern Territory**



- (a) Includes hospital cost sharing grants (1975-76 to 1983-84), Medicare compensation grants (1983-84 to 1987-88) and hospital funding grants (1988-89).  
 (b) Identified health grants.

In the early 1980s, specific purpose payments also increased as a result of growth in Commonwealth assistance for roads (under the Australian Bicentennial Road Development program) and for public housing (under the Commonwealth State Housing Agreement).

Table 30 summarises payments to the States and the Northern Territory according to the functional classification used in Budget Paper No. 1. This classification is also the basis of the discussion of individual payments in this chapter and the detailed tables in Appendix III. In some cases, however, specific purpose programs cut across a number of functional categories; the main instances where this occurs are identified below. General purpose assistance to the States and the Northern Territory and general purpose assistance for local government, discussed in Chapter III, are included under payments 'Not Allocated to Function' in the classification in the table.

**Table 30—Net Commonwealth Payments to the State/Local Government Sector by Function (a), 1984–85 to 1988–89**

	1984–85	1985–86	1986–87	1987–88		1988–89 (b)		
				\$m	\$m	Change		Change
						\$m	%	
Defence . . . . .	7.4	5.7	4.2	3.8	-9.1	2.6	-30.4	
Education . . . . .	3 697.2	3 989.5	4 152.7	4 433.3	6.8	4 577.0	3.2	
Health (c) . . . . .	965.1	1 133.7	1 163.3	1 299.9	11.7	3 261.0	150.9	
Social Security and Welfare . . . . .	178.3	203.9	290.3	337.6	16.3	384.7	14.0	
Housing and Community Amenities . . . . .	956.8	1 054.8	1 206.2	1 030.8	-14.5	939.3	-8.9	
Culture and Recreation (d) . . . . .	32.5	45.4	55.9	40.3	-27.9	16.0	-60.2	
Economic Services—								
Transport and Communication	1 299.8	1 270.0	1 250.9	1 282.1	2.5	1 277.5	-0.4	
Industry Assistance and Development . . . . .	114.2	98.7	195.4	148.2	-24.1	160.2	8.1	
Labour and Employment . . . . .	380.9	290.2	219.1	156.6	-28.5	41.2	-73.7	
Other Economic Services . . . . .	111.8	66.1	96.9	79.5	-18.0	57.6	-27.5	
Total Economic Services . . . . .	1 906.7	1 724.9	1 762.2	1 666.4	-5.4	1 536.5	-7.8	
General Public Services . . . . .	39.6	45.3	54.6	81.5	49.3	94.6	16.1	
Not Allocated to Function—								
General Revenue Funds . . . . .	10 978.9	11 919.9	13 227.1	14 252.2	7.7	12 454.4	-12.6	
State Governments' Loan Council Programs (d) . . . . .	1 050.1	1 053.1	540.1	-130.0	-124.1	25.7	-119.8	
Assistance Related to State Debts . . . . .	121.4	49.9	51.4	51.7	0.6	51.7	..	
Assistance for Local Government . . . . .	488.9	538.5	585.6	641.5	9.5	652.5	1.7	
Natural Disaster Relief (e) . . . . .	-15.3	-8.0	2.7	-14.8	-659.5	18.0	-221.2	
Special Assistance to South-West Tasmania . . . . .	33.9	33.6	29.9	29.2	-2.3	32.7	11.9	
Total Not Allocated to Function . . . . .	12 657.8	13 587.1	14 436.8	14 829.8	2.7	13 235.0	-10.8	
Grand Total (Net Basis) . . . . .	20 441.4	21 790.3	23 126.2	23 723.5	2.6	24 046.8	1.4	

(a) Net of repayment of Commonwealth advances and sinking fund contributions on State Governments' Loan Council programs and analogous programs for the Northern Territory. Does not include payments in ACT Trust Account.

(b) Estimate.

(c) Identified health grants are classified under 'General Revenue Funds'.

(d) Amounts nominated by States from their Loan Council program for public housing and analogous amounts nominated by the Northern Territory have been classified to 'Housing and Community Amenities'.

(e) Comprising grants to the States for on-passing to local government authorities as general purpose assistance.

## EDUCATION

Commonwealth payments to the States and the Territories for education currently represent some 40% of specific purpose payments. This comprises funding for higher education, estimated to total \$2 352.3 million in 1988-89 (a decrease of 1.2% over 1987-88), \$306 million for Technical and Further Education (TAFE) and \$1 824.8 million for Schools (an increase of 5.7%).

Since 1974, the Commonwealth has fully funded the provision of higher education (universities and colleges of advanced education), with the States on-passing on the funds to higher education institutions for expenditure in accordance with Commonwealth guidelines. The reduction in payments to the States for higher education reflects the Commonwealth's decision to introduce from 1 January 1989 a Higher Education Contribution Scheme (HECS). Under the new arrangement, students who benefit directly from higher education will contribute directly to the cost of their education, subject to capacity to pay. HECS contributions, along with additional Commonwealth funding, will be paid into a Trust Fund to be distributed directly to higher education institutions. Payments from the Trust Fund, which will represent approximately 20% of total Commonwealth payments for higher education will then be treated as a Commonwealth own-purpose outlay, rather than as a payment to the States and the Territories.

HECS contributions will be set at an annual course charge of \$1 800 for each year of full time study with no requirement to pay until personal taxable income reaches \$22 000. The contributions will be collected through the tax system. Alternatively, students may pay on enrolment, in which case a 15% discount will apply. HECS will assist in providing for 6 500 additional places in higher education in 1989, and a further 12 300 in 1990 and 17 100 in 1991. The Commonwealth has also increased the levels of income support under AUSTUDY and ABSTUDY.

The Commonwealth provides recurrent and capital assistance to the States for expenditures on TAFE institutions, and government and non-government schools. States are required to maintain the level of recurrent expenditure on TAFE from their own resources and are subject to a variety of other expenditure requirements and guidelines.

## HOSPITAL FUNDING GRANTS

A new program for funding hospitals, to apply from 1 July 1988, was agreed to at the Premiers' Conference in May 1988. This new program will be the main form of Commonwealth assistance to the States and the Territories for health purposes. It will replace identified health grants, which had been a component of general revenue assistance, and Medicare compensation grants. The grants for the States and the Northern Territory are estimated to total \$3 024.8 million in 1988-89. As shown in Table 32, these grants are about \$130 million more than for the sum of identified health grants and Medicare compensation grants in 1987-88, and \$48 million higher than the forward estimates of those payments for 1988-89 available at the time of the Premiers' Conference. Hospital grants are to be indexed by general cost increases (award wage and CPI) plus an age-sex weighted population factor. This will provide significant growth in real terms in future years.



The hospital funding grant consists of a base level of funding for each State and the Northern Territory (\$3 004.4 million) and, as detailed below, an incentives package (\$40.3 million) offset by a public provision adjustment involving penalties (estimated at \$34.8 million). As well, support (\$15.0 million) is being provided to the States in their treatment of AIDS cases. The totals of the base funding and the incentives package have been fixed in dollar terms in 1988-89, but from 1989-90 will be indexed as described above.

The incentives package is made up of:

- a provision for additional day-only procedures, post-acute care and palliative care services to free up in-hospital resources and achieve greater throughput in longer stay elective procedures; and
- a provision for the development of cost-based information systems which standardise for differences in patient mix and provide a basis for comparing hospital performance.

The offsetting public provision adjustment involves reduced payments for those States where per capita in-hospital Medicare benefits exceed a prescribed maximum standard and/or levels of public patient access are less than a prescribed minimum standard. The net amount to be paid as hospital funding grants in 1988-89 will depend upon the actual size of the public provision adjustment in 1988-89.

**Table 31—Composition of the Hospital Funding Grants for the States and the Northern Territory, 1988-89 (\$ millions)**

Base Funding . . . . .	3 004.4
<i>plus</i> Incentives Package—	
Day surgery . . . . .	10.1
Post acute care . . . . .	25.2
DRG information system . . . . .	5.0
<i>plus</i> AIDS Funding . . . . .	15.0
<i>Less</i> Public Provision Adjustment—	
Medicare benefits . . . . .	14.9
Public patients . . . . .	20.0
Total . . . . .	3 024.8

The ACT will receive a payment analogous to the hospital grants paid to the States and the Northern Territory of \$38.6 million in 1989-90.

The base grants are to be distributed among the States and the Northern Territory on a per capita basis weighted by age and sex. The present estimates are based on the distribution of population weighted by age and sex as at June 1986; the actual distribution of base grants in 1988-89 will be based on the population distribution as at December 1988. As illustrated in Table 32, the distribution of hospital funding grants in 1988-89 will be significantly different from the distribution of identified health grants and Medicare compensation grants in 1987-88. The difference is substantial in the case of Queensland.

The relatively low share of identified health grants and Medicare compensation grants previously received by Queensland reflected differences between that State's hospital funding system and those operating in other States. The level of identified

health grants paid to individual States was based on the previous hospital cost sharing grants, and payments for community health and school dental programs. These were adjusted for the estimated additional revenue that a State could raise by introducing standard public hospital charges. Queensland chose not to introduce standard charges and retained its free public hospital system. Medicare compensation grants were originally designed to compensate the States for:

- revenue losses associated with the abolition both of accommodation charges for public patients in public hospitals and of charges for public hospital in-patient and out-patient care, and a reduction of \$50 per day in accommodation fees for private patients in public hospitals; and
- additional costs associated with the introduction of Medicare.

As the introduction of Medicare did not result in Queensland incurring a substantial revenue loss, that State received a relatively low share of Medicare compensation grants.

While the new hospital funding grant involves a significant redistribution among the States in funds identified for hospitals, it does not involve a corresponding redistribution of total Commonwealth assistance to the States because, as discussed in Chapter III, the distribution of hospital funding grants was taken into account in determining the distribution of general revenue assistance in 1988-89. For example, Queensland will receive an increased share of hospital grants but a lower share of financial assistance grants. The exception in this regard is the AIDS component of the hospital funding grant which will not be taken into account in determining the distribution of general revenue assistance. In other words, the distribution of general revenue assistance will not offset the distribution of AIDS funding, which will be in line with the estimated State-by-State incidence of AIDS. From 1989-90, in addition to the AIDS component, it is proposed that the incentives package and the public provision adjustment will be disregarded in determining the distribution of general revenue assistance among the States.

**Table 32—Distribution of Hospital Funding, 1987-88 and 1988-89 (\$ millions)**

	1987-88			1988-89 (a)				
	Identified Health Grants	Medicare Compensation Grants (b)	Total	Share of total %	Hospital Funding Grants less AIDS (c)	AIDS	Total	Share of total %
New South Wales . . . . .	674.0	442.3	1 116.3	38.6	1 066.7	9.5	1 076.2	35.6
Victoria . . . . .	441.6	284.9	726.6	25.1	-791.4	3.6	794.9	26.3
Queensland . . . . .	139.3	84.0	223.3	7.7	499.6	0.7	500.4	16.5
Western Australia . . . . .	219.5	93.0	312.4	10.8	268.3	0.6	269.0	8.9
South Australia . . . . .	233.7	116.6	350.3	12.1	278.1	0.5	278.6	9.2
Tasmania . . . . .	74.6	39.7	114.3	3.9	86.1	..	86.1	2.8
Northern Territory . . . . .	37.1(d)	13.4	50.5	1.7	19.6	..	19.7	0.6
Total . . . . .	1 819.8	1 073.9	2 893.7	100.0	3 009.8	15.0	3 024.8	100.0

- (a) Estimate.  
 (b) Excludes payments for State laboratories and magnetic resonance imaging and lithotripsy which are being continued as a separate program in 1988-89.  
 (c) This incorporates the base level of funding, the incentives package and the public provision adjustment. The DRG component of the incentive packages has been nominally distributed in line with the distribution of the base amount.  
 (d) Notional estimate based upon the 1984-85 grant being escalated on the same basis as for States grants to 1987-88. This amount formed part of the general revenue grant paid to the Northern Territory in 1987-88.

## COMMUNITY SERVICES PROGRAMS

The major forms of Commonwealth assistance to the States and the Territories for the provision of community services are the Home and Community Care program (HACC) and Supported Accommodation Assistance Program (SAAP). A further area of significant and growing Commonwealth involvement is that of child care services.

The HACC program provides support services to enable frail aged and disabled people to remain in home and community care, rather than in inappropriate institutional care—\$208.4 million out of an estimated total program of \$209.0 million is to be provided to the States and the Northern Territory in 1988-89, including payments under both the 'Health' function (primarily home nursing) and the 'Social Security and Welfare' function (eg home help, delivered meals and transport).

SAAP provides accommodation and related services for homeless people. Payments to the States and Territories are estimated to comprise \$64.3 million out of total estimated expenditure in 1988-89 of \$65.1 million. Included in this amount is \$5.8 million for upgrading of services funded under the *Homeless Person's Assistance Act 1974* to enable their inclusion in SAAP.

Under both programs, the Commonwealth approves projects to which funds are applied and imposes a variety of matching and maintenance of effort requirements in relation to State expenditure.

In the area of child care the Commonwealth has decided to expand the Children's Services Program by the provision of an additional 30 000 places over the next four years. In establishing these places the Commonwealth will build on existing cost-sharing arrangements with the States and local governments.

## ABORIGINAL ADVANCEMENT

The Departments of Aboriginal Affairs and Employment Education and Training administer a wide range of programs for Aboriginal advancement purposes. Under those programs, payments are made to the States and Territories where that provides the most effective means of delivering the services concerned. It is estimated that a total of \$57 million will be provided to the States, Territories and local government authorities in 1988-89, for both capital and recurrent purposes spread over most functional categories. This represents an increase of 28% over 1987-88 and mainly reflects budget initiatives in Community Infrastructure Programs for Aboriginal communities.

## HOUSING

Assistance to the States and the Territories for public housing purposes is provided under the 1984 Commonwealth State Housing Agreement (CSHA). The Agreement, which was revised in 1987, provides for:

- guaranteed minimum Commonwealth funding of at least \$2 100 million in aggregate over the three years 1987-88 to 1989-90;
- broadened eligibility criteria to ensure that single people, particularly young single people, can qualify for assistance;
- rents for public housing tenants based on the cost of providing the accommodation, with rent rebates for those unable to afford this amount;

- rental purchase schemes to facilitate home ownership for those who cannot save a deposit;
- low start loans for home purchase assistance with repayments based on income; and
- separately identified funds for assistance to specific groups and for specific purposes.

In 1988-89, the Commonwealth will provide a total of \$700 million as grants to the States and the Northern Territory for public housing under the CSHA, compared with \$702.4 million in 1987-88. This includes funds for the Mortgage and Rent Relief Scheme and the Crisis Accommodation Program which are classified to the 'Social Security and Welfare' function. Portions of the assistance available under the CSHA are also earmarked for pensioner housing, Aboriginal housing and the Local Government and Community Housing Program (for the construction of low cost rental housing by local government and community groups). The States are required to match assistance provided under the Mortgage and Rent Relief Scheme and other untied housing assistance on a dollar for dollar basis.

In 1987-88, a special one-off grant of \$2.4 million was made to the States and the Northern Territory under the CSHA to assist in housing Attendant Care Scheme recipients in 1988-89. The Attendant Care Scheme assists people of working age with physical disabilities who would otherwise be inappropriately placed in nursing homes.

Since 1 July 1987, ACT public housing operations have been aligned with arrangements applying to the States and the Northern Territory under the CSHA. Consistent with these arrangements, the ACT will receive \$10.7 million in 1988-89.

The following table shows the breakdown of payments to the States and the Territories under the CSHA in 1988-89.

**Table 33—Details of Payments to be made under the Commonwealth State Housing Agreement, 1988-89 (a) (\$ thousands)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	ACT (b)	Total
Pensioner Housing . . . . .	13 869	8 794	7 382	3 268	2 819	845	523	523	38 023
Aboriginal Housing . . . . .	13 641	3 417	19 000	12 121	6 391	696	14 734	..	70 000
Local Government and Community Housing . . . . .	5 596	4 200	2 671	1 494	1 391	448	200	202	16 202
Other Housing Assistance . . . . .	179 027	135 989	79 428	48 502	52 053	20 952	14 649	9 295	539 895
Mortgage and Rent Relief (c) . . . . .	9 257	6 949	4 418	2 471	2 302	742	261	424	26 824
Crisis Accommodation (c) . . . . .	6 835	5 131	3 262	1 824	1 700	548	200	261	19 761
<b>Total . . . . .</b>	<b>228 225</b>	<b>164 480</b>	<b>116 161</b>	<b>69 680</b>	<b>66 656</b>	<b>24 231</b>	<b>30 567</b>	<b>10 705</b>	<b>710 705</b>

(a) Estimate.

(b) Although payments to the ACT are not made under the CSHA, payments are made on the same terms and conditions as CSHA payments.

(c) In this and other Budget Papers, payments under these programs are classified to the 'Social Security and Welfare' function.

## ROADS

Road grants are provided to the States and the Northern Territory under the current Australian Land Transport Program (ALTP) and the Australian Bicentennial Road Development (ABRD) program. These programs are to be replaced from 1 January 1989 with the Australian Centennial Road Development (ACRD) Program, which will also provide grants to the ACT. A proportion of funds provided under the ABRD Program and under the proposed ACRD Program may also be

used for urban public transport purposes. The Budget provides for expenditure of \$1 215.5 million in 1988-89; in addition to this, some \$6.5 million is to be provided for the ACT.

The following table shows the distribution of total funds to the States, the Northern Territory and the ACT under the programs from 1986-87 to 1988-89 by category of road.

**Table 34—Capital Grants for Road Programs by Road Category, 1986-87 to 1988-89 (\$ millions)**

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	ACT	Total
<b>National Roads</b>									
1986-87 . . . . .	206.4	96.6	117.5	66.7	46.1	19.5	25.1	..	577.9
1987-88 . . . . .	198.0	92.5	117.0	61.6	39.1	18.4	22.6	..	549.2
1988-89 (a) . . . . .	173.4	80.8	107.5	53.9	35.6	12.9	20.8	..	484.9
<b>Arterial Roads</b>									
1986-87 . . . . .	118.5	107.9	88.6	50.7	30.4	14.9	3.9	..	414.9
1987-88 . . . . .	130.1	110.9	90.1	55.6	33.9	16.7	4.7	..	442.1
1988-89 (a) . . . . .	136.8	108.5	87.4	67.7	32.2	18.3	4.7	2.5	458.1
<b>Local Roads</b>									
1986-87 . . . . .	70.1	49.1	51.2	36.9	20.4	13.6	10.9	..	252.2
1987-88 . . . . .	80.4	45.9	47.1	36.9	19.6	11.7	11.6	..	253.2
1988-89 (a) . . . . .	77.0	54.5	52.1	38.3	20.9	13.4	12.3	4.0	272.5
<b>Total</b>									
1986-87 . . . . .	395.0	253.6	257.3	154.3	96.9	48.0	39.9	..	1245.0
1987-88 . . . . .	408.5	249.3	254.2	154.1	92.6	46.9	38.9	..	1244.5
1988-89 (a) . . . . .	387.2	243.8	247.0	159.9	88.7	44.6	37.8	6.5	1215.5

(a) Estimate.

### FEDERAL WATER RESOURCES ASSISTANCE PROGRAM

For 1988-89, the Budget provides \$52.2 million for payment to the States and the Northern Territory under the Federal Water Resources Assistance Program (FWRAP).

Expenditure under the FWRAP is classified under three functional headings; 'Industry Assistance and Development' (water resources development and management), 'Other Economic Services' (urban water supply) and 'Housing and Community Amenities' (urban flood mitigation). The States, and in some cases local government, contribute from their own resources to the cost of individual projects under a variety of expenditure matching arrangements.

For 1988-89, \$32.1 million has been allocated to 'Industry Assistance and Development', including \$19.2 million to Queensland for completing the Burdekin Dam, \$7.6 million for the Harris River Dam (Western Australia) and other salinity mitigation works and \$4 million to Queensland for the Bundaberg irrigation project. An amount of \$12.7 million has been allocated to 'Other Economic Services', including provision for water treatment facilities in South Australia and for the Country Towns Water Supply Improvement Program in all States. \$7.5 million is allocated to 'Housing and Community Amenities' for urban flood mitigation projects.

The table below shows details for expenditure in 1987-88:

**Table 35—Payments to the States and the Northern Territory under the Federal Water Resources Assistance Program, 1987-88**

State	\$'000	Purpose
New South Wales . . . . .	1 696 (a)	Murray Valley Salinity Mitigation - a co-ordinated program with New South Wales, Victoria and South Australia for salinity reduction and drainage control.
	3 172 (b)	Urban Flood Plain Management - approved works and studies in coastal and inland urban centres.
	24 (a)	Rural Flood Management - approved works and studies on coastal and inland rivers.
	664 (c)	Chichester Water Treatment Plant - construction of water treatment facilities to improve water quality in the Hunter Valley region.
	1 844 (c)	Urban Water Supply - the Country Towns Water Supply Improvement Program (COWSIP).
	105 (c)	Water Conservation and Efficiency Improvement.
	<hr/>	
	7 505	
Victoria . . . . .	2 600 (a)	Murray Valley Salinity Mitigation (see above).
	605 (c)	Urban Water Supply - COWSIP (see above).
	1 634 (b)	Urban Flood Plain Management (see above).
	510 (c)	State Water Plan.
	<hr/>	
	5 349	
Queensland . . . . .	4 000 (a)	Bundaberg Irrigation Works, including works of conservation, distribution and reticulation of water.
	1 6 500 (a)	Burdekin Falls Dam - construction of a dam on the Burdekin River to provide water for irrigation in the Burdekin River Basin.
	1 444 (c)	Urban Water Supply - COWSIP (see above).
	<hr/>	
	21 944	
Western Australia . . . . .	296 (c)	Urban Water Supply - COWSIP (see above).
	1 250 (a)	Salinity Control - Collie River catchment and South-West catchments (Denmark, Kent, Warren and Helena Rivers) and Harris Dam.
	396 (b)	Urban Flood Plain Management Studies and Works.
	80 (c)	State Water Plan.
	<hr/>	
	2 022	
South Australia . . . . .	5 797 (c)	Urban Water Supply - Metropolitan Adelaide and Northern Towns Water Filtration Program; and COWSIP (see above).
	393 (a)	Murray Valley Salinity Mitigation (see above).
	245 (b)	Urban Flood Plain Management - flood mitigation works on the River Torrens.
	20 (c)	Water Conservation and Efficiency Improvement.
	<hr/>	
	6 455	
Tasmania . . . . .	80 (b)	Urban Flood Plain Management - Launceston Flood Protection Works.
	314 (c)	Urban Water Supply - COWSIP (see above).
	<hr/>	
	394	
Northern Territory . . . . .	56 (b)	Urban Flood Plain Management (see above).
	119 (c)	Urban Water Supply - COWSIP (see above).
	33 (c)	Water Plan.
	<hr/>	
	208	
<hr/>		
<b>TOTAL . . . . .</b>	<b>43 877</b>	

- (a) Classified under 'Industry Assistance and Development'.
- (b) Classified under 'Housing and Community Amenities'.
- (c) Classified under 'Other Economic Services'.

## NATURAL DISASTER RELIEF

Commonwealth assistance under natural disaster relief arrangements aims to help the States and the Northern Territory meet the unpredictable and sometimes large costs of providing natural disaster relief and restoration. The arrangements recognise the States' primary responsibility under the Constitution for the administration, provision and financing of relief measures. The arrangements cover bushfires, cyclones, droughts, earthquakes, floods and storms.

Under the arrangements the Commonwealth reimburses at least 50% of State expenditure on eligible measures for the relief of personal hardship and distress. In respect of other eligible relief and restoration measures, the Commonwealth provides financial assistance when total State expenditure on those measures in a financial year exceeds its assessed financial capacity, as represented by an annual base amount. The base amounts are set at 0.225% of State annual budget sector revenue and grants two years earlier (the latest available data).

**Table 36—Base Amounts for Eligibility for Assistance under the Natural Disaster Relief Arrangements, 1987–88 and 1988–89 (\$ millions)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory
1987–88	27.78	20.22	14.00	8.41	7.51	2.71	2.19
1988–89	29.50	22.01	15.44	9.17	8.12	2.94	2.39

Commonwealth assistance is on a dollar for dollar basis in respect of expenditure by a State above its base amount for amounts up to 75% above the base amount and three dollars Commonwealth to one dollar State thereafter.

The Commonwealth has allocated \$50 million towards disaster relief in 1988–89, compared with expenditure of \$15.8 million in 1987–88. The estimate is based on estimated State expenditure in respect of known disasters.

The following Tables record, for recent years, payments to each State allocated to particular disasters, and expenditures by each State on types of assistance measures.

**Table 37—Payments for Natural Disaster Relief by Type of Disaster (a) (b), 1983–84 to 1987–88 (\$ thousands)**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Total
<b>Droughts</b>								
1983–84 . . . . .	10 721	4 497	44 777	6 752	4 475	325	..	71 547
1984–85 . . . . .	..	..	3 246	..	..	210	..	3 456
1985–86 . . . . .	..	..	9 430	842	..	..	..	10 272
1986–87 . . . . .	..	..	17 853	167	..	..	..	18 020
1987–88 . . . . .	..	..	12 903	..	..	..	..	12 903
<b>Floods, Storms and Cyclones</b>								
1983–84 . . . . .	7 876	2 246	35 826	1 719	1 206	..	2 167	51 040
1984–85 . . . . .	381	..	7 869	..	..	..	..	8 250
1985–86 . . . . .	418	..	15 507	275	..	..	..	16 200
1986–87 . . . . .	2 993	..	15 569	27	..	..	..	18 589
1987–88 . . . . .	1 570	..	1 497	..	..	..	-202	2 866
<b>Bushfires</b>								
1983–84 . . . . .	..	10 575	..	..	5 627	10	..	16 212
1984–85 . . . . .	..	-540(c)	..	..	44	71	..	-425
1985–86 . . . . .	..	-316(c)	..	..	37	4	..	-275
1986–87 . . . . .	..	-278(c)	..	..	..	..	..	-278
1987–88 . . . . .	25	3	..	..	..	..	..	28
<b>All Natural Disasters</b>								
1983–84 . . . . .	18 597	17 318	80 603	8 471	11 308	335	2 167	138 799
1984–85 . . . . .	381	-540(c)	11 116	..	44	281	..	11 281
1985–86 . . . . .	418	-316(c)	24 937	1 117	37	4	..	26 197
1986–87 . . . . .	2 993	-278(c)	33 422	194	..	..	..	36 331
1987–88 . . . . .	1 595	4	14 400	..	..	..	-202(d)	15 797

- (a) Excludes the cost of emergency assistance provided by the Defence Force. Amounts shown are payments made in each financial year less refunds made within the same financial year; refunds made in subsequent years are deducted in the year in which they are received.
- (b) Payments are not designed to provide assistance on a disaster-by-disaster basis, but rather to assist a State in meeting the costs of relief measures when they exceed that State's assessed annual financial capacity. This table is derived from States' advice on their expenditures by type of disaster and apportions Commonwealth assistance accordingly.
- (c) Reflects recoveries by Victoria from State Electricity Commission of Victoria.
- (d) Reflects refund to the Commonwealth of amounts overpaid to the Northern Territory by the Commonwealth in earlier years.



**Table 38—State Outlays on and Other Details of Natural Disaster Relief, 1983–84 to 1987–88 (\$ thousands)**

	New South Wales					Victoria					Queensland				
	1983-84	1984-85	1985-86	1986-87	1987-88 (b)	1983-84	1984-85	1985-86	1986-87	1987-88 (b)	1983-84	1984-85	1985-86	1986-87	1987-88 (b)
<i>Expenditures by States on eligible measures: (a)</i>															
Relief of personal hardship and distress . . . . .	317	804	145	5 968	4 437	142(c)	771	75	8	5	55	71	574	24	44
Freight subsidies . . . . .	13 462	399	1 414	5 178	3 623	1 176	34	43	6	461	10 070	3 236	10 729	10 781	14 708
Stock slaughter assistance and compensation . . . . .	12	3	..	..	..	..	..	..	..	..	79	..	..	..	..
Loans to primary producers . . . . .	7 179	1 596	535	7 355	1 558	5 805	488	244	49	1	58 427	3 919	20 765	42 089	18 733
Loans to small businesses . . . . .	8	172	5	193	97	1 960	132	63	30	..	1 536	25	155	140	..
Loans to sporting clubs . . . . .	..	7	6	..	3	..	..	..	..	..	..	10	..	..	20
Restoration of State, local and semi-government assets . . . . .	15 194	7 367	4 388	5 724	16 765	8 047	2 176	3 658	1 779	991	33 122	16 864	12 347	6 248	4 815
Emergency protection works and repairs to essential services . . . . .	..	237	5	..	..	2 487	2 964	..	..	..	..	..	..	..	..
Water cartage . . . . .	277	110	2	138	36	375	..	..	..	..	84	..	..	..	..
Fencing . . . . .	..	..	..	..	..	576	12	585	..	..	..	..	..	..	..
Disposal of unsaleable stock . . . . .	..	..	..	..	..	2	23	10	..	..	..	..	..	..	..
Housing loans . . . . .	..	..	..	..	..	5 550	523	358	73	38	..	..	..	..	..
Other measures . . . . .	60	51	..	..	..	2 700	..	..	..	38	9 201	775	120	533	199
<b>Total . . . . .</b>	<b>36 510</b>	<b>10 746</b>	<b>6 500</b>	<b>24 556</b>	<b>26 519</b>	<b>28 819</b>	<b>7 124</b>	<b>5 036</b>	<b>1 945</b>	<b>1 534</b>	<b>112 574</b>	<b>24 901</b>	<b>44 690</b>	<b>59 815</b>	<b>38 519</b>
States' annual base amounts . . . . .	10 000	18 490	22 390	24 580	27 780	7 000	14 560	16 870	18 730	20 220	4 000	9 100	10 480	11 600	14 000
State expenditure eligible for Commonwealth assistance . . . . .	26 510	804	145	5 968	4 437	21 819	771	75	8	5	108 574	15 801	34 210	48 215	24 519
Commonwealth assistance \$3:\$1 . . . . .	19 883	..	..	..	..	16 304	..	..	..	..	81 425	11 837	19 762	29 637	10 514
plus Commonwealth assistance \$:\$ . . . . .	..	402	73	2 984	2 218	40	386	38	4	3	4	9	3 930	4 350	5 250
<b>TOTAL COMMONWEALTH ASSISTANCE PAYABLE (d) . . . . .</b>	<b>19 883</b>	<b>402</b>	<b>73</b>	<b>2 984</b>	<b>2 218</b>	<b>16 344</b>	<b>386</b>	<b>38</b>	<b>4</b>	<b>3</b>	<b>81 429</b>	<b>11 846</b>	<b>23 692</b>	<b>33 987</b>	<b>15 764</b>
plus Adjustments from previous years (e) . . . . .	-868	418	439	94	85	-584	-1 558	-632	-278	4	-972	-146	584	-661	-96
less Adjustments carried forward (e) . . . . .	418	439	94	85	708	-1 558	-632	-278	4	3	-146	584	-661	-96	1 268
<b>COMMONWEALTH ASSISTANCE PAID (net) (e) . . . . .</b>	<b>18 597</b>	<b>381</b>	<b>418</b>	<b>2 993</b>	<b>1 595</b>	<b>17 318</b>	<b>-540(h)</b>	<b>-316(h)</b>	<b>-278(h)</b>	<b>4</b>	<b>80 603</b>	<b>11 116</b>	<b>24 937</b>	<b>33 422</b>	<b>14 400</b>

Table 38—State Outlays on and Other Details of Natural Disaster Relief, 1983–84 to 1987–88 (\$ thousands)—continued

	Western Australia					South Australia					Tasmania				
	1983–84	1984–85	1985–86	1986–87	1987–88 (b)	1983–84	1984–85	1985–86	1986–87	1987–88 (b)	1983–84	1984–85	1985–86	1986–87	1987–88 (b)
<i>Expenditures by States on eligible measures: (a)</i>															
Relief of personal hardship and distress . . . . .	49	1	52	..	95	271	1	..	..	..	..	..	..	..	..
Freight subsidies . . . . .	1 037	476	310	108	457	2 041	..	..	..	..	..	..	..	..	..
Stock slaughter assistance and compensation . . . . .	..	..	..	..	..	..	..	..	..	..	4	..	..	..	..
Loans to primary producers . . . . .	9 104	671	6 383	2 520	1 142	4 614	..	1 215	940	67	1 460	539	192	..	455
Loans to small businesses . . . . .	..	..	..	108	..	544	..	..	..	..	..	..	..	..	..
Loans to sporting clubs . . . . .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Restoration of State, local and semi-government assets . . . . .	2 740	243	2 214	2 396	825	2 713	4	..	..	..	..	..	..	..	..
Emergency protection works and repairs to essential services . . . . .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Water cartage . . . . .	6	..	267	446	631	27	..	..	..	..	1	..	..	..	..
Fencing . . . . .	..	..	9	..	..	1 108	..	..	..	..	..	..	..	..	..
Disposal of unsaleable stock . . . . .	..	..	..	..	..	106	..	..	..	..	..	..	..	..	..
Housing loans . . . . .	..	..	..	..	..	581	40	..	..	..	..	..	..	..	..
Other measures . . . . .	516	5	..	..	..	58	..	..	..	..	208	119	..	..	..
Total . . . . .	13 452	1 396	9 236	5 578	3 150	12 063	45	1 215	940	67	1 672	658	192	..	455
States' annual base amounts . . . . .	3 000	5 810	6 870	7 850	8 410	3 000	5 360	6 050	7 000	7 510	1 200	2 130	2 410	2 570	2 710
State expenditure eligible for Commonwealth assistance . . . . .	10 452	1	2 366	..	95	9 063	1	..	..	..	472	..	..	..	..
Commonwealth assistance \$3:\$1 . . . . .	7 839	..	..	..	..	6 797	..	..	..	..	354	..	..	..	..
plus Commonwealth assistance \$:\$ . . . . .	..	..	1 183	..	47	..	..	..	..	..	..	..	..	..	..
<b>TOTAL COMMONWEALTH ASSISTANCE PAYABLE(d)</b> . . . . .	7 839	..	1 183	..	47	6 797	..	..	..	..	354	..	..	..	..
plus Adjustments from previous years (e) . . . . .	760	128	128	194	..	4 591	80	37	..	..	265	284	4	..	..
less Adjustments carried forward (e) . . . . .	128	128	194	..	47	80	37	..	..	..	284	4	..	..	..
<b>COMMONWEALTH ASSISTANCE PAID (net) (f)</b> . . . . .	8 471	..	1 117	194	..	11 308	44	37	..	..	335	281	4	..	..

Table 38—State Outlays on and Other Details of Natural Disaster Relief, 1983–84 to 1987–88 (\$ thousands)—continued

	Northern Territory					Totals				
	1983–84	1984–85	1985–86	1986–87	1987–88 (b)	1983–84	1984–85	1985–86	1986–87	1987–88 (b)
<i>Expenditures by States on eligible measures: (a)</i>										
Relief of personal hardship and distress	260	28	..	..	58	1 094(c)	1 676	846	6 000	4 639
Freight subsidies	..	..	1 357	1 258	530	27 786	4 145	13 853	17 331	19 779
Stock slaughter assistance and compensation	..	..	..	..	..	95	3	..	..	..
Loans to primary producers	..	..	420	582	82	86 589	7 213	29 754	53 583	22 038
Loans to small businesses	..	..	..	..	..	4 048	329	223	471	97
Loans to sporting clubs	..	..	..	..	..	..	17	6	..	23
Restoration of State, local and semi government assets	850	754	..	350	1 363	62 666	27 408	22 607	16 234	24 759
Emergency protection works and repairs to essential services	..	..	..	..	..	2 487	3 201	5	..	..
Water cartage	..	..	..	..	..	770	110	269	584	667
Fencing	..	..	..	..	..	1 684	12	594	..	..
Disposal of unsaleable stock	..	..	..	..	..	108	23	10	..	..
Housing loans	..	..	..	..	..	6 131	563	358	73	38
Other measures	..	..	..	..	..	12 743	950	120	533	237
<b>Total</b>	<b>1 110</b>	<b>782</b>	<b>1 777</b>	<b>2 190</b>	<b>2 033</b>	<b>206 200</b>	<b>45 652</b>	<b>68 646</b>	<b>94 809</b>	<b>72 277</b>
States' annual base amounts (d)	250	1 540	1 830	2 050	2 190	28 450	(g)	(g)	(g)	(g)
State expenditure eligible for Commonwealth assistance (d)	860	28	..	140	58	177 750	17 406	36 796	54 331	29 114
Commonwealth assistance \$3:\$1 (d)	634	..	..	..	..	133 236	11 837	19 762	29 637	10 514
Plus Commonwealth assistance \$:\$ (d)	7	14	..	70	29	51	811	5 224	7 338	7 547
<b>TOTAL COMMONWEALTH ASSISTANCE</b>										
<b>PAYABLE (e)</b>	<b>641</b>	<b>14</b>	<b>..</b>	<b>70</b>	<b>29</b>	<b>133 287</b>	<b>12 648</b>	<b>24 986</b>	<b>36 975</b>	<b>18 061</b>
Plus Adjustments from previous years (f)	1 310	-216	-202	-202	-202	4 502	-1 010	357	-854	-210
Less Adjustments carried forward (f)	-216	-202	-202	-202	29	-1 010	357	-854	-210	2 054
<b>COMMONWEALTH ASSISTANCE PAID (net) (f)</b>	<b>2 167</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>-202</b>	<b>138 799</b>	<b>11 281</b>	<b>26 197</b>	<b>36 331</b>	<b>15 797</b>

(a) Includes only that data, relevant to Commonwealth assistance, furnished by the State concerned.

(b) Subject to revision upon audit.

(c) Net of reimbursements from State Electricity Commission of Victoria.

(d) Differs from assistance paid during the year as shown by the two adjustment lines.

(e) Minus sign (-) signifies overpayment, to the State by the Commonwealth, being adjusted or refunded.

(f) For some States, base amounts exceeded State expenditure.

(g) Reflects recoveries by Victoria from State Electricity Commission of Victoria.

## ASSISTANCE RELATED TO STATE DEBTS

The Financial Agreement of 1927 established arrangements for the payment of contributions to the National Debt Sinking Fund, by both the Commonwealth and State Governments, in respect of State debt or debt incurred on behalf of the States. Under current arrangements each State contributes each year an amount of 0.85% of its net public debt as at the preceding 30 June toward the repayment of that debt, while the Commonwealth contributes 0.28%. Further details of sinking fund arrangements are presented in the annual reports of the National Debt Commission.

For the Northern Territory, which is not a party to the Financial Agreement, analogous arrangements apply under which the Commonwealth and the Territory make payments to the Northern Territory Debt Sinking Fund. A similar arrangement is to be put in place in 1988-89 for the ACT, providing for sinking fund payments on the notional amount of debt attributable to the ACT.

Details of Commonwealth advances and the resulting interest and repayment obligations, including payments to the National and Northern Territory Debt Sinking Funds, are provided in Appendix II.

## ASSISTANCE TO LOCAL GOVERNMENT AUTHORITIES

In addition to general purpose assistance for local government (described in Chapter III), which is provided by the Commonwealth as a specific purpose payment to the States and the Northern Territory on the condition that it be passed on to local government, there are two other types of Commonwealth assistance to local governments:

- direct grants—direct payments are made to local government authorities for specific purposes designated by the Commonwealth. These grants differ from specific purpose payments to the States and the Northern Territory in that they are not made in relation to programs designed solely to assist local government. Not all local government authorities necessarily undertake the activities that are assisted under the various Commonwealth programs; and
- assistance passed on through the States and the Northern Territory—some of the funds provided to the States and the Northern Territory for specific purposes are passed on to local government. The amounts passed on are generally at the discretion of the State and the Northern Territory governments, although in certain instances (such as road funding) the amounts passed on are subject to the approval of the Commonwealth. As is the case with direct grants, this assistance is not provided under programs specifically designed to assist local government.

Details of these payments, as well as of general purpose assistance for local government, are provided in Appendix I.

**APPENDIX I—TABLES OF PAYMENTS TO OR FOR LOCAL  
GOVERNMENT AUTHORITIES, 1984-85 TO 1988-89**

This appendix provides details of Commonwealth payments to or for local government authorities in each of the States and the Northern Territory. The payments are in three categories:

- general purpose assistance which is initially paid to the States and the Northern Territory who are required to pass on the entire amount as untied assistance to local government authorities;
- direct grants paid under a number of specific purpose programs for which local government authorities are eligible and have received assistance; and
- assistance passed on through the States and the Northern Territory which is generally passed on at the discretion of the State and the Northern Territory governments, although in some instances (such as road funding) Commonwealth approval is required. Elsewhere in this Paper, such assistance is classified as a specific purpose payment to the States and the Northern Territory. The amounts shown are those supplied by State Treasuries for the period 1984-85 to 1987-88. There are no estimates for 1988-89.

Table No.	State/Territory	Page
39	New South Wales . . . . .	74
40	Victoria . . . . .	75
41	Queensland . . . . .	76
42	Western Australia . . . . .	77
43	South Australia . . . . .	78
44	Tasmania . . . . .	79
45	Northern Territory . . . . .	80
46	Six States and the Northern Territory . . . . .	81

**Table 39—Summary of Commonwealth Government Payments to or for Local Government Authorities in New South Wales, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a) . . . . .	177 574	195 615	211 754	228 800	229 435
<b>Direct Payments—Recurrent Grants</b>					
Nursing Homes . . . . .	854	1 178	1 445	27	30
Home and Community Care . . . . .	..	1 520	1 383	..	..
Home Nursing (b) . . . . .	700	2 121	..	..	..
Delivered Meals Subsidy . . . . .	376	..	..	..	..
Aged and Disabled Persons Homes and Hostels	124	272	364	529	645
Handicapped Persons Assistance . . . . .	94	103	24	113	125
Children's Services . . . . .	11 897	19 496	23 655	23 537	27 963
Homeless Persons Assistance . . . . .	57	..	..	..	..
Subsidy for Migrant Aid . . . . .	24	35	28	19	42
Aboriginal Advancement . . . . .	28	50	57	1 683	100
Local Government Development Program . . . . .	1 937	1 785	812	528	528
Aerodrome Local Ownership Plan . . . . .	1 345	1 363	1 865	2 014	2 039
<b>Total Recurrent . . . . .</b>	<b>17 436</b>	<b>27 922</b>	<b>29 633</b>	<b>28 448</b>	<b>31 472</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	2 157	1 417	1 229	156	241
Handicapped Persons Assistance . . . . .	..	3	..	..	10
Children's Services . . . . .	340	331	841	2 740	1 838
Homeless Persons Assistance . . . . .	1	..	..	..	..
Aerodrome Local Ownership Plan . . . . .	6 514	7 626	3 185	2 085	1 000
<b>Total Capital . . . . .</b>	<b>9 011</b>	<b>9 377</b>	<b>5 255</b>	<b>4 981</b>	<b>3 089</b>
<b>Total Direct Payments . . . . .</b>	<b>26 447</b>	<b>37 299</b>	<b>34 888</b>	<b>33 430</b>	<b>34 561</b>
<b>Total Direct plus General Assistance . . . . .</b>	<b>204 021</b>	<b>232 914</b>	<b>246 642</b>	<b>262 230</b>	<b>263 996</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services . . . . .	105	83	84	176	..
Home and Community Care . . . . .	..	2 886	1 630	690	..
Supported Accommodation Assistance . . . . .	..	73	..	89	..
Children's Services . . . . .	1 995	1 471	297	598	..
Family Support Services . . . . .	793	831	..	68	..
Local Government and Community Housing Grants	..	3 533	3 883	1 744	..
National Estate . . . . .	16	134	125	167	..
Roads Assistance . . . . .	64 769	73 500	71 332	68 861	..
Flood Mitigation . . . . .	2 223	2 687	2 698	3 873	..
Community Employment Program . . . . .	58 104	43 410	27 663	19 665	..
Support for Steel Regions . . . . .	..	..	..	883	..
Senior Citizens' Centres . . . . .	1 664	..	..	..	..
<b>Total On-passed Specific Purpose Funds . . . . .</b>	<b>129 669</b>	<b>128 607</b>	<b>107 711</b>	<b>96 813</b>	<b>..</b>

(a), (b) and (c)—See corresponding footnotes to Table 46.

**Table 40—Summary of Commonwealth Government Payments to or for Local Government Authorities in Victoria, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a)	123 829	136 410	147 664	165 763	172 726
<b>Direct Payments—Recurrent Grants</b>					
Nursing Homes	70	675	1 236	141	142
Home and Community Care	..	2 398	2 170	..	..
Home Nursing (b)	..	5 770	..	..	..
Delivered Meals Subsidy	1 438	..	..	..	..
Aged and Disabled Persons Homes and Hostels	939	1 101	1 268	2 003	2 960
Handicapped Persons Assistance	..	22	..	147	165
Children's Services	13 519	20 936	25 120	29 043	34 504
Aboriginal Advancement	277	5	7	207	..
Local Government Development Program	1 395	1 430	343	512	512
Aerodrome Local Ownership Plan	442	466	576	624	647
<b>Total Recurrent</b>	<b>18 081</b>	<b>32 803</b>	<b>30 720</b>	<b>32 677</b>	<b>38 930</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	1 442	2 233	1 646	1 093	1 622
Handicapped Persons Assistance	..	28	..	3	20
Children's Services	328	222	789	3 572	2 397
Aerodrome Local Ownership Plan	522	143	183	204	249
<b>Total Capital</b>	<b>2 292</b>	<b>2 626</b>	<b>2 618</b>	<b>4 872</b>	<b>4 288</b>
<b>Total Direct Payments</b>	<b>20 373</b>	<b>35 428</b>	<b>33 338</b>	<b>37 550</b>	<b>43 218</b>
<b>Total Direct plus General Assistance</b>	<b>144 202</b>	<b>171 839</b>	<b>181 002</b>	<b>203 312</b>	<b>215 944</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services	71	103	493	466	..
Home and Community Care	..	13 188	23 665	34 984	..
Supported Accommodation Assistance	..	..	9	36	..
Children's Services	6 872	1 229	1 960	2 631	..
Family Support Services	175	331	214	430	..
Local Government and Community Housing Grants	140	627	884	1 666	..
National Estate	45	35	83	86	..
Roads Assistance	55 300	45 630	45 430	54 403	..
Flood Mitigation	..	501	551	708	..
Community Employment Program	43 593	35 087	20 974	11 618	..
National Sports Facilities	..	..	160	..	..
Australian Bicentenary	..	..	..	972	..
Senior Citizens' Centres	2 840	..	..	..	..
<b>Total On-passed Specific Purpose Funds</b>	<b>109 036</b>	<b>96 732</b>	<b>94 424</b>	<b>108 000</b>	<b>..</b>

(a), (b) and (c)—See corresponding footnotes to Table 46.

**Table 41—Summary of Commonwealth Government Payments to or for Local Government Authorities in Queensland, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a) . . . . .	82 033	90 367	97 823	106 834	108 322
<b>Direct Payments—Recurrent Grants</b>					
Home and Community Care . . . . .	..	2	..	..	..
Home Nursing (b) . . . . .	7	2 642	..	..	..
Delivered Meals Subsidy . . . . .	2	..	..	..	..
Aged and Disabled Persons Homes and Hostels	42	103	68	154	199
Children's Services . . . . .	2 864	3 728	3 564	4 516	5 365
Aboriginal Advancement . . . . .	3 538	4 049	3 958	4 531	4 369
Local Government Development Program . .	489	742	308	369	369
Bid Assistance 1992 Olympics . . . . .	..	300	300	..	..
Aerodrome Local Ownership Plan . . . . .	1 582	1 088	1 624	1 799	1 671
<b>Total Recurrent . . . . .</b>	<b>8 524</b>	<b>12 654</b>	<b>9 822</b>	<b>11 369</b>	<b>11 973</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	383	49	48	910	1 350
Children's Services . . . . .	400	282	21	743	498
Aboriginal Advancement . . . . .	650	737	745	791	834
Aerodrome Local Ownership Plan . . . . .	1 610	1 225	839	2 001	9 422
<b>Total Capital . . . . .</b>	<b>3 043</b>	<b>2 293</b>	<b>1 652</b>	<b>4 445</b>	<b>12 104</b>
<b>Total Direct Payments . . . . .</b>	<b>11 567</b>	<b>14 948</b>	<b>11 475</b>	<b>15 813</b>	<b>24 077</b>
<b>Total Direct plus General Assistance . . . . .</b>	<b>93 599</b>	<b>105 315</b>	<b>109 297</b>	<b>122 648</b>	<b>132 398</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services . . . . .	96	91	107	137	..
Home and Community Care . . . . .	..	..	689	816	..
Supported Accommodation Assistance . . . .	127	81	24	97	..
Children's Services . . . . .	27	60	83	131	..
Family Support Services . . . . .	53	32	41	162	..
Local Government and Community Housing Grants	1 145	1 659	1 124	1 774	..
National Estate . . . . .	8	27	124	31	..
Roads Assistance . . . . .	29 909	29 759	32 867	50 898	..
Flood Mitigation . . . . .	886	1 774	142	23	..
Community Employment Program . . . . .	33 639	19 297	9 926	6 649	..
Australian Bicentenary . . . . .	..	..	483	1 557	..
Senior Citizens' Centres . . . . .	83	..	..	..	..
<b>Total On-passed Specific Purpose Funds . . . .</b>	<b>65 973</b>	<b>52 779</b>	<b>45 610</b>	<b>62 273</b>	<b>..</b>

(a), (b) and (c)—See corresponding footnotes to Table 46.



**Table 42—Summary of Commonwealth Government Payments to or for Local Government Authorities in Western Australia, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a) . . . . .	45 684	50 326	54 477	59 285	59 892
<b>Direct Payments—Recurrent Grants</b>					
Nursing Homes . . . . .	606	888	1 324	50	50
Home and Community Care . . . . .	..	284	62	..	..
Home Nursing (b) . . . . .	..	2 392	..	..	..
Delivered Meals Subsidy . . . . .	112	..	..	..	..
Aged and Disabled Persons Homes and Hostels	179	234	175	260	335
Children's Services . . . . .	3 089	5 156	5 893	6 945	8 251
Homeless Persons Assistance . . . . .	10	..	..	..	..
Aboriginal Advancement Development . . . . .	116	95	56	398	..
Local Government Development Program . . . . .	380	407	231	137	137
Aerodrome Local Ownership Plan . . . . .	469	552	638	842	864
<b>Total Recurrent . . . . .</b>	<b>4 961</b>	<b>10 009</b>	<b>8 379</b>	<b>8 631</b>	<b>9 637</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	796	..	464	77	114
Children's Services . . . . .	470	424	1 452	123	83
Aerodrome Local Ownership Plan . . . . .	1 649	548	120	267	279
<b>Total Capital . . . . .</b>	<b>2 915</b>	<b>972</b>	<b>2 036</b>	<b>467</b>	<b>476</b>
<b>Total Direct Payments . . . . .</b>	<b>7 876</b>	<b>10 981</b>	<b>10 415</b>	<b>9 098</b>	<b>10 113</b>
<b>Total Direct plus General Assistance . . . . .</b>	<b>53 560</b>	<b>61 306</b>	<b>64 892</b>	<b>68 383</b>	<b>70 004</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services . . . . .	68	33	79	31	..
Home and Community Care . . . . .	..	1 359	1 195	2 708	..
Supported Accommodation Assistance . . . . .	210	469	304	339	..
Children's Services . . . . .	175	269	93	132	..
Family Support Services . . . . .	114	50	114	172	..
Local Government and Community Housing Grants	..	190	70	423	..
National Estate . . . . .	438	97	199	127	..
America's Cup Defence . . . . .	..	6 720	3 475	234	..
Roads Assistance . . . . .	33 477	39 642	46 325	38 396	..
Community Employment Program . . . . .	15 005	11 908	4 764	5 546	..
Senior Citizens' Centres . . . . .	510	..	32	..	..
<b>Total On-passed Specific Purpose Funds . . . . .</b>	<b>49 997</b>	<b>60 738</b>	<b>56 651</b>	<b>48 109</b>	<b>..</b>

(a), (b) and (c)—See corresponding footnotes to Table 46.

**Table 43—Summary of Commonwealth Government Payments to or for Local Government Authorities in South Australia, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a)	41 847	46 098	49 901	55 519	57 348
<b>Direct Payments—Recurrent Grants</b>					
Nursing Homes	1 481	2 523	2 975	559	578
Home Nursing (b)	..	1 171	..	..	..
Aged and Disabled Persons Homes and Hostels	503	503	480	722	1 023
Handicapped Persons Assistance	..	13	14	8	20
Children's Services	784	1 017	1 096	964	1 145
Aboriginal Advancement	..	22	30	211	..
Local Government Development Program	311	396	207	319	320
Aerodrome Local Ownership Plan	166	158	134	268	218
<b>Total Recurrent</b>	<b>3 245</b>	<b>5 803</b>	<b>4 936</b>	<b>3 052</b>	<b>3 304</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	636	614	1 361	22	33
Children's Services	1	129	35	23	15
Aerodrome Local Ownership Plan	1 153	1 305	172	62	50
<b>Total Capital</b>	<b>1 789</b>	<b>2 047</b>	<b>1 568</b>	<b>107</b>	<b>98</b>
<b>Total Direct Payments</b>	<b>5 035</b>	<b>7 850</b>	<b>6 504</b>	<b>3 159</b>	<b>3 402</b>
<b>Total Direct plus General Assistance</b>	<b>46 881</b>	<b>53 948</b>	<b>56 405</b>	<b>58 679</b>	<b>60 750</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services	20	10	..	30	..
Home and Community Care	..	516	113	1 369	..
Children's Services	98	26	23	34	..
Family Support Services	68	76	55	128	..
Local Government and Community Housing Grants	..	53	469	1 350	..
National Estate	18	30	53	29	..
Roads Assistance	15 751	12 031	12 922	12 945	..
Community Employment Program	13 023	9 283	6 588	3 437	..
Support for Steel Regions	..	1 556	986	3 692	..
Senior Citizens' Centres	657	..	..	..	..
<b>Total On-passed Specific Purpose Funds</b>	<b>29 635</b>	<b>23 581</b>	<b>21 209</b>	<b>23 014</b>	<b>..</b>

(a), (b) and (c)—See corresponding footnotes to Table 46.

**Table 44—Summary of Commonwealth Government Payments to or for Local Government Authorities in Tasmania, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a) . . . . .	15 568	17 149	18 564	19 285	18 530
Direct Payments—Recurrent Grants					
Home Nursing (b) . . . . .	..	503	..	..	..
Handicapped Persons Assistance . . . . .	..	..	10	..	..
Children's Services . . . . .	2 186	2 537	2 888	3 739	4 441
Local Government Development Program . . . . .	142	190	99	98	98
Aerodrome Local Ownership Plan . . . . .	9	27	24	..	13
Total Recurrent . . . . .	2 337	3 257	3 021	3 837	4 552
Direct Payments—Capital					
Aged and Disabled Persons Homes and Hostels . . . . .	18	..	8	..	..
Children's Services . . . . .	28	110	152	439	295
Aerodrome Local Ownership Plan . . . . .	..	3	..	19	23
Total Capital . . . . .	46	113	160	458	318
Total Direct Payments . . . . .	2 383	3 370	3 181	4 294	4 870
Total Direct <i>plus</i> General Assistance . . . . .	17 951	20 519	21 745	23 580	23 399
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services . . . . .	..	10	10	10	..
Home and Community Care . . . . .	..	173	250	..	..
Children's Services . . . . .	28	29	24	22	..
Family Support Services . . . . .	3	..	24	..	..
National Estate . . . . .	27	17	21	28	..
Roads Assistance . . . . .	12 203	12 850	10 285	13 170	..
Flood Mitigation . . . . .	..	..	..	381	..
Community Employment Program . . . . .	4 221	3 244	4 893	1 305	..
Assistance for South-West Tasmania . . . . .	1 800	1 708	937	112	..
Senior Citizens' Centres . . . . .	28	..	..	..	..
Total On-passed Specific Purpose Funds . . . . .	18 309	18 032	16 444	15 029	..

(a), (b) and (c)—See corresponding footnotes to Table 46.

**Table 45—Summary of Commonwealth Government Payments to or for Local Government Authorities in the Northern Territory, 1984–85 to 1988–89**  
(\$ thousands)

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a) . . . . .	2 330	2 566	5 430	6 045	6 248
<b>Direct Payments—Recurrent Grants</b>					
Home and Community Care . . . . .	..	..	2	..	..
Delivered Meals Subsidy . . . . .	4	..	..	..	..
Aged and Disabled Persons Homes and Hostels . . . . .	..	..	..	124	180
Handicapped Persons Assistance . . . . .	..	..	9	..	..
Children's Services . . . . .	461	620	904	1 081	1 284
Aboriginal Advancement . . . . .	..	829	179	288	..
Local Government Development Program . . . . .	..	50	..	37	37
Aerodrome Local Ownership Plan . . . . .	32	107	..	113	..
<b>Total Recurrent . . . . .</b>	<b>497</b>	<b>1 606</b>	<b>1 094</b>	<b>1 642</b>	<b>1 501</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels . . . . .	..	..	603	..	..
Children's Services . . . . .	363	33	13	354	238
<b>Total Capital . . . . .</b>	<b>363</b>	<b>33</b>	<b>616</b>	<b>354</b>	<b>238</b>
<b>Total Direct Payments . . . . .</b>	<b>860</b>	<b>1 638</b>	<b>1 711</b>	<b>1 997</b>	<b>1 739</b>
<b>Total Direct plus General Assistance . . . . .</b>	<b>3 189</b>	<b>4 205</b>	<b>7 141</b>	<b>8 042</b>	<b>7 986</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
Home and Community Care . . . . .	..	10	185	339	..
Children's Services . . . . .	10	25	41	51	..
Family Support Services . . . . .	41	48	149	196	..
Roads Assistance . . . . .	1 783	1 875	2 343	2 321	..
Community Employment Program . . . . .	607	765	394	133	..
<b>Total On-passed Specific Purpose Funds . . . . .</b>	<b>2 440</b>	<b>2 724</b>	<b>3 112</b>	<b>3 041</b>	<b>..</b>

(a) and (c)—See corresponding footnotes to Table 46.

**Table 46—Summary of Commonwealth Government Payments to or for Local Government Authorities in the States and the Northern Territory, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
General Purpose Assistance (a)	488 864	538 532	585 613	641 532	652 500
<b>Direct Payments—Recurrent Grants</b>					
Nursing Homes	3 012	5 265	6 980	777	600
Home and Community Care		4 204	3 619	..	..
Home Nursing (b)	707	14 598	..	..	..
Delivered Meals Subsidy	1 931	..	..	..	..
Aged and Disabled Persons Homes and Hostels	1 786	2 213	2 355	3 792	4 174
Handicapped Persons Assistance	94	137	57	267	310
Children's Services	34 800	53 492	63 120	69 824	83 983
Homeless Persons Assistance	67	..	..	..	..
Subsidy for Migrant Aid	24	35	28	19	42
Aboriginal Advancement	3 959	5 049	4 287	7 317	4 466
Local Government Development Program	4 655	5 000	2 000	1 999	2 000
Bid Assistance 1992 Olympics	..	300	300	..	..
Aerodrome Local Ownership Plan	4 045	3 760	4 860	5 660	6 459
<b>Total Recurrent</b>	<b>55 080</b>	<b>94 054</b>	<b>87 605</b>	<b>89 656</b>	<b>102 034</b>
<b>Direct Payments—Capital</b>					
Aged and Disabled Persons Homes and Hostels	5 432	4 313	5 579	2 257	10 565
Handicapped Persons Assistance	..	31	..	3	30
Children's Services	1 930	1 530	3 303	7 995	5 364
Homeless Persons Assistance	1	..	..	..	..
Aboriginal Advancement	650	737	745	791	833
Aerodrome Local Ownership Plan	11 448	10 849	4 500	4 639	12 443
<b>Total Capital</b>	<b>19 460</b>	<b>17 460</b>	<b>14 126</b>	<b>15 686</b>	<b>29 235</b>
<b>Total Direct Payments</b>	<b>74 540</b>	<b>111 514</b>	<b>101 731</b>	<b>105 342</b>	<b>131 269</b>
<b>Total Direct plus General Assistance</b>	<b>563 403</b>	<b>650 046</b>	<b>687 344</b>	<b>746 874</b>	<b>783 769</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (c)</b>					
State Emergency Services	360	330	773	849	..
Home and Community Care	..	18 132	27 554	40 905	..
Supported Accommodation Assistance	337	623	337	560	..
Children's Services	9 204	3 109	2 495	3 599	..
Family Support Services	1 246	1 367	459	1 157	..
Local Government and Community Housing Grants	1 285	6 062	6 430	6 957	..
National Estate	552	340	605	470	..
America's Cup Defence	..	6 720	3 475	234	..
Roads Assistance	213 192	215 288	221 504	240 994	..
Flood Mitigation	3 109	4 962	3 391	4 984	..
Community Employment Program	168 192	122 995	75 201	48 353	..
Support for Steel Regions	..	1 556	986	4 575	..
Assistance for South-West Tasmania	1 800	1 708	937	1 127	..
National Sports Facilities	..	..	160	..	..
Australian Bicentenary	..	..	..	2 529	..
Senior Citizens' Centres	5 782	..	32	..	..
<b>Total On-passed Specific Purpose Funds</b>	<b>405 059</b>	<b>383 192</b>	<b>344 340</b>	<b>356 279</b>	<b>..</b>

(a) The general purpose assistance grant is paid in the first instance to the State Government.

(b) From 1986–87 included in Home and Community Care.

(c) Based on information provided by State Governments. Data for 1988–89 not yet available.

**APPENDIX II—TABLES OF ADVANCES, DEBT CHARGES, NET  
ADVANCES, AND NET PAYMENTS TO THE STATES AND THE  
NORTHERN TERRITORY, 1984-85 TO 1988-89**

This appendix sets out the advances and debt charges on advances (interest and repayments) applicable to each State and the Northern Territory. Provision of this information permits a reconciliation between Commonwealth payments on a gross basis, as set out in this Paper, and Commonwealth payments on a net basis, as recorded in the other Budget Papers. The advances covered take two forms:

- advances of borrowings made on behalf of the States and the Northern Territory under the State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory. Repayments of these advances take the form of payments to the National and Northern Territory Debt Sinking Funds. No new advances in this form were made in 1987-88 or are expected to be made in 1988-89; and
- advances made by the Commonwealth for specific purposes on terms and conditions determined by the Commonwealth. These include advances from the State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory nominated for public housing purposes.

Table No.	State/Territory	Page
47	New South Wales . . . . .	84
48	Victoria . . . . .	86
49	Queensland . . . . .	88
50	Western Australia . . . . .	90
51	South Australia . . . . .	92
52	Tasmania . . . . .	94
53	Northern Territory . . . . .	96
54	Six States and the Northern Territory . . . . .	97

**Table 47—New South Wales—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council Borrowings</b> . . . . .	257 143	260 344	100 152	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	80 000	65 000	150 227	114 447	86 336
<b>Defence—</b>					
Housing for Servicemen . . . . .	4 685	3 891	1 634	1 471	373
<b>Housing and Community Amenities nec—</b>					
Growth Centres . . . . .	9 832	6 046	..	..	..
Captains Flat Project . . . . .	24	35	36	..	..
<b>Economic Services—</b>					
<b>Industry Assistance and Development—</b>					
Rural Adjustment Scheme . . . . .	6 423	2 520	..	..	..
Other Mining Assistance . . . . .	2 048	..	..	..	..
<b>Not Allocated to Function—</b>					
Natural Disaster Relief . . . . .	..	..	..	..	7 200
<b>Total Commonwealth Loans</b> . . . . .	103 012	77 492	151 897	115 918	93 908
<b>TOTAL ADVANCES</b> . . . . .	360 155	337 836	252 049	115 918	93 908
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund (b)</b> . . . . .	82 037	86 060	69 018	69 169	77 428
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council Housing Nomination . . . . .	198	593	934	1 703	2 333
<b>Defence—</b>					
Housing for Servicemen . . . . .	441	467	495	524	556
<b>Housing and Community Amenities nec—</b>					
Public Housing . . . . .	15 307	15 919	16 557	17 221	17 913
Growth Centres . . . . .	58	46	62	67	74
Land Acquisition . . . . .	16 950	..	..	..	..
Urban Rehabilitation . . . . .	..	80	65	..	411
Captains Flat Project . . . . .	12	13	14	16	18
Sewerage . . . . .	450	495	544	443	657
<b>Economic Services—</b>					
<b>Transport—</b>					
Railway Projects . . . . .	96	96	96	96	96
Railway Mainline Upgrading . . . . .	2 063	1 520	1 520	1 520	1 520
<b>Industry Assistance and Development—</b>					
Softwood Forestry . . . . .	446	530	628	728	743
Dairy Adjustment Program . . . . .	163	122	102	59	63
Canned Fruit Industry . . . . .	..	..	383	383	383
Beef Industry Assistance . . . . .	222	..	..	..	..
Rural Adjustment Scheme . . . . .	892	1 062	1 272	1 489	1 904
Rural Reconstruction . . . . .	2 537	2 691	2 859	3 029	3 215
Chowilla Reservoir . . . . .	130	99	49	11	..
Dartmouth Dam . . . . .	108	275	462	587	587
Blowering Reservoir . . . . .	1 776	1 323	732	230	20
Other Mining Assistance . . . . .	..	1 586	393	66	..
War Service Land Settlement . . . . .	221	229	238	247	256
<b>Not Allocated to Function—</b>					
Natural Disaster Relief . . . . .	7 160	7 532	7 350	7 071	6 967
<b>Total Repayments of Commonwealth Government Loans</b> . . . . .	49 231	34 678	34 753	35 490	37 715
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	131 267	120 738	103 770	104 659	115 143
<b>NET ADVANCES (c)</b> (Advances less Repayments)					
Loan Council Borrowings . . . . .	175 106	174 284	31 134	-69 169	-77 428
Commonwealth Government Loans . . . . .	53 781	42 814	117 145	80 428	56 194
<b>TOTAL NET ADVANCES</b> . . . . .	228 888	217 098	148 279	11 259	-21 234

*Table 47—New South Wales—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings</b> . . . . .	626 408	652 817	682 554	695 793	700 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination . . . . .	3 041	6 461	10 308	17 550	20 642
Housing for Servicemen . . . . .	9 392	10 143	10 530	10 681	10 847
Housing . . . . .	61 330	60 717	60 080	59 415	58 734
Growth Centres . . . . .	10 187	6 360	307	301	294
Captains Flat Project . . . . .	36	36	39	45	35
Sewerage . . . . .	7 957	8 395	7 889	6 036	7 751
Railway Projects . . . . .	3 426	3 195	2 958	2 729	2 486
Blowering Reservoir . . . . .	189	100	38	8	1
Softwood Forestry . . . . .	1 634	1 799	1 989	2 214	2 274
Dairy Adjustment Program . . . . .	58	48	52	48	44
Rural Adjustment Scheme . . . . .	2 743	3 201	3 287	3 192	3 071
Rural Reconstruction . . . . .	1 956	1 802	1 639	1 464	1 280
Canned Fruit Industry . . . . .	..	..	40	40	41
Dartmouth Dam . . . . .	838	825	797	750	694
Chowilla Reservoir . . . . .	13	7	2	..	..
War Service Land Settlement . . . . .	371	363	354	345	336
<b>Total Interest on Commonwealth Govern- ment Loans</b> . . . . .	<b>103 172</b>	<b>103 453</b>	<b>100 311</b>	<b>104 819</b>	<b>108 529</b>
<b>TOTAL INTEREST ON LOAN COUN- CIL BORROWINGS AND TOTAL IN- TEREST ON COMMONWEALTH GOVERNMENT LOANS</b> . . . . .	<b>729 580</b>	<b>756 270</b>	<b>782 865</b>	<b>800 612</b>	<b>808 529</b>

(a), (b) and (c)—See corresponding footnotes to Table 54.



**Table 48—Victoria—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council Borrowings</b> . . . . .	216 949	177 003	77 839		
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	45 082	75 858	116 758	94 636	71 477
<i>Defence—</i>					
Housing for Servicemen . . . . .	1 226	279	415	270	233
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme . . . . .	4 118	2 087			
<b>Total Commonwealth Loans</b> . . . . .	50 426	78 224	117 173	94 906	71 710
<b>TOTAL ADVANCES</b> . . . . .	267 375	255 227	195 012	94 906	71 710
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund (b)</b> . . . . .	59 537	50 136	52 183	52 539	52 340
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	594	839	1 243	1 864	2 405
<i>Defence—</i>					
Housing for Servicemen . . . . .	329	345	361	379	398
<i>Social Security and Welfare—</i>					
Unemployment Relief Works . . . . .	4	10	3	3	10
<i>Housing and Community Amenities nec—</i>					
Public Housing . . . . .	12 800	13 303	13 827	14 372	14 939
Growth Centres . . . . .	27	30	41	44	48
Land Acquisition . . . . .	4 000	3 000	700		
Urban Rehabilitation . . . . .	205	205	205	205	205
Sewerage . . . . .	397	436	479	527	579
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .		192		96	192
Railway Mainline Upgrading . . . . .	550	634	732	846	977
<i>Industry Assistance and Development—</i>					
Softwood Forestry . . . . .	145	181	217	285	287
Dairy Adjustment Program . . . . .	1 044	775	210	193	200
Beef Industry Assistance . . . . .	120		12	2	
Rural Adjustment Scheme . . . . .	1 039	1 192	1 323	1 606	1 927
Rural Reconstruction . . . . .	1 824	1 935	2 053	2 177	2 310
Dartmouth Dam . . . . .	108	275	462	587	587
War Service Land Settlement . . . . .	235	244	253	263	272
Natural Disaster Relief . . . . .	3 017	3 769	3 675	3 502	3 499
<b>Total Repayments of Commonwealth Government Loans</b> . . . . .	26 439	27 366	25 798	26 951	28 835
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b> . . . . .	85 976	77 502	77 981	79 490	81 175
<b>NET ADVANCES (c)</b> (Advances less Repayments)					
Loan Council Borrowings . . . . .	157 412	126 867	25 656	—52 539	—52 340
Commonwealth Government Loans . . . . .	23 987	50 858	91 375	67 955	42 875
<b>TOTAL NET ADVANCES</b> . . . . .	181 399	177 725	117 031	15 416	—9 465

*Table 48—Victoria—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings</b> . . . . .	472 694	495 838	517 116	527 220	530 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination . . . . .	6 129	8 512	12 310	18 042	21 222
Housing for Servicemen . . . . .	2 967	3 095	3 105	3 110	3 166
Housing . . . . .	48 186	47 683	47 159	46 614	46 065
Growth Centres . . . . .	174	207	203	199	195
Urban Rehabilitation . . . . .	336	319	301	284	266
Sewerage . . . . .	6 988	6 949	6 553	6 859	6 810
Railway Projects . . . . .	3 773	3 948	3 591	3 600	3 576
Softwood Forestry . . . . .	203	310	386	462	489
Dairy Adjustment Program . . . . .	238	200	218	207	196
Rural Adjustment Scheme . . . . .	2 960	3 248	3 259	3 169	3 037
Rural Reconstruction . . . . .	1 412	1 301	1 182	1 058	925
Dartmouth Dam . . . . .	838	825	797	750	694
War Service Land Settlement . . . . .	394	385	376	367	357
<b>Total Interest on Commonwealth Government Loans</b> . . . . .	<b>74 598</b>	<b>76 981</b>	<b>79 440</b>	<b>84 720</b>	<b>86 999</b>
<b>TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS</b> . . . . .	<b>547 291</b>	<b>572 819</b>	<b>596 556</b>	<b>611 940</b>	<b>616 999</b>

(a), (b) and (c)—See corresponding footnotes to Table 54.

**Table 49—Queensland—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council Borrowings</b> . . . . .	108 295	93 419	41 082	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	30 000	40 037	61 622	24 966	18 725
<i>Defence—</i>					
Housing for Servicemen . . . . .	48	27	257	158	46
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Sugar Industry . . . . .	8 436	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	611	..	347	114
Rural Adjustment Scheme . . . . .	7 747	1 600	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	2 186	11 537	23 950	7 498	12 800
Total Commonwealth Loans . . . . .	48 417	53 812	85 829	32 969	31 684
<b>TOTAL ADVANCES</b> . . . . .	156 712	147 231	126 911	32 969	31 684
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund (b)</b> . . . . .	32 399	26 969	28 194	27 966	28 263
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	92	241	445	763	918
<i>Defence—</i>					
Housing for Servicemen . . . . .	292	308	326	344	364
<i>Aboriginal Advancement</i>	31	33	17	..	..
<i>Housing and Community Amenities nec—</i>					
Public Housing . . . . .	4 146	4 311	4 483	4 662	4 848
Sewerage . . . . .	114	125	138	151	168
Community Facilities—Townsville . . . . .	8	9	9	10	11
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .	1 420	..	..	..	..
Railway Mainline Upgrading . . . . .	582	674	780	904	1 047
Weipa Development . . . . .	117	123	129	136	143
<i>Industry Assistance and Development—</i>					
Softwood Forestry . . . . .	304	397	487	549	549
Dairy Adjustment Program . . . . .	485	471	358	351	373
Beef Industry Assistance . . . . .	526	352	84	66	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	17	32
Rural Adjustment Scheme . . . . .	1 543	1 939	1 946	2 973	1 971
Rural Reconstruction . . . . .	1 511	1 603	1 701	1 805	1 914
Brigalow Lands Development Scheme . . . . .	693	693	693	693	693
<i>Other Economic Services—</i>					
Gladstone Power Station . . . . .	3 044	3 160	3 352	3 556	3 773
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	4 782	10 223	10 401	11 339	14 176
Total Repayments of Commonwealth Government Loans . . . . .	19 690	24 661	25 349	28 320	30 980
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	52 089	51 630	53 543	56 286	59 243
<b>NET ADVANCES (c)</b> (Advances less Repayments)					
<b>Loan Council Borrowings</b> . . . . .	75 896	66 450	12 888	–27 966	–28 263
<b>Commonwealth Government Loans</b> . . . . .	28 727	29 152	60 480	4 648	705
<b>TOTAL NET ADVANCES</b> . . . . .	104 624	95 602	73 368	–23 317	–27 558

*Table 49—Queensland—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings (d)</b> . . . . .	219 542	243 465	259 015	263 976	260 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination . . . . .	1 368	2 788	4 802	7 282	8 565
Housing for Servicemen . . . . .	6 295	6 285	6 265	6 255	6 186
Aboriginal Advancement—Bamaga . . . . .	4	2	..	..	..
Housing . . . . .	16 888	16 723	16 551	16 372	16 189
Community Facilities—Townsville . . . . .	38	37	37	36	35
Sewerage . . . . .	2 070	2 059	1 943	2 033	2 019
Railway Projects . . . . .	4 234	4 103	3 996	3 873	3 730
Weipa Development . . . . .	109	103	96	89	82
Gladstone Power Station . . . . .	10 609	10 089	9 897	9 693	9 476
Softwood Forestry . . . . .	403	623	826	928	926
Dairy Adjustment Program . . . . .	329	304	292	272	251
Rural Adjustment Scheme . . . . .	2 212	3 202	3 245	2 794	2 481
Rural Reconstruction . . . . .	1 158	1 066	968	864	755
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	6	27
Brigalow Lands Development Scheme . . . . .	704	658	611	565	518
<b>Total Interest on Commonwealth   Government Loans</b> . . . . .	<b>46 422</b>	<b>48 042</b>	<b>49 529</b>	<b>51 062</b>	<b>51 241</b>
<b>TOTAL INTEREST ON LOAN COUN- CIL BORROWINGS AND TOTAL IN- TEREST ON COMMONWEALTH GOVERNMENT LOANS</b> . . . . .	<b>265 964</b>	<b>291 508</b>	<b>308 543</b>	<b>315 038</b>	<b>311 241</b>

(a), (b), (c) and (d)—See corresponding footnotes to Table 54.

**Table 50—Western Australia—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council Borrowings</b> . . . . .	..	..	..	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	96 509	93 132	71 672	34 503	22 877
<i>Defence—</i>					
Housing for Servicemen . . . . .	..	61	121	26	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .	42	..	38	..	383
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	23	..	120
Rural Adjustment Scheme . . . . .	3 870	1 720	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	744	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	..	777	194	..	..
<b>Total Commonwealth Loans</b> . . . . .	100 421	96 434	72 048	34 529	23 380
<b>TOTAL ADVANCES</b> . . . . .	100 421	96 434	72 048	34 529	23 380
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund (b)</b> . . . . .	23 564	18 284	18 268	18 067	18 011
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	70	540	1 015	1 407	1 637
<i>Defence—</i>					
Housing for Servicemen . . . . .	67	71	74	78	82
<i>Housing and Community Amenities nec—</i>					
Public Housing . . . . .	3 949	4 107	4 271	4 442	4 622
Land Acquisition . . . . .	11 000	7 000	4 000	1 500	..
Sewerage . . . . .	162	183	196	215	236
Exmouth Township—Electricity Services . . . . .	5	10	15	10	10
<i>Culture and Recreation—</i>					
Perth Entertainment Centre . . . . .	..	200	200	200	200
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .	2 993	3 137	3 291	3 451	3 622
Railway Mainline Upgrading . . . . .	103	120	140	163	190
<i>Industry Assistance and Development—</i>					
Softwood Forestry . . . . .	149	176	211	242	242
Dairy Adjustment Program . . . . .	249	240	87	65	55
Beef Industry Assistance . . . . .	24	2	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	5	12
Rural Adjustment Scheme . . . . .	577	682	808	1 097	1 339
Rural Reconstruction . . . . .	1 257	1 334	1 415	1 501	1 592
Irrigation and Other Water Projects . . . . .	998	999	1 001	1 003	1 003
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	..	19	22	24
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	6 626	7 279	7 151	5 115	4 294
<b>Total Repayments of Commonwealth   Government Loans</b> . . . . .	28 230	26 081	23 893	20 515	19 160
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	51 794	44 365	42 162	38 581	37 171
<b>NET ADVANCES (c) (Advances less Repayments)</b>					
Loan Council Borrowings . . . . .	-23 564	-18 284	-18 268	-18 067	-18 011
Commonwealth Government Loans . . . . .	72 191	70 353	48 154	14 014	4 220
<b>TOTAL NET ADVANCES</b> . . . . .	48 627	52 069	29 886	-4 052	-13 791

*Table 50—Western Australia—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings</b>	173 913	177 014	177 986	180 154	182 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination	2 820	7 096	10 753	13 092	15 399
Housing for Servicemen	693	691	686	697	721
Housing	16 167	16 009	15 845	15 673	15 495
Exmouth Township	7	11	13	8	7
Sewerage	2 881	2 865	2 709	2 828	2 808
Leisure Facilities	269	127	104	74	56
Railway Projects	2 352	2 169	1 985	1 780	1 562
Urban Water Supply	..	..	97	95	92
Softwood Forestry	659	711	778	845	849
Dairy Adjustment Program	54	52	48	45	42
Rural Adjustment Scheme	2 037	2 374	2 552	2 497	2 405
Rural Reconstruction	989	912	831	745	653
Bovine Brucellosis and Tuberculosis Eradication	..	..	..	4	8
Irrigation and Other Water Projects	668	604	540	476	412
<b>Total Interest on Commonwealth   Government Loans</b>	<b>29 596</b>	<b>33 620</b>	<b>36 940</b>	<b>38 860</b>	<b>40 509</b>
<b>TOTAL INTEREST ON LOAN COUN- CIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS</b>	<b>203 509</b>	<b>210 634</b>	<b>214 926</b>	<b>219 015</b>	<b>222 509</b>

(a), (b) and (c)—See corresponding footnotes to Table 54.

**Table 51—South Australia—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council Borrowings</b> . . . . .	..	..	..	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	135 923	131 166	100 943	51 779	39 585
<b>Defence—</b>					
Housing for Servicemen . . . . .	..	..	10	18	..
<b>Economic Services—</b>					
<b>Industry Assistance and Development—</b>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	220	..	..	20
Rural Adjustment Scheme . . . . .	2 257	1 360	..	..	..
<b>Other Economic Services—</b>					
Urban Water Supply and Treatment . . . . .	..	3 920	4 200	1 650	3 850
<b>Total Commonwealth Loans</b> . . . . .	138 180	136 666	105 153	53 447	43 454
<b>TOTAL ADVANCES</b> . . . . .	138 180	136 666	105 153	53 447	43 454
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund(b)</b> . . . . .	28 859	22 791	22 865	148 282	87 508
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	743	1 434	2 133	2 717	3 089
<b>Defence—</b>					
Housing for Servicemen . . . . .	25	26	28	30	31
<b>Housing and Community Amenities nec—</b>					
Public Housing . . . . .	6 057	6 311	6 575	6 850	7 137
Sewerage . . . . .	86	75	69	75	33
<b>Economic Services—</b>					
<b>Industry Assistance and Development—</b>					
Softwood Forestry . . . . .	77	90	127	110	110
Log Salvage Loan . . . . .	..	11 000	..	..	..
Dairy Adjustment Program . . . . .	57	31	15	13	14
Beef Industry Assistance . . . . .	8	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	79	40
Rural Adjustment Scheme . . . . .	501	602	679	843	1 001
Rural Reconstruction . . . . .	901	956	1 014	1 076	1 141
Dartmouth Dam . . . . .	108	275	462	587	587
<b>Other Economic Services—</b>					
Urban Water Supply and Treatment . . . . .	65	169	212	70	282
<b>Not Allocated to Function—</b>					
Natural Disaster Relief . . . . .	4 633	5 037	5 037	3 556	3 001
<b>Total Repayments of Commonwealth   Government Loans</b> . . . . .	13 261	26 005	16 350	16 005	16 466
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	42 120	48 797	39 214	164 287	103 974
<b>NET ADVANCES (c) (Advances less Repayments)</b>					
<b>Loan Council Borrowings</b> . . . . .	-28 859	-22 791	-22 865	-148 282	-87 508
<b>Commonwealth Government Loans</b> . . . . .	124 918	110 661	88 803	37 442	26 989
<b>TOTAL NET ADVANCES</b> . . . . .	96 059	87 869	65 939	-110 840	-60 519

*Table 51—South Australia—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings</b> . . . . .	218 918	219 493	219 864	219 368	219 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination . . . . .	9 939	15 930	21 049	24 383	28 679
Housing for Servicemen . . . . .	621	616	607	602	622
Housing . . . . .	27 389	27 136	26 872	26 596	26 286
Sewerage . . . . .	1 201	953	897	940	351
Urban Water Supply . . . . .	1 107	2 567	3 051	1 722	1 630
Softwood Forestry . . . . .	194	217	251	265	257
Dairy Adjustment Program . . . . .	13	10	12	11	11
Rural Adjustment Scheme . . . . .	1 558	1 732	1 799	1 740	1 672
Rural Reconstruction . . . . .	735	680	622	560	495
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	2	11
Dartmouth Dam . . . . .	838	825	797	750	694
Total Interest on Commonwealth Government Loans . . . . .	43 594	50 666	55 957	57 571	60 708
<b>TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMON- WEALTH GOVERNMENT LOANS</b>	262 512	270 159	275 821	276 939	279 708

(a), (b) and (c)—See corresponding footnotes to Table 54.



**Table 52—Tasmania—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES(a)</b>					
<b>Loan Council Borrowings</b> . . . . .	54 849	49 379	21 714	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	18 250	21 162	32 572	36 877	27 658
<i>Defence—</i>					
Housing for Servicemen . . . . .	..	..	..	50	55
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme. . . . .	380	115	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	149	4	..	..	..
<b>Total Commonwealth Loans</b> . . . . .	18 779	21 281	32 572	36 927	27 712
<b>TOTAL ADVANCES</b> . . . . .	73 628	70 660	54 286	36 927	27 712
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National Debt Sinking Fund (b)</b> . . . . .	14 901	13 741	14 312	14 365	14 350
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	138	232	345	518	720
<i>Defence</i>					
Housing for Servicemen . . . . .	4	4	4	5	5
<i>Housing and Community Amenities nec</i>					
Public Housing . . . . .	2 240	2 335	2 435	2 538	2 646
Legana Industrial Estate . . . . .	20	20	20	20	20
Sewerage . . . . .	43	47	52	57	65
<i>Economic Services—</i>					
<i>Transport—</i>					
King Island Harbour Works . . . . .	45	45	45	45	8
King Island Shipping Service . . . . .	480	..	..	..	..
<i>Industry Assistance and Development—</i>					
Softwood Forestry . . . . .	157	189	224	281	281
Dairy Adjustment Program . . . . .	191	174	41	20	15
Rural Adjustment Scheme . . . . .	49	62	39	..	121
Rural Reconstruction . . . . .	189	200	212	225	239
Launceston Precision Tool Annexe . . . . .	32	..	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	321	357	64	64	63
<b>Total Repayments of Commonwealth Government Loans</b> . . . . .	3 909	3 666	3 480	3 773	4 183
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	18 810	17 407	17 792	18 137	18 533
<b>NET ADVANCES(c)</b> (Advances less Repayments)					
<b>Loan Council Borrowings</b> . . . . .	39 948	35 638	7 402	-14 365	-14 350
<b>Commonwealth Government Loans</b> . . . . .	14 870	17 615	29 092	33 154	23 530
<b>TOTAL NET ADVANCES</b> . . . . .	54 818	53 253	36 494	18 790	9 180

*Table 52—Tasmania—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council Borrowings (d)</b>	137 966	136 248	142 313	145 066	156 000
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination	1 572	2 397	3 457	5 290	6 222
Housing for Servicemen	66	66	65	65	71
Housing	10 901	10 805	10 706	10 602	10 485
Legana Industrial Estate	17	15	12	10	7
Sewerage	321	317	298	307	306
King Island Harbour Works	15	11	8	5	2
King Island Shipping Service	12	..	..	..	..
Softwood Forestry	206	259	357	459	471
Dairy Adjustment Program	17	16	16	15	14
Rural Adjustment Scheme	183	236	215	208	201
Rural Reconstruction	144	132	120	107	93
Launceston Precision Tool Annexe	3	..	..	..	..
<b>Total Interest on Commonwealth Government Loans</b>	<b>13 456</b>	<b>14 254</b>	<b>15 255</b>	<b>17 068</b>	<b>17 872</b>
<b>TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS</b>	<b>151 422</b>	<b>150 502</b>	<b>157 568</b>	<b>162 134</b>	<b>173 872</b>

(a), (b), (c) and (d)—See corresponding footnotes to Table 54.

**Table 53—Northern Territory—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Northern Territory Government Loans</b> . . . . .	91 635	77 211	33 954	..	..
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	..	33 090	50 931	56 797	43 848
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis . . . . .	..	867	441	306	245
Rural Adjustment Scheme . . . . .	649	76	..	..	..
Total Commonwealth Loans . . . . .	649	34 033	51 372	57 103	44 093
<b>TOTAL ADVANCES</b> . . . . .	92 283	111 244	85 326	57 103	44 093
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to Northern Territory Debt Sinking Fund (b)</b> . . . . .	4 773	5 430	6 300	6 624	6 900
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	..	..	160	413	707
<i>Housing and Community Amenities nec—</i>					
Public Housing . . . . .	1 038	1 087	1 141	2 745	1 321
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	..	77
Rural Adjustment Scheme . . . . .	28	36	93	177	111
Water and Sewerage Assistance . . . . .	136	136	136	136	136
<i>Other Economic Services—</i>					
NTEC Assistance . . . . .	1 762	1 933	2 121	2 327	2 566
Total Repayments of Commonwealth Government Loans . . . . .	2 965	3 192	3 651	5 798	4 918
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	7 738	8 622	9 951	12 422	11 818
<b>NET ADVANCES (c) (Advances less Repayments)</b>					
Northern Territory Government Borrowings . . . . .	86 861	71 781	27 654	–6 624	–6 900
Commonwealth Government Loans . . . . .	–2 316	30 841	47 722	51 305	39 175
<b>TOTAL NET ADVANCES</b> . . . . .	84 545	102 622	75 375	44 681	32 275
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Northern Territory Government Borrowings</b> . . . . .	54 342	65 667	73 963	75 469	76 000
<b>Interest on Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	..	473	2 175	5 038	5 926
Housing . . . . .	5 246	5 207	7 494	5 835	5 315
Public Housing . . . . .	1 771	1 762	1 752	1 742	1 731
Sewerage . . . . .	759	752	746	739	732
Northern Territory Electricity . . . . .	4 679	4 508	4 321	4 115	3 876
Rural Adjustment Scheme . . . . .	190	227	250	245	238
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	..	63
Total Interest on Commonwealth Government Loans . . . . .	12 645	12 929	16 737	17 713	17 881
<b>TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS</b> . . . . .	66 987	78 597	90 700	93 182	93 881

(a), (b) and (c)—See corresponding footnotes to Table 54.

**Table 54—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>ADVANCES (a)</b>					
<b>Loan Council and Northern Territory Government Borrowings</b>					
Loan Council . . . . .	637 236	580 145	240 787	..	..
Northern Territory Government Borrowings . . . . .	91 635	77 211	33 954	..	..
<b>Total</b> . . . . .	<b>728 871</b>	<b>657 356</b>	<b>274 741</b>	<b>..</b>	<b>..</b>
<b>Commonwealth Government Loans</b>					
Loan Council—Housing Nomination . . . . .	405 764	459 445	584 725	414 005	310 504
<i>Defence—</i>					
Housing for Servicemen . . . . .	5 959	4 258	2 437	1 993	707
<i>Housing and Community Amenities nec—</i>					
Growth Centres . . . . .	9 832	6 046	..	..	..
Captains Flat Project . . . . .	24	35	36	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .	42	..	38	..	383
<i>Industry Assistance and Development—</i>					
Sugar Industry . . . . .	8 436	..	..	..	..
<i>Bovine Brucellosis and Tuberculosis</i>					
Eradication . . . . .	..	1 698	464	653	499
Rural Adjustment Scheme . . . . .	25 443	9 478	..	..	..
Other Mining Assistance . . . . .	2 048	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	4 664	4 200	1 650	3 850
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	2 335	12 318	24 144	7 498	20 000
<b>Total Commonwealth Loans</b> . . . . .	<b>459 883</b>	<b>497 942</b>	<b>616 044</b>	<b>425 799</b>	<b>335 943</b>
<b>TOTAL ADVANCES</b> . . . . .	<b>1 188 754</b>	<b>1 155 298</b>	<b>890 785</b>	<b>425 799</b>	<b>335 943</b>

**Table 54—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances, 1984-85 to 1988-89 (\$ thousands)—continued**

	1984-85	1985-86	1986-87	1987-88	1988-89 (estimate)
<b>REPAYMENT OF ADVANCES</b>					
<b>Payments to National and Northern Territory Debt Sinking Funds (b)</b>	246 070	223 412	211 140	337 011	284 800
<b>Repayment of Commonwealth Government Loans</b>					
Loan Council—Housing Nomination	1 835	3 879	6 275	9 385	11 809
<i>Defence—</i>					
Housing for Servicemen	1 159	1 222	1 289	1 360	1 436
<i>Social Security and Welfare—</i>					
Unemployment Relief Works	4	10	3	3	10
<i>Aboriginal Advancement</i>	31	33	17	..	..
<i>Housing and Community Amenities nec—</i>					
Public Housing	45 537	47 374	49 290	52 832	53 426
Growth Centres	85	76	103	112	122
Land Acquisition	31 950	10 000	4 700	1 500	..
Urban Rehabilitation	205	285	270	205	616
Captains Flat Project	12	13	14	16	18
Legana Industrial Estate (Tasmania)	20	20	20	20	20
Sewerage	1 253	1 361	1 477	1 468	1 738
Community Facilities—Townsville	8	9	9	10	11
Exmouth Township Electricity Services	5	10	15	10	10
<i>Culture and Recreation—</i>					
Perth Entertainment Centre	..	200	200	200	200
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects	4 509	3 425	3 387	3 547	3 910
Railway Mainline Upgrading	3 298	2 948	3 173	3 528	3 733
King Island Harbour Works	45	45	45	45	8
King Island Shipping Service	480	..	..	..	..
Weipa Development	117	123	129	136	143
<i>Industry Assistance and Development—</i>					
Softwood Forestry	1 278	1 563	1 894	2 194	2 212
Log Salvage Loan (South Australia)	..	11 000	..	..	..
Dairy Adjustment Program	2 189	1 813	813	701	720
Canned Fruit Industry	..	..	383	383	383
Beef Industry Assistance	900	354	96	68	..
Bovine Brucellosis and Tuberculosis Eradication	..	..	..	102	161
Rural Adjustment Scheme	4 629	5 575	6 160	8 186	8 374
Rural Reconstruction	8 219	8 719	9 254	9 814	10 411
Chowilla Reservoir	130	99	49	11	..
Dartmouth Dam	325	825	1 385	1 760	1 760
Blowering Reservoir	1 776	1 323	732	230	20
Water and Sewerage Assistance	136	136	136	136	136
Irrigation and Other Water Projects	998	999	1 001	1 003	1 003
Other Mining Assistance	..	1 586	393	66	..
Launceston Precision Tool Annexe	32	..	..	..	..
War Service Land Settlement	456	473	491	509	528
Brigalow Lands Development Scheme	693	693	693	693	693
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	65	169	231	92	306
NTEC Assistance	1 762	1 933	2 121	2 327	2 566
Gladstone Power Station	3 044	3 160	3 352	3 556	3 773
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	26 539	34 196	33 677	30 647	32 000
Total Repayments of Commonwealth Government Loans	143 725	145 648	133 274	136 851	142 255
<b>TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS</b>	<b>389 794</b>	<b>369 060</b>	<b>344 414</b>	<b>473 862</b>	<b>427 055</b>

*Table 54—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>NET ADVANCES (c)</b> (Advances less Repayments)					
Loan Council and Northern Territory Government Borrowings . . . . .	482 801	433 944	63 601	–337 011	–284 800
Commonwealth Government Loans . . . . .	316 159	352 294	482 770	288 948	193 688
<b>TOTAL NET ADVANCES . . . . .</b>	<b>798 960</b>	<b>786 238</b>	<b>546 372</b>	<b>–48 063</b>	<b>–91 112</b>
<b>INTEREST ON ADVANCES</b>					
<b>Interest on Loan Council and Northern Territory Government Borrowings (d) . . . . .</b>	<b>1 903 782</b>	<b>1 990 543</b>	<b>2 072 811</b>	<b>2 107 046</b>	<b>2 123 000</b>
<b>Interest on Commonwealth Government Loans</b>					
Housing Nomination . . . . .	24 868	43 656	64 854	90 677	106 655
Housing for Servicemen . . . . .	20 034	20 896	21 259	21 410	21 613
Aboriginal Advancement—Bamaga . . . . .	4	2	..	..	..
Housing . . . . .	186 106	184 280	184 705	181 107	178 569
Public Housing . . . . .	1 771	1 762	1 752	1 742	1 731
Growth Centres . . . . .	10 361	6 566	510	500	489
Urban Rehabilitation . . . . .	336	319	301	284	266
Legana Industrial Estate (Tasmania) . . . . .	17	15	12	10	7
Community Facilities—Townsville . . . . .	38	37	37	36	35
Exmouth Township . . . . .	7	11	13	8	7
Captains Flat Project . . . . .	36	36	39	45	35
Sewerage . . . . .	22 177	22 290	21 035	19 742	20 777
Leisure Facilities . . . . .	269	127	104	74	56
Railway Projects . . . . .	13 786	13 414	12 530	11 982	11 354
King Island Harbour Works . . . . .	15	11	8	5	2
King Island Shipping Service . . . . .	12	..	..	..	..
Weipa Development . . . . .	109	103	96	89	82
Urban Water Supply . . . . .	1 107	2 567	3 149	1 817	1 722
Northern Territory Electricity . . . . .	4 679	4 508	4 321	4 115	3 876
Blowering Reservoir . . . . .	189	100	38	8	1
Gladstone Power Station . . . . .	10 609	10 089	9 897	9 693	9 476
Softwood Forestry . . . . .	3 299	3 919	4 587	5 173	5 266
Dairy Adjustment Program . . . . .	710	630	638	599	558
Rural Adjustment Scheme . . . . .	11 882	14 220	14 607	13 843	13 105
Rural Reconstruction . . . . .	6 393	5 893	5 362	4 798	4 201
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	12	109
Canned Fruit Industry . . . . .	..	..	40	40	41
Irrigation and Other Water Projects . . . . .	668	604	540	476	412
Dartmouth Dam . . . . .	2 513	2 476	2 390	2 250	2 082
Chowilla Reservoir . . . . .	13	7	2	..	..
Launceston Precision Tools Annexe . . . . .	3	..	..	..	..
War Service Land Settlement . . . . .	765	748	730	712	693
Brigalow Lands Development Scheme . . . . .	704	658	611	565	518
<b>Total Interest on Commonwealth Government Loans . . . . .</b>	<b>323 482</b>	<b>339 945</b>	<b>354 168</b>	<b>371 813</b>	<b>383 738</b>
<b>TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS . . . . .</b>	<b>2 227 265</b>	<b>2 330 489</b>	<b>2 426 979</b>	<b>2 478 859</b>	<b>2 506 738</b>

- (a) For purposes of these tables advances comprise the State Governments' Loan Council and Northern Territory Government borrowing programs and Commonwealth Government loans. See footnote (c) below.
- (b) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this Paper as payments for the States.
- (c) Derived by subtracting sinking fund payments from Loan Council and Northern Territory borrowings and repayments on Commonwealth Government loans from the amounts of those loans each year. National accounting estimates of Commonwealth Government outlays published by the Treasury and by the Australian Bureau of Statistics show advances on a net basis. The figures shown here coincide with those shown in the national accounting estimates. The figures shown in some of the other sections of this Paper are on a gross basis—that is, *before* deducting repayments.
- (d) Includes interest on the States' domestic raisings.

**APPENDIX III—TABLES OF PAYMENTS TO OR FOR THE STATES AND  
THE NORTHERN TERRITORY, 1984–85 TO 1988–89, AND TO THE  
AUSTRALIAN CAPITAL TERRITORY, 1988–89**

This appendix provides, for each State and the Northern Territory, details of Commonwealth payments, including advances of borrowings made on behalf of the States and the Northern Territory under the State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory. A corresponding table of payments to the ACT Trust Fund is included for 1988-89 estimates. Details of ACT expenditure can be found in Budget Related Paper No. 7.

The payments are classified as follows:

- general purpose
  - revenue (recurrent)
  - capital; and
- specific purpose
  - recurrent
  - capital.

Specific purpose payments are classified on the functional basis used in Budget Paper No. 1, which aggregates outlays directed towards like objectives and purposes. The general purpose or 'untied' funds identified in this appendix are classified under the 'Not Allocated to Function' heading in Budget Paper No. 1, except for amounts nominated for public housing purposes from the State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory. These amounts, classified in this appendix as general purpose capital funds, are included in Budget Paper No. 1 under the 'Housing and Community Amenities' functional heading.

Detailed discussion on general revenue assistance can be found in Chapter III, general purpose capital assistance in Chapter IV, and specific purpose payments in Chapter V.

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**Table 55—Australian Capital Territory—Commonwealth Payments into the ACT Trust Account(a), 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89
<b>GENERAL REVENUE FUNDS</b>					
General Revenue Grants . . . . .	..	..	..	..	418 916
Special Revenue Assistance . . . . .	..	..	..	..	10 715
<b>Total . . . . .</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>429 631</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>General Purpose Loans to ACT</i>					
Loan Portion . . . . .	..	..	..	..	21 795
Housing Nomination . . . . .	..	..	..	..	7 067
Capital Grants . . . . .	..	..	..	..	28 862
Loans in Lieu of Semi-Government Borrowings . . . . .	..	..	..	..	50 441
<b>Total . . . . .</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>108 165</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Education—</i>					
Higher Education . . . . .	..	..	..	..	37 603
Technical and Further Education . . . . .	..	..	..	..	1 509
Schools . . . . .	..	..	..	..	31 774
<i>Health—</i>					
Hospital Funding Grants . . . . .	..	..	..	..	38 610
Hospital Waiting List Reduction . . . . .	..	..	..	..	320
Nurse Education . . . . .	..	..	..	..	655
Blood Transfusion Services . . . . .	..	..	..	..	336
Drug Education Campaigns . . . . .	..	..	..	..	231
Funds to Combat AIDS . . . . .	..	..	..	..	304
National Better Health . . . . .	..	..	..	..	20
Health Program Grants . . . . .	..	..	..	..	3 190
<i>Social Security and Welfare—</i>					
Home and Community Care . . . . .	..	..	..	..	1 554
Mortgage and Rent Relief . . . . .	..	..	..	..	424
Supported Accommodation Assistance . . . . .	..	..	..	..	1 964
<i>Economic Services—</i>					
<i>Transport—</i>					
Interstate Road Transport . . . . .	..	..	..	..	47
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication . . . . .	..	..	..	..	81
Exotic Diseases Eradication . . . . .	..	..	..	..	15
Soil Conservation . . . . .	..	..	..	..	36
National Industry Extension Service . . . . .	..	..	..	..	104
<i>General Public Services—</i>					
Legal Aid . . . . .	..	..	..	..	1 410
<i>Not Allocated to Function—</i>					
Assistance For Water and Sewerage . . . . .	..	..	..	..	5 611
Financial Assistance—Local Government Functions . . . . .	..	..	..	..	11 215
National Capital Influences—Local Government Functions . . . . .	..	..	..	..	15 883
<b>Total Specific Purpose Payments—</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>152 896</b>
<b>Recurrent . . . . .</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>152 896</b>



**Table 55—Australian Capital Territory—Commonwealth Payments into the ACT Trust Account(a), 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89
<b>SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES</b>					
<i>Education—</i>					
Higher Education . . . . .	..	..	..	..	1 065
Schools . . . . .	..	..	..	..	2 990
<i>Health—</i>					
Hospital Enhancement Program . . . . .	..	..	..	..	494
<i>Social Security and Welfare—</i>					
Home and Community Care . . . . .	..	..	..	..	75
Crisis Accommodation Program . . . . .	..	..	..	..	261
<i>Housing and Community Amenities nec</i>					
Pensioner Housing Grants . . . . .	..	..	..	..	523
Local Government and Community Housing Grants . . . . .	..	..	..	..	202
Assistance for Housing . . . . .	..	..	..	..	9 295
<i>Culture and Recreation—</i>					
National Estate . . . . .	..	..	..	..	92
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Centennial Road Development . . . . .	..	..	..	..	6 500
<i>Not Allocated to Function—</i>					
Supplementation Grant . . . . .	..	..	..	..	9 800
Unaligned Payments (b) . . . . .	..	..	..	..	7 926
<b>Total Specific Purpose Payments—</b>					
Capital . . . . .	..	..	..	..	39 223
<b>TOTAL PAYMENTS</b>					
For General Purposes . . . . .	..	..	..	..	537 796
For Specific Purposes . . . . .	..	..	..	..	192 119
<b>Total . . . . .</b>	..	..	..	..	<b>729 915</b>

(a) The ACT Trust Account was created on 1 July 1988. Payments previously made to the ACT were not separately identified.

(b) Notional specific purpose capital payments for roads and education in the first six months of 1988–89.

**Table 56—New South Wales—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	2 693 115	..	..	..	..
Financial Assistance Grants . . . . .	..	3 012 615	3 350 031	3 594 903	3 654 137
Special Revenue Assistance . . . . .	..	..	2 063	7 871	15 043
Health Grants . . . . .	521 442	563 000	626 560	674 001	..
<b>Total</b> . . . . .	<b>3 214 557</b>	<b>3 575 615</b>	<b>3 978 654</b>	<b>4 276 775</b>	<b>3 669 180</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Loan Portion . . . . .	257 143	260 344	100 152	..	..
Housing Nomination . . . . .	80 000	65 000	150 227	114 447	86 336
Capital Grants . . . . .	168 572	180 371	138 809	58 224	86 336
<b>Total</b> . . . . .	<b>505 715</b>	<b>505 715</b>	<b>389 188</b>	<b>172 671</b>	<b>172 671</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	716	680	721	840	823
<i>Education—</i>					
Higher Education . . . . .	579 039	640 599	652 153	707 851	718 647
State Contribution to Higher Education Superannuation . . . . .	..	..	..	-4 229	-10 967
Technical and Further Education . . . . .	48 240	51 529	55 603	46 291	45 202
Schools . . . . .	409 726	455 835	491 185	527 977	564 825
Second Language Program . . . . .	..	..	..	1 246	..
Cost Escalation Allowance . . . . .	..	..	..	..	35 753
Pre-School Education . . . . .	7 130	3 565	..	..	..
Participation and Equity Program . . . . .	31 825	22 070	11 881	11 824	..
<i>Health—</i>					
Hospital Funding Grants . . . . .	..	..	..	..	1 076 200
Medicare . . . . .	351 903	420 755	414 988	443 520	..
Hospital Waiting List Reduction . . . . .	..	..	..	9 073	9 573
Nurse Education . . . . .	..	..	..	..	4 656
Home and Community Care (d) . . . . .	..	..	5 721	12 969	17 976
Blood Transfusion Services . . . . .	3 228	3 719	3 782	4 404	4 537
Drug Education Campaigns . . . . .	547	4 724	5 045	5 384	5 691
National Diseases Control . . . . .	103	103	82	90	..
Funds to Combat AIDS . . . . .	1 529	2 397	2 325	4 757	5 221
National Better Health . . . . .	..	..	..	..	340
Health Program Grants . . . . .	..	..	..	..	1 180
School Dental Scheme . . . . .	301	..	..	..	..
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	15 736	..	..	..	..
Senior Citizens' Centres . . . . .	723	..	..	..	..
Geriatric Assessment . . . . .	..	1 305	2 071	2 554	4 530
Home and Community Care . . . . .	..	21 587	36 888	44 614	52 529
Rehabilitation Centres . . . . .	326	378	976	423	461
Children's Services . . . . .	1 902	1 556	2 012	1 285	1 304
Family Support Services . . . . .	569	773	1 525	2 581	..
Mortgage and Rent Relief . . . . .	7 658	8 020	8 508	8 817	9 257
Supported Accommodation Assistance . . . . .	6 287	10 723	13 937	12 432	21 338
Women's Emergency Services . . . . .	670	..	..	..	..
Translating and Interpreting Services . . . . .	217	182	255	247	246
Unattached Refugee Children . . . . .	..	88	221	164	153
<i>Aboriginal Advancement (a)</i> . . . . .	<b>4 505</b>	<b>4 068</b>	<b>3 357</b>	<b>2 881</b>	<b>1 869</b>
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .	..	32	38	..	..
Assistance for Housing . . . . .	1 848	1 848	1 848	1 848	1 848
Urban Flood Mitigation . . . . .	..	..	207	14	10
Rainforest Conservation . . . . .	..	..	881	1 617	1 300
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	139	..	..	..	..
Expo 88 Participation . . . . .	..	..	..	100	..

*Table 56—New South Wales—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	35	10	39	..	..
Interstate Road Transport . . . . .	..	..	570	1 711	3 491
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	338	664
Sugar Industry . . . . .	..	..	762	1 779	773
Bovine Brucellosis and Tuberculosis Eradication . . . . .	6 433	5 106	3 137	1 955	1 340
Destruction of Organochlorines . . . . .	..	..	..	..	260
Rural Adjustment Scheme . . . . .	1 261	1 019	8 285	11 691	14 636
Drought-Fodder Subsidy . . . . .	-62	..	..	..	..
Fertiliser Assistance . . . . .	..	1 584	7 271	2 788	1 805
Exotic Diseases Eradication . . . . .	72	84	64	49	16
Agricultural Research . . . . .	38	73	141	418	304
Soil Conservation . . . . .	825	973	1 157	1 295	1 423
Irrigation and Other Water Projects . . . . .	..	1 446	311	998	170
Assistance to Tin Mining . . . . .	..	..	112	..	..
Coal Rail Freight . . . . .	..	..	..	10 000	10 000
Other Mining Assistance . . . . .	..	..	..	262	..
National Industry Extension Service . . . . .	..	..	2 319	2 499	2 713
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	-1 807	..	..
Community Employment Program . . . . .	125 316	90 750	63 903	35 573	500
Employment Training—Aboriginal . . . . .	..	3 076	2 909	3 434	3 650
Coal Mining Industry Long Service Leave . . . . .	15 034	13 968	13 866	29 800	17 200
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	179	191	300
Urban Water Supply and Treatment . . . . .	..	..	105	105	225
<i>General Public Services—</i>					
Legal Aid . . . . .	562	434	6 032	27 939	31 828
Human Rights . . . . .	314	333	500	415	431
Reimbursement of Costs—Law Library . . . . .	320	367	330	..	607
Road Safety Practices . . . . .	37	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	177 574	195 615	211 754	228 800	229 435
Interest on State Debt . . . . .	5 835	..	..	..	..
Sinking Fund on State Debt . . . . .	15 680	16 258	16 775	16 902	16 874
Natural Disaster Relief . . . . .	381	..	2 993	1 595	2 500
<b>Total Specific Purpose Payments—</b>					
Recurrent . . . . .	1 824 521	1 987 629	2 057 918	2 232 110	2 915 648

**SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES**

<i>Defence—</i>					
Housing for Servicemen . . . . .	4 685	3 891	1 634	1 471	373
<i>Education—</i>					
Higher Education . . . . .	41 662	50 416	65 905	73 210	51 750
Technical and Further Education . . . . .	50 739	44 332	57 004	65 113	64 969
Support for Steel Regions . . . . .	10 000	1 074	3 386	..	..
Schools . . . . .	71 152	74 245	68 192	72 343	77 565
Video Facilities . . . . .	223	206	202	93	..
Cost Escalation Allowance . . . . .	..	..	..	..	900
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	169	273
Albury RALA Sub-Centre . . . . .	..	..	..	85	..
Teaching Hospitals/Enhancement Program . . . . .	..	16 811	16 811	16 811	8 312
Blood Transfusion Services . . . . .	336	276	401	449	543
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	1 954	..	..	..	..
Home and Community Care . . . . .	..	1 185	994	1 934	1 841
Attendant Care Scheme . . . . .	..	..	..	839	..
Children's Services . . . . .	3 634	..	26	3 544	1 711
Supported Accommodation Assistance . . . . .	..	..	..	..	2 000
Crisis Accommodation Program . . . . .	4 443	4 651	4 933	5 447	6 835
<i>Aboriginal Advancement (a)</i> . . . . .	2 021	100	..	206	489

**Table 56—New South Wales—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	13 376	13 913	14 282	14 517	13 869
Housing Assistance for Aborigines . . . . .	12 345	12 771	12 345	12 345	13 641
Local Government and Community Housing Grants . . . . .	2 475	3 533	3 883	4 201	5 596
Public Housing . . . . .	160 461	169 739	182 340	184 439	179 027
Growth Centres . . . . .	9 832	6 046	..	..	..
Urban Flood Mitigation . . . . .	1 783	2 656	2 442	2 280	3 370
Urban Rehabilitation . . . . .	630	4 000	3 000	..	..
Captains Flat Project . . . . .	120	174	182	..	..
<i>Culture and Recreation—</i>					
National Maritime Museum . . . . .	..	2 000	18 000	10 000	..
Bicentennial Programs . . . . .	3 915	1 986	8 949	3 928	..
National Standard Sports Facilities (c) . . . . .	5 194	4 698	485	..	..
National Estate . . . . .	438	458	490	508	547
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	17	..	..	..	..
Roads . . . . .	258 148	..	..	..	..
Australian Land Transport Program . . . . .	..	253 300	255 050	243 600	126 000
Australian Bicentennial Road Development . . . . .	134 200	141 194	140 000	164 900	73 600
Australian Centennial Road Development . . . . .	..	..	..	..	187 600
Burbong Bridge Construction . . . . .	1 000	100	294	..	..
Support for Steel Regions . . . . .	500	1 850	982	..	..
<i>Industry Assistance and Development—</i>					
Support for Steel Regions . . . . .	2 000	8 000	18 013	5 321	..
Rural Adjustment Scheme . . . . .	6 423	2 520	..	..	..
Plant Genetic Resource Program . . . . .	177	..	..	6	..
Salinity Reduction Control . . . . .	2 000	2 100	2 266	1 576	1 380
Irrigation and Other Water Projects . . . . .	1 307	13	50	24	..
Other Mining Assistance . . . . .	2 048	..	..	..	..
<i>Labour and Employment—</i>					
Support for Steel Regions . . . . .	2 000	60	5 064	3 068	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	575	632	1 844	2 200
Support for Steel Regions . . . . .	1 650	3 807	5 250	664	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	..	418	..	..	15 500
<hr/>					
Total Specific Purpose Payments—					
Capital . . . . .	812 886	833 097	893 488	894 936	839 890
<hr/>					
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
<hr/>					
For General Purposes . . . . .	3 720 272	4 081 330	4 367 842	4 449 446	3 841 851
For Specific Purposes . . . . .	2 637 407	2 820 727	2 951 406	3 127 046	3 755 538
Total . . . . .	6 357 679	6 902 057	7 319 248	7 576 493	7 597 389

(a) and (c)—See corresponding footnotes to Table 63.

(d) In 1985-86, there was no allocation at the State level of recurrent Home and Community Care spending between 'Health' and 'Social Security and Welfare' functions. The total amount to each State is given under the 'Social Security and Welfare' function.

**Table 57—Victoria—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	2 019 927	..	..	..	..
Financial Assistance Grants . . . . .	..	2 248 332	2 493 990	2 667 345	2 635 266
Special Revenue Assistance . . . . .	31 000	..	435	3 604	13 934
Health Grants . . . . .	344 218	371 037	411 908	441 616	..
<b>Total . . . . .</b>	<b>2 395 145</b>	<b>2 619 369</b>	<b>2 906 333</b>	<b>3 112 565</b>	<b>2 649 200</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Loan Portion . . . . .	216 949	177 003	77 839	..	..
Housing Nomination . . . . .	45 082	75 858	116 758	94 636	71 477
Capital Grants . . . . .	131 016	140 186	107 884	48 318	71 477
<b>Total . . . . .</b>	<b>393 047</b>	<b>393 047</b>	<b>302 481</b>	<b>142 954</b>	<b>142 954</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	512	485	495	487	531
<i>Education—</i>					
Higher Education . . . . .	531 886	587 295	599 579	637 610	648 281
State Contribution to Higher Education Superannuation . . . . .	..	..	..	-3 715	-9 634
Technical and Further Education Schools . . . . .	35 514	33 778	37 409	30 998	30 653
Second Language Program . . . . .	349 687	380 186	407 894	430 984	457 544
Cost Escalation Allowance . . . . .	..	..	..	1 039	..
Pre-school Education . . . . .	..	..	..	..	30 397
Participation and Equity Program . . . . .	9 015	4 508	..	..	..
..	23 006	15 560	10 996	5 999	..
<i>Health—</i>					
Hospital Funding Grants . . . . .	..	..	..	..	794 908
Medicare . . . . .	249 187	256 040	266 839	286 114	..
Hospital Waiting List Reduction . . . . .	..	..	..	9 350	7 914
Nurse Education . . . . .	..	..	4 256	4 177	6 308
Home and Community Care (d) . . . . .	..	..	5 978	14 544	20 905
Blood Transfusion Services . . . . .	3 608	4 854	4 519	5 341	5 501
Drug Education Campaigns . . . . .	397	3 472	3 803	4 059	4 290
National Diseases Control . . . . .	104	220	180	102	..
Funds to Combat AIDS . . . . .	876	1 493	1 469	2 123	3 124
National Better Health . . . . .	..	..	..	..	260
Health Program Grants . . . . .	..	..	..	..	1 180
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	10 213	..	..	..	..
Senior Citizens' Centres . . . . .	1 268	..	..	..	..
Paramedical Services . . . . .	552	..	..	..	..
Geriatric Assessment . . . . .	..	1 598	2 464	2 793	4 865
Home and Community Care . . . . .	..	15 054	16 801	36 445	42 955
Children's Services . . . . .	2 990	1 903	1 514	2 736	2 852
Family Support Services . . . . .	903	993	1 715	2 943	..
Mortgage and Rent Relief . . . . .	5 771	6 043	6 400	6 623	6 949
Supported Accommodation Assistance . . . . .	2 786	4 972	10 485	9 327	13 323
Women's Emergency Services . . . . .	410	..	..	..	..
Translating and Interpreting Services . . . . .	317	410	482	502	483
Unattached Refugee Children . . . . .	..	54	75	82	91
..	1 700	1 882	2 087	2 087	1 386
<i>Aboriginal Advancement (a)</i>					
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .	..	61	78	..	..
Assistance for Housing . . . . .	1 347	1 347	1 347	1 347	1 347
Urban Flood Mitigation . . . . .	..	359	85	72	20
Rainforest Conservation . . . . .	..	..	69	205	600
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	117	..	..	..	..
Expo 88 Participation . . . . .	..	..	..	100	..

Table 57—Victoria—Commonwealth Payments and Loan Council Borrowings,  
1984–85 to 1988–89 (\$ thousands)—continued

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Interstate Road Transport . . . . .	..	..	339	1 018	2 066
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	178	1 020
Dried Vine Fruits Assistance . . . . .	..	19	1 021	..	..
Wine Industry Adjustment . . . . .	..	..	692	..	..
Apple and Pear Export Assistance . . . . .	2	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	4 281	4 042	3 266	1 520	1 659
Destruction of Organochlorines . . . . .	..	..	..	..	136
Rural Adjustment Scheme . . . . .	1 180	2 990	9 608	10 552	12 516
Drought-Fodder Subsidy . . . . .	-28	..	..	..	..
Fertiliser Assistance . . . . .	..	2 973	8 105	2 329	2 736
Exotic Diseases Eradication . . . . .	..	1 132	12	5	..
Agricultural Research . . . . .	59	77	129	206	423
Soil Conservation . . . . .	499	533	578	624	731
Irrigation and Other Water Projects . . . . .	..	2 532	2 280	596	723
National Industry Extension Service . . . . .	..	..	2 043	2 227	2 398
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	-2 060	..	..
Community Employment Program . . . . .	94 428	68 434	48 061	23 534	342
Employment Training—Aboriginal . . . . .	..	258	244	88	600
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	65	78	121
Urban Water Supply and Treatment . . . . .	..	540	664	442	530
<i>General Public Services—</i>					
Legal Aid . . . . .	15 065	17 827	19 279	20 158	24 240
Human Rights . . . . .	274	254	320	277	564
Road Safety Practices . . . . .	30	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	123 829	136 410	147 664	165 763	172 726
Interest on State Debt . . . . .	4 254	..	..	..	..
Sinking Fund on State Debt . . . . .	11 844	12 278	12 728	12 830	12 808
Natural Disaster Relief . . . . .	..	..	-278	4	..
<b>Total Specific Purpose Payments—</b>					
Recurrent . . . . .	1 487 881	1 572 865	1 641 782	1 736 902	2 313 372

SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES

<i>Defence—</i>					
Housing for Servicemen . . . . .	1 226	279	415	270	233
<i>Education—</i>					
Higher Education . . . . .	41 760	45 268	49 689	68 835	54 800
Technical and Further Education . . . . .	49 700	40 800	45 025	48 161	49 419
Schools . . . . .	55 004	54 404	52 586	57 015	62 126
Video Facilities . . . . .	12	32	20	9	..
Cost Escalation Allowance . . . . .	..	..	..	..	721
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	222	390
Teaching Hospitals/Enhancement Program . . . . .	..	12 652	12 652	12 652	6 256
Blood Transfusion Services . . . . .	..	300	745	1 028	377
High Security Quarantine Unit . . . . .	283	30	..	..	..
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	1 600	..	..	..	..
Home and Community Care . . . . .	..	3 052	5 195	2 396	2 280
Attendant Care Scheme . . . . .	..	..	..	630	..
Children's Services . . . . .	2 225	..	2 322	5 094	2 459
Crisis Accommodation Program . . . . .	3 348	3 504	3 711	4 092	5 131
<i>Aboriginal Advancement (a)</i>					
.. . . . .	80	..	..	..	..
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	8 421	8 646	8 509	8 560	8 794
Housing Assistance for Aborigines . . . . .	3 417	3 417	3 417	3 417	3 417
Local Government and Community Housing Grants . . . . .	1 865	2 662	2 921	3 156	4 200

*Table 57—Victoria—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
Public Housing . . . . .	125 147	131 575	140 377	141 004	135 989
Urban Flood Mitigation . . . . .	1 267	795	1 409	1 629	1 460
Urban Rehabilitation . . . . .	4	..	..	..	..
<i>Culture and Recreation—</i>					
Bicentennial Programs . . . . .	500	5 025	3 000	4 747	2 505
Sesquicentenary Grants . . . . .	1 932	568	..	..	..
National Standard Sports Facilities (c) . . . . .	3 136	..	2 281	133	..
National Estate . . . . .	438	458	490	508	547
Nature Conservation . . . . .	..	..	12	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Roads . . . . .	165 979	..	..	..	..
Australian Land Transport Program . . . . .	..	159 700	160 200	151 200	79 400
Australian Bicentennial Road Development . . . . .	82 487	94 200	93 500	98 100	50 500
Australian Centennial Road Development . . . . .	..	..	..	..	113 900
Transport Improvement Grant . . . . .	19 000	..	..	..	50 000
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme . . . . .	4 118	2 087	..	..	..
Plant Genetic Resource Program . . . . .	..	300	..	75	35
Salinity Reduction Control . . . . .	2 595	885	875	2 005	913
Irrigation and Other Water Projects . . . . .	1 629	..	..	..	..
Portland Aluminium Smelter . . . . .	..	..	1 500	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	755	291	761	605	790
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	–540	–316	..	..	..
Total Specific Purpose Payments—					
Capital . . . . .	577 387	570 614	591 612	615 542	636 641
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes . . . . .	2 788 192	3 012 416	3 208 814	3 255 519	2 792 154
For Specific Purposes . . . . .	2 065 269	2 143 479	2 233 394	2 352 444	2 950 013
<b>Total . . . . .</b>	<b>4 853 461</b>	<b>5 155 895</b>	<b>5 442 208</b>	<b>5 607 963</b>	<b>5 742 167</b>

(a) and (c)—See corresponding footnotes to Table 63.

(d)—See corresponding footnote to Table 56.

**Table 58—Queensland—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	1 885 612				
Financial Assistance Grants . . . . .		1 973 578	2 205 989	2 414 305	2 215 779
Special Revenue Assistance . . . . .		10 000	3 193	8 657	8 528
Health Grants . . . . .	104 684	113 515	126 984	139 316	
<b>Total</b> . . . . .	<b>1 990 296</b>	<b>2 097 093</b>	<b>2 336 166</b>	<b>2 562 278</b>	<b>2 224 307</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Loan Portion . . . . .	108 295	93 419	41 082		
Housing Nomination . . . . .	30 000	40 037	61 622	24 966	18 725
Capital Grants . . . . .	69 147	73 986	56 939	12 483	18 725
<b>Total</b> . . . . .	<b>207 442</b>	<b>207 442</b>	<b>159 643</b>	<b>37 449</b>	<b>37 449</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	600	555	690	769	719
<i>Education—</i>					
Higher Education . . . . .	256 948	289 718	298 633	321 982	321 516
Technical and Further Education . . . . .	14 161	16 423	21 355	17 526	16 970
Schools . . . . .	181 590	204 456	220 760	239 842	254 153
Second Language Program . . . . .				565	
Cost Escalation Allowance . . . . .					15 904
Pre-School Education . . . . .	6 605	3 303			
Participation and Equity Program . . . . .	13 626	10 966	7 876	3 689	
<i>Health—</i>					
Hospital Funding Grants . . . . .					500 372
Medicare . . . . .	75 573	72 083	78 560	84 695	
Hospital Waiting List Reduction . . . . .				2 378	2 755
Nurse Education . . . . .				500	970
Home and Community Care (d) . . . . .			2 845	9 388	12 350
Blood Transfusion Services . . . . .	1 599	1 927	2 130	2 307	2 377
Drug Education Campaigns . . . . .	306	2 254	2 420	2 582	2 729
National Diseases Control . . . . .	153	160	120	80	
Funds to Combat AIDS . . . . .	441	497	519	927	1 434
National Better Health . . . . .					160
Health Program Grants . . . . .					730
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	3 261				
Senior Citizens' Centres . . . . .	145				
Geriatric Assessment . . . . .		157	213	1 072	2 349
Home and Community Care . . . . .		5 165	5 004	8 340	9 829
Children's Services . . . . .	692	500	481	607	633
Family Support Services . . . . .	306	336	671	1 149	
Mortgage and Rent Relief . . . . .	3 469	3 724	3 968	4 132	4 418
Supported Accommodation Assistance . . . . .	2 608	4 795	8 040	6 699	9 501
Women's Emergency Services . . . . .	346				
Translating and Interpreting Services . . . . .	68	52		183	161
Unattached Refugee Children . . . . .		20	2	19	27
<i>Aboriginal Advancement (a)</i> . . . . .	<b>5 632</b>	<b>5 575</b>	<b>5 668</b>	<b>6 103</b>	<b>6 032</b>
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .		5	20		
Assistance for Housing . . . . .	423	423	423	423	423
Rainforest Conservation . . . . .					3 137
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	88				
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .		669	24	34	273
Interstate Road Transport . . . . .			185	555	1 218
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .					127



*Table 58—Queensland—Commonwealth Payments and Loan Council Borrowings, 1984-85 to 1988-89—continued*

	1984-85	1985-86	1986-87	1987-88	1988-89 (estimate)
Sugar Industry . . . . .	..	1 728	22 760	1 075	5 840
Wine Industry Adjustment . . . . .	..	..	211	4	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	12 752	14 092	19 950	15 700	17 024
Destruction of Organochlorines . . . . .	..	..	..	..	237
Rural Adjustment Scheme . . . . .	1 739	1 028	4 347	6 296	8 078
Drought—Fodder Subsidy . . . . .	-194	..	..	..	..
Fertiliser Assistance . . . . .	..	3 143	6 626	7 206	7 866
Exotic Diseases Eradication . . . . .	48	..	43	10	41
Agricultural Research . . . . .	49	103	139	390	417
Soil Conservation . . . . .	611	738	886	966	1 080
Irrigation and Other Water Projects Assistance to Tin Mining . . . . .	..	900	..	..	..
National Industry Extension Service . . . . .	..	..	866	951	1 006
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	-21	..	..
Community Employment Program . . . . .	57 960	42 073	29 790	14 771	100
Employment Training—Aboriginal . . . . .	..	2 462	2 329	1 607	3 400
Coal Mining Industry Long Service Leave . . . . .	3 109	3 092	5 123	12 938	7 400
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	59	90	110
<i>General Public Services—</i>					
Legal Aid . . . . .	10 096	11 307	11 871	13 374	15 199
Road Safety Practices . . . . .	28	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	82 033	90 367	97 823	106 834	108 322
Interest on State Debt . . . . .	2 192	..	..	..	..
Sinking Fund on State Debt . . . . .	6 277	6 653	6 879	6 930	6 918
Natural Disaster Relief . . . . .	1 183	6 214	5 796	5 729	4 500
<b>Total Specific Purpose Payments—</b>					
Recurrent . . . . .	746 522	807 662	876 841	911 419	1 358 805

**SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES**

<i>Defence</i>					
Housing for Servicemen . . . . .	48	27	257	158	46
<i>Education—</i>					
Higher Education . . . . .	17 012	20 392	26 386	39 690	32 382
Technical and Further Education . . . . .	23 732	28 589	26 353	26 682	27 632
Schools . . . . .	35 175	43 736	31 719	39 346	42 803
Video Facilities . . . . .	409	552	527	243	..
Cost Escalation Allowance . . . . .	..	..	..	..	497
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	184	335
Teaching Hospitals/Enhancement Program . . . . .	..	7 713	7 713	7 713	3 814
Home and Community Care . . . . .	..	..	..	42	..
Blood Transfusion Services . . . . .	1 371	213	100	145	496
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	293	..	..	..	..
Home and Community Care . . . . .	..	979	4 449	1 655	1 576
Attendant Care Scheme . . . . .	..	..	..	401	..
Children's Services . . . . .	1 900	574	1 859	2 939	1 418
Crisis Accommodation Program . . . . .	2 054	2 160	2 301	2 553	3 262
<i>Aboriginal Advancement (a)</i> . . . . .	989	1 048	100	185	367
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	6 327	6 842	7 096	7 396	7 382
Housing Assistance for Aborigines . . . . .	10 346	12 220	14 109	15 186	19 000
Local Government and Community Housing Grants . . . . .	1 145	1 640	1 811	1 969	2 671
Public Housing . . . . .	58 720	65 189	73 328	77 545	79 428
Urban Flood Mitigation . . . . .	856	1 027	243	..	1 080
<i>Culture and Recreation—</i>					
Bicentennial Programs . . . . .	736	3 306	5 656	620	..
National Estate . . . . .	438	458	490	508	547

**Table 58—Queensland—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	..	68	..	..	..
Roads . . . . .	167 865	..	..	..	..
Australian Land Transport Program . . . . .	..	163 000	162 600	159 100	82 900
Australian Bicentennial Road Development . . . . .	91 000	94 600	94 700	95 100	53 000
Australian Centennial Road Development . . . . .	..	..	..	..	111 100
<i>Industry Assistance and Development—</i>					
Fisheries Management . . . . .	..	1 088	1	2 101	1 336
Sugar Industry . . . . .	8 436	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	611	..	347	114
Rural Adjustment Scheme . . . . .	7 747	1 600	..	..	..
Plant Genetic Resource Program . . . . .	..	..	485	..	95
Burdekin Dam Construction . . . . .	20 000	26 000	30 007	16 500	19 229
Irrigation and Other Water Projects . . . . .	7 500	4 200	4 000	4 000	4 000
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	416	1 145	1 444	1 800
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	9 933	18 723	27 626	8 672	27 500
<b>Total Specific Purpose Payments—</b>					
Capital . . . . .	474 031	506 970	525 061	512 425	525 809
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes . . . . .	2 197 738	2 304 535	2 495 809	2 599 727	2 261 756
For Specific Purposes . . . . .	1 220 553	1 314 632	1 401 902	1 423 844	1 884 614
Total . . . . .	3 418 291	3 619 167	3 897 711	4 023 570	4 146 369

(a)—See corresponding footnote to Table 63.

(d)—See corresponding footnote to Table 56.

**Table 59—Western Australia—Commonwealth Payments and Loan Council Borrowings, 1984-85 to 1988-89 (\$ thousands)**

	1984-85	1985-86	1986-87	1987-88	1988-89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	1 042 348				
Financial Assistance Grants . . . . .		1 122 961	1 263 833	1 393 339	1 438 175
Special Revenue Assistance . . . . .	20 300		2 528	6 479	8 262
Health Grants . . . . .	161 985	176 307	198 584	219 468	
<b>Total</b> . . . . .	<b>1 224 633</b>	<b>1 299 268</b>	<b>1 464 945</b>	<b>1 619 286</b>	<b>1 446 437</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Housing Nomination . . . . .	96 509	93 132	71 672	34 503	22 877
Capital Grants . . . . .	48 255	51 632	39 735	11 251	22 877
<b>Total</b> . . . . .	<b>144 764</b>	<b>144 764</b>	<b>111 407</b>	<b>45 754</b>	<b>45 754</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	345	401	453	379	500
<i>Education—</i>					
Higher Education . . . . .	170 472	189 054	194 872	210 028	214 469
State Contribution to Higher Education Superannuation . . . . .				-935	-2 425
Technical and Further Education Schools . . . . .	12 804	13 474	14 832	12 078	11 775
Second Language Program . . . . .	98 497	110 292	119 790	129 267	138 782
Cost Escalation Allowance . . . . .				304	
Pre-school Education . . . . .					9 714
Participation and Equity Program . . . . .	4 860	2 430			
	8 140	6 260	4 287	2 284	
<i>Health—</i>					
Public Hospitals—Running Costs . . . . .			119		
Hospital Funding Grants . . . . .					268 957
Medicare . . . . .	85 195	89 086	92 754	100 986	
Hospital Waiting List Reduction . . . . .				1 122	1 803
Nurse Education . . . . .			1 826	1 282	1 457
Home and Community Care (d) . . . . .			5 814	8 335	10 999
Blood Transfusion Services . . . . .	1 274	1 524	1 590	1 865	1 922
Drug Education Campaigns . . . . .	232	1 297	1 386	1 478	1 562
National Diseases Control . . . . .	53	79	76	53	
Funds to Combat AIDS . . . . .	343	564	645	1 035	1 284
National Better Health . . . . .					90
Health Program Grant . . . . .					8 036
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	2 680				
Senior Citizens' Centres . . . . .	288				
Geriatric Assessment . . . . .		90	362	273	1 334
Home and Community Care . . . . .		3 621	6 272	8 831	10 409
Rehabilitation Centres . . . . .			2 000		
Children's Services . . . . .	699	614	415	428	380
Family Support Services . . . . .	341	622	908	1 263	
Mortgage and Rent Relief . . . . .	1 956	2 055	2 197	2 299	2 471
Supported Accommodation Assistance . . . . .	2 212	4 401	4 784	4 192	6 056
Women's Emergency Services . . . . .	214				
Translating and Interpreting Services . . . . .					146
Unattached Refugee Children . . . . .		30		42	27
<i>Aboriginal Advancement (a)</i>					
	12 999	13 454	12 188	11 225	10 958
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .		9	11		
Assistance for Housing . . . . .	627	627	627	627	627
Urban Flood Mitigation . . . . .		45	77		
Rainforest Conservation . . . . .			71	286	300
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	64				
Expo 88 Participation . . . . .				100	
America's Cup Defence . . . . .	4 223	1 773	5 957		

**Table 59—Western Australia—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	..	7	..	..	3
Interstate Road Transport. . . . .	..	..	76	229	460
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	235	1 217
Dried Vine Fruits Assistance . . . . .	..	..	..	7	..
Wine Industry Adjustment . . . . .	..	..	..	1	..
Apple and Pear Export Assistance . . . . .	23	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication. . . . .	2 346	1 892	1 882	2 183	4 351
Destruction of Organochlorines . . . . .	..	..	..	..	269
Rural Adjustment Scheme. . . . .	788	1 114	4 980	5 925	9 203
Drought-Fodder Subsidy . . . . .	-6	..	..	..	..
Fertiliser Assistance. . . . .	..	6 629	10 782	3 138	3 990
Exotic Diseases Eradication . . . . .	..	..	..	23	26
Agricultural Research . . . . .	13	20	45	117	250
Soil Conservation . . . . .	611	703	846	904	1 020
Irrigation and Other Water Projects . . . . .	..	1 890	..	..	..
National Industry Extension Service . . . . .	..	..	569	620	665
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	..	-119	..
Community Employment Program . . . . .	32 004	23 203	16 505	7 912	163
Employment Training—Aboriginal . . . . .	..	1 561	1 477	1 308	1 650
Coal Mining Industry Long Service Leave . . . . .	938	727	684	619	700
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	44	72	88
Urban Water Supply and Treatment . . . . .	..	13	80	..	100
<i>General Public Services—</i>					
Legal Aid . . . . .	7 054	8 004	8 782	10 116	11 330
Human Rights . . . . .	..	150	265	193	201
Road Safety Practices . . . . .	25	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	45 684	50 326	54 477	59 285	59 892
Interest on State Debt . . . . .	947	..	..	..	..
Sinking Fund on State Debt . . . . .	4 453	4 474	4 452	4 411	4 404
Natural Disaster Relief. . . . .	..	70	..	..	..
<b>Total Specific Purpose Payments—</b>					
<b>Recurrent . . . . .</b>	<b>503 396</b>	<b>542 583</b>	<b>580 257</b>	<b>596 308</b>	<b>801 615</b>

**SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES**

<i>Defence—</i>					
Housing for Servicemen . . . . .	..	61	121	26	..
<i>Education—</i>					
Higher Education . . . . .	9 058	12 281	24 935	23 300	17 884
Technical and Further Education . . . . .	15 725	16 138	14 431	15 032	15 760
Schools . . . . .	22 061	22 156	21 804	20 884	22 776
Video Facilities . . . . .	99	149	135	63	..
Cost Escalation Allowance . . . . .	..	..	..	..	264
Western Australia Defence Infrastructure . . . . .	..	..	..	10 000	..
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	150	247
Teaching Hospitals/Enhancement Program . . . . .	..	4 258	4 258	4 258	2 105
Blood Transfusion Services . . . . .	83	341	475	264	356
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	929	..	..	..	..
Home and Community Care . . . . .	..	397	1 254	651	620
Attendant Care Scheme . . . . .	..	..	..	225	..
Children's Services . . . . .	1 563	828	1 230	2 821	1 361
Crisis Accommodation Program . . . . .	1 135	1 191	1 274	1 420	1 824
Aboriginal Advancement(a) . . . . .	3 866	4 002	7 046	5 785	13 748
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	2 850	3 101	3 095	3 051	3 268
Housing Assistance for Aborigines . . . . .	10 017	10 017	10 047	10 264	12 121

*Table 59—Western Australia—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>Local Government and Community Housing</b>					
Grants	632	905	1 003	1 095	1 494
Public Housing	44 192	46 205	49 239	49 561	48 502
Urban Flood Mitigation	100	11	228	476	370
<b>Culture and Recreation—</b>					
Bicentennial Programs	..	1 417	1 360	2 861	1 760
National Standard Sports Facilities (c)	313	1 946	1 366	..	..
Western Australia Defence Infrastructure	..	..	..	5 000	..
America's Cup Defence	277	14 977	9	..	..
National Estate	438	458	490	508	547
<b>Economic Services—</b>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	..	83	..	..	..
Roads	101 017	..	..	..	..
Australian Land Transport Program	..	102 339	99 200	95 400	49 600
Australian Bicentennial Road Development	52 996	55 800	55 100	58 700	37 300
Australian Centennial Road Development	..	..	..	..	73 000
Transport Improvement Grant	..	9 700	..	..	..
Railway Projects	42	..	38	..	383
Western Australia Defence Infrastructure	..	..	..	30 000	..
<i>Industry Assistance and Development</i>					
Bovine Brucellosis and Tuberculosis Eradication	..	..	23	..	120
Rural Adjustment Scheme	3 870	1 720	..	..	..
Plant Genetic Resource Program	109	33	..	..	..
Salinity Reduction Control	1 378	633	1 160	1 250	5 148
Irrigation and Other Water Projects	1 610	..	..	..	..
Western Australia Defence Infrastructure	..	..	..	15 000	..
Pastoral Industry Assistance	6 000	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	6 650	1 044	384	296	750
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	..	1 047	194	..	..
<b>Total Specific Purpose Payments—</b>					
Capital	287 010	313 238	299 901	358 341	311 308
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes	1 369 397	1 444 032	1 576 352	1 665 040	1 492 191
For Specific Purposes	790 405	855 821	880 157	954 649	1 112 922
Total	2 159 802	2 299 853	2 456 509	2 619 689	2 605 114

(a) and (c)—See corresponding footnotes to Table 63.

(d)—See corresponding footnotes to Table 56.

**Table 60—South Australia—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	1 000 280				
Financial Assistance Grants . . . . .		1 037 171	1 147 046	1 233 323	1 289 691
Special Revenue Assistance . . . . .		34 200	17 996	2 954	14 826
Health Grants . . . . .	182 326	195 890	216 817	233 695	
<b>Total . . . . .</b>	<b>1 182 606</b>	<b>1 267 262</b>	<b>1 381 859</b>	<b>1 469 971</b>	<b>1 304 517</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Housing Nomination . . . . .	135 923	131 166	100 943	51 779	39 585
Capital Grants . . . . .	67 961	72 718	55 962	27 390	39 585
<b>Total . . . . .</b>	<b>203 884</b>	<b>203 884</b>	<b>156 905</b>	<b>79 169</b>	<b>79 169</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	166	282	366	388	458
<i>Education—</i>					
Higher Education . . . . .	169 636	187 619	189 732	202 725	206 915
State Contribution to Higher Education Superannuation . . . . .				-1 265	-3 280
Technical and Further Education . . . . .	11 481	12 809	13 616	11 653	11 202
Schools . . . . .	88 863	99 404	106 181	112 521	118 607
Second Language Program . . . . .				271	
Cost Escalation Allowance . . . . .					8 951
Pre-School Education . . . . .	3 730	1 865			
Participation and Equity Program . . . . .	8 196	6 131	3 970	2 171	
<i>Health—</i>					
Transfer Pathology Laboratory . . . . .				500	
Hospital Funding Grants . . . . .					278 589
Medicare . . . . .	118 353	111 891	117 342	126 583	
Hospital Waiting List Reduction . . . . .				2 500	2 300
Nurse Education . . . . .			937	952	1 888
Home and Community Care (d) . . . . .			4 578	6 349	8 522
Blood Transfusion Services . . . . .	1 387	1 657	1 561	1 599	1 648
Drug Education Campaigns . . . . .	218	1 372	1 346	1 435	1 516
National Diseases Control . . . . .	36	36	40	42	
Funds to Combat AIDS . . . . .	408	421	551	685	904
National Better Health . . . . .					90
Health Program Grants . . . . .					12 340
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	1 785				
Senior Citizens' Centres . . . . .	164				
Paramedical Services . . . . .	945				
Geriatric Assessment . . . . .		515	726	270	860
Home and Community Care . . . . .		4 315	7 332	6 902	8 135
Rehabilitation Centres . . . . .			19	11	
Children's Services . . . . .	5 564	7 216	7 279	8 990	9 372
Family Support Services . . . . .	504	559	713	915	
Mortgage and Rent Relief . . . . .	1 918	2 002	2 114	2 182	2 302
Supported Accommodation Assistance . . . . .	2 022	4 085	4 649	4 017	5 560
Women's Emergency Services . . . . .	176				
Translating and Interpreting Services . . . . .	164	105	104	92	203
Unattached Refugee Children . . . . .		43	49	58	49
<i>Aboriginal Advancement(a)</i> . . . . .	5 999	5 937	6 376	6 472	10 008
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .		15			
Assistance for Housing . . . . .	941	941	941	941	941
Urban Flood Mitigation . . . . .		300			50
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	62				
Expo 88 Participation . . . . .				100	

**Table 60—South Australia—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	29	33	23	20	23
Interstate Road Transport . . . . .	..	..	180	541	1 192
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	136	451
Dried Vine Fruits Assistance . . . . .	..	..	384	..	..
Wine Industry Adjustment . . . . .	..	1 300	2 640	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	2 496	1 579	1 206	1 324	1 538
Destruction of Organochlorines . . . . .	..	..	..	..	90
Rural Adjustment Scheme . . . . .	634	1 046	5 439	7 095	8 273
Drought-Fodder Subsidy . . . . .	-162	..	..	..	..
Fertiliser Assistance . . . . .	..	2 972	9 816	1 318	2 508
Exotic Diseases Eradication . . . . .	..	..	..	26	8
Agricultural Research . . . . .	19	29	42	22	80
Soil Conservation . . . . .	396	422	458	463	524
Irrigation and Other Water Projects . . . . .	..	1 435	756	299	290
National Industry Extension Service . . . . .	..	..	613	664	706
<i>Labour and Employment—</i>					
Community Employment Program . . . . .	31 392	22 707	15 879	9 375	145
Employment Training—Aboriginal . . . . .	..	556	526	684	1 100
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	41	64	78
Urban Water Supply and Treatment . . . . .	..	..	..	20	..
<i>General Public Services—</i>					
Legal Aid . . . . .	5 463	6 284	6 879	8 637	9 638
Human Rights . . . . .	249	248	300	215	223
Road Safety Practices . . . . .	19	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	41 847	46 098	49 901	55 519	57 348
Interest on State Debt . . . . .	1 408	..	..	..	..
Sinking Fund on State Debt . . . . .	5 651	5 573	5 547	5 497	5 488
Natural Disaster Relief . . . . .	44	..	..	..	..
<b>Total Specific Purpose Payments—</b>					
Recurrent . . . . .	512 203	539 802	571 156	591 979	777 834

**SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES**

<i>Defence—</i>					
Housing for Servicemen . . . . .	..	..	10	18	..
<i>Education—</i>					
Higher Education . . . . .	9 598	10 886	15 735	22 227	16 260
Technical and Further Education . . . . .	16 106	8 921	16 612	11 336	12 800
Schools . . . . .	19 156	17 552	17 497	18 333	20 227
Video Facilities . . . . .	93	87	90	42	..
Cost Escalation Allowance . . . . .	..	..	..	..	235
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	145	337
Teaching Hospitals/Enhancement Program . . . . .	..	4 206	4 206	4 206	2 080
Blood Transfusion Services . . . . .	43	107	256	235	420
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	418	..	..	..	..
Home and Community Care . . . . .	..	357	43	294	280
Attendant Care Scheme . . . . .	..	..	..	209	..
Children's Services . . . . .	1 270	..	401	2 252	1 087
Crisis Accommodation Program . . . . .	1 112	1 161	1 226	1 349	1 700
Aboriginal Advancement (a) . . . . .	822	83	1 170	589	1 260
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	2 622	2 662	2 640	2 614	2 819
Housing Assistance for Aborigines . . . . .	5 595	5 595	5 595	5 595	6 391
Local Government and Community Housing Grants . . . . .	620	882	965	1 040	1 391
Public Housing . . . . .	61 284	60 794	61 004	57 468	52 053
Urban Flood Mitigation . . . . .	722	700	464	..	..

**Table 60—South Australia—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Culture and Recreation—</i>					
Bicentennial Programs . . . . .	..	1 081	227	4 318	1 491
Sesquicentenary Grants . . . . .	525	420	..	..	..
National Standard Sports Facilities (c) . . . . .	2 191	357	501	..	..
National Estate . . . . .	438	458	490	508	547
<i>Economic Services—</i>					
<i>Transport—</i>					
Roads . . . . .	67 807	..	..	..	..
Australian Land Transport Program . . . . .	..	66 192	66 600	56 400	29 700
Australian Bicentennial Road Development . . . . .	27 603	31 100	30 300	36 200	17 600
Australian Centennial Road Development . . . . .	..	..	..	..	41 400
<i>Industry Assistance and Development—</i>					
<i>Bovine Brucellosis and Tuberculosis</i>					
Eradication . . . . .	..	220	..	..	20
Rural Adjustment Scheme . . . . .	2 257	1 360	..	..	..
Plant Genetic Resource Program . . . . .	71	15	..	30	..
Assistance to Grand Prix Racing . . . . .	5 000	..	..	..	..
Salinity Reduction Control . . . . .	700	..	..	94	200
Irrigation and Other Water Projects . . . . .	600	..	..	245	..
<i>Labour and Employment—</i>					
Support for Steel Regions . . . . .	1 198	834	3 915	1 961	1 410
<i>Other Economic Services—</i>					
Special Assistance for Water . . . . .	20 250	..	17 000	25 000	..
Urban Water Supply and Treatment . . . . .	5 685	5 666	6 224	5 797	5 860
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	..	37	..	..	..
<b>Total Specific Purpose Payments—</b>					
Capital . . . . .	253 783	221 732	253 172	258 506	217 567
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes . . . . .	1 386 490	1 471 146	1 538 764	1 549 140	1 383 686
For Specific Purposes . . . . .	765 986	761 533	824 328	850 485	995 401
<b>Total . . . . .</b>	<b>2 152 476</b>	<b>2 232 679</b>	<b>2 363 091</b>	<b>2 399 625</b>	<b>2 379 087</b>

(a) and (c)—See corresponding footnotes to Table 63.

(d)—See corresponding footnote to Table 56.



**Table 61—Tasmania—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	417 147	..	..	..	..
Financial Assistance Grants . . . . .	..	387 036	428 759	452 870	463 540
Special Revenue Assistance . . . . .	..	42 978	19 410	1 392	17 994
Health Grants . . . . .	58 970	63 553	70 461	74 605	..
<b>Total . . . . .</b>	<b>476 117</b>	<b>493 567</b>	<b>518 630</b>	<b>528 867</b>	<b>481 534</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Loan Portion . . . . .	54 849	49 379	21 714	..	..
Housing Nomination . . . . .	18 250	21 162	32 572	36 877	27 658
Capital Grants . . . . .	36 549	39 107	30 097	18 438	27 658
<b>Total . . . . .</b>	<b>109 648</b>	<b>109 648</b>	<b>84 383</b>	<b>55 315</b>	<b>55 315</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	163	167	193	149	213
<i>Education—</i>					
Higher Education . . . . .	48 365	52 730	53 730	56 487	55 227
State Contribution to Higher Education	..	..	..	..	..
Superannuation . . . . .	..	..	..	—55	—143
Technical and Further Education . . . . .	3 878	4 784	4 417	3 881	3 760
Schools . . . . .	28 722	31 875	34 157	36 423	38 414
Second Language Program . . . . .	..	..	..	88	..
Cost Escalation Allowance . . . . .	..	..	..	..	2 603
Pre-school Education . . . . .	1 410	705	..	..	..
Participation and Equity Program . . . . .	3 226	2 194	1 571	758	..
<i>Health—</i>					
Transfer Pathology Laboratory . . . . .	..	670	1 725	1 397	1 470
Hospital Funding Grants . . . . .	..	..	..	..	86 129
Medicare . . . . .	32 685	33 251	35 020	39 672	..
Hospital Waiting List Reduction . . . . .	..	..	..	255	335
Nurse Education . . . . .	..	..	106	202	439
Home and Community Care (d) . . . . .	..	..	464	1 654	2 616
Blood Transfusion Services . . . . .	226	319	333	375	387
Drug Education Campaigns . . . . .	110	506	515	548	579
Funds to Combat AIDS . . . . .	100	86	71	223	271
National Better Health . . . . .	..	..	..	..	30
School Dental Scheme . . . . .	460	..	..	..	..
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	1 216	..	..	..	..
Paramedical Services . . . . .	20	..	..	..	..
Geriatric Assessment . . . . .	..	236	273	291	381
Home and Community Care . . . . .	..	1 729	734	1 868	2 201
Rehabilitation Centres . . . . .	1 517	1 612	1 690	..	..
Children's Services . . . . .	170	137	138	153	159
Family Support Services . . . . .	146	125	200	298	..
Mortgage and Rent Relief . . . . .	618	648	686	710	742
Supported Accommodation Assistance . . . . .	1 110	2 007	2 265	2 007	2 814
Women's Emergency Services . . . . .	83	..	..	..	..
<i>Aboriginal Advancement (a)</i> . . . . .	179	179	170	182	114
<i>Housing and Community Amenities nec—</i>					
Assistance for Housing . . . . .	314	314	314	314	314
Urban Flood Mitigation . . . . .	..	11	6	..	..
Regional Economic Studies Centre . . . . .	40	40	..	..	..
Rainforest Conservation . . . . .	..	..	..	49	500
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	45	..	..	..	..
Expo 88 Participation . . . . .	..	..	..	100	..
South-West Tasmania—Heritage Area . . . . .	498	2 000	2 000	2 200	2 336

*Table 61—Tasmania—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	148	232	242	282	250
Interstate Road Transport . . . . .	..	..	7	21	44
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	476	971
Apple and Pear Export Assistance . . . . .	145	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	64	55	95	78	74
Destruction of Organochlorines . . . . .	..	..	..	..	8
Rural Adjustment Scheme . . . . .	77	123	819	993	1 868
Fertiliser Assistance . . . . .	..	..	..	207	95
Exotic Diseases Eradication . . . . .	..	5	..	4	28
Agricultural Research . . . . .	7	11	29	56	108
Soil Conservation . . . . .	161	186	197	240	278
Irrigation and Other Water Projects . . . . .	..	200	..	..	..
Assistance to Tin Mining . . . . .	..	..	80	..	..
National Industry Extension Service . . . . .	..	..	366	367	368
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	–33	..	..
Community Employment Program . . . . .	10 116	7 334	5 152	2 478	27
Employment Training—Aboriginal . . . . .	..	65	61	143	220
Coal Mining Industry Long Service Leave . . . . .	33	69	97	92	100
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	24	66	66
<i>General Public Services—</i>					
Legal Aid . . . . .	29	49	76	84	37
Road Safety Practices . . . . .	11	..	..	..	..
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government . . . . .	15 568	17 149	18 564	19 285	18 530
Interest on State Debt . . . . .	534	..	..	..	..
Sinking Fund on State Debt . . . . .	3 194	3 361	3 486	3 514	3 508
Assistance for South-West Tasmania . . . . .	21 493	25 290	26 529	28 431	30 027
Natural Disaster Relief . . . . .	61	..	..	..	..
<b>Total Specific Purpose Payments—</b>					
<b>Recurrent . . . . .</b>	<b>176 942</b>	<b>190 455</b>	<b>196 570</b>	<b>207 043</b>	<b>258 498</b>

**SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES**

<i>Defence—</i>					
Housing for Servicemen . . . . .	..	..	..	50	55
<i>Education—</i>					
Higher Education . . . . .	2 509	4 123	7 029	5 895	4 472
Technical and Further Education . . . . .	2 334	737	4 824	7 315	8 459
Schools . . . . .	6 024	6 065	5 394	5 925	6 299
Video Facilities . . . . .	6	7	6	3	..
Cost Escalation Allowance . . . . .	..	..	..	..	73
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	..	14
Teaching Hospitals/Enhancement Program . . . . .	..	1 400	1 400	1 400	692
Launceston General Hospital . . . . .	157	766	5 707	11 204	8 500
Blood Transfusion Services . . . . .	5	64	106	25	71
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	28	..	..	..	..
Home and Community Care . . . . .	..	5	353	..	..
Attendant Care Scheme . . . . .	..	..	..	66	..
Children's Services . . . . .	..	..	399	529	255
Crisis Accommodation Program . . . . .	359	376	398	439	548
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	904	913	855	839	845
Housing Assistance for Aborigines . . . . .	696	696	696	696	696
Local Government and Community Housing Grants . . . . .	200	286	313	339	448
Public Housing . . . . .	24 913	24 692	24 701	23 222	20 952
Urban Flood Mitigation . . . . .	57	40	56	80	1 000

*Table 61—Tasmania—Commonwealth Payments and Loan Council Borrowings, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Culture and Recreation—</i>					
Bicentennial Programs . . . . .	..	200	515	993	1 341
National Standard Sports Facilities (c) . . . . .	..	..	1 430	..	..
National Estate . . . . .	438	458	490	508	547
Cradle Mountain Visitor Centre . . . . .	..	..	..	..	800
Port Arthur Conservation Program . . . . .	600	500	..	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	1 347	65	5	16	20
Roads . . . . .	36 424	..	..	..	..
Australian Land Transport Program . . . . .	..	31 216	32 800	28 493	14 400
Australian Bicentennial Road Development . . . . .	14 900	11 957	15 200	18 400	10 100
Australian Centennial Road Development . . . . .	..	..	..	..	20 100
Second Hobart Bridge . . . . .	926	3 923	61	..	..
Bass Strait Passenger Service . . . . .	25 042	..	..	..	..
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme . . . . .	380	115	..	..	..
Irrigation and Other Projects . . . . .	180	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	109	..	314	300
<i>Not Allocated to Function—</i>					
Assistance for South-West Tasmania . . . . .	12 378	8 281	3 347	759	2 643
Natural Disaster Relief . . . . .	220	4	..	..	..
<i>Total Specific Purpose Payments—</i>					
Capital . . . . .	131 027	96 998	106 085	107 511	103 630
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes . . . . .	585 765	603 215	603 013	584 182	536 849
For Specific Purposes . . . . .	307 969	287 453	302 655	314 553	362 128
Total . . . . .	893 734	890 668	905 668	898 735	898 977

(a) and (c)—See corresponding footnotes to Table 63.

(d)—See corresponding footnote to Table 56.

**Table 62—Commonwealth Payments to the Northern Territory, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	471 292	..	..	..	..
Financial Assistance Grants . . . . .	..	..	..	..	616 625
Special Revenue Assistance . . . . .	..	..	1 235	2 845	58 703
Health Grants . . . . .	27 200	..	..	..	..
General Revenue Grants . . . . .	..	561 317	628 132	689 980	..
Special Grants . . . . .	-12 600	..	..	-14 381	..
Additional Assistance Grants . . . . .	5 000	..	..	..	..
<b>Total</b> . . . . .	<b>490 892</b>	<b>561 317</b>	<b>629 367</b>	<b>678 444</b>	<b>675 328</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>General Purpose Loans to Northern Territory—</i>					
Loan Portion . . . . .	91 635	77 211	33 954	..	..
Housing Nomination . . . . .	..	33 090	50 931	56 797	43 848
Capital Grants . . . . .	45 817	61 151	47 060	30 899	43 848
<b>Total</b> . . . . .	<b>137 452</b>	<b>171 452</b>	<b>131 945</b>	<b>87 696</b>	<b>87 696</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	118	149	149	189	167
<i>Education—</i>					
Higher Education . . . . .	6 074	7 676	8 642	9 390	9 593
Technical and Further Education . . . . .	1 430	1 898	2 303	2 049	2 024
Schools . . . . .	10 248	12 360	12 656	13 321	14 388
Second Language Program . . . . .	..	..	..	32	..
Cost Escalation Allowance . . . . .	..	..	..	..	698
Pre-School Education . . . . .	340	170	..	..	..
Participation and Equity Program . . . . .	855	582	614	390	..
<i>Health—</i>					
Hospital Funding Grants . . . . .	..	..	..	..	19 652
Medicare . . . . .	11 578	13 163	12 400	13 418	..
Nurse Education . . . . .	..	..	117	64	127
Home and Community Care . . . . .	..	..	..	..	78
Blood Transfusion Services . . . . .	137	160	191	200	207
Drug Education Campaigns . . . . .	73	203	212	225	238
National Diseases Control . . . . .	25	27	34	37	..
Funds to Combat AIDS . . . . .	..	129	154	268	284
National Better Health . . . . .	..	..	..	..	10
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	243	..	..	..	..
Geriatric Assessment . . . . .	..	57	139	112	353
Home and Community Care . . . . .	..	311	584	613	722
Rehabilitation Centres . . . . .	45	36	30	45	78
Children's Services . . . . .	101	142	224	165	165
Family Support Services . . . . .	138	168	194	217	..
Mortgage and Rent Relief . . . . .	196	208	227	237	261
Supported Accommodation Assistance . . . . .	576	1 047	1 279	972	1 756
Women's Emergency Services . . . . .	20	..	..	..	..
Translating and Interpreting Services . . . . .	..	..	191	68	95
Unattached Refugee Children . . . . .	..	2	..	..	..
<i>Aboriginal Advancement (a)</i> . . . . .	308	294	70	957	2 044
<i>Housing and Community Amenities nec—</i>					
Urban Flood Mitigation . . . . .	..	7	48	46	120
Environmental Restoration . . . . .	7 690	4 444	510	231	..
Rainforest Conservation . . . . .	..	..	44	113	200
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	..	100	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	..	..	92	..	105
Interstate Road Transport . . . . .	..	..	51	154	282

**Table 62—Commonwealth Payments to the Northern Territory, 1984–85 to 1988–89—(\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>Industry Assistance and Development—</b>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	13 219	9 624	9 087	12 073	14 812
Rural Adjustment Scheme . . . . .	133	..	400	696	826
Exotic Diseases Eradication . . . . .	..	..	32	44	55
Soil Conservation . . . . .	165	230	278	308	344
Irrigation and Other Water Projects . . . . .	..	1 455	..	..	..
Assistance to Tin Mining . . . . .	..	..	32	..	..
Other Mining Assistance . . . . .	..	..	..	..	100
National Industry Extension Service . . . . .	..	..	128	86	85
<b>Labour and Employment—</b>					
Special Employment Programs . . . . .	..	..	–31	..	..
Community Employment Program . . . . .	3 168	2 323	1 711	804	23
Employment Training—Aboriginal . . . . .	..	1 807	1 709	169	1 300
<b>Other Economic Services—</b>					
Company Fees—Revenue Sharing . . . . .	..	..	7	61	53
Urban Water Supply and Treatment . . . . .	..	10	9	..	50
NTEC Assistance . . . . .	72 862	39 568	29 456	47 535	50 920
<b>General Public Services</b>					
Road Safety Practices . . . . .	3	..	..	..	..
<b>Not Allocated to Function—</b>					
Grant in Lieu of Royalties (b) . . . . .	4 116	4 449	4 471	3 987	3 915
Recreation Leave and Furlough Entitlements (b) . . . . .	500	2 000	6 677	..	..
Financial Assistance—Local Government . . . . .	2 330	2 566	5 430	6 045	6 248
Sinking Fund on State Debt . . . . .	..	1 345	1 561	1 641	1 700
Debt Charges Assistance . . . . .	59 115	..	..	..	..
Natural Disaster Relief . . . . .	..	..	..	–202	..
<b>Total Specific Purpose Payments—</b>					
Recurrent . . . . .	195 805	108 609	102 114	116 859	134 077
<b>SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES</b>					
<b>Education—</b>					
Higher Education . . . . .	76	189	191	258	103
Technical and Further Education . . . . .	4 507	7 525	1 172	5 042	5 503
Schools . . . . .	4 229	4 601	5 324	5 070	6 283
Video Facilities . . . . .	212	268	319	147	..
Cost Escalation Allowance . . . . .	..	..	..	..	73
<b>Health—</b>					
Women's Health Screening . . . . .	..	..	..	..	5
Teaching Hospitals/Enhancement Program . . . . .	..	500	500	500	247
Blood Transfusion Services . . . . .	297	28	28	22	27
<b>Social Security and Welfare—</b>					
Home and Community Care . . . . .	..	9	..	59	56
Attendant Care Scheme . . . . .	..	..	..	65	..
Children's Services . . . . .	172	..	168	251	121
Crisis Accommodation Program . . . . .	150	157	157	200	200
Aboriginal Advancement (a) . . . . .	1 472	2 047	377	54	4 207
<b>Housing and Community Amenities nec—</b>					
Pensioner Housing Grants . . . . .	500	523	523	523	523
Housing Assistance for Aborigines . . . . .	9 584	9 584	11 791	12 497	14 734
Local Government and Community Housing Grants . . . . .	63	92	104	200	200
Assistance for Housing . . . . .	20 283	19 406	18 611	16 761	14 649
Urban Flood Mitigation . . . . .	115	35	14	43	..
<b>Culture and Recreation—</b>					
Bicentennial Programs . . . . .	..	28	404	943	465
National Standard Sports Facilities (c) . . . . .	..	..	475	..	..
National Estate . . . . .	210	220	235	232	261
<b>Economic Services—</b>					
<b>Transport—</b>					
Roads . . . . .	30 460	..	..	..	..
Australian Land Transport Program . . . . .	..	29 400	29 000	30 100	15 700

*Table 62—Commonwealth Payments to the Northern Territory, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
Australian Bicentennial Road Development . . . . .	13 815	11 150	10 800	8 800	4 500
Australian Centennial Road Development . . . . .	..	..	..	..	17 600
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	867	441	306	245
Rural Adjustment Scheme . . . . .	649	76	..	..	..
Irrigation and Other Water Projects . . . . .	1 390	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment . . . . .	..	46	87	119	50
NTEC Assistance . . . . .	8 940	19 434	40 575	810	..
Total Specific Purpose Payments— Capital . . . . .	97 123	106 184	121 296	83 003	85 752
<b>TOTAL PAYMENTS</b>					
For General Purposes . . . . .	628 344	732 769	761 312	766 140	763 024
For Specific Purposes . . . . .	292 928	214 793	223 411	199 861	219 828
Total . . . . .	921 273	947 562	984 723	966 001	982 852

(a), (b) and (c)—See corresponding footnotes to Table 63.

**Table 63—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory, 1984–85 to 1988–89 (\$ thousands)**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Tax Sharing Grants . . . . .	9 529 721				
Financial Assistance Grants . . . . .		9 781 693	10 889 647	11 756 085	12 313 213
Special Revenue Assistance . . . . .	51 300	87 177	46 860	33 802	137 289
Health Grants . . . . .	1 400 826	1 483 302	1 651 313	1 782 701	
General Revenue Grants . . . . .		561 317	628 132	689 980	
Special Grants . . . . .	-12 600			-14 381	
Additional Assistance Grants . . . . .	5 000				
<b>Total</b> . . . . .	<b>10 974 247</b>	<b>11 913 490</b>	<b>13 215 953</b>	<b>14 248 187</b>	<b>12 450 503</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
<i>Loan Council Borrowings—</i>					
Loan Portion . . . . .	637 236	580 145	240 787		
Housing Nomination . . . . .	405 764	426 355	533 794	357 208	266 656
<i>General Purpose Loans to Northern Territory—</i>					
Loan Portion . . . . .	91 635	77 211	33 954		
Housing Nomination . . . . .		33 090	50 931	56 797	43 848
Capital Grants . . . . .	567 317	619 151	476 486	207 003	310 504
<b>Total</b> . . . . .	<b>1 701 952</b>	<b>1 735 952</b>	<b>1 335 952</b>	<b>621 008</b>	<b>621 008</b>
<b>SPECIFIC PURPOSE PAYMENTS—RECURRENT PURPOSES</b>					
<i>Defence—</i>					
Emergency Services . . . . .	2 620	2 720	3 067	3 201	3 411
<i>Education—</i>					
Higher Education . . . . .	1 762 419	1 954 690	1 997 342	2 146 073	2 174 648
States Contribution to Higher Education Superannuation . . . . .				-10 199	-26 448
Technical and Further Education Schools . . . . .	127 509	134 693	149 536	124 475	121 586
Second Language Program . . . . .	1 167 334	1 294 407	1 392 624	1 490 335	1 586 713
Education—Cost Escalation Allowance . . . . .				3 545	
Pre-School Education . . . . .	33 090	16 545			104 020
Participation and Equity Program . . . . .	88 875	63 763	41 195	27 115	
<i>Health—</i>					
Transfer Pathology Laboratory . . . . .		670	1 725	1 897	1 470
Public Hospitals—Running Costs . . . . .			119		
Hospital Funding Grants . . . . .					3 024 807
Medicare . . . . .	924 474	996 269	1 017 903	1 094 988	
Hospital Waiting List Reduction . . . . .				24 678	24 680
Nurse Education . . . . .			7 242	7 176	15 845
Home and Community Care . . . . .		16 208	30 992	53 240	73 445
Blood Transfusion Services . . . . .	11 459	14 159	14 106	16 091	16 579
Drug Education Campaigns . . . . .	1 882	13 828	14 727	15 710	16 605
National Diseases Control . . . . .	475	625	533	404	
Funds to Combat AIDS . . . . .	3 697	5 586	5 734	10 017	12 522
National Better Health . . . . .					980
Health Program Grants . . . . .					23 466
School Dental Scheme . . . . .	762				
<i>Social Security and Welfare—</i>					
Home Care Services . . . . .	35 133				
Senior Citizens' Centres . . . . .	2 588				
Paramedical Services . . . . .	1 517				
Geriatric Assessment . . . . .		3 958	6 249	7 365	14 672
Home and Community Care . . . . .		35 575	68 025	107 612	126 781
Rehabilitation Centres . . . . .	1 888	2 026	4 716	479	539
Children's Services . . . . .	12 118	12 068	12 063	14 363	14 865
Family Support Services . . . . .	2 907	3 576	5 926	9 365	
Mortgage and Rent Relief . . . . .	21 586	22 700	24 100	25 000	26 400
Supported Accommodation Assistance . . . . .	17 601	32 030	45 439	39 646	60 348
Women's Emergency Services . . . . .	1 920				
Translating and Interpreting Services . . . . .	766	749	1 033	1 090	1 334
Unattached Refugee Children . . . . .		236	348	365	347

**Table 63—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<i>Aboriginal Advancement (a)</i>	31 321	31 388	29 915	29 907	32 412
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless . . . . .	..	122	147	..	..
Assistance For Housing . . . . .	5 500	5 500	5 500	5 500	5 500
Urban Flood Mitigation . . . . .	..	722	423	132	200
Regional Economic Studies Centre . . . . .	40	40	..	..	..
Environmental Restoration . . . . .	7 690	4 444	510	231	..
Rainforest Conservation . . . . .	..	..	1 065	2 271	6 037
<i>Culture and Recreation—</i>					
International Youth Year . . . . .	515	..	..	..	..
Expo 88 Participation . . . . .	..	..	..	600	..
America's Cup Defence . . . . .	4 223	1 773	5 957	..	..
South West Tasmania—Heritage Area . . . . .	498	2 000	2 000	2 200	2 336
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	212	951	419	336	652
Interstate Road Transport . . . . .	..	..	1 409	4 230	8 753
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	1 363	4 450
Sugar Industry . . . . .	..	1 728	23 522	2 854	6 613
Dried Vine Fruits Assistance . . . . .	..	19	1 405	7	..
Wine Industry Adjustment . . . . .	..	1 300	3 543	5	..
Apple and Pear Export Assistance . . . . .	169	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	41 591	36 390	38 622	34 834	40 798
Destruction of Organochlorines . . . . .	..	..	..	..	1 000
Rural Adjustment Scheme . . . . .	5 811	7 320	33 878	43 248	55 400
Drought-Fodder Subsidy . . . . .	-452	..	..	..	..
Fertiliser Assistance . . . . .	..	17 300	42 600	16 986	19 000
Exotic Diseases Eradication . . . . .	120	1 221	151	162	174
Agricultural Research . . . . .	184	313	524	1 209	1 582
Soil Conservation . . . . .	3 267	3 785	4 400	4 800	5 400
Irrigation and Other Water Projects Assistance to Tin Mining . . . . .	..	9 858	3 347	1 892	1 183
Other Mining Assistance . . . . .	..	..	980	..	..
National Industry Extension Service . . . . .	..	..	6 904	7 415	7 941
<i>Labour and Employment—</i>					
Special Employment Programs . . . . .	..	..	-3 950	-119	..
Community Employment Program . . . . .	354 384	256 824	181 001	94 447	1 300
Employment Training—Aboriginal . . . . .	..	9 785	9 255	7 433	11 920
Coal Mining Industry Long Service Leave . . . . .	19 114	17 857	19 769	43 450	25 400
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	..	420	622	816
Urban Water Supply and Treatment . . . . .	..	563	858	567	905
NTEC Assistance . . . . .	72 862	39 568	29 456	47 535	50 920
<i>General Public Services—</i>					
Legal Aid . . . . .	38 269	43 904	52 919	80 308	92 273
Human Rights . . . . .	837	983	1 385	1 100	1 419
Reimbursement of Costs—Law Library . . . . .	320	367	330	..	607
Road Safety Practices . . . . .	153	..	..	..	..
<i>Not Allocated to Function—</i>					
Grant in Lieu of Royalties (b) . . . . .	4 116	4 449	4 471	3 987	3 915
Recreation Leave and Furlough Entitlements (b) . . . . .	500	2 000	6 677	..	..
Financial Assistance—Local Government . . . . .	488 864	538 532	585 613	641 532	652 500
Interest on State Debt . . . . .	15 170	..	..	..	..
Sinking Fund on State Debt . . . . .	47 099	49 943	51 428	51 726	51 700
Debt Charges Assistance . . . . .	59 115	..	..	..	..
Assistance for South West Tasmania . . . . .	21 493	25 290	26 529	28 431	30 027
Natural Disaster Relief . . . . .	1 668	6 284	8 511	7 125	7 000
<b>Total Specific Purpose Payments—</b>					
<b>Recurrent . . . . .</b>	<b>5 447 271</b>	<b>5 749 605</b>	<b>6 026 637</b>	<b>6 392 619</b>	<b>8 559 847</b>



*Table 63—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory, 1984–85 to 1988–89 (\$ thousands)—continued*

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
<b>SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES</b>					
<i>Defence—</i>					
Housing for Servicemen . . . . .	5 959	4 258	2 437	1 993	707
<i>Education—</i>					
Higher Education . . . . .	121 674	143 556	189 870	233 415	177 651
Technical and Further Education . . . . .	162 843	147 043	165 421	178 681	184 541
Support for Steel Regions . . . . .	10 000	1 074	3 386	..	..
Schools . . . . .	212 800	222 758	202 516	218 915	238 079
Video Facilities . . . . .	1 055	1 300	1 300	600	..
Education—Cost Escalation Allowance . . . . .	..	..	..	..	2 762
Western Australia Defence Infrastructure . . . . .	..	..	..	10 000	..
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	870	1 600
Albury RALA Sub-Centre . . . . .	..	..	..	85	..
Teaching Hospitals/Enhancement Program . . . . .	..	47 540	47 540	47 540	23 506
Launceston General Hospital . . . . .	157	766	5 707	11 204	8 500
Home and Community Care . . . . .	..	..	..	42	..
Blood Transfusion Services . . . . .	2 134	1 329	2 110	2 168	2 290
High Security Quarantine Unit . . . . .	283	30	..	..	..
<i>Social Security and Welfare—</i>					
Senior Citizens' Centres . . . . .	5 222	..	..	..	..
Home and Community Care . . . . .	..	5 984	12 288	6 990	6 653
Attendant Care Scheme . . . . .	..	..	..	2 435	..
Children's Services . . . . .	10 764	1 402	6 405	17 430	8 412
Supported Accommodation Assistance . . . . .	..	..	..	..	2 000
Crisis Accommodation Program . . . . .	12 601	13 200	14 000	15 500	19 500
<i>Aboriginal Advancement(a)</i> . . . . .	9 249	7 280	8 693	6 819	20 072
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants . . . . .	35 000	36 600	37 000	37 500	37 500
Housing Assistance for Aborigines . . . . .	52 000	54 300	58 000	60 000	70 000
Local Government and Community Housing Grants . . . . .	7 000	10 000	11 000	12 000	16 000
Public Housing . . . . .	495 000	517 600	549 600	550 000	530 600
Growth Centres . . . . .	9 832	6 046	..	..	..
Urban Flood Mitigation . . . . .	4 900	5 264	4 857	4 509	7 280
Urban Rehabilitation . . . . .	634	4 000	3 000	..	..
Captains Flat Project . . . . .	120	174	182	..	..
<i>Culture and Recreation—</i>					
National Maritime Museum . . . . .	..	2 000	18 000	10 000	..
Bicentennial Programs . . . . .	5 151	13 042	20 110	18 409	7 562
Sesquicentenary Grants . . . . .	2 457	988	..	..	..
National Standard Sports Facilities (c) . . . . .	10 834	7 000	6 539	133	..
Western Australia Defence Infrastructure . . . . .	..	..	..	5 000	..
America's Cup Defence . . . . .	277	14 977	9	..	..
National Estate . . . . .	2 835	2 970	3 175	3 282	3 541
Cradle Mountain Visitor Centre . . . . .	..	..	..	..	800
Port Arthur Conservation Program . . . . .	600	500	..	..	..
Nature Conservation . . . . .	..	..	12	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	1 364	215	5	16	20
Roads . . . . .	827 700	..	..	..	..
Australian Land Transport Program . . . . .	..	805 147	805 450	764 293	397 700
Australian Bicentennial Road Development . . . . .	417 000	440 000	439 600	480 200	246 600
Australian Centennial Road Development . . . . .	..	..	..	..	564 700
Burbong Bridge Construction . . . . .	1 000	100	294	..	..
Support for Steel Regions . . . . .	500	1 850	982	..	..
Second Hobart Bridge . . . . .	926	3 923	61	..	..
Transport Improvement Grant . . . . .	19 000	9 700	..	..	50 000
Railway Projects . . . . .	42	..	38	..	383
Bass Strait Passenger Service . . . . .	25 042	..	..	..	..
Western Australia Defence Infrastructure . . . . .	..	..	..	30 000	..
<i>Industry Assistance and Development—</i>					
Fisheries Management . . . . .	..	1 088	1	2 101	1 336
Sugar Industry . . . . .	8 436	..	..	..	..

**Table 63—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory, 1984–85 to 1988–89 (\$ thousands)—continued**

	1984–85	1985–86	1986–87	1987–88	1988–89 (estimate)
Support for Steel Regions . . . . .	2 000	8 000	18 013	5 321	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	1 698	464	653	499
Rural Adjustment Scheme . . . . .	25 443	9 478	..	..	..
Plant Genetic Resource Program . . . . .	357	348	485	111	130
Assistance to Grand Prix Racing . . . . .	5 000	..	..	..	..
Burdekin Dam Construction . . . . .	20 000	26 000	30 007	16 500	19 229
Salinity Reduction Control . . . . .	6 673	3 618	4 301	4 925	7 641
Irrigation and Other Water Projects . . . . .	14 216	4 213	4 050	4 269	4 000
Coal Rail Freight . . . . .	..	..	..	10 000	10 000
Other Mining Assistance . . . . .	2 048	..	..	..	..
Western Australia Defence Infrastructure . . . . .	..	..	..	15 000	..
Portland Aluminium Smelter . . . . .	..	..	1 500	..	..
Western Australia Pastoral Industry Assistance . . . . .	6 000	..	..	..	..
<i>Labour and Employment—</i>					
Support for Steel Regions . . . . .	3 198	894	8 979	5 029	1 410
<i>Other Economic Services—</i>					
Special Assistance for Water . . . . .	20 250	..	17 000	25 000	..
Urban Water Supply and Treatment . . . . .	13 089	8 146	9 234	10 419	11 750
Support for Steel Regions . . . . .	1 650	3 807	5 250	664	..
NTEC Assistance . . . . .	8 940	19 434	40 575	810	..
<i>Not Allocated to Function—</i>					
Assistance for South West Tasmania . . . . .	12 378	8 281	3 347	759	2 643
Natural Disaster Relief . . . . .	9 613	19 913	27 821	8 672	43 000
<b>Total Specific Purpose Payments—</b>					
Capital . . . . .	2 633 248	2 648 833	2 790 615	2 830 264	2 720 597
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes . . . . .	12 676 199	13 649 442	14 551 905	14 869 195	13 071 511
For Specific Purposes . . . . .	8 080 518	8 398 438	8 817 253	9 222 883	11 280 444
<b>Total . . . . .</b>	<b>20 756 717</b>	<b>22 047 880</b>	<b>23 369 158</b>	<b>24 092 077</b>	<b>24 351 955</b>

- (a) Payments under this heading are recorded in Statement No. 3, Budget Paper No. 1 and in Table 30 above against a number of functional headings.
- (b) These payments to the Northern Territory were formerly recorded as general purpose payments. No conditions are attached to the use of the funds provided.
- (c) In August 1987 administration of this program passed to the Australian Sports Commission. As a result, these payments are no longer regarded as payments from the Commonwealth to the States, but are considered Commonwealth own-purpose outlays.