



COMMONWEALTH FINANCIAL RELATIONS WITH OTHER LEVELS OF GOVERNMENT 1989-90

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 1989-90

BUDGET PAPER No. 4

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(This document is to be released in November 1989).

1989-90 BUDGET PAPER No. 4

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PREFACE

This Paper presents information on the Commonwealth Government's financial relations with State, Territory and local governments.⁽¹⁾

Relationship with Other Budget Papers and Terminology

When examining government finances, the most relevant aggregates for economic analysis 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 Territories in respect of borrowings by the Commonwealth on their account. This approach is adopted in other budget papers and the national accounts. However, repayments 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 a variety of funds and their direct relationship to the programs to which they nominally relate is not always clear. Largely for these reasons, this Paper records payments on a gross basis, although tables showing repayments are included 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 the flow of both grants and advances (loans) from the Commonwealth to the States, the Territories and local government authorities (for example, specific purpose payments). The use of the term 'payment' in this manner is consistent with this Paper's emphasis on gross flows and with the use in Budget Paper No. 1. In instances where the net measure is more appropriate, the term 'net payment' is used.

Statement No. 6, 'Transactions of the Public Sector as a Whole' of Budget Paper No. 1 discusses developments in the State/local sector in a broader context. That discussion principally turns on the distinction between general government and public trading enterprises, and complements the discussion in Chapter II of this Paper on the 'Structure and Trends in State and Local Government Finances'.

Treatment of the Territories

The Northern Territory (NT) became a self-governing Territory on 1 July 1978 under the *Northern Territory (Self-Government) Act 1978*. It has outlays responsibilities and revenue raising powers similar to those of a State, although the NT is not a State under the Constitution. It operates under financial arrangements that are the same as, or modelled on, arrangements with the States.

The Australian Capital Territory (ACT) became a self-governing Territory on 11 May 1989 under the *Australian Capital Territory (Self-Government) Act 1988*. The ACT has responsibility for functions carried out by both State and local governments. Some State-type functions (policing and the judiciary) are yet to be transferred to the

(1) Information for earlier years is contained in previous issues of Budget Paper No. 4, *Commonwealth Financial Relations with Other Levels of Government*, 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 the latter 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 a historical summary of general purpose assistance showing general revenue payments from 1950–51 and special grants from 1910–11.

ACT. No specific timetable has been established for the transfer of policing but the transfer of judicial functions is to be complete by 1992. Commonwealth expenditures in the ACT for national purposes will continue to be financed from the Commonwealth Budget; maintenance of the Parliamentary Triangle, for example, is to be undertaken by the ACT on an agency basis, with the ACT recovering costs from the Commonwealth. Similarly, the Commonwealth is providing some services (for example, auditing and administrative review functions) on an agency basis to the ACT.

Like the NT, the ACT is not a State under the Constitution. Under self-government, however, the Commonwealth's financial relations with the ACT and arrangements for borrowings by ACT semi-government authorities, government-owned companies and trusts are to be comparable to those for the States.

Prior to May 1989, the ACT finances were included in the Commonwealth Budget. In preparation for self-government, a separate system of ACT accounts within the Commonwealth Budget—an ACT 'fiscus'—was established on 1 July 1988. ACT territorial and municipal taxes, charges and other receipts were paid into these accounts and expenditures made from them until 'Self-Government Day' on 11 May 1989. The Commonwealth's subventions to the ACT fiscus took the form of payments analogous to those made to the States and the NT.

The subventions made prior to self-government are classified in Budget Paper No. 1 as internal budget transfers and not as outlays; outlays from the ACT fiscus are treated as outlays by the Commonwealth. On Self-Government Day, balances held in the Commonwealth's ACT accounts were transferred to the ACT Government. In Budget Paper No. 1, the payments of these balances and all Commonwealth assistance paid after 11 May 1989 have been classified as transfers to other governments.

Because of the difficulties in making comparisons between 1988–89 and 1989–90 on the basis of the treatment adopted for Budget Paper No. 1, ACT payments are generally excluded from summary tables in this paper (ie the summary tables relate only to the States and the NT). However, so that data presented separately for the ACT are on a more comparable basis:

- amounts paid into the ACT fiscus prior to self-government are treated as payments to the ACT in 1988–89; and
- to avoid double-counting, payments to the ACT of the balances held in the Commonwealth's ACT accounts on Self-Government Day are not treated as payments to the ACT, as these amounts reflect receipts of payments and own source revenues into the ACT fiscus prior to self-government.

The footnote to Table 54 in Appendix III provides a reconciliation between 1988–89 ACT payments in this Budget Paper and Budget Paper No. 1. Even after adjusting for these factors, however, it should be noted that comparisons between years for the ACT are affected by the provision of a number of transitional payments to the ACT in 1988–89 on a 'once only' basis as well as 'base' adjustments for payments in 1989–90. It is intended that the treatment of the ACT in this Paper will reflect the treatment in Budget Paper No. 1 from the 1990–91 issue, when comparable data will be published for 1989–90 and 1990–91.

Population Figures Used in this Paper

The population series underlying *per capita* figures in this Paper are, with the exception of 1988–89 and 1989–90, the mean resident populations for the financial year published by the Australian Bureau of Statistics (ABS) in *Australian Demographic Statistics* (Catalogue No. 3101.0). The ABS estimates of population at 31 December 1988 have been used for 1988–89 and Treasury projections of population at 31 December 1989 have been used for 1989–90. Those population figures are in Table 8.

Further Information

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);
- *Commonwealth Government Finance* (5502.0);
- *State and Local Government Finance, Australia* (5504.0);
- *Taxation Revenue, Australia* (5506.0);
- *Public Sector Debt, Australia, 30 June 1987* (5513.0); and
- *Classifications Manual for Government Finance Statistics, Australia* (1217.0).

Much of the data presented in Chapter II are sourced from the ABS public finance statistics. Some of the data presented in Chapter III are also drawn from publications of the Commonwealth Grants Commission, including the *Report on General Revenue Grant Relativities 1989 Update*.

Style Conventions

The following style conventions are employed in this Paper.

- References to the 'States' do not include the NT or the ACT; references to the 'States and the Territories' include the six States, the NT and 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 NT from 1978 but exclude the ACT. The ACT is to be transferred from the Commonwealth to the State/local sector after 1989-90.
- Figures in tables, and generally in the text, have been rounded. Discrepancies in tables between totals and sums of components reflect 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:
 - na not available or not applicable
 - .. zero, or rounded to zero
 - () negative figures are shown in parentheses

CHAPTER I—INTRODUCTION

The Commonwealth Government's financial relations with the States and the Territories involve:

- the provision of financial assistance from the Commonwealth Budget. This assistance may be classified as:
 - general purpose or specific purpose payments;
 - payments for current or capital purposes; and
 - grants or advances (loans);
- borrowings undertaken by the Commonwealth on behalf of the States under the Financial Agreement. No new borrowings of this type have been undertaken since 1986–87; and
- the determination of Loan Council 'global' limits on borrowings by State and Territory semi-government and local authorities, and government-owned companies and trusts. Commonwealth authorities' borrowings are also subject to 'global' borrowing limits.

Forms of Commonwealth Financial Assistance to the States and the Territories

Payments to the States and the Territories accounted for about 30% of Commonwealth Budget outlays in 1988–89 and were equivalent to around 40% of State and Territory outlays; Commonwealth payments to local government amount to about 1.5% of Commonwealth Budget outlays and are equivalent to about 15% of local government outlays.

Financial Assistance to the States and the Territories

- *General revenue assistance* consists of untied grants to assist in meeting current outlays. They constitute the largest inter-government transfer, accounting for around 50% of estimated Commonwealth net payments to the States and the Territories in 1989–90.
- *General purpose capital payments* are untied payments to assist with outlays for capital purposes. They originally comprised advances at market interest rates of the proceeds of borrowings by the Commonwealth on behalf of the States. In recent years, however, they have comprised largely capital grants by the Commonwealth in lieu of borrowings and concessional loans nominated by the States and Territories for public housing purposes. The program for the States and the NT is to be provided completely by way of a capital grant in 1989–90, following the replacement of concessional loans for public housing with grants under the Commonwealth State Housing Agreement. (Some of the program for the ACT is still to be provided by way of advances.)

- *Specific purpose payments* are payments to assist in meeting expenditures for purposes designated by the Commonwealth and/or as a condition of the States and the Territories agreeing to undertake particular projects. In 1989–90, around 75% of specific purpose payments are for current purposes and virtually all are provided as grants. Some payments are passed on by the States and the NT to their local government authorities. The amounts passed to local government are generally determined by the State and NT Governments, although in certain instances (such as road funding) the amounts are subject to Commonwealth approval.

Financial Assistance to Local Government

In addition to the assistance passed on by the States and the NT at their discretion, local government is eligible for two direct forms of Commonwealth payments:

- *general purpose assistance* comprising untied grants which are the local government equivalent of general purpose assistance to the State government sector. The grants are paid initially to the States and the NT who are required to pass on the full amounts to local government authorities. The ACT Government (which has both territorial and municipal responsibilities) also receives comparable assistance in respect of its local government functions; 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 1985–86. Table 2 shows some of the payments on a per capita basis. Additional details are provided in the appendices at the end of this Paper.

**Table 1-Commonwealth Payments to the States and the NT, State Government
Loan Council Programs and Payments Made Direct to Local Government
Authorities (\$ million)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
General Revenue								
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	3,680.1	2,675.1	2,241.9	1,460.2	1,316.0	488.8	680.8	12,542.9
1989-90(a)	3,649.1	2,690.1	2,415.3	1,485.7	1,390.1	497.1	697.2	12,824.7
Specific Purpose - Current								
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	571.6	196.1	102.1	6,026.6
1987-88	2,230.2	1,741.8	911.7	596.0	591.0	207.9	117.1	6,395.7
1988-89	2,891.2	2,296.3	1,341.8	788.6	756.8	264.8	170.2	8,509.7
1989-90(a)	3,178.7	2,485.5	1,477.9	866.4	829.6	298.6	89.1	9,225.8
Total Current								
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	1,953.4	714.8	731.5	19,242.6
1987-88	6,507.0	4,854.4	3,474.0	2,215.3	2,060.9	736.8	795.6	20,643.9
1988-89	6,571.3	4,971.4	3,583.7	2,248.8	2,072.8	753.6	851.0	21,052.6
1989-90(a)	6,827.9	5,175.6	3,893.2	2,352.1	2,219.7	795.7	786.3	22,050.5
General Purpose Capital								
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
1989-90(a)	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5
Specific Purpose - Capital								
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	895.4	616.6	513.2	358.3	256.1	107.1	82.7	2,829.4
1988-89	838.7	617.6	496.8	296.5	269.7	102.2	90.2	2,711.7
1989-90(a)	1,003.7	682.9	546.5	331.0	246.3	143.2	133.9	3,087.5
Total Capital (Gross)								
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	1,068.1	759.5	550.7	404.1	335.3	162.4	170.4	3,450.4
1988-89	1,011.4	760.6	534.3	342.3	348.8	157.5	177.9	3,332.7
1989-90(a)	1,090.1	754.4	565.2	353.9	285.9	170.8	177.7	3,398.0
Total General Purpose								
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	3,852.8	2,818.1	2,279.4	1,506.0	1,395.2	544.1	768.5	13,164.0
1989-90(a)	3,735.5	2,761.5	2,434.1	1,508.6	1,429.7	524.7	741.1	13,135.2
Total Specific Purpose								
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	824.8	302.2	223.4	8,817.3
1987-88	3,125.6	2,358.4	1,424.9	954.3	847.1	315.0	199.8	9,225.1
1988-89	3,729.9	2,913.9	1,838.6	1,085.1	1,026.4	366.9	260.4	11,221.4
1989-90(a)	4,182.4	3,168.4	2,024.4	1,197.4	1,075.9	441.8	222.9	12,313.3
Total Payments to the States and the NT								
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	2,363.5	905.2	984.7	23,369.2
1987-88	7,575.0	5,613.9	4,024.6	2,619.3	2,396.3	899.2	965.9	24,094.3
1988-89	7,582.7	5,732.0	4,118.0	2,591.1	2,421.6	911.0	1,028.9	24,385.3
1989-90(a)	7,917.9	5,930.0	4,458.4	2,706.0	2,505.7	966.5	964.0	25,448.6

Table 1-Commonwealth Payments to the States and the NT, State Government Loan Council Programs and Payments Made Direct to Local Government Authorities (\$ million)-continued

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
Payments Made Direct to Local Government Authorities								
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	31.6	37.7	24.5	13.9	4.0	3.9	1.1	116.6
1989-90(a)	34.5	41.3	17.0	12.6	4.6	4.2	1.2	115.4
Total Payments (Gross)								
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	2,370.0	908.4	986.4	23,470.7
1987-88	7,608.5	5,651.5	4,040.5	2,628.4	2,399.4	903.5	967.9	24,199.7
1988-89	7,614.3	5,769.8	4,142.4	2,604.9	2,425.6	914.9	1,030.0	24,501.9
1989-90(a)	7,952.4	5,971.2	4,475.5	2,718.7	2,510.3	970.8	965.2	25,564.0
Repayments by the States, the NT and Local Government Authorities								
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	56.0	38.6	164.3	18.1	12.1	473.2
1988-89	126.9	80.6	58.8	37.0	102.2	18.4	11.5	435.3
1989-90(a)	119.0	80.3	59.1	33.4	134.4	17.9	9.0	453.3
Total Payments (Net)								
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	2,330.8	890.6	976.5	23,126.2
1987-88	7,503.8	5,572.0	3,984.5	2,589.9	2,235.1	885.4	955.8	23,726.4
1988-89	7,487.4	5,689.2	4,083.7	2,567.9	2,323.5	896.6	1,018.5	24,066.6
1989-90(a)	7,833.3	5,891.0	4,416.4	2,685.2	2,375.8	952.8	956.2	25,110.7

(a) Estimate.

Table 2-Commonwealth Payments to the States and the NT, State Government Loan Council Programs and Payments Made Direct to Local Government Authorities (\$ per capita)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
General Revenue								
1985-86	650.43	632.64	807.51	903.84	920.98	1,110.14	3,695.30	761.50
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	641.31	623.53	805.63	930.86	929.64	1,087.87	4,352.65	764.74
1989-90(a)	628.07	618.94	843.96	920.37	971.10	1,100.90	4,421.31	769.18
General Purpose Capital								
1985-86	91.99	94.93	79.88	100.71	148.17	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	30.09	33.32	13.46	29.17	55.93	123.11	560.72	37.86
1989-90(a)	14.86	16.45	6.54	14.17	27.65	61.26	278.05	18.62
Total Specific Purpose								
1985-86	513.11	517.70	506.21	595.35	553.44	646.54	1,414.04	536.82
1986-87	529.74	533.77	528.94	594.78	594.07	675.52	1,433.96	555.34
1987-88	552.18	557.07	526.54	627.87	604.57	703.47	1,274.81	572.07
1988-89	649.98	679.19	660.72	691.71	725.09	816.70	1,665.16	684.16
1989-90(a)	719.86	729.02	707.36	741.74	751.62	978.50	1,413.72	738.51
Total Payments to the States, the NT and Local Government Authorities (Net)								
1985-86	1,240.36	1,235.10	1,379.46	1,576.67	1,592.83	1,971.73	6,192.09	1,392.82
1986-87	1,301.35	1,289.99	1,454.73	1,638.57	1,678.89	1,990.68	6,267.53	1,456.56
1987-88	1,325.65	1,316.13	1,472.35	1,703.97	1,595.16	1,977.12	6,099.45	1,471.32
1988-89	1,304.76	1,326.05	1,467.46	1,636.95	1,641.33	1,995.45	6,512.06	1,467.33
1989-90(a)	1,348.23	1,355.43	1,543.16	1,663.40	1,659.68	2,110.38	6,063.11	1,506.05

(a) Estimate.

State and Local Authority Borrowings

Each year, the 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 NT and the ACT. Chapter IV provides more information about these arrangements.

Institutional Arrangements

The framework for the management of financial relations between the Commonwealth, States and Territories has evolved to cover the determination of both general purpose and specific purpose funding. The most important institutional arrangements dealing with general purpose funding are:

- the Premiers' Conference (which 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 subject to negotiation among the Commonwealth, the States and the Territories at the Conference. The distribution among the States and the NT is generally determined having regard to the *per capita* relativities determined and periodically reviewed by the independent Commonwealth Grants Commission. These relativities are set with a view to compensating the States and the NT for relative revenue and expenditure disabilities in their current budgets; Chapter III provides more detail.

The amount and distribution of specific purpose payments is usually determined formally in the context of the Commonwealth's Budget deliberations. The details concerning program implementation are worked out with State, Territory and local governments. Such discussions are undertaken either on a bilateral basis between the Commonwealth and the relevant State, Territory or local government, or through more formal channels such as Commonwealth-State Ministerial Councils or Conferences. These Councils or Conferences deal with non-financial matters as well as with the funding of various programs. For example, meetings of Commonwealth and State Education Ministers (the Australian Education Council) have been considering recently a National Strategy for Schools, which has included proposals for common educational curricula.

Under the Financial Agreement of 1927, the Loan Council, which generally meets on the same day as the Premiers' Conference, has responsibility for determining the level of borrowings by the Commonwealth Government on its own behalf and on behalf of the State Governments. Except in limited circumstances, State Governments are not permitted to borrow directly in their own right. However, the development of State central borrowing authorities (CBAs) in recent years, has meant that State Governments can indirectly access the funds borrowed by CBAs under global borrowing limits through on-lending arrangements. While the ACT and the NT are not members of Loan Council, analogous arrangements apply.

As noted above, general purpose capital assistance for the States and the NT is now provided wholly by way of capital grants. The ACT program is comprised largely of a capital grant, with the remainder provided as loans.

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 program of these authorities. Under the present 'Global Approach', which has been in place since May 1985, 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 1989 Premiers' Conference and Loan Council Meeting Outcome

Arrangements for the States and the NT

At the Premiers' Conference and Loan Council meeting on 18 May 1989, the principal decisions were:

- general revenue assistance to the States and the NT for 1989-90 would be based upon amounts \$550 million lower than included in the Commonwealth's forward estimates at the time. As a result, in nominal terms, general revenue grants are presently estimated to increase by 2.2% in 1989-90 (see Chapter III);
- general purpose capital grants to the States and the NT would be maintained at the same nominal level as in 1988-89 (\$310.5 million). In addition, from 1989-90 the concessional loans provided for public housing purposes in 1988-89 (\$310.5 million) would be replaced by additional grants under the Commonwealth State Housing Agreement (see Chapters IV and V); and
- the agreed global borrowing limits of State authorities for 1989-90 would total \$3750 million, or 23.7% less than the agreed limits for 1988-89 (the 1988-89 limits were agreed to by the Commonwealth and the States other than Queensland (QLD), see Chapter IV). The global borrowing limit for the NT was also reduced by \$14 million to \$81 million in 1989-90, bringing the total reduction in the limit for the States and the NT to \$1014 million.

On a comparable basis of measurement, these decisions imply that general purpose assistance will decline by 3.1% in real terms⁽²⁾ in 1989-90, following a real decline of 6.8% in 1988-89.

Arrangements for the ACT

Under transitional financial arrangements for the ACT, general purpose funding (including general revenue grants, general purpose capital funding and general purpose assistance for local government functions) was to be maintained in real terms until 1990-91 and moved to a basis similar to the States and the NT during the following two years.

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

The funding arrangements agreed at the Premiers' Conference for the ACT include provision to maintain the earlier funding guarantee but the actual amounts of general purpose assistance to be paid to the ACT Government in 1989-90 are to be based on comparability with the treatment afforded to the States and the NT. The difference between the forward estimates (based on the real terms guarantee) and amounts to be paid will be placed in a Commonwealth Trust Account, and the principal and accrued interest will be used to assist the ACT during its transition to State-like funding arrangements. The current estimate of the total amount to be paid into the ACT Transitional Funding Trust Account (excluding interest) in 1989-90 is \$21.3 million. The ACT Government may apply, over the next two years, to access the Trust Account for projects that assist the ACT in the transition to parity with State funding. (Chapters III and IV provide further detail.)

The ACT global borrowing limit was cut by 21% to \$39.5 million on its notional base limit for 1988-89 (see Chapter IV).

Other Decisions

Other decisions of the Premiers' Conference and Loan Council meeting were:

- to implement the updated relativities recommended in the Commonwealth Grants Commission's 1989 Report, subject to the NT receiving special revenue assistance (see Chapter III);
- to request reports from the Commonwealth Grants Commission on:
 - *per capita* relativities for the distribution of general purpose assistance to local government among the States and the Territories; and
 - the appropriateness of updates of *per capita* relativities (and their frequency if retained) and the appropriate period of review to be used by the Commission in assessing relativities (see Chapter III); and
- for the Commonwealth to examine a proposal from Victoria (VIC) and QLD that the Commonwealth waive or assume responsibility for certain State debt (see Chapter IV).

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

This chapter provides an overview of the public sector; it outlines trends in the principal financial aggregates, public sector employment, the operating performance of public trading enterprises and gross/net debt for the State and local government sectors and for individual States and the NT.

THE STRUCTURE OF THE PUBLIC SECTOR

Shares of the major financial aggregates and public sector employment in 1987–88 (the latest year for which data are available for each level of government) are shown in Table 3. The Commonwealth Government's share of revenue (about 75%) is much higher than its share of total public sector outlays (about 50%) when transfers to other levels of government are excluded. Payments to or for other levels of government account for the difference and represent about 30% of Commonwealth sector outlays. The State sector (excluding transfers to the local government sector) accounts for 43% of total public sector outlays, while the local government sector accounts for 6%.

Table 3—Public Sector Financial Aggregates and Employment: Shares of Each Level of Government, 1987–88 (%)

	Outlays (a)			Final Demand (b)	Own-Source Revenue	Net PSBR (c)	Employment
	Current	Capital	Total				
						\$m	
Commonwealth	56	20	51	32	74	(2,473)	25
State	40	65	43	59	22	3,610	66
Local	4	15	6	9	4	117	9
Total	100	100	100	100	100	1,254	100

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

(b) Final demand consists of final consumption expenditure and gross fixed capital expenditure.

(c) Net financing requirement as defined in the ABS publication Government Financial Estimates.

In 1988–89, the Commonwealth sector's surplus was \$5,489 million, while the State/local sector's net PSBR was \$2,250 million.

While representing about 50% of public sector outlays, the Commonwealth accounts for around 30% of public sector final demand for goods and services and only 25% of public sector employment. This essentially reflects the importance of personal benefit payments at the Commonwealth level (almost half of total outlays excluding transfers to or for other levels of government)—delivery of these payments is, of course, less labour intensive than the provision of education, health and police services at the State/local level.

The main sources of Commonwealth, State and local government funds in 1987–88 are shown in Table 4. Own-source revenue accounted for about 50% of State sector revenue in 1987–88 compared with 75% of local government revenue.

Table 4—Sources of Revenue for Each Level of Government, 1987–88 (%)

	Commonwealth	State	Local
Own-Source Revenue			
Taxes, Fees and Fines			
Personal Income Tax	50	..	..
Company Income Tax	10	..	..
Excises	12	..	..
Sales Tax	9	..	..
Customs Duty	4	..	..
Payroll Tax	1 (a)	8	..
Stamp Duties	..	7	..
Motor Vehicle Taxes	..	4	..
Franchise Taxes	..	3	..
Municipal Rates	..	..	53
Other	2	10	3
Total	89	32	56
Net Operating Surplus (b)	4	11	7
Other	7	8	12
Total	100	51	75
Payments from Higher Levels of Government			
- from Commonwealth (c)	na	49	19
- from State	na	na	7
Total Revenue	100	100	100

(a) Includes fringe benefits tax.

(b) Net operating surplus (NOS) is included as revenue in the ABS Government Financial Estimates. NOS is calculated as operating revenue (including subsidies received from the general government sector) less operating expenditure. Further detail on the operating performance of PTEs is presented later in this chapter and in Statement No. 6 of Budget Paper No. 1.

(c) In 1987–88, Commonwealth payments to local government comprised general revenue assistance (11% of local government revenue), direct payments to local government (2% of local government revenue) and specific purpose payments to the States that were passed to local government (6% of local government revenue).

TRENDS IN STATE AND LOCAL GOVERNMENT FINANCIAL AGGREGATES

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

State/local Sector

The State/local sector continued to exhibit financial restraint in 1988–89. Charts 1, 2 and 3 and Tables 5 and 6 provide information on trends in State/local sector financial aggregates. The main points in respect of 1988–89 are:

- preliminary ABS estimates indicate that State/local sector total outlays declined by 3.3% in real terms, following a fall of 2.7% in 1987–88;
- own-source revenue increased by 3.8% in real terms, while net Commonwealth payments declined by 6.3%. As a result, total revenue fell slightly in real terms;
- the sector's net PSBR (which measures its direct call on financial markets) declined from 1.3% of GDP in 1987–88 to 0.7% of GDP in 1988–89 (the lowest level since 1975–76); and
- State/local sector employment decreased by 0.2% in the year to March 1989.

Several factors have contributed to the real declines in State/local sector outlays since 1987-88 and to the reduction in the sector's net PSBR as a proportion of GDP over this period (see Charts 1 and 2). The most important of these has been the cumulative impact of cuts in net Commonwealth payments and the sector's global borrowing limit since 1985-86. Over this period:

- net Commonwealth payments to the State/local sector were cut by 12.2% in real terms; and
- the sector's global borrowings were cut by over 30%, to \$4.7 billion in 1988-89.

The impact of cuts in net Commonwealth payments has been cushioned by strong growth in the State/local sector's own-source revenue, which has increased by about 20% in real terms since 1985-86. Even so, the sector's total revenue has fallen as a proportion of GDP over this period.

The State/local sector has adjusted to the decline in payments and borrowings primarily by cutting capital outlays. The restraint in capital outlays mainly reflects the progressive completion of economic infrastructure projects commenced in the early/mid 1980s and, in more recent times, an increased level of asset sales (which are recorded as an offset to capital expenditure). The sector's adjustment to a lower level of funding has also been facilitated by falling real wages (which account for about 50% of the sector's current outlays).

Chart 3 provides information on the State/local sector's final demand for goods and services which account for about three quarters of the sector's total outlays and about 70% of public final demand. The main features in State/local final demand, in constant prices, are:

- final consumption expenditure continues to grow strongly in real terms, reflecting a trend that has been evident for most of the period since 1975-76. Over this period expenditure on health and welfare functions has increased more rapidly than expenditure on other major functions, such as education. Population growth has a substantial impact on the demand for State/local sector services; the sector's total consumption expenditure, however, has increased by an average of 2.5% per annum in real *per capita* terms since 1985-86; and
- the increase in gross fixed capital expenditure in the early 1980s reflected increased expenditure on electricity generation capacity as well as other expenditure by PTEs, including on railways. Expenditure on electricity and railway operations in recent years has been well below their peak in 1982-83. General government capital expenditures increased in the mid-1980s but declined in 1987-88. Total capital expenditure declined sharply in the two years to 1988-89, to be around 17% below the level in 1986-87.

Chart 1: State/local Sector Sources of Funds

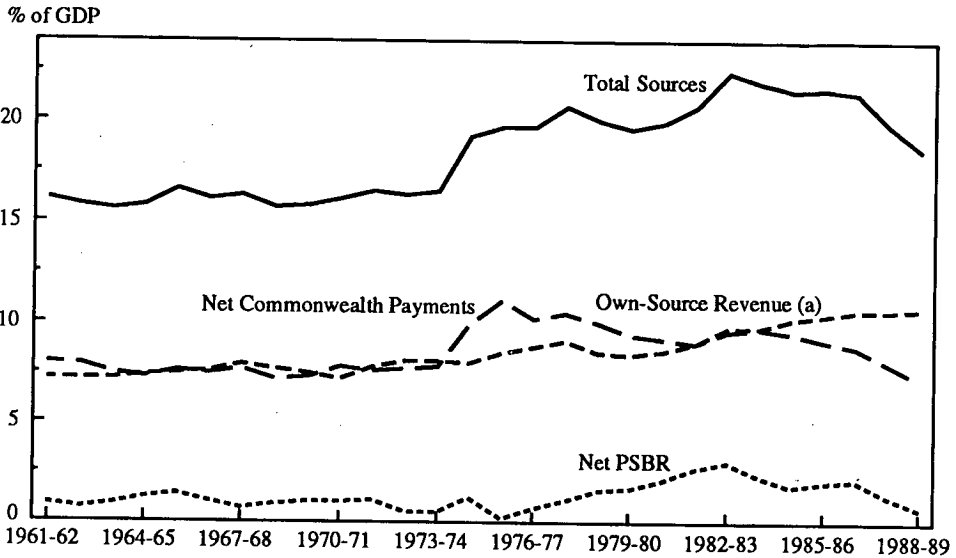
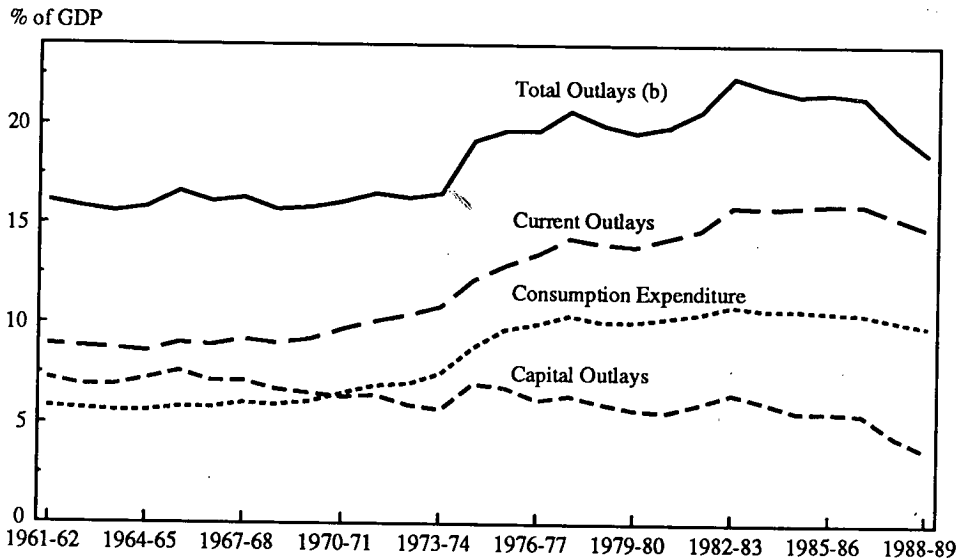


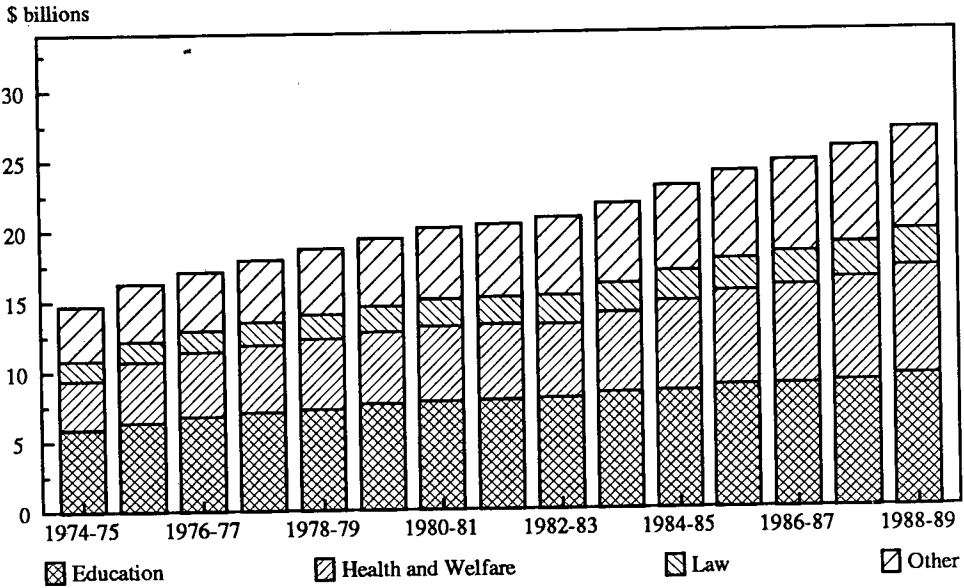
Chart 2: State/local Sector Uses of Funds



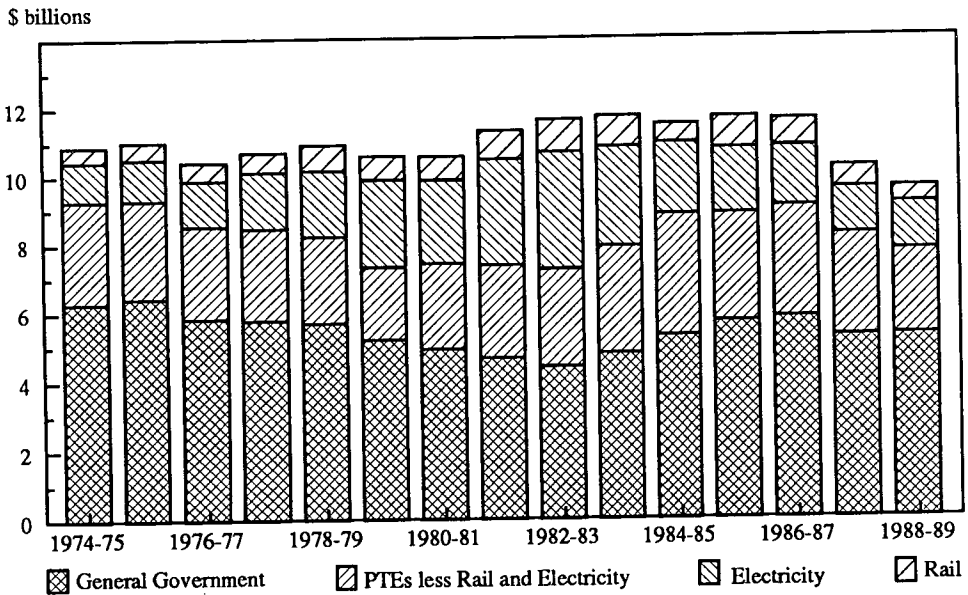
(a) Includes the increase in provisions (including for depreciation and superannuation).

(b) Total outlays are calculated as current plus capital outlays. The main components of current outlays are consumption expenditure (about 65% of current outlays), interest payments (about 20%) and subsidies (about 5%).

**Chart 3: State/local Sector Final Consumption Expenditure
(at 1984-85 Prices)**



**State/local Sector Gross Fixed Capital Expenditure (a)
(at 1984-85 Prices)**



(a) Includes new fixed capital expenditure and net sales of second-hand fixed assets.

Table 5-Financial Aggregates, State and Local Government Sectors (real change).

	Outlays (a)				Revenue								Public Sector Employment (d)
	Current	Capital	Total	% of GDP	Taxes, Fees and Fines	Own- Source Revenue (b)	Total Net Payments		Total Revenue		Net PSBR		
							(c)						
							%	%	%	%		% of GDP	% of GDP
							State/local						
1983-84	4.8	(1.3)	3.0	21.9	3.9	5.0	9.8	7.0	9.7	5.9	19.6	2.3	na
1984-85	6.1	(4.0)	3.3	21.5	5.7	9.1	10.2	2.9	9.5	6.0	19.7	1.8	2.0
1985-86	4.5	5.0	4.6	21.6	2.7	6.9	10.4	(0.4)	9.1	3.4	19.6	2.0	2.4
1986-87	2.7	(0.1)	1.9	21.4	5.4	3.7	10.6	(1.1)	8.8	1.5	19.3	2.1	0.9
1987-88	1.6	(15.4)	(2.7)	19.8	9.6	5.7	10.6	(4.7)	8.0	1.0	18.6	1.3	(0.2)
1988-89	(0.8)	(12.2)	(3.3)	18.6	5.1	3.8	10.7	(6.3)	7.2	(0.5)	17.9	0.7	(0.2)
Average growth													
1984-85 to 1988-89	2.8	(5.7)	0.7		5.7	5.8		(2.0)		2.2			1.0
							State						
1984-85	6.2	(6.3)	2.8	19.8	6.2	10.1	8.5	2.6	9.5	6.0	18.0	1.7	1.7
1985-86	4.4	4.4	4.4	19.8	2.8	7.1	8.8	(0.5)	9.1	3.1	17.9	2.0	2.6
1986-87	2.8	(0.3)	2.0	19.7	5.7	3.9	8.9	(1.1)	8.7	1.4	17.6	2.1	1.0
1987-88	1.7	(17.0)	(2.8)	18.2	11.6	7.4	9.1	(4.5)	8.0	1.5	17.0	1.2	(0.2)
Average growth													
1984-85 to 1987-88	3.7	(5.2)	1.6		6.5	7.1		(0.9)		3.0			-1.2
							Local						
1984-85	4.1	10.7	6.6	2.4	3.8	2.2	1.7	3.2	0.6	2.5	2.4	..	4.4
1985-86	2.3	3.7	2.8	2.3	2.4	6.1	1.7	(6.3)	0.6	2.7	2.3	..	1.4
1986-87	0.7	..	0.4	2.3	1.6	0.8	1.7	(5.9)	0.5	(0.9)	2.2	0.1	0.1
1987-88	(0.1)	(3.4)	(1.4)	2.2	2.4	(1.7)	1.6	1.8	0.5	(0.9)	2.1	..	0.4
Average growth													
1984-85 to 1987-88	1.7	2.6	2.1		2.5	1.8		(1.9)		0.8			1.6
(a) State government current capital and total outlays include													

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

(b) Includes the increase in provisions (including for depreciation and superannuation).

(c) In 1989-90, net Commonwealth payments to the States and the NT are estimated to decline by 1.8% in real terms, and are estimated to be equivalent to 6.9% of GDP.

Payments to the State sector excludes Commonwealth payments direct to local governments. Payments to the local sector includes direct payments from the Commonwealth and payments from State Governments (including Commonwealth payments passed on to local governments).

(d) Figures for 1988-89 relate to the year to March 1989 (the latest available data) and show the per cent change over the same period a year earlier.

Table 6 shows the sector's capital outlays (including both gross fixed capital expenditure and other capital outlays) and their relationship to financing transactions. The sector's deficit financing of capital outlays has declined markedly since 1987–88. In 1988–89, deficit financing is estimated to have been about 16% compared with over 50% in the early 1980s. The reduction in borrowings under the Global Approach (see Table 6, Column 12), in combination with restraint in capital outlays (partly reflecting increased assets sales—see Table 6, Column 2) and firm growth in own-source revenue has contributed to this outcome.

The composition of the sector's deficit financing has changed considerably over time, with net borrowings direct from the private sector becoming relatively more important and net advances from the Commonwealth (primarily comprising the State Governments' Loan Council programs and equivalent general purpose capital funding for the NT) declining markedly. In both 1987–88 and 1988–89, net advances were negative for the first time since at least 1961–62 (because repayments exceeded advances), and direct borrowings by the State/local sector now finance the whole of its deficit.

It is not possible to forecast State/local financial aggregates for 1989–90 prior to the delivery of all State Budgets. However, the restraint in Commonwealth payments (a real fall of 1.8%) and global borrowings (a fall of 18.5%), in conjunction with a possible easing in the recent rapid growth in the sector's own-source revenue, is likely to require continued fiscal adjustment by the State/local sector in 1989–90. On the basis of current information, the sector's net PSBR is *estimated* to be about 0.7% of GDP in 1989–90, the same proportion of GDP as in 1988–89. Statement No. 6 in Budget Paper No. 1 includes a forecast of the total net PSBR in 1989–90.

State Sector and Local Government Sector

Changes in financial aggregates and public sector employment in the State Government and the local government sectors for the period 1984–85 to 1987–88 are shown in Table 5. In comparing trends in these sectors it should be noted that the local government sector is much less financially reliant on the other levels of government than the State sector is reliant on the Commonwealth (see Table 4). Consequently, the Commonwealth Government has relatively more impact on State than on local government budgetary policies.

State sector outlays increased more slowly than local government outlays in the four years to 1987–88. In 1987–88, the real growth in outlays slowed more markedly in the State sector, mainly reflecting restraint in capital expenditure.

General purpose payments account for over half of net Commonwealth payments to both State and local governments. As indicated in Table 7, in every year since 1985–86 growth in general purpose payments to local government has been more favourable than comparable payments to the States. (Chapter III provides further details of general purpose payments to local governments in 1989–90.)

Table 6-State/Local Sector Capital Outlays and Financing Transactions

	Capital Outlays			Deficit (b)									Gross PSBR (c)	
	Excluding net asset sales	Net asset sales (a)	Total	Ratio to capital outlays			Net advances from the Commonwealth		Net PSBR					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
	% of GDP	% of GDP	% of GDP	\$m	% of GDP	%	\$m	% of Deficit	\$m	% of Deficit	% of GDP	\$m	% of GDP	
Average 1969-70 to 1978-79	6.5	(0.2)	6.3	1,532	2.4	38.1	946	64.8	586	35.2	0.9	na		
Average 1979-80 to 1988-89	5.6	(0.1)	5.5	4,558	2.4	40.5	665	13.6	3,893	86.4	2.0	na		
1979-80	5.7	..	5.7	3,028	2.5	43.5	895	29.6	2,133	70.4	1.7	na		
1980-81	5.6	..	5.6	3,845	2.8	49.0	936	24.3	2,909	75.7	2.1	na		
1981-82	6.0	..	6.0	5,137	3.3	54.6	865	16.8	4,272	83.2	2.7	na		
1982-83	6.5	..	6.5	6,137	3.6	55.0	1,056	17.2	5,081	82.8	3.0	6,165	3.6	
1983-84	6.1	..	6.1	5,457	2.8	46.4	996	18.3	4,461	81.7	2.3	6,603	3.4	
1984-85	5.6	..	5.6	4,577	2.1	38.3	791	17.3	3,786	82.7	1.8	7,067	3.3	
1985-86	5.8	0.1	5.6	5,592	2.3	41.7	786	14.1	4,806	85.9	2.0	7,041	3.0	
1986-87	5.6	0.2	5.5	6,051	2.3	42.0	546	9.0	5,505	91.0	2.1	6,395	2.4	
1987-88	4.7	0.3	4.4	3,701	1.2	28.3	(26)	(0.7)	3,727	100.7	1.3	5,522	1.9	
1988-89	4.1	0.3	3.7	2,051	0.6	16.3	(199)	(9.7)	2,250	109.7	0.7	4,700	1.4	

(a) Net asset sales are defined in this table as net sales of second-hand fixed assets and land and intangible assets; excludes the proceeds of some asset sales which are classified as offsets to capital expenditure under other categories such as advances. A positive level of asset sales leads to a reduction in outlays.

(b) Financing transactions (ie total outlays less total revenue) less increases in provisions as defined in the ABS' Government Financial Estimates. Sum of columns (7) and (9).

(c) Estimates of the sector's gross borrowings prior to 1982-83 are not available from Loan Council sources. In 1989-90 the sector's gross borrowing limit will total \$3831 million or 1.0% of GDP.

Table 7—Commonwealth General Purpose Payments to State and Local Government

	State Government		Local Government	
	\$m	Real Change %	\$m	Real Change %
1985-86	13,649	0.6	539	3.0
1986-87	14,552	(0.7)	586	1.3
1987-88	14,869	(4.9)	642	2.0
1988-89(a)	13,164	(6.8)	653	(7.0)
1989-90(a)	13,135	(3.1)	675	(2.6)

(a) Changes between years have been calculated after adjustment to the base year to eliminate the effects of changes in the classification of certain programs.

FINANCIAL DEVELOPMENTS IN INDIVIDUAL STATES

Inter-State comparisons of outlays, revenue, borrowing and the financial performance of public trading enterprises (PTEs) can be influenced by differences in the growth of population and gross State product (GSP), the different range of activities undertaken by the various levels of government, and the level and growth in Commonwealth payments to individual States. Variations in the growth and composition of population, for example, can have a strong bearing on the demand for State sector services, such as education, hospitals and law enforcement.

Table 8—Population(a) (thousand)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
1981-82	5,267.9	3,969.1	2,386.8	1,320.3	1,325.0	428.6	229.9	127.3	15,054.8
1982-83	5,329.4	4,013.8	2,455.9	1,354.8	1,338.1	431.0	235.4	133.0	15,291.5
1983-84	5,376.4	4,055.6	2,503.3	1,380.6	1,353.0	435.1	241.8	139.3	15,485.2
1984-85	5,433.6	4,098.1	2,547.6	1,404.1	1,365.6	440.1	247.6	145.3	15,681.9
1985-86	5,497.3	4,140.4	2,597.0	1,437.5	1,376.0	444.6	255.4	151.9	15,901.0
1986-87	5,571.4	4,184.2	2,650.4	1,479.8	1,388.3	447.4	262.6	155.8	16,139.9
1987-88	5,660.5	4,233.6	2,706.2	1,519.9	1,401.2	447.8	269.7	156.7	16,395.6
1988-89(b)	5,738.5	4,290.3	2,782.8	1,568.7	1,415.6	449.3	275.3	156.4	16,676.8
1989-90(c)	5,810.1	4,346.2	2,861.9	1,614.3	1,431.5	451.5	280.6	157.7	16,953.7
Share %									
1989-90(c)	34.3	25.6	16.9	9.5	8.4	2.7	1.7	0.9	100.0

(a) The population series in this table which underlie the per capita figures in this Paper are, with the exception of 1988-89 and 1989-90, 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 1988 have been used for 1988-89 and Treasury projections of population at 31 December 1989 have been used for 1989-90.

(b) Preliminary estimate.

(c) Projection.

Table 9—Population Growth by State (% change)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
1984-85	1.1	1.0	1.8	1.7	0.9	1.1	2.4	4.3	1.3
1985-86	1.2	1.0	1.9	2.4	0.8	1.0	3.2	4.5	1.4
1986-87	1.3	1.1	2.1	2.9	0.9	0.6	2.8	2.6	1.5
1987-88	1.6	1.2	2.1	2.7	0.9	0.1	2.7	0.6	1.6
1988-89(a)	1.4	1.3	2.8	3.2	1.0	0.3	2.1	(0.2)	1.7
1989-90(b)	1.2	1.3	2.8	2.9	1.1	0.5	1.9	0.8	1.7
Average 1984-85 to 1987-88	1.3	1.1	2.0	2.4	0.9	0.7	2.8	3.0	1.4

(a) Preliminary estimate.

(b) Projection.

Changes in the ratio of outlays, revenue and State net borrowing requirements to GSP can be affected by influences on the GSP base that are not directly related to the stance of budgetary policies—for example, fluctuations in commodity prices (the mining and agricultural sectors are relatively much more important in QLD, Western Australia (WA) and the NT than in the other four States).

Table 10—Gross State Product (a) (% nominal change)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
1983-84	11.2	13.9	11.7	9.6	20.9	10.7	18.4	12.7
1984-85	9.5	10.7	11.7	18.5	12.3	12.3	7.6	11.4
1985-86	11.7	12.4	10.3	10.2	9.1	10.5	17.8	11.4
1986-87	10.9	9.3	9.8	12.6	8.0	12.3	16.9	10.3
1987-88(b)	12.6	14.3	13.2	12.7	10.7	9.2	4.3	12.8
Average 1984-85 to 1987-88(b)	11.2	11.7	11.2	13.5	10.0	11.1	11.5	11.5

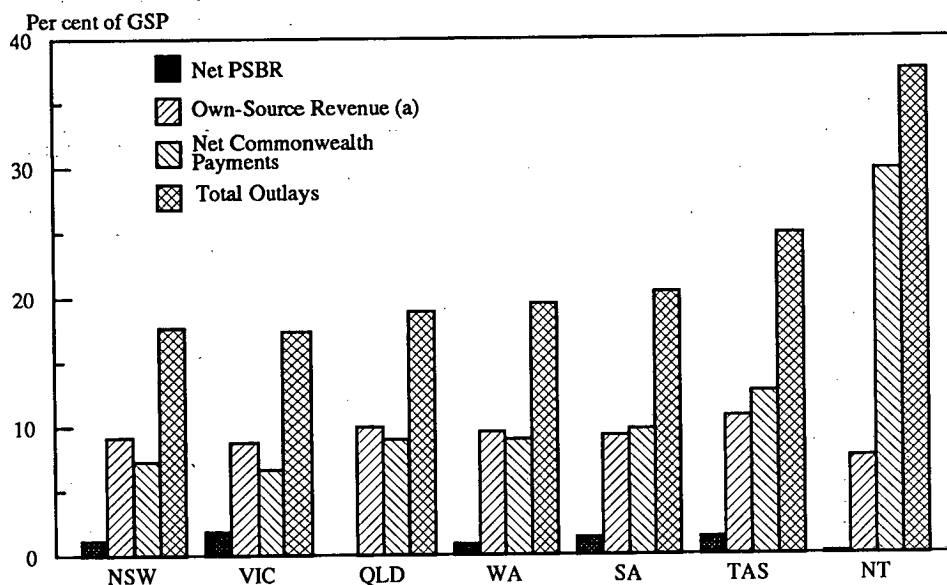
(a) 'Gross State Product' (GSP) refers to each State's Gross Domestic Product (GDP) at market prices. Estimates of each State's GDP at factor cost are published by the ABS for the years 1977-78 to 1986-87 in Australian National Accounts, State Accounts, 1987-88 (Catalogue No. 5220.0). In order to obtain estimates at market prices to 1987-88, 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, 1987-88, for all years have been allocated across the States and Territories in line with their estimated shares of GSP before the allocation of these items.

(b) Estimate.

The range of activities undertaken by State and local governments also varies between the States. For example, electricity undertakings in WA, QLD and Tasmania (TAS) are operated exclusively by State Governments, whereas elsewhere both State and local governments are involved. Local government in QLD is involved in the provision of some metropolitan transport, while that is generally handled by State Governments in other States. Railways are also operated exclusively by State Governments in all States except South Australia (SA) and TAS, where the Commonwealth has operated non-metropolitan railways since 1975.

As can be seen in Chart 4, the ratio of State outlays to GSP varies considerably between the States and the NT. This variation mainly reflects substantial differences in the ratio of net Commonwealth payments to GSP. That, in turn, is associated with the distribution of Commonwealth general revenue assistance based on fiscal equalisation principles (see Chapter III) rather than variations in the ratio of State own-source revenue to GSP.

Chart 4: Outlays, Own-Source Revenue, Net PSBR and Net Commonwealth Payments 1987-88



(a) Includes the increase in provisions (including for depreciation and superannuation).

Recent Financial Developments in the State Sector

Recent comparative developments in the States and NT reflect various factors including:

- trends in the level of net Commonwealth payments, which have been reduced most sharply in real terms in recent years for TAS and the NT, declining by 18.4% in TAS between 1985-86 and 1987-88 and by 15.4% in the NT over the same period. By comparison, net Commonwealth payments to the other States declined by 5.0%. The decline in payments to TAS and the NT reflects adjustments in line with the recommendations of the Commonwealth Grants Commission; and
- the fact that these payments are relatively more important for the less populous States—that is, SA but more so for TAS and the NT—so that the restraint in payments in recent years has had a greater impact on those States and the NT.

Major Fiscal Aggregates

Table 11 shows changes in the key fiscal aggregates of individual States and the NT from 1984-85 to 1987-88 (the latest available data) in real and real *per capita* terms, and the net PSBR as a share of GSP. Chart 5 shows trends in total outlays, own-source revenue, total revenue and the net PSBR as a proportion of GSP. The main points are discussed below.

Outlays

- Total outlays declined in real terms in all States and the NT in 1987–88, with an average decrease of 2.8% in real terms compared with an average increase of 4.4% in 1985–86 and 2.0% in 1986–87. The decline in total outlays in 1987–88 largely reflects a sharp cut in capital outlays.
- Over the four years to 1987–88, current outlays in all the States and the NT increased in real terms while capital outlays have decreased, with average real changes during this period of 3.7% and –5.2% respectively.
- In the four years to 1987–88, total outlays grew most rapidly in New South Wales (NSW) and SA and declined in the NT and TAS. After adjustment for population growth, real *per capita* outlays still increased relatively quickly in SA and NSW and, with the exception of VIC, declined in the other States.

Own-Source Revenue

- Own-source revenue increased relatively quickly in 1987–88 in the NT, SA, NSW, QLD and WA and relatively slowly in VIC. Taxation revenue increased relatively quickly in QLD, WA and NSW primarily reflecting strong growth in stamp duty receipts.
- Grants Commission estimates provide a guide to the relative importance of changes in revenue raising effort and growth in the revenue base in accounting for trends in own-source revenue. They suggest that the more rapid growth in taxation revenue in 1987–88 in NSW and WA primarily reflected growth in the revenue base rather than relative increases in tax effort, while the slower growth in taxation revenue in VIC primarily reflects comparatively slow growth in the taxation base. In addition, the estimates suggest that tax effort increased relatively quickly in SA, TAS and the NT in 1987–88.

Net Commonwealth Payments

- The cuts in net Commonwealth payments over the four years to 1987–88 have been relatively less severe for WA, NSW, QLD and VIC. However, adjusted for population growth, the cuts in payments to QLD were above the average over this period.

Total Revenue

- The growth in total revenue has slowed markedly since 1985–86, primarily reflecting the real decline in Commonwealth payments. In 1987–88 the strong growth in own-source revenue resulted in total revenue growing at about the same rate as in the previous year, despite the sharp real cut in Commonwealth payments. Since 1984–85, total revenue in WA and QLD has grown much faster than in the remainder of the sector although this trend is less marked on a *per capita* basis, particularly in WA.

Net PSBR

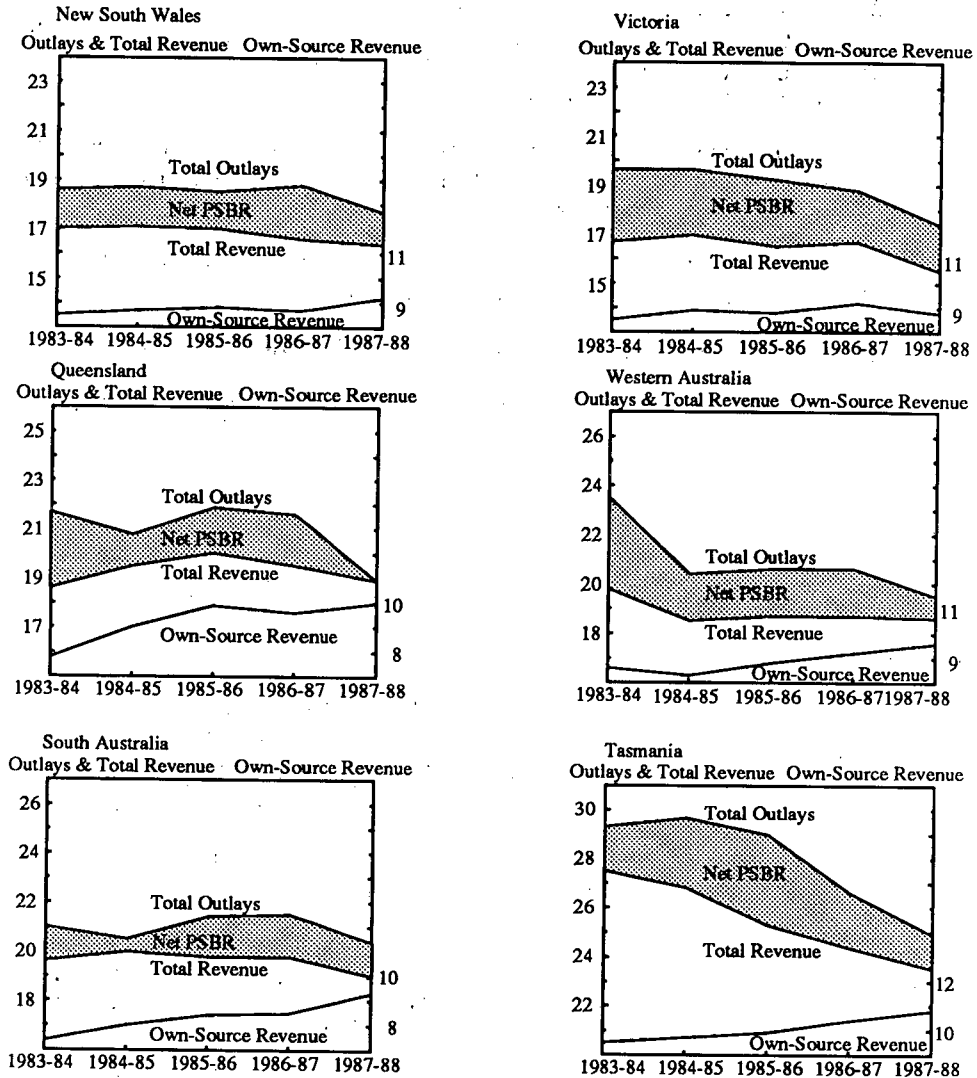
- The net PSBR in the States and the NT has declined from 2.9% of GDP in 1982–83 to 1.2% in 1987–88. Over the period 1983–84 to 1987–88 as a whole, the net PSBR as a proportion of GSP has been highest in VIC and TAS (2.4% of GSP for both compared to an average of below 2.0%).

Table 11-State Financial Aggregates, (% real change and real per capita change)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
Current Outlays								
1984-85	5.1	7.5	6.2	5.0	7.5	4.2	8.6	6.2
1985-86	3.1	5.2	5.7	5.2	6.4	2.1	(1.7)	4.4
1986-87	4.1	2.2	2.0	3.5	1.8	(0.3)	0.1	2.8
1987-88	3.3	(0.1)	0.2	4.6	2.3	(2.8)	0.6	1.7
Average real growth 1984-85 to 1987-88	3.9	3.7	3.5	4.6	4.5	0.8	1.8	3.7
Average real per capita growth 1984-85 to 1987-88	2.6	2.6	1.5	2.1	3.6	0.1	(1.1)	2.3
Capital Outlays								
1984-85	(1.8)	(5.1)	(8.7)	(20.9)	(8.3)	18.0	(9.4)	(6.3)
1985-86	5.0	(3.5)	14.3	0.7	6.6	(2.8)	23.7	4.4
1986-87	8.2	(9.6)	(1.7)	8.6	(2.0)	(14.3)	(14.5)	(0.3)
1987-88	(16.4)	(6.5)	(25.8)	(16.5)	(19.0)	(12.2)	(46.1)	(17.0)
Average real growth 1984-85 to 1987-88	(1.7)	(6.2)	(6.6)	(7.8)	(6.1)	(3.6)	(15.2)	(5.2)
Average real per capita growth 1984-85 to 1987-88	(3.0)	(7.2)	(8.4)	(10.0)	(7.0)	(4.3)	(17.7)	(6.5)
Total Outlays								
1984-85	3.4	4.2	1.3	(2.9)	3.8	7.7	3.7	2.8
1985-86	3.6	3.1	8.2	4.1	6.4	0.8	4.3	4.4
1986-87	5.1	(0.3)	0.8	4.7	1.0	(4.1)	(4.0)	2.0
1987-88	(1.6)	(1.4)	(7.7)	(0.7)	(2.0)	(5.0)	(11.1)	(2.8)
Average real growth 1984-85 to 1987-88	2.6	1.4	0.5	1.2	2.2	(0.3)	(2.0)	1.6
Average real per capita growth 1984-85 to 1987-88	1.3	0.3	(1.4)	(1.2)	1.4	(1.0)	(4.8)	0.1
Own-Source Revenue (a)								
1984-85	6.0	9.2	21.5	7.7	14.8	9.1	10.8	10.1
1985-86	5.7	4.6	13.6	9.0	7.1	4.9	10.8	7.1
1986-87	2.6	6.7	(1.1)	10.5	1.8	10.1	(8.9)	3.9
1987-88	10.2	1.1	9.1	8.9	12.6	5.5	24.5	7.4
Average real growth 1984-85 to 1987-88	6.1	5.4	10.5	9.0	9.0	7.4	8.6	7.1
Average real per capita growth 1984-85 to 1987-88	4.7	4.2	8.3	6.5	8.0	6.6	5.5	5.6
Net Commonwealth Payments								
1984-85	2.0	3.3	2.2	2.7	4.4	0.3	4.2	2.6
1985-86	1.8	(0.4)	(1.0)	(0.0)	(3.3)	(6.8)	(4.0)	(0.5)
1986-87	(0.9)	(1.7)	0.3	(0.3)	(0.9)	(5.4)	(3.4)	(1.1)
1987-88	(3.5)	(4.0)	(3.9)	(0.4)	(10.5)	(7.5)	(8.8)	(4.5)
Average real growth 1984-85 to 1987-88	(0.2)	(0.8)	(0.6)	0.5	(2.7)	(4.9)	(3.1)	(0.9)
Average real per capita growth 1984-85 to 1987-88	(1.5)	(1.8)	(2.5)	(1.9)	(3.5)	(5.6)	(5.9)	(2.3)
Total Revenue								
1984-85	4.0	6.3	10.3	4.9	8.3	3.3	5.1	6.0
1985-86	3.8	2.2	5.8	4.0	0.9	(2.5)	(1.8)	3.1
1986-87	0.9	2.8	(0.4)	4.8	0.2	0.7	(4.3)	1.4
1987-88	3.7	(1.2)	2.5	4.2	(0.6)	(2.0)	(3.6)	1.5
Average real growth 1984-85 to 1987-88	3.1	2.5	4.5	4.5	2.1	(0.2)	(1.2)	3.0
Average real per capita growth 1984-85 to 1987-88	1.8	1.4	2.5	2.0	1.3	(0.9)	(4.1)	1.5
Net PSBR (% of GSP)								
1983-84	1.6	2.9	3.1	3.7	1.3	1.7	1.6	2.3
1984-85	1.5	2.5	1.4	1.8	0.5	2.9	1.1	1.7
1985-86	1.5	2.7	1.9	1.9	1.6	3.7	3.7	2.0
1986-87	2.2	2.1	2.1	1.8	1.8	2.3	3.3	2.1
1987-88	1.2	1.9	..	0.9	1.4	1.4	0.2	1.2
Average 1983-84 to 1987-88	1.6	2.4	1.7	2.0	1.3	2.4	2.0	1.9

(a) Includes the increase in provisions (including for depreciation and superannuation).

Chart 5: Outlays, Revenue and Net PSBR as a Percentage of GSP (a)



(a) The charts show total outlays, own-source revenue (including the increase in provisions), total revenue and the net PSBR as a share of GSP. The net PSBR is the shaded area shown as the vertical difference between the outlays and total revenue lines. The scales in each chart are the same, the levels, however differ between States. For example, outlays in 1987-88 as a proportion of GSP were around 17.5% in NSW and VIC and around 25% in TAS. Such differences in large part reflect the impact of fiscal equalisation, which is discussed in Chapter III. The change in the ratios for individual States provide the best guide to the stance of State financial policies.

The level of net Commonwealth payments is not represented by the vertical difference between the total revenue (plotted on the left hand scale) and own-source revenue (plotted on the right hand scale) lines. However, because the two scales are identical the slope of the revenue lines shows the relative trends in the components of total revenue as a proportion of GSP (for example, in TAS the total revenue line declined by 0.9 percentage points of GSP between 1986-87 and 1987-88 while the own-source revenue line increased by 0.4 percentage points of GSP in this period. Therefore, net Commonwealth payments declined by 1.3 percentage points of GSP).

Public Sector Employment

Table 12 shows annual changes in public sector employment in the period 1984-85 to 1988-89 on a State-by-State basis for both the State and local government sectors. The table also provides details of public sector employment by institutional sector in the March quarter 1989 (the extent of available data):

- The growth in State sector employment slowed in 1986-87 and has subsequently declined. Since 1984-85, growth in State sector public employment has been slowest in QLD and the NT and most rapid in VIC.
- The rate of growth in local government employment has also been much slower since 1986-87 and more recently has begun to decline.

**Table 12—Public Sector Employment: State and Local Government Sectors
(% change)**

	NSW	VIC	QLD	WA	SA	TAS	NT	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	0.6	0.3	(2.3)	(0.3)	0.4	(0.1)	(2.3)	(0.2)
1988-89(a)	(0.7)	1.0	(1.4)	1.2	0.3	(0.4)	(1.6)	(0.1)
Average-1984-85 to 1988-89	0.6	2.1	0.2	1.0	1.1	0.4	0.2	1.0
Percent of State Government Employees (b)								
General Government	76.9	72.8	89.7	81.5	83.0	83.3	90.7	79.3
Public Trading Enterprises	20.2	23.2	na	14.6	13.2	14.3	na	17.7
Public Financial Enterprises	2.9	4.0	na	3.9	3.9	2.4	na	3.1
Total	100.0	100.0	na	100.0	100.0	100.0	na	100.0
State Sector as a Proportion of Total Wage and Salary Earners								
1987-88	18.0	19.0	21.2	23.0	22.0	26.0	29.8	19.4
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	(0.5)	2.3	(1.5)	0.5	2.7	1.2	(2.0)	0.4
1988-89(a)	(2.2)	1.3	1.5	(0.7)	0.8	(4.7)	10.4	(0.3)
Average-1984-85 to 1988-89	0.3	3.4	(0.3)	1.3	1.8	(0.3)	6.6	1.2
Percent of Local Government Employees (b)								
General Government	72.7	96.9	81.3	100.0	98.8	91.2	100.0	84.9
Public Trading Enterprises	27.3	3.1	18.7	..	1.2	8.8	..	15.1
Public Financial Enterprises	..	..	..	..	..	..	..	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Local Sector as a Proportion of Total Wage and Salary Earners								
1987-88	3.0	2.7	3.2	2.0	1.7	2.4	1.5	2.7

(a) Figures for 1988-89 relate to the year to March 1989 (the latest available data) and show the per cent change over the same period a year earlier.

(b) February 1989 (only available data). Figures for PTE and PFE sectors in QLD and the NT are not available for separate publication.

- Almost 80% of State sector employees are in the general government sector, mainly providing education, health and police services. PTEs, which usually recover a significant proportion of their operating costs through charges for their goods and services, employ about 18% of State sector employees, with the balance employed by public financial enterprises.

Operating Performance of PTEs

The financial performance of PTEs has an important impact on State/local sector finances and the economy in general. In 1988–89, the operating revenue and expenditure (which is treated as an offset to operating revenue in determining net operating surplus) of State/local sector PTEs were equivalent to about 8.7% and 6.9% of GDP respectively. By comparison, State/local sector general government own purpose outlays were equivalent to 14.5% of GDP in 1988–89.

Statement No. 6 in Budget Paper No. 1 provides an overview of the main financial aggregates of PTEs, including *operating results* and *cost recovery ratios* of State/local sector PTEs. This section focuses on the operating performance of *State sector PTEs* for individual States.

Inter-State comparisons of PTEs' operating performance are heavily influenced by the following factors:

- the relative importance of metropolitan transport systems in NSW and VIC which have low levels of cost recovery, in part reflecting community service obligations of those organisations;
- electricity generation in VIC is more capital intensive than in NSW and some other States because the primary source of fuel for VIC's operations is brown coal rather than black coal (the former requires relatively more processing prior to the electricity generation process);
- the operating performance of PTEs in QLD is related to the strong revenue performance of its railway coal transport operations (with freight charges including a component akin to general government royalty revenue) and the operation of some metropolitan transport by local government; and
- that non-metropolitan railways in SA and TAS are operated by the Commonwealth.

Table 13 shows the operating results (net operating surplus less subsidies and net interest paid) for State sector PTEs. The table shows that State sector PTEs operate at a substantial loss (equivalent to 0.6% of GDP in 1987–88), mainly as a result of losses on rail operations.

Table 13—Operating Result of State Sector Public Trading Enterprises (a)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
\$ million								
1978-79	(249)	(75)	(9)	(47)	(67)	(10)	(31)	(538)
1979-80	(182)	(128)	5	(66)	(73)	(14)	(43)	(529)
1980-81	(213)	(223)	(12)	(59)	(68)	(17)	(49)	(668)
1981-82	(555)	(342)	(12)	(56)	(55)	(16)	(51)	(1,111)
1982-83	(543)	(590)	(5)	(101)	(75)	(28)	(64)	(1,482)
1983-84	(662)	(810)	1	(126)	(75)	(29)	(75)	(1,844)
1984-85	(578)	(1,071)	132	(186)	(112)	(19)	(92)	(1,966)
1985-86	(708)	(1,178)	262	(134)	(98)	(15)	(74)	(2,111)
1986-87	(886)	(1,163)	292	(85)	(113)	..	(87)	(2,101)
1987-88	(1,066)	(899)	412	(64)	(107)	23	(81)	(1,828)
% of GSP								
1978-79	(0.6)	(0.3)	(0.1)	(0.5)	(0.8)	(0.3)	(3.4)	(0.5)
1979-80	(0.4)	(0.4)	..	(0.6)	(0.7)	(0.4)	(4.0)	(0.4)
1980-81	(0.4)	(0.6)	(0.1)	(0.5)	(0.6)	(0.5)	(3.7)	(0.5)
1981-82	(1.0)	(0.8)	(0.1)	(0.4)	(0.5)	(0.4)	(3.4)	(0.7)
1982-83	(0.9)	(1.3)	..	(0.6)	(0.6)	(0.7)	(3.7)	(0.9)
1983-84	(1.0)	(1.5)	..	(0.7)	(0.5)	(0.6)	(3.6)	(1.0)
1984-85	(0.8)	(1.8)	0.4	(0.9)	(0.6)	(0.4)	(4.1)	(0.9)
1985-86	(0.9)	(1.8)	0.7	(0.6)	(0.5)	(0.3)	(2.8)	(0.9)
1986-87	(1.0)	(1.6)	0.7	(0.3)	(0.5)	..	(2.8)	(0.8)
1987-88	(1.0)	(1.1)	0.9	(0.2)	(0.5)	0.3	(2.5)	(0.6)
State Government Sector								
Electricity		Rail		Other		Total		
	\$m	% of GDP	\$m	% of GDP	\$m	% of GDP	\$m	% of GDP
1978-79	37	..	(257)	(0.2)	(318)	(0.3)	(538)	(0.5)
1979-80	(21)	..	(277)	(0.2)	(232)	(0.2)	(529)	(0.4)
1980-81	(41)	..	(664)	(0.5)	37	..	(668)	(0.5)
1981-82	(208)	(0.1)	(867)	(0.6)	(35)	..	(1,111)	(0.7)
1982-83	(232)	(0.1)	(1,095)	(0.6)	(156)	(0.1)	(1,482)	(0.9)
1983-84	(429)	(0.2)	(1,420)	(0.7)	5	..	(1,844)	(1.0)
1984-85	(481)	(0.2)	(1,554)	(0.7)	69	..	(1,966)	(0.9)
1985-86	(375)	(0.2)	(1,672)	(0.7)	(64)	..	(2,111)	(0.9)
1986-87	(150)	(0.1)	(1,693)	(0.6)	(258)	(0.1)	(2,101)	(0.8)
1987-88	(112)	..	(1,626)	(0.5)	(90)	..	(1,828)	(0.6)

(a) Net operating surplus (ie operating revenue less operating expenditure) less subsidies received plus interest received less interest paid. In terms of the ABS Government Financial Statistics Economic Transactions Framework (ETF): ETF 321 - ETF 322 - ETF 3213 + ETF 333 - ETF 121

Table 14 shows cost recovery ratios (ratio of operating revenue, excluding subsidies, to operating expenditure exclusive and inclusive of net interest outlays) for State sector PTEs. The ratio inclusive of net interest outlays shows the extent to which PTEs are able to cover both operating costs and debt servicing obligations. These cost recovery ratios do not provide a comprehensive measure of the financial performance of PTEs for various reasons:

- no account is taken of the returns on capital resources employed by PTEs;
- a high rate of cost recovery may reflect the extent of PTEs' monopoly power rather than a high level of efficiency; and
- levels of cost recovery may be affected by requirements to perform community service obligations, which often involve the provision of subsidised/unprofitable services.

Table 14—Cost Recovery of State Sector Public Trading Enterprises (%)

	State Sector							Industry				
	NSW	VIC	QLD	WA	SA	TAS	NT	Total	Electricity	Rail	Other	Total
Other Operating Revenue as a proportion of Operating Expenditure (a)												
1978-79	99.4	119.5	107.3	102.8	110.2	141.1	63.9	107.6	123.7	76.4	106.5	107.6
1979-80	104.3	117.5	112.0	101.6	110.4	137.3	58.0	109.2	122.3	78.3	110.5	109.2
1980-81	102.6	114.6	110.8	104.8	112.2	137.6	55.6	108.1	124.3	71.6	119.6	108.1
1981-82	96.6	114.0	111.7	106.9	115.3	140.1	56.9	106.1	123.2	69.1	117.3	106.1
1982-83	102.5	111.9	116.7	106.5	114.7	146.9	62.7	108.7	130.4	66.7	116.4	108.7
1983-84	102.1	104.0	121.5	109.2	119.3	152.5	63.8	108.0	131.9	66.9	119.4	108.0
1984-85	105.5	103.5	128.4	111.1	114.8	162.0	63.1	110.1	133.3	70.9	119.7	110.1
1985-86	104.2	105.1	126.0	114.5	117.1	162.1	74.6	111.0	133.1	70.9	116.4	111.0
1986-87	103.9	109.9	125.6	121.5	117.1	170.6	80.2	112.9	141.4	70.9	113.3	112.9
1987-88	105.9	114.7	129.8	122.3	116.7	191.4	87.3	116.0	141.1	72.8	117.9	116.0
Other Operating Revenue as a proportion of Operating Expenditure plus Net Interest Outlays (b)												
1978-79	88.8	95.7	99.2	90.7	90.0	95.1	54.9	91.9	101.6	72.4	90.7	91.9
1979-80	92.9	93.6	100.4	88.3	89.7	93.8	52.2	92.9	99.2	73.9	93.9	92.9
1980-81	93.0	90.8	99.0	90.6	91.2	93.4	52.9	92.3	98.7	68.5	101.0	92.3
1981-82	85.6	88.2	99.2	92.6	93.8	94.2	56.4	89.5	94.7	65.9	99.3	89.5
1982-83	87.9	84.1	99.1	89.8	93.1	91.1	57.2	88.6	95.3	62.3	96.9	88.6
1983-84	87.0	81.7	100.0	87.2	93.8	91.9	55.9	87.6	92.5	62.9	100.1	87.6
1984-85	89.7	78.8	105.2	87.1	92.2	95.0	54.4	88.4	92.7	64.3	101.2	88.4
1985-86	89.3	75.7	107.9	89.7	93.5	96.7	66.5	89.0	95.2	62.2	99.1	89.0
1986-87	87.6	79.2	108.3	92.9	92.9	100.0	67.4	89.8	98.2	62.6	96.7	89.8
1987-88	86.3	84.5	110.6	95.1	94.1	105.2	73.1	91.8	98.8	64.7	98.9	91.8

(a) Other operating revenue (revenue from sales and excluding subsidies received) as a proportion of operating expenditure. $((\text{ETF } 3211)/(\text{ETF } 322)) \times 100$.

(b) Other operating revenue (revenue from sales and excluding subsidies received) as a proportion of operating expenditure plus interest paid less interest received. $((\text{ETF } 3211) / (\text{ETF } 322 + \text{ETF } 121 - \text{ETF } 333)) \times 100$.

Table 15-Subsidies to State Sector Public Trading Enterprises

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
% of GSP								
1978-79	1.0	0.7	..	0.6	0.7	0.6	2.7	0.7
1979-80	0.8	0.6	..	0.5	0.7	0.6	3.3	0.6
1980-81	0.9	0.7	..	0.5	0.7	0.6	3.4	0.7
1981-82	1.1	0.8	..	0.5	0.7	0.6	3.2	0.7
1982-83	1.2	1.0	..	0.6	0.8	0.6	3.8	0.9
1983-84	1.1	1.1	..	0.5	0.6	0.7	3.6	0.9
1984-85	1.1	1.1	..	0.5	0.5	0.7	4.2	0.8
1985-86	1.1	1.1	..	0.5	0.6	0.6	2.3	0.9
1986-87	1.0	1.4	..	0.5	0.5	0.6	1.7	0.9
1987-88	1.1	1.0	..	0.4	0.6	0.3	2.6	0.8
% of General Government Outlays (a)								
1983-84	7.3	7.4	..	2.9	3.0	2.7	7.9	5.4
1984-85	7.0	7.3	0.1	3.1	2.7	2.7	8.9	5.2
1985-86	7.1	7.4	0.1	3.0	3.0	2.5	5.1	5.4
1986-87	6.8	9.4	0.1	2.8	2.6	2.7	4.1	5.5
1987-88	7.6	7.1	0.1	2.7	3.4	1.4	6.8	5.3
State Government Sector								
	Electricity			Rail		Other	Total	
	\$m	% of GDP		\$m	% of GDP		\$m	% of GDP
1978-79	23	..	176	0.2	565	0.5	764	0.7
1979-80	35	..	188	0.2	550	0.4	773	0.6
1980-81	44	..	564	0.4	315	0.2	923	0.7
1981-82	46	..	749	0.5	374	0.2	1,169	0.7
1982-83	58	..	977	0.6	458	0.3	1,493	0.9
1983-84	104	0.1	1,172	0.6	409	0.2	1,685	0.9
1984-85	122	0.1	1,202	0.6	484	0.2	1,808	0.8
1985-86	135	0.1	1,393	0.6	560	0.2	2,088	0.9
1986-87	131	..	1,632	0.6	586	0.2	2,349	0.9
1987-88	95	..	1,626	0.5	687	0.2	2,408	0.8

(a) General government subsidies to PTEs as a proportion of general government current plus capital outlays.
 $((\text{ETF } 1311) / (\text{ETF } 1 + \text{ETF } 2)) \times 100$

The main points from Table 14 are that:

- over the past decade, State PTEs in aggregate have recovered their operating costs, but have recovered only around 90% of their total costs, including interest obligations. In other words, in aggregate State PTEs do not earn enough from their own operations to service their debts. However, the situation varies significantly among States depending, among other things, on the nature of PTEs in that State;
- the cost recovery ratio including net interest payments has increased in most States and the NT in recent years, with the average level in 1987-88 similar to that of a decade earlier (although the ratios remain below the levels of the late 1970s in NSW and especially in VIC); and
- railway operations generally achieve very low levels of cost recovery, reflecting both the community service obligations undertaken by metropolitan transport operations and inefficiencies in rail operations (which some State Governments

are addressing), while electricity authorities achieve much higher levels of cost recovery.

Data available for 1988–89 indicate that the State/local sector's PTE's cost recovery ratio after net interest payments increased to 94.6%, compared to 93.6% in 1987–88.

Subsidies paid by the State general government sector to PTEs (\$2.4 billion in 1987–88) account for around 5% of general government outlays and provide a measure of the potential for improved PTE efficiency to benefit the financial position of the public sector. Table 15 shows that the ratio of State general government subsidies for PTEs to both GSP and general government outlays declined somewhat in 1987–88 compared with the previous year. The table also shows that subsidies to railway operations are equivalent to 0.5% of GDP and account for about two-thirds of total subsidies paid to State sector PTEs.

Data available for subsidies paid to State/local sector PTEs in 1988–89 indicate that these subsidies fell to 0.7% of GDP, compared to 0.8% of GDP in 1987–88.

Gross and Net Debt

Estimates of the gross and net indebtedness of the State/local sector as at 30 June 1987 are shown in Table 16. Net debt is defined as gross debt less financial assets (including investments, cash and deposits and advances or loans made). The concept excludes non-financial assets (including land, buildings, plant and equipment) and certain liabilities, such as employee related liabilities. Contingent liabilities are also excluded.

The level of public indebtedness is assuming greater significance in financial market and other analyses of a State's overall economic position. The liquidity and generally fixed return on financial assets enables the servicing of a corresponding amount of debt in a timely manner, so it is the net measure that provides a better guide to the burden of debt obligations and which is conventionally used in assessing creditworthiness. In addition, because advances paid from one government to another are recorded only in the net debt of the recipient (but influence the gross debt of both), the net measure provides the more appropriate basis for comparisons between governments. Similarly, the net measure is most appropriate for comparisons on the basis of institutional sectors because of advances between general government and PTEs; in particular, comparisons of gross debt between States at an institutional level are influenced by the extent to which States' borrowing operations are undertaken by central borrowing authorities.

Even on a net basis, however, comparisons of indebtedness between governments can be influenced by the differing functions undertaken by the three levels of government. In comparing States therefore, it is more appropriate to examine data at the State/local level, as comparisons at the disaggregated State or local levels may be affected to some extent by activities being undertaken by the local sector in some States but by the State sector in others.

Table 17 provides details of net interest outlays as a proportion of GSP and as a share of State sector revenue less interest received. The level of indebtedness and net interest payments are related, although a number of other factors also influence this relationship, including the average interest rate paid by a particular State and differences in institutional arrangements.

Table 16—Indebtedness of the Commonwealth, State and Local Governments at 30 June 1987 (a)

Sector	Financial Assets								
	Gross Indebtedness		Advances Paid		Cash and Investments		Net Debt		
	\$m	% of GSP	\$m	% of GSP	\$m	% of GSP	\$m	% of Net Debt	% of GSP
Commonwealth Government									
General Government	67,794	25.8	34,893	13.3	3,337	1.3	29,564	27.9	11.2
Public Trading Enterprises	13,843	5.3	..	..	1,981	0.8	11,862	11.2	4.5
Commonwealth Government	75,293	28.6	28,647	10.9	5,221	2.0	41,425	39.0	15.7
New South Wales									
General Government	12,136	13.3	2,834	3.1	1,131	1.2	8,171	7.7	8.9
Public Trading Enterprises	13,358	14.6	115	0.1	1,299	1.4	11,944	11.3	13.1
State Government	22,394	24.5	142	0.2	2,137	2.3	20,115	19.0	22.0
State and Local Government	25,044	27.4	246	0.3	3,558	3.9	21,240	20.0	23.2
Victoria									
General Government	11,192	15.6	1,578	2.2	195	0.3	9,419	8.9	13.1
Public Trading Enterprises	12,727	17.7	832	1.2	534	0.7	11,361	10.7	15.8
State Government	23,011	32.0	1,630	2.3	602	0.8	20,779	19.6	28.9
State and Local Government	24,022	33.4	1,636	2.3	1,182	1.6	21,204	20.0	29.5
Queensland									
General Government	7,684	19.7	4,557	11.7	3,067	7.8	60	0.1	0.2
Public Trading Enterprises	7,097	18.2	703	1.8	392	1.0	6,002	5.7	15.4
State Government	11,218	28.7	1,723	4.4	3,432	8.8	6,063	5.7	15.5
State and Local Government	13,229	33.8	1,538	3.9	3,865	9.9	7,826	7.4	20.0
Western Australia									
General Government	2,405	9.4	2	..	791	3.1	1,612	1.5	6.3
Public Trading Enterprises	5,160	20.3	200	0.8	392	1.5	4,568	4.3	17.9
State Government	7,420	29.1	202	0.8	1,037	4.1	6,181	5.8	24.3
State and Local Government	7,749	30.4	269	1.1	1,149	4.5	6,331	6.0	24.8
South Australia									
General Government	4,600	22.3	2,382	11.6	1,315	6.4	903	0.9	4.4
Public Trading Enterprises	3,928	19.1	135	0.7	332	1.6	3,461	3.3	16.8
State Government	6,953	33.7	1,114	5.4	1,473	7.1	4,366	4.1	21.2
State and Local Government	7,416	36.0	1,072	5.2	1,817	8.8	4,527	4.3	22.0
Tasmania									
General Government	2,038	32.1	1,065	16.8	226	3.6	747	0.7	11.8
Public Trading Enterprises	2,175	34.2	44	0.7	277	4.4	1,854	1.7	29.2
State Government	3,263	51.4	275	4.3	386	6.1	2,602	2.5	41.0
State and Local Government	3,455	54.4	275	4.3	446	7.0	2,734	2.6	43.0
Northern Territory									
General Government	1,217	39.7	816	26.6	66	2.2	335	0.3	10.9
Public Trading Enterprises	814	26.5	380	12.4	7	0.2	427	0.4	13.9
State Government	1,232	40.1	398	13.0	72	2.3	762	0.7	24.8
State and Local Government	1,253	40.8	380	12.4	84	2.7	789	0.7	25.7
Total State Governments	75,492	28.7	5,486	2.1	9,139	3.5	60,867	57.4	23.1
Total Local Governments	7,423	2.8	200	0.1	3,400	1.3	3,823	3.6	1.5
Total Commonwealth and State Governments									
General Government	84,603	32.1	23,663	9.0	10,127	3.8	50,813	47.9	19.3
Public Trading Enterprises	59,104	22.5	2,410	0.9	5,214	2.0	51,480	48.5	19.6
Commonwealth and State Governments	123,927	47.1	8,138	3.1	13,497	5.1	102,292	96.4	38.9
Total Commonwealth, State and Local Governments	130,202	49.5	8,061	3.1	16,026	6.1	106,115	100.0	40.3

(a) Totals down do not always add because holdings of assets and liabilities between categories cancel out. Figures for individual States are expressed as a percentage of gross State product. All other figures are expressed as a percentage of gross domestic product.

Table 17-Net Interest Outlays (a)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
	% of GSP							
1983-84	1.8	2.6	1.8	2.3	2.1	4.0	2.1	2.1
1984-85	1.8	2.7	2.0	2.2	2.2	4.0	2.2	2.2
1985-86	1.8	2.9	1.7	2.2	2.5	4.0	2.1	2.2
1986-87	2.0	2.9	1.7	2.4	2.8	4.0	2.7	2.3
1987-88	2.0	3.0	1.8	2.4	2.9	4.0	3.2	2.4
	% of Total State Sector Revenue less Interest Received (b)							
1983-84	11.2	16.3	10.9	12.1	11.3	16.0	5.1	12.6
1984-85	11.3	16.8	11.2	12.7	11.5	16.4	5.1	12.9
1985-86	11.0	18.3	9.6	12.5	13.3	17.0	5.6	13.1
1986-87	12.3	17.7	10.1	13.6	14.8	17.3	8.0	13.8
1987-88	12.7	19.4	10.8	13.4	15.2	17.7	9.3	14.5

(a) Interest paid less interest received. (ETF 121 - ETF 333)

(b) Revenue (including PTEs NOS which is calculated as operating revenue less operating expenditure and the increase in provisions) less interest received. ((ETF 121 - ETF 333) / (ETF 3 - EFT 333)) X 100

The main points to note regarding debt at 30 June 1987 and interest burdens are:

- State sector net indebtedness as a whole was equivalent to 23% of GDP, with net indebtedness of the local government sector equivalent to 1.5% of GDP;
- State/local net debt as a share of GSP was higher in TAS and VIC and lowest in QLD;
- State sector gross indebtedness was equivalent to 29% of GDP. This comprises borrowing undertaken from the private sector (64% of the total), advances from the Commonwealth under the State Governments' Loan Council programs and analogous arrangements for the NT (24% of the total), specific purpose advances (10% of the total), and deposits (for example non-superannuation trust fund balances and security deposits) held (2% of the total);
- State sector financial assets were equivalent to 5.6% of GDP. The level of State/local sector financial assets as a proportion of GSP varied widely, and were most substantial in QLD and SA. To a significant extent the stock of financial assets in QLD reflects holdings in respect of the government contribution to the State's fully funded superannuation scheme (while other States operate schemes on an emerging cost basis). ABS estimates indicate that the stock of State/local financial assets increased by around \$900 million in 1987-88; and
- broadly reflecting the distribution of net debt among the States, net interest payments as a proportion of GSP are highest in TAS and lowest in QLD. Table 17 also shows net interest payments as a proportion of State sector revenue less interest received, which provides an indication of the burden of net interest payments on the State's resources; on this basis, net interest outlays are particularly significant in VIC and TAS.

At present, no comprehensive details of public sector net indebtedness are available for the period after 30 June 1987. However, estimates of State/local sector financing transactions as a proportion of GDP in 1987-88 and 1988-89 suggest that the State sector's net indebtedness at 30 June 1989 as a proportion of GDP would have declined from the level two years earlier.

CHAPTER III—GENERAL REVENUE ASSISTANCE

This chapter outlines arrangements for the payment of general revenue assistance to the States, the NT, the ACT and local government authorities in 1989–90.

GENERAL REVENUE ASSISTANCE TO THE STATES AND THE TERRITORIES IN 1989–90

General revenue assistance has been paid by the Commonwealth to the States in one form or another since Federation, to the NT since 1979–80 and to the ACT since 1988–89.⁽¹⁾ These grants are untied and assist in financing the outlays of the States and the Territories in line with their own budgetary priorities. In 1989–90, general revenue assistance is estimated to account for around 50% of total net Commonwealth payments to the State/local sector.

Table 18 shows payments of general revenue assistance since 1985–86. The large decline in grants in 1988–89 reflected the termination of the identified health grants which, from that year, were absorbed into a new specific purpose program for funding hospitals. In 1989–90, general revenue assistance to the States and NT is expected to increase in nominal terms by 2.2% but to fall by 3.8% in real terms.

Level of Financial Assistance Grants

The level of financial assistance grants is determined each year at the Premiers' Conference. Table 19 shows the derivation of the level of financial assistance grants in 1988–89 and 1989–90.

The level of financial assistance grants paid in 1988–89 was considerably higher than the base level of grants agreed at the 1988 Premiers' Conference, largely reflecting the agreed adjustment for the difference between the actual outcome of the CPI (for the four quarters to the March quarter 1989) and the initial CPI forecast. The actual level of grants also reflected the recoupment of the amount estimated to be 90% of the additional revenue accruing to State and Territory Governments in 1988–89 as a result of the decision to remove payroll tax exemptions for a range of Commonwealth government business enterprises (GBEs) from 1 July 1988. (An adjustment will also be made to 1989–90 payments of financial assistance grants to ensure greater accuracy in the amount effectively recouped.)

The forward estimates of financial assistance grants for 1989–90 assumed the same real level as in 1988–89 (calculated on the basis of the forecast CPI for the four quarters to the March quarter 1990 over the previous four quarters). It was agreed at the 1989 Premiers' Conference that this base level of financial assistance grants would be reduced by deducting from the latest forward estimates:

- \$550 million in savings; and
- a further \$45 million used to fund special revenue assistance to the NT.

This implies a net reduction in general revenue grants to the States and the NT (both financial assistance grants and special revenue assistance) of \$550 million. On a

(1) A history of arrangements for general revenue assistance to the States since Federation was presented in Budget Paper No. 7 in both 1981–82 and 1982–83.

**Table 18—General Revenue Assistance to the States, the NT and the ACT
(\$ million)**

	NSW	VIC	QLD	WA	SA	TAS	NT	States and NT	ACT	Total
Financial Assistance Grants (a) (b)										
1985-86	3,012.6	2,248.3	1,973.6	1,123.0	1,037.2	387.0	561.3	10,343.0	na	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	na	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	na	12,446.1
1988-89	3,665.1	2,661.2	2,233.4	1,452.0	1,301.1	470.7	621.7	12,405.0	416.9	12,821.9
1989-90(c)	3,649.1	2,690.1	2,415.3	1,485.7	1,390.1	497.1	652.0	12,779.4	394.3	13,173.7
Identified Health Grants (b)										
1985-86	563.0	371.0	113.5	176.3	195.9	63.6	..	1,483.3	na	1,483.3
1986-87	626.6	411.9	127.0	198.6	216.8	70.5	..	1,651.3	na	1,651.3
1987-88	674.0	441.6	139.3	219.5	233.7	74.6	..	1,782.7	na	1,782.7
1988-89	..	..	..	..	..	..	..	..	..	..
1989-90	..	..	..	..	..	..	..	..	..	..
Special Revenue Assistance										
1985-86	..	..	10.0	..	34.2	43.0	..	87.2	na	87.2
1986-87	2.1	0.4	3.2	2.5	18.0	19.4	1.2	46.9	na	46.9
1987-88	7.9	3.6	8.7	6.5	3.0	1.4	2.8	33.8	na	33.8
1988-89(d)	15.1	13.9	8.5	8.3	14.9	18.1	59.1	137.9	12.9	150.8
1989-90(c)(e)	..	..	..	..	..	..	45.3	45.3	..	45.3
Total General Revenue Assistance (f)										
1985-86	3,575.6	2,619.3	2,097.1	1,299.3	1,267.3	493.6	561.3	11,913.5	na	11,913.5
1986-87	3,978.7	2,906.3	2,336.2	1,464.9	1,381.8	518.7	629.3	13,216.0	na	13,216.0
1987-88	4,276.8	3,112.5	2,562.3	1,619.3	1,470.0	528.9	678.4	14,248.2	na	14,248.2
1988-89	3,680.2	2,675.1	2,241.9	1,460.3	1,316.0	488.8	680.8	12,542.9	429.8	12,972.7
1989-90(c)	3,649.1	2,690.1	2,415.3	1,485.7	1,390.1	497.1	697.3	12,824.7	394.3	13,219.0

- (a) Consists of financial assistance grants to the States (and the NT since 1988-89), general revenue grants to the NT from 1985-86 to 1987-88 and general revenue grants to the ACT from 1988-89.
- (b) Identified health grants were absorbed into the specific purpose payment 'Hospital Funding Grants' in 1988-89.
- (c) Estimate.
- (d) Includes payments for the transfer of the Family Support Program, Vaccination Program, Royal Far West Children's Health Scheme and the Royal Queensland Bush Children's Health Scheme which were absorbed into financial assistance grants from 1989-90; the Miscellaneous Pharmaceutical Benefits Scheme absorbed into hospital funding grants from 1989-90, and Emergency Relief which will continue as a specific purpose payment from 1989-90. Details are included in the 1988-89 Budget Paper No. 4.
- (e) Includes a grant of \$26,000 to NSW as a carryover of the transfer of the Family Support Program in 1988-89. The funding is to be absorbed into the pool of financial assistance grants in 1990-91.
- (f) Includes a special grant to the NT of -\$14.4 million in 1987-88.

comparable basis this presently implies a nominal increase of 3.2% in general revenue grants to the States and the NT, a real fall of 2.9%. As in 1988-89, the base level of financial assistance grants (and special revenue assistance) will be adjusted to reflect the difference between the actual outcome for the CPI and the estimate of around 6.9% which was adopted at the time of the 1989 Premiers' Conference.

In addition, as with the removal of payroll tax exemptions for certain Commonwealth GBEs in 1988-89, the Commonwealth will be recouping (through reductions in 1989-90 financial assistance grants) 90% of the additional revenue accruing to State and Territory Governments as a result of the removal of exemptions from all 'other' State taxes and charges (ie taxes other than payroll tax, such as land tax and stamp duty) for:

- OTC Limited (OTC) from 1 April 1989; and
- Australia Post and Telecom from 1 July 1989.

These 1989 changes are estimated to add around \$76 million to State and NT revenue in 1989-90. The amount to be recouped represents the estimated collections in 1989-90 plus the estimated sum collected from OTC in the June quarter of 1988-89.

It is also intended that an adjustment to the level of financial assistance grants in 1989-90 will be made to better align the amount of the payroll tax recoupment with actual tax payments in 1988-89. The determination of the amount recouped from 1988-89 payments of financial assistance grants was based on estimates of payroll tax payments before the end of the financial year; on the basis of actual payments, an additional \$0.3 million in aggregate is to be recouped in 1989-90.

Finally, it is intended to include a provision in the States Grants legislation to be introduced in the Budget session which will permit the Treasurer to effect, if necessary, the recovery of debt outstanding under the Commonwealth-State Land Exchange Agreement through a reduction in financial assistance grants paid to NSW in 1989-90. The amount owing to the Commonwealth totals \$18.9 million. This approach is consistent with the arrangements for recovering State contributions for higher education superannuation.

Table 19-Derivation of Financial Assistance Grants Pool (\$ million)

	Total
1988-89	
(1) Base Financial Assistance Grants (FAGs) pool (a)	12,387.5
(2) plus adjustment for CPI outcome (b)	189.8
(3) FAGs before payroll tax recoupment	12,577.3
(4) less payroll tax recoupment (c)	172.3
1988-89 FAGs Paid	12,405.0
1989-90	
(1) 1988-89 FAGs before payroll tax recoupment	12,577.3
(2) less full-year adjustment for 1988-89 payroll tax recoupment (d)	189.0
(3) 1988-89 FAGs after payroll tax recoupment	12,388.3
(4) plus 1988-89 special revenue assistance	88.0
(5) plus 1989-90 program transfer assistance absorbed into FAGs	21.0
(6) Base to calculate 1989-90 FAGs pool	12,497.2
(7) plus real terms adjustment (e)	864.7
(8) Adjusted Premiers' Conference time estimate (f)	13,362.0
(9) less savings agreed at Premiers' Conference (g)	595.0
(10) 1989-90 base FAGs pool	12,767.0
(11) plus adjustment for revised estimate for CPI (h)	81.2
(12) Estimated FAGs before recoupment of State taxes and charges	12,848.1
(13) Recoupment of State taxes and charges (i)	68.8
(14) Current estimate - 1989-90 FAGs pool	12,779.4

(a) This is the amount specified in the States Grants (General Revenue) Act 1988 as base assistance for 1988-89. The derivation of the amount is detailed in Table 16 of the 1988-89 Budget Paper No. 4.

(b) Based on an index factor of 1.0153, representing the sum of CPI index numbers for the four quarters to the March quarter 1989 divided by the estimate of that sum used at the time of the 1988 Premiers' Conference.

(c) 90% of the amount of extra payroll tax revenue (\$191.4 million) as included in the Treasurer's determination under the States Grants (General Revenue) Act 1988.

(d) This represents the full liability of the Government Business Enterprises to payroll tax for the 1988-89 year.

(e) The forward estimates at the time of the Premiers' Conference assumed an increase in the CPI of 6.9%.

(f) These estimates are revised from those used at the 1989 Premiers' Conference to reflect the final full year adjustment required for recoupment of extra payroll tax.

(g) Includes \$45 million to fund special revenue assistance being provided in 1989-90.

(h) As in 1988-89 (see footnote (b)) the pool is to increase by the sum of the CPI index numbers for the four quarters to the March quarter 1990 over the estimate used at the 1989 Premiers' Conference. This estimate reflects the variation between the Premiers' Conference estimate and the current forecast of the increase in the CPI in the year to the March quarter 1989.

(i) Based upon estimates provided in Table 20, 1989-90 Row (8).

Distribution of Financial Assistance Grants

The distribution of financial assistance grants is based on *per capita* relativities determined by the Commonwealth Grants Commission. At the 1988 Premiers' Conference, it was agreed that triennial reviews of *per capita* relativities by the Commission would be replaced by annual updates on the basis of three-year moving averages (the review period) using existing methodology; comprehensive reviews of methodology were scheduled at five-yearly intervals. The first annual update was presented in the Grants Commission's *Report on General Revenue Grant Relativities 1989 Update*.⁽²⁾ (As detailed below, the update arrangements and the review period are to be the subject of a report by the Grants Commission in 1989.)

Fiscal Equalisation

The Commission's assessments of *per capita* relativities are determined on the principle of fiscal equalisation.⁽³⁾ This principle requires the Commission to determine a distribution calculated to enable each State, provided a comparable revenue effort is made, to provide services to residents at a standard not appreciably different from that of the other States. The practical application of this principle is complex and requires judgments in some areas, often on the basis of limited statistical information.

In essence, the Commission's approach is to determine the 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 judged to be 'largely outside' the control of State Governments, and not met by above-average shares of certain specific purpose payments from the Commonwealth.⁽⁴⁾ The object of fiscal equalisation is to give each State the *capacity* to provide an average level and pattern of services on the assumption that an average level and pattern of State taxes and charges are also imposed. Each State, however, retains discretion to vary the level and pattern of revenue raising or spending without affecting the level of its equalisation payment. If a State chooses to raise below-average revenue or incur above-average expenditure on services, the budgetary effects of such policy decisions are not compensated for within the equalisation process.

Distribution in 1988-89 and 1989-90

In effect, the application of the principle of fiscal equalisation involves a substantial redistribution of grants towards the less populous States. Table 20 shows the distribution and derivation of the pool of financial assistance grants among the States and the NT in 1988-89 and 1989-90.

It was agreed at the 1989 Premiers' Conference that the distribution of financial assistance grants in 1989-90 would be based on the updated *per capita* relativities determined by the Commonwealth Grants Commission in its 1989 Report. The changes in the relativities between 1988 and 1989 primarily reflect the substitution of 1987-88 data for 1984-85 data in the three year review period underlying the Grants

(2) The assessments in the Commission's 1989 Report were based on data averaged over three years, 1985-86 to 1987-88.

(3) A more detailed discussion of the methodology of fiscal equalisation is included in Chapter II of the 1988-89 Budget Paper No. 4.

(4) Further details regarding specific purpose payments and fiscal equalisation are provided in Chapter V.

Table 20—Financial Assistance Grants to the States and the NT

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
1988-89								
(1) Population at 31.12.88 ('000s)								
(a)	5,738.5	4,290.3	2,782.8	1,568.7	1,415.6	449.3	156.4	16,401.6
(2) Per Capita Relativities (b)	1.026	1.000	1.218	1.360	1.381	1.528	5.042	
(3) Product of Rows (1) and (2)	5,887.7	4,290.3	3,389.4	2,133.4	1,955.0	686.5	788.7	19,131.0
(4) Distribution of Row (3) among States (%)	30.8	22.4	17.7	11.2	10.2	3.6	4.1	100.0
(5) Amount of FAGs and Hospital Grants (\$m)	4,802.0	3,499.1	2,764.4	1,740.0	1,594.5	559.9	643.3	15,603.1
(6) less Hospital Funding Grants (\$m)	1,078.5	787.3	506.9	273.1	276.2	84.6	19.2	3,025.8
(7) Amount of FAGs before Recoupment (\$m)	3,723.4	2,711.8	2,257.4	1,466.9	1,318.3	475.3	624.1	12,577.3
(8) less Payroll Tax Recoupment (\$m)	58.4	50.6	24.1	15.0	17.2	4.6	2.4	172.3
(9) Amount of FAGs (\$m)	3,665.1	2,661.2	2,233.4	1,452.0	<u>1,301.1</u>	470.7	621.7	12,405.0
1989-90 (estimate)								
(1) Population at 31.12.89 ('000s)								
(a)	5,810.1	4,346.2	2,861.9	1,614.3	1,431.5	451.5	157.7	16,673.1
(2) Per Capita Relativities (c)	1.014	1.000	1.267	1.349	1.439	1.589	5.200	
(3) Product of Rows (1) and (2)	5,891.4	4,346.2	3,626.0	2,177.7	2,059.9	717.4	819.8	19,638.4
(4) Distribution of Row (3) among States (%)	30.0	22.1	18.5	11.1	10.5	3.7	4.2	100.0
(5) Amount of FAGs and Hospital Grants (\$m)	4,835.9	3,567.5	2,976.4	1,787.5	1,690.9	588.8	672.9	16,120.0
(6) less Hospital Funding Grants (\$m) (d)	1,156.3	860.6	552.3	296.3	295.9	90.2	20.4	3,271.9
(7) Amount of FAGs before Recoupment (\$m)	3,679.6	2,707.0	2,424.1	1,491.2	1,395.0	498.7	652.6	12,848.1
(8) less State Taxes and Charges Recoupment (\$m) (e)	30.5	16.9	8.7	5.5	4.9	1.6	0.6	68.8
(9) Amount of FAGs (\$m)	3,649.1	2,690.1	2,415.3	1,485.7	1,390.1	497.1	652.0	12,779.4

(a) The population as at 31 December 1988 is that determined by the Statistician in accordance with the States Grants (General Revenue) Act 1988. The estimates for 31 December 1989 are subject to revision.

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

(c) Per capita relativities adopted at the 1989 Premiers' Conference to apply in 1989-90.

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

(e) Based upon preliminary estimates by Commonwealth authorities of the additional State taxes, other than payroll tax payable in 1989-90 and an adjustment to better align the amount of the payroll tax recoupment with the actual tax payments in 1988-89.

Commission's assessments. Resultant variations in the States' relative revenue raising capacities dominated the changed relativities for most States. In turn, these updated relativities are largely responsible for the changes in the distribution of financial assistance grants, although the estimated changes in State populations are also significant.

The updated *per capita* relativities were prepared on the basis that they would be applied to the pool of financial assistance grants and hospital funding grants. As shown in Table 20, a State's share of financial assistance grants in 1989-90 is derived as the difference between:

- its share of financial assistance grants and hospital funding grants combined, based on the updated *per capita* relativities (Table 20, 1989-90, Rows (1) to (5)); and
- its actual share of hospital funding grants (excluding the penalties and incentives package and funding for AIDS) which are distributed in accordance with age-sex weighted populations.

The penalties and incentives package and the AIDS component of funding are omitted so that a State's share of that package is not offset by the distribution of financial assistance grants but is determined on the basis of factors such as the State by State incidence of AIDS cases or States' compliance with certain Commonwealth health objectives. Chapter V provides further detail.

As in 1988-89, the final distribution of financial assistance grants for each State and the NT in 1989-90 will depend on the Statistician's determination of the population as at 31 December 1989. It will be influenced also by the final distribution of hospital grants and the amount of State taxes and charges to be recouped.

Special Revenue Assistance Grants

In 1988-89, special revenue assistance was provided to a number of States and the NT to ease the adjustment to reductions in general revenue assistance and the implementation of the new relativities. The final amounts paid reflected an adjustment for the difference between the outcome of the CPI and the forecast at the time of the 1988 Premiers' Conference. There were no formal commitments to provide continued special revenue assistance in 1989-90, but it was agreed at the 1988 Premiers' Conference that the matter would be addressed at the 1989 Conference.

Although the updated relativities and population estimates did imply an increased share of *financial assistance grants* to the NT for 1989-90, if special revenue assistance to the NT had been terminated after 1988-89 it would have experienced a substantial fall in its *general revenue grants*. Accordingly, it was agreed at the 1989 Premiers' Conference that the NT would be provided with special revenue assistance of \$45 million in 1989-90, funded from a reduction in the total pool of general revenue grants to the States and the NT. The continued provision of special revenue assistance to the NT was consistent with the conclusions of a working party of Commonwealth and NT officials which was commissioned to report on the NT's special fiscal disabilities. The Government nonetheless remains committed to gradually moving the NT to a financial basis fully comparable with that of the States.

As with financial assistance grants, special revenue assistance to the NT will be adjusted for the difference between the forecast CPI at the time of the Premiers' Conference and the actual outcome. The current estimate of assistance is \$45.3 million.

General Revenue Assistance to the ACT

As noted in Chapter I, general purpose funding for the ACT (including general revenue grants) was to be maintained in real terms until 1990-91 and moved to a basis similar to the States in the following two years. The funding arrangements for the ACT agreed at the 1989 Premiers' Conference include provision for the earlier funding guarantee to be maintained.

However, the amounts of general purpose assistance to be paid to the ACT in 1989-90 will be based on equivalent State treatment. The difference between the forward estimates (based on the real terms guarantee) and the amounts to be paid, will be paid into a Commonwealth Trust Account with the principal and accrued interest used to assist the ACT during transition to State-like funding arrangements. It was also agreed at the Conference that the ACT Government could apply, over the next two years, to use the money held in the Trust Account for projects that assist the ACT in the transition to parity with State funding.

The estimated nominal increase in general revenue grants to be paid to the ACT in 1989-90 (before the recoupment of 'other' taxes and charges and the adjustment for 1988-89 payroll tax recoupment) is therefore fully in line with the increase in those grants for the States and the NT. The current estimate of the amount to be paid into the Commonwealth Trust Account in respect of general revenue grants totals \$16.3 million. The final amounts paid will reflect the difference between the forecast CPI at the time of the Premiers' Conference and the actual outcome. As for the States and the NT, the general revenue grants paid will be reduced for recoupment of 'other' State taxes and charges received from GBEs, and adjusted to better align the amount of the payroll tax recoupment with actual tax payments in 1988-89.

ARRANGEMENTS FOR THE STATES AND THE NT BEYOND 1989-90

The Commonwealth did not make any comprehensive commitments to the States and the NT in respect of the level of general revenue assistance to be provided in future years. Funding levels beyond 1989-90 will, however, be affected by a number of decisions which have been taken.

As reform packages are finalised for other GBEs, recoupment arrangements may be required if further exemptions from State taxes and charges are removed. As with the arrangements for collection of 'other' State taxes and charges in prospect for this year, separate adjustments will be made where necessary to effect recoupment. It is envisaged, however, that all such changes will, as soon as possible, be reflected in the relativities so that adjustments can be absorbed into the 'base' levels of financial assistance grants. For example, the 'base' for financial assistance grants in 1989-90 has been reduced on a 'once-off' basis to reflect recoupment for payroll tax paid from 1 July 1988 and from 1989-90 the relativities will account for the effects of this decision on the revenue raising capacities of each State and the NT.

Other decisions taken at the Premiers' Conference that could affect future Commonwealth funding arrangements for the States relate to the procedures adopted by the Commonwealth Grants Commission. In particular, the Grants Commission will be asked to report on:

- the appropriateness of updates of *per capita* relativities (including their frequency) and the period of review to be used by the Commission in assessing *per capita* relativities. As noted earlier, the 1988 Premiers' Conference agreed that *per capita* relativities would be updated annually on the basis of three-year moving averages using existing methodology (with comprehensive reviews of methodology scheduled at five-yearly intervals). However, the 1989 Conference agreed to refer the question of the appropriate update process and review period to the Commission, largely because the 1989 update of *per capita* relativities had resulted in larger changes in the distribution of financial assistance grants than had been generally anticipated. The Commission's Report is to be available for consideration by the Commonwealth, States and Territories sufficiently early for the outcome of that consideration to be reflected in a Relativities Report, to be considered at the 1990 Premiers' Conference; and
- *per capita* relativities for the distribution of general purpose assistance for local government among the States and the Territories, with the Report to be available for consideration prior to the 1990 Premiers' Conference. At this stage there is no commitment to change the distribution of local government grants from the present equal *per capita* shares.

The Commission is also to be asked to inquire into a number of methodological and technical issues as a precursor to the next major methodological review.

GENERAL PURPOSE ASSISTANCE FOR LOCAL GOVERNMENT IN 1989-90

General Purpose Assistance for Local Government in the States and the NT

Level of Assistance

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 NT included with the States under the Act.

The Act provides that, from 1988-89, the amount of assistance to local government should escalate at the same rate as general purpose assistance to the States. However, because of the decision to transfer half of the payments under the State Governments' Loan Council programs to the Commonwealth State Housing Agreement (CSHA) (see Chapter IV), the level of general purpose payments to the States, as defined under the Act, would have declined more sharply than they will in actual fact.

As a consequence, the Act was amended on an interim basis following the 1989 Premiers' Conference to provide for general purpose assistance to local governments in 1989-90 of \$671 million. (An interim adjustment was also required in 1988-89, with assistance fixed at \$652.5 million, because identified health grants to the States were discontinued and absorbed into the new hospital funding grants.) The final amount payable to local government in 1989-90, as with general revenue grants to the States,

will be adjusted for the difference between the forecast CPI at the time of the Premiers' Conference and the actual outcome for the CPI. The current estimate of assistance is \$675.3 million, a nominal increase of 3.5%, or a real decline of 2.6%. The nominal increase for local government grants will be slightly greater than that for comparable assistance to the States (adjusted for the transfer of general purpose capital funding to the CSHA).

Local government will also benefit from the decision announced in April 1989 not to proceed with the planned recoupment of 90% of the additional revenue accruing to local authorities from the removal of the exemption for Telecom and Australia Post from local rates and charges from 1 July 1989. This is estimated to add \$28 million to the financial resources of local government in 1989-90.

Distribution Among the States and the NT

Under the *Local Government (Financial Assistance) Act 1986*, the distribution of general purpose assistance to local government among the States and the NT will move fully to equal *per capita* shares from 1989-90, based on populations as at the previous 31 December. Shares for the years 1986-87 to 1988-89 reflected the phasing-in of the equal *per capita* distribution. Table 21 shows the actual and percentage distribution of these payments in 1988-89 and 1989-90.

Table 21—Distribution of General Purpose Financial Assistance for Local Government Authorities

	1988-89		1989-90	
	\$m	% (a)	\$m	%
NSW	229.4	35.1625	236.3	34.9875
VIC	172.7	26.4714	176.6	26.1576
QLD	108.3	16.6010	114.6	16.9664
WA	59.9	9.1788	64.6	9.5643
SA	57.3	8.7890	58.3	8.6311
TAS	18.5	2.8398	18.5	2.7392
NT	6.2	0.9575	6.4	0.9538
Total	652.5	100.0000	675.3	100.0000
ACT	11.3	na	11.6	na

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

As mentioned above, the Commonwealth Grants Commission will be asked to review the inter-State distribution of local government grants for the States and the Territories prior to the 1990 Premiers' Conference.

Distribution within each State and the NT

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 State, 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 governing 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's/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.

General Purpose Assistance for Local Government in the ACT

The ACT Government has both territorial and municipal functions. From 1988-89, the Commonwealth began making payments to the ACT in respect of general purpose assistance for local government functions, analogous to that paid to the States and the NT. The amount paid in 1988-89 was \$11.3 million, determined by maintaining a notional 1987-88 'base' payment in real terms. The 'base' was calculated by assuming that the ACT would have received a *per capita* amount equivalent to the States and the NT in that year.

Assistance for local government functions is one of the general purpose payments subject to the new payment arrangements for the ACT in 1989-90 (described above) which were agreed at the 1989 Premiers' Conference. Accordingly, the level of local government assistance to be provided to the ACT in 1989-90 has been determined on the same basis as for local government in the States and the NT. The amount to be paid into the Commonwealth Trust Account for ACT transitional funding is estimated to be \$0.5 million in 1989-90. As for the States and the NT, these payments are also to be adjusted to reflect the actual outcome for the CPI.

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 within the purview of Loan Council—in particular, 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. This assistance originally comprised the proceeds of borrowings by the Commonwealth on behalf of the States under the Financial Agreement of 1927 on which the States met interest and sinking fund obligations. Since 1970–71, these programs have included a component provided as a grant and, since 1982–83, a component provided for public housing at concessional interest rates. From 1989–90 assistance under these programs will be provided entirely by way of grants. Similar assistance is provided to the Territories, which are not subject to the Financial Agreement.

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 which are agreed annually by Loan Council.

Trends in State/local sector capital outlays and the level of public sector debt outstanding as a result of borrowings under these arrangements are discussed in Chapter II.

GENERAL PURPOSE CAPITAL ASSISTANCE

As noted above, general purpose capital assistance to the States has been provided by way of loans under the Financial Agreement of 1927 (with related arrangements applying to the Territories), by concessional loans for public housing and by grants.

Until the early 1970s, loans under the Financial Agreement were the major source of funds available to State Governments to finance capital works. The Financial Agreement severely constrains the State Governments' 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.⁽¹⁾

The importance of loans under the Financial Agreement in assistance provided to the States declined from the early 1970s because:

(1) The Territories are not parties to the Financial Agreement. However, general purpose capital assistance is provided to them on the same terms and conditions as for the States, and Territory representatives attend Loan Council meetings as observers.

- the overall level of general purpose capital assistance has declined in both real and nominal terms with States financing an increasing proportion of their capital works from other sources, including other payments from the Commonwealth and borrowings by State authorities; and
- an increasing proportion of general purpose capital assistance was provided in concessional forms, as grants or as loans for public housing.

From 1987–88, no new loans under the Financial Agreement and related arrangements were advanced to the States or the NT, although outstanding debt under the arrangements continues to be refinanced by Commonwealth borrowings.

From 1982–83 to 1988–89, some general purpose capital assistance was provided to the States and the NT for public housing purposes in addition to the specific purpose assistance through the Commonwealth State Housing Agreement (CSHA) (see Chapter V). During that period, the States and the NT were entitled to nominate portions of the loan component of general purpose capital assistance for public housing purposes. This component was provided as loans from the Commonwealth on concessional terms and conditions (an interest rate of 4.5% and repayable over 53 years). In 1987–88 and 1988–89, all loans were nominated to be received on this concessional basis.

At the 18 May 1989 meeting, Loan Council agreed that general purpose capital assistance for 1989–90 is to be provided entirely by way of grants. The concessional loans for housing are to be replaced by additional grants to the States and the NT under the CSHA. An amount of \$310.5 million is to be provided in 1989–90, the same as in 1988–89 under the concessional portions of the State and NT Governments' loan programs.

General purpose capital assistance also has been provided partly as grants. This began in 1970–71 when about 25% of the program was provided in that form, with the proportion being increased gradually to account for half the program in 1988–89. For 1989–90, general purpose capital grants to the States and the NT will be maintained in nominal terms at \$310.5 million. This implies a real reduction of 5.9%.

The distribution of the State Governments' Loan Council programs among the States was unchanged from 1975–76 to 1986–87 following a pattern dating from 1927–28. The distribution was modified in 1987–88, but it still does not closely relate to the present day capital needs of the States. The 1987–88 distribution will continue to apply in 1989–90 both to the capital grants and to the additional grants for housing under the CSHA. The distribution of the latter amounts will be progressively adjusted over a three year period, so that from 1992–93 they will be distributed on the same basis as other CSHA grants. CSHA grants are distributed on an essentially per capita basis reflecting housing needs, with some allowance for special groups such as Aborigines.

General purpose capital assistance to the Territories represents a significantly larger share of Commonwealth payments to them than is the case for the States. The share of general purpose capital assistance to the NT was determined at self-government on 1 July 1978 and adjusted upward in 1985–86. A further adjustment was made in 1987–88 in conjunction with changes in State shares. As part of the financial

arrangements associated with self-government, the ACT will receive general purpose capital assistance in 1989–90 of \$52.1 million, comprising a grant of \$29.6 million, and non-concessional loans of \$22.5 million. Consistent with arrangements applying to the States and the NT, loans for public housing of \$7.0 million will be replaced by grants. In addition, \$5.0 million is to be paid into the Commonwealth Trust Account for ACT transitional funding (see page 41).

The provision of general purpose capital assistance in concessional forms provides a significant advantage to the States and the Territories relative to its provision as loans under the Financial Agreement and related arrangements. The Commonwealth also contributes to the cost of debt issued on behalf of the States and the Territories in other ways. Under the Financial Agreement, the Commonwealth makes contributions to the National Debt Sinking Fund in respect of State debt and to the NT Debt Sinking Fund for debt issued on behalf of the NT Government. Similar arrangements are to be made for the ACT. (These sinking fund contributions are discussed in Chapter V.) By an amendment to the Financial Agreement on 5 February 1976, the Commonwealth took over \$1000 million of State debt from 30 June 1975. Interest savings also accrue to the States and the Territories because, by acting as the central borrower and using Commonwealth guaranteed debt instruments, the Commonwealth is able to raise debt on more favourable terms than the States and the Territories.

At the 1989 Loan Council meeting, the Commonwealth undertook to examine proposals from VIC and QLD that would entail providing additional assistance to the States by taking over further amounts of their debt under the Financial Agreement.

Table 22 shows the general purpose capital assistance provided to the States and the NT since 1985–86, and to the ACT since 1988–89, in aggregate terms and the amount of each form of assistance provided. (Chapter V provides details of the arrangements as they affect total Commonwealth assistance for public housing purposes.) It is apparent that, in the context of sustained restraint in the overall level of Commonwealth payments to the States and the Territories, the level of general purpose capital assistance has been reduced substantially over recent years. As Table 23 shows, it is now a relatively small component of Commonwealth payments to the States and is not closely related to, nor a major source of finance for, States' capital requirements. As loan funds for the State/local sector are now obtained almost entirely through authority borrowings, the original purpose of the program in terms of coordination and control of public sector borrowing is now pursued through the Global Approach.

Table 22—General Purpose Capital Assistance to the States and the Territories
(\$ million)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
LOANS									
Amounts nominated for public housing (a)									
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	86.3	71.5	18.7	22.9	39.6	27.7	7.0	43.8	317.5
1989-90	..	..	..	..	..	..	..	..	..
Other (b)									
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	..	..	..	..	..	..	22.0	..	22.0
1989-90	..	..	..	..	..	..	22.5	..	22.5
Total									
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	29.0	43.8	339.5
1989-90	..	..	..	..	..	..	22.5	..	22.5
GRANTS									
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	29.6	43.8	340.1
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	29.6	43.8	340.1
TOTAL									
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	58.6	87.7	679.6
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	52.1	43.8	362.6

(a) Made available on concessional terms.

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

Table 23—General Purpose Capital Assistance to the States and the Territories, 1989-90

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
\$ million	86.3	71.5	18.7	22.9	39.6	27.7	52.1	43.8	362.6
\$ per capita	14.9	16.4	6.5	14.2	27.7	61.3	185.7	278.0	21.4
% of total Commonwealth payments	1.1	1.2	0.4	0.8	1.6	2.9	8.3	4.5	1.4
% of GSP	0.1	0.1	..	..	0.2	0.4	0.8	1.1	0.1
% of GFCE (a)	1.8	2.6	0.7	1.9	5.0	7.1	na	13.7	2.9

(a) State/local sector gross fixed capital expenditure for 1987-88.

Financing of General Purpose Capital Assistance

The concessional elements of the State Governments' Loan Council programs and general purpose capital assistance to the NT are financed by the Commonwealth from its own resources. However, under the Financial Agreement, the conversion or redemption of maturing State and NT debt that cannot be financed from the National and NT Debt Sinking Funds respectively is financed from the proceeds of the issue of Treasury Bonds. These issues are allocated to the States and the NT and represent State and NT Government debt. Similar arrangements are to be implemented for the ACT from 1989–90, with the Territory taking over responsibility for financing a notional amount of past debt.

The Commonwealth undertook at the 1989 Loan Council meeting to finance the State Governments' Loan Council programs, subject to the States agreeing 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;
- to arrange for the redemption and refinancing of maturing State debt that cannot be met from State Sinking Funds; and
- to make pro-rata weekly advances of the programs.

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. However, given the projected Budget surplus, the Commonwealth did not seek approval for a borrowing program for 1989–90.

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 Gentlemen's 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—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.

Increasing recognition of the implications of these developments for public sector spending and borrowing 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.

The purpose of the Global Approach is to supplement the powers of Loan Council under the Financial Agreement, allowing for control of the totality of public sector calls on financial markets. To this end, 'borrowings' under the Global Approach are defined broadly to include the whole range of financing arrangements available to authorities, including conventional borrowings, financial leases and related instruments and equity financing by or on behalf of authorities. The coverage of the Global Approach corresponds with that of the Public Sector Borrowing Requirement (PSBR) described in Statement No. 6 in Budget Paper No. 1. The Global Approach has become an important instrument of macroeconomic policy in a strategy directed towards reducing the public sector's call on domestic and foreign savings.

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 in respect of their own authorities. 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, and the margins applying over Commonwealth securities of similar maturity, as published by Loan Council Secretariat, are shown in Table 24. It has been suggested that the publication of this series could constrain the capacity of some smaller authorities to negotiate more favourable terms for borrowings. Because of this, and with the agreement of the States, the Commonwealth ceased collection and publication of these data on 5 July 1989. Although there will be no direct replacement for this series, various States will be publishing their own series of indicative interest rates.

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 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
September 1988	13.9	+1.6	13.8	+1.4	13.4	+1.5
December 1988	15.0	+1.3	14.9	+1.3	14.3	+1.5
March 1989	16.6	+1.4	15.9	+1.3	14.9	+1.3
June 1989	16.8	+1.2	15.9	+1.3	14.8	+1.3

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

The Global Approach

The central feature of the Global Approach is the imposition of aggregate quantitative controls, or 'global limits', on borrowings 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 the relevant 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 receipts);
- new money borrowings within the agreed limits include 'conventional' domestic and overseas loan raisings, deferred payment arrangements, overseas trade credits, financial leases (including leveraged leasing 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:

- 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: the domestic \$US, Eurodollar, Swiss Franc, Euro-sterling, European Currency Unit (ECU), Euro-\$A, Yen and non-Yen Tokyo, Deutschemark, Euro-yen, Euro-Canadian dollar, Euro-\$NZ, and Hong Kong dollar markets;
- 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 or three 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 but it has, of course, been repaying debt—rather than borrowing—in recent years.

Global Borrowing Limits for 1989–90

At its 18 May 1989 meeting, Loan Council members agreed to an aggregate new money borrowing limit for State authorities of \$3,750 million, which is \$1,000 million, or 23.7%, less than the borrowing limits originally approved for 1988–89. The agreed amount includes a special temporary addition of \$87.2 million for WA.

In recognition of the particular infrastructure needs of VIC, WA and TAS, it was agreed at the 1989 Loan Council meeting that these three States could utilise, as temporary special additions to their global limits in 1988–89, amounts of \$65 million, \$67.1 million and \$30 million respectively of the unused 1988–89 overall global limits. Even with these adjustments, total borrowings by State authorities were \$135 million, or 2.8%, below the aggregate global limit set for 1988–89.

A global borrowing limit of \$81 million was agreed for the NT for 1989–90, compared with actual borrowings of \$85 million in 1988–89, while a global borrowing limit of \$39.5 million was agreed for the ACT. The ACT did not undertake borrowings prior to self-government although some of its authorities did so. As a transitional measure, the Commonwealth offered loans of up to \$50 million in 1988–89 to the ACT on terms and conditions comparable with those applying to borrowings by semi-government authorities. Of this amount, \$25 million was drawn down by the ACT.

Details of the borrowing programs for each of the States and the NT are provided in Table 25, while Table 26 details the agreed conversion/refinancing programs.

Table 25-'Global' New Money Borrowings by Commonwealth, State and Territory Semi-Government and Local Authorities (a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	States and the Territories	Common- wealth (b)	TOTAL
Global borrowings (\$ thousand)											
1985-86	2,059,064	2,006,660	1,538,912	741,332	400,000	230,000	..	65,000	7,040,968	1,177,619	8,218,587
1986-87	1,845,000	1,875,140	1,387,000	635,000	350,000	217,000	..	86,300	6,395,440	1,401,868	7,797,308
1987-88	1,539,600	1,684,400 (c)	1,160,500	584,000	300,800	181,600	..	71,261	5,522,161	864,790 (d)	6,386,951
1988-89	1,152,700	1,552,400	792,800	657,800	258,300	201,000	..	85,000	4,700,000	2,076,869	6,776,869
1989-90(e)	1,144,100	1,173,600	625,600	448,400	223,500	134,900	39,500	81,000	3,870,600	1,488,000	5,358,600
Global borrowings (\$ per capita)											
1985-86	374.56	484.65	592.57	515.71	290.70	517.32	..	427.91	442.83	74.06	516.86
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	52.75	389.55
1988-89	200.87	361.84	284.89	419.33	182.47	447.36	..	543.48	281.83	124.54	406.37
1989-90	196.92	270.03	218.60	277.77	156.13	298.78	140.77	513.63	228.30	87.77	316.07
Global borrowings (percentage of GSP)(f)											
1985-86	2.5	3.0	4.3	3.3	2.1	4.1	..	2.5	3.0	0.5	3.4
1986-87	2.0	2.6	3.5	2.5	1.7	3.4	..	2.8	2.4	0.5	3.0
1987-88	1.5	2.0	2.6	2.0	1.3	2.6	..	2.2	1.9	0.3	2.2
1988-89	1.0	1.7	1.6	2.0	1.0	2.6	..	2.3	1.4	0.6	2.0
1989-90	0.9	1.2	1.1	1.3	0.8	1.6	0.6	2.1	1.1	0.4	1.5

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

(b) Includes 'implicit' borrowings associated with the Commonwealth's instalment purchase of Commonwealth Government offices.

(c) VIC borrowings for 1987-88 exceeded the State's global limit for the year by \$158 million as the sale of the World Trade Centre, proceeds of which are to be used to repay debt, did not proceed. When the sale proceeds, the State's borrowings are expected to be reduced below its global limit by a similar amount.

(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 1989 Loan Council meeting.

(f) Commonwealth and 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) (\$ thousand)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	States and the Territories	Common- wealth (b)	TOTAL
Domestic											
1985-86	731,331	1,485,260	297,363	250,280	559,400	123,257	..	58,290	3,505,181	627,087	4,132,268
1986-87	779,903	1,719,370	591,200	588,827	767,200	141,998	..	39,313	4,627,811	709,017	5,336,828
1987-88	1,877,300	3,406,440	660,400	1,289,141	1,012,300	210,780	..	82,665	8,539,026	600,358	9,139,384
1988-89	3,456,800	1,778,400	651,400	1,931,682	379,400	174,056	..	111,697	8,483,435	700,589	9,184,024
1989-90(b)	na	1,383,530	537,100	209,900	478,900	170,584	3,800	134,500	2,918,314	564,100	3,482,414
Overseas											
1985-86	168,770	145,080	212,000	46,415	350,700	..	..	..	922,965	235,555	1,158,520
1986-87	561,451	101,520	579,500	264,830	155,700	1,095	..	..	1,664,096	170,746	1,834,842
1987-88	52,500	138,490	89,200	88,167	72,800	37,647	..	..	478,804	205,291	684,095
1988-89	728,600	299,960	11,600	280,318	24,700	1,622	..	..	1,346,800	310,858	1,657,658
1989-90(b)	na	116,470	150,100	25,163	..	8,228	..	..	299,961	595,900	895,861
Total											
1985-86	900,101	1,630,340	509,363	296,695	910,100	123,257	..	58,290	4,428,146	862,642	5,290,788
1986-87	1,341,354	1,820,890	1,170,700	853,657	922,900	143,093	..	39,313	6,291,907	879,763	7,171,670
1987-88	1,929,800	3,544,930	749,600	1,377,308	1,085,100	248,427	..	82,665	9,017,830	805,649	9,823,479
1988-89	4,185,400	2,078,360	663,000	2,212,000	404,100	175,678	..	111,697	9,830,235	1,011,447	10,841,682
1989-90(b)	3,029,800	1,500,000	687,200	235,063	478,900	178,812	3,800	134,500	6,248,075	1,160,000	7,408,075

(a) Includes borrowings for the purposes of refinancing or converting the maturing debt of semi-government and local authorities and government-owned companies. 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 1989-90, Loan Council members also agreed to an aggregate overseas borrowing ceiling of \$825 million for State authorities, equal to 22% of aggregate new money borrowings. This compares with overseas borrowings of \$1,071 million in 1988-89. The distribution of the overseas ceiling, which was agreed among the States, is shown in Table 27.

Table 27—New Money Overseas Borrowings by State Semi-Government Authorities (a) (\$ million)

	NSW	VIC	QLD	WA	SA	TAS	Six State Total	Common- wealth (b)	TOTAL
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	404.7	1,571.0
1988-89	319.0	338.4	174.4	144.7	56.8	37.6	1,071.0	1,014.1	2,085.0
1989-90(c)	251.7	258.2	137.6	98.6	49.2	29.7	825.0	na (d)	825.0

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

(b) Includes the ACT and the NT, neither of which has borrowed overseas as yet.

(c) A ceiling of 22% of the global limits (\$825 million) on all overseas borrowings by State authorities was agreed at the 18 May 1989 Loan Council meeting by all members.

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

For 1989-90, Loan Council approved a new money borrowing limit for Commonwealth authorities of \$1,488 million, a decrease of \$589 million on borrowings undertaken in 1988-89. Within this lower limit it is anticipated that some 60% will be applied to meet major fleet re-equipment and expansion requirements for Qantas and Australian Airlines, together with related airport infrastructure.

Local Government Authority Borrowings

As shown in Table 28, local authority borrowings, undertaken within the global limits for State authorities and the NT, totalled \$654 million in 1988-89, or about 14% of all State/local new money borrowings.

Table 28—New Money Borrowings by Local Government Authorities (a)

	NSW(b)	VIC (c)	QLD	WA	SA	TAS	NT	TOTAL
Total borrowings (\$ thousand)								
1985-86	287,000	130,502	226,900	41,161	45,500	14,847	2,574	748,484
1986-87	251,000	130,521	236,500	32,408	46,000	18,871	3,141	718,441
1987-88	209,700	58,680	263,200	29,641	40,000	19,272	2,370	622,863
1988-89	197,500	130,200	237,600	32,843	35,000	18,973	1,936	654,052
1989-90(d)	178,550	49,500	240,900	55,689	30,000	20,000	3,000	577,639
Total borrowings as a percentage of each State's total new money borrowings								
1985-86	13.9	6.5	14.7	5.6	11.4	6.5	4.0	10.6
1986-87	13.6	7.0	17.1	5.1	13.1	8.7	3.6	11.2
1987-88	13.6	3.5	22.7	5.1	13.3	10.6	3.3	11.3
1988-89	17.1	8.4	30.0	5.0	13.6	9.4	2.3	13.9
1989-90	15.6	4.2	38.5	12.4	13.4	14.8	3.7	14.9

(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 NSW County Councils.

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

(d) Estimate.

The amount of borrowings by local government authorities varies markedly among States (after adjusting for differences in population). This reflects a number of factors, including differences in demand for local government infrastructure arising from differing rates of population growth among the States and, more importantly, variations among the States in the functions allocated to local government.

CHAPTER V—SPECIFIC PURPOSE PAYMENTS

This chapter outlines the distribution of specific purpose payments among the States and the Territories. 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 NT became self-governing in 1977–78, it has received specific purpose payments on the same basis as the States. Similar arrangements have applied since 1988–89 for payments to the ACT, although some specific purpose assistance was phased in during that year, with offsetting adjustments to general purpose assistance.

As in other years the distribution of assistance for 1989–90 under some programs is dependent upon the recipient governments undertaking to participate in programs, or approve particular projects. For a few programs, final decisions on the distribution of payments among the States and the Territories have still to be taken by the Commonwealth; for others, the final distribution for 1989–90 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 commit the Commonwealth to a particular level of funding or indicate that a State or Territory has agreed to participate in the program.

OVERVIEW

Specific purpose payments are provided for in the Constitution.⁽¹⁾ Payments of this kind are estimated to total \$12.5 billion or 49% of net Commonwealth payments to the States and the Territories in 1989–90.

Specific purpose payments are made where the Commonwealth wishes to have some involvement in the direction of 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 provides the vast majority of public expenditure and the States and Territories effectively act as agents for the Commonwealth in the dispersal of funds. At the other, there are program areas (for instance, current funding for schools and Technical and Further Education (TAFE)) where the Commonwealth provides a relatively small portion of total expenditure. In most cases the States and Territories administer specific purpose assistance under broad guidelines agreed with the Commonwealth. The main condition imposed on the provision of hospital grants, for example, is that State hospitals should not impose fees on Medicare patients.

While there are a large number of specific purpose payments, a few major programs account for the bulk of this assistance. In 1989–90, it is estimated that payments for education, hospitals, housing and roads will account for around 85% of total specific purpose payments.

Table 29 summarises payments to the States and the NT 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.

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

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 Territories and for local government, discussed in Chapter III, is included in the table under payments 'Not Allocated to Function'.

Table 29—Net Commonwealth Payments to the State/Local Government Sector by Function (a)

	1985-86	1986-87	1987-88	1988-89		1989-90(b)	
				Change		Change	
	\$m	\$m	\$m	\$m	%	\$m	%
Defence	5.7	4.2	3.8	2.6	(32.2)	2.1	(18.9)
Education	3,989.5	4,152.7	4,435.7	4,472.9	0.8	4,910.0	9.8
Health (c)	1,133.7	1,163.3	1,299.9	3,269.8	151.5	3,577.3	9.4
Social Security and Welfare	203.9	290.3	337.6	368.3	9.1	482.1	30.9
Housing and Community Amenities (d)	1,054.8	1,206.2	1,031.8	917.7	(11.1)	896.3	(2.3)
Culture and Recreation	45.4	55.9	40.3	15.2	(62.2)	11.1	(26.9)
Economic Services—							
Transport and Communication	1,270.0	1,250.9	1,282.1	1,293.7	0.9	1,335.8	3.3
Industry Assistance and Development	98.7	195.4	147.1	110.5	(24.9)	165.1	49.5
Labour and Employment	290.2	219.1	156.6	38.8	(75.3)	44.0	13.5
Other Economic Services	66.1	96.9	79.7	147.7	85.4	7.7	(94.8)
Total Economic Services	1,724.9	1,762.2	1,665.5	1,590.6	(4.5)	1,552.6	(2.4)
General Public Services	45.3	54.6	82.0	89.8	9.5	106.1	18.0
Not Allocated to Function—							
General Revenue Funds	11,915.5	13,222.6	14,248.2	12,542.9	(12.0)	12,824.7	2.2
State Governments' Loan Council Programs (d)	1,053.1	540.1	(130.0)	29.4	na	3.0	(90.0)
Assistance Related to State Debts	49.9	51.4	51.7	50.7	(2.0)	50.6	(0.2)
Assistance for Local Government (e)	538.5	585.6	641.5	652.5	1.7	675.3	3.5
Natural Disaster Relief	(8.0)	2.7	(14.9)	29.8	na	(17.0)	na
Other	38.0	34.3	33.2	34.3	3.4	36.5	6.5
Total Not Allocated to Function	13,587.1	14,436.8	14,829.8	13,339.7	(10.0)	13,573.1	1.7
Grand Total (Net Basis)	21,790.3	23,126.2	23,726.4	24,066.6	1.4	25,110.7	4.3

(a) Net of repayments of Commonwealth advances and sinking fund contributions on State Governments' Loan Council programs and general purpose capital assistance to the NT. Does not include payments to the ACT Trust Account or to the ACT Government.

(b) Estimate.

(c) Identified health grants payable up to 1987-88 are classified under 'General Revenue Funds'.

(d) Amounts nominated by the States and the NT for public housing from general purpose capital assistance have been classified to 'Housing and Community Amenities'.

(e) Comprising grants to the States to be passed on to local government authorities as general purpose assistance.

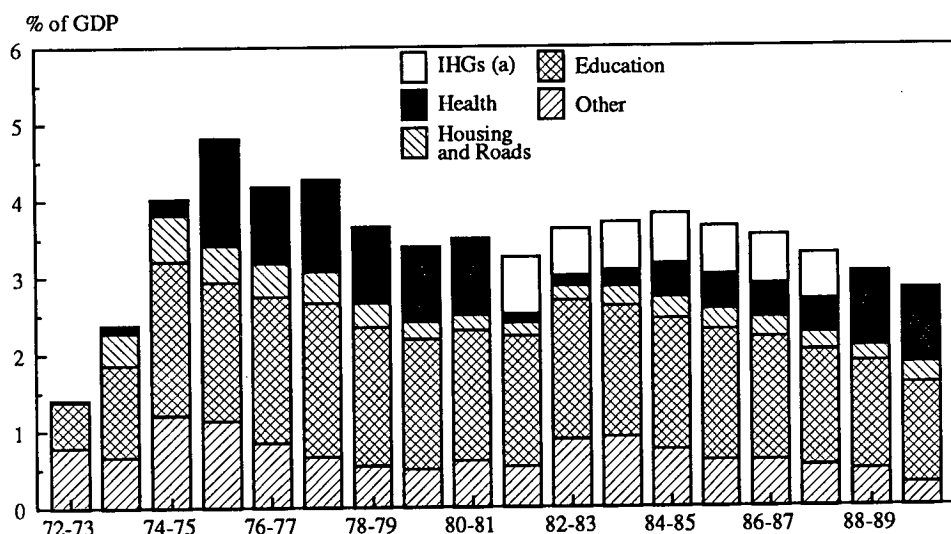
Specific purpose payments can be made as grants or advances (loans), with the former being more common. In 1989-90 grants account for nearly all specific purpose payments. As indicated in Chapter II, the majority of Commonwealth Government advances to State and local governments have been for general purposes under the State Governments' Loan Council programs (and analogous arrangements for the NT), with the balance comprising loans under housing and various other specific purpose programs.

Level of Specific Purpose Payments

Trends in specific purpose payments over the years mainly reflect changes in Commonwealth policy in relation to major programs. Large increases in specific purpose payments occurred between 1972-73 and 1975-76, primarily as a result of increased Commonwealth involvement in funding for education and health (see Chart 6). Between 1975-76 and 1987-88 Commonwealth assistance to the States and the NT for education (including the Commonwealth's funding of higher education and its contribution to TAFE and schools) has remained relatively stable as a proportion of GDP. In 1988-89, assistance for higher education was, for the first time, supplemented by the Higher Education Contribution Scheme, under which a portion of Commonwealth funding was paid directly to higher education institutions (and therefore is not classified as a payment to the States).

Changes in the level of specific purpose assistance have also been heavily influenced by changes in health funding arrangements. From 1975-76 to 1980-81, Commonwealth assistance for health purposes was provided primarily through hospital cost sharing grants, a specific purpose payment. In 1981-82, these grants for all States except SA and TAS were replaced by identified health grants, a component of general revenue assistance. With the introduction of Medicare in February 1984, SA and TAS 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 the 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.

Chart 6: Specific Purpose Payments as a Percentage of GDP



(a) From 1981-82 to 1987-88 Commonwealth assistance for health purposes was provided partly through identified health grants (IHGs), a component of general revenue assistance.

Other major payments to increase in the mid-1970s were for housing, sewerage, local government assistance and disaster relief. In the late 1970s payments for housing and sewerage declined, although the former subsequently expanded in the early to mid-1980s, at the same time as labour market programs (under the Community Employment Program (CEP)) expanded. The CEP was wound down with the recovery in the labour market, and was terminated in 1987-88. This, along with restraint in housing and road grants, has contributed significantly to the decline in specific purpose programs in recent years.

Distribution of Specific Purpose Payments

Table 30 shows the variation for each State from the average per capita level of Commonwealth net payments and its main components. The distribution of specific purpose payments is much more even in *per capita* terms than other forms of assistance. This is because the distribution of most major specific purpose programs is related to population, whereas the distribution of general revenue assistance is based on the principle of fiscal equalisation, and the distribution of general purpose capital assistance reflects a variety of historical factors (see Chapter IV).

Table 30-Payments to the States and the NT, 1988-89 (Per Capita Payments as a Percentage of the Average)

	NSW	VIC	QLD	WA	SA	TAS	NT	Average
	%	%	%	%	%	%	%	\$ per capita
General Revenue Grants	83.9	81.5	105.3	121.7	121.6	142.3	569.0	764.74
General Purpose Capital								
Payments	79.5	88.0	35.5	77.0	147.7	325.2	1,480.6	37.86
Specific Purpose Payments	95.0	99.3	96.6	101.1	106.0	119.4	243.3	684.16
Total Net Payments	88.9	90.4	100.0	111.6	111.9	136.0	443.7	1,467.33

Distributional Arrangements for Major Programs

Table 31 shows the variation from the average *per capita* level of specific purpose payments for a number of major programs. Specific purpose capital payments are less evenly distributed on a *per capita* basis than current payments. Important considerations bearing on the distribution of some of the major programs among the States are as follows:

- current grants for higher education are determined on the basis of negotiations with individual institutions which take into account their historical base, levels of enrolment and relative rates of participation and student demand for places in the different States and regions;
- current grants for schools reflect eligible student numbers, the type of institution (government and non-government) and the level of education (primary and secondary) provided. Current funding for TAFE is distributed taking into account relative State and Territory shares of teaching effort and achievements under resource agreements which reflect Commonwealth objectives;
- hospital funding grants, which were introduced in 1988-89 and comprise the bulk of health grants, are distributed on a *per capita* basis weighted according to age and sex;

Table 31—Specific Purpose Payments to the States and the NT, 1988–89 (Per Capita Payments as a Percentage of the Average)

	NSW	VIC	QLD	WA	SA	TAS	NT	Average
	%	%	%	%	%	%	%	\$ per capita
Current								
Higher Education	92.7	115.4	88.0	103.2	108.5	98.1	55.9	128.24
Schools	101.8	110.5	94.6	90.8	86.5	87.3	95.5	101.43
TAFE	106.7	91.3	90.2	98.3	109.1	117.6	152.8	7.55
Health (a)	100.7	100.0	97.0	97.2	109.5	102.1	65.4	196.37
Local Government	100.5	101.2	97.8	96.0	101.8	103.7	100.4	39.78
Other	79.3	69.7	81.8	91.8	96.7	273.7	1,627.1	45.46
Total	97.1	103.2	92.9	96.9	103.0	113.6	207.9	518.83
Capital								
Education (b)	94.5	101.5	106.0	96.2	102.4	84.7	212.2	34.19
Housing (c)	92.7	89.1	97.8	104.5	111.0	128.0	482.6	39.88
Roads (d)	91.4	77.0	119.0	138.1	84.9	144.2	336.0	73.82
Other	53.9	96.9	88.5	71.8	278.3	234.9	364.5	17.44
Total	88.4	87.1	108.0	114.3	115.2	137.5	348.8	165.33

(a) Includes current grants for hospital funding, pathology laboratories, hospital waiting list reduction, nurse education, home and community care, blood transfusion services, drug education campaigns, combatting AIDS, national better health and health programs.

(b) Includes capital grants for higher education, TAFE and schools.

(c) Includes capital grants for pensioner housing, housing assistance for Aborigines, local government and community housing and public housing.

(d) Includes capital grants for land transport, Bicentennial roads development and Centennial roads development programs.

- general purpose assistance for local government, which is classified as a specific purpose payment to the States because State governments are required to pass on the funds to local authorities, has been progressively moving towards equal *per capita* shares (as discussed in Chapter III, 1988–89 was the last year in the transition);
- capital grants for higher education are distributed primarily for projects which are determined on the basis of factors such as enrolments and relative needs. Capital grants for TAFE colleges are distributed on the basis of teaching effort, relative need between States (participation rates, standard of existing facilities) and for the States with smaller populations, the size of individual building projects. Capital grants for schools are allocated primarily in proportion to enrolments;
- grants for public housing are distributed largely on an equal *per capita* basis. However, substantial proportions of the program in 1988–89 were distributed on the basis of identified needs, such as for Aborigines and pensioners (as noted in Chapter IV, the amounts to be transferred from general purpose capital funding to the Commonwealth State Housing Agreement will reflect the historical distribution of that program in 1989–90, and the phasing in of an equal *per capita* distribution basis by 1992–93); and
- the distribution of roads grants reflect factors such as the length, class and usage of roads in each State.

Fiscal Equalisation and Specific Purpose Payments

The distribution of general revenue grants to the States and the NT is heavily weighted toward the less populous States. This is because the distribution of general revenue grants is based on *per capita* relativities determined in accordance with the principle of fiscal equalisation which, in addition to the revenue raising capacity and the costs of service delivery, also takes account of the distribution of certain specific purpose grants among States.

In determining the distribution of general revenue assistance from the Commonwealth, the Grants Commission only examines the States' relative *current* revenue and expenditure needs. All *capital* specific purpose payments (25% of the total) are, therefore, excluded from the Commission's assessments. Within the Commission's methodology, there are three main approaches to dealing with *current* specific purpose payments received by the States and the NT⁽²⁾:

- exclusion—where all expenditure in a particular area is excluded from the assessments. Areas in which the Commonwealth has largely accepted financial responsibility (for example, higher education) are treated in this way;
- deduction—where only the State-funded portion of expenditure is included in the assessment of States' expenditure needs. This approach is used where the specific purpose payment is judged to finance expenditure in addition to that which the States would otherwise have undertaken. A number of industry assistance schemes, such as the Rural Adjustment Scheme, are treated in this manner; and
- inclusion—where both Commonwealth and State funded expenditure are taken into account in the assessments. This approach is used for payments which replace the need for funding from the States' own sources—in essence, it is considered that the provision of these specific purpose payments is effectively no different to the provision of general revenue assistance.

About one half of total current specific purpose payments to the States and the NT are treated by the inclusion approach, including grants for schools and TAFE, home and community care, children's services, Aboriginal advancement and legal aid. Hospital funding grants (payable from 1988–89) are also effectively treated by the inclusion approach (see below).

The distribution of payments treated by either the deduction or the exclusion approach have no influence on the *per capita* relativities for distributing general revenue assistance. However, a State receiving a higher share of an 'included' specific purpose payment will be assessed as requiring a commensurately lower share of general revenue assistance and vice versa. This approach is pursued because unless relevant specific purpose payments are treated by the inclusion approach, it will not account for all sources of funds which assist the States in meeting their expenditure needs and the objective of fiscal equalisation would be undermined. Insofar as the purpose of fiscal equalisation is to ensure that each State, subject to making an average revenue raising effort, has the capacity to provide comparable standards of service across a range of

(2) See pages 10–12 of the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities 1989 Update*, which also describes a fourth method of dealing with specific purpose payments (the 'hybrid inclusion' approach, a variant of the 'inclusion' approach).

functions, including education, health, and law, order and public safety, it is appropriate to include all funds generally available to provide such services.

EDUCATION

Since 1974 the Commonwealth has provided nearly all the public funding of higher education, with the States and Territories passing on the funds to higher education institutions for expenditure in accordance with Commonwealth guidelines.

In 1989–90, funding for higher education provided via the States under the *Higher Education Funding Act 1988* is estimated to total \$2.4 billion (an increase of 6.1% over 1988–89). This increase largely reflects the effect of price supplementation (on the basis of expected growth in salaries, administration expenses and equipment and capital costs), changes in the timing of payments and the full-year impact of the reform package announced in the Government's Policy Statement on Higher Education (White Paper, July 1988) and implemented from 1 January 1989. The main elements of this package which have increased State funding are the continued expansion of higher education places and the capital program, and a change in the timing of payments since 1 January 1989.

These increases have been partly offset by the introduction of the Higher Education Contribution Scheme (HECS) from 1 January 1989 under which students will make a contribution towards their tuition costs (for further details see Budget Paper No. 1). The introduction of HECS has meant that a proportion of total operating grants for State and Commonwealth institutions are paid through the Higher Education Trust Fund, and treated as Commonwealth own-purpose outlays rather than as a payment to the States. Under HECS, payments to institutions via States' grants are reduced by up-front payments made directly to institutions by students.

The Commonwealth provides current and capital assistance to the States and Territories to support the operations of their TAFE systems under the *States Grants (Technical and Further Education Assistance) Act 1989*, with estimated payments in 1989–90 of \$343 million, an increase of 21.7% over 1988–89. This increase mainly reflects price supplementation, provision of funding for 4% enrolment growth and slippage in the 1988–89 capital program to 1989–90.

The Commonwealth also provides current and capital assistance to the States for expenditure on Government and non-Government schools in the States under the *States Grants (Schools Assistance) Act 1988*. Estimated funding in 1989–90 is \$2173 million, an increase of 12.9% over 1988–89. This increase mainly reflects real growth in general current (*per capita*) growth in line with the Government's policy of providing annual real increases until at least 1992, together with increases in price supplementation, enrolment and the full-year effect of supplementation for superannuation.

The ACT does not receive significant payments for higher education because payments to institutions in the ACT, apart from Signadou College, are still treated as Commonwealth own-purpose outlays. Payments to the ACT for higher education, TAFE and schools will decline by 36.1% in 1989–90 to \$45 million.

HOSPITAL FUNDING GRANTS

Hospital funding grants are the main form of Commonwealth assistance to the States and the Territories for health purposes. From 1988-89 they replaced identified health grants (which had been a component of general revenue assistance), and Medicare compensation grants. The grants for the States and the NT are estimated to total \$3,298 million in 1989-90, 8.5% higher than in 1988-89. Hospital funding grants are indexed for general cost increases (award wages and CPI) plus an age-sex weighted population factor. This indexation factor is expected to provide significant real growth in hospital funding. (Statement No. 3 in Budget Paper No. 1 provides further information on the prospective growth in these grants.)

The hospital funding grant consists of a base level of funding for each State and the NT (\$3,272 million) and an incentives package (\$42.1 million) offset by a public provision adjustment involving penalties (estimated at \$37.5 million). The totals of the base funding and the incentives package are indexed as described above from 1989-90. In addition, \$21.7 million is being provided to the States for the treatment of AIDS cases (this is indexed by the increase in the number of AIDS patients over the year to 1 November, as well as the general indexation arrangements described above).

The present estimates of the inter-State distribution of hospital grants are indicated in Table 32. These are based on estimates of the distribution of population weighted by age and sex as at May 1989; the actual distribution of base grants in 1989-90 will be based on the population distribution as at December 1989.

The ACT will receive a payment analogous to the hospital grants paid to the States and the NT of \$42.9 million in 1989-90.

As discussed in Chapter III, the distribution of hospital funding grants is taken into account in calculating the distribution of general revenue assistance to the States and the NT. The effect of hospital grants on the distribution of general revenue grants is effectively the same as for other specific purpose payments which the Grants Commission brings into its assessments under the 'inclusion' approach (described earlier). From 1989-90 the AIDS component, the incentives package and the public provision adjustment of the hospital funding grants will be excluded in determining the distribution of general revenue assistance among the States and the NT. In effect, this means that the distribution of general revenue grants will not offset the distribution of each of those components of funding. (In 1988-89, only the AIDS component of the hospital funding grants was not taken into account in determining the distribution of general revenue assistance.)

Table 32—Distribution of Hospital Funding

	1988-89				1989-90 (a)			
	Hospital Funding Grants less Quarantined Amounts	Quarantined Amounts (b)	Total	Share of total	Hospital Funding Grants less Quarantined Amounts	Quarantined Amounts (b)	Total	Share of total
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
NSW	1,078.5	8.7	1,087.3	35.8	1,156.3	27.5	1,183.8	35.9
VIC	787.3	3.5	790.8	26.0	860.6	(20.0)	840.5	25.5
QLD	506.9	1.2	508.2	16.7	552.3	8.5	560.9	17.0
WA	273.1	0.8	273.9	9.0	296.3	4.7	301.0	9.1
SA	276.2	0.5	276.7	9.1	295.9	4.3	300.2	9.1
TAS	84.6	0.0	84.6	2.8	90.2	1.2	91.4	2.8
NT	19.2	0.0	19.2	0.6	20.4	0.3	20.7	0.6
TOTAL	3,025.8	14.8	3,040.7	100.0	3,271.9	26.5	3,298.4	100.0

(a) Estimate.

(b) The 'quarantined amounts', which are excluded when determining the distribution of general revenue assistance, comprised only the AIDS component in 1988-89. From 1989-90, they will also include the incentives package and public provision adjustment.

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 younger disabled people at risk of inappropriate institutionalisation to remain at home. In 1989-90, \$245 million is to be provided to the States and the Territories, 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 crisis accommodation and related support services for homeless people. In 1989-90, \$73 million will be provided to the States and the Territories. The Commonwealth has agreed to enter into new agreements with the States to provide funds for SAAP on a cost-shared basis for a further 3 years, including an additional \$30 million in growth funds over the period (\$5 million in 1989-90).

In addition to SAAP funding, and in the context of the Commonwealth's Strategy for Young People, \$17 million will be provided on a matched basis to the States over the next four years (\$2 million in 1989-90) for innovative service development focussed on priorities for homeless youth arising out of the Burdekin Report.

Under both HACC and SAAP, 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.

Funding to implement the plans announced by the Commonwealth last year for an additional 30,000 child care places will commence in 1989-90. 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 the Territories where that provides the most effective means of delivering the services concerned. It is estimated that a total of \$28.8 million will be provided to the States, Territories and local government authorities in 1989-90, for both capital and current purposes spread over most functional categories. This represents a decrease of 7.8% over 1988-89 and mainly reflects a change in the method of program delivery from payments to the States towards direct funding of Aboriginal organisations.

HOUSING

Assistance to the States and the Territories for public housing is provided under the 1984 Commonwealth State Housing Agreement (CSHA).

In 1989-90, the Commonwealth will provide a total of \$1,035.0 million as grants to the States and the NT for public housing under the CSHA, compared with \$700 million in 1988-89. The increase in grants in 1989-90 reflects the replacement of concessional loans for public housing (\$310.5 million), formerly made under the State Governments' Loan Council programs (and analogous payments to the NT), with additional grants made under the CSHA. Chapter IV provides further details. The details of this change are now being considered by Commonwealth and State Housing Ministers.

The total grant 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 Block Assistance on a dollar for dollar basis.

In 1989-90, the Commonwealth will provide as a one off measure and on an unmatched basis an additional \$14.8 million for mortgage interest relief for those experiencing severe financial hardship. The funds will be distributed under the Mortgage and Rent Relief Scheme eligibility criteria. The Commonwealth will also provide in 1989-90 an additional \$9.8 million to the States for the establishment of medium term supported accommodation for homeless youth. Both of these new programs are classified to the 'Social Security and Welfare' function.

Since 1 July 1987, funding for ACT public housing has been aligned with arrangements applying to the States and the NT under the CSHA. Consistent with these arrangements, the ACT will receive \$18.2 million in 1989-90, including \$7.1 million formerly provided as general purpose capital assistance to the ACT.

The following table shows the distribution of payments under the CSHA in 1989-90.

Table 33—Details of Payments to be made under the Commonwealth State Housing Agreement 1989–90, (a) (\$ thousand)

	NSW	VIC	QLD	WA	SA	TAS	ACT(b)	NT	TOTAL
Pensioner Housing	18,520	10,882	9,644	4,153	3,849	1,179	574	523	49,324
Aboriginal Housing	17,777	3,638	25,228	15,862	8,341	696	..	19,458	91,000
Local Government and Community Housing	8,404	6,284	4,060	2,288	2,075	660	234	229	24,234
Block Assistance	244,873	190,776	92,591	66,266	82,059	44,982	16,251	55,701	793,501
Mortgage and Rent Relief (c)	10,646	7,961	5,142	2,898	2,630	836	430	291	30,834
Crisis Accommodation (c)	13,656	10,212	6,598	3,717	3,372	1,072	283	373	39,283
Youth Housing (c)	3,444	2,575	1,664	937	850	270	166	94	10,000
Mortgage Relief (c)	5,166	3,863	2,496	1,406	1,275	405	248	141	15,000
Total	322,486	236,191	147,423	97,527	104,451	50,100	18,186	76,810	1,053,176

(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) Payments under these programs are classified to the 'Social Security and Welfare' function.

ROADS

The Australian Centennial Roads Development (ACRD) Program provides grants to the States and the Territories for the construction and maintenance of roads. The program also provides funds to approved organisations for land transport research and road safety programs. Funds may also be provided under the program for urban public transport projects and mainline capital railway projects. The ACRD Program commenced on 1 January 1989, replacing both the Australian Land Transport Program and the Australian Bicentennial Road Development Program.

The following table shows the distribution of funding from 1987–88 to 1989–90 by category of road.

Table 34—Capital Grants for Road Programs by Road Category (\$ million)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
National Roads									
1987-88	198.0	92.5	117.0	61.6	39.1	18.4	..	22.6	549.2
1988-89	173.4	80.8	105.0	53.9	35.6	16.1	..	20.8	485.6
1989-90 (a)	191.9	84.3	115.2	51.8	34.2	23.8	..	20.0	521.2
Arterial Roads									
1987-88	130.1	110.9	90.1	55.6	33.9	16.8	..	4.7	442.1
1988-89	136.8	108.5	87.4	67.7	32.2	18.3	2.5	5.7	459.1
1989-90 (a)	160.3	132.5	93.7	65.9	34.4	13.8	3.2	5.0	508.8
Local Roads									
1987-88	80.4	45.9	47.1	36.9	19.6	11.7	..	11.6	253.2
1988-89	77.0	54.5	52.1	38.3	20.9	13.4	4.0	12.3	272.5
1989-90 (a)	84.3	59.5	57.1	42.4	22.7	14.7	8.9	13.5	303.1
Total									
1987-88	408.5	249.3	254.2	154.1	92.6	46.9	..	38.9	1,244.5
1988-89	387.2	243.8	244.5	159.9	88.7	47.8	6.5	38.8	1,217.2
1989-90 (a)	436.6	276.3	266.0	160.1	91.3	52.3	12.1	38.5	1,333.2

(a) Estimate.

FEDERAL WATER RESOURCES ASSISTANCE PROGRAM

For 1989-90, the Budget provides \$49.4 million for payment to the States and the NT under the Federal Water Resources Assistance Program (FWRAP).

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

An amount of \$30.7 million has been allocated to 'Industry Assistance and Development' in 1989-90 for a range of projects, including payments to QLD in relation to completion of the Burdekin Dam. An amount of \$10.9 million has been allocated to 'Other Economic Services', including provision for water treatment facilities in SA and for the Country Towns Water Supply Improvement Program in all States. An amount of \$7.8 million has been allocated to 'Housing and Community Amenities' for urban flood mitigation projects.

The table below shows details of expenditure in 1988–89.

Table 35—Payments to the States and the NT under the Federal Water Resources Assistance Program, 1988–89

State	\$'000	Purpose
NSW	1,350 (a)	Murray Valley Salinity Mitigation—a coordinated program with NSW, VIC and SA for salinity reduction and drainage control.
	3,364 (b)	Urban Flood Plain Management—approved works and studies in coastal and inland urban centres.
	25 (a)	Rural Flood Management—approved works and studies on coastal and inland rivers.
	1,586 (c)	Urban Water Supply—the Country Towns Water Supply Improvement Program (COWSIP).
	140 (c)	Water Conservation and Efficiency Improvement.
	<u>6,465</u>	
VIC	1,810 (a)	Murray Valley Salinity Mitigation (see above).
	357 (c)	Urban Water Supply—COWSIP (see above).
	1,374 (b)	Urban Flood Plain Management (see above).
	386 (c)	State Water Plan.
	<u>3,927</u>	
QLD	6,150 (a)	Irrigation projects, including Bundaberg Irrigation Works involving works of conservation, distribution and reticulation of water, and the Burdekin Falls Dam for construction of a dam on the Burdekin River to provide water for irrigation in the Burdekin River Basin.
	2,617 (c)	Urban Water Supply—COWSIP (see above).
	901 (b)	Flood Plain Management.
	<u>9,668</u>	
WA	1,242 (c)	Urban Water Supply—COWSIP (see above).
	5,446 (a)	Salinity Control—Collie River catchment and South-West catchments (Denmark, Kent, Warren and Helena Rivers) and Harris Dam.
	117 (b)	Urban Flood Plain Management Studies and Works.
	75 (c)	State Water Plan.
	<u>6,880</u>	
SA	5,542 (c)	Urban Water Supply—Metropolitan Adelaide and Northern Towns Water Filtration Program; and COWSIP (see above).
	400 (a)	Murray Valley Salinity Mitigation (see above).
	3 (b)	Urban Flood Plain Management—flood mitigation works on the River Torrens.
	12 (a)	Rural Flood Plain Management Studies.
	<u>5,957</u>	
TAS	1,076 (b)	Urban Flood Plain Management—Launceston Flood Protection Works.
	285 (c)	Urban Water Supply—COWSIP (see above).
	<u>1,361</u>	
NT	131 (b)	Urban Flood Plain Management (see above).
	250 (c)	Urban Water Supply—COWSIP (see above).
	50 (c)	Water Conservation Program.
	<u>431</u>	
TOTAL	34,689	

(a) Classified under 'Industry Assistance and Development'.

(b) Classified under 'Housing and Community Amenities'.

(c) Classified under 'Other Economic Services'.

NATURAL DISASTER RELIEF

Commonwealth payments under Natural Disaster Relief Arrangements (NDRA) assist the States and the Territories to 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, earthquakes, floods and storms. As announced in the April 1989 Economic Statement, with effect from 1 July 1989 drought measures are no longer included under the NDRA.

Under the NDRA the Commonwealth reimburses at least 50% of State expenditure on eligible measures for the relief of personal hardship and distress. The Commonwealth provides financial assistance for other eligible relief and restoration measures 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 general government sector revenue and grants two years earlier (the latest available data), and are set out in the following table.

Table 36—Base Amounts for Eligibility for Assistance under the Natural Disaster Relief Arrangements (\$ million)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
1988-89	29.50	22.01	15.44	9.17	8.12	2.94	na	2.39
1989-90	32.75	23.91	15.78	10.31	9.05	3.11	(a)	2.47

(a) The base amount for the ACT will be calculated after August 1989, when data on general government sector revenue and grants are available on the same basis as for the States.

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.

Other major policy changes to apply to the NDRA from 1 July 1989, but with no significant estimated effect on payments, include the introduction of ceilings on the amount of Commonwealth assistance available in respect of single loans (an \$80,000 ceiling), aggregate loans (a \$120,000 ceiling) and grants (a \$5,000 ceiling) made by the States, and the abolition of the early loan repayment arrangements. The ACT was included in the NDRA from 1 July 1989.

The Commonwealth has provided \$15 million in 1989-90 for disaster relief and restoration. This is a substantial reduction on above-average expenditure of \$61.9 million in 1988-89. The estimate takes account of States' estimates of continuing expenditure in 1989-90 in respect of previous disasters. NDRA forward estimates are prepared on the basis of historical experience over the last 11 years.

The following table records, for recent years, payments to each State allocated to particular disasters.

Table 37—Payments for Natural Disaster Relief by Type of Disaster (a)
(\$ thousand)

	NSW	VIC	QLD	WA	SA	TAS	NT	TOTAL
Droughts								
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
1988-89	1,024	..	12,635	..	..	2,993	616	17,268
Floods, Storms and Cyclones								
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
1988-89	24,363	3	16,506	47	..	..	3,667	44,586
Bushfires								
1984-85	..	(540) (b)	..	..	44	71	..	(425)
1985-86	..	(316) (b)	..	..	37	4	..	(275)
1986-87	..	(278) (b)	..	..	..	..	..	(278)
1987-88	25	3	..	..	..	..	..	28
1988-89	2	1	..	..	..	..	..	3
All Natural Disasters								
1984-85	381	(540) (b)	11,115	..	44	281	..	11,281
1985-86	418	(316) (b)	24,937	1,117	37	4	..	26,197
1986-87	2,993	(278) (b)	33,422	194	..	..	..	36,331
1987-88	1,595	3	14,400	..	..	..	(202) (c)	15,796
1988-89	25,389	4	29,141	47	..	2,993	4,283	61,857

(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. 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. Any payments for other eligible disasters, eg earthquakes, are included in the total for all natural disasters.

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

(c) Reflects refund to the Commonwealth of amounts overpaid to the Northern Territory in earlier years.

ASSISTANCE RELATED TO STATE DEBTS

The Commonwealth and State Governments make contributions to the National Debt Sinking Fund in respect of State debt or debt incurred on behalf of the States under the Financial Agreement of 1927. Each State currently 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.

Analogous arrangements apply for the NT, which is not a party to the Financial Agreement, whereby the Commonwealth and the Territory make payments to the NT Debt Sinking Fund. It is intended that similar arrangements be negotiated for the ACT, providing for sinking fund payments on the notional amount of debt attributable to the ACT.

Appendix II provides details of Commonwealth advances and the resulting interest and repayment obligations, including payments to the National and NT Debt Sinking Funds.

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 NT on the condition that it is passed on to local governments, there are two other types of Commonwealth assistance to local governments:

- direct grants—payments made direct to local government authorities for specific purposes designated by the Commonwealth. These grants differ from specific purpose payments to the States and the NT in that they are not made in relation to programs designed solely to assist local government. Not all local government authorities necessarily are involved in the activities which are assisted under the various Commonwealth programs (for example the aerodrome local ownership plan); and
- assistance passed on through the States and the NT—some funds provided to the States and the NT for specific purposes are passed on to local government. The amounts passed on are generally at the discretion of the State and the NT 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.

The ACT Government (which has both territorial and municipal responsibilities) is eligible to receive comparable assistance in respect of its local government functions.

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, 1985–86 TO 1989–90

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

- general purpose assistance which is initially paid to the States and the NT 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 NT which is generally passed on at the discretion of the State and the NT 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 NT. The amounts shown are those supplied by State Treasuries for the period 1985–86 to 1988–89. In some years, for certain programs, lags can result in amounts passed on by a State to local government exceeding Commonwealth payments to that State. There are no estimates for 1989–90.

Table No.	State/Territory	Page
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Table 38—Commonwealth Government Payments to or for Local Government Authorities in New South Wales (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	195,615	211,754	228,800	229,435	236,259
Direct Payments Current					
Nursing Homes	1,178	1,445	27	28	..
Home and Community Care	1,520	1,383	..	..	..
Home Nursing (b)	2,121	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	272	364	529	822	1,501
Handicapped Persons' Assistance	103	24	113	177	200
Children's Services	19,496	23,655	23,537	23,810	26,845
Subsidy for Migrant Aid	35	28	19	..	45
Aboriginal Advancement	50	57	1,683	394	..
Local Government Development Program	1,785	812	528	542	542
Aerodrome Local Ownership Plan	1,363	1,865	2,014	2,082	2,249
Total Current	27,922	29,633	28,448	27,815	31,382
Direct Payments Capital					
Aged and Disabled Persons' Homes and Hostels	1,417	1,229	156	2,069	2,130
Handicapped Persons' Assistance	3	..	..	..	..
Children's Services	331	841	2,740	1,024	476
Aerodrome Local Ownership Plan	7,626	3,185	2,085	679	467
Total Capital	9,377	5,255	4,981	3,772	3,073
Total Direct Payments	37,299	34,888	33,430	31,586	34,455
Total Direct <i>plus</i> General Assistance	232,914	246,642	262,230	261,022	270,714
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	83	84	176	104	na
Home and Community Care	2,886	1,630	3,547	4,302	na
Supported Accommodation Assistance	73	..	89	44	na
Children's Services	1,471	297	598	726	na
Family Support Services	831	..	68	119	na
Local Government and Community Housing Grants	3,533	3,883	1,649	1,399	na
National Estate	134	125	167	152	na
Roads Assistance	73,500	71,332	68,861	81,125	na
Flood Mitigation	2,687	2,698	2,510	3,390	na
Community Employment Program	43,410	27,663	19,665	..	na
Support for Steel Regions . . . . .	..	..	883	2,312	na
Australian Bicentenary . . . . .	..	..	..	563	na
Total On-passed Specific Purpose Funds	128,607	107,711	98,213	94,236	na

(a), (b) and (c) See corresponding footnotes to Table 45.

Table 39—Commonwealth Government Payments to or for Local Government Authorities in Victoria (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	136,410	147,664	165,763	172,726	176,633
Direct Payments—Current					
Nursing Homes	675	1,236	141	..	..
Home and Community Care	2,398	2,170	..	..	..
Home Nursing (b)	5,770	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	1,101	1,268	2,003	2,454	4,279
Handicapped Persons' Assistance	22	..	147	88	95
Children's Services	20,936	25,120	29,043	28,711	32,431
Aboriginal Advancement	5	7	207	2	..
Local Government Development Program	1,430	343	512	456	490
Aerodrome Local Ownership Plan	466	576	624	832	590
Total Current	32,803	30,720	32,677	32,542	37,885
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels	2,233	1,646	1,093	1,961	1,955
Handicapped Persons' Assistance	28	..	3	..	..
Children's Services	222	789	3,573	3,047	1,414
Aerodrome Local Ownership Plan	143	183	204	177	10
Total Capital	2,626	2,618	4,873	5,186	3,379
Total Direct Payments	35,428	33,338	37,550	37,728	41,264
Total Direct <i>plus</i> General Assistance	171,839	181,002	203,313	210,453	217,897
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	103	493	466	460	na
Home and Community Care	13,188	23,665	31,227	34,464	na
Supported Accommodation Assistance . . . . .	..	9	36	64	na
Children's Services	1,229	1,960	1,814	1,889	na
Family Support Services	331	214	413	..	na
Local Government and Community Housing Grants	627	884	1,666	385	na
National Estate	35	83	89	88	na
Roads Assistance	45,630	45,430	63,900	61,600	na
Flood Mitigation	501	551	708	705	na
Community Employment Program	35,087	20,974	11,618	1,287	na
National Sports Facilities . . . . .	..	160	..	..	na
Australian Bicentenary . . . . .	..	..	972	3,430	na
Total On-passed Specific Purpose Funds	96,732	94,424	112,909	104,372	na

(a), (b) and (c)—See corresponding footnotes to Table 45.

Table 40—Commonwealth Government Payments to or for Local Government Authorities in Queensland (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	90,367	97,823	106,834	108,322	114,569
Direct Payments—Current					
Home and Community Care	2	..	..	..	..
Home Nursing (b)	2,642	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	103	68	154	270	479
Children's Services	3,728	3,564	4,516	5,945	6,700
Aboriginal Advancement	4,049	3,958	4,531	(4,121)	5,274
Local Government Development Program	742	308	369	399	429
Bid Assistance 1992 Olympics	300	300	..	..	..
Aerodrome Local Ownership Plan	1,088	1,624	1,799	1,479	1,510
Total Current	12,654	9,822	11,369	3,972	14,392
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels	49	48	910	815	818
Children's Services	282	21	743	1,068	495
Aboriginal Advancement	737	745	791	..	1,055
Aerodrome Local Ownership Plan	1,225	839	2,001	18,596	287
Total Capital	2,293	1,652	4,445	20,479	2,655
Total Direct Payments	14,948	11,475	15,813	24,451	17,047
Total Direct <i>plus</i> General Assistance	105,315	109,297	122,648	132,772	131,616
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	91	107	137	245	na
Home and Community Care . . . . .	..	689	816	471	na
Supported Accommodation Assistance	81	24	97	54	na
Children's Services	60	83	131	36	na
Family Support Services	32	41	162	169	na
Local Government and Community Housing Grants	1,659	1,124	1,774	2,015	na
National Estate	27	124	31	65	na
Roads Assistance	29,759	32,867	50,898	48,090	na
Flood Mitigation	1,774	142	23	2,732	na
Community Employment Program	19,297	9,926	6,649	686	na
Australian Bicentenary . . . . .	..	483	1,557	..	na
Total On-passed Specific Purpose Funds	52,779	45,610	62,273	54,561	na

(a), (b) and (c)—See corresponding footnotes to Table 45.

Table 41—Commonwealth Government Payments to or for Local Government Authorities in Western Australia (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	50,326	54,477	59,285	59,892	64,585
Direct Payments—Current					
Nursing Homes	888	1,324	50	(16)	..
Home and Community Care	284	62	..	..	..
Home Nursing (b)	2,392	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	234	175	260	335	586
Children's Services	5,156	5,893	6,945	7,476	8,400
Aboriginal Advancement	95	56	398	2	..
Local Government Development Program	407	231	137	246	261
Aerodrome Local Ownership Plan	552	638	842	832	2,592
Total Current	10,009	8,379	8,631	8,874	11,839
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels . . . . .	..	464	77	619	622
Children's Services	424	1,452	123	96	45
Aerodrome Local Ownership Plan	548	120	267	4,262	144
Total Capital	972	2,036	467	4,978	811
Total Direct Payments	10,981	10,415	9,098	13,852	12,650
Total Direct <i>plus</i> General Assistance	61,306	64,892	68,383	73,744	77,234
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	33	79	31	7	na
Home and Community Care	1,359	1,195	2,708	2,765	na
Supported Accommodation Assistance	469	304	339	313	na
Children's Services	269	93	132	171	na
Family Support Services	50	114	172	..	na
Local Government and Community Housing Grants	190	70	423	396	na
National Estate	97	199	127	96	na
America's Cup Defence	6,720	3,475	234	..	na
Roads Assistance	39,642	46,325	38,396	46,361	na
Community Employment Program	11,908	4,764	5,546	326	na
Australian Bicentenary . . . . .	..	..	..	264	na
Senior Citizens' Centres . . . . .	..	32	..	..	na
Total On-passed Specific Purpose Funds	60,738	56,651	48,109	50,697	na

(a), (b) and (c)—See corresponding footnotes to Table 45.

Table 42—Commonwealth Government Payments to or for Local Government Authorities in South Australia (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	46,098	49,901	55,519	57,348	58,238
Direct Payments—Current					
Nursing Homes	2,523	2,975	559	..	..
Home Nursing (b)	1,171	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	503	480	722	1,614	2,524
Handicapped Persons' Assistance	13	14	8	5	5
Children's Services	1,017	1,096	964	968	1,091
Aboriginal Advancement	22	30	211	1	..
Local Government Development Program	396	207	319	255	274
Aerodrome Local Ownership Plan	158	134	268	281	186
Total Current	5,803	4,936	3,052	3,123	4,080
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels	614	1,361	22	440	442
Children's Services	129	35	23	111	51
Aerodrome Local Ownership Plan	1,305	172	62	338	30
Total Capital	2,047	1,568	107	890	523
Total Direct Payments	7,850	6,504	3,159	4,012	4,603
Total Direct <i>plus</i> General Assistance	53,948	56,405	58,679	61,361	62,886
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	10	..	30	62	na
Home and Community Care	516	113	1,495	745	na
Children's Services	26	23	34	15	na
Family Support Services	76	55	128	189	na
Local Government and Community Housing Grants	53	469	178	251	na
National Estate	30	53	51	51	na
Roads Assistance	12,031	12,922	12,945	13,913	na
Community Employment Program	9,283	6,588	3,437	278	na
Support for Steel Regions	1,556	986	1,806	..	na
Total On-passed Specific Purpose Funds	23,581	21,209	20,104	15,504	na

(a), (b) and (c)—See corresponding footnotes to Table 45.

Table 43—Commonwealth Government Payments to or for Local Government Authorities in Tasmania (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	17,149	18,564	19,285	18,530	18,497
Direct Payments—Current					
Home Nursing (b)	503	..	..	..	..
Handicapped Persons' Assistance . . . . .	..	10	..	..	..
Children's Services	2,537	2,888	3,739	3,616	4,049
Aboriginal Advancement . . . . .	..	..	..	44	..
Local Government Development Program	190	99	98	106	114
Aerodrome Local Ownership Plan	27	24	..	..	30
Total Current	3,257	3,021	3,837	3,766	4,193
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels . . . . .	..	8	..	..	..
Children's Services	110	152	439	113	52
Aerodrome Local Ownership Plan	3	..	19	..	..
Total Capital	113	160	458	113	52
Total Direct Payments	3,370	3,181	4,294	3,879	4,245
Total Direct <i>plus</i> General Assistance	20,519	21,745	23,580	22,409	22,742
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	10	10	10	..	na
Home and Community Care	173	250	..	120	na
Children's Services	29	24	22	66	na
Family Support Services . . . . .	..	24	..	..	na
Local Government and Community Housing Grants . . . . .	..	..	..	266	na
National Estate	17	21	28	..	na
Roads Assistance	12,850	10,285	13,170	13,548	na
Flood Mitigation . . . . .	..	..	381	1,562	na
Community Employment Program	3,244	4,893	1,305	81	na
Assistance for South-West TAS	1,708	937	112	..	na
Australian Bicentenary . . . . .	..	..	..	70	na
Total On-passed Specific Purpose Funds	18,032	16,444	15,029	15,712	na

(a), (b) and (c)—See corresponding footnotes to Table 45.

Table 44—Commonwealth Government Payments to or for Local Government Authorities in the Northern Territory (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	2,566	5,430	6,045	6,248	6,441
Direct Payments Current					
Home and Community Care. . . . .	..	2	..	..	..
Aged and Disabled Persons' Homes and Hostels	..	..	124	..	..
Handicapped Persons' Assistance . . . . .	..	9	..	..	..
Children's Services	620	904	1,081	976	1,100
Aboriginal Advancement	829	179	288	28	..
Local Government Development Program	50	..	37	37	40
Aerodrome Local Ownership Plan	107	..	113	..	..
Total Current	1,606	1,094	1,642	1,041	1,140
Direct Payments Capital					
Aged and Disabled Persons' Homes and Hostels	..	603	..	..	..
Children's Services	33	13	354	50	23
Total Capital	33	616	354	50	23
Total Direct Payments	1,638	1,711	1,997	1,091	1,163
Total Direct <i>plus</i> General Assistance	4,205	7,141	8,042	7,338	7,604
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
Home and Community Care.	10	185	339	1	na
Children's Services	25	41	51	294	na
Family Support Services	48	149	196	135	na
Roads Assistance	1,875	2,343	2,321	2,764	na
Community Employment Program	765	394	133	..	na
Total On-passed Specific Purpose Funds	2,724	3,112	3,041	3,195	na

(a) and (c) - See corresponding footnotes to Table 45.

Table 45—Commonwealth Government Payments to or for Local Government Authorities in the States and the Northern Territory (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
General Purpose Assistance (a)	538,532	585,613	641,532	652,500	675,266
Direct Payments—Current					
Nursing Homes	5,265	6,980	777	12	..
Home and Community Care	4,204	3,619	..	..	..
Home Nursing (b)	14,598	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	2,213	2,355	3,792	5,495	9,369
Handicapped Persons' Assistance	137	57	267	269	300
Children's Services	53,492	63,120	69,824	71,501	80,616
Subsidy for Migrant Aid	35	28	19	..	45
Aboriginal Advancement	5,049	4,287	7,317	(3,650)	5,274
Local Government Development Program	5,000	2,000	1,999	1,999	2,150
Bid Assistance 1992 Olympics	300	300	..	..	..
Aerodrome Local Ownership Plan	3,760	4,860	5,660	5,505	7,157
Total Current	94,054	87,605	89,656	81,132	104,911
Direct Payments—Capital					
Aged and Disabled Persons' Homes and Hostels	4,313	5,359	2,257	5,904	5,967
Handicapped Persons' Assistance	31	..	3	..	..
Children's Services	1,530	3,303	7,995	5,511	2,556
Aboriginal Advancement	737	745	791	..	1,055
Aerodrome Local Ownership Plan	10,849	4,500	4,639	24,052	938
Total Capital	17,460	13,906	15,686	35,467	10,516
Total Direct Payments	111,514	101,511	105,342	116,599	115,427
Total Direct <i>plus</i> General Assistance	650,046	687,124	746,874	769,099	790,693
Specific Purpose Payments to the States passed on to Local Government Authorities (c)					
State Emergency Services	330	773	850	878	na
Home and Community Care	18,132	27,554	40,132	42,867	na
Supported Accommodation Assistance	623	337	560	475	na
Children's Services	3,109	2,495	2,782	3,197	na
Family Support Services	1,367	459	1,140	612	na
Local Government and Community Housing Grants	6,062	6,430	5,690	4,711	na
National Estate	340	605	494	452	na
America's Cup Defence	6,720	3,475	234	..	na
Roads Assistance	215,288	221,504	250,491	267,400	na
Flood Mitigation	4,962	3,391	3,621	8,389	na
Community Employment Program	122,995	75,201	48,353	2,657	na
Support for Steel Regions	1,556	986	2,689	2,312	na
Assistance for South-West TAS	1,708	937	112	..	na
National Sports Facilities . . . . .	..	160	..	..	na
Australian Bicentenary . . . . .	..	..	2,529	4,328	na
Senior Citizens' Centres . . . . .	..	32	..	..	na
Total On-passed Specific Purpose Funds	383,192	344,340	359,678	338 277	na

(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 1989-90 not yet available.

APPENDIX II—TABLES OF ADVANCES, DEBT CHARGES, NET ADVANCES, AND NET PAYMENTS TO THE STATES AND THE NT, 1985–86 TO 1989–90

This appendix sets out the advances and debt charges on advances (interest and repayments) applicable to each State and the NT. Similar information is provided in Appendix III for the ACT. Provision of this information permits a reconciliation between Commonwealth payments on a gross and net basis. The advances covered take two forms:

- advances of borrowings made on behalf of the States and the NT under the State Governments' Loan Council programs and general purpose capital assistance to the NT. Repayments of these advances take the form of payments to the National and NT Debt Sinking Funds. No new advances in this form have been made since 1986–87 or are expected to be made in 1989–90; 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 NT nominated for public housing purposes.

Table No.	State/Territory	Page
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Table 46—New South Wales—Advances, Debt Charges on Advances and Net Advances (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings	260,344	100,152	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	65,000	150,227	114,447	86,336	..
<i>Defence—</i>					
Housing for Servicemen	3,891	1,634	1,471	373	..
<i>Housing and Community Amenities nec—</i>					
Growth Centres	6,046	..	..	..	..
Captains Flat Project	35	36	..	..	..
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme	2,520	..	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	..	..	..	805	1,000
Total Commonwealth Loans	77,492	151,897	115,918	87,513	1,000
TOTAL ADVANCES	337,836	252,049	115,918	87,513	1,000
REPAYMENT OF ADVANCES					
Payments to National Debt Sinking Fund (b)	86,060	69,018	69,169	76,580	73,379
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	593	934	1,703	2,333	2,856
<i>Defence—</i>					
Housing for Servicemen	467	495	524	556	589
<i>Housing and Community Amenities nec—</i>					
Public Housing	15,919	16,557	17,221	17,913	18,641
Growth Centres	46	62	67	13,034	6,561
Urban Rehabilitation	80	65	..	191	..
Captains Flat Project	13	14	16	18	19
Sewerage	495	544	443	657	722
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects	1,616	1,616	1,616	1,616	1,616
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	122	102	59	63	66
Canned Fruit Industry . . . . .	..	383	383	383	383
Softwood Forestry	530	628	728	743	743
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	..	..	(12)
Rural Adjustment Scheme	1,062	1,272	1,489	1,772	2,204
Rural Reconstruction	2,691	2,859	3,029	3,217	3,413
War Service Land Settlement	229	238	247	256	265
Blowering Reservoir	1,323	732	230	20	..
Chowilla Reservoir	99	49	11	..	..
Dartmouth Dam	275	462	587	587	587
Other Mining Assistance	1,586	393	66	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	7,532	7,350	7,071	6,967	7,000
Total Repayments of Commonwealth Government Loans	34,678	34,753	35,490	50,323	45,654
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	120,738	103,770	104,659	126,903	119,032

Table 46—New South Wales—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	174,284	31,134	(69,169)	(76,580)	(73,379)
Commonwealth Government Loans	42,814	117,145	80,428	37,190	(44,654)
TOTAL NET ADVANCES	217,098	148,279	11,259	(39,389)	(118,032)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings	652,817	682,554	695,793	691,104	680,667
Interest on Commonwealth Government Loans					
Housing Nomination	6,461	10,308	17,550	21,584	23,857
Housing for Servicemen	10,143	10,530	10,681	10,841	10,856
Housing	60,717	60,080	59,415	58,724	58,014
Growth Centres	6,360	307	301	294	287
Captains Flat Project	36	39	45	41	32
Sewerage	8,395	7,889	6,036	7,751	7,686
Railway Projects	3,195	2,958	2,729	2,485	2,249
Blowering Reservoir	100	38	8	1	..
Softwood Forestry	1,799	1,989	2,214	2,274	2,214
Dairy Adjustment Program	48	52	48	45	41
Rural Adjustment Scheme	3,201	3,287	3,192	3,072	2,932
Rural Reconstruction	1,802	1,639	1,464	1,274	1,085
Canned Fruit Industry . . . . .	..	40	40	40	41
Dartmouth Dam	825	797	750	694	638
Chowilla Reservoir	7	2	..	..	..
War Service Land Settlement	363	354	345	336	327
Natural Disaster Relief . . . . .	..	..	..	..	32
Total Interest on Commonwealth Government Loans	103,453	100,311	104,819	109,455	110,289
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	756,270	782,865	800,612	800,559	790,956

(a), (b) and (c)—See corresponding footnotes to Table 53.

Table 47—Victoria—Advances, Debt Charges on Advances and Net Advances
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings	177,003	77,839	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	75,858	116,758	94,636	71,477	..
<i>Defence—</i>					
Housing for Servicemen	279	415	270	233	..
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme	2,087	..	..	..	..
Total Commonwealth Loans	78,224	117,173	94,906	71,710	..
TOTAL ADVANCES	255,227	195,012	94,906	71,710	..
REPAYMENT OF ADVANCES					
Payments to National Debt Sinking Fund (b).	50,136	52,183	52,539	51,786	49,697
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	839	1,243	1,864	2,405	2,858
<i>Defence—</i>					
Housing for Servicemen	345	361	379	398	417
<i>Social Security and Welfare—</i>					
Unemployment Relief Works	10	3	3	3	10
<i>Housing and Community Amenities nec—</i>					
Public Housing	13,303	13,827	14,372	14,940	15,540
Growth Centres	30	41	44	48	53
Land Acquisition	3,000	700	..	..	..
Urban Rehabilitation	205	205	205	205	205
Sewerage	436	479	527	578	636
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects	826	732	942	1,168	1,224
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	775	210	193	200	212
Beef Industry Assistance . . . . .	..	12	2	..	..
Softwood Forestry	181	217	285	287	287
Rural Adjustment Scheme	1,192	1,323	1,606	1,905	2,328
Rural Reconstruction	1,935	2,053	2,177	2,310	2,451
War Service Land Settlement	244	253	263	273	283
Dartmouth Dam	275	462	587	587	586
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	3,769	3,675	3,502	3,499	3,500
Total Repayments of Commonwealth Government Loans	27,366	25,798	26,951	28,806	30,590
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	77,502	77,981	79,490	80,592	80,287

*Table 47—Victoria—Advances, Debt Charges on Advances and Net Advances
(\$ thousand)—continued*

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	126,867	25,656	(52,539)	(51,786)	(49,697)
Commonwealth Government Loans	50,858	91,375	67,955	42,904	(30,590)
TOTAL NET ADVANCES	177,725	117,031	15,416	(8,882)	(80,287)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings	495,838	517,116	527,220	524,669	516,745
Interest on Commonwealth Government Loans					
Housing Nomination	8,512	12,310	18,042	21,711	23,220
Housing for Servicemen	3,095	3,105	3,110	3,129	3,133
Housing	47,683	47,159	46,614	46,047	45,475
Growth Centres	207	203	199	195	190
Urban Rehabilitation	319	301	284	266	249
Sewerage	6,949	6,553	6,859	6,807	6,750
Railway Projects	3,948	3,591	3,600	3,576	3,302
Softwood Forestry	310	386	462	489	466
Dairy Adjustment Program	200	218	207	196	183
Rural Adjustment Scheme	3,248	3,259	3,169	3,085	2,888
Rural Reconstruction	1,301	1,182	1,058	925	784
Dartmouth Dam	825	797	750	694	638
War Service Land Settlement	385	376	367	357	347
Total Interest on Commonwealth Government Loans	76,981	79,440	84,720	87,477	87,624
TOTAL INTEREST ON LOAN COUN- CIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	572,819	596,556	611,940	612,145	604,369

(a), (b) and (c)—See corresponding footnotes to Table 53.

Table 48—Queensland—Advances, Debt Charges on Advances and Net Advances
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings	93,419	41,082	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	40,037	61,622	24,966	18,725	..
Defence—					
Housing for Servicemen	27	257	158	46	..
Economic Services—					
Industry Assistance and Development—					
Bovine Brucellosis and Tuberculosis Eradication	611	..	..	..	..
Rural Adjustment Scheme	1,600	..	..	..	..
Not Allocated to Function—					
Natural Disaster Relief	11,537	23,950	7,498	5,862	1,336
Total Commonwealth Loans	53,812	85,829	32,622	24,633	1,336
TOTAL ADVANCES	147,231	126,911	32,622	24,633	1,336
REPAYMENT OF ADVANCES					
Payments to National Debt Sinking Fund (b)	26,969	28,194	27,966	27,901	26,768
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	241	445	763	919	1,050
Defence—					
Housing for Servicemen	308	326	344	363	384
Aboriginal Advancement	33	17	..	..	..
Housing and Community Amenities nec—					
Public Housing	4,311	4,483	4,662	4,848	5,043
Sewerage	125	138	151	166	183
Community Facilities—Townsville	9	9	10	11	12
Economic Services—					
Transport—					
Railway Projects	674	780	904	1,047	1,213
Weipa Development	123	129	136	143	151
Industry Assistance and Development—					
Dairy Adjustment Program	471	358	351	373	396
Beef Industry Assistance	352	84	66	56	..
Softwood Forestry	397	487	549	549	549
Bovine Brucellosis and Tuberculosis Eradication	..	..	(330)	(118)	(197)
Rural Adjustment Scheme	1,939	1,946	2,973	1,944	1,723
Rural Reconstruction	1,603	1,701	1,805	1,914	2,031
Brigalow Lands Development Scheme	693	693	693	693	693
Other Economic Services—					
Gladstone Power Station	3,160	3,352	3,556	3,773	4,002
Not Allocated to Function—					
Natural Disaster Relief	10,223	10,401	11,339	14,178	15,100
Total Repayments of Commonwealth Government Loans	24,661	25,349	27,973	30,860	32,333
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	51,630	53,543	55,939	58,760	59,101

Table 48—Queensland—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	66,450	12,888	(27,966)	(27,901)	(26,768)
Commonwealth Government Loans	29,152	60,480	4,648	(6,227)	(30,997)
TOTAL NET ADVANCES	95,602	73,368	(23,317)	(34,128)	(57,765)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings (d)	243,465	259,015	263,976	262,219	262,526
Interest on Commonwealth Government Loans					
Housing Nomination	2,788	4,802	7,282	8,235	8,615
Housing for Servicemen	6,285	6,265	6,255	6,256	6,266
Aboriginal Advancement	2				
Housing	16,723	16,551	16,372	16,185	15,995
Community Facilities—Townsville	37	37	36	35	34
Sewerage	2,059	1,943	2,033	2,018	2,001
Railway Projects	4,103	3,996	3,873	3,730	3,564
Weipa Development	103	96	89	82	75
Gladstone Power Station	10,089	9,897	9,693	9,476	9,246
Softwood Forestry	623	826	928	926	881
Dairy Adjustment Program	304	292	272	251	228
Rural Adjustment Scheme	3,202	3,245	2,794	4,725	2,368
Rural Reconstruction	1,066	968	864	755	638
Bovine Brucellosis and Tuberculosis Eradication			6	25	31
Brigalow Lands Development Scheme	658	611	565	518	472
Total Interest on Commonwealth Government Loans	48,042	49,529	51,062	53,218	50,414
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	291,508	308,543	315,038	315,437	312,940

(a), (b), (c) and (d)—See corresponding footnotes to Table 53.

Table 49—Western Australia—Advances, Debt Charges on Advances and Net Advances (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings . . . . .	..	..	..	..	..
Commonwealth Government Loans					
Loan Council Housing Nomination	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 . . . . .	..	38	..	..	..
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	23	..	..	..
Rural Adjustment Scheme	1,720	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	744	..	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	777	194	..	..	..
Total Commonwealth Loans	96,434	72,048	34,529	22,877	..
TOTAL ADVANCES	96,434	72,048	34,529	22,877	..
REPAYMENT OF ADVANCES					
Payment to National Debt Sinking Fund (b)	18,284	18,268	18,067	17,835	17,118
Repayments of Commonwealth Government Loans					
Loan Council Housing Nomination	540	1,015	1,407	1,637	1,822
<i>Defence—</i>					
Housing for Servicemen	71	74	78	82	87
<i>Housing and Community Amenities nec—</i>					
Public Housing	4,107	4,271	4,442	4,621	4,808
Land Acquisition	7,000	4,000	1,500	..	..
Sewerage	183	196	215	231	311
Exmouth Township Electricity Services	10	15	10	10	10
<i>Culture and Recreation—</i>					
Perth Entertainment Centre	200	200	200	200	200
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects	3,258	3,431	3,614	3,814	1,312
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	240	87	65	54	56
Beef Industry Assistance	2	..	..	..	..
Softwood Forestry	176	211	242	242	242
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	5	10	(227)
Rural Adjustment Scheme	682	808	1,097	1,300	1,647
Rural Reconstruction	1,334	1,415	1,501	1,592	1,689
Irrigation and Other Water Projects	997	998	999	999	999
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	3	23	25	28	32
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	7,279	7,151	5,115	4,393	3,340
Total Repayments of Commonwealth Government Loans	26,081	23,893	20,515	19,212	16,327
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	44,365	42,162	38,581	37,048	33,445

Table 49—Western Australia—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	(18,284)	(18,268)	(18,067)	(17,835)	(17,118)
Commonwealth Government Loans	70,353	48,154	14,014	3,665	(16,327)
TOTAL NET ADVANCES	52,069	29,886	(4,052)	(14,171)	(33,445)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings	177,014	177,986	180,154	179,026	176,322
Interest on Commonwealth Government Loans					
Housing Nomination	7,096	10,753	13,092	14,325	14,769
Housing for Servicemen	691	686	697	696	697
Housing	16,009	15,845	15,673	15,495	15,310
Exmouth Township—Electricity Services . .	11	13	8	7	7
Sewerage	2,865	2,709	2,828	2,801	3,134
Leisure Facilities	127	104	74	55	22
Railway Projects	2,169	1,985	1,780	1,562	1,366
Urban Water Supply and Treatment . . . .	..	97	95	92	89
Softwood Forestry	711	778	845	849	831
Dairy Adjustment Program	52	48	45	42	39
Rural Adjustment Scheme	2,374	2,552	2,497	2,405	2,298
Rural Reconstruction	912	831	745	653	556
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	4	5	10
Irrigation and Other Water Projects . . .	604	540	476	411	346
Natural Disaster Relief . . . . .	..	..	2	1	227
Total Interest on Commonwealth Government Loans	33,620	36,940	38,860	39,401	39,701
TOTAL INTEREST ON LOAN COUN- CIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	210,634	214,926	219,015	218,427	216,023

(a), (b) and (c)—See corresponding footnotes to Table 53.

Table 50—South Australia—Advances, Debt Charges on Advances and Net Advances (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings . . . . .	..	..	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	131,166	100,943	51,779	39,585	..
<i>Defence—</i>					
Housing for Servicemen . . . . .	..	10	18	..	..
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication	220	..	..	..	..
Rural Adjustment Scheme	1,360	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	3,920	4,200	3,850	3,675	3,675
Total Commonwealth Loans	136,666	105,153	55,647	43,259	3,675
TOTAL ADVANCES	136,666	105,153	55,647	43,259	3,675
REPAYMENT OF ADVANCES					
Payments to National Debt Sinking Fund (b)	22,791	22,865	148,282	86,261	120,425
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	1,434	2,133	2,717	3,089	3,419
<i>Defence—</i>					
Housing for Servicemen	26	28	30	31	33
<i>Housing and Community Amenities nec—</i>					
Public Housing	6,311	6,575	6,850	7,138	7,423
Sewerage	75	69	75	8	..
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	31	15	13	14	..
Softwood Forestry	90	127	110	110	..
Log Salvage Loan to SA	11,000	..	..	..	..
Bovine Brucellosis and Tuberculosis					
Eradication . . . . .	..	..	79	134	16
Rural Adjustment Scheme	602	679	843	1,023	..
Rural Reconstruction	956	1,014	1,076	1,141	..
Dartmouth Dam	275	462	587	125	125
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	169	212	70	80	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	5,037	5,037	3,556	3,001	3,000
Total Repayments of Commonwealth Government Loans	26,005	16,350	16,005	15,894	14,016
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	48,797	39,214	164,287	102,155	134,442

Table 50—South Australia—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	(22,791)	(22,865)	(148,282)	(86,261)	(120,425)
Commonwealth Government Loans	110,661	88,803	39,642	27,366	(10,341)
TOTAL NET ADVANCES	87,869	65,939	(108,640)	(58,895)	(130,767)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings	219,493	219,864	219,368	206,677	203,556
Interest on Commonwealth Government Loans					
Housing Nomination	15,930	21,049	24,383	26,325	27,080
Housing for Servicemen	616	607	602	602	603
Housing	27,136	26,872	26,596	26,309	25,986
Sewerage	953	897	940	99	..
Urban Water Supply and Treatment	2,567	3,051	1,722	1,496	..
Softwood Forestry	217	251	265	257	..
Dairy Adjustment Program	10	12	11	11	..
Rural Adjustment Scheme	1,732	1,799	1,740	1,677	..
Rural Reconstruction	680	622	560	495	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	2	70	20
Dartmouth Dam	825	797	750	179	165
Total Interest on Commonwealth Government Loans	50,666	55,957	57,571	57,518	53,853
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	270,159	275,821	276,939	264,195	257,409

(a), (b) and (c)—See corresponding footnotes to Table 53.

Table 51—Tasmania—Advances, Debt Charges on Advances and Net Advances
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council Borrowings	49,379	21,714	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	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	115	..	..	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	4	..	..	2,993	..
Total Commonwealth Loans	21,281	32,572	36,927	30,705	..
TOTAL ADVANCES	70,660	54,286	36,927	30,705	..
REPAYMENT OF ADVANCES					
Payments to National Debt Sinking Fund (b)	13,741	14,312	14,365	14,182	13,613
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	232	345	518	720	886
<i>Defence—</i>					
Housing for Servicemen	4	4	5	5	5
<i>Housing and Community Amenities nec—</i>					
Public Housing	2,335	2,435	2,538	2,647	2,751
Legana Industrial Estate	20	20	20	20	20
Sewerage	47	52	57	69	34
<i>Economic Services—</i>					
<i>Transport—</i>					
King Island Harbour Works	45	45	45	8	8
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	174	41	20	15	18
Softwood Forestry	189	224	281	281	141
Rural Adjustment Scheme	62	39	..	111	123
Rural Reconstruction	200	212	225	239	254
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	357	64	64	64	60
Total Repayments of Commonwealth Government Loans	3,666	3,480	3,773	4,177	4,300
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	17,407	17,792	18,137	18,359	17,913

Table 51—Tasmania—Advances, Debt Charges on Advances and Net Advances
(\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council Borrowings	35,638	7,402	(14,365)	(14,182)	(13,613)
Commonwealth Government Loans	17,615	29,092	33,154	26,528	(4,300)
TOTAL NET ADVANCES	53,253	36,494	18,790	12,346	(17,913)
INTEREST ON ADVANCES					
Interest on Loan Council Borrowings (d)	136,248	142,313	145,066	144,364	142,184
Interest on Commonwealth Government Loans					
Housing Nomination	2,397	3,457	5,290	6,724	7,317
Housing for Servicemen	66	65	65	71	71
Housing	10,805	10,706	10,602	10,494	10,372
Legana Industrial Estate	15	12	10	7	4
Sewerage	317	298	307	307	148
King Island Harbour Works	11	8	5	2	1
Softwood Forestry	259	357	459	471	227
Dairy Adjustment Program	16	16	15	14	13
Rural Adjustment Scheme	236	215	208	201	191
Rural Reconstruction	132	120	107	94	79
Natural Disaster Relief . . . . .	..	..	..	..	120
Total Interest on Commonwealth Government Loans	14,254	15,255	17,068	18,385	18,543
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	150,502	157,568	162,134	162,749	160,727

(a), (b), (c) and (d)—See corresponding footnotes to Table 53.

Table 52—Northern Territory—Advances, Debt Charges on Advances and Net Advances (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
NT Government Loans	77,211	33,954	..	..	..
Commonwealth Government Loans					
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					
Eradication	867	441	..	..	..
Rural Adjustment Scheme	76	..	..	..	..
Total Commonwealth Loans	34,033	51,372	56,797	43,848	..
TOTAL ADVANCES	111,244	85,326	56,797	43,848	..
REPAYMENT OF ADVANCES					
Payments to NT Debt Sinking Fund (b)	5,430	6,300	6,624	6,527	6,550
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination . . . . .	..	160	413	707	950
<i>Housing and Community Amenities nec—</i>					
Public Housing	1,087	1,141	2,745	1,310	1,371
<i>Economic Services—</i>					
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication . . . . .	..	..	(306)	142	(87)
Rural Adjustment Scheme	36	93	177	111	122
Water and Sewerage Assistance	136	136	136	136	136
<i>Other Economic Services—</i>					
NTEC/PAWA Assistance	1,933	2,121	2,327	2,552	..
Total Repayments of Commonwealth Government Loans	3,192	3,651	5,492	4,958	2,492
TOTAL SINKING FUND PAYMENTS AND TOTAL LOAN REPAYMENTS	8,622	9,951	12,116	11,485	9,042
NET ADVANCES (c) (Advances less Repayments)					
NT Government Borrowings	71,781	27,654	(6,624)	(6,527)	(6,550)
Commonwealth Government Loans	30,841	47,722	51,305	38,890	(2,492)
TOTAL NET ADVANCES	102,622	75,375	44,681	32,363	(9,042)
INTEREST ON ADVANCES					
Interest on NT Government Borrowings	65,667	73,963	75,469	73,748	74,000
Interest on Commonwealth Government Loans					
Housing Nomination	473	2,175	5,038	7,293	8,252
Housing	5,207	7,494	5,835	5,446	5,396
Public Housing	1,762	1,752	1,742	1,731	1,719
Sewerage	752	746	739	732	725
NTEC/PAWA Assistance	4,508	4,321	4,115	3,889	..
Rural Adjustment Scheme	227	250	245	238	229
Bovine Brucellosis and Tuberculosis					
Eradication . . . . .	..	..	..	116	63
Total Interest on Commonwealth Government Loans	12,929	16,737	17,713	19,445	16,384
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	78,597	90,700	93,182	93,193	90,384

(a), (b) and (c)—See corresponding footnotes to Table 53.

Table 53—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
ADVANCES (a)					
Loan Council and NT Government Borrowings					
Loan Council	580,145	240,787	..	..	..
NT Government Borrowings	77,211	33,954	..	..	..
Total	657,356	274,741	..	..	..
Commonwealth Government Loans					
Loan Council—Housing Nomination	459,445	584,725	414,005	310,504	..
<i>Defence—</i>					
Housing for Servicemen	4,258	2,437	1,993	707	..
<i>Housing and Community Amenities nec—</i>					
Growth Centres	6,046	..	..	..	..
Captains Flat Project	35	36	..	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects . . . . .	..	38	..	..	..
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication	1,698	464	..	..	..
Rural Adjustment Scheme	9,478	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	4,664	4,200	3,850	3,675	3,675
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	12,318	24,144	7,498	9,660	2,336
Total Commonwealth Loans	497,942	616,044	427,346	324,546	6,011
TOTAL ADVANCES	1,155,298	890,785	427,346	324,546	6,011

Table 53—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
REPAYMENT OF ADVANCES					
Payments to National and NT Debt Sinking Funds					
(b)	223,412	211,140	337,011	281,072	307,550
Repayment of Commonwealth Government Loans					
Loan Council—Housing Nomination	3,879	6,275	9,385	11,809	13,841
<i>Defence—</i>					
Housing for Servicemen	1,222	1,289	1,360	1,436	1,516
<i>Social Security and Welfare—</i>					
Unemployment Relief Works	10	3	3	3	10
<i>Aboriginal Advancement</i>	33	17	..	..	..
<i>Housing and Community Amenities nec—</i>					
Public Housing	47,374	49,290	52,832	53,415	55,578
Growth Centres	76	103	112	13,082	6,614
Land Acquisition	10,000	4,700	1,500	..	..
Urban Rehabilitation	285	270	205	396	205
Captains Flat Project	13	14	16	18	19
Legana Industrial Estate	20	20	20	20	20
Sewerage	1,361	1,477	1,468	1,708	1,885
Community Facilities—Townsville	9	9	10	11	12
Exmouth Township—Electricity Services	10	15	10	10	10
<i>Culture and Recreation—</i>					
Perth Entertainment Centre	200	200	200	200	200
<i>Economic Services—</i>					
<i>Transport—</i>					
Railway Projects	6,373	6,559	7,075	7,645	5,365
King Island Harbour Works	45	45	45	8	8
Weipa Development	123	129	136	143	151
<i>Industry Assistance and Development—</i>					
Dairy Adjustment Program	1,813	813	701	719	748
Canned Fruit Industry . . . . .	..	383	383	383	383
Beef Industry Assistance	354	96	68	56	..
Softwood Forestry	1,563	1,894	2,194	2,212	1,962
Log Salvage Loan to SA	11,000	..	..	..	..
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	(551)	168	(507)
Rural Adjustment Scheme	5,575	6,160	8,186	8,165	8,147
Rural Reconstruction	8,719	9,254	9,814	10,415	9,838
War Service Land Settlement	473	491	509	528	548
Brigalow Lands Development Scheme	693	693	693	693	693
Blowering Reservoir	1,323	732	230	20	..
Water and Sewerage Assistance	136	136	136	136	136
Irrigation and Other Water Projects	997	998	999	999	999
Chowilla Reservoir	99	49	11	..	..
Dartmouth Dam	825	1,385	1,760	1,298	1,298
Other Mining Assistance	1,586	393	66	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	172	235	95	108	32
NTEC/PAWA Assistance	1,933	2,121	2,327	2,552	..
Gladstone Power Station	3,160	3,352	3,556	3,773	4,002
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	34,196	33,677	30,647	32,101	32,000
Total Repayments of Commonwealth Government Loans	145,648	133,274	136,198	154,230	145,713
TOTAL SINKING FUNDS PAYMENTS AND TOTAL LOAN REPAYMENTS	369,060	344,414	473,209	435,302	453,263

Table 53—Six States and the Northern Territory—Advances, Debt Charges on Advances and Net Advances (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
NET ADVANCES (c) (Advances less Repayments)					
Loan Council and NT Government Borrowings	433,944	63,601	(337,011)	(281,072)	(307,550)
Commonwealth Government Loans	352,294	482,770	291,148	170,316	(139,702)
TOTAL NET ADVANCES	786,238	546,372	(45,863)	(110,757)	(447,252)
INTEREST ON ADVANCES					
Interest on Loan Council and NT Government Borrowings (d)	1,990,543	2,072,811	2,107,046	2,081,806	2,056,000
Interest on Commonwealth Government Loans					
Housing Nomination	43,656	64,854	90,677	106,196	113,110
Housing for Servicemen	20,896	21,259	21,410	21,595	21,626
Aboriginal Advancement	2	..	..	..	..
Housing	184,280	184,705	181,107	178,700	176,548
Public Housing	1,762	1,752	1,742	1,731	1,719
Growth Centres	6,566	510	500	489	476
Urban Rehabilitation	319	301	284	266	249
Legana Industrial Estate	15	12	10	7	4
Community Facilities—Townsville	37	37	36	35	34
Exmouth Township—Electricity Services	11	13	8	7	7
Captains Flat Project	36	39	45	41	32
Sewerage	22,290	21,035	19,742	20,515	20,444
Leisure Facilities	127	104	74	55	22
Railway Projects	13,414	12,530	11,982	11,353	10,482
King Island Harbour Works	11	8	5	2	1
Weipa Development	103	96	89	82	75
Urban Water Supply and Treatment	2,567	3,149	1,817	1,587	89
NTEC/PAWA Assistance	4,508	4,321	4,115	3,889	..
Blowering Reservoir	100	38	8	1	..
Gladstone Power Station	10,089	9,897	9,693	9,476	9,246
Softwood Forestry	3,919	4,587	5,173	5,266	4,619
Dairy Adjustment Program	630	638	599	557	504
Rural Adjustment Scheme	14,220	14,607	13,843	15,402	10,906
Rural Reconstruction	5,893	5,362	4,798	4,195	3,142
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	..	12	217	124
Canned Fruit Industry . . . . .	..	40	40	40	41
Irrigation and Other Water Projects	604	540	476	411	346
Dartmouth Dam	2,476	2,390	2,250	1,567	1,441
Chowilla Reservoir	7	2	..	..	..
War Service Land Settlement	748	730	712	693	673
Brigalow Lands Development Scheme	658	611	565	518	472
Natural Disaster Relief . . . . .	..	..	2	1	379
Total Interest on Commonwealth Government Loans	339,945	354,168	371,813	384,898	376,810
TOTAL INTEREST ON LOAN COUNCIL BORROWINGS AND TOTAL INTEREST ON COMMONWEALTH GOVERNMENT LOANS	2,330,489	2,426,979	2,478,859	2,466,704	2,432,810

- For purposes of these tables, advances comprise the State Governments' Loan Council and NT Government's borrowing programs and Commonwealth Government loans. See footnote (c) below.
- Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this Paper as payments for the States.
- Derived by subtracting sinking fund payments from Loan Council and NT 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 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.
- Includes interest on the States' domestic raisings.

APPENDIX III—TABLES OF PAYMENTS TO OR FOR THE STATES AND THE NT, 1985–86 TO 1989–90, AND TO THE ACT, 1988–89 TO 1989–90

This appendix provides, for each State and the NT, details of Commonwealth gross payments and total net payments, including advances of borrowings made on behalf of the States and the NT under the State Governments' Loan Council programs and general purpose capital assistance to the NT. A corresponding table of payments to the ACT, which also includes information on advances, debt charges and net advances, is included for 1988–89 and 1989–90.

The payments are classified as follows:

- general purpose
 - revenue (current)
 - capital; and
- specific purpose
 - current
 - 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 NT. 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 54—Commonwealth Payments to the Australian Capital Territory
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90
				(a)	(estimate)
GENERAL REVENUE FUNDS					
Special Revenue Assistance	12,911	..
General Revenue Grants	416,932	394,253
Total	429,843	394,253
GENERAL PURPOSE CAPITAL FUNDS					
<i>General Purpose Loans to ACT—</i>					
Loan Portion	21,989	22,501
Housing Nomination	7,067	..
Capital Grants	29,056	29,568
Loans in Lieu of Semi-Government Borrowings	25,000	..
Total	83,112	52,069
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Education—</i>					
Higher Education	31,197	1,152
Technical and Further Education	1,557	3,125
Government Schools	5,776	12,566
Non-Government Schools	25,710	26,487
Joint School Programs	1,368	1,638
Cost Escalation Allowance	1,761
<i>Health—</i>					
Health Program Grants	3,190	3,730
Women's Health Screening	20	37
Hospital Funding Grants	39,240	42,872
Hospital Waiting List Reduction	345	..
Nurse Education	1,062
Blood Transfusion Services	358	366
Drug Education Campaigns	231	321
Funds to Combat AIDS	297	726
National Better Health	20	80
Youth Health Services	15
Asbestos Removal Assistance	5,200
<i>Social Security and Welfare—</i>					
Geriatric Assessment	95	176
Home and Community Care	1,726	1,884
Mortgage and Rent Relief	430	430
Mortgage Relief	248
Supported Accommodation Assistance	2,047	2,354
<i>Economic Services—</i>					
<i>Transport—</i>					
Interstate Road Transport	65	69
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication	46	43
Exotic Diseases Eradication	15	20
Soil Conservation	38	56
National Industry Extension Service	104	112
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	38	78
<i>Other Economic Services—</i>					
Assistance For Water and Sewerage	5,611	7,036
<i>General Public Services—</i>					
Legal Aid	1,356	1,848
<i>Not Allocated to Function—</i>					
ACT National Capital Influences	15,990	16,997
Financial Assistance—Local Government Functions	11,291	11,685
Total Specific Purpose Payments—					
Current	148,162	144,173

Table 54—Commonwealth Payments to the Australian Capital Territory
(\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89 (a)	1989-90 (estimate)
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Education—</i>					
Higher Education	1,080	..
Government Schools	1,397	3,033
Non-Government Schools	1,608	1,530
Cost Escalation Allowance	28
<i>Health—</i>					
Teaching Hospitals/Enhancement Program	494	831
Blood Transfusion Services	18	33
<i>Social Security and Welfare—</i>					
Home and Community Care	59	100
Crisis Accommodation Program	283	283
Youth Accommodation	166
<i>Housing and Community Amenities nec—</i>					
Local Government and Community Housing Grants	234	234
Assistance for Housing	9,758	16,825
<i>Culture and Recreation—</i>					
National Estate	92	101
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Centennial Road Development	6,500	12,100
<i>Not Allocated to Function—</i>					
Supplementation Grants	9,800	..
Unaligned Payments (b)	7,926	..
Total Specific Purpose Payments— Capital	39,250	35,263
REPAYMENTS (c)					
ACT Government Loans	4,224	2,614
Housing Nomination	3,177	3,354
Land Development Costs	67,700
Other	4,092	11,892
Total Repayments	11,493	85,560
TOTAL PAYMENTS					
For General Purposes	512,955	446,322
For Specific Purposes	187,412	179,436
Total Gross Payments	700,366	625,758
Repayments	(11,493)	(85,560)
Total Net Payments	688,873	540,198

Table 54—Commonwealth Payments to the Australian Capital Territory
(\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89 (a)	1989-90 (estimate)
ADVANCES					
ACT Government Loans	21,989	22,501
Housing Nomination	7,067	..
Loans in Lieu of Semi Government Borrowing	25,000	..
Total Advances	54,056	22,501
INTEREST (c)					
ACT Government Loans	31,187	33,925
Housing Nomination	13,245	13,261
Loans in Lieu of Semi Government Borrowing	5,020
Other	19,492	21,713
Total Interest	63,923	73,919

(a) Financial transactions with the ACT are reported from the creation of the ACT Trust Account on 1 July 1988 (comparable payments prior to that date are not available). Payments therefore consist of payments to the ACT Trust Account until Self-Government Day on 11 May 1989 and payments after that date to the ACT Government. Of the \$688.9 million included above, \$597.588 million was in the form of payments to the Trust Account and hence are not included in 'Transfers to Other Governments' as defined in Budget Paper No. 1. This is partly offset by the transfer to the ACT Government of the balances held in various Trust Accounts which amounted to \$261.857 million which is classified as a 'Transfer to Other Governments' in Budget Paper No. 1, but is excluded from this table.

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

(c) Including on notional levels of past debt.

Table 55—New South Wales—Commonwealth Payments and Loan Council Borrowings (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	3,012,615	3,350,031	3,594,903	3,665,075	3,649,109
Special Revenue Assistance . . . . .	..	2,063	7,871	15,062	26
Health Grants	563,000	626,560	674,001	..	..
Total	3,575,615	3,978,654	4,276,775	3,680,137	3,649,135
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Loan Portion	260,344	100,152	..	..	..
Housing Nomination	65,000	150,227	114,447	86,336	..
Capital Grants	180,371	138,809	58,224	86,336	86,336
Total	505,715	389,188	172,671	172,671	86,336
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	680	721	840	822 ✓	931
<i>Education—</i>					
Higher Education	640,599	652,153	705,747	691,478	727,982
State Contribution to Higher Education					
Superannuation . . . . .	..	..	(4,229)	(9,430)	(11,093)
Technical and Further Education	51,529	55,603	46,291	46,212 ✓	47,187
Government Schools	174,908	189,392	208,038	237,903 ✓	266,236
Non-Government Schools	266,587	289,543	310,729	344,897 ✓	364,115
Joint School Programs	14,339	12,250	9,210	9,465 ✓	11,328
National Policy on Languages . . . . .	..	..	1,867	2,434 ✓	1,800
Cost Escalation Allowance . . . . .	..	..	..	..	48,055
Pre-School Education	3,565	..	..	..	..
Participation and Equity Program	22,070	11,881	11,824	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	..	1,180 ✓	1,180
Transfer Pathology Laboratory . . . . .	..	..	..	1,139 ✓	6,994
Medicare	420,755	414,988	443,520	..	..
Hospital Funding Grants . . . . .	..	..	..	1,087,271 ✓	1,183,779
Hospital Waiting List Reduction . . . . .	..	..	9,073	9,573 ✓	..
Nurse Education . . . . .	..	..	..	5,065 ✓	6,732
Home and Community Care (d)	16,208	5,721	12,969	14,425 ✓	17,206
Blood Transfusion Services	3,719	3,782	4,404	4,637 ✓	4,559
Drug Education Campaigns	4,724	5,045	5,384	5,691 ✓	6,259
National Diseases Control	103	82	90	..	..
Funds to Combat AIDS	2,397	2,325	4,757	5,221 ✓	6,984
National Better Health . . . . .	..	..	..	123 ✓	860
Youth Health Services . . . . .	..	..	..	..	315
<i>Social Security and Welfare—</i>					
Geriatric Assessment	1,305	2,071	2,554	4,783 ✓	6,462
Home and Community Care	5,379	36,888	44,614	54,895 ✓	65,460
Rehabilitation Centres	378	976	423	428 ✓	450
Children's Services	1,556	2,012	1,285	1,918 ✓	2,046
Family Support Services	773	1,525	2,581	..	..
Mortgage and Rent Relief	8,020	8,508	8,817	9,257	10,646
Mortgage Relief . . . . .	..	..	..	..	5,166
Supported Accommodation Assistance	10,723	13,937	12,432	21,026 ✓	26,087
Translating and Interpreting Services	182	255	247	173 ✓	454
Unattached Refugee Children	88	221	164	140 ✓	115
<i>Aboriginal Advancement (a)</i>	<i>4,068</i>	<i>3,357</i>	<i>2,881</i>	<i>2,900</i> ✓	<i>5,923</i>
<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
Rental Housing Subsidy . . . . .	..	..	..	..	2,250
Urban Flood Mitigation . . . . .	..	207	14	8	..
Rainforest Conservation	881	1,617	980	1,230
<i>Culture and Recreation—</i>					
Expo 88 Participation	100

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Table 55—New South Wales—Commonwealth Payments and Loan Council Borrowings (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	10	39	..	..	26
Interstate Road Transport . . . . .	..	570	1,711	4,357	4,608
<i>Industry Assistance and Development—</i>					
Sugar Industry . . . . .	..	762	1,779	605	167
Afforestation Program . . . . .	..	..	338	1,324	2,566
Bovine Brucellosis and Tuberculosis Eradication	5,106	3,137	1,955	1,271	1,139
Destruction of Organochlorines . . . . .	..	..	..	255	..
Rural Adjustment Scheme	1,019	8,285	11,691	16,674	17,093
Exotic Diseases Eradication	84	64	49	19	18
Agricultural Research	73	141	418	304	408
Fertiliser Assistance	1,584	7,271	2,788	307	..
Soil Conservation	973	1,157	1,295	1,802✓	3,762
Irrigation and Other Water Projects	1,446	311	120	50	50
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	2,991
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	3,076	2,909	3,434	2,974	6,151
Special Employment Programs . . . . .	..	(1,807)	..	..	..
Community Employment Program	90,750	63,903	35,573	..	..
Coal Mining Industry Long Service Leave	13,968	13,866	29,800	22,792	20,000
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	179	191	343	360
Urban Water Supply and Treatment . . . . .	..	105	105	140	70
<i>General Public Services—</i>					
Legal Aid	434	6,032	27,939	29,552✓	34,917
Human Rights	333	500	415	431	452
Reimbursement of Costs—Law Library	367	330	465	525	485
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	195,615	211,754	228,800	229,435	236,259
Sinking Fund on State Debt	16,258	16,775	16,902	16,678✓	16,650
Natural Disaster Relief . . . . .	..	2,993	1,595	2,175	1,000
Total Specific Purpose Payments—					
Current	1,987,629	2,057,918	2,230,216	2,891,189	3,178,717

SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES

<i>Defence—</i>					
Housing for Servicemen	3,891	1,634	1,471	373	..
<i>Education—</i>					
Higher Education	50,416	65,905	72,782	53,226	66,620
Technical and Further Education	44,332	57,004	65,113	53,167	71,490
Support for Steel Regions	1,074	3,386	..	..	..
Government Schools	54,541	50,245	54,149	58,709	62,697
Non-Government Schools	19,704	17,948	18,195	20,355	19,829
Cost Escalation Allowance . . . . .	..	..	..	..	1,171
Video Facilities	206	202	93	..	..
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	169	433	395
Albury RALA Sub-Centre . . . . .	..	..	85	..	..
Teaching Hospitals/Enhancement Program	16,811	16,811	16,811	8,100	17,237
Blood Transfusion Services	276	401	449	543	372
<i>Social Security and Welfare—</i>					
Home and Community Care	1,185	994	1,934	3,062	3,656
Attendant Care Scheme . . . . .	..	..	839	..	..
Children's Services . . . . .	..	26	3,544	2,440	3,245
Supported Accommodation Assistance . . . . .	..	..	..	1,000	1,000
Crisis Accommodation Program	4,651	4,933	5,447	6,835	13,656
Youth Accommodation . . . . .	..	..	..	..	3,444

Table 55—New South Wales—Commonwealth Payments and Loan Council Borrowings (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Aboriginal Advancement (a)</i>	100	..	206	1,093	..
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	13,913	14,282	14,517	13,869	18,520
Housing Assistance for Aborigines	12,771	12,345	12,345	13,641	17,777
Local Government and Community Housing Grants	3,533	3,883	4,201	5,596	8,404
Public Housing	169,739	182,340	184,439	179,027	244,874
Growth Centres	6,046	..	..	..	..
Urban Flood Mitigation	2,656	2,442	3,158	3,356	3,900
Urban Rehabilitation	4,000	3,000	..	..	..
Captains Flat Project	174	182	..	..	..
<i>Culture and Recreation—</i>					
National Maritime Museum	2,000	18,000	10,000	..	..
Bicentennial Programs	1,986	8,949	3,928	..	..
National Standard Sports Facilities (c)	4,698	485	..	..	..
National Estate	458	490	508	547	597
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Land Transport Program	253,300	255,050	243,600	134,895	..
Australian Bicentennial Road Development	141,194	140,000	164,900	82,254	..
Australian Centennial Road Development . . . . .	..	..	..	170,051	436,553
Burbong Bridge Construction	100	294	..	..	..
Support for Steel Regions	1,850	982	..	..	..
<i>Industry Assistance and Development—</i>					
Support for Steel Regions	8,000	18,013	5,321	..	..
Rural Adjustment Scheme	2,520	..	..	..	..
Plant Genetic Resource Program . . . . .	..	..	6	..	..
Salinity Reduction Control	2,100	2,266	1,576	1,300	1,550
Irrigation and Other Water Projects	13	50	24	25	..
<i>Labour and Employment—</i>					
Support for Steel Regions	60	5,064	3,068	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	575	632	1,844	1,586	1,540
Support for Steel Regions	3,807	5,250	664	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	418	..	..	23,214	5,200
Total Specific Purpose Payments—					
Capital	833,097	893,488	895,386	839,193	1,004,233
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	4,081,330	4,367,842	4,449,446	3,852,808	3,735,471
For Specific Purposes	2,820,727	2,951,406	3,125,601	3,729,887	4,182,442
Total Gross Payments	6,902,057	7,319,248	7,575,048	7,582,695	7,917,913
Repayments	(120,738)	(103,770)	(104,659)	(126,903)	(119,032)
Total Net Payments	6,781,319	7,215,478	7,470,389	7,455,792	7,798,882

(a) and (c)—See corresponding footnotes to Table 62.

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

Table 56—Victoria—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	2,248,332	2,493,990	2,667,345	2,661,202	2,690,052
Special Revenue Assistance . . . . .	..	435	3,604	13,934	..
Health Grants	371,037	411,908	441,616	..	..
Total	2,619,369	2,906,333	3,112,565	2,675,136	2,690,052
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Loan Portion	177,003	77,839	..	..	..
Housing Nomination	75,858	116,758	94,636	71,477	..
Capital Grants	140,186	107,884	48,318	71,477	71,477
Total	393,047	302,481	142,954	142,954	71,477
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	485	495	487	481	602
<i>Education—</i>					
Higher Education	587,295	599,579	640,995	644,584	665,810
State Contribution to Higher Education	..	..	..	..	..
Superannuation . . . . .	..	..	(3,715)	(9,535)	(11,216)
Technical and Further Education	33,778	37,409	30,998	29,550 ?	35,165
Government Schools	130,962	138,023	146,095	165,102 ✓	184,765
Non-Government Schools	238,553	259,083	277,180	307,558 ✓	324,695
Joint School Programs	10,671	10,788	7,709	8,042 ✓	9,625
National Policy on Languages . . . . .	..	..	1,413	1,836 ✓	1,300
Cost Escalation Allowance . . . . .	..	..	..	..	42,871
Pre-School Education	4,508	..	..	..	..
Participation and Equity Program	15,560	10,996	5,999	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	..	1,180 ✓	2,951
Transfer Pathology Laboratory . . . . .	..	..	..	1,683 ✓	2,055
Medicare	256,040	266,839	286,114	..	..
Hospital Funding Grants . . . . .	..	..	..	790,820	840,537
Hospital Waiting List Reduction . . . . .	..	..	9,350	7,929 ✓	..
Nurse Education . . . . .	..	4,256	4,117	6,562 ✓	8,162
Home and Community Care (d) . . . . .	..	5,978	14,544	20,419 ✓	24,357
Blood Transfusion Services	4,854	4,519	5,341	6,269 ✓	6,257
Drug Education Campaigns	3,472	3,803	4,059	4,290 ✓	4,739
National Diseases Control	220	180	102	..	..
Funds to Combat AIDS	1,493	1,469	2,123	3,124 ✓	4,302
National Better Health . . . . .	..	..	..	94	640
Youth Health Services . . . . .	..	..	..	..	235
<i>Social Security and Welfare—</i>					
Geriatric Assessment	1,598	2,464	2,793	5,149 ✓	5,565
Home and Community Care	15,054	16,801	36,445	42,724 ✓	50,956
Children's Services	1,903	1,514	2,736	2,881 ✓	3,285
Family Support Services	993	1,715	2,943	..	..
Mortgage and Rent Relief	6,043	6,400	6,623	6,949	7,961
Mortgage Relief . . . . .	..	..	..	..	3,863
Supported Accommodation Assistance	4,972	10,485	9,327	13,445 ✓	15,801
Translating and Interpreting Services	410	482	502	353 ✓	384
Unattached Refugee Children	54	75	82	..	115
<i>Aboriginal Advancement (a)</i>	1,882	2,087	2,087	2,100 ✓	3,197
<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	4	..	..
Rainforest Conservation . . . . .	..	69	205	537	95
Other Conservation . . . . .	..	..	..	..	250
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	100	..	..

Table 56—Victoria—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Interstate Road Transport . . . . .	..	339	1,018	2,593	2,742
<i>Industry Assistance and Development—</i>					
Dried Vine Fruits Assistance	19	1,021	..	..	..
Wine Industry Adjustment . . . . .	..	692	..	..	..
Afforestation Program . . . . .	..	..	178	579	2,466
Bovine Brucellosis and Tuberculosis Eradication	4,042	3,266	1,520	1,021	1,298
Destruction of Organochlorines . . . . .	..	..	..	133	..
Rural Adjustment Scheme	2,990	9,608	10,552	11,553	11,843
Exotic Diseases Eradication	1,132	12	5	13	..
Agricultural Research	77	129	206	419	576
Fertiliser Assistance	2,973	8,105	2,329	224	..
Soil Conservation	533	578	624	1,413✓	2,954
Irrigation and Other Water Projects	2,532	2,280	1,763	748	469
National Industry Extension Service . . . . .	..	2,043	2,227	2,398	2,653
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	258	244	88	331	686
Special Employment Programs . . . . .	..	(2,060)	..	..	..
Community Employment Program	68,434	48,061	23,534	..	..
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	65	78	145	153
Urban Water Supply and Treatment	540	664	510	386	200
<i>General Public Services—</i>					
Sharing of Criminal Asset Recovery . . . . .	..	..	..	..	300
Legal Aid	17,827	19,279	20,158	23,291✓	28,555
Human Rights	254	320	277	194	671
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	136,410	147,664	165,763	172,726	176 633
Sinking Fund on State Debt	12,278	12,728	12,830	12,660✓	12 640
Natural Disaster Relief . . . . .	..	(278)	4	4	20
Total Specific Purpose Payments—					
Current	1,572,865	1,641,782	1,741,829	2,296,305	2,485,528

SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES

<i>Defence—</i>					
Housing for Servicemen	279	415	270	233	..
<i>Education—</i>					
Higher Education	45,268	49,689	71,035	46,950	34,203
Technical and Further Education	40,800	45,025	48,161	38,525	59,851
Government Schools	40,815	37,469	39,736	43,148	46,079
Non-Government Schools	13,589	15,116	17,279	20,289	19,764
Video Facilities	32	20	9	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	862
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	222	150	409
Teaching Hospitals/Enhancement Program	12,652	12,652	12,652	6,100	12,863
Blood Transfusion Services	300	745	1,028	377	328
High Security Quarantine Unit	30	..	..	..	..
<i>Social Security and Welfare—</i>					
Home and Community Care	3,052	5,195	2,396	1,580	1,887
Attendant Care Scheme . . . . .	..	..	630	..	..
Children's Services . . . . .	..	2,322	5,094	1,569	1,608
Crisis Accommodation Program	3,504	3,711	4,092	5,131	10,212
Youth Accommodation . . . . .	..	..	..	..	2,575
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	8,646	8,509	8,560	8,794	10,882
Housing Assistance for Aborigines	3,417	3,417	3,417	3,417	3,638
Local Government and Community Housing Grants	2,662	2,921	3,156	4,200	6,284
Public Housing	131,575	140,377	141,004	135,989	190,776
Urban Flood Mitigation	795	1,409	1,629	1,374	1,400
Environmental Restoration . . . . .	..	..	..	1,500	..

*Table 56—Victoria—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued*

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Culture and Recreation—</i>					
Bicentennial Programs	5,025	3,000	4,747	2,505	..
Sesquicentenary Grants	568	..	..	..	..
National Standard Sports Facilities (c) . . . . .	..	2,281	133	..	..
National Estate	458	490	508	547	597
Nature Conservation . . . . .	..	12	..	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Land Transport Program	159,700	160,200	151,200	84,966	..
Australian Bicentennial Road Development	94,200	93,500	98,100	55,823	..
Australian Centennial Road Development . . . . .	..	..	..	103,011	276,323
Transport Improvement Grant . . . . .	..	..	..	50,000	..
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme	2,087	..	..	..	..
Plant Genetic Resource Program	300	..	75	35	..
Salinity Reduction Control	885	875	837	1,062	1,591
Portland Aluminium Smelter . . . . .	..	1,500	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	291	761	605	357	790
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	(316)	..	..	..	..
<i>Total Specific Purpose Payments—</i>					
Capital	570,614	591,612	616,574	626,621	690,738
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	3,012,416	3,208,814	3,255,519	2,818,090	2,761,529
For Specific Purposes	2,143,479	2,233,394	2,358,404	2,913,936	3,168,450
Total Gross Payments	5,155,895	5,442,208	5,613,923	5,732,026	5,929,979
Repayments	(77,502)	(77,981)	(79,490)	(80,592)	(80,287)
Total Net Payments	5,078,393	5,364,227	5,534,433	5,651,434	5,849,694

(a) and (c)—See corresponding footnotes to Table 62.

(d)—See corresponding footnote to Table 55.

Table 57—Queensland—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	1,973,578	2,205,989	2,414,305	2,233,381	2,415,328
Special Revenue Assistance	10,000	3,193	8,657	8,528	..
Health Grants	113,515	126,984	139,316	..	..
Total	2,097,093	2,336,166	2,562,278	2,241,909	2,415,328
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Loan Portion	93,419	41,082	..	..	..
Housing Nomination	40,037	61,622	24,966	18,725	..
Capital Grants	73,986	56,939	12,483	18,725	18,725
Total	207,442	159,643	37,449	37,449	18,725
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	555	690	769	815	671
<i>Education—</i>					
Higher Education	289,718	298,633	321,897	314,043	324,429
Technical and Further Education	16,423	21,355	17,526	18,935	22,558
Government Schools	77,136	85,631	94,137	105,301	117,842
Non-Government Schools	119,373	128,038	140,564	156,235	164,941
Joint School Programs	7,947	7,090	5,141	5,382	6,441
National Policy on Languages . . . . .	..	..	921	1,252	900
Cost Escalation Allowance . . . . .	..	..	..	..	21,975
Pre-School Education	3,303	..	..	..	..
Participation and Equity Program	10,966	7,876	3,689	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	..	730	730
Transfer Pathology Laboratory . . . . .	..	..	..	2,756	12,000
Medicare	72,083	78,560	84,695	..	..
Hospital Funding Grants . . . . .	..	..	..	508,162	560,881
Hospital Waiting List Reduction . . . . .	..	..	2,378	2,430	..
Nurse Education . . . . .	..	..	500	..	830
Home and Community Care . . . . .	..	2,845	9,388	9,320	11,121
Blood Transfusion Services	1,927	2,130	2,307	2,481	2,654
Drug Education Campaigns	2,254	2,420	2,582	2,729	3,035
National Diseases Control	160	120	80	..	..
Funds to Combat AIDS	497	519	927	1,434	2,162
National Better Health . . . . .	..	..	..	59	420
Youth Health Services . . . . .	..	..	..	..	150
<i>Social Security and Welfare—</i>					
Geriatric Assessment	157	213	1,072	1,804	2,885
Home and Community Care (d)	5,165	5,004	8,340	11,249	13,421
Children's Services	500	481	607	638	681
Family Support Services	336	671	1,149	..	..
Mortgage and Rent Relief	3,724	3,968	4,132	4,418	5,142
Mortgage Relief . . . . .	..	..	..	..	2,496
Supported Accommodation Assistance	4,795	8,040	6,699	9,700	11,260
Translating and Interpreting Services	52	..	183	56	150
Unattached Refugee Children	20	2	19	199	37
<i>Aboriginal Advancement (a)</i>	<i>5,575</i>	<i>5,668</i>	<i>6,103</i>	<i>6,711</i>	<i>8,931</i>
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless	5	20	..	..	..
Assistance for Housing	423	423	423	423	423
Rainforest Conservation . . . . .	..	..	..	..	1,646
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	669	24	34	297	98
Interstate Road Transport . . . . .	..	185	555	1,414	1,495

*Table 57—Queensland—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued*

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Industry Assistance and Development—</i>					
Wine Industry Adjustment	..	211	4	..	..
Sugar Industry	1,728	22,760	1,075	2,316	2,874
Afforestation Program	..	..	..	141	42
Bovine Brucellosis and Tuberculosis Eradication	14,092	19,950	15,700	12,807	12,616
Destruction of Organochlorines	..	..	..	231	..
Rural Adjustment Scheme	1,028	4,347	6,296	8,246	8,453
Exotic Diseases Eradication	..	43	10	42	43
Agricultural Research	103	139	390	609	838
Fertiliser Assistance	3,143	6,626	7,206	1,953	..
Soil Conservation	738	886	966	1,223	2,558
Irrigation and Other Water Projects	900	..	..	..	..
Assistance to Tin Mining	..	757	..	..	..
National Industry Extension Service	..	866	951	1,006	1,127
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	2,462	2,329	1,607	1,211	2,506
Special Employment Programs	..	(21)	..	..	..
Community Employment Program	42,073	29,790	14,771	..	..
Coal Mining Industry Long Service Leave	3,092	5,123	12,938	4,560	5,000
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing	..	59	90	114	120
<i>General Public Services—</i>					
Legal Aid	11,307	11,871	13,374	14,639	16,618
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	90,367	97,823	106,834	108,322	114,569
Sinking Fund on State Debt	6,653	6,879	6,930	6,844	6,830
Natural Disaster Relief	6,214	5,796	5,729	8,591	1,300
<i>Total Special Purpose Payments—</i>					
Current	807,662	876,841	911,689	1,341,831	1,477,898
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Defence—</i>					
Housing for Servicemen	27	257	158	46	..
<i>Education—</i>					
Higher Education	20,392	26,386	40,833	30,312	27,833
Technical and Further Education	28,589	26,353	26,682	26,976	27,260
Government Schools	28,502	26,276	28,417	31,300	33,426
Non-Government Schools	15,234	5,443	10,929	12,293	11,974
Video Facilities	552	527	243	..	..
Cost Escalation Allowance	..	..	..	..	629
<i>Health—</i>					
Women's Health Screening	..	..	184	330	425
Teaching Hospitals/Enhancement Program	7,713	7,713	7,713	4,258	8,321
Home and Community Care	..	..	42	98	127
Blood Transfusion Services	213	100	145	501	466
<i>Social Security and Welfare—</i>					
Home and Community Care	979	4,449	1,655	1,963	2,344
Attendant Care Scheme	..	..	401	..	..
Children's Services	574	1,859	2,939	1,234	804
Crisis Accommodation Program	2,160	2,301	2,553	3,262	6,598
Youth Accommodation	..	..	..	..	1,664
<i>Aboriginal Advancement (a)</i>	1,048	100	185	338	..
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	6,842	7,096	7,396	7,382	9,644
Housing Assistance for Aborigines	12,220	14,109	15,186	19,000	25,228
Local Government and Community Housing Grants	1,640	1,811	1,969	2,671	4,060
Public Housing	65,189	73,328	77,545	79,428	92,592
Urban Flood Mitigation	1,027	243	..	901	951

**Table 57—Queensland—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued**

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Culture and Recreation—</i>					
Bicentennial Programs	3,306	5,656	620	..	..
National Estate	458	490	508	547	597
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	68	..	..	..	..
Australian Land Transport Program	163,000	162,600	159,100	88,768	..
Australian Bicentennial Road Development	94,600	94,700	95,100	58,655	..
Australian Centennial Road Development . . . . .	..	..	..	97,076	266,032
<i>Industry Assistance and Development—</i>					
Fisheries Management	1,088	1	2,101	40	1,296
Bovine Brucellosis and Tuberculosis Eradication	611	..	..	..	..
Rural Adjustment Scheme	1,600	..	..	..	..
Plant Genetic Resource Program . . . . .	..	485	..	113	..
Irrigation and Other Water Projects	30,200	34,007	20,500	6,150	16,871
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	416	1,145	1,444	2,617	1,320
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	18,723	27,626	8,672	20,551	6,036
Total Specific Purpose Payments— Capital	506,970	525,061	513,222	496,810	546,498
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	2,304,535	2,495,809	2,599,727	2,279,358	2,434,052
For Specific Purposes	1,314,632	1,401,902	1,424,911	1,838,640	2,024,396
Total Gross Payments	3,619,167	3,897,711	4,024,637	4,117,999	4,458,448
Repayments	(51,630)	(53,534)	(55,939)	(58,760)	(59,101)
Total Net Payments	3,567,537	3,844,168	3,968,698	4,059,238	4,399,348

(a) See corresponding footnote to Table 62.

(d) See corresponding footnote to Table 55.

Table 58—Western Australia—Commonwealth Payments and Loan Council Borrowings (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	1,122,961	1,263,833	1,393,339	1,451,955	1,485,748
Special Revenue Assistance . . . . .	..	2,528	6,479	8,281	..
Health Grants	176,307	198,584	219,468	..	..
Total	1,299,268	1,464,945	1,619,286	1,460,236	1,485,748
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Housing Nomination	93,132	71,672	34,503	22,877	..
Capital Grants	51,632	39,735	11,251	22,877	22,877
Total	144,764	111,407	45,754	45,754	22,877
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	401	453	379	418	548
<i>Education—</i>					
Higher Education	189,054	194,872	209,406	209,864	218,040
State Contribution to Higher Education Superannuation . . . . .	..	..	(935)	(2,339)	(2,752)
Technical and Further Education	13,474	14,832	12,078	11,642	12,031
Government Schools	46,456	50,106	53,609	60,451	67,650
Non-Government Schools	59,138	65,235	72,342	80,574	85,064
Joint School Programs	4,699	4,448	3,317	3,464	4,146
National Policy on Languages . . . . .	..	..	534	780	550
Cost Escalation Allowance . . . . .	..	..	..	..	12,511
Pre-school Education	2,430	..	..	..	..
Participation and Equity Program	6,260	4,287	2,284	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	..	8,036	8,036
Public Hospitals—Running Costs . . . . .	..	119	..	..	..
Medicare	89,086	92,754	100,986	..	..
Hospital Funding Grants . . . . .	..	..	..	273,869	300,979
Hospital Waiting List Reduction . . . . .	..	..	1,122	1,803	..
Nurse Education . . . . .	..	1,826	1,282	1,519	1,625
Home and Community Care (d) . . . . .	..	5,814	8,335	9,274	11,061
Blood Transfusion Services	1,524	1,590	1,865	2,192	2,168
Drug Education Campaigns	1,297	1,386	1,478	1,562	1,767
National Diseases Control	79	76	53	..	..
Funds to Combat AIDS	564	645	1,035	1,255	1,965
National Better Health . . . . .	..	..	..	27	230
Youth Health Services . . . . .	..	..	..	..	80
<i>Social Security and Welfare—</i>					
Geriatric Assessment	90	362	273	1,133	2,065
Home and Community Care	3,621	6,272	8,831	11,461	13,672
Rehabilitation Centres . . . . .	..	2,000	..	..	..
Children's Services	614	415	428	458	488
Family Support Services	622	908	1,263	..	..
Mortgage and Rent Relief	2,055	2,197	2,299	2,471	2,898
Mortgage Relief . . . . .	..	..	..	..	1,406
Supported Accommodation Assistance	4,401	4,784	4,192	6,031	6,929
Translating and Interpreting Service . . . . .	..	..	..	..	164
Unattached Refugee Children	30	..	42	..	37
<i>Aboriginal Advancement (a)</i>	13,454	12,188	11,225	8,711	9,424
<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	119	179
Other Conservation . . . . .	..	..	..	..	250
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	100	..	..
America's Cup Defence	1,773	5,957	..	..	..

Table 58—Western Australia—Commonwealth Payments and Loan Council Borrowings (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	7	..	..	..	..
Interstate Road Transport . . . . .	..	76	229	583	617
<i>Industry Assistance and Development—</i>					
Dried Vine Fruits Assistance . . . . .	..	..	7	..	..
Wine Industry Adjustment . . . . .	..	..	1	..	..
Afforestation Program . . . . .	..	..	235	359	489
Bovine Brucellosis and Tuberculosis Eradication	1,892	1,882	2,183	2,761	3,231
Destruction of Organochlorines . . . . .	..	..	..	262	..
Rural Adjustment Scheme	1,114	4,980	5,925	6,763	6,933
Exotic Diseases Eradication . . . . .	..	..	23	20	28
Agricultural Research	20	45	117	255	342
Fertiliser Assistance	6,629	10,782	3,138	1,308	..
Soil Conservation	703	846	904	1,871	3,911
Irrigation and Other Water Projects	1,890	..	..	..	..
National Industry Extension Service . . . . .	..	569	620	665	740
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	1,561	1,477	1,308	1,756	3,631
Community Employment Program	23,203	16,505	7,793	..	..
Coal Mining Industry Long Service Leave	727	684	619	1,111	900
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	44	72	86	90
Urban Water Supply and Treatment	13	80	80	75	..
<i>General Public Services—</i>					
Legal Aid	8,004	8,782	10,116	10,801	12,406
Human Rights	150	265	193	201	210
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	50,326	54,477	59,285	59,892	64,585
Sinking Fund on State Debt	4,474	4,452	4,411	4,352	4,345
Natural Disaster Relief	70	..	..	47	136
Total Specific Purpose Payments—					
Current	542,583	580,257	595,995	788,570	866,431
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Defence—</i>					
Housing for Servicemen	61	121	26	..	..
<i>Education—</i>					
Higher Education	12,281	24,935	23,349	13,704	14,176
Technical and Further Education	16,138	14,431	15,032	14,617	16,937
Government Schools	16,234	14,913	15,990	17,860	19,074
Non-Government Schools	5,922	6,891	4,894	5,419	5,279
Video Facilities	149	135	63	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	361
WA Defence Infrastructure . . . . .	..	..	10,000	..	..
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	150	200	224
Teaching Hospitals/Enhancement Program	4,258	4,258	4,258	2,167	4,681
Home and Community Care . . . . .	..	..	..	14	18
Blood Transfusion Services	341	475	264	323	321
<i>Social Security and Welfare—</i>					
Home and Community Care	397	1,254	651	936	1,118
Attendant Care Scheme . . . . .	..	..	225	..	..
Children's Services	828	1,230	2,821	494	418
Crisis Accommodation Program	1,191	1,274	1,420	1,824	3,717
Youth Accommodation . . . . .	..	..	..	..	937
Aboriginal Advancement (a)	4,002	7,046	5,785	5,365	4,285
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	3,101	3,095	3,051	3,268	4,153
Housing Assistance for Aborigines	10,017	10,047	10,264	12,121	15,862
Local Government and Community Housing Grants	905	1,003	1,095	1,494	2,288
Public Housing	46,205	49,239	49,561	48,502	66,266
Urban Flood Mitigation	11	228	396	117	400

Table 58—Western Australia—Commonwealth Payments and Loan Council Borrowings (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Culture and Recreation—</i>					
Bicentennial Programs	1,417	1,360	2,861	958	..
National Standard Sports Facilities	1,946	1,366	..	..	..
WA Defence Infrastructure . . . . .	..	..	5,000	..	..
America's Cup Defence	14,977	9	..	..	..
National Estate	458	490	508	547	597
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	83	..	..	..	..
Australian Land Transport Program	102,339	99,200	95,400	53,061	..
Australian Bicentennial Road Development	55,800	55,100	58,700	40,652	..
Australian Centennial Road Development . . . . .	..	..	..	66,188	160,114
Transport Improvement Grant	9,700	..	..	..	..
Railway Projects . . . . .	..	38	..	..	..
WA Defence Infrastructure . . . . .	..	..	30,000	..	..
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis Eradication . . . . .	..	23	..	..	..
Rural Adjustment Scheme	1,720	..	..	..	..
Plant Genetic Resource Program	33	..	..	..	..
Salinity Reduction Control	633	1,160	1,250	5,446	9,250
WA Defence Infrastructure . . . . .	..	..	15,000	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	1,044	384	296	1,242	520
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	1,047	194	..	..	..
<i>Total Specific Purpose Payments—</i>					
Capital	313,238	299,901	358,310	296,518	330,995
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	1,444,032	1,576,352	1,665,040	1,505,990	1,508,625
For Specific Purposes	855,821	880,157	954,305	1,085,088	1,197,426
Total Gross Payments	2,299,853	2,456,509	2,619,345	2,591,078	2,706,051
Repayments	(44,365)	(42,162)	(38,581)	(37,048)	(33,445)
Total Net Payments	2,255,488	2,414,347	2,580,764	2,554,030	2,672,606

(a) and (c)—See corresponding footnotes to Table 62.

(d) —See corresponding footnote to Table 55.

Table 59—South Australia—Commonwealth Payments and Loan Council Borrowings (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	1,037,171	1,147,046	1,233,323	1,301,100	1,390,135
Special Revenue Assistance	34,200	17,996	2,954	14,897	..
Health Grants	195,890	216,817	233,695	..	..
Total	1,267,262	1,381,859	1,469,971	1,315,996	1,390,135
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Housing Nomination	131,166	100,943	51,779	39,585	..
Capital Grants	72,718	55,962	27,390	39,585	39,585
Total	203,884	156,905	79,169	79,169	39,585
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	282	366	388	399	465
<i>Education—</i>					
Higher Education	187,619	189,732	201,512	199,756	213,018
State Contribution to Higher Education					
Superannuation . . . . .	..	..	(1,265)	(2,806)	(3,301)
Technical and Further Education	12,809	13,616	11,653	11,662	11,160
Government Schools	44,778	47,002	49,081	54,601	61,103
Non-Government Schools	50,378	55,581	60,802	66,818	70,541
Joint School Programs	4,248	3,598	2,638	2,846	3,406
National Policy on Languages . . . . .	..	..	666	1,372	500
Cost Escalation Allowance . . . . .	..	..	..	..	11,142
Pre-School Education	1,865	..	..	..	..
Participation and Equity Program	6,131	3,970	2,171	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	500	12,340	14,115
Transfer Pathology Laboratory . . . . .	..	426	..	..	..
Medicare	111,891	117,342	126,583	..	..
Hospital Funding Grants . . . . .	..	..	..	276,707	300,169
Hospital Waiting List Reduction . . . . .	..	..	2,500	2,317	..
Nurse Education . . . . .	..	937	952	1,582	3,211
Home and Community Care (d) . . . . .	..	4,578	6,349	7,231	8,625
Blood Transfusion Services	1,657	1,561	1,599	1,691	1,823
Drug Education Campaigns	1,372	1,346	1,435	1,516	1,715
National Diseases Control	36	40	42	..	..
Funds to Combat AIDS	421	551	685	904	1,485
National Better Health . . . . .	..	..	..	37	210
Youth Health Services . . . . .	..	..	..	..	85
<i>Social Security and Welfare—</i>					
Geriatric Assessment	515	726	270	982	1,075
Home and Community Care	4,315	7,332	6,902	7,732	9,219
Rehabilitation Centres . . . . .	..	19	11	..	..
Children's Services	7,216	7,279	8,990	7,610	8,544
Family Support Services	559	713	915	..	..
Mortgage and Rent Relief	2,002	2,114	2,182	2,302	2,630
Mortgage Relief . . . . .	..	..	..	..	1,275
Supported Accommodation Assistance	4,085	4,649	4,017	5,719	6,560
Translating and Interpreting Services	105	104	92	168	150
Unattached Refugee Children	43	49	58	..	38
<i>Aboriginal Advancement (a)</i>	5,937	6,376	6,472	6,319	9,013
<i>Housing and Community Amenities nec—</i>					
International Year of Homeless	15	..	..	..	..
Assistance for Housing	941	941	941	941	941
Urban Flood Mitigation	300	..	..	..	..
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	100	..	..

Table 59—South Australia—Commonwealth Payments and Loan Council Borrowing (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	33	23	20	121	20
Interstate Road Transport . . . . .	..	180	541	1,378	1,458
<i>Industry Assistance and Development—</i>					
Dried Vine Fruits Assistance . . . . .	..	384	..	..	..
Wine Industry Adjustment	1,300	2,640	..	..	..
Afforestation Program . . . . .	..	..	136	449	292
Bovine Brucellosis and Tuberculosis Eradication	1,579	1,206	1,324	870	1,254
Destruction of Organochlorines . . . . .	..	..	..	88	..
Rural Adjustment Scheme	1,046	5,439	7,095	7,780	7,975
Exotic Diseases Eradication . . . . .	..	..	26	5	8
Agricultural Research	29	42	22	87	122
Fertiliser Assistance	2,972	9,816	1,318	226	..
Soil Conservation	422	458	463	860	1,799
Irrigation and Other Water Projects	1,435	756	112	212	251
National Industry Extension Service . . . . .	..	613	664	706	779
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	556	526	684	1,094	2,251
Community Employment Program	22,707	15,879	9,375	153	..
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	41	64	79	83
Urban Water Supply and Treatment . . . . .	..	..	20	..	200
<i>General Public Services—</i>					
Legal Aid	6,284	6,879	8,637	9,281	10,562
Human Rights	248	300	215	224	234
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	46,098	49,901	55,519	57,348	58,283
Sinking Fund on State Debt	5,573	5,547	5,497	5,079	5,070
<i>Total Specific Purpose Payments—</i>					
Current	539,802	571,581	590,973	756,784	829,557
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Defence—</i>					
Housing for Servicemen . . . . .	..	10	18	..	..
<i>Education—</i>					
Higher Education	10,886	15,735	19,681	12,529	9,657
Technical and Further Education	8,921	16,612	11,336	16,362	8,595
Government Schools	14,858	13,320	14,351	15,738	16,807
Non-Government Schools	2,694	4,178	3,982	4,957	4,828
Video Facilities	87	90	42	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	318
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	145	329	338
Teaching Hospitals/Enhancement Program	4,206	4,206	4,206	2,041	4,252
Blood Transfusion Services	107	256	235	413	383
<i>Social Security and Welfare—</i>					
Home and Community Care	357	43	294	849	1,014
Attendant Care Scheme . . . . .	..	..	209	..	..
Children's Services . . . . .	..	401	2,252	559	617
Crisis Accommodation Program	1,161	1,226	1,349	1,700	3,372
Youth Accommodation . . . . .	..	..	..	..	850
Aboriginal Advancement (a)	83	1,170	589	3,639	725
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	2,662	2,640	2,614	2,819	3,849
Housing Assistance for Aborigines	5,595	5,595	5,595	6,391	8,341
Local Government and Community Housing Grants	882	965	1,040	1,391	2,075
Public Housing	60,794	61,004	57,468	52,053	82,060
Urban Flood Mitigation	700	464	245	3	..
<i>Culture and Recreation—</i>					
Bicentennial Programs	1,081	227	4,318	1,491	..
Sesquicentenary Grants	420	..	..	..	..
National Standard Sports Facilities (c)	357	501	..	..	..
National Estate	458	490	508	547	597

Table 59—South Australia—Commonwealth Payments and Loan Council Borrowings (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Land Transport Program	66,192	66,600	56,400	31,864	..
Australian Bicentennial Road Development	31,100	30,300	36,200	19,450	..
Australian Centennial Road Development . . . . .	..	..	..	37,386	91,309
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication	220	..	..	..	..
Rural Adjustment Scheme	1,360	..	..	..	..
Plant Genetic Resource Program	15	..	30	..	..
Salinity Reduction Control . . . . .	..	..	282	200	583
Irrigation and Other Water Projects . . . . .	..	..	..	..	75
<i>Labour and Employment—</i>					
Support for Steel Regions	834	3,915	1,961	1,410	..
<i>Other Economic Services—</i>					
Special Assistance for Water . . . . .	..	17,000	25,000	50,000	..
Urban Water Supply and Treatment	5,666	6,224	5,797	5,542	5,700
<i>Not Allocated to Function—</i>					
Natural Disaster Relief	37	..	..	..	..
Total Specific Purpose Payments—					
Capital	221,732	253,172	256,147	269,660	246,345
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	1,471,146	1,538,764	1,549,140	1,395,165	1,429,719
For Specific Purposes	761,533	824,753	847,120	1,026,444	1,075,902
Total Gross Payments	2,232,679	2,363,517	2,396,260	2,421,609	2,505,621
Repayments	(48,797)	(39,214)	(164,287)	(102,155)	(134,442)
Total Net Payments	2,183,882	2,324,302	2,231,974	2,319,455	2,371,179

(a) and (c)—See corresponding footnotes to Table 62.

(d) —See corresponding footnote to Table 55.

Table 60—Tasmania—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	387,036	428,759	452,870	470,672	497,058
Special Revenue Assistance	42,978	19,410	1,392	18,106	..
Health Grants	63,553	70,461	74,605	..	..
Total	493,567	518,630	528,867	488,778	497,058
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Loan Portion	49,379	21,714	..	..	..
Housing Nomination	21,162	32,572	36,877	27,658	..
Capital Grants	39,107	30,097	18,438	27,658	27,658
Total	109,648	84,383	55,315	55,315	27,658
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	167	193	149	216	241
<i>Education—</i>					
Higher Education	52,730	53,730	57,198	56,627	60,558
State Contribution to Higher Education Superannuation . . . . .	..	..	(55)	(96)	(113)
Technical and Further Education	4,784	4,417	3,881	3,988	4,093
Government Schools	14,187	15,358	16,572	18,200	20,368
Non-Government Schools	16,457	17,794	18,964	20,635	21,785
Joint School Programs	1,231	1,006	886	928	1,111
National Policy on Languages . . . . .	..	..	258	536	400
Cost Escalation Allowance . . . . .	..	..	..	..	3,365
Pre-school Education	705	..	..	..	..
Participation and Equity Program	2,194	1,571	758	..	..
<i>Health—</i>					
Transfer Pathology Laboratory	670	1,299	1,397	1,470	1,626
Medicare	33,251	35,020	39,672	..	..
Hospital Funding Grants . . . . .	..	..	..	84,606	91,359
Hospital Waiting List Reduction . . . . .	..	..	255	303	..
Nurse Education . . . . .	..	106	202	440	743
Home and Community Care (d) . . . . .	..	464	1,654	1,988	2,369
Blood Transfusion Services	319	333	375	387	563
Drug Education Campaigns	506	515	548	579	694
Funds to Combat AIDS	86	71	223	271	687
National Better Health . . . . .	..	..	..	20	80
Youth Health Services . . . . .	..	..	..	..	25
<i>Social Security and Welfare—</i>					
Geriatric Assessment	236	273	291	421	517
Home and Community Care	1,729	734	1,868	2,506	2,995
Rehabilitation Centres	1,612	1,690	..	..	..
Children's Services	137	138	153	148	158
Family Support Services	125	200	298	..	..
Mortgage and Rent Relief	648	686	710	742	836
Mortgage Relief . . . . .	..	..	..	..	405
Supported Accommodation Assistance	2,007	2,265	2,007	2,907	3,252
<i>Aboriginal Advancement (a)</i>	179	170	182	147	379
<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	..	..	..	..
Rainforest Conservation . . . . .	..	..	49	456	350
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	100	..	..
South-West TAS—Heritage Area	2,000	2,000	2,200	2,336	5,471
<i>Economic Services—</i>					
<i> Transport—</i>					
Aerodrome Local Ownership Plan	232	242	282	..	350
Interstate Road Transport . . . . .	..	7	21	54	57

*Table 60—Tasmania—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued*

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Industry Assistance and Development—</i>					
TAS Wheat Freight Subsidy . . . . .	..	..	..	..	3,100
Afforestation Program . . . . .	..	..	476	997	2,144
Bovine Brucellosis and Tuberculosis Eradication	55	95	78	94	70
Destruction of Organochlorines . . . . .	..	..	..	8	..
Rural Adjustment Scheme	123	819	993	1,275	1,307
Exotic Diseases Eradication	5	..	4	23	30
Agricultural Research	11	29	56	122	171
Fertiliser Assistance . . . . .	..	..	207	..	..
Forest Industry Package . . . . .	..	..	..	8,000	9,500
Soil Conservation	186	197	240	332	693
Irrigation and Other Water Projects	200	..	..	..	..
Assistance to Tin Mining . . . . .	..	80	..	..	..
Consultancy—International Tourism . . . . .	..	..	..	..	30
National Industry Extension Service . . . . .	..	366	367	368	294
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	65	61	143	92	191
Special Employment Programs . . . . .	..	(33)	..	..	..
Community Employment Program	7,334	5,152	2,478	..	..
Coal Mining Industry Long Service Leave	69	97	92	158	100
Forest Industry Package . . . . .	..	..	..	..	2,000
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	24	66	66	70
<i>General Public Services—</i>					
Legal Aid	49	76	84	84	94
<i>Not Allocated to Function—</i>					
Financial Assistance—Local Government	17,149	18,564	19,285	18,530	18,497
Sinking Fund on State Debt	3,361	3,486	3,514	3,468	3,465
Assistance for South-West TAS	25,290	26,529	28,431	30,036	31,808
<i>Total Specific Purpose Payments—</i>					
Current	190,455	196,144	207,923	264,781	298,601
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Defence—</i>					
Housing for Servicemen . . . . .	..	..	50	55	..
<i>Education—</i>					
Higher Education	4,123	7,029	5,475	2,706	1,705
Technical and Further Education	737	4,824	7,315	3,849	11,689
Government Schools	4,677	4,362	4,730	5,128	5,477
Non-Government Schools	1,388	1,032	1,195	1,322	1,288
Video Facilities	7	6	3	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	104
<i>Health—</i>					
Teaching Hospitals/Enhancement Program	1,400	1,400	1,400	615	1,346
Launceston General Hospital	766	5,707	11,204	8,500	4,926
Blood Transfusion Services	64	106	25	72	452
<i>Social Security and Welfare—</i>					
Home and Community Care	5	353	..	235	281
Attendant Care Scheme . . . . .	..	..	66	..	..
Children's Services . . . . .	..	399	529	275	292
Crisis Accommodation Program	376	398	439	548	1,072
Youth Accommodation . . . . .	..	..	..	..	270
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	913	855	839	845	1,179
Housing Assistance for Aborigines	696	696	696	696	696
Local Government and Community Housing Grants	286	313	339	448	660
Public Housing	24,692	24,701	23,222	20,952	44,983
Urban Flood Mitigation	40	56	80	1,076	1,100
<i>Culture and Recreation—</i>					
Bicentennial Programs	200	515	993	1,341	..
National Standard Sports Facilities (c) . . . . .	..	1,430	..	..	..
National Estate	458	490	508	547	597
Cradle Mountain Visitor Centre . . . . .	..	..	..	800	..
Port Arthur Conservation Program	500	..	..	..	..

Table 60—Tasmania—Commonwealth Payments and Loan Council Borrowings
(\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	65	5	16	..	10
Australian Land Transport Program	31,216	32,800	28,493	15,300	..
Australian Bicentennial Roads Development	11,957	15,200	18,400	11,140	..
Australian Centennial Roads Development . . . . .	..	..	..	21,373	52,307
Second Hobart Bridge	3,923	61	..	..	..
<i>Industry Assistance and Development—</i>					
Rural Adjustment Scheme	115	..	..	..	..
TAS Industrial Development . . . . .	..	..	..	..	10,500
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	109	..	314	286	258
<i>Not Allocated to Function—</i>					
Assistance for South-West TAS	8,281	3,347	759	1,061	1,800
Natural Disaster Relief	4	..	..	2,993	200
Total Specific Purpose Payments—					
Capital	96,998	106,085	107,090	102,163	143,190
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	603,215	603,013	584,182	544,093	524,716
For Specific Purposes	287,453	302,229	315,013	366,944	441,791
Total Gross Payments	890,668	905,242	899,195	911,037	966,507
Repayments	(17,407)	(17,792)	(18,137)	(18,359)	(17,913)
Total Net Payments	873,261	887,450	881,058	892,677	948,593

(a) and (c)—See corresponding footnotes to Table 62.

(d)—See corresponding footnote to Table 55.

Table 61—Commonwealth Payments to the Northern Territory (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants . . . . .	..	..	..	621,656	651,955
Special Revenue Assistance . . . . .	..	1,235	2,845	59,099	45,286
General Revenue Grants	561,317	628,132	689,980	..	..
Special Grants . . . . .	..	..	(14 381)	..	..
Total	561,317	629,367	678,444	680,755	697,241
GENERAL PURPOSE CAPITAL FUNDS					
<i>General Purpose Loans to NT—</i>					
Loan Portion	77,211	33,954	..	..	..
Housing Nomination	33,090	50,931	56,797	43,848	..
Capital Grants	61,151	47,060	30,899	43,848	43,848
Total	171,452	131,945	87,696	87,696	43,848
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	149	149	189	190	185
<i>Education—</i>					
Higher Education	7,676	8,642	9,318	11,209	13,634
Technical and Further Education	1,898	2,303	2,049	1,805✓	2,010
Government Schools	6,661	7,018	7,321	8,450✓	9,456
Non-Government Schools	4,486	4,710	5,276	5,896✓	6,224
Joint School Programs	1,213	929	725	804✓	963
National Policy on Languages . . . . .	..	..	309	242✓	300
Cost Escalation Allowance . . . . .	..	..	..	..	930
Pre-School Education	170	..	..	..	..
Participation and Equity Program	582	614	390	..	..
<i>Health—</i>					
Medicare	13,163	12,400	13,418	..	..
Hospital Funding Grants . . . . .	..	..	..	19,240	20,707
Nurse Education . . . . .	..	117	64	86✓	165
Blood Transfusion Services	160	191	200	230✓	237
Drug Education Campaigns	203	212	225	238✓	275
National Diseases Control	27	34	37	..	..
Funds to Combat AIDS	129	154	268	284✓	679
National Better Health . . . . .	..	..	..	20	80
Youth Health Services . . . . .	..	..	..	..	15
<i>Social Security and Welfare—</i>					
Geriatric Assessment	57	139	112	401✓	470
Home and Community Care	311	584	613	888	1,066
Rehabilitation Centres	36	30	45	53✓	62
Children's Services	142	224	165	219✓	234
Family Support Services	168	194	217	..	..
Mortgage and Rent Relief	208	227	237	261	291
Mortgage Relief . . . . .	..	..	..	..	141
Supported Accommodation Assistance	1,047	1,279	972	1,583✓	1,871
Translating and Interpreting Services . . . . .	..	191	68	85	100
Unattached Refugee Children	2	..	..	..	..
<i>Aboriginal Advancement (a)</i>	294	70	957	2,314	2,610
<i>Housing and Community Amenities nec—</i>					
Urban Flood Mitigation	7	48	56	116	81
Environmental Restoration	4,444	510	231	..	1,000
Rainforest Conservation . . . . .	..	44	113	45	200
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	100	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan . . . . .	..	92	..	..	226
Interstate Road Transport . . . . .	..	51	154	391	414

Table 61—Commonwealth Payments to the Northern Territory, 1985–86 to 1989–90—(\$ thousand)—continued

	1985–86	1986–87	1987–88	1988–89	1989–90 (estimate)
<i>Industry Assistance and Development—</i>					
Afforestation Program . . . . .	..	..	..	..	108
Bovine Brucellosis and Tuberculosis Eradication	9,624	9,087	12,073	11,047	10,907
Destruction of Organochlorines . . . . .	..	..	..	23	..
Rural Adjustment Scheme . . . . .	..	400	696	971	996
Exotic Diseases Eradication . . . . .	..	32	44	52	58
Agricultural Research . . . . .	..	..	..	10	14
Soil Conservation	230	278	308	398	825
Irrigation and Other Water Projects	1,455	..	..	..	..
Assistance to Tin Mining . . . . .	..	32	..	..	..
National Industry Extension Service . . . . .	..	128	86	85	94
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	1,807	1,709	169	61	128
Special Employment Programs . . . . .	..	(31)	..	..	..
Community Employment Program	2,323	1,711	804	..	..
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	7	61	51	53
Urban Water Supply and Treatment	10	9	33	50	..
NTEC/PAWA Assistance	39,568	29,456	47,535	90,890	..
<i>Not Allocated to Function—</i>					
Grant in Lieu of Royalties (b)	4,449	4,471	3,987	3,211	2,913
Recreation Leave and Furlough Entitlements (b)	2,000	6,677	..	..	..
Financial Assistance—Local Government	2,566	5,430	6,045	6,248	6,441
Sinking Fund on State Debt	1,345	1,561	1,641	1,617	1,620
Natural Disaster Relief . . . . .	..	..	(202)	465	300
Total Specific Purpose Payments—					
Current	108,609	102,114	117,107	170,230	89,082
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Education—</i>					
Higher Education	189	191	260	124	..
Technical and Further Education	7,525	1,172	5,042	4,818	5,426
Government Schools	3,684	4,142	3,955	4,951	5,288
Non-Government Schools	917	1,182	1,114	1,454	1,416
Video Facilities	268	319	147	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	100
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	..	24	88
Teaching Hospitals/Enhancement Program	500	500	500	225	469
Blood Transfusion Services	28	28	22	20	34
<i>Social Security and Welfare—</i>					
Home and Community Care	9	..	59	113	135
Attendant Care Scheme . . . . .	..	..	65	..	..
Children's Services . . . . .	..	168	251	..	101
Crisis Accommodation Program	157	157	200	200	373
Youth Accommodation . . . . .	..	..	..	..	94
Aboriginal Advancement (a)	2,047	377	54	4,500	4,500
<i>Housing and Community Amenities nec—</i>					
Housing Assistance for Aborigines	9,584	11,791	12,497	14,734	19,458
Local Government and Community Housing Grants	92	104	200	200	229
Assistance for Housing	19,929	19,134	17,284	15,172	56,224
Urban Flood Mitigation	35	14	..	15	5
<i>Culture and Recreation—</i>					
Bicentennial Programs	28	404	943	465	..
National Standard Sports Facilities (c) . . . . .	..	475	..	..	..
National Estate	220	235	232	261	285
<i>Economic Services—</i>					
<i>Transport—</i>					
Australian Land Transport Program	29,400	29,000	30,100	16,772	..
Australian Bicentennial Road Development	11,150	10,800	8,800	4,978	..
Australian Centennial Road Development . . . . .	..	..	..	17,050	38,506

Table 61—Commonwealth Payments to the Northern Territory (\$ thousand)—
continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Industry Assistance and Development—</i>					
Bovine Brucellosis and Tuberculosis					
Eradication	867	441	..	..	..
Rural Adjustment Scheme	76	..	..	..	..
<i>Other Economic Services—</i>					
Urban Water Supply and Treatment	46	87	119	250	322
NTEC/PAWA Assistance	19,434	40,575	810	..	..
<i>Not Allocated to Function—</i>					
Natural Disaster Relief . . . . .	..	..	..	3,873	808
<i>Total Specific Purpose Payments—</i>					
Capital	106,184	121,296	82,656	90,200	133,861
TOTAL PAYMENTS					
For General Purposes	732,769	761,312	766,140	768,451	741,089
For Specific Purposes	214,793	223,411	199,763	260,430	222,943
Total Gross Payments	947,562	984,723	965,903	1,028,881	964,032
Repayments	(8,622)	(9,951)	(12,116)	(11,485)	(9,042)
Total Net Payments	938,940	974,771	953,787	1,017,396	954,991

(a), (b) and (c)—See corresponding footnotes to Table 62.

Table 62—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory (\$ thousand)

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	9,781,693	10,889,647	11,756,085	12,405,040	12,779,385
Special Revenue Assistance	87,177	46,860	33,802	137,907	45,312
Health Grants	1,483,302	1,651,313	1,782,701	..	..
General Revenue Grants	561,317	628,132	689,980	..	..
Special Grants . . . . .	..	..	(14,381)	..	..
Total	11,913,490	13,215,953	14,248,187	12,542,947	12,824,697
GENERAL PURPOSE CAPITAL FUNDS					
<i>Loan Council Borrowings—</i>					
Loan Portion	580,145	240,787	..	..	..
<i>General Purpose Loans to NT—</i>					
Loan Portion	77,211	33,954	..	..	..
Housing Nomination	459,445	584,725	414,005	310,504	..
Capital Grants	619,151	476,486	207,003	310,504	310,504
Total	1,735,952	1,335,952	621,008	621,008	310,504
SPECIFIC PURPOSE PAYMENTS—CURRENT PURPOSES					
<i>Defence—</i>					
Emergency Services	2,720	3,067	3,201	3,341	3,643
<i>Education—</i>					
Higher Education	1,954,690	1,997,342	2,146,073	2,127,561	2,223,470
States Contribution to Higher Education	..	..	(10,199)	(24,206)	(28,475)
Superannuation . . . . .	..	..	..	..	..
Technical and Further Education	134,693	149,536	124,475	123,793	134,204
Government Schools	495,088	532,531	574,852	650,008	727,419
Non-Government Schools	754,972	819,984	885,857	982,613	1,037,365
Joint School Programs	44,348	40,109	29,626	30,931	37,019
National Policy on Languages . . . . .	..	..	5,968	8,452	5,750
Cost Escalation Allowance . . . . .	..	..	..	..	140,849
Pre-School Education	16,545	..	..	..	..
Participation and Equity Program	63,763	41,195	27,115	..	..
<i>Health—</i>					
Health Program Grants . . . . .	..	..	500	23,466	27,012
Transfer Pathology Laboratory	670	1,725	1,397	7,049	22,675
Public Hospitals—Running Costs . . . . .	..	119	..	..	..
Medicare	996,269	1,017,903	1,094,988	..	..
Hospital Funding Grants . . . . .	..	..	..	3,040,675	3,298,410
Hospital Waiting List Reduction . . . . .	..	..	24,678	24,355	..
Nurse Education . . . . .	..	7,242	7,176	15,254	21,468
Home and Community Care	16,208	25,401	53,240	62,657	74,739
Blood Transfusion Services	14,159	14,106	16,091	17,887	18,260
Drug Education Campaigns	13,828	14,727	15,710	16,605	18,484
National Diseases Control	625	533	404	..	..
Funds to Combat AIDS	5,586	5,734	10,017	12,493	18,264
National Better Health . . . . .	..	..	..	380	2,520
Youth Health Services . . . . .	..	..	..	..	905
<i>Social Security and Welfare—</i>					
Geriatric Assessment	3,958	6,249	7,365	14,672	19,039
Home and Community Care	35,575	73,616	107,612	131,455	156,789
Rehabilitation Centres	2,026	4,716	479	481	512
Children's Services	12,068	12,063	14,364	13,871	15,436
Family Support Services	3,576	5,926	9,365	..	..
Mortgage and Rent Relief	22,700	24,100	25,000	26,400	30,404
Mortgage Relief . . . . .	..	..	..	..	14,752
Supported Accommodation Assistance	32,030	45,439	39,646	60,411	71,760
Translating and Interpreting Services	749	1,033	1,090	835	1,402
Unattached Refugee Children	236	348	365	340	342
<i>Aboriginal Advancement (a)</i>	31,388	29,915	29,907	29,203	39,477

Table 62—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<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
Rental Housing Subsidy . . . . .	..	..	..	..	2,250
Urban Flood Mitigation	722	423	74	124	81
Regional Economic Studies Centre	40	..	..	..	..
Environmental Restoration	4,444	510	231	..	1,000
Rainforest Conservation . . . . .	..	1,065	2,271	2,137	3,700
Other Conservation . . . . .	..	..	..	..	500
<i>Culture and Recreation—</i>					
Expo 88 Participation . . . . .	..	..	600	..	..
America's Cup Defence	1,773	5,957	..	..	..
South West TAS—Heritage Area	2,000	2,000	2,200	2,336	5,471
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	951	419	336	417	720
Interstate Road Transport . . . . .	..	1,409	4,230	10,771	11,391
<i>Industry Assistance and Development—</i>					
TAS Wheat Freight Subsidy . . . . .	..	..	..	..	3,100
Dried Vine Fruits Assistance	19	1,405	7	..	..
Wine Industry Adjustment	1,300	3,543	5	..	..
Sugar Industry	1,728	23,522	2,854	2,922	3,041
Afforestation Program . . . . .	..	..	1,363	3,850	8,106
Bovine Brucellosis and Tuberculosis Eradication	36,390	38,622	34,834	29,871	30,514
Destruction of Organochlorines . . . . .	..	..	..	1,000	..
Rural Adjustment Scheme	7,320	33,878	43,248	53,263	54,600
Exotic Diseases Eradication	1,221	151	162	174	185
Agricultural Research	313	524	1,209	1,807	2,471
Fertiliser Assistance	17,300	42,600	16,986	4,018	..
Forest Industry Package . . . . .	..	..	..	8,000	9,500
Soil Conservation	3,785	4,400	4,800	7,900	16,500
Irrigation and Other Water Projects	9,858	3,347	1,995	1,010	770
Assistance to Tin Mining . . . . .	..	980	..	..	..
Coal Rail Freight . . . . .	..	..	10,000	..	10,000
Other Mining Assistance . . . . .	..	..	262	..	..
TAS Consultancy—International Tourism . . . . .	..	..	..	..	30
National Industry Extension Service . . . . .	..	6,904	7,415	7,941	8,679
<i>Labour and Employment—</i>					
Employment Training—Aboriginal	9,785	9,255	7,433	7,520	15,543
Special Employment Programs . . . . .	..	(3,950)	..	..	..
Community Employment Program	256,824	181,001	94,328	153	..
Coal Mining Industry Long Service Leave	17,857	19,769	43,450	28,621	26,000
Forest Industry Package . . . . .	..	..	..	..	2,000
<i>Other Economic Services—</i>					
Company Fees—Revenue Sharing . . . . .	..	420	622	885	930
Urban Water Supply and Treatment	563	858	748	651	470
NTEC/PAWA Assistance	39,568	29,456	47,535	90,890	..
<i>General Public Services—</i>					
Sharing of Criminal Asset Recovery . . . . .	..	..	..	..	300
Legal Aid	43,904	52,919	80,308	87,647	103,152
Human Rights	983	1,385	1,100	1,049	1,567
Reimbursement of Costs—Law Library	367	330	465	525	485
<i>Not Allocated to Function—</i>					
Grant in Lieu of Royalties (b)	4,449	4,471	3,987	3,211	2,913
Recreation Leave and Furlough Entitlements (b)	2,000	6,677	..	..	..
Financial Assistance—Local Government	538,532	585,613	641,532	652,500	675,266
Sinking Fund on State Debt	49,943	51,428	51,726	50,697	50,620
Assistance for South-West TAS	25,290	26,529	28,431	30,036	31,808
Natural Disaster Relief	6,284	8,511	7,125	11,282	2,756
<i>Total Specific Purpose Payments—</i>					
Current	5,749,605	6,026,637	6,395,732	8,509,688	9,225,814

Table 62—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory, 1985–86 to 1989–90 (\$ thousand)—continued

	1985–86	1986–87	1987–88	1988–89	1989–90 (estimate)
SPECIFIC PURPOSE PAYMENTS—CAPITAL PURPOSES					
<i>Defence—</i>					
Housing for Servicemen	4,258	2,437	1,993	707	..
<i>Education—</i>					
Higher Education	143,556	189,870	233,415	159,552	154,193
Technical and Further Education	147,043	165,421	178,681	158,314	201,247
Support for Steel Regions	1,074	3,386	..	..	..
Government Schools	163,310	150,726	161,328	176,835	188,847
Non-Government Schools	59,448	51,790	57,587	66,089	64,378
Video Facilities	1,300	1,300	600	..	..
Cost Escalation Allowance . . . . .	..	..	..	..	3,545
WA Defence Infrastructure . . . . .	..	..	10,000	..	..
<i>Health—</i>					
Women's Health Screening . . . . .	..	..	870	1,466	1,878
Albury RALA Sub-Centre . . . . .	..	..	85	..	..
Teaching Hospitals/Enhancement Program	47,540	47,540	47,540	23,506	49,169
Launceston General Hospital	766	5,707	11,204	8,500	4,926
Home and Community Care . . . . .	..	..	42	112	145
Blood Transfusion Services	1,329	2,110	2,168	2,249	2,356
High Security Quarantine Unit	30	..	..	..	..
<i>Social Security and Welfare—</i>					
Home and Community Care	5,984	12,288	6,990	8,738	10,435
Attendant Care Scheme . . . . .	..	..	2,435	..	..
Children's Services	1,402	6,405	17,430	6,571	7,085
Supported Accommodation Assistance . . . . .	..	..	..	1,000	1,000
Crisis Accommodation Program	13,200	14,000	15,500	19,500	39,000
Youth Accommodation . . . . .	..	..	..	..	9,834
<i>Aboriginal Advancement (a)</i>	7,280	8,693	6,819	14,935	9,510
<i>Housing and Community Amenities nec—</i>					
Pensioner Housing Grants	36,600	37,000	37,500	37,500	48,750
Housing Assistance for Aborigines	54,300	58,000	60,000	70,000	91,000
Local Government and Community Housing Grants	10,000	11,000	12,000	16,000	24,000
Public Housing	517,600	549,600	550,000	530,600	777,250
Growth Centres	6,046	..	..	..	..
Urban Flood Mitigation	5,264	4,857	5,509	6,842	7,756
Urban Rehabilitation	4,000	3,000	..	..	..
Captains Flat Project	174	182	..	..	..
Environmental Restoration . . . . .	..	..	..	1,500	..
<i>Culture and Recreation—</i>					
National Maritime Museum	2,000	18,000	10,000	..	..
Bicentennial Programs	13,042	20,110	18,409	6,759	..
Sesquicentenary Grants	988	..	..	..	..
National Standard Sports Facilities (c)	7,000	6,539	133	..	..
WA Defence Infrastructure . . . . .	..	..	5,000	..	..
America's Cup Defence	14,977	9	..	..	..
National Estate	2,970	3,175	3,282	3,541	3,867
Cradle Mountain Visitor Centre . . . . .	..	..	..	800	..
Port Arthur Conservation Program	500	..	..	..	..
Nature Conservation . . . . .	..	12	..	..	..
<i>Economic Services—</i>					
<i>Transport—</i>					
Aerodrome Local Ownership Plan	215	5	16	..	10
Australian Land Transport Program	805,147	805,450	764,293	425,626	..
Australian Bicentennial Road Development	440,000	439,600	480,200	272,953	..
Australian Centennial Road Development . . . . .	..	..	..	512,135	1,321,144
Burbong Bridge Construction	100	294	..	..	..
Support for Steel Regions	1,850	982	..	..	..
Second Hobart Bridge	3,923	61	..	..	..
Transport Improvement Grant	9,700	..	..	50,000	..
Railway Projects . . . . .	..	38	..	..	..
WA Defence Infrastructure . . . . .	..	..	30,000	..	..

Table 62—Commonwealth Payments and Loan Council Borrowings to the States and the Northern Territory (\$ thousand)—continued

	1985-86	1986-87	1987-88	1988-89	1989-90 (estimate)
<i>Industry Assistance and Development—</i>					
Fisheries Management	1,088	1	2,101	40	1,296
Support for Steel Regions	8,000	18,013	5,321	..	..
Bovine Brucellosis and Tuberculosis Eradication	1,698	464	..	..	..
Rural Adjustment Scheme	9,478	..	..	..	..
Plant Genetic Resource Program	348	485	111	148	..
Salinity Reduction Control	3,618	4,301	3,945	8,008	12,974
Irrigation and Other Water Projects	30,213	34,057	20,524	6,175	16,946
TAS Industrial Development . . . . .	..	..	..	..	10,500
WA Defence Infrastructure . . . . .	..	..	15,000	..	..
Portland Aluminium Smelter . . . . .	..	1,500	..	..	..
<i>Labour and Employment—</i>					
Support for Steel Regions	894	8,979	5,029	1,410	..
<i>Other Economic Services—</i>					
Special Assistance for Water . . . . .	..	17,000	25,000	50,000	..
Urban Water Supply and Treatment	8,146	9,234	10,419	11,880	10,450
Support for Steel Regions	3,807	5,250	664	..	..
NTEC/PAWA Assistance	19,434	40,575	810	..	..
<i>Not Allocated to Function—</i>					
Assistance for South West TAS	8,281	3,347	759	1,061	1,800
Natural Disaster Relief	19,913	27,821	8,672	50,631	12,244
Total Specific Purpose Payments—					
Capital	2,648,833	2,790,615	2,829,385	2,711,681	3,087,536
TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS					
For General Purposes	13,649,442	14,551,905	14,869,195	13,163,955	13,135,201
For Specific Purposes	8,398,438	8,817,253	9,225,117	11,221,369	12,313,350
Total Gross Payments	22,047,880	23,369,158	24,094,312	24,385,324	25,448,551
Repayments	(369,060)	(344,414)	(473,209)	(435,302)	(453,263)
Total Net Payments	21,678,820	23,024,744	23,621,103	23,950,022	24,995,288

- (a) Payments under this heading are recorded in Statement No. 3, Budget Paper No. 1 and in Table 29 above against a number of functional headings.
- (b) These payments to the NT 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.