



# COMMONWEALTH FINANCIAL RELATIONS WITH OTHER LEVELS OF GOVERNMENT 1992-93

CIRCULATED BY  
THE HONOURABLE JOHN DAWKINS, M.P.,  
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FOR THE INFORMATION OF  
HONOURABLE MEMBERS ON THE OCCASION  
OF THE BUDGET 1992-93

BUDGET PAPER No. 4

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(This document is to be released in November 1992.)

1992-93 BUDGET PAPER No. 4

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## PREFACE

This Paper presents information on the Commonwealth Government's financial relations with other levels of government.

### **Relationship with Other Budget Papers and Terminology Employed in this Paper**

In 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 Territories in respect of borrowings by the Commonwealth on their account. In Budget Paper No 1, this distinction is evident in the use of the term 'payment' as a gross measure and the term 'outlay' as a net measure, an approach that is also adopted in other budget papers and the national accounts. However, repayments lag the initial advances and, in many cases, are made in respect of programs which have already terminated. Moreover, the direct relationship between repayments and the programs to which they nominally relate is not always clear. Largely for these reasons, this Paper focuses on payments on a gross basis, although tables showing repayments are included.

In this Paper, 'payment' is also used as a generic term to describe the flow of both grants and advances (loans) from the Commonwealth to the States, Territories and local government authorities. The use of the term 'payment' in this manner is consistent with this Paper's emphasis on gross flows and with its use in Budget Paper No 1. In instances where the net measure is more appropriate, the term 'net payment' is used.

Statement 6 of Budget Paper No 1 reviews developments in public sector finances and provides a framework for analysing the combined impact of transactions by all levels of government on the Australian economy. This complements the discussion in Chapter II of this Paper on the 'Structure and Trends in Commonwealth/State Financial Relations'.

### **Treatment of the Territories**

The **Northern Territory** 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 Northern Territory is not a State under the Constitution, it operates under financial arrangements that are the same as, or modelled on, arrangements with the six States.

The **Australian Capital Territory** became a self-governing Territory on 11 May 1989 under the *Australian Capital Territory (Self-Government) Act 1988*. The Australian Capital Territory has responsibility for functions usually discharged by both State and local government. However, expenditures in the Territory for national purposes — for

example, maintenance in the Parliamentary Triangle — continue to be financed from the Commonwealth Budget.

Like the Northern Territory, the Australian Capital Territory is not a State under the Constitution, although the Commonwealth's financial relations with the Australian Capital Territory are being transferred to a basis comparable with those for the States. Prior to May 1989, the Australian Capital Territory finances were included in the Commonwealth Budget. In preparation for self-government, a separate system of Australian Capital Territory accounts within the Commonwealth Budget — an Australian Capital Territory 'fiscus' — was established on 1 July 1988. On 11 May 1989 balances held in the Commonwealth's Australian Capital Territory accounts were transferred to the Australian Capital Territory Government.

In this Paper, the reporting of the Australian Capital Territory's financial transactions for 1988-89 does not correspond with that for Budget Paper No 1 because of the differing treatments of payments into and out of the Australian Capital Territory fiscus during the period from its establishment until self-government. In Budget Paper No 1:

- the subventions made prior to self-government are classified as internal budget transfers and not as outlays;
- outlays from the Australian Capital Territory fiscus are treated as outlays by the Commonwealth; and
- the transfer of the balances held in the Commonwealth's Australian Capital Territory accounts to the Australian Capital Territory Government have been classified as transfers to other governments.

On the other hand, data for the Australian Capital Territory in this Paper are presented on a basis that provide for a more useful comparison of 1988-89 and later year figures:

- amounts paid into the Australian Capital Territory fiscus in 1988-89 — that is, prior to self-government — are treated as payments to the Australian Capital Territory; and
- to avoid double counting, payments to the Australian Capital Territory of the balances held in the Commonwealth's Australian Capital Territory trust accounts on 11 May 1989 are not treated as payments to the Australian Capital Territory, as these amounts reflect receipts of payments and own source revenues into the Australian Capital Territory fiscus prior to self-government.

As a result of these adjustments, comparable data on Australian Capital Territory payments are available from 1988-89.

## **Population Figures Used in this Paper**

The population series underlying *per capita* estimates in this Paper are, with the exception of 1991-92 and 1992-93, 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 1991 have been used for 1991-92, and Treasury projections of populations at 31 December 1992 for 1992-93.

## **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);
- *Government Finance Statistics, Australia* (5512.0);
- *Taxation Revenue, Australia* (5506.0);
- *Public Sector Debt, Australia* (5513.0); and
- *Classification Manual for Government Finance Statistics, Australia* (1217.0).

Much of the data presented in Chapter II are sourced from unpublished ABS public finance statistics. Some of the data presented in Chapter III are drawn from the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities 1992 Update*. Additional material on specific purpose payments, discussed in Chapter V, is available from the *Catalogue of Specific Purpose Payments to the States and Territories, 1991-92* (Commonwealth Relations Secretariat, Department of Prime Minister and Cabinet, January 1992).

## Style Conventions

The following style conventions are employed in this Paper:

- the Australian Capital Territory and the Northern Territory are referred to as the 'Territories'. References to the 'States' or 'each State' include the Northern Territory but exclude the Australian Capital Territory. References to the 'six States' refer to the six States under the Constitution;
- 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 Australian Capital Territory and Northern Territory unless otherwise stated;
- figures in tables, and generally in the text, have been rounded. Discrepancies in tables between totals and sums of components should 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
  - .. zero, or rounded to zero
  - indicating negative figures; and
- the following abbreviations are used for names of the States and Territories, where appropriate:
  - NSW New South Wales
  - VIC Victoria
  - QLD Queensland
  - WA Western Australia
  - SA South Australia
  - TAS Tasmania
  - NT Northern Territory
  - ACT Australian Capital Territory.

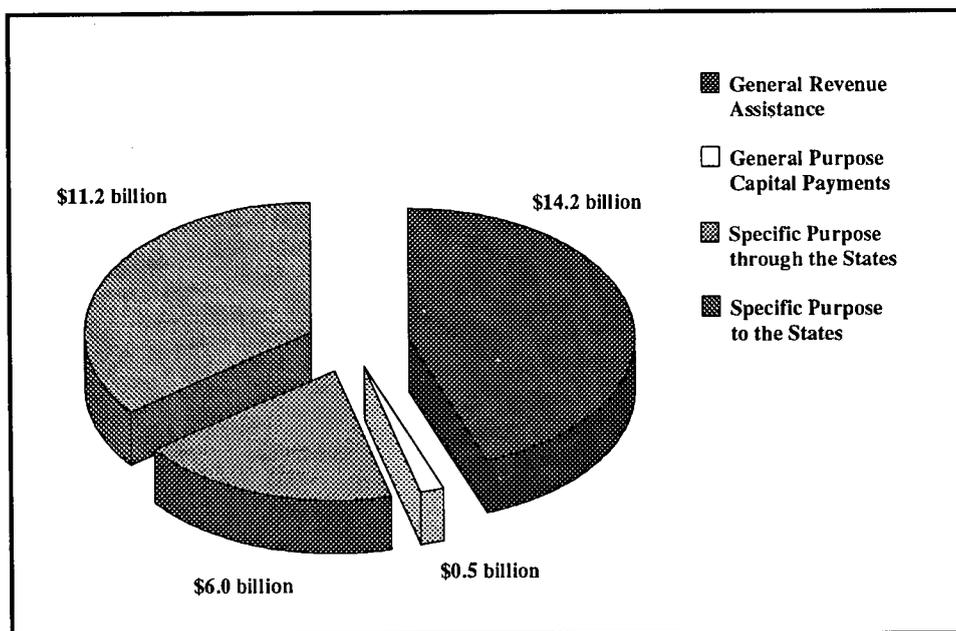
# CHAPTER I: SUMMARY OF COMMONWEALTH FINANCIAL RELATIONS WITH THE STATES, TERRITORIES AND LOCAL GOVERNMENT

This chapter provides an overview of the Commonwealth's financial relations with the State/local sector.

## FINANCIAL ASSISTANCE TO THE STATES, TERRITORIES AND LOCAL GOVERNMENT

A central feature of Australia's federal fiscal arrangements (discussed more fully in Chapter II) is the considerable flow of Commonwealth financial assistance to other levels of government. This reflects the **vertical fiscal imbalance** between the Commonwealth and the States with regard to relative expenditure responsibilities and revenue capacities. Although the Commonwealth collects around 70 per cent of total public sector revenues, it is responsible for less than 50 per cent of outlays.

**CHART 1: COMPOSITION OF PAYMENTS TO THE STATE/LOCAL SECTOR IN 1992-93<sup>(a)</sup>**



(a) Payments direct to local government are included in general revenue assistance.

Chart 1 illustrates the major categories of payments to the State/local sector.

- **General revenue assistance** comprises financial assistance grants and special revenue assistance grants (the latter provided either on account of special financial circumstances or on an interim basis to fund the transfer of certain Commonwealth programs). The Australian Capital Territory receives general revenue grants broadly equivalent to financial assistance grants to the States. These grants are untied — that is, they are available to the States and Territories to be used in accordance with their own budgetary priorities — and constitute the largest single intergovernmental transfer. In 1992-93 general revenue assistance will account for approximately 50 per cent of total estimated net payments to the States.
- **General purpose capital payments** are grants provided to assist with States' capital outlays. They form a relatively small component of total payments to the States. Like general revenue assistance, they are not subject to conditions on their use by the States. Details regarding both the level and distribution of general revenue assistance and general purpose capital grants are provided in Chapter III.
- **Specific purpose payments** are made to assist States in meeting expenditures for purposes designated by the Commonwealth and/or are conditional upon the States and Territories agreeing to provide particular services or to undertake particular projects. Almost all such payments are provided as grants. In addition to specific purpose payments made directly to State (and Territory) Governments, these payments also include payments **through** State Governments, which the latter are obliged to pass on to other bodies (including local government) and individuals. Details are provided in Chapter V.

Prior to 1988-89, Commonwealth assistance to the States also comprised advances (loans). Such advances largely related to the proceeds of borrowings undertaken by the Commonwealth prior to 1986-87 on behalf of the States. Annual **repayments** against these advances affect the level of net payments to the States and Territories. In particular, under arrangements that commenced in 1990-91, the States and Territories are progressively taking over full responsibility for debt previously raised by the Commonwealth on their behalf.

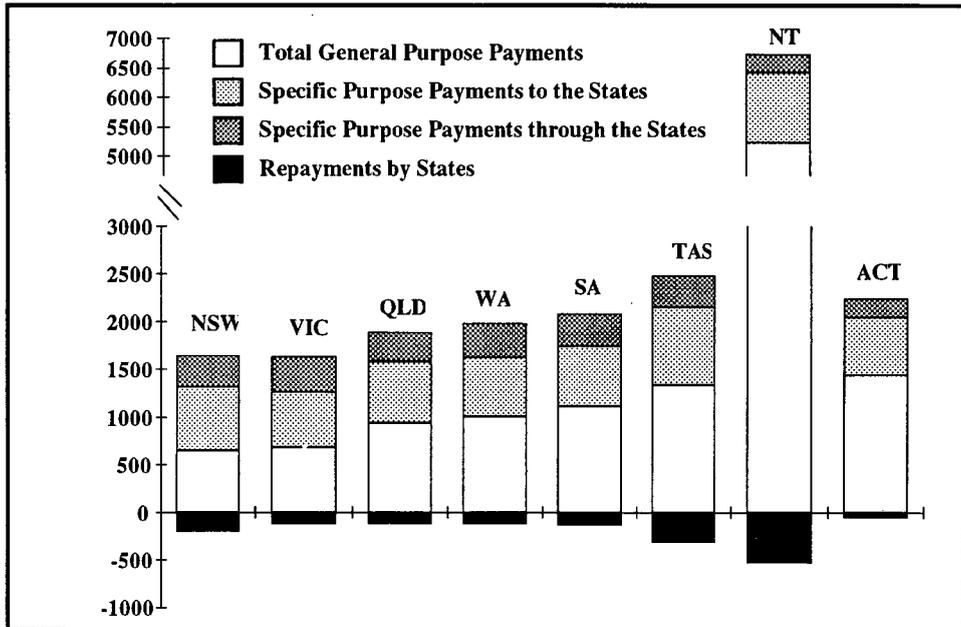
The Commonwealth makes payments to **local government** *via*:

- **General purpose assistance**, analogous to the 'untied' general purpose assistance provided to the State sector. These grants are paid **through the States** which are required to pass on the whole amount to local government authorities. The Australian Capital Territory receives comparable assistance in respect of its local government functions; and
- **Direct payments**, made to local government authorities under various Commonwealth expenditure programs, which account for around 1½ per cent of estimated Commonwealth payments to other levels of government in 1992-93. For 1992-93, direct payments to local government will include \$245m for the local

capital works program (see the Treasurer's statement, *Working for the Future*, August, 1992).

Table 1 details the total payments each State receives from the Commonwealth under each category, while Table 2 and Chart 2 provide details on a *per capita* basis.

**CHART 2: COMMONWEALTH PAYMENTS TO THE STATES AND TERRITORIES (\$ PER CAPITA)**



## LOAN COUNCIL ARRANGEMENTS

The level of borrowings by the States and Territories each year is the subject of consideration by the Australian Loan Council, which determines annual 'global' limits on borrowings by the State and Territories in respect of semi-government and local authorities, and government owned companies and trusts. Commonwealth authorities' borrowings are also subject to global borrowing limits.

On 12 June 1992, Loan Council agreed to a 10 per cent increase in the States' and Territories' aggregate basic global borrowing limits for 1992-93. Prior to this, the global limits for the States and Territories had been constant in nominal terms since 1989-90. In addition to the basic global borrowing limits, the Loan Council meeting also approved a number of special additions for particular projects in individual States (see Chapter IV for details). Loan Council also agreed to effect a number of changes to the operation of the Global Approach. (Chapter IV provides a detailed discussion of the Loan Council arrangements.)

## BOX 1—1992 PREMIERS' CONFERENCE AND LOAN COUNCIL MEETINGS

The level and distribution of general purpose payments and the global borrowing limits are determined each year at the Premiers' Conference and Loan Council meetings. The key funding decisions of the 1992 meetings on 12 June were:

- a 'one-off' augmentation of \$166m to the base level of financial assistance grants (FAGs), consistent with the previously agreed real terms guarantee for 1991-92 to 1993-94, for the States and Northern Territory. Possible longer term financial arrangements are to be considered at the 1993 meetings, when governments will have before them a report from Heads of Treasuries on the medium term budgetary outlook for both the Commonwealth and the States, including an assessment of cyclical and structural elements;
- for 1992-93 only, distribution of the base level of FAGs according to the 1992-93 *per capita* relativities recommended by the Commonwealth Grants Commission, while States will receive the higher of their share of the 'one-off' addition to the FAGs pool based on either the use of the Commission's relativities or an equal *per capita* share, pending a review of longer term distributional issues at the 1993 meetings. (The Commonwealth's initial offer, of an additional \$150m, was increased to \$166m to accommodate this compromise.);
- maintenance of the level of general purpose capital grants provided under the State Government Loan Council programs at the same nominal level as for 1991-92;
- special revenue assistance of \$139m to compensate Victoria for its loss of revenue resulting from the Commonwealth's decision, taken earlier this year, not to share Petroleum Resource Rent Tax (PRRT) revenue with the States;
- special revenue assistance of \$40m for the Northern Territory, funded from the financial assistance grants pool;
- general revenue assistance for the Australian Capital Territory based upon the 1992-93 *per capita* relativity assessed by the Commonwealth Grants Commission, together with special revenue assistance of \$15m to assist in financing public sector restructuring initiatives; and
- a 10 per cent increase in the States' aggregate basic global borrowing limits to \$4.2 billion, together with some special temporary additions.

Further details of these funding decisions and related issues considered at the 1992 Premiers' Conference and Loan Council meetings are in Chapters III and IV. Chapter II provides a description of the relevant institutional arrangements.

**Table 1: Commonwealth Payments to the States , Territories and Direct to Local Government Authorities (\$m)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
<b>General Revenue</b>										
1988-89	3680	2675	2242	1460	1316	489	681	12543	430	12973
1989-90	3668	2710	2439	1494	1397	501	695	12905	373	13278
1990-91	3702	2712	2521	1548	1435	522	729	13167	434	13601
1991-92	3612	2649	2632	1556	1482	563	800	13294	410	13704
1992-93(a)	3640	2804	2781	1599	1545	583	843	13795	394	14189
<b>Specific Purpose-Current</b>										
1988-89	2894	2393	1343	794	758	265	170	8617	148	8766
1989-90	3181	2628	1496	883	832	309	93	9423	136	9559
1990-91	3467	2905	1640	987	910	317	158	10384	162	10546
1991-92	3921	3295	1908	1133	1056	381	155	11848	195	12042
1992-93(a)	4194	3339	2108	1215	1130	426	155	12568	208	12776
<b>Total Current</b>										
1988-89	6574	5068	3585	2255	2074	754	851	21160	578	21738
1989-90	6850	5338	3935	2378	2229	810	788	22328	510	22837
1990-91	7168	5617	4160	2535	2345	839	886	23551	597	24147
1991-92	7533	5944	4540	2689	2537	943	955	25141	605	25746
1992-93(a)	7834	6142	4890	2815	2675	1010	998	26363	602	26965
<b>General Purpose Capital</b>										
1988-89	173	143	37	46	79	55	88	621	83	704
1989-90	86	71	19	23	40	28	44	311	61	372
1990-91	80	68	16	22	39	27	44	297	33	330
1991-92	80	85	31	30	39	29	44	338	33	372
1992-93(a)	142	115	47	40	54	32	45	476	37	513
<b>Specific Purpose-Capital</b>										
1988-89	838	617	497	296	269	102	90	2710	39	2750
1989-90	1001	665	530	351	261	175	131	3113	36	3150
1990-91	1241	1169	663	359	267	117	130	3944	40	3984
1991-92	1093	740	621	353	240	116	93	3257	29	3286
1992-93(a)	1746	909	785	413	297	118	100	4368	31	4399
<b>Total Capital (Gross)</b>										
1988-89	1011	760	534	342	349	157	178	3331	122	3454
1989-90	1087	736	549	374	301	202	175	3424	98	3522
1990-91	1321	1237	679	381	306	144	174	4241	73	4314
1991-92	1173	825	652	383	279	145	137	3595	63	3658
1992-93(a)	1887	1024	832	453	351	150	146	4844	68	4911
<b>Specific Purpose Payments to the States</b>										
1988-89	2370	1818	1214	720	686	267	236	7311	117	7428
1989-90	2694	2050	1363	820	729	373	194	8223	135	8358
1990-91	3083	2716	1548	877	767	312	249	9553	159	9711
1991-92	3182	2511	1650	946	850	359	205	9704	168	9871
1992-93(a)	3965	2573	1935	1034	933	388	201	11030	180	11210
<b>Specific Purpose Payments through the States</b>										
1988-89	1362	1192	626	371	341	100	25	4017	71	4088
1989-90	1488	1243	663	414	363	111	30	4313	38	4351
1990-91	1625	1358	755	469	409	122	38	4776	43	4819
1991-92	1833	1524	879	540	446	137	43	5401	56	5457
1992-93(a)	1975	1675	958	594	494	156	54	5906	59	5964

**Table 1: Commonwealth Payments to the States, Territories and Direct to Local Government Authorities (\$m)-continued**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
Total General Purpose										
1988-89	3853	2818	2279	1506	1395	544	768	13164	513	13677
1989-90	3755	2782	2457	1517	1437	529	739	13216	435	13650
1990-91	3781	2780	2537	1570	1474	549	772	13464	468	13932
1991-92	3692	2734	2663	1586	1521	592	844	13632	444	14076
1992-93(a)	3781	2918	2829	1639	1600	616	888	14271	430	14702
Total Specific Purpose										
1988-89	3732	3010	1840	1091	1027	367	261	11328	187	11515
1989-90	4182	3293	2026	1234	1093	484	224	12536	173	12709
1990-91	4708	4074	2303	1346	1177	434	288	14328	202	14530
1991-92	5014	4035	2529	1487	1296	496	248	15105	224	15328
1992-93(a)	5940	4248	2893	1628	1427	544	255	16935	239	17174
Total Payments to the States and Territories										
1988-89	7585	5828	4119	2597	2423	911	1029	24492	700	25192
1989-90	7937	6074	4484	2751	2529	1013	963	25752	608	26359
1990-91	8489	6854	4839	2916	2651	983	1060	27792	670	28462
1991-92	8706	6769	5192	3073	2817	1088	1092	28737	667	29404
1992-93(a)	9721	7166	5722	3267	3026	1160	1144	31207	669	31876
Payments Made Direct to Local Government Authorities										
1988-89	32	38	24	14	4	4	1	117	na	117
1989-90	33	35	17	14	4	5	2	110	na	110
1990-91	32	38	14	14	5	4	1	110	na	110
1991-92	62	64	22	16	4	7	2	178	na	178
1992-93(a)	133	140	60	45	33	17	3	430	na	430
Total Payments (Gross)										
1988-89	7616	5866	4144	2610	2427	915	1030	24608	700	25309
1989-90	7970	6110	4500	2765	2533	1018	965	25862	608	26469
1990-91	8521	6892	4854	2930	2656	987	1061	27902	670	28572
1991-92	8768	6833	5214	3088	2821	1095	1095	28914	667	29582
1992-93(a)	9854	7306	5782	3312	3059	1177	1147	31637	669	32306
Repayments by the States, Territories and Local Government Authorities										
1988-89	127	81	59	37	102	18	12	436	11	447
1989-90	114	82	61	32	133	18	9	451	64	514
1990-91	413	731	177	130	286	77	33	1847	31	1878
1991-92	911	689	277	266	252	171	92	2658	99	2758
1992-93(a)	1197	536	375	198	202	150	90	2749	16	2765
Total Payments (Net)										
1988-89	7489	5785	4085	2573	2324	897	1019	24173	689	24862
1989-90	7857	6027	4439	2733	2400	1000	956	25411	544	25955
1990-91	8108	6161	4676	2800	2370	910	1029	26055	639	26694
1991-92	7858	6143	4937	2822	2569	924	1003	26256	568	26824
1992-93(a)	8657	6770	5407	3114	2857	1027	1056	28887	654	29541

(a) Estimate.

**Table 2: Commonwealth Payments to the States, Territories and Direct to Local Government Authorities (per capita)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
	General Revenue									
1988-89	641	624	806	938	932	1079	4239	765	1569	778
1989-90	633	624	851	938	981	1092	4281	775	1339	785
1990-91	631	617	859	953	997	1121	4403	780	1522	792
1991-92	608	597	877	943	1019	1199	4768	775	1402	785
1992-93(a)	607	627	908	956	1053	1232	4949	797	1321	805
	General Purpose Capital									
1988-89	30	33	13	29	346	122	546	38	303	42
1989-90	15	16	7	14	352	60	270	19	221	22
1990-91	14	16	5	14	363	59	265	18	117	19
1991-92	13	19	10	18	387	63	261	20	114	21
1992-93(a)	24	26	15	24	397	68	267	27	123	29
	Specific Purpose Payments to the States									
1988-89	413	424	436	463	486	590	1468	446	425	446
1989-90	465	472	476	514	512	814	1194	494	486	494
1990-91	526	618	528	540	533	670	1507	566	555	566
1991-92	536	566	550	573	585	766	1221	565	573	566
1992-93(a)	661	575	632	618	636	820	1183	637	605	636
	Total Specific Purpose									
1988-89	650	702	661	701	728	810	1623	691	684	691
1989-90	721	758	707	774	767	1055	1381	753	620	751
1990-91	803	927	785	829	818	932	1738	849	707	846
1991-92	844	909	843	901	891	1058	1480	880	765	878
1992-93(a)	991	950	944	973	972	1149	1500	978	801	975
	Total Payments to the States, Territories and Local Government Authorities (Net)									
1988-89	1304	1349	1468	1654	1647	1979	6343	1474	2514	1491
1989-90	1355	1388	1549	1714	1685	2179	5885	1527	1951	1534
1990-91	1383	1402	1594	1725	1647	1955	6216	1543	2239	1555
1991-92	1323	1384	1646	1710	1767	1970	5976	1530	1942	1537
1992-93(a)	1444	1514	1765	1861	1946	2169	6205	1668	2193	1677

(a) Estimate.

## CHAPTER II: STRUCTURE AND TRENDS IN COMMONWEALTH/STATE FINANCIAL RELATIONS

This chapter reviews financial relations between the three levels of government and analyses recent developments in the State/local sector.

### STRUCTURE OF THE PUBLIC SECTOR

Chart 3 compares the Commonwealth, State and local government sectors in terms of key financial aggregates and their contribution to the overall level of activity and employment within the economy for 1991-92. As is evident from the chart, **the State/local sector accounts for a substantial component of total public sector outlays, employment and final demand.**

- After transfers to other levels of government, the Commonwealth spends about half of its remaining outlays on personal benefit payments. These payments are to individuals and do not add directly to public sector demand or resource use (other than for administration costs). Consequently, **the Commonwealth accounts for only around a third of public sector final demand and about a quarter of public sector employment** — while being responsible for about half of public sector own purpose outlays.
- The State/local sector's contribution to public sector employment and final demand reflects its responsibility for the provision of services in areas that are relatively labour intensive such as education, health, and law and order.

**Levels and patterns of spending by the State/local sector therefore have a major influence on Australia's economic performance.**

Chart 3 also underscores the imbalance, between revenue raising and own purpose expenditure responsibilities, in Australia's federal system.

- The Commonwealth accounts for around 70 per cent of public sector revenue but only 50 per cent of public sector outlays when transfers to other levels of government are excluded.
- The State sector directly accounts for 27 per cent of public sector revenue and is responsible for 45 per cent of total public sector outlays (excluding transfers to the local sector).

This imbalance gives rise to significant financial transfers from the Commonwealth to the State and local sectors. Payments from the Commonwealth to the State/local sector account for about 27 per cent of Commonwealth sector outlays and about 39 per cent of

revenues for the State/local sector. Such payments effectively fund approximately 40 per cent of State and Territory outlays and 15 per cent of local government outlays.

**CHART 3: PUBLIC SECTOR FINANCIAL AGGREGATES AND EMPLOYMENT SHARES — 1991-92**

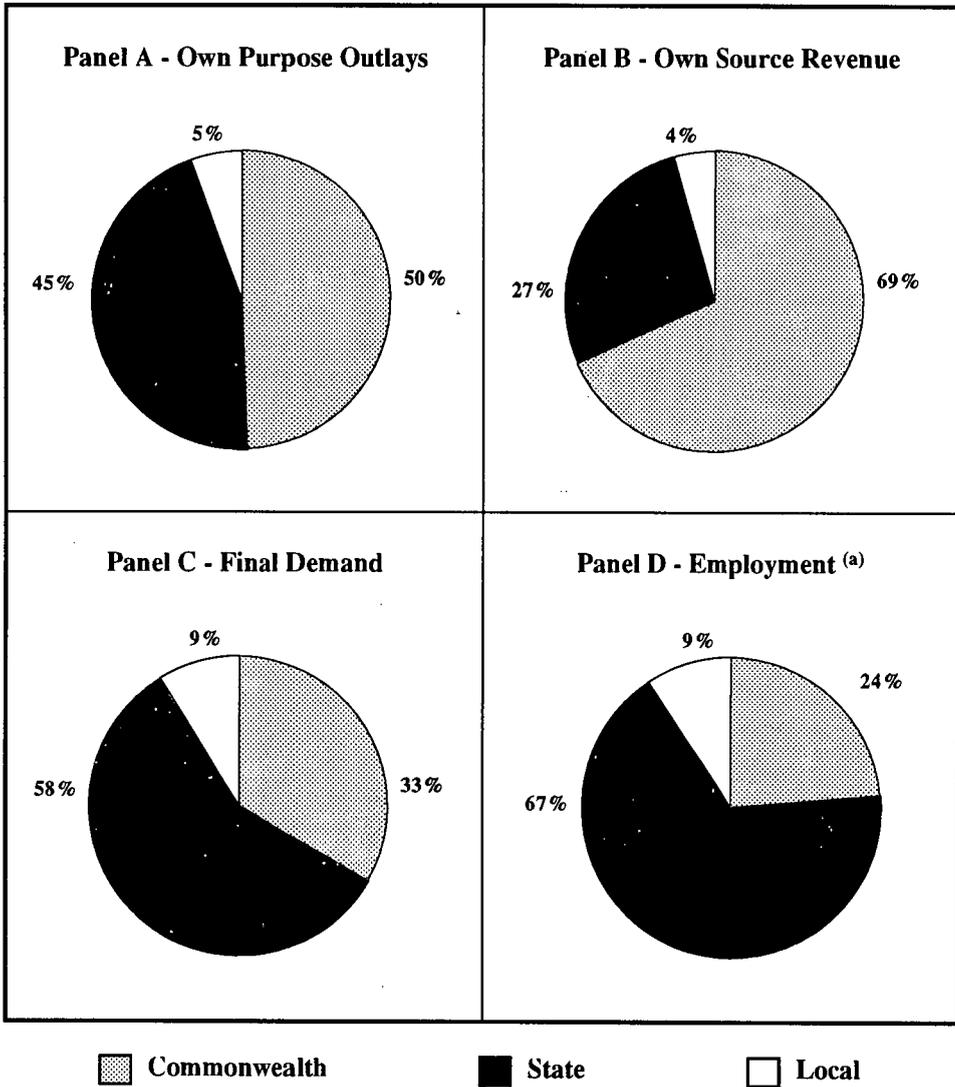
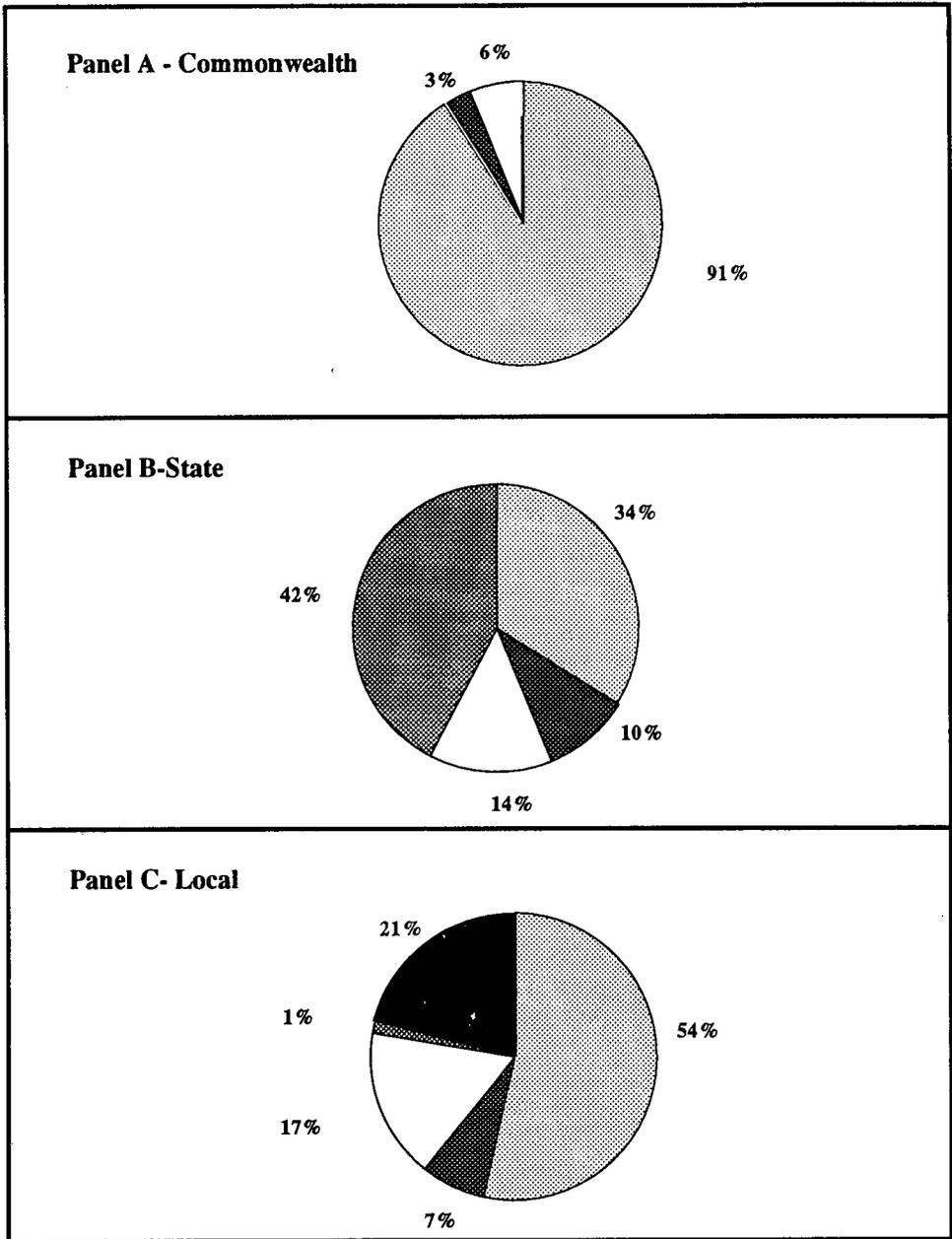


Chart 4 identifies the revenue sources for each of the three levels of government in 1991-92.

**CHART 4: SOURCES OF REVENUE FOR EACH LEVEL OF GOVERNMENT  
1991-92<sup>(a)</sup>**



Taxes, Fees and Fines		Net Operating Surplus of PTEs	
Other Revenue		Payments from Commonwealth (excluding indirect payments) (b)	
Payments from States			

## STATE AND LOCAL GOVERNMENT FINANCIAL AGGREGATES

This section canvasses Commonwealth/State financial relations in the overall framework of macroeconomic policy; discusses trends in the main financial aggregates in the State/local sector; and compares developments between the State sector and local government sector. The analysis examines the State and local sector as a whole and considers the Public Trading Enterprise (PTE) sector separately<sup>1</sup>.

### COMMONWEALTH/STATE FINANCIAL RELATIONS AND POLICY OBJECTIVES

Commonwealth and State policies — and the relationship between them — are central to the achievement of national policy objectives.

The Commonwealth general government sector plays a primary role in deciding on and implementing both the macroeconomic management and distributional elements of fiscal policy. Each level of government, however, affects the conduct and effectiveness of fiscal policy. In particular, and as noted above, while the Commonwealth raises the bulk of government revenue, the State/local sector exerts an important influence on resource allocation and the level of activity by virtue of its greater contribution to public sector final demand (including public sector infrastructure) and employment.

The Commonwealth's macroeconomic responsibilities necessarily require a focus on the overall financial position of the total public sector. Changes in the level of Commonwealth payments to the State/local sector are an important means by which the Commonwealth can seek to influence the stance of fiscal policy.

As a consequence, **the Commonwealth's financial relations with the State/local sector seek to encourage consistency in fiscal policy between each level of government.** Box 2 provides an outline of the institutional arrangements governing the financial relationships between the three tiers of government.

The size of the State PTE sector underscores the importance of structural reforms in that sector to improve overall economic performance. Most States have addressed, or are addressing, inefficiencies within their PTE sector. This has included significant corporatisation and privatisation programs that will have longer term benefits for both the State budgets and the economy in general.

## BOX 2 — INSTITUTIONAL ARRANGEMENTS

The framework for the management of financial arrangements in Australia has evolved over many years.

- Discussions between governments at the annual **Premiers' Conference** determine both the level and distribution of general purpose assistance.
- The **Commonwealth Grants Commission** (an independent statutory body established in 1933) recommends *per capita* relativities for the interstate distribution of general revenue assistance. This is done with a view to compensating States for relative revenue and expenditure disabilities that affect their capacity to provide an average level and range of public services — so-called **horizontal fiscal equalisation**. As discussed in Chapter III, governments have agreed to review the Grants Commission's processes at the 1993 Premiers' Conference in the light of concerns expressed regarding the complexity and appropriateness of the Commission's methodology, and the implications for economic efficiency.
- The amount and distribution of specific purpose payments are usually determined in the Commonwealth's budget deliberations. Where appropriate, arrangements regarding the implementation of the relevant programs are the subject of bilateral and/or multilateral discussions between the Commonwealth and the States and Territories (including in the context of the relevant Ministerial Councils or Conferences).
- The **Loan Council** generally meets on the same day as the Premiers' Conference. Under the terms of the 1927 Financial Agreement, Loan Council is responsible for determining the level of Commonwealth borrowings, both on its own behalf and on behalf of the States. (From 1987-88, no new loans have been advanced by the Commonwealth for the States, the 1990 Loan Council meeting agreed that the States would progressively take responsibility for refinancing Commonwealth debt previously issued on their behalf.) The 'Global Approach' agreed with the States in 1985 sets 'global limits' for all borrowings and related financing arrangements by both Commonwealth and State semi-government authorities that are not subject to the Financial Agreement. More details are in Chapter IV.
- The May 1992 Heads of Government meeting agreed that a **Council of Australian Governments** be established as a permanent body for ongoing discussions between the Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association. The Council, to be chaired by the Commonwealth, is to meet at least once each year, and will discuss issues currently not covered at the Premiers' Conference.

The States' response to Commonwealth policies is also very important in determining the overall economic impact of public sector activity. Hence, the stance of Commonwealth fiscal policy and, in particular, the level of payments to other tiers of government must reflect judgements as to the relative capacity of each level of government to accommodate the policy adjustments that may be considered necessary.

- The significant restraint in the level of Commonwealth payments exercised through the latter half of the 1980s (see below) was aimed at ensuring that the burden of fiscal adjustment required to bolster national savings was borne equitably by all tiers of government at a time when States' own source revenue was growing strongly.
- More recently, as cyclical factors associated with the recession have resulted in more constrained budgetary positions for both the Commonwealth and the States, the Commonwealth has recognised the need to provide the States with greater stability in terms of the level of financial assistance to assist in budgetary planning.

**CHART 5: REAL PUBLIC SECTOR REVENUE GROWTH**

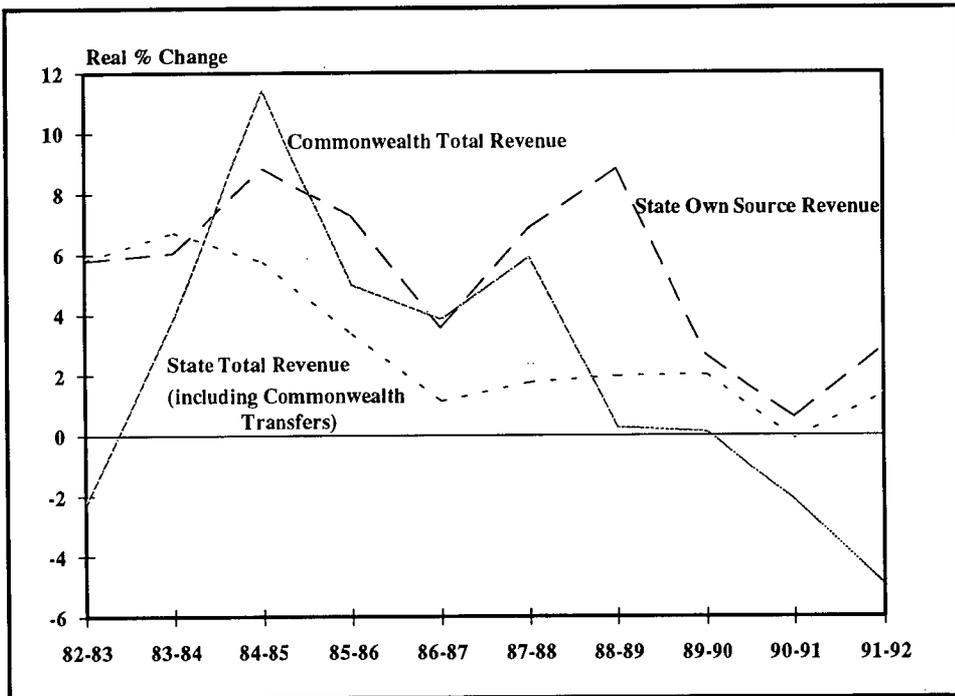


Chart 5 compares Commonwealth revenue growth through the latter half of the 1980s with trends in both State own source revenue and total revenue (including net Commonwealth payments). Strong growth in State own source revenue was an

important (although temporary and partial) offset to the cuts in Commonwealth payments to the States in the late 1980s.

In the light of recent developments in both the economy and State budgets, the Commonwealth has accelerated the growth in payments to the States while continuing to encourage adjustment by the State/local sector to a more sustainable medium term budgetary position.

In response to the States' requests for greater certainty and growth in longer term funding arrangements, the May 1992 Heads of Government meeting established a Heads of Treasury working party to report, in time for the 1993 Premiers' Conference, on the medium term budgetary outlook for both the Commonwealth and the States. This report is to include an examination of both structural and cyclical factors. (These processes are discussed in Box 3.)

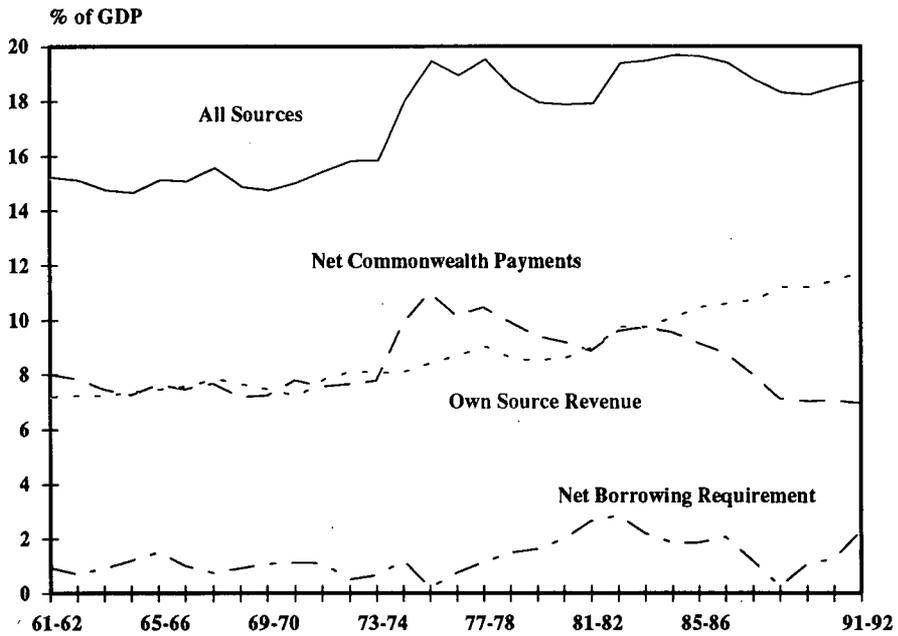
### **BOX 3 — NATIONAL FISCAL OUTLOOK**

The Prime Minister, Premiers and Chief Ministers outlined the medium term budgetary prospects facing their governments at the Heads of Government meeting on 11 May 1992. In essence the States indicated that they faced a very grave budgetary outlook, while the Commonwealth referred to its own constrained budgetary position and the need to ensure that the total public sector's call on resources remained sustainable.

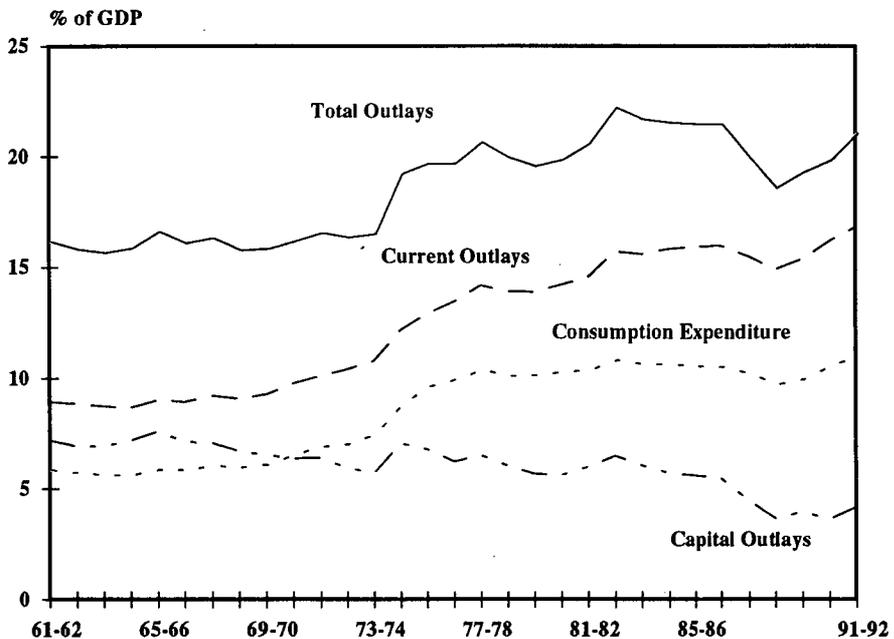
Against this background, a working party of Treasury officers from the Commonwealth and the States was established to report on the medium term budgetary outlook for both the Commonwealth and the States. The report, which will examine the contribution of both structural and cyclical factors, is to be available to assist in a consideration of possible longer term Commonwealth/State financial arrangements at the 1993 Premiers' Conference.

In accordance with understandings reached following the May Heads of Government meeting, discussions at the 1992 Premiers' Conference focused on financial arrangements for 1992-93 only. The Treasuries' working party therefore prepared a preliminary report concentrating on the national fiscal outlook for 1992-93 for the 1992 Premiers' Conference. Preparation of this report has enabled estimates of the State sector's financial position to be prepared with greater confidence than has been the case in the past.

**CHART 6: STATE/LOCAL SECTOR SOURCES OF FUNDS**



**CHART 7: STATE/LOCAL SECTOR EXPENDITURE**



## OVERVIEW OF DEVELOPMENTS TO 1991-92

Charts 6 and 7 illustrate longer term trends in key financial aggregates for the State/local sector as a share of GDP, while Tables 3 and 4 record recent developments in the main financial aggregates for the State/local total government sector and for the general government sector. However, the aggregate data mask significant differences in the fiscal performance of individual States. In some cases, those differences detract from the usefulness of the aggregate data in discussing underlying trends.

With that important proviso, the charts highlight the strength of own source revenue through much of the past decade. That has, in turn, facilitated sustained growth in current outlays notwithstanding a steady decline in the contribution of net Commonwealth payments.

- In particular, the period through the latter half of the 1980s was characterised by significant cumulative real declines in the level of Commonwealth net payments, together with substantial reductions in the sector's global borrowing limits.
- In addition to strong growth in own source revenue — largely on the back of an unprecedented increase in asset prices — the sector's ability to accommodate these fiscal policy adjustments was assisted by restraint in capital outlays (a reflection, *inter alia*, of sizeable asset sale programs) and the benefits of wage restraint. Wages account for approximately 70 per cent of State/local sector final consumption expenditure.

More recently, the steady gains in the sector's net borrowing requirement (NBR) evident through the earlier part of the 1980s have been largely eroded as the unwinding of asset price inflation has resulted in a sharp decline in own source revenue growth rates (evidenced in Tables 3 and 4). At the same time, pressures on State government services arising from the recession and from the support for some State financial institutions have affected efforts directed towards expenditure restraint.

### 1991-92

Although only preliminary data for 1991-92 are available, the financial position of the State/local sector appears to have continued to deteriorate in this year. The main points are:

- real outlays growth of 6.5 per cent following average annual growth of 0.9 per cent over the period 1986-87 to 1990-91. This outcome is attributable to, *inter alia*:
  - the budgetary costs associated with recent losses experienced by public sector financial institutions
  - the cost of public sector redundancy packages

— increasing debt servicing burdens

and has only been partly offset by the proceeds from asset sales (which are recorded as a negative capital outlay);

- only a modest pick up in growth in own source revenue of 2.9 per cent compared with an average annual increase of 4.5 per cent over the period 1986-87 to 1990-91. This largely reflects subdued revenue from stamp duties and payroll tax; and
- an increase in the net borrowing requirement, from 1.3 per cent of GDP in 1990-91 to 2.3 per cent in 1991-92.

Table 5 provides details of the State/local total sector's capital outlays and related financing transactions. **Financing of capital outlays by recourse to the budget deficit declined markedly in the period to 1989-90.** Though since having increased, such deficit financing remains well below the levels of the early 1980s. This reflects both the restraint in capital outlays (and an increase in asset sales) and a greater reluctance by some States to fund investment from borrowings.

**CHART 8: DEVELOPMENTS IN THE STATE/LOCAL BORROWING REQUIREMENT<sup>(a)</sup>**

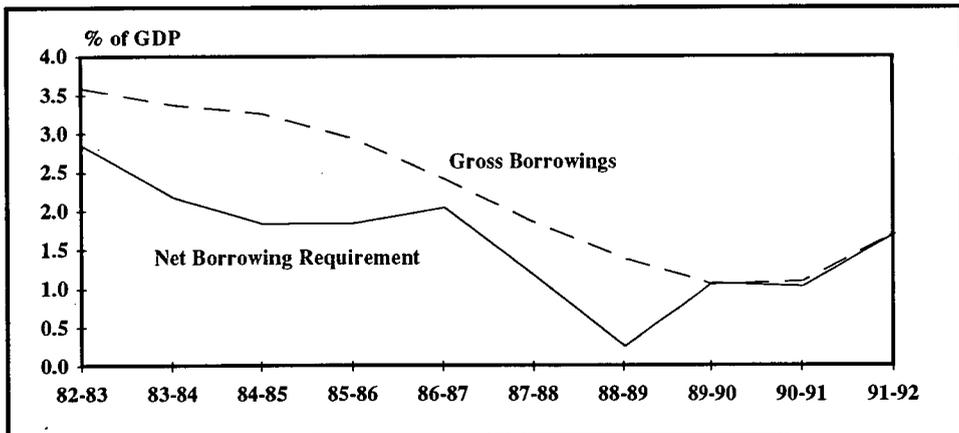


Chart 8 illustrates that the gross borrowings (total new borrowings) consistently exceeded the net borrowing requirement (gross borrowings less increases in holdings of financial assets) in the early 1980s as States built up financial assets. However, since 1989-90 the two measures have been very close.

**Table 3: Real Change in Financial Aggregates, Total Government Sector****Panel A: State and Local Government Sectors**

	Outlays				Revenue				NBR
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total	Revenue	
	%	%	%	% of GDP	%	%	%	% of GDP	
1986-87	2.9	0.4	2.3	21.4	3.6	-1.5	1.2	19.4	2.1
1987-88	2.0	-14.5	-2.2	19.9	6.8	-4.2	1.8	18.7	1.2
1988-89	0.7	-13.9	-2.6	18.6	8.8	-7.1	2.0	18.3	0.3
1989-90(b)	5.6	10.5	6.5	19.3	2.7	1.1	2.1	18.2	1.1
1990-91	3.6	-9.4	0.9	19.8	0.6	-1.1	-0.1	18.5	1.3
Average Growth	2.9	-5.9	0.9		4.5	-2.6	1.4		
1991-92	4.4	15.9	6.5	21.0	2.9	-1.0	1.4	18.7	2.3

**Panel B: State Government Sector**

	Outlays				Revenue				NBR
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total	Revenue	
	%	%	%	% of GDP	%	%	%	% of GDP	
1986-87	3.0	0.3	2.3	19.7	4.1	-1.4	1.3	17.7	2.0
1987-88	2.2	-16.0	-2.2	18.3	8.3	-4.2	2.1	17.2	1.1
1988-89	0.4	-15.5	-2.9	17.0	9.6	-6.9	1.9	16.7	0.3
1989-90(b)	5.2	9.1	5.9	17.6	2.8	0.9	2.0	16.7	0.9
1990-91	3.3	-7.3	1.4	18.1	0.1	-1.1	-0.4	16.9	1.2
Average Growth	2.8	-6.4	0.9		4.9	-2.6	1.4		
1991-92	4.6	19.6	7.1	19.4	3.1	-0.9	1.4	17.1	2.3

**Panel C: Local Government Sector**

	Outlays				Revenue				NBR
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total	Revenue	
	%	%	%	% of GDP	%	%	%	% of GDP	
1986-87	1.3	-0.2	0.7	2.3	1.2	-6.6	-0.8	2.3	0.1
1987-88	1.4	-3.2	-0.4	2.2	-0.3	2.2	0.3	2.1	0.0
1988-89	-0.5	-1.2	-0.8	2.1	3.8	-5.1	1.7	2.1	0.0
1989-90(b)	6.9	10.7	8.3	2.2	0.6	-1.5	0.1	2.0	0.1
1990-91	4.5	-14.6	-2.9	2.2	2.7	1.7	2.5	2.1	0.0
Average Growth	2.7	-2.0	0.9		1.6	-1.9	0.8		
1991-92	3.1	-5.9	0.0	2.2	1.4	0.4	1.2	2.1	0.0

**Table 4: Real Change in Financial Aggregates, General Government Sector**

**Panel A: State and Local General Government Sectors**

	Outlays				Revenue				
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total Revenue	NBR	
	%	%	%	% of GDP	%	%	%	% of GDP	% of GDP
1986-87	2.5	6.2	3.2	17.5	2.7	-1.4	0.5	16.6	0.9
1987-88	2.4	-15.0	-0.9	16.5	8.4	-4.6	1.4	16.0	0.5
1988-89	0.7	-8.9	-0.9	15.6	9.4	-7.1	1.1	15.5	0.1
1989-90(b)	6.6	4.4	6.3	16.2	4.1	1.0	2.7	15.5	0.7
1990-91	4.6	-7.1	2.9	16.9	2.9	-1.0	1.1	15.9	1.0
Average Growth	3.3	-4.4	2.1		5.4	-2.7	1.4		
1991-92	5.2	22.5	7.5	18.2	4.3	-1.1	1.9	16.2	2.0

**Panel B: State General Government Sector**

	Outlays				Revenue				
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total Revenue	NBR	
	%	%	%	% of GDP	%	%	%	% of GDP	% of GDP
1986-87	2.4	7.0	3.2	16.1	3.0	-1.4	0.4	15.2	0.9
1987-88	2.6	-16.7	-0.8	15.1	10.2	-4.3	1.8	14.7	0.5
1988-89	0.5	-9.6	-1.0	14.4	10.7	-7.1	1.0	14.2	0.2
1989-90(b)	6.3	6.4	6.3	14.9	3.8	1.0	2.4	14.2	0.7
1990-91	4.5	-7.4	2.9	15.6	3.1	-1.0	1.1	14.5	1.0
Average Growth	3.2	-4.5	2.1		6.1	-2.6	1.3		
1991-92	5.2	26.9	7.8	16.8	4.1	-1.0	1.6	14.8	2.0

**Panel C: Local General Government Sector**

	Outlays				Revenue				
	Current	Capital	Total	Outlays	Own Source Rev. (a)	Total Net Paym'ts	Total Revenue	NBR	
	%	%	%	% of GDP	%	%	%	% of GDP	% of GDP
1986-87	1.6	-1.8	0.4	1.9	1.4	-6.5	-0.9	1.9	0.0
1987-88	0.3	-1.0	-0.1	1.8	-0.3	-1.7	-0.7	1.8	0.0
1988-89	-0.3	-5.4	-2.0	1.7	2.4	-7.6	-0.4	1.7	0.0
1989-90(b)	7.1	-3.2	3.8	1.7	5.0	0.4	3.8	1.8	0.0
1990-91	4.9	0.2	3.5	1.8	1.5	5.4	2.5	1.8	0.0
Average Growth	2.7	-2.3	1.1		2.0	-2.1	0.9		
1991-92	5.8	-4.8	2.8	1.9	5.5	1.4	4.4	1.9	-0.1

**Table 5: State/local Sector Capital Outlays and Financing Transactions**

	Capital Outlays (a)		Budget Deficit (b)			Net Advances Rec		NBR			Gross Borrowings (c)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	\$m	% of GDP	\$m	% of GDP	% of Capital Outlays	\$m	% of Deficit	\$m	% of Deficit	% of GDP	\$m	% of GDP
1980-81	7886	5.6	3752	2.7	47.6	953	25.4	2799	74.6	2.0	na	na
1981-82	9493	6.0	5055	3.2	53.2	880	17.4	4175	82.6	2.6	na	na
1982-83	11121	6.5	5944	3.5	53.4	1056	17.8	4888	82.2	2.8	6165	3.6
1983-84	11823	6.1	5253	2.7	44.4	999	19.0	4254	81.0	2.2	6603	3.4
1984-85	12303	5.7	4783	2.2	38.9	799	16.7	3984	83.3	1.8	7067	3.3
1985-86	13407	5.6	5228	2.2	39.0	786	15.0	4442	85.0	1.8	7041	2.9
1986-87	14461	5.5	5976	2.3	41.3	546	9.1	5430	90.9	2.1	6395	2.4
1987-88	13237	4.4	3428	1.1	25.9	-46	-1.3	3474	101.3	1.2	5522	1.9
1988-89	12417	3.7	778	0.2	6.3	-111	-14.3	889	114.3	0.3	4700	1.4
1989-90(d)	14571	3.9	3484	0.9	23.9	-485	-13.9	3969	113.9	1.1	3893	1.1
1990-91(e)	13727	3.6	2988	0.8	21.8	-919	-30.8	3907	130.8	1.0	4146	1.1
Average 1980-81 to 1990-91	12222	5.1	4243	2.0	36.0	405	5.5	3837	94.5	1.7	na	na
1991-92(e)	16148	4.2	6146	1.6	38.1	-416	-6.8	6562	106.8	1.7	6588	1.7

## Public Trading Enterprise Sector

The financial performance of PTEs has an important impact on State/local sector finances and on the economy in general. In 1990-91 operating revenues and operating expenditures of State sector PTEs as a whole were equivalent to about 8.5 per cent and 6.8 per cent of GDP respectively. By comparison, State sector general government own purpose outlays were equivalent to 14 per cent of GDP in 1990-91.

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

State Governments are generally moving to increase the efficiency of their PTEs and some States have also implemented corporatisation and/or privatisation programs that aim to increase the commercial orientation of their PTEs. These programs are intended to produce an improved bottom line performance and, as part of that, to encourage PTEs to operate more commercially.

Table 6 shows for State sector PTEs:

- the operating results (net operating surplus less subsidies and net interest paid);
- subsidies received; and
- cost recovery ratios (ratio of operating revenue, excluding subsidies, to operating expenditure, exclusive and inclusive of net interest outlays).

Although this data masks some very significant differences among the States, it is notable that:

- although operating revenue exceeds operating expenditure, when net interest payments and subsidies are taken into account the **State sector PTEs as a whole continue to operate at a substantial loss**. There has, however, been a steady improvement across all major categories of PTEs; and
- while the performance of PTEs within a State varies considerably, in aggregate terms the Victorian PTEs are the largest contributors to the sector's loss.

The continuing high level of subsidies may indicate, in some cases, the effects of government policies in restraining pricing of services for broad social reasons. In other cases, the subsidies may be more indicative of under-performance. Some State Governments are beginning to make explicit payments to PTEs for community service obligations (CSOs) imposed upon them by Government. Such moves to greater transparency in the cost of CSOs will facilitate judgments about the performance of PTEs.

The cost recovery ratios, inclusive of net interest outlays, show the extent to which PTEs are able to cover both operating costs and debt servicing obligations. These cost recovery ratios must be treated with considerable caution as they provide only a partial indication of the financial performance of PTEs for various reasons including:

- a high rate of cost recovery may reflect the extent of PTEs' monopoly power rather than the level of efficiency; and
- levels of cost recovery may be affected by requirements to perform unfunded CSOs that often involve the provision of subsidised/unprofitable services.

Nevertheless, the figures suggest that:

- over the past decade, State PTEs in aggregate have covered their operating costs but have covered only around 92 per cent of their total costs, including interest obligations — that is, **in aggregate they have not earned enough from their own operations to service their debts. However, the situation is improving with around 97 per cent of their total costs being recovered in 1990-91;**
- much of this improvement dates from the middle 1980s as the reform programs initiated by the States have taken effect; and
- transport enterprises (particularly railway operations) generally achieve very low levels of cost recovery — reflecting to some extent their CSOs — while electricity authorities achieve much higher levels of cost recovery.

**Table 6: Operating Result, Subsidies Received and Cost Recovery by the State Sector Public Trading Enterprises**

	Electricity		Transport (a)		Other		Total	
	\$m	% of GDP	\$m	% of GDP	\$m	% of GDP	\$m	% of GDP
<b>Operating Result (b)</b>								
1981-82	-208.3	-0.1	-1100.7	-0.7	185.0	0.1	-1124.0	-0.7
1982-83	-241.6	-0.1	-1396.7	-0.8	172.3	0.1	-1466.0	-0.9
1983-84	-440.1	-0.2	-1698.6	-0.9	293.2	0.2	-1845.5	-0.9
1984-85	-454.5	-0.2	-1846.9	-0.9	376.6	0.2	-1924.8	-0.9
1985-86	-348.3	-0.1	-1962.1	-0.8	210.1	0.1	-2100.3	-0.9
1986-87	-118.7	0.0	-2005.7	-0.8	25.2	0.0	-2099.2	-0.8
1987-88	-135.1	0.0	-1972.7	-0.7	284.4	0.1	-1823.4	-0.6
1988-89	60.4	0.0	-2544.6	-0.7	592.8	0.2	-1891.4	-0.6
1989-90	136.3	0.0	-2113.3	-0.6	758.8	0.2	-1218.2	-0.3
1990-91	606.6	0.2	-2092.8	-0.6	478.9	0.1	-1007.3	-0.3
<b>Subsidies Received</b>								
1981-82	46.4	0.0	995.6	0.6	135.8	0.1	1177.8	0.7
1982-83	57.9	0.0	1265.1	0.7	171.0	0.1	1494.0	0.9
1983-84	103.7	0.1	1385.2	0.7	163.0	0.1	1651.9	0.8
1984-85	81.1	0.0	1466.0	0.7	225.1	0.1	1772.2	0.8
1985-86	88.5	0.0	1669.8	0.7	297.7	0.1	2056.0	0.9
1986-87	77.7	0.0	1943.1	0.7	284.4	0.1	2305.2	0.9
1987-88	96.0	0.0	1974.1	0.7	285.6	0.1	2355.7	0.8
1988-89	91.9	0.0	2052.1	0.6	342.7	0.1	2486.7	0.7
1989-90	98.0	0.0	1740.9	0.5	470.0	0.1	2308.9	0.6
1990-91	82.9	0.0	1835.7	0.5	597.9	0.2	2516.5	0.7
<b>Cost Recovery</b>								
<b>Other Operating Revenue as a % of Operating Expenditure (c)</b>								
1981-82		123.2		65.6		117.9		105.2
1982-83		130.0		63.5		120.3		107.6
1983-84		131.5		64.1		119.7		107.1
1984-85		134.2		68.2		121.0		109.6
1985-86		133.8		68.5		117.4		110.3
1986-87		142.9		68.7		115.4		112.5
1987-88		141.7		69.9		119.0		114.8
1988-89		141.7		66.1		119.9		114.1
1989-90		142.0		66.8		119.5		114.9
1990-91		141.9		68.9		116.8		115.1
<b>Other Operating Revenue as a % of Operating Expenditure plus Net Interest Outlays (c)</b>								
1981-82		94.7		63.0		103.5		90.8
1982-83		95.1		59.4		103.0		89.6
1983-84		92.4		60.4		104.4		89.0
1984-85		93.1		62.1		105.2		89.7
1985-86		95.5		60.4		102.5		90.0
1986-87		98.6		60.9		100.3		90.7
1987-88		98.6		62.4		102.9		92.5
1988-89		100.6		57.5		105.7		92.8
1989-90		101.2		63.4		106.5		95.7
1990-91		105.2		64.2		103.7		96.7

## Net Debt and Net Interest Payments

The level of public indebtedness has assumed significance in both domestic and international financial markets. Analyses of the States' overall economic positions and assessments of creditworthiness now turn heavily on assessments of current and prospective debt levels and debt servicing capacities. At the same time, reduced State fiscal flexibility as a result of increasing public debt servicing burdens has provided a focus for State financial adjustment efforts in recent years.

ABS data on State sector net debt and net interest outlays are only available for the period since 30 June 1988<sup>2</sup>.

- Circumstances differ significantly between the States and Territories, with Queensland's debt burden relatively minor while Victoria, Tasmania and South Australia are confronted by significant debt problems. **The net indebtedness of the State sector as a whole as of 30 June 1990 is estimated to constitute some 18 per cent of GDP. This reflects a modest reduction over the previous four years but still represents a significant constraint on States' fiscal options.**
  - The general government sector accounts for 37 per cent of total net debt.
- The implications for States' budgetary flexibility are evident in the significant and increasing share of total State revenue required to service this debt. **Debt servicing costs (net interest outlays as a percentage of total revenue) for the sector as a whole have increased from 13 per cent of total revenue in 1987-88 to 14 per cent in 1991-92.** This compares with debt servicing costs of around 5 per cent for the Commonwealth.

## OUTLOOK

The financial outlook for 1992-93 for the State/local sector remains constrained.

- Growth in own source revenue is likely to continue to be subdued — notwithstanding the recent announcement by a number of States of significant packages of new revenue measures.
- Ongoing public sector restructuring programs are expected to continue to contribute to pressures on current outlays, but States should also reap the longer term benefits of these initiatives in terms of increased public sector efficiency and lower costs.
- The increase in the level of debt associated with the financial problems of some State financial and commercial institutions (for example, the State Bank of South Australia, the Tricontinental Group in Victoria, the Rural and Industries Bank in Western Australia and the Yulara Resort in the Northern Territory) has

significantly increased the debt servicing burden in some States and will be a continuing constraint on budgetary flexibility for some time.

- Some States have initiated sales of business assets (such as the New South Wales Government Insurance Office) which will partially offset expenditures and can help to relieve budgetary pressures.
- States will also benefit from increased net Commonwealth payments as a result of agreements reached at the 1992 Premiers' Conference and specific Commonwealth initiatives (including those announced in the *One Nation Statement*) to stimulate economic activity. Total net payments to the States are expected to grow by 8.3 per cent in 1992-93 (adjusting for the effect of the 1990 agreement for the States to assume full responsibility for refinancing debt previously raised on their behalf by the Commonwealth).
- However, the heavy public sector debt burden confronting the sector as a whole — and a number of States in particular — will necessarily limit the sector's ability to accommodate pressures on outlays, notwithstanding the increase in global borrowing limits for 1992-93 agreed at the 1992 Loan Council meeting.

All this serves to emphasise the need for States to persevere with their medium term fiscal adjustment efforts.

Estimates of the underlying trends in the State sector's net borrowing requirement need to take account of the impact of the new debt redemption arrangements, which significantly increase State payments to the Commonwealth; and one-off factors such as the sale of major assets and the costs of rescuing State owned financial institutions. While the actual net borrowing requirement for the State/local sector for 1992-93 is expected to be substantially lower than that for 1991-92, this largely reflects one-off factors of the kinds outlined above, which have both increased outlays in 1991-92 and are expected to result in a significant increase in asset sales proceeds in 1992-93. In underlying terms, the sector's net borrowing requirement is expected to deteriorate as revenue growth falls short of the underlying growth in outlays.

## NOTES

### TEXT

- 1 A distinction is often made between general government activities and total State/local sector activities that cover both general government and public trading enterprises (PTEs). **General government sector** functions cover the provision of non-market services and the transfer of income for various public policy purposes. These functions are financed primarily from taxation revenues, with services generally provided free of direct charge or at a charge well below cost. The **PTE sector** consists of government owned enterprises that provide goods and services for sale in the market with the aim of recovering at least a significant proportion of their operating costs through charges. State/local sector PTEs cover, *inter alia*, the electricity and public transport systems.

The distinction between general government and PTEs can be important for policy purposes. To the extent that PTEs operate on a fully commercial basis, the PTE sector borrowing requirement should not be of concern from a fiscal policy perspective. Fully commercial PTEs should compete for the nation's resources on the same basis as private firms and be subject to the same economic and policy environment as are private firms. In practice, however, many PTEs are a long way short of being fully commercial in their operations. Furthermore, by virtue of their public ownership, most PTEs are not subject to the same financial and other market scrutiny as are private firms.

In essence, the PTE sector as a whole can be significantly influenced by non-market considerations but in turn their spending and revenue decisions can impact substantially on the economy. They are, therefore, important for not only broader public sector policy but also for fiscal policy.

- 2 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 (land, buildings, plant and equipment etc) and certain liabilities such as employee related liabilities. Contingent liabilities are also excluded.

## CHARTS

**Chart 3:** Source: Pre-release of *Government Financial Estimates*, (currently unpublished), and *Employed Wage and Salary Earners*, ABS Catalogue No. 6248.0.

(a) As at December 1991.

**Chart 4:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

(a) Net operating surplus is included as revenue in the ABS government financial statistics. It is calculated as operating revenue (including subsidies received from the general government sector) less operating expenditure (including depreciation). Further details on the operating performance of PTEs are presented later in this chapter and also in Statement 6 of Budget Paper No 1.

(b) In 1991-92, Commonwealth payments for local government comprised direct payments to local government (2.2 per cent of local government revenue) together with general revenue assistance (12.3 per cent of local government revenue), and specific purpose payments to the States that were passed on to local government (less than 1 per cent of local government revenue).

**Chart 5:** Source: Pre-release of *Government Financial Estimates* (currently unpublished). Revenue includes provisions.

**Chart 6:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

**Chart 7:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

**Chart 8:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

(a) The data include the ACT from 1989-90 onwards.

## TABLES

**Table 3:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

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

(b) Includes the ACT from 1989-90 onwards.

**Table 4:** Source: Pre-release of *Government Financial Estimates* (currently unpublished).

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

(b) Includes the ACT from 1989-90 onwards.

**Table 5:** Source: Pre release of *Government Financial Estimates* (currently unpublished).

(a) Capital outlays include the sale of both business assets and property which are recorded in the ABS statistics as negative outlays.

(b) Financing transactions (ie total outlays less total revenue) less increases in provisions defined in the ABS *Government Financial Estimates* (Catalogue No 5501) Sum of columns (6) and (8).

(c) Estimates of the sector's gross borrowing prior to 1982-83 are not available from Loan Council sources.

(d) Includes the ACT from 1989-90 onwards.

(e) Excludes additional global limits and repayments of advances under the debt redemption arrangements introduced in 1990-91.

**Table 6:** Source: Unpublished data provided by the ABS in August 1992.

(a) Includes all State transport enterprises, except the water transport and services to transport classifications.

(b) Operating result is equal to net operating surplus (ie operating revenue less operating expenditure) less subsidies received plus net interest received.

(c) Other operating revenue is equal to operating revenue less subsidies received.

## CHAPTER III: GENERAL PURPOSE ASSISTANCE

This chapter outlines the arrangements for payment of general revenue and general purpose capital assistance to the States and Territories and to local government authorities in 1991-92 and 1992-93 — as well as highlighting a number of issues relating to future arrangements.

Table 7 shows Commonwealth general purpose payments to State and local governments over the past five years.

**Table 7: Commonwealth General Purpose Payments to State and local governments**

	State Government (a)		local government (b)	
	\$m	Change %	\$m	Change %
1988-89	13164	-11.5	653	1.7
1989-90	13216	0.4	678	3.8
1990-91	13932	5.4	699	3.1
1991-92	14076	1.0	1040	48.7
1992-93 (c)	14702	4.4	1079	3.8

### GENERAL REVENUE ASSISTANCE TO THE STATES AND THE TERRITORIES IN 1991-92 AND 1992-93

General revenue assistance, in one form or another, has been paid by the Commonwealth to the six States since Federation, to the Northern Territory since 1979-80, and to the Australian Capital Territory since 1988-89. It is the major untied element in the Commonwealth's funding to the States. Moreover, as discussed in more detail below, the distribution of general revenue grants is the main method by which the Commonwealth seeks to address imbalances in fiscal capacity between the States and Territories.

General revenue assistance, expected to account for around 46 per cent of total gross Commonwealth payments to the State/local government sectors in 1992-93, comprises four elements.

- The largest component is **financial assistance grants** paid to the six States and the Northern Territory.
- **General revenue grants to the Australian Capital Territory** are analogous to the financial assistance grants made to the six States and the Northern Territory. It is intended that funding for the Australian Capital Territory from 1993-94 will be included in the pool of financial assistance grants.
- **Special revenue assistance** is provided either on account of special financial circumstances or on an interim basis to fund the transfer of certain Commonwealth

programs and/or State revenue capacities. Such assistance can either be funded from the pool of financial assistance grants, and paid for by the States and Northern Territory in proportion to their share of the pool, or involve additional payments by the Commonwealth.

- **Identified road funding** encompasses that portion of local road funding (untied from 1991-92) which relates to expenditure responsibilities of State Governments.

**Table 8: General Revenue Assistance to the States and Territories (\$m)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
	Financial Assistance Grants (a)									
1988-89	3665	2661	2233	1452	1301	471	622	12405	417	12822
1989-90	3668	2710	2439	1495	1397	501	650	12860	373	13233
1990-91	3702	2712	2521	1548	1435	522	679	13117	434	13551
1991-92	3608	2646	2626	1556	1474	557	749	13215	358	13573
1992-93 (b)	3635	2662	2775	1599	1536	583	794	13586	379	13965
	Identified Road Grants (c)									
1991-92	5	3	6	..	9	5	12	39	..	39
1992-93 (b)	5	3	6	..	9	..	8	31	..	31
	Special Revenue Assistance									
1988-89 (d)	15	14	9	8	15	18	59	138	13	151
1989-90 (e)	..	..	..	..	..	..	46	46	..	46
1990-91	..	..	..	..	..	..	50	50	..	50
1991-92 (f)	..	..	..	..	..	..	40	40	53	93
1992-93 (b)(g)	..	139	..	..	..	..	40	179	15	194
	Total General Revenue Assistance									
1988-89 (d)	3680	2675	2242	1460	1316	489	681	12543	430	12973
1989-90 (e)	3668	2710	2439	1495	1397	501	695	12905	373	13279
1990-91	3702	2712	2521	1548	1435	522	729	13167	434	13601
1991-92	3612	2649	2632	1556	1482	563	800	13294	411	13704
1992-93 (b)	3640	2804	2781	1599	1545	583	843	13795	394	14189

## DERIVATION OF LEVEL AND DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

### Level of Financial Assistance Grants

The level of financial assistance grants is determined each year at the Premiers' Conference. In this regard, 1991-92 was the first year of the three year real terms guarantee, agreed to by the Commonwealth in 1990, in recognition of the States' desire for increased financial stability.

The final amount paid to the six States and the Northern Territory in 1991-92 (\$13215m) was lower by \$166.2m than that agreed at the 1991 Premiers' Conference, reflecting the lower CPI outcome for the four quarters to March 1992, of 1.7 per cent, than the original forecast of 3.7 per cent.

The Commonwealth's financial offer to the States and Northern Territory at the **June 1992 Premiers' Conference** included a 'one-off' \$166m beyond the base level of funding consistent with the real terms guarantee for 1992-93. As part of agreements

reached regarding a compromise distribution of financial assistance grants (discussed below), the Commonwealth agreed to increase its initial offer of an extra \$150m by an estimated \$16m in order to fund higher *per capita* payments to New South Wales and Victoria. It was agreed, however, that the additional \$166m would not be reflected in the base level of funding for 1993-94 and beyond.

It was further agreed that the base level of 1992-93 financial assistance grants be reduced by \$40m to fund special revenue assistance to the Northern Territory (see below).

In accordance with established practice, the estimated level of financial assistance grants for the States and Northern Territory of \$13586m in 1992-93 (including the one-off augmentation of \$166m) will be adjusted to reflect differences between the CPI outcome over the year to the March quarter 1993, and the forecast at the time of the Premiers' Conference.

### **Distribution of Financial Assistance Grants**

The interstate distribution of financial assistance grants has, in recent years, reflected the consensus among the States and Territories that it should be based primarily on the States' shares of population as at 31 December of each year, and the *per capita* relativities assessed by the Commonwealth Grants Commission. (A brief discussion of the Grants Commission processes, and relevant recent developments, is contained in Box 4.) The distribution is also affected by the distribution of hospital funding grants, any program transfer payments and by other adjustments to grants<sup>1</sup>.

In 1991-92, the distribution of grants reflected the *per capita* relativities recommended by the Grants Commission in its *1991 Update Report*, special revenue assistance for the Northern Territory funded from the pool, and other minor shifts in funding responsibilities between the Commonwealth and the States.

Prior to the 1992 Premiers' Conference, the Commonwealth asked the States to seek agreement on the appropriate distribution of the 1992-93 financial assistance grants. However, they were unable to reach agreement and, by way of compromise, it was decided that the base level of financial assistance grants will be distributed on the basis of the general revenue grant relativities recommended by the Grants Commission and amended to reflect an alternative treatment of the Commission's assessment of State stamp duty capacity (see below) — while the States will receive the higher of their share of the additional \$150m offered by the Commonwealth based on either the use of the Commission's 1992-93 relativities or an equal *per capita* distribution. These arrangements for distribution are for 1992-93 only — as discussed in Box 4 arrangements for 1993-94 are subject to review and subsequent consideration by the 1993 Premiers' Conference. The interstate allocation of general revenue assistance involves a substantial redistribution or 'equalisation' of national public sector resources in favour of the less populous States. In Table 9, the distribution of financial assistance

grants on the basis of equal *per capita* and Grants Commission relativities are compared. It can be seen that New South Wales and Victoria obtain significantly less under the Grants Commission relativities than they would from an equal *per capita* distribution.

**Table 9: Impact of Horizontal Fiscal Equalisation (HFE) on the Distribution of Commonwealth Financial Assistance Grants**

	Base Grant				
	Equal Per Capita Distribution	Change in Distribution due to HFE (a)	1992-93 Distribution of Financial Assistance Grants	Expected Share of One-off Addition	Total Amount Distributed (b)
	\$m	\$m	\$m	\$m	\$m
NSW	4646	-1063	3583	52	3635
VIC	3466	-843	2623	39	2662
QLD	2374	371	2746	30	2775
WA	1297	286	1583	17	1599
SA	1137	383	1520	16	1536
TAS	367	210	577	6	583
NT	132	655	787	7	794
Total	13419	0	13419	166	13586

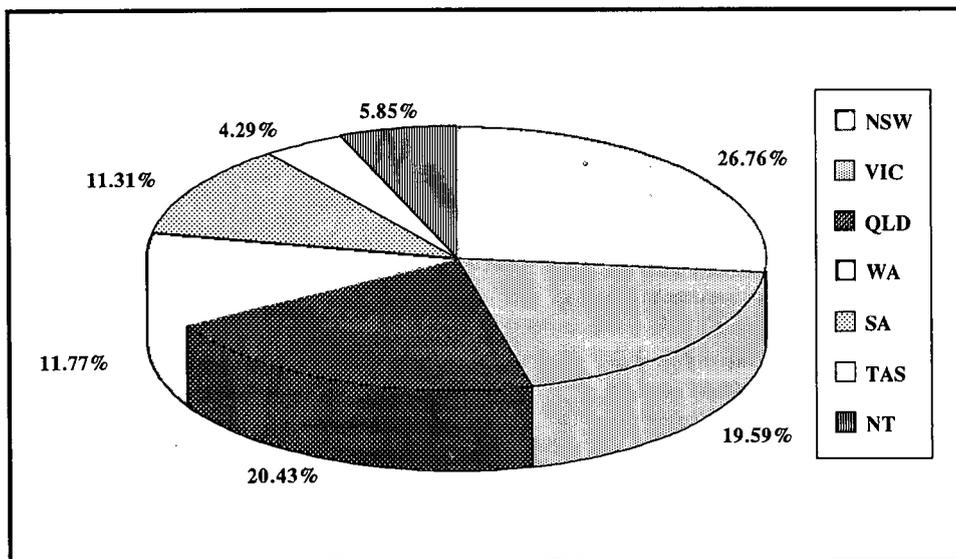
For 1992-93 the Grants Commission presented two sets of relativities: one based upon terms of reference provided in November 1991 and the other based upon terms of reference provided in March 1992. The latter requested the Commission to calculate an alternative set of *per capita* relativities which took account of Victoria's expected loss of revenue capacity following the Commonwealth's decision not to share Petroleum Resource Rent Tax (PRRT) revenue with the States. This implied a significant revenue loss for Victoria.

The additional set of *per capita* relativities allowed an assessment to be made of the likely impact on the distribution of financial assistance grants of this revenue loss to Victoria. In the event, the Commonwealth decided to compensate Victoria directly *via* special revenue assistance in 1992-93 (see below), with this funding to be rolled into financial assistance grants in 1993-94. Therefore, the relativities based on the November terms of reference were used as the basis for discussions at the 1992 Premiers' Conference.

As noted above, these relativities were amended in line with an alternative treatment of stamp duty on marketable securities and conveyancing forgone by the States in the case of corporate reorganisations. This reflected the Commonwealth's view that the Commission's present methodology involves a disincentive for States to facilitate *bona fide* corporate reconstructions that would enhance economic efficiency. The Commonwealth has indicated that it is prepared to instruct the Commission to adjust its methodology accordingly for future assessments.

Chart 9 illustrates the expected distribution of the estimated amount of grants to be paid in 1992-93.

**CHART 9: DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS 1992-93<sup>(a)</sup>**



### **SPECIAL REVENUE ASSISTANCE FOR THE NORTHERN TERRITORY AND VICTORIA**

The **Northern Territory** has received special revenue assistance, funded from the pool of financial assistance grants, each year since its inclusion in the pool in 1988-89. Provision of such assistance reflects a recognition of the special difficulties faced by the Territory as it seeks to adjust to State-like levels of funding. The annual level of special revenue assistance reflects judgments regarding the sustainable pace of fiscal adjustment for the Territory — the level of this special revenue assistance has been progressively reduced over time.

The 1992 Premiers' Conference agreed that the Northern Territory will receive special revenue assistance of \$40m in 1992-93; the same nominal level agreed for 1991-92. Without this assistance, general revenue assistance to the Northern Territory, including the Territory's share of the additional \$166m, would only have risen by 1.1 per cent.

As noted above, **Victoria** is to receive special revenue assistance of \$139m in 1992-93, as compensation for the Commonwealth's decision to retain Bass Strait PRRT revenues.

#### **BOX 4 — HORIZONTAL FISCAL EQUALISATION AND THE DISTRIBUTION OF GENERAL REVENUE ASSISTANCE**

Australia's horizontal fiscal equalisation arrangements, which have operated in their present form since 1981, extend the concept of fiscal equalisation considerably further than in most other federations. In particular, the Australian approach incorporates assessments of States' relative expenditure disabilities as well as revenue raising capacities. (The 1991-92 Budget Paper No 4 includes a detailed discussion of these processes.)

The Commonwealth Grants Commission is charged with recommending *per capita* relativities for the interstate allocation of Commonwealth general revenue assistance so that each State has the capacity to provide an average level of services, without being required to levy above average taxes and charges. The focus on State budget capacity, rather than performance, requires the Commission to take account of non policy related disabilities only.

In light of increasing concern regarding the implications of these processes, and the appropriateness of the Commission's methodology, the 1992 Premiers' Conference agreed that a Heads of Treasury working party should examine the adequacy of the current fiscal equalisation scope and methodology and the principles upon which they are based. That review will focus on the complexity and appropriateness of the current processes; the possible efficiency costs of horizontal fiscal equalisation in the context of current industry reform and tariff reductions; and the possible implications for facilitating structural change throughout Australia. The review will make recommendations as appropriate on these issues.

Two further studies, by independent consultants, have been commissioned by the New South Wales and Victorian Governments. The first study, a qualitative review, will examine the economic and social impacts of the current equalisation arrangements on both individual States and Territories and the nation as a whole. The other study will be a quantitative analysis of the current horizontal fiscal equalisation arrangements on efficiency, economic activity and prices and incomes.

The intention is that these studies, together with the Heads of Treasury review and the Grants Commission's five yearly methodology review, will be available for consideration by the 1993 Premiers' Conference.

The Commonwealth indicated that, if decisions taken following these reviews disadvantaged States or Territories compared with Grants Commission relativities for 1993-94, it would stand ready to provide transitional compensation to those States and Territories, at least over the period 1993-94 to 1995-96.

This payment, which is based on the average level of offshore petroleum royalty and resource rent tax revenue sharing payments to Victoria over recent years, is to be financed by the Commonwealth and absorbed into the financial assistance grants base for 1993-94.

Special revenue assistance will be adjusted for the difference between the CPI as forecast at the time of the Premiers' Conference and the outcome.

### **IDENTIFIED ROAD GRANTS**

Following agreements reached at the October 1990 special Premiers' Conference, funding for **local roads** was untied with effect from 1991-92 and paid *via* general purpose grants.

The bulk of this local roads funding is paid through States to local governments (see below) and a portion is paid directly to the States for local road expenditures in areas not covered by local government. All these funds continue to be identified as road grants but are now not subject to any formal conditions requiring them to be spent for that purpose.

In 1991-92, \$39m was paid direct to State Governments for local roads and the comparable estimate for 1992-93 is \$31m. (This reflects, *inter alia*, a decision to increase the level of identified local roads funding paid to local government bodies in Tasmania and the Northern Territory by some \$10m, with an offsetting reduction in the amounts paid direct to those State governments for local roads.)

In relation to the separate category of funds for **arterial roads**, it was agreed at the July 1991 special Premiers' Conference and reaffirmed in the Commonwealth's *One Nation Statement* that the Commonwealth would untie \$350m of these road grants previously provided to States as a specific purpose payment funded from the Australian Land Transport Fund. As in the case of local roads, these funds will continue to be identified as road grants but will not be subject to any formal conditions. The Commonwealth has indicated that funds for arterial roads will be untied from the second half of 1993-94 and progressively phased to an interstate distribution based on the financial assistance grants relativities by 1997-98.

### **GENERAL REVENUE ASSISTANCE TO THE AUSTRALIAN CAPITAL TERRITORY**

Following self-government in 1988, transitional funding arrangements were agreed with the Australian Capital Territory with a view to including funding for the Territory within the pool of financial assistance grants for the States and the Northern Territory from 1993-94.

Nonetheless, Grants Commission inquiries in 1988 and 1991 on financing the Australian Capital Territory identified significant over-funding of the Australian Capital Territory relative to the other States. This implied the need for the Territory to accommodate reductions in the level of Commonwealth assistance so that funding arrangements could be placed on a State-like basis in 1993-94.

The 1991 Premiers' Conference agreed that the level of general revenue assistance for 1991-92 should be based upon:

- the *per capita* relativity assessed by the Grants Commission following its *Fourth Report 1991 on Financing the Australian Capital Territory*; and
- augmented by the balance in the Australian Capital Territory Transitional Funding Trust Account.

Subsequently, the 1992 Premiers' Conference determined that the level of general revenue assistance for the Australian Capital Territory in 1992-93 should be based upon the *per capita* relativity assessed by the Grants Commission on the same basis as that used in respect of the other States. On that basis, the Australian Capital Territory will receive a **general revenue grant** of \$375m in 1992-93, with an additional \$3.7m as a result of the one-off augmentation of the pool of financial assistance grants for the six States and the Northern Territory. As for the States and Northern Territory, the final amount paid will be adjusted for the difference between the CPI forecast at the time of the Premiers' Conference and the outcome.

**Special revenue assistance** of \$15m will also be paid to the Territory in 1992-93 on the understanding that this will be used to support public sector restructuring initiatives aimed at assisting the Territory's adjustment efforts. Any further special revenue assistance for the Australian Capital Territory from 1993-94 (when it is to be included in the pool of financial assistance grants) is to be funded from the pool.

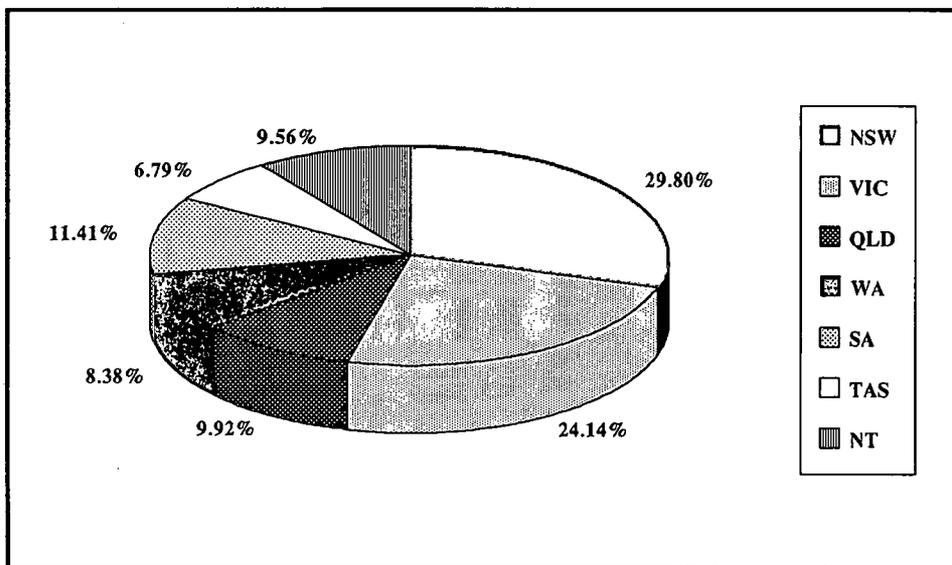
**More detailed descriptions of the derivation and distribution of general revenue grants to the State and the Territory Governments are provided at the end of this chapter.**

## GENERAL PURPOSE CAPITAL ASSISTANCE

General purpose capital assistance is paid to assist States in their capital expenditure.

Chart 10 illustrates the distribution of estimated 1992-93 general purpose capital payments while Table 10 shows the history of these payments since 1987-88.

**CHART 10: DISTRIBUTION OF GENERAL PURPOSE CAPITAL GRANTS  
1992-93**



**Table 10: General Purpose Capital Assistance to the States and the Territories (\$m)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
Loan Council Program										
1988-89	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	29.1	339.6
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	39.0 (a)(c)	349.5
1990-91 (b)	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.4 (a)(d)	330.2
1991-92	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.4	330.2
1992-93	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.5	330.3
Building Better Cities										
1991-92	..	17.0	15.0	7.5	..	2.0	..	41.5	..	41.5
1992-93 (e)	62.1	46.6	31.1	17.5	15.3	4.8	1.7	179.1	3.1	182.2
TOTAL										
1988-89	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	29.1	339.6
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	39.0 (a)(c)	349.5
1990-91 (b)	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.4 (a)(d)	330.2
1991-92	79.8	85.3	31.1	29.9	39.0	29.5	43.8	338.3	33.4	371.7
1992-93 (e)	141.8	114.9	47.2	39.9	54.3	32.3	45.5	475.9	36.6	512.5

Prior to 1987-88, capital assistance was paid under States' Loan Council programs in the form of loans. However, the importance of loans declined steadily from the early 1970s because:

- the overall level of general purpose capital assistance fell, with States financing an increasing proportion of their capital works from other sources — including other payments from the Commonwealth and borrowings by State authorities not within the State budget sector; and

- an increasing proportion of general purpose capital assistance was provided in concessional form as grants or as loans for public housing.

General purpose capital assistance has been provided entirely by way of grants since 1989-90 and the base level of capital grants provided under States' Loan Council programs — and the analogous payments to the Territories — has remained unchanged in nominal terms through this period. (Chapter IV of 1991-92 Budget Paper No 4 details recent developments in general purpose capital assistance.)

For 1992-93, the level of general purpose capital assistance provided with regard to States' Loan Council programs will again remain unchanged in nominal terms.

By and large, the distribution of these grants among the six States reflects their historical shares (broadly unchanged since 1927-28) of the Loan Council borrowing programs which they have progressively replaced. The level of analogous payments made to the two Territories reflects the Commonwealth capital expenditure responsibilities transferred to each at self-government. As a result, general purpose capital assistance represents a larger share of Commonwealth payments to the Territories than is the case for the six States. For example, for 1992-93 general purpose capital assistance is estimated to comprise around 5.1 per cent of total general purpose assistance to the Northern Territory and 8.6 per cent for the Australian Capital Territory compared with an average of 3.2 per cent for the six States.

An additional \$182m in general purpose capital grants will be provided to the States and the Territories in 1992-93 under the second year of the 'Building Better Cities' program. As in 1991-92, the distribution of this grant will be determined on the basis of an assessment of States' relative needs following consultations with the States.

## GENERAL PURPOSE ASSISTANCE FOR LOCAL GOVERNMENT

### SIX STATES AND NORTHERN TERRITORY

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

In June 1991, the Act was amended to enable the Government to avoid frequent changes to the Act as a result of changes in State funding arrangements determined annually at the Premiers' Conference.

In addition, changes were made to the Act in respect of the October 1990 special Premiers' Conference agreement to untie local roads funding. These amendments provide for local roads funding previously paid under the *Australian Land Transport*

*Development Act 1988* to be added to local government general purpose grants. While the local roads funding will continue to be separately identified for the time being, there are no longer any conditions applying to these roads grants.

Local government financial assistance grants are escalated each year at the same rate as general revenue payments to the States.

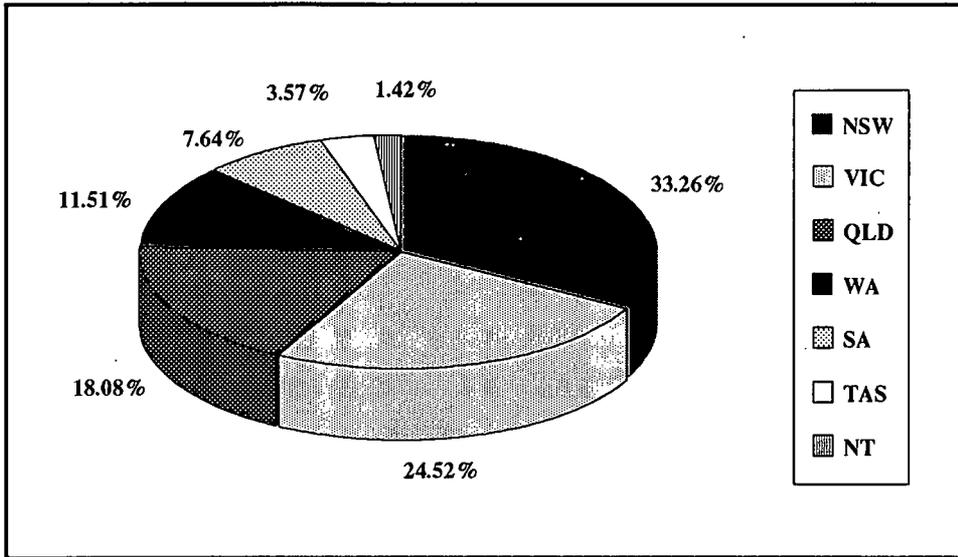
In 1991-92, the total amount of general purpose payments paid to local government was \$1017.1m, some \$7.8m below the budget time estimate of local government general revenue payments — reflecting the difference between the budget time estimate and the outcome of the CPI for the year to the March quarter.

On the basis of present estimates, general purpose assistance to local government in 1992-93 will be \$1056m. This comprises:

- a base grant of \$735m — a nominal increase of 2.9 per cent on the 1991-92 level; and
- an additional \$321m relating to previously tied road funding — an increase of 5.9 per cent.

In accordance with the *Local Government (Financial Assistance) Act 1986*, the interstate distribution of base general purpose assistance to local government moved fully to equal *per capita* shares from 1989-90, based on the population at the previous 31 December. Changes in the distribution of the base grant between 1991-92 and 1992-93 reflect different population growth rates among the States over the year to 31 December 1991. Untied local roads funding continues to be distributed between the States on the basis of the criteria established under the *Australian Land Transport Development Act 1988*. In both cases, the intrastate distribution of these payments to local governments is determined by State Grants Commissions, on the basis of fiscal equalisation. The chart below illustrates the distribution of local government grants between the six States and the Northern Territory.

**CHART 11: DISTRIBUTION OF LOCAL GOVERNMENT GRANTS 1992-93**



### **LOCAL GOVERNMENT GRANTS TO THE AUSTRALIAN CAPITAL TERRITORY**

The Australian Capital Territory Government has responsibility for both territorial and municipal functions and, since 1988-89, has received Commonwealth payments in respect of general purpose assistance for local government functions — analogous to those paid to local governments through the States.

In 1991-92, the amount paid was \$12.2m (based on the equal *per capita* sharing arrangements for the States) and an additional amount of \$10.3m relating to previously tied local government roads funding. For 1992-93, the total amount to be paid to the ACT is estimated to be \$23m, of which a little under \$11m is untied local government roads funding.

Table 11 details the distribution of local government grants between all States and Territories.

**Table 11: Distribution of General Purpose Financial Assistance for Local Government between the States and Territories (\$m)**

	Base Entitlements for 1991-92 (a)	Identified Road Funding for 1991-92	Total 1991-92 Funding	Estimated Entitlements for 1992-93		
				Base Funding	Identified Road Funding	Total
NSW	247.3	93.6	340.9	255.1	96.3	351.4
VIC	185.9	66.5	252.4	190.6	68.4	259.0
QLD	124.0	60.5	184.4	128.8	62.2	191.0
WA	69.6	49.3	119.0	70.9	50.7	121.6
SA	61.1	17.7	78.8	62.4	18.2	80.7
TAS	19.3	11.9	31.3	20.1	17.6	37.7
NT	6.7	3.6	10.2	7.2	7.8	15.0
Total	713.9	303.2	1017.1	735.2	321.2	1056.4
ACT	12.2	10.3	22.5	12.4	10.6	23.0
<b>TOTAL</b>	<b>726.1</b>	<b>313.6</b>	<b>1039.6</b>	<b>747.6</b>	<b>331.8</b>	<b>1079.4</b>

# ATTACHMENT

## DERIVATION OF LEVEL AND DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

### LEVEL OF FINANCIAL ASSISTANCE GRANTS

The derivation of the estimated financial assistance grants pool of \$13585.6m to be paid to the States and the Territories in 1992-93 (an increase of 2.8 per cent over 1991-92) is shown in Table 12.

**Table 12: Derivation of Financial Assistance Grants Pool (\$m)**

1991-92	
(1) Base financial assistance grants (FAGs) pool (a)	13381.2
(2) Plus adjustment for CPI outcome (b)	-163.8
(3) FAGs before adjustment under Sub-Section 6(2) of Act	13217.5
(4) Less adjustment for transfer of VCAH (c)	2.4
Equals 1991-92 (FAGs) pool	13215.0
(5) 1991-92 FAGs before adjustment (from (3) above)	13217.5
(6) Less full year effect of transfer of VCAH (c)(d)	5.0
(7) 1991-92 FAGs after transfer of VCAH (c)	13212.4
(8) Plus 1991-92 Northern Territory special revenue assistance	39.5
(9) Base to calculate 1992-93 FAGs pool	13251.9
(10) Plus real terms adjustment (e)	219.9
(11) Premiers' Conference estimate of base FAGs for 1992-93	13471.8
(12) Less special revenue assistance for the Northern Territory	40.0
(13) Plus one-off supplementation to FAGs for 1992-93	166.2
(14) 1992-93 Premiers' Conference time estimate	13598.0
(15) Plus adjustment for revised estimate for CPI (f)	-12.5
Equals current estimate of 1992-93 FAGs pool	13585.6

### DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

The distribution of financial assistance grants is based primarily on States' shares of population as at 31 December of each year and the *per capita* relativities assessed by the Commonwealth Grants Commission. It is also affected by the distribution of Hospital Funding grants (HFGs) and any program transfer payments<sup>1</sup>.

Table 13 details how financial assistance grants are distributed between the States and the Territories.

## **General Revenue Grant Relativities**

The Grants Commission's assessments of *per capita* relativities are determined against principles of fiscal equalisation. In essence, this involves the Commission determining a distribution which enables each State, provided a comparable revenue effort is made, to deliver services at a standard not appreciably different from that of the other States.

### **Population**

The final distribution of financial assistance grants among the States will be affected by the Commonwealth Statistician's determination of each States' population as at 31 December of each year. In calculating the financial assistance grants payable to each State, the Commission's *per capita* relativities are multiplied by the population of each State to give adjusted populations (rows 3 and 13 of Table 13). Each State's share of the sum of the adjusted populations then determines their respective shares of the combined financial assistance and hospital grants pool (see rows 1 to 5 and 11 to 15) before adjustments.

In estimating payments for 1992-93, population projections for 31 December 1992 were prepared in consultation with the ABS.

### **Hospital Funding Grants**

The Grants Commission's relativities have been prepared in recent years on the understanding that they are to be applied to the combined pool of financial assistance and HFGs. In 1992-93, a State's share of financial assistance grants is derived as the difference between:

- its share of financial assistance and HFGs excluding the 'quarantined payments' — comprising the penalties and incentive packages and funding for AIDS (row 15); and
- its share of HFGs, excluding the quarantined payments, which is calculated in accordance with age-sex weighted populations (shown in row 16).

### **Other Adjustments to Financial Assistance Grants**

Adjustments are made to financial assistance grants when there are transfers of functions or revenue raising capacity between the Commonwealth and the State sectors. In 1992-93, there are two such adjustments: the transfer of funding responsibility for the Victorian College of Agriculture and Horticulture (VCAH) from Victoria to the Commonwealth and the recoupment of grants following the non transfer to Victoria of the Moira Nursing Home.

**Table 13: Financial Assistance Grants (FAGs) to the States**

	NSW	VIC	QLD	WA	SA	TAS	NT	TOTAL
1991-92								
(1) Population at 31.12.91 (000's) (a)	5940.8	4439.4	2999.9	1650.6	1454.0	469.2	167.8	17121.6
(2) Per capita relativities (b)	1.015	1.000	1.335	1.408	1.526	1.731	5.673	
(3) Product of rows (1) and (2)	6029.9	4439.4	4004.9	2324.1	2218.7	812.1	952.0	20781.1
(4) Distribution of row (3) among States (%)	29.0	21.4	19.3	11.2	10.7	3.9	4.6	
(5) Amount of FAGs and HFGs (\$m)	4898.4	3606.3	3253.3	1887.9	1802.4	659.7	773.4	16881.5
(6) Less HFGs (\$m)	1292.6	959.0	626.8	331.4	328.6	102.0	23.6	3664.0
(7) Amount of FAGs before adjustments (\$m)	3605.8	2647.3	2626.6	1556.6	1473.8	557.7	749.8	13217.5
(8) Less adjustment for VCAH (\$m)(c)	..	2.4	..	..	..	..	..	2.4
(9) Amount of FAGs (\$m)	3605.8	2644.8	2626.6	1556.6	1473.8	557.7	749.8	13215.0
1992-93 (estimate)								
(10) Population at 31.12.92 (000's) (a)	5996.2	4472.8	3064.0	1673.4	1467.7	473.6	170.3	17318.1
(11) Per capita relativities (d)	1.016	1.000	1.375	1.426	1.570	1.786	5.909	
(12) Product of rows (11) and (12)	6092.2	4472.8	4213.1	2386.2	2304.4	845.8	1006.1	21320.5
(13) Distribution of row (13) among States (%)	28.6	21.0	19.8	11.2	10.8	4.0	4.7	
(14) Amount of FAGs and HFGs (\$m)	4915.2	3608.7	3399.1	1925.2	1859.2	682.4	811.7	17201.6
(15) Less HFGs (\$m)	1332.1	985.5	653.5	342.7	338.9	105.0	24.4	3782.2
(16) Amount of Base FAGs (\$m)	3583.1	2623.2	2745.6	1582.6	1520.3	577.4	787.3	13419.4
(17) One-off supplementation to FAGs for 1992-93 (\$m)								
(17.1) Distributed on Grants Commission basis (\$m)	42.8	31.4	29.6	16.8	16.2	5.9	7.1	149.9
(17.2) Distributed on equal per capita basis (\$m)	51.9	38.7	26.5	14.5	12.7	4.1	1.5	149.9
(18) Supplementary grant equals the maximum of (18.1) and (18.2) (\$m)	51.9	38.7	29.6	16.8	16.2	5.9	7.1	166.2
(19) Amount of FAGs (\$m)	3635.0	2661.9	2775.2	1599.3	1536.5	583.3	794.3	13585.6

As part of a wider rationalisation of facilities, the VCAH has been amalgamated with the University of Melbourne. The revised arrangements involve the inclusion of funding for the College in the *Higher Education Funding Act 1988* with appropriate adjustments to financial assistance grants. The total adjustment to financial assistance grants will be \$4.856m spread over two years. A special provision was made under the *States Grants (General Purposes) Act 1991* that reduced the Victorian 1991-92 grant by \$2.428m. A further adjustment of \$2.428m will be made before the application of the CPI adjustment for 1992-93. It is understood that the Grants Commission has taken into account these revised arrangements in the relativities for 1992-93 and beyond.

In 1990-91, there were proposals made for the transfer of responsibilities under the Disabilities Services Program. Although most of the proposals were accepted, the proposal with regard to Moira Nursing Home in Victoria was not accepted. This decision was made too late to reverse the addition of \$0.2m to the base of financial assistance grants in 1991-92 in the *States Grants (General Purposes) Act 1991*. While no corrective action was made to the pool with respect of 1991-92 payments, adjustments will be made to the base for 1992-93.

## **EFFECTS OF POPULATION AND RELATIVITIES ON THE DISTRIBUTION OF GRANTS**

Table 14 details the effects of the two major influences — population and relativities — on the distribution of financial assistance grants in 1992-93. The table takes into account special revenue payments made to the Northern Territory in 1991-92 and 1992-93 and to Victoria in 1992-93.

## **GENERAL REVENUE ASSISTANCE TO THE AUSTRALIAN CAPITAL TERRITORY**

Tables 15 and 16 show the derivation of the Australian Capital Territory general revenue payments for 1991-92 and estimated payments for 1992-93, respectively. Payments in 1991-92 were based upon:

- the *per capita* relativity assessed by the Commonwealth Grants Commission following its *Fourth Report 1991 on Financing the Australian Capital Territory*; and
- the accumulated balance in the Australian Capital Territory Transitional Funding Trust Account.

**Table 14: General Revenue Grant and Hospital Funding Grants Pool 1991-92: Impact of Changes in Population, Relativities and Special Revenue Assistance (a)**

	(1) Total 1992-93 General Revenue & Hospital Grants Pool on old relativities and population		(2) Impact of \$40m Special Revenue Assistance for NT		(3) Effect of New Population	(4) Effect of New Relativities	(5) Distribution of \$166.2m	(6) Combined Effect (2)+(3)+(4)+(5)	(7) Total 1992-93 General Revenue and Hospital Pool on New Relativities and Population			Nominal Change of Column (7) on Column (1)
	\$m	%	Change (\$m)	Change (\$m)	Change (\$m)	Change (\$m)	\$m	\$m	\$m	%	%	
New South Wales	5002.9	29.0	-11.6	-13.3	-62.8	51.9	-35.9	4967.1	28.6	-0.7		
Victoria	3683.3	21.4	-8.5	-16.3	-49.7	38.7	-35.9	3647.4	21.0	-1.0		
Queensland	3322.8	19.3	-7.7	30.7	53.5	29.6	106.1	3428.7	19.7	3.2		
Western Australia	1928.2	11.2	-4.5	3.4	-1.9	16.8	13.8	1942.0	11.2	0.7		
South Australia	1840.8	10.7	-4.3	-4.6	27.3	16.2	34.6	1875.4	10.8	1.9		
Tasmania	673.8	3.9	-1.6	-1.7	11.9	5.9	14.6	688.4	4.0	2.2		
Northern Territory	789.9	4.6	38.2	2.0	21.7	7.1	68.9	858.7	4.7	8.7		
Total	17241.7	100.0	0.0	0.0	0.0	166.2	166.2	17407.8	100.0	1.0		

**Table 15: Derivation of ACT General Revenue Grant 1991-92**

(1) FAGs pool for States and NT (\$m)	13217.5
(2) HFGs for States and NT (a) (\$m)	3664.0
(3) Total pool for States and NT (1) + (2) (\$m)	16881.5
(4) Victoria's share of total pool (\$m)	3606.3
(5) Victoria's population at 31 December 1991	4439390
(6) Victoria's share per capita (\$)	812.35
(7) ACT per capita payment ((6) x 1.719) (b) (\$)	1396.4
(8) ACT population at 31 December 1991	292015
(9) ACT general revenue assistance plus HFGs ((7) x (8)) (\$m)	407.8
(10) less ACT's HFGs (a) (\$m)	50.1
(11) equals ACT's general revenue assistance (\$m)	357.6
(12) ACT Transitional Funding Trust Account (\$m)	52.7
(13) General revenue assistance for the ACT= (11)+(12) (\$m)	410.4

**Table 16: Derivation of ACT General Revenue Grant 1992-93**

(1) FAGs pool for States and NT (\$m)	13419.4
(2) HFGs for States and NT (a) (\$m)	3782.2
(3) Total pool for States and NT (1) + (2) (\$m)	17201.6
(4) Victoria's share of total pool (\$m) (b)	3640.1
(5) Victoria's estimated population at 31 December 1992	4472816
(6) Victoria's share per capita (\$)	813.84
(7) ACT per capita payment ((6) x 1.781) (c) (\$)	1449.44
(8) ACT estimated population at 31 December 1992	297425
(9) ACT general revenue assistance plus estimated HFGs ((7) x (8)) (\$m)	431.1
(10) Less ACT's HFGs (a) (\$m)	52.2
(11) Equals ACT's estimated general revenue assistance (\$m)	378.9
(12) Plus special revenue assistance (\$m)	15.0
(13) General revenue assistance for the ACT (11)+(12) (\$m)	393.9

For 1992-93, the Grants Commission assessed a *per capita* relativity for the Australian Capital Territory in conjunction with its annual assessments of the States and the Northern Territory. As with previous years, this relativity is used to calculate the Territory's grant with respect to the reference Victorian *per capita* grant calculated using the Grants Commission relativities for both the base financial grants and the additional \$150m offered by the Commonwealth. Further, special revenue assistance of some \$15m will be paid to the Australian Capital Territory in 1992-93. These arrangements are consistent with the Territory's transition to State-like levels of funding in advance of its inclusion in the pool of financial assistance grants for the States and Northern Territory from 1993-94.

## NOTES

### TEXT

- 1 Program transfer grants are generally used to facilitate the transfer of responsibility for a program from the Commonwealth to the States. Such grants can also be used to effect the eventual absorption of a specific purpose payment into general revenue assistance.

### CHARTS

#### Chart 9:

- (a) Any change to the total of financial assistance grants would be distributed among the States on the basis of the States' share of total financial assistance grants and hospital funding grants and not on the basis of the distribution shown in the chart.

### TABLES

#### Table 7:

- (a) Changes between years have been calculated after adjustment to the base year to eliminate the effect of changes in the classification of certain programs. The Australian Capital Territory is excluded from the State figures in 1988-89 and 1989-90.
- (b) The increase in 1991-92 is due to the change in road funding arrangements.
- (c) Estimate.

#### Table 8:

- (a) Consists of financial assistance grants to the six States and the Northern Territory, and the general revenue grants to the Australian Capital Territory from 1988-89.
- (b) Estimate.
- (c) Previously tied funding paid to the States for local roads under the *Australian Land Transport Development Act 1988*.

- (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 recommenced as a separate payment from 1989-90. Details are included in the 1988-89 Budget Paper No 4.
- (e) Includes grants of \$26000 to New South Wales as a carryover of the transfer of the Family Support Program in 1988-89, absorbed into the pool of financial assistance grants in 1990-91.
- (f) Recurrent payments made to the Australian Capital Territory from the Australian Capital Territory Transitional Funding Trust Account.
- (g) The \$139m special revenue assistance to Victoria is compensation for the Commonwealth's decision not to share Petroleum Resource Rent Tax (PRRT) revenue.

**Table 9**

- (a) Difference between the distribution of the base level of financial assistance grants and an equal *per capita* distribution.
- (b) Each State's share of base grant plus their expected share of one-off addition to the pool.

**Table 10:**

- (a) Includes adjustments for transfer of functions.
- (b) Includes a recoupment of 90 per cent of motor vehicle registration fees paid by Telecom and Australia Post.
- (c) Includes payment of \$7m from Australian Capital Territory Transitional Funding Trust Account. Excludes payment into the Trust Account of \$2.4m from each of the capital advance and the capital grant.
- (d) Excludes payment of \$4.7m into the Trust Account.
- (e) Allocation of Building Better Cities grants between the States/Territories has yet to be determined. A notional distribution only is used in this table.

**Table 11:**

- (a) This amount is net of the 1990-91 overpayment.

**Table 12:**

- (a) This is the amount set by the *States Grants (General Purposes) Act 1991*, as base assistance for 1991-92.
- (b) Based on an index factor calculated by dividing the sum of CPI index numbers for the four quarters to the March quarter 1992 427.8 by 433.1 which was the number determined by the Treasurer to have been the estimate of the number used at the time of the 1991 Premiers' Conference had Treasury known the reference base for the CPI adopted by the ABS as from March 1992.
- (c) Refers to the transfer of responsibility of funding the Victorian College of Agriculture and Horticulture (VCAH) from Victoria to the Commonwealth.
- (d) Includes the reversal of that part of the 1990-91 program transfer proposal relating to Moira Nursing Hospital that did not proceed.
- (e) The forward estimates at the time of the Premiers' Conference assumed an increase in the CPI for the four quarters to March 1993 over the previous four quarters of around 1.7 per cent.
- (f) As in 1991-92 (see footnote (b)), the pool is to increase by the sum of the CPI numbers for the four quarters to the March quarter 1993 over the estimate used at the 1992 Premiers' Conference. This estimate reflects the variation between the Premiers' Conference estimate and the current forecast of the increase in the CPI of 1.6 per cent in the year to the March quarter 1993.

**Table 13:**

- (a) The population as at 31 December 1991 is that determined by the Statistician in accordance with the *States Grants (General Purposes) Act 1991*. The estimate for 31 December 1992, which was prepared in consultation with the ABS, is subject to revision.
- (b) *Per capita* relativities adopted at the 1991 Premiers' Conference were applied in 1991-92.

- (c) Refers to the transfer of responsibility of funding the Victorian College of Agriculture and Horticulture from Victoria to the Commonwealth.
- (d) *Per capita* relativities adopted at the 1992 Premiers' Conference to apply in 1992-93.
- (e) The distribution of this amount among the States is an estimate.

**Table 14:**

- (a) Notes to Table 14 are:
  - Column (1) Shows the distribution of the 1992-93 pool excluding the effect of special revenue assistance to the Northern Territory and the \$166.2m top up to the pool. These numbers were based upon the relativities accepted at the 1991 Premiers' Conference and the population estimates for 31 December 1991.
  - Column (2) Shows column (1) after the impact of special revenue assistance to the Northern Territory.
  - Column (3) Isolates the effect of introducing new population forecasts for 31 December 1992. The population numbers are Treasury estimates of the population as at 31 December 1992.
  - Column (4) Isolates the effect of introducing the *1992 Update* (November) relativities (utilising the amended treatment of stamp duty on corporate reconstructions).
  - Column (5) Sets out the distribution of the \$166.2m on the basis of the new population and relativities.
  - Column (6) Is the summation of columns (2) to (5).
  - Column (7) Shows the distribution of the 1992-93 pool (including the \$166.2m top up) on the basis of the population estimates as at 31 December 1992 and the relativities accepted at the 1992 Premiers' Conference. No allowance has been made for special revenue assistance other than has been noted.

All numbers have been rounded.

All discrepancies are due to rounding.

**Table 15:**

- (a) Base hospital grant — that is, excluding the penalties and incentive packages and funding for AIDS.
- (b) *Per capita* relativity assessed by the Commonwealth Grants Commission following the 1991 Fourth Report on Financing the Australian Capital Territory.

**Table 16:**

- (a) Base hospital grant — that is, excluding the penalties and incentive packages and funding for AIDS.
- (b) This is a notional amount based upon Victoria receiving their share of the one-off additional payment of \$150m being distributed on Grants Commission relativities.
- (c) *Per capita* relativity is based on the same assessment as that assessed for the States, that is, it takes into account the amended treatment of corporate reconstructions.

## **CHAPTER IV: BORROWINGS BY THE STATE/LOCAL SECTOR**

This chapter details Loan Council arrangements applying to the determination of borrowing levels of the State/local sector and for Commonwealth authorities.

The Loan Council (which comprises representatives of the Commonwealth and the six States) was established under the Financial Agreement of 1927. The Financial Agreement allowed the Commonwealth to borrow on behalf of the six States and required them to meet interest and sinking fund contributions on the outstanding debt; sinking fund contributions are used to redeem outstanding debt under the Financial Agreement.

Analogous arrangements apply in respect of the Territories<sup>1</sup>. The June 1990 Loan Council meeting agreed that the States and Territories would progressively take over responsibility for debt issued by the Commonwealth on their behalf. Arrangements to implement this decision are outlined in Box 5.

### **LOAN COUNCIL ARRANGEMENTS APPLYING TO AUTHORITY BORROWINGS**

While borrowings by Commonwealth and State Authorities and the Territories are not subject to the Financial Agreement, various arrangements agreed by the Commonwealth and the States since 1936 have provided for Loan Council approval of annual borrowing programs for semi-government and local authorities. As the Financial Agreement prevents the States from borrowing in their own names, State Government borrowing needs are generally met through their central borrowing authorities. In this way, borrowings undertaken on behalf of State Governments come under the purview of Loan Council.

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, Loan Council was exercising increasingly less influence under the Gentlemen's Agreement over total authority borrowings, reflecting growing resort to non-conventional financing techniques outside the scope of the Agreement.

The Gentlemen's Agreement was therefore replaced in 1984 by the Global Approach to authority borrowings. The primary objective in introducing the Global Approach was to broaden the scope of Loan Council oversight of authority borrowings by bringing all forms of borrowings by Commonwealth and State semi-government and local authorities, government owned companies and trusts within voluntarily agreed limits. These limits apply to the amount of net new borrowings incurred over the course of the year. They do not address existing debt levels.

## **BOX 5 — REDEMPTION OF STATE DEBT**

The June 1990 Loan Council meeting agreed that the States would progressively take over responsibility for debt issued by the Commonwealth on their behalf under the Financial Agreement, and that the Financial Agreement would be amended to permit the States to borrow in their own names in the domestic market. Analogous arrangements were to apply for the Territories.

In line with this decision, the States are required to make additional payments to the National Debt Sinking Fund sufficient to permit redemption at their maturity of all Commonwealth Government securities issued on their behalf. A total of \$13.6 billion of Commonwealth Government securities was on issue on behalf of the States and Territories as at 30 June 1992. Under the new arrangement this debt will be fully taken over by the States and Territories by 2005-06. The Loan Council decision has also meant that from 30 June 1990 there have been no additional allocations of Commonwealth Government securities to the States and Territories.

In 1992-93, additional payments of \$2397m are to be made to the Commonwealth by the States and the Northern Territory which, together with their standard payments required under the Financial and related Agreements, Commonwealth sinking fund contributions on their behalf and interest on sinking fund balances, will provide for the redemption of \$2549.5m in debt.

The Commonwealth compensates the States and Territories for the additional borrowing cost to them of this change based on the interest margins between Commonwealth and State debt applying at, and prior to, the change. (State central borrowing authorities, which are the major borrowers on behalf of the State/local sector, generally borrow at somewhat higher rates than the Commonwealth Government, with margins varying from time to time depending on market conditions.) In addition, the Commonwealth provides compensation for its reduced sinking fund contributions due to the accelerated decline in outstanding net debt on which those contributions are based. Under these debt redemption arrangements the States and Territories were paid \$212m in compensation in 1991-92. In 1992-93, compensation payable is estimated to be \$123m.

Overall, these new arrangements replace Commonwealth debt to the private sector with State and Territory debt; they do not alter the financial position of the public sector as a whole. They do, however, represent a significant structural reform in Commonwealth/State (and Territory) financial relations. They place full responsibility on the States and Territories for the financing and managing of their own debt, thereby subjecting the fiscal and debt management strategies of individual State and Territory Governments to greater scrutiny by the community and financial markets.

The objective of the Global Approach has been to influence directly the public sector's call on domestic and foreign savings.

'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 in most respects with that of the Public Sector Borrowing Requirement (PSBR) described in Statement 6 of Budget Paper No 1.

The Global Approach covers all borrowings falling within the gross PSBR other than borrowings by statutory marketing authorities, public financial enterprises, and borrowings by the Commonwealth Government covered by the Financial Agreement<sup>2</sup>. Further detail on the Global Approach is provided in Box 6.

### **RECENT AMENDMENTS TO THE GLOBAL APPROACH**

The most recent two Loan Council meetings have agreed to a number of changes in the operation of the Global Approach. At the May 1991 meeting, Loan Council approved an amendment to the Global Approach resolution to provide scope for Public Trading Enterprises (PTEs) operating in a competitive environment to be exempted from the global limits where they satisfy certain commerciality criteria. In particular:

- enterprises without substantial private equity need to demonstrate an established record of meeting strict commerciality criteria; and
- enterprises with substantial private equity (of the order of 40 per cent or more) need to be constituted to operate in a commercial manner and have at least a demonstrated commitment to operating in a commercial manner, including the achievement of satisfactory performance. Continued exemption from the global limits would require that commitment to be realised in practice.

While only a small number of PTEs are likely at present to qualify for exemption under these criteria, the change provides an incentive for them to operate in a fully commercial manner. If such performance is achieved, exemption from the global limits can be justified on the basis that the enterprise's operations will be more akin to that of private sector enterprises and will not, therefore, require as much public sector oversight to prevent undue or unwarranted demands on economic resources.

The decision to introduce the new exemption criteria was outlined in greater detail in the 1991-92 Budget Paper No 4. The detailed requirements for exemption on commerciality grounds are also outlined in the 1991 Commonwealth/State Officers' Report to Loan Council, *Coverage of the Global Approach*. Copies of this Report are available from the Loan Council Secretariat in Commonwealth Treasury.

## BOX 6 — THE GLOBAL APPROACH

The central feature of the Global Approach is the application of aggregate quantitative controls or 'global limits' on borrowings by Commonwealth and State authorities. Under the Global Approach it is agreed that:

- the Commonwealth and each State Government will voluntarily limit the level of new money borrowings by their authorities each year from all specified sources to global limits agreed by Loan Council. As occurred under the Gentlemen's Agreement, each State and the Commonwealth is free to determine the distribution of the total among its individual authorities;
- authorities subject to the limits include semi-government and local authorities and all companies and trusts which, whether wholly, majority or partly owned, are 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 by, governments or authorities subject to the limits;
- 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 lease back 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 temporary purpose borrowings within the financial year and operating leases, although the latter are to be included under the global limits from 1993-94; 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.

A *Guide to the Global Limits* was endorsed at the May 1991 Loan Council meeting and is currently being updated to reflect the decisions taken by Loan Council at its June 1992 meeting. This paper sets out guidelines for the interpretation of the Global Approach resolution as it applies to new types of financing arrangements and for the exchange of information on such arrangements between members. Copies of the *Guide to the Global Limits* are available on request from the Loan Council Secretariat in the Commonwealth Treasury.

## **Commonwealth/State Officers' Reports**

The June 1992 Loan Council meeting also endorsed a number of Commonwealth/State Officers' Reports proposing adjustments and refinements to the Global Approach resolution. The key initiatives flowing from these reports are outlined below.

### *Operating Leases*

Loan Council agreed to the recommendation in the Officers' Report to include operating leases under the Global Approach beginning in 1993-94. This change should remove uncertainties in the classification of particular financing transactions and minimise the potential for anomalies in the administration of the global limits. Placing operating leases on the same footing as other transactions, including finance leases, also removes a possible distortion in the way the alternative methods of financing are assessed. In addition, the resultant broader coverage of the global limits will enable a better assessment of public sector calls on financial markets. The aggregate level of global limits is to be adjusted upwards to reflect the inclusion of operating leases in the base.

### *Treatment of Overseas Subsidiaries*

The expansion of a number of PTEs into overseas markets drew attention to the question of whether borrowings by overseas subsidiaries of entities within the Global Approach should be exempted from the global limits. In response to the Officers' Report, Loan Council agreed to exclude overseas subsidiaries of entities within the Global Approach from the global limits, where they: operate solely outside Australia; at arm's length to the parent entity; and do not channel funds raised back to the parent.

### *Overseas Queuing Arrangements and Information Requirements*

Under the Global Approach resolution, Loan Council approval was required to approach permitted international public issue markets, subject to the Commonwealth having priority and to orderly queuing arrangements. Against the background of the significant growth in the absorption capacity of international markets since the introduction of the Global Approach, Loan Council's decision to abolish the queuing arrangements reflected a general consensus that they had outlived their usefulness.

In relation to the information requirements under the Global Approach, Loan Council agreed to the introduction of separate reporting requirements for the borrowing activities of central borrowing authorities (CBAs) and the funds advanced by CBAs to entities within the global limits. In order to reduce the administrative burden of the reporting requirement generally, Loan Council also agreed to move from a monthly to a quarterly reporting period.

### *Treatment of State Home Finance Schemes*

With the evolution in recent years of a number of different schemes for raising and lending funds for home financing, the Officers' Report sought to clarify the treatment of these schemes for Loan Council purposes. In accordance with the revised ABS treatment of home finance schemes which excludes them from the recorded PSBR, Loan Council agreed that State/Territory home finance schemes which operate on a commercial basis be treated as outside the global limits, but that any concessional elements of such schemes be included within the Global Approach.

### **AMENDMENTS TO THE FINANCIAL AGREEMENT**

Loan Council also agreed to proceed with amendments to the Financial Agreement to permit the States to borrow by the issue of securities in their own names in domestic and overseas markets and to make other amendments to simplify its administration. These amendments were:

- to remove the requirement for future Commonwealth and State borrowings to be approved under the provisions of the Financial Agreement;
- to remove references to the National Debt Sinking Fund (NDSF); and
- subject to legal advice from the Attorney General, to include the Northern Territory and the Australian Capital Territory as members of Loan Council and as parties to the Financial Agreement.

These amendments will be effected by complementary Commonwealth/State and Territory legislation.

### **BORROWINGS BY UNIVERSITIES**

The June 1992 Loan Council meeting also agreed in principle that universities should be given greater access to borrowings. This was against the background of concerns about limited access by universities to adequate funds, given that universities now have a greater opportunity to meet educational needs on a user pay basis by expanding their services and facilities.

Following consultations with the States, the Commonwealth will support Loan Council allocation from 1993-94 of additional borrowing limits for each State specifically for its universities. The new arrangements should ensure that States have the capacity to accommodate borrowings by universities within their global limits, and that the Global Approach does not unduly constrain access by universities to adequate funding.

## GLOBAL BORROWING LIMITS FOR 1992-93

The June 1992 Loan Council meeting agreed to a 10 per cent increase in the States and Territories' aggregate basic global borrowing limits in 1992-93 to \$4161.4m. This increase comes after three years in which the global borrowing limits for the States and Territories were held constant in nominal terms.

Consistent with the agreement reached at the June 1990 meeting of Loan Council and recent practice, the 1992-93 borrowing limit has been distributed among the States in accordance with the phased introduction of equal *per capita* shares. These adjustments are shown in Table 17 below. The basic global limits for the Territories were set on the same basis.

**Table 17: Global New Money Borrowings - Phasing of State Basic Programs to Per Capita Basis (a)**

	NSW	VIC	QLD	WA	SA	TAS	Total
	(Per cent of States basic new money borrowing program)						
1990-91	32.0	30.9	17.1	9.8	6.6	3.5	100
1991-92	32.7	29.7	17.3	9.9	7.1	3.3	100
1992-93	33.5	28.5	17.6	9.8	7.6	3.1	100
1993-94	34.2	27.3	17.7	9.8	8.1	2.9	100
1994-95	35.0	26.1	17.9	9.8	8.6	2.8	100

The global borrowing limits continue to be administered flexibly to take account of year to year variations in States' borrowing needs through the provision of special additions. The October 1990 special Premiers' Conference (SPC) agreed that the transitional funding of microeconomic reforms with large up-front costs and delayed benefits could be accommodated within special additions under the Global Approach.

The following special additions to 1992-93 State and Territory global borrowing limits were agreed at the 12 June 1992 meeting of Loan Council:

- \$365m for New South Wales, comprising \$85m for the Olympic bid and \$280m for public sector redundancies;
- \$50m for Western Australia for infrastructure. Under arrangements agreed at the May 1985 Loan Council meeting, Western Australia was also granted a special addition of \$80.6m in 1992-93 (compared with \$70.6m in 1991-92) to finance abnormal levels of State Electricity Commission (SECWA) gas inventories acquired from the North West Shelf project — this amount is provided from within the aggregate basic global limit for State authorities rather than as an addition to aggregate basic global limits; and
- \$35m for the Northern Territory comprising \$30m for the State Square project (\$33m was provided in 1991-92) and \$5m for other building projects.

In addition to the new money borrowing limits agreed for the States and Territories, provision is made for borrowings by State authorities (and, following the necessary amendments to the Financial Agreement, State Governments) to replace debt raised by the Commonwealth on their behalf, which they are to redeem. (See Box 5.) These additional borrowings will not add to the scope for States and Territories to undertake capital expenditure but will replace borrowings undertaken by the Commonwealth on the States' behalf.

Table 18 shows the additional limits necessary for States to refinance Commonwealth advances under the revised arrangements for the redemption of State debt. The borrowing programs for each of the States and the Territories, as well as the Commonwealth, are shown in Table 19.

**Table 18: Additional Borrowings for States to refinance Commonwealth Advances (a) (\$m)**

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total
1991-92	800.3	610.1	215.6	220.1	227.7	152.5	82.4	4.2	2312.9
1992-93	664.8	458.7	253.3	167.5	171.6	131.2	80.8	6.6	1934.5

For 1992-93, Loan Council approved a new money borrowing limit for Commonwealth authorities of \$920m, around \$700m lower than the limit for 1991-92. The 1991-92 borrowing outcome for Commonwealth authorities, however, was lower than expected. A significant amount of the shortfall was due to the sale of AUSSAT to the private sector and the associated redemption of AUSSAT debt. In addition, a number of other Commonwealth authorities borrowed significantly less than their limit.

**Table 19: 'Global' New Money Borrowings by Commonwealth, State and Territory Semi-Government and Local Authorities (a)**

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	States and the Territories	Commonwealth (b)	Total
	Global borrowings (\$m)										
1988-89	1152.7	1552.4	792.8	657.8	258.3	201.0	85.0	..	4700.0	1880.7	6580.7
1989-90	1134.0	1173.6	624.2	448.4	223.5	184.9	81.0	23.7	3893.3	1591.1 (c)	5484.4
1990-91	1177.9	1137.1	630.8	632.3	243.4	178.6	80.3	65.7	4146.1	1397.6	5543.7
1991-92	1504.2	1394.3	635.0	603.2	1961.8	121.6	326.2	41.5	6587.8	184.0	6771.8
1992-93(d)	1718.9	1151.3	709.9	526.9	306.4	126.6	80.7	71.1	4691.9	919.6	5611.5
	Global borrowings (\$ per capita)										
1988-89	200.7	361.5	284.3	418.6	182.3	447.1	543.5	..	281.5	112.6	394.1
1989-90	195.6	269.8	217.3	277.6	156.1	407.5	517.6	84.1	229.6	93.8	323.4
1990-91	200.9	258.0	214.7	383.2	168.1	389.4	506.9	227.6	240.9	81.2	322.1
1991-92	253.2	314.1	211.7	365.4	1349.3	259.2	1943.8	142.1	378.3	10.6	388.9
1992-93	286.7	257.4	231.7	314.9	208.8	267.3	474.0	239.1	266.4	52.2	318.6
	Global borrowings (percentage of GSP) (e)										
1988-89	1.0	1.6	1.6	2.0	1.0	2.7	1.3	..	1.4	0.6	2.0
1989-90	0.9	1.1	1.1	1.2	0.8	2.3	1.2	0.3	1.0	0.4	1.5
1990-91	0.9	1.1	1.1	1.7	0.8	2.1	1.1	0.9	1.1	0.4	1.5
1991-92	1.1	1.3	1.1	1.6	6.9	1.5	7.6	0.5	1.7	0.1	1.8
1992-93	1.2	1.0	1.1	1.3	1.0	1.4	1.8	0.9	1.1	0.2	1.4

## LOCAL GOVERNMENT AUTHORITY BORROWINGS

As shown in Table 20, local authority borrowings undertaken within the global limits for State and Territory authorities, totalled \$625m in 1991-92 or about 10 per cent of public authority new money borrowings by the States.

The amount of borrowings by local government authorities varies markedly among States (after adjusting for population differences). 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. The level of these borrowings is ultimately at the discretion of individual State Governments.

**Table 20: New Money Borrowings by Local Government Authorities**

	NSW (a)	VIC (b)	QLD	WA	SA	TAS	NT	Total
	Total borrowings (\$m)							
1988-89	197.5	130.2	237.6	32.8	35.0	19.0	1.9	654.0
1989-90	180.1	71.0	228.9	25.6	34.6	15.5	3.0	558.7
1990-91	182.0	80.7	245.2	23.3	32.5	14.7	2.4	580.8
1991-92	160.0	71.4	320.2	24.3	35.0	12.9	1.5	625.3
1992-93(c)	180.0	80.0	291.6	35.0	41.0	18.0	3.0	648.6
	Total borrowings as a percentage of each State's total new money borrowings							
1988-89	17.1	8.4	30.0	5.0	13.6	9.4	2.3	13.9
1989-90	15.9	6.0	36.7	5.7	15.5	8.4	3.7	14.4
1990-91	15.5	7.1	38.9	3.7	13.4	8.2	3.0	14.2
1991-92	10.6	5.1	50.4	4.0	1.8	10.6	0.5	9.6
1992-93(c)	10.5	6.9	41.1	6.6	13.4	14.2	3.7	14.0

## NOTES

### TEXT

- 1 In respect of the Northern Territory, these arrangements operate through the Northern Territory Debt Sinking Fund. An arrangement along the same lines operates in respect of the Australian Capital Territory, although no separate sinking fund for the Australian Capital Territory has been established.
- 2 Commonwealth borrowings for defence purposes approved by Parliament are not subject to the Financial Agreement.

### TABLES

#### Table 17:

- (a) This table assumes that population shares are the preliminary estimates of population at 31 December 1992, which were provided for the 1992 Premiers' Conference. It is, however, intended that the shares for 1993-94 and subsequent years will be adjusted to reflect changes in actual population shares.

#### Table 18:

- (a) Proposed borrowing limits. These amounts correspond to the additional contributions required to be made by the States and Territories to redeem maturing Commonwealth securities. The States and Territories are to be permitted to increase their global borrowings by up to the amount of the additional contributions. The additional borrowing limits are not included in the global new money borrowings shown in Table 18.

#### Table 19:

- (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) Figures include movement in short term debt for one Commonwealth authority not previously recorded in borrowings against global limits. By inclusion of this debt, borrowings exceeded the global limit by \$103m in 1989-90, with offsetting reductions in earlier years.

- (d) 'Global' new money limits agreed at the June 1992 Loan Council meeting.
- (e) Commonwealth and total figures are given as a proportion of GDP.

**Table 20:**

- (a) Excludes NSW County Councils that are electricity authorities.
- (b) Excludes VIC municipal authorities with electricity distribution functions.
- (c) Estimate.

## CHAPTER V: SPECIFIC PURPOSE PAYMENTS

This chapter provides details of the level and interstate distribution of specific purpose payments (SPPs) to the States and Territories and discusses a number of related policy issues. (A record of payments, consistent with the presentation in Budget Paper No 1, is provided in Appendices I and II<sup>1</sup>.)

### THE NATURE AND PURPOSE OF SPECIFIC PURPOSE PAYMENTS

Along with general purpose assistance, SPPs are made under Section 96 of the Constitution whereby the Parliament may grant financial assistance to any State on such terms and conditions as it sees fit. SPPs are provided to the States for a variety of reasons. They have been used to give effect to Commonwealth and national interests in areas of joint Commonwealth/State responsibility (such as ensuring minimum national standards in the provision of health or education services) and to respond to States' requests for additional funding to meet specific needs.

The majority of SPPs are subject to conditions to ensure that policy objectives set by the Commonwealth, or national policy objectives agreed by the Commonwealth and the States, are met. It is because of these conditions that SPPs are sometimes called 'tied grants'. However, where conditions are imposed on individual SPPs they vary considerably in both degree and form. They may involve:

- a requirement that the payment be expended for a specified purpose, with varying degrees of budgetary discretion available to the States according to:
  - broad Commonwealth/State agreements covering principles and program delivery mechanisms, and/or
  - detailed conditions on the operation of joint expenditure programs including program and, in some cases, project approval, matching arrangements and/or information requirements; or
- general policy requirements on States (for instance, that the States provide free public hospital treatment to Medicare patients as a condition of hospital funding grants).

Box 7 discusses some issues relating to the provision of 'tied grants'.

## **BOX 7 — 'TIED GRANTS': SOME ISSUES**

The role of 'tied grants' and their share of total Commonwealth assistance to the States and Territories have recently been the focus of public debate. In particular, the special Premiers' Conference (SPC) processes initiated in 1990 spent considerable time discussing these issues. Concerns have been expressed that such funding:

- involves a significant erosion of States' budgetary flexibility — for example, by limiting the ability of individual States to determine funding priorities in particular areas. (In 1991-92, SPPs accounted for 52 per cent of total Commonwealth payments to the States, and 19 per cent of total State outlays.); and
- clouds the accountability of each level of government for the provision of public sector services.

'Tied grants', however, constitute an important means of giving effect to agreed national policy interests in areas of joint Commonwealth/State responsibility. In this regard, tied grants can be used to satisfy broader community demands for minimum national standards in program areas such as health and education and to ensure the optimal provision of public services by States where there are spillover benefits for other jurisdictions. Those considerations have to be weighed against the concerns listed above.

Within 'tied grants', there are nonetheless ways of providing States with greater flexibility over time in the management of their budgets.

- As public sector performance assessment and accountability increasingly focuses on outcomes, rather than inputs (such as funds spent or resources used), there is greater scope for efficiency improvement and more innovative means of satisfying the Commonwealth's broader policy interests in areas of shared responsibility, while maximising States' autonomy and flexibility in responding to community needs.
- This could involve the amalgamation of individual SPPs in a particular program area into a single 'broadbanded' SPP or 'untying' particular SPPs subject to an overarching Commonwealth/State outcome based agreement.

Also there is scope to review classification issues to better reflect the implications of individual payments for States' budgetary flexibility. The introduction in 1991-92 of a sub-classification of SPPs, that is, payments 'to' and 'through' the States, is relevant in this respect.

Those SPPs which are not subject to conditions largely relate to the transfer of revenue collected under various regulatory arrangements. Examples include the payment of compensation to the States for the transfer to the Commonwealth of responsibility for companies regulation (\$120.5m in 1992-93), grants to Western Australia and the Northern Territory in lieu of royalties (\$19.6m) and the sharing of proceeds from criminal asset recovery (\$0.3m).

## THE LEVEL AND DISTRIBUTION OF SPECIFIC PURPOSE PAYMENTS

Table 21 summarises both general purpose and specific purpose payments to the States on the basis of the functional classifications used in Budget Paper No 1.

**Table 21: Net Commonwealth Payments to the State/Local Government Sector by Function (a) (b)**

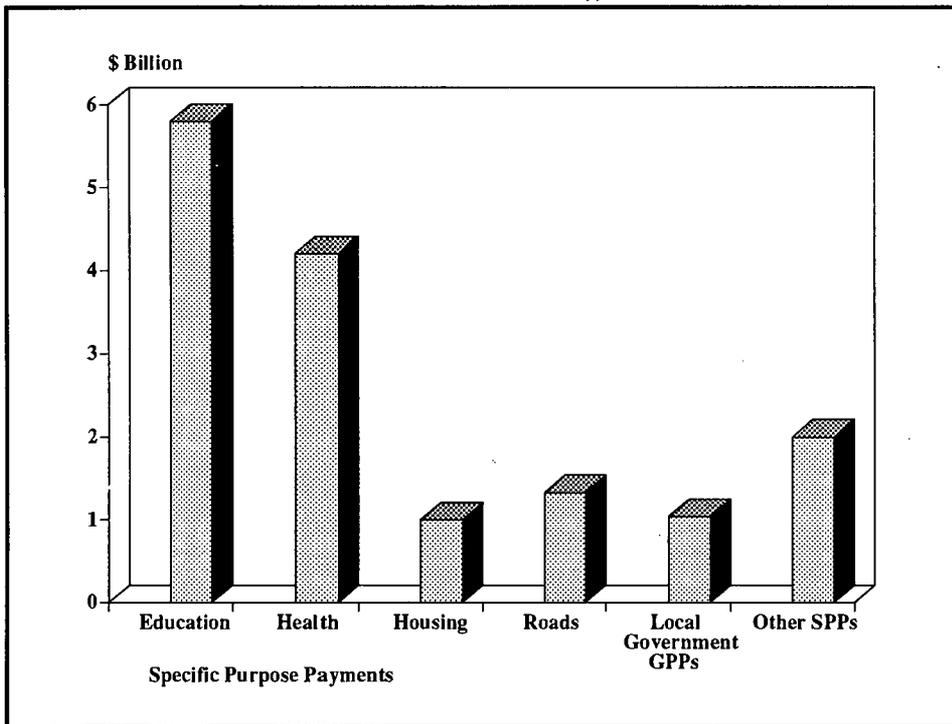
	1988-89	1989-90	1990-91	1991-92	1992-93 (Estimate)		
	\$m	\$m	\$m	\$m	% change	\$m	% change
Defence	-1	-2	-2	-1	54.6	-1	-51.6
Education	4530	4867	5388	5800	7.6	6452	11.2
Health	3317	3671	3973	4206	5.9	4493	6.8
Social Security and Welfare	389	470	468	574	22.8	727	26.6
Housing and Community Amenities (c)	984	927	788	935	18.7	1193	27.6
Culture and Recreation	13	9	17	44	154.3	45	1.5
Economic Services-							
Transport and Communications	1300	1377	1628	1418	-12.9	1888	33.1
Industry Assistance and Development	195	158	156	302	93.3	185	-38.8
Labour and Employment	52	49	36	82	126.4	95	16.0
Total Economic Services	1547	1583	1821	1802	-1.0	2168	20.3
General Public Services	101	174	274	347	26.4	394	13.6
Not Allocated to Function-							
General Revenue Funds	12973	13278	13601	13704	0.8	14189	3.5
State Governments' Loan Council Programs (c)	72	54	-1263	-2219	75.6	-2050	7.6
Assistance Related to State Debts	51	50	54	257	374.7	161	-37.3
Assistance for Local Government (d)	664	689	711	1039	46.1	1079	3.8
Natural Disaster Relief	30		139	28	-79.8	44	56.1
Other	191	182	724	307	-57.7	648	111.3
Total Not Allocated to Function	13980	14254	13966	13116	-6.1	14071	7.3
Grand Total (Net Basis)	24862	24955	26693	26824	0.5	29541	10.1

## Recent Trends in the Level and Composition of SPPs

In 1992-93, SPPs are estimated to total approximately \$17.6 billion or 54 per cent of Commonwealth payments to the States and Territories. Payments to (as opposed to through) the States are expected to total \$11.2 billion. (Box 8 discusses the classification of SPPs.) A limited number of programs account for the bulk of this assistance. In 1992-93, payments for education, health, housing, roads and financial assistance to local government are around 86 per cent of estimated total SPPs. Of the \$2.1 billion increase in 1992-93 SPPs, a significant proportion reflects the employment and infrastructure programs announced in *One Nation*, in the *Youth Statement* and in this Budget.

Chart 12 highlights the contribution of major specific purpose programs to the total level of payments in 1991-92. Chart 13 provides details of trends in SPPs as a proportion of total Commonwealth payments to the States since 1970-71, including trends in payments 'to' and 'through' the States.

**CHART 12: COMPOSITION OF SPECIFIC PURPOSE PAYMENTS (TO AND THROUGH THE STATES), 1991-92**



## BOX 8 — CLASSIFICATION OF SPECIFIC PURPOSE PAYMENTS

Two forms of classification are used for SPPs.

- **Classification by function.** This distinguishes between SPPs on the basis of the primary function for which the funds are to be used (for example, health or education). The discussion of individual payments in this chapter, together with the material contained in Appendices I and II, is based on the functional classification used in Budget Paper No 1. Some specific purpose programs are not earmarked for a particular function or encompass more than one functional category and are therefore included in the 'Not Allocated to Function' category. The classification of a payment to a particular function need not imply that the payment is 'tied' in terms of binding conditions on expenditure of the funds.
- **Classification by Economic Type.** This refers to the classification of Commonwealth outlays according to their economic impact. Together with general purpose payments, SPPs are classified as transfers to other levels of government.

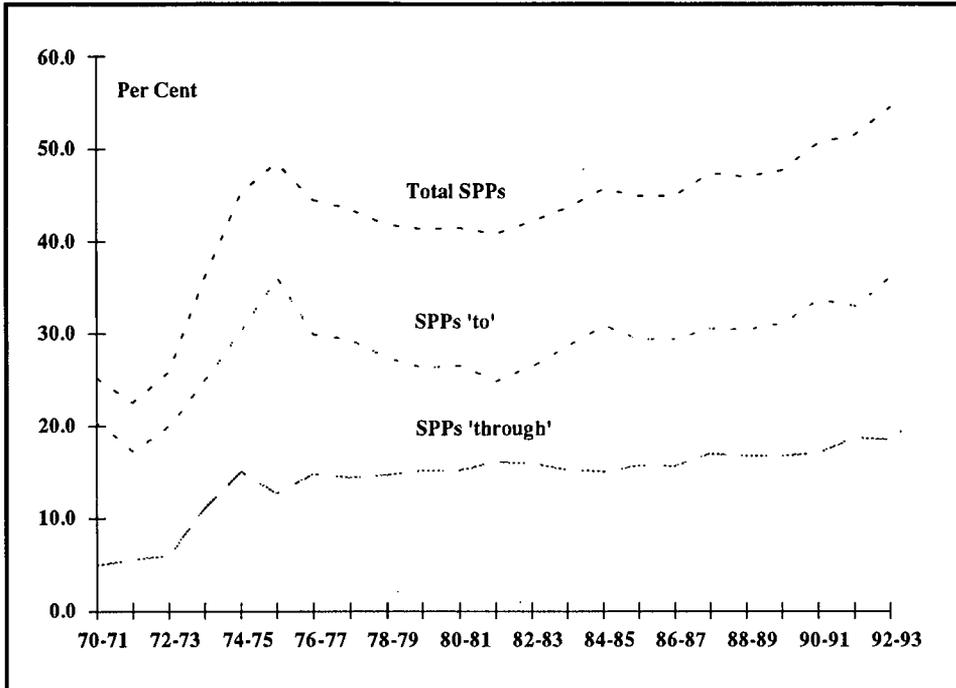
Of the latter classification, the two aspects of most relevance to this Budget Paper are the **division of SPPs into grants and advances (loans)** and their **classification into payments either 'to' or 'through' the States.**

There has been a general decline in recent years in advances to the States as these programs have been discontinued or replaced by Commonwealth grants.

The categorisation of Commonwealth payments as either 'to' or 'through' the States arose out of concerns originally expressed by the States at the 1990 Premiers' Conference. These payments are classified as either:

- **payments to the State Governments** — payments direct to State and Territory Governments, excluding those made for passing on to other bodies and individuals; or
- **payments through State Governments** — payments to State and Territory Governments for passing on to other bodies and individuals. Examples include Higher Education payments, which States have been obliged to pass on to the relevant institutions, and local government financial assistance grants which are paid through the States. Such payments have no direct impact on States' budgetary flexibility.

**CHART 13: SPECIFIC PURPOSE PAYMENTS AS A PERCENTAGE OF TOTAL GROSS PAYMENTS TO THE STATES AND TERRITORIES, 1970-71 TO 1992-93**



There was a significant increase in the level of SPPs between 1972-73 and 1975-76, primarily as a result of increased Commonwealth funding for education and health. Subsequently, the share of total Commonwealth payments accounted for by SPPs declined through the latter half of the 1970s before rising steadily through the last decade.

Since the mid-1970s, payments through the States have been a relatively stable proportion of total payments, with most of the variation in the share of total SPPs being accounted for by developments in SPPs to the States.

- SPPs to the States are expected to account for 35 per cent of total gross payments to the States in 1992-93 compared with 26 per cent in 1982-83.

The increasing share of SPPs in total Commonwealth payments in recent years reflects a number of factors, for example:

- the reclassification of existing programs, such as the transfer in 1989-90 of nominated housing advances, provided under States' Loan Council programs, into Commonwealth State Housing Agreement grants;

- significant changes in the structure of Commonwealth hospital funding, in particular the absorption of Hospital Cost Sharing grants within general revenue assistance in 1981-82 in the form of identified health grants, and the subsequent 1988 decision to combine States' Medicare Compensation grants (introduced in 1984) and identified health grants into a single new SPP — hospital funding grants;
- the growth of many individual specific purpose programs in accordance with various agreed escalation arrangements based, for example, on population growth or price movements at a time when there has been restrained growth of general purpose assistance; and
- for 1992-93, the Commonwealth's emphasis on labour market and employment programs in the context of high unemployment and modest growth.

Changes in Commonwealth policy in relation to major programs have also influenced trends in the total level of SPPs.

- After strong growth through the mid 1970s, the level of payments for housing and sewerage has declined significantly in both absolute and relative terms.
- Similarly, the termination of the Community Employment Program (consisting primarily of housing and labour market programs) in 1987-88, together with subsequent restraint in housing, road and local government grants, contributed to a decline in the level of SPPs in real terms from 1984-85 to 1989-90, notwithstanding their increasing share of total Commonwealth payments.

In 1992-93, total SPPs are expected to increase by 10.1 per cent in real terms with growth in SPPs to the States accounting for 6.4 percentage points of the real increase. This largely reflects the impact of additional outlays resulting from Commonwealth policy initiatives with regard to education, including significant growth funding for vocational education and training, and roads funding. Payments direct to local government are also expected to increase substantially as a result of the Local Capital Works Program to commence in 1992-93. About one quarter of the increase in total SPPs in 1992-93 are initiatives set out in the Treasurer's August 1992 Statement, *Working for the Future*.

### **Distribution of SPPs<sup>2</sup>**

The distribution of SPPs between States tends, in general, to be more even in *per capita* terms than other forms of assistance. This is because population is a more significant factor in the determination of the distribution of the major specific purpose programs than, for example, general revenue assistance where horizontal fiscal equalisation is applied (see Chapter III). As discussed below, however, the Grants Commission seeks

to take account of the interstate distribution of selected SPPs in recommending *per capita* general revenue grant relativities. (Table 22 shows the variation for each State and Territory from the average *per capita* level of Commonwealth net payments in 1991-92.)

**Table 22: Payments to the States, 1991-92 (Variation in Per Capita Payments to States and Territories Compared to Average Per Capita Payments)**

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$ per capita
General Purpose Grants	-179	-190	+90	+156	+232	+412	+3981	+615	786.94
General Purpose Capital Payments	-8	-2	-11	-3	+5	+41	+240	+93	21.34
Specific Purpose Payments	-36	+33	-40	+20	+4	+182	+604	-126	890.43
Total Net Payments	-218	-157	+106	+169	+226	+429	+4436	+402	1540.36

Table 23 shows the variation from the average *per capita* level of SPPs for a number of major programs. Capital SPPs are less evenly distributed on a *per capita* basis than current SPPs.

**Table 23: Specific Purpose Payments to the States, 1991-92 (Variation in Per Capita Payments Compared to the Average Per Capita)**

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$ per capita
Current									
Higher Education	-6	+23	-16	+5	+15	-6	-17	(a)	146.86
Schools	-2	+140	-7	-4	-1	-7	-6	+168	132.62
TAFE	0	-1	-2	-1	0	+11	+3	+7	12.29
Health (b)	+2	0	-5	-14	+20	+6	-82	+35	239.50
Local Government	-2	-3	+2	+12	-5	+7	+1	+17	59.70
Other	-24	+28	-30	-4	+0	+113	+339	+16	109.47
Total	-31	+55	-59	-6	+28	+123	+238	-36	700.43
Capital									
Education (c)	-1	+4	+1	+4	-7	-11	+1	-23	41.96
Housing (d)	-4	-6	-1	+2	+3	+16	+225	+2	54.99
Roads	+4	-12	12	+4	-17	+18	+139	-59	76.55
Other	-4	-7	+7	+15	-3	+37	+1	-9	16.50
Total	-5	-22	+19	+26	-25	+59	+366	-90	190.00

There are a range of important considerations bearing on the distribution of some of the major programs among the States in 1991-92 and 1992-93.

- Current grants for higher education are determined on the basis of negotiations with individual institutions and take into account their historical base, educational

profile, levels of enrolment and relative rates of participation as well as student demand for places in the different States and regions.

- Current grants for schools reflect eligible student numbers, the types of institution (government and non-government) and the level of education (primary and secondary) provided. Current funding for TAFE has been distributed taking into account relative State and Territory shares of teaching effort and achievements under resource agreements which reflect Commonwealth objectives although, as noted below, the July 1992 agreement to establish the Australian National Training Authority will have implications for the distribution of growth funding from 1993.
- Capital grants for higher education are distributed primarily 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 needs between States (covering participation rates and standard of existing facilities) and, for the smaller States, the size of an individual building project. Capital grants for schools are allocated primarily in proportion to enrolments.
- 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.
- General purpose assistance for local government, which is classified as an SPP through the States because State Governments are required to pass on the funds to local authorities, moved to an equal *per capita* distribution in 1989-90 (as discussed in Chapter III).
- Grants for public housing are distributed largely on an equal *per capita* basis with around three quarters of 1991-92 assistance being either funded on this basis or phased to this basis, over a three year period. The amounts transferred from general purpose capital funding to the CSHA in 1989-90 reflected the historical distribution of that program. The distribution of these amounts has since been phased to an equal *per capita* basis to apply from 1992-93. The remainder of the program is distributed on the basis of other criteria such as housing needs of Aboriginals and pensioners.
- The distribution of roads grants reflects factors such as the length, class and usage of roads in each State and Territory. The recently agreed rationalisation of Commonwealth/State responsibilities for roads, to take effect from 1993-94 (including the agreement to untie \$350m in roads funding) noted below will also result in changes in the interstate allocation of the \$350m which will move progressively to a financial assistance grants basis by 1997-98.

## Fiscal Equalisation and Specific Purpose Payments

In determining *per capita* relativities for the distribution of general revenue assistance, the Grants Commission takes account of the interstate distribution of selected current SPPs consistent with the principle of fiscal equalisation<sup>3</sup>. There are two main methods of dealing with current SPPs for activities for which the Commission assesses relative State needs.

- Such SPPs are generally treated by **inclusion** — that is, expenditures funded by the SPP are taken into account in its assessments while the SPP itself is assumed to be available to finance the State's overall expenditure needs.
- However, in a small number of cases, such SPPs and the State expenditures they fund may be treated by **deduction** for the purposes of the Commission's assessments, which would then only take account of State expenditures on that activity funded from State own source revenue.

In general, while the effect of the **inclusion** method on the overall distribution of funding depends on a number of factors, a State receiving a higher (lower) share of an 'included' SPP than the Grants Commission considers appropriate to satisfy its relative 'needs' in the area, will be assessed as requiring a commensurately lower (higher) share of general revenue assistance.

The Commission's treatment of Hospital Funding Grants (HFGs) is the only notable exception to these two broad approaches. While the penalties provisions and AIDS funding components are treated by deduction, the base HFGs are treated by the **absorption** method — that is, they are added to the pool of general revenue assistance and the Commission's recommended *per capita* relativities are determined with regard to the combined pool. The distribution of SPPs treated by inclusion or absorption (about two-thirds of current SPPs) affects the distribution of financial assistance grants.

Concerns have been expressed that this results in the Commonwealth's policy objectives being overridden and, in a number of cases, the Commonwealth has instructed the Commission to deduct certain SPPs from its assessments. A number of considerations are relevant.

- The fact that the distribution of the SPP is overridden in a financial sense need not mean that the Commonwealth's policy objectives are overridden.
- The Commission's assessments (which are based on a five year rolling review period) operate with a significant lag, and may only partially offset the distribution of individual SPPs over time.

These issues are among those likely to be canvassed by the Heads of Treasury review of fiscal equalisation (referred to in Chapter III), which will need *inter alia* to consider the

appropriate balance between equalisation and the achievement of national policy objectives in particular programs:

### **Specific Purpose Payments for Local Government Authorities**

As noted above, general purpose assistance for local government is provided by the Commonwealth to the States as an SPP on the condition that it is passed on to local governments. In addition, there are two other types of Commonwealth payments to local governments:

- **direct grants** — payments made direct to local government authorities by the Commonwealth. Such payments are relatively small and not all local government authorities are involved in each of the activities for which assistance is provided under the various Commonwealth programs (for example, the Aerodrome Local Ownership Plan); and
- **assistance passed on through the States** — some funds provided to the States for specific purposes are passed on to local government. The amounts passed on are generally at the discretion of the State Governments, although in certain instances the amounts passed on have required approval by the Commonwealth.

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

## **RECENT DEVELOPMENTS IN SELECTED COMMONWEALTH PROGRAMS**

The remainder of this chapter provides details of Commonwealth/State funding arrangements for key program areas which have been the subject of recent initiatives. Further details of selected funding programs were presented in the 1991-92 Budget Paper No 4, while the *Catalogue of Specific Purpose Payments to the States and Territories 1991-92*, produced by the Commonwealth-State Relations Secretariat in the Department of the Prime Minister and Cabinet, provides details of all SPPs.

### **EDUCATION**

#### **Vocational Education and Training**

The Commonwealth provides current and capital assistance to the States and Territories to support the operations of their TAFE systems under the *States Grants (TAFE Assistance) Act 1989*.

In 1992-93 total payments under the legislation are estimated to be \$516.7m, an increase of 25.9 per cent over 1991-92, including the growth component of \$70m in the

1993 calendar year announced in *One Nation*. In addition, funds for adult literacy are provided through annual appropriations (\$16.8m in 1992-93).

In July 1992, the Prime Minister announced the formation of the Australian National Training Authority (ANTA). This body is the result of extensive negotiations with the States and Territories. ANTA is intended to promote a national vocational education and training system. It will be responsible to a Ministerial Council chaired by the Commonwealth and with representation from all States and Territories. State training agencies will have responsibility for vocational education and training within their own borders consistent with the agreed national strategic plan on training policy, and in accordance with State Training Profiles developed in conjunction with ANTA and agreed by the Ministerial Council.

Except where a State relinquishes financial responsibility, States will pass to ANTA an amount equal to their own source State funding for vocational education and training. An equal amount will be returned to respective States and Territories. States have agreed to at least maintain their 1992 effort in real terms pending the development of an agreement on outcome measures of effort.

The Commonwealth will maintain its current level of financial support for vocational education and training under States grants arrangements (including the \$100m in TAFE current funding provided in the *Economic Statement* of November 1991, which will be distributed under existing arrangements).

The Commonwealth will provide growth funding, including the \$70m nationally in each year of the 1993-95 triennium as announced in *One Nation*. All growth funding for 1993 will be allocated on a proportional basis in accordance with relevant population shares. For 1994 and 1995, 80 per cent of cumulative growth funds (ie, \$112m in 1994, and \$168m in 1995) will be allocated on the same basis, with the balance to be allocated by the Ministerial Council on the recommendation of ANTA, having regard to assessed performance against agreed objectives and other relevant factors.

Commonwealth funds will be provided to ANTA for passing to State training agencies or to other parties as appropriate in the case of agreed national projects.

The new arrangements come into force on 1 January 1994. Transitional arrangements, including provision for an interim Board of ANTA, will apply for 1993.

## **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 are estimated to total \$3922m in

1992-93, 3.6 per cent higher than in 1991-92. 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 3 in Budget Paper No 1 provides further information on the prospective growth in these grants.)

The hospital funding grant for 1992-93 consists of a base level of funding for each State (a total of \$3834m) and an incentives package (\$47.8m). (The 1992-93 Budget allocation does not include an estimate for the public provision adjustment involving penalties.) The totals of the base funding and the incentives package have been indexed as described above from 1991-92. In addition, \$39.6m 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 interstate distribution of hospital grants in 1992-93 are in Table 24. These are based on recent projections of the distribution of population as at December 1992 weighted by age and sex; the final distribution of base grants in 1992-93 will be based on the population as at December 1992 to be estimated by the ABS in May 1993.

The Australian Capital Territory will receive a payment analogous to the hospital funding grants paid to the States of \$52.9m (including a base payment of \$52.2m) in 1992-93.

The Commonwealth is also to provide a range of financial assistance measures to each State and Territory (detailed below), on the basis that each will agree to enter into a new five year Hospital Funding Agreement from 1993-94. (Budget Related Paper No 8 and Statement 3 in Budget Paper No 1 provide a detailed description of Health policy initiatives for 1992-93 and beyond).

Funds will be made available from 1992-93 for a number of new incentive programs in the health area. The intention is that these will be incorporated in the new hospital funding grants from 1993-94. The major focus of these programs will be:

- improving public patient access to hospitals by reducing waiting lists, including through the treatment of public patients in private hospitals where suitable arrangements are reached between the public and private hospital (\$50m in 1992-93);
- accelerating the integration of mental health services into the acute hospital and community care systems (\$6m in 1992-93 of which \$3.7m will be provided to the States);

- capital outlays on the upgrading and further development of the public hospital system (\$3m in 1992-93);
- the further development of area health management within the States' health systems and the extension of cost-based casemix information systems to facilitate hospital resource management (\$1.5m in 1992-93 of which \$0.1m will be provided to the States); and
- the development of a health communications network and a joint Commonwealth State management agency, together with initiatives to develop clinical budgeting and management within hospitals (\$3.5m in 1992-93 of which \$0.1m will be provided to the States).

Additional funds are also to be made available from 1992-93 for several measures to improve the quality of aged care services. (Details are in Budget Statement 3.)

Further, the Commonwealth has set aside funds from 1993-94 for a substantial bonus pool (\$208.5m in 1993-94) to encourage improved access for public patients to the hospital system. The amount of the bonus available for each State or Territory in any year will be based on its relative level of public provision. The funds for the bonus pool will be committed for each State and Territory once it agrees to a new five year Hospital Funding Agreement.

As discussed earlier in this chapter, the distribution of the base level of hospital funding grants is taken into account in calculating the distribution of financial assistance grants to the States. The incentives package and the public provision adjustment of the hospital funding grants, together with the AIDS component since 1989-90, have been quarantined in determining the distribution of financial assistance grants among the States so that each State's share of these payments or penalties is determined on the basis of factors such as the State by State incidence of AIDS cases or the extent of States' compliance with certain Commonwealth health objectives. If these components were not to be quarantined then, for example, larger payments (or penalties) in these categories could be offset by smaller (or larger) financial assistance grants. Consistent with this, the new incentive programs to be introduced in the health area from 1992-93 will also be quarantined from Grants Commission processes.

The new bonus arrangements to apply from 1993-94 have been designed to provide a more direct and better targeted incentive for public patient access than the current arrangements whereby the Grants Commission makes some allowance for differences in the mix of public and private bed days in its recommendations of *per capita* relativities for the distribution of financial assistance grants. It is anticipated that the Commission will take full account of this initiative in the current review of its methodology to apply from 1993-94, although the Commonwealth is prepared, if necessary, in the context of the Commission's review, to instruct the Commission accordingly to ensure that the intent of Commonwealth policy is not diluted.

**Table 24: Distribution of Hospital Funding Grants**

	1991-92				1992-93 (estimated)		
	Hospital Funding Grants less Quarantined Amounts		Total	Share of Total	Hospital Funding Grants less Quarantined Amounts		Total
	Quarantined Amounts	Quarantined Amounts (a)			Quarantined Amounts	Quarantined Amounts (a)	
	\$m	\$m	\$m	%	\$m	\$m	\$m
NSW	1292.6	36.9	1329.5	35.1	1332.1	39.4	1371.5
VIC	959.0	10.1	969.1	25.6	985.5	20.7	1006.1
QLD	626.8	9.8	636.6	16.8	653.5	11.5	665.0
WA	331.4	5.8	337.1	8.9	342.7	6.3	349.0
SA	328.6	5.0	333.6	8.8	338.9	6.2	345.1
TAS	102.0	1.4	103.4	2.7	105.0	1.7	106.7
NT	23.6	0.4	24.0	0.6	24.4	0.5	24.9
ACT	50.1	0.6	50.8	1.3	52.2	1.2	53.3
<b>Total</b>	<b>3714.1</b>	<b>70.0</b>	<b>3784.0</b>	<b>100.0</b>	<b>3834.3</b>	<b>87.4</b>	<b>3921.7</b>

### COMMUNITY SERVICE PROGRAMS

The major forms of Commonwealth assistance to the States and Territories for the provision of community services are the Home and Community Care Program (HACC), the Supported Accommodation Assistance Program (SAAP), Aged Care Assessment services and the provision of some child care assistance. The Commonwealth provides the larger part of its funding for community services — for example, nursing homes and hostels and child care — directly to service providers rather than through the States.

The HACC program provides support services to enable frail aged and younger disabled persons at risk of institutionalisation to remain at home. In 1992-93, \$351.6m is to be provided to the States and Territories.

SAAP provides crisis accommodation and transitional support for homeless people. In 1992-93, \$95.6m will be provided to the States and Territories. Under the 1989 five year agreements between the Commonwealth and the States, the Commonwealth provides SAAP funds on a cost shared basis. In each of 1992-93 and 1993-94, the Commonwealth funding will include a growth element of \$3.5m.

In addition to SAAP funding, \$5.4m will be provided on a matched basis to the States in 1992-93 for innovative services development focused on priorities for homeless youth.

As part of the Commonwealth's offer in regard to the new Hospital Funding Agreement to operate from 1993-94:

- higher levels of nursing home benefit are to be provided to residents in State Government nursing homes;
- funding is to be provided for a pilot project involving six Aged Care Assessment Teams as budget holders purchasing services for the aged to facilitate their return to community care from hospital care; and
- funding will be provided to facilitate the co-ordination of aged residential, hospital, pharmaceutical and medical services in rural and remote locations.

The cost of these new arrangements is expected to be \$5.9m in 1992-93 rising to \$71.9m in 1995-96 of which \$0.4m in 1992-93 and \$2.2m in 1995-96 are SPPs (although the increase in Commonwealth own purpose outlays represents expenditure savings for the States).

## **DISABILITY SERVICES PROGRAM**

The July 1991 special Premiers' Conference agreed to a significant rationalisation of responsibilities in the area of disability services. It was agreed that States and Territories would assume responsibility for administering accommodation services and that the Commonwealth would assume responsibility for administering employment related services for people with disabilities. Consequently, on 30 July 1991 the Commonwealth and State Governments signed the Commonwealth-State Disability Agreement (CSDA), with details of this agreement to be negotiated on a bilateral basis subsequently.

Bilateral transfer schedules have been concluded with Victoria, Queensland, Tasmania and the Australian Capital Territory to make the CSDA effective from 1 July 1992 in those States and the Australian Capital Territory. As expenditure on accommodation services generally exceeds that on employment services, there will be a net transfer of funds from the Commonwealth to the States.

Arrangements are yet to be concluded with the remaining States and the Northern Territory.

## **HOUSING**

In 1992-93, the Commonwealth will provide a total of \$1053.3m to the States and Territories for housing.

Funding earmarked for the Mortgage and Rent Assistance Program and the Crisis Accommodation Program component of the CSHA is classified to the 'Social Security and Welfare Function'. Portions of the assistance available under the CSHA are also earmarked for pensioner housing and Aboriginal housing. The States are required to

match assistance provided under the Mortgage and Rent Assistance Program and Untied Rental Assistance on a dollar for dollar basis.

During 1992-93, the Commonwealth, States and Territories will be conferring on a package of reforms to the CSHA with a view to improving the accountability and responsiveness of State Housing Authorities and to improving the targeting of the stock of public housing.

Other modifications to the CSHA are:

- a reduction of \$50m in tied CSHA grants in 1992-93 to those States that are unable to expend the full amount over the year, in order to deter unnecessary carryover of funds between years and to encourage target achievement; and
- the bringing forward of untied CSHA funding of \$75m in 1992-93 and \$25m in 1993-94 (with reductions of \$50m in each of 1994-95 and 1995-96). (Details are in Budget Paper No 1 Statement 3 and the *Working for the Future Statement*.)

Other developments in the housing area include:

- a new Community Housing Program is to be created, with additional funding of \$23.7m to be provided in 1992-93, rising to \$39.6m in 1995-96; and
- the Private Rental Housing Subsidy program is to be abolished and a new program, the Social Housing Subsidy Program, will from 1992-93 assist State Governments to borrow funds to cover the cost of the public equity portion of shared home ownership arrangements for some low and moderate income households. The Commonwealth contribution will be a maximum of \$8m in 1993-94, rising to \$24m in 1995-96.

Part of the funding under the Community Housing Program and the Social Housing Subsidy Program may be SPPs.

Table 25 shows the distribution of payments under the CSHA in 1992-93.

**Table 25: Details of Payments to be made under the Commonwealth State Housing Agreement, 1992-93 (\$ m) (estimated)**

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	TOTAL
Pensioner Housing	18.5	10.9	9.6	4.2	3.8	1.2	0.5	0.5	49.3
Aboriginal Housing	17.8	3.6	25.2	15.9	8.3	0.7	19.5	..	91.0
Local Government and Community Housing	8.3	6.3	4.2	2.3	2.1	0.7	0.2	0.4	24.4
Untied Rental Assistance(a)	274.5	206.3	137.6	77.2	67.8	25.1	13.4	16.1	817.9
Mortgage and Rental Relief (b)	10.5	7.9	5.3	3.0	2.6	0.8	0.3	0.5	30.9
Crisis Accommodation (b)	13.5	10.2	6.8	3.8	3.3	1.1	0.4	0.7	39.7
<b>Total</b>	<b>343.1</b>	<b>245.1</b>	<b>188.7</b>	<b>106.3</b>	<b>87.9</b>	<b>29.5</b>	<b>34.3</b>	<b>18.2</b>	<b>1053.3</b>

## ROADS

The Australian Land Transport Development (ALTD) Program provides grants to the States and Territories for road construction and maintenance (including engineering and other improvements at locations with a poor safety record). The program also provides funds for urban public transport projects as well as to approved organisations for land transport research and road safety programs.

Under *One Nation*, the Commonwealth will provide significant additional road grants of \$429.5m in 1992-93 and \$140m in 1993-94, under the various categories of roads in the ALTD Program. In addition, the Commonwealth and States have recently agreed on a significant rationalisation of road funding responsibilities post 1993 which will result, *inter alia*, in a transfer of \$350m of funding from SPPs to identified roads grants within general revenue assistance to the States and Territories. (Details are provided in Chapter III and Budget Paper No 1 Statement 3).

Additional funding of \$60m is also being provided in 1992-93 for the Blackspot Program. (Further details are contained in the Treasurer's August 1992 Statement *Working for the Future*.)

Table 26 shows the distribution of funding from 1990-91 to 1992-93 by category of road. Additional funds under *One Nation* are spread over a number of programs within the table.

A number of decisions on the distribution between States and Territories have still to be taken. The distributions presented below are therefore provisional.

**Table 26: Capital Grants for Road Programs by Road Category, 1990-91 to 1992-93 (estimated) (\$m)**

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
National Highways										
1990-91	218.0	71.2	126.4	53.4	35.2	20.0	30.0	554.2	..	554.2
1991-92	278.6	78.9	144.7	62.2	41.0	22.4	29.1	656.9	..	656.9
1992-93	352.8	111.7	210.9	75.3	62.0	32.3	36.5	881.5	..	881.5
Arterial Roads										
1990-91	155.9	146.6	91.4	57.8	32.8	11.8	4.4	500.7	2.7	503.4
1991-92	119.4	145.0	74.4	53.1	27.9	11.0	3.6	434.4	1.0	435.4
1992-93	160.8	167.4	121.6	62.8	35.8	15.4	9.0	572.8	..	572.8
Local Roads										
1990-91	90.1	63.5	61.0	45.3	24.3	15.7	14.4	314.3	9.5	323.8
1991-92	..	..	..	..	..	..	..	..	..	..
1992-93	..	..	..	..	..	..	..	..	..	..
Black Spots										
1990-91	14.5	11.3	7.2	5.6	5.4	2.7	2.5	49.2	0.8	50.0
1991-92	17.3	13.6	8.6	6.5	6.5	3.2	2.9	58.6	1.4	60.0
1992-93	37.3	28.8	18.6	14.9	14.6	6.7	5.9	126.8	3.2	130.0
Provincial Cities and Rural Highway Programs										
1990-91	40.4	20.3	12.8	..	5.6	3.5	5.0	87.6	88.0	87.6
1991-92	22.2	28.1	24.7	7.5	6.5	5.5	..	94.5	..	94.5
1992-93	20.4	23.6	19.4	11.0	..	6.0	..	80.4	..	80.4
Urban Public Transport Program										
1990-91	..	13.5	12.0	10.3	4.0	1.9	0.6	42.3	..	42.2
1991-92	38.6	19.6	14.2	4.1	4.5	2.1	0.5	83.6	2.6	86.2
1992-93	22.6	29.9	14.9	7.5	4.4	2.1	0.5	81.9	1.4	83.3
Total										
1990-91	518.9	326.4	310.8	172.4	107.3	55.6	56.9	1548.2	13.0	1561.2
1991-92	476.1	285.2	266.6	133.4	86.4	44.2	36.2	1328.1	5.0	1333.1
1992-93	593.9	361.4	385.4	171.5	116.8	62.5	51.9	1743.4	4.6	1748.0

## LOCAL CAPITAL WORKS PROGRAM

As part of its employment strategy, the Commonwealth is to provide about \$245m in 1992-93 and around \$100m in 1993-94 on a new Local Capital Works Program to be undertaken in partnership with local government.

This program will focus on those regions and local governments which have experienced and are experiencing higher than average rates of unemployment. The funds will be available to local councils for capital works projects which will provide economic and social benefits for local communities.

Further details of the program are set out in the Treasurer's August 1992 Statement *Working for the Future*.

## NATURAL DISASTERS

Commonwealth payments under Natural Disaster Relief Arrangements assist the States and Territories to meet the costs of providing relief and restoration following natural disasters. The arrangements recognise the States' primary responsibility under the Constitution for the administration, provision and financing of relief measures. (Details of these arrangements are provided in Budget Statement 3.)

Estimated payments in 1992-93 of \$60m reflect States' advice on likely further expenditure on recent disasters, an allowance for the cost of any disasters which may occur in 1992-93, and further anticipated claims from New South Wales in respect of disaster expenditure since 1987.

Table 27 records, for recent years, payments to each State allocated to particular types of disasters.

**Table 27: Payments for Natural Disaster Relief by Type of Disaster (a)**  
(\$ thousand)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
Droughts (b)										
1987-88	..	..	12903	..	..	..	..	12903	..	12903
1988-89	1024	..	12635	..	..	2993	793	17445	..	17445
1989-90 (c)	..	..	233	..	..	-237	60	56	..	56
Floods, Storms and Cyclones										
1987-88 (c)	1570	..	1497	..	..	..	-202	2865	..	2865
1988-89	24363	3	16506	47	..	..	3470	44389	..	44389
1989-90 (c)	1631	200	15063	16	..	-7	1026	17929	..	17929
1990-91	82101	..	57787	..	..	..	477	140365	..	140365
1991-92	..	376	37212	..	..	..	..	37588	..	37588
Bushfires										
1987-88	25	3	..	..	..	..	..	28	..	28
1988-89	2	1	..	..	..	..	..	3	..	3
1989-90	12	..	..	..	..	..	..	12	..	12
1990-91	705	..	..	..	..	..	..	705	..	705
1991-92	..	3	..	..	..	..	..	3	..	3
Earthquakes										
1987-88	..	..	..	..	..	..	..	..	..	..
1988-89	..	..	..	..	..	..	75	75	..	75
1989-90	10753	..	..	..	..	..	4	10757	..	10757
1990-91	22038	..	..	..	..	..	..	22038	..	22038
1991-92	13563	..	..	..	..	..	..	13563	..	13563
All Natural Disasters										
1987-88 (c)	1595	3	14400	..	..	..	-202	15796	..	15796
1988-89	25389	4	29141	47	..	2993	4338	61912	..	61912
1989-90 (c)	12396	200	15296	16	..	-244	1090	28754	..	28754
1990-91	104844	..	57787	..	..	..	477	163108	..	163108
1991-92	13563	379	37212	..	..	..	..	51154	..	51154

## NOTES

- 1 Individual specific purpose programs are described more fully in Statement 3 of Budget Paper No 1, and in the *Catalogue of Specific Purpose Payments to the States and Territories 1991-92* produced by the Commonwealth-State Relations Secretariat in the Department of the Prime Minister and Cabinet.
- 2 As in other years, the distribution of assistance for 1992-93 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 1992-93 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.
- 3 Chapter V of the 1991-92 Budget Paper No 4 contains a detailed discussion of the Grants Commission's treatment of Specific Purpose Payments.

## TABLES

### Table 21:

- (a) Net of repayments of Commonwealth advances and sinking fund contributions on State Governments' Loan Council programs and general purpose capital assistance to the Northern Territory.
- (b) The Australian Capital Territory became a self-governing Territory on 11 May 1989. The process of aligning payments in the Territory as far as possible with State arrangements commenced prior to introduction of self-government (11 May 1989). Details of payments from 1 July 1988 are available (see discussion in the Preface and details of payments in Appendices). Some SPPs have been phased in since self-government — with offsetting adjustments to the Territory's general purpose assistance. This table includes imputed specific purpose payments to the Territory for 1988-89; payments into the ACT fiscus for specific purposes prior to self-government on 11 May 1989 have been included along with subsequent net payments to the Territory Government. For 1989-90 and 1990-91, the data includes net payments for specific purposes made to the Government but does not include payments into the ACT Transitional Funding Trust Account. Refer to Preface for more details.

- (c) Amounts nominated by the States for public housing from general purpose capital assistance have been classified to 'Housing and Community Amenities'.
- (d) Comprising grants through the States to be passed on to local government authorities as general purpose assistance. For 1991-92 includes untied funds for local government roads.

**Table 23:**

- (a) Higher education in the Australian Capital Territory is not classified as an SPP but as a Commonwealth outlay.
- (b) Includes current grants for hospital funding, pathology laboratories, hospital waiting list reduction, nurse education, home and community care, blood transfusion services, drug education campaigns, combating AIDS, national better health and health programs.
- (c) Includes capital grants for higher education, TAFE and schools.
- (d) Includes capital grants for pensioner housing, housing assistance for Aborigines, local government and community housing and public housing.

**Table 24:**

- (a) The 'quarantined amounts', which are excluded by the Grants Commission when determining the distribution of general revenue assistance, comprise the AIDS component (from 1989-90), the incentives package and public provision adjustment.

**Table 25:**

- (a) Includes the net effect of \$75m brought forward in 1992-93 (see details in the *Working for the Future Statement*) and the \$50m reduction in 'tied grants'.
- (b) Payments under these programs are classified to the 'Social Security and Welfare' function.

**Table 27:**

- (a) Excludes any cost of emergency assistance provided by the Defence Force. Amounts shown are payments made 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 financial capacity. This table is derived from information in State claims of expenditure by type of disaster and apportions Commonwealth expenditure accordingly.

- (b) Drought was excluded from the Natural Disaster Relief Arrangements with effect from 1 July 1989.
- (c) Negative values reflect the refund to the Commonwealth of amounts overpaid to the Northern Territory and Tasmania in earlier years.

## **APPENDIX I: TOTAL COMMONWEALTH PAYMENTS TO THE STATES AND TERRITORIES 1988-89 TO 1992-93 (ESTIMATES)**

This appendix provides details of Commonwealth gross payments and total net payments, together with details of repayments and interest on borrowings made on behalf of the States under the State Governments' Loan Council program and on Commonwealth advances to the States and Territories.

Details are classified as follows

- general purpose payments
  - revenue (current)
  - capital;
- specific purpose payments
  - current
  - capital (including advances);
- repayments of advances (including) repayments to the National Debt Sinking Fund and Northern Territory Debt Sinking Fund;
- details of new advances made; and
- interest on Loan Council borrowing and Commonwealth advances.

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 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 from the State Governments' Loan Council programs, and analogous general purpose capital assistance to the Northern Territory and Australian Capital Territory paid up to 1988-89. These amounts, classified in this appendix as general purpose capital funds, were included in Budget Paper No 1 under the 'Housing and Community Amenities' functional heading. Specific purpose payments are further divided into those paid to the States and Territories (by far the larger group by number) and those judged to be paid through the States to other groups. Programs in the latter group are indicated within the table by (\*) and separate totals are provided in the summary to each table.

**Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>GENERAL REVENUE FUNDS</b>					
Financial Assistance Grants	12,405,040	12,859,578	13,116,998	13,215,022	13,585,630
Identified Road Funds	..	..	..	39,131	30,815
Special Revenue Assistance	150,818	45,478	49,955	39,511	193,822
General Revenue Grants	416,932	373,113	434,439	357,639	378,916
Transitional Funding Payment	..	..	..	52,661	..
<b>TOTAL</b>	<b>12,972,790</b>	<b>13,278,169</b>	<b>13,601,392</b>	<b>13,703,964</b>	<b>14,189,183</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>					
Housing Nominations	317,571	..	..	..	..
Capital Grants	339,560	342,472	330,207	371,707	512,513
General Purpose Loans to ACT	21,989	22,501	..	..	..
Transitional Funding Payment	..	7,000	..	..	..
Loans in Lieu of Semi-Government Borrowing	25,000	..	..	..	..
<b>TOTAL</b>	<b>704,120</b>	<b>371,973</b>	<b>330,207</b>	<b>371,707</b>	<b>512,513</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>					
<i>Education -</i>					
* Higher Education	2,146,656	2,260,818	2,436,286	2,557,444	2,720,232
State Contribution to Higher Education Superannuation	-24,206	-29,276	-18,862	-48,372	-35,000
Technical and Further Education	125,350	139,245	153,476	213,940	318,434
Government Schools	655,289	745,066	823,552	950,120	917,486
* Non Government Schools	1,008,323	1,112,102	1,197,788	1,302,473	1,306,605
Joint Schools Programs	32,794	39,115	42,855	56,842	62,721
Aboriginal Education	12,958	11,210	41,600	33,059	51,331
National Policy on Languages	8,452	7,825	5,017	..	..
Cost Escalation Allowance	..	..	..	..	64,189
* Cost Escalation Allowance	..	..	..	..	127,489
<i>Health -</i>					
Health Program Grants	26,656	31,020	35,461	32,104	29,507
Transfer Pathology Laboratory	7,049	24,731	24,674	26,298	28,518
Repatriation General Hospitals	..	..	..	..	11,490
Hospital Funding Grants	3,079,915	3,370,092	3,630,337	3,784,036	3,921,745
Medical Specialty Centres	..	..	1,086	2,341	2,662
Hospital Access	..	..	..	..	49,362
Hospital Waiting List Reduction	24,700	..	..	..	..
Nurse Education	15,254	22,044	30,346	38,707	45,163
High Cost Drugs	..	..	..	36,100	65,000
Aged Care Assessment	14,767	19,341	23,712	24,969	25,814
Home and Community Care	62,657	69,000	78,680	97,525	108,638
National Better Health	400	2,347	2,352	2,370	2,400
Youth Health Services	..	346	1,859	1,912	2,775
Other Health Advancement	1,486	5,769	5,766	8,313	16,102
Other Health Care Access	..	328	1,295	20,527	37,478
Funds to Combat AIDS	12,791	19,041	23,045	22,957	23,312
Drug Education Campaigns	16,836	18,805	20,009	21,135	23,780
Blood Transfusion Services	18,245	21,421	26,707	30,527	31,613
Asbestos Removal Assistance	..	3,200	11,700	20,829	18,386

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands) (Continued)

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Liver/Heart Transplant Program	679	719	381	..	..
<i>Social Security and Welfare -</i>					
Aged Care Assessment	..	..	1,120	3,654	5,932
Home and Community Care	133,181	167,424	189,340	211,868	236,207
Disabilities Services	..	..	..	5,000	114,304
Rehabilitation Centres	481	506	430	419	151
Children's Services	13,871	14,686	15,456	24,702	34,185
Mortgage and Rent Relief	26,830	30,914	30,914	30,914	30,914
Mortgage Relief	..	12,415	..	..	..
Supported Accommodation Assistance Program	62,458	74,203	85,923	95,748	100,973
Translating and Interpreting Services	835	769	465	92	155
Unattached Refugee Children	340	307	292	336	370
Locational Disadvantage Research	..	..	..	..	208
Aboriginal Advancement (a)	16,245	11,931	..	..	..
<i>Housing and Community Amenities nec -</i>					
Home Deposit Assistance	..	..	6,600	22,600	..
Assistance for Housing	5,500	5,500	5,500	5,500	5,500
Urban Water Supply and Treatment	651	545	735	1,436	1,442
Assistance for Water and Sewerage	5,611	6,846	7,274	7,172	7,430
Urban Flood Mitigation	124	81	191	222	287
Environmental Restoration	..	1,000	1,487	2,993	437
Rainforest Conservation	2,137	2,242	2,238	2,521	..
<i>Culture and Recreation -</i>					
Commonwealth/Olympic Games Bid	..	..	..	200	5,000
World Heritage Areas	..	..	4,000	11,000	24,760
South West TAS - Heritage Area	2,336	5,496	5,855	6,460	6,668
<i>Transport -</i>					
Aerodrome Local Ownership Plan	417	601	700	1,466	214
Interstate Road Transport	10,836	17,106	14,525	15,904	17,050
<i>Industry Assistance and Development -</i>					
TAS Wheat Freight Subsidy	..	2,960	3,303	3,150	2,925
Bovine Brucellosis and Tuberculosis	29,917	28,108	38,482	26,628	22,910
Exotic Disease Eradication	189	205	217	227	632
Sugar Industry	2,922	3,015	600	..	..
Destruction of Organochlorines	1,000	..	..	..	..
Rural Adjustment Scheme	53,263	53,347	62,450	157,327	166,462
Agricultural Research	1,807	2,026	200	..	..
Fertiliser Assistance	4,018	..	..	..	..
Irrigation and Other Water Projects	1,010	858	869	1,385	751
Afforestation Program	3,850	5,548	223	176	70
Forestry Development	8,000	13,674	3,935	7,724	12,118
Soil Conservation	7,938	20,730	19,690	22,564	24,011
Assistance to Tin Mining	..	-821	-5	..	..
Coal Rail Freight	..	10,000	..	..	..
Compensation Gas/RRT	..	..	..	60,000	..
PAWA (NT) Assistance	90,890	..	30,000	20,000	10,000
WA Steel Project Study	..	..	..	..	750
National Industry Extension Service	8,045	8,791	10,470	11,788	13,134
Multi Function Polis	..	..	1,078	2,743	2,000

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands) (Continued)

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Tourism Assistance	..	7,780	..	..	..
<i>Labour and Employment -</i>					
Entry Level Training	13,258	12,241	10,856	44,058	63,550
Community Employment Program	153	..	..	..	..
Forest Industry Package	..	3,540	..	1,209	3,000
Employment Training - Aboriginal	7,558	9,248	1,983	10,087	11,000
* Coal Mining Industry - Long Service Leave	28,621	23,581	23,359	26,592	16,438
<i>Other Economic Services -</i>					
ACT Unclaimed Moneys	..	..	127	..	..
<i>General Public Services -</i>					
Sharing of Criminal Asset Recovery	..	..	184	50	250
Aboriginal Deaths in Custody	..	..	..	1,385	200
Legal Aid	89,042	96,810	105,560	119,969	127,481
* Research at Universities	12,103	77,313	168,566	225,322	265,850
<i>Not Allocated to Function(b) -</i>					
Sinking Fund on State Debt	50,697	49,953	49,371	45,011	37,959
Debt Redemption Assistance	..	..	4,736	211,818	123,016
* Financial Assistance - Local Government					
- General Funding	663,791	689,467	711,392	726,062	747,597
- Identified Road Funding	..	..	..	313,569	331,830
Compensation-Company Regulation	..	..	68,028	116,099	120,508
Natural Disaster Relief	11,282	987	13,242	1,624	4,500
Assistance for South - West TAS	30,036	31,659	32,689	30,032	30,170
Grants in Lieu of Royalties	101,308	144,230	194,225	151,497	31,635
Public Sector Restructuring	..	..	..	..	17,000
ACT National Capital Influences	15,990	17,029	18,093	17,839	18,481
<b>TOTAL</b>	<b>8,765,589</b>	<b>9,559,162</b>	<b>10,546,091</b>	<b>12,042,295</b>	<b>12,775,647</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>					
<i>Defence -</i>					
Housing for Servicemen	707	..	..	..	..
<i>Education -</i>					
* Higher Education	160,632	128,228	208,307	219,324	332,501
Technical and Further Education	158,314	199,412	220,908	206,623	215,027
Government Schools	178,232	187,584	197,918	218,265	248,742
* Non-Government Schools	67,698	59,098	73,206	86,447	115,890
Aboriginal Education	..	6,747	6,143	3,735	5,942
<i>Health -</i>					
Teaching Hospitals/Enhancement	24,000	50,500	50,000	23,000	19,040
Hospital Access	..	..	..	..	2,049
Other Health Care Access	..	..	..	5,699	5,700
Veterans Psychiatric Care	..	..	..	..	4,500
Launceston General Hospital	8,500	5,142	205	..	..
Home and Community Care	112	..	554	1,156	1,300
Blood Transfusion Services	2,267	2,546	2,983	2,502	10,366
<i>Social Security and Welfare -</i>					
Home and Community Care	8,797	4,730	8,800	4,873	5,411
Children's Services	6,571	1,195	2,242	7,514	12,585

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands) (Continued)

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Supported Accommodation</b>					
Assistance Program	1,000	1,000	..	..	..
Crisis Accommodation Assistance	19,783	39,655	39,655	39,655	39,655
Youth Accommodation	..	10,000	..	..	..
Aboriginal Advancement (a)	14,935	6,935	..	..	..
<b>Housing and Community Amenities nec -</b>					
Pensioner Housing Grants	38,074	49,273	49,273	49,273	49,273
Housing Assistance For Aborigines	70,000	91,000	91,000	91,000	91,000
<b>Local Government and</b>					
Community Housing	16,234	24,403	24,403	24,403	24,403
CSHA Block Assistance	539,784	792,931	792,931	792,931	817,931
Sewerage	..	..	..	500	10,750
WA Urban Infrastructure	..	..	..	..	8,000
Special Assistance for Water	50,000	12,000	..	..	..
Urban Water Supply and Treatment	11,880	9,596	10,302	8,632	6,549
Urban Flood Mitigation	6,842	8,126	6,969	7,523	8,964
Environment Restoration	1,500	..	..	..	..
<b>Culture and Recreation -</b>					
Bicentennial Programs	6,759	..	..	..	..
1991 Swimming Championships	..	..	3,000	..	..
National Estate	3,633	3,979	3,985	4,115	4,246
Heritage Restoration	..	..	..	20,000	..
Cradle Mountain Visitor Centre	800	..	..	..	..
Wet Tropics-Heritage Area	..	..	..	2,000	4,000
World Heritage Assistance	..	..	568	497	250
<b>Transport -</b>					
Aerodrome Local Ownership Plan	..	..	326	..	..
Badgery's Creek Road System	..	..	11,000	9,000	..
Roads	1,217,214	1,335,142	1,561,210	1,333,018	1,747,974
Railway Projects	..	..	33,996	5,700	79,400
Transport Improvement Grant	50,000	20,000	..	35,000	..
Port Development	..	..	..	..	20,000
<b>Industry Assistance and Development -</b>					
Bovine Brucellosis and Tuberculosis	267	126	117	82	180
Fisheries Management	40	336	960	..	..
Plant Genetic Resource Program	148	..	..	..	..
Meat Inspectors' Super -Loan	..	..	587	..	4,991
Salinity Reduction Control	8,008	13,454	6,060	6,193	6,314
Irrigation and Other Water Projects	6,175	5,769	8,618	5,923	10,196
Forestry Development	..	800	..	..	..
TAS Industrial Development	..	10,500	..	6,000	..
<b>Labour and Employment -</b>					
Support for Steel Regions	1,410	..	..	..	..
<b>Not Allocated to Function(b) -</b>					
Natural Disaster Relief	50,631	27,767	149,866	49,531	55,500
ACT Establishment Assistance	..	..	3,000	..	..
Public Sector Restructuring	..	40,000	..	..	..
Infrastructure Restoration	..	..	2,000	2,000	..
Assistance for South West TAS	1,061	1,815	125	91	100
Tax Compensation - Sale of Assets	..	..	413,000	14,000	430,000

**Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Supplementation Grants	9,800	..	..	..	..
Unaligned Payments	7,926	..	..	..	..
<b>TOTAL</b>	<b>2,749,732</b>	<b>3,149,785</b>	<b>3,984,215</b>	<b>3,286,203</b>	<b>4,398,729</b>
<b>REPAYMENTS</b>					
<i>Payments to National Debt Sinking</i>					
Fund and Territory Debt (c)	285,296	306,987	611,073	182,736	154,117
Supplementary Contributions	..	..	965,632	2,337,047	2,397,018
<i>Repayments of Commonwealth Government Loans</i>					
Loan Council - Housing Nominations	11,809	13,841	139,074	11,379	15,795
Lieu of Semi-Government Loan	..	..	..	25,000	..
ACT Debt Repayments	4,092	4,092	16,965	70,460	11,722
ACT Land Development Costs	..	59,600	6,700	..	..
<i>Defence -</i>					
Housing For Servicemen	1,436	1,516	1,601	769	1,093
<i>Social Security and Welfare -</i>					
Unemployment Relief Works	3	..	..	..	10
<i>Housing and Community Amenities nec -</i>					
CHSA Block Assistance	52,358	54,471	56,671	56,621	61,348
Other Housing	4,234	1,108	8,151	4,897	5,121
Urban Water Supply and Treatment	104	28	54	95	133
Water and Sewerage Assistance	136	136	136	136	136
Growth Centres	13,082	6,614	6,627	6,641	177
Urban Rehabilitation	396	205	425	205	205
Legana Industrial Estate	20	39	..	..	..
Sewerage	1,708	1,883	1,975	2,173	2,393
Community Facilities - Townsville	11	12	13	14	15
Captain's Flat Project	18	20	22	25	28
<i>Culture and Recreation -</i>					
Perth Entertainment Centre	200	200	..	..	..
<i>Transport -</i>					
Railway Projects	7,645	5,365	5,817	5,653	6,132
King Island Harbour Works	8	8	8	..	..
Weipa Development	143	151	159	167	176
<i>Industry Assistance and Development -</i>					
Dairy Adjustment Program	719	740	791	838	888
Bovine Brucellosis and Tuberculosis	435	425	425	574	599
Beef Industry Assistance	56	12	6	..	..
Canned Fruit Industry	383	383	383	423	424
Rural Adjustment Scheme	8,165	8,635	10,351	7,976	9,023
Rural Reconstruction	10,415	9,625	10,433	10,788	8,850
Meat Inspector's Super- Loan	..	..	..	108	617
War Service Land Settlement	528	548	569	590	612
Brigalow Lands Development	693	693	693	693	693
Blowering Reservoir	20	..	..	..	..
Irrigation and Other Water Projects	999	999	959	850	756
Dartmouth Dam	1,298	1,173	1,173	1,173	1,173
Softwood Forestry	2,212	1,962	1,822	1,822	1,822
PAWA (NT) Assistance	2,552	..	..	..	..
Gladstone Power Station	3,773	4,002	4,246	4,505	67,354

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands) (Continued)

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Exmouth Township-Services	14	14	14	14	14
<i>Not Allocated to Function(b) -</i>					
Natural Disaster Relief	32,101	28,841	24,602	23,127	16,259
<b>TOTAL</b>	<b>447,063</b>	<b>514,329</b>	<b>1,877,573</b>	<b>2,757,500</b>	<b>2,764,703</b>
<b>ADVANCES</b>					
<b>General Purpose Loans</b>					
Commonwealth Loans to ACT	46,989	22,501	..	..	..
Loan Council - Housing Nominations	317,571	..	..	..	..
<i>Defence -</i>					
Housing For Servicemen	707	..	..	..	..
<i>Housing and Community nec -</i>					
Urban Water Supply and Treatment	3,675	3,675	3,675	2,450	1,260
<i>Transport -</i>					
Railway Projects	..	..	496	..	..
<i>Industries Assistance and Development -</i>					
Bovine Brucellosis and Tuberculosis	267	126	117	82	180
Meat Inspectors' Super Loan	..	..	587	..	4,991
<i>Not Allocated to Function(a) -</i>					
Natural Disaster Relief	9,660	2,669	14,337	2,149	4,500
<b>TOTAL</b>	<b>378,869</b>	<b>28,971</b>	<b>19,212</b>	<b>4,681</b>	<b>10,931</b>
<b>INTEREST</b>					
<b>Interest on Loan Council &amp; Territory Borrowings (d)</b>	<b>2,081,806</b>	<b>2,123,517</b>	<b>2,031,608</b>	<b>1,841,676</b>	<b>1,562,000</b>
<i>Interest on Commonwealth Government Loans</i>					
Lieu of Semi Government Loan	..	5,020	3,275	1,638	..
Act Land Development Costs	..	16,400	2,730	..	..
ACT Government Debt	50,679	12,283	31,166	36,869	16,606
Housing Nomination	106,196	113,536	112,488	86,812	98,730
<i>Defence -</i>					
Housing for Servicemen	21,595	21,488	21,295	5,782	6,473
<i>Housing and Community Amenities nec -</i>					
CSHA Loans	174,985	172,872	170,672	165,301	165,994
Other Housing	18,690	5,396	32,295	18,311	18,085
Urban Water Supply and Treatment	1,587	89	592	995	1,236
Water and Sewerage Assistance	732	725	718	712	705
Growth Centres	489	477	463	448	431
Urban Rehabilitation	266	249	231	214	196
Legana Industrial Estate	7	3	..	..	..
Sewerage	19,783	19,094	19,046	18,848	18,667
Community Facilities - Townsville	35	34	33	32	30
Captains Flat Project	41	41	39	36	34
<i>Culture and Recreation -</i>					
Perth Entertainment Centre	55	28	..	..	..
<i>Transport -</i>					
Railway Projects	11,353	10,482	9,768	9,034	8,225
King Island Harbour Works	2	1	1	..	..
Weipa Development	82	75	67	58	49

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments - 1988-89 to 1992-93 (est) - (\$ thousands) (Continued)

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<i>Industry Assistance and Development -</i>					
Dairy Adjustment Program	557	511	458	410	359
Bovine Brucellosis and Tuberculosis	217	131	56	146	92
Canned Fruit Industry	40	40	40	..	..
Rural Adjustment Scheme	15,402	10,075	10,357	11,335	8,972
Rural Reconstruction	4,195	4,191	2,543	1,911	1,292
Meat Inspectors' Super- Loan	..	..	..	56	245
War Service Land Settlement	693	673	652	631	609
Brigalow Lands Development	518	472	426	379	333
Blowering Reservoir	1	..	..	..	..
Irrigation and Other Water Projects	411	346	282	226	170
Dartmouth Dam	1,567	1,276	1,163	1,051	938
Softwood Forestry	5,266	4,619	4,246	4,099	3,953
PAWA (NT) Assistance	3,889	..	..	..	..
Gladstone Power Station	9,476	9,246	9,003	8,744	8,470
Exmouth Township- Services	7	6	5	5	4
<i>Not Allocated to Function(a) -</i>					
Natural Disaster Relief	1	455	498	647	181
<b>TOTAL</b>	<b>2,530,628</b>	<b>2,533,850</b>	<b>2,466,214</b>	<b>2,216,405</b>	<b>1,923,079</b>
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>					
For General Purposes	13,676,910	13,650,142	13,931,599	14,075,671	14,701,696
For Specific Purposes	11,515,321	12,708,947	14,530,306	15,328,498	17,174,376
Total Gross Payments	25,192,231	26,359,089	28,461,905	29,404,169	31,876,072
Payments to State	21,104,409	22,008,482	23,643,001	23,946,936	25,911,640
*Payments through State	4,087,822	4,350,607	4,818,904	5,457,233	5,964,432
Total Gross Payments	25,192,231	26,359,089	28,461,905	29,404,169	31,876,072
Repayments	-447,063	-514,329	-1,877,573	-2,757,500	-2,764,703
Total Net Payments	24,745,168	25,844,760	26,584,332	26,646,669	29,111,369

\*Items so marked are classified as payments made through the State. For details, see Box 8, Chapter V.

- (a) With the establishment of the Aboriginal and Torres Strait Islander Commission (ATSIC) on 5 March 1990, all Department of Aboriginal Affairs programs previously made direct to the States and Territories were classified as payments to a non-budget agency and are no longer reflected in these tables.
- (b) This category generally consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure on particular functional areas.
- (c) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (d) Includes interest on States' domestic raisings.

## APPENDIX II: TABLES OF PAYMENTS TO THE STATES AND TERRITORIES 1988-89 TO 1992-93 (ESTIMATES)

This appendix provides details of each State's and Territory's share of the items included in Appendix 1 for each year from 1988-89 to 1992-93.

Detailed discussion of general revenue assistance, general purpose capital assistance and specific purpose payments can be found in Chapters III, IV and V respectively.

As in other years, the distribution of assistance for 1992-93 under some programs is dependent upon the recipient government undertaking to participate in programs or approve particular projects. For a few programs, final decisions on the distribution of payments among the States and Territories have still to be taken by the Commonwealth; for others, the final distribution for 1992-93 will not be settled until further data becomes 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.

Table No	Year	Page
29	1988-89	A-10
30	1989-90	A-19
31	1990-91	A-28
32	1991-92	A-37
33	1992-93 (est)	A-44

**Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988-89**

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>GENERAL REVENUE FUNDS</b>										
Financial Assistance Grants	3,665,075	2,661,202	2,233,381	1,451,955	1,301,100	470,672	621,656	12,405,040	..	12,405,040
Special Revenue Assistance	15,062	13,934	8,528	8,281	14,897	18,106	59,099	137,907	12,911	150,818
General Revenue Grants	..	..	..	..	..	..	..	..	416,932	416,932
<b>TOTAL</b>	<b>3,680,137</b>	<b>2,675,136</b>	<b>2,241,909</b>	<b>1,460,236</b>	<b>1,315,996</b>	<b>488,778</b>	<b>680,755</b>	<b>12,542,947</b>	<b>429,843</b>	<b>12,972,790</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>										
<i>Loan Council Program</i>										
Housing Nominations	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	7,067	317,571
Capital Grants	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	29,056	339,560
<i>General Purpose Loans to Territories -</i>										
Loans	..	..	..	..	..	..	..	..	21,989	21,989
Loan in Lieu of Semi-Government borrowing	..	..	..	..	..	..	..	..	25,000	25,000
<b>TOTAL</b>	<b>172,671</b>	<b>142,954</b>	<b>37,449</b>	<b>45,754</b>	<b>79,169</b>	<b>55,315</b>	<b>87,696</b>	<b>621,008</b>	<b>83,112</b>	<b>704,120</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>										
<i>Education -</i>										
* Higher Education	686,974	641,562	312,637	208,581	198,208	56,287	11,209	2,115,458	31,197	2,146,656
State Contribution to Higher Education Superannuation	-9,430	-9,535	..	-2,339	-2,806	-96	..	-24,206	..	-24,206
Technical and Further Education	46,212	29,550	18,935	11,642	11,662	3,988	1,805	123,793	1,557	125,350
Government Schools	237,903	165,102	105,301	60,451	54,601	18,200	8,450	650,008	5,281	655,289
* Non Government Schools	344,897	307,558	156,235	80,574	66,818	20,635	5,896	982,613	25,710	1,008,323
Joint Schools Programs	9,465	8,042	5,382	3,464	2,846	928	804	30,931	1,863	32,794
Aboriginal Education	2,850	1,790	1,234	2,749	4,231	103	..	12,958	..	12,958
National Policy on Languages	2,434	1,836	1,252	780	1,372	536	242	8,452	..	8,452
<i>Health -</i>										
Health Program Grants	1,180	1,180	730	8,036	12,340	..	..	23,466	3,190	26,656
Transfer Pathology Laboratory	1,139	1,683	2,756	..	..	1,470	..	7,049	..	7,049
Hospital Funding Grants	1,087,271	790,820	508,162	273,869	276,707	84,606	19,240	3,040,675	39,240	3,079,915
Hospital Waiting List Reduction	9,573	7,929	2,430	1,803	2,317	303	..	24,355	345	24,700
Nurse Education	5,065	6,562	..	1,519	1,582	440	86	15,254	..	15,254
Aged Care Assessment	4,783	5,149	1,804	1,133	982	421	401	14,672	95	14,767

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Home and Community Care	14,425	20,419	9,320	9,274	7,231	1,988	..	62,657	..	62,657
National Better Health	123	94	59	27	37	20	20	380	20	400
Other Health Advancement	433	150	330	200	329	..	24	1,466	20	1,486
Funds to Combat AIDS	5,221	3,124	1,434	1,255	904	271	284	12,493	297	12,791
Drug Education Campaigns	5,691	4,290	2,729	1,562	1,516	579	238	16,605	231	16,836
Blood Transfusion Services	4,637	6,269	2,481	2,192	1,691	387	230	17,887	358	18,245
Liver/Heart Transplant Program	679	..	..	..	..	..	..	679	..	679
<i>Social Security and Welfare -</i>										
Home and Community Care	54,895	42,724	11,249	11,461	7,732	2,506	888	131,455	1,726	133,181
Rehabilitation Centres	428	..	..	..	..	..	53	481	..	481
Children's Services	1,918	2,881	638	458	7,610	148	219	13,871	..	13,871
Mortgage and Rent Relief	9,257	6,949	4,418	2,471	2,302	742	261	26,400	430	26,830
Supported Accommodation Assistance Program	21,026	13,445	9,700	6,031	5,719	2,907	1,583	60,411	2,047	62,458
Translating and Interpreting Services	173	353	56	..	168	..	85	835	..	835
Unattached Refugee Children	177	71	22	43	26	..	..	340	..	340
Aboriginal Advancement	50	310	5,477	5,962	2,088	44	2,314	16,245	..	16,245
<i>Housing and Community Amenities -</i>										
Assistance for Housing	1,848	1,347	423	627	941	314	..	5,500	..	5,500
Urban Water Supply and Treatment	140	386	..	75	..	..	50	651	..	651
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	5,611	5,611
Urban Flood Mitigation	8	..	..	..	..	..	116	124	..	124
Rainforest Conservation	980	537	..	119	..	456	45	2,137	..	2,137
<i>Culture and Recreation -</i>										
South West TAS - Heritage Area	..	..	..	..	..	2,336	..	2,336	..	2,336
<i>Transport -</i>										
Aerodrome Local Ownership Plan	..	..	297	..	121	..	..	417	..	417
Interstate Road Transport	4,357	2,593	1,414	583	1,378	54	391	10,771	65	10,836
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	1,271	1,021	12,807	2,761	870	94	11,047	29,871	46	29,917
Exotic Disease Eradication	19	13	42	20	5	23	52	174	15	189

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Sugar Industry	605	..	2,316	..	..	..	..	2,922	..	2,922
Destruction of Organochlorines	255	133	231	262	88	8	23	1,000	..	1,000
Rural Adjustment Scheme	16,674	11,553	8,246	6,763	7,780	1,275	971	53,263	..	53,263
Agricultural Research	304	419	609	255	87	122	10	1,807	..	1,807
Fertiliser Assistance	307	224	1,953	1,308	226	..	..	4,018	..	4,018
Irrigation and Other Water Projects	50	748	..	..	212	..	..	1,010	..	1,010
Afforestation Program	1,324	579	141	359	449	997	..	3,850	..	3,850
Forestry Development	..	..	..	..	..	8,000	..	8,000	..	8,000
Soil Conservation	1,802	1,413	1,223	1,871	860	332	398	7,900	38	7,938
PAWA (NT) Assistance	..	..	..	..	..	..	90,890	90,890	..	90,890
National Industry Extension Service	2,713	2,398	1,006	665	706	368	85	7,941	104	8,045
<i>Labour and Employment -</i>										
Entry Level Training	3,347	3,370	2,343	1,557	1,676	554	410	13,258	..	13,258
Community Employment Program	..	..	..	..	153	..	..	153	..	153
Employment Training - Aboriginal	2,974	331	1,211	1,756	1,094	92	61	7,520	38	7,558
* Coal Mining - Long Service	22,792	..	4,560	1,111	..	158	..	28,621	..	28,621
<i>General Public Services -</i>										
Legal Aid	29,552	23,291	14,639	10,801	9,281	84	..	87,647	1,395	89,042
* Research at Universities	4,503	3,022	1,406	1,283	1,548	339	..	12,103	..	12,103
<i>Not Allocated to Function (a) -</i>										
Sinking Fund on State Debt	16,678	12,660	6,844	4,352	5,079	3,468	1,617	50,697	..	50,697
*Financial Assistance-Local Government	229,435	172,726	108,322	59,892	57,348	18,530	6,248	652,500	11,291	663,791
Natural Disaster Relief	2,175	4	8,591	47	..	..	465	11,282	..	11,282
Assistance for South - West TAS	..	..	..	..	..	30,036	..	30,036	..	30,036
Royalties	..	93,488	..	4,609	..	..	3,211	101,308	..	101,308
ACT National Capital Influences	..	..	..	..	..	..	..	..	15,990	15,990
<b>TOTAL</b>	<b>2,893,564</b>	<b>2,392,564</b>	<b>1,343,397</b>	<b>794,275</b>	<b>758,113</b>	<b>265,052</b>	<b>170,424</b>	<b>8,617,388</b>	<b>148,201</b>	<b>8,765,589</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>										
<i>Defence -</i>										
Housing for Servicemen	373	233	46	..	..	55	..	707	..	707

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Education -</i>										
*Higher Education	53,226	46,950	30,312	13,704	12,529	2,706	124	159,552	1,080	160,632
Technical and Further Education	53,167	38,525	26,976	14,617	16,362	3,849	4,818	158,314	..	158,314
Government Schools	58,709	43,148	31,300	17,860	15,738	5,128	4,951	176,835	1,397	178,232
*Non-Government Schools	20,355	20,289	12,293	5,419	4,957	1,322	1,454	66,089	1,608	67,698
<i>Health -</i>										
Hospital Enhancement Program	8,100	6,100	4,258	2,167	2,041	615	225	23,506	494	24,000
Launceston General Hospital	..	..	..	..	..	8,500	..	8,500	..	8,500
Home and Community Care	..	..	98	14	..	..	..	112	..	112
Blood Transfusion Services	543	377	501	323	413	72	20	2,249	18	2,267
<i>Social Security and Welfare -</i>										
Home and Community Care	3,062	1,580	1,963	936	849	235	113	8,738	59	8,797
Children's Services	2,440	1,569	1,234	494	559	275	..	6,571	..	6,571
Supported Accommodation Assistance	1,000	..	..	..	..	..	..	1,000	..	1,000
Crisis Accommodation Assistance	6,835	5,131	3,262	1,824	1,700	548	200	19,500	283	19,783
Aboriginal Advancement	1,093	..	338	5,365	3,639	..	4,500	14,935	..	14,935
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	13,869	8,794	7,382	3,268	2,819	845	523	37,500	574	38,074
Housing Assistance For Aborigines	13,641	3,417	19,000	12,121	6,391	696	14,734	70,000	..	70,000
Local Government and Community Housing	5,596	4,200	2,671	1,494	1,391	448	200	16,000	234	16,234
CSHA Block Assistance	179,027	135,989	79,428	48,502	52,053	20,952	14,649	530,600	9,184	539,784
Special Assistance for Water	..	..	..	..	50,000	..	..	50,000	..	50,000
Urban Water Supply and Treatment	1,586	357	2,617	1,242	5,542	286	250	11,880	..	11,880
Urban Flood Mitigation	3,356	1,374	901	117	3	1,076	15	6,842	..	6,842
Environment Restoration	..	1,500	..	..	..	..	..	1,500	..	1,500
<i>Culture and Recreation -</i>										
Bicentennial Programs	..	2,505	..	958	1,491	1,341	465	6,759	..	6,759
National Estate	547	547	547	547	547	547	261	3,541	92	3,633
Cradle Mountain Visitor Centre	..	..	..	..	..	800	..	800	..	800

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Transport -</i>										
Roads	387,200	243,800	244,499	159,901	88,700	47,813	38,800	1,210,714	6,500	1,217,214
Transport Improvement Grant	..	50,000	..	..	..	..	..	50,000	..	50,000
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	251	..	..	..	16	267	..	267
Fisheries Management	..	..	40	..	..	..	..	40	..	40
Plant Genetic Resource Program	..	35	113	..	..	..	..	148	..	148
Salinity Reduction Control	1,300	1,062	..	5,446	200	..	..	8,008	..	8,008
Irrigation and Other Water Projects	25	..	6,150	..	..	..	..	6,175	..	6,175
<i>Labour and Employment -</i>										
Support for Steel Regions	..	..	..	..	1,410	..	..	1,410	..	1,410
<i>Not Allocated to Function (a) -</i>										
Natural Disaster Relief	23,214	..	20,551	..	..	2,993	3,873	50,631	..	50,631
Assistance for South West TAS	..	..	..	..	..	1,061	..	1,061	..	1,061
Supplementation Grants	..	..	..	..	..	..	..	..	9,800	9,800
Unaligned Payments	..	..	..	..	..	..	..	..	7,926	7,926
<b>TOTAL</b>	<b>838,265</b>	<b>617,482</b>	<b>496,731</b>	<b>296,318</b>	<b>269,332</b>	<b>102,163</b>	<b>90,192</b>	<b>2,710,482</b>	<b>39,250</b>	<b>2,749,732</b>
	<b>REPAYMENTS</b>									
Payments to National Debt Sinking Fund & Territory Debt (b)	76,580	51,786	27,901	17,835	86,261	14,182	6,527	281,072	4,224	285,296
<i>Repayments of Commonwealth Government Loans -</i>										
Loan Council - Housing Nominations	2,333	2,405	919	1,637	3,089	720	707	11,809	..	11,809
ACT Debt Repayment	..	..	..	..	..	..	..	..	4,092	4,092
<i>Defence -</i>										
Housing For Servicemen	556	398	363	82	31	5	..	1,436	..	1,436
<i>Social Security and Welfare -</i>										
Unemployment Relief Works	..	3	..	..	..	..	..	3	..	3
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	17,913	14,940	4,848	4,621	7,138	2,647	252	52,358	..	52,358
Other Housing	..	..	..	..	..	..	1,058	1,058	3,177	4,234
Urban Water Supply and Treatment	..	..	..	24	80	..	..	104	..	104

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	13,034	48	..	..	..	..	..	13,082	..	13,082
Urban Rehabilitation	191	205	..	..	..	..	..	396	..	396
Legana Industrial Estate	..	..	..	..	..	20	..	20	..	20
Sewerage	657	578	166	231	8	69	..	1,708	..	1,708
Community Facilities-Townsville	..	..	11	..	..	..	..	11	..	11
Captains Flat Project	18	..	..	..	..	..	..	18	..	18
<i>Culture and Recreation -</i>										
Perth Entertainment Centre										
<i>Transport -</i>										
Railway Projects	1,616	1,168	1,047	3,814	..	..	..	7,645	..	7,645
King Island Harbour Works	..	..	..	..	..	8	..	8	..	8
Weipa Development	..	..	143	..	..	..	..	143	..	143
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	63	200	373	54	14	15	..	719	..	719
Bovine Brucellosis and Tuberculosis	..	..	133	10	134	..	158	435	..	435
Beef Industry Assistance	..	..	56	..	..	..	..	56	..	56
Canned Fruit Industry	383	..	..	..	..	..	..	383	..	383
Rural Adjustment Scheme	1,772	1,905	1,944	1,300	1,023	111	111	8,165	..	8,165
Rural Reconstruction	3,217	2,310	1,914	1,592	1,141	239	..	10,415	..	10,415
War Service Land Settlement	256	273	..	..	..	..	..	528	..	528
Brigalow Lands Development	..	..	693	..	..	..	..	693	..	693
Blowering Reservoir	20	..	..	..	..	..	..	20	..	20
Irrigation and Other Water Projects	..	..	..	999	..	..	..	999	..	999
Dartmouth Dam	587	587	..	..	125	..	..	1,298	..	1,298
Softwood Forestry	743	287	549	242	110	281	..	2,212	..	2,212
PAWA (NT) Assistance	..	..	..	..	..	..	2,552	2,552	..	2,552
Gladstone Power Station	..	..	3,773	..	..	..	..	3,773	..	3,773
Exmouth Township-Electricity	..	..	..	14	..	..	..	14	..	14

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Not Allocated to Function (a) -</i>	..	..	..	..	..	..	..	..	..	..
Natural Disaster Relief	6,967	3,499	14,178	4,393	3,001	64	..	32,101	..	32,101
<b>TOTAL</b>	<b>126,903</b>	<b>80,592</b>	<b>59,012</b>	<b>37,048</b>	<b>102,155</b>	<b>18,359</b>	<b>11,501</b>	<b>435,570</b>	<b>11,493</b>	<b>447,063</b>
<b>ADVANCES</b>										
<i>Loan Council Borrowings -</i>										
Loan Council - Housing Nominations	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	7,067	317,571
<i>Commonwealth Government Loans</i>	..	..	..	..	..	..	..	..	21,989	21,989
Loan in Lieu of Semi-Government borrowing	..	..	..	..	..	..	..	..	25,000	25,000
<i>Defence -</i>										
Housing For Servicemen	373	233	46	..	..	55	..	707	..	707
<i>Housing and Community Amenities -</i>										
Urban Water Supply and Treatment	..	..	..	..	3,675	..	..	3,675	..	3,675
<i>Industries Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis Eradication	..	..	251	..	..	..	16	267	..	267
<i>Not Allocated to Function -</i>										
Natural Disaster Relief	805	..	5,862	..	..	2,993	..	9,660	..	9,660
<b>TOTAL</b>	<b>87,513</b>	<b>71,710</b>	<b>24,884</b>	<b>22,877</b>	<b>43,259</b>	<b>30,705</b>	<b>43,864</b>	<b>324,813</b>	<b>54,056</b>	<b>378,869</b>
<b>INTEREST</b>										
<i>Interest on Loan Council &amp; NT Govt Borrowings (c) -</i>	691,104	524,669	262,219	179,026	206,677	144,364	73,748	2,081,806	..	2,081,806
<i>Interest on Commonwealth Government Loans -</i>										
Housing Nomination	21,584	21,711	8,235	14,325	26,325	6,724	7,293	106,196	..	106,196
ACT Government Debt	..	..	..	..	..	..	..	..	50,679	50,679
<i>Defence -</i>										
Housing for Servicemen	10,841	3,129	6,256	696	602	71	..	21,595	..	21,595
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	58,724	46,047	16,185	15,495	26,309	10,494	1,731	174,985	..	174,985
Other Housing	..	..	..	..	..	..	5,446	5,446	13,245	18,690

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Urban Water Supply and Treatment	..	..	..	9	1,496	..	..	1,587	..	1,587
Water and Sewerage Assistance	..	..	..	..	..	..	732	732	..	732
Growth Centres	294	195	..	..	..	..	..	489	..	489
Urban Rehabilitation	..	266	..	..	..	..	..	266	..	266
Legana Industrial Estate	..	..	..	..	..	7	..	7	..	7
Sewerage	7,751	6,807	2,018	2,801	99	307	..	19,783	..	19,783
Community Facilities - Townsville	..	..	35	..	..	..	..	35	..	35
Captains Flat Project	41	..	..	..	..	..	..	41	..	41
<i>Culture and Recreation -</i>										
Perth Entertainment Centre	..	..	..	55	..	..	..	55	..	55
<i>Transport -</i>										
Railway Projects	2,485	3,576	3,730	1,562	..	..	..	11,353	..	11,353
King Island Harbour Works	..	..	..	..	..	2	..	2	..	2
Weipa Development	..	..	82	..	..	..	..	82	..	82
<i>Industries Assistance and Development -</i>										
Dairy Adjustment Program	45	196	251	42	11	14	..	557	..	557
Bovine Brucellosis and Tuberculosis	..	..	25	5	70	..	116	217	..	217
Canned Fruit Industry	40	..	..	..	..	..	..	40	..	40
Rural Adjustment Scheme	3,072	3,085	4,725	2,405	1,677	201	238	15,402	..	15,402
Rural Reconstruction	1,274	925	755	653	495	94	..	4,195	..	4,195
War Service Land Settlement	336	357	..	..	..	..	..	693	..	693
Brigalow Lands Development	..	..	518	..	..	..	..	518	..	518
Blowering Reservoir	1	..	..	..	..	..	..	1	..	1
Irrigation and Other Water Projects	..	..	..	411	..	..	..	411	..	411
Dartmouth Dam	694	694	..	..	179	..	..	1,567	..	1,567
Softwood Forestry	2,274	489	926	849	257	471	..	5,266	..	5,266
PAWA (NT) Assistance	..	..	..	..	..	..	3,889	3,889	..	3,889
Gladstone Power Station	..	..	9,476	..	..	..	..	9,476	..	9,476

Table 29: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1988 - 89 Continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Exmouth Township - Electricity	..	..	..	7	..	..	..	7	..	7
<i>Not Allocated to Function -</i>										
Natural Disaster Relief	..	..	..	1	..	..	..	1	..	1
<b>TOTAL</b>	<b>800,559</b>	<b>612,145</b>	<b>315,437</b>	<b>218,427</b>	<b>264,195</b>	<b>162,749</b>	<b>93,193</b>	<b>2,466,704</b>	<b>63,923</b>	<b>2,530,628</b>
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>										
For General Purposes	3,852,808	2,818,090	2,279,358	1,505,990	1,395,165	544,093	768,451	13,163,955	512,955	13,676,910
For Specific Purposes	3,731,829	3,010,045	1,840,128	1,090,593	1,027,445	367,215	260,616	11,327,871	187,451	11,515,321
Total Gross Payments	7,584,637	5,828,135	4,119,487	2,596,583	2,422,610	911,308	1,029,067	24,491,826	700,405	25,192,231
Payments to State	6,222,453	4,636,028	3,493,722	2,226,018	2,081,203	811,331	1,004,136	20,474,890	629,519	21,104,409
* Payments through State	1,362,184	1,192,107	625,765	370,565	341,407	99,977	24,931	4,016,936	70,886	4,087,822
Total Gross Payments	7,584,637	5,828,135	4,119,487	2,596,583	2,422,610	911,308	1,029,067	24,491,826	700,405	25,192,231
Repayments	-126,903	-80,592	-59,012	-37,048	-102,155	-18,359	-11,501	-435,570	-11,493	-447,063
Total Net Payments	7,457,734	5,747,543	4,060,475	2,559,535	2,320,455	892,949	1,017,566	24,056,256	688,913	24,745,168

\*Items so marked are classified as payments made through the States. For details, see Box 8 in Chapter V.

- (a) This category general consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure in particular functional areas.
- (b) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (c) Includes interest on the States' domestic raisings.

**Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989-90**

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>GENERAL REVENUE FUNDS</b>										
Financial Assistance Grants	3,668,369	2,710,076	2,438,704	1,494,457	1,397,060	501,129	649,784	12,859,578	..	12,859,578
Special Revenue Assistance	26	..	..	..	..	..	45,452	45,478	..	45,478
General Revenue Grants	..	..	..	..	..	..	..	..	373,113	373,113
<b>TOTAL</b>	<b>3,668,395</b>	<b>2,710,076</b>	<b>2,438,704</b>	<b>1,494,457</b>	<b>1,397,060</b>	<b>501,129</b>	<b>695,236</b>	<b>12,905,056</b>	<b>373,113</b>	<b>13,278,169</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>										
<i>Loan Council Program-</i> Capital Grants	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	31,968	342,472
<i>Payments to Territories -</i> Loans	..	..	..	..	..	..	..	..	22,501	22,501
Transitional Funding Payment	..	..	..	..	..	..	..	..	7,000	7,000
<b>TOTAL</b>	<b>86,336</b>	<b>71,477</b>	<b>18,725</b>	<b>22,877</b>	<b>39,585</b>	<b>27,658</b>	<b>43,848</b>	<b>310,504</b>	<b>61,468</b>	<b>371,972</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>										
<i>Education -</i> *Higher Education	745,923	669,653	333,153	223,516	210,833	60,660	15,997	2,259,735	1,083	2,260,818
State Contribution to Higher Education Superannuation	-12,481	-10,871	..	-2,779	-3,014	-131	..	-29,276	..	-29,276
Technical and Further Education	49,541	34,041	22,169	11,858	11,635	5,119	1,782	136,145	3,099	139,245
Government Schools	260,266	187,043	123,092	69,609	62,438	20,522	8,708	731,677	13,389	745,066
*Non Government Schools	381,727	330,919	177,386	94,316	74,083	23,821	7,458	1,089,711	22,391	1,112,102
Joint Schools Programs	11,833	9,649	7,067	4,517	3,707	978	731	38,483	632	39,115
Aboriginal Education	1,513	1,918	1,278	2,782	3,478	192	50	11,210	..	11,210
National Policy on Languages	2,389	1,922	1,444	690	795	213	191	7,644	181	7,825
<i>Health -</i> Health Program Grants	1,180	2,680	730	8,036	14,664	..	..	27,290	3,730	31,020
Transfer Pathology Laboratory	7,030	3,028	13,032	..	..	1,641	..	24,731	..	24,731
Hospital Funding Grants	1,185,683	863,526	561,896	302,238	301,191	91,968	20,673	3,327,176	42,916	3,370,092
Nurse Education	6,829	8,353	830	1,682	2,675	639	42	21,050	994	22,044
Aged Care Assessment	6,787	5,562	2,392	1,931	1,523	473	429	19,098	243	19,341

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Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Home and Community Care	15,833	21,141	12,362	9,874	7,202	2,119	37	68,568	432	69,000
National Better Health	826	618	381	..	206	87	122	2,241	107	2,347
Youth Health Services	313	..	..	..	18	..	15	346	..	346
Other Health Advancement	1,326	976	888	619	779	548	536	5,672	97	5,769
Other Health Care Access	..	328	..	..	..	..	..	328	..	328
Funds to Combat AIDS	7,640	4,578	2,155	1,834	1,300	520	479	18,505	536	19,041
Drug Education Campaigns	6,259	4,739	3,035	1,767	1,715	694	275	18,484	321	18,805
Blood Transfusion Services	5,060	6,724	3,439	2,142	2,761	602	247	20,976	446	21,421
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	3,200	3,200
Liver/Heart Transplant Program	719	..	..	..	..	..	..	719	..	719
<i>Social Security and Welfare -</i>										
Home and Community Care	68,306	51,478	16,180	13,153	11,426	3,953	1,135	165,630	1,794	167,424
Rehabilitation Centres	400	..	..	..	..	..	106	506	..	506
Children's Services	1,837	3,022	669	463	8,242	201	253	14,686	..	14,686
Mortgage and Rent Relief	10,646	7,961	5,142	2,898	2,630	836	291	30,404	510	30,914
Mortgage Relief	2,583	3,861	2,496	1,406	1,275	405	141	12,167	248	12,415
Supported Accommodation Assistance	26,087	15,801	11,355	7,024	6,459	3,252	1,871	71,849	2,354	74,203
Translating and Interpreting Services	149	377	58	..	112	..	73	769	..	769
Unattached Refugee Children	117	94	32	30	34	..	..	307	..	307
Aboriginal Advancement (a)	36	..	5,069	2,589	2,238	..	2,000	11,931	..	11,931
<i>Housing and Community Amenities nec -</i>										
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
Urban Water Supply and Treatment	70	200	..	..	275	..	..	545	..	545
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	6,846	6,846
Urban Flood Mitigation	..	..	..	..	..	..	..	..	..	..
Environmental Restoration	..	..	..	..	..	..	81	81	..	81
Rainforest Conservation	1,386	95	..	111	..	350	1,000	1,000	..	1,000
<i>Culture and Recreation -</i>										
South West TAS - Heritage Area	..	..	..	..	..	5,496	..	5,496	..	5,496
<i>Transport -</i>										
Aerodrome Local Ownership Plan	61	..	137	..	12	285	105	601	..	601

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Development Interstate Road Transport	6,817	4,057	2,216	912	2,306	85	612	17,004	102	17,106
<i>Industry Assistance and Development -</i>										
TAS Wheat Freight Subsidy	..	..	..	..	..	2,960	..	2,960	..	2,960
Bovine Brucellosis and Tuberculosis	1,354	1,075	9,380	4,191	541	88	11,451	28,080	28	28,108
Exotic Disease Eradication	100	11	19	23	5	..	27	185	20	205
Sugar Industry	93	..	2,922	..	..	..	..	3,015	..	3,015
Rural Adjustment Scheme	16,044	11,821	8,312	6,983	7,905	1,353	929	53,347	..	53,347
Agricultural Research	320	451	784	267	65	133	7	2,026	..	2,026
Irrigation and Other Water Projects	50	318	..	..	489	..	..	858	..	858
Afforestation Program	1,547	1,505	63	855	358	1,220	..	5,548	..	5,548
Forestry Development	..	..	..	..	..	13,674	..	13,674	..	13,674
Soil Conservation	5,909	2,680	3,192	4,370	2,914	962	594	20,620	110	20,730
Assistance to Tin Mining	-112	..	-674	..	..	-35	..	-821	..	-821
Coal Rail Freight	10,000	..	..	..	..	..	..	10,000	..	10,000
National Industry Extension Service	2,998	2,659	1,127	738	778	290	92	8,681	110	8,791
Tourism Assistance	..	..	2,167	1,250	..	2,196	2,167	7,780	..	7,780
<i>Labour and Employment -</i>										
Entry Level Training	3,090	3,112	2,164	1,437	1,547	511	379	12,241	..	12,241
Forest Industry Package	..	..	..	..	..	3,540	..	3,540	..	3,540
Employment Training - Aboriginal	2,694	147	2,792	1,606	1,484	31	457	9,211	37	9,248
* Coal Mining - Long Service	18,152	..	4,296	1,045	..	87	..	23,581	..	23,581
<i>General Public Services -</i>										
Legal Aid	30,940	26,426	16,364	11,337	9,433	329	200	95,030	1,779	96,810
* Research at Universities	26,993	20,608	10,746	7,148	8,854	2,964	..	77,313	..	77,313
<i>Not Allocated to Function (b) -</i>										
Sinking Fund on State Debt	16,486	12,526	6,770	4,307	4,834	3,432	1,599	49,953	..	49,953
*Financial Assistance-Local Government	237,124	177,280	114,989	64,821	58,496	18,565	6,464	677,740	11,727	689,467
Natural Disaster Relief	1,074	200	-17	16	..	-546	261	987	..	987
Assistance for South - West TAS	..	..	..	..	..	31,659	..	31,659	..	31,659
Royalties	..	132,391	..	9,047	..	..	2,792	144,230	..	144,230

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
ACT National Capital Influences	..	..	..	..	..	..	..	..	17,029	17,029
<b>TOTAL</b>	<b>3,181,396</b>	<b>2,628,033</b>	<b>1,495,900</b>	<b>883,286</b>	<b>831,642</b>	<b>309,254</b>	<b>93,157</b>	<b>9,422,669</b>	<b>136,493</b>	<b>9,559,162</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>										
<i>Education -</i>										
*Higher Education	58,806	24,379	15,439	19,434	6,960	3,210	..	128,228	..	128,228
Technical and Further Education	72,311	55,342	33,358	15,414	15,401	3,663	3,924	199,412	..	199,412
Government Schools	64,552	45,696	32,262	17,819	15,922	5,565	2,277	184,093	3,490	187,584
*Non-Government Schools	19,290	20,113	7,280	4,132	4,203	1,271	439	56,729	2,369	59,098
Aboriginal Education	879	547	1,448	1,103	1,535	69	1,166	6,747	..	6,747
<i>Health -</i>										
Hospitals Enhancement Program	16,042	12,744	8,002	5,418	5,217	1,900	421	49,744	756	50,500
Launceston General Hospital	..	..	..	..	..	5,142	..	5,142	..	5,142
Blood Transfusion Services	372	328	530	352	466	428	41	2,515	31	2,546
<i>Social Security and Welfare -</i>										
Home and Community Care	3,645	..	..	236	499	..	195	4,575	155	4,730
Children's Services	627	182	7	129	138	112	..	1,195	..	1,195
Supported Accommodation Assistance	1,000	..	..	..	..	..	..	1,000	..	1,000
Crisis Accommodation Assistance	13,656	10,212	6,598	3,717	3,372	1,072	373	39,000	655	39,655
Youth Accommodation	3,444	2,575	1,664	937	850	270	94	9,834	166	10,000
Aboriginal Advancement (a) -	..	300	..	1,924	212	..	4,500	6,935	..	6,935
<i>Housing and Community Amenities nec</i>										
Pensioner Housing Grants	18,520	10,882	9,644	4,153	3,849	1,179	523	48,750	523	49,273
Housing Assistance For Aborigines	17,777	3,638	25,228	15,862	8,341	696	19,458	91,000	..	91,000
Local Government and Community Housing	8,404	6,284	4,060	2,288	2,075	660	229	24,000	403	24,403
CSHA Block Assistance	244,874	190,776	92,592	66,266	82,060	44,983	55,701	777,250	15,681	792,931
Special Assistance for Water	..	..	..	..	12,000	..	..	12,000	..	12,000
Urban Water Supply and Treatment	1,340	379	1,268	520	5,509	258	322	9,596	..	9,596
Urban Flood Mitigation	4,100	1,490	1,051	400	..	1,080	5	8,126	..	8,126
<i>Culture and Recreation -</i>										
National Estate	597	597	597	597	597	597	296	3,878	101	3,979

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Transport -</i>										
Australian Centennial Road Development	436,500	276,300	268,792	160,100	91,300	49,800	40,250	1,323,042	12,100	1,335,142
WA Defence Infrastructure	..	..	..	20,000	..	..	..	20,000	..	20,000
<i>Assistance and Development Industry-</i>										
Bovine Brucellosis and Tuberculosis	..	..	57	..	..	..	69	126	..	126
Fisheries Management	..	..	336	..	..	..	..	336	..	336
Salinity Reduction Control	1,550	1,742	..	9,861	301	..	..	13,454	..	13,454
Irrigation and Other Water Projects	463	334	4,728	..	244	..	..	5,769	..	5,769
Forestry Development	800	..	..	..	..	..	..	800	..	800
TAS Industrial Development	..	..	..	..	..	10,500	..	10,500	..	10,500
<i>Not Allocated to Function(b) -</i>										
Natural Disaster Relief	11,322	..	15,314	..	..	302	829	27,767	..	27,767
Public Sector Restructuring	..	..	..	..	..	40,000	..	40,000	..	40,000
Assistance For South West TAS	..	..	..	..	..	1,813	..	1,813	..	1,813
<b>TOTAL</b>	<b>1,000,870</b>	<b>664,840</b>	<b>530,253</b>	<b>350,661</b>	<b>261,050</b>	<b>174,570</b>	<b>131,112</b>	<b>3,113,355</b>	<b>36,429</b>	<b>3,149,785</b>
<b>REPAYMENTS</b>										
Payments to National Debt Sinking Fund & Territory Debt(c)	67,526	51,307	27,672	17,642	122,354	14,033	6,453	306,988	..	306,988
<i>Repayments of Commonwealth Government Loans -</i>										
Loan Council - Housing Nominations	2,855	2,859	1,050	1,821	3,420	886	950	13,841	..	13,841
ACT Debt Repayment	..	..	..	..	..	..	..	..	4,092	4,092
Land Development Cost	..	..	..	..	..	..	..	..	59,600	59,600
<i>Defence -</i>										
Housing For Servicemen	589	417	384	86	33	5	..	1,516	..	1,516
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	18,633	15,530	5,042	4,806	7,437	2,759	264	54,471	..	54,471
Other Housing	..	..	..	..	..	..	1,107	1,107	..	1,107
Urban Water Supply and Treatment	..	..	..	28	..	..	..	28	..	28
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	6,561	53	..	..	..	..	..	6,614	..	6,614
Urban Rehabilitation	..	205	..	..	..	..	..	205	..	205

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total		
Legana Industrial Estate	..	..	..	..	..	39	..	39	..	39		
Sewerage	722	633	183	311	..	34	..	1,883	..	1,883		
Community Facilities-Townsville	..	..	12	..	..	..	..	12	..	12		
Captains Flat Project	20	..	..	..	..	..	..	20	..	20		
<i>Culture and Recreation -</i>												
Perth Entertainment Centre	..	..	..	200	..	..	..	200	..	200		
<i>Transport-</i>												
Railway Projects	1,616	1,224	1,213	1,312	..	..	..	5,365	..	5,365		
King Island Harbour Works	..	..	..	..	..	8	..	8	..	8		
Weipa Development	..	..	151	..	..	..	..	151	..	151		
<i>Industry Assistance and Development -</i>												
Dairy Adjustment Program	66	212	396	49	..	16	..	740	..	740		
Bovine Brucellosis and Tuberculosis	..	..	301	37	..	..	88	425	..	425		
Beef Industry Assistance	..	..	11	2	..	..	..	12	..	12		
Canned Fruit Industry	383	..	..	..	..	..	..	383	..	383		
Rural Adjustment Scheme	1,960	3,030	2,658	738	7	123	120	8,635	..	8,635		
Rural Reconstruction	4,242	2,367	2,031	857	..	129	..	9,625	..	9,625		
War Service Land Settlement	265	283	..	..	..	..	..	548	..	548		
Brigalow Lands Development	..	..	693	..	..	..	..	693	..	693		
Irrigation and Other Water Projects	..	..	..	999	..	..	..	999	..	999		
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173		
Softwood Forestry	743	287	549	243	..	140	..	1,962	..	1,962		
Gladstone Power Station	..	..	4,002	..	..	..	..	4,002	..	4,002		
Exmouth Township-Electricity Services	..	..	..	14	..	..	..	14	..	14		
<i>Not Allocated to Function(b) -</i>												
Natural Disaster Relief	6,967	3,499	15,099	3,213	..	64	..	28,841	..	28,841		
<b>TOTAL</b>	<b>113,735</b>	<b>82,493</b>	<b>61,448</b>	<b>32,357</b>	<b>133,250</b>	<b>18,236</b>	<b>9,119</b>	<b>450,637</b>	<b>63,692</b>	<b>514,329</b>		
				<b>ADVANCES</b>								
Commonwealth Government Loans	..	..	..	..	..	..	..	..	22,500	22,500		
<i>Housing and Community nec -</i>												
Urban Water Supply and Treatment	..	..	..	..	3,675	..	..	3,675	..	3,675		

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Industries Assistance and Development</i>										
Bovine Brucellosis and Tuberculosis	..	..	57	..	..	..	69	126	..	126
<i>Not Allocated to Function(b) -</i>										
Natural Disaster Relief	1,376	..	931	..	..	302	61	2,669	..	2,669
<b>TOTAL</b>	<b>1,376</b>	<b>..</b>	<b>987</b>	<b>..</b>	<b>3,675</b>	<b>302</b>	<b>129</b>	<b>6,470</b>	<b>22,500</b>	<b>28,970</b>
<b>INTEREST</b>										
<i>Interest on Loan Council &amp; NT Government Borrowings (d)</i>										
	707,771	536,522	274,268	182,727	199,799	147,220	75,209	2,123,517	..	2,123,517
<i>Interest on Commonwealth Government Loans -</i>										
Housing Nomination	24,282	23,220	8,616	14,769	27,080	7,317	8,252	113,536	..	113,536
ACT Land Development Cost	..	..	..	..	..	..	..	..	16,400	16,400
ACT Government Debt	..	..	..	..	..	..	..	..	12,283	12,283
Loan in Lieu of Semi-Government borrowing	..	..	..	..	..	..	..	..	5,020	5,020
<i>Defence -</i>										
Housing for Servicemen	10,858	3,056	6,242	692	562	78	..	21,488	..	21,488
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	58,004	45,456	15,991	15,310	26,010	10,381	1,719	172,872	..	172,872
Other Housing	..	..	..	..	..	..	5,396	5,396	..	5,396
Urban Water Supply and Treatment	..	..	..	89	..	..	..	89	..	89
Water and Sewerage Assistance	..	..	..	..	..	..	725	725	..	725
Growth Centres	287	190	..	..	..	..	..	477	..	477
Urban Rehabilitation	..	249	..	..	..	..	..	249	..	249
Captains Flat Project	41	..	..	..	..	..	..	41	..	41
Legana Industrial Estate	..	..	..	..	..	3	..	3	..	3
Sewerage	7,693	6,751	2,002	2,497	..	150	..	19,094	..	19,094
Community Facilities - Townsville	..	..	34	..	..	..	..	34	..	34
<i>Culture and Recreation -</i>										
Perth Entertainment Centre	..	..	..	28	..	..	..	28	..	28
<i>Transport-</i>										
Railway Projects	2,249	3,302	3,564	1,366	..	..	..	10,482	..	10,482
King Island Harbour Works	..	..	..	..	..	1	..	1	..	1

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Weipa Development	..	..	75	..	..	..	..	75	..	75
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	41	183	228	46	..	13	..	511	..	511
Canned Fruit Industry	40	..	..	..	..	..	..	40	..	40
Bovine Brucellosis and Tuberculosis	..	..	53	6	..	..	72	131	..	131
Rural Adjustment Scheme	2,932	1,838	2,586	2,298	2	191	229	10,075	..	10,075
Rural Reconstruction	1,375	1,875	638	266	..	38	..	4,191	..	4,191
War Service Land Settlement	327	346	..	..	..	..	..	673	..	673
Brigalow Lands Development	..	..	472	..	..	..	..	472	..	472
Irrigation and Other Water Projects	..	..	..	346	..	..	..	346	..	346
Dartmouth Dam	638	638	..	..	..	..	..	1,276	..	1,276
Softwood Forestry	2,214	466	881	831	..	227	..	4,619	..	4,619
Gladstone Power Station	..	..	9,246	..	..	..	..	9,246	..	9,246
Exmouth Township - Electricity	..	..	..	6	..	..	..	6	..	6
<i>Not Allocated to Function(b)</i>										
Natural Disaster Relief	39	..	279	..	..	134	3	455	..	455
<b>TOTAL</b>	<b>818,790</b>	<b>624,093</b>	<b>325,176</b>	<b>221,276</b>	<b>253,453</b>	<b>165,753</b>	<b>91,605</b>	<b>2,500,148</b>	<b>33,703</b>	<b>2,533,850</b>
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>										
For General Purposes	3,754,730	2,781,553	2,457,429	1,517,334	1,436,644	528,786	739,084	13,215,560	434,581	13,650,142
For Specific Purposes	4,182,266	3,292,872	2,026,153	1,233,947	1,092,692	483,824	224,269	12,536,024	172,923	12,708,947
Total Gross Payments	7,936,997	6,074,426	4,483,582	2,751,281	2,529,336	1,012,610	963,353	25,751,585	607,503	26,359,089
Payments to State	6,448,981	4,831,473	3,820,293	2,309,869	2,165,905	902,031	932,995	21,438,547	562,933	22,008,482
*Payments through State	1,488,016	1,242,953	663,289	441,412	363,431	110,579	30,358	4,313,038	37,571	4,350,607
Total Gross Payments	7,936,997	6,074,426	4,483,582	2,751,281	2,529,336	1,012,610	963,353	25,751,585	600,503	26,352,088
Repayments	-113,735	-82,493	-61,448	-32,357	-133,250	-18,236	-9,119	-450,637	-63,692	-514,329
Total Net Payments	7,823,262	5,991,933	4,422,134	2,718,924	2,396,086	994,374	954,234	25,300,948	537,811	25,844,760

Table 30: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1989 - 90-Continued

	New South Wales	Victoria	Queens- land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
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\*Items so marked are classified as payments made through the States. For details, see Box 8, Chapter V.

- (a) With the establishment of the Aboriginal and Torres Strait Islander Commission (ATSIC) on 5 March 1990, all Department of Aboriginal Affairs programs previously made direct to the States and Territories were classified as payments to the non-budget agency and are no longer reflected in these tables.
- (b) This category generally consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure in particular functional areas.
- (c) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (d) Includes interest on States' domestic raisings.

**Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91**

	New South Wales	Victoria	Queens- Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>GENERAL REVENUE FUNDS</b>										
Financial Assistance Grants	3,701,611	2,711,697	2,520,502	1,547,756	1,434,812	521,941	678,681	13,116,998	..	13,116,998
Special Revenue Assistance	..	..	..	..	..	..	49,955	49,955	..	49,955
General Revenue Grants	..	..	..	..	..	..	..	..	434,439	434,439
<b>TOTAL</b>	<b>3,701,611</b>	<b>2,711,697</b>	<b>2,520,502</b>	<b>1,547,756</b>	<b>1,434,812</b>	<b>521,941</b>	<b>728,635</b>	<b>13,166,953</b>	<b>434,439</b>	<b>13,601,392</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>										
Capital Grants	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,421	330,207
<b>TOTAL</b>	<b>79,756</b>	<b>68,263</b>	<b>16,095</b>	<b>22,425</b>	<b>38,963</b>	<b>27,468</b>	<b>43,816</b>	<b>296,786</b>	<b>33,427</b>	<b>330,207</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>										
<i>Education -</i>										
*Higher Education	796,036	721,176	355,474	246,031	233,581	63,160	20,221	2,435,679	607	2,436,286
State Contribution to Higher Education Superannuation	..	-11,497	..	-3,236	-3,992	-137	..	-18,862	..	-18,862
Technical and Further Education	55,442	36,591	22,617	13,221	12,663	6,904	1,977	149,415	4,060	153,476
Government Schools	280,894	209,236	135,144	80,703	69,342	23,575	10,136	809,030	14,522	823,552
*Non Government Schools	410,157	346,249	193,425	104,525	80,398	26,089	7,945	1,168,788	29,001	1,197,788
Joint Schools Programs	11,632	11,483	6,802	6,436	2,356	2,350	1,164	42,223	632	42,855
Aboriginal Education	6,281	3,769	7,827	8,407	2,137	600	12,079	41,100	500	41,600
National Policy on Language	1,331	1,246	813	452	438	117	369	4,766	251	5,017
<i>Health -</i>										
Health Program Grants	1,180	2,680	730	9,293	16,589	..	..	30,472	4,989	35,461
Transfer Pathology Laboratory	7,506	2,695	12,777	..	..	1,696	..	24,674	..	24,674
Hospital Funding Grants	1,270,996	934,617	608,227	326,190	322,376	98,127	22,414	3,582,947	47,389	3,630,337
Medical Specialty Centers	563	404	119	..	..	..	..	1,086	..	1,086
Nurse Education	10,915	9,903	2,651	2,064	3,348	909	120	29,910	436	30,346
Aged Care Assessment	9,042	6,093	3,136	2,071	2,060	614	482	23,498	213	23,712

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Home and Community Care	19,736	20,045	15,917	10,207	8,805	3,438	50	78,197	483	78,680
National Better Health	826	618	426	..	165	87	122	2,245	107	2,352
Youth Health Services	606	678	292	75	100	79	..	1,830	29	1,859
Funds to Combat AIDS	9,295	5,486	2,888	2,030	1,593	568	612	22,470	575	23,045
Other Health Care Access	339	509	178	40	109	40	40	1,255	40	1,295
Other Health Advancement	1,657	1,272	1,100	546	539	303	234	5,650	115	5,766
Drug Education Campaigns	6,660	5,042	3,229	1,879	1,826	738	293	19,667	342	20,009
Blood Transfusion Services	6,847	7,963	4,756	3,344	2,510	451	308	26,178	529	26,707
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	11,700	11,700
Liver/Heart Transplant Program	381	..	..	..	..	..	..	381	..	381
<i>Social Security and Welfare -</i>										
Aged Care Assessment	245	542	154	..	103	30	..	1,073	47	1,120
Home and Community Care	73,730	58,159	19,278	16,090	14,173	4,184	1,455	187,069	2,271	189,340
Rehabilitation Centres	430	..	..	..	..	..	..	430	..	430
Childrens' Services	1,472	2,936	544	488	9,551	205	209	15,405	51	15,456
Mortgage and Rent Relief	10,599	7,938	5,206	2,927	2,618	829	287	30,404	510	30,914
Supported Accommodation Assistance	29,968	18,812	13,172	8,087	7,531	3,442	2,200	83,212	2,711	85,923
Translating and Interpreting Services	..	283	45	..	84	..	53	465	..	465
Unattached Refugee Children	32	97	46	51	64	..	..	292	..	292
<i>Housing and Community Amenities nec -</i>										
Home Deposit Assistance	2,263	1,695	1,111	625	559	177	61	6,491	109	6,600
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
Urban Water Supply and Treatment	186	249	..	154	97	40	9	735	..	735
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,274	7,274
Urban Flood Mitigation	71	..	2	..	..	88	30	191	..	191
Environmental Restoration	..	..	..	..	..	..	1,487	1,487	..	1,487
Rainforest Conservation	190	198	1,372	25	..	310	143	2,238	..	2,238
<i>Culture and Recreation -</i>										
Wet Tropics - Heritage Area	..	..	4,000	..	..	..	..	4,000	..	4,000
South West TAS - Heritage Area	..	..	..	..	..	5,855	..	5,855	..	5,855

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Transport -</i>										
Aerodrome Local Ownership Plan	240	..	25	..	101	262	72	700	..	700
Interstate Road Transport	5,794	3,523	1,853	764	2,007	71	513	14,525	..	14,525
<i>Industry Assistance and Development -</i>										
TAS Wheat Freight Subsidy	..	..	..	..	..	3,303	..	3,303	..	3,303
Bovine Brucellosis and Tuberculosis	1,011	951	6,135	5,262	833	113	24,149	38,455	27	38,482
Exotic Disease Eradication	39	21	8	23	44	..	30	165	53	217
Sugar Industry	..	..	600	..	..	..	..	600	..	600
Rural Adjustment Scheme	18,702	14,687	9,508	7,895	8,952	1,582	1,124	62,450	..	62,450
Agricultural Research	14	..	59	75	..	51	..	200	..	200
Irrigation and Other Water Projects	100	289	..	..	480	..	..	869	..	869
Afforestation Program	..	..	..	8	47	168	..	223	..	223
Forestry Development	..	3,935	..	..	..	..	..	3,935	..	3,935
Soil Conservation	5,168	3,022	3,261	3,992	1,954	975	1,226	19,598	92	19,690
Assistance to Tin Mining	..	..	-5	..	..	..	..	-5	..	-5
PAWA (NT) Assistance	..	..	..	..	..	..	30,000	30,000	..	30,000
National Industry Extension Service	3,501	3,201	1,405	888	911	340	101	10,346	124	10,470
Multi Function Polis	..	..	..	..	1,078	..	..	1,078	..	1,078
<i>Labour and Employment -</i>										
Entry Level Training	2,741	2,760	1,919	1,275	1,372	453	336	10,856	..	10,856
Employment Training - Aboriginal	427	8	96	483	924	..	44	1,983	..	1,983
* Coal Mining - Long Service	15,148	..	6,463	1,649	..	98	..	23,359	..	23,359
<i>Other Economic Services -</i>										
ACT Unclaimed Moneys	..	..	..	..	..	..	..	..	127	127
<i>General Public Services -</i>										
Sharing of Criminal Asset Recovery	122	..	..	62	..	..	..	184	..	184
Legal Aid	33,799	27,756	16,650	11,265	9,513	2,226	2,361	103,570	1,991	105,560
*Research at Universities	59,507	43,263	24,170	16,799	19,024	5,384	420	168,566	..	168,566
<i>Not Allocated to Function(a) -</i>										
Sinking Fund on State Debt	16,393	12,455	6,723	4,282	4,518	3,411	1,590	49,371	..	49,371
Debt Redemption Assistance	884	2,247	404	375	455	246	125	4,736	..	4,736

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
*Financial Assistance-Local Government	243,138	182,408	120,399	67,718	60,044	19,022	6,564	699,292	12,100	711,392
Compensation -Companies Regulation	22,902	19,651	10,874	6,933	5,070	1,576	1,022	68,028	..	68,028
Natural Disaster Relief	7,764	..	5,477	..	..	..	2	13,242	..	13,242
Assistance for South - West TAS	..	..	..	..	..	32,689	..	32,689	..	32,689
Royalties	..	176,708	..	14,090	..	3,427	..	194,225	..	194,225
ACT National Capital Influences	..	..	..	..	..	..	..	..	18,093	18,093
<b>TOTAL</b>	<b>3,466,749</b>	<b>2,905,398</b>	<b>1,639,904</b>	<b>987,188</b>	<b>909,991</b>	<b>317,153</b>	<b>157,606</b>	<b>10,383,989</b>	<b>162,101</b>	<b>10,546,091</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>										
<i>Education -</i>										
* Higher Education	73,363	44,711	43,457	25,673	11,728	6,851	2,524	208,307	..	208,307
Technical and Further Education	87,698	56,171	31,442	18,308	22,650	2,391	2,164	220,823	85	220,908
Government Schools	66,030	49,120	35,263	19,359	16,221	6,035	2,323	194,350	3,568	197,918
* Non-Government Schools	27,235	20,051	11,357	6,192	4,567	1,581	546	71,529	1,677	73,206
Aboriginal Education	198	..	2,276	1,290	198	..	2,180	6,143	..	6,143
<i>Health -</i>										
Hospitals Enhancement Program	17,239	12,320	8,257	4,932	4,278	1,731	443	49,200	800	50,000
Launceston General Hospital	..	..	..	..	..	205	..	205	..	205
Home and Community Care	280	253	..	22	..	..	..	554	..	554
Blood Transfusion Services	694	487	683	658	300	78	51	2,950	33	2,983
<i>Social Security and Welfare -</i>										
Home and Community Care	4,414	2,479	..	1,284	..	84	255	8,516	284	8,800
Children's Services	182	901	..	865	236	41	17	2,242	..	2,242
Crisis Accommodation Assistance	13,595	10,182	6,678	3,754	3,358	1,064	369	39,000	655	39,655
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	18,520	10,882	9,644	4,153	3,849	1,179	523	48,750	523	49,273
Housing Assistance for Aborigines	17,777	3,638	25,227	15,862	8,342	696	19,458	91,000	..	91,000
Local Government and Community Housing	8,366	6,266	4,109	2,310	2,067	655	227	24,000	403	24,403
CSHA Block Assistance	252,918	193,991	108,368	69,202	74,715	37,383	40,673	777,250	15,681	792,931
Urban Water Supply and Treatment	1,601	710	1,366	511	5,417	298	399	10,302	..	10,302
Urban Flood Mitigation	5,135	946	640	16	128	100	4	6,969	..	6,969

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Culture and Recreation -</i>										
Support for 1991 Swimming	..	..	..	3,000	..	..	..	3,000	..	3,000
National Estate	600	600	600	600	600	600	288	3,885	101	3,985
World Heritage Assistance	..	..	..	568	..	..	..	568	..	568
<i>Transport -</i>										
Aerodrome Local Ownership Plan	72	..	..	..	120	..	134	326	..	326
Badgerys Creek Road System	11,000	..	..	..	..	..	..	11,000	..	11,000
Roads	518,900	326,358	310,805	172,410	107,276	55,600	56,860	1,548,210	13,000	1,561,210
Railway Projects	13,350	10,600	3,450	6,596	..	..	..	33,996	..	33,996
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	7	..	..	..	111	117	..	117
Fisheries Management	..	..	960	..	..	..	..	960	..	960
Meat Inspectors Superannuation Loan	..	587	..	..	..	..	..	587	..	587
Salinity Reduction Control	2,950	2,138	..	972	..	..	..	6,060	..	6,060
Irrigation and Other Water Projects	1,720	2,352	3,811	..	735	..	..	8,618	..	8,618
<i>Labour and Employment -</i>										
Natural Disaster Relief	97,080	..	52,310	..	..	..	475	149,866	..	149,866
ACT Establishment Assistance	..	..	..	..	..	..	..	..	3,000	3,000
Tax Compensation-Sale of State Assets	..	413,000	..	..	..	..	..	413,000	..	413,000
Infrastructure Restoration	..	..	2,000	..	..	..	..	2,000	..	2,000
Assistance for South West TAS	..	..	..	..	..	125	..	125	..	125
<b>TOTAL</b>	<b>1,240,917</b>	<b>1,168,742</b>	<b>662,708</b>	<b>358,535</b>	<b>266,785</b>	<b>116,696</b>	<b>130,024</b>	<b>3,944,406</b>	<b>39,809</b>	<b>3,984,215</b>

REPAYMENTS

<i>Payments to National Debt Sinking</i>										
Fund & Territory Debt(b)	65,371	462,649	26,767	17,058	19,371	13,574	6,283	611,073	..	611,073
Supplementary NDSF Contributions	303,858	236,928	114,512	97,600	130,115	59,287	23,332	965,632	..	965,632
<i>Repayments of Commonwealth Government Loans -</i>										
<i>Defence -</i>										
Housing For Servicemen	625	438	406	91	35	5	..	1,601	..	1,601
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	19,382	16,144	5,244	4,999	7,749	2,877	275	56,671	..	56,671

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Loan Council - Housing Nominations	2,984	2,987	1,098	1,903	128,184	926	993	139,074		139,074
ACT Debt Repayment	..	..	..	..	..	..	..	..	16,965	16,965
Other Housing	..	..	..	..	..	..	1,292	1,292	6,858	8,151
Urban Water Supply and Treatment	..	..	..	32	23	..	..	54	..	54
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	6,569	58	..	..	..	..	..	6,627	..	6,627
Urban Rehabilitation	220	205	..	..	..	..	..	425	..	425
Sewerage	792	697	200	286	..	..	..	1,975	..	1,975
Community Facilities-Townsville	..	..	13	..	..	..	..	13	..	13
Captains Flat Project	22	..	..	..	..	..	..	22	..	22
<i>Transport -</i>	..	..	..	..	..	..	..	..	..	..
Railway Projects	1,616	1,399	1,406	1,397	..	..	..	5,817	..	5,817
King Island Harbour Works	..	..	..	..	..	8	..	8	..	8
Weipa Development	..	..	159	..	..	..	..	159	..	159
<i>Industry Assistance and Development -</i>	..	..	..	..	..	..	..	..	..	..
Dairy Adjustment Program	71	225	420	58	..	17	..	791	..	791
Bovine Brucellosis and Tuberculosis	..	..	345	13	..	..	67	425	..	425
Beef Industry Assistance	..	..	6	..	..	..	..	6	..	6
Canned Fruit Industry	383	..	..	..	..	..	..	383	..	383
Rural Adjustment Scheme	2,153	2,333	3,893	1,652	29	133	159	10,351	..	10,351
Rural Reconstruction	3,617	2,600	2,155	1,792	..	269	..	10,433	..	10,433
War Service Land Settlement	275	294	..	..	..	..	..	569	..	569
Brigalow Lands Development Scheme	..	..	693	..	..	..	..	693	..	693
Irrigation and Other Water Projects	..	..	..	959	..	..	..	959	..	959
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173
Softwood Forestry	743	287	549	243	..	..	..	1,822	..	1,822
Gladstone Power Station	..	..	4,246	..	..	..	..	4,246	..	4,246
Exmouth Township-Electricity Services	..	..	..	14	..	..	..	14	..	14
<i>Not Allocated to Function -</i>	..	..	..	..	..	..	..	..	..	..
Natural Disaster Relief	3,886	3,499	14,934	1,885	..	392	8	24,602	..	24,602
Land Development Costs (ACT)	..	..	..	..	..	..	..	..	6,700	6,700
<b>TOTAL</b>	<b>413,152</b>	<b>731,332</b>	<b>177,046</b>	<b>129,980</b>	<b>285,505</b>	<b>77,488</b>	<b>32,545</b>	<b>1,847,049</b>	<b>30,524</b>	<b>1,877,573</b>

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Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens-Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
ADVANCES										
<i>Housing and Community Amenities -</i>										
Urban Water Supply and Treatment	..	..	..	..	3,675	..	..	3,675	..	3,675
<i>Transport -</i>										
Railway Projects	..	..	..	496	..	..	..	496	..	496
<i>Industries Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	7	..	..	..	111	117	..	117
Meat Inspectors Superannuation	..	587	..	..	..	..	..	587	..	587
<i>Not Allocated to Function -</i>										
Natural Disaster Relief	12,053	..	2,284	..	..	..	..	14,337	..	14,337
<b>TOTAL</b>	<b>12,053</b>	<b>587</b>	<b>2,290</b>	<b>496</b>	<b>3,675</b>	<b>..</b>	<b>111</b>	<b>19,212</b>	<b>..</b>	<b>19,212</b>
INTEREST										
Interest on Loan Council & NT Government Borrowings (c) -	689,779	497,981	265,520	178,153	184,837	143,356	71,982	2,031,608	..	2,031,608
<i>Interest on Commonwealth Government Loans -</i>										
ACT Semi Government	..	..	..	..	..	..	..	..	3,275	3,275
ACT Land Development Cost	..	..	..	..	..	..	..	..	2,730	2,730
ACT Government Debt	..	..	..	..	..	..	..	..	31,166	31,166
Housing Nomination	23,728	23,091	8,569	14,687	26,926	7,277	8,210	112,488	..	112,488
<i>Defence -</i>										
Housing for Servicemen	10,822	2,990	6,141	688	576	78	..	21,295	..	21,295
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	57,255	44,842	15,790	15,117	25,698	10,263	1,707	170,672	..	170,672
Other Housing	..	..	..	..	..	..	5,923	5,923	26,372	32,295
Urban Water Supply and Treatment	..	..	..	85	507	..	..	592	..	592
Water and Sewerage Assistance	..	..	..	..	..	..	718	718	..	718
Growth Centres	279	184	..	..	..	..	..	463	..	463
Urban Rehabilitation	..	231	..	..	..	..	..	231	..	231
Sewerage	7,616	6,688	1,985	2,757	..	..	..	19,046	..	19,046
Community Facilities - Townsville	..	..	33	..	..	..	..	33	..	33

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens- Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Captains Flat Project	39	..	..	..	..	..	..	39	..	39
<i>Transport -</i>										
Railway Projects	2,013	3,122	3,371	1,262	..	..	..	9,768	..	9,768
King Island Harbour Works	..	..	..	..	..	1	..	1	..	1
Weipa Development	..	..	67	..	..	..	..	67	..	67
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	37	170	204	35	..	12	..	458	..	458
Bovine Brucellosis and Tuberculosis	..	..	52	4	..	..	..	56	..	56
Canned Fruit Industry	40	..	..	..	..	..	..	40	..	40
Rural Adjustment Scheme	2,715	2,725	2,450	2,116	3	181	166	10,357	..	10,357
Rural Reconstruction	876	635	514	454	..	64	..	2,543	..	2,543
War Service Land Settlement	317	336	..	..	..	..	..	652	..	652
Brigalow Lands Development	..	..	426	..	..	..	..	426	..	426
Irrigation and Other Water Projects	..	..	..	282	..	..	..	282	..	282
Dartmouth Dam	582	582	..	..	..	..	..	1,163	..	1,163
Softwood Forestry	2,154	443	837	812	..	..	..	4,246	..	4,246
Gladstone Power Station	..	..	9,003	..	..	..	..	9,003	..	9,003
Exmouth Township - Electricity	..	..	..	5	..	..	..	5	..	5
<i>Not Allocated to Function -</i>										
Natural Disaster Relief	98	..	282	2	..	114	3	498	..	498
<b>TOTAL</b>	<b>798,348</b>	<b>584,022</b>	<b>315,243</b>	<b>216,459</b>	<b>238,546</b>	<b>161,345</b>	<b>88,709</b>	<b>2,402,671</b>	<b>63,543</b>	<b>2,466,214</b>
<b>TOTAL PAYMENTS AND LOAN COUNCIL BORROWINGS</b>										
For General Purposes	3,781,367	2,779,960	2,536,597	1,570,181	1,473,775	549,409	772,451	13,463,739	467,859	13,931,599
For Specific Purposes	4,707,666	4,074,139	2,302,613	1,345,723	1,176,776	433,849	287,630	14,328,396	201,910	14,530,306
Total Gross Payments	8,489,033	6,854,099	4,839,209	2,915,904	2,650,551	983,258	1,060,081	27,792,135	669,769	28,461,905
Payments to State	6,864,450	5,496,241	4,084,464	2,447,318	2,241,210	861,078	1,021,860	23,016,615	626,384	23,643,001
*Payments through State	1,624,583	1,357,858	754,745	468,586	409,341	122,180	38,221	4,775,520	43,385	4,818,904
Total Gross Payments	8,489,033	6,854,099	4,839,209	2,915,904	2,650,551	983,258	1,060,081	27,792,135	669,769	28,461,905
Repayments	-413,152	-731,332	-177,046	-129,980	-285,505	-77,488	-32,545	-1,847,049	-30,524	-1,877,573
Total Net Payments	8,075,881	6,122,767	4,662,163	2,785,924	2,365,046	905,770	1,027,536	25,945,086	639,245	26,584,332

Table 31: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1990-91

	New South Wales	Victoria	Queens- Land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
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\*Items so marked are classified as payments made through the State. For details, see Box 8, Chapter V.

- (a) This category generally consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure on particular functional areas.
- (b) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (c) Includes interest on States' domestic raisings.

Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>GENERAL REVENUE FUNDS</b>										
Financial Assistance Grants	3,607,693	2,646,336	2,625,887	1,555,907	1,473,262	557,379	748,559	13,215,022	..	13,215,022
Identified Road Funds	4,513	2,636	5,981	..	8,715	5,159	12,127	39,131	..	39,131
Special Revenue Assistance	..	..	..	..	..	..	39,511	39,511	..	39,511
General Revenue Grants	..	..	..	..	..	..	..	..	357,639	357,639
Transitional Funding Payment	..	..	..	..	..	..	..	..	52,661	52,661
<b>TOTAL</b>	<b>3,612,206</b>	<b>2,648,972</b>	<b>2,631,868</b>	<b>1,555,907</b>	<b>1,481,977</b>	<b>562,538</b>	<b>800,196</b>	<b>13,293,662</b>	<b>410,301</b>	<b>13,703,964</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>										
Capital Grants	79,756	85,263	31,095	29,925	38,963	29,468	43,816	338,286	33,421	371,707
<b>TOTAL</b>	<b>79,756</b>	<b>85,263</b>	<b>31,095</b>	<b>29,925</b>	<b>38,963</b>	<b>29,468</b>	<b>43,816</b>	<b>338,286</b>	<b>33,421</b>	<b>371,707</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>										
<i>Education -</i>										
*Higher Education	837,864	752,787	392,669	250,912	235,559	65,921	21,732	2,557,444	..	2,557,444
State Contribution to Higher Education Superannuation	-24,817	-15,581	..	-3,337	-4,387	-250	..	-48,372	..	-48,372
Technical and Further Education	75,806	52,273	30,083	19,044	17,784	10,818	2,511	208,320	5,620	213,940
Government Schools	319,701	234,134	151,927	92,276	97,762	27,149	11,350	934,299	15,821	950,120
*Non Government Schools	442,670	372,920	214,630	113,832	88,621	29,113	8,913	1,270,699	31,774	1,302,473
Joint Schools Programs	15,939	15,583	9,603	6,027	4,373	2,719	918	55,163	1,680	56,842
Aboriginal Education	4,451	2,950	4,125	6,080	5,625	1,089	8,472	32,792	267	33,059
<i>Health -</i>										
Health Program Grants	239	1,857	165	8,321	15,380	1,309	..	27,271	4,833	32,104
Transfer Pathology Laboratory	7,911	3,157	13,467	..	..	1,763	..	26,298	..	26,298
Hospital Funding Grants	1,329,477	969,108	636,570	337,122	333,609	103,364	24,035	3,733,285	50,752	3,784,036
Medical Speciality Centres	1,054	953	303	31	..	..	..	2,341	..	2,341
Nurse Education	14,864	10,634	5,101	2,372	4,007	1,110	159	38,246	460	38,707
High Cost Drugs	13,756	11,582	6,489	1,749	1,327	621	205	35,729	371	36,100
Aged Care Assessment	9,047	6,479	3,415	2,327	2,315	692	497	24,772	198	24,969
Home and Community Care	22,481	29,432	20,709	10,574	10,401	3,353	55	97,007	518	97,525
National Better Health	826	618	403	..	206	87	122	2,263	107	2,370
Youth Health Services	711	324	547	..	205	55	17	1,859	54	1,912
Other Health Advancement	3,033	2,377	1,195	488	831	180	..	8,104	209	8,313
Other Health Care Access	7,130	4,135	3,209	1,925	3,158	307	111	19,974	552	20,527
Funds to Combat AIDS	9,344	5,333	2,931	2,055	1,684	601	488	22,436	521	22,957
Drug Education Campaigns	6,904	5,271	3,542	2,047	1,936	652	425	20,777	358	21,135

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Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Blood Transfusion Services	7,144	10,390	5,461	2,839	2,725	1,119	311	29,988	539	30,527
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	20,829	20,829
<i>Social Security and Welfare -</i>										
Aged Care Assessment	1,139	1,137	522	309	350	100	51	3,608	46	3,654
Home and Community Care	90,535	59,490	18,671	18,357	15,487	5,227	1,500	209,267	2,601	211,868
Disabilities Services	..	2,728	1,805	..	..	287	..	4,820	180	5,000
Rehabilitation Centres	419	..	..	..	..	..	..	419	..	419
Childrens' Services	1,923	4,886	731	701	15,864	326	200	24,631	71	24,702
Mortgage and Rent Relief	10,533	7,917	5,280	2,964	2,601	824	285	30,404	510	30,914
Supported Accommodation Assistance	30,537	24,746	14,636	8,019	9,032	3,385	2,389	92,744	3,004	95,748
Translating and Interpreting Services	..	..	..	..	56	..	36	92	..	92
Unattached Refugee Children	122	120	37	28	29	..	..	336	..	336
<i>Housing and Community Amenities nec -</i>										
Home Deposit Assistance	7,698	5,786	3,859	2,167	1,901	602	208	22,221	379	22,600
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
Urban Water Supply and Treatment	314	820	..	115	18	101	68	1,436	..	1,436
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,172	7,172
Urban Flood Mitigation	62	..	100	..	..	..	..	..	38	222
Environmental Restoration	..	..	..	310	..	..	2,683	2,993	..	2,993
Rainforest Conservation	162	..	2,000	..	..	359	..	2,521	..	2,521
<i>Culture and Recreation -</i>										
1998 Commonwealth Games Bid	..	..	..	..	200	..	..	200	..	200
World Heritage Areas	..	..	11,000	..	..	..	..	11,000	..	11,000
South West TAS - Heritage Area	..	..	..	..	..	6,460	..	6,460	..	6,460
<i>Transport -</i>										
Aerodrome Local Ownership Plan	3	..	35	12	..	1,318	97	1,466	..	1,466
Interstate Road Transport	7,500	4,146	1,468	614	1,944	77	77	15,826	77	15,904
<i>Industry Assistance and Development -</i>										
TAS Wheat Freight Subsidy	..	..	..	..	..	3,150	..	3,150	..	3,150
Bovine Brucellosis and Tuberculosis	739	501	4,522	5,741	522	63	14,509	26,596	32	26,628
Exotic Disease Eradication	60	39	..	14	..	33	24	170	57	227
Rural Adjustment Scheme	48,770	32,338	33,120	16,930	20,981	3,014	2,175	157,327	..	157,327
Irrigation and Other Water Projects	150	735	..	..	500	..	..	1,385	..	1,385
Afforestation Program	176	..	..	..	..	..	..	176	..	176
Forestry Development	..	4,736	..	..	..	2,988	..	7,724	..	7,724
Soil Conservation	4,769	3,083	5,022	4,575	2,415	1,348	1,242	22,454	110	22,564
Compensation Gas/RRT	..	60,000	..	..	..	..	..	60,000	..	60,000

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Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
PAWA (NT) Assistance	..	..	..	..	..	..	20,000	20,000	..	20,000
National Industry Extension Service	3,661	3,436	1,664	1,095	1,025	476	220	11,578	210	11,788
Multi Function Polis	..	..	..	..	2,743	..	..	2,743	..	2,743
<i>Labour and Employment -</i>										
Entry Level Training	14,016	11,372	7,504	3,834	4,182	1,665	584	43,158	900	44,058
Forest Industry Package	..	..	..	..	..	1,209	..	1,209	..	1,209
Employment Training-Aboriginal	1,524	491	3,189	1,082	3,193	357	161	9,997	90	10,087
* Coal Mining Industry - Long Service	18,994	..	4,997	2,450	..	150	..	26,592	..	26,592
<i>General Public Services -</i>										
Sharing of Criminal Asset Recovery	..	50	..	..	..	..	..	50	..	50
Aboriginal Deaths in Custody	850	..	335	..	..	..	..	1,185	200	1,385
Legal Aid	38,627	31,257	18,534	10,313	11,243	5,262	2,404	117,641	2,328	119,969
*Research at Universities	80,648	57,117	32,275	23,099	24,620	6,725	839	225,322	..	225,322
<i>Not Allocated to Function (a) -</i>										
Sinking Fund on State Debt	15,359	10,559	6,326	3,961	4,091	3,208	1,506	45,011	..	45,011
Debt Redemption Assistance	53,895	71,519	19,272	20,320	20,940	15,773	9,406	211,125	693	211,818
*Financial Assistance-Local Government	247,307	185,897	123,965	69,605	61,081	19,346	6,681	713,883	12,180	726,062
*Local Government -Identified Road	93,634	66,535	60,468	49,346	17,736	11,943	3,560	303,221	10,348	313,569
Compensation -Companies Regulation	38,580	33,727	18,994	11,691	8,696	2,693	1,718	116,099	..	116,099
Natural Disaster Relief	714	379	531	..	..	..	..	1,624	..	1,624
Assistance for South-West TAS	..	..	..	..	..	30,032	..	30,032	..	30,032
Grants in Lieu of Royalties	..	131,034	..	18,392	..	..	2,072	151,497	..	151,497
ACT National Capital Influences	..	..	..	..	..	..	..	..	17,839	17,839
<b>TOTAL</b>	<b>3,920,803</b>	<b>3,294,643</b>	<b>1,907,831</b>	<b>1,133,354</b>	<b>1,055,512</b>	<b>380,587</b>	<b>155,036</b>	<b>11,847,768</b>	<b>194,525</b>	<b>12,042,295</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>										
<i>Education -</i>										
*Higher Education	80,690	62,522	36,770	24,303	11,823	1,999	1,217	219,324	..	219,324
Technical and Further Education	57,064	61,688	42,151	23,600	13,905	4,025	4,104	206,538	85	206,623
Government Schools	75,942	52,548	38,237	20,910	19,001	6,477	1,461	214,576	3,688	218,265
*Non-Government Schools	30,723	25,893	12,759	6,896	6,157	1,822	449	84,699	1,748	86,447
Aboriginal Education	401	..	987	481	325	..	1,541	3,735	..	3,735
<i>Health -</i>										
Hospital Enhancement Program	7,596	3,311	3,808	3,486	3,409	710	..	22,320	680	23,000
Home and Community Care	..	579	..	..	576	..	..	1,156	..	1,156
Other Health Care Access	1,900	..	1,899	..	1,900	..	..	5,699	..	5,699
Blood Transfusion Services	689	502	601	306	223	113	46	2,480	22	2,502

Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Social Security and Welfare -</i>										
Home and Community Care	..	2,433	..	1,166	1,216	..	57	4,873	..	4,873
Children's Services	..	3,511	2,026	622	680	187	183	7,209	305	7,514
Crisis Accommodation Assistance	13,511	10,156	6,772	3,802	3,337	1,057	365	39,000	655	39,655
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	18,520	10,882	9,644	4,153	3,849	1,179	523	48,750	523	49,273
Housing Assistance For Aborigines	17,777	3,638	25,227	15,862	8,342	696	19,458	91,000	..	91,000
Local Government and Community Housing	8,314	6,250	4,168	2,340	2,053	650	225	24,000	403	24,403
CSHA Block Assistance	258,913	196,797	121,681	72,405	69,977	30,760	26,717	777,250	15,681	792,931
Urban Water Supply and Treatment	1,508	305	2,117	495	3,623	350	234	8,632	..	8,632
Urban Flood Mitigation	6,402	534	273	3	120	176	14	7,523	..	7,523
Sewerage	..	..	..	500	..	..	..	500	..	500
<i>Culture and Recreation -</i>										
National Estate	619	619	619	619	619	619	298	4,010	105	4,115
Heritage Restoration	6,808	5,108	3,429	1,922	1,680	531	183	19,661	339	20,000
Wet Tropics-Heritage Area	..	..	2,000	..	..	..	..	2,000	..	2,000
World Heritage Assistance	..	..	22	475	..	..	..	497	..	497
<i>Transport -</i>										
Badgery's Creek Road System	9,000	..	..	..	..	..	..	9,000	..	9,000
Roads	476,140	285,163	266,613	133,409	86,364	44,180	36,150	1,328,018	5,000	1,333,018
Railway Projects	2,850	2,850	..	..	..	..	..	5,700	..	5,700
Transport Improvement Grant	..	..	..	35,000	..	..	..	35,000	..	35,000
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	..	51	..	..	31	82	..	82
Salinity Reduction Control	2,778	2,556	..	514	345	..	..	6,193	..	6,193
Irrigation and Other Water Projects	2,433	2,240	475	..	776	..	..	5,923	..	5,923
TAS Industrial Development	..	..	..	..	..	6,000	..	6,000	..	6,000
<i>Not Allocated to Function(a)</i>										
Natural Disaster Relief	12,849	..	36,682	..	..	..	..	49,531	..	49,531
Tax Compensation- Sale of State Assets	..	..	..	..	..	14,000	..	14,000	..	14,000
Infrastructure Restoration	..	..	2,000	..	..	..	..	2,000	..	2,000
Assistance For South West TAS	..	..	..	..	..	91	..	91	..	91
<b>TOTAL</b>	<b>1,093,427</b>	<b>740,085</b>	<b>620,959</b>	<b>353,320</b>	<b>240,299</b>	<b>115,623</b>	<b>93,256</b>	<b>3,256,969</b>	<b>29,234</b>	<b>3,286,203</b>
<b>REPAYMENTS</b>										
Payments to National Debt Sinking Fund (b)	62,397	42,890	25,639	16,090	16,613	13,028	6,080	182,736	..	182,736
Supplementary Contributions	804,932	613,583	217,374	235,398	229,612	153,380	82,769	2,337,047	..	2,337,047

Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Repayments of Commonwealth Government Loans-</i>										
Loan Council - Housing Nominations	3,118	3,122	1,147	1,989	-1	967	1,038	11,379	..	11,379
ACT Lieu of Semi-Government Borrowings	..	..	..	..	..	..	..	..	25,000	25,000
ACT Debt Repayments	..	..	..	..	..	..	..	..	70,460	70,460
<i>Defence-</i>										
Housing for Servicemen	348	247	83	78	13	..	..	769	..	769
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	20,163	16,783	5,454	5,200	5,733	3,000	288	56,621	..	56,621
Other Housing	..	..	..	..	..	..	1,235	1,235	3,662	4,897
Urban Water Supply and Treatment	..	..	..	36	59	..	..	95	..	95
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	6,577	64	..	..	..	..	..	6,641	..	6,641
Urban Rehabilitation	..	205	..	..	..	..	..	205	..	205
Sewerage	872	767	221	314	..	..	..	2,173	..	2,173
Community Facilities-Townsville	..	..	14	..	..	..	..	14	..	14
Captains Flat Project	25	..	..	..	..	..	..	25	..	25
<i>Transport -</i>										
Railway Projects	1,616	1,602	1,629	805	..	..	..	5,653	..	5,653
Weipa Development	..	..	167	..	..	..	..	167	..	167
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	75	239	445	61	..	18	..	838	..	838
Bovine Brucellosis and Tuberculosis	..	..	144	39	187	..	203	574	..	574
Canned Fruit Industry	423	..	..	..	..	..	..	423	..	423
Rural Adjustment Scheme	1,794	2,470	1,782	1,687	35	73	137	7,976	..	7,976
Rural Reconstruction	3,557	2,758	2,286	1,901	..	286	..	10,788	..	10,788
Meat Inspectors' Superannuation	..	108	..	..	..	..	..	108	..	108
War Service Land Settlement	286	305	..	..	..	..	..	590	..	590
Brigalow Lands Development Scheme	..	..	693	..	..	..	..	693	..	693
Irrigation and Other Water Projects	..	..	..	850	..	..	..	850	..	850
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173
Softwood Forestry	743	287	549	243	..	..	..	1,822	..	1,822
Gladstone Power Station	..	..	4,505	..	..	..	..	4,505	..	4,505
Exmouth Township-Electricity Services	..	..	..	14	..	..	..	14	..	14
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	3,025	3,480	14,610	1,618	..	386	8	23,127	..	23,127
<b>TOTAL</b>	<b>910,536</b>	<b>689,496</b>	<b>276,743</b>	<b>266,322</b>	<b>252,249</b>	<b>171,139</b>	<b>91,892</b>	<b>2,658,377</b>	<b>99,122</b>	<b>2,757,499</b>

Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>ADVANCES</b>										
<i>Housing and Community Amenities nec -</i>										
Urban Water Supply and Treatment	..	..	..	..	2,450	..	..	2,450	..	2,450
<i>Industries Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	..	51	..	..	31	82	..	82
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	202	..	1,947	..	..	..	..	2,149	..	2,149
<b>TOTAL</b>	<b>202</b>	<b>..</b>	<b>1,947</b>	<b>51</b>	<b>2,450</b>	<b>..</b>	<b>31</b>	<b>4,681</b>	<b>..</b>	<b>4,681</b>
<b>INTEREST</b>										
<i>Interest on Loan Council &amp; NT Government Borrowings (c) -</i>	638,574	432,790	243,293	162,099	164,102	132,905	67,913	1,841,676	..	1,841,676
<i>Interest on Commonwealth Government Loans -</i>										
ACT Lieu of Semi-Government	..	..	..	..	..	..	..	..	1,638	1,638
ACT Government Debt	..	..	..	..	..	..	..	..	36,869	36,869
Housing Nomination	23,594	22,957	8,519	14,601	1,741	7,235	8,165	86,812	..	86,812
<i>Defence -</i>										
Housing for Servicemen	2,716	1,009	1,167	347	543	..	..	5,782	..	5,782
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	56,474	44,203	15,579	14,916	22,293	10,140	1,695	165,301	..	165,301
Other Housing	..	..	..	..	..	..	5,358	5,358	12,953	18,311
Urban Water Supply and Treatment	..	..	..	80	915	..	..	995	..	995
Water and Sewerage Assistance	..	..	..	..	..	..	712	712	..	712
Growth Centres	269	178	..	..	..	..	..	448	..	448
Urban Rehabilitation	..	214	..	..	..	..	..	214	..	214
Sewerage	7,536	6,618	1,964	2,729	..	..	..	18,848	..	18,848
Community Facilities - Townsville	..	..	32	..	..	..	..	32	..	32
Captains Flat Project	36	..	..	..	..	..	..	36	..	36
<i>Transport -</i>										
Railway Projects	1,781	2,915	3,148	1,191	..	..	..	9,034	..	9,034
Weipa Development	..	..	58	..	..	..	..	58	..	58
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	32	157	178	32	..	11	..	410	..	410
Bovine Brucellosis and Tuberculosis	..	..	23	9	114	..	..	146	..	146
Rural Adjustment Scheme	3,073	2,594	3,167	2,037	23	241	200	11,335	..	11,335
Rural Reconstruction	660	477	383	344	..	47	..	1,911	..	1,911
Meat Inspectors' Superannuation Loan	..	56	..	..	..	..	..	56	..	56

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Table 32: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1991 - 92 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
War Service Land Settlement	306	325	..	..	..	..	..	631	..	631
Brigalow Lands Development Scheme	..	..	379	..	..	..	..	379	..	379
Irrigation and Other Water Projects	..	..	..	226	..	..	..	226	..	226
Dartmouth Dam	525	525	..	..	..	..	..	1,051	..	1,051
Softwood Forestry	2,094	419	792	794	..	..	..	4,099	..	4,099
Gladstone Power Station	..	..	8,744	..	..	..	..	8,744	..	8,744
Exmouth Township - Electricity Services	..	..	..	5	..	..	..	5	..	5
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	356	..	223	3	..	64	1	647	..	647
<b>TOTAL</b>	<b>738,027</b>	<b>515,437</b>	<b>287,650</b>	<b>199,413</b>	<b>189,731</b>	<b>150,644</b>	<b>84,044</b>	<b>2,164,946</b>	<b>51,459</b>	<b>2,216,405</b>
	<b>TOTAL GROSS AND NET PAYMENTS</b>									
For General Purposes	3,691,962	2,734,235	2,662,963	1,585,832	1,520,940	592,006	844,012	13,631,949	443,721	14,075,671
For Specific Purposes	5,014,231	4,034,728	2,528,790	1,486,674	1,295,811	496,209	248,293	15,104,736	223,761	15,328,498
Total Gross Payments	8,706,193	6,768,963	5,191,753	3,072,506	2,816,750	1,088,215	1,092,305	28,736,686	667,483	29,404,169
Payments to State	6,873,663	5,245,292	4,313,220	2,532,063	2,371,153	951,196	1,048,914	23,335,502	611,433	23,946,936
*Payments through State	1,832,530	1,523,671	878,533	540,443	445,597	137,019	43,391	5,401,184	56,050	5,457,233
Total Gross Payments	8,706,193	6,768,963	5,191,753	3,072,506	2,816,750	1,088,215	1,092,305	28,736,686	667,483	29,404,169
Repayments	-910,536	-689,496	-276,743	-266,322	-252,249	-171,139	-91,892	-2,658,377	-99,122	-2,757,500
Total Net Payments	7,795,657	6,079,467	4,915,010	2,806,184	2,564,501	917,076	1,000,413	26,078,309	568,361	26,646,669

\*Items so marked are classified as payments made through the State. For details, see Box 8, Chapter V.

- (a) This category generally consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure on particular functional areas.
- (b) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (c) Includes interest on States' domestic raisings.

Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>GENERAL REVENUE FUNDS</b>										
Financial Assistance Grants	3,634,974	2,661,930	2,775,220	1,599,328	1,536,497	583,339	794,342	13,585,630	..	13,585,630
Identified Road Funds	4,640	2,710	6,149	..	8,960	..	8,355	30,815	..	30,815
Special Revenue Assistance	..	138,872	..	..	..	..	39,963	178,835	14,987	193,822
General Revenue Grants	..	..	..	..	..	..	..	..	378,916	378,916
<b>TOTAL</b>	<b>3,639,614</b>	<b>2,803,512</b>	<b>2,781,369</b>	<b>1,599,328</b>	<b>1,545,457</b>	<b>583,339</b>	<b>842,660</b>	<b>13,795,280</b>	<b>393,903</b>	<b>14,189,183</b>
<b>GENERAL PURPOSE CAPITAL FUNDS</b>										
Capital Grants	141,815	114,908	47,216	39,899	54,286	32,315	45,492	475,931	36,582	512,513
<b>TOTAL</b>	<b>141,815</b>	<b>114,908</b>	<b>47,216</b>	<b>39,899</b>	<b>54,286</b>	<b>32,315</b>	<b>45,492</b>	<b>475,931</b>	<b>36,582</b>	<b>512,513</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>										
<i>Education -</i>										
*Higher Education	883,477	802,446	421,843	276,425	244,296	67,258	24,487	2,720,232	..	2,720,232
State Contribution to Higher Education Superannuation	-12,892	-14,623	..	-3,132	-4,118	-235	..	-35,000	..	-35,000
Technical and Further Education	112,882	78,291	45,640	28,674	26,496	15,473	3,539	310,995	7,439	318,434
Government Schools	313,077	229,261	148,726	90,331	82,887	26,598	11,118	901,998	15,488	917,486
*Non Government Schools	444,074	374,103	215,311	114,193	88,902	29,205	8,941	1,274,730	31,875	1,306,605
Joint Schools Programs	16,563	14,641	11,836	7,586	5,250	3,622	1,226	60,724	1,997	62,721
Aboriginal Education	11,360	3,590	13,168	6,984	5,806	914	9,152	50,974	357	51,331
Cost Escalation Allowance	21,746	15,942	10,499	6,347	5,740	1,956	790	63,019	1,170	64,189
*Cost Escalation Allowance	42,277	37,140	20,297	12,140	10,220	3,016	1,023	126,113	1,376	127,489
<i>Health -</i>										
Health Program Grants	..	1,649	..	7,863	15,524	..	..	25,036	4,471	29,507
Transfer Pathology Laboratory	7,942	3,569	15,278	..	..	1,729	..	28,518	..	28,518
Repatriation General Hospitals	..	..	..	..	..	11,490	..	11,490	..	11,490
Hospital Funding Grants	1,371,495	1,006,145	665,027	348,960	345,115	106,749	24,915	3,868,406	53,339	3,921,745
Medical Specialty Centres	1,271	909	377	105	..	..	..	2,662	..	2,662
Hospital Access	17,147	12,686	8,411	4,414	4,365	1,352	316	48,691	671	49,362
Nurse Education	17,419	11,725	6,999	2,634	4,483	1,235	192	44,688	475	45,163
High Cost Drugs	22,736	17,076	11,599	4,889	6,514	1,205	392	64,411	589	65,000
Aged Care Assessment	9,479	6,400	3,800	2,600	2,200	600	500	25,579	235	25,814
Home and Community Care	25,043	32,786	23,069	11,779	11,587	3,735	62	108,061	577	108,638
National Better Health	836	626	408	..	208	89	125	2,291	109	2,400
Youth Health Services	792	949	351	257	286	56	38	2,729	46	2,775
Other Health Advancement	4,875	3,676	2,898	1,834	1,255	654	668	15,860	242	16,102

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Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Other Health Care Access	8,693	8,453	6,987	4,120	4,780	2,200	1,222	36,454	1,024	37,478
Funds to Combat AIDS	9,541	5,123	3,043	2,160	1,729	610	559	22,765	547	23,312
Drug Education Campaigns	9,279	5,970	3,522	1,864	1,806	710	288	23,439	341	23,780
Blood Transfusion Services	7,236	8,885	7,195	3,020	3,115	1,140	362	30,953	660	31,613
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	18,386	18,386
<i>Social Security and Welfare -</i>										
Aged Care Assessment	2,000	1,485	990	540	580	230	61	5,886	46	5,932
Home and Community Care	100,935	66,324	20,816	20,466	17,266	5,828	1,672	233,307	2,900	236,207
Disabilities Services	6,895	49,618	41,727	1,927	1,724	9,444	183	111,518	2,786	114,304
Rehabilitation Centres	151	..	..	..	..	..	..	151	..	151
Children's Services	2,683	6,811	1,021	978	21,860	455	278	34,086	99	34,185
Mortgage and Rent Relief	10,533	7,917	5,280	2,964	2,601	824	285	30,404	510	30,914
Supported Accommodation Assistance	34,409	22,853	15,736	8,922	9,581	3,615	3,203	98,319	2,654	100,973
X Translating and Interpreting Services	..	94	15	..	28	..	18	155	..	155
\ Unattached Refugee Children	93	103	50	57	67	..	..	370	..	370
Locational Disadvantage Research	123	85	..	..	..	..	..	208	..	208
<i>Housing and Community Amenities nec -</i>										
Home Deposit Assistance	..	..	..	..	..	..	..	5,500	..	5,500
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
Urban Water Supply and Treatment	401	425	..	225	255	136	..	1,442	..	1,442
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,430	7,430
Urban Flood Mitigation	90	..	56	..	64	39	..	249	38	287
Environmental Restoration	..	..	..	..	..	..	437	437	..	437
<i>Culture and Recreation -</i>										
Olympic Games Bid Assistance	5,000	..	..	..	..	..	..	5,000	..	5,000
World Heritage Areas	..	..	24,760	..	..	..	..	24,760	..	24,760
South West TAS - Heritage Area	..	..	..	..	..	6,668	..	6,668	..	6,668
<i>Transport -</i>										
Aerodrome Local Ownership Plan	64	..	..	120	..	30	..	214	..	214
Interstate Road Transport	7,758	4,577	1,568	655	2,243	83	83	16,966	84	17,050
<i>Industry Assistance and Development -</i>										
TAS Wheat Freight Subsidy	..	..	..	..	..	2,925	..	2,925	..	2,925
Bovine Brucellosis and Tuberculosis	855	141	5,002	4,726	130	43	12,001	22,898	12	22,910
Exotic Disease Eradication	76	454	25	..	20	..	..	575	57	632
Rural Adjustment Scheme	55,031	35,071	26,852	18,966	24,389	3,325	2,827	166,462	..	166,462
Irrigation and Other Water Projects	156	565	30	..	..	..	..	751	..	751
Afforestation Program	..	70	..	..	..	..	..	70	..	70

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Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Forestry Development	212	1,542	212	212	212	9,730	..	12,118	..	12,118
Soil Conservation	6,398	3,207	4,792	4,431	2,369	1,205	1,499	23,901	110	24,011
PAWA (NT) Assistance	..	..	..	..	..	..	10,000	10,000	..	10,000
WA Steel Project Study	..	..	..	750	..	..	..	750	..	750
National Industry Extension Service	4,042	3,777	1,922	1,168	1,220	513	231	12,873	261	13,134
Multi Function Polis	..	..	..	..	2,000	..	..	2,000	..	2,000
<i>Labour and Employment -</i>										
Entry Level Training	20,459	16,418	10,800	5,418	5,917	2,388	778	62,177	1,373	63,550
Forest Industry Package	..	..	..	..	..	3,000	..	3,000	..	3,000
Employment Training-Aboriginal	1,662	536	3,478	1,180	3,482	389	176	10,902	98	11,000
* Coal Mining Industry - Long Service	12,778	..	2,630	930	..	100	..	16,438	..	16,438
<i>General Public Services -</i>										
Sharing of Criminal Asset Recovery	..	250	..	..	..	..	..	250	..	250
Aboriginal Deaths in Custody	..	..	200	..	..	..	..	200	..	200
Legal Aid	39,989	33,548	19,878	10,180	12,402	2,621	3,149	121,767	5,714	127,481
*Research at Universities	90,730	69,363	39,081	27,062	30,762	7,676	1,176	265,850	..	265,850
<i>Not Allocated to Function (a) -</i>										
Sinking Fund on State Debt	12,931	8,722	5,646	3,296	3,402	2,703	1,259	37,959	..	37,959
Debt Redemption Assistance	36,000	29,800	16,000	11,800	11,200	9,900	7,600	122,300	716	123,016
*Financial Assistance-Local Government	255,097	190,626	128,815	70,877	62,432	20,147	7,206	735,199	12,398	747,597
*Local Government -Identified Road	96,274	68,411	62,173	50,737	18,236	17,585	7,773	321,189	10,641	331,830
Compensation -Companies Regulation	40,045	35,008	19,715	12,135	9,026	2,796	1,784	120,508	..	120,508
Natural Disaster Relief	2,250	..	2,250	..	..	..	..	4,500	..	4,500
Assistance for South-West TAS	..	..	..	..	..	..	..	30,170	..	30,170
Public Sector Restructuring	..	..	..	..	17,000	..	..	17,000	..	17,000
Royalties	..	12,035	..	18,100	..	..	1,500	31,635	..	31,635
ACT National Capital Influences	..	..	..	..	..	..	..	..	18,481	18,481
<b>TOTAL</b>	<b>4,194,314</b>	<b>3,338,601</b>	<b>2,108,223</b>	<b>1,215,497</b>	<b>1,129,853</b>	<b>426,244</b>	<b>155,092</b>	<b>12,567,825</b>	<b>207,822</b>	<b>12,775,647</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>										
<i>Education -</i>										
*Higher Education	108,972	97,907	51,070	32,633	30,637	8,457	2,826	332,501	..	332,501
Technical and Further Education	86,116	52,854	30,352	18,092	16,378	6,239	4,946	214,977	50	215,027
Government Schools	86,564	59,846	43,585	23,835	21,659	7,383	1,666	244,538	4,204	248,742
*Non-Government Schools	40,855	35,198	17,021	9,258	8,102	2,453	614	113,501	2,389	115,890
Aboriginal Education	827	..	1,635	597	328	..	2,554	5,942	..	5,942

Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Health -</i>										
Hospital Enhancement Program	6,711	7,453	3,368	546	128	409	399	19,014	26	19,040
Hospital Access	712	527	349	183	181	56	13	2,021	28	2,049
Veterans Psychiatric Care	..	4,500	..	..	..	..	..	4,500	..	4,500
Home and Community Care	..	652	..	..	648	..	..	1,300	..	1,300
Other Health Care Access	1,900	1,900	..	1,900	..	..	..	5,700	..	5,700
Blood Transfusion Services	4,019	684	766	2,806	486	100	47	8,908	1,459	10,366
<i>Social Security and Welfare -</i>										
Home and Community Care	..	2,702	..	1,295	1,351	..	63	5,411	..	5,411
Children's Services	..	5,882	3,393	1,041	1,138	314	306	12,074	511	12,585
Crisis Accommodation Assistance	13,511	10,156	6,772	3,802	3,337	1,057	365	39,000	655	39,655
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	18,520	10,882	9,644	4,153	3,849	1,179	523	48,750	523	49,273
Housing Assistance For Aborigines	17,777	3,638	25,227	15,862	8,342	696	19,458	91,000	..	91,000
Local Government and Community Housing	8,314	6,250	4,168	2,340	2,053	650	225	24,000	403	24,403
CSHA Block Assistance	274,454	206,265	137,603	77,214	67,766	25,081	13,448	801,830	16,101	817,931
Sewerage	..	..	..	10,750	..	..	..	10,750	..	10,750
Urban Infrastructure	..	..	..	8,000	..	..	..	8,000	..	8,000
Urban Water Supply and Treatment	1,510	660	1,040	649	1,942	359	389	6,549	..	6,549
Urban Flood Mitigation	6,737	695	678	500	80	110	165	8,964	..	8,964
<i>Culture and Recreation -</i>										
National Estate	638	638	638	638	638	638	308	4,138	108	4,246
Wet Tropics-Heritage Area	..	..	4,000	..	..	..	..	4,000	..	4,000
World Heritage Assistance	20	..	..	230	..	..	..	250	..	250
<i>Transport -</i>										
Roads	593,897	361,397	385,396	171,496	116,796	62,496	51,896	1,743,374	4,600	1,747,974
Railway Projects	10,250	26,650	10,000	24,500	8,000	..	..	79,400	..	79,400
Port Development	..	..	20,000	..	..	..	..	20,000	..	20,000
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	30	..	..	..	150	180	..	180
Meat Inspectors Superannuation Loan	..	4,991	..	..	..	..	..	4,991	..	4,991
Salinity Reduction Control	2,692	2,937	..	400	285	..	..	6,314	..	6,314
Irrigation and Other Water Projects	2,808	4,051	618	..	2,720	..	..	10,196	..	10,196
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	27,750	..	27,750	..	..	..	..	55,500	..	55,500
Assistance For South West TAS	..	..	..	..	..	100	..	100	..	100
State Asset Sale Tax Compensation	430,000	..	..	..	..	..	..	430,000	..	430,000

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Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<b>TOTAL</b>	<b>1,745,554</b>	<b>909,314</b>	<b>785,102</b>	<b>412,720</b>	<b>296,844</b>	<b>117,776</b>	<b>100,361</b>	<b>4,367,672</b>	<b>31,057</b>	<b>4,398,729</b>
<b>REPAYMENTS</b>										
Payments to National Debt Sinking Fund (b)-	52,458	35,405	22,883	13,373	13,961	10,960	5,077	154,117	..	154,117
Supplementary Contributions	1,108,000	469,000	257,000	171,000	176,000	134,000	82,018	2,397,018	..	2,397,018
<i>Repayments of Commonwealth Government Loans-</i>										
Loan Council - Housing Nominations	3,258	3,262	1,199	2,078	3,903	1,011	1,085	15,795	..	15,795
ACT Debt Repayments	..	..	..	..	..	..	..	..	11,722	11,722
<i>Defence -</i>										
Housing For Servicemen	369	259	369	82	14	..	..	1,093	..	1,093
<i>Social Security and Welfare -</i>										
Unemployment Relief Works	..	10	..	..	..	..	..	10	..	10
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	20,974	17,448	5,675	5,410	8,413	3,128	301	61,348	..	61,348
Other Housing	..	..	..	..	..	..	1,294	1,294	3,827	5,121
Urban Water Supply and Treatment	..	..	..	41	92	..	..	133	..	133
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	107	70	..	..	..	..	..	177	..	177
Urban Rehabilitation	..	205	..	..	..	..	..	205	..	205
Sewerage	958	849	242	344	..	..	..	2,393	..	2,393
Community Facilities-Townsville	..	..	15	..	..	..	..	15	..	15
Captains Flat Project	28	..	..	..	..	..	..	28	..	28
<i>Transport -</i>										
Railway Projects	1,616	1,837	1,889	790	..	..	..	6,132	..	6,132
Weipa Development	..	..	176	..	..	..	..	176	..	176
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	79	253	472	64	..	20	..	888	..	888
Bovine Brucellosis and Tuberculosis	..	..	330	9	77	..	183	599	..	599
Canned Fruit Industry	424	..	..	..	..	..	..	424	..	424
Rural Adjustment Scheme	2,402	2,565	1,927	1,826	..	155	148	9,023	..	9,023
Rural Reconstruction	2,917	2,263	1,876	1,560	..	234	..	8,850	..	8,850
Meat Inspectors' Superannuation Loan	..	617	..	..	..	..	..	617	..	617
War Service Land Settlement	297	315	..	..	..	..	..	612	..	612
Brigalow Lands Development Scheme	..	..	693	..	..	..	..	693	..	693
Irrigation and Other Water Projects	..	..	..	756	..	..	..	756	..	756
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173
Softwood Forestry	743	287	549	243	..	..	..	1,822	..	1,822
Gladstone Power Station	..	..	67,354	..	..	..	..	67,354	..	67,354

Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Exmouth Township-Electricity Services	..	..	..	14	..	..	..	14	..	14
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	2,116	869	12,130	764	..	372	8	16,259	..	16,259
<b>TOTAL</b>	<b>1,197,332</b>	<b>536,102</b>	<b>374,777</b>	<b>198,354</b>	<b>202,460</b>	<b>149,880</b>	<b>90,250</b>	<b>2,749,154</b>	<b>15,549</b>	<b>2,764,703</b>
<b>ADVANCES</b>										
<i>Housing and Community Amenities nec -</i>										
Urban Water Supply and Treatment	..	..	..	..	1,260	..	..	1,260	..	1,260
<i>Industries Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	30	..	..	..	150	180	..	180
Meat Inspectors Superannuation Loan	..	4,991	..	..	..	..	..	4,991	..	4,991
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	2,250	..	2,250	..	..	..	..	4,500	..	4,500
<b>TOTAL</b>	<b>2,250</b>	<b>4,991</b>	<b>2,280</b>	<b>..</b>	<b>1,260</b>	<b>..</b>	<b>150</b>	<b>10,931</b>	<b>..</b>	<b>10,931</b>
<b>INTEREST</b>										
<i>Interest on Loan Council &amp; NT Government Borrowings (c) -</i>	537,890	363,385	214,370	136,975	138,875	113,985	56,520	1,562,000	..	1,562,000
<i>Interest on Commonwealth Government Loans -</i>										
Housing Nomination	23,453	22,821	8,467	14,510	14,174	7,191	8,113	98,730	..	98,730
ACT Government Debt	..	..	..	..	..	..	..	..	16,606	16,606
<i>Defence -</i>										
Housing for Servicemen	2,701	1,002	1,842	344	584	..	..	6,473	..	6,473
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	55,662	43,538	15,361	14,706	25,033	10,012	1,682	165,994	..	165,994
Other Housing	..	..	..	..	..	..	5,297	5,297	12,788	18,085
Urban Water Supply and Treatment	..	..	..	76	1,160	..	..	1,236	..	1,236
Water and Sewerage Assistance	..	..	..	..	..	..	705	705	..	705
Growth Centres	260	171	..	..	..	..	..	431	..	431
Urban Rehabilitation	..	196	..	..	..	..	..	196	..	196
Sewerage	7,491	6,536	1,941	2,698	..	..	..	18,667	..	18,667
Community Facilities - Townsville	..	..	30	..	..	..	..	30	..	30
Captains Flat Project	34	..	..	..	..	..	..	34	..	34
<i>Transport -</i>										
Railway Projects	1,550	2,675	2,888	1,113	..	..	..	8,225	..	8,225
Weipa Development	..	..	49	..	..	..	..	49	..	49

Table 33: Commonwealth Payments to States and Territories, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 (Continued)

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	28	137	156	28	..	10	..	359	..	359
Bovine Brucellosis and Tuberculosis	..	..	40	3	24	..	25	92	..	92
Rural Adjustment Scheme	2,412	2,344	1,964	1,904	..	159	189	8,972	..	8,972
Rural Reconstruction	454	317	256	235	..	30	..	1,292	..	1,292
Meat Inspectors Superannuation Loan	..	245	..	..	..	..	..	245	..	245
War Service Land Settlement	296	313	..	..	..	..	..	609	..	609
Brigalow Lands Development Scheme	..	..	333	..	..	..	..	333	..	333
Irrigation and Other Water Projects	..	..	..	170	..	..	..	170	..	170
Dartmouth Dam	469	469	..	..	..	..	..	938	..	938
Softwood Forestry	2,034	396	748	775	..	..	..	3,953	..	3,953
Gladstone Power Station	..	..	8,470	..	..	..	..	8,470	..	8,470
Exmouth Township - Electricity Services	..	..	..	4	..	..	..	4	..	4
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	96	..	69	..	..	15	1	181	..	181
<b>TOTAL</b>	<b>634,830</b>	<b>444,547</b>	<b>256,984</b>	<b>173,541</b>	<b>179,850</b>	<b>131,402</b>	<b>72,532</b>	<b>1,893,685</b>	<b>29,394</b>	<b>1,923,079</b>
<b>TOTAL GROSS AND NET PAYMENTS</b>										
For General Purposes	3,781,429	2,918,420	2,828,585	1,639,227	1,599,743	615,654	888,152	14,271,211	430,485	14,701,696
For Specific Purposes	5,939,868	4,247,915	2,893,325	1,628,217	1,426,698	544,020	255,454	16,935,497	238,879	17,174,376
Total Gross Payments	9,721,298	7,166,335	5,721,911	3,267,444	3,026,441	1,159,674	1,143,606	31,206,708	669,364	31,876,072
Payments to State	7,746,764	5,491,141	4,763,670	2,673,189	2,532,854	1,003,777	1,089,560	25,300,955	610,685	25,911,640
*Payments through State	1,974,534	1,675,194	958,241	594,255	493,587	155,897	54,046	5,905,753	58,679	5,964,432
Total Gross Payments	9,721,298	7,166,335	5,721,911	3,267,444	3,026,441	1,159,674	1,143,606	31,206,708	669,364	31,876,072
Repayments	-1,197,332	-536,102	-374,777	-198,354	-202,460	-149,880	-90,250	-2,749,154	-15,549	-2,764,703
Total Net Payments	8,523,966	6,630,233	5,347,134	3,069,090	2,823,981	1,009,794	1,053,356	28,457,554	653,815	29,111,369

\*Items so marked are classified as payments made through the State. For details, see Box 8, Chapter V.

- (a) This category generally consists of payments relating to specific purposes which, however, are not subject to conditions on their use by the States and Territories and in that sense therefore are not tied to expenditure on particular functional areas.
- (b) Includes sinking fund contributions on State debt made by the Commonwealth Government, which are included in this paper as payments for the States.
- (c) Includes interest on States' domestic raisings.

### **APPENDIX III: TABLES OF PAYMENT TO OR FOR LOCAL GOVERNMENT AUTHORITIES, 1989-89 TO 1992-93 (ESTIMATES)**

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

- general purpose assistance which is initially paid to the States and the Northern Territory which are required to pass on the entire amount as untied assistance to local government authorities;
- direct grants paid under a number of specific purpose programs for which local government authorities are eligible and have received assistance; and
- assistance passed on through the States and the Northern Territory which is generally passed on at the discretion of the State and Northern Territory governments, although in some instances Commonwealth approval is required. Elsewhere in this Paper, such assistance is classified as a specific purpose payment to the six States and the Northern Territory. The amounts shown are those supplied by State Treasuries for the period 1988-89 to 1991-92. 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 1992-93.

<b>Table No</b>	<b>State/Territory</b>	<b>Page</b>
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**Table 34: Commonwealth Government Payments to or for Local Government Authorities in New South Wales (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Local Government General Purpose Assistance</b>					
General (a)	229,435	237,124	243,138	247,307	255,097
Identified Road Funding (a)	..	..	..	93,634	96,274
<b>Total</b>	<b>229,435</b>	<b>237,124</b>	<b>243,138</b>	<b>340,941</b>	<b>351,371</b>
<b>Direct Payments - Current</b>					
Home and Community Care	..	..	..	..	30
Nursing Homes	28	-2	-2	..	..
Aged and Disabled Persons' Homes and Hostels	822	1,389	1,613	3,074	3,158
Handicapped Persons' Assistance	177	279	541	1,766	800
Children's Services	23,810	24,951	24,453	41,577	41,790
Aboriginal Advancement	394	..	..	..	574
Local Government Development Program	503	764	530	230	230
Aerodrome Local Ownership Plan	2,082	2,353	2,589	8,991	4,500
<b>Total Current</b>	<b>27,815</b>	<b>29,732</b>	<b>29,723</b>	<b>55,638</b>	<b>51,082</b>
<b>Direct Payments - Capital</b>					
Aged and Disabled Persons' Homes and Hostels	2,069	3,099	2,266	4,762	5,166
Handicapped Persons' Assistance	..	46	111	329	200
Children's Services	1,024	375	263	197	154
Newcastle Redevelopment	..	..	..	..	750
Aerodrome Local Ownership Plan	679	182	3	1,242	920
Local Capital Works Program	..	..	..	..	74,636
<b>Total Capital</b>	<b>3,772</b>	<b>3,701</b>	<b>2,643</b>	<b>6,529</b>	<b>81,826</b>
<b>Total Direct Payments</b>	<b>31,586</b>	<b>33,433</b>	<b>32,367</b>	<b>62,168</b>	<b>132,909</b>
<b>Total Direct plus General Assistance</b>	<b>261,022</b>	<b>270,557</b>	<b>275,504</b>	<b>403,108</b>	<b>484,279</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (b)</b>					
Home and Community Care	6,336	6,066	7,211	11,542	na
Supported Accommodation Assistance	44	42	279	370	na
Children's Services	713	743	708	750	na
Family Support Services	119	..	..	..	na
Local Government and Community Housing Grants	1,154	1,253	722	1,442	na
National Estate	152	156	282	618	na
Roads Assistance	81,125	83,605	86,204	..	na
Flood Mitigation	3,390	3,460	9,420	10,100	na
Support for Steel Regions	2,312	..	..	..	na
Disaster Relief	775	..	65,447	17,913	na
<b>Total On-passed Specific Purpose Funds</b>	<b>96,120</b>	<b>95,325</b>	<b>170,273</b>	<b>42,735</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 35: Commonwealth Government Payments to or for Local Government Authorities in Victoria (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Local Government General Purpose Assistance</b>					
General (a)	172,726	177,280	182,408	185,897	190,626
Identified Road Funding (a)	..	..	..	66,535	68,411
<b>Total</b>	<b>172,726</b>	<b>177,280</b>	<b>182,408</b>	<b>252,432</b>	<b>259,037</b>
<b>Direct Payments - Current</b>					
Nursing Homes	..	-2	-8	..	..
Home and Community Care	..	..	..	81	100
Aged and Disabled Persons' Homes and Hostels	2,454	3,308	4,544	5,420	6,349
Handicapped Persons' Assistance	88	176	379	667	300
Children's Services	28,711	29,312	27,179	49,178	49,001
Aboriginal Advancement	2	..	..	..	102
Local Government Development Program	456	462	387	145	145
Aerodrome Local Ownership Plan	832	721	624	2,281	1,600
<b>Total Current</b>	<b>32,542</b>	<b>33,977</b>	<b>33,104</b>	<b>57,772</b>	<b>57,596</b>
<b>Direct Payments - Capital</b>					
Aged and Disabled Persons' Homes and Hostels	1,961	651	4,905	4,924	5,343
Handicapped Persons' Assistance	..	24	53	156	22
Children's Services	3,047	683	122	485	381
Aerodrome Local Ownership Plan	177	147	..	276	550
Local Capital Works	..	..	..	..	75,701
<b>Total Capital</b>	<b>5,186</b>	<b>1,504</b>	<b>5,079</b>	<b>5,840</b>	<b>81,997</b>
<b>Total Direct Payments</b>	<b>37,728</b>	<b>35,481</b>	<b>38,184</b>	<b>63,612</b>	<b>139,594</b>
<b>Total Direct plus General Assistance</b>	<b>210,453</b>	<b>212,762</b>	<b>220,591</b>	<b>316,044</b>	<b>398,631</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (b)</b>					
Home and Community Care	35,179	38,693	43,597	46,122	na
Supported Accommodation Assistance	133	225	331	350	na
Children's Services	3,562	2,851	2,051	4,693	na
Local Government and Community Housing Grants	385	1,990	3,279	2,038	na
National Estate	88	109	142	50	na
Roads Assistance	61,600	59,500	61,075	..	na
Flood Mitigation	705	379	1,656	917	na
Community Employment Program	1,287	..	..	..	na
National Sports Facilities	743	911	..	..	na
Australian Bicentenary	3,430	..	..	..	na
<b>Total On-passed Specific Purpose Funds</b>	<b>107,113</b>	<b>104,658</b>	<b>112,131</b>	<b>54,170</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 36: Commonwealth Government Payments to or for Local Government Authorities in Queensland (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Local Government General Purpose Assistance</b>					
General (a)	108,322	114,989	120,398	123,965	128,815
Identified Road Funding (a)	..	..	..	60,468	62,173
<b>Total</b>	<b>108,322</b>	<b>114,989</b>	<b>120,398</b>	<b>184,433</b>	<b>190,988</b>
<b>Direct Payments - Current</b>					
Home and Community Care	..	..	..	..	24
Aged and Disabled Persons' Homes and Hostels	270	435	805	1,128	1,310
Handicapped Persons' Assistance	..	164	393	559	300
Children's Services	5,945	6,429	6,980	10,106	10,120
Aboriginal Advancement	-4,121	3,430	..	..	254
Local Government Development Program	399	290	305	115	115
Aerodrome Local Ownership Plan	1,479	1,523	2,706	4,623	11,000
<b>Total Current</b>	<b>3,972</b>	<b>12,271</b>	<b>11,189</b>	<b>16,530</b>	<b>23,122</b>
<b>Direct Payments - Capital</b>					
Aged and Disabled Persons' Homes and Hostels	815	2,780	873	972	678
Handicapped Persons' Assistance	..	106	73	115	20
Children's Services	1,068	177	99	63	49
Aboriginal Advancement	..	686	..	..	..
Aerodrome Local Ownership Plan	18,596	832	2,089	4,790	2,000
Local Capital Works	..	..	..	..	33,874
<b>Total Capital</b>	<b>20,479</b>	<b>4,580</b>	<b>3,134</b>	<b>5,939</b>	<b>36,621</b>
<b>Total Direct Payments</b>	<b>24,451</b>	<b>16,851</b>	<b>14,323</b>	<b>22,469</b>	<b>59,743</b>
<b>Total Direct plus General Assistance</b>	<b>132,772</b>	<b>131,840</b>	<b>134,722</b>	<b>206,902</b>	<b>250,731</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (b)</b>					
Home and Community Care	471	590	1,030	1,989	na
National Better Health	..	..	35	..	na
Supported Accommodation Assistance	54	52	80	50	na
Children's Services	36	34	..	..	na
Family Support Services	169	..	77	348	na
Local Government and Community Housing Grants	2,015	4,400	5,454	9,043	na
National Estate	65	121	171	35	na
Roads Assistance	48,090	60,146	59,089	2,676	na
Flood Mitigation	2,732	3,102	1,690	2,725	na
Community Employment Program	686	..	..	..	na
Natural Disaster Relief	..	7,035	25,098	24,050	na
<b>Total On-passed Specific Purpose Funds</b>	<b>54,318</b>	<b>75,480</b>	<b>92,724</b>	<b>40,916</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 37: Commonwealth Government Payments to or for Local Government Authorities in Western Australia (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Local Government General Purpose Assistance					
General (a)	59,892	64,821	67,718	69,605	70,877
Identified Road Funding (a)	..	..	..	49,346	50,737
<b>Total</b>	<b>59,892</b>	<b>64,821</b>	<b>67,718</b>	<b>118,951</b>	<b>121,614</b>
Direct Payments - Current					
Nursing Homes	-16	8	-3	..	..
Aged and Disabled Persons' Homes and Hostels	335	638	1,896	1,024	1,204
Handicapped Persons' Assistance	..	-1	12	17	130
Children's Services	7,476	7,078	8,027	10,590	10,528
Aboriginal Advancement	2	..	..	..	83
Local Government Development Program	246	214	272	..	..
Aerodrome Local Ownership Plan	832	3,212	2,545	1,183	2,926
Exmouth Shire-Defence Changes	..	..	..	60	..
<b>Total Current</b>	<b>8,874</b>	<b>11,148</b>	<b>12,750</b>	<b>12,874</b>	<b>14,871</b>
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	619	2,374	998	2,225	1,552
Children's Services	96	53	64	4	3
Perth Airport Land Aquisition	..	..	..	..	375
Aerodrome Local Ownership Plan	4,262	20	124	569	2,717
Local Capital Works	..	..	..	..	25,139
<b>Total Capital</b>	<b>4,978</b>	<b>2,447</b>	<b>1,187</b>	<b>2,797</b>	<b>29,786</b>
<b>Total Direct Payments</b>	<b>13,852</b>	<b>13,595</b>	<b>13,936</b>	<b>15,671</b>	<b>44,657</b>
<b>Total Direct plus General Assistance</b>	<b>73,744</b>	<b>78,416</b>	<b>81,655</b>	<b>134,621</b>	<b>166,271</b>
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	2,765	3,825	5,490	5,985	na
Supported Accommodation Assistance	313	654	459	342	na
Children's Services	171	217	209	185	na
Local Government and Community Housing Grants	396	656	681	835	na
National Estate	96	127	108	60	na
Roads Assistance	46,361	42,196	46,629	3,639	na
Flood Mitigation	..	200	..	122	na
Community Employment Program	326	..	..	..	na
Australian Bicentenary	264	..	..	..	na
<b>Total On-passed Specific Purpose Funds</b>	<b>50,690</b>	<b>47,875</b>	<b>53,576</b>	<b>11,168</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 38: Commonwealth Government Payments to or for Local Government Authorities in South Australia (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Local Government General Purpose Assistance					
General (a)	57,348	58,496	60,044	61,081	62,432
Identified Road Funding (a)	..	..	..	17,736	18,236
<b>Total</b>	<b>57,348</b>	<b>58,496</b>	<b>60,044</b>	<b>78,817</b>	<b>80,668</b>
Direct Payments-Current					
Nursing Homes	..	131	..	..	..
Aged and Disabled Persons' Homes and Hostels	1,614	1,970	1,432	2,508	2,887
Handicapped Persons' Assistance	5	61	206	157	156
Children's Services	968	1,032	988	1,300	1,337
Aboriginal Advancement	1	..	..	..	..
Local Infrastructure Program	..	..	..	..	..
Local Government Development Program	255	185	242	15	15
Aerodrome Local Ownership Plan	281	168	1,744	22	..
<b>Total Current</b>	<b>3,123</b>	<b>3,549</b>	<b>4,613</b>	<b>4,002</b>	<b>4,395</b>
Direct Payments-Capital					
Aged and Disabled Persons' Homes and Hostels	440	46	537	182	127
Handicapped Persons' Assistance	..	41	..	..	..
Children's Services	111	14	8	..	..
Aerodrome Local Ownership Plan	338	301	208	..	..
Local Capital Works	..	..	..	..	28,015
<b>Total Capital</b>	<b>890</b>	<b>401</b>	<b>753</b>	<b>182</b>	<b>28,143</b>
<b>Total Direct Payments</b>	<b>4,012</b>	<b>3,949</b>	<b>5,365</b>	<b>4,185</b>	<b>32,538</b>
<b>Total Direct plus General Assistance</b>	<b>61,361</b>	<b>62,446</b>	<b>65,409</b>	<b>83,002</b>	<b>113,206</b>
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	745	913	1,138	1,219	na
Children's Services	15	..	..	..	na
Family Support Services	189	204	..	..	na
Local Government and Community Housing Grants	179	912	1,559	2,550	na
National Estate	51	54	93	105	na
Roads Assistance	13,913	15,209	16,234	..	na
Community Employment Program	278	..	..	..	na
<b>Total On-passed Specific Purpose Funds</b>	<b>15,370</b>	<b>17,292</b>	<b>19,024</b>	<b>3,874</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table39: Commonwealth Government Payments to or for Local Government Authorities in Tasmania (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
Local Government General Purpose Assistance					
General (a)	18,530	18,565	19,022	19,346	20,147
Identified Road Funding(a)	..	..	..	11,943	17,585
<b>Total</b>	<b>18,530</b>	<b>18,565</b>	<b>19,022</b>	<b>31,289</b>	<b>37,732</b>
Direct Payments - Current					
Aged and Disabled Persons' Homes and Hostels	..	..	..	8	53
Handicapped Persons' Assistance	..	..	1	..	..
Children's Services	3,616	4,781	4,128	5,822	5,781
Aboriginal Advancement	44	..	..	..	16
Local Government Development Program	106	140	75	..	..
Aerodrome Local Ownership Plan	..	44	11	143	1,000
<b>Total Current</b>	<b>3,766</b>	<b>4,965</b>	<b>4,214</b>	<b>5,973</b>	<b>6,850</b>
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	..	112	..	1,044	1,247
Children's Services	113	64	17	26	21
Aerodrome Local Ownership Plan	..	..	..	92	2,000
Local Capital Works	..	..	..	..	7,350
<b>Total Capital</b>	<b>113</b>	<b>176</b>	<b>17</b>	<b>1,162</b>	<b>10,618</b>
<b>Total Direct Payments</b>	<b>3,879</b>	<b>5,141</b>	<b>4,231</b>	<b>7,135</b>	<b>17,468</b>
<b>Total Direct plus General Assistance</b>	<b>22,409</b>	<b>23,706</b>	<b>23,253</b>	<b>38,424</b>	<b>55,199</b>
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	120	131	598	323	na
Supported Accommodation Assistance	..	..	177	110	na
Crisis Accommodation	..	..	31	..	na
Children's Services	66	30	24	108	na
Family Support Services	..	..	92	51	na
Local Government and Community Housing Grants	266	6	60	175	na
National Estate	..	..	16	21	na
Roads Assistance	13,548	14,179	14,843	5,098	na
Flood Mitigation	1,562	1,328	398	450	na
Community Employment Program	81	..	..	..	na
Assistance for South-West Tasmania	70	6	47	94	na
<b>Total On-passed Specific Purpose Funds</b>	<b>15,713</b>	<b>15,680</b>	<b>16,286</b>	<b>6,430</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 40: Commonwealth Government Payments to or for Local Government Authorities in Northern Territory (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Local Government General Purpose Assistance</b>					
General (a)	6,248	6,464	6,564	6,681	7,206
Identified Road Funding (a)	..	..	..	3,560	7,773
<b>Total</b>	<b>6,248</b>	<b>6,464</b>	<b>6,564</b>	<b>10,241</b>	<b>14,979</b>
<b>Direct Payments - Current</b>					
Aged and Disabled Persons' Homes and Hostels	..	..	..	..	3
Handicapped Persons' Assistance	..	13	..	11	11
Children's Services	976	1,376	1,147	2,380	2,369
Aboriginal Advancement	28	..	..	..	..
Local Government Development Program	37	85	35	..	..
Aerodrome Local Ownership Plan	..	..	..	..	340
<b>Total Current</b>	<b>1,041</b>	<b>1,474</b>	<b>1,182</b>	<b>2,390</b>	<b>2,723</b>
<b>Direct Payments - Capital</b>					
Aged and Disabled Persons' Homes and Hostels	..	19	..	..	..
Handicapped Persons' Assistance	..	24	..	..	..
Children's Services	50	9	44	50	39
Local Capital Works	..	..	..	..	284
<b>Total Capital</b>	<b>50</b>	<b>52</b>	<b>44</b>	<b>50</b>	<b>323</b>
<b>Total Direct Payments</b>	<b>1,091</b>	<b>1,526</b>	<b>1,227</b>	<b>2,440</b>	<b>3,046</b>
<b>Total Direct plus General Assistance</b>	<b>7,338</b>	<b>7,990</b>	<b>7,791</b>	<b>12,681</b>	<b>18,025</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (b)</b>					
Home and Community Care	1	262	277	300	na
Supported Accommodation Services	..	58	4	..	na
Children's Services	294	85	81	35	na
Family Support Services	135	..	..	..	na
Local Government and Community Housing Grants	..	24	107	93	na
National Estate	..	16	..	45	na
Roads Assistance	2,764	3,023	3,268	704	na
Community Employment Program	..	..	..	..	na
<b>Total On-passed Specific Purpose Funds</b>	<b>3,194</b>	<b>3,468</b>	<b>3,737</b>	<b>1,177</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.

**Table 41: Commonwealth Government Payments to or for Local Government Authorities in the Six States and the Northern Territory (\$ thousand)**

	1988-89	1989-90	1990-91	1991-92	1992-93 (estimate)
<b>Local Government General Purpose Assistance</b>					
General (a)	652,500	677,740	699,292	713,883	735,199
Identified Road Funding (a)	..	..	..	303,221	321,189
<b>Total</b>	<b>652,500</b>	<b>677,740</b>	<b>699,292</b>	<b>1,017,104</b>	<b>1,056,388</b>
<b>Direct Payments-Current</b>					
Nursing Homes	12	135	-13	..	..
Home and Community Care	..	..	..	81	154
Aged and Disabled Persons' Homes and Hostels	5,495	7,740	10,290	13,161	14,964
Handicapped Persons' Assistance	269	691	1,532	3,176	1,697
Children's Services	71,501	74,959	72,902	120,953	120,926
Aboriginal Advancement	-3,650	3,430	..	..	1,029
Local Government Development Program	1,999	2,140	1,847	505	505
Aerodrome Local Ownership Plan	5,505	8,021	10,217	17,243	21,366
Exmouth Shire-Defence Changes	..	..	..	60	..
<b>Total Current</b>	<b>81,132</b>	<b>97,116</b>	<b>96,776</b>	<b>155,179</b>	<b>160,641</b>
<b>Direct Payments-Capital</b>					
Aged and Disabled Persons' Homes and Hostels	5,904	9,080	9,579	14,109	14,113
Handicapped Persons' Assistance	..	240	237	599	242
Children's Services	5,511	1,374	617	824	647
Aboriginal Advancement	..	686	..	..	..
Newcastle Redevelopment	..	..	..	..	750
Perth Airport Land Aquisition	..	..	..	..	375
Aerodrome Local Ownership Plan	24,052	1,482	2,425	6,968	8,187
Local Capital Works	..	..	..	..	245,000
<b>Total Capital</b>	<b>35,467</b>	<b>12,861</b>	<b>12,857</b>	<b>22,500</b>	<b>269,314</b>
<b>Total Direct Payments</b>	<b>116,599</b>	<b>109,977</b>	<b>109,633</b>	<b>177,679</b>	<b>429,955</b>
<b>Total Direct plus General Assistance</b>	<b>769,099</b>	<b>787,716</b>	<b>808,925</b>	<b>1,194,783</b>	<b>1,486,343</b>
<b>Specific Purpose Payments to the States passed on to Local Government Authorities (b)</b>					
Home and Community Care	45,616	50,480	59,341	67,480	na
National Better Health	..	..	35	..	na
Supported Accommodation Assistance	544	1,030	1,330	1,222	na
Crisis Accommodation	..	..	31	..	na
Children's Services	4,857	3,960	3,073	5,771	na
Family Support Services	612	204	169	399	na
Local Government and Community Housing Grants	4,395	9,241	11,863	16,176	na
National Estate	452	584	812	934	na
Roads Assistance	267,400	277,857	287,342	12,117	na
Flood Mitigation	8,389	8,469	13,164	14,314	na
Community Employment Program	2,657	..	..	..	na
Support for Steel Regions	2,312	..	..	..	na
Assistance for South-West Tasmania	70	6	47	..	na
National Sports Facilities	743	911	..	..	na
Australian Bicentenary	4,469	..	..	..	na
Natural Disaster Relief	..	7,035	90,545	41,963	na
<b>Total On-passed Specific Purpose Funds</b>	<b>342,516</b>	<b>359,777</b>	<b>467,751</b>	<b>160,376</b>	<b>na</b>

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

(b) Based on information provided by State Governments. Data for 1992-93 not yet available.