



COMMONWEALTH FINANCIAL RELATIONS WITH OTHER LEVELS OF GOVERNMENT 1993-94

CIRCULATED BY
THE HONOURABLE JOHN DAWKINS, M.P.,
TREASURER OF THE COMMONWEALTH OF AUSTRALIA
FOR THE INFORMATION OF
HONOURABLE MEMBERS ON THE OCCASION
OF THE BUDGET 1993-94

BUDGET PAPER No. 3

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Report of the Auditor-General

A report on the Financial Statements prepared by the Minister for Finance for the year ended 30 June 1993.

(This document is to be released in November 1993.)

1993-94 BUDGET PAPER No. 3

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1993-94

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PREFACE

This Budget 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 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 both grants and advances (loans) from the Commonwealth to the States 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 over the past ten years and the fiscal outlook, focusing on the impact of outlay and revenue trends on the net borrowing of the general government and public trading enterprise sectors. This complements the discussion in Chapter II of this Paper on the 'Financial Developments in the State/Local Sector'.

Treatment of the Territories

Neither the ACT nor the NT is a State under the Constitution. From 1993-94 the Commonwealth's financial relations with the ACT will be on a basis comparable to those with the six States. The NT has operated under these arrangements for some time.

- The NT became a self-governing Territory on 1 July 1978 under the *Northern Territory (Self-Government) Act 1978*. It has outlays responsibilities and revenue raising powers similar to those of a State.
- The ACT became a self-governing Territory on 11 May 1989 under the *Australian Capital Territory (Self-Government) Act 1988*. The ACT has responsibility for functions usually discharged by both State and local government. However, expenditures in the ACT for national purposes — for example, maintenance in the

Parliamentary Triangle — continue to be financed from the Commonwealth Budget.

Population Figures Used in this Paper

The population series (reproduced in Table 1) underlying per capita estimates in this paper are, with the exception of 1992-93 and 1993-94, 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 1992 have been used for 1992-93, and Treasury projections of population at 31 December 1993 for 1993-94.

Table 1: Population by State ('000)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total
1989-90	5803	4349	2865	1597	1426	459	162	279	16939
1990-91	5866	4402	2930	1625	1439	465	165	286	17177
1991-92	5932	4436	2996	1648	1452	468	167	292	17391
1992-93	5984	4456	3068	1667	1459	471	168	295	17568
1993-94	6033	4473	3146	1684	1465	473	170	301	17746

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 ABS government financial statistics (preliminary) data. Some of the data presented in Chapter III are drawn from the Commonwealth Grants Commission *Report on General Revenue Grant Relativities 1993*. Additional material on specific purpose payments, discussed in Chapter V, is available from the *Catalogue of Specific Purpose Payments to the States and Territories, 1992-93* (Commonwealth Relations Secretariat, Department of the Prime Minister and Cabinet, February 1993).

Style Conventions

The following style conventions are employed in this paper:

- the ACT and the NT are referred to as the 'Territories'. References to the 'States' or 'each State' include the Territories;
- 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 ACT and NT unless otherwise stated;
- figures in tables, and generally in the text, have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage changes in all tables are based on the underlying unrounded amounts and not the rounded amounts;
- the following notations are used in the tables:
 - na not available
 - .. zero, or rounded to zero
 - indicating negative figures; and
- the following abbreviations are used for names of the States, 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
- notes to both text and tables appear at the end of each chapter.

CHAPTER I: OVERVIEW OF COMMONWEALTH FINANCIAL RELATIONS WITH THE STATES AND LOCAL GOVERNMENT

This chapter provides an overview of the key arrangements in place for the Commonwealth's financial relations with the State/local sector in 1993-94.

SIGNIFICANT DEVELOPMENTS IN THE COMMONWEALTH'S FINANCIAL RELATIONS WITH THE STATES IN 1993-94

- The report *National Fiscal Outlook (NFO)* was presented to the 1993 Premiers' Conference. The *NFO* process provides a basis for developing a more co-ordinated approach to fiscal policy in Australia. Both the *NFO* and the report on *National Saving* (the FitzGerald Report) identify the need for the Commonwealth and the States to contribute to increased national saving. The Premiers' Conference agreed that the *NFO* exercise should be repeated in 1993-94. (The *NFO* report is discussed further in Chapter II.);
- **New Loan Council arrangements** were endorsed by Loan Council and released on 5 July in the report *Future Arrangements for Loan Council Monitoring and Reporting*. They represent a major overhaul of the way Loan Council operates as well as a significant step in the evolution of public sector finances in Australia to a more transparent and cooperative basis
 - the new arrangements (which are discussed in more detail in Chapter IV) are intended to facilitate financial market scrutiny of public sector finances and so make jurisdictions more accountable to the markets
 - they provide a much better measure of jurisdictions' net calls on financial markets by focusing on the deficit/surplus rather than gross borrowings
 - Loan Council Allocations are set having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, as well as to the macroeconomic implications of the aggregate figure
 - the allocations agreed for 1993-94 were considered by Loan Council to be appropriate in the light of the projections in the *NFO* and current economic circumstances. The aggregate allocation will need to be wound back in future years to achieve required improvements in the prospective budgetary positions of governments;

- **The level and distribution of general purpose assistance** is determined each year at the Premiers' Conference.¹ The key funding decisions taken at the 5 July 1993 Premiers' Conference were
 - meeting the real terms guarantee in 1993-94. This guarantee was made at the 1990 Premiers' Conference, in respect of financial assistance grants (FAGs) for the period 1991-92 to 1993-94
 - State-like funding for the ACT to be incorporated into the FAGs pool from 1993-94
 - acceptance of the methodology changes recommended in the Commonwealth Grants Commission (CGC) *Report on General Revenue Grant Relativities 1993* and agreement that FAGs and hospital funding grants (HFGs) will be distributed on the basis of the CGC's supplementary relativities which
 - : exclude factors already taken into account as part of the Medicare Agreement
 - : incorporate an alternative treatment of stamp duty which reduces the tax base of a State by 100 per cent of that attributable to corporate reorganisations exempted from stamp duty;
 - special revenue assistance of \$29.9m to the NT and \$19.9m to the ACT to be funded from within the FAGs pool
 - transitional and special fiscal needs funding of \$63.8m to be paid to the ACT, as recommended by the CGC, together with further special revenue assistance of \$19.9m in 1993-94. Both these payments will be made directly by the Commonwealth
 - net benefits to NSW of \$72.5m and VIC of \$144.1m from Medicare guarantee payments in 1993-94. The cost of these benefits will be shared between the Commonwealth and the smaller States
 - further details of these funding decisions and related issues considered at the 1993 Premiers' Conference are in Chapter III;
- The 1993 Premiers' Conference left open the question of **funding arrangements in future years**
 - flexibility must be maintained in light of the degree of uncertainty over the future of the domestic and international economic recovery
 - while the Commonwealth recognises that the States require an appropriate level of funding to meet genuine demand for growth in services, it is endeavouring to strike the right balance between these funds being obtained

from improved efficiency, extra own source revenue and Commonwealth funding

- a number of Commonwealth/State reviews (see below) have the potential to influence medium term budgetary outcomes and the allocation of expenditure responsibilities between the Commonwealth and the States
- the outcome of the case of *Capital Duplicators v ACT* adds an extra element of uncertainty to future funding arrangements. The case has created an opportunity for the High Court to re-examine the interpretation of excise taxes as set out in Section 90 of the Constitution and raises the possibility that existing State business franchise fees may be ruled invalid
 - : existing State business franchise fees and liquor licence fees raised around \$2.8 billion in 1991-92 — this represents almost 10 per cent of States' general government own source revenue
 - : a Heads of Treasury working party of Commonwealth and State officials has been formed to provide a basis for the Commonwealth and States to develop options for a possible replacement tax, in the event that the existing State business franchise fees are ruled invalid;
- The Heads of Treasury **working party on horizontal fiscal equalisation** is to continue and to report to the 1994 Premiers' Conference;
- At the 1993 Premiers' Conference, the Commonwealth announced **changes to its tax compensation policy for the privatisation or corporatisation of State Trading Enterprises (STEs)**. The new policy is to facilitate microeconomic reform by ensuring that there are no financial impediments to the corporatisation or privatisation of STEs. The main features of the new approach are that
 - a Commonwealth/State working party will be established to explore the scope and mechanisms for the States to consider voluntarily subjecting their STEs to Commonwealth income and wholesale sales tax, in return for compensation from the Commonwealth
 - the Commonwealth's previous policy on tax compensation has been limited such that each State will be compensated on the basis of the previous policy for the full privatisation of no more than one bank or insurance office, contingent on privatisation having commenced before 1 July 1995
 - a case-by-case examination will ensure that neither the Commonwealth nor the States will be financially advantaged or disadvantaged as a result of an STE being brought into the Commonwealth's tax net through either full or partial privatisation, or corporatisation;

- The Commonwealth and States also agreed to **new arrangements for the provision of concessions and fringe benefits to Pensioner Health Benefits card holders**. These arrangements involve the Commonwealth and States sharing the funding of a core group of concessions (energy, municipal and water rates, public transport and motor vehicles) on an ongoing basis. Commonwealth funding will be \$121.8m in 1993-94 and will be indexed in future years;
- In response to the *NFO*, the 1993 Premiers' Conference initiated a **review of the scope for improving service delivery in the public sector**. It will report on the collection and publication of 'benchmarking' data and the service provision reforms underway or under review by the Commonwealth and States. The review should help governments to better assess the scope for achieving improvements in the effectiveness and efficiency of their own service provision and for achieving associated budgetary savings in the medium term;
- At the June 1993 Council of Australian Government (COAG) meeting, the Council agreed to establish a working party to undertake a **broad review of the intergovernmental arrangements involving shared responsibilities** and to identify priority areas where roles and responsibilities could be clarified between the Commonwealth and the States. This working party will report to the next meeting of COAG which will consider what further work should be undertaken.

FINANCIAL ASSISTANCE TO THE STATES, AND LOCAL GOVERNMENT

A central feature of Australia's federal fiscal arrangements is the considerable flow of Commonwealth financial assistance to other levels of government. This reflects the different relative expenditure responsibilities and revenue capacities of the Commonwealth and the States. In 1992-93 the Commonwealth collected around two-thirds of total public sector revenues. It was responsible for about 52 per cent of total own purpose outlays in that year.

Chart 1 illustrates the major categories of payments to the State/local sector in 1993-94.

CHART 1: COMPOSITION OF PAYMENTS TO THE STATE/LOCAL SECTOR IN 1993-94

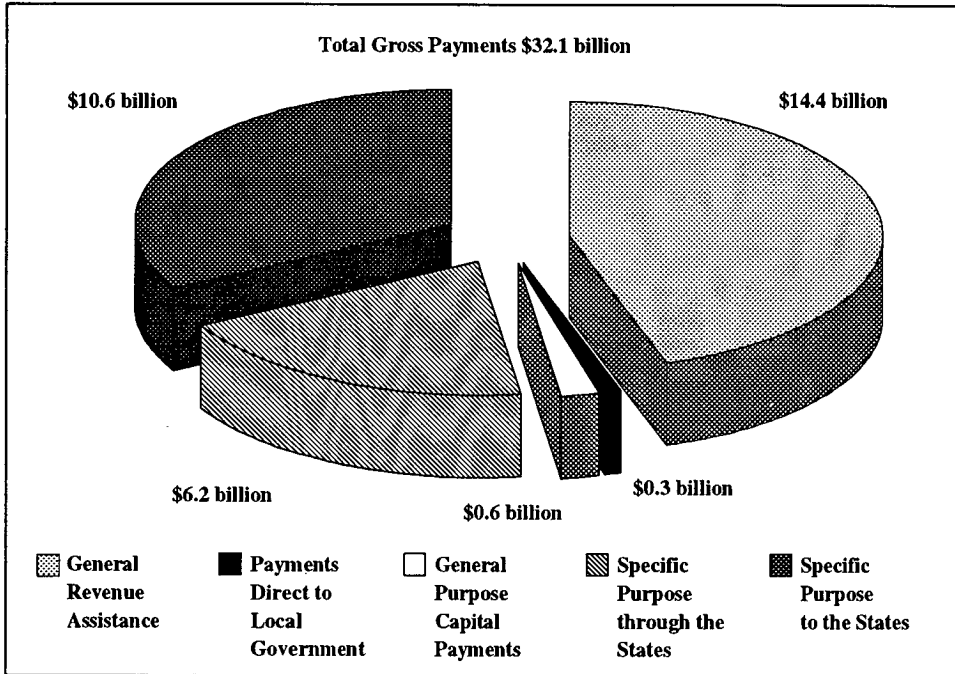
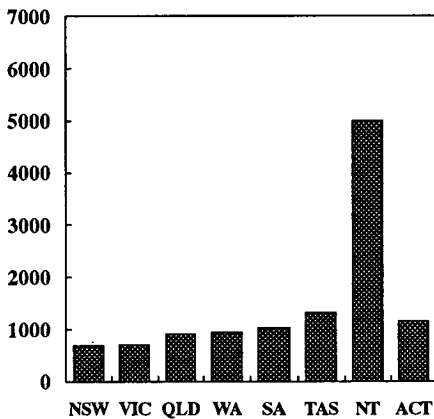


Table 2 details the total payments each State receives from the Commonwealth under each category, while Chart 2 and Table 3 provide details on a per capita basis.

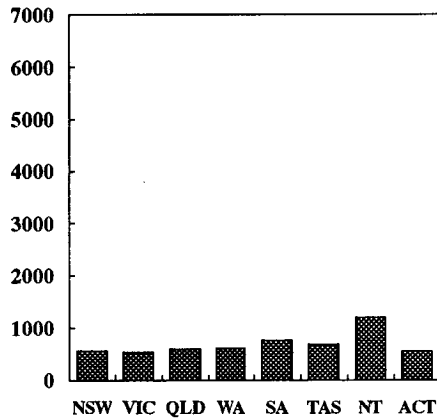
In terms of general purpose assistance (Chart 2, Panel A), the distribution among the States reflects to a large extent the operation of horizontal fiscal equalisation which underlies the CGC's per capita relativities used to distribute a large proportion of these funds.

**CHART 2: COMMONWEALTH PAYMENTS TO THE STATES 1993-94
(\$ PER CAPITA)**

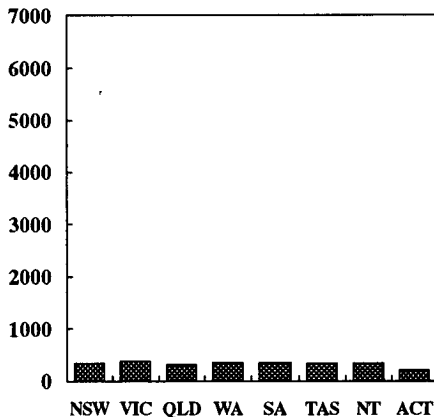
Panel A: General Purpose Assistance



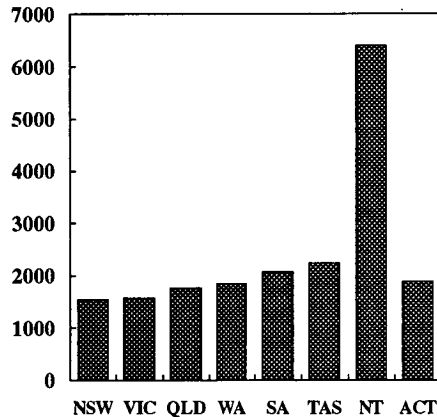
Panel B: SPPs to the States



Panel C: SPPs through the States



Panel D: Total Payments



Commonwealth payments to the State/local sector are categorised as general revenue assistance, general purpose capital payments and specific purpose payments (SPPs):

- **general revenue assistance** comprises FAGs, **special revenue assistance** (including Medicare guarantee payments, transitional allowances and special fiscal needs for the ACT) and **identified road funding**, and forms the largest single inter-governmental transfer

- FAGs are distributed on the basis of decisions reached at the Premiers' Conference. This distribution typically reflects CGC relativities and population. (Details are provided in Chapter III)
- 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 within the FAGs pool or involve additional payments by the Commonwealth;
- **general purpose capital payments** are relatively small and are intended to assist with State capital outlays; and
- **specific purpose payments** are made to assist States in meeting expenditures for activities designated by the Commonwealth and/or are conditional upon the States agreeing to provide services or to undertake particular projects. These payments are usually negotiated in the context of Commonwealth/State agreements, and are often subject to indexation arrangements. There are three types of SPPs
 - payments 'to' State Governments — these are made direct to State Governments for purposes of funding State expenditures
 - payments 'through' State Governments — payments to State Governments for passing on to other bodies or individuals (the main payments in this category relate to higher education and local government financial assistance grants)
 - a small number of SPPs are made direct to local government.

Table 2: Commonwealth Payments to the States and Direct to Local Government Authorities (\$m)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
General Revenue										
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	3610	2647	2633	1557	1482	563	801	13294	410	13704
1992-93	3618	2780	2777	1587	1530	578	830	13700	387	14087
1993-94(a)	3990	2981	2776	1543	1448	593	803	14134	310	14444
Specific Purpose-Current										
1989-90	3165	2616	1489	879	827	306	91	9372	136	9509
1990-91	3450	2893	1633	983	905	314	156	10334	162	10496
1991-92	3905	3284	1902	1129	1051	377	154	11802	195	11997
1992-93	4178	3243	2134	1185	1263	419	148	12570	201	12771
1993-94(a)	4415	3463	2345	1352	1269	405	186	13434	204	13638
Total Current										
1989-90	6833	5326	3928	2373	2224	807	787	22277	510	22787
1990-91	7152	5605	4154	2531	2340	836	885	23501	597	24098
1991-92	7515	5932	4534	2686	2534	940	955	25096	605	25701
1992-93	7796	6022	4911	2772	2793	998	978	26270	588	26858
1993-94(a)	8406	6444	5121	2894	2717	998	989	27568	514	28082
General Purpose Capital										
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	126	105	53	45	58	30	44	461	37	498
1993-94(a)	148	147	63	50	65	35	47	555	37	592
Specific Purpose-Capital										
1989-90	1017	677	537	355	266	178	133	3163	36	3200
1990-91	1257	1181	669	363	271	120	132	3994	40	4034
1991-92	1109	751	627	357	244	119	95	3302	29	3331
1992-93	1673	882	790	395	401	113	107	4362	31	4393
1993-94(a)	1077	626	562	281	361	84	77	3070	26	3096
Total Capital (Gross)										
1989-90	1104	749	556	378	305	206	177	3474	98	3572
1990-91	1337	1249	686	385	310	148	175	4291	73	4364
1991-92	1189	836	658	387	283	148	139	3640	63	3703
1992-93	1799	987	843	440	459	144	152	4824	68	4891
1993-94(a)	1226	774	625	331	426	119	124	3625	63	3688
Specific Purpose Payments to the States										
1989-90	2694	2050	1363	820	729	373	194	8222	135	8358
1990-91	3083	2716	1548	877	767	312	249	9552	159	9711
1991-92	3181	2511	1650	946	850	359	205	9703	168	9871
1992-93	3878	2525	1953	1006	1183	381	195	11121	173	11294
1993-94(a)	3420	2394	1899	1032	1113	326	205	10390	167	10557
Specific Purpose Payments through the States										
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	1973	1600	971	574	481	152	61	5812	59	5870
1993-94(a)	2073	1695	1009	600	517	163	58	6114	62	6176

Table 2: Commonwealth Payments to the States and Direct to Local Government Authorities (\$m)-continued

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
Total General Purpose										
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	3690	2733	2664	1586	1521	592	845	13632	444	14076
1992-93	3744	2885	2830	1632	1588	609	875	14161	424	14585
1993-94(a)	4138	3129	2839	1592	1513	627	850	14689	347	15036
Total Specific Purpose										
1989-90	4182	3293	2026	1234	1093	484	224	12536	173	12708
1990-91	4707	4074	2303	1346	1177	434	288	14328	202	14530
1991-92	5014	4035	2529	1487	1296	496	248	15104	224	15328
1992-93	5851	4125	2924	1580	1664	533	255	16933	232	17165
1993-94(a)	5493	4089	2908	1633	1630	489	263	16504	229	16734
Total Payments to the States										
1989-90	7937	6074	4484	2751	2529	1013	963	25751	608	26359
1990-91	8489	6854	4839	2916	2651	983	1060	27792	670	28461
1991-92	8704	6767	5192	3073	2817	1089	1094	28736	667	29404
1992-93	9595	7010	5754	3212	3252	1141	1130	31094	656	31750
1993-94(a)	9631	7217	5747	3225	3143	1116	1113	31193	577	31769
Payments Made Direct to Local Government Authorities										
1989-90	33	35	17	14	4	5	2	110	..	110
1990-91	32	38	14	14	5	4	1	110	..	110
1991-92	62	64	22	16	4	7	2	178	..	178
1992-93	163	162	79	51	35	19	2	511	..	511
1993-94(a)	114	100	36	20	9	9	3	291	..	291
Total Payments (Gross)										
1989-90	7970	6110	4500	2765	2533	1018	965	25861	608	26469 <i>26359</i>
1990-91	8521	6892	4854	2930	2656	987	1061	27901	670	28571 <i>28461</i>
1991-92	8766	6831	5215	3089	2821	1096	1096	28914	667	29581 <i>29403</i>
1992-93	9758	7172	5833	3263	3287	1160	1132	31604	656	32260 <i>31749</i>
1993-94(a)	9745	7318	5782	3244	3153	1126	1116	31484	577	32061
Repayments by the States and Local Government Authorities										
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	1171	536	312	199	198	150	90	2655	16	2670
1993-94(a)	391	299	213	115	123	70	28	1238	9	1247
Total Payments (Net)										
1989-90	7856	6027	4439	2733	2400	1000	956	25410	544	25954
1990-91	8108	6161	4676	2800	2370	910	1029	26054	639	26693
1991-92	7855	6142	4938	2822	2569	925	1004	26256	568	26824
1992-93	8587	6636	5521	3064	3089	1011	1042	28950	640	29590
1993-94(a)	9355	7019	5569	3129	3030	1056	1088	30246	568	30814

Table 3: Commonwealth Payments to the States and Direct to Local Government Authorities (per capita)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	Total
General Revenue										
1989-90	632	623	851	936	980	1093	4292	775	1337	784
1990-91	631	616	860	952	997	1123	4416	779	1522	792
1991-92	609	597	879	945	1021	1202	4807	777	1407	788
1992-93	605	624	905	952	1049	1228	4942	793	1313	802
1993-94(a)	661	666	882	916	988	1253	4723	810	1030	814
General Purpose Capital										
1989-90	15	16	7	14	28	60	271	19	220	22
1990-91	14	16	5	14	27	59	266	18	117	19
1991-92	13	19	10	18	27	63	263	20	115	21
1992-93	21	24	17	27	40	64	264	27	124	28
1993-94(a)	25	33	20	29	44	73	278	32	124	33
Total General Purpose Payments										
1989-90	647	640	858	950	1008	1153	4562	793	1557	806
1990-91	645	632	866	966	1024	1183	4682	797	1639	811
1991-92	622	616	889	963	1048	1265	5070	797	1522	809
1992-93	626	647	922	979	1088	1292	5206	820	1437	830
1993-94(a)	686	699	902	945	1033	1326	5001	842	1154	847
Specific Purpose Payments to the States										
1989-90	464	471	476	513	512	814	1196	493	485	493
1990-91	526	617	528	540	533	671	1512	565	555	565
1991-92	536	566	551	574	586	767	1229	567	575	568
1992-93	648	567	637	603	811	809	1160	644	588	643
1993-94(a)	567	535	604	613	760	689	1206	596	557	595
Specific Purpose Payments through the States										
1989-90	256	286	232	260	255	241	187	259	135	257
1990-91	277	308	258	288	284	263	232	283	152	280
1991-92	309	343	293	328	307	293	260	316	192	314
1992-93	330	359	316	345	330	322	361	336	199	334
1993-94(a)	344	379	321	356	353	344	340	350	206	348
Total Specific Purpose										
1989-90	721	757	707	773	766	1055	1384	752	620	750
1990-91	803	926	786	828	818	934	1743	848	707	846
1991-92	845	909	844	902	892	1059	1489	883	767	881
1992-93	978	926	953	948	1141	1131	1521	980	788	977
1993-94(a)	910	914	924	969	1113	1033	1546	946	763	943
Total Payments to the States and Local Government Authorities (Net)										
1989-90	1354	1386	1549	1711	1684	2180	5899	1525	1948	1532
1990-91	1382	1400	1596	1723	1647	1959	6235	1542	2239	1554
1991-92	1324	1384	1648	1713	1769	1974	6023	1535	1949	1542
1992-93	1435	1489	1799	1838	2117	2146	6203	1676	2172	1684
1993-94(a)	1551	1569	1770	1858	2068	2231	6401	1734	1888	1736

NOTES

TEXT

- 1 The numbers included in this section take account of revisions since the 1993 Premiers' Conference to the Consumer Price Index estimate for the year to the March quarter 1994.

TABLES

Table 2:

- (a) Estimate.

Table 3:

- (a) Estimate.

CHAPTER II: FINANCIAL DEVELOPMENTS IN THE STATE/LOCAL SECTOR

This chapter compares the financial structures of the three levels of government; discusses Commonwealth/State financial relations in the context of overall macroeconomic policy; and analyses recent and prospective financial developments in the State/local sector. The material contained in this chapter complements that in Statement 6 of Budget Paper No 1, which reviews developments within the public sector as a whole, with particular emphasis on the comparison of the Commonwealth and State/local general government and public trading enterprise (PTE) sectors.

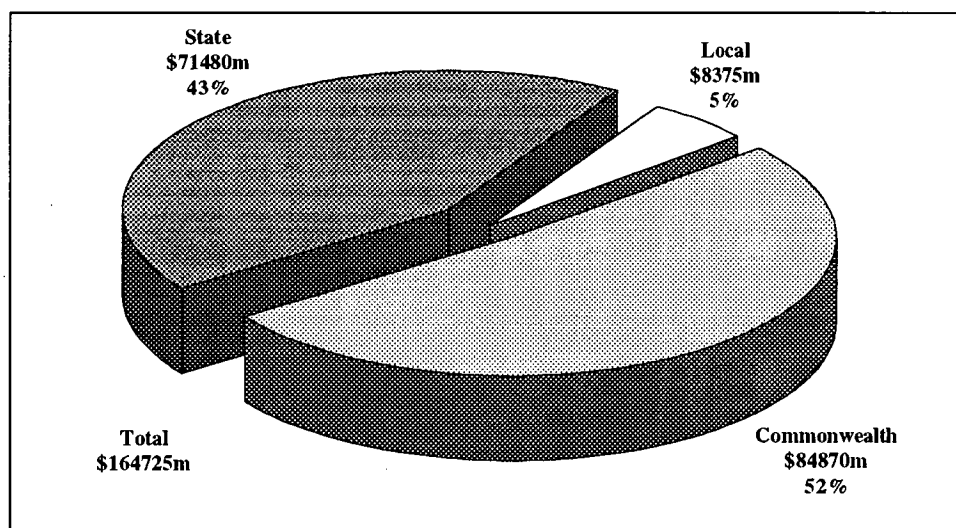
STRUCTURE OF THE PUBLIC SECTOR

This section compares the relative contribution of each level of government to the overall size of the public sector in terms of outlays and revenue. It also compares the contribution of each level of government to the overall level of activity and employment within the economy for 1992-93. The data provided in this section relate to the total public sector, which comprises the general government and PTE sectors.

PUBLIC SECTOR OUTLAYS

Chart 3 shows aggregate public sector outlays in 1992-93 and the relative contribution to outlays of the three tiers of government. The State/local sector accounted for almost half of public sector outlays.

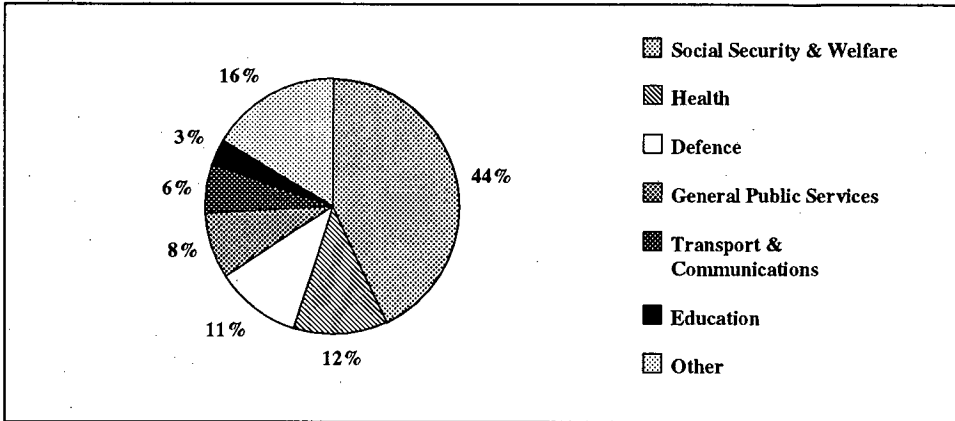
CHART 3: COMPOSITION OF PUBLIC SECTOR OWN-PURPOSE OUTLAYS IN 1992-93 (a)



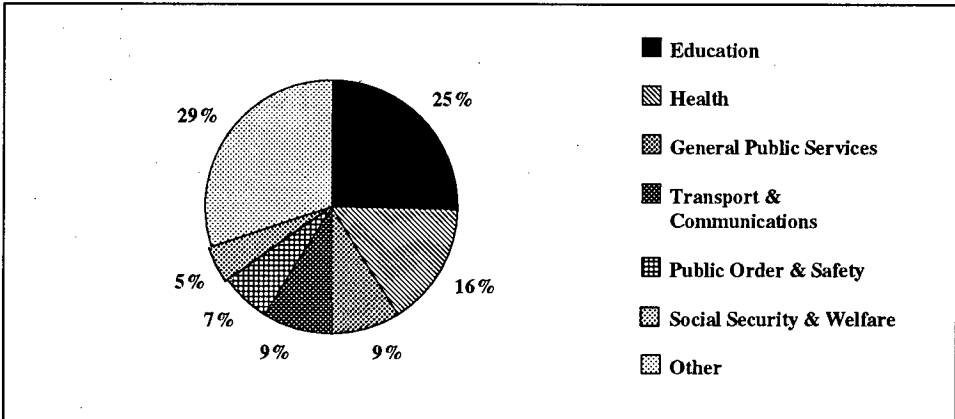
Source: ABS data, government financial statistics (preliminary).

CHART 4: OWN-PURPOSE OUTLAYS BY MAJOR EXPENDITURE CATEGORY FOR EACH LEVEL OF GOVERNMENT 1991-92 (a)

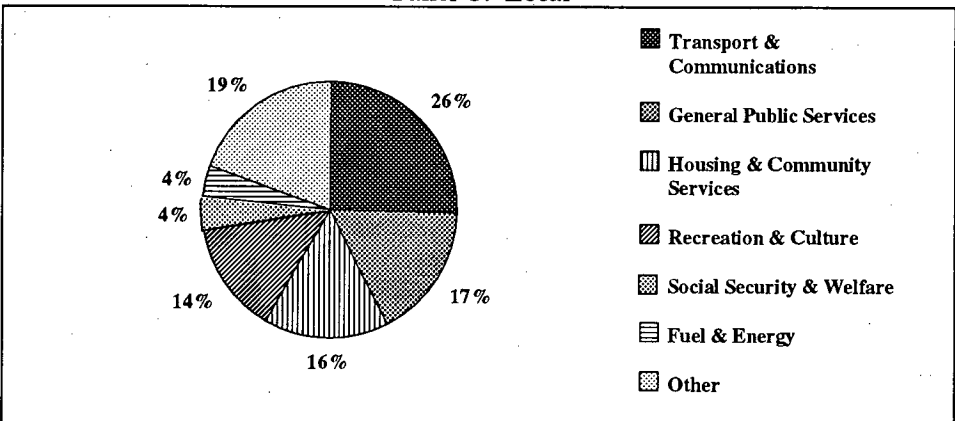
Panel A: Commonwealth



Panel B: State



Panel C: Local



Source: *Government Finance Statistics Australia*, ABS Catalogue No 5512.0.

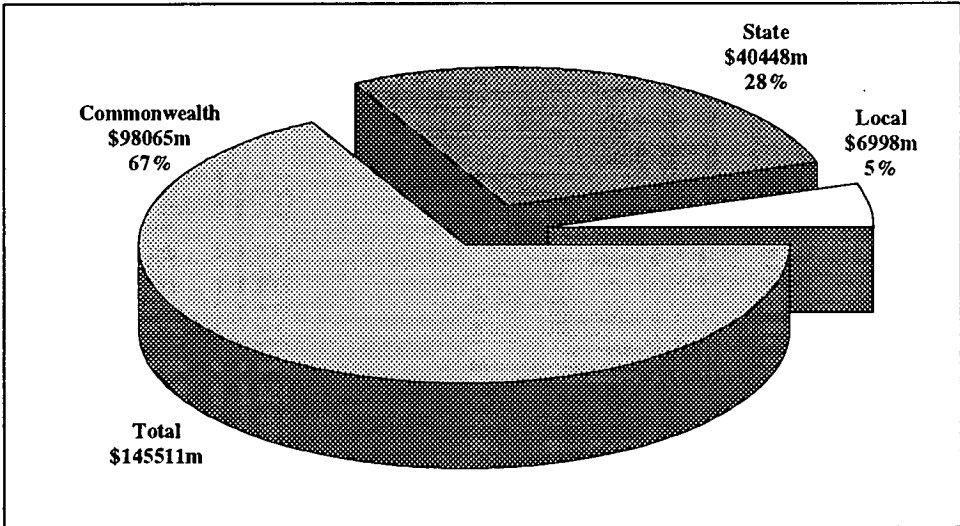
Chart 4 identifies the major own-purpose expenditure categories at each level of government, excluding transfers to other levels of government. The expenditure patterns reflect the division of functional responsibilities between the three tiers of government. For example:

- the Commonwealth spends around half of own-purpose outlays on social security and welfare and health. These payments are mainly to individuals and do not generally add directly to public sector demand or resource use (apart from the associated administration costs);
- the State sector's expenditure pattern reflects responsibilities in relation to the provision of services in areas such as education, health and law and order. Nevertheless, the Commonwealth plays a major allocative role in funding these services via tied SPPs to the States; and
- the local sector provides a range of services such as housing and community services, recreation and culture and transport and communications.

PUBLIC SECTOR REVENUE

Chart 5 shows the total amount of revenue raised by the public sector in 1992-93 at the three levels of government (excluding transfers from other levels of government). The Commonwealth raised around two-thirds of total public sector revenue.

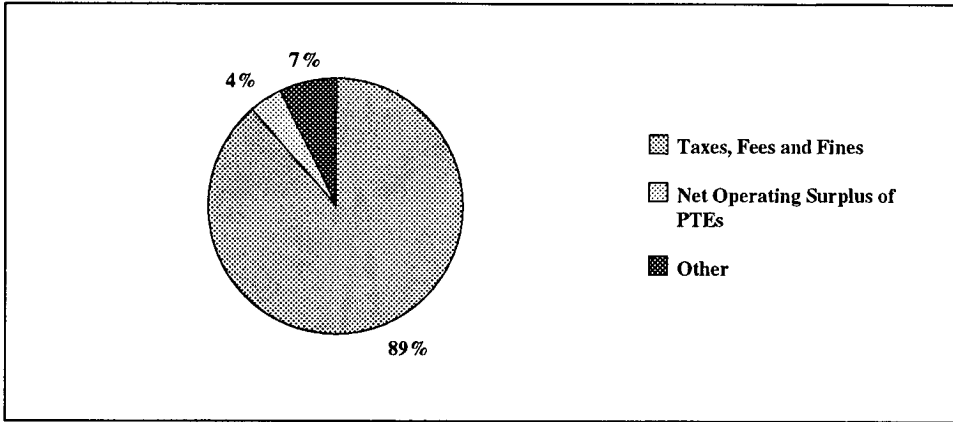
CHART 5: COMPOSITION OF PUBLIC SECTOR REVENUE IN 1992-93 (a)



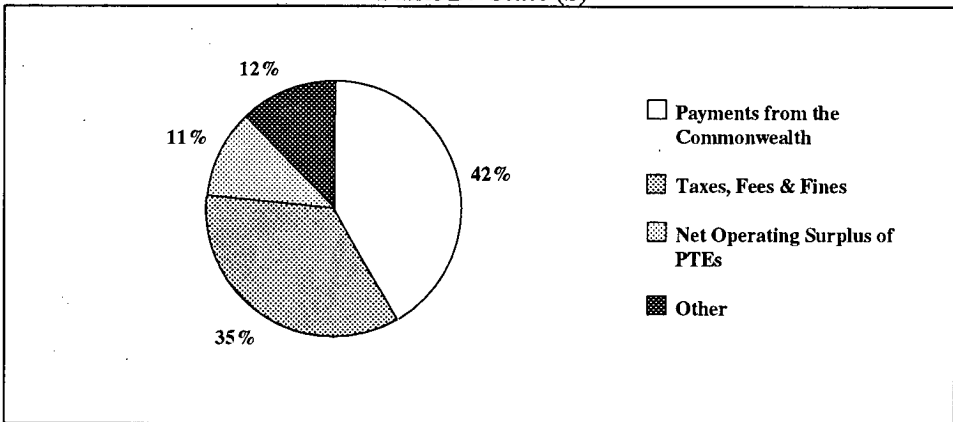
Source: ABS data, government financial statistics (preliminary).

**CHART 6: SOURCES OF REVENUE FOR EACH LEVEL OF GOVERNMENT
1992-93 (a)**

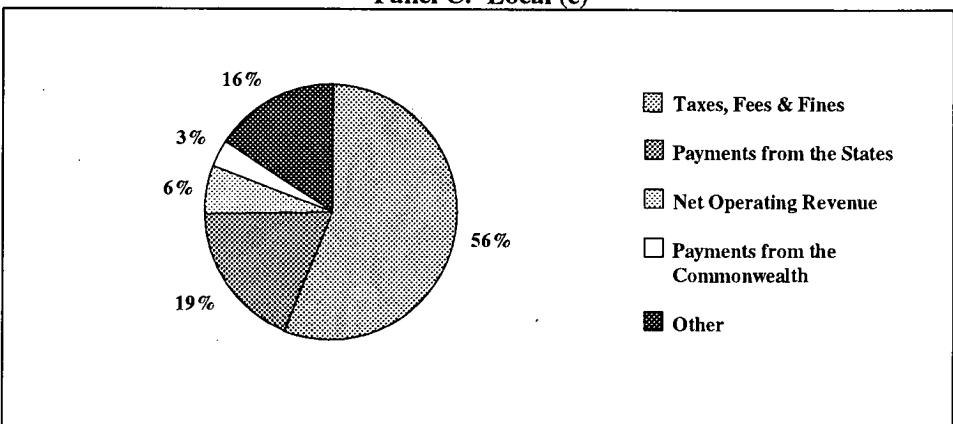
Panel A: Commonwealth



Panel B: State (b)



Panel C: Local (c)



Source: ABS data, government financial statistics (preliminary).

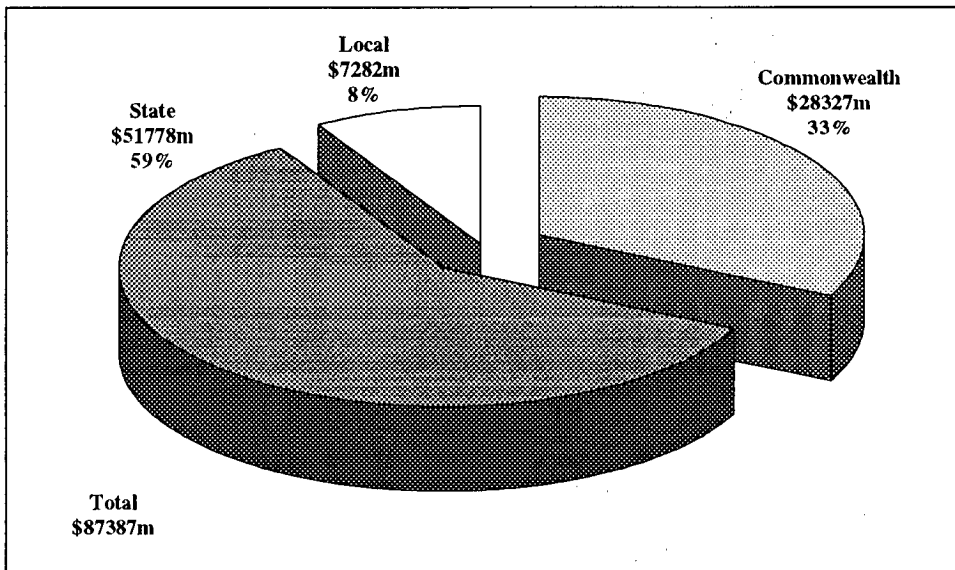
Chart 6 identifies the revenue sources for each of the three levels of government in 1992-93:

- Commonwealth transfers to the States are the major source of State revenue, representing a marginally higher proportion than taxes, fees and fines; and
- the local sector is much less reliant than the State sector on transfers from other levels of government.

PUBLIC SECTOR EMPLOYMENT AND CONTRIBUTION TO PUBLIC FINAL DEMAND

Chart 7 shows the relative contribution of each of the three tiers of government to public final demand (public final consumption expenditure, which excludes transfer payments, plus public gross fixed capital expenditure). Public sector final demand shown in Chart 7 represents around half of the total public sector outlays shown in Chart 3. Expenditure by the State and local government sectors represents a much larger proportion of public sector final demand than expenditure by the Commonwealth sector. This reflects the relatively high proportion of Commonwealth expenditure on social welfare, health and other transfer payments.

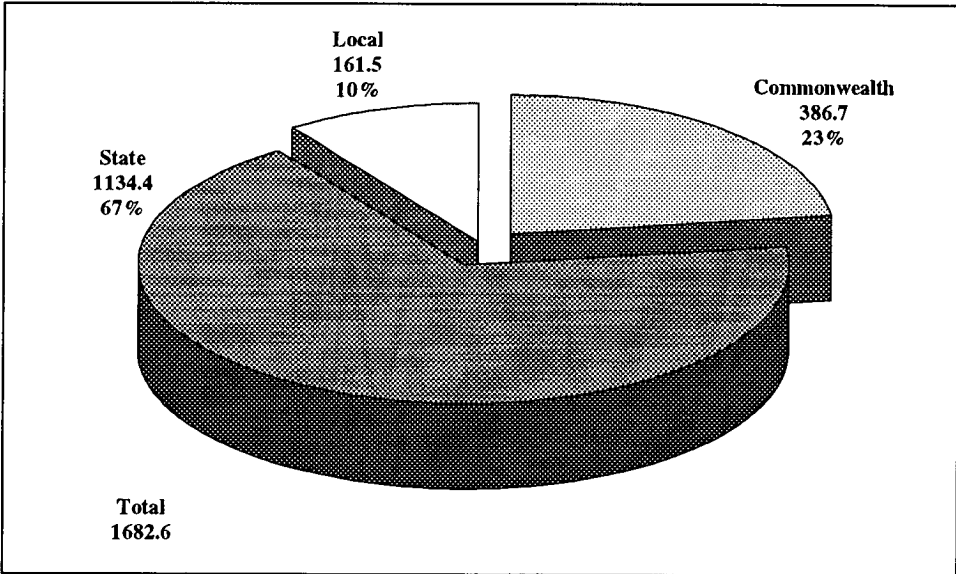
CHART 7: COMPOSITION OF PUBLIC SECTOR FINAL DEMAND IN 1992-93



Source: ABS data, government financial statistics (preliminary).

Chart 8 shows the composition of public sector employment.

**CHART 8: COMPOSITION OF PUBLIC SECTOR EMPLOYMENT,
DECEMBER 1992 ('000s)**



Source: *Employed Wage and Salary Earners*, ABS Catalogue No 6248.0

Charts 7 and 8 highlight the relatively large contribution that the State/local sector makes to final public demand and public sector employment. This partly reflects responsibility in this sector for the provision of services in areas that are relatively labour intensive, such as education, health, and law and order.

STATE AND LOCAL GOVERNMENT FINANCIAL AGGREGATES

This section discusses briefly Commonwealth/State financial relations in the context of overall macroeconomic policy. Trends in the main financial aggregates in the State/local sector are then discussed and developments compared between the State and local sectors (including the general government component of each sector). The PTE sector is discussed separately.¹ Finally, the States' net debt position is discussed and the outlook for the State/local government sector briefly canvassed.

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 plays a primary role in deciding on and implementing both the macroeconomic management and distributional elements of fiscal policy. Nevertheless,

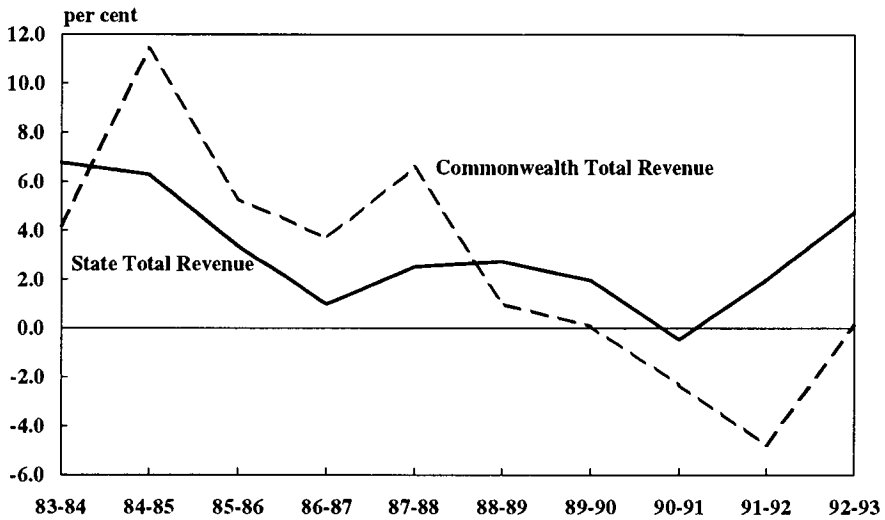
and as noted above, while the Commonwealth raises the bulk of public sector revenue, the State/local sector exerts an important influence on resource allocation and the level of activity by virtue of its greater contribution to public sector final demand (including public sector infrastructure) and employment.

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.

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. Charts 9 and 10 help to illustrate this by comparing real annual growth in Commonwealth and State total revenue with annual growth in State own-source revenue and net Commonwealth payments to the States. The following interpretation of changes in States' own-source revenue and net Commonwealth payments needs to be considered against the recognition that annual changes in some years partly reflect movements in revenue raising functions and expenditure responsibilities between the two levels of government:

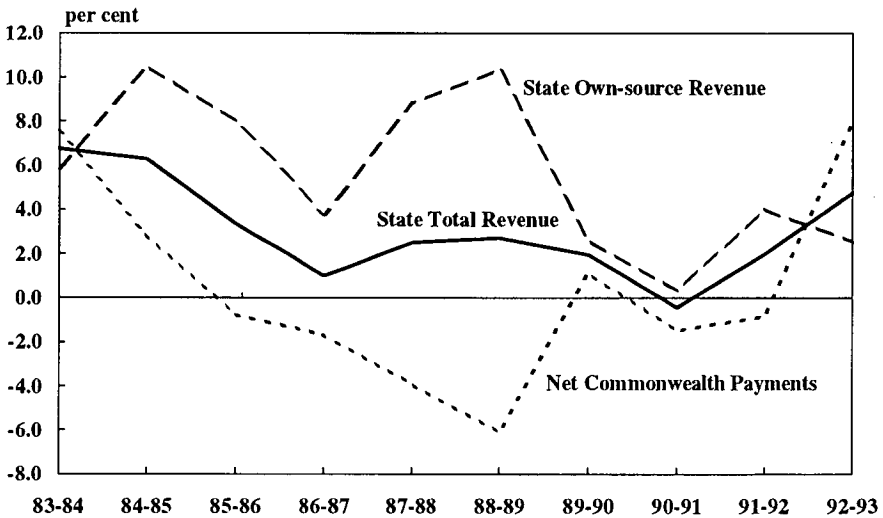
- the significant restraint in Commonwealth payments to the States exercised through the latter half of the 1980s (Chart 10) was aimed at ensuring that the burden of fiscal adjustment required to bolster national saving was borne equitably by all tiers of government, at a time when States' own-source revenue was growing strongly. Chart 10 shows that in the 1980s strong real growth in State own-source revenue was an important offset to real reductions in Commonwealth payments to the States. This has contributed to the States' real total revenue growth being less variable than Commonwealth revenue growth (Chart 9); and
- more recently, cyclical factors associated with the recession resulted in more constrained budgetary positions for both the Commonwealth and the States, with the Commonwealth recognising the need to provide the States with greater stability in terms of the level of financial assistance to assist in budgetary planning. This was reflected in the 1990 Premiers' Conference outcome where FAGs for the three-year period 1991-92 to 1993-94 were guaranteed in real terms. (In addition to the base level of FAGs, the Commonwealth provided a one-off increase of \$168.7m in 1992-93.) The 1993 Premiers' Conference confirmed this 'real terms' guarantee for 1993-94.

CHART 9: PUBLIC SECTOR REVENUE — REAL GROWTH (a)



Source: ABS data, government financial statistics (preliminary).

CHART 10: STATE SECTOR REVENUE — REAL GROWTH (a)

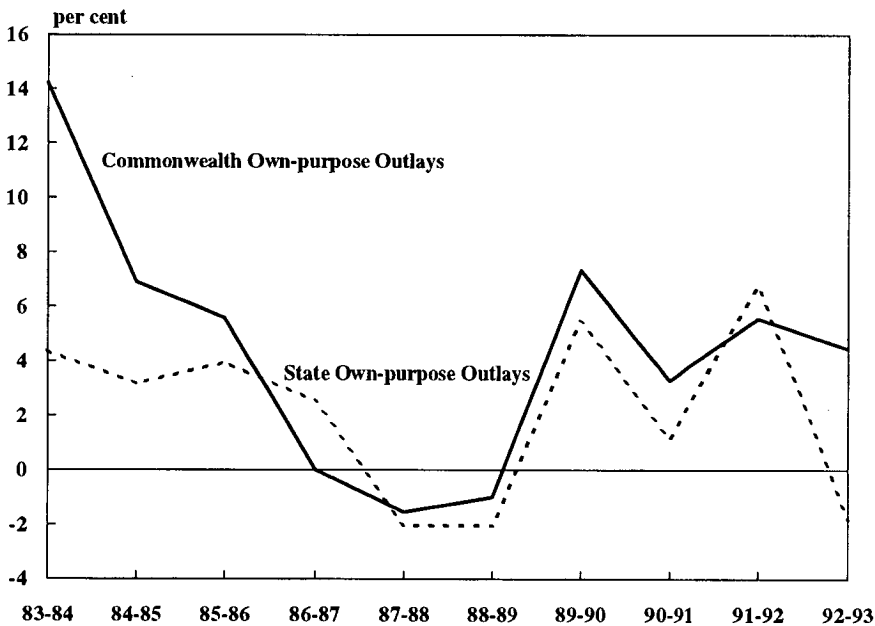


Source: ABS data, government financial statistics (preliminary).

Chart 11 compares the Commonwealth and States' own-purpose outlays growth. After several years of declining real growth in Commonwealth and State own-purpose outlays, own-purpose real outlays growth increased in the late 1980s, and as economic conditions deteriorated in the early 1990s. For the Commonwealth, this growth in the

early 1990s partly reflected higher social security payments, such as unemployment benefits, and expenditure on labour market programs. In addition, the Commonwealth introduced significant stimulatory measures in response to the deterioration in the economic outlook, especially in the *One Nation Statement* and the 1992-93 Budget. The increased rate of growth in State own-purpose outlays after 1988-89 in part reflects the budgetary impact of the financial problems caused by some State financial and commercial institutions. This was despite significant asset sales by the States over this period, which are treated as an offset to outlays.

CHART 11: PUBLIC SECTOR OWN-PURPOSE OUTLAYS — REAL GROWTH



Source: ABS data, government financial statistics (preliminary).

While the Commonwealth seeks to encourage consistency in fiscal policy across each level of government, it cannot determine outcomes at either the State or local levels of government. The Commonwealth has attempted to enhance the formulation of national fiscal policy on a comprehensive and cooperative basis by pursuing a number of initiatives. These include:

- the uniform presentation of government financial information. The Commonwealth has worked with the States to develop a uniform presentation of budget information. This will allow an easier and more accurate assessment of each government's financial performance and facilitate comparisons between jurisdictions;

- the new Loan Council arrangements (outlined in Chapter IV of this Budget Paper) which provide greater transparency of borrowings by both the Commonwealth and the States; and
- the report, *National Fiscal Outlook (NFO)*, which provides an analysis of the medium-term fiscal policy outlook for the Commonwealth and the States. The report was considered at the 1993 Premiers' Conference (see Box 1).

All participants at the 1993 Premiers' Conference recognised that 1993-94 is not the appropriate time to reduce budget deficits dramatically, but there is a need to set in train or consolidate strategies to achieve budgetary repair in the medium term. Improved medium-term budgetary positions would increase national saving and establish the groundwork for sustainable economic recovery.

In order to maintain flexibility for future macroeconomic management, the Commonwealth has left open the levels of State funding in future years. Fixing future levels of assistance would have pre-empted consideration of relevant imminent developments and reviews in progress. For example, the outcome of the *Capital Duplicators* case currently before the High Court has the potential to cause substantial changes to the nature of States' revenue raising capabilities. Relevant also are developments arising from the review of service provision agreed at the 1993 Premiers' Conference and the review of Commonwealth/State roles and responsibilities previously agreed by COAG (these matters are discussed more fully in Chapter I).

BOX 1 — NATIONAL FISCAL OUTLOOK (NFO)

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 budgetary history and the medium-term budgetary outlook for both the Commonwealth and the States for consideration at the 1993 Premiers' Conference. The report was to take account of cyclical and structural factors, at both the Commonwealth and State levels, in the context of a national budgetary strategy for all governments, and to provide a basis for considering general purpose funding for the States and longer-term financial arrangements.

The resulting *NFO* report analyses the fiscal outlook for the five years to 1997-98 on the basis of current policy settings.

The report reaches four broad conclusions.

- Structural repair of both Commonwealth and State budgets is needed to lift national saving in the medium term. Relying on cyclical improvements in the economy to lift budgetary performance will not be enough.
- A clear medium-term fiscal framework would assist governments to plan ahead more effectively. This would be consistent with the new Loan Council arrangements that seek to achieve a coordinated approach to the public sector borrowing requirement.
- Consideration needs to be given to the financial position of the States having regard to the growing demands on their resources. Areas that could be reviewed include Commonwealth/State financial relations (in particular the extent of the States' own-source revenue base and the allocation of functional responsibilities for expenditure between the Commonwealth and the States) and wage arrangements in the public sector.
- A review could be undertaken of the scope for the Commonwealth and the States to improve the efficiency and effectiveness of their service provision.

The 5 July 1993 Premiers' Conference endorsed the public release of the report and the review of service provision.

OVERVIEW OF DEVELOPMENTS TO 1992-93

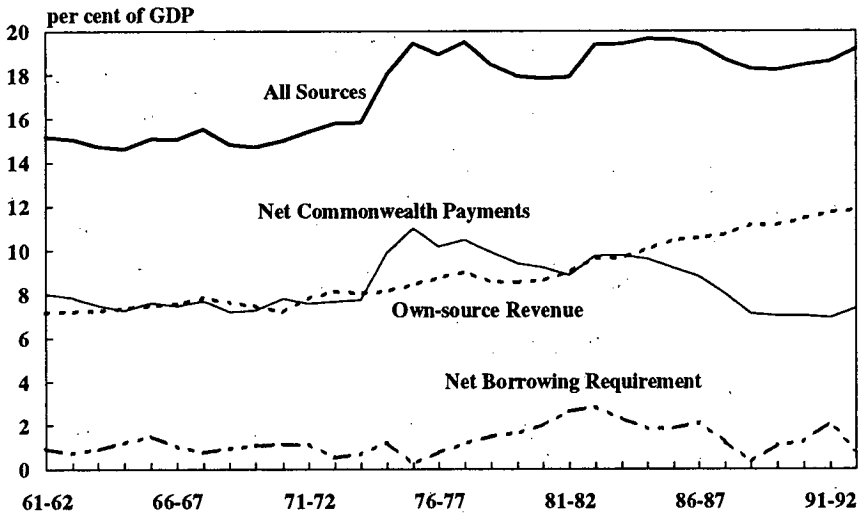
Charts 12 and 13 illustrate longer-term trends in key financial aggregates for the State/local sector as a share of Gross Domestic Product (GDP). Tables 4 and 5 record recent developments in the main financial aggregates for the general government sector and the total government sector (including PTEs) respectively — each table showing statistics² for the State/local government sector as a whole and separately for the State and local sectors.

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 following conclusions can be drawn from the data (references to parameter levels are relative to GDP):

- Chart 12 highlights the upward trend growth in own-source revenue, particularly through much of the past decade. That has, in turn, facilitated sustained growth in current outlays (Chart 13), notwithstanding a steady decline in net Commonwealth payments (the sum of grants and net advances received) from the mid 1970s to the late 1980s;
- in particular, the period through the latter half of the 1980s was characterised by significant cumulative declines in Commonwealth net payments to the States, together with reductions in the State/local sector's global borrowing limits; and
- in addition to strong growth in own-source revenue — largely on the back of an unprecedented increase in asset prices over the late 1980s — the sector's ability to accommodate reduced Commonwealth net payments was also 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 two-thirds of State/local sector recurrent expenditure.

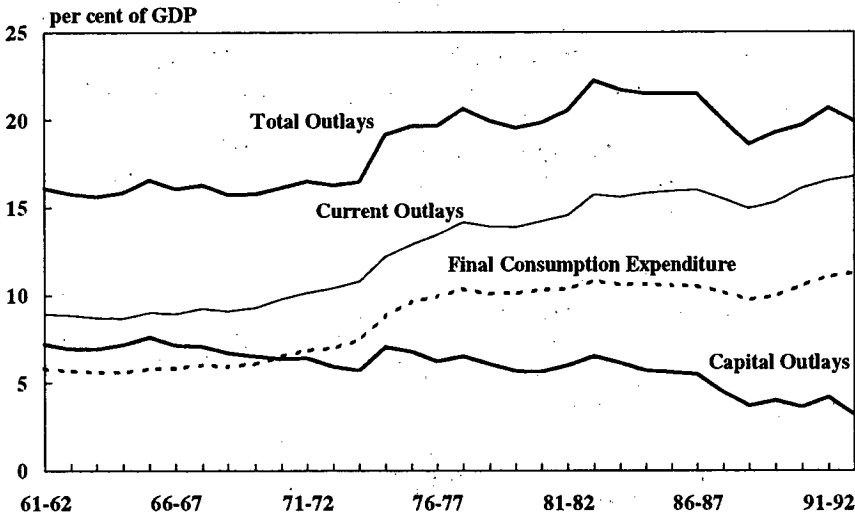
The steady improvement in the State/local sector's net borrowing requirement (NBR) as a proportion of GDP evident through the early and mid 1980s was largely eroded as the unwinding of asset price inflation in the late 1980s resulted in a sharp decline in 1989-90 of own-source revenue growth rates (evidenced in Tables 4 and 5 and Chart 10). At the same time, pressures on State government services arising from the recession and from the support for some State financial institutions worked against efforts to restrain expenditure (following negative real growth in the previous two years, real total outlays growth became positive in 1989-90). The combination of these factors resulted in a sharp increase in the State/local sector NBR from 1.2 per cent of GDP in 1990-91 to 2.1 per cent in 1991-92 (Table 5).

CHART 12: STATE/LOCAL SECTOR SOURCES OF FUNDS (a)



Source: ABS data, government financial statistics (preliminary).

CHART 13: STATE/LOCAL SECTOR EXPENDITURE



Source: ABS data, government financial statistics (preliminary).

DEVELOPMENTS IN 1992-93

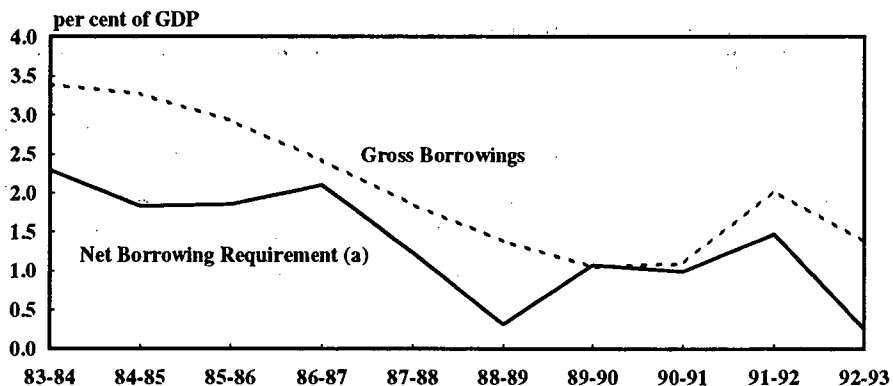
Preliminary data for 1992-93 suggest some areas of improvement in the financial position of the State/local sector relative to 1991-92, but these largely reflect asset sales and reduced financial assistance to State-owned financial institutions:

- there has been a reduction in the NBR to around 0.7 per cent of GDP from 2.1 per cent in 1991-92 (Table 5). This reduction, however, largely reflects the impact of asset sales (such as the NSW GIO) and the fact that the 1991-92 result was inflated by State government assistance packages for State-owned financial institutions, such as the State Bank of South Australia;
- real outlays growth of -1.4 per cent follows average annual growth of 2.6 per cent over the period 1987-88 to 1991-92. This outcome was strongly influenced by asset sales, such as the NSW GIO (which are recorded as negative capital outlays); and
- moderate real growth in own-source revenue of 3.5 per cent is above the 3.1 per cent real growth in 1991-92. Over the period 1987-88 to 1991-92, the average annual increase in real own-source revenue was 4 per cent.

Table 6 provides details of the State/local sector's capital outlays, budget deficits and related financing transactions. The restraint in capital outlays in the period to 1989-90 reflects increases in asset sales and a greater reluctance by some States to fund investment from borrowings.

Chart 14 and Table 6 show that gross borrowings (total new borrowings) have generally exceeded the NBR (gross borrowings less increases in holdings of financial assets) as a proportion of GDP over the last decade. This reflects the accumulation of financial assets by the State sector.³ Between 1984-85 and 1992-93, the Loan Council exercised control over gross new borrowings of the State/local sector under the Global Approach. The history of Loan Council control over the borrowings of this sector were briefly described in Budget Paper No 4 1992-93 and details of new arrangements applying from this year are discussed in Chapter IV.

CHART 14: STATE/LOCAL SECTOR BORROWING



Source: ABS data, government financial statistics (preliminary).

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

Panel A: State and Local General Government Sectors

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	2.8	-14.1	-0.4	16.5	8.9	-4.0	2.1	16.0	0.5
1988-89	1.2	-7.8	-0.3	15.6	10.2	-6.5	1.8	15.5	0.2
1989-90(b)	6.7	4.4	6.3	16.2	3.8	1.3	2.7	15.5	0.7
1990-91	4.1	-8.2	2.3	16.8	3.1	-1.5	1.0	15.9	1.0
1991-92	4.8	29.8	8.1	18.1	3.4	-0.9	1.5	16.0	2.1
Average 1987-88 to 1991-92	4.2	3.5	4.0	16.7	5.1	-1.9	1.8	15.8	0.9
1992-93	4.6	-27.6	-0.5	17.6	2.8	8.7	5.3	16.5	1.1

Panel B: State General Government Sector

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	3.0	-16.1	-0.3	15.1	10.8	-3.9	2.3	14.7	0.5
1988-89	1.0	-8.3	-0.4	14.3	11.5	-6.4	1.8	14.2	0.2
1989-90(b)	6.3	5.0	6.2	14.9	3.6	1.3	2.5	14.2	0.7
1990-91	3.9	-8.8	2.2	15.4	2.8	-1.5	0.7	14.5	0.9
1991-92	5.4	34.7	8.9	16.7	4.0	-1.0	1.6	14.6	2.0
Average 1987-88 to 1991-92	4.1	4.3	4.2	15.3	5.4	-1.9	1.6	14.4	0.9
1992-93	4.5	-31.6	-0.8	16.1	2.1	8.0	4.9	15.0	1.2

Panel C: Local General Government Sector

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	0.8	-0.5	0.4	1.8	0.1	-2.3	-0.5	1.8	0.0
1988-89	0.0	-4.9	-1.6	1.7	3.0	-9.5	-0.2	1.7	0.0
1989-90(b)	7.5	2.1	5.8	1.8	4.2	-1.1	3.0	1.7	0.0
1990-91	5.9	0.8	4.3	1.9	4.2	4.6	4.3	1.8	0.1
1991-92	2.2	-4.5	0.2	1.8	0.2	10.1	2.4	1.8	0.0
Average 1987-88 to 1991-92	3.8	-1.7	2.1	1.8	2.9	0.8	2.4	1.8	0.0
1992-93	2.5	-1.5	1.4	1.8	6.7	15.2	8.7	1.9	-0.1

Source: ABS data, government financial statistics (preliminary).

Table 5: Real Change in Financial Aggregates, Total Government Sector

Panel A: State and Local Government Sectors

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	2.4	-13.8	-1.7	19.9	7.4	-4.0	2.2	18.7	1.2
1988-89	1.3	-13.3	-1.9	18.6	9.6	-6.5	2.7	18.3	0.3
1989-90(b)	5.1	10.6	6.2	19.3	2.4	1.3	2.0	18.2	1.1
1990-91	3.6	-10.2	0.8	19.7	0.9	-1.5	0.0	18.5	1.2
1991-92	3.5	16.2	5.8	20.7	3.1	-0.8	1.6	18.6	2.1
Average 1987-88 to 1991-92	3.4	0.0	2.6	19.6	4.0	-1.9	1.6	18.5	1.2
1992-93	3.8	-22.1	-1.4	19.9	3.5	8.7	5.4	19.2	0.7

Panel B: State Government Sector

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	2.6	-15.4	-1.7	18.3	8.8	-3.9	2.5	17.1	1.2
1988-89	1.2	-15.0	-2.2	17.0	10.4	-6.1	2.7	16.7	0.3
1989-90(b)	4.6	8.3	5.3	17.5	2.6	1.1	2.0	16.6	0.8
1990-91	3.4	-8.4	1.2	18.0	0.3	-1.5	-0.5	16.8	1.1
1991-92	4.1	19.2	6.7	19.0	4.0	-0.9	2.0	17.0	2.0
Average 1987-88 to 1991-92	3.3	0.1	2.7	18.0	4.3	-1.9	1.5	16.9	1.1
1992-93	3.7	-25.5	-1.8	18.2	2.6	7.9	4.7	17.4	0.8

Panel C: Local Government Sector

	Outlays				Revenue				NBR % of GDP
	Current %	Capital %	Total %	Total % of GDP	Own Source Rev. (a) %	Total Net Paym'ts %	Total %	Total % of GDP	
1987-88	2.4	-2.6	0.5	2.2	0.2	1.9	0.6	2.1	0.1
1988-89	-0.7	-3.1	-1.6	2.1	4.5	-8.8	1.4	2.0	0.0
1989-90(b)	6.2	17.5	10.4	2.2	0.2	3.5	0.9	2.0	0.2
1990-91	5.9	-13.8	-1.9	2.2	3.9	-1.6	2.7	2.1	0.1
1991-92	0.0	-7.4	-2.6	2.1	-2.6	3.6	-1.3	2.1	0.1
Average 1987-88 to 1991-92	2.8	-2.4	0.9	2.2	1.4	-1.0	0.9	2.1	0.1
1992-93	1.0	-0.5	0.5	2.1	10.7	14.1	11.5	2.2	-0.2

Source: ABS data, government financial statistics (preliminary).

Table 6: 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
1981-82	9493	6.0	5034	3.2	53.0	858	17.0	4177	83.0	0.1	na	na
1982-83	11159	6.5	5896	3.4	52.8	1051	17.8	4845	82.2	2.8	6165	3.6
1983-84	11936	6.1	5455	2.8	45.7	986	18.1	4469	81.9	2.3	6603	3.4
1984-85	12311	5.7	4760	2.2	38.7	804	16.9	3956	83.1	1.8	7067	3.3
1985-86	13393	5.6	5224	2.2	39.0	775	14.8	4449	85.2	1.9	7041	2.9
1986-87	14483	5.5	6094	2.3	42.1	537	8.8	5557	91.2	2.1	6395	2.4
1987-88	13310	4.5	3632	1.2	27.3	-44	-1.2	3676	101.2	1.2	5522	1.9
1988-89	12496	3.7	968	0.3	7.7	-110	-11.4	1078	111.4	0.3	4700	1.4
1989-90(d)	14683	4.0	3481	0.9	23.7	-486	-14.0	3967	114.0	1.1	3893	1.1
1990-91(e)	13736	3.6	2860	0.8	20.8	-917	-32.1	3777	132.1	1.0	4146	1.1
1991-92(e)	16187	4.2	5283	1.4	32.6	-420	-7.9	5703	107.9	1.5	7855	2.0
Average 1981-82 to 1991-92	13017	5.0	4426	1.9	34.9	276	2.4	4150	97.6	1.5	na	na
1992-93(e)	12728	3.2	304	0.1	2.4	-733	-241.1	1037	341.1	0.3	5532	1.4

Source: ABS data, government financial statistics (preliminary).

PUBLIC TRADING ENTERPRISE SECTOR

The financial performance of PTEs bears importantly on State/local sector finances and on the economy in general. In 1991-92 operating revenues and operating expenditures of State sector PTEs as a whole were equivalent to about 9 per cent and 7.1 per cent of GDP respectively. By comparison, State sector general government own-purpose outlays were equivalent to 15.0 per cent of GDP in 1991-92.

Statement 6 of Budget Paper No 1 provides an overview of the main financial aggregates of both Commonwealth and State/local PTEs. 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, encourage PTEs to operate more commercially.

Table 7 shows that while operating revenue has exceeded operating expenditure (including capital depreciation) in State sector PTEs in aggregate, after net interest payments and subsidies are taken into account, the State sector PTEs as a whole have continued to operate at a loss.

The continuing high level of subsidies paid to PTEs is evident in Table 7. This may reflect, in some cases, the effects of government policies in restraining pricing of services for social policy reasons. In other cases, the subsidies may be more a reflection 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 assist assessments of 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:

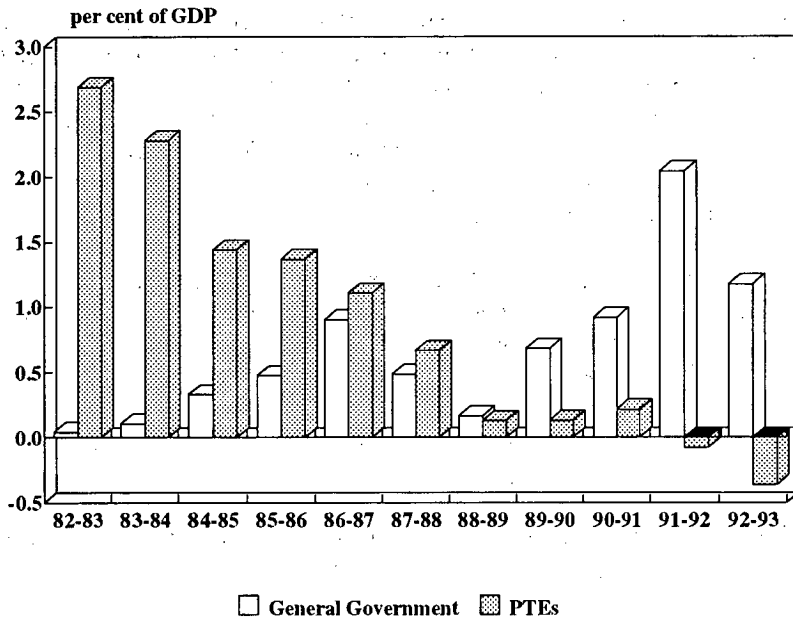
- a high rate of cost recovery may reflect the extent of a PTE's monopoly power rather than the level of efficiency; and
- levels of cost recovery may be affected by requirements to perform unfunded CSOs that often involve the provision of subsidised/unprofitable services.

Nevertheless, a number of points emerge from the data in Table 7:

- over the past decade, State PTEs in aggregate have covered more than their operating costs but less than 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 total costs in aggregate being almost entirely covered in 1991-92;
- much of this improvement dates from the mid 1980s when PTE reform programs initiated by the States commenced; 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.

The overall improvement in cost recovery in the PTE sector is also evident in Chart 15, which shows the State general government and PTE sectors' NBRs as a percentage of GDP. The chart shows a substantial reduction in the PTE sector's borrowing requirement as a share of GDP from the early 1980s, to the point where surpluses have been recorded in 1991-92 and 1992-93. The NBR, however, includes the effect of subsidy payments from the general government sector to PTEs.

CHART 15: THE STATE SECTOR GENERAL GOVERNMENT AND PTE NET BORROWING REQUIREMENTS AS A PERCENTAGE OF GDP



Source: ABS data, government financial statistics (preliminary).

Table 7: 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
Operating Result (b)								
1982-83	-212.6	-0.1	-1396.7	-0.8	167.5	0.1	-1441.8	-0.8
1983-84	-412.1	-0.2	-1719.3	-0.9	209.1	0.1	-1922.3	-1.0
1984-85	-455.6	-0.2	-1846.9	-0.9	323.2	0.1	-1979.3	-0.9
1985-86	-349.5	-0.1	-1962.1	-0.8	166.2	0.1	-2145.4	-0.9
1986-87	-120.0	0.0	-2071.7	-0.8	-27.1	0.0	-2218.8	-0.8
1987-88	-136.7	0.0	-2022.7	-0.7	255.0	0.1	-1904.4	-0.6
1988-89	-54.0	0.0	-2654.7	-0.8	558.6	0.2	-2150.1	-0.6
1989-90	-352.7	-0.1	-2091.3	-0.6	1454.0	0.4	-990.0	-0.3
1990-91	592.0	0.2	-2029.8	-0.5	436.1	0.1	-1001.7	-0.3
1991-92	1243.3	0.3	-1906.2	-0.5	545.5	0.1	-117.4	0.0
Subsidies Received								
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	118.6	0.1	1607.5	0.8
1984-85	81.1	0.0	1466.0	0.7	233.4	0.1	1780.5	0.8
1985-86	88.5	0.0	1669.8	0.7	311.9	0.1	2070.2	0.9
1986-87	77.7	0.0	2009.1	0.8	295.6	0.1	2382.4	0.9
1987-88	90.3	0.0	2024.1	0.7	295.8	0.1	2410.2	0.8
1988-89	86.0	0.0	2133.1	0.6	364.6	0.1	2583.7	0.8
1989-90	98.0	0.0	1724.9	0.5	489.2	0.1	2312.1	0.6
1990-91	82.9	0.0	1770.2	0.5	610.4	0.2	2463.5	0.6
1991-92	64.4	0.0	1776.6	0.5	693.8	0.2	2534.8	0.7
Cost Recovery								
Other Operating Revenue as a % of Operating Expenditure (c)								
1982-83	131.1		63.5		120.3		107.9	
1983-84	132.4		63.7		119.0		106.8	
1984-85	134.2		68.2		120.5		109.4	
1985-86	133.7		68.5		117.1		110.1	
1986-87	142.9		67.2		115.2		112.0	
1987-88	141.7		68.8		118.9		114.5	
1988-89	141.8		64.2		119.7		113.5	
1989-90	143.9		67.2		119.3		115.4	
1990-91	143.2		69.8		115.9		115.1	
1991-92	141.8		72.0		116.2		116.5	
Other Operating Revenue as a % of Operating Expenditure plus Net Interest Outlays (c)								
1982-83	95.7		59.4		103.0		89.7	
1983-84	92.8		60.0		103.1		88.6	
1984-85	93.1		62.1		104.4		89.5	
1985-86	95.5		60.4		102.0		89.8	
1986-87	98.6		59.6		99.7		90.2	
1987-88	98.5		61.4		102.6		92.2	
1988-89	99.5		55.9		105.4		91.9	
1989-90	103.2		63.8		106.4		96.5	
1990-91	105.1		65.2		103.3		96.7	
1991-92	109.7		67.7		104.0		99.6	

Source: ABS data, unpublished.

NET DEBT AND NET INTEREST PAYMENTS⁴

The level of public indebtedness receives considerable attention in both domestic and international financial markets. Analyses of the States' overall financial 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 impetus for State financial adjustment efforts in recent years.

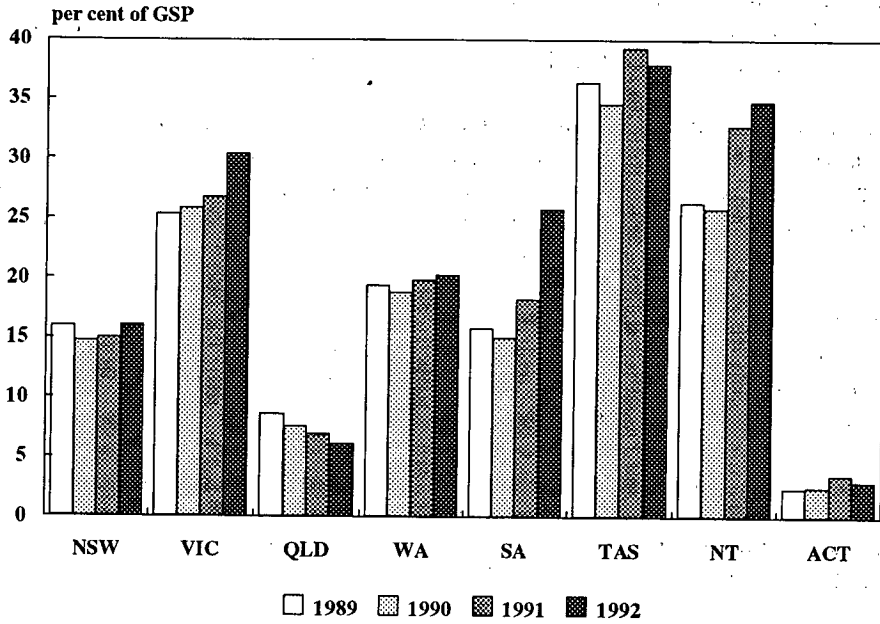
While the latter half of the 1980s saw a modest reduction in the net indebtedness of the State sector, the deterioration in the States' budgetary positions since then has reversed this trend.

- As a consequence, the net debt of the State sector measured as a percentage of GDP rose from 17.5 per cent at 30 June 1990 to 19.9 per cent at 30 June 1992. The general government sector accounts for 37 per cent of total State sector net debt, with the majority of debt held in the PTE sector.

Chart 16 shows that the level of indebtedness differs significantly between the States. QLD and the ACT have relatively low levels of debt to gross State product (GSP), while TAS, NT, VIC and SA have relatively high levels of debt to GSP.

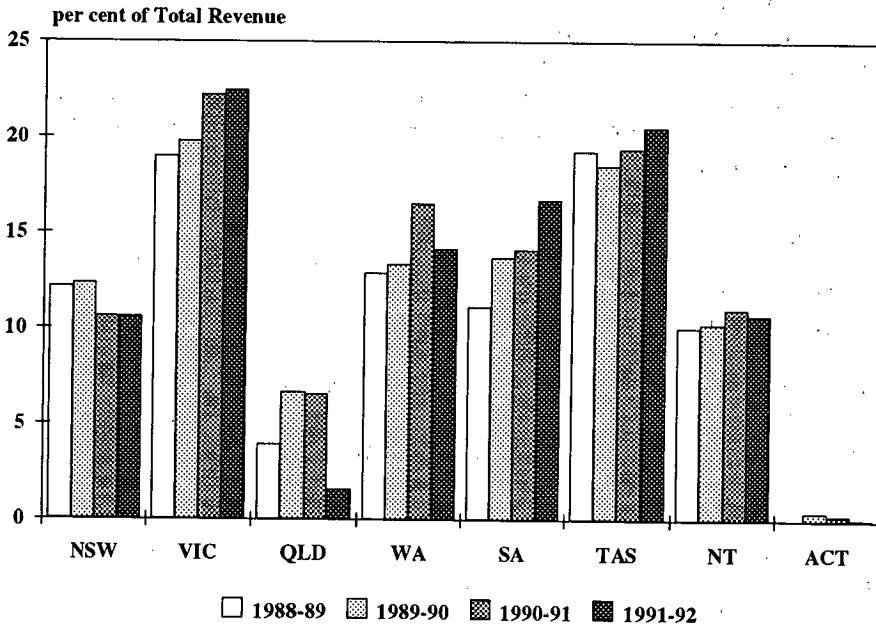
The implications of debt levels for the budgetary flexibility of some States are evident in the significant and increasing share of total State revenue required to service the debt of some States (see Chart 17).⁵ The debt servicing ratio (net interest outlays as a percentage of total revenue) for the State sector as a whole is estimated at 12.8 per cent in 1992-93. This compares with a debt servicing ratio of around 5 per cent in 1992-93 for the Commonwealth.

**CHART 16: STATE SECTOR NET DEBT AS A PERCENTAGE OF GSP,
AS AT 30 JUNE 1989 TO 1992**



Source: *Public Sector Debt Australia, 30 June 1991 and 30 June 1992, ABS Catalogue No 5513.*

**CHART 17: STATE SECTOR NET INTEREST OUTLAYS AS A
PERCENTAGE OF TOTAL REVENUE (a)**



Source: ABS data, government financial statistics (preliminary).

OUTLOOK

The aggregate NBR for the State/local sector in 1993-94 is expected to rise slightly from 1992-93 when measured as a proportion of GDP (see Statement 6). The main features of the 1993-94 fiscal outlook for the sector are as follows:

- reflecting the expected continued modest growth in the economy, growth in own-source revenue is likely to remain subdued. Overall revenue growth is expected to be lower than in 1992-93, reflecting lower growth in total Commonwealth payments (such as lower *One Nation* expenditure), despite the maintenance of real growth for FAGs;
- expenditure growth is also expected to be subdued in 1993-94. Few States currently have the budgetary flexibility to increase outlays significantly and a number (including South Australia and Victoria) are constrained in this area by their debt management strategies;
- ongoing public sector restructuring programs and associated redundancy payments are expected to continue to contribute to pressures on current outlays, but States should reap the benefits of these initiatives in the medium to long-term through increased public sector efficiency and lower costs; and
- increased debt servicing burdens in some States, partly caused by assistance packages to State-owned financial and commercial institutions, will be a continuing constraint on budgetary flexibility.

The proceeds of planned asset sales in some States (such as South Australia and Western Australia) should help to relieve budgetary pressures in the medium term, although no major contribution from asset sales is currently expected in 1993-94. In the medium term, however, structural factors such as population growth and interest costs on debt will exert growing pressure on State budgets, reinforcing the need for the States to persist with their medium-term fiscal adjustment efforts.

In underlying terms (abstracting from the impact of the new debt redemption arrangements and one-off factors such as the sale of major assets and the costs of rescuing State-owned financial institutions), the State sector's NBR in 1993-94 is expected to rise slightly as a proportion of GDP.

Over the medium term, fiscal developments within the State/local sector should be positively influenced by a number of institutional processes currently in train or in prospect, including Commonwealth initiatives referred to earlier in this chapter:

- the new Loan Council processes, with their emphasis on the sustainability of jurisdictions' fiscal positions, and transparency and accountability provided by enhanced financial market scrutiny, will provide an added discipline on the States in the formulation of their budget strategies. In this context, the 5 July 1993 meeting of Loan Council noted that the aggregate of jurisdictions' borrowing

requirements would need to be wound back in future years in line with the necessary improvements in the prospective budgetary positions of governments;

- the provision of a clear medium-term fiscal framework through the *NFO* processes should assist governments to plan ahead more effectively to achieve the structural budgetary repairs needed to lift national saving; and
- the review of Commonwealth/State service provision endorsed at the 5 July 1993 Premiers' Conference should help governments better assess the scope for achieving improvements in the efficiency and effectiveness of service provision, and the associated budgetary gains.

Overlaying these developments will be the outcome of the *Capital Duplicators v ACT* case referred to in Chapter I. The High Court's re-examination of the constitutional interpretation of excise taxes as set out in Section 90 of the Constitution could have an important bearing on the ability of the States to achieve the budgetary repair called for in the *NFO* report.

NOTES

TEXT

1. There is an important distinction between two components of the total State/local sector: that involving general government activities and that involving the operations of 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 sound commercial basis, the PTE sector borrowing requirement should not be of concern from a fiscal policy perspective. By virtue of their public ownership, however, PTEs are not subject to the same financial and other market scrutiny as are private firms.

Despite some significant recent reforms, PTEs can be significantly influenced by non-market considerations and are sometimes used as instruments of government policy. Their spending and revenue decisions can impact substantially on the economy. Their operations, therefore, have important implications for not only broader public sector policy but also for fiscal policy.

2. Current outlays are defined as expenditures not resulting in the creation of fixed assets or in the acquisition of land, buildings, intangible assets or second hand plant and equipment. Capital expenditure includes expenditure on new fixed assets, whether for replacements or additions; the acquisition and disposal of second hand assets, land and intangible assets and changes in the balance of stock accounts. It includes the acquisition of assets under finance lease arrangements.
3. The NBR from 1990-91 onwards has been adjusted to remove the effect of new debt redemption arrangements. Under these arrangements, the States agreed to refinance, from 1990-91, maturing debt issued on their behalf. In contrast, the NBR figures shown in Statement 6 of Budget Paper No 1 have been adjusted not only to remove this effect but also to exclude the effects of past Commonwealth borrowing on behalf of the States, as well as the effect of the Commonwealth lending directly to the States.

- 4 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 (such as amounts that may potentially be paid under contracts in the future) are also excluded.
- 5 Charts 16 and 17 result in different State rankings in terms of debt burden. This is mainly because the debt burden indicators used in the two charts depend on the denominators of GSP and total revenue respectively. These denominators have a relationship that varies widely between States. The relationship between total revenue and GSP for individual States is significantly influenced by the relative proportion of net Commonwealth payments in total State revenue. For example, the NT has relatively high total revenue compared to its GSP, largely as a result of receiving relatively high net Commonwealth payments. This results in the NT's debt servicing ratio being significantly lower than might be expected from its net debt to GSP ratio.

CHARTS

Chart 3:

- (a) Own-purpose outlays exclude transfers to other levels of government, such as grants and advances, and interest payments.

Chart 4:

- (a) Own-purpose outlays exclude transfers to other levels of government, such as grants and advances, and interest payments.

Chart 5:

- (a) Revenue includes net advances received and increases in provisions.

Chart 6:

- (a) Revenue includes net advances received and increases in provisions.
- (b) Payments from the Commonwealth exclude payments made through the States to local government.
- (c) Payments from the States include payments from the Commonwealth on-passed through the States to local government.

Chart 9:

- (a) Revenue includes net advances received and increases in provisions.

Chart 10:

- (a) Revenue includes net advances received and increases in provisions.

Chart 12:

- (a) Revenue includes net advances received and increases in provisions.

Chart 14:

- (a) Excludes repayments of advances under the debt redemption arrangements introduced in 1990-91, consistent with the data in Table 6.

Chart 17:

- (a) Revenue includes net advances received and increases in provisions but excludes interest received.

TABLES

Table 4:

- (a) Includes increases in provisions (including for superannuation and depreciation).
- (b) Includes the ACT from 1989-90 onwards.

Table 5:

- (a) Includes increases in provisions (including for superannuation and depreciation).
- (b) Includes the ACT from 1989-90 onwards.

Table 6:

- (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 (i.e. total outlays less total revenue) less increases in provisions as defined by the ABS. This equates to the 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 7:

- (a) Includes all State transport enterprises, except the water transport and services to transport classifications.
- (b) Operating result is equal to net operating surplus (i.e. 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 assistance and general purpose capital payments to the States and to local government authorities in 1992-93 and 1993-94.

GENERAL REVENUE ASSISTANCE TO THE STATES IN 1992-93 AND 1993-94

General revenue assistance is expected to account for around 47 per cent of total net Commonwealth payments to the State/local government sectors in 1993-94. As discussed in more detail below, the distribution of general revenue assistance is the main method by which the Commonwealth seeks to address imbalances in fiscal capacity between the States. General revenue assistance comprises:

- **financial assistance grants;**
- **special revenue assistance, which in 1993-94 consists of**
 - Medicare guarantee payments
 - transitional allowances and special fiscal needs for the ACT
 - special revenue assistance to the ACT and the NT; and
- **identified road grants (for local and arterial roads).**

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

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
Financial Assistance Grants (a)										
1989-90	3668	2710	2439	1494	1397	501	650	12860	373	13233
1990-91	3702	2712	2521	1548	1435	522	679	13117	434	13551
1991-92	3606	2645	2627	1557	1474	558	750	13215	358	13573
1992-93	3613	2639	2771	1587	1521	578	782	13492	372	13864
1993-94 (b) (c)	3803	2740	2745	1521	1437	588	771	13604	206	13810
Identified Road Grants (d)										
1991-92	5	3	6	..	9	5	12	39	..	39
1992-93	5	3	6	..	9	..	8	31	..	31
1993-94 (b)	52	52	32	22	11	4	2	174	1	175
Special Revenue Assistance										
1989-90	..	..	..	..	..	..	45	45	..	45
1990-91	..	..	..	..	..	..	50	50	..	50
1991-92 (e)	..	..	..	..	..	..	40	40	53	92
1992-93 (f)	..	138	..	..	..	..	40	178	15	192
1993-94 (b) (g)	135	190	..	..	..	..	30	355	104	459
Total General Revenue Assistance										
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	3610	2647	2633	1557	1482	563	801	13294	410	13704
1992-93	3618	2780	2777	1587	1530	578	830	13700	387	14087
1993-94 (b)	3990	2981	2776	1543	1448	593	803	14134	310	14444

DERIVATION OF LEVEL AND DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

Level of Financial Assistance Grants

1993-94 is the final year of the real terms guarantee agreed at the 1990 Premiers' Conference in respect of FAGs for 1991-92 to 1993-94. On current forecasts, total general revenue assistance to the States of \$14444m will be provided in 1993-94.

The level of FAGs agreed at the Premiers' Conference takes into account an estimate of growth in the Consumer Price Index (CPI) for the year to the March quarter over the same period of the previous year. The actual amount of FAGs paid is adjusted to reflect the difference in the actual CPI outcome and the estimate at the time of the Premiers' Conference. In 1992-93 this meant the actual level of FAGs was \$105m less than estimated at the time of the 1992 Premiers' Conference.

FAGs and the unquarantined component of hospital funding grants (HFGs) form the FAGs/HFGs pool. This pool is distributed on the basis of the per capita relativities agreed to at the Premiers' Conference. The distribution of unquarantined HFGs is determined by the Medicare Agreement, but this has no effect on a State's funding allocation from the combined FAGs/HFGs pool. It simply determines the split of that allocation between FAGs and unquarantined HFGs. (See Chapter V for further details of HFGs.)

The basis of comparison for the level and distribution of the FAGs/HFGs pool in 1993-94 would in normal circumstances be the actual 1992-93 outcome. However, this is not appropriate for 1993-94 because of the renegotiation of the Medicare Agreement. Accordingly, the 1993 Premiers' Conference adopted as the appropriate comparison an estimated 1992-93 outcome based on the 1992-93 per capita relativities (adjusted for the Medicare Agreement) less \$400m transferred from unquarantined HFGs to the funding of the bonus pools under the new Medicare Agreement.

In calculating the 1993-94 FAGs pool, the following components of general revenue assistance provided in 1992-93 were included in the base:

- compensation of \$137.9m paid to VIC for the Commonwealth no longer sharing Petroleum Resource Rent Tax (PRRT) revenues
 - it was announced at the 1992 Premiers' Conference that this would be folded into the FAGs pool from 1993-94 onwards;
- the State-like component of general revenue assistance to the ACT of \$265.1m;
- special revenue assistance to the NT of \$39.7m, which was funded from the 1992-93 FAGs pool; and
- local road grants totalling \$30.6m, which was untied with effect from 1991-92 and with the intention of folding it into the FAGs pool from 1993-94.

The key funding decisions taken at the 1993 Premiers' Conference were discussed in Chapter I.

A more detailed derivation of the level of FAGs to the States is provided in the Attachment at the end of this chapter.

Distribution of Financial Assistance Grants

The interstate distribution of FAGs reflects the Premiers' Conference decision that it should be based primarily on the States' populations as at 31 December of each year (Table 1 in the Preface gives population estimates) and the per capita relativities assessed by the CGC. The distribution is also affected by any program transfer payments and by other adjustments to grants.¹

The Commonwealth Grants Commission

The CGC is charged with recommending per capita relativities to the Commonwealth for the interstate allocation of the FAGs/HFGs pool. These relativities are calculated with the objective of giving each State the capacity to provide services not appreciably different from other States, without being required to levy taxes and charges that are appreciably different from other States. This arrangement is known as horizontal fiscal equalisation. The focus on State budget capacity, rather than performance, requires the

CGC to take account of only non-policy related factors that result in relative advantages and disadvantages for States in respect of their ability to raise revenue and the costs they face in providing services.

The CGC presented its major five year review on 31 March 1993. This review:

- adopted changes to the CGC methodology for measuring revenue bases and assessing expenditure disabilities;
- revised the data used in the 1992 CGC update for the years 1987-88 to 1990-91; and
- updated the five-year period of the review by substituting 1991-92 data for 1986-87 data.

These changes had implications for per capita relativities and hence for the distribution of the FAGs/HFGs pool. (For details of these changes refer to the *CGC Report on General Revenue Grant Relativities 1993*.)

The terms of reference for this review were complex, requiring the CGC to calculate four separate sets of relativities. Broadly, these relativities were calculated on the basis of:

- including or excluding the ACT from the FAGs/HFGs pool; and
- including or excluding the disability factors addressed in the Medicare Agreement.

In addition, the CGC was requested by the Commonwealth and individual States to calculate a number of supplementary per capita relativities. The CGC was requested by the Commonwealth to calculate a set of relativities which removed any disincentive for the States to exempt corporate reconstructions from stamp duty. The 1993-94 FAGs/HFGs pool will be distributed using the 1993-94 set of CGC supplementary relativities which adjust for the Medicare Agreement, incorporate the State-like funding component for the ACT into the pool, and include the adjustment for the treatment of stamp duty described above.

Medicare Agreement

In 1992-93 the Commonwealth entered into a new five year Medicare Agreement with the States to commence from 1 July 1993.

The new agreement involved a continuation of the major features of the existing agreement, namely, that HFGs are indexed for general cost increases plus an age-sex weighted population factor (resulting in significant real annual increases); and the provision of significant additional funds to improve access to public hospitals by public patients, improve the integration of health and related services, and pursue efficiency reforms.

The health funding arrangements under the new Medicare Agreement took account of a number of health factors which were also addressed by the CGC methodology. Therefore, to implement the new agreement without also amending the CGC methodology to exclude these factors would have involved a significant element of double counting. The impact of the new arrangements on the interstate distribution of Medicare funding was to significantly increase funding to the smaller States at the expense of NSW and VIC. The adjustments to the CGC methodology were expected to have the opposite effect — that is, to redistribute FAGs from the smaller States to NSW and VIC. NSW and VIC were given guarantees that this redistribution of FAGs would benefit them by \$131m and \$112m respectively. In the event, NSW benefited from the new relativities, but by significantly less than expected while VIC actually lost. At the same time, the smaller States and NT lost significantly less from the Medicare adjustment to the FAGs distribution than was expected. Against this background, it was decided at the Premiers' Conference that the cost of the Medicare guarantee payments to NSW and VIC would be shared between the Commonwealth and the States.

The contribution from the smaller States is achieved by funding payments totalling \$216.6m to NSW (\$72.5m) and VIC (\$144.1m) out of the FAGs/HFGs pool. These payments are funded by each State according to its share of the FAGs/HFGs pool. Consequently, funding the payments out of the pool costs NSW \$62.8m (29 per cent of \$216.6m) and VIC \$45.5m (21 per cent of \$216.6m). The Commonwealth will make payments of these amounts to NSW and VIC totalling \$108.3m thus ensuring that the net benefit to NSW and VIC will be \$72.5m and \$144.1m respectively.

In 1993-94 these arrangements ensure that the Commonwealth bears approximately half the cost of these guarantee payments and the smaller States the remainder. From 1994-95 until the end of the agreement, the Commonwealth share of the cost of these guarantees will be halved and the remainder borne by the smaller States.

Horizontal Fiscal Equalisation

The interstate allocation of general revenue assistance in accordance with the CGC relativities, embodying the objective of horizontal fiscal equalisation, involves a substantial distribution of national public sector resources in favour of the less populous States. Table 9 illustrates the magnitude of this effect by comparing an equal per capita distribution with that which arises from using the CGC relativities. It can be seen that NSW and VIC obtain significantly less under the CGC relativities than they would from an equal per capita distribution; this, of course, reflects the judgement that population distribution is *not* the sole appropriate criterion for distributing payments.

**Table 9: Impact of Horizontal Fiscal Equalisation (HFE)
on the Distribution of the 1993-94 FAGs/HFGs Pool (\$m) (a)**

	Equal Per Capita Distribution of the FAGs/HFGs Pool	Distribution of the FAGs/HFGs Pool Using 1993-94 Relativities	Change in Distribution Due to HFE (2) - (1)
	(1)	(2)	(3)
NSW	5892	5025	-867
VIC	4369	3643	-726
QLD	3072	3354	281
WA	1645	1835	190
SA	1431	1745	314
TAS	462	683	221
NT	166	791	626
ACT	294	254	-40
Total	17331	17331	0

In light of ongoing concern regarding the implications of these processes, and the appropriateness of the CGC methodology, the 1992 Premiers' Conference agreed that a Heads of Treasury working party should examine the adequacy of the current fiscal equalisation methodology and the principles upon which it is based. The report on these matters was to be presented to the 1993 Premiers' Conference. However, it was not possible to adequately address these issues within this time frame and work is continuing on the report which will be presented to the 1994 Premiers' Conference.

Funding arrangements for the Australian Capital Territory

Prior to self-government, the funding provided by the Commonwealth in respect of functions taken over by the ACT was at levels significantly higher than the average for the States. Following self-government, transitional arrangements were negotiated with the ACT with a view to moving to State-like funding levels. The ACT will have to absorb further reductions in Commonwealth funding in order to achieve this outcome. (For details on funding arrangements for the ACT in 1992-93 and 1993-94 refer to Tables 14 and 15 in the Attachment to this Chapter.)

The CGC assessed the relativities for the ACT in 1993-94 on the same basis as the other States and the NT. Funding for the ACT in 1993-94 will include:

- State-like funding, with a component recognising special expenditure needs arising from Canberra's role as the National Capital; and
- additional funding, unique to the ACT, comprises transitional allowances and special fiscal needs. Transitional allowances are designed to ease the transition from generous levels of Commonwealth funding which existed before self-government. This payment is being phased out and the CGC will make recommendations on the appropriate pace of the reduction. Special fiscal needs are

payments to the ACT in recognition that certain functions (e.g. the Family Court) are not funded by the Commonwealth, whereas in other jurisdictions such funding arrangements exist.

It was agreed at the 1993 Premiers' Conference to incorporate State-like funding for the ACT into the FAGs pool from 1993-94. The CGC recommended transitional allowances and special fiscal needs to the ACT of \$64m funded by the Commonwealth outside of the pool. These recommendations would have reduced general revenue assistance to the ACT by about 25 per cent in 1993-94. The magnitude of this adjustment prompted the Premiers' Conference to agree to provide \$20m in special revenue assistance to the ACT in 1993-94 funded from within the FAGs pool. The Commonwealth decided to provide an additional \$20m from outside the pool.²

Special Revenue Assistance for the Northern Territory

The NT has received special revenue assistance, funded from the FAGs pool each year since its inclusion in the pool in 1988-89. This assistance recognises the difficulties faced by the NT as it seeks to adjust to State-like levels of funding. The annual level of special revenue assistance reflects judgements regarding the sustainable pace of fiscal adjustment for the NT.

The 1993 Premiers' Conference agreed that the NT will receive special revenue assistance of \$30m in 1993-94 funded from the pool.³ This is \$10m less than agreed for 1992-93.

Identified Road Grants

The October 1990 Special Premiers' Conference agreed that funding for local roads should be untied and paid via general revenue assistance. While the bulk of this money is now paid to local government, a small proportion (\$30.6m in 1992-93) related to local road expenditure which was the direct responsibility of the States. As an interim arrangement in 1991-92 and 1992-93, these payments were identified as a separate component of general revenue assistance and distributed in accordance with historical shares. This portion has been absorbed into FAGs in 1993 to be distributed according to the per capita relativities decided at the Premiers' Conference.

In June 1992, the Prime Minister indicated that the Commonwealth would untie \$350m of arterial roads funding from 1 January 1994. The main features of the new arrangements are:

- in 1993-94 and 1994-95 payments will be \$175m and \$350m respectively, distributed on the average arterial roads allocation to each State for the three years to 1992 (inclusive);
- for 1995-96 and 1996-97 the aggregate level of funds will be indexed to the movements in FAGs; and

- in 1997-98 the funds will be absorbed into FAGs.

A more detailed derivation of the distribution of FAGs to the States is provided in the Attachment at the end of this chapter.

GENERAL PURPOSE CAPITAL ASSISTANCE

General purpose capital payments are paid to assist States in their capital expenditure.

Table 10 shows the history of these payments since 1989-90.

Table 10: General Purpose Capital Payments to the States (\$m)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
Loan Council Program										
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	39.0 (a) (b)	349.5
1990-91(c)	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.4 (a) (b)	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
1993-94	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	46.7	36.6	36.8	22.5	18.7	2.9	0.5	164.7	3.0	167.7
1993-94 (d)	68.4	78.9	47.0	27.1	26.1	7.2	3.4	258.0	3.8	261.8
TOTAL										
1989-90	86.3	71.5	18.7	22.9	39.6	27.7	43.8	310.5	39.0 (a) (b)	349.5
1990-91(c)	79.8	68.3	16.1	22.4	39.0	27.5	43.8	296.8	33.4 (a) (b)	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	126.4	104.9	52.9	45.0	57.7	30.3	44.3	461.4	36.5	498.0
1993-94	148.2	147.2	63.0	49.5	65.0	34.6	47.2	554.8	37.3	592.1

Prior to 1987-88, capital payments were paid under States' Loan Council programs in the form of both loans and grants. However, the importance of loans had been declining steadily from the early 1970s because:

- the overall level of general purpose capital payments 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 payments were provided in concessional form as grants or as loans for public housing.

General purpose capital payments have 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 1993-94, the level of general purpose capital payments provided under the States' Loan Council programs, and the analogous payments to Territories, will again remain unchanged in nominal terms.

The distribution of these grants among the six States reflects their shares of the Loan Council borrowing programs at the time of the termination of those programs. 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 payments represent a larger share of Commonwealth payments to the Territories than is the case for the six States. For example, for 1993-94 general purpose capital payments are estimated to comprise around 5.5 per cent of total general purpose assistance to the NT and 10.7 per cent for the ACT, compared to an average of 3.7 per cent for the six States.

The Commonwealth will provide \$261.8m under the third year of the 'Building Better Cities' program, an increase of \$94.1m on 1992-93. As in 1992-93, 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

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 NT included with the States under the Act. The ACT Government has responsibility for both State-like and municipal functions and since 1988-89 has received payments in respect of general purpose assistance for local government functions analogous to those paid to local governments through the States. Table 11 illustrates the distribution of general purpose assistance for local government between the States.

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

	1992-93		1993-94 (Estimate)	
	Actual Payment	Entitlement	Actual Payment	Entitlement
NSW	351.7	348.9	352.6	355.3
VIC	259.3	257.2	259.2	261.3
QLD	191.2	189.7	193.7	195.1
WA	121.7	120.8	122.2	123.2
SA	80.7	80.1	80.7	81.3
TAS	37.8	37.5	37.8	38.1
NT	15.0	14.9	15.0	15.1
Total	1057.3	1049.1	1061.2	1069.4
ACT	23.0	23.0	23.4	23.4
TOTAL	1080.3	1072.1	1084.6	1092.8

In June 1991, changes were made to the Act in response to 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 FAGs are escalated each year at the same rate as general revenue payments to the States. The increase in general revenue payments to the States in 1992-93, on which the factor is based, could not be settled until late in June 1993 as the total of the once-off supplementation to the FAGs pool was dependent, in the case of NSW and VIC, on the ABS determination of State population, which was not available until June. However, the fourth and final payment for 1992-93 had to be made in May, in accordance with the Act. This payment in fact was \$8.2m too much in aggregate for the States and NT. The ACT was correctly paid. This overpayment will be recovered in 1993-94. The entitlement of the States and both Territories in 1992-93 was \$1072.1m.

The 1993-94 payment is calculated using an escalation factor applied to the 1992-93 entitlement of \$1072.1m (excluding the overpayment). The escalation factor relates to the States' increase in FAGs which excludes the impact of the 'one-off' supplementation of general revenue payments in 1992-93.

On the basis of present estimates, the entitlement of local government in 1993-94 will be \$1092.8m — an increase of 1.9 per cent on the 1992-93 level. (The actual payment will be \$8.2m less allowing for the overpayment in 1992-93.) This comprises:

- a base grant of \$757.0m; and
- an additional \$335.9m relating to previously tied road funding.

In accordance with the *Local Government (Financial Assistance) Act 1986*, the interstate distribution of base general purpose assistance to local government is on an equal per capita basis, using the population at 31 December 1992. Changes in the distribution of the base grant between 1992-93 and 1993-94 reflect different population growth rates among the States over the year to 31 December. 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.

In June 1993, the Commonwealth and State Local Government Ministers agreed to a review of the Act to ensure an efficient and effective use of resources under the Act. The review does not extend to the total level of funds available or the distribution between States.

ATTACHMENT

DERIVATION OF LEVEL AND DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

LEVEL OF FINANCIAL ASSISTANCE GRANTS

An estimated FAGs pool adjusted for special revenue assistance funded from the base pool of \$13810m will be distributed amongst the States in 1993-94 on the basis of the relativities agreed at the Premiers' Conference. The derivation of this amount is shown in Table 12.

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

1992-93	
(1) Base FAGs (a)	13431.8
(2) Plus adjustment for CPI outcome (b)	-105.0
(3) Plus supplementary FAGs	165.0
(4) Total FAGs	13491.8
(5) Base for calculating 1993-94 FAGs - (4) less (3)	13326.8
(6) Plus 1992-93 NT special revenue assistance	39.7
(7) Plus 1992-93 VIC special revenue assistance	137.9
(8) Plus 1992-93 identified road grants (c)	30.6
(9) Plus 1992-93 ACT general revenue grant - State-like funding (d)	265.1
(10) Equals base to calculate 1993-94 FAGs	13800.1
(11) Plus real terms adjustment (e)	393.4
(12) Equals Premiers' Conference estimate of base FAGs for 1993-94	14193.5
(13) Less special revenue assistance for the NT (f)	30.0
(14) Less special revenue assistance for the ACT (f) (g)	20.0
(15) Less special revenue assistance to NSW (f) (h)	72.7
(16) Less special revenue assistance to VIC (f) (i)	144.6
(17) Equals estimate at time of 1993 Premiers' Conference	13926.1
(18) Plus adjustment for revised estimate of CPI (j)	-47.1
(19) Less adjustment for nurse education	69.0
(20) Equals current estimate of 1993-94 FAGs	13810.0

Since 1988-89, the ACT has received general revenue grants funded from outside the pool of FAGs. From 1993-94 onwards, however, the ACT will receive FAGs funded from the pool in place of the State-like funding component of the general revenue grants. To allow for this, the base for calculating the 1993-94 FAGs pool has been increased by the State-like funding component of general revenue grants paid to the ACT in 1992-93. Transitional and special fiscal needs payments to the ACT will continue to be funded from outside the pool (and treated as special revenue assistance).

Other general revenue assistance provided in 1992-93 which will be included in the base for calculating the 1993-94 FAGs pool are:

- the \$137.9m paid to VIC in compensation for the Commonwealth no longer sharing PRRT revenues;
- special revenue assistance to the NT of \$39.7m; and
- untied local road funding of \$30.6m.

As in previous years, the final amount distributed will depend on the actual rather than estimated change in the CPI for the four quarters to March 1994.

Nurse Education

FAGs to each State will be reduced by a proportion of the increased funding to be provided to the States under the *Higher Education Funding Act* as a result of revised arrangements for the funding of basic nurse education when full responsibility for this function is transferred from the States to the Commonwealth. These arrangements will take effect from 1 January 1994.

In 1984, arrangements for the transfer of nurse education were agreed between the Commonwealth and the States. Under these arrangements, which will cease with the full transfer of responsibility to the Commonwealth at the end of 1993, the States have met about 75 per cent of the recurrent costs and all capital costs associated with basic nurse education for an agreed number of places. The Commonwealth has contributed about 25 per cent of recurrent costs under a specific purpose payment administered by the Department of Health, Housing, Local Government and Community Services.

While the final adjustment to FAGs in 1993-94 will depend upon determinations to be made by the Minister for Employment, Education and Training, the budget estimates assume that the deductions will total \$69m. Full details of adjustments for each State are included in Table 14.

DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS

The distribution of the FAGs/HFGs pool is based primarily on States' shares of the population and the per capita relativities provided by the CGC. The amount of FAGs to any State is determined by its allocation from the FAGs/HFGs pool and its allocation of unquarantined HFGs under the Medicare Agreement. It is also affected by any program transfer payments and adjustments.

In 1992-93, FAGs/HFGs were distributed amongst the States and the NT using the relativities decided on at the 1992 Premiers' Conference. These relativities were estimated by the CGC and calculated using a seven-State standard (i.e. excluding the ACT from the calculations). The CGC set the relativity for VIC equal to 1.000, and expressed the relativities of the other States and Territories against this standard. The CGC has modified the presentation of the relativities for 1993-94. They are now based on an Australian average of 1.000 rather than using VIC as a national standard.

Table 13 shows the distribution of the FAGs pool among the States and the NT in 1992-93. Table 14 shows the estimated distribution of FAGs among the States in 1993-94.

GENERAL REVENUE GRANTS TO THE AUSTRALIAN CAPITAL TERRITORY

In 1992-93, the ACT received general revenue grants in lieu of FAGs. The general revenue grants also included a component for transitional allowances and special fiscal needs. Table 15 shows the derivation of general revenue grants for the ACT for 1992-93.

The level of general revenue grants received by the ACT was equal to the base per capita grant received by VIC, multiplied by the ACT per capita relativity (as assessed by the CGC), multiplied again by the ACT population at 31 December 1992, less the amount of ACT HFGs. Adjustments are also needed to take account of the reduction in general revenue grants of \$2.2m resulting from changes in policing responsibilities between the ACT and the Commonwealth, and a payment to the ACT equivalent to that received by the States and NT as a result of the one-off supplementation to the pool of \$165m. Table 15 splits the general revenue grants received between those attributable to the State-like funding and to the transitional allowances and special fiscal needs components of the per capita relativity.

As discussed above, from 1993-94 the ACT will receive FAGs in lieu of the State-like funding component of the general revenue grants. Consequently, the distribution of FAGs uses relativities, decided on at the 1993 Premiers' Conference, that were calculated by the CGC using an eight-State standard (i.e. including the ACT).

A further adjustment to the ACT FAGs payment in 1993-94 may be necessary as a result of the changes in policing responsibilities. The matter is currently subject to an inquiry by the Commonwealth and the ACT.

Table 13: Financial Assistance Grants (FAGs) to the States and the Northern Territory, 1992-93

	NSW	VIC	QLD	WA	SA	TAS	NT	Total
(1) Population as at 31 December 1992 ('000) (a)	5984.5	4456.0	3068.1	1666.7	1459.0	470.9	168.0	17273.1
(2) Per capita relativities (b)	1.016	1.000	1.375	1.426	1.570	1.786	5.909	na
(3) Weighted populations ('000) - (1) times (2)	6080.2	4456.0	4218.6	2376.7	2290.7	841.0	992.6	21255.8
(4) Share of each State and NT in weighted population (%)	28.6	21.0	19.8	11.2	10.8	4.0	4.7	100.0
(5) Pool of FAGs and HFGs distributed according to (4) (\$m)	4896.5	3588.5	3397.3	1914.0	1844.7	677.3	799.4	17117.7
(6) Unquarantined HFGs (\$m) (c)	1334.8	987.8	655.9	343.6	339.8	104.9	24.1	3790.9
(7) Amount of FAGs, base - (5) less (6) (\$m)	3561.7	2600.7	2741.4	1570.3	1505.0	572.4	775.3	13326.8
(8) Supplementary FAGs on relativities (\$m)	42.6	31.2	29.5	16.6	16.0	5.9	7.0	148.8
(9) Supplementary FAGs per capita (\$m)	51.6	38.4	26.4	14.4	12.6	4.1	1.4	148.8
(10) Greater of (8) and (9) (\$m)	51.6	38.4	29.5	16.6	16.0	5.9	7.0	165.0
Total FAGs - (7) plus (10) (\$m)	3613.2	2639.1	2771.0	1587.0	1521.0	578.3	782.3	13491.8

Table 14: Financial Assistance Grants (FAGs) to the States and the Territories, 1993-94

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total
(1) Estimated population as at 31 December 1993 ('000) (a)	6033.3	4473.2	3146.0	1684.3	1465.4	473.2	169.6	300.9	17745.9
(2) Per capita relativities (b)	0.854	0.835	1.093	1.117	1.221	1.480	4.784	0.865	na
(3) Weighted populations ('000) - row (1) times (2)	5152.5	3735.1	3438.6	1881.4	1789.2	700.3	811.4	260.2	17768.8
(4) Share of each State and Territory in weighted population (%)	29.0	21.0	19.4	10.6	10.1	3.9	4.6	1.5	100.0
(5) Pool of FAGs and HFGs distributed according to (4) (\$m)	5045.5	3657.6	3367.2	1842.3	1752.1	685.8	794.5	254.8	17399.8
(6) Unquarantined HFGs (\$m) (c)	1218.8	899.0	610.7	316.1	309.0	95.6	22.7	48.9	3520.8
(7) Amount of FAGs, base - (5) less (6) (\$m)	3826.7	2758.6	2756.5	1526.2	1443.0	590.2	771.8	206.0	13879.0
(8) Less adjustment for nurse education (\$m)	23.8	18.6	12.0	5.3	6.5	1.8	0.7	0.4	69.0
Total FAGs - (7) less (8) (\$m)	3803.0	2740.1	2744.5	1520.8	1436.5	588.4	771.1	205.6	13810.0

Table 15: Derivation of ACT General Revenue Assistance 1992-93

(1) VIC share of FAGs/HFGs pool (\$m) (a)	3588.5
(2) VIC population at 31 December 1992	4456014
(3) VIC share per capita (\$)	805.3
ACT per capita payment (\$) (b)	
(4) State-like funding component	1075.90
(5) Transitional funding component	358.37
(6) ACT population at 31 December 1992	294785
(7) ACT HFGs (\$m) (c)	52.1
ACT unadjusted payments (\$m) (b)	
(8) State-like funding component - (4) times (6) less (7)	265.1
(9) Transitional funding component - (5) times (6)	105.6
(10) Less deduction to ACT following review of police functions (\$m)	2.2
(11) Plus ACT supplementary payments (\$m) (d)	3.7
(12) Equals ACT general revenue grant (\$m)	372.2
(13) Special revenue assistance (\$m)	14.9
(14) ACT general revenue assistance - (12) plus (13) (\$m)	387.1

EFFECTS OF POPULATION, RELATIVITIES AND OTHER PAYMENTS ON THE DISTRIBUTION OF ASSISTANCE

Table 16 details the impact of new population estimates and relativities, as well as special revenue assistance (including Medicare guarantee payments), on the distribution and size of the FAGs/HFGs pool.

The table splits the effect attributable to using new relativities between that attributable to the new 1993-94 relativities — which reflect methodological changes, the use of revised data, and the change in the review period — and that attributable to the decision of the 1993 Premiers' Conference to use 1993-94 relativities adjusted for the terms of the Medicare Agreement (see Chapter III for further discussion).

Table 16: Distribution of Financial Assistance Grants, Hospital Funding Grants and Special Revenue Assistance, 1993-94 (\$m) (a)

	Distribution of 1993-94 Pool Using 1992-93 Relativities and Population (b)	Effect of New Population (2)	Effect of New Relativities - Not Adjusted for Medicare (3)	Effect of Medicare Adjustment (4)	Net Impact of Special Revenue Assistance for NT and ACT (c) (5)	Net Impact of Medicare Guarantee Payments to NSW and VIC (d) (6)	1993-94 Estimated Outcome Sum of (1) to (6) (7)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	4884.6	-11.9	168.1	58.1	-14.4	72.5	5157.0
VIC	3715.3	-25.0	37.2	-32.5	-10.5	144.1	3828.7
QLD	3390.3	49.8	-63.3	30.0	-9.6	-41.9	3355.3
WA	1908.0	-0.1	-38.7	-4.0	-5.3	-22.9	1837.0
SA	1846.4	-11.5	-21.1	-41.5	-4.9	-21.8	1745.7
TAS	675.2	-3.8	11.6	11.5	-2.0	-8.5	684.0
NT	846.0	-0.9	-57.7	18.6	27.6	-9.9	823.7
ACT	331.3	3.3	-36.1	-40.2	102.9	-3.2	358.1
Total	17597.2	0.0	0.0	0.0	83.9	108.3	17789.4

EXCL
ACT
SFW
-18.1

340.6
17771.3

NOTES

TEXT

- 1 Program transfer grants are generally used to reflect the transfer of responsibility for a program from the Commonwealth to the States. Such grants can also be used to effect the absorption of a specific purpose payment into general revenue assistance.
- 2 These are the figures decided at the Premiers' Conference. They have since been revised to reflect revisions to the CPI forecast for the year to the March quarter 1994. The current estimates are \$63.8m for transitional allowances and special fiscal needs, and \$19.9m for both the amount funded from within the pool and directly by the Commonwealth.
- 3 This is the figure decided at the Premiers' Conference. It has since been revised to reflect the revisions to the CPI forecast for the year to the March quarter 1994. The current estimate is \$29.9m.

TABLES

Table 8:

- (a) Consists of FAGs to the six States, the NT and (for 1993-94 only) the ACT. The amounts shown for the ACT prior to 1993-94 are general revenue assistance and include non State-like funding components.
- (b) Estimate.
- (c) Includes an adjustment for nurse education (see discussion in the Attachment and Table 14 for details). The ACT estimate for 1993-94 is not comparable with earlier years, owing to a change in treatment of transitional allowances and special fiscal needs. As from 1993-94 these payments are treated as special revenue assistance.
- (d) Prior to 1991-92 local road funding was paid to the States under the *Australian Land Transport Development Act 1988*. Since 1991-92 the bulk of these funds have been paid under the *Local Government (Financial Assistance) Act*. However, a small proportion (\$30.6m in 1992-93) was paid to State Governments for local roads which were their direct responsibility. This portion was absorbed into FAGs in 1993-94. The \$175m identified for 1993-94 is for arterial road funding, which is being untied from 1 January 1994.
- (e) The \$53m for the ACT consists of recurrent payments made to the ACT from the Australian Capital Territory Transitional Funding Trust Account.

- (f) The \$137.9m for VIC was compensation for the Commonwealth's decision not to share PRRT revenue.
- (g) The special revenue assistance for NSW and VIC is made up entirely of gross Medicare guarantee payments. The difference between these payments and the net guarantee payments is the share of NSW and VIC in the funding of \$216.6m of guarantee payments from the FAGs/HFGs pool. The net benefit to NSW is \$72.5m and to VIC \$144.1m. The special revenue assistance to the ACT in 1993-94 includes \$63.8m in transitional allowances and special fiscal needs. These estimates have been adjusted for the revision in CPI estimates since the Premiers' Conference. (See note (j) to Table 12.)

Table 9:

- (a) The pool used in this table excludes the special revenue assistance funded from the pool shown in column 1 of Table 16. These payments are the Medicare guarantee payments to NSW (\$72.5m) and VIC (\$144.1m) funded from the pool and the additional assistance to NT (\$29.9m) and ACT (\$19.9m) funded from the pool.

Table 10:

- (a) Includes adjustment for transfer of functions.
- (b) In 1989-90, includes payments of \$7m from ACT Transitional Funding Trust Account. Excludes payments into the Trust Account of \$2.4m and \$7.4m from capital grant in 1989-90 and 1990-91, respectively.
- (c) Includes a recoupment of 90 per cent of motor vehicle registration fees paid by Telecom and Australia Post.
- (d) Allocation of grants between States is to be finalised following evaluation of 1992-93 program outcomes. A notional distribution is used in this table.

ATTACHMENT TABLES

Table 12:

- (a) This is the amount set by the *States Grants (General Purposes) Act 1992*, as base assistance for 1992-93. It does not include the one-off payment of \$165m distributed on the greater of relativities or equal per capita basis (row (3)). The CPI adjustment shown is to the base FAGs amount.
- (b) Based on an index factor calculated by dividing the sum of CPI index numbers for the four quarters to the March quarter 1993, 431.5, by 434.9,

which was the index estimate specified in the *States Grants (General Purposes) Act 1992*.

- (c) Relates to local road grants which were untied with effect from 1991-92.
- (d) From Table 15, row (8).
- (e) The forward estimates at the time of the Premiers' Conference assumed an increase in the CPI for the four quarters to March 1994 over the previous four quarters of 2.85 per cent.
- (f) The special revenue assistance shown here are as at the Premiers' Conference. The current estimate of these payments differs slightly as a result of revised CPI estimates since the Premiers' Conference (see (j) below).
- (g) \$20m is the amount of special revenue assistance the ACT will receive that is funded from the pool of FAGs. The ACT will receive further special revenue assistance of \$20m funded from outside the pool.
- (h) \$72.7m is the Medicare guarantee payment to NSW funded from the pool of FAGs. NSW will receive a further Medicare guarantee payment funded from outside the pool.
- (i) \$144.6m is the Medicare guarantee payment to VIC funded from the pool of FAGs. VIC will receive a further Medicare guarantee payment funded from outside the pool.
- (j) As in 1992-93 (see (b) above), the pool is to increase by the ratio of the sum of the CPI index numbers for the four quarters to the March quarter 1994 over the estimate specified in the proposed *States Grants (General Purposes) Act 1993* (that is, the estimate at the time of the Premiers' Conference) . This estimate reflects the variation between the 1993 Premiers' Conference estimate and the current forecast of the increase in the CPI in the year to the March quarter 1994.

Table 13:

- (a) The population as at 31 December 1992 is that determined by the Statistician in accordance with the *States Grants (General Purposes) Act 1992* (the Act).
- (b) The per capita relativities adopted at the 1992 Premiers' Conference were specified in the Act and hence applied in 1992-93.
- (c) 'Unquarantined' HFGs — that is, excluding the penalties and incentives packages and funding for AIDS.

Table 14:

- (a) The estimated population as at 31 December 1993, (which was prepared in consultation with the ABS), is subject to revision.
- (b) The per capita relativities adopted at the 1993 Premiers' Conference are to apply in 1993-94.
- (c) 'Unquarantined' HFGs — that is, excluding the incentives package, the bonus pools, Medicare benefit adjustments and the other health services component.

Table 15:

- (a) See Table 13 row (5).
- (b) In previous years, all general purpose funding to the ACT has been paid directly by the Commonwealth rather than via the FAGs/HFGs pool. Consequently, there has been no need to distinguish between State-like funding and transitional funding components. For 1993-94, the ACT's state-like funding will be paid from FAGs. For ease of comparison with 1993-94, the 1992-93 figures in Table 15 have been split into the two components on the basis of CGC assessments of ACT's transitional funding needs in 1992-93.
- (c) Excluding quarantined HFGs (the penalties and incentives packages and funding for AIDS).
- (d) Equivalent to the supplementary payment to the States and the NT shown in row (10) of Table 13.

Table 16:

- (a) Excluding quarantined HFGs (the incentives package, the bonus pools, Medicare benefit adjustments and the other health services component).
- (b) The pool in column (1) includes special revenue assistance payments funded from within the pool.
- (c) The special revenue assistance to the ACT and NT has been adjusted for the revision in CPI estimates since the Premiers' Conference. (See note (j) to Table 12.) The column total adds to \$83.9m, reflecting the Commonwealth's direct funding of \$63.8m in transitional allowances and special fiscal needs, and \$19.9m in special revenue assistance, for the ACT, and \$140,101 to SA for the transfer from the Commonwealth to SA of funding previously provided to the Adelaide Central Mission as part of the Disability Services Program.

- (d) The special revenue assistance (Medicare guarantee) payments to NSW and VIC have been adjusted for the revision in CPI estimates since the Premiers' Conference. The column total adds to \$108.3m, reflecting the Commonwealth's direct funding of Medicare guarantee payments of \$62.8m and \$45.5m for NSW and VIC respectively. (See note (j) to Table 12.)

CHAPTER IV: BORROWINGS BY THE STATE/LOCAL SECTOR

This chapter details the new Loan Council arrangements to apply from 1993-94 for the determination of the net borrowings of the Commonwealth, State and local government sectors. The new arrangements represent a significant step in the evolution of public sector finances in Australia to a more transparent and cooperative basis. Underpinning the new arrangements is the establishment of a transparent framework for the determination of net borrowings based on the consideration of governments' fiscal circumstances, infrastructure requirements and macroeconomic implications.

NEW LOAN COUNCIL ARRANGEMENTS

The 7 December 1992 Loan Council meeting adopted new arrangements for Loan Council monitoring and reporting. Development of the new arrangements was in recognition that the existing Loan Council arrangements, which focussed on global limits, had become less effective over time and by the end of 1992 were at the point of breakdown. A major catalyst for the December changes was the increased use of sophisticated financing techniques in some jurisdictions. These techniques eroded the effectiveness of the Loan Council process by increasing the opportunities for Loan Council to be circumvented and clouding the boundary lines which determine Loan Council coverage. The details of the new arrangements, as set out in the report *Future Arrangements for Loan Council Monitoring and Reporting*, were endorsed by Loan Council on 5 July 1993. The recommendations of this report are outlined in the Attachment.

Inherent in the new arrangements is the common interest that the Commonwealth and States have in ensuring that overall public sector borrowing in Australia is consistent with sound macroeconomic policy and that borrowings by each jurisdiction are consistent with a sustainable fiscal strategy.

The changes in Loan Council arrangements broadly reflect the evolving nature of financial markets and their interaction with the public sector. The new arrangements are designed to enhance the role of financial market scrutiny as a discipline on borrowings by the public sector and, in doing so, build on the changes instituted in the late 1980s to enable the individual States to assume responsibility for managing their own borrowings and to be accountable to financial markets for their actions.

The key feature of the new arrangements is the establishment of a framework that will enhance the credibility and transparency of the Loan Council operations. Underlying this is:

- the switch in focus from gross borrowings to an aggregate based on net borrowings as indicated by a jurisdiction's deficit/surplus;
- the change in the way in which borrowing levels are allocated to jurisdictions; and

- the development of uniform and more comprehensive reporting of public sector finances by all jurisdictions
 - reporting requirements which, if necessary, will be adapted over time in response to changing circumstances.

The rationale for the **switch in focus from global limits to an aggregate based on the deficit/surplus** as a measure of the financing requirement is that the global limit approach focussed on gross new borrowings by jurisdictions rather than their net call on financial markets — the latter is a more meaningful indicator of the impact of the public sector on the economy and the exposure of any jurisdiction to financial markets.

In relation to **how borrowings are allocated**, under the previous arrangements Loan Council adopted an aggregate global limit for States which was then allocated to each jurisdiction via a formula based on population. The aggregate global limit was set with an eye to macroeconomic policy requirements but the actual limit allocated to each State took no account of its particular fiscal circumstances. Under the new arrangements the Commonwealth and each State will be responsible for nominating to Loan Council its intended allocation, known as the Loan Council Allocation (LCA), which will be based on the deficit/surplus plus specified memo items. These items will reflect public sector transactions which may have many of the characteristics of borrowings but do not constitute formal borrowings. Details of the Loan Council treatment of memo items are provided in the Attachment.

The appropriateness of nominated LCAs could be considered by Loan Council from two perspectives:

- if the aggregate of the nominated LCAs is inconsistent with macroeconomic policy objectives there may need to be some adjustment. The nature of any adjustment and its allocation across jurisdictions would be negotiated by Loan Council members. Important considerations in these negotiations would be the comparative fiscal circumstances, infrastructure requirements and capital needs of particular jurisdictions; and
- if Loan Council has concerns about the fiscal outlook for a jurisdiction it may require a more comprehensive justification for its proposed LCA or, in some cases, may request the jurisdiction to modify its fiscal strategy — this should occur only rarely.

The previous arrangements took as their starting point the macroeconomic objective and gave little weight to the fiscal position of individual jurisdictions. The new Loan Council arrangements place greater emphasis on each jurisdiction's fiscal strategy and debt level in the context of the overall macroeconomic objective. One element of this approach is Loan Council's agreement to exempt from the need to contribute to any adjustment of the aggregate LCA any jurisdiction projecting a negative LCA, or a modest positive LCA (less than 2 per cent of total public sector revenue adjusted to exclude universities and local government).

The new arrangements can also accommodate any changes required by the realities of budgetary processes through the introduction of procedures whereby jurisdictions inform Loan Council if their fiscal circumstances become incompatible with their LCA. These procedures, which involve the setting of 'tolerance limits' around each jurisdiction's LCA, are discussed below. The emphasis will be on credible budgetary processes, ensuring a high level of public understanding of public sector financing developments, and facilitating increased financial market scrutiny, rather than on Loan Council attempting to enforce rigid compliance with a particular LCA.

The new arrangements will be supported by the development of **uniform and more comprehensive arrangements for the reporting of public sector finances**. These will be designed to meet the needs of the markets for accurate and meaningful information about the level of net borrowings. The reporting arrangements will have two components: quarterly reporting which will provide an indication of a jurisdiction's within-year financial performance against its LCA; and an annual financial statement to provide a comprehensive picture of a jurisdiction's financial assets and liabilities.

Each jurisdiction will report annually against its LCA from 1993-94. However, the within-year components of the uniform reporting requirements are expected to take one or two years to implement across all jurisdictions. As a transitional measure global limits will continue to be set, with the coverage expanded to be consistent with the jurisdiction's LCA (that is, to include memo items). This will allow each jurisdiction to report on a quarterly basis while facilitating the transition to the LCA approach.

The new Loan Council arrangements invalidate some of the changes announced at the June 1992 Loan Council meeting. For example, under the new arrangements it is not appropriate to designate separate allocations for universities and the National Rail Corporation (NRC). Accordingly, borrowings by universities are included in each jurisdiction's LCA nomination and borrowings of the NRC are included in the Commonwealth's LCA (given the ABS classification of the NRC as a Commonwealth PTE). At present universities are almost entirely funded by the Commonwealth but they are generally the legislative responsibility of the States and borrowings by universities are counted as borrowings by the State public sector. The COAG review of roles and responsibilities of Commonwealth and State governments will consider the appropriate future arrangements for universities.

In summary, the new Loan Council arrangements are intended to:

- facilitate financial market scrutiny of public sector finances via better reporting and so make jurisdictions more accountable to the markets;
- enhance the role of Loan Council as a forum for coordinating public sector borrowings in the light of the national fiscal situation and the fiscal policy imperatives confronting individual governments;

- promote greater public and financial market understanding of budgetary processes; and
- provide the basis for States assuming greater freedom and responsibility in determining their financing requirements consistent with their fiscal and debt position and overall macroeconomic constraints.

The principal value of the Loan Council arrangements lies in the nature of the processes rather than the precision of the figures endorsed at the Loan Council meeting. The need for jurisdictions to coordinate their borrowings in the pursuit of macroeconomic policy objectives and the exposure of their borrowing plans to Loan Council and financial market scrutiny is where the worth of the arrangements lies. Of course, the greater the accuracy of the Loan Council figures, the greater the credibility likely to be accorded to these processes.

LOAN COUNCIL TREATMENT OF PRIVATE SECTOR INVOLVEMENT IN PUBLIC SECTOR INFRASTRUCTURE PROJECTS

The Commonwealth and States support the trend of recent years for increased private sector involvement in the provision of economic infrastructure. Such involvement can introduce important market disciplines and bring greater efficiency to this area of activity.

A number of issues regarding the financial and risk allocation arrangements for infrastructure projects are still to be resolved by Loan Council. The objective of Loan Council in deciding the new arrangements for infrastructure is to adopt a set of principles that make the underlying financial arrangements and risk allocation as transparent as possible. There is also a need to ensure, to the extent possible, that individual projects are judged on financial, economic and other considerations intrinsic to the project rather than on the question of Loan Council classification.

It is proposed that infrastructure projects which have financial arrangements akin to borrowings be treated as a memo item in jurisdictions' LCAs. Previously, if a project were considered to fall within Loan Council, the entire gross liability created by the project was included without regard to the value of the asset created or the degree of risk being borne by the private sector. Ideally, only the public sector exposure arising from any infrastructure project with private sector involvement should be reflected in jurisdictions' LCAs. In practice, this exposure can be very difficult to measure.

A working party of Heads of Treasury officials is examining possible approaches with a view to Loan Council adopting new guidelines by 1 September 1993. The main priority is to ensure that the public sector exposure to such projects is disclosed and that each jurisdiction treats them on a consistent basis.

In order not to impede projects which were already well advanced under the old Loan Council guidelines, and were structured to fall outside those guidelines, Loan Council

endorsed the application of 'pipeline' arrangements for a limited number of projects in 1993-94. These arrangements are detailed in Box 2.

BOX 2 — PIPELINE INFRASTRUCTURE PROJECTS

The purpose of these arrangements is to allow infrastructure projects with private sector involvement to be exempted from the 1993-94 LCA nominations where:

- they were unlikely to qualify for Loan Council exemption under the new guidelines now being developed; and
- where considerable good faith, effort and expense had already been incurred by both the private and public sectors in structuring these projects to be outside the existing Loan Council guidelines.

The intention was to restrict the number of nominated 'pipeline' projects to the minimum in order to enhance the initial credibility of the new infrastructure arrangements when they are finalised.

Accordingly, the list was limited to those major projects which are too far advanced to be easily unwound. The following projects were approved by Loan Council on 5 July 1993:

- four water treatment plants in NSW;
- Yan Yean water treatment plant, VIC;
- Burnie Hospital, TAS; and
- Eye and Ear Hospital Car Park, VIC.

LOAN COUNCIL ALLOCATIONS FOR 1993-94

LCAs were nominated by the Commonwealth and each State for the first time for 1993-94 and considered by Loan Council at its meeting on 5 July 1993, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, as well as to the macroeconomic implications of the aggregate figure.

Loan Council considered that the aggregate of the LCAs was consistent with the projections in the *NFO*. Bearing in mind the level of payments to the States agreed for 1993-94, the aggregate borrowing requirement proposed for 1993-94 was considered appropriate in the current economic circumstances. Loan Council considered, however, that the LCA aggregate will need to be wound back in future years in line with required improvements in the prospective budgetary positions of governments. A major part of this adjustment will be achieved by the Commonwealth meeting its objective of

reducing its Budget deficit — a large component of the aggregate LCA — to around 1 per cent of GDP by 1996-97.

The 1993-94 LCAs for each jurisdiction, as agreed by Loan Council on 5 July, are set out in Table 17. The States used their *NFO* projections as a basis for determining their projected 1993-94 general government deficit/surplus, adjusting the *NFO* figures for their own economic expectations and for the effect of expected fiscal measures in 1993-94. The LCA is determined by adding the general government deficit/surplus, the PTE sector net financing requirement and memo items. Each jurisdiction's LCA was considered to be appropriate in the jurisdiction's current economic and financial circumstances. The scrutiny of individual LCA nominations in future years will seek to ensure that jurisdictions continue to make progress in achieving or consolidating sustainable fiscal positions as the economic recovery gathers pace.

As 1993-94 is the first year of operation of the new arrangements, there will inevitably be some teething problems. Jurisdictions are required to estimate their budget, general government and PTE sector deficits much earlier in their budget cycle than is usually the case. Moreover, the expanded scope of the LCA means that some items (for example, operating leases) are included in Loan Council coverage for the first time.

As part of the process of adjusting to the new arrangements, a tolerance limit equal to 3 per cent of total (non-financial) public sector revenue (as defined by the ABS and adjusted to exclude local government and universities) will be applied to each jurisdiction's 1993-94 Loan Council endorsed LCA. This tolerance limit will apply between the LCA approved by Loan Council and the budget time LCA. The jurisdiction's compliance with the budget time LCA will also be subject to a separate 3 per cent of revenue tolerance limit.

If a jurisdiction becomes aware that it has exceeded or is likely to exceed, in either direction, its 3 per cent tolerance limit in respect of the Loan Council endorsed LCA or, following the Budget, its budget time LCA, it would be obliged to provide an explanation to Loan Council. In line with the emphasis on public disclosure and to facilitate financial market scrutiny, this explanation would be made public. While Loan Council would not be required to formally approve the change, it could pursue the issues with the particular jurisdiction if the change in the LCA raised broader concerns. It may be possible to reduce the 3 per cent tolerance limit for future years as jurisdictions become more familiar with the new arrangements.

The LCAs for the Commonwealth and States in Table 17 are those endorsed by Loan Council at the 5 July meeting. A discussion of the Commonwealth's 1993-94 budget time LCA is included in Statement 6 of Budget Paper No 1.

Table 17: Loan Council Allocations 1993-94 (\$m) (a)

	Cwth (b)	NSW (c)	VIC (d)	QLD (e)	WA	SA (f)	TAS (g)	NT	ACT(h)	Aggregate
1992-93 General Govt Deficit	15800	-317	2448	-350	464	900	91	77	-42	19071
1993-94 General Govt Deficit	17200	1178	3950	-149	494	513	72	147	64	23469
1993-94 PTE Net Financing Requirement	800	337	123	-15	213	10	25	0	16	1509
Memo Items	400	431	-895	420	-117	-121	168	-1	1	286
<i>University Borrowings (i)</i>	-	35	59	76	20	20	0	0	0	210
Loan Council Allocation	18400	1946	3178	256	590	402	264	146	65	25247
Global Limit Equivalent 1993-94	18000	1486	3153	910	532	417	256	117	41	24912
Global Limit outcome 1992-93	-337	500	3278	710	527	306	127	84	0	5196

Table 18: 'Global' New Money Borrowings by Commonwealth and State Semi-Government and Local Authorities (a)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total States	Cwth	Total
	Global borrowings (\$m)										
1989-90	1134.0	1173.6	624.2	448.4	223.5	184.9	81.0	23.7	3893.3	1591.1 (b)	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	2661.3	635.0	603.2	1961.8	121.6	326.2	41.5	7854.8	187.0	8041.8
1992-93	500.2	3278.0	709.9	526.9	306.4	126.6	84.4	0.0	5532.4	-336.8	5195.6
1993-94 (c)	1486.0	3153.0	910.0	532.0	417.0	256.0	117.0	41.0	6912.0	18000.0 (d)	24912.0
	Global borrowings (percentage of GSP) (e)										
1989-90	0.9	1.2	1.1	1.2	0.8	2.3	2.0	0.3	1.1	0.4	1.5
1990-91	0.9	1.1	1.1	1.6	0.8	2.2	1.8	0.8	1.1	0.4	1.5
1991-92	1.1	2.6	1.1	1.5	6.6	1.4	7.9	0.5	2.0	..	2.1
1992-93	0.4	3.1	1.1	1.3	1.0	1.4	2.0	0.0	1.4	-0.1	1.3
1993-94	1.0	2.8	1.4	1.2	1.3	2.8	2.6	0.5	1.6	4.3	5.9

GLOBAL LIMIT EQUIVALENTS 1993-94

Table 18 shows the Global Limit Equivalent (GLE) for each jurisdiction for 1993-94, and records jurisdictions' global new money borrowing outcomes in the years 1989-90 to 1992-93. The GLE represents the global limit consistent with a jurisdiction's LCA; that is, it represents the gross new money borrowings implicit in a jurisdiction's LCA.

For a jurisdiction not yet in a position to report quarterly in 1993-94 against its Loan Council endorsed LCA, transitional arrangements provide for quarterly reporting and monitoring of borrowings against its GLE. This will only provide a check against gross exposures and so will be subject to many of the same problems as arose under the previous global limits approach. After a transitional period of one to two years, the new arrangements provide for quarterly reporting by all jurisdictions against their LCA only.

The new Loan Council arrangements cover a broader range of transactions than the global borrowing limits, in particular through the inclusion of memo items such as operating leases. GLEs for 1993-94 reflect the inclusion of these transactions and are therefore not directly comparable with jurisdictions' global limits for recent years.

In addition, the Commonwealth's GLE for 1993-94 includes the budget deficit, a component that has not previously counted against the Commonwealth's global borrowing limit. Commonwealth global limits have included only new money borrowings of its PTE sector and non-budget government authorities (such as the Australian Broadcasting Corporation) reflecting the fact that budget sector borrowings were separately approved by Loan Council under the Financial Agreement. The need for such formal approvals will continue, in parallel with the voluntary LCA arrangements, until proposed amendments to the Financial Agreement are enacted by the Commonwealth and all States.

Table 19 shows the additional borrowings necessary in 1993-94 for States to refinance Commonwealth advances under the arrangements agreed in 1990 for the redemption of State debt. Under these arrangements, the States are progressively taking over responsibility for debt issued by the Commonwealth on their behalf under the Financial Agreement. These borrowings do not add to the net debt of the States but replace borrowings undertaken by the Commonwealth with borrowings from the private sector.

Table 19: Additional Borrowings for States to Refinance Commonwealth Advances (\$m) (a)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total
1991-92	800.9	610.5	215.7	220.2	228.0	152.6	82.4	4.2	2314.5
1992-93	665.5	459.1	253.3	167.7	171.7	131.3	80.9	6.6	1936.1
1993-94	292.7	222.7	101.5	84.9	96.4	51.9	18.1	0.0	868.2

1992-93 LOAN COUNCIL OUTCOMES

The Commonwealth's global borrowing outcome for 1992-93 was negative \$336.8m, substantially lower than its global borrowing limit of \$919.6m. The main factors in the significantly lower outcome were the assumption of Qantas' government-guaranteed debt by the Commonwealth as part of the Qantas sale process, counted under the global limits as negative new money borrowings, and the decision by Telstra (formerly Australian and Overseas Telecommunications Corporation) to reduce its debt and not borrow in 1992-93. Excluding the technical adjustment for Qantas, the Commonwealth's global borrowing outcome would have been \$176.5m.

At its meeting on 7 December 1992, Loan Council approved requests by VIC for special additions to its 1991-92 and 1992-93 global borrowing limits totalling \$1535.5m and \$1446m respectively. Further special additions for VIC totalling \$700m for 1992-93 were approved by Loan Council in March 1993:

- of the \$1535.5m approved for 1991-92, \$1267m related to the medium-term borrowing undertaken by VIC on 1 May 1992 in excess of its 1991-92 approved borrowing limit of \$1394.3m. The remainder was for other transactions on which VIC sought Loan Council rulings; and
- the special additions of \$2146m for 1992-93 were principally in support of VIC's budgetary strategy, including substantial provisions for redundancies. They also included \$146m in respect of St Vincent's Hospital.

Loan Council also approved a special addition of \$3.7m to the NT's 1992-93 global borrowing limit in respect of excess borrowing due to the success of a public loan and a small holding of bank bills by the Ayers Rock Resort Corporation.

Two jurisdictions (in addition to the Commonwealth) recorded significant under-borrowings with respect to their global limits for 1992-93. The ACT did not undertake any borrowings in 1992-93 against its global borrowing limit of \$71.1m. NSW was able to limit recourse to borrowings to approximately \$500m compared to its global borrowing limit of \$1719m. This was due to the availability of the proceeds of the privatisation of the Government Insurance Office.

LOCAL GOVERNMENT AUTHORITY BORROWINGS

Table 20 shows that the borrowings to be allocated to local government authorities in 1993-94 will remain at around the same level as last year. These borrowings are included in both the LCAs and GLEs of the States as outlined in Table 17.

It should be noted that the figures for local government implicit in the LCA figures and presented in Table 20 are on a new money borrowing rather than a deficit/surplus basis. In recognition of the difficulties governments would experience, as a result of data limitations, in monitoring the quarterly borrowings of their local government sectors, gross new borrowings of the sector are included in the LCAs as memo items and are not included in the quarterly reporting arrangements.

Table 20: New Money Borrowings by Local Government Authorities

	NSW (a)	VIC (b)	QLD	WA	SA	TAS	NT	Total
	Total borrowings (\$m)							
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	71.6	320.2	24.3	35.0	12.9	1.5	625.5
1992-93	180.0	54.2	292.8	18.4	4.8	13.5	0.3	564.0
1993-94(c)	184.0	80.0	255.0	23.0	5.0	12.9	3.0	562.9
	Total borrowings as a percentage of each State's total new money borrowings							
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	2.7	50.4	4.0	1.8	10.6	0.5	8.0
1992-93	36.0	1.7	41.2	3.5	1.6	10.7	0.4	10.2
1993-94	12.4	2.5	28.0	4.3	1.2	5.0	2.6	8.2

ATTACHMENT

FUTURE ARRANGEMENTS FOR LOAN COUNCIL MONITORING AND REPORTING

The 5 July 1993 Loan Council meeting endorsed the Officers' Report *Future Arrangements for Loan Council Monitoring and Reporting* which recommended that:

- from 1993-94, each jurisdiction nominate each year an aggregate, called the LCA, made up of the deficit/surplus (as defined by the ABS), plus other transactions as defined by the memo items (outlined below);
- the timing of the process for setting and monitoring of the LCA each year be as outlined at Appendix 3 to the report, *Future Arrangements for Loan Council Monitoring and Reporting*;
- where jurisdictions are undertaking a medium-term financial strategy which has been approved by Loan Council (such as the case currently for VIC), they nominate their LCA with supporting information, for the year under consideration, plus supporting financial strategy information for the years beyond;
- tolerance limits, set at 3 per cent of total (non-financial) public sector revenue, be applied in 1993-94 to jurisdictions on their LCA estimate (with both total public sector revenue and LCA estimates excluding elements for universities and local government) between the Loan Council endorsed LCA and the Budget announced LCA, and again between the Budget announced LCA and the Budget outcome LCA. Jurisdictions would be obliged to advise Loan Council and the public of any departures from these limits
 - the actual level of the tolerance limit for later years will be determined at the Loan Council meeting in 1994;
- the nominated LCAs should be considered in the light of
 - the implications for macroeconomic policy of the aggregate of the nominated allocations, and
 - the immediate and medium-term fiscal trends of jurisdictions;
- any jurisdiction projecting a negative LCA or a modest positive LCA (less than 2 per cent of total public sector revenue adjusted for universities and local government) should not be subject to Loan Council adjustment of the aggregate LCA of governments in Australia;
- in the transition period, a global limit for jurisdictions continue to be set in addition to the LCA and on an expanded basis consistent with the LCA;

- jurisdictions account for university borrowings within their total LCA;
- NRC net borrowings be included in the LCA of the Commonwealth; and
- a working party of Heads of Treasury officials be tasked to develop a detailed framework for classifying private sector infrastructure projects by 1 September 1993.

Copies of the report *Future Arrangements for Loan Council Monitoring and Reporting* are available on request from the Loan Council Secretariat in the Commonwealth Treasury.

LOAN COUNCIL TREATMENT OF MEMO ITEMS

The LCA for any jurisdiction will be equal to its deficit/surplus plus a number of memo items. Memo items include public sector transactions which may have many of the characteristics of borrowings but do not constitute formal borrowings. They will also allow the borrowing transactions of organisations which have previously been exempt under the Global Approach, and will continue to be exempt under the new arrangements, to be deducted from a jurisdiction's deficit (or added to its surplus).

In brief the recommendations for each issue are:

- all **operating leases** are to be included in Loan Council considerations, except those leases with a net present value (NPV) of payments less than \$5m. The leases will be classified on a "change in stock" rather than a "new money" basis
 - this will mean that the figure for operating leases to be included in the LCA will be the aggregate of the NPV of all operating leases above the \$5m NPV threshold that are expected to be in place at the end of the financial year, minus the corresponding figure at the end of the previous financial year
 - : this will have two advantages in that it will avoid the creation of two classes of operating leases and will allow notional repayments on existing leases to count as offsets as new leases commence
 - further details of these arrangements are set out in the Officers' Report on the *Loan Council Treatment of Operating Leases* which is available from the Loan Council Secretariat, Commonwealth Treasury;
- **recourse asset sales** — all transactions involving the sale of assets (both real and financial) that are financed on a recourse basis should fall within Loan Council
 - further details of these arrangements are set out in the Officers' Report on the *Loan Council Treatment of Recourse Asset Sales* which is available from the Loan Council Secretariat, Commonwealth Treasury;

- **private sector involvement in public sector infrastructure** — a working party of Heads of Treasury has been tasked to develop, by 1 September 1993 for endorsement by Loan Council, a framework for classifying infrastructure projects with private sector involvement;
- **public sector superannuation funds** — any transaction that utilises employee funds held by a superannuation fund in place of employer contributions should fall within Loan Council and be treated as a borrowing;
- **local government** — in light of the difficulties State Governments would experience in monitoring the quarterly deficit (and memo items) of their local government sectors, the allocation to this sector is to be based on the level of new borrowings and will be reported as a memo item;
- **statutory marketing authorities (SMAs)** — in order to be consistent with the current exemption of SMAs from the Global Approach, the deficit/surplus for SMAs is to appear as a negative memo item in the development of a jurisdiction's LCA;
- **central borrowing authorities (CBAs)** — in order to be consistent with the current exemption of CBAs from the Global Approach, the government financial statistics (GFS) deficit/surplus of these authorities is to appear as a negative memo item in the development of a jurisdiction's LCA; and
- **PTEs meeting the Loan Council commerciality criteria** — in order to be consistent with the current provision for exemption from the global limits of PTEs operating in a competitive environment and satisfying strict commerciality criteria, the deficit/surplus for exempt PTEs is to appear as a negative memo item in the development of a jurisdiction's LCA.

NOTES

TABLES

Table 17:

- (a) The LCAs are as agreed at the 5 July 1993 Loan Council meeting.
- (b) **Commonwealth** — The 1993-94 general government deficit and PTE net financing requirement are the estimates consistent with the Commonwealth LCA endorsed by Loan Council on 5 July. Revised budget time estimates are included in Statement 6 of Budget Paper No 1. Borrowings by the two universities within the Commonwealth's jurisdiction are included in the 1993-94 general government deficit. The Commonwealth's GLE for 1993-94 includes the budget sector deficit, a component that has not previously counted against the Commonwealth's global borrowing limit.
- (c) **New South Wales** — Included as a memo item is a negative adjustment of \$154m fully offsetting additional government expenditure necessary for building balances in the State Superannuation Fund in order to fully fund the liabilities accruing to the new scheme, First State Super, in future years. The LCA includes \$361m in relation to funding of accumulated third party liabilities from global borrowings undertaken and reported to Loan Council in previous years. The 1992-93 general government deficit and global limit outcome reflects the impact of the sale of the GIO — excluding this, the deficit would have been \$1373m.
- (d) **Victoria** — Memo items include an amount of \$200m for unspecified infrastructure projects and a negative adjustment of \$1500m for budget sector borrowings in respect of the State Superannuation Board. Under the new Loan Council arrangements any transaction which utilises employee funds held by a superannuation fund in place of employer contributions will be treated as a positive item in calculating the LCA. Conversely, any removal of such transactions should be treated as a negative. Victoria's deficit reflects a borrowing of \$1500m to reduce such obligations to its superannuation fund. This borrowing is offset by a negative memo item reflecting the payments to the superannuation fund. The transaction has no economic effect or net impact on Victoria's debt level and so logically should not impact on the LCA.
- (e) **Queensland** — Queensland's LCA includes \$30m in respect of the 'Eastern Corridor' Highway project.

- (f) **South Australia** — Included as a memo item is a negative adjustment of \$134m fully offsetting additional government expenditure in respect of superannuation costs accruing in future years. The LCA and general government deficit figure includes an estimate of \$263m for separation payments, \$104m of which was assumed in earlier forecasts to be paid in 1992-93, but will now be paid in 1993-94.
- (g) **Tasmania** — Tasmania's LCA of \$264m includes the \$146m transaction associated with the Bass Strait ferry replacement.
- (h) **Australian Capital Territory** — The figures for the ACT do not add to the LCA presented in the table due to an inconsistency in the technical treatment of advances between the general government and PTE sectors across jurisdictions. This has now been resolved.
- (i) University borrowings are included in the 1993-94 general government deficit and are therefore not additive.

Table 18:

- (a) Includes borrowings by all Commonwealth and State semi-government and local authorities, government owned companies and trusts.
- (b) 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.
- (c) GLEs based on the LCAs agreed at the July 1993 Loan Council meeting.
- (d) The Commonwealth's GLE for 1993-94 includes the budget sector deficit, a component that has not previously counted against the Commonwealth's global borrowing limit.
- (e) Commonwealth and total figures are given as a proportion of GDP.

Table 19:

- (a) These amounts correspond to the additional contributions required to be made by the States to redeem maturing Commonwealth securities. They are not included in the Global Limit Equivalents shown in Tables 17 and 18.

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 distribution of SPPs to the States and discusses a number of related policy issues. (A record of payments, consistent with the presentation in Statement 3 of Budget Paper No 1, is provided in Appendices I and II.¹)

THE NATURE AND PURPOSE OF SPECIFIC PURPOSE PAYMENTS

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.

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

- a requirement that the payment be expended for a specified activity, with varying degrees of budgetary discretion available to the States according to certain conditions placed on payments; 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).

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, grants to WA and the NT in lieu of natural resource royalties, and the sharing of proceeds from criminal asset recovery.

Tied grants can be used to satisfy broader community demands for minimum national standards in program areas such as health and education and, where the Commonwealth has a role as a national coordinator, to ensure the optimal provision of public services by States from the resources available. As always, these considerations have to be weighed against concerns that these payments limit State budgetary flexibility.

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 providing States with greater medium term flexibility in the management of their budgets.

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)

	1989-90	1990-91	1991-92	1992-93	1993-94 (Est)
	\$m	\$m	\$m	\$m	\$m
Defence	-2	-2	-1	-1	-1
Education	4867	5388	5800	6395	6489
Health	3671	3973	4207	4422	4921
Social Security and Welfare	470	467	574	735	1120
Housing and Community Amenities	927	788	935	1217	1076
Culture and Recreation	9	17	44	33	56
Economic Services- Transport and Communications	1377	1628	1418	1902	1056
Industry Assistance and Development	158	156	302	248	75
Labour and Employment	49	36	82	101	51
Other Economic Services	..	..	..	..	..
Total Economic Services	1583	1821	1802	2251	1181
General Public Services	174	274	347	377	404
Not Allocated to Function- General Revenue Funds	13278	13601	13704	14087	14444
State Governments' Loan Council Programs	54	-1263	-2219	-2038	-467
Assistance Related to State Debts	50	54	257	160	117
Assistance for Local Government (c)	689	711	1040	1080	1085
Natural Disaster Relief	..	139	28	-14	61
Other	182	724	307	884	329
Total Not Allocated to Function	14254	13966	13116	14161	15568
Grand Total (Net Basis)	25954	26693	26824	29590	30814

Recent Trends in the Level and Composition of Specific Purpose Payments

In 1993-94, SPPs are estimated to total \$16.7 billion or 52.7 per cent of total gross payments to the States. Payments to (as opposed to through) the States are expected to total \$10.6 billion. (See Chapter 1 for definition of payments 'to' and 'through' States.)

Chart 18 illustrates the composition of major specific purpose programs ('to' and 'through' the States) in 1992-93. Chart 19 provides details of trends in SPPs as a proportion of total gross payments to the States since 1980-81, including trends in payments 'to' and 'through' the States.

CHART 18: COMPOSITION OF SPECIFIC PURPOSE PAYMENTS ('TO' AND 'THROUGH' THE STATES), 1992-93

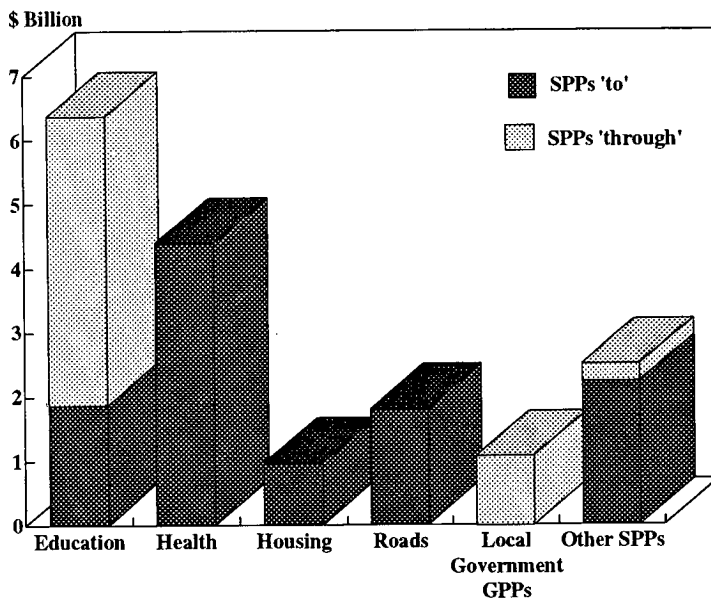
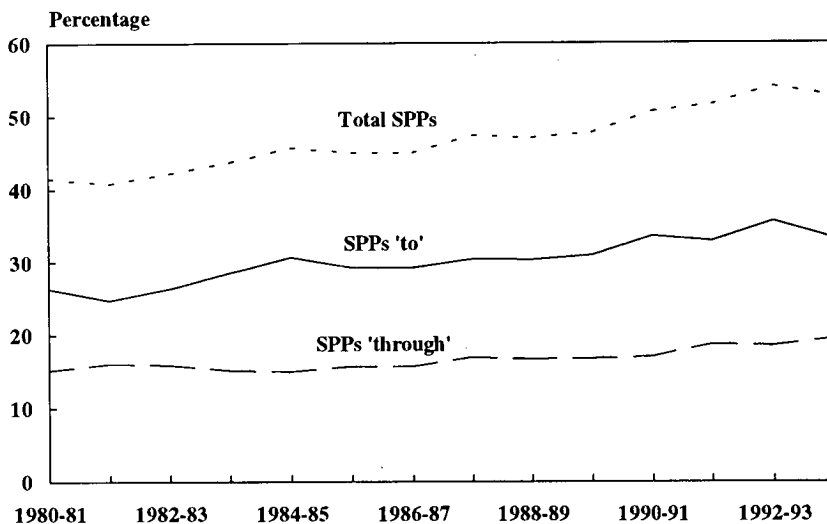


CHART 19: SPECIFIC PURPOSE PAYMENTS AS A PERCENTAGE OF TOTAL GROSS PAYMENTS TO THE STATES 1980-81 TO 1993-94



- SPPs 'to' the States are expected to account for 33.2 per cent of total gross payments to the States in 1993-94 compared with 26.3 per cent in 1980-81.

The increasing share of SPPs in total Commonwealth payments in recent years reflects a number of factors, some of which are listed below (owing to the range of conditions that apply to SPPs it is difficult to make any broad inference about the impact on State budget flexibility):

- 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 (CSHA) 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 employment creation programs in the context of the Local Capital Works Program (see below).

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

- For example, 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 1993-94, total SPPs are expected to decrease by 2.5 per cent. The fall is explained by reduced capital grants, such as decreased funding for roads following the winding down of expenditure under *One Nation*, and the one-off payment in 1992-93 to NSW as tax compensation for the sale of GIO. Payments direct to local government are also expected to decline with the run down of the Local Capital Works Program.

Distribution of Specific Purpose Payments²

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, the CGC seeks to take account of the interstate distribution of selected SPPs in recommending per capita relativities. On the

other hand, the distribution of total SPPs can be affected significantly by special payments such as the Commonwealth's assistance package to South Australia (see below). Table 22 shows the variation for each State from the average per capita level of Commonwealth net payments in 1992-93.

Table 22: Payments to the States, 1992-93 (Variation in Per Capita Payments to States Compared to Average Per Capita Payments) (a)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Revenue									
Assistance	-197	-178	+103	+150	+247	+426	+4140	+511	802
General Purpose Capital									
Payments	-7	-5	-11	-1	+11	+36	+235	+96	28
Specific Purpose Payments	+1	-51	-24	-29	+164	+154	+544	-189	977
Less Repayments (b)	+44	-32	-50	-33	-16	+166	+386	-99	152
Total Net Payments	-248	-202	+119	+153	+438	+450	+4534	+517	1655

Table 23 shows the variation from the average per capita level of SPPs for a number of major programs.

Table 23: Specific Purpose Payments to the States, 1992-93 (Variation in Per Capita Payments Compared to the Average Per Capita)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current									
Higher Education	-4	+19	-13	+4	+17	-10	-10	(a)	154
Schools	+1	+7	-1	-1	-25	-7	+3	+36	139
TAFE	0	0	-3	-1	+2	+9	+3	-3	18
Health (b)	+1	-1	-8	-12	+24	+33	-86	+25	249
Local Government	-3	-3	+1	+12	-6	+19	+28	+17	61
Other	-24	-21	-8	-16	+126	+120	+217	+35	105
Total	-29	+1	-31	-16	+139	+163	+154	-45	727
Capital									
Education (c)	+3	0	+1	-5	-6	-8	+73	-37	52
Housing (d)	-6	-3	-1	+12	+8	+1	+123	0	56
Roads	-1	-17	+26	0	-18	+29	+220	-74	102
Other	+33	-32	-18	-20	+41	-31	-26	-34	40
Total	+29	-52	+7	-13	+25	-9	+390	-144	250

The basis of distribution of some of the major programs among the States in 1992-93 and 1993-94 is set out briefly below.

- Current grants for higher education are determined on the basis of negotiations with individual institutions and take into account their historical funding 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 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 1993-94.
- 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 the 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 (other than the quarantined portion), 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 is classified as a SPP through the States because State Governments are required to pass on the funds to local authorities. The payments are based on an equal per capita distribution between the States.
- Grants for public housing are distributed largely on an equal per capita basis. 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 from 1992-93. The remainder of the program is distributed on the basis of other criteria such as housing needs of Aborigines and pensioners.
- The distribution of road grants reflect factors such as the length, class and usage of roads in each State. 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) will also result in changes in the interstate allocation. This payment will move progressively to a FAGs basis by 1997-98.

Fiscal Equalisation and Specific Purpose Payments

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

- Such SPPs are generally treated by **inclusion** — that is, expenditures funded by the SPP are taken into account in CGC assessments while the SPP itself is assumed to be available to finance the States' overall expenditure needs.
- However, in a small number of cases, SPPs and the State expenditures they fund may be treated by **deduction** for the purposes of the CGC'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 CGC considers appropriate to satisfy its relative 'needs' in the area will be assessed as requiring a commensurately lower (higher) share of the FAGs/HFGs pool.

The CGC's treatment of HFGs is the only notable exception to these two broad approaches. While the incentives package, the bonus pools, Medicare benefit adjustments and the other health services component are treated by deduction, the unquarantined HFGs are treated by the **absorption** method — that is, they are added to the FAGs pool and the CGC's recommended per capita relativities are determined with regard to this combined pool. The distribution of SPPs treated by inclusion or absorption (about two-thirds of current SPPs) affects the distribution of FAGs.

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 CGC to deduct certain SPPs from its assessments.

- 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. If the States accept the funds and abide by the conditions of the SPP the immediate objective of the SPP is achieved.
- The CGC'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.

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 specific purpose programs are presented in Statement 3 of Budget Paper No 1, and the *Catalogue of Specific Purpose Payments to the States and Territories 1992-93*, produced by the Commonwealth-State Relations Secretariat in the Department of the Prime Minister and Cabinet.

EDUCATION

Technical and Further Education

The Commonwealth will provide current and capital assistance to the States to support the operations of their TAFE systems under the *States Grants (TAFE Assistance) Act 1989* until 31 December 1993. This Act will then be overtaken by the *Vocational Education and Training Funding Act 1992* and, from 1 January 1994, all Commonwealth payments to the State TAFE systems will be made through the Australian National Training Authority (ANTA).

Payments under the *States Grants (TAFE Assistance) Act 1989* are estimated to be \$287.0m and represent Commonwealth funding for the second half of the 1993 calendar year. Payments under the *Vocational Education and Training Funding Act 1992*, representing funding for the first half of 1994, are estimated at \$313.1m. In total, this represents an increase in funding of 10.4 per cent over 1992-93.

Stronger estimated growth in this payment in 1993-94 reflects price supplementation (such as wage increases) and a 5 per cent real annual growth in recurrent funding. The increase also reflects greater emphasis given to the vocational education and training sector by the Commonwealth over recent years. This has included the provision of \$100m for TAFE recurrent funding under the *Economic Statement* of November 1991 and the commitment to providing \$70m in growth funding during the 1993-95 triennium which was announced in *One Nation* of February 1992.

With the establishment of ANTA, Commonwealth payments previously made direct to the States are to be classified as payments to a non-budget agency and therefore, from 1 January 1994, will no longer appear as payments to the States.

HOSPITAL FUNDING GRANTS

HFGs are the main form of Commonwealth assistance to the States for health purposes. From 1988-89, they replaced identified health grants (which had been a component of general revenue assistance) and Medicare compensation grants. HFGs will total \$4,325.3m in 1993-94 and are indexed each year for changes in award wages, growth in the CPI and age/sex weighted population growth.

During 1992-93 the Commonwealth completed negotiations with the States on new five year Medicare Agreements. The new agreements are aimed at promoting further reform of the public hospital system and ensuring that current levels of public patient access are maintained and improved. Under the agreements a bonus pools mechanism operates to distribute substantial funds (\$616m in 1993-94) to encourage the States to improve access for public patients to the public hospital system. The amount of the bonus available for each State in any year will be based on its relative level of public provision above a base threshold. Penalty provisions will operate to reduce payments to those States where levels of public patient access are less than the base threshold (51.5 per cent) and where States reduce levels of provision below that provided in 1990-91. Payments will also be reduced where per capita medical benefit payments in any State exceed a prescribed maximum level. Actual penalties for 1993-94 will be based on data available in June 1994.

Payments (\$88.0m in 1993-94) which are aimed at promoting hospital reform, continued efficiency gains and waiting list reductions in public hospitals are available to the States under the Medicare Agreements.

Measures announced in the 1993-94 Budget will provide a further \$72.9m to the States, including for the expansion of palliative care and to reduce waiting times for elective surgery.

HFGs include a specific Commonwealth contribution (\$51.9m in 1993-94) for the treatment of AIDS patients in public hospitals. This component is indexed to the actual growth in cases treated in recognition of the growing impact of AIDS on public hospital systems.

The size of the quarantined HFGs has increased significantly in 1993-94 (\$877.4m) on 1992-93 (\$89.8m) principally due to the transfer of \$400m from the 1992-93 base used to calculate the unquarantined HFGs for 1993-94 to fund the bonus pools as part of the new Medicare Agreements. This quarantined funding has been further supplemented by approximately \$400m in 1993-94.

As discussed earlier in this chapter, the distribution of unquarantined HFGs is taken into account in calculating the distribution of the FAGs among the States. The CGC has quarantined (excluded) the incentives package, the bonus pools, Medicare benefit adjustments and the other health services component from its assessments of the per capita relativities which are used in the distribution of the FAGs/HFGs pool. Consequently, each State's share of these quarantined 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 they would be included in CGC processes which could result in payments (or penalties) in these categories being offset by smaller (or larger) FAGs payments.

Table 24: Distribution of Hospital Funding Grants and 1993-94 Budget Measures

	1992-93			1993-94		
	Hospital Funding Grants less Quarantined		Total	Hospital Funding Grants less Quarantined		Total
	Amounts	Quarantined Amounts (a)		Amounts	Quarantined Amounts (a)	
	\$m	\$m	\$m	\$m	\$m	\$m
NSW	1334.8	44.3	1379.1	1218.8	140.2	1359.0
VIC	987.8	17.5	1005.3	899.0	177.5	1076.5
QLD	655.9	12.2	668.1	610.7	194.6	805.3
WA	343.6	6.6	350.2	316.1	133.8	450.0
SA	339.8	6.4	346.1	309.0	131.9	440.9
TAS	104.9	1.7	106.6	95.6	31.4	127.0
NT	24.1	0.6	24.7	22.7	50.8	73.5
ACT	52.1	0.7	52.7	48.9	17.2	66.1
Total(b)	3842.9	89.8	3932.7	3520.8	877.4	4398.2

PENSIONER FRINGE BENEFITS

The 1992-93 Budget extended fringe benefits to all pensioners and older long-term allowees and beneficiaries as from 1 April 1993. The Commonwealth has agreed to provide compensation to the States of \$41.8m for the period 1 April to 30 June 1993, including \$0.8m for local governments' direct costs, of which \$24.3m has been paid in 1993-94. On an ongoing basis, the Commonwealth and States are to share the funding of a core group of concessions. Commonwealth funding will be \$121.8m for 1993-94, indexed in future years for growth in the number of Pensioner Health Benefit cardholders and the CPI. A portion of these funds will be passed on to local government.

COMMUNITY SERVICE PROGRAMS

The major forms of Commonwealth assistance to the States 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, 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 1993-94, \$370.7m is to be provided to the States for this purpose.

SAAP provides accommodation and support services for homeless people in crisis. In 1993-94, \$103.3m will be provided to the States. Under the terms of the five year agreements between the Commonwealth and the States in 1989, the Commonwealth provides SAAP funds on a cost shared basis. In 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 1993-94 for the continuation of innovative service development projects focused on crisis accommodation.

HOUSING

In 1993-94 the Commonwealth will provide a total of \$1,124.6m to the States for housing under the CSHA.

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.

Some of the assistance available under the CSHA is earmarked for pensioner housing and Aboriginal housing and this is classified to the 'Housing and Community Amenities nec' function.

The States are required to match assistance provided under the Mortgage and Rent Assistance Program and Block Assistance on a dollar for dollar basis, although up to half of the matching requirement may be met by the value of home loans provided through agreed home purchase assistance arrangements.

During 1992-93, the Commonwealth and States agreed to a package of reforms to the CSHA with a view to improving the accountability and responsiveness of State Housing Authorities (SHA). New cash management arrangements were also introduced to match Commonwealth payments to SHA commitments.

Table 25 shows the distribution of payments under the CSHA in 1993-94.

Table 25: Details of Payments to be Made Under the Commonwealth-State Housing Agreement, 1993-94 (\$m) (estimated)

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	TOTAL
Pensioner Housing	19.4	10.9	9.6	4.2	3.9	1.2	0.6	0.5	50.3
Aboriginal Housing	28.6	3.6	29.4	15.9	8.3	0.8	21.0	..	107.6
Local Government and Community Services	20.5	17.6	8.7	4.0	6.3	2.0	0.8	0.9	60.8
CSHA Block Assistance (a)	277.9	197.3	145.9	74.1	77.6	24.6	15.7	18.2	831.3
Mortgage and Rental Relief (b)	10.5	7.8	5.7	2.9	2.6	0.8	0.3	0.5	31.2
Crisis Accommodation (b)	12.3	11.2	10.2	3.4	3.6	1.4	0.4	0.8	43.3
Total	369.2	248.4	209.6	104.5	102.4	30.8	38.8	21.0	1124.6

ROADS

In keeping with decisions to give greater clarity to the role and responsibilities of each level of government, the Commonwealth will withdraw from funding Arterial Roads from 31 December 1993 and its responsibilities will be confined to the construction and maintenance of a national network of roads comprising the existing National Highway System (NHS), interstate routes linking Sydney and Adelaide and Melbourne and Brisbane, and urban roads linking the current points of termination of the NHS in Sydney, Melbourne, Brisbane, Perth and Adelaide. The rationalisation of responsibility will result in a \$350m per annum transfer of annual funding from 1 January 1994 from special purpose funding for roads to identified general revenue assistance to the States. The impact in 1993-94 will be \$175m, half of the annual amount, reflecting the January 1994 commencement date. New administrative arrangements will be put in place by 30 June 1994 to improve program efficiency.

Table 26 shows the distribution of funding from 1991-92 to 1993-94 by category of roads. *One Nation* provided additional funding of \$429.5m in 1992-93 and \$110m in 1993-94. These amounts are spread over a number of programs within the table.

In 1992-93, \$100m was appropriated for the Provincial Cities and Rural Highways (PCRH) program. Of this, \$83.5m was spent on PCRH roads and the balance of funds was spent on mainline rail projects and Arterial Roads with PCRH characteristics.

The decrease in total funding for 1993-94 reflects the transfer of \$350m annual funding outlined above together with the cessation of the Black Spots, PCRH, and Urban Public Transport programs, and the reduced funding from *One Nation*.

The 1993-94 distributions presented below are provisional.

Table 26: Capital Grants for Road Programs by Road Category, 1991-92 to 1993-94 (estimated) (\$m)

	NSW	VIC	QLD	WA	SA	TAS	NT	Total	ACT	TOTAL
National Highways										
1991-92	278.6	78.9	144.7	62.2	41.0	22.4	29.1	656.9	..	656.9
1992-93	349.5	116.7	203.1	72.1	59.1	29.1	34.0	863.6	..	863.6
1993-94	350.6	93.1	170.0	55.3	56.3	24.5	24.2	774.0	..	774.0
Arterial Roads										
1991-92	119.4	145.0	74.4	53.1	27.9	11.0	3.6	434.4	1.0	435.4
1992-93	165.4	167.4	128.5	62.8	32.4	16.0	12.9	585.4	2.2	587.6
1993-94	51.3	102.2	40.3	21.8	16.3	6.7	1.0	239.6	..	239.6
Black Spots										
1991-92	17.3	13.6	8.6	6.5	6.5	3.2	2.9	58.6	1.4	60.0
1992-93	41.3	38.8	23.6	16.2	22.4	7.8	6.4	156.5	3.7	160.2
1993-94	..	..	..	..	..	..	..	..	..	..
Provincial Cities and Rural Highways										
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	3.1	6.0	..	83.5	..	83.5
1993-94	..	..	..	..	..	..	..	..	..	..
Urban Public Transport Program										
1991-92	38.6	19.6	14.2	4.1	4.5	2.1	0.5	83.6	2.6	86.2
1992-93	28.4	30.8	15.9	7.8	4.7	2.5	0.7	90.9	2.4	93.2
1993-94	..	..	..	..	..	..	..	..	..	..
Total										
1991-92	476.1	285.2	266.6	133.4	86.4	44.2	36.1	1328.0	5.0	1333.0
1992-93	605.0	377.3	390.6	169.7	121.7	61.4	54.0	1779.8	8.3	1788.0
1993-94	401.9	195.3	210.3	77.1	72.6	31.2	25.2	1013.6	..	1013.6

LOCAL CAPITAL WORKS PROGRAM

As part of its employment strategy, the Commonwealth provided \$297.2m in 1992-93 and will provide a further \$50.5m in 1993-94 on a Local Capital Works Program to be undertaken in partnership with local government.

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

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

ASSISTANCE TO SOUTH AUSTRALIA

On 17 February 1993, the Prime Minister announced that the Commonwealth was prepared to provide special assistance to South Australia with a NPV of \$600m to be paid over the period 1992-93 to 1994-95, subject to a number of conditions being met. The most important conditions were agreement to the sale of the State Bank of South Australia and adherence to a debt management strategy designed to return the State's debt burden to sustainable levels.

The South Australian Government announced its acceptance of the specified conditions in its *Meeting the Challenge* economic statement of 22 April 1993.

The first payment to South Australia of \$263m was made on 29 June 1993. Further payments expected in 1993-94 and 1994-95 total \$150m and \$234m respectively. A component of these amounts has been classified as a capital payment on the basis that it is to be used to fund the repayment of advances to the Commonwealth. The remaining portion of each payment is classified as a current outlay.

NATURAL DISASTERS

Commonwealth payments under the Natural Disaster Relief Arrangements (NDRA) assist the States to meet the costs of providing relief and restoration following natural disasters. The NDRA recognise the States' primary responsibility under the Constitution for the administration, provision and financing of relief measures.

Estimated payments in 1993-94 of \$70m reflect States' estimates of further expenditure on recent disasters, an allowance for the cost of any disasters which may occur in 1993-94, and anticipated payments to NSW in respect of adjustments to 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)										
1988-89	1024	..	12635	..	..	2993	793	17445	..	17445
1989-90 (c)	..	..	233	..	..	-237	60	56	..	56
Floods, Storms and Cyclones										
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
1992-93	..	..	1629	..	788	..	209	2626	..	2626
Bushfires										
1988-89	2	1	..	..	..	..	..	3	..	3
1989-90	12	..	..	..	..	..	..	12	..	12
1990-91	705	..	..	..	..	..	..	705	..	705
1991-92	..	3	..	..	..	..	..	3	..	3
1992-93	..	..	..	..	..	..	..	..	..	..
Earthquakes										
1988-89	..	..	..	..	..	..	75	75	..	75
1989-90	10753	..	..	..	..	..	4	10757	..	10757
1990-91	22038	..	..	..	..	..	..	22038	..	22038
1991-92	13563	..	..	..	..	..	..	13563	..	13563
1992-93	..	..	..	..	..	..	..	..	..	..
All Natural Disasters										
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
1992-93	..	..	1629	..	788	..	209	2626	..	2626

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 1992-93* 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 1993-94 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 1993-94 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 has agreed to participate in the program.

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 NT.
- (b) The ACT became a self-governing Territory on 11 May 1989. The process of aligning payments to the Territory as far as possible with State arrangements commenced prior to introduction of self-government. Some SPPs have been phased in since self-government — with offsetting adjustments to the Territory's general purpose assistance. For 1989-90 and 1990-91, the data include net payments for specific purposes made to the Territory but do not include payments into the Australian Capital Territory Transitional Funding Trust Account.
- (c) Comprising grants through the States to be passed on to local government authorities as general purpose assistance. From 1991-92 includes untied funds for local government roads.

Table 22:

- (a) Excludes payments direct to local government.
- (b) The wide variation in repayments between States arises mainly from the Debt Redemption Arrangements and differing maturity profiles of State debt.

Table 23:

- (a) Higher education in the ACT 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, combatting AIDS, 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 CGC from their assessments of per capita relativities, comprise the incentives package, the bonus pools, Medicare benefit adjustments and the other health services component.
- (b) The 1993-94 total includes HFGs of \$4,325.3m and Budget measures of \$72.9m.

Table 25:

- (a) Includes \$22.3m earmarked for employment generation which was originally announced in the *Working for the Future Statement*.
- (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 as set out in the NDRA. Further details are provided in Budget Paper No 4, 1991-92. This table is derived from information in State claims of expenditure by type of disaster and apports Commonwealth expenditure accordingly.

- (b) Droughts were excluded from the NDRA with effect from 1 July 1989. Payments in 1989-90 are in respect of claims made prior to that date.
- (c) Negative values reflect the refund to the Commonwealth of amounts overpaid to Tasmania in earlier years.

APPENDIX I: TOTAL COMMONWEALTH PAYMENTS TO THE STATES 1989-90 TO 1993-94 (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.

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. Specific purpose payments are further divided into those paid to the States (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 1989-90 to 1993-94 (est) - (\$ thousands)

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
GENERAL REVENUE FUNDS					
Financial Assistance Grants	12,859,578	13,116,998	13,215,022	13,491,793	13,810,005
Identified Road Grants	..	..	39,131	30,602	175,000
Special Revenue Assistance	45,478	49,955	39,511	192,483	458,647
General Revenue Grants	373,113	434,439	357,639	372,203	..
Transitional Funding Payment	..	..	52,661	..	..
TOTAL	13,278,169	13,601,392	13,703,964	14,087,081	14,443,652
GENERAL PURPOSE CAPITAL FUNDS					
General Purpose Loans to ACT	22,501	..	..	..	..
Capital Grants	342,472	330,207	330,207	330,307	330,307
Building Better Cities	..	..	41,500	167,661	261,800
Transitional Funding Payment	7,000	..	..	..	..
TOTAL	371,972	330,207	371,707	497,968	592,107
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES					
<i>Education</i>					
* Higher Education	2,260,818	2,436,286	2,557,444	2,710,148	3,034,799
State Contribution to Higher Education					
Superannuation	-29,276	-18,862	-48,372	-39,481	-43,729
Technical and Further Education	139,245	153,476	213,940	320,793	188,023
Government Schools	745,066	823,552	950,120	1,004,914	989,597
* Non Government Schools	1,112,102	1,197,788	1,302,473	1,371,105	1,402,033
Joint Schools Programs	39,115	42,855	56,842	60,437	80,951
Aboriginal Education	11,210	41,600	33,059	50,045	50,046
National Policy on Language	7,825	5,017	..	..	..
Cost Escalation Allowance	..	..	..	..	57,972
* Cost Escalation Allowance	..	..	..	..	100,021
<i>Health</i>					
Health Program Grants	26,470	30,911	29,704	29,096	32,701
Transfer Pathology Laboratory	24,731	24,674	26,298	27,350	28,061
Dental Program	..	..	..	..	18,482
Hospital Funding/Base Medicare	3,370,092	3,630,337	3,784,036	3,932,722	3,553,532
Other Medicare	..	..	..	50,797	844,710
Magnetic Resonance Imaging	4,550	4,550	5,701	10,379	23,065
Medical Specialty Centres	..	1,086	2,341	2,742	2,657
Veterans Psychiatric Care	..	..	..	..	5,750
Nurse Education	22,044	30,346	38,707	44,044	23,858
Repatriation General Hospitals	..	..	..	12,679	26,426
High Cost Drugs	..	..	36,100	34,544	64,470
Aged Care Assessment	19,341	23,712	24,969	15,999	9,969
Home and Community Care	69,000	78,680	97,525	91,688	99,418
National Better Health	2,347	2,352	2,370	2,400	..
Youth Health Services	346	1,859	1,912	2,754	2,371
Breast Cancer	..	1,045	15,226	14,061	28,335
Other Health	6,816	6,397	10,313	12,973	39,411
Funds to Combat AIDS	19,041	23,045	22,957	25,039	30,111
Drug Education Campaigns	18,805	20,009	21,135	19,200	19,527
Blood Transfusion Services	21,421	26,707	30,527	30,098	36,046

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Asbestos Removal Assistance	3,200	11,700	20,829	18,386	1,651
<i>Social Security and Welfare</i>					
Aged Care Assessment	..	1,120	3,654	15,520	23,390
Home and Community Care	167,424	189,340	211,868	244,589	265,263
Disabilities Services	..	..	5,000	114,488	256,795
Childrens' Services	14,686	15,456	24,702	27,808	30,880
Mortgage and Rent Relief	30,914	30,914	30,914	28,555	31,249
Mortgage Relief	12,415	..	..	..	..
Supported Accommodation Assistance	74,203	85,923	95,748	99,852	108,709
Rural Domestic Violence - Referral	..	..	..	..	625
Translating and Intepreting Services	769	465	92	140	..
Unattached Refugee Children	307	292	336	201	363
Extension of Fringe Benefits	..	..	..	17,500	146,137
Locational Disadvantage Research	..	..	..	144	87
Aboriginal Advancement (a)	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
National Landcare - Urban Water	626	927	1,658	1,995	2,462
Assistance for Water and Sewerage	6,846	7,274	7,172	7,380	7,358
Environmental Restoration	1,000	1,487	2,993	669	507
Rainforest Conservation	2,242	2,238	2,521	..	..
<i>Culture and Recreation -</i>					
1998 Commonwealth Games Bid	..	..	200	..	..
World Heritage Areas	..	4,000	11,000	13,000	18,260
South West TAS - Heritage Area	5,496	5,855	6,460	6,668	5,301
<i>Transport</i>					
Aerodrome Local Ownership Plan	601	700	1,466	819	..
Interstate Road Transport	17,106	14,525	15,904	16,983	17,050
<i>Industry Assistance and Development -</i>					
TAS Wheat Freight Subsidy	2,960	3,303	3,150	2,925	2,700
Bovine Brucellosis and Tuberculosis	28,108	38,482	26,628	21,311	14,009
Exotic Disease Eradication	205	217	227	834	247
Sugar Industry	3,015	600	..	..	..
Rural Adjustment Scheme	53,347	62,450	157,327	168,977	53,200
Agricultural Research	2,026	200	..	..	..
National Landcare Program	21,588	20,559	23,949	27,096	28,613
Forestry Development	19,222	4,158	7,900	12,717	7,171
Electricity Grid Infrastructure	..	..	..	..	1,000
Assistance to Tin Mining	-821	-5	..	..	..
Coal Industry Superannuation	..	..	..	..	2,617
Coal Rail Freight	10,000	..	..	..	..
Compensation Gas/RRT	..	..	60,000	..	..
PAWA (NT) Assistance	..	30,000	20,000	10,000	..
WA Steel Project Study	..	..	..	750	250
National Industry Extension Service	8,791	10,470	11,788	13,134	13,724
Multi Function Polis	..	1,078	2,743	1,500	1,650
Tourism Assistance	7,780	..	..	..	..
<i>Labour and Employment -</i>					
Entry Level Training	12,241	10,856	44,058	64,128	36,888
Forest Industry Package	3,540	..	1,209	1,651	1,515

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Employment Training - Aboriginal	9,248	1,983	10,087	8,222	11,275
* Coal Mining Industry - Long Service Leave	23,581	23,359	26,592	26,339	..
<i>Other Economic Services -</i>					
ACT Unclaimed Moneys	..	127	..	..	..
<i>General Public Services -</i>					
Sharing of Criminal Asset Recovery	..	184	50	9	..
Legal Aid	96,810	105,560	119,969	124,097	129,283
Aboriginal Deaths in Custody	..	..	1,385	200	..
* Research at Universities	77,313	168,566	225,322	252,368	274,087
Cape York Land Use Strategy	..	..	..	107	793
<i>Not Allocated to Function (b) -</i>					
Debt Redemption Assistance	..	4,736	211,818	122,512	86,000
* Financial Assistance - Local Government					
-General Assistance	689,467	711,392	726,062	748,295	751,226
-Identified Road Funding	..	..	313,569	332,037	333,396
Compensation - Companies Regulation	..	68,028	116,099	118,203	124,308
Natural Disaster Relief	987	13,242	1,624	331	3,500
Assistance for South - West TAS	31,659	32,689	30,032	29,302	-613
Royalties	144,230	194,225	151,497	30,660	26,360
Public Sector Restructuring	..	..	..	17,000	..
ACT Public Service Establishment	..	..	..	460	..
SA Assistance Package	..	..	..	156,000	36,000
ACT National Capital Influences	17,029	18,093	17,839	18,354	18,302
Assistance Recycled Paper Producers	..	..	..	5,004	10,361
TOTAL	9,508,703	10,496,289	11,996,865	12,771,248	13,638,062
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES					
<i>Education -</i>					
* Higher Education	128,228	208,307	219,324	313,385	152,014
Technical and Further Education	199,412	220,908	206,623	239,438	110,572
Government Schools	187,584	197,918	218,265	244,560	235,600
* Non-Government Schools	59,098	73,206	86,447	116,688	128,657
Aboriginal Education	6,747	6,143	3,735	2,905	2,905
<i>Health -</i>					
Teaching Hospitals/Enhancement	50,500	50,000	23,000	21,050	..
Magnetic Resonance Imaging	..	..	5,699	5,700	..
Veterans Psychiatric Care	..	..	..	..	7,500
Launceston General Hospital	5,142	205	..	..	..
Home and Community Care	..	554	1,156	2,131	2,298
Blood Transfusion Services	2,546	2,983	2,502	7,141	12,019
<i>Social Security and Welfare -</i>					
Home and Community Care	4,730	8,800	4,873	3,433	3,707
Children s Services	1,195	2,242	7,514	3,145	5,906
Supported Accommodation Assistance	1,000	..	..	..	..
Crisis Accommodation Assistance	39,655	39,655	39,655	5,352	43,311
Youth Accommodation	10,000	..	..	..	..
Aboriginal Advancement (a)	6,935	..	..	..	..
<i>Housing and Community Amenties nec -</i>					
Pensioner Housing Grants	49,273	49,273	49,273	48,229	50,317
Housing Assistance For Aborigines	91,000	91,000	91,000	74,437	107,563

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government and					
Community Housing	24,403	24,403	24,403	8,474	60,813
CSHA Block Assistance	792,931	792,931	792,931	829,527	831,335
Sewerage	..	..	500	8,020	10,980
Special Assistance for Water	12,000	..	..	..	..
Urban Infrastructure	..	..	..	..	8,000
National Landcare - Urban Water	17,722	17,271	16,154	15,653	23,710
Culture and Recreation -					
Support for 1991 Swimming	..	3,000	..	..	..
National Estate	3,979	3,985	4,115	4,246	4,342
Heritage Restoration	..	..	20,000	..	..
World Heritage Assistance	..	568	2,497	4,500	3,975
Transport -					
Aerodrome Local Ownership Plan	..	326	..	..	..
Badgery's Creek Road System	..	11,000	9,000	..	..
Road Programs	1,335,142	1,561,210	1,333,018	1,788,029	1,013,638
Railway Projects	..	33,996	5,700	59,663	29,650
Transport Improvement Grant	20,000	..	35,000	..	..
Port Development	..	..	..	20,000	..
Industry Assistance and Development-					
Bovine Brucellosis and Tuberculosis	126	117	82	33	..
Fisheries Management	336	960	..	..	..
Sugar	..	..	..	..	8,000
Meat Inspectors' Superannuation Loan	..	587	..	..	320
National Landcare Program	19,223	14,678	12,116	18,211	26,956
Forestry Development	800	..	..	..	..
TAS Industrial Development	10,500	..	6,000	..	..
Not Allocated to Function (b) -					
Sinking Fund on State Debt	49,953	49,371	45,011	37,957	30,908
Natural Disaster Relief	27,767	149,866	49,531	2,295	66,500
Assistance For South-West TAS	1,813	125	91	..	100
Public Sector Restructuring	40,000	..	..	..	..
SA Assistance Package	..	..	..	107,000	114,000
ACT Establishment Assistance	..	3,000	..	..	..
Tax Compensation-Sale of Assets	..	413,000	14,000	402,256	..
Infrastructure Restoration	..	2,000	2,000	..	..
TOTAL	3,199,738	4,033,587	3,331,214	4,393,460	3,095,596
	REPAYMENTS				
Payments to National Debt Sinking Fund	306,988	611,073	182,736	153,659	125,633
Supplementary Contributions	..	965,632	2,337,047	2,370,409	928,887
Repayments of Commonwealth Government Loans					
ACT in Lieu of Semi Government	..	..	25,000	..	..
ACT Debt Repayments	4,092	16,965	70,460	11,721	4,647
ACT Land Development Costs	59,600	6,700	..	..	..
Loan Council - Housing Nominations	13,841	139,074	11,379	13,844	14,467
Defence -					
Housing For Servicemen	1,516	1,601	769	957	1,013
Social Security and Welfare -					
Unemployment Relief Works	..	..	..	..	10

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
<i>Housing and Community Amenities nec -</i>					
CSHA Block Assistance	54,471	56,671	56,621	58,918	61,309
Other Housing	1,107	8,151	4,897	5,120	5,353
Urban Water Supply and Treatment	28	54	95	133	161
Water and Sewerage Assistance	136	136	136	136	136
Growth Centres	6,614	6,627	6,641	177	194
Urban Rehabilitation	205	425	205	206	205
Legana Industrial Estate	39	..	..	..	..
Sewerage	1,883	1,975	2,173	2,383	2,593
Community Facilities - Townsville	12	13	14	15	17
Captains Flat Project	20	22	25	27	31
<i>Culture and Recreation -</i>					
Perth Entertainment Centre	200	..	..	..	..
<i>Transport -</i>					
Railway Projects	5,365	5,817	5,653	6,131	6,722
King Island Harbour Works	8	8	..	..	..
Weipa Development	151	159	167	176	186
<i>Industry Assistance and Development -</i>					
Dairy Adjustment Program	740	791	838	888	941
Bovine Brucellosis and Tuberculosis	425	425	574	572	643
Beef Industry Assistance	12	6	..	..	..
Canned Fruit Industry	383	383	423	423	424
Rural Adjustment Scheme	8,635	10,351	7,976	9,359	9,759
Rural Reconstruction	9,625	10,433	10,788	8,851	6,255
Meat Inspectors Superannuation	..	..	108	117	118
War Service Land Settlement	548	569	590	612	624
Brigalow Lands Development Scheme	693	693	693	519	693
Irrigation and Other Water Projects	999	959	850	756	633
Dartmouth Dam	1,173	1,173	1,173	1,173	1,173
Softwood Forestry	1,962	1,822	1,822	1,822	1,822
Gladstone Power Station	4,002	4,246	4,505	4,779	62,562
Exmouth Township-Electricity Services	14	14	14	14	14
<i>Not Allocated to Function (b)-</i>					
Natural Disaster Relief	28,841	24,602	23,127	16,259	9,325
TOTAL	514,329	1,877,573	2,757,500	2,670,156	1,246,550
ADVANCES					
<i>General Purpose Loans</i>					
Commonwealth Loans to ACT	22,501	..	..	..	..
<i>Housing and Community Amenities nec -</i>					
Urban Water Supply and Treatment	3,675	3,675	2,450	1,260	1,247
<i>Transport -</i>					
Railway Projects	..	496	..	..	..
<i>Industries Assistance and Development -</i>					
Bovine Brucellosis and Tuberculosis	126	117	82	33	..
Meat Inspectors' Superannuation Loan	..	587	..	..	320
<i>Not Allocated to Function (b)-</i>					
Natural Disaster Relief	2,669	14,337	2,149	40	3,500
TOTAL	28,970	19,212	4,681	1,333	5,067

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
INTEREST					
Interest on Loan Council and NT Govt Borrowings (d)	2,123,517	2,031,607	1,841,676	1,562,125	1,251,000
<i>Interest on Commonwealth Government Loans</i>					
Lieu of Semi Government Borrowings	5,020	3,275	1,638	..	..
ACT Land Development Costs	16,400	2,730	..	..	..
ACT Government Debt	12,283	31,166	36,869	16,657	15,203
Housing Nomination	113,536	112,488	86,812	98,728	97,454
<i>Defence -</i>					
Housing for Servicemen	21,488	21,295	5,782	6,138	6,096
<i>Housing and Community Amenities nec -</i>					
CSHA Loans	172,872	170,672	165,301	163,003	160,611
Other Housing	5,396	32,295	18,311	18,088	17,854
Urban Water Supply and Treatment	89	592	995	1,235	1,206
Water and Sewerage Assistance	725	718	712	705	698
Growth Centres	477	463	448	431	413
Urban Rehabilitation	249	231	214	197	178
Legana Industrial Estate	3	..	..	..	..
Sewerage	19,094	19,046	18,848	18,631	18,363
Community Facilities - Townsville	34	33	32	30	29
Captains Flat Project	41	39	36	34	31
<i>Culture and Recreation -</i>					
Perth Entertainment Centre	28	..	..	..	..
<i>Transport -</i>					
Railway Projects	10,482	9,768	9,034	8,215	7,318
King Island Harbour Works	1	1	..	..	..
Weipa Development	75	67	58	49	40
<i>Industry Assistance and Development -</i>					
Dairy Adjustment Program	511	458	410	359	305
Bovine Brucellosis and Tuberculosis	131	56	146	20	90
Canned Fruit Industry	40	40	..	..	..
Rural Adjustment Scheme	10,075	10,357	11,335	8,973	8,236
Rural Reconstruction	4,191	2,543	1,911	1,293	800
Meat Inspectors' Superannuation Loan	..	..	56	48	34
War Service Land Settlement	673	652	631	609	597
Brigalow Lands Development Scheme	472	426	379	507	287
Irrigation and Other Water Projects	346	282	226	170	122
Dartmouth Dam	1,276	1,163	1,051	938	826
Softwood Forestry	4,619	4,246	4,099	3,953	3,807
Gladstone Power Station	9,246	9,003	8,744	8,470	7,848
Exmouth Township - Electricity Services	6	5	5	4	3
<i>Not Allocated to Function (b) -</i>					
Asset Sales - Stamp Duty	..	..	..	2,038	..
Natural Disaster Relief	455	498	647	181	159
TOTAL	2,533,850	2,466,214	2,216,405	1,921,830	1,599,608
TOTAL GROSS AND NET PAYMENTS					
For General Purposes	13,650,141	13,931,598	14,075,671	14,585,049	15,035,759
For Specific Purposes	12,708,441	14,529,876	15,328,079	17,164,708	16,733,658
Total Gross Payments	26,358,582	28,461,474	29,403,749	31,749,757	31,769,417

Table 28: Commonwealth Payments, Repayments of Advances and Interest Payments 1989-90 to 1993-94 (est) - (\$ thousands) - continued.

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Payments to State	22,007,973	23,642,569	23,946,516	25,879,392	25,593,184
*Payments through State	4,350,608	4,818,905	5,457,233	5,870,366	6,176,233
Total Gross Payments	26,358,582	28,461,474	29,403,749	31,749,757	31,769,417
Repayments	-514,329	-1,877,573	-2,757,500	-2,670,156	-1,246,550
Total Net Payments	25,844,253	26,583,901	26,646,249	29,079,601	30,522,867

*Items so marked are classified as payments made through the State. This is discussed further in Chapter 1.

- (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.

APPENDIX II: TABLES OF PAYMENTS TO THE STATES 1989-90 TO 1993-94 (ESTIMATES)

This appendix provides details of each State's share of the items included in Appendix 1 for each year from 1989-90 to 1993-94.

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

As in other years, the distribution of assistance for 1993-94 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 have still to be taken by the Commonwealth; for others, the final distribution for 1993-94 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 has agreed to participate in the program.

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Table 29: Commonwealth Payments to States, 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
GENERAL REVENUE FUNDS										
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
TOTAL	3,668,395	2,710,076	2,438,704	1,494,457	1,397,060	501,129	695,236	12,905,056	373,113	13,278,169
GENERAL PURPOSE CAPITAL FUNDS										
Loans to Territories	..	..	..	..	..	..	..	..	22,501	22,501
Capital Grants	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	31,968	342,472
Transitional Funding Payment	..	..	..	..	..	..	..	..	7,000	7,000
TOTAL	86,336	71,477	18,725	22,877	39,585	27,658	43,848	310,504	61,468	371,972
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										
<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	..	1,500	..	7,306	13,934	..	..	22,740	3,730	26,470
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
Magnetic Resonance Imaging	1,180	1,180	730	730	730	..	..	4,550	..	4,550
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
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	106	2,347
Youth Health Services	313	..	..	..	18	..	15	346	..	346
Other Health	2,045	1,304	888	619	779	548	536	6,719	97	6,816
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

Table 29: Commonwealth Payments to States, 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
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	3,200	3,200
<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
Childrens' 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	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
National Landcare - Urban Water	70	200	..	..	275	..	81	626	..	626
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	6,846	6,846
Environmental Restoration	..	..	..	..	..	..	1,000	1,000	..	1,000
Rainforest Conservation	1,386	95	..	111	..	350	300	2,242	..	2,242
<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
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
National Landcare Program	5,959	2,999	3,192	4,370	3,403	962	594	21,478	110	21,588
Forestry Development	1,547	1,505	63	855	358	14,894	..	19,222	..	19,222
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

Table 29: Commonwealth Payments to States, 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
Employment Training-Aboriginal	2,694	147	2,792	1,606	1,484	31	457	9,211	37	9,248
*Coal Mining Industry - Long Service Leave	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 (a) -</i>										
*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
ACT National Capital Influences	..	..	..	..	..	..	..	..	17,029	17,029
TOTAL	3,164,510	2,615,506	1,489,131	878,979	826,808	305,823	91,452	9,372,209	136,493	9,508,703
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES										
<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>										
Hospital 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

Table 29: Commonwealth Payments to States, 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
National Landcare - Urban Water	5,440	1,869	2,319	920	5,509	1,338	327	17,722	..	17,722
<i>Culture and Recreation -</i>										
National Estate	597	597	597	597	597	597	296	3,878	101	3,979
<i>Transport -</i>										
Roads	436,500	276,300	268,792	160,100	91,300	49,800	40,250	1,323,042	12,100	1,335,142
Transport Improvement Grant	..	..	..	20,000	..	..	..	20,000	..	20,000
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	57	..	..	..	69	126	..	126
Fisheries Management	..	..	336	..	..	..	..	336	..	336
National Landcare Program	2,013	2,076	4,728	9,861	545	..	..	19,223	..	19,223
Forestry Development	800	..	..	..	..	..	..	800	..	800
TAS Industrial Development	..	..	..	..	..	10,500	..	10,500	..	10,500
<i>Not Allocated to Function(a) -</i>										
Sinking Fund on State Debt	16,486	12,526	6,770	4,307	4,834	3,432	1,599	49,953	..	49,953
Natural Disaster Relief	11,322	..	15,314	..	..	302	829	27,767	..	27,767
Assistance For South West TAS	..	..	..	..	..	1,813	..	1,813	..	1,813
Public Sector Restoration	..	..	..	..	..	40,000	..	40,000	..	40,000
TOTAL	1,017,356	677,366	537,023	354,968	265,884	178,002	132,711	3,163,309	36,429	3,199,738
REPAYMENTS										
Payments to National Debt Sinking Fund (b)	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>										
ACT Debt Repayments	..	..	..	..	..	..	..	..	4,092	4,092
Land Development Costs	..	..	..	..	..	..	..	..	59,600	59,600
Loan Council - Housing Nominations	2,855	2,859	1,050	1,821	3,420	886	950	13,841	..	13,841
<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
Legana Industrial Estate	..	..	..	..	..	39	..	39	..	39
Sewerage	722	633	183	311	..	34	..	1,883	..	1,883
Community Facilities-Townsville	..	..	12	..	..	..	..	12	..	12

Table 29: Commonwealth Payments to States, 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
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 Scheme	..	..	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(a) -</i>										
Natural Disaster Relief	6,967	3,499	15,099	3,213	..	64	..	28,841	..	28,841
TOTAL	113,735	82,493	61,448	32,357	133,250	18,236	9,119	450,637	63,692	514,329
ADVANCES										
Commonwealth Government Loans	..	..	..	..	..	..	..	..	22,501	22,501
<i>Housing and Community Amenities nec -</i>										
Urban Water Supply and Treatment	..	..	..	..	3,675	..	..	3,675	..	3,675
<i>Industries Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	57	..	..	..	69	126	..	126
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	1,376	..	931	..	..	302	61	2,669	..	2,669
TOTAL	1,376	..	987	..	3,675	302	130	6,470	22,501	28,970

Table 29: Commonwealth Payments to States, 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
INTEREST										
<i>Interest on Loan Council & NT Government Borrowings (c) -</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>										
ACT Lieu of Semi-Government	..	..	..	..	..	..	..	..	5,020	5,020
ACT Land Development Costs	..	..	..	..	..	..	..	..	16,400	16,400
ACT Government Debt	..	..	..	..	..	..	..	..	12,283	12,283
Housing Nomination	24,282	23,220	8,616	14,769	27,080	7,317	8,252	113,536	..	113,536
<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
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
Captains Flat Project	41	..	..	..	..	..	..	41	..	41
<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
Weipa Development	..	..	75	..	..	..	..	75	..	75
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	41	183	228	46	..	13	..	511	..	511
Bovine Brucellosis and Tuberculosis	..	..	53	6	..	..	72	131	..	131
Canned Fruit Industry	40	..	..	..	..	..	..	40	..	40
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 Scheme	..	..	472	..	..	..	..	472	..	472
Irrigation and Other Water Projects	..	..	..	346	..	..	..	346	..	346
Dartmouth Dam	638	638	..	..	..	..	..	1,276	..	1,276

Table 29: Commonwealth Payments to States, 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
Softwood Forestry	2,214	466	881	831	..	227	..	4,619	..	4,619
Gladstone Power Station	..	..	9,246	..	..	..	..	9,246	..	9,246
Exmouth Township - Electricity Services	..	..	..	6	..	..	..	6	..	6
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	39	..	279	..	..	134	3	455	..	455
TOTAL	818,790	624,093	325,176	221,276	253,453	165,753	91,605	2,500,148	33,703	2,533,850
TOTAL GROSS AND NET PAYMENTS										
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	13,650,141
For Specific Purposes	4,181,866	3,292,872	2,026,153	1,233,947	1,092,692	483,824	224,163	12,535,518	172,922	12,708,441
Total Gross Payments	7,936,597	6,074,426	4,483,582	2,751,281	2,529,336	1,012,610	963,247	25,751,078	607,503	26,358,582
Payments to State	6,448,581	4,831,473	3,820,294	2,336,869	2,165,905	902,031	932,889	21,438,040	569,932	22,007,974
*Payments through State	1,488,016	1,242,953	663,289	414,412	363,431	110,579	30,358	4,313,038	37,571	4,350,608
Total Gross Payments	7,936,597	6,074,426	4,483,582	2,751,281	2,529,336	1,012,610	963,247	25,751,078	607,503	26,358,582
Repayments	-113,735	-82,493	-61,448	-32,357	-133,250	-18,236	-9,119	-450,637	-63,692	-514,329
Total Net Payments	7,822,862	5,991,932	4,422,135	2,718,923	2,396,086	994,374	954,129	25,300,440	543,811	25,844,253

*Items so marked are classified as payments made through the State. See discussion in Chapter 1.

- (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 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 30: Commonwealth Payments to States, 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
GENERAL REVENUE FUNDS										
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
TOTAL	3,701,611	2,711,697	2,520,502	1,547,756	1,434,812	521,941	728,635	13,166,953	434,439	13,601,392
GENERAL PURPOSE CAPITAL FUNDS										
Capital Grants	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,421	330,207
TOTAL	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,421	330,207
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										
<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 Languages	1,331	1,246	813	452	438	117	369	4,766	251	5,017
<i>Health -</i>										
Health Program Grants	..	1,500	..	8,563	15,859	..	..	25,922	4,989	30,911
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
Magnetic Resonance Imaging	1,180	1,180	730	730	730	..	..	4,550	..	4,550
Medical Specialty Centres	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	2,072	2,059	614	482	23,498	213	23,712
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
Breast Cancer	339	259	178	40	109	40	40	1,005	40	1,045
Other Health	2,038	1,522	1,100	546	539	303	234	6,281	115	6,397
Funds to Combat AIDS	9,295	5,486	2,888	2,030	1,593	568	612	22,470	575	23,045
Drug Education Campaigns	6,660	5,042	3,229	1,879	1,826	738	293	19,667	342	20,009

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
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
<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
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
National Landcare - Urban Water	258	249	2	154	97	128	39	927	..	927
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,274	7,274
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>										
World Heritage Areas	..	..	4,000	..	..	..	..	4,000	..	4,000
South West TAS - Heritage Area	..	..	..	..	..	5,855	..	5,855	..	5,855
<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
Export Grants	14	..	59	75	..	51	..	200	..	200
National Landcare Program	5,268	3,311	3,261	3,992	2,434	975	1,226	20,467	92	20,559
Forestry Development	..	3,935	..	8	47	168	..	4,158	..	4,158
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

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<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	484	924	..	44	1,983	..	1,983
*Coal Mining Industry - Long Service Leave	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>										
Debt Redemption Assistance	884	2,247	404	375	455	246	125	4,736	..	4,736
*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
TOTAL	3,449,925	2,892,943	1,633,182	982,906	905,473	313,742	156,017	10,334,188	162,101	10,496,289
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES										
<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>										
Hospital 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

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<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
National Landcare - Urban Water	6,736	1,656	2,006	527	5,545	398	403	17,271	..	17,271
<i>Culture and Recreation -</i>										
Support for 1991 Swimming Championships	..	..	..	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
Badgery's 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
National Landcare Program	4,670	4,490	3,811	972	735	..	..	14,678	..	14,678
<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
Natural Disaster Relief	97,080	..	52,310	..	..	..	475	149,866	..	149,866
Assistance For South West TAS	..	..	..	..	..	125	..	125	..	125
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
TOTAL	1,257,310	1,181,197	669,431	362,817	271,303	120,108	131,613	3,993,778	39,809	4,033,587
REPAYMENTS										
Payments to National Debt Sinking Fund (b)	65,371	462,649	26,767	17,058	19,371	13,574	6,283	611,073	..	611,073
Supplementary 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>										
ACT Debt Repayments	..	..	..	..	..	..	..	..	16,965	16,965
Land Development Costs	..	..	..	..	..	..	..	..	6,700	6,700
Loan Council - Housing Nominations	2,984	2,987	1,098	1,903	128,184	926	993	139,074	..	139,074

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<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
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(a) -</i>										
Natural Disaster Relief	3,886	3,499	14,934	1,885	..	392	8	24,602	..	24,602
TOTAL	413,152	731,332	177,046	129,980	285,505	77,488	32,545	1,847,049	30,524	1,877,573

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
ADVANCES										
<i>Housing and Community Amenities nec -</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 Loan	..	587	..	..	..	..	..	587	..	587
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	12,053	..	2,284	..	..	..	..	14,337	..	14,337
TOTAL	12,053	587	2,290	496	3,675	..	111	19,212	..	19,212
INTEREST										
<i>Interest on Loan Council & NT Government Borrowings (c) -</i>	689,779	497,981	265,520	178,153	184,837	143,356	71,982	2,031,607	..	2,031,607
<i>Interest on Commonwealth Government Loans -</i>										
ACT Lieu of 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
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

Table 30: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1990 - 91 - 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	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 Scheme	..	..	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 Services	..	..	..	5	..	..	..	5	..	5
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	98	..	282	2	..	114	3	498	..	498
TOTAL	798,348	584,022	315,243	216,459	238,546	161,345	88,709	2,402,671	63,543	2,466,214
TOTAL GROSS AND NET PAYMENTS										
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	13,931,598
For Specific Purposes	4,707,237	4,074,139	2,302,613	1,345,723	1,176,776	433,849	287,630	14,327,966	201,910	14,529,876
Total Gross Payments	8,488,602	6,854,099	4,839,209	2,915,904	2,650,551	983,258	1,060,081	27,791,705	669,767	28,461,474
Payments to State	6,864,019	5,496,241	4,084,465	2,447,318	2,241,210	861,073	1,021,860	23,016,186	626,381	23,642,569
*Payments through State	1,624,583	1,357,858	754,745	468,586	409,341	122,186	38,221	4,775,519	43,385	4,818,905
Total Gross Payments	8,488,602	6,854,099	4,839,209	2,915,904	2,650,551	983,258	1,060,081	27,791,705	669,767	28,461,474
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	8,075,450	6,122,767	4,662,164	2,785,924	2,365,046	905,770	1,027,535	25,944,656	639,243	26,583,901

*Items so marked are classified as payments made through the State. See discussion in Chapter 1.

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

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
GENERAL REVENUE FUNDS										
Financial Assistance Grants	3,605,780	2,644,846	2,626,565	1,556,551	1,473,779	557,730	749,772	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
TOTAL	3,610,293	2,647,482	2,632,546	1,556,551	1,482,494	562,889	801,409	13,293,664	410,301	13,703,964
GENERAL PURPOSE CAPITAL FUNDS										
Capital Grants	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,421	330,207
Building Better Cities	..	17,000	15,000	7,500	..	2,000	..	41,500	..	41,500
TOTAL	79,756	85,263	31,095	29,925	38,963	29,468	43,816	338,286	33,421	371,707
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										
<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	..	1,643	..	8,058	15,170	..	..	24,871	4,833	29,704
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
Magnetic Resonance Imaging	1,049	1,351	529	687	675	1,409	..	5,701	..	5,701
Medical Specialty 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
Breast Cancer	5,815	2,590	2,538	1,283	2,493	76	..	14,795	431	15,226
Other Health Advancement	3,538	2,784	1,502	706	1,031	311	111	9,983	330	10,313

Table 31: Commonwealth Payments to States, 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
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
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
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
National Landcare - Urban Water	376	820	100	115	18	101	90	1,620	38	1,658
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,172	7,172
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	0	14	0	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
National Landcare Program	4,919	3,818	5,022	4,575	2,915	1,348	1,242	23,839	110	23,949
Forestry Development	176	4,736	..	..	..	2,988	..	7,900	..	7,900
Compensation Gas/RRT	..	60,000	..	..	..	..	..	60,000	..	60,000
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

Table 31: Commonwealth Payments to States, 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
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 Leave	18,994	..	4,997	2,450	..	150	..	26,592	..	26,592
<i>General Public Services -</i>										
Sharing of Criminal Asset Recovery	..	50	..	..	..	..	..	50	..	50
Legal Aid	38,627	31,257	18,534	10,313	11,243	5,262	2,404	117,641	2,328	119,969
Aboriginal Deaths in Custody	850	..	335	..	..	..	..	1,185	200	1,385
*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>										
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 Roads	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
Royalties	..	131,034	..	18,392	..	..	2,072	151,497	..	151,497
ACT National Capital Influences	..	..	..	..	..	..	..	..	17,839	17,839
TOTAL	3,905,027	3,284,084	1,901,504	1,129,394	1,051,420	377,379	153,530	11,802,338	194,527	11,996,865
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES										
<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
Magnetic Resonance Imaging	1,900	..	1,899	..	1,900	..	..	5,699	..	5,699
Home and Community Care	..	579	..	..	576	..	..	1,156	..	1,156
Blood Transfusion Services	689	502	601	306	223	113	46	2,480	22	2,502
<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

Table 31: Commonwealth Payments to States, 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
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
Sewerage	..	..	..	500	..	..	..	500	..	500
National Landcare - Urban Water	7,910	839	2,390	499	3,743	526	248	16,154	..	16,154
<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
World Heritage Assistance	..	..	2,022	475	..	..	..	2,497	..	2,497
<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
National Landcare Program	5,211	4,796	475	514	1,121	..	..	12,116	..	12,116
TAS Industrial Development	..	..	..	..	..	6,000	..	6,000	..	6,000
<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
Natural Disaster Relief	12,849	..	36,682	..	..	..	..	49,531	..	49,531
Assistance For South West TAS	..	..	..	..	..	91	..	91	..	91
Tax Compensation- Sale of State Assets	..	..	..	..	..	14,000	..	14,000	..	14,000
Infrastructure Restoration	..	..	2,000	..	..	..	..	2,000	..	2,000
TOTAL	1,108,786	750,644	627,286	357,280	244,390	118,830	94,763	3,301,979	29,234	3,331,214
	REPAYMENTS									
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
<i>Repayments of Commonwealth Government Loans-</i>										
ACT Lieu of Semi-Government Borrowings	..	..	..	..	..	..	..	..	25,000	25,000
ACT Debt Repayments	..	..	..	..	..	..	..	..	70,460	70,460
Loan Council - Housing Nominations	3,118	3,122	1,147	1,989	-1	967	1,038	11,379	..	11,379

Table 31: Commonwealth Payments to States, 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>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
TOTAL	910,536	689,496	276,743	266,322	252,249	171,139	91,892	2,658,377	99,122	2,757,500

Table 31: Commonwealth Payments to States, 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
ADVANCES										
<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
TOTAL	202	..	1,947	51	2,450	..	31	4,681	..	4,681
INTEREST										
<i>Interest on Loan Council & 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

Table 31: Commonwealth Payments to States, 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
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
TOTAL	738,027	515,437	287,650	199,413	189,731	150,644	84,044	2,164,946	51,459	2,216,405
TOTAL GROSS AND NET PAYMENTS										
For General Purposes	3,690,049	2,732,745	2,663,641	1,586,476	1,521,457	592,357	845,225	13,631,949	443,721	14,075,671
For Specific Purposes	5,013,812	4,034,728	2,528,790	1,486,674	1,295,811	496,209	248,293	15,104,317	223,761	15,328,079
Total Gross Payments	8,703,861	6,767,473	5,192,431	3,073,150	2,817,268	1,088,566	1,093,518	28,736,267	667,483	29,403,749
Payments to State	6,871,332	5,243,802	4,313,899	2,532,707	2,371,671	951,546	1,050,127	23,335,084	611,433	23,946,516
*Payments through State	1,832,529	1,523,672	878,532	540,443	445,597	137,019	43,391	5,401,183	56,050	5,457,233
Total Gross Payments	8,703,861	6,767,473	5,192,431	3,073,150	2,817,268	1,088,566	1,093,518	28,736,267	667,483	29,403,749
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	7,793,325	6,077,977	4,915,688	2,806,828	2,565,019	917,427	1,001,626	26,077,889	568,361	26,646,249

*Items so marked are classified as payments made through the State. See discussion in Chapter 1.

- (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 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, 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
GENERAL REVENUE GRANTS										
Financial Assistance Grants	3,613,214	2,639,116	2,770,957	1,586,955	1,521,008	578,281	782,261	13,491,793	..	13,491,793
Identified Road Grants	4,608	2,692	6,106	..	8,898	..	8,298	30,602	..	30,602
Special Revenue Assistance	..	137,913	..	..	..	..	39,687	177,601	14,883	192,483
General Revenue Grants	..	..	..	..	..	..	..	..	372,203	372,203
TOTAL	3,617,823	2,779,721	2,777,064	1,586,955	1,529,907	578,281	830,246	13,699,996	387,085	14,087,081
GENERAL PURPOSE CAPITAL FUNDS										
Capital Grants	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,521	330,307
Building Better Cities	46,681	36,587	36,815	22,528	18,700	2,850	500	164,661	3,000	167,661
TOTAL	126,437	104,850	52,910	44,953	57,663	30,318	44,316	461,447	36,521	497,968
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										
<i>Education -</i>										
*Higher Education	899,843	772,065	432,613	263,090	250,591	67,793	24,154	2,710,148	..	2,710,148
State Contribution to Higher Education Superannuation	-16,922	-15,076	..	-3,032	-4,291	-160	..	-39,481	..	-39,481
Technical and Further Education	111,700	82,169	47,678	28,878	29,699	12,624	3,571	316,319	4,474	320,793
Government Schools	353,383	244,893	185,973	97,344	65,702	28,629	12,008	987,932	16,982	1,004,914
*Non Government Schools	462,852	386,825	226,468	124,576	95,349	31,491	10,284	1,337,845	33,260	1,371,105
Joint Schools Programs	16,887	16,341	10,885	7,079	4,654	1,900	1,439	59,185	1,252	60,437
Aboriginal Education	10,588	3,569	12,182	7,869	6,179	971	8,308	49,666	379	50,045
<i>Health -</i>										
Health Program Grants	..	1,649	..	7,863	15,319	..	167	24,998	4,098	29,096
Transfer Pathology Laboratory	7,898	3,484	14,263	..	..	1,705	..	27,350	..	27,350
Hospital Funding Grants	1,379,122	1,005,256	668,072	350,204	346,129	106,567	24,659	3,880,009	52,713	3,932,722
Other Medicare	17,807	12,592	8,746	4,500	4,597	1,404	405	50,050	747	50,797
Magnetic Resonance Imaging	2,152	3,086	2,019	1,179	1,568	374	..	10,379	..	10,379
Medical Specialty Centres	1,309	936	388	108	..	..	..	2,742	..	2,742
Nurse Education	16,282	11,814	7,060	2,658	4,517	1,074	162	43,567	477	44,044
Repatriation General Hospitals	..	..	..	..	..	12,679	..	12,679	..	12,679
High Cost Drugs	14,912	8,147	3,806	2,611	3,237	504	197	33,415	1,129	34,544
Aged Care Assessment	5,525	4,347	2,246	1,707	1,551	500	..	15,876	123	15,999
Home and Community Care	20,838	28,344	13,283	14,104	11,126	3,375	86	91,156	532	91,688

Table 32: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 -continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
National Better Health	836	626	408	..	208	89	125	2,291	109	2,400
Youth Health Services	792	949	351	241	308	56	17	2,713	41	2,754
Breast Cancer	3,274	1,857	3,376	1,211	2,324	1,318	..	13,361	701	14,061
Other Health	3,162	3,541	2,817	982	1,073	782	288	12,645	329	12,973
Funds to Combat AIDS	10,357	5,503	3,303	2,295	1,846	544	592	24,439	600	25,039
Drug Education Campaigns	6,393	4,839	3,091	1,805	1,747	710	288	18,873	327	19,200
Blood Transfusion Services	6,247	8,599	6,923	3,122	3,070	1,233	354	29,548	550	30,098
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	18,386	18,386
<i>Social Security and Welfare -</i>										
Aged Care Assessment	5,418	3,929	2,144	1,616	1,382	421	490	15,398	122	15,520
Home and Community Care	100,799	67,183	32,351	18,391	16,216	5,416	1,511	241,867	2,722	244,589
Disabilities Services	6,896	49,670	41,669	1,927	1,724	9,618	183	111,686	2,802	114,488
Children's Services	1,795	5,557	906	656	18,223	353	210	27,700	108	27,808
Mortgage and Rent Relief	10,550	7,883	4,994	1,081	2,582	682	275	28,047	508	28,555
Supported Accommodation Assistance	33,493	22,802	16,011	8,907	9,396	3,475	2,573	96,657	3,195	99,852
Translating and Interpreting Services	..	94	..	..	28	..	18	140	..	140
Unattached Refugee Children	102	34	23	21	21	..	..	201	..	201
Extension of Fringe Benefits	5,610	4,820	2,890	1,560	1,770	610	60	17,320	180	17,500
Locational Disadvantage Research	99	48	..	..	..	-3	..	144	..	144
<i>Housing and Community Amenities nec -</i>										
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
National Landcare - Urban Water	432	480	46	636	253	127	..	1,973	22	1,995
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,380	7,380
Environmental Restoration	..	..	..	..	..	..	669	669	..	669
<i>Culture and Recreation -</i>										
World Heritage Areas	..	..	13,000	..	..	..	..	13,000	..	13,000
South West TAS - Heritage Area	..	..	..	..	..	6,668	..	6,668	..	6,668
<i>Transport -</i>										
Aerodrome Local Ownership Plan	639	..	..	120	..	60	..	819	..	819
Interstate Road Transport	7,691	4,475	1,584	662	2,321	83	83	16,900	83	16,983

Table 32: Commonwealth Payments to States, 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>										
TAS Wheat Freight Subsidy	..	..	..	..	..	2,925	..	2,925	..	2,925
Bovine Brucellosis and Tuberculosis	536	186	5,272	3,245	147	57	11,852	21,295	16	21,311
Exotic Disease Eradication	107	635	25	4	10	12	40	834	0	834
Rural Adjustment Scheme	61,231	15,059	42,626	8,126	37,239	3,442	1,254	168,977	..	168,977
National Landcare Program	6,175	4,734	5,935	4,753	2,665	1,444	1,196	26,901	195	27,096
Forestry Development	..	1,400	450	..	..	10,867	..	12,717	..	12,717
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	1,161	1,227	513	231	12,873	261	13,134
Multi Function Polis	..	..	..	..	1,500	..	..	1,500	..	1,500
<i>Labour and Employment -</i>										
Entry Level Training	21,049	16,526	11,032	6,243	5,408	1,824	848	62,930	1,198	64,128
Forest Industry Package	..	..	..	..	..	1,651	..	1,651	..	1,651
Employment Training - Aboriginal	3,816	21	2,664	861	724	56	30	8,172	50	8,222
*Coal Mining Industry - Long Service Leave	18,614	..	6,150	1,339	..	236	..	26,339	..	26,339
<i>General Public Services -</i>										
Sharing of Criminal Asset Recovery	..	9	..	..	..	..	..	9	..	9
Legal Aid	39,349	33,634	18,837	11,888	10,139	5,500	2,329	121,676	2,421	124,097
Aboriginal Deaths in Custody	..	..	200	..	..	..	..	200	..	200
*Research at Universities	85,660	66,761	38,135	25,570	28,072	7,047	1,124	252,368	..	252,368
Cape York Land Use Strategy	..	..	107	..	..	..	..	107	..	107
<i>Not Allocated to Function (a) -</i>										
Debt Redemption Assistance	35,839	29,677	15,868	11,760	11,165	9,909	7,579	121,797	715	122,512
*Financial Assistance - Local Government	255,320	190,793	128,928	70,939	62,487	20,164	7,212	735,842	12,452	748,295
*Local Government - Identified Road Grants	96,358	68,471	62,227	50,782	18,252	17,600	7,780	321,470	10,567	332,037
Compensation - Companies Regulation	39,279	34,338	19,338	11,903	8,853	2,742	1,749	118,203	..	118,203
Natural Disaster Relief	..	..	460	..	788	..	3	331	..	331
Assistance for South-West TAS	..	..	..	..	..	29,302	..	29,302	..	29,302
Royalties	..	12,073	..	17,014	..	..	1,573	30,660	..	30,660
Public Sector Restructuring	..	..	..	..	17,000	..	..	17,000	..	17,000
ACT Public Service Establishment	..	..	..	..	..	..	..	..	460	460
SA Assistance Package	..	..	..	..	156,000	..	..	156,000	..	156,000

Table 32: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 - continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
ACT National Capital Influences	..	..	..	..	..	..	..	..	18,354	18,354
Assistance Recycled Paper Producers	..	..	2,895	2,109	..	..	..	5,004	..	5,004
TOTAL	4,177,983	3,242,774	2,134,144	1,185,044	1,263,034	419,277	147,973	12,570,228	201,020	12,771,248
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES										
<i>Education -</i>										
*Higher Education	112,991	82,140	58,508	27,428	18,743	5,043	8,532	313,385	..	313,385
Technical and Further Education	90,487	59,352	37,999	19,260	19,532	6,756	6,053	239,438	..	239,438
Government Schools	83,717	58,180	46,249	21,577	22,160	6,756	3,904	242,543	2,017	244,560
*Non-Government Schools	41,510	33,007	17,812	10,476	7,422	2,418	1,547	114,192	2,496	116,688
Aboriginal Education	..	..	1,803	..	127	..	975	2,905	..	2,905
<i>Health -</i>										
Hospital Enhancement Program	7,323	7,860	3,714	799	250	569	435	20,950	100	21,050
Magnetic Resonance Imaging	1,900	1,900	..	1,900	..	..	..	5,700	..	5,700
Home and Community Care	..	942	..	167	1,023	..	..	2,131	..	2,131
Blood Transfusion Services	1,285	683	601	2,500	468	100	47	5,684	1,457	7,141
<i>Social Security and Welfare -</i>										
Home and Community Care	..	1,091	..	1,747	584	2	8	3,433	..	3,433
Children's Services	30	1,034	1,211	234	448	83	20	3,061	85	3,145
Crisis Accommodation Assistance	..	5,352	..	..	..	..	..	5,352	..	5,352
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	17,654	10,882	9,644	4,153	3,762	1,179	432	47,706	523	48,229
Housing Assistance For Aborigines	6,989	3,638	21,022	15,862	8,342	626	17,958	74,437	..	74,437
Local Government and Community Housing	..	3,906	602	3,242	233	..	91	8,074	400	8,474
CSHA Block Assistance	266,281	216,675	134,514	81,093	79,443	24,598	11,242	813,846	15,681	829,527
Sewerage	..	..	..	8,020	..	..	..	8,020	..	8,020
National Landcare - Urban Water	8,871	1,196	1,871	726	2,167	428	394	15,653	..	15,653
<i>Culture and Recreation -</i>										
National Estate	639	639	639	639	639	639	307	4,139	107	4,246
World Heritage Assistance	..	..	4,500	..	..	..	..	4,500	..	4,500
<i>Transport -</i>										
Roads	605,036	377,273	390,601	169,732	121,680	61,394	54,048	1,779,764	8,265	1,788,029
Railway Projects	6,793	720	30,000	21,750	400	..	..	59,663	..	59,663
Port Development	..	..	20,000	..	..	..	..	20,000	..	20,000
<i>Industry Assistance and Development -</i>										
Bovine Brucellosis and Tuberculosis	..	..	..	..	..	..	33	33	..	33
National Landcare Program	6,224	7,260	806	292	3,543	57	..	18,181	30	18,211

Table 32: Commonwealth Payments to States, 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>Not Allocated to Function(a) -</i>										
Sinking Fund on State Debt	12,931	8,721	5,646	3,296	3,402	2,703	1,258	37,957	..	37,957
Natural Disaster Relief	..	..	2,089	..	..	..	207	2,295	..	2,295
SA Assistance Package	..	..	..	..	107,000	..	..	107,000	..	107,000
Tax Compensation-Sale of Assets	402,256	..	..	..	..	..	..	402,256	..	402,256
TOTAL	1,672,917	882,451	789,830	394,892	401,367	113,352	107,491	4,362,300	31,160	4,393,460
REPAYMENTS										
Payments to National Debt Sinking Fund (b)-	52,354	35,316	22,850	13,343	13,782	10,939	5,075	153,659	..	153,659
Supplementary Contributions	1,080,898	469,179	257,045	171,416	176,014	133,769	82,090	2,370,409	..	2,370,409
<i>Repayments of Commonwealth Government Loans-</i>										
ACT Debt Repayments	..	..	..	..	..	..	..	..	11,721	11,721
Loan Council - Housing Nominations	3,258	3,262	1,199	2,078	1,951	1,011	1,085	13,844	..	13,844
<i>Defence -</i>										
Housing For Servicemen	369	259	232	82	14	..	..	957	..	957
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	20,976	17,448	5,673	5,410	5,983	3,128	301	58,918	..	58,918
Other Housing	..	..	..	..	..	..	1,293	1,293	3,827	5,120
Urban Water Supply and Treatment	..	..	..	41	92	..	..	133	..	133
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	107	70	..	..	..	..	..	177	..	177
Urban Rehabilitation	..	206	..	..	..	..	..	206	..	206
Sewerage	958	843	242	339	..	..	..	2,383	..	2,383
Community Facilities-Townsville	..	..	15	..	..	..	..	15	..	15
Captains Flat Project	27	..	..	..	..	..	..	27	..	27
<i>Transport -</i>										
Railway Projects	1,616	1,837	1,889	790	..	..	..	6,131	..	6,131
Weipa Development	..	..	176	..	..	..	..	176	..	176
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	79	254	472	63	..	20	..	888	..	888
Bovine Brucellosis and Tuberculosis	..	..	328	6	60	..	178	572	..	572
Canned Fruit Industry	423	..	..	..	..	..	..	423	..	423
Rural Adjustment Scheme	2,737	2,565	1,927	1,826	..	155	148	9,359	..	9,359
Rural Reconstruction	3,002	2,330	1,682	1,561	..	275	..	8,851	..	8,851
Meat Inspectors' Superannuation Loan	..	117	..	..	..	..	..	117	..	117
War Service Land Settlement	296	316	..	..	..	..	..	612	..	612
Brigalow Lands Development Scheme	..	..	519	..	..	..	..	519	..	519

Table 32: Commonwealth Payments to States, 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
Irrigation and Other Water Projects	..	..	..	756	..	..	..	756	..	756
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173
Softwood Forestry	743	287	549	242	..	..	..	1,822	..	1,822
Gladstone Power Station	..	..	4,779	..	..	..	..	4,779	..	4,779
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
TOTAL	1,170,547	535,746	311,708	198,730	197,895	149,669	90,313	2,654,607	15,549	2,670,156
ADVANCES										
<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	..	..	..	..	..	..	33	33	..	33
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	..	..	40	..	..	..	..	40	..	40
TOTAL	..	..	40	..	1,260	..	33	1,333	..	1,333
INTEREST										
<i>Interest on Loan Council & NT Government Borrowings (c) -</i>	543,380	363,290	209,183	136,974	138,813	113,966	56,518	1,562,125	..	1,562,125
<i>Interest on Commonwealth Government Loans -</i>										
ACT Government Debt	..	..	..	..	..	..	..	..	16,657	16,657
Housing Nomination	23,454	22,816	8,468	14,511	14,169	7,192	8,118	98,728	..	98,728
<i>Defence -</i>										
Housing for Servicemen	2,701	1,002	1,549	344	542	..	..	6,138	..	6,138
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	55,661	43,538	15,361	14,706	22,042	10,012	1,682	163,003	..	163,003
Other Housing	..	..	..	..	..	..	5,300	5,300	12,788	18,088
Urban Water Supply and Treatment	..	..	..	76	1,159	..	..	1,235	..	1,235
Water and Sewerage Assistance	..	..	..	..	..	..	705	705	..	705
Growth Centres	260	171	..	..	..	..	..	431	..	431
Urban Rehabilitation	..	197	..	..	..	..	..	197	..	197
Sewerage	7,450	6,537	1,942	2,702	..	..	..	18,631	..	18,631
Community Facilities - Townsville	..	..	30	..	..	..	..	30	..	30
Captains Flat Project	34	..	..	..	..	..	..	34	..	34

Table 32: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1992 - 93 -continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Transport -</i>										
Railway Projects	1,540	2,675	2,888	1,113	..	..	..	8,215	..	8,215
Weipa Development	..	..	49	..	..	..	..	49	..	49
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	28	142	151	28	..	10	..	359	..	359
Bovine Brucellosis and Tuberculosis	..	..	..	1	18	..	..	20	..	20
Rural Adjustment Scheme	2,412	2,345	1,964	1,904	..	159	189	8,973	..	8,973
Rural Reconstruction	455	318	255	235	..	30	..	1,293	..	1,293
Meat Inspectors' Superannuation Loan	..	48	..	..	..	..	..	48	..	48
War Service Land Settlement	296	313	..	..	..	..	..	609	..	609
Brigalow Lands Development Scheme	..	..	507	..	..	..	..	507	..	507
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>										
Asset Sales - Stamp Duty	..	..	2,038	..	..	..	..	2,038	..	2,038
Natural Disaster Relief	96	..	69	..	..	15	1	181	..	181
TOTAL	640,269	444,258	253,672	173,545	176,744	131,385	72,512	1,892,384	29,445	1,921,830
TOTAL GROSS AND NET PAYMENTS										
For General Purposes	3,744,260	2,884,571	2,829,974	1,631,908	1,587,570	608,599	874,562	14,161,443	423,606	14,585,049
For Specific Purposes	5,850,899	4,125,225	2,923,974	1,579,936	1,664,401	532,629	255,464	16,932,528	232,180	17,164,708
Total Gross Payments	9,595,159	7,009,795	5,753,947	3,211,844	3,251,970	1,141,229	1,130,026	31,093,971	655,786	31,749,757
Payments to State	7,622,011	5,409,734	4,783,108	2,637,644	2,771,054	989,436	1,069,393	25,282,380	597,012	25,879,392
*Payments through State	1,973,148	1,600,062	970,840	574,200	480,916	151,793	60,633	5,811,591	58,775	5,870,366
Total Gross Payments	9,595,159	7,009,795	5,753,947	3,211,844	3,251,970	1,141,229	1,130,026	31,093,971	655,786	31,749,757
Repayments	-1,170,547	-535,746	-311,708	-198,730	-197,895	-149,669	-90,313	-2,654,607	-15,549	-2,670,156
Total Net Payments	8,424,612	6,474,049	5,442,239	3,013,114	3,054,074	991,560	1,039,713	28,439,363	640,238	29,079,601

*Items so marked are classified as payments made through the State. See discussion in Chapter 1.

(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 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, Repayments of Advances and Interest Payments (\$ 000) - 1993-94

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
GENERAL REVENUE FUNDS										
Financial Assistance Grants	3,802,969	2,740,077	2,744,546	1,520,832	1,436,542	588,363	771,101	13,604,428	205,577	13,810,005
Identified Road Funds	51,800	51,600	31,500	21,700	11,400	4,400	1,900	174,300	700	175,000
Special Revenue Assistance	135,303	189,654	..	..	141	..	29,899	354,997	103,650	458,647
TOTAL	3,990,072	2,981,331	2,776,046	1,542,532	1,448,083	592,763	802,900	14,133,725	309,927	14,443,652
GENERAL PURPOSE CAPITAL FUNDS										
Capital Grants	79,756	68,263	16,095	22,425	38,963	27,468	43,816	296,786	33,521	330,307
Building Better Cities	68,433	78,906	46,950	27,091	26,051	7,181	3,390	258,002	3,798	261,800
TOTAL	148,189	147,169	63,045	49,516	65,014	34,649	47,206	554,788	37,319	592,107
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										
<i>Education -</i>										
*Higher Education	1,007,615	864,561	484,440	294,609	280,612	75,914	27,048	3,034,799	..	3,034,799
State Contribution to Higher Education Superannuation	-19,042	-16,606	..	-3,206	-4,700	-175	..	-43,729	..	-43,729
Technical and Further Education	66,693	46,536	29,087	17,166	15,756	5,678	2,557	183,473	4,550	188,023
Government Schools	347,996	241,161	183,139	95,860	64,701	28,192	11,825	972,874	16,723	989,597
*Non Government Schools	473,292	395,550	231,577	127,386	97,500	32,201	10,516	1,368,023	34,010	1,402,033
Joint Schools Programs	22,619	21,887	14,580	9,482	6,234	2,545	1,928	79,274	1,677	80,951
Aboriginal Education	10,588	3,570	12,182	7,869	6,179	971	8,308	49,667	379	50,046
Cost Escalation Allowance	20,096	14,236	10,701	5,696	3,842	1,664	741	56,976	996	57,972
*Cost Escalation Allowance	33,630	28,285	16,386	9,239	7,513	2,347	785	98,185	1,836	100,021
<i>Health -</i>										
Health Program Grants	..	2,539	..	8,151	17,411	..	841	28,942	3,759	32,701
Transfer Pathology Laboratory	8,239	3,418	14,609	..	..	1,795	..	28,061	..	28,061
Dental Program	6,195	4,649	3,301	1,681	1,738	605	155	18,324	158	18,482
Medicare Base Grant	1,239,981	909,743	611,234	316,413	309,288	95,714	22,746	3,505,119	48,413	3,553,532
Other Medicare	118,982	166,757	194,114	133,540	131,597	31,289	50,775	827,054	17,656	844,710
Magnetic Resonance Imaging	5,785	5,772	4,544	1,930	2,090	744	..	20,865	2,200	23,065
Medical Specialty Centres	1,064	784	533	276	..	..	..	2,657	..	2,657
Veterans Psychiatric Care	..	5,750	..	..	..	..	..	5,750	..	5,750
Nurse Education	8,902	6,225	3,960	1,440	2,368	620	93	23,608	250	23,858
Repatriation General Hospitals	17,773	..	..	..	..	8,653	..	26,426	..	26,426
High Cost Drugs	26,057	16,964	8,956	4,105	5,932	869	512	63,394	1,076	64,470
*Aged Care Assessment	3,450	2,690	1,405	1,060	970	317	..	9,892	77	9,969
*Home and Community Care	22,595	30,734	14,403	15,293	12,064	3,660	93	98,842	576	99,418

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
✕ Youth Health Services	737	546	383	369	180	56	50	2,321	50	2,371
✕ Breast Cancer	9,044	7,314	4,168	2,645	2,396	1,102	924	27,593	742	28,335
Other Health	12,809	8,527	6,264	4,812	3,399	1,375	1,161	38,347	1,064	39,411
Funds to Combat AIDS	12,524	5,949	4,407	2,755	2,061	790	1,037	29,523	588	30,111
✕ Drug Education Campaigns	6,502	4,921	3,144	1,836	1,777	722	293	19,195	332	19,527
Blood Transfusion Services	12,113	8,914	6,040	3,853	2,960	1,115	410	35,405	641	36,046
Asbestos Removal Assistance	..	..	..	..	..	..	..	..	1,651	1,651
<i>Social Security and Welfare -</i>										
Aged Care Assessment	8,200	5,900	3,200	2,440	2,100	630	740	23,210	180	23,390
✕ Home and Community Care	109,319	72,862	35,086	19,945	17,586	5,874	1,639	262,311	2,952	265,263
Disabilities Services	87,550	56,559	46,604	15,230	35,150	10,133	2,329	253,555	3,240	256,795
Children's Services	2,021	6,250	1,020	739	20,094	398	236	30,758	122	30,880
Mortgage and Rent Relief	10,530	7,841	5,732	2,933	2,567	828	297	30,727	522	31,249
Supported Accommodation Assistance	37,778	23,970	17,340	9,784	10,213	4,132	2,230	105,447	3,262	108,709
Rural Domestic Violence-Referral	90	90	90	90	90	85	90	625	..	625
Unattached Refugee Children	184	61	42	37	38	..	..	363	..	363
Extension of Fringe Benefits	56,385	43,313	22,364	7,380	10,187	5,259	223	145,111	1,026	146,137
Locational Disadvantage Research	12	75	..	..	..	..	..	87	..	87
<i>Housing and Community Amenities nec -</i>										
Assistance for Housing	1,848	1,348	424	627	941	314	..	5,500	..	5,500
National Landcare - Urban Water	790	475	425	302	200	130	90	2,412	50	2,462
Assistance for Water and Sewerage	..	..	..	..	..	..	..	..	7,358	7,358
Environmental Restoration	..	..	..	..	..	..	507	507	..	507
<i>Culture and Recreation -</i>										
World Heritage Areas	..	..	18,260	..	..	..	..	18,260	..	18,260
South West TAS - Heritage Area	..	..	..	..	..	5,301	..	5,301	..	5,301
<i>Transport -</i>										
Interstate Road Transport	7,758	4,577	1,568	655	2,245	83	83	16,968	83	17,050
<i>Industry Assistance and Development -</i>										
TAS Wheat Freight Subsidy	..	..	..	..	..	2,700	..	2,700	..	2,700
Bovine Brucellosis and Tuberculosis	137	192	4,738	2,578	142	42	6,180	14,009	..	14,009
Exotic Disease Eradication	74	23	25	4	10	12	40	189	58	247
Rural Adjustment Scheme	18,720	9,069	11,712	5,182	6,692	940	885	53,200	..	53,200
National Landcare Program	5,150	4,504	5,750	5,373	3,475	1,805	2,356	28,413	200	28,613
Forestry Development	70	..	1,100	..	..	6,001	..	7,171	..	7,171
Electricity Grid Infrastructure	500	..	500	..	..	..	..	1,000	..	1,000
Coal Industry Superannuation	2,617	..	..	..	..	..	..	2,617	..	2,617

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
WA Steel Project Study	..	..	..	250	..	..	..	250	..	250
National Industry Extension Service	4,269	3,875	2,024	1,228	1,295	527	237	13,454	270	13,724
Multi Function Polis	..	..	..	..	1,650	..	..	1,650	..	1,650
<i>Labour and Employment -</i>										
Entry Level Training	12,386	9,460	6,240	3,560	3,059	1,030	475	36,211	677	36,888
Forest Industry Package	..	..	..	..	..	1,515	..	1,515	..	1,515
Employment Training-Aboriginal	2,800	500	3,500	900	3,000	350	150	11,200	75	11,275
<i>General Public Services -</i>										
Legal Aid	40,839	35,070	19,562	12,420	10,660	5,772	2,429	126,753	2,530	129,283
*Research at Universities	93,013	72,506	41,416	27,770	30,507	7,654	1,221	274,087	..	274,087
Cape York Land Use Strategy	..	..	793	..	..	..	..	793	..	793
<i>Not Allocated to Function (a) -</i>										
Debt Redemption Assistance	40,600	16,900	7,600	6,900	7,200	4,600	2,200	86,000	..	86,000
*Financial Assistance-Local Government	255,881	190,523	131,199	71,263	62,383	20,134	7,182	738,566	12,660	751,226
*Local Government -Identified Road	96,715	68,725	62,457	50,970	18,320	17,665	7,809	322,660	10,736	333,396
Compensation -Companies Regulation	41,255	36,485	20,158	12,466	9,255	2,860	1,829	124,308	..	124,308
Natural Disaster Relief	1,750	..	1,750	..	..	..	..	3,500	..	3,500
Assistance for South-West TAS	..	..	..	..	..	-613	..	-613	..	-613
Royalties	..	..	..	25,000	..	..	1,360	26,360	..	26,360
SA Assistance Package	..	..	..	..	36,000	..	..	36,000	..	36,000
ACT National Capital Influences	..	..	..	..	..	..	..	..	18,302	18,302
Assistance Recycled Paper Producers	..	..	8,961	1,400	..	..	..	10,361	..	10,361
TOTAL	4,415,481	3,462,529	2,345,197	1,351,687	1,268,927	404,922	185,611	13,434,354	203,708	13,638,062
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES										
<i>Education -</i>										
*Higher Education	66,605	38,513	21,522	7,476	12,234	4,191	1,473	152,014	..	152,014
Technical and Further Education	40,198	28,043	17,531	10,348	9,498	3,413	1,541	110,572	..	110,572
Government Schools	80,650	56,048	44,555	20,786	21,348	6,509	3,761	233,657	1,943	235,600
*Non-Government Schools	45,768	36,393	19,639	11,550	8,183	2,666	1,705	125,905	2,752	128,657
Aboriginal Education	..	..	1,803	..	127	..	975	2,905	..	2,905
<i>Health -</i>										
Veterans Psychiatric Care	..	7,500	..	..	..	..	..	7,500	..	7,500
Home and Community Care	..	1,016	..	180	1,103	..	..	2,298	..	2,298
Blood Transfusion Services	5,645	1,282	1,000	3,493	237	115	192	11,964	55	12,019
<i>Social Security and Welfare -</i>										
Home and Community Care	..	1,178	..	1,887	631	2	9	3,707	..	3,707

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Children's Services	..	44	1,794	1,223	1,825	645	11	5,542	364	5,906
Crisis Accommodation Assistance	12,315	11,162	10,196	3,430	3,645	1,358	372	42,478	833	43,311
<i>Housing and Community Amenities nec -</i>										
Pensioner Housing Grants	19,386	10,882	9,644	4,153	3,936	1,179	614	49,794	523	50,317
Housing Assistance For Aborigines	28,565	3,638	29,432	15,862	8,342	766	20,958	107,563	..	107,563
Local Government and Community Housing	20,506	17,566	8,681	3,986	6,329	2,025	802	59,895	918	60,813
CSHA Block Assistance	277,930	197,328	145,866	74,095	77,563	24,640	15,731	813,153	18,182	831,335
Sewerage	..	..	..	10,980	..	..	..	10,980	..	10,980
Urban Infrastructure	..	..	..	8,000	..	..	..	8,000	..	8,000
National Landcare - Urban Water	12,725	2,515	2,795	1,118	3,172	755	580	23,660	50	23,710
<i>Culture and Recreation -</i>										
National Estate	653	653	653	653	653	653	315	4,234	108	4,342
World Heritage Assistance	..	..	3,500	475	..	..	..	3,975	..	3,975
<i>Transport -</i>										
Roads	401,930	195,330	210,320	77,060	72,570	31,188	25,240	1,013,638	..	1,013,638
Railway Projects	2,800	..	..	19,250	7,600	..	..	29,650	..	29,650
<i>Industry Assistance and Development -</i>										
Sugar	..	..	8,000	..	..	..	..	8,000	..	8,000
Meat Inspectors Superannuation Loan	..	320	..	..	..	..	..	320	..	320
National Landcare Program	8,741	8,612	2,380	1,230	4,548	520	875	26,906	50	26,956
<i>Not Allocated to Function(a) -</i>										
Sinking Fund on State Debt	9,776	7,309	4,863	2,778	2,870	2,298	1,014	30,908	..	30,908
Natural Disaster Relief	43,250	1,000	18,250	1,000	1,000	1,000	1,000	66,500	..	66,500
Assistance For South West TAS	..	..	..	..	..	100	..	100	..	100
SA Assistance Package	..	..	..	..	114,000	..	..	114,000	..	114,000
TOTAL	1,077,443	626,332	562,424	281,013	361,414	84,023	77,169	3,069,818	25,778	3,095,596
REPAYMENTS										
Payments to National Debt Sinking Fund (b)-	39,761	29,729	19,736	11,301	11,684	9,331	4,091	125,633	..	125,633
Supplementary Contributions	313,770	237,800	108,250	90,480	102,580	55,820	20,187	928,887	..	928,887
<i>Repayments of Commonwealth Government Loans-</i>										
ACT Debt Repayments	..	..	..	..	..	..	..	..	4,647	4,647
Loan Council - Housing Nominations	3,405	3,409	1,253	2,172	2,039	1,056	1,133	14,467	..	14,467
<i>Defence -</i>										
Housing For Servicemen	393	272	246	87	15	..	..	1,013	..	1,013
<i>Social Security and Welfare -</i>										
Unemployment Relief Works	..	10	..	..	..	..	..	10	..	10

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Housing and Community Amenities nec -</i>										
CSHA Block Assistance	21,821	18,140	5,901	5,629	6,243	3,262	314	61,309	..	61,309
Other Housing	..	..	..	..	..	..	1,354	1,354	3,999	5,353
Urban Water Supply and Treatment	..	..	..	46	115	..	..	161	..	161
Water and Sewerage Assistance	..	..	..	..	..	..	136	136	..	136
Growth Centres	117	77	..	..	..	..	..	194	..	194
Urban Rehabilitation	..	205	..	..	..	..	..	205	..	205
Sewerage	1,028	926	266	373	..	..	..	2,593	..	2,593
Community Facilities-Townsville	..	..	17	..	..	..	..	17	..	17
Captains Flat Project	31	..	..	..	..	..	..	31	..	31
<i>Transport -</i>										
Railway Projects	1,616	2,109	2,190	807	..	..	..	6,722	..	6,722
Weipa Development	..	..	186	..	..	..	..	186	..	186
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	84	269	502	65	..	21	..	941	..	941
Bovine Brucellosis and Tuberculosis	..	..	326	32	126	..	159	643	..	643
Canned Fruit Industry	424	..	..	..	..	..	..	424	..	424
Rural Adjustment Scheme	2,598	2,774	2,084	1,975	..	168	160	9,759	..	9,759
Rural Reconstruction	2,238	1,521	1,272	1,086	..	137	..	6,255	..	6,255
Meat Inspectors' Superannuation Loan	..	118	..	..	..	..	..	118	..	118
War Service Land Settlement	302	322	..	..	..	..	..	624	..	624
Brigalow Lands Development Scheme	..	..	693	..	..	..	..	693	..	693
Irrigation and Other Water Projects	..	..	..	633	..	..	..	633	..	633
Dartmouth Dam	587	587	..	..	..	..	..	1,173	..	1,173
Softwood Forestry	743	288	549	242	..	..	..	1,822	..	1,822
Gladstone Power Station	..	..	62,562	..	..	..	..	62,562	..	62,562
Exmouth Township-Electricity Services	..	..	..	14	..	..	..	14	..	14
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	1,652	318	6,912	101	..	334	8	9,325	..	9,325
TOTAL	390,569	298,874	212,945	115,042	122,802	70,129	27,542	1,237,904	8,646	1,246,550

ADVANCES

<i>Housing and Community Amenities nec -</i>										
Urban Water Supply and Treatment	..	..	..	..	1,247	..	..	1,247	..	1,247
<i>Industries Assistance and Development -</i>										
Meat Inspectors Superannuation Loan	..	320	..	..	..	..	..	320	..	320

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queens-land	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	1,750	..	1,750	..	..	..	..	3,500	..	3,500
TOTAL	1,750	320	1,750	..	1,247	..	..	5,067	..	5,067
INTEREST										
<i>Interest on Loan Council & NT Government Borrowings (c) -</i>	412,000	298,000	171,000	113,000	115,000	96,000	46,000	1,251,000	..	1,251,000
<i>Interest on Commonwealth Government Loans -</i>										
ACT Government Debt	..	..	..	..	..	..	..	..	15,203	15,203
Housing Nomination	23,634	22,987	8,532	14,620	12,251	7,247	8,183	97,454	..	97,454
<i>Defence -</i>										
Housing for Servicemen	2,685	991	1,539	540	340	..	..	6,096	..	6,096
<i>Housing and Community Amenities nec -</i>										
CSHA Loans	54,815	42,846	15,133	14,488	21,781	9,879	1,669	160,611	..	160,611
Other Housing	..	..	..	..	..	..	5,238	5,238	12,616	17,854
Urban Water Supply and Treatment	..	..	..	70	1,136	..	..	1,206	..	1,206
Water and Sewerage Assistance	..	..	..	..	..	..	698	698	..	698
Growth Centres	249	165	..	..	..	..	..	413	..	413
Urban Rehabilitation	..	178	..	..	..	..	..	178	..	178
Sewerage	7,380	6,459	1,918	2,606	..	..	..	18,363	..	18,363
Community Facilities - Townsville	..	..	29	..	..	..	..	29	..	29
Captains Flat Project	31	..	..	..	..	..	..	31	..	31
<i>Transport -</i>										
Railway Projects	1,304	2,398	2,586	1,030	..	..	..	7,318	..	7,318
Weipa Development	..	..	40	..	..	..	..	40	..	40
<i>Industry Assistance and Development -</i>										
Dairy Adjustment Program	23	127	122	24	..	9	..	305	..	305
Bovine Brucellosis and Tuberculosis	..	..	39	4	14	..	33	90	..	90
Rural Adjustment Scheme	2,216	2,135	1,807	1,755	..	146	177	8,236	..	8,236
Rural Reconstruction	286	190	160	149	..	16	..	800	..	800
Meat Inspectors Superannuation Loan	..	34	..	..	..	..	..	34	..	34
War Service Land Settlement	290	307	..	..	..	..	..	597	..	597
Brigalow Lands Development Scheme	..	..	287	..	..	..	..	287	..	287
Irrigation and Other Water Projects	..	..	..	122	..	..	..	122	..	122
Dartmouth Dam	413	413	..	..	..	..	..	826	..	826
Softwood Forestry	1,959	382	720	746	..	..	..	3,807	..	3,807
Gladstone Power Station	..	..	7,848	..	..	..	..	7,848	..	7,848

Table 33: Commonwealth Payments to States, Repayments of Advances and Interest Payments (\$ 000) - 1993-94 - continued

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Northern Territory	Six States & NT Total	ACT	Total
Exmouth Township - Electricity Services	..	..	..	3	..	..	..	3	..	3
<i>Not Allocated to Function(a) -</i>										
Natural Disaster Relief	85	..	61	..	..	13	..	159	..	159
TOTAL	507,370	377,611	211,821	149,158	150,522	113,309	61,997	1,571,789	27,819	1,599,608
TOTAL GROSS AND NET PAYMENTS										
For General Purposes	4,138,261	3,128,500	2,839,091	1,592,048	1,513,097	627,412	850,106	14,688,513	347,248	15,035,759
For Specific Purposes	5,492,924	4,088,861	2,907,621	1,632,701	1,630,341	488,945	262,780	16,504,172	229,486	16,733,658
Total Gross Payments	9,631,184	7,217,361	5,746,711	3,224,748	3,143,438	1,116,357	1,112,886	31,192,685	576,733	31,769,417
Payments to State	7,558,665	5,522,305	4,738,075	2,624,485	2,626,185	953,584	1,055,147	25,078,447	514,739	25,593,184
*Payments through State	2,072,519	1,695,056	1,008,637	600,263	517,252	162,773	57,738	6,114,239	61,994	6,176,233
Total Gross Payments	9,631,184	7,217,361	5,746,711	3,224,748	3,143,438	1,116,357	1,112,886	31,192,685	576,733	31,769,417
Repayments	-390,569	-298,874	-212,945	-115,042	-122,802	-70,129	-27,542	-1,237,904	-8,646	-1,246,550
Total Net Payments	9,240,615	6,918,488	5,533,766	3,109,706	3,020,636	1,046,228	1,085,343	29,954,781	568,087	30,522,866

*Items so marked are classified as payments made through the State. See discussion in Chapter 1.

- (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 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 raising

APPENDIX III: TABLES OF PAYMENT TO OR FOR LOCAL GOVERNMENT AUTHORITIES, 1989-90 TO 1993-94 (ESTIMATES)

This appendix provides details of Commonwealth payments to or for local government authorities in each of the States (excluding the ACT). The payments are in three categories:

- general purpose assistance which is initially paid to the States 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 through the States which is generally passed on at the discretion of the State governments, although in some instances Commonwealth approval is required. Elsewhere in this Paper, such assistance is classified as a specific purpose payment to the States. The amounts shown are those supplied by State Treasuries for the period 1989-90 to 1992-93. 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 1993-94.

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Table 34: Commonwealth Government Payments to or for Local Government Authorities in New South Wales (\$ thousand)

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	237,124	243,138	247,307	255,320	255,881
Identified Road Funding	..	..	93,634	96,358	96,715
Total	237,124	243,138	340,940	351,678	352,596
Direct Payments - Current					
Home and Community Care	..	..	..	..	190
Nursing Homes	-2	-2	..	..	..
Aged and Disabled Persons' Homes and Hostels	1,389	1,613	3,074	2,694	2,973
Handicapped Persons' Assistance	279	541	1,766	2,404	700
Children's Services	24,951	24,453	41,577	48,436	57,985
Aboriginal Advancement	..	..	..	19	500
Local Government Development Program	764	530	230	7	190
Sydney's Olympic Games Bid	..	..	..	5,000	..
Aerodrome Local Ownership Plan	2,353	2,589	8,991	3,148	521
Total Current	29,732	29,723	55,638	61,707	63,059
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	3,099	2,266	4,762	9,649	8,900
Handicapped Persons' Assistance	46	111	329	534	122
Children's Services	375	263	197	161	313
Local Capital Works Program	..	..	..	89,348	16,273
Newcastle Redevelopment	..	..	..	750	1,450
Sydney Customs House	..	..	..	..	24,000
Aerodrome Local Ownership Plan	182	3	1,242	529	..
Total Capital	3,701	2,643,383	6,529	100,972	51,058
Total Direct Payments	33,433	32,367	62,168	162,679	114,117
Total Direct plus General Assistance	270,557	275,504	403,108	514,357	466,713
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	6,066	7,211	11,542	10,915	na
Supported Accommodation Assistance	42	279	370	238	na
Children's Services	743	708	750	781	na
Family Support Services	..	..	..	..	na
Local Government and Community Housing Grants	1,253	722	1,577	1,940	na
National Estate	156	282	204	204	na
Roads Assistance	83,605	86,204	..	..	na
Flood Mitigation	3,460	9,420	10,100	8,381	na
Support for Steel Regions	..	..	..	..	na
Disaster Relief	..	65,447	7,845	..	na
Total On-passed Specific Purpose Funds	95,325	170,273	32,388	22,459	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	177,280	182,408	185,897	190,793	190,523
Identified Road Funding	..	..	66,535	68,471	68,725
Total	177,280	182,408	252,432	259,264	259,248
Direct Payments - Current					
Nursing Homes	-2	-8	..	..	..
Home and Community Care	..	..	81	278	645
Aged and Disabled Persons' Homes and Hostels	3,308	4,544	5,420	5,888	6,021
Handicapped Persons' Assistance	176	379	667	1,101	500
Children's Services	29,312	27,179	49,178	58,510	70,241
Aboriginal Advancement	..	..	..	105	100
Local Government Development Program	462	387	145	105	..
Aerodrome Local Ownership Plan	721	624	2,281	1,397	1
Total Current	33,977	33,104	57,772	67,383	77,508
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	651	4,905	4,924	4,127	4,850
Handicapped Persons' Assistance	24	53	156	101	50
Children's Services	683	122	485	352	1,467
Local Capital Works	..	..	..	89,548	16,556
Aerodrome Local Ownership Plan	147	..	276	377	..
Total Capital	1,504	5,079	5,840	94,506	22,923
Total Direct Payments	35,481	38,184	63,612	161,889	100,431
Total Direct plus General Assistance	212,762	220,591	316,044	421,153	359,679
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	38,693	43,597	45,081	45,201	na
Supported Accommodation Assistance	225	331	190	114	na
Children's Services	2,851	2,051	2,474	2,956	na
Local Government and Community Housing Grants	1,990	3,279	2,038	4,727	na
National Estate	109	142	67	184	na
Roads Assistance	59,500	61,075	..	..	na
Flood Mitigation	379	1,656	387,503	320,500	na
Community Employment Program	..	..	..	..	na
National Sports Facilities	911	..	..	..	na
Australian Bicentenary	..	..	..	..	na
Total On-passed Specific Purpose Funds	104,658	112,131	437,353	373,682	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	114,989	120,399	123,965	128,928	131,199
Identified Road Funding	..	..	60,468	62,227	62,457
Total	114,989	120,399	184,433	191,155	193,657
Direct Payments - Current					
Home and Community Care	..	..	..	..	155
Aged and Disabled Persons' Homes and Hostels	435	805	1,128	1,398	1,618
Handicapped Persons' Assistance	164	393	559	868	365
Children's Services	6,429	6,980	10,106	21,627	25,312
Aboriginal Advancement	3,430	..	..	295	275
Local Government Development Program	290	305	115	86	..
Aerodrome Local Ownership Plan	1,523	2,706	4,623	9,435	2
Total Current	12,271	11,189	16,530	33,708	27,272
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	2,780	873	972	598	700
Handicapped Persons' Assistance	106	73	115	58	50
Children's Services	177	99	63	54	138
Aboriginal Advancement	686	..	..	..	..
Local Capital Works	..	..	..	43,229	7,164
Aerodrome Local Ownership Plan	832	2,089	4,790	1,164	..
Total Capital	4,580	3,134	5,939	45,104	8,052
Total Direct Payments	16,851	14,323	22,469	78,812	35,779
Total Direct plus General Assistance	131,840	134,722	206,902	269,966	229,435
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	590	1,030	1,989	2,655	na
National Better Health	..	35	..	..	na
Supported Accommodation Assistance	52	80	50	150	na
Children's Services	34	..	..	..	na
Family Support Services	..	77	348	696	na
Local Government and Community Housing Grants	4,400	5,454	9,543	10,380	na
National Estate	121	171	35	40	na
Roads Assistance	60,146	59,089	4,008	12,223	na
Flood Mitigation	3,102	1,690	409	249	na
Community Employment Program	..	..	..	..	na
Natural Disaster Relief	7,035	25,098	22,187	1,368	na
Aboriginal and Torres Strait Islanders Infrastructure Grants	..	..	..	1,639	na
Total On-passed Specific Purpose Funds	75,480	92,724	38,569	27,761	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance					
General (a)	64,821	67,718	69,605	70,939	71,263
Identified Road Funding (a)	..	..	49,346	50,782	50,970
Total	64,821	67,718	118,951	121,721	122,233
Direct Payments - Current					
Nursing Homes	8	-3	..	..	..
Aged and Disabled Persons' Homes and Hostels	638	1,896	1,024	1,224	1,395
Handicapped Persons' Assistance	-1	12	17	10	..
Children's Services	7,078	8,027	10,590	9,883	11,817
Aboriginal Advancement	..	..	..	231	150
Local Government Development Program	214	272	..	..	..
Aerodrome Local Ownership Plan	3,212	2,545	1,183	2,694	906
Exmouth Shire-Defence Changes	..	..	60	..	..
Total Current	11,148	12,750	12,874	14,043	14,268
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	2,374	998	2,225	69	80
Children's Services	53	64	4	120	73
Local Capital Works	..	..	..	34,520	4,929
Perth Airport Land Acquisition	..	..	..	156	..
Aerodrome Local Ownership Plan	20	124	569	1,827	286
Total Capital	2,447	1,187	2,797	36,692	5,368
Total Direct Payments	13,595	13,936	15,671	50,734	19,636
Total Direct plus General Assistance	78,416	81,655	134,621	172,455	141,869
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	3,825	5,490	5,985	8,936	na
Supported Accommodation Assistance	654	459	342	457	na
Children's Services	217	209	185	146	na
Local Government and Community Housing Grants	656	681	835	1,713	na
National Estate	127	108	60	112	na
Roads Assistance	42,196	46,629	3,639	..	na
Flood Mitigation	200	..	122	44	na
Community Employment Program	..	..	..	..	na
Australian Bicentenary	..	..	..	..	na
Total On-passed Specific Purpose Funds	47,875	53,576	11,168	11,408	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance					
General (a)	58,496	60,044	61,081	62,487	62,383
Identified Road Funding	..	..	17,736	18,252	18,320
Total	58,496	60,044	78,817	80,739	80,703
Direct Payments-Current					
Nursing Homes	131	..	..	..	..
Aged and Disabled Persons' Homes and Hostels	1,970	1,432	2,508	2,433	2,668
Handicapped Persons' Assistance	61	206	157	163	10
Children's Services	1,032	988	1,300	1,371	1,623
Aboriginal Advancement	..	..	..	35	20
Local Government Development Program	185	242	15	10	..
Aerodrome Local Ownership Plan	168	1,744	22	150	..
Total Current	3,549	4,613	4,002	4,162	4,321
Direct Payments-Capital					
Aged and Disabled Persons' Homes and Hostels	46	537	182	27	30
Handicapped Persons' Assistance	41	..	..	20	20
Children's Services	14	8	..	..	..
Local Capital Works	..	..	..	30,660	4,718
Aerodrome Local Ownership Plan	301	208	..	..	..
Total Capital	401	753	182	30,707	4,768
Total Direct Payments	3,949	5,365	4,185	34,869	9,089
Total Direct plus General Assistance	62,446	65,409	83,002	115,608	89,792
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	913	1,138	1,237	1,900	na
Children's Services	..	..	..	..	na
Family Support Services	204	..	..	..	na
Local Government and Community Housing Grants	912	1,559	2,550	3,059	na
National Estate	54	93	105	44	na
Roads Assistance	15,209	16,234	56	10	na
Community Employment Program	..	..	..	..	na
Natural Disaster Relief	..	..	..	788	na
Building Better Cities Program	..	..	..	2,414	na
Total On-passed Specific Purpose Funds	17,292	19,024	3,948	8,215	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	18,565	19,022	19,346	20,164	20,134
Identified Road Funding	..	..	11,943	17,600	17,665
Total	18,565	19,022	31,289	37,764	37,799
Direct Payments - Current					
Aged and Disabled Persons' Homes and Hostels	..	..	8	218	218
Handicapped Persons' Assistance	..	1	..	..	..
Children's Services	4,781	4,128	5,822	6,174	7,412
Aboriginal Advancement	..	..	..	47	30
Local Government Development Program	140	75	..	..	..
Aerodrome Local Ownership Plan	44	11	143	820	..
Total Current	4,965	4,214	5,973	7,259	7,660
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	112	..	1,044	888	978
Children's Services	64	17	26	44	19
Local Capital Works	..	..	..	9,527	807
Aerodrome Local Ownership Plan	..	..	92	1,400	..
Total Capital	176	17	1,162	11,859	1,804
Total Direct Payments	5,141	4,231	7,135	19,119	9,464
Total Direct plus General Assistance	23,706	23,253	38,424	56,883	47,263
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	131	598	323	378	na
Supported Accommodation Assistance	..	177	110	60	na
Crisis Accommodation	..	31	..	22	na
Children's Services	30	24	108	197	na
Family Support Services	..	92	51	43	na
Local Government and Community Housing Grants	6	60	175	19	na
National Estate	..	16	21	67	na
Roads Assistance	14,179	14,843	5,098	..	na
Flood Mitigation	1,328	398	450	380	na
Community Employment Program	..	..	..	..	na
Assistance for South-West Tasmania	6	47	94	5	na
Total On-passed Specific Purpose Funds	15,680	16,286	6,430	1,171	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	6,464	6,564	6,681	7,212	7,182
Identified Road Funding	..	..	3,560	7,780	7,809
Total	6,464	6,564	10,241	14,992	14,991
Direct Payments - Current					
Aged and Disabled Persons' Homes and Hostels	..	..	..	..	7
Handicapped Persons' Assistance	13	..	11	..	..
Children's Services	1,376	1,147	2,380	1,887	2,268
Aboriginal Advancement	..	..	..	91	45
Local Government Development Program	85	35	..	..	..
Aerodrome Local Ownership Plan	..	..	..	..	366
Total Current	1,474	1,182	2,390	1,978	2,686
Direct Payments - Capital					
Aged and Disabled Persons' Homes and Hostels	19	..	..	..	..
Handicapped Persons' Assistance	24	..	..	..	..
Children's Services	9	44	50	64	23
Local Capital Works	..	..	..	358	40
Total Capital	52	44	50	422	63
Total Direct Payments	1,526	1,227	2,440	2,400	2,749
Total Direct plus General Assistance	7,990	7,791	12,681	17,392	17,740
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	262	277	300	214	na
Supported Accommodation Services	58	4	..	3	na
Children's Services	85	81	35	46	na
Family Support Services	..	..	..	..	na
Local Government and Community Housing Grants	24	107	93	42	na
National Estate	16	..	45	..	na
Roads Assistance	3,023	3,268	704	2,932	na
Community Employment Program	..	..	..	..	na
National Women's Health	..	..	..	3	na
Total On-passed Specific Purpose Funds	3,468	3,737	1,177	3,236	na

(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 1993-94 not yet available.

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

	1989-90	1990-91	1991-92	1992-93	1993-94 (estimate)
Local Government General Purpose Assistance (a)					
General	677,740	699,292	713,883	735,842	738,566
Identified Road Funding	..	..	303,221	321,470	322,660
Total	677,740	699,292	1,017,104	1,057,313	1,061,226
Direct Payments-Current					
Nursing Homes	135	-13	..	..	..
Home and Community Care	..	..	81	278	990
Aged and Disabled Persons' Homes and Hostels	7,740	10,290	13,161	13,856	14,900
Handicapped Persons' Assistance	691	1,532	3,176	4,545	1,575
Children's Services	74,959	72,902	120,953	147,888	176,658
Aboriginal Advancement	3,430	..	..	823	1120
Local Government Development Program	2,140	1,847	505	207	190
Sydney's Olympic Games Bid	..	..	..	5,000	..
Aerodrome Local Ownership Plan	8,021	10,217	17,243	17,643	1,796
Exmouth Shire-Defence Changes	..	..	60	..	..
Total Current	97,116	96,776	155,179	190,240	197,229
Direct Payments-Capital					
Aged and Disabled Persons' Homes and Hostels	9,080	9,579	14,109	15,358	15,538
Handicapped Persons' Assistance	240	237	599	713	242
Children's Services	1,374	617	824	795	2,033
Aboriginal Advancement	686	..	..	..	..
Local Capital Works	..	..	..	297,191	50,487
Newcastle Redevelopment	..	..	..	750	1,450
Sydney Customs House	..	..	..	..	24,000
Perth Airport Land Aquisition	..	..	..	156	..
Aerodrome Local Ownership Plan	1,482	2,425	6,968	5,298	286
Total Capital	12,861	12,857	22,500	320,261	94,036
Total Direct Payments	109,977	109,633	177,679	510,501	291,265
Total Direct plus General Assistance	787,716	808,925	1,194,783	1,567,814	1,352,491
Specific Purpose Payments to the States passed on to Local Government Authorities (b)					
Home and Community Care	50,480	59,341	54,915	70,198	na
National Better Health	..	35	..	3	na
Supported Accommodation Assistance	1,030	1,330	692	1,022	na
Crisis Accommodation	..	31	..	22	na
Children's Services	3,960	3,073	14,344	4,126	na
Family Support Services	204	169	399	739	na
Local Government and Community Housing Grants	9,241	11,863	15,984	21,879	na
CSHA Aboriginal Housing	..	..	..	1,639	..
National Estate	584	812	537	651	na
Roads Assistance	277,857	287,342	13,449	15,165	na
Flood Mitigation	8,469	13,164	388,688	329,554	na
Assistance for South-West Tasmania	6	47	..	5	na
National Sports Facilities	911	..	..	..	na
Natural Disaster Relief	7,035	90,545	32,287	2,156	na
Building Better Cities	..	..	..	2,414	..
Total On-passed Specific Purpose Funds	359,777	467,751	521,295	449,574	na

(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 1993-94 not yet available.