

2000-01 BUDGET PAPER No. 3

**FEDERAL  
FINANCIAL RELATIONS  
2000-01**

CIRCULATED BY  
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FOR THE INFORMATION OF HONOURABLE MEMBERS  
ON THE OCCASION OF THE BUDGET 2000-01  
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## Preface

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

Figures for 1999-2000 and 2000-01 are estimates.

### Relationship with Other Budget Papers and Terminology

Chapter 4 of this Paper examines trends in the States' cash underlying budget positions. This measure approximates the national accounts net lending measure and hence provides an estimate of the savings-investment gap for the relevant sector. Data on the Commonwealth's underlying cash position is provided in Statement 1 of *Budget Paper No. 1*.

Appendix A to this Paper provides general information on the goods and services tax (GST) and gives a summary of the GST revenue measures introduced since the 1999-2000 Budget. For major policy changes since the 1999-2000 Budget, a detailed description is also provided.

Appendix B to this Paper provides information on the level and interstate distribution of Specific Purpose Payments, repayments of advances, advances and interest payments. Information on the level and interstate distribution of Commonwealth payments to local government authorities is also included.

### Parameter Estimates Used in this Paper

Table 1 sets out the population series and index factors used in this Budget Paper.

**Table 1: Parameters**

	Index Factors (per cent)			Population by State ('000s)								
	CPI	Popu- lation	Real Per Capita	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
1999-00	1 3/4	1 1/4	3	6,448	4,740	3,539	1,876	1,496	470	311	194	19,074
<b>2000-01(a)</b>	5 1/2	1 1/4	6 3/4	6,519	4,794	3,596	1,906	1,503	469	314	197	19,300
<b>2000-01(b)</b>	2 3/4	1 1/4	4	6,519	4,794	3,596	1,906	1,503	469	314	197	19,300

(a) Estimated CPI unadjusted for the estimated impact of indirect tax reform.

(b) Estimated CPI adjusted to remove the estimated impact of indirect tax reform.

The population series that underlie per capita estimates in this Budget Paper for 1999-2000 and 2000-01 are projections at 31 December 1999 and 31 December 2000 respectively. These projections were prepared by the Australian Bureau of Statistics

(ABS) and are on the basis of assumptions agreed to by Treasury. The index factors for population in 1999-2000 and 2000-01 are based on the estimated annual growth in the Australian population to 31 December 1999 and 31 December 2000 respectively.

The index factor for prices in 1999-2000 is based on estimated year-average growth in the headline consumer price index (CPI) in the year to the March 2000 quarter. For 2000-01, the first price index factor listed is based on estimated year-average growth in the headline CPI in the year to the March quarter 2001 *including* the estimated impact of indirect tax reform. The second is based on the estimated year-average growth in the headline CPI in the year to the March quarter 2001 *excluding* the estimated impact of indirect tax reform. The choice of price index to be used in calculating payments that are subject to indexation is determined by legislation or other arrangements and is reported in the description that accompanies the relevant payment in this Budget Paper.

## Further Information

A number of ABS publications also provide information that is relevant to analysing Commonwealth financial relations with other levels of Government, including:

- *Government Financial Estimates, Australia* (Cat. No. 5501.0);
- *Taxation Revenue, Australia* (Cat. No. 5506.0);
- *Government Finance Statistics, Australia* (Cat. No. 5512.0);
- *Government Finance Statistics — Concepts, Sources and Methods* (Cat. No. 5514.0);
- *Information Paper: Developments in Government Finance Statistics, Australia* (Cat. No. 5516.0); and
- *Information Paper: Accruals Based Government Finance Statistics, Australia* (Cat. No. 5517.0).

Some of the data presented in this Paper are drawn from ABS government finance statistics (preliminary) data and the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities Update 2000*.

## Style Conventions

The following style conventions are employed in this Paper.

- The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the Territories.
- The State and local government sector is denoted as the 'State/local sector'. References to the 'State/local sector' include the Australian Capital Territory and the Northern Territory unless otherwise stated.

- Figures in tables, and generally in the text, have been rounded. Discrepancies in tables between totals and sums of components 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 applicable

0 zero

.. not zero, but rounded to zero

- nil

\* the nature of this measure is such that a reliable estimate cannot be provided

- The following abbreviations are used for the names of the States, where appropriate, in tables.

NSW New South Wales

VIC Victoria

QLD Queensland

WA Western Australia

SA South Australia

TAS Tasmania

ACT Australian Capital Territory

NT Northern Territory

*Budget Paper No. 3* is one of a series of Budget Papers, the purpose of which is to provide information supplementary to that in the Budget Speech. A full list of the series is printed on the inside cover of this Paper.





# Chapter 1: The New System of Federal Financial Relations

This chapter provides an overview of the progress on the reforms to Commonwealth-State financial relations to commence in 2000-01 as part of *The New Tax System*.

## REFORMS TO COMMONWEALTH-STATE FINANCIAL RELATIONS

On 13 August 1998, the Commonwealth Government announced its plan to reform the Australian taxation system. A key element of *A New Tax System* was a landmark reform of Commonwealth-State financial relations. At the 9 April 1999 Premiers' Conference, Heads of Governments signed the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (Intergovernmental Agreement), which settled the key aspects of the reforms. A copy of the original Intergovernmental Agreement was included in the 1999-2000 *Budget Paper No. 3*.

In essence, the Intergovernmental Agreement:

- removes State reliance on financial assistance grants and revenue replacement payments from the Commonwealth;
- provides all goods and services tax (GST) revenue to the States, to be spent according to their own budgetary priorities;
  - this provides the States with access to a more robust tax base which will grow over time thus ensuring that State budgets will be substantially better off over the medium term;
- gives the States a direct role in determining the GST base and rate and related operational matters;
- establishes a timetable for the abolition of a range of inefficient State taxes; and
- establishes a Ministerial Council for Commonwealth-State Financial Relations (the Ministerial Council).

On 28 May 1999, following negotiations with the Australian Democrats, the Prime Minister announced changes to the *A New Tax System* package. The changes to the GST, in particular the exclusion of basic food from its base, produced a significant reduction in estimates of GST revenue collections. As all GST revenue is being provided to the States, the changes adversely impacted on the States' budgetary positions. This necessitated modifications to the Intergovernmental Agreement, culminating in the endorsement by Heads of Government of a revised Intergovernmental Agreement in June 1999.

The key changes to the Intergovernmental Agreement were as follows:

- The abolition of Financial Institutions Duty was deferred from 1 January 2001 to 1 July 2001.
- The abolition of debits tax was deferred from 1 January 2001 until up to 1 July 2005 (subject to review by the Ministerial Council).
- The Ministerial Council will by 2005 review the need for retention of a range of business stamp duties, specifically, stamp duties on non-residential conveyances; unquoted marketable securities; leases; mortgages, debentures, bonds and other loan securities; credit arrangements, instalment purchase arrangements and rental arrangements; and on cheques, bills of exchange, and promissory notes. These stamp duties were originally to be abolished from 1 July 2001.
- The Commonwealth will retain responsibility for the payment of financial assistance to local government, rather than transfer this responsibility to the States.
- The States will ensure that the increase in pensions and allowances as part of the revised tax reform package will not flow through to increased public housing rents where rent is linked to the level of pension.

The Commonwealth made a commitment in the Intergovernmental Agreement to provide financial assistance to the States to cover any temporary shortfall in their budgets resulting from the implementation of tax reform. Consistent with this, the Commonwealth undertook to provide increased assistance to balance State budgets in the transitional years.

The reforms to Commonwealth-State financial arrangements required the passage of legislation by both the Commonwealth and the States. Legislation to give effect to the Commonwealth's commitments in the Intergovernmental Agreement — *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* and *A New Tax System (Commonwealth-State Financial Arrangements — Consequential Provisions) Act 1999* — received royal assent on 10 September 1999.

The States have agreed to enact legislation to fulfil their commitments, including the abolition of certain State taxes and the introduction of a First Home Owners Scheme.

## **MINISTERIAL COUNCIL FOR COMMONWEALTH-STATE FINANCIAL RELATIONS**

The Intergovernmental Agreement provides for the establishment of a Ministerial Council for Commonwealth-State Financial Relations, comprising Commonwealth and State Treasurers, to oversight the implementation and operation of the Intergovernmental Agreement. The inaugural Ministerial Council meeting on 17 March 2000 considered expected revenue payments to the States in 2000-01, as well as a range of tax reform-related issues.

The Ministerial Council noted estimates of GST revenue collections, Budget Balancing Assistance, Specific Purpose Payments, National Competition Payments and Special Revenue Assistance to be received by the States in 2000-01.

Also considered by the Ministerial Council were a range of other matters consistent with its role of monitoring the implementation of the Intergovernmental Agreement. These included:

- considering progress on the development of a range of Ministerial determinations affecting the tax base for the GST;
  - the Division 81 determination that establishes a list of Commonwealth, State and local government taxes, fees and charges that will not be subject to the GST, has been approved by the Ministerial Council and was gazetted on 1 March 2000;
- reviewing progress with implementing the First Home Owners Scheme;
  - all States anticipate the passage of necessary legislation prior to the scheme's commencement date of 1 July 2000, and promotional activities have commenced to alert first home buyers to the existence of the \$7,000 grant for home purchases after 1 July 2000;
- noting the Commonwealth's intention to legislate to require the States to withhold from any local government authority that does not register and pay GST a sum equivalent to the payments that ought to have been made. The Ministerial Council also noted States' intention to implement laws or procedures that will allow them to detect any non-compliance by local government bodies and to determine the level of local government financial assistance grants to be withheld in such cases; and
- endorsing a target date of 1 July 2001 for implementing the national tax equivalent regime for income tax for State government business enterprises.



## Chapter 2: GST Revenue Provision and Commonwealth Payments to the States in 2000-01

This chapter provides details of payments to be made to the States and local government in 2000-01 and subsequent years. It also discusses the composition of payments and the impact of horizontal fiscal equalisation. A discussion of payments made to the States in 1999-2000 and earlier years is contained in Chapter 3.

### **COMPOSITION OF PAYMENTS TO THE STATE/LOCAL SECTOR**

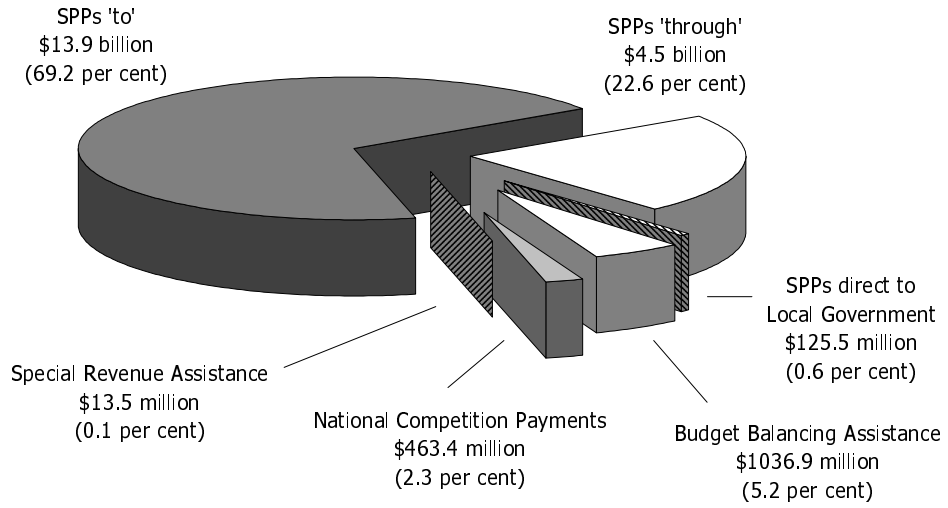
In addition to the provision of GST revenues, Commonwealth payments to the State/local sector in 2000-01 will comprise:

- general revenue assistance comprising:
  - Budget Balancing Assistance (BBA) provided by way of grants;
  - National Competition Payments (NCPs); and
  - Special Revenue Assistance (SRA);
- Specific Purpose Payments (SPPs) comprising:
  - SPPs ‘to’ the States;
  - SPPs ‘through’ the States; and
  - SPPs direct to local government.

The Commonwealth will also be providing additional BBA in the form of one year interest free loans.

It is estimated that the States will receive around \$24.1 billion in GST revenues in 2000-01, which can be applied without restriction in meeting their expenditure priorities. Commonwealth payments to the State/local sector in 2000-01 are estimated to be \$20.0 billion, of which SPPs account for the majority. Chart 1 illustrates the composition of the Commonwealth payments to the State/local sector in 2000-01. Table 2 summarises estimated GST revenue provision and other Commonwealth payments to each State.

**Chart 1: Composition of Commonwealth Payments to the State/Local Sector in 2000-01 (estimated) \$20.0 billion**



**Table 2: Total Commonwealth Payments to the State/Local Sector and GST Revenue<sup>(a)</sup>, 2000-01 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
(1) General revenue assistance (1.1) + (1.2) + (1.3)	464.3	366.0	341.2	133.1	110.8	36.9	39.9	21.5	1513.8
(1.1) Budget Balancing Assistance Grants	307.8	250.9	254.9	87.3	74.7	25.6	18.9	16.8	1036.9
(1.2) National Competition Payments	156.5	115.1	86.4	45.8	36.1	11.3	7.5	4.7	463.4
(1.3) Special Revenue Assistance	0.0	0.0	0.0	0.0	0.0	0.0	13.5	0.0	13.5
(2) Total Specific Purpose Payments (2.1) + (2.2) + (2.3) (b)	6085.1	4319.8	3411.6	1990.0	1486.7	495.8	322.3	344.8	18456.2
(2.1) Specific Purpose Payments 'to' the States	4568.8	3119.3	2571.9	1513.0	1150.5	381.2	225.9	272.0	13802.6
(2.2) Specific Purpose Payments 'through' the States(c)	1482.0	1153.6	822.3	463.6	328.3	110.1	96.3	72.1	4528.2
(2.3) Specific Purpose Payments direct to local government	34.3	46.9	17.4	13.5	7.9	4.5	0.2	0.7	125.5
(3) Commonwealth payments to the State/local sector (1) + (2)	6549.4	4685.9	3752.8	2123.1	1597.5	532.7	362.3	366.4	19970.0
(4) Provision of GST revenue to the States(d)	7180.3	5027.3	4604.1	2337.8	2247.7	971.9	470.6	1212.7	24052.6
(5) GST revenue and Commonwealth payments (3)+(4)	13729.7	9713.1	8357.0	4460.9	3845.3	1504.6	832.9	1579.1	44022.6

(a) This table does not include Revenue Replacement Payments made in 2000-01 that relate to Safety Net Arrangement collections in 1999-2000.

(b) This total and that for SPPs 'to' does not include the 2000-01 \$74.8 million FBT transitional grant for public hospitals since indicative estimates of the distribution to each State are not currently available.

(c) Payments 'through' are payments that are made to the States to be passed on to local government, other bodies and individuals.

(d) Includes GST growth dividend. See Table 4.

## REVENUE COLLECTED BY THE COMMONWEALTH ON BEHALF OF THE STATES

The Commonwealth collects a range of taxes on behalf of the States. These comprise revenues collected under the Section 90 'safety net' arrangements (following the 5 August 1997 High Court Decision on Business Franchise Fees in the case of *Ha and Lim v. New South Wales*), and mirror taxes at Commonwealth places (following the 14 November 1996 High Court Decision in the *Allders* case). Under the Intergovernmental Agreement the 'safety net' arrangements will cease from 1 July 2000.

Table 3 provides estimates of the taxes to be collected on an agency basis by the Commonwealth for the States between 1999-2000 and 2003-04. The final safety net payment for 2000-01 reflects payment of safety net revenue collected in 2000-01 that is related to 1999-2000.

**Table 3: Revenue Collected by the Commonwealth on Behalf of the States, 1999-2000 to 2003-04 (estimated)**

	1999-00 \$m	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
'Safety Net' surcharge collections(a)	6975.9	363.3	na	na	na
Mirror taxes	171.0	169.0	174.0	181.0	190.0
Total	7146.9	532.3	174.0	181.0	190.0

(a) These collections less administration costs are paid to the States as revenue replacement payments. See Chapter 3 for details.

## PROVISION OF GST REVENUE TO THE STATES IN 2000-01

As discussed in Chapter 1, the terms of the Intergovernmental Agreement provide for the States to receive all revenue raised by the GST from 1 July 2000. GST revenues are to be distributed amongst the States on the basis of horizontal fiscal equalisation principles (discussed later in the chapter).

Table 4 shows the estimated provision of GST revenue to the States. This distribution is in accordance with the GST relativities recommended in the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities 2000 Update* and the Intergovernmental Agreement.

- The per capita relativities are applied to the States' populations (as at 31 December of each year) in order to arrive at a weighted population share for each State. A States' share of the GST revenue is equal to its weighted population share of the combined GST revenue and unquarantined Health Care Grants (HCGs), less the unquarantined HCGs it receives.



The estimates of GST revenue have varied since the March Ministerial Council meeting, in line with parameter updates and other revisions. The final amount of GST revenue for 2000-01 will be determined by the Commissioner of Taxation in accordance with Appendix B of the Intergovernmental Agreement.

**Table 4: Distribution of GST Revenue in 2000-01 (estimated)**

	Projected Population as at 31 December 2000 ( <sup>'000</sup> ) (a)	Per capita Relativities (b)	Weighted Populations (1) *(2) ( <sup>'000</sup> ) (c)	Share of Weighted Population (%) (d)	GST Revenue/HCGs Pool Distributed According to (4) (\$m) (e) (f)	Unquarantined Health Care Grants (\$m)	Distribution of GST Revenue (5) less (6) (\$m)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	6518.8	0.90913	5926.5	30.7	9262.0	2081.7	7180.3
VIC	4794.4	0.87049	4173.5	21.6	6523.4	1496.1	5027.3
QLD	3596.5	1.01830	3662.3	19.0	5721.3	1117.2	4604.1
WA	1906.3	0.98365	1875.2	9.7	2929.7	591.9	2337.8
SA	1503.1	1.18258	1777.5	9.2	2775.6	527.9	2247.7
TAS	469.2	1.51091	708.9	3.7	1106.3	134.4	971.9
ACT	314.3	1.11289	349.8	1.8	546.3	75.7	470.6
NT	197.3	4.16385	821.3	4.3	1280.0	67.3	1212.7
Total	19299.8	na	19294.9	100.0	30,144.6	6092.1	24052.6

- (a) The projected population as at 31 December 2000 has been prepared by the ABS on the basis of assumptions agreed to by Treasury. These projections are subject to revision.
- (b) The per capita relativities adopted at the March 2000 Ministerial Council meeting.
- (c) Total weighted population differs from the total population in column 1 as the per capita relativities are calculated by the CGC using population numbers for the period 1994-95 to 1998-99 and are then rounded. It is the total population shown in column 1 that is used in determining an index factor for the GST/HCG pool. Note also that population numbers are projections.
- (d) For ease of presentation, weighted population shares rounded to one decimal place are shown.
- (e) Includes per capita distribution of an agreed \$97 million estimated GST growth dividend in recognition of the higher tax revenues that will flow to governments because of the positive impact of tax reform on economic activity. The estimates were agreed between the Commonwealth and the States as follows (allowing for rounding): New South Wales \$32.8 million, Victoria \$24.1 million, Queensland \$18.1 million, Western Australia \$9.6 million, South Australia \$7.6 million, Tasmania \$2.4 million, Australian Capital Territory \$1.6 million and Northern Territory \$1.0 million (see the GMA methodology paper).
- (f) Estimated unquarantined HCGs. These numbers have been updated to reflect the Commonwealth's announced intention to index the payments using Wage Cost Index No. 1.

## GENERAL REVENUE ASSISTANCE

In 2000-01, general revenue assistance will take the form of Budget Balancing Assistance (BBA) grants, National Competition Payments (NCPs) and Special Revenue Assistance (SRA). As with GST revenue, general revenue assistance is 'untied', that is, it is not required to be spent by the States in a specified area.

The level of general revenue assistance to the States in 2000-01 is estimated to be \$1,513.8 million.

- **BBA grants** are paid to the States by the Commonwealth in accordance with the Intergovernmental Agreement to ensure that their budgets are no worse off as a result of taxation reform until such time as GST revenue exceeds the funding that would have been received had taxation reform not taken place.
- **NCPs** are provided in accordance with the *Agreement to Implement the National Competition Policy and Related Reforms*. A State's receipt of NCPs is conditional on compliance with the obligations of the *Agreement*.
- **SRA** in 2000-01 will comprise payments to the Australian Capital Territory for transitional allowances and special fiscal needs.

Table 5 sets out estimated general revenue assistance by type of payment and State for the period 2000-01 to 2003-04.

**Table 5: General Revenue Assistance to the States, 2000-01 to 2003-04 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
Budget Balancing Assistance Grants									
<b>2000-01</b>	<b>307.8</b>	<b>250.9</b>	<b>254.9</b>	<b>87.3</b>	<b>74.7</b>	<b>25.6</b>	<b>18.9</b>	<b>16.8</b>	<b>1036.9</b>
2001-02	1432.7	792.6	41.3	274.2	311.0	125.3	43.6	91.6	3112.3
2002-03	807.8	400.9	0.0	111.7	163.2	68.0	21.6	59.6	1632.7
2003-04	593.5	269.5	0.0	11.1	98.9	33.9	2.4	34.4	1043.7
National Competition Payments									
<b>2000-01</b>	<b>156.5</b>	<b>115.1</b>	<b>86.4</b>	<b>45.8</b>	<b>36.1</b>	<b>11.3</b>	<b>7.5</b>	<b>4.7</b>	<b>463.4</b>
2001-02	241.6	177.7	134.0	71.1	55.4	17.2	11.6	7.4	716.0
2002-03	247.3	181.9	138.1	73.2	56.4	17.4	11.9	7.6	733.9
2003-04	253.2	186.0	142.4	75.4	57.5	17.7	12.2	7.9	752.2
Special Revenue Assistance									
<b>2000-01</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13.5</b>	<b>0</b>	<b>13.5</b>
2001-02	0	0	0	0	0	0	13.8	0	13.8
2002-03	0	0	0	0	0	0	14.2	0	14.2
2003-04	0	0	0	0	0	0	14.5	0	14.5
Total general revenue assistance									
<b>2000-01</b>	<b>464.3</b>	<b>366.0</b>	<b>341.2</b>	<b>133.1</b>	<b>110.8</b>	<b>36.9</b>	<b>39.9</b>	<b>21.5</b>	<b>1513.8</b>
2001-02	1674.3	970.3	175.3	345.2	366.4	142.5	69.0	99.0	3842.1
2002-03	1055.1	582.8	138.1	184.9	219.6	85.4	47.7	67.2	2380.8
2003-04	846.7	455.5	142.4	86.6	156.3	51.6	29.1	42.3	1810.4

## Budget Balancing Assistance

### *The Guaranteed Minimum Amount*

Under the Intergovernmental Agreement, the Commonwealth has guaranteed that in each of the transitional years following the introduction of the GST, each State's budgetary position will be no worse off than had the reforms in the Agreement not been implemented. To meet this commitment the Commonwealth will provide transitional assistance by way of BBA. BBA will take the form of both one year interest free loans and grants to the States in 2000-01 and quarterly grants in subsequent years. BBA generally represents the difference between the guaranteed minimum amount (GMA) calculated for each jurisdiction and that jurisdiction's share of GST revenues.

The GMA calculates the amount of funding each State would have had available to it under the previous arrangements. The GMAs have been calculated according to the terms of the Intergovernmental Agreement and the *Methodology for Estimation of Components of the Guaranteed Minimum Amount* paper (GMA methodology paper).

Table 6 shows the latest estimates of the GMAs, GST revenue and BBA, which have been updated since they were discussed at the March Ministerial Council. The

estimates may be further revised to account for parameter or estimate changes between the Budget and the payment of BBA to the States on 4 July 2000. The final GMAs, and hence the final amount of BBA for each State in 2000-01, will be determined by the Treasurer by 10 June 2001.

**Table 6: Guaranteed Minimum Amount Components, GST Revenue Provision and Budget Balancing Assistance 2000-01 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>Guaranteed minimum amount:</b>									
<b>State revenues forgone</b>									
Financial assistance grants	5214.3	3638.7	3421.6	1607.3	1789.4	817.9	373.7	1129.1	17992.1
Revenue replacement payments	2179.6	1459.1	1323.9	915.1	568.9	193.7	96.8	123.6	6860.7
Accommodation taxes	72.4	0.0	0.0	0.0	0.0	0.0	0.0	7.0	79.4
<b>plus Reduced revenues</b>									
Gambling taxes	470.0	358.2	168.1	55.3	67.0	17.7	16.4	10.4	1163.1
<b>plus Interest costs</b>									
Interest costs	3.3	7.5	11.7	2.3	4.0	2.2	1.2	3.0	35.2
<b>plus Additional expenditures</b>									
First Home Owners Scheme	218.5	194.0	137.1	119.5	54.1	14.8	16.5	7.7	762.2
GST administration costs	273.7	201.3	151.0	80.1	63.1	19.7	13.2	8.3	810.5
<b>plus Other items</b>									
WST payments	38.0	5.0	18.0	19.0	12.7	13.0	4.0	3.0	112.7
<b>minus Reduced expenditures</b>									
Off-road diesel subsidies	118.1	45.4	160.5	155.3	31.7	2.4	0.0	3.3	516.7
Savings from Tax Reform	147.3	100.4	83.6	50.1	36.4	12.2	8.5	12.5	451.0
<b>minus Growth dividend</b>									
Remaining State taxes	42.2	27.2	14.3	8.5	6.8	1.7	1.3	0.9	103.0
<b>Total guaranteed minimum amount (1)</b>	<b>8162.4</b>	<b>5690.8</b>	<b>4973.1</b>	<b>2584.7</b>	<b>2484.3</b>	<b>1062.7</b>	<b>511.9</b>	<b>1275.3</b>	<b>26745.1</b>
<b>GST revenue provision (2)</b>	<b>7180.3</b>	<b>5027.3</b>	<b>4604.1</b>	<b>2337.8</b>	<b>2247.7</b>	<b>971.9</b>	<b>470.6</b>	<b>1212.7</b>	<b>24052.6</b>
<b>Budget Balancing Assistance (1) - (2)</b>	<b>982.1</b>	<b>663.5</b>	<b>369.0</b>	<b>246.9</b>	<b>236.5</b>	<b>90.8</b>	<b>41.3</b>	<b>62.6</b>	<b>2692.6</b>
- Loan	674.3	412.6	114.1	159.6	161.8	65.1	22.4	45.7	1655.6
- Grant	307.8	250.9	254.9	87.3	74.7	25.6	18.9	16.8	1036.9

### ***Notional Financial Assistance Grants and the GMA***

A significant component of the GMA for each State is its notional Financial Assistance Grants (FAGs), or FAGs forgone. To facilitate the calculation of FAGs forgone, the Commonwealth Grants Commission (CGC) was directed in its *Report on General Revenue Grant Relativities 2000 Update* terms of reference to prepare a set of per capita relativities for calculating the distribution of a combined pool of FAGs and HCGs that would have resulted from a continuation of the Commonwealth-State financial arrangements that applied in 1999-2000. FAGs forgone are indexed using an estimated 2000-01 CPI adjusted to remove the estimated impact of indirect tax reform and in accordance with projections of the population as at 31 December each year.

Table 7 contains the relativities on which actual FAGs payments for the period 1995-96 to 1999-2000 are based, along with the FAGs forgone relativities for 2000-01.

**Table 7: Commonwealth Grants Commission FAGs Relativities, 1995-2000**

	1995 Update	1996 Update(a)	1997 Update	1998 Update(b)	1999 Report	2000 Update(c)
NSW	0.8743	0.87472	0.87819	0.87765	0.89948	0.89642
VIC	0.8506	0.87577	0.87835	0.88042	0.86184	0.85780
QLD	1.0435	1.04176	1.03737	1.02186	1.00687	1.01079
WA	1.0521	1.01409	0.99589	0.98252	0.94793	0.92399
SA	1.2047	1.18772	1.19100	1.22194	1.20680	1.23481
TAS	1.5437	1.54644	1.54974	1.55086	1.60905	1.62565
ACT	0.8916	0.88883	0.88435	0.95145	1.10270	1.14522
NT	5.0332	4.87829	4.89353	4.81869	4.84429	4.85767

- (a) The 1996 Update relativities as amended by the CGC's subsequent alternative calculation of 29 May 1996 relating to the treatment of Section 130 payments to Western Australia by deduction.
- (b) The 1998 Update 'equalisation' relativities.
- (c) The 2000 Update FAGs relativities are applied to the FAGs forgone pool in the GMA calculation.

### ***Budget Balancing Assistance Grants***

Only the grants component of the BBA is considered to be a part of general revenue assistance, as the interest free loans made to the States in 2000-01 are to be paid back to the Commonwealth in 2001-02.

- Under the terms of the original Intergovernmental Agreement it was proposed that BBA in 2000-01 would be comprised wholly of one year interest free loans. The grant component of the BBA in 2000-01 was introduced to finance the estimated net additional cost to the States arising from the changes to *A New Tax System* announced by the Prime Minister on 28 May 1999.
- As indicated in Table 6, the grants component of BBA is estimated to be over \$1.0 billion with the loans component estimated at over \$1.6 billion, bringing the total BBA for 2000-01 to just under \$2.7 billion.

From 2001-02, BBA will consist entirely of grants. Hence, all BBA will be classified as general revenue assistance from 2001-02 onwards.

Table 8 shows the estimated BBA from 2000-01 to 2003-04. The grants component of BBA is expected to peak in 2001-02 at \$3.1 billion (mainly reflecting the extra grants required in that year to facilitate the repayment of the loans made in 2000-01) before declining in subsequent years as the States' financial position continues to improve under the new arrangements.



**Table 8: Guaranteed Minimum Amount, GST Revenue Provision, Budget Balancing Assistance  
2000-01 to 2003-04 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>2000-01</b>									
(1) Guaranteed minimum amount	<b>8162.4</b>	<b>5690.8</b>	<b>4973.1</b>	<b>2584.7</b>	<b>2484.3</b>	<b>1062.7</b>	<b>511.9</b>	<b>1275.3</b>	<b>26745.1</b>
(2) GST revenue provision	<b>7180.3</b>	<b>5027.3</b>	<b>4604.1</b>	<b>2337.8</b>	<b>2247.7</b>	<b>971.9</b>	<b>470.6</b>	<b>1212.7</b>	<b>24052.6</b>
(3) Budget Balancing Assistance (1)-(2)	<b>982.1</b>	<b>663.5</b>	<b>369.0</b>	<b>246.9</b>	<b>236.5</b>	<b>90.8</b>	<b>41.3</b>	<b>62.6</b>	<b>2692.6</b>
- <i>Loan</i>	<b>674.3</b>	<b>412.6</b>	<b>114.1</b>	<b>159.6</b>	<b>161.8</b>	<b>65.1</b>	<b>22.4</b>	<b>45.7</b>	<b>1655.6</b>
- <i>Grant</i>	<b>307.8</b>	<b>250.9</b>	<b>254.9</b>	<b>87.3</b>	<b>74.7</b>	<b>25.6</b>	<b>18.9</b>	<b>16.8</b>	<b>1036.9</b>
<b>2001-02</b>									
(1) Guaranteed minimum amount	10026.8	6791.5	5307.3	2949.6	2858.8	1194.6	601.7	1411.1	31141.5
(2) GST revenue provision	8594.1	5998.9	5266.0	2675.5	2547.8	1069.2	558.1	1319.5	28029.2
(3) Budget Balancing Assistance (1)-(2)	1432.7	792.6	41.3	274.2	311.0	125.3	43.6	91.6	3112.3
<b>2002-03</b>									
(1) Guaranteed minimum amount	9671.1	6580.4	5437.2	2878.8	2834.4	1180.9	610.2	1454.9	30647.8
(2) GST revenue provision	8863.3	6179.5	5505.4	2767.1	2671.2	1112.9	588.5	1395.3	29083.3
(3) Budget Balancing Assistance (1)-(2)(a)	807.8	400.9	0.0	111.7	163.2	68.0	21.6	59.6	1632.7
<b>2003-04</b>									
(1) Guaranteed minimum amount	9913.4	6773.2	5641.7	2908.7	2927.3	1214.1	629.4	1546.6	31554.4
(2) GST revenue provision	9319.8	6503.7	5868.2	2897.5	2828.5	1180.2	627.0	1512.2	30737.2
(3) Budget Balancing Assistance (1)-(2)(a)	593.5	269.5	0.0	11.1	98.9	33.9	2.4	34.4	1043.7

(a) A State receiving more GST revenue than its GMA from 2002-03 is entitled to retain the excess.

## National Competition Payments

At the April 1995 Council of Australian Governments meeting, the Commonwealth and the States concluded the *Agreement to Implement the National Competition Policy and Related Reforms*. Under the Agreement the States are eligible for three tranches of ongoing NCPs. The NCPs commenced in July 1997 at an annual level of \$200 million, and were scheduled to increase in July 1999 to \$400 million and in July 2001 to \$600 million, in 1994-95 prices. The Agreement specifies that the NCPs be paid quarterly and be distributed to the States on an equal per capita basis.

Each State's NCPs are subject to the State making satisfactory progress with the implementation of specified reform conditions in the Agreement. Prior to the scheduled payment of NCPs in 2000-01, the National Competition Council (NCC) will assess whether each State has met these conditions and provide a report for consideration by the Commonwealth.

Subject to satisfactory progress in the areas to be reviewed by the NCC, the Commonwealth will provide the States with NCPs estimated to total \$463.4 million in 2000-01. This represents an increase of some 5.4 per cent on the 1999-2000 payment (based on an estimated CPI unadjusted for the estimated impact of indirect tax reform). Table 9 shows the allocation of NCPs in 1999-2000 and 2000-01.

**Table 9: National Competition Payments, 1999-2000 and 2000-01 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
1999-00	148.6	109.2	81.5	43.2	34.5	10.8	7.2	4.5	439.5
<b>2000-01</b>	<b>156.5</b>	<b>115.1</b>	<b>86.4</b>	<b>45.8</b>	<b>36.1</b>	<b>11.3</b>	<b>7.5</b>	<b>4.7</b>	<b>463.4</b>

## Special Revenue Assistance

In 2000-01 SRA will comprise funding to the Australian Capital Territory in the form of transitional allowances and special fiscal needs. The level of these payments reflects the recommendations of the CGC in its *Report on General Revenue Grant Relativities 2000 Update*.

Transitional allowances are designed to assist with the Australian Capital Territory's transition to 'State-like' funding from the generous levels of Commonwealth funding that existed before self-government. In 2000-01, transitional allowances will amount to \$9.5 million, an increase of \$0.2 million. This amount recognises that the Australian Capital Territory continues to have limited policy control over the provision of police services by the Australian Federal Police. The increase reflects an expected increase in the CPI adjusted to remove the estimated impact of indirect tax reform.

Special fiscal needs are payments to the Australian Capital Territory in recognition that certain functions (for example, the Family Court) are not directly funded by the Commonwealth, in contrast to the funding arrangements in other States. In 2000-01, special fiscal needs will amount to \$4.0 million, an increase of \$0.1 million from 1999-2000. As with transitional allowances, the increase is due to an expected increase in the CPI adjusted to remove the impact of indirect tax reform.

## **GENERAL PURPOSE ASSISTANCE TO LOCAL GOVERNMENT**

General purpose assistance to local government has been provided by the Commonwealth since 1974-75. Under current arrangements, the Commonwealth provides general purpose assistance to local government in the form of local government financial assistance grants and local government untied road funding. This assistance is paid to the States as an SPP on the condition that the funds are passed on to local government.

General purpose assistance is provided to local government authorities under the *Local Government (Financial Assistance) Act 1995* (the Act). Under the Act, the Treasurer is responsible for determining the annual increase in Commonwealth general purpose assistance paid to local government. The Act currently provides for general purpose assistance to be increased each year by an escalation factor that reflects the underlying movement in general revenue assistance provided to the States. The escalation factor reflects the percentage increase in the States' FAGs pool in the current year, which in turn reflects indexation for population growth and the CPI.

The Commonwealth will provide a payment of \$1,264.5 million in local government general purpose assistance in 1999-2000. These payments have been based upon the estimated escalation factor of 1.0295 per cent and take into account an overpayment of \$5.0 million in 1998-99. In June 2000, the Treasurer will determine the 1999-2000 final escalation factor on the basis of the actual FAGs payments made to the States in 1999-2000.

General purpose assistance to local government is estimated to be \$1,323.9 million in 2000-01 (after allowing for an estimated underpayment of \$1.7 million in 1999-2000). In 2000-01, general purpose assistance to local government will utilise an escalation factor based on estimates of population growth and CPI increases excluding the estimated impact of the indirect tax reform measures in *The New Tax System*. This is consistent with the decision that the ongoing CPI estimate (excluding the estimated impact of indirect tax reform) will be used for indexation purposes for most Commonwealth expenses, including SPPs. Since government agencies, including local governments, are able to claim input tax credits they effectively will not pay GST on their purchases and there is no need to increase funding by the GST factor in the CPI to maintain buying power. CPI measures price rises to consumers (who cannot claim input credits) but not the price rise for those who can. Local government's real price rise should be discounted by the GST effect. Nonetheless, they will still get additional savings from the removal of embedded sales taxes. The final escalation factor for 2000-01, to be determined by the Treasurer in June 2001, is presently estimated to be 1.04.

Table 10 sets out the payments of general purpose assistance to local government in 1999-2000 and 2000-01.

As in the past, the interstate distribution of local government FAGs for 2000-01 will be on an equal per capita basis, using the State populations at 31 December in the previous financial year. Untied local government road funding is to be distributed between the States on the basis of the criteria established under the *Australian Land Transport Development Act 1988*. In both cases, State Grants Commissions determine the intrastate distribution of these payments to local governments on the basis of fiscal equalisation.

**Table 10: General Purpose Assistance for Local Government, 1999-2000 and 2000-01 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>1999-00</b>									
Financial assistance grants	296.3	217.9	161.6	85.9	69.2	21.9	14.3	8.8	875.9
Identified road grants	112.8	80.1	72.8	59.4	21.4	20.6	12.5	9.1	388.7
Total general purpose assistance(a)	409.1	298.0	234.5	145.3	90.6	42.5	26.7	17.9	1264.5
<b>2000-01</b>									
<b>Financial assistance grants</b>	<b>309.9</b>	<b>228.0</b>	<b>170.0</b>	<b>90.2</b>	<b>72.0</b>	<b>22.7</b>	<b>14.9</b>	<b>9.3</b>	<b>917.0</b>
<b>Identified road grants</b>	<b>118.1</b>	<b>83.9</b>	<b>76.2</b>	<b>62.2</b>	<b>22.4</b>	<b>21.6</b>	<b>13.0</b>	<b>9.5</b>	<b>406.9</b>
<b>Total general purpose assistance(a)</b>	<b>427.9</b>	<b>311.9</b>	<b>246.3</b>	<b>152.5</b>	<b>94.3</b>	<b>44.2</b>	<b>28.0</b>	<b>18.8</b>	<b>1323.9</b>

(a) Total general purpose assistance is the actual cash payment that the State receives on behalf of local government. It is equal to the estimated entitlement for a given year adjusted for an over or under payment from the previous year.

## SPECIFIC PURPOSE PAYMENTS

### Nature and Purpose

SPPs are payments for policy purposes that relate to particular functional activities (for example, health and education). SPPs are made under Section 96 of the Constitution, which states that the Parliament may grant financial assistance to any State on such terms as it sees fit.

SPPs can be classified into three groups:

- SPPs paid **'to'** the States — payments direct to State governments, representing around 75 per cent of total SPPs;
- SPPs **'through'** the States — payments to State governments to be passed on to local government, other bodies and individuals, representing around 24 per cent of total SPPs. The main payments in this category relate to non-government schools and local government general purpose assistance; and
- SPPs made **direct** to local government, representing around 1 per cent of total SPPs. The main payments in this category relate to child care programmes administered by local governments on behalf of the Commonwealth and funding for aged and disabled persons' homes and hostels.

Indexation arrangements and the distribution of SPPs among States vary for each SPP. In most cases SPPs are subject to conditions reflecting Commonwealth policy objectives or national policy objectives agreed to between the Commonwealth and the States. It is because of the conditions attached to SPPs that they are sometimes called 'tied grants'. Such conditions may include:

- general policy requirements on States (for example, that the States provide free public hospital treatment to Medicare patients as a condition of receiving health care grants);
- a requirement that a payment be expended for a specific purpose (for example, housing assistance for homeless people);
- meeting broad Commonwealth-State agreements covering principles and programme delivery mechanisms (for example, the Commonwealth-State Housing Agreement); and
- conditions of joint expenditure programmes including project approval, matching funding arrangements and performance information.

SPPs also include some payments that are not subject to conditions. These typically relate to revenue sharing arrangements or compensation (either for the transfer of responsibilities or for other Commonwealth action). For example, compensation

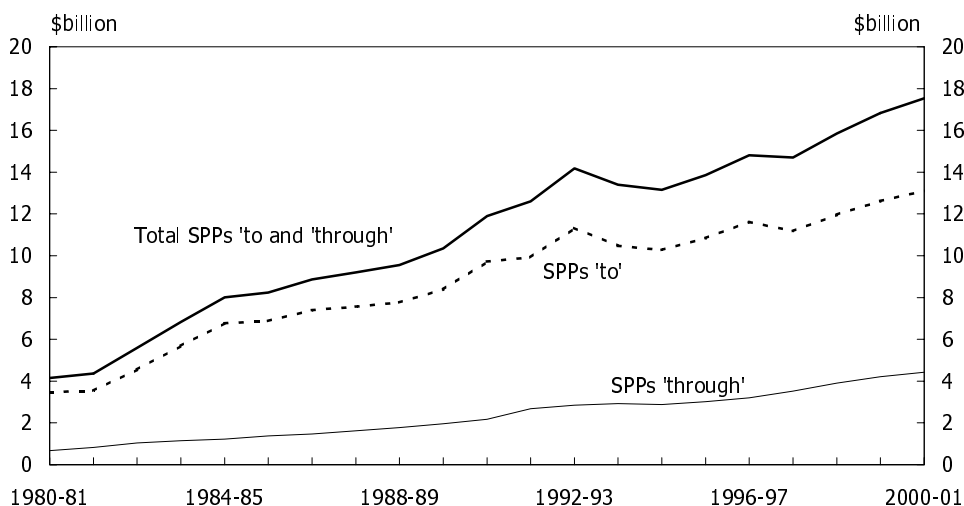
payments are made to the States for revenue forgone as a result of the national system of companies and securities regulation.

SPPs are estimated to total around \$18.5 billion in 2000-01. This is an increase of \$627.4 million or 3.5 per cent on 1999-2000 (after removing the \$0.6 million cost of the Gun Buyback Scheme in 1999-2000 and the \$81.8 million and \$64.0 million cost of the Natural Disaster Relief Programme in 1999-2000 and 2000-01 respectively). SPPs 'to' the States are expected to increase by around \$435.9 million in 2000-01 or 3.3 per cent after abstracting from SPPs associated with the Gun Buyback Scheme and Natural Disaster Relief.

SPPs are reviewed every year in the Budget context. Measures in the 2000-01 Budget have increased SPPs to the States by \$86.6 million in 2000-01 and by \$274.7 million over the forward estimates period.

Chart 2 shows the trend in the level of SPPs from 1980-81 to 2000-01. This chart contains adjustments for a number of classification changes and large one-off factors so as to allow comparisons on a consistent basis.

**Chart 2: Specific Purpose Payments, 1980-81 to 2000-01<sup>(a)</sup>**



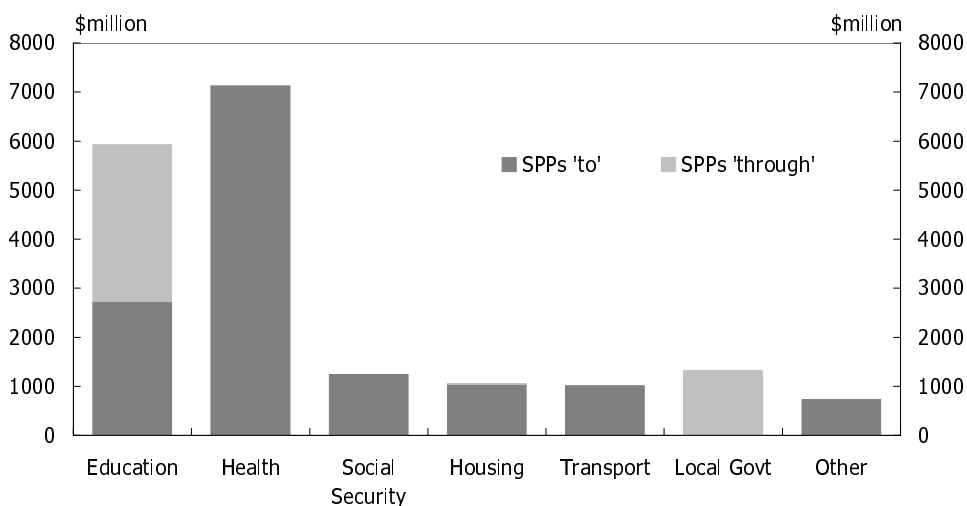
(a) Incorporates the reclassification of funding under higher education from SPPs through the States to grants to the multi-jurisdictional sector. Chart 2 also contains adjustments for reclassifications such as: payments to the States under the *Vocational Education and Training Funding Act 1992*; the transfer in 1989-90 of nominated housing advances into Commonwealth-State Housing Agreement grants; and significant changes in the structure of Commonwealth hospital funding (such as the 1988 decision to combine States' Medicare compensation grants (introduced in 1984) and identified health grants into a single new SPP). Adjustments have been made to the level of general purpose payments to account for Commonwealth policy decisions that transferred some taxing powers to the States.

The Commonwealth will continue to provide SPPs to the States and has no intention of cutting aggregate SPPs as part of the reform process set out in the Intergovernmental

Agreement, consistent with the objective of the State Governments being financially better off under the new arrangements.

Chart 3 illustrates the composition of major SPPs ('to' and 'through' the States) in 2000-01. More detailed information on SPPs including estimated State splits for 1999-2000 and 2000-01 and data on repayments of advances, advances and interest payments are contained in Appendix B.

**Chart 3: Composition of Estimated Specific Purpose Payments 'To' and 'Through' the States, 2000-01**



## HORIZONTAL FISCAL EQUALISATION

The distribution of GST revenue to the States is to be on the basis of horizontal fiscal equalisation (HFE) principles which are embodied in the per capita relativities recommended by the Commonwealth Grants Commission (CGC)<sup>1</sup>. The objective of HFE is to improve equity for all Australian residents.

In its assessments, the CGC uses a complex methodology that takes account of differences in the per capita capacities of the States to raise revenue and differences in the per capita amounts required to be spent by the States in providing an average

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1 The Commonwealth's transitional guarantee to the States provides for some departure from pure HFE principles in the distribution of GST revenues in 2000-01 and 2001-02. For these years, any State receiving more GST revenue than its GMA will be required to return the surplus to the general GST pool for distribution amongst the rest of the States in deficit. Current estimates suggest that no State will receive more GST revenue than its GMA in these years.



standard of government services. A State's actual per capita expenditure or revenue generally differs from the average of all States for two reasons:

- influences that are beyond a State's control affect the cost at which it can provide services and its capacity for raising revenue; and
- a State's policies, practices and operating efficiency differ from those of other States.

HFE requires that only those factors beyond a State's control be taken into account in determining a State's relative needs and hence the distribution of FAGs and GST revenue. The CGC's recommendations seek to ensure that each State has the capacity to provide the average standard of State-type public services if it makes the same effort to raise revenue as the States on average and operates at an average level of efficiency.

Since 1990-91, the CGC's assessments have been based on data for the five financial years preceding the year in which the assessment is made. Accordingly, the assessment period for the per capita relativities to be applied in 2000-01 spans the years 1994-95 to 1998-99.

By international standards, the extent of HFE in Australia is pronounced and the methodology is complex. The complexity of the CGC's processes has arisen in response to the requirements of the States and the Commonwealth over time for a comprehensive and rigorous approach to HFE. For its part, the CGC has sought to maximise the transparency of its methodology and to provide the opportunity for input and comment by the States and the Commonwealth.

Further information on HFE is provided in the CGC's *Report on General Revenue Grant Relativities 2000 Update*.

## Commonwealth Grants Commission

The CGC is an independent statutory authority established by the *Commonwealth Grants Commission Act 1973*. It makes recommendations concerning the distribution of FAGs and GST revenue to the States in response to terms of reference provided to it each year by the Commonwealth Government.

The Commonwealth's practice is to consult with the States concerning the CGC's terms of reference with a view to reinforcing the CGC's position as an independent arbiter in relation to HFE. The terms of reference define the general approach to be followed by the CGC as well as any specific conditions or limitations on the extent to which fiscal equalisation is to apply.

The CGC produces both annual updates and five-yearly reviews. Updates essentially revise the data upon which the CGC's assessments are based. The longer term reviews encompass changes to the CGC's methodology. The results of the next review are scheduled to be released in early 2004.

## Effects of Horizontal Fiscal Equalisation

The CGC's *Report on General Revenue Grant Relativities 2000 Update* takes into account for the first time the reforms to Commonwealth-State financial relations in the form of GST relativities. In general, the GST relativities differ from the FAGs relativities due to:

- a larger GST revenue pool compared with the FAGs pool;
- the removal of revenue replacement payments for alcohol, petroleum and tobacco products and the reduction of State gambling taxes; and
- the funding and administration of a First Home Owners Scheme by the States.

These differences mean that GST relativities and FAGs relativities are not comparable.

Table 11 shows the per capita relativities to be used in distributing the combined pool of GST revenue grants and HCGs in 2000-01.

**Table 11: Commonwealth Grants Commission GST Relativities 2000 Update**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01	0.90913	0.87049	1.01830	0.98365	1.18258	1.51091	1.11289	4.16385

The distribution of the pool of GST revenue and HCGs in accordance with the CGC's relativities means that New South Wales, Victoria and Western Australia receive less than an equal per capita share of the pool, and the other States (particularly the Northern Territory and Tasmania) receive more. This reflects the CGC's assessment

that the 'donor' States have greater relative revenue capacities and/or less significant expenditure disabilities than the other States.

Table 12 shows the pool of GST revenue grants and HCGs received by each State under HFE relative to the amount that they would receive on the basis of an equal per capita distribution. The table shows that in 2000-01, around \$1,933 million (or just over 6.4 per cent) of the GST revenue grants/HCGs pool is to be redistributed among the States as a result of the application of the CGC's relativities, compared with an equal per capita distribution.

**Table 12: Impact of Horizontal Fiscal Equalisation on the Distribution of the Pool of GST Revenues and Health Care Grants in 2000-01<sup>(a)</sup>**

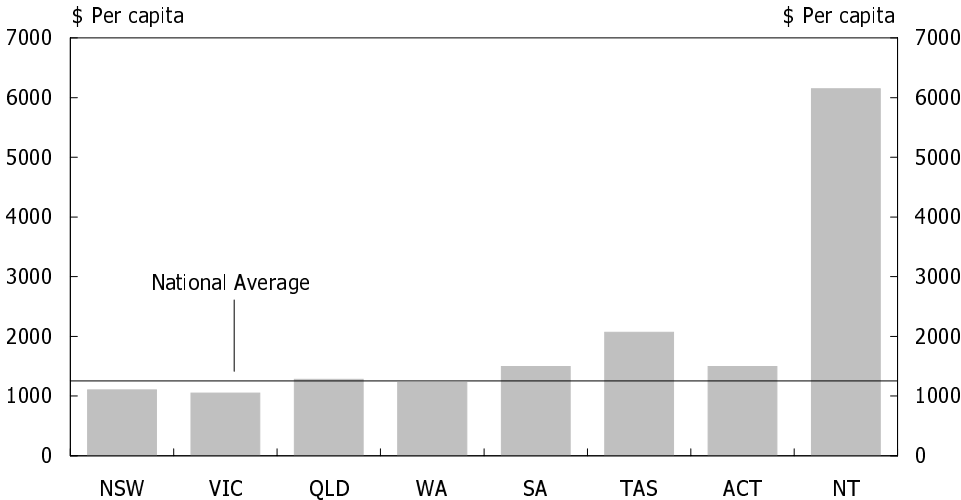
	Distribution Using CGC Relativities		Distribution on an Equal Per Capita Basis(b)		Difference in Distribution
	(1) \$m	Per cent	(2) \$m	Per cent	(1)-(2) (3) \$m
NSW	9229.2	30.7	10149	33.8	-920
VIC	6499.3	21.6	7464	24.8	-965
QLD	5703.3	19.0	5599	18.6	104
WA	2920.1	9.7	2968	9.9	-48
SA	2768.0	9.2	2340	7.8	428
TAS	1104.0	3.7	730	2.4	373
ACT	544.7	1.8	489	1.6	55
NT	1279.0	4.3	307	1.0	972
<b>Total</b>	<b>30048</b>		<b>30048</b>		<b>0</b>

(a) The pool consists of \$23,955.6 million in GST revenue (excluding the GST growth dividend of \$97 million) and \$6,092.1 million in HCGs (see Table 4 in this chapter).

(b) Based on ABS population projections — see Table 1 in Preface.

The estimated State distribution of the GST pool on a per capita basis for 2000-01 is shown in Chart 4. New South Wales and Victoria receive less than the average per capita payments while Western Australia receives just below the average. The Northern Territory receives almost five times the national average and Tasmania, South Australia and the Australian Capital Territory also benefit from above average per capita payments. Queensland receives just above the average level of per capita payments.

**Chart 4: Per Capita Payment of GST under Horizontal Fiscal Equalisation 2000-01 (estimated)**



## Chapter 3: Commonwealth Payments to the States and Territories for 1999-2000

### **GENERAL REVENUE ASSISTANCE**

In 1999-2000, general revenue assistance consists of FAGs, NCPs and SRA and is estimated to amount to \$17.8 billion, an increase of 4.3 per cent on 1998-99.

FAGs account for nearly all of general revenue assistance in 1999-2000. The level of FAGs is indexed to movements in the CPI in the year to the March quarter and in accordance with projections of the population as at 31 December each year. A State's receipts of the per capita element of FAGs indexation is conditional upon compliance with the *Agreement to Implement the National Competition Policy and Related Reforms*.

NCPs and SRA are discussed in Chapter 2.

Table 13 sets out general revenue assistance by type of payment and State for the period 1996-97 to 1999-2000.

**Table 13: General Revenue Assistance to the States, 1996-97 to 1999-2000**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
Financial Assistance Grants(a)									
1996-97	4371.9	3220.2	2981.4	1538.0	1502.8	666.4	232.9	921.5	15435.1
1997-98	4545.9	3339.1	3099.3	1568.0	1551.0	680.4	236.9	970.2	15990.9
1998-99	4733.1	3532.2	3196.2	1614.6	1666.8	736.3	278.4	1022.6	16780.1
<b>1999-00(b)</b>	<b>5041.3</b>	<b>3524.4</b>	<b>3254.7</b>	<b>1593.4</b>	<b>1681.4</b>	<b>786.1</b>	<b>344.0</b>	<b>1074.1</b>	<b>17299.4</b>
National Competition Payments									
1996-97	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1997-98	72.2	52.9	39.2	20.7	17.0	5.4	3.5	2.2	213.1
1998-99	73.0	53.6	39.8	21.1	17.0	5.4	3.5	2.2	215.7
<b>1999-00(b)</b>	<b>148.6</b>	<b>109.2</b>	<b>81.5</b>	<b>43.2</b>	<b>34.5</b>	<b>10.8</b>	<b>7.2</b>	<b>4.5</b>	<b>439.5</b>
Special Revenue Assistance									
1996-97	0.0	0.0	0.0	0.0	0.0	0.0	42.2	0.0	<b>42.2</b>
1997-98	0.0	0.0	0.0	0.0	0.0	0.0	34.5	0.0	<b>34.5</b>
1998-99	0.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	<b>25.0</b>
<b>1999-00</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13.2</b>	<b>0.0</b>	<b>13.2</b>
Identified Road Grants(c)									
1996-97	113.4	93.2	71.7	40.9	32.6	13.4	4.3	13.9	383.4
1997-98	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1998-99	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>1999-00</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0
Total general revenue assistance									
1996-97	4485.3	3313.5	3053.1	1578.9	1535.4	679.8	279.5	935.3	15860.7
1997-98	4618.0	3392.1	3138.6	1588.8	1568.0	685.8	274.9	972.4	16238.5
1998-99	4806.1	3585.8	3236.1	1635.7	1683.8	741.7	306.9	1024.8	17020.8
<b>1999-00(b)</b>	<b>5189.9</b>	<b>3633.6</b>	<b>3336.3</b>	<b>1636.6</b>	<b>1715.9</b>	<b>796.9</b>	<b>364.3</b>	<b>1078.6</b>	<b>17752.1</b>

- (a) The table shows the gross level of FAGs to the States, without deductions for State fiscal contributions, which applied for the three years 1996-97 to 1998-99.
- (b) Estimates — final figures will depend on the actual increase in the CPI in the four quarters to March 2000, and the Statistician's determination of the population as at 31 December 1999. Final figures for FAGs will also depend on final figures for HCGs.
- (c) In 1997-98, these payments were absorbed into FAGs.

## LEVEL OF FINANCIAL ASSISTANCE GRANTS

In 1999-2000, FAGs to the States are expected to total \$17,299.4 million with the CPI adjustment and the per capita adjustment expected to contribute \$314.2 million and \$205.1 million respectively. Final amounts will depend on the actual increase in the CPI for the four quarters to March 2000, the Australian Statistician's determination of the population as at 31 December 1999 and the final figure for HCGs.

The 1996 Premiers' Conference agreed that the untied funds, which were previously paid to the States as identified road grants, would be absorbed into the FAGs pool from 1997-98. Table 14 shows the equivalent amount of each State's FAGs in 1999-2000.

**Table 14: Addition to FAGs from the Absorption of Untied Road Grants, 1999-2000 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>1999-00</b>	<b>124.5</b>	<b>87.7</b>	<b>76.5</b>	<b>38.2</b>	<b>38.8</b>	<b>16.2</b>	<b>7.4</b>	<b>20.2</b>	<b>409.5</b>

## **DISTRIBUTION OF FINANCIAL ASSISTANCE GRANTS**

The distribution of FAGs among the States for 1999-2000 is based on the States' populations as at 31 December 1999 and the corrected per capita relativities assessed by the CGC in the *Report on General Revenue Grant Relativities 1999*. (The CGC issued corrected relativities on 29 March 1999, which took into account revisions to State revenues.)

The per capita relativities are applied to the State populations in order to arrive at a weighted population share for each State. A State's FAGs are equal to its weighted population share of the combined pool of FAGs and unquarantined HCGs, less the unquarantined HCGs it receives.

Table 15 sets out the estimated distribution of FAGs for 1999-2000.

**Table 15: Financial Assistance Grants to the States, 1999-2000 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
(1) Estimated population as at 31 December 1999 (000's)(a)	6447.8	4740.0	3538.9	1875.7	1496.1	470.0	311.5	194.2	19074.2
(2) Per capita relativities(b)	0.89948	0.86184	1.00687	0.94793	1.20680	1.60905	1.10270	4.84429	na
(3) Weighted populations (000's) - (1) times (2)	5799.7	4085.1	3563.2	1778.0	1805.5	756.3	343.5	940.6	19071.9
(4) Share of each State in weighted population (per cent)(c)	30.4	21.4	18.7	9.3	9.5	4.0	1.8	4.9	100.0
(5) Pool of FAGs and unquarantined HCGs distributed according to (4) (\$m)	7013.8	4940.3	4309.2	2150.3	2183.5	914.7	415.4	1137.5	23064.6
(6) Unquarantined HCGs (\$m)(d)	1972.5	1415.9	1054.4	556.9	502.1	128.6	71.4	63.4	5765.2
(7) Total FAGs - (5) less (6) (\$m)	5041.3	3524.4	3254.7	1593.4	1681.4	786.1	344.0	1074.1	17299.4

- (a) The projected population as at 31 December 1999 has been prepared by the ABS on the basis of assumptions agreed to by Treasury. These projections are subject to revision.
- (b) The corrected per capita relativities as adopted at the 1999 Premiers' Conference.
- (c) For ease of presentation, weighted population shares rounded to one decimal place are shown. However, in calculating row (5) unrounded shares are used in accordance with the *States Grants (General Purposes) Act 1994*.
- (d) Estimated unquarantined HCGs.



## REVENUE REPLACEMENT PAYMENTS

On 5 August 1997 the High Court ruling on tobacco franchise fees in New South Wales (*Ha and Lim v. New South Wales* and *Walter Hammond & Associates v. New South Wales*) cast into doubt the constitutional validity of all State business franchise fees (BFFs).

On 6 August 1997, at the unanimous request of the States, the Commonwealth announced 'safety net' arrangements to protect State finances. These arrangements provided for:

- an increase in the rate of Commonwealth customs and excise duty on tobacco and petroleum products and an increase in the rate of wholesale sales tax on alcoholic beverages; and
- a one hundred per cent windfall gains tax to protect the States from claims for refunds of past BFF payments.

All revenue collected by the Commonwealth under these arrangements is returned to the States (less administrative costs) as revenue replacement payments (RRPs).

The States have acknowledged that these arrangements represent State taxes imposed and collected by the Commonwealth at the request and on behalf of the States. The distribution of RRPs between the States was agreed among the States.

On 1 November 1999, a single 'per stick' rate of excise replaced both the weight based Commonwealth tobacco excise and the safety net surcharge, which was mainly based on the wholesale list price of tobacco products. As it is no longer possible to separately identify the tobacco safety net revenues to be passed to the States, weekly RRPs from 1 November 1999 are based on estimates, agreed with all jurisdictions, of collections that would have occurred under the previous surcharge arrangements.

Under the Intergovernmental Agreement, safety net arrangements will cease on 1 July 2000. However, due to a lag in collections, a small payment will be made in 2000-01 related to the 1999-2000 collections. Table 16 shows estimated RRPs for 1999-2000 and 2000-01, including the agreed estimates following the introduction of the 'per stick' tobacco excise regime.

**Table 16: Revenue Replacement Payments, 1999-2000 and 2000-01 (estimated)**

			NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
			\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>1999-00</b>											
Tobacco	Share	(Per cent)	0.32492	0.21803	0.19065	0.11100	0.08988	0.03226	0.01456	0.01870	1.00000
	Amount	(\$m)	1072.1	719.4	629.1	366.3	296.6	106.4	48.0	61.7	3299.7
Petroleum	Share	(Per cent)	0.30039	0.20153	0.19593	0.17118	0.07549	0.02453	0.01291	0.01804	1.00000
	Amount	(\$m)	785.3	526.8	512.2	447.5	197.3	64.1	33.7	47.2	2614.2
Alcohol	Share	(Per cent)	0.33796	0.22332	0.19314	0.11147	0.07857	0.02415	0.01569	0.01569	1.00000
	Amount	(\$m)	356.3	235.4	203.6	117.5	82.8	25.5	16.5	16.5	1054.3
<b>Total</b>			<b>2213.7</b>	<b>1481.7</b>	<b>1344.9</b>	<b>931.3</b>	<b>576.8</b>	<b>196.0</b>	<b>98.3</b>	<b>125.4</b>	<b>6968.2</b>
<b>2000-01</b>											
<b>Tobacco</b>	<b>Share</b>	<b>(Per cent)</b>	<b>0.32492</b>	<b>0.21803</b>	<b>0.19065</b>	<b>0.11100</b>	<b>0.08988</b>	<b>0.03226</b>	<b>0.01456</b>	<b>0.01870</b>	<b>1.00000</b>
	<b>Amount</b>	<b>(\$m)</b>	<b>20.9</b>	<b>14.1</b>	<b>12.3</b>	<b>7.2</b>	<b>5.8</b>	<b>2.1</b>	<b>0.9</b>	<b>1.2</b>	<b>64.5</b>
<b>Petroleum</b>	<b>Share</b>	<b>(Per cent)</b>	<b>0.30039</b>	<b>0.20153</b>	<b>0.19593</b>	<b>0.17118</b>	<b>0.07549</b>	<b>0.02453</b>	<b>0.01291</b>	<b>0.01804</b>	<b>1.00000</b>
	<b>Amount</b>	<b>(\$m)</b>	<b>65.3</b>	<b>43.8</b>	<b>42.6</b>	<b>37.2</b>	<b>16.4</b>	<b>5.3</b>	<b>2.8</b>	<b>3.9</b>	<b>217.4</b>
<b>Alcohol</b>	<b>Share</b>	<b>(Per cent)</b>	<b>0.33796</b>	<b>0.22332</b>	<b>0.19314</b>	<b>0.11147</b>	<b>0.07857</b>	<b>0.02415</b>	<b>0.01569</b>	<b>0.01569</b>	<b>1.00000</b>
	<b>Amount</b>	<b>(\$m)</b>	<b>27.6</b>	<b>18.2</b>	<b>15.7</b>	<b>9.1</b>	<b>6.4</b>	<b>2.0</b>	<b>1.3</b>	<b>1.3</b>	<b>81.5</b>
<b>Total</b>			<b>113.8</b>	<b>76.1</b>	<b>70.6</b>	<b>53.4</b>	<b>28.6</b>	<b>9.4</b>	<b>5.0</b>	<b>6.4</b>	<b>363.3</b>

## Chapter 4: Loan Council Arrangements and Fiscal Developments in the States

This chapter sets out the Loan Council Allocations (LCAs) nominated by the Commonwealth and each State for 2000-01 and endorsed by Loan Council at its meeting on 17 March 2000. It also reports the Commonwealth's 2000-01 Budget LCA estimate and provides an overview of public sector finances and fiscal developments in the States.

### **LOAN COUNCIL ALLOCATIONS FOR 2000-01**

The Australian Loan Council is a Commonwealth-State Ministerial Council that oversees public sector borrowings under voluntarily agreed arrangements. The present Loan Council arrangements, introduced in 1993-94, are designed to enhance the role of financial market scrutiny as a discipline on borrowings by the public sector, and therefore emphasise transparency of public sector finances rather than adherence to strict borrowing limits.

Under Loan Council arrangements, each jurisdiction nominates an LCA comprising:

- the estimated general government cash deficit/surplus (based on its mid-year report projections);
- its public non-financial corporation (PNFC) sector cash deficit/surplus (also based on mid-year report projections)<sup>1</sup>;
- net cash flows from investments in financial assets for policy purposes. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets; and
- memorandum items (such as transactions that, while not formally borrowings, have many of the characteristics of borrowings).

These nominations are considered by Loan Council having regard to each jurisdiction's fiscal position and the macroeconomic implications of the aggregate figure. LCAs are on a headline rather than an underlying basis as they seek to measure a government's call on financial markets.

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<sup>1</sup> Under ABS reporting standards, this sector was previously referred to as the public trading enterprise (PTE) sector. Together, the general government and PTE sectors form the non-financial public sector (NFPS).

The LCAs nominated for 2000-01 are set out in Table 17. In aggregate, they represent a surplus of \$6.7 billion compared with an estimated surplus for 1999-2000 of \$15.4 billion.

Loan Council observed that economic growth in Australia is expected to remain strong in 2000-01 and noted the importance of consolidating the improvements in budgetary outcomes of recent years at this stage in the economic cycle. Against this background, Loan Council considered that the aggregate of LCA nominations is consistent with current macroeconomic policy objectives.

LCA nominations for all jurisdictions were prepared on a basis consistent with 1999-2000 mid-year reports. They thus provide an indication of the public sector's likely call on financial markets. The actual call may vary from the nomination primarily because of changes in economic parameters and policy measures. Updated information will be provided to financial markets through publication by each jurisdiction of its budget time LCA and a mid-year update of its expected LCA outcome.

A tolerance limit of 2 per cent of total non-financial public sector revenue applies between the LCA approved by Loan Council and the budget time LCA, and again between the budget time LCA and the LCA outcome. Tolerance limits recognise that LCAs are nominated at an early stage of budget processes and that estimates are likely to change as a result of policy and parameter changes before and after budgets are brought down. If a jurisdiction expects to exceed the upper or lower bound of the tolerance limit around its LCA estimate, it is obliged to provide an explanation to Loan Council and to make this explanation public. While Loan Council would not be required formally to approve the change, it would have the opportunity to pursue with the particular jurisdiction any concerns raised by the new LCA estimate.

In making their LCA nominations to the Loan Council, the Commonwealth, States and Territories also provide information on government contingent exposures under infrastructure projects with private sector involvement. These exposures, which are measured as the government's contractual liabilities in the event of termination of the project, are not included as a component of the LCA as they are unlikely to be realised and are thus materially different from actual borrowings undertaken to finance the public sector deficit. Government outlays under these projects, such as equity contributions and ongoing commercial payments to the private sector, continue to be included in the annual total public sector deficit, and hence the LCA.

## **BUDGET TIME COMMONWEALTH LCA FOR 2000-01**

Each jurisdiction is required to take into account its Loan Council approved LCA in formulating its budget, and to report a budget time LCA estimate in its budget papers.

The Commonwealth's budget time LCA estimate for 2000-01 is a \$8.5 billion surplus, compared with the nominated surplus of \$6.9 billion approved by Loan Council. The change in the LCA estimate since the Mid-Year Review primarily reflects an

improvement in the general government cash balance. The budget time LCA estimate is within the bound of the tolerance limit of 2 per cent of total non-financial public sector revenue. The components of the Commonwealth's nominated and budget time LCAs for 2000-01 are shown in Table 18.

Jurisdictions are required to disclose, as a footnote to their LCA, government termination liabilities under infrastructure projects with private sector involvement that operate for 10 years or longer and involve gross project liabilities of at least \$5 million. The Commonwealth plans no such projects in 2000-01.

## **OTHER LOAN COUNCIL DEVELOPMENTS**

Loan Council agreed (by correspondence) in March 2000 to the implementation of the *Accrual Uniform Presentation Framework* (UPF) for the reporting of financial information in budget documentation on an accrual basis.

The original UPF was agreed in 1991 and updated in 1997. It was agreed to revise the 1997 version, which was based on the ABS cash Government Finance Statistics (GFS) reporting standards, in light of the adoption by governments of accrual reporting and the shift by the ABS to an accrual framework for the GFS.

The UPF is a key feature of the Loan Council arrangements for oversight of public sector borrowing in Australia. The Accrual UPF will ensure that these arrangements remain relevant and effective in the environment of accrual budgeting and financial reporting.

It is expected that most jurisdictions will be able to conform to the Accrual UPF beginning with the 2000-01 budget cycle. Jurisdictions have until the 2002-03 budget year to fully implement reporting on an Accrual UPF basis.

**Table 17: Loan Council Allocations — 2000-01 Nominations (a)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	C/with \$m	Aggregate \$m
<b>Nominated 2000-01 LCAs</b>										
General government deficit/(surplus)	-1015	-200	-107	390	137	-59	-72	58	-454	
PTE deficit/(surplus)	243	200 (c)	467	66	116	10	7	-31	-843	
Non-financial public sector deficit/(surplus)	-770	-153 (d)	360	457	253	-49	-66	27	-1297	
NFPS net advances paid	38		63	-156	-59	-10	-19	-18	-6012	
Memorandum items	403	319	-169	45	-247	16	-11	0	398	
<b>Loan Council Allocation</b>	<b>-329</b>	<b>166</b>	<b>254</b>	<b>345</b>	<b>-53</b>	<b>-43</b>	<b>-96</b>	<b>9</b>	<b>-6910</b>	<b>-6657</b>
2000-01 Tolerance limit	584	372	446	190	138	49	41	39	3348	
<b>Latest estimates 1999-2000 LCAs</b>										
General government deficit/(surplus)	-1202	-1488	462	621	263	-53	-32	94	-3430	
PTE deficit/(surplus)	687	306	1132	189	-118	-24	25	-2	1250	
Non-financial public sector deficit/(surplus)	-504	-1350	1594	811	145	-77	-7	91	-2180	
NFPS net advances paid	17	-17	-620	181	-3554 (e)	-1	-25	-10	-9420	
Memorandum items (b)	121	802	-150	81	66	18	-10	0	-1409	
<b>Loan Council Allocation</b>	<b>-366</b>	<b>-565</b>	<b>824</b>	<b>1073</b>	<b>-3343 (e)</b>	<b>-60</b>	<b>-42</b>	<b>81</b>	<b>-13009</b>	<b>-15407</b>
1999-2000 Budget time estimate	-279	43	730	852	-294	-62	-58	3	-22254	-21319
1999-2000 Nomination	-512	-890	-187	704	-369	26	-61	45	-14370	-15614
1998-99 LCA outcome	-1079	-8123	403	323	-497	-72	-86	-3	-9142	-18275

- (a) LCA nominations for 2000-01 reflect current best estimates of non-financial public sector deficits/surpluses. Nominations have been provided on the basis of policies announced up to and included in jurisdictions' mid year reports. Nominations are based on preliminary estimates of general government finances provided by jurisdictions for purposes of their mid year reports, and projected bottom lines for each jurisdiction's PTE sector.
- (b) Memorandum items are used to adjust the non-financial public sector deficit/surplus for certain transactions — such as operating leases — that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used to deduct certain transactions that Loan Council has agreed should not be included in LCAs — for example, the funding of more than employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities. Where relevant, memorandum items include an amount for gross new borrowings of government home finance schemes.
- (c) The Victorian PTE sector deficit figure includes net advances paid, and excludes net advances received.
- (d) The Victorian non-financial public sector deficit figure includes non-financial public sector net advances paid.
- (e) South Australian non-financial public sector net advances paid for 1999-2000 include the proceeds received to date from the sale of South Australia's electricity retail operations and lease of electricity distribution assets.

**Table 18: Commonwealth's Loan Council Allocation for 2000-01**

	Loan Council Approved Nomination \$m	Budget time Estimate \$m
General government sector cash deficit	-454	-2844
PNFC sector cash deficit	-843	-988
Non-financial public sector cash deficit	-1297	-3832
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(a)	6012	5163
<i>plus</i> Memorandum items(b)(c)	398	482
<b>Loan Council Allocation</b>	<b>-6910</b>	<b>-8513</b>

- (a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets.
- (b) For the Commonwealth, memorandum items comprise the change in net present value (NPV) of operating leases (with NPV greater than \$5 million), university borrowings, overfunding of superannuation and an adjustment to exclude the net financing requirements of statutory marketing authorities and Telstra from the LCA.
- (c) The Commonwealth does not expect to enter into any infrastructure projects with private sector involvement in 2000-01.

## FISCAL DEVELOPMENTS IN THE STATES

The State non-financial public sector — comprising the general government and PNFC sectors of all States — is expected, on a GFS cash basis, to record a deficit of \$0.8 billion or 0.1 per cent of GDP in 1999-2000. This compares with a deficit of \$5.5 billion, or 0.9 per cent of GDP in 1998-99.

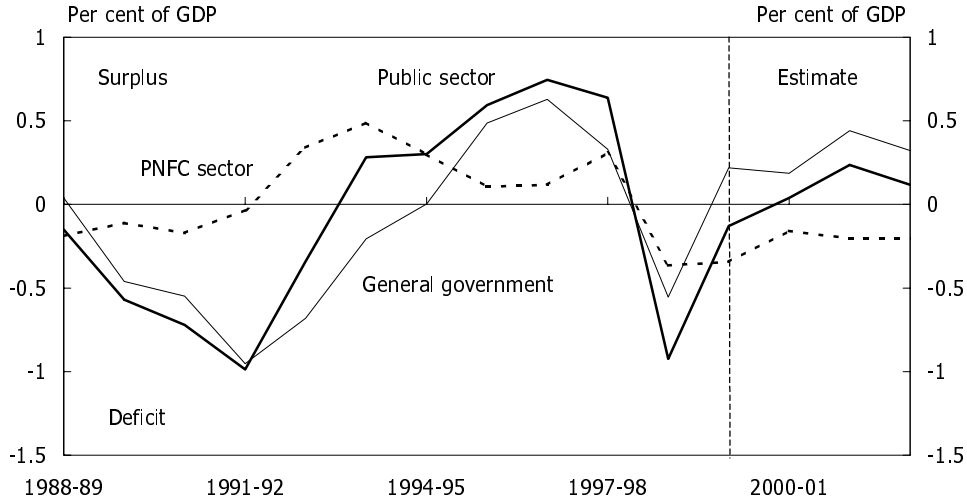
The large deficit in 1998-99, and subsequent improvement in 1999-2000, primarily reflects large 'one-off' expenditures by New South Wales and Victoria in 1998-99 to fund superannuation liabilities. These transactions added around \$5.8 billion or 1 per cent of GDP to total outlays of the State non-financial public sector.

The improvement in the position of the non-financial public sector is attributable to the absence of the abovementioned superannuation transactions. This more than outweighs the impact of an expected increase in remaining general government outlays and a decline in general government revenues.

The non-financial public sector, after recording in 1998-99, its first deficit since 1992-93, is expected to record a marginally smaller deficit in 1999-2000.

The latest available information on State budgets suggests that the general government sector is expected to record surpluses over the next few years, while the PNFC sector is likely to remain in a small deficit position. Consequently, the State non-financial public sector is expected to move into a balanced budget position for 2000-01 and then into surplus over the remainder of the forward periods. Trends in the cash surplus of the State general government, PNFC and non-financial public sectors are shown in Chart 5.

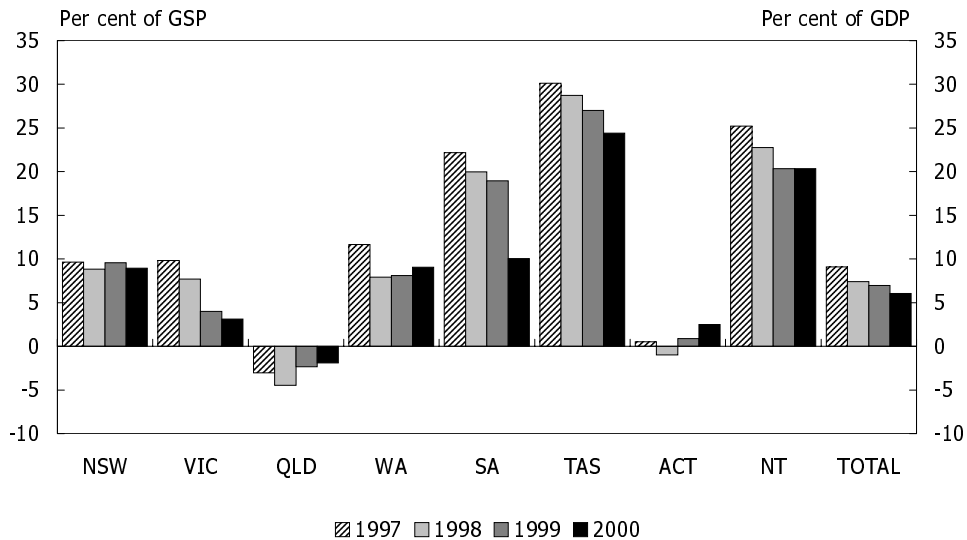
**Chart 5: State Cash Surplus by Sector**



Source: ABS reports, 1999-2000 State mid year reports, 2000-01 State budgets where available, and Commonwealth Treasury estimates.

The ratio of aggregate State net debt to GDP has been declining steadily since the early 1990s. This has largely resulted from improvements in State budget positions and the application of these funds, combined with revenue generated from equity asset sales, to retire debt. Chart 6 shows recent trends in the net debt to Gross State Product (GSP) ratio of each State along with the aggregate State net debt to GDP ratio.

**Chart 6: State Public Sector Net Debt as at 30 June<sup>(a)</sup>**



(a) Net debt is defined as gross debt less financial assets. The total is the total of State debt as a percentage of GDP.

Source: ABS reports, 1999-2000 State mid-year reports and 2000-01 State budgets where available.



Fiscal developments in individual States and Territories are outlined below.

**New South Wales** has improved its non-financial public sector position in 1999-2000 after a deterioration in the previous year. The general government sector has moved from a large deficit, which incorporated the impact of the Superannuation Conversion Offer, to a surplus of 0.5 per cent of GSP in 1999-2000. The projected operating statements of the general government sector for the four years from 1999-2000 show a steady trend of cash surpluses, reflecting constrained growth in current outlays and increased taxation revenue from stronger economic activity.

New South Wales expects to record a small non-financial public sector surplus in 1999-2000, following a deficit in 1998-99. The move into surplus largely mirrors the general government sector; the PNFC sector has only moderately impacted on the State non-financial public sector as it shifted out of balance to a small deficit. State non-financial public sector net debt climbed in 1998-99 but is expected to fall slightly in 1999-2000 reflecting a return to a budget surplus, while remaining above the State average.

The Government's fiscal objectives, founded on the *General Government Debt Elimination Act 1995*, include operating a sustainable surplus budget, eliminating general government net debt by 2020, fully funding employer superannuation contributions, maintaining or increasing general government net worth and constraining growth in the net cost of services.

The **Victorian** general government sector in 1998-99 recorded its first deficit in four years, but in 1999-2000 is expected to rebound to a strong surplus (0.9 per cent of GSP). A small surplus is forecast for 2000-01 as the Government increases outlays to meet its election commitments.

The PNFC sector in 1998-99 recorded a deficit of 1.3 per cent of GSP, primarily as a result of tax equivalent payments to the general government sector for previously accumulated liabilities. This 'one-off' increase in the sector's expenses contributed largely to the State non-financial public sector recording a deficit of 1.6 per cent of GSP in 1998-99.

In 1999-2000, the non-financial public sector is set to achieve a cash surplus of 0.8 per cent of GSP, with the general government sector surplus expected to outweigh a small deficit in the PNFC sector. A move into a deficit position is expected in later years.

Proceeds from Victoria's privatisation programme have contributed substantially to reducing State net debt. Victoria's non-financial public sector net debt has declined from 4.0 per cent of GSP in 1998-99 to 3.1 per cent in 1999-2000, well below the State average.

The Victorian Government is committed to a range of financial objectives including maintaining a substantial cash based operating surplus, providing competitive and fair

taxes for businesses and households, delivering capital works to enhance economic and social infrastructure throughout the State and maintaining public sector debt at prudent levels.

**Queensland** is widely regarded as having the strongest financial position of any State. Although Queensland's cash position has recently moved into deficit, the State remains comfortably in a negative net debt position of 1.9 per cent of GSP in 1999-2000.

Queensland's *1999-2000 Mid-Year Fiscal and Economic Review* shows that the general government sector is expected to record a budget deficit of 0.5 per cent of GSP. This deficit is expected to be only temporary, with a move back into surplus over the forecast period to 2002-03.

A deficit in the PNFC sector will contribute to the State non-financial public sector recording a deficit in 1999-2000 of 1.6 per cent of GSP up from 0.4 per cent in 1998-99. This position is expected to continue into 2000-01, albeit at a lower level, driven mainly by the forecast deficit in the PNFC sector.

The Queensland Government, under its *Charter of Social and Fiscal Responsibility*, has adopted a fiscal strategy of maintaining an overall general government operating surplus, ensuring a competitive tax environment and low tax status, undertaking capital investment that can be serviced within an operating surplus and managing all accruing and expected future liabilities, consistent with maintaining a AAA credit rating.

**Western Australia's** *1999-2000 Mid-Year Review* indicates a general government budget deficit (cash basis) of 0.9 per cent of GSP in 1999-2000, compared with a balanced budget in 1998-99. A small deficit is expected in 2000-01 before moving into a surplus position in later years.

Relatively small deficits in Western Australia's PNFC sector imply that the State non-financial public sector position will broadly mirror that in the general government sector. The State non-financial public sector is set to move into a surplus position in the medium term.

Western Australia's combined general government and PNFC net debt as a proportion of GSP increased in 1999-2000 from 8.1 per cent to 9.0 per cent, but is expected to remain stable for the medium term, albeit at a higher than average State level.

Western Australia's fiscal strategy continues to focus on the long-term stability of the public sector and remains consistent with the financial principles laid out in the Government Financial Responsibility Bill 1998. The Government is aiming to maintain or increase public sector net assets, effectively manage State debt, manage and fund superannuation liabilities and achieve an operating surplus for the total public sector over the forward years.

**South Australia's** general government sector is expected to record a deficit of 0.6 per cent of GSP, slightly larger than in 1998-99. It is projected that the general government sector will remain in deficit over the forward years. The PNFC sector will

record a small surplus in 1999-2000 before also moving into a continuing deficit position.

Accordingly, the medium-term outlook for the State non-financial public sector is to remain in a moderate deficit position.

Notwithstanding the above, South Australia's net debt position substantially improved in 1999-2000, moving from 19.0 per cent of GSP to 10.1 per cent, but remains above average for the States. This result was achieved primarily by the application to debt retirement of funds sourced from the lease of State assets.

The Government's fiscal strategy aims to achieve a balanced budget for the government sector, further reduce government debt in real terms with the aim of achieving a AAA credit rating, expand investment in public infrastructure, eliminate unfunded superannuation liabilities over the long-term and ensure that the State has competitive tax regime for business and investment.

In 1998-99, **Tasmania** again achieved a small surplus, despite budgetary pressures associated with lower than average economic growth. Revenue in the general government sector has grown faster than outlays resulting in a surplus of 0.5 per cent of GSP in 1999-2000, up from 0.2 per cent in 1998-1999. The PNFC sector has moved in a similar direction contributing to the State's budget position.

A small surplus budget is anticipated for the State non-financial public sector in 1999-2000, with further surpluses maintained in the forward years. The general government sector is expected to record larger surpluses in the medium term while the PNFC sector will fluctuate around a balanced budget position.

Tasmania's State non-financial public sector net debt as a proportion of GSP has fallen from 27.0 per cent in 1998-99 to 24.4 per cent in 1999-2000. This ratio should fall further over the medium term, but will remain significantly higher than the State average.

1999-2000 represents the first full year of the Government's medium term fiscal strategy. The key principles of this strategy include maintaining a cash based budget surplus, reducing State government net debt and the cost of servicing that debt, and achieving this without introducing new taxes or increasing existing tax levels.

The **Australian Capital Territory** in its 1999-2000 mid-year report show the general government sector surplus increasing slightly to 0.3 per cent of GSP in 1999-2000. Based upon expenditure restraint and further growth in revenue, the general government sector is expected to persistently strengthen its surplus budget position over the forward estimate years.

As a result of developments in the general government sector, combined with the sustained budget neutral position of the PNFC sector, the Australian Capital Territory's total non-financial public sector is also expect to record a surplus in 1999-2000 and beyond. Net debt is expected to rise as a proportion of GSP from 0.9 per cent in 1998-99 to 2.5 per cent in 1999-2000, but will remain substantially lower than the State average.

The Australian Capital Territory's fiscal strategy includes achieving a sustainable surplus by 2004-05, fully funding outstanding superannuation liabilities over time, constraining growth in output costs while increasing delivery efficiency and maintaining the Territory's AAA credit rating by managing risk and assets prudently.

The **Northern Territory's** general government cash balance has further weakened in 1999-2000, as moderate growth in revenue was unable to offset the sizeable increase in outlays. Largely influenced by the budget position of the general government sector, the Territory is expected to record a deficit in 1999-2000 of 1.3 per cent of GSP for the non-financial public sector.

The Northern Territory predicts that its fiscal position will steadily improve from 2000-01 onwards, achieving a surplus by 2002-03. The *1999-2000 Mid-Year Report* forecasts that the move to a surplus will be at a more moderate level than originally estimated at budget time. State non-financial public sector net debt decreased to 20.4 per cent of GSP in 1998-99, it is expected to fall slightly in 1999-2000.

The Northern Territory's fiscal strategy was reviewed and updated in 1998-99 and remained unchanged for the 1999-2000 Budget. The core strategies and fiscal targets for the Territory include constraining per capita current expenditure in real terms, maintaining infrastructure levels to meet economic and social needs, ensuring that own-source revenue will be broadly comparable to the States and reducing Territory debt as a proportion of economic output.

## Appendix A: GST Revenue

### GST REVENUE

A GST at a rate of 10 per cent will be introduced from 1 July 2000. The GST will be levied on a broad range of goods and services across the economy. Some goods and services, such as basic food, education and health services will be GST-free, while financial supplies, residential rents and home ownership will be input taxed. At the same time that the GST is introduced, the Government will reduce excise on petroleum and diesel and abolish the wholesale sales tax. In addition, some State taxes will also be abolished.

**Table A1: Summary of GST Aggregates<sup>(a)</sup>**

	1999-00 \$m	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
GST Revenue	-	23956	27868	28872	30469

(a) GST estimates used in this Appendix are exclusive of the GST growth dividend which is included in estimates of GST revenue provision reported in Chapter 2.

**Table A2: Reconciliation of GST Revenue Estimates**

	1999-00 \$m	2000-01 \$m	2001-02 \$m	2002-03 \$m
<b>GST revenue at 1999-2000 Budget</b>	-	<b>27409</b>	<b>32290</b>	<b>33259</b>
<i>Changes from 1999-2000 Budget to MYEFO</i>				
Effect of policy decisions	-	-3339	-3900	-4136
Effect of parameter and other variations	-	74	104	68
Total variations	-	-3265	-3796	-4068
<b>GST revenue at 1999-2000 MYEFO</b>	-	<b>24144</b>	<b>28494</b>	<b>29191</b>
<i>Changes from MYEFO to 2000-01 Budget</i>				
Effect of policy decisions	-	-5	-	-
Effect of parameter and other variations	-	-183	-626	-319
Total variations	-	-188	-626	-319
<b>GST revenue at 2000-01 Budget</b>	-	<b>23956</b>	<b>27868</b>	<b>28872</b>

### GST MEASURES

There have been a number of individual amendments to the various Acts in *The New Tax System* legislation. The majority of the amendments have been technical amendments that ensure the original policy intention is achieved. The measures table below provides a list of those amendments since the 1999-2000 Budget that are expected to have a budgetary impact. These measures are all contained within the Treasury portfolio and administered by the Australian Taxation Office.

**Table A3: GST Revenue Measures since the 1999-2000 Budget<sup>(a)(b)</sup>**

	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
Basic food GST-free	-3146.0	-3699.0	-3923.0	-4117.1
Amendments to GST on financial services	-50.0	-60.0	-70.0	-70.0
GST-free S2 medicines	-43.0	-46.0	-48.0	-50.9
Complementary health services GST-free	-40.0	-40.0	-50.0	-53.0
Adult and community education GST-free	-10.0	-10.0	-10.0	-10.6
Approved public health goods GST-free	*	*	*	*
Notional input tax credit for motor vehicle operating lessors	-50.0	-45.0	-35.0	-20.0
Pre-paid funeral contracts taken out before 1 December 1999 GST-free until 1 July 2005	-5.0	-	-	-
<b>Total impact of GST revenue measures(c)</b>	<b>-3344.0</b>	<b>-3900.0</b>	<b>-4136.0</b>	<b>-4321.6</b>

(a) Revenue is on an AAS31 basis.

(b) A minus sign indicates a reduction in revenue, no sign before an estimates indicates a gain to revenue.

(c) Measures may not add due to rounding.

### ***Basic food GST-free***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-3146.0	-3699.0	-3923.0	-4117.1

#### *Explanation*

This measure makes food for human consumption GST-free, except for food supplied in the course of catering (including prepared meals, takeaway foods and restaurants), alcoholic beverages, soft drinks and similar beverages and certain food items such as confectionery, ice cream and snack foods.

### ***Amendments to GST on financial services***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-50.0	-60.0	-70.0	-70.0

#### *Explanation*

A reduced input tax credit will be provided for the purchase of a specified list of taxable services used to make financial supplies. The reduced credit rate of 75 per cent ensures that there is no bias between insourcing and outsourcing a listed service. The measure will particularly benefit smaller organisations in the financial sector like credit unions, which operate with a large range of outsourced activities.

### ***GST-free S2 medicines***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-43.0	-46.0	-48.0	-50.9

#### *Explanation*

This measure makes products on Schedule 2 (S2) of the Standard for the uniform scheduling of drugs and poisons GST-free. Smaller pack sizes of S2 products will also be GST-free.

### ***Complementary health services GST-free***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-40.0	-40.0	-50.0	-53.0

#### *Explanation*

This measure expands the range of health professionals who may provide GST-free health services to include appropriately qualified naturopaths, acupuncturists and herbalists. For a transitional period of three years they will be able to provide GST-free services. From 1 July 2003 only practitioners recognised under State law or a national registration scheme will be entitled to provide services GST-free. This will bring the treatment of appropriately qualified naturopaths, acupuncturists and herbalists in line with that of other health service providers.

### ***Adult and community education GST-free***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-10.0	-10.0	-10.0	-10.6

#### *Explanation*

The Minister for Education may make adult education and training that is likely to develop employment related skills GST-free by way of a Ministerial determination subject to approval of the Ministerial Council.

### ***Approved public health goods GST-free***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

#### *Explanation*

This measure allows appropriate public health goods to be GST-free. The Minister for Health may make a good GST-free by way of a Ministerial determination, subject to approval of the Ministerial Council. The Commonwealth will seek the approval of the Ministerial Council to make sunscreens, condoms, personal lubricants and folate supplements GST-free.

### ***Notional input tax credit for motor vehicle operating lessors***

#### *Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-2004
Australian Taxation Office:	-50.0	-45.0	-35.0	-20.0

#### *Explanation*

The measure allows motor vehicle operating lessors to claim a notional input tax credit to offset the GST on wholesale sales tax-paid vehicles purchased prior to 2 December 1998 and sold after 30 June 2000.

The measure will ensure that motor vehicle operating lessors are not penalised by having to bear an unanticipated GST burden, where there is no opportunity to pass this onto consumers. The measure does not apply to vehicles purchased after 2 December 1998 or to finance leases or hire purchase.



***Pre-paid funeral contracts taken out before 1 December 1999 GST-free until 1 July 2005***

*Revenue (\$m)*

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-5.0	-	-	-

*Explanation*

This measure ensures that installments under funeral contracts paid before 1 July 2005, where the contract was entered into before 1 December 1999, are GST-free.



## Appendix B: Commonwealth Specific Purpose Payments to Other Levels of Government, Repayments of Advances, Advances and Interest Payments

This Appendix provides information on estimated Commonwealth specific purpose payments (SPPs) to the States and local government together with details of repayments and interest on advances (loans) to the States. The majority of these advances were funded from borrowings made on behalf of the States.

Consistent with the reporting of other financial data in the 2000-01 Budget Papers, data in this Appendix has been prepared on an accrual accounting basis. In addition, the tables also report payments made by the Commonwealth general government sector rather than the more limited Commonwealth budget sector. This has the main effect of including payments to the States and local government made by the Australian National Training Authority.

### **Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04**

This table provides information on Commonwealth SPPs to the States together with details of repayments, advances and interest on advances. The majority of these advances were funded from borrowings made on behalf of the States under State Governments' Loan Council programme.

Details are classified as follows:

- SPPs
  - current;
  - capital;
- repayments of advances (including repayments to the Debt Sinking Funds);
- details of new advances made; and
- interest on Commonwealth advances.

SPP information is presented on a function basis, which aggregates payments directed toward like objectives and purposes. SPPs 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. Payments in the latter group are indicated within the table by (\*) and separate totals for 'to' and 'through' are provided in the summary at the end of the table.

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>					
<b>Public Order and Safety</b>					
<b>Legal Aid</b> Funding is provided to State legal aid commissions for the provision of legal assistance in Commonwealth matters.	57,116	62,440	67,237	71,240	76,788
<b>Confiscated Assets Trust Fund</b> Payments may be made to a State where there has been a significant contribution to the investigation which led to the conviction and consequent forfeiture of proceeds of crime to the Commonwealth.	0	0	0	0	0
<b>Gun Buyback Scheme</b> Provides for financial assistance in accordance with the National Firearms Program Implementation Act 1996 to compensate eligible gun owners for the surrender of their weapons, to compensate eligible gun dealers for loss of business, and to fund fully the administrative, public relations and education costs associated with the scheme.	586	0	0	0	0
<b>Film and Literature Classifications</b> Payment to States for participation in the new cooperative national censorship scheme as per the inter-governmental agreement signed on 28 November 1995. Classification decisions are made in accordance with the <i>Classification (Publications, Films and Computer Games) Act 1995</i> and the National classifications Code. Complementary enforcement arrangements are in place with all States.	619	623	638	654	671
<b>Commonwealth Heads of Government Meeting - payment to Qld Police</b> Payment to Queensland Police for security arrangements relating to Commonwealth Heads of Government Meeting (CHOGM) Brisbane 2001.	0	2,417	2,603	0	0
<b>Public Order and Safety - Total</b>	58,321	65,480	70,478	71,894	77,459

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Education</b>					
<b>Advanced English for Migrants Program (AEMP)</b> AEMP provides advanced English as a Second Language training to help job seekers obtain employment and overcome barriers to vocational education and training. AEMP courses are provided through the Technical and Further Education (TAFE) system or by other approved providers.	5,420	2,357	0	0	0
<b>Government Schools</b> Provides supplementary assistance to State education authorities through per capita general recurrent grants which can be applied to staff salaries, teacher professional development, curriculum development and maintenance and general operational provisions.	1,185,524	1,248,570	1,321,827	1,398,909	1,481,100
* <b>Non-Government Schools</b> Provides supplementary assistance to Non-Government schools and systems through per capita general recurrent grants which can be applied to staff salaries, teacher professional development, curriculum development and maintenance and general operational provisions.	2,648,230	2,872,362	3,116,836	3,382,357	3,666,031
<b>Vocational Education and Training Funding Act(e)</b> Funds provided under this Act are used to promote a nationally identifiable and consistent vocational education and training system.	866,284	866,284	866,284	866,284	866,284
<b>Targeted and Joint Programmes Government Schools</b> Provides assistance for the improvement of literacy, numeracy and education outcomes for educationally disadvantaged students, to promote the study of other languages, and to assist in the transition from school to work.	307,043	311,635	327,563	320,794	335,918
* <b>Targeted Programmes Non-Government Schools</b> Provides assistance for the improvement of literacy, numeracy and education outcomes for educationally disadvantaged students; to promote the study of other languages, and to assist in the transition from school to work.	146,966	150,815	158,889	158,158	166,589
<b>Indigenous Education Strategic Initiatives Programme - Government</b> Provides supplementary recurrent funding to education providers in the preschool, school and vocational education and training sectors, as well as project based funding aimed at improving Indigenous education outcomes.	67,310	67,813	68,501	69,581	70,683

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>* Indigenous Education Strategic Initiatives Programme - Non-Government</b> Provides supplementary recurrent funding to education providers in the preschool, school and vocational education and training sectors, as well as project based funding aimed at improving Indigenous education outcomes.	71,276	82,763	81,195	85,218	88,006
<b>Education - Total</b>	5,298,053	5,602,599	5,941,095	6,281,301	6,674,611
<b>Health</b>					
<b>Blood Transfusion Services</b> To provide funds for the Australian Red Cross Blood Service towards its recurrent costs in providing a national blood transfusion service.	61,580	70,569	66,843	67,320	67,831
<b>Health Program Grants</b> Health Program Grants provide alternative funding to Medicare benefits, with the aim of improving access to approved health services and/or where fee for service is inappropriate, by reimbursing service costs to State governments.	84,317	26,856	27,092	29,983	33,260
<b>Health Care Grants(a)</b> Grants to the States under the Australian Health Care Agreements to assist with the provision of public hospital services free of charge to eligible persons.	5,851,805	6,157,509	6,523,288	6,896,719	7,343,329
<b>Aged Care Assessment</b> Funds are provided to enable Aged Care Assessment Teams to conduct holistic assessments of frail aged clients and refer them to appropriate residential or community care services.	11,181	11,563	11,996	12,064	12,134
<b>National Health Development Fund(a)(b)</b> Grants under the Australian Health Care Agreements to assist States to improve the performance of the health system.	73,638	67,634	60,548	50,981	50,560
<b>Highly Specialised Drugs</b> Provides access to certain drugs under the Pharmaceutical Benefits Scheme which, because of special need in clinical administration or monitoring, cannot safely be provided through community pharmacy and must be supplied through hospitals to outpatients.	230,115	276,804	307,904	339,715	366,656

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>Home and Community Care</b> Funds are provided on a matched basis for the provision of appropriate community care services to help frail aged people and people with a disability live independently in their homes as long as possible.	155,568	167,376	180,788	195,086	210,511
<b>Youth Health Services</b> Funding is provided on a matched basis to develop and implement innovative primary health care services for homeless and at risk youth.	2,153	2,158	2,170	2,183	2,216
<b>National Public Health</b> Payments to the States, under the new broadbanded and other arrangements for public health, for subsidies for health promotion and disease prevention (covering areas such as women's health, AIDS control, drug strategies and cancer screening).	143,416	174,227	186,639	208,624	168,561
<b>Essential Vaccines</b> Funds for essential vaccines for immunisation under the Public Health Outcome Funding Agreements and for selected new vaccines recommended by the National Health and Medical Research Council for inclusion in the Standard Vaccination Schedule.	64,021	74,274	75,788	77,217	78,270
<b>Repatriation General Hospitals</b> To provide funds for payments of a non-treatment nature (eg staff transfer costs such as accrued leave credits, income maintenance, superannuation differential etc) to State governments in accordance with agreements reached on integration of repatriation general hospitals.	12,927	13,121	13,370	13,610	13,855
<b>Fringe Benefit Tax Transitional Grants for Public and Not-for-Profit Hospitals</b> The FBT cap to apply to public and not-for-profit hospitals will be \$17,000 of grossed up taxable value per employee. To assist with the transition to this cap grants are to be provided to public and not-for-profit hospitals from 2000-01 to 2002-03, reducing to zero in 2003-04. (An indicative estimate of the SPP 'to' the States is shown here).	0	74,799	68,393	61,196	0
<b>Health - Total</b>	<b>6,690,721</b>	<b>7,116,890</b>	<b>7,524,819</b>	<b>7,954,698</b>	<b>8,347,183</b>

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b><i>Social Security and Welfare</i></b>						
<b>Aged Care Assessment</b>		28,877	29,965	31,197	31,380	31,562
Funds are provided to enable Aged Care Assessment Teams to conduct holistic assessments of frail aged clients and refer them to appropriate residential or community care services.						
<b>Home and Community Care</b>		366,844	394,688	426,318	460,032	496,411
Funds are provided on a matched basis for the provision of appropriate community care services to help frail aged people and people with a disability live independently in their homes as long as possible.						
<b>Disabilities Services(f)</b>		355,801	426,053	497,177	404,471	410,134
Under the terms of the Commonwealth/State Disability Agreements, the Commonwealth will continue to provide funds to States and Territories to assist in the provision of accommodation support and other services for people with disabilities.						
<b>Children's Services</b>		14,682	12,824	11,420	10,689	9,951
Funds are provided to ensure access to affordable quality child care in programmes administered by State governments on behalf of the Commonwealth.						
<b>Supported Accommodation Assistance</b>		135,053	156,987	160,912	164,295	166,924
This is a jointly funded Commonwealth/State programme to assist people who are homeless and in crisis. Under the renegotiated Commonwealth/State agreements, recurrent annual funding is provided under the <i>Supported Accommodation Assistance Act 1994</i> .						
<b>Unattached Humanitarian Minors</b>		168	171	175	179	187
To assist humanitarian minors without parents in Australia and the families providing their care through early intervention, counselling and assistance by State welfare agencies.						
<b>Exceptional Circumstances (EC) Administration</b>		914	639	19	0	0
Funds are to support the administrative costs of the State rural assistance authorities, including the issuing of EC certificates under the <i>Farm Household Support Act 1992</i> to eligible farmers in EC areas across Australia.						



**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>Extension of Fringe Benefits</b> This funding compensates the States for the extra costs resulting from the liberalisation of access to the Commonwealth's Pensioner Concession Card in 1993. In return the States agree to provide a core group of concessions to all Card holders.	155,264	163,671	169,482	174,254	179,348
<b>Native Title</b> For expenditure under part 9 of the Native Title Act 1993. Funding is to assist States and Territories implement a consistent framework for dealing with native title issues and meeting native title compensation costs.	0	14,000	11,000	11,000	11,000
<b><i>Social Security and Welfare - Total</i></b>	1,057,603	1,198,998	1,307,700	1,256,300	1,305,517
<b><i>Housing and Community Amenities</i></b>					
<b>Assistance for Housing</b> The <i>States Grants (Housing) Act 1971</i> provides for payments to offset the cost of interest on funds borrowed by the States in 1971-72 and 1972-73 for public housing. The total amount payable to each State is in accordance with the Act.	5,502	5,502	2,751	0	0
<b>Assistance for Water and Sewerage</b> To compensate the ACT Government for additional costs resulting from the national capital planning influences on the provision of water and sewerage services. The level of funding is based upon the findings of the Commonwealth Grants Commission in its Second and Third Reports on Financing in the ACT.	8,117	8,230	8,395	8,530	8,666
<b>Tasmanian Regional Forest Agreement</b> Funding will support projects under the Tasmanian Regional Forest Agreement. The package includes funding for the implementation of new intensive forest management initiatives, including hardwood plantation establishment and thinning programs.	1,600	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b>Natural Heritage Trust of Australia - Bushcare(c)</b>		74,227	0	0	0	0
To reverse the long term decline in the quality and extent of Australia's native vegetation cover by the year 2001.						
<b>Natural Heritage Trust of Australia - Coasts and Clean Seas Initiative(c)</b>		17,388	0	0	0	0
To accelerate activities in the national interest to achieve the conservation, sustainable use and repair of Australia's coastal and marine environments.						
<b>Natural Heritage Trust of Australia - National Rivercare Programme(c)</b>		18,160	0	0	0	0
To ensure progress towards the sustainable management, rehabilitation and conservation of rivers outside the Murray-Darling Basin and to improve the health of these river systems.						
<b>Natural Heritage Trust of Australia - Endangered Species Programme(c)</b>		4,846	0	0	0	0
To protect and conserve Australia's threatened species and ecological communities so they can survive, flourish and retain their potential for evolutionary development in the wild.						
<b>Natural Heritage Trust of Australia - National Feral Animal Control Programme(c)</b>		1,820	0	0	0	0
To ensure effective management of the impact of feral animals on the natural environment and on primary production.						
<b>Natural Heritage Trust of Australia - Air Pollution in Major Cities</b>		280	0	0	0	0
To reduce the impact of air pollution in urban areas and, in doing so, to contribute to the development of sustainable urban environments.						
<b>Housing and Community Amenities - Total</b>		131,940	13,732	11,146	8,530	8,666
<b>Recreation and Culture</b>						
<b>Natural Heritage Trust of Australia - National Wetlands Programme(c)</b>		1,548	0	0	0	0
To promote the conservation, repair and wise use of wetlands across Australia.						
<b>Natural Heritage Trust of Australia - National Reserve System Programme(c)</b>		186	0	0	0	0
To assist with the establishment and maintenance of a comprehensive, adequate and representative system of reserves.						

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Natural Heritage Trust of Australia - World Heritage Area Management and Upkeep(c)</b> To meet Australia's national and international obligations to protect, conserve and present Australia's world heritage properties.	8,093	0	0	0	0
<b>Management of World Heritage Properties</b> Advise and implement policies and programmes for the management and upkeep of world heritage properties, and to establish best-practice management for those properties. Funding is provided for specific projects identified through Commonwealth/State agreements and exchanges of letters.	5,070	5,141	5,229	0	0
<b>Payments to the Sydney Organising Committee for the Olympic Games (SOCOG) for Games related services</b> Subject to the successful conclusion of negotiations with the NSW Government, the Commonwealth has made a provisional allocation of up to \$32 million, between 1998-99 and 2000-01, to assist SOCOG to purchase further services for the Games.	15,599	18,383	0	0	0
<b>Contemporary Music Package - State Pilots</b> The package is about initiatives that will result in ongoing benefits for the contemporary music industry, enhancing its long term viability. Pilot projects are being undertaken in Tasmania and South Australia, with each State receiving \$1m over 1998-99 and 1999-00.	1,000	0	0	0	0
<b>Recreation and Culture - Total</b>	31,496	23,524	5,229	0	0
<b>Agriculture, Fisheries and Forestry</b>					
<b>Natural Heritage Trust of Australia - National Weeds Programme(c)</b> To reduce the detrimental impact of nationally significant weeds on the sustainability of Australia's productive capacity and natural ecosystems.	839	0	0	0	0
<b>Natural Heritage Trust of Australia - National Landcare Programme(c)</b> To develop and implement resource management practices which enhance our soil, water and biological resources and which are efficient, sustainable, equitable, and consistent with the principles of ecologically sustainable development.	21,590	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b>Natural Heritage Trust of Australia - Farm Forestry Programme(c)</b>		7,866	0	0	0	0
To encourage the incorporation of commercial tree growing and management into farming systems for the purpose of wood and non-wood production, increasing agricultural productivity and sustainable natural resource management.						
<b>Natural Heritage Trust of Australia - Murray Darling 2001(c)</b>		6,938	0	0	0	0
To contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the Basin, its natural systems and its communities.						
<b>Tasmanian Wheat Freight Subsidy</b>		1,200	1,213	1,245	1,277	1,310
The Government has decided to extend the Tasmanian Wheat Freight Scheme (TWFS). This will assist the economic sustainability of the cereal processing and related baking, intensive animal, feedlot and aquaculture industries in Tasmania. The subsidy will be reviewed at the end of 1999-2000.						
<b>Bovine Brucellosis and Tuberculosis</b>		0	0	0	0	0
To fund the Brucellosis and Tuberculosis Eradication Campaign.						
<b>Exotic Disease Eradication</b>		250	254	260	268	274
The Wildlife and Exotic Diseases Preparedness Program supports investigations into the role of wildlife species in the maintenance and spread of emerging animal diseases and incursions of major exotic diseases of animals.						
<b>Sustainable Forest Management</b>		678	2,904	0	0	0
To enhance forest management and assist in structural adjustment and value adding investments in the timber industry in south-east NSW. Also, to ameliorate impacts on native forest industry businesses and workers who may be adversely affected by the Deferred Forest Agreement and/or Regional Forest Agreement outcomes, and to facilitate the investment to create a long-term ecologically and economically sustainable forest industry.						

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>National Landcare Program (NLP)</b> The NLP aims to achieve efficient, sustainable and equitable management of natural resources in Australia. Current purpose payments mainly assist community landcare group activities and projects which support community landcare, although some State agency projects are also supported. This funding is managed in conjunction with Natural Heritage Trust allocations to the NLP.	34,614	35,099	36,012	36,950	37,912
<b>Farm Business Improvement Program (FarmBis)</b> FarmBis provides a framework for promoting a positive approach to change and build on the farm sector's culture of continuous improvement to help farmers improve the productivity, profitability and sustainability of their businesses.	3,751	21,321	0	0	0
<b>Rural Adjustment Scheme</b> To provide support to farm business enterprises to improve farm productivity, profitability and sustainability, and to eligible farm business enterprises where incomes have been adversely affected by exceptional circumstances such as extreme drought.	29,145	16,495	2,887	938	296
<b>Natural Heritage Trust of Australia - National River Health Programme(c)</b> To guide and monitor activities to reverse the degradation of Australia's inland waters.	2,409	0	0	0	0
<b>Natural Heritage Trust of Australia - Waterwatch Australia(c)</b> Coordinate and support networks of community members who are working towards the goal of healthy waterways.	2,583	0	0	0	0
<b>Natural Heritage Trust of Australia - Waste Management Awareness(c)</b> To promote benefits and practicalities entailed in effective waste management and recycling, with the emphasis on community based activities.	142	0	0	0	0
<b>Natural Heritage Trust of Australia - Riverworks Tasmania(c)</b> To carry out remedial works to improve the environment and the general amenity, within the Mount Lyell region, and the Derwent, Tamar and Huon Valley regions.	4,163	0	0	0	0
<b>Natural Heritage Trust of Australia - Fisheries Action Program(c)</b> Help achieve the repair of Australian aquatic environment and assist in the conservation and sustainable use of fish resources in fresh water, estuarine and marine environments.	1,697	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b>Natural Heritage Trust of Australia - National Land and Water Resources</b>						
<b>Audit(c)</b>		1,107	0	0	0	0
Provide assessments of land, vegetation and water resources that will assist in the sustainable development of those resources.						
<b>Great Artesian Basin Sustainability Initiative(d)</b>		2,405	5,367	7,158	7,526	7,721
Commonwealth contribution to assist with the implementation of the Great Artesian Basin Management Plan. Grants will be made to States and Territories to assist bore rehabilitation. Supplementary incentives will also be made available for the replacement of open drains with piping.						
<b>Citrus industry market diversification</b>		259	0	0	0	0
The Citrus Market Diversification Programme was established by the Commonwealth Government in 1994 to help the citrus industry improve its international competitiveness and long term growth prospects.						
<b>Forest industry structural adjustment package</b>		4,217	47,201	0	0	0
The Forest Industry Structural Adjustment Package is an industry development programme to assist the native forest timber industry become more efficient, sustainable and internationally competitive. It also provides structural adjustment assistance to eligible forest industry workers and businesses who have been adversely affected by the Regional Forest Agreement process.						
<b>Skilling farmers for the future</b>		0	0	20,000	40,000	55,000
A new programme to integrate and enhance the existing successful FarmBis and Property Management Planning Programmes and incorporate the wild catch fishing industry. It will facilitate farmer self reliance and promote a positive approach to change and a culture of continuous improvement by providing financial assistance to improve skills in business and resource management.						
<b>Natural Heritage Trust of Aust. - FarmBis - Adv Property Mgmt Planning</b>		6,118	0	0	0	0
To provide businesses with business and land management skills through training and education.						

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>War Service Land Settlement Scheme</b> To reimburse South Australia for the operation and maintenance of the Loxton Irrigation Scheme, to meet Commonwealth obligations for this element of the War Service Land settlement Scheme.	2,292	2,426	2,593	2,767	2,839
<b>Farm Assistance Package for Central/NE South Australia</b> The Central North-East South Australian Farm Assistance Programme is intended to address the longer term structural issues faced by the region. The focus of the programme will be to develop the region's economic capacity and self reliance by facilitating sound business decisions, encouraging sustainability and promoting innovation.	0	1,000	1,000	0	0
<b><i>Agriculture, Fisheries and Forestry - Total</i></b>	134,263	133,280	71,155	89,726	105,352
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction</i></b>					
<b>Regional Minerals Programme</b> To provide resources for infrastructure development to implement the Western Tasmania Study under the Regional Minerals Programme.	1,000	4,000	0	0	0
<b>Enterprise Development Program</b> To improve the capacity of the Business Information Service and reduce business 'red tape' through joint initiatives with State and Territory governments.	1,493	1,270	696	0	0
<b>* Textiles, Clothing &amp; Footwear Development</b> To assist textiles, clothing and footwear firms to continue industry restructuring by encouraging the adoption of quality management initiatives and closer relationships with suppliers.	1,795	0	0	0	0
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction - To</i></b>	4,288	5,270	696	0	0
<b><i>Transport and Communication</i></b>					
<b>Interstate Road Transport</b> Under the <i>Interstate Road Transport Act 1985</i> , the Commonwealth makes payments to the States and Territories which equal total revenue received from the States and Territories from registrations made under the Federal Interstate Registration Scheme (FIRS). Payment of amounts equal to penalties arising from prosecutions under the Act are also made by the Commonwealth.	24,100	27,100	27,100	27,100	27,100

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b>Petroleum Products Freight Subsidy Scheme</b>		3,500	3,500	3,500	3,500	3,500
The <i>States Grants (Petroleum Products) Act 1965</i> provides for grants to be made to the States and the Northern Territory to enable them to subsidise the cost of transporting eligible petroleum products to remote areas of Australia.						
<b>Transport and Communication - Total</b>		27,600	30,600	30,600	30,600	30,600
<b>Labour and Employment Affairs</b>						
<b>Training for Aboriginals Programme</b>		1,700	1,700	1,700	1,700	1,700
Provides funds to support the initial employment and training of indigenous Australians within State public services. Payments are administered under bilateral agreements and joint management arrangements.						
<b>Labour and Employment Affairs - Total</b>		1,700	1,700	1,700	1,700	1,700
<b>Other Purposes</b>						
<b>Debt Redemption Assistance</b>		59,626	53,400	43,638	28,416	33,925
Covers the payment of compensation to the States under the <i>Financial Agreement Act 1994</i> , for the additional interest costs of replacing maturing Commonwealth debt with their own borrowings, rather than by the Commonwealth borrowing on their behalf, and for the lower, formula based, Commonwealth sinking fund contributions which have resulted from the debt redemption arrangements.						
<b>* Financial Assistance Grants for Local Government(g)</b>						
<b>- Financial Assistance Grants</b>		880,575	915,798	948,034	981,500	1,015,656
Provides untied general purpose assistance to local government authorities. The grants are distributed between the States and Territories on an equal per capita basis.						
<b>- Identified Local Road Grants</b>		390,737	406,367	420,671	435,520	450,676
Provides untied assistance to local government authorities in place of specific purpose payments formerly passed on to local government by the States for expenditure on local roads.						



**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Compensation - Companies Regulation</b> Under the terms of the Corporations Agreement, the Commonwealth is obliged to compensate the six States and the NT for revenue forgone following the commencement of the national scheme for the regulation of companies and securities.	134,947	139,131	146,504	151,047	154,218
<b>Natural Disaster Relief</b> Reimbursement of part of the expenditure incurred by the States on personal hardship and distress payments made to persons adversely affected by natural disaster.	61,750	44,000	44,000	44,000	44,000
<b>Cyclone Relief - Exmouth</b> Funding for assistance to individuals in Exmouth WA whose property was severely damaged by Cyclone Vance.	1,500	0	0	0	0
<b>Royalties</b> Reimbursement to the WA Government for royalties under the <i>Petroleum (Submerged Lands) Act 1967</i> and for the cost of Barrow Island Resource Royalty and reimbursement to the NT Government in lieu of uranium royalties.	338,588	218,800	181,300	182,400	178,200
<b>ACT National Capital Influences</b> Funding assists the ACT Government to meet the additional municipal costs flowing from Canberra's role as the national capital. The level of funding is based upon the findings of the Commonwealth Grants Commission in its Second and Third Reports on Financing in the ACT.	20,188	20,471	20,880	21,214	21,553
<b>Other Purposes - Total</b>	1,887,911	1,797,967	1,805,027	1,844,097	1,898,228
<b>TOTAL CURRENT</b>	<b>15,323,896</b>	<b>15,990,040</b>	<b>16,769,645</b>	<b>17,538,846</b>	<b>18,449,316</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>					
<b>Education</b> <b>Government Schools</b> Provides supplementary assistance to State education authorities for the provision, maintenance and upgrading of school facilities, which can include, amongst other things, land or building purchases, capital works or the provision of equipment.	224,959	229,683	235,655	241,783	248,069

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>* Non-Government Schools</b> Provides supplementary assistance to Non-Government schools and systems, as well as hostels for rural students, for the provision, maintenance and upgrading of school facilities, which can include, amongst other things, land or building purchases, capital works or the provision of equipment.	88,437	90,294	92,642	95,051	97,272
<b>Education - Total</b>	313,396	319,977	328,297	336,834	345,341
<b>Health</b>					
<b>Home and Community Care</b> Funds are provided on a matched basis for the provision of appropriate community care services to help frail aged people and people with a disability live independently in their homes as long as possible.	526	565	611	659	711
<b>Blood Transfusion Services</b> To provide funds for the Australian Red Cross Blood Service towards the cost of its approved capital programme in providing a national blood transfusion service.	5,663	7,104	6,191	6,359	6,576
<b>Health - Total</b>	6,189	7,669	6,802	7,018	7,287
<b>Social Security and Welfare</b>					
<b>Home and Community Care</b> Funds are provided on a matched basis for the provision of appropriate community care services to help frail aged people and people with a disability live independently in their homes as long as possible.	2,628	2,827	3,055	3,296	3,556
<b>Crisis Accommodation Assistance</b> To provide funds to the States under the Commonwealth-State Housing Agreement for the acquisition of accommodation for use under the Supported Accommodation Assistance Program.	38,628	40,682	39,655	39,655	39,655
<b>Social Security and Welfare - Total</b>	41,256	43,509	42,710	42,951	43,211

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b><i>Housing and Community Amenities</i></b>						
<b>Housing Assistance for Indigenous People</b>		91,000	91,000	91,000	91,000	91,000
To assist Aboriginal and Torres Strait Islander people on low to moderate incomes to have access to affordable, appropriate and secure rental housing, including public and community-owned rental housing.						
<b>Community Housing</b>		62,334	65,646	63,990	63,990	63,990
To develop community housing which provides appropriate and affordable rental accommodation for low to moderate income earners.						
<b>Commonwealth-State Housing Agreement (CSHA) Block Assistance/Base Funding</b>		736,127	869,892	833,575	824,189	734,522
The Commonwealth, through the CSHA, provides funds to the States primarily for the provision of public rental housing for low to moderate income households. States are required to contribute to housing assistance in amounts as set in the CSHA.						
<b>Social Housing Subsidy Program</b>		2,130	2,130	2,130	2,130	2,130
Provides matching funding to States for up to 20 years to subsidise the recurrent costs of financing rental accommodation for low and moderate income earners. Funds are committed to NSW and the ACT and future funding to other States was removed in the 1996-97 Budget.						
<b>Federation Fund - Development of the Tuggeranong Homestead</b>		430	225	20	0	0
The project aims to conserve and restore the culturally significant elements of the Tuggeranong Homestead complex. The objective will be to ensure that these elements are conserved so as to prevent further deterioration as well as ensure their optimal attractiveness to adapted uses within the context of the work of the interim Tuggeranong Homestead Authority.						
<b>Federation Fund - Centennial Moore Park Trust</b>		8,740	1,200	60	0	0
The project will conduct a four element capital improvement plan on Federation Drive, Federation Landscape, Federation Valley and the Avenues of Trees.						

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Tasmanian Regional Forest Agreement</b> Funding will support projects under the Tasmanian Regional Forest Agreement. The package includes funding for the implementation of new intensive forest management initiatives, including hardwood plantation establishment and thinning programs.	300	0	0	0	0
<b>*Regional Flood Mitigation Programme</b> Provides funding to States and Territories to assist in addressing the problem of repeated flooding in rural towns and regional centres.	2,400	8,800	8,800	0	0
<b><i>Housing and Community Amenities - Total</i></b>	903,461	1,038,893	999,575	981,309	891,642
<b><i>Recreation and Culture</i></b>					
<b>Sugar Coast Environment Rescue Package</b> To protect identified critical habitat of the Mahogany Glider.	3,683	0	0	0	0
<b>Natural Heritage Trust of Australia - National Reserve System Programme(c)</b> To assist with the establishment and maintenance of a comprehensive, adequate and representative system of reserves.	1,283	0	0	0	0
<b><i>Recreation and Culture - Total</i></b>	4,966	0	0	0	0
<b><i>Agriculture, Fisheries and Forestry</i></b>					
<b>Natural Heritage Trust of Australia - Murray Darling 2001(c)</b> To contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the Basin, its natural systems and its communities.	27,809	0	0	0	0
<b>Natural Heritage Trust of Australia - National Landcare Programme(c)</b> To develop and implement resource management practices which enhance our soil, water and biological resources and which are efficient, sustainable, equitable, and consistent with the principles of ecologically sustainable development.	25,516	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>Sugar</b> To enhance the economic performance of the Australian sugar industry by providing funding for infrastructure projects including providing better export facilities for the NSW industry.	933	1,776	0	0	0
<b>Tasmanian Regional Forest Agreement</b> This is new funding for hardwood plantation, intensive forest management and infrastructure development to ensure the continuing supply of resources to industry following the signing of the Tasmanian Regional Forest Agreement.	23,590	0	0	0	0
<b><i>Agriculture, Fisheries and Forestry - Total</i></b>	77,848	1,776	0	0	0
<b><i>Transport and Communication</i></b>					
<b>Building IT Strengths - Tasmania 'Intelligent Island'</b> Building on existing Tasmanian government initiatives to further develop an internationally competitive IT & T sector, the Commonwealth will provide \$40m towards redeveloping Tasmania as an 'Intelligent Island'. The programme will be overseen by a board comprising representatives of the Commonwealth and Tasmanian governments, industry and the Tasmanian tertiary education sector.	20,000	0	20,000	0	0
<b>Connecting Tasmanian Schools</b> The Commonwealth will contribute \$15m in 1999-00 towards establishing local area and wide area networks, linking Tasmanian schools to enhance the use of information technology and the Internet in Tasmanian classrooms. The programme will also provide additional computers and support equipment for the State's government and non-government schools.	15,000	0	0	0	0
<b>Alice Springs Darwin Railway</b> The Commonwealth has agreed to provide an additional \$65m towards the construction of an Alice Springs to Darwin rail link. This is in addition to the \$100m to be provided under the Federation Funds - Projects - Northern Territory.	25,000	10,000	30,000	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>Wyndham Port Loading Facilities</b> To facilitate the development of the Western Australian sugar industry by contributing to improved loading facilities at the port of Wyndham.	0	550	0	0	0
<b>Adelaide Airport Runway</b> The Commonwealth has agreed to reimburse the SA Government, from the proceeds of the sale of Adelaide Airport, for the cost of works associated with the extension of the Adelaide Airport runway.	20,000	0	0	0	0
<b>Road Programs</b> The Commonwealth funds the National Highway System and contributes to the capital cost of declared Roads of National Importance. Funds are appropriated under the <i>Australian Land Transport Development Act 1988</i> and administered through a reserved money fund.	816,711	858,880	966,819	941,806	854,996
<b>Road Safety Blackspots - States</b> Funding is available for the treatment of road sites where casualty crashes are occurring. State Transport agencies manage programmes of works. Funds are appropriated under the <i>Australian Land Transport Development Act 1988</i> and administered through a reserved money fund.	36,971	41,035	44,408	0	0
<b>Federation Funds Projects - Northern Territory</b> Alice Springs to Darwin - The Commonwealth has agreed to contribute \$100m from its Centenary of Federation Fund toward the construction of an Alice Springs to Darwin rail link matching the \$100m committed by both the NT and SA.	30,000	30,000	40,000	0	0
<b>Federation Funds Projects - Tasmania</b> Abt Railway - The Commonwealth has agreed to provide \$20.45m from its Centenary of Federation Fund for the re-establishment of the Abt Railway between Queenstown and Strahan on Tasmania's West Coast.	9,554	9,000	1,450	0	0
<b>Federation Funds Projects - Queensland</b> Brisbane Light Rail - The Commonwealth has agreed to provide \$65m from its Centenary of Federation Fund toward the estimated \$235 million cost of constructing a light rail network that meets Brisbane commuter needs.	14,000	15,000	36,000	0	0

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Federation Funds Projects - New South Wales/Victoria</b> The Commonwealth has agreed to fund \$22m each to both Victoria and New South Wales for the replacement of three key crossings of the Murray River at Echuca, Robinvale and Corowa.	6,000	15,000	24,000	0	0
<b>* Payment to Tasmania for Track Upgrading</b> In negotiations leading to Tasmania's agreement to sell the Tasmanian operations of the Australian National Railways Commission (AN), it was agreed that the Commonwealth would provide funding to upgrade rail infrastructure in Tasmania. The selection of projects for funding was on the basis of their expected contribution to the enhancement of rail operations in the State, including rail's competitive position.	1,000	1,000	0	0	0
<b>Transport and Communication - Total</b>	994,236	980,465	1,162,677	941,806	854,996
<b>Tourism</b>					
<b>Tasmanian Regional Forest Agreement</b> Administer funding to the Tasmanian Government under the Regional Forests Agreement to ensure the provision of high quality visitor interpretation facilities.	1,000	0	0	0	0
<b>Tourism - Total</b>	1,000	0	0	0	0
<b>Other Purposes</b>					
<b>Sinking Fund on State Debt</b> Contributions to the Debt Retirement Reserve Trust Account (DRRTA) by the Commonwealth on behalf of the six States and the NT in accordance with the <i>Financial Agreement Act 1994</i> .	5,011	3,244	1,918	1,500	1,411
<b>Natural Disaster Relief</b> Reimbursement under a funding formula of part of the expenditure incurred by States to restore/replace public assets damaged by natural disasters.	20,000	20,000	20,000	20,000	20,000
<b>Other Purposes - Total</b>	25,011	23,244	21,918	21,500	21,411
<b>TOTAL CAPITAL</b>	<b>2,367,363</b>	<b>2,415,533</b>	<b>2,561,979</b>	<b>2,331,418</b>	<b>2,163,888</b>

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>REPAYMENTS</b>					
<b>Supplementary Contributions</b> DRRTA receipts of supplementary contributions from the States and the NT, payable under the provisions of the <i>Financial Agreement Act 1994</i> , to enable the redemption of Commonwealth Government securities maturing on their behalf.	605,087	459,808	142,760	28,421	291,300
<b>Payments to Debt Sinking Funds</b> Debt Retirement Reserve Trust Account (DRRTA) receipts of contributions from the six States and the NT and from the Commonwealth on their behalf payable under the provisions of the <i>Financial Agreement Act 1994</i> .	20,219	13,093	7,739	6,051	5,697
<b>Total</b>	625,306	472,901	150,499	34,472	296,997
<b>Repayments of Commonwealth Government Loans</b>					
<b>ACT Debt Repayments</b> Servicing of remaining notional debt held against assets transferred from the Commonwealth to the ACT Government, on self-government, for public transport (land and buildings), electricity, water supply and sewerage.	18,597	17,311	4,646	4,647	4,647
<b>Loan Council - Housing Nominations</b> Principal repayments by the six States and the NT of advances made to them under the various <i>States (Works and Housing) Assistance Acts</i> .	14,214	14,851	15,520	16,219	16,949
<b>Repayments of Commonwealth Government Loans - Total</b>	32,811	32,162	20,166	20,866	21,596
<b>Defence</b>					
<b>Housing for Servicemen</b> Principal repayments by the States of advances to finance the construction, maintenance and upgrade of public housing for use by service personnel.	1,054	1,122	1,196	1,275	1,361
<b>Defence - Total</b>	1,054	1,122	1,196	1,275	1,361



**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b><i>Housing and Community Amenities</i></b>					
<b>CSHA Loans</b> Principal repayments by the six States and the NT of advances made to them under the various <i>Housing Agreement, Northern Territory Housing Agreement</i> and <i>Housing Assistance Acts</i> .	53,877	56,096	58,301	60,209	61,955
<b>Other Housing</b> Repayment of the principal of loans relating to assets transferred from the Commonwealth to the NT at the time of self government in 1978 and to the ACT at the time of self government in 1989.	7,337	7,663	5,642	5,848	6,044
<b>Urban Water Supply and Treatment</b> Repayment of principal on loans to SA for water quality improvement via Adelaide and Northern Towns Water Treatment and to WA for salinity mitigation via the Harding River Dam project.	355	339	316	352	405
<b>NT - Water and Sewerage Assistance</b> Repayment of the principal of a loan relating to assets transferred from the Commonwealth to the NT at the time of self-government in 1978.	136	136	136	136	136
<b>Growth Centres</b> Repayment of the principal of loans provided under the <i>Urban and Regional Development (Financial Assistance) Act 1974</i> to NSW for urban expansion and redevelopment in the Bathurst-Orange area and to Vic., for the development of a growth complex in the Albury-Wodonga area.	207	228	0	0	0
<b>Urban Rehabilitation</b> Repayment of the principal of a loan provided under the <i>Land Commissions (Financial Assistance) Act 1973</i> to Vic., for the acquisition and redevelopment of land at Emerald Hill, South Melbourne.	205	205	0	0	0
<b>Community Facilities - Townsville</b> Repayment of a loan to the Qld Government as a contribution towards the cost of developing community facilities in Townsville to assist in assimilating servicemen and their families into the community.	28	31	33	36	39

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Captains Flat (Abatement of Pollution) Agreement</b> This is a loan agreement that generates repayments of principal and interest from the NSW Government in relation to capital works undertaken at Captains Flat to prevent pollution of the Molonglo River.	6	6	6	6	7
<b>Sewerage</b> Repayment of the principal loans provided under the <i>Urban and Regional Development (Financial Assistance) Act 1974</i> to all States to undertake programmes connected with provision of sewerage facilities with particular objectives of eliminating the backlog of sewerage works.	2,324	2,554	6,159	6,538	6,852
<b>Housing and Community Amenities - Total</b>	64,475	67,258	70,593	73,125	75,438
<b>Agriculture, Fisheries and Forestry</b>					
<b>Dairy Adjustment Programme</b> Repayments of loans to 'less than economic' dairy farms for property development and carry-on finance and grants for writing-off redundant milking plants.	160	2	0	0	0
<b>Bovine Brucellosis and Tuberculosis</b> Commonwealth share of principal repaid by pastoralists on loans for property maintenance and improvement essential for disease eradication under the Brucellosis and Tuberculosis Eradication Campaign.	523	145	69	130	294
<b>Rural Adjustment Scheme</b> Repayments of loans administered under the <i>States Grants (Rural Adjustment) Acts 1976 &amp; 1979</i> which provide assistance to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.	11,357	2,284	2,020	1,791	1,463
<b>War Service Land Settlement Scheme</b> These repayments are of advances made to veterans of WWII or the Korea/Malaya campaigns for the purpose of providing working capital funding, paying and effecting improvements and acquiring stock, plant and equipment.	887	859	888	914	930

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Brigalow Lands Development Scheme</b> Repayments of loans administered under the <i>Brigalow Lands Agreement Act 1962</i> which provide assistance to Qld for the development of land in the Fitzroy River Basin. The main purpose of the assistance was to increase cattle production.	1,051	0	0	0	0
<b><i>Agriculture, Fisheries and Forestry - Total</i></b>	13,978	3,290	2,977	2,835	2,687
<b><i>Transport and Communication</i></b>					
<b>Railway Projects</b> Repayment of the principal of loans provided by the Commonwealth to upgrade and standardise railways in mainland Australia.	663	567	0	0	0
<b><i>Transport and Communication - Total</i></b>	663	567	0	0	0
<b><i>Other Purposes</i></b>					
<b>Natural Disaster Relief</b> Repayment by States of loans made by the Commonwealth under the Natural Disaster Relief Arrangements (NDRA) and the repayment of overpaid moneys.	2,801	2,670	860	368	347
<b>Repay Advances to Balance State Budgets</b>	0	0	1,655,649	0	0
<b><i>Other Purposes - Total</i></b>	2,801	2,670	1,656,509	368	347
<b>TOTAL REPAYMENTS</b>	<b>741,088</b>	<b>579,970</b>	<b>1,901,940</b>	<b>132,941</b>	<b>398,426</b>
<b>ADVANCES</b>					
<b>Natural Disaster Relief</b> Concessional interest rate loans to the States in respect of loans made by them to individuals affected by natural disasters.	635	0	0	0	0
<b>Advances to Balance State Budgets</b>	0	1,655,649	0	0	0
<b><i>Other Purposes - Total</i></b>	635	1,655,649	0	0	0
<b>TOTAL ADVANCES</b>	<b>635</b>	<b>1,655,649</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>INTEREST</b>					
<b>Interest on Loan Council and NT Government Borrowings</b> Receipts from the six States and the NT of interest on Commonwealth Government securities outstanding on their behalf.	150,561	74,120	38,225	31,799	26,209
<b>Interest on Loan Council and NT Government Borrowings - Total</b>	150,561	74,120	38,225	31,799	26,209
<b>ACT Government Debt</b> Receipts from the ACT of interest on Commonwealth Government loans and on Commonwealth Government securities nominally outstanding on its behalf.	9,296	7,101	5,744	5,209	4,674
<b>Housing Nominations</b> Interest received from the six States and the NT on outstanding advances made to them under the <i>States (Works and Housing) Assistance Acts</i> .	71,185	70,546	69,877	69,177	68,448
<b>Interest on Commonwealth Government Loans - Total</b>	80,481	77,647	75,621	74,386	73,122
<b>Defence</b>					
<b>Housing for Servicemen</b> Interest payments by the States of advances to finance the construction, maintenance and upgrade of public housing for use by service personnel.	4,450	4,405	4,356	4,305	4,249
<b>Defence - Total</b>	4,450	4,405	4,356	4,305	4,249
<b>Housing and Community Amenities</b>					
<b>CSHA Loans</b> Interest received from the six States and the NT on outstanding advances made to them under the various <i>Housing Agreement, Northern Territory Housing Agreement and Housing Assistance Acts</i> . Repayments of principal and interest are made at the end of each financial year.	103,539	101,317	99,004	96,596	94,100

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>Other Housing</b> Payment of interest on loans relating to assets transferred from the Commonwealth to the NT at the time of self-government in 1978 and to the ACT at the time of self-government in 1989.	15,867	15,533	15,184	14,823	14,448
<b>Urban Water Supply and Treatment</b> Payment of interest on loans to SA for water quality improvement via Adelaide and Northern Towns Water Treatment and to WA for salinity mitigation via the Harding River Dam project.	1,252	1,223	1,218	1,211	1,199
<b>NT - Water and Sewerage Assistance</b> Payment of interest on loans relating to assets transferred from the Commonwealth to the NT at the time of self-government in 1978.	657	651	644	636	630
<b>Growth Centres</b> Payment of interest on loans provided under the <i>Urban and Regional Development (Financial Assistance) Act 1974</i> to NSW for urban expansion and redevelopment in the Bathurst-Orange area and to Vic., for the purposes of developing a growth complex in the Albury-Wodonga area.	162	134	111	85	57
<b>Urban Rehabilitation</b> Payment of interest on a loan provided under the <i>Land Commissions (Financial Assistance) Act 1973</i> , to Vic., for the acquisition and redevelopment of land at Emerald Hill, South Melbourne.	74	56	39	21	4
<b>Sewerage</b> Payment of interest on loans provided under the <i>Urban and Regional Development (Financial Assistance) Act 1974</i> to all States to undertake programmes connected with provision of sewerage facilities with particular objectives of eliminating the backlog of sewerage works.	8,211	7,985	7,751	7,489	7,197
<b>Community Facilities - Townsville</b> Interest paid on a loan to the Qld Government as a contribution towards the cost of developing community facilities in Townsville to assist in assimilating servicemen and their families into the community.	18	16	13	10	7

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						
<b>Captains Flat (Abatement of Pollution) Agreement</b>		10	9	8	7	6
Interest payable under the loan agreement with the NSW Government in relation to capital works undertaken at Captains Flat to prevent pollution of the Molonglo River.						
<b>Housing and Community Amenities - Total</b>		129,790	126,924	123,972	120,878	117,648
<b>Agriculture, Fisheries and Forestry</b>						
<b>Dairy Adjustment Programme</b>		8	0	0	0	0
Payment of interest on loans to 'less than economic' dairy farms for property development and carry-on finance and grants for writing-off redundant milking plants.						
<b>Bovine Brucellosis and Tuberculosis</b>		9	9	9	10	10
Payment of interest on loans to pastoralists for property maintenance and improvements essential for disease eradication under the Brucellosis and Tuberculosis Eradication Campaign.						
<b>Rural Adjustment Scheme</b>		1,517	647	470	314	176
Payment of interest on loans under the <i>States Grants (Rural Adjustment) Acts 1976 &amp; 1979</i> to provide assistance to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.						
<b>Brigalow Land Development Scheme</b>		90	0	0	0	0
Payment of interest on loans under the <i>Brigalow Lands Agreement Act 1962</i> which assists Qld in the development of land in the Fitzroy River Basin. The main purpose of the assistance was to increase cattle production.						
<b>Softwood Forestry</b>		0	0	0	0	0
Payment of interest on loans under the <i>Softwood Forestry Agreements Acts of 1967, 1972, 1976 and 1978</i> .						

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i> Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>War Service Land Settlement Scheme</b> Payment of interest on loans to veterans of WWII or the Korea/Malaya campaigns which were for the purpose of providing working capital funding, paying and effecting improvements and acquiring stock, plant and equipment.	438	408	375	344	311
<b><i>Agriculture, Fisheries and Forestry - Total</i></b>	2,062	1,064	854	668	497
<b><i>Transport and Communication</i></b>					
<b>Railway Projects</b> Payment of interest on loans provided by the Commonwealth to upgrade and standardise railways in mainland Australia.	579	484	455	423	391
<b><i>Transport and Communication - Total</i></b>	579	484	455	423	391
<b><i>Other Purposes</i></b>					
<b>Natural Disaster Relief</b> Interest payable by the States in respect of loans made by the Commonwealth to them under NDRA.	115	60	21	16	14
<b><i>Other Purposes - Total</i></b>	115	60	21	16	14
<b>TOTAL INTEREST</b>	<b>368,038</b>	<b>284,704</b>	<b>243,504</b>	<b>232,475</b>	<b>222,130</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>					
<b>Total Specific Purpose Payments</b>	<b>17,691,259</b>	<b>18,405,573</b>	<b>19,331,624</b>	<b>19,870,264</b>	<b>20,613,204</b>
<b>Total 'To'</b>	<b>13,459,843</b>	<b>13,877,374</b>	<b>14,504,557</b>	<b>14,732,460</b>	<b>15,128,974</b>
<b>Total 'Through'</b>	<b>4,231,416</b>	<b>4,528,199</b>	<b>4,827,067</b>	<b>5,137,804</b>	<b>5,484,230</b>

**Table B1: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 to 2003-04 (\$'000) (continued)**

<i>Function</i>						
<b>Payment Title</b>		<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Description						

\* Items so marked are classified as payments 'through' the States.

(a) The 1998-2003 Australian Health Care Agreements expire on 30 June 2003. The estimates for 2003-04 are indicative only.

(b) Distributions for States and Territories other than Victoria, Queensland and the Northern Territory are indicative only and do not represent a commitment on the part of the Commonwealth. The final distribution for States and Territories other than Victoria, Queensland and the Northern Territory will depend on agreement of Strategic Plans with those States and Territories under the Australian Health Care

(c) Natural Heritage Trust: There are no estimates available past the current year (1999-2000) at this time as funding is determined on a merit selection basis.

(d) The split between the current and capital component has not yet been determined.

(e) The funds allocated to the States and Territories as per the Authority's Directions and Resource Allocations, which is agreed by the ANTA Ministerial Council. These funds include supplementation for the 1998 and 1999 calendar years but not the outyears. The amount of supplementation is determined and approved each year by Parliament as an amendment to the Vocational Education and Training Funding

(f) Figure for Disability Services include Commonwealth funding of \$50m in 2000-01 and \$100m in 2001-02 towards unmet need for State provided disability services. The State splits are proposed only, with actual splits still subject to further negotiations.

(g) The estimate for Local Government Financial Assistance Grants are only indicative. The Treasurer is to make a determination for the estimate of payments to be made under this programme later in the financial year and the estimates may be different from those reported



**Table B2 and B3: Estimated Specific Purpose Payments to the States, Repayments of Advances, Advances and Interest Payments, 1999-2000 and 2000-01**

Table B2 provides revised estimates for 1999-2000 of each State's share of the items included in Table B1.

Table B3 provides budget estimates for 2000-01 of each State's share of the items included in Table B1. As in other years, the distribution of assistance for these years under some programmes is dependent upon the recipient government undertaking to participate in particular programmes or approve particular projects. For a few programmes, final decisions on the distribution of payments among the States have still to be taken by the Commonwealth; for others, the final distribution for 2000-01 will not be settled before further data become available. In most cases, provisional or notional estimates of the distribution are included. This does not commit the Commonwealth to a particular project or indicate that a State has agreed to participate in the programme.

SPPs 'through' the States are indicated in the tables by (\*).

A summary of total payments 'to' and 'through' the States is provided at the end of each table.

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<b><i>Public Order and Safety</i></b>									
Legal Aid	31,372	0	0	8,322	9,079	3,752	2,562	2,029	57,116
Confiscated Assets Trust Fund	0	0	0	0	0	0	0	0	0
Gun Buyback Scheme	586	0	0	0	0	0	0	0	586
Film and Literature Classifications	78	78	77	78	77	77	77	77	619
Qwith Heads of Govt Meeting-payment to Qld Police	0	0	0	0	0	0	0	0	0
<b><i>Public Order and Safety - Total</i></b>	<b>32,036</b>	<b>78</b>	<b>77</b>	<b>8,400</b>	<b>9,156</b>	<b>3,829</b>	<b>2,639</b>	<b>2,106</b>	<b>58,321</b>
<b><i>Education</i></b>									
Advanced English for Migrants Program (AEMP)	2,143	1,713	534	462	353	60	94	61	5,420
Government Schools	395,063	278,650	229,810	124,152	88,495	33,972	20,623	14,759	1,185,524
* Non-Government Schools	871,773	707,239	483,039	255,345	195,488	54,465	57,581	23,300	2,648,230
Vocational Education and Training Funding Act(e)	298,510	214,866	146,920	81,238	70,048	24,481	16,925	13,296	866,284
Targeted and Joint Programmes Government Schools	109,590	70,473	53,019	28,029	26,259	8,931	4,578	6,164	307,043
* Targeted Programmes Non-Government Schools	53,421	43,396	20,437	11,682	11,921	2,274	2,318	1,517	146,966
Indigenous Education Strategic Initiatives Programme - Government	15,137	4,283	15,488	11,987	7,309	1,960	473	10,673	67,310
* Indigenous Education Strategic Initiatives Programme - Non-Government	18,350	3,111	11,775	12,307	2,890	1,019	1,317	20,507	71,276
<b><i>Education - Total</i></b>	<b>1,763,987</b>	<b>1,323,731</b>	<b>961,022</b>	<b>525,202</b>	<b>402,763</b>	<b>127,162</b>	<b>103,909</b>	<b>90,277</b>	<b>5,298,053</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Health</b>									
Blood Transfusion Services	20,321	14,779	11,084	6,774	5,542	1,232	1,232	616	61,580
Health Program Grants	0	27,444	0	15,838	36,687	0	3,238	1,110	84,317
Health Care Grants(a)	1,998,520	1,434,773	1,075,819	569,881	506,087	129,851	72,460	64,414	5,851,805
Aged Care Assessment	3,765	2,835	1,814	1,077	1,134	374	91	91	11,181
National Health Development Fund(a)(b)	21,500	15,857	20,156	5,750	5,250	1,625	1,600	1,900	73,638
Highly Specialised Drugs	87,444	62,131	39,120	16,108	13,807	4,602	4,602	2,301	230,115
Home and Community Care	32,669	49,781	30,336	20,224	14,779	6,223	1,556	0	155,568
Youth Health Services	732	538	366	194	172	64	43	44	2,153
National Public Health	48,943	30,831	23,532	13,351	13,666	5,722	3,614	3,757	143,416
Essential Vaccines	21,948	15,807	11,839	6,127	5,078	1,614	958	650	64,021
Repatriation General Hospitals	5,613	4,263	0	0	2,233	818	0	0	12,927
<b>Health - Total</b>	<b>2,241,455</b>	<b>1,659,039</b>	<b>1,214,066</b>	<b>655,324</b>	<b>604,435</b>	<b>152,125</b>	<b>89,394</b>	<b>74,883</b>	<b>6,690,721</b>
<b>Social Security and Welfare</b>									
Aged Care Assessment	9,723	7,324	4,685	2,782	2,929	967	234	233	28,877
Home and Community Care	130,230	100,882	55,027	33,016	33,016	7,337	3,668	3,668	366,844
Disabilities Services(f)	117,054	77,708	69,563	25,912	44,031	13,557	4,523	3,453	355,801
Children's Services	1,485	1,395	942	495	9,889	328	83	65	14,682
Supported Accommodation Assistance	43,547	28,773	21,858	14,641	13,120	5,730	3,690	3,694	135,053
Unattached Humanitarian Minors	50	70	17	14	17	0	0	0	168
Exceptional Circumstances (EC) Administration	128	495	267	0	0	24	0	0	914
Extension of Fringe Benefits	53,998	38,602	26,954	13,573	15,357	4,932	1,096	752	155,264
Native Title	0	0	0	0	0	0	0	0	0
<b>Social Security and Welfare - Total</b>	<b>356,215</b>	<b>255,249</b>	<b>179,313</b>	<b>90,433</b>	<b>118,359</b>	<b>32,875</b>	<b>13,294</b>	<b>11,865</b>	<b>1,057,603</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Housing and Community Amenities</i></b>									
Assistance for Housing	1,848	1,348	424	627	941	314	0	0	5,502
Assistance for Water and Sewerage	0	0	0	0	0	0	8,117	0	8,117
Tasmanian Regional Forest Agreement	0	0	0	0	0	1,600	0	0	1,600
Natural Heritage Trust - Bushcare(c)	14,585	10,261	14,108	11,952	8,373	11,861	201	2,886	74,227
Natural Heritage Trust of Australia - Coasts and Clean Seas Initiative(c)	3,642	3,261	2,566	3,154	1,739	2,299	0	727	17,388
Natural Heritage Trust of Australia - National Rivercare Programme(c)	1,930	1,463	3,377	3,916	895	5,790	92	697	18,160
Natural Heritage Trust of Australia - Endangered Species Programme(c)	690	726	1,231	1,156	400	489	7	147	4,846
Natural Heritage Trust of Australia - National Feral Animal Control Programme(c)	402	322	184	147	336	336	0	93	1,820
Natural Heritage Trust of Australia - Air Pollution in Major Cities(c)	0	0	0	100	180	0	0	0	280
<b><i>Housing and Community Amenities Total</i></b>	<b>23,097</b>	<b>17,381</b>	<b>21,890</b>	<b>21,052</b>	<b>12,864</b>	<b>22,689</b>	<b>8,417</b>	<b>4,550</b>	<b>131,940</b>
<b><i>Recreation and Culture</i></b>									
Natural Heritage Trust of Australia - National Wetlands Programme(c)	450	373	199	148	108	110	0	160	1,548
Natural Heritage Trust of Australia - National Reserve System Programme(c)	65	9	0	55	50	7	0	0	186
Natural Heritage Trust of Australia - World Heritage Area Management and Upkeep(c)	1,303	0	5,181	491	418	700	0	0	8,093
Management of World Heritage Properties	0	0	0	0	0	5,070	0	0	5,070
Payments to the Sydney Organising Committee for the Olympic Games (SOCOG) for Games related services	15,599	0	0	0	0	0	0	0	15,599
Contemporary Music Package - State Pilots	0	0	0	0	500	500	0	0	1,000
<b><i>Recreation and Culture - Total</i></b>	<b>17,417</b>	<b>382</b>	<b>5,380</b>	<b>694</b>	<b>1,076</b>	<b>6,387</b>	<b>0</b>	<b>160</b>	<b>31,496</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Agriculture, Forestry and Fishing</i></b>									
Natural Heritage Trust of Australia - National Weeds Programme(c)	45	0	142	0	0	0	0	652	839
Natural Heritage Trust of Australia - National Landcare Programme(c)	4,069	4,083	2,857	4,126	1,766	4,571	62	56	21,590
Natural Heritage Trust of Australia - Farm Forestry Programme(c)	1,656	1,375	1,424	1,840	686	775	0	110	7,866
Natural Heritage Trust of Australia - Murray Darling 2001(c)	4,156	228	1,168	0	1,284	0	102	0	6,938
Tasmanian Wheat Freight Subsidy	0	0	0	0	0	1,200	0	0	1,200
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	0	0
Exotic Disease Eradication	155	0	40	0	0	0	0	55	250
Sustainable Forest Management	134	0	308	20	0	216	0	0	678
National Landcare Program (NLP)	9,591	5,359	4,765	6,762	5,700	1,124	27	1,286	34,614
Farm Business Improvement Program (FarmBis)	1,030	724	1,079	0	742	122	0	54	3,751
Rural Adjustment Scheme	6,899	10,422	7,999	0	3,227	598	0	0	29,145
Natural Heritage Trust of Australia - National River Health Programme(c)	487	200	356	363	460	77	65	401	2,409
Natural Heritage Trust of Australia - Waterwatch Australia(c)	445	422	359	336	304	441	111	165	2,583
Natural Heritage Trust of Australia - Waste Management Awareness(c)	0	100	0	0	0	42	0	0	142
Natural Heritage Trust of Australia - Riverworks Tasmania(c)	0	0	0	0	0	4,163	0	0	4,163
Natural Heritage Trust of Australia - Fisheries Action Program(c)	226	218	274	196	142	437	60	144	1,697
Natural Heritage Trust of Australia - National Land and Water Resources Audit(c)	71	91	286	109	209	71	0	270	1,107
Great Artesian Basin Sustainability Initiative(d)	1,205	0	700	0	500	0	0	0	2,405

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Citrus Industry Market Diversification	70	35	29	0	125	0	0	0	259
Forest Industry Structural Adjustment Package	1,817	1,000	150	250	0	1,000	0	0	4,217
Skilling Farmers for the Future	0	0	0	0	0	0	0	0	0
Natural Heritage Trust of Aust.- FarmBis - Adv Property Mgmt Planning(c)	1,635	1,168	1,751	0	1,168	280	0	116	6,118
War Service Land Settlement Scheme	0	0	0	0	2,291	1	0	0	2,292
Farm Assistance Package for Central/NE South Australia	0	0	0	0	0	0	0	0	0
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>33,691</b>	<b>25,425</b>	<b>23,687</b>	<b>14,002</b>	<b>18,604</b>	<b>15,118</b>	<b>427</b>	<b>3,309</b>	<b>134,263</b>
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction</i></b>									
Regional Minerals Programme	0	0	0	0	0	1,000	0	0	1,000
Enterprise Development Program	274	152	248	301	205	63	101	149	1,493
* Textiles, Clothing & Footwear Development	553	583	252	101	175	102	12	17	1,795
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction - Total</i></b>	<b>827</b>	<b>735</b>	<b>500</b>	<b>402</b>	<b>380</b>	<b>1,165</b>	<b>113</b>	<b>166</b>	<b>4,288</b>
<b><i>Transport and Communication</i></b>									
Interstate Road Transport	11,066	6,439	2,280	953	3,002	120	120	120	24,100
Petroleum Products Freight Subsidy Scheme	447	0	1,083	417	127	0	0	1,426	3,500
<b><i>Transport and Communication - Total</i></b>	<b>11,513</b>	<b>6,439</b>	<b>3,363</b>	<b>1,370</b>	<b>3,129</b>	<b>120</b>	<b>120</b>	<b>1,546</b>	<b>27,600</b>
<b><i>Total Other Economic Affairs</i></b>									
Training for Aboriginals Programme	650	0	200	100	400	350	0	0	1,700
<b><i>Total Other Economic Affairs - Total</i></b>	<b>650</b>	<b>0</b>	<b>200</b>	<b>100</b>	<b>400</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>1,700</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Other Purposes</i></b>									
Debt Redemption Assistance	9,929	5,442	3,798	11,987	10,964	10,773	1,637	5,096	59,626
* Financial Assistance Grants for Local Government									
- Financial Assistance Grants	297,894	218,827	162,692	86,224	69,591	22,002	14,406	8,939	880,575
- Identified Local Roads Grants	113,365	80,556	73,210	59,744	21,474	20,706	12,529	9,153	390,737
Compensation - Companies Regulation	44,843	39,202	22,077	13,589	10,108	3,131	0	1,997	134,947
Natural Disaster Relief	32,675	1,500	23,125	450	0	0	0	4,000	61,750
Cyclone Relief - Exmouth	0	0	0	1,500	0	0	0	0	1,500
Royalties	0	0	0	336,386	0	0	0	2,202	338,588
ACT National Capital Influences	0	0	0	0	0	0	20,188	0	20,188
<b><i>Other Purposes - Total</i></b>	<b>498,706</b>	<b>345,527</b>	<b>284,902</b>	<b>509,880</b>	<b>112,137</b>	<b>56,612</b>	<b>48,760</b>	<b>31,387</b>	<b>1,887,911</b>
<b>TOTAL CURRENT</b>	<b>4,979,594</b>	<b>3,633,986</b>	<b>2,694,400</b>	<b>1,826,859</b>	<b>1,283,303</b>	<b>418,432</b>	<b>267,073</b>	<b>220,249</b>	<b>15,323,896</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<b><i>Education</i></b>									
Government Schools	76,688	52,380	42,296	22,762	17,713	6,326	3,927	2,867	224,959
* Non-Government Schools	28,972	24,671	15,067	8,308	6,590	2,088	2,034	707	88,437
<b><i>Education - Total</i></b>	<b>105,660</b>	<b>77,051</b>	<b>57,363</b>	<b>31,070</b>	<b>24,303</b>	<b>8,414</b>	<b>5,961</b>	<b>3,574</b>	<b>313,396</b>
<b><i>Health</i></b>									
Home and Community Care	16	0	441	0	11	0	58	0	526
Blood Transfusion Services	1,076	1,642	1,246	1,076	283	226	57	57	5,663
<b><i>Health - Total</i></b>	<b>1,092</b>	<b>1,642</b>	<b>1,687</b>	<b>1,076</b>	<b>294</b>	<b>226</b>	<b>115</b>	<b>57</b>	<b>6,189</b>
<b><i>Social Security and Welfare</i></b>									
Home and Community Care	762	0	1,840	0	26	0	0	0	2,628
Crisis Accommodation Assistance	13,425	9,850	7,303	3,855	3,157	508	334	196	38,628
<b><i>Social Security and Welfare - Total</i></b>	<b>14,187</b>	<b>9,850</b>	<b>9,143</b>	<b>3,855</b>	<b>3,183</b>	<b>508</b>	<b>334</b>	<b>196</b>	<b>41,256</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Housing and Community Amenities</i></b>									
Housing Assistance for Indigenous People	17,777	3,638	25,227	15,862	8,342	696	0	19,458	91,000
Community Housing	21,663	15,896	11,784	6,221	5,094	816	534	326	62,334
Commonwealth-State Housing Agreement (CSHA)									
Block Assistance/Base Funding	253,187	185,778	137,724	72,712	59,536	11,570	8,837	6,783	736,127
Social Housing Subsidy Program	1,995	0	0	0	0	0	135	0	2,130
Federati on Fund - Development of the Tuggeranong Homestead	0	0	0	0	0	0	430	0	430
Federati on Fund - Centennial Moore Park Trust	8,740	0	0	0	0	0	0	0	8,740
Tasmanian Regional Forest Agreement	0	0	0	0	0	300	0	0	300
*Regional Flood Mitigation	1,150	289	748	83	73	27	0	30	2,400
<b><i>Housing and Community Amenities - Total</i></b>	<b>304,512</b>	<b>205,601</b>	<b>175,483</b>	<b>94,878</b>	<b>73,045</b>	<b>13,409</b>	<b>9,936</b>	<b>26,597</b>	<b>903,461</b>
<b><i>Recreation and Culture</i></b>									
Sugar Coast Environment Rescue Package	0	0	3,683	0	0	0	0	0	3,683
Natural Heritage Trust of Australia - National Reserve System Programme(c)	0	77	0	0	959	247	0	0	1,283
<b><i>Recreation and Culture - Total</i></b>	<b>0</b>	<b>77</b>	<b>3,683</b>	<b>0</b>	<b>959</b>	<b>247</b>	<b>0</b>	<b>0</b>	<b>4,966</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Natural Heritage Trust of Australia - Murray Darling 2001(c)	7,457	15,964	1,975	0	2,413	0	0	0	27,809
Natural Heritage Trust of Australia - National Landcare Programme(c)	7,058	6,170	2,982	3,418	4,519	1,016	0	353	25,516
Sugar	437	0	496	0	0	0	0	0	933
Tasmanian Regional Forest Agreement	0	0	0	0	0	23,590	0	0	23,590
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>14,952</b>	<b>22,134</b>	<b>5,453</b>	<b>3,418</b>	<b>6,932</b>	<b>24,606</b>	<b>0</b>	<b>353</b>	<b>77,848</b>



**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Transport and Communication</i></b>									
Building IT Strengths - Tas 'Intelligent Island'	0	0	0	0	0	20,000	0	0	20,000
Connecting Tasmanian Schools	0	0	0	0	0	15,000	0	0	15,000
NT - Alice Springs Darwin Railway	0	0	0	0	0	0	0	25,000	25,000
Wyndham Port Loading Facilities	0	0	0	0	0	0	0	0	0
Adelaide Airport Runway	0	0	0	0	20,000	0	0	0	20,000
Road Programs	306,978	97,895	184,339	72,703	65,310	36,590	27,072	25,824	816,711
Road Safety Blackspots - States	13,386	8,563	7,010	4,173	1,625	1,187	460	567	36,971
Federati on Fund Projects - Northern Territory	0	0	0	0	0	0	0	30,000	30,000
Federati on Fund Projects - Tasmania	0	0	0	0	0	9,554	0	0	9,554
Federati on Fund Projects - Queensland	0	0	14,000	0	0	0	0	0	14,000
Federati on Fund Projects - New South Wales/Victoria	1,000	5,000	0	0	0	0	0	0	6,000
* Payment to Tasmania for Track Upgrading	0	0	0	0	0	1,000	0	0	1,000
<b><i>Transport and Communication - Total</i></b>	<b>321,364</b>	<b>111,458</b>	<b>205,349</b>	<b>76,876</b>	<b>86,935</b>	<b>83,331</b>	<b>27,532</b>	<b>81,391</b>	<b>994,236</b>
<b><i>Tourism</i></b>									
Tasmanian Regional Forest Agreement	0	0	0	0	0	1,000	0	0	1,000
<b><i>Tourism - Total</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b><i>Other Purposes</i></b>									
Sinking Fund on State Debt	783	189	956	871	972	928	0	312	5,011
Natural Disaster Relief	10,000	0	9,000	0	0	0	0	1,000	20,000
<b><i>Other Purposes - Total</i></b>	<b>10,783</b>	<b>189</b>	<b>9,956</b>	<b>871</b>	<b>972</b>	<b>928</b>	<b>0</b>	<b>1,312</b>	<b>25,011</b>
<b>TOTAL CAPITAL</b>	<b>772,550</b>	<b>428,002</b>	<b>468,117</b>	<b>212,044</b>	<b>196,623</b>	<b>132,669</b>	<b>43,878</b>	<b>113,480</b>	<b>2,367,363</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>REPAYMENTS</b>									
Supplementary Contributions	70,799	0	29,137	164,184	157,546	132,639	0	50,782	605,087
Payments to Debt Sinking Funds	3,158	763	3,858	3,515	3,921	3,746	0	1,258	20,219
<b>Total</b>	<b>73,957</b>	<b>763</b>	<b>32,995</b>	<b>167,699</b>	<b>161,467</b>	<b>136,385</b>	<b>0</b>	<b>52,040</b>	<b>625,306</b>
<b>Repayments of Commonwealth Government Loans</b>									
ACT Debt Repayments	0	0	0	0	0	0	18,597	0	18,597
Loan Council - Housing Nominations	4,434	0	1,632	2,828	2,655	1,189	0	1,476	14,214
<b>Repayments of Commonwealth Government Loans - Total</b>	<b>4,434</b>	<b>0</b>	<b>1,632</b>	<b>2,828</b>	<b>2,655</b>	<b>1,189</b>	<b>18,597</b>	<b>1,476</b>	<b>32,811</b>
<b>Defence</b>									
Housing for Servicemen	571	0	352	119	12	0	0	0	1,054
<b>Defence - Total</b>	<b>571</b>	<b>0</b>	<b>352</b>	<b>119</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,054</b>
<b>Housing and Community Amenities</b>									
CSHA Loans	27,689	0	7,479	7,139	8,073	3,088	0	409	53,877
Other Housing	0	0	0	0	0	0	5,204	2,133	7,337
Urban Water Supply and Treatment	0	0	0	99	256	0	0	0	355
NT - Water and Sewerage Assistance	0	0	0	0	0	0	0	136	136
Growth Centres	207	0	0	0	0	0	0	0	207
Urban Rehabilitation	0	205	0	0	0	0	0	0	205
Community Facilities - Townsville	0	0	28	0	0	0	0	0	28
Captains Flat (Abatement of Pollution) Agreement	6	0	0	0	0	0	0	0	6
Sewerage	1,856	0	465	3	0	0	0	0	2,324
<b>Housing and Community Amenities - Total</b>	<b>29,758</b>	<b>205</b>	<b>7,972</b>	<b>7,241</b>	<b>8,329</b>	<b>3,088</b>	<b>5,204</b>	<b>2,678</b>	<b>64,475</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Agriculture, Forestry and Fishing</i></b>									
Dairy Adjustment Programme	10	0	150	0	0	0	0	0	160
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	523	523
Rural Adjustment Scheme	2,256	0	8,845	0	0	0	0	256	11,357
War Service Land Settlement Scheme	383	409	0	0	90	5	0	0	887
Brigalow Lands Development Scheme	0	0	1,051	0	0	0	0	0	1,051
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>2,649</b>	<b>409</b>	<b>10,046</b>	<b>0</b>	<b>90</b>	<b>5</b>	<b>0</b>	<b>779</b>	<b>13,978</b>
<b><i>Transport and Communication</i></b>									
Railway Projects	192	96	0	375	0	0	0	0	663
<b><i>Transport and Communication - Total</i></b>	<b>192</b>	<b>96</b>	<b>0</b>	<b>375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>663</b>
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	2,158	0	643	0	0	0	0	0	2,801
Repay Advances to Balance State Budgets	0	0	0	0	0	0	0	0	0
<b><i>Other Purposes - Total</i></b>	<b>2,158</b>	<b>0</b>	<b>643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,801</b>
<b>TOTAL REPAYMENTS</b>	<b>113,719</b>	<b>1,473</b>	<b>53,640</b>	<b>178,262</b>	<b>172,553</b>	<b>140,667</b>	<b>23,801</b>	<b>56,973</b>	<b>741,088</b>
<b>ADVANCES</b>									
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	0	0	350	0	0	0	0	285	635
Advances to Balance State Budgets	0	0	0	0	0	0	0	0	0
<b><i>Other Purposes - Total</i></b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>635</b>
<b>TOTAL ADVANCES</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>635</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>INTEREST</b>									
Interest on Loan Council and NT Government Borrowings	22,541	4,289	18,000	30,381	30,138	32,803	0	12,409	150,561
<b>Total</b>	<b>22,541</b>	<b>4,289</b>	<b>18,000</b>	<b>30,381</b>	<b>30,138</b>	<b>32,803</b>	<b>0</b>	<b>12,409</b>	<b>150,561</b>
<b>Interest on Commonwealth Government Loans</b>									
ACT Government Debt	0	0	0	0	0	0	9,296	0	9,296
Housing Nominations	22,278	0	8,035	13,762	13,465	5,918	0	7,727	71,185
<b>Interest on Commonwealth Government Loans - Total</b>	<b>22,278</b>	<b>0</b>	<b>8,035</b>	<b>13,762</b>	<b>13,465</b>	<b>5,918</b>	<b>9,296</b>	<b>7,727</b>	<b>80,481</b>
<b>Defence</b>									
Housing for Servicemen	2,566	0	1,464	315	105	0	0	0	4,450
<b>Defence - Total</b>	<b>2,566</b>	<b>0</b>	<b>1,464</b>	<b>315</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,450</b>
<b>Housing and Community Amenities</b>									
CSHA Loans	48,948	0	13,555	12,977	19,952	6,533	0	1,574	103,539
Other Housing	0	0	0	0	0	0	11,407	4,460	15,867
Urban Water Supply and Treatment	0	0	0	17	1,235	0	0	0	1,252
NT - Water and Sewerage Assistance	0	0	0	0	0	0	0	657	657
Growth Centres	162	0	0	0	0	0	0	0	162
Urban Rehabilitation	0	74	0	0	0	0	0	0	74
Sewerage	6,520	0	1,681	10	0	0	0	0	8,211
Community Facilities - Townsville	0	0	18	0	0	0	0	0	18
Captains Flat (Abatement of Pollution) Agreement	10	0	0	0	0	0	0	0	10
<b>Housing and Community Amenities - Total</b>	<b>55,640</b>	<b>74</b>	<b>15,254</b>	<b>13,004</b>	<b>21,187</b>	<b>6,533</b>	<b>11,407</b>	<b>6,691</b>	<b>129,790</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Agriculture, Forestry and Fishing</i></b>									
Dairy Adjustment Programme	1	0	7	0	0	0	0	0	8
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	9	9
Rural Adjustment Scheme	763	0	673	0	0	0	0	81	1,517
Brigalow Land Development Scheme	0	0	90	0	0	0	0	0	90
Softwood Forestry	0	0	0	0	0	0	0	0	0
War Service Land Settlement Scheme	208	221	0	0	8	1	0	0	438
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>972</b>	<b>221</b>	<b>770</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>90</b>	<b>2,062</b>
<b><i>Transport and Communication</i></b>									
Railway Projects	122	58	0	399	0	0	0	0	579
<b><i>Transport and Communication - Total</i></b>	<b>122</b>	<b>58</b>	<b>0</b>	<b>399</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>579</b>
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	66	0	33	0	0	0	0	16	115
<b><i>Other Purposes - Total</i></b>	<b>66</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>115</b>
<b>TOTAL INTEREST</b>	<b>104,185</b>	<b>4,642</b>	<b>43,556</b>	<b>57,861</b>	<b>64,903</b>	<b>45,255</b>	<b>20,703</b>	<b>26,933</b>	<b>368,038</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>									
<b>Total Specific Purpose Payments</b>	<b>5,752,144</b>	<b>4,061,988</b>	<b>3,162,517</b>	<b>2,038,903</b>	<b>1,479,926</b>	<b>551,101</b>	<b>310,951</b>	<b>333,729</b>	<b>17,691,259</b>
<b>Total 'To'</b>	<b>4,366,666</b>	<b>2,983,316</b>	<b>2,395,297</b>	<b>1,605,109</b>	<b>1,171,724</b>	<b>447,418</b>	<b>220,754</b>	<b>269,559</b>	<b>13,459,843</b>
<b>Total 'Through'</b>	<b>1,385,478</b>	<b>1,078,672</b>	<b>767,220</b>	<b>433,794</b>	<b>308,202</b>	<b>103,683</b>	<b>90,197</b>	<b>64,170</b>	<b>4,231,416</b>

**Table B2: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 1999-2000 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
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\* Items so marked are classified as payments 'through' the States.

(a) The 1998-2003 Australian Health Care Agreements expire on 30 June 2003. The estimates for 2003-04 are indicative only.

(b) Distributions for States and Territories other than Victoria, Queensland and the Northern Territory are indicative only and do not represent a commitment on the part of the Commonwealth. The final distribution for States and Territories other than Victoria, Queensland and the Northern Territory will depend on agreement of Strategic Plans with those States and Territories under the Australian Health Care Agreements.

(c) Natural Heritage Trust: There are no estimates available past the current year (1999-00) at this time as funding is determined on a merit selection basis.

(d) The split between the current and capital component has not yet been determined.

(e) The funds allocated to the States and Territories as per the Authority's Directions and Resource Allocations, which is agreed by the ANTA Ministerial Council. These funds include supplementation for the 1998 and 1999 calendar years but not the outyears. The amount of supplementation is determined and approved each year by Parliament as an amendment to the Vocational Education and Training Funding Act.

(f) Figure for Disability Services include Commonwealth funding of \$50m in 2000-01 and \$100m in 2001-02 towards unmet need for State provided disability services. The State splits are proposed only, with actual splits still subject to further negotiations.

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<b><i>Public Order and Safety</i></b>									
Legal Aid	34,025	0	0	9,057	9,659	3,912	3,624	2,163	62,440
Confiscated Assets Trust Fund	0	0	0	0	0	0	0	0	0
Gun Buyback Scheme	0	0	0	0	0	0	0	0	0
Film and Literature Classifications	79	78	78	79	78	77	77	77	623
Cw/ith Heads of Govt Meeting-payment to Qld Police	0	0	2,417	0	0	0	0	0	2,417
<b><i>Public Order and Safety - Total</i></b>	<b>34,104</b>	<b>78</b>	<b>2,495</b>	<b>9,136</b>	<b>9,737</b>	<b>3,989</b>	<b>3,701</b>	<b>2,240</b>	<b>65,480</b>
<b><i>Education</i></b>									
Advanced English for Migrants Program (AEMP)	932	745	231	201	154	25	44	25	2,357
Government Schools	415,830	293,794	242,190	130,670	92,852	35,873	21,777	15,584	1,248,570
* Non-Government Schools	945,555	767,096	523,921	276,955	212,033	59,075	62,454	25,273	2,872,362
Vocational Education and Training Funding Act(e)	298,510	214,866	146,920	81,238	70,048	24,481	16,925	13,296	866,284
Targeted and Joint Programmes Government Schools	111,881	72,028	53,185	28,462	26,618	8,830	4,463	6,168	311,635
* Targeted Programmes Non-Government Schools	54,985	44,781	20,590	12,120	12,064	2,347	2,354	1,574	150,815
Indigenous Education Strategic Initiatives Programme - Government	15,245	4,313	15,604	12,081	7,364	1,974	477	10,755	67,813
* Indigenous Education Strategic Initiatives Programme - Non-Government	21,509	3,832	13,189	13,376	3,004	1,040	1,344	25,469	82,763
<b><i>Education - Total</i></b>	<b>1,864,447</b>	<b>1,401,455</b>	<b>1,015,830</b>	<b>555,103</b>	<b>424,137</b>	<b>133,645</b>	<b>109,838</b>	<b>98,144</b>	<b>5,602,599</b>
<b><i>Health</i></b>									
Blood Transfusion Services	23,288	16,937	12,702	7,763	6,351	1,411	1,411	706	70,569
Health Program Grants	0	2,338	0	6,852	15,453	0	1,274	939	26,856
Health Care Grants(a)	2,099,410	1,509,169	1,139,104	597,092	531,972	135,692	76,735	68,335	6,157,509
Aged Care Assessment	3,469	2,775	1,850	1,272	1,156	578	116	347	11,563
National Health Development Fund(a)(b)	21,500	20,567	11,342	5,750	5,250	1,625	1,600	0	67,634
Highly Specialised Drugs	105,186	74,737	47,057	19,376	16,608	5,536	5,536	2,768	276,804









**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
War Service Land Settlement Scheme	0	0	0	0	2,425	1	0	0	2,426
Farm Assistance Package for Central/NE South Australia	0	0	0	0	1,000	0	0	0	1,000
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>45,134</b>	<b>31,189</b>	<b>24,642</b>	<b>11,439</b>	<b>15,993</b>	<b>3,193</b>	<b>27</b>	<b>1,663</b>	<b>133,280</b>
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction</i></b>									
Regional Minerals Programme	0	0	0	0	0	4,000	0	0	4,000
Enterprise Development Program	210	213	179	107	292	79	135	55	1,270
* Textiles, Clothing & Footwear Development	0	0	0	0	0	0	0	0	0
<b><i>Mining and Mineral Resources; other than Fuels; Manufacturing; and Construction - Total</i></b>	<b>210</b>	<b>213</b>	<b>179</b>	<b>107</b>	<b>292</b>	<b>4,079</b>	<b>135</b>	<b>55</b>	<b>5,270</b>
<b><i>Transport and Communication</i></b>									
Interstate Road Transport	12,450	7,244	2,565	1,072	3,364	135	135	135	27,100
Petroleum Products Freight Subsidy Scheme	447	0	1,083	417	127	0	0	1,426	3,500
<b><i>Transport and Communication - Total</i></b>	<b>12,897</b>	<b>7,244</b>	<b>3,648</b>	<b>1,489</b>	<b>3,491</b>	<b>135</b>	<b>135</b>	<b>1,561</b>	<b>30,600</b>
<b><i>Total Other Economic Affairs</i></b>									
Training for Aboriginals Programme	650	0	200	100	400	350	0	0	1,700
<b><i>Total Other Economic Affairs - Total</i></b>	<b>650</b>	<b>0</b>	<b>200</b>	<b>100</b>	<b>400</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>1,700</b>
<b><i>Other Purposes</i></b>									
Debt Redemption Assistance	9,973	5,296	4,680	9,639	7,195	9,461	1,999	5,157	53,400
* Financial Assistance Grants for Local Government									
- Financial Assistance Grants	309,575	227,578	169,911	90,057	71,832	22,568	14,955	9,322	915,798
- Identified Local Roads Grants	117,900	83,778	76,138	62,134	22,333	21,535	13,030	9,519	406,367

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Compensation - Companies Regulation	46,235	40,417	22,761	14,010	10,421	3,228	0	2,059	139,131
Natural Disaster Relief	18,500	0	21,050	450	0	0	0	4,000	44,000
Cyclone Relief - Exmouth	0	0	0	0	0	0	0	0	0
Royalties	0	0	0	216,300	0	0	0	2,500	218,800
ACT National Capital Influences	0	0	0	0	0	0	20,471	0	20,471
<b><i>Other Purposes - Total</i></b>	<b>502,183</b>	<b>357,069</b>	<b>294,540</b>	<b>392,590</b>	<b>111,781</b>	<b>56,792</b>	<b>50,455</b>	<b>32,557</b>	<b>1,797,967</b>
<b>TOTAL CURRENT</b>	<b>5,258,714</b>	<b>3,828,322</b>	<b>2,837,336</b>	<b>1,756,163</b>	<b>1,316,513</b>	<b>405,531</b>	<b>282,144</b>	<b>230,518</b>	<b>15,915,241</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<b><i>Education</i></b>									
Government Schools	78,298	53,480	43,184	23,239	18,086	6,459	4,009	2,928	229,683
* Non-Government Schools	29,581	25,188	15,384	8,483	6,728	2,132	2,077	721	90,294
<b><i>Education - Total</i></b>	<b>107,879</b>	<b>78,668</b>	<b>58,568</b>	<b>31,722</b>	<b>24,814</b>	<b>8,591</b>	<b>6,086</b>	<b>3,649</b>	<b>319,977</b>
<b><i>Health</i></b>									
Home and Community Care	17	0	474	0	12	0	62	0	565
Blood Transfusion Services	1,350	2,060	1,563	1,350	355	284	71	71	7,104
<b><i>Health - Total</i></b>	<b>1,367</b>	<b>2,060</b>	<b>2,037</b>	<b>1,350</b>	<b>367</b>	<b>284</b>	<b>133</b>	<b>71</b>	<b>7,669</b>
<b><i>Social Security and Welfare</i></b>									
Home and Community Care	820	0	1,979	0	28	0	0	0	2,827
Crisis Accommodation Assistance	13,425	9,850	7,303	3,855	3,157	1,500	982	610	40,682
<b><i>Social Security and Welfare- Total</i></b>	<b>14,245</b>	<b>9,850</b>	<b>9,282</b>	<b>3,855</b>	<b>3,185</b>	<b>1,500</b>	<b>982</b>	<b>610</b>	<b>43,509</b>
<b><i>Housing and Community Amenities</i></b>									
Housing Assistance for Indigenous People	17,777	3,638	25,227	15,862	8,342	696	0	19,458	91,000
Community Housing	21,663	15,896	11,784	6,221	5,094	2,426	1,588	974	65,646
Commonwealth-State Housing Agreement (CSHA) Block Assistance/Base Funding	280,301	205,673	152,473	80,499	65,911	36,311	27,560	21,164	869,892

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> <b>Payment Title</b>	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>TAS</b>	<b>ACT</b>	<b>NT</b>	<b>Total</b>
Social Housing Subsidy Program	1,995	0	0	0	0	0	135	0	2,130
Federation Fund - Development of the Tuggeranong Homestead	0	0	0	0	0	0	225	0	225
Federation Fund - Centennial Moore Park Trust	1,200	0	0	0	0	0	0	0	1,200
Tasmanian Regional Forest Agreement	0	0	0	0	0	0	0	0	0
*Regional Flood Mitigation	2,925	1,355	3,126	459	264	386	100	185	8,800
<b><i>Housing and Community Amenities - Total</i></b>	<b>325,861</b>	<b>226,562</b>	<b>192,610</b>	<b>103,041</b>	<b>79,611</b>	<b>39,819</b>	<b>29,608</b>	<b>41,781</b>	<b>1,038,893</b>
<b><i>Recreation and Culture</i></b>									
Sugar Coast Environment Rescue Package	0	0	0	0	0	0	0	0	0
Natural Heritage Trust of Australia - National Reserve System Programme(c)	0	0	0	0	0	0	0	0	0
<b><i>Recreation and Culture - Total</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Natural Heritage Trust of Australia - Murray Darling 2001(c)	0	0	0	0	0	0	0	0	0
Natural Heritage Trust of Australia - National Landcare Programme(c)	0	0	0	0	0	0	0	0	0
Sugar	0	0	1,776	0	0	0	0	0	1,776
Tasmanian Regional Forest Agreement	0	0	0	0	0	0	0	0	0
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>0</b>	<b>0</b>	<b>1,776</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,776</b>
<b><i>Transport and Communication</i></b>									
Building IT Strengths - Tas 'Intelligent Island'	0	0	0	0	0	0	0	0	0
Connecting Tasmanian Schools	0	0	0	0	0	0	0	0	0
NT - Alice Springs Darwin Railway	0	0	0	0	0	0	0	10,000	10,000
Wyndham Port Loading Facilities	0	0	0	550	0	0	0	0	550

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Adelaide Airport Runway	0	0	0	0	0	0	0	0	0
Road Programs(d)	318,973	103,501	259,409	75,170	49,217	24,212	2,708	25,690	858,880
Road Safety Blackspots - States	13,237	8,766	8,275	4,303	4,519	808	504	623	41,035
Federati on Fund Projects - Northern Territory	0	0	0	0	0	0	0	30,000	30,000
Federati on Fund Projects - Tasmania	0	0	0	0	0	9,000	0	0	9,000
Federati on Fund Projects - Queensland	0	0	15,000	0	0	0	0	0	15,000
Federati on Fund Projects - New South Wales/Victoria	0	15,000	0	0	0	0	0	0	15,000
* Payment to Tasmania for Track Upgrading	0	0	0	0	0	1,000	0	0	1,000
<b><i>Transport and Communication - Total</i></b>	<b>332,210</b>	<b>127,267</b>	<b>282,684</b>	<b>80,023</b>	<b>53,736</b>	<b>35,020</b>	<b>3,212</b>	<b>66,313</b>	<b>980,465</b>
<b><i>Tourism</i></b>									
Tasmanian Regional Forest Agreement	0	0	0	0	0	0	0	0	0
<b><i>Tourism - Total</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Other Purposes</i></b>									
Sinking Fund on State Debt	562	187	863	401	519	546	0	166	3,244
Natural Disaster Relief	10,000	0	9,000	0	0	0	0	1,000	20,000
<b><i>Other Purposes - Total</i></b>	<b>10,562</b>	<b>187</b>	<b>9,863</b>	<b>401</b>	<b>519</b>	<b>546</b>	<b>0</b>	<b>1,166</b>	<b>23,244</b>
<b>TOTAL CAPITAL</b>	<b>792,124</b>	<b>444,594</b>	<b>556,820</b>	<b>220,392</b>	<b>162,232</b>	<b>85,760</b>	<b>40,021</b>	<b>113,590</b>	<b>2,415,533</b>
<b>REPAYMENTS</b>									
Supplementary Contributions	45,162	19,037	43,851	116,937	77,211	109,034	0	48,576	459,808
Payments to Debt Sinking Funds	2,270	754	3,483	1,618	2,095	2,203	0	670	13,093
<b>Total</b>	<b>47,432</b>	<b>19,791</b>	<b>47,334</b>	<b>118,555</b>	<b>79,306</b>	<b>111,237</b>	<b>0</b>	<b>49,246</b>	<b>472,901</b>

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Repayments of Commonwealth Government Loans</i></b>									
ACT Debt Repayments	0	0	0	0	0	0	17,311	0	17,311
Loan Council - Housing Nominations	4,633	0	1,705	2,955	2,774	1,242	0	1,542	14,851
<b><i>Repayments of Commonwealth Government Loans - Total</i></b>	<b>4,633</b>	<b>0</b>	<b>1,705</b>	<b>2,955</b>	<b>2,774</b>	<b>1,242</b>	<b>17,311</b>	<b>1,542</b>	<b>32,162</b>
<b><i>Defence</i></b>									
Housing for Servicemen	609	0	375	125	13	0	0	0	1,122
<b><i>Defence - Total</i></b>	<b>609</b>	<b>0</b>	<b>375</b>	<b>125</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,122</b>
<b><i>Housing and Community Amenities</i></b>									
CSHA Loans	28,814	0	7,781	7,429	8,426	3,219	0	427	56,096
Other Housing	0	0	0	0	0	0	5,431	2,232	7,663
Urban Water Supply and Treatment	0	0	0	54	285	0	0	0	339
NT - Water and Sewerage Assistance	0	0	0	0	0	0	0	136	136
Growth Centres	228	0	0	0	0	0	0	0	228
Urban Rehabilitation	0	205	0	0	0	0	0	0	205
Community Facilities - Townsville	0	0	31	0	0	0	0	0	31
Captains Flat (Abatement of Pollution) Agreement	6	0	0	0	0	0	0	0	6
Sewerage	2,040	0	510	4	0	0	0	0	2,554
<b><i>Housing and Community Amenities - Total</i></b>	<b>31,088</b>	<b>205</b>	<b>8,322</b>	<b>7,487</b>	<b>8,711</b>	<b>3,219</b>	<b>5,431</b>	<b>2,795</b>	<b>67,258</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Dairy Adjustment Programme	2	0	0	0	0	0	0	0	2
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	145	145
Rural Adjustment Scheme	2,054	0	0	0	0	0	0	230	2,284
War Service Land Settlement Scheme	398	424	0	0	32	5	0	0	859
Brigalow Lands Development Scheme	0	0	0	0	0	0	0	0	0
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>2,454</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>5</b>	<b>0</b>	<b>375</b>	<b>3,290</b>

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Transport and Communication</i></b>									
Railway Projects	96	96	0	375	0	0	0	0	567
<b><i>Transport and Communication - Total</i></b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>567</b>
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	1,892	0	510	0	0	0	0	268	2,670
Repay Advances to Balance State Budgets	0	0	0	0	0	0	0	0	0
<b><i>Other Purposes - Total</i></b>	<b>1,892</b>	<b>0</b>	<b>510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>268</b>	<b>2,670</b>
<b>TOTAL REPAYMENTS</b>	<b>88,204</b>	<b>20,516</b>	<b>58,246</b>	<b>129,497</b>	<b>90,836</b>	<b>115,703</b>	<b>22,742</b>	<b>54,226</b>	<b>579,970</b>
<b>ADVANCES</b>									
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	0	0	0	0	0	0	0	0	0
Advances to Balance State Budgets	674,268	412,589	114,078	159,590	161,799	65,137	22,441	45,747	1,655,649
<b><i>Other Purposes - Total</i></b>	<b>674,268</b>	<b>412,589</b>	<b>114,078</b>	<b>159,590</b>	<b>161,799</b>	<b>65,137</b>	<b>22,441</b>	<b>45,747</b>	<b>1,655,649</b>
<b>TOTAL ADVANCES</b>	<b>674,268</b>	<b>412,589</b>	<b>114,078</b>	<b>159,590</b>	<b>161,799</b>	<b>65,137</b>	<b>22,441</b>	<b>45,747</b>	<b>1,655,649</b>
<b>INTEREST</b>									
Interest on Loan Council and NT Government Borrowings	12,629	4,289	15,000	10,107	12,132	15,563	0	4,400	74,120
<b>Total</b>	<b>12,629</b>	<b>4,289</b>	<b>15,000</b>	<b>10,107</b>	<b>12,132</b>	<b>15,563</b>	<b>0</b>	<b>4,400</b>	<b>74,120</b>
<b><i>Interest on Commonwealth Government Loans</i></b>									
ACT Government Debt	0	0	0	0	0	0	7,101	0	7,101
Housing Nominations	22,079	0	7,962	13,634	13,346	5,864	0	7,661	70,546
<b><i>Interest on Commonwealth Government Loans - Total</i></b>	<b>22,079</b>	<b>0</b>	<b>7,962</b>	<b>13,634</b>	<b>13,346</b>	<b>5,864</b>	<b>7,101</b>	<b>7,661</b>	<b>77,647</b>



**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Defence</i></b>									
Housing for Servicemen	2,541	0	1,449	310	105	0	0	0	4,405
<b><i>Defence - Total</i></b>	<b>2,541</b>	<b>0</b>	<b>1,449</b>	<b>310</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,405</b>
<b><i>Housing and Community Amenities</i></b>									
CSHA Loans	47,822	0	13,253	12,687	19,598	6,402	0	1,555	101,317
Other Housing	0	0	0	0	0	0	11,173	4,360	15,533
Urban Water Supply and Treatment	0	0	0	4	1,219	0	0	0	1,223
NT - Water and Sewerage Assistance	0	0	0	0	0	0	0	651	651
Growth Centres	134	0	0	0	0	0	0	0	134
Urban Rehabilitation	0	56	0	0	0	0	0	0	56
Sewerage	6,339	0	1,636	10	0	0	0	0	7,985
Community Facilities - Townsville	0	0	16	0	0	0	0	0	16
Captains Flat (Abatement of Pollution) Agreement	9	0	0	0	0	0	0	0	9
<b><i>Housing and Community Amenities - Total</i></b>	<b>54,304</b>	<b>56</b>	<b>14,905</b>	<b>12,701</b>	<b>20,817</b>	<b>6,402</b>	<b>11,173</b>	<b>6,566</b>	<b>126,924</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Dairy Adjustment Programme	0	0	0	0	0	0	0	0	0
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	9	9
Rural Adjustment Scheme	586	0	0	0	0	0	0	61	647
Brigalow Land Development Scheme	0	0	0	0	0	0	0	0	0
Softwood Forestry	0	0	0	0	0	0	0	0	0
War Service Land Settlement Scheme	194	205	0	0	8	1	0	0	408
<b><i>Agriculture, Forestry and Fishing - Total</i></b>	<b>780</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>70</b>	<b>1,064</b>
<b><i>Transport and Communication</i></b>									
Railway Projects	53	53	0	378	0	0	0	0	484
<b><i>Transport and Communication - Total</i></b>	<b>53</b>	<b>53</b>	<b>0</b>	<b>378</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>484</b>

**Table B3: Estimated Specific Purpose Payments to the States, Repayments of Advances and Interest Payments, 2000-01 (\$'000) (continued)**

<i>Function</i> Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	33	0	9	0	0	0	0	18	60
<b><i>Other Purposes - Total</i></b>	<b>33</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>60</b>
<b>TOTAL INTEREST</b>	<b>92,419</b>	<b>4,603</b>	<b>39,325</b>	<b>37,130</b>	<b>46,408</b>	<b>27,830</b>	<b>18,274</b>	<b>18,715</b>	<b>284,704</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>									
<b>Total Specific Purpose Payments</b>	<b>6,050,838</b>	<b>4,272,916</b>	<b>3,394,156</b>	<b>1,976,555</b>	<b>1,478,745</b>	<b>491,291</b>	<b>322,165</b>	<b>344,108</b>	<b>18,330,774</b>
<b>Total 'To' (g)</b>	<b>4,568,808</b>	<b>3,119,308</b>	<b>2,571,897</b>	<b>1,512,971</b>	<b>1,150,487</b>	<b>381,208</b>	<b>225,851</b>	<b>272,045</b>	<b>13,802,575</b>
<b>Total 'Through'</b>	<b>1,482,030</b>	<b>1,153,608</b>	<b>822,259</b>	<b>463,584</b>	<b>328,258</b>	<b>110,083</b>	<b>96,314</b>	<b>72,063</b>	<b>4,528,199</b>

\* Items so marked are classified as payments 'through' the States.

(a) The 1998-2003 Australian Health Care Agreements expire on 30 June 2003. The estimates for 2003-04 are indicative only.

(b) Distributions for States and Territories other than Victoria, Queensland and the Northern Territory are indicative only and do not represent a commitment on the part of the Commonwealth. The final distribution for States and Territories other than Victoria, Queensland and the Northern Territory will depend on agreement of Strategic Plans with those States and Territories under the Australian Health Care Agreements.

(c) Natural Heritage Trust: There are no estimates available past the current year (1999-00) at this time as funding is determined on a merit selection basis.

(d) The split between the current and capital component has not yet been determined.

(e) The funds allocated to the States and Territories as per the Authority's Directions and Resource Allocations, which is agreed by the ANTA Ministerial Council.

These funds include supplementation for the 1998 and 1999 calendar years but not the outyears. The amount of supplementation is determined and approved each year by Parliament as an amendment to the Vocational Education and Training Funding Act.

(f) Figure for Disability Services include Commonwealth funding of \$50m in 2000-01 and \$100m in 2001-02 towards unmet need for State provided disability services.

The State splits are proposed only, with actual splits still subject to further negotiations.

(g) This table does not include FBT transitional grants for public hospitals since indicative estimates of the distribution to each State are not currently available.

**Table B4, B5 and B6: Estimated Specific Purpose Payments Direct to Local Government Authorities**

These tables provide information on Commonwealth SPPs to local government authorities on a functional basis.

Table B4 provides information on estimated Commonwealth SPPs to local government authorities for the years 1999-2000 to 2003-04.

Table B5 provides revised estimates of the distribution of the SPPs direct to local government authorities among the States for 1999-2000.

Table B6 provides an indicative distribution of SPPs direct to local government authorities among the States for 2000-01. The actual distribution of some payments may change in light of factors such as revisions to estimates and national priorities.

**Table B4: Estimated Specific Purpose Payments Direct to Local Government Authorities, 1999-2000 to 2003-04 (\$'000)**

<b>Payment Title</b> Description	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
<b>DIRECT PAYMENTS - CURRENT</b>					
<b>Aged Care Services</b> To assist in the provision of appropriate residential and community care services for the frail aged.	57,579	63,436	70,135	74,839	77,720
<b>Disability Services</b> Payments to local government authorities in order to provide services for people with disabilities.	1,196	1,237	1,272	1,315	1,346
<b>Children's Services</b> Funds are provided to ensure access to affordable quality child care in programmes administered by local governments on behalf of the Commonwealth.	163,217	48,636	49,805	51,257	52,816
<b>Training for Aboriginals Programme</b> Provides funds to support the initial employment and training of indigenous Australians by local governments. Payments are administered under bilateral agreements and joint management	300	300	300	300	300
<b>Local Government Incentive Programme(a)</b> To develop local government's contribution to the social, cultural and economic well-being of the community, particularly in rural Australia.	5,056	4,913	0	0	0
<b>TOTAL CURRENT</b>	<b>227,348</b>	<b>118,522</b>	<b>121,512</b>	<b>127,711</b>	<b>132,182</b>

**Table B4: Estimated Specific Purpose Payments Direct to Local Government Authorities, 1999-2000 to 2003-04 (\$'000) (continued)**

Payment Title Description	1999-00	2000-01	2001-02	2002-03	2003-04
<b>DIRECT PAYMENTS - CAPITAL</b>					
<b>Children's Services</b> For constructing community child care centres under Commonwealth/State National Child Care Strategies.	2,194	929	544	531	319
<b>Upgrade of Rockhampton Airport's runway</b> To upgrade Rockhampton Airport's runway to take heavily-laden B767 wide-bodied twin-jet and B747 jumbo jet aircraft and support increased use of the airport by the military.	1,000	6,000	0	0	0
<b>Payment to Flinders Is - Runway sealing</b> To assist with the sealing of the Whitemark Airport runway to facilitate tourism and transportation of produce. It will also enable continued landing of the Royal Flying Doctor aircraft.	200	0	0	0	0
<b>TOTAL CAPITAL</b>	<b>3,394</b>	<b>6,929</b>	<b>544</b>	<b>531</b>	<b>319</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>230,742</b>	<b>125,451</b>	<b>122,056</b>	<b>128,242</b>	<b>132,501</b>

(a) Includes the Local Government Development Programme: 1999-2000 \$2.546m, 2000-2001 \$0.423m.

**Table B5: Estimated Specific Purpose Payments Direct to Local Government Authorities, 1999-2000 (\$'000)**

Payment Title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>DIRECT PAYMENTS - CURRENT</b>									
Aged Care Services	14,100	21,975	5,025	8,110	6,307	1,845	0	217	57,579
Disability Services	174	519	503	0	0	0	0	0	1,196
Children's Services	56,769	69,981	14,679	12,504	1,076	7,687	0	521	163,217
Training for Aboriginals Programme	0	0	300	0	0	0	0	0	300
Local Government Incentive Programme(a)	1,264	717	1,024	676	535	406	59	375	5,056
<b>TOTAL CURRENT</b>	<b>72,307</b>	<b>93,192</b>	<b>21,531</b>	<b>21,290</b>	<b>7,918</b>	<b>9,938</b>	<b>59</b>	<b>1,113</b>	<b>227,348</b>
<b>DIRECT PAYMENTS - CAPITAL</b>									
Children's Services	1,194	333	223	141	5	43	0	255	2,194
Upgrade of Rockhampton Airport's Runway	0	0	1,000	0	0	0	0	0	1,000
Payment to Flinders Is - Runway sealing	0	0	0	0	0	200	0	0	200
<b>TOTAL CAPITAL</b>	<b>1,194</b>	<b>333</b>	<b>1,223</b>	<b>141</b>	<b>5</b>	<b>243</b>	<b>0</b>	<b>255</b>	<b>3,394</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>73,501</b>	<b>93,525</b>	<b>22,754</b>	<b>21,431</b>	<b>7,923</b>	<b>10,181</b>	<b>59</b>	<b>1,368</b>	<b>230,742</b>

(a) Includes the Local Government Development Programme.

**Table B6: Estimated Specific Purpose Payments Direct to Local Government Authorities, 2000-01 (\$'000)**

<b>Payment Title</b>	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>TAS</b>	<b>ACT</b>	<b>NT</b>	<b>Total</b>
<b>DIRECT PAYMENTS - CURRENT</b>									
Aged Care Services	15,298	24,259	5,449	9,223	7,034	2,051	0	122	63,436
Disability Services	163	502	572	0	0	0	0	0	1,237
Children's Services	17,284	21,082	4,057	3,684	362	2,034	0	133	48,636
Training for Aboriginals Programme	0	0	300	0	0	0	0	0	300
Local Government Incentive Programme(a)	1,012	924	969	522	550	397	170	369	4,913
<b>TOTAL CURRENT</b>	<b>33,757</b>	<b>46,767</b>	<b>11,347</b>	<b>13,429</b>	<b>7,946</b>	<b>4,482</b>	<b>170</b>	<b>624</b>	<b>118,522</b>
<b>DIRECT PAYMENTS - CAPITAL</b>									
Children's Services	506	141	94	60	2	18	0	108	929
Upgrade of Rockhampton Airport's Runway	0	0	6,000	0	0	0	0	0	6,000
Payment to Flinders Is - Runway sealing	0	0	0	0	0	0	0	0	0
<b>TOTAL CAPITAL</b>	<b>506</b>	<b>141</b>	<b>6,094</b>	<b>60</b>	<b>2</b>	<b>18</b>	<b>0</b>	<b>108</b>	<b>6,929</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>34,263</b>	<b>46,908</b>	<b>17,441</b>	<b>13,489</b>	<b>7,948</b>	<b>4,500</b>	<b>170</b>	<b>732</b>	<b>125,451</b>

(a) Includes the Local Government Development Programme.





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