

2003-04 BUDGET PAPER No. 3

**FEDERAL  
FINANCIAL RELATIONS  
2003-04**

CIRCULATED BY  
THE HONOURABLE PETER COSTELLO, M.P.,  
TREASURER OF THE COMMONWEALTH OF AUSTRALIA, AND  
SENATOR THE HONOURABLE NICK MINCHIN,  
MINISTER FOR FINANCE AND ADMINISTRATION,  
FOR THE INFORMATION OF HONOURABLE MEMBERS  
ON THE OCCASION OF THE BUDGET 2003-04  
13 MAY 2003

© Commonwealth of Australia 2003

ISBN 1 74118 887 3

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from the Department of Communications, Information Technology and the Arts. Requests and inquiries concerning reproduction and rights should be addressed to:

The Commonwealth Copyright Administration  
Intellectual Property Branch  
Department of Communications, Information Technology and the Arts  
GPO Box 2154  
CANBERRA ACT 2601

Or posted at:  
<http://www.dcita.gov.au/cca>

Internet

The Commonwealth budget papers and budget related information are available on the central Budget website at: [www.budget.gov.au](http://www.budget.gov.au)

Printed by Canprint Communications Pty Ltd

# FOREWORD

Budget Paper No. 3 is one of a series of Budget Papers that provides information to supplement the Budget Speech. A full list of the series is printed on the inside cover of this paper.

This Budget Paper presents information on the Commonwealth Government's financial relations with state, territory and local governments. This includes information on revenue provision and payments, as well as an overview of fiscal developments in the States and Territories.

## Notes

This paper uses the following style conventions.

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 territory governments unless otherwise stated.

Budget year refers to 2003-04, while the forward years refer to 2004-05, 2005-06 and 2006-07.

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 tables are based on the underlying unrounded amounts.

One billion is equal to one thousand million.

Estimates \$100,000 and over are generally rounded to the nearest tenth of a million.

Estimates midway between rounding points are rounded up.

Tables use the following notations:

na not applicable

0 zero

- nil

\$m millions of dollars

The following abbreviations are used for the names of the States, where appropriate:

NSW	New South Wales
VIC	Victoria
QLD	Queensland
WA	Western Australia
SA	South Australia
TAS	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory

# CONTENTS

<b>Foreword</b> .....	<b>iii</b>
<b>Executive Summary</b> .....	<b>1</b>
<b>Commonwealth-State Financial Relations</b> .....	<b>3</b>
GST revenue provision to the States.....	6
Budget Balancing Assistance .....	12
National Competition Policy Payments.....	17
Specific Purpose Payments.....	18
Mirror tax arrangements .....	22
<b>Fiscal developments in the States</b> .....	<b>23</b>
State general government sector fiscal balance.....	23
State general government sector cash surplus .....	24
State net debt.....	26
Loan Council arrangements.....	28
<b>Appendix A: GST revenue measures since the 2002-03 Budget</b> .....	<b>31</b>
<b>Appendix B: Specific Purpose Payments</b> .....	<b>33</b>
<b>Appendix C: Parameter estimates and further information</b> .....	<b>75</b>

# LIST OF TABLES

Table 1:	GST revenue provision and total Commonwealth payments to the state/local sector, 2002-03 .....	4
Table 2:	GST revenue provision and total Commonwealth payments to the state/local sector, 2003-04 .....	5
Table 3:	GST revenue provision to the States (cash), 2000-01 to 2003-04.....	6
Table 4:	Reconciliation of GST revenue (accrual), 2002-03 to 2005-06.....	6
Table 5:	GST revenue (cash), 2003-04 to 2006-07 .....	7
Table 6:	GST revenue measures since the 2002-03 Budget.....	7
Table 7:	GST relativities and Financial Assistance Grants relativities, 2002-03 and 2003-04 .....	8
Table 8:	Distribution of GST revenue, 2002-03.....	9
Table 9:	Distribution of GST revenue, 2003-04.....	10
Table 10:	Effect of Horizontal Fiscal Equalisation, 2003-04.....	11
Table 11:	Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance, 2002-03.....	13
Table 12:	Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance, 2003-04.....	14
Table 13:	Overpayment of Budget Balancing Assistance in 2002-03.....	15
Table 14:	National Competition Policy Payments .....	17
Table 15:	Financial Assistance Grants to local government, 2002-03 and 2003-04 .....	21
Table 16:	Accrued mirror taxes on behalf of the States, 2002-03 to 2006-07 .....	22
Table 17:	Loan Council Allocation nominations for 2003-04.....	29
Table B1:	Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 .....	34
Table B2:	Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03.....	55
Table B3:	Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04.....	63
Table B4:	Estimated Specific Purpose Payments direct to local government authorities, 2002-03 to 2006-07 .....	71
Table B5:	Estimated Specific Purpose Payments direct to local government authorities, 2002-2003.....	72
Table B6:	Estimated Specific Purpose Payments direct to local government authorities, 2003-04.....	73
Table C1:	Population by State .....	75
Table C2:	Parameters.....	75

## LIST OF CHARTS

Chart 1: GST revenue provision to the States, 2003-04.....	2
Chart 2: Commonwealth payments to the state/local sector, 2003-04 .....	2
Chart 3: Composition of Specific Purpose Payments to and through the States, 2003-04 .....	18
Chart 4: Individual State general government sector fiscal balance .....	24
Chart 5: Individual State general government sector cash surplus .....	25
Chart 6: Individual State net debt by sector (as at end of financial year) .....	27

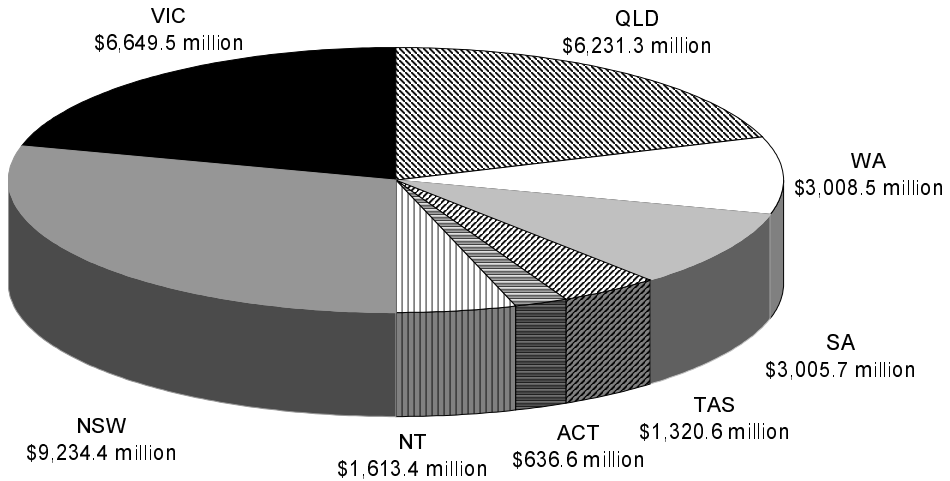




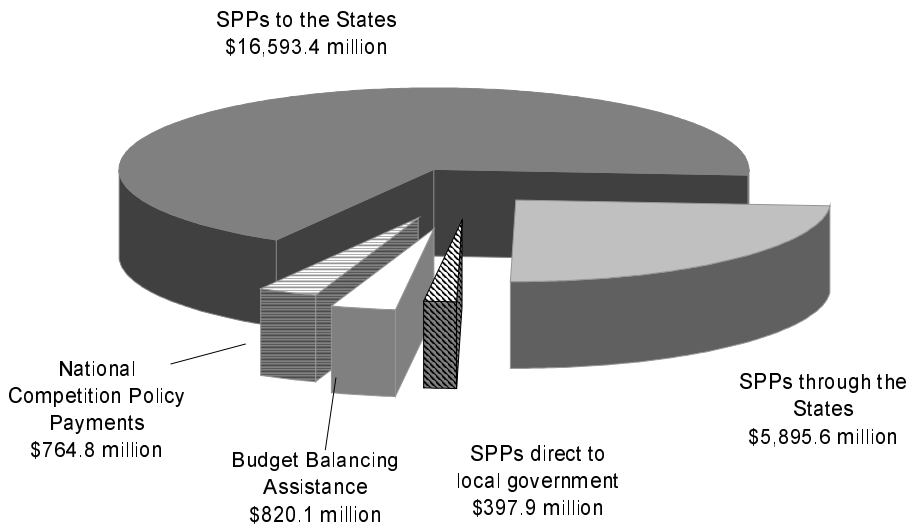
## Executive Summary

- The States will receive goods and services tax (GST) revenue totalling an estimated \$31.7 billion in 2003-04. This amount is distributed between the States in accordance with recommendations of the Commonwealth Grants Commission (Chart 1).
- The States are realising the benefits of a broad, growing GST revenue base. Current estimates show that Queensland, Western Australia, Tasmania, the Australian Capital Territory and the Northern Territory will not require Budget Balancing Assistance in 2003-04. Their GST revenue will exceed their Guaranteed Minimum Amounts by a combined estimated total of \$269.6 million in 2003-04.
- In addition, the Government will provide the States with payments including National Competition Policy Payments, Specific Purpose Payments and Budget Balancing Assistance totalling an estimated \$24.5 billion in 2003-04. Specific Purpose Payments comprise a significant proportion of these funds (Chart 2).
- The Government is seeking improved accountability in Specific Purpose Payment agreements with the States. This reflects the importance of these payments, which the Commonwealth Government provides to the States as a contribution to areas of state responsibility, such as hospitals and schools.
- Fiscal developments in the States indicate a trend towards both cash and fiscal balance surpluses in almost all States by 2005-06. Over the past decade, most States have also reduced their levels of net debt.

**Chart 1: GST revenue provision to the States, 2003-04 (estimated)**



**Chart 2: Commonwealth payments to the state/local sector, 2003-04 (estimated)**



Note: Specific Purpose Payments through the States are payments to state governments to be passed on to local governments and others.

## Commonwealth-State Financial Relations

The States will receive revenue and payments totalling an estimated \$54.2 billion in 2002-03 (Table 1) and \$56.2 billion in 2003-04 (Table 2). These amounts include GST revenue, Budget Balancing Assistance, National Competition Policy Payments and Specific Purpose Payments including payments direct to local government.

All GST revenue is paid to the States under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*. The GST revenue pool is distributed to the States on the basis of recommendations by the Commonwealth Grants Commission, which applies the principles of Horizontal Fiscal Equalisation to help determine state revenue shares.

The Government pays the States Budget Balancing Assistance to cover any difference between GST revenue and States' Guaranteed Minimum Amounts. This is designed to ensure that States' budgetary positions are no worse off after the changes made to Commonwealth-State financial relations as part of the Commonwealth Government's implementation of *The New Tax System* in 2000-01.

In addition, the Government provides the States with National Competition Policy Payments to implement National Competition Policy and related reforms, as well as Specific Purpose Payments, including Financial Assistance Grants to local government, to contribute towards the costs of state and local government responsibilities.

Other features of Commonwealth-State financial relations include the First Home Owners Scheme and mirror tax arrangements.

**Table 1: GST revenue provision and total Commonwealth payments to the state/local sector, 2002-03 (estimated)**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
(1) Provision of GST revenue to the States(a)	9,076.8	6,361.8	5,880.8	2,911.2	2,859.6	1,245.2	617.3	1,512.4	30,465.1
(2) Budget Balancing Assistance	608.1	227.8	0.0	43.2	86.5	33.6	4.7	0.0	1,004.0
(3) National Competition Policy Payments	251.8	182.4	138.9	72.0	57.1	17.7	12.4	7.5	739.9
(4) Total Specific Purpose Payments (4.1)+(4.2)+(4.3)	7,156.8	5,255.8	3,957.0	2,591.1	1,723.4	544.2	386.2	369.8	21,984.3
(4.1) Specific Purpose Payments to the States	5,263.1	3,772.6	2,916.2	1,987.2	1,297.9	403.8	266.6	296.2	16,203.5
(4.2) Specific Purpose Payments through the States	1,809.6	1,406.8	990.4	564.2	406.1	128.5	116.3	69.4	5,491.2
(4.3) Specific Purpose Payments direct to local government	84.2	76.4	50.4	39.7	19.5	11.9	3.3	4.2	289.5
(5) Total Commonwealth payments to the state/local sector (2)+(3)+(4)	8,016.8	5,666.1	4,095.9	2,706.3	1,867.1	595.6	403.3	377.3	23,728.3
(6) GST revenue and total Commonwealth payments (1)+(5)	17,093.6	12,027.9	9,976.7	5,617.4	4,726.7	1,840.8	1,020.6	1,889.7	54,193.3

(a) The GST estimate has been adjusted to account for the final 2001-02 outcome, reflecting that GST payments in 2001-02 exceeded final collections in that year. Further details are provided under 'Adjustments' on page 15.

**Table 2: GST revenue provision and total Commonwealth payments to the state/local sector, 2003-04 (estimated)**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
(1) Provision of GST revenue to the States	9,234.4	6,649.5	6,231.3	3,008.5	3,005.7	1,320.6	636.6	1,613.4	31,700.0
(2) Budget Balancing Assistance	563.3	209.2	0.0	0.0	47.6	0.0	0.0	0.0	820.1
(3) National Competition Policy Payments	257.2	189.5	146.2	75.2	58.5	18.1	12.5	7.6	764.8
(4) Total Specific Purpose Payments (4.1)+(4.2)+(4.3)	7,635.8	5,344.4	4,210.8	2,574.1	1,809.5	547.6	394.9	370.0	22,886.9
(4.1) Specific Purpose Payments to the States	5,578.3	3,741.2	3,063.1	1,914.4	1,347.2	394.4	263.5	291.3	16,593.4
(4.2) Specific Purpose Payments through the States	1,942.7	1,504.1	1,073.3	604.3	434.4	137.4	126.4	72.9	5,895.6
(4.3) Specific Purpose Payments direct to local government	114.8	99.0	74.3	55.3	27.9	15.8	5.0	5.8	397.9
(5) Total Commonwealth payments to the state/local sector (2)+(3)+(4)	8,456.4	5,743.1	4,357.0	2,649.2	1,915.6	565.7	407.3	377.6	24,471.9
(6) GST revenue and total Commonwealth payments (1)+(5)	17,690.8	12,392.5	10,588.3	5,657.8	4,921.3	1,886.3	1,043.9	1,991.0	56,171.9

## GST REVENUE PROVISION TO THE STATES

All GST revenue collected is received by the States. Consequently, the States have a secure, growing and broad-based revenue source. States can spend the GST revenue according to their own budgetary priorities. Table 3 shows the growth in the States' GST revenue since tax reform in 2000-01.

**Table 3: GST revenue provision to the States (cash), 2000-01 to 2003-04 (estimated)**

	2000-01	2001-02	2002-03	2003-04	Increase from 2000-01 to 2003-04	Increase	Average annual increase
	\$m	\$m	\$m	\$m	\$m	%	%
NSW	7,257.6	8,132.0	9,076.8	9,234.4	1,976.8	27.2	8.5
VIC	5,099.3	5,593.1	6,361.8	6,649.5	1,550.2	30.4	9.3
QLD	4,658.2	5,018.6	5,880.8	6,231.3	1,573.1	33.8	10.3
WA	2,374.6	2,518.1	2,911.2	3,008.5	633.9	26.7	8.3
SA	2,278.9	2,476.6	2,859.6	3,005.7	726.8	31.9	9.7
TAS	988.1	1,059.8	1,245.2	1,320.6	332.4	33.6	10.3
ACT	472.6	543.9	617.3	636.6	164.0	34.7	10.6
NT	1,225.6	1,289.8	1,512.4	1,613.4	387.8	31.6	9.7
Total	24,354.9	26,632.0	30,465.1	31,700.0	7,345.1	30.2	9.3

## GST revenue

GST revenue is estimated in accrual terms for the years 2002-03 to 2005-06 (Table 4). These estimates have been revised since the 2002-03 Budget and the *Mid-Year Economic and Fiscal Outlook 2002-03* (MYEFO) to account for policy decisions and parameter variations. GST revenue is also estimated in cash terms (Table 5).

**Table 4: Reconciliation of GST revenue (accrual), 2002-03 to 2005-06 (estimated)**

	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m
<b>GST revenue at 2002-03 Budget</b>	29,690	31,310	33,090	34,970
<i>Changes from 2002-03 Budget to MYEFO</i>				
Effect of policy decisions	-14	-11	-5	-5
Effect of parameter and other variations	264	-69	-165	-255
Total variations	250	-80	-170	-260
<b>GST revenue at 2002-03 MYEFO</b>	29,940	31,230	32,920	34,710
<i>Changes from MYEFO to 2003-04 Budget</i>				
Effect of policy decisions	0	-3	-1	-1
Effect of parameter and other variations	1,290	823	896	971
Total variations	1,290	820	895	970
<b>GST Revenue at 2003-04 Budget</b>	31,230	32,050	33,815	35,680

**Table 5: GST revenue (cash), 2003-04 to 2006-07 (estimated)**

	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m
GST revenue	31,700.0	33,450.0	35,300.0	37,280.0

Since the 2002-03 MYEFO, estimates of GST receipts have been revised up in all years, reflecting stronger than expected growth in the revenue base.

Estimated GST revenue in 2002-03 has been revised upwards by around \$1.3 billion in accrual terms, due to higher than anticipated collections in the year to date primarily as a consequence of continued strength in the dwellings sector. Although dwelling investment is still forecast to weaken, the slowdown is now expected to be later and more moderate than anticipated at MYEFO – providing the States with an additional fillip to GST revenue in the forward years.

### GST revenue measures

Policy decisions affecting GST revenue estimates include: the decision to make Languages Other Than English courses provided by non-profit ethnic schools GST-free; amendments to the application of GST to Compulsory Third Party insurance; and the Government's response to the report of the *Inquiry into the Definition of Charities*. The revenue effect of these GST measures is estimated for 2003-04 to 2006-07 (Table 6). Detailed information on each measure is in Appendix A.

**Table 6: GST revenue measures since the 2002-03 Budget (estimated)**

	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m
GST determination to make Languages Other Than English courses provided by non-profit ethnic schools GST-free	-3.0	-1.0	-1.0	-1.0
Application of GST to Compulsory Third Party Insurance	-11.3	-3.8	-3.9	-4.1
Government response to the Report of the <i>Inquiry into the Definition of Charities and Related Organisations</i>	0.0	-1.0	-1.0	-1.0
<b>Total impact of GST revenue measures</b>	<b>-14.3</b>	<b>-5.8</b>	<b>-5.9</b>	<b>-6.1</b>

## GST revenue provision

The Government will distribute 2003-04 GST revenue among the States in accordance with the 2003 recommendations of the Commonwealth Grants Commission.

The Commission recommends state revenue sharing relativities for distributing the GST revenue pool by applying the principles of Horizontal Fiscal Equalisation. Broadly, the Commission recommends relativities so that if each State made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each State could provide services at the same standard.

The Commission takes into account differences in States' capacities to raise revenues and differences in the costs incurred by the States in providing an average standard of government services. The Commission's recommended state revenue sharing relativities reflect these differences. GST relativities, which help determine the distribution of the GST pool, are shown for 2002-03 and 2003-04 (Table 7).

The Commission also estimates Financial Assistance Grants forgone relativities (Table 7), used for the calculation of States' Guaranteed Minimum Amounts (Table 11).

**Table 7: GST relativities and Financial Assistance Grants relativities, 2002-03 and 2003-04**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
GST relativities								
2002-03	0.90631	0.86824	1.01174	0.97592	1.19447	1.55419	1.15216	4.24484
<b>2003-04</b>	<b>0.89117</b>	<b>0.87010</b>	<b>1.01902</b>	<b>0.96946</b>	<b>1.21215</b>	<b>1.59948</b>	<b>1.14979</b>	<b>4.38638</b>
FAGs relativities								
2002-03	0.86037	0.83401	1.04008	0.92858	1.29035	1.75186	1.20906	5.22670
<b>2003-04</b>	<b>0.84317</b>	<b>0.84030</b>	<b>1.04870</b>	<b>0.92093</b>	<b>1.30919</b>	<b>1.79057</b>	<b>1.19727</b>	<b>5.34163</b>

The GST relativities are applied to state populations to determine a weighted population for each State. The Government uses the weighted populations to distribute the GST revenue pool. Each State receives a share of the GST revenue pool equal to its weighted population share of combined GST revenue and unquarantined Health Care Grants, less its unquarantined Health Care Grants. This calculation determines the distribution of GST revenue in 2002-03 and 2003-04 (Tables 8 and 9).



**Table 8: Distribution of GST revenue, 2002-03 (estimated)**

	Projected population as at 31 December 2002	Per capita relativities	Weighted population (1) x (2)	Share of weighted population (%)	GST revenue/HCGs pool according to (4)	Unquantified HCGs	Distribution of GST revenue (5)-(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(a)		(\$m)	(\$m)	(\$m)
NSW	6,672,154	0.90631	6,047,040	30.6	11,488.8	2,412.0	9,076.8
VIC	4,902,940	0.86824	4,256,929	21.5	8,087.8	1,726.0	6,361.8
QLD	3,748,507	1.01174	3,792,514	19.2	7,205.4	1,324.6	5,880.8
WA	1,941,792	0.97592	1,895,034	9.6	3,600.4	689.2	2,911.2
SA	1,524,986	1.19447	1,821,550	9.2	3,460.8	601.2	2,859.6
TAS	474,088	1.55419	736,823	3.7	1,399.9	154.7	1,245.2
ACT	323,517	1.15216	372,743	1.9	708.2	90.9	617.3
NT	197,192	4.24484	837,048	4.2	1,590.3	77.9	1,512.4
Total	19,785,176	na	19,759,681	100	37,541.6	7,076.5	30,465.1

(a) Total weighted population differs from the total population in column 1 as the per capita relativities are calculated by the Commonwealth Grants Commission using population numbers for the period 1996-97 to 2000-01 and are then rounded.

**Table 9: Distribution of GST revenue, 2003-04 (estimated)**

	Projected population as at 31 December 2003	Per capita relativities	Weighted population (1)X(2)	Share of weighted population (%)	GST revenue/HCGs pool according to (4)	Unquarantined HCGs	Distribution of GST revenue (5)-(6) (\$m)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	6,735,979	0.89117	6,002,902	30.0	11,656.6	2,422.3	9,234.4
VIC	4,963,273	0.87010	4,318,544	21.6	8,385.9	1,736.4	6,649.5
QLD	3,828,095	1.01902	3,900,905	19.5	7,574.9	1,343.6	6,231.3
WA	1,968,408	0.96946	1,908,293	9.5	3,705.6	697.0	3,008.5
SA	1,532,801	1.21215	1,857,985	9.3	3,607.9	602.2	3,005.7
TAS	474,925	1.59948	759,633	3.8	1,475.1	154.5	1,320.6
ACT	326,039	1.14979	374,876	1.9	727.9	91.4	636.6
NT	198,566	4.38638	870,986	4.4	1,691.3	77.9	1,613.4
Total	20,028,086	na	19,994,125	100.0	38,825.2	7,125.2	31,700.0

(a) Total weighted population differs from the total population in column 1 as the per capita relativities are calculated by the Commonwealth Grants Commission using population numbers for the period 1997-98 to 2001-02 and are then rounded.

### The Effect of Horizontal Fiscal Equalisation

To view the effect of the Commonwealth Grants Commission's application of Horizontal Fiscal Equalisation, compare the distribution of the GST revenue/Health Care Grants pool with the distribution on an equal per capita basis for each State. In 2003-04, approximately \$2,747.2 million (7.1 per cent) of the total GST revenue/Health Care Grants pool will be redistributed among the States, compared with an equal per capita distribution (Table 10).

**Table 10: Effect of Horizontal Fiscal Equalisation, 2003-04 (estimated)**

	GST/HCG pool distributed under HFE (\$m)	Equal per capita distribution of GST/HCG pool (\$m)	Difference (1) - (2) (\$m)	Population (million)	Per capita redistribution (3) / (4) (\$)
	(1)	(2)	(3)	(4)	(5)
NSW	11,656.6	13,057.9	-1,401.3	6.7	-208.0
VIC	8,385.9	9,621.5	-1,235.6	5.0	-249.0
QLD	7,574.9	7,420.9	154.0	3.8	40.2
WA	3,705.6	3,815.8	-110.3	2.0	-56.0
SA	3,607.9	2,971.4	636.5	1.5	415.3
TAS	1,475.1	920.7	554.4	0.5	1,167.4
ACT	727.9	632.0	95.9	0.3	294.2
NT	1,691.3	384.9	1,306.4	0.2	6,579.1
Total	38,825.2	38,825.2	0.0	20.0	0.0

New South Wales, Victoria and Western Australia receive less than equal per capita shares under the Horizontal Fiscal Equalisation arrangements because the Commission has assessed their fiscal capacity to be relatively strong. For example, the Commission assessed that New South Wales has a relatively stronger capacity to raise revenue from land tax and stamp duty on property transfers; Victoria has a relatively lower cost of providing state government services; and Western Australia has a relatively strong capacity to raise revenue from mining activities. The remaining States receive more than an equal per capita share of funding because the Commission has assessed their fiscal capacity to be lower and/or their costs of service delivery to be higher.

## **BUDGET BALANCING ASSISTANCE**

The Government also provides the States with Budget Balancing Assistance. On the basis of current estimates, the States will receive total Budget Balancing Assistance of \$1,004.0 million in 2002-03 and \$820.1 million in 2003-04 (Tables 11 and 12).

Budget Balancing Assistance is paid under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* to ensure that, in the transitional years following the introduction of *The New Tax System* in 2000-01, each State's budgetary position will be no worse off than had the reforms to Commonwealth-State financial relations not been implemented.

The Guaranteed Minimum Amount is an estimate of the amount of funding each State would have had if tax reform had not been implemented. Components of the Guaranteed Minimum Amount comprise estimates of state taxes abolished by tax reform and other items (Tables 11 and 12). Narrow and inefficient state taxes that were abolished include Financial Institutions Duty, stamp duty on quoted marketable securities, and accommodation taxes (bed taxes).

To meet its guarantee, the Government pays the States Budget Balancing Assistance to cover any shortfall of GST revenue compared with each State's Guaranteed Minimum Amount.

The GST is a strong, growing revenue base and already, in some States, GST revenue exceeds the Guaranteed Minimum Amount. Current estimates show that in 2002-03, Queensland and the Northern Territory do not require Budget Balancing Assistance. Their GST revenue will exceed their Guaranteed Minimum Amounts by a combined total of \$88.7 million in 2002-03 (Table 11).

Even more States will benefit in 2003-04. Current estimates show that Queensland, Western Australia, Tasmania, the Australian Capital Territory and the Northern Territory will not require Budget Balancing Assistance in 2003-04. Their GST revenue will exceed their Guaranteed Minimum Amounts by a combined total of \$269.6 million in 2003-04 (Table 12).

**Table 11: Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance, 2002-03 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>State Revenues Forgone</b>									
Financial Assistance Grants	5,388.0	3,830.2	3,972.8	1,760.8	2,072.6	973.8	440.6	1,322.5	19,761.3
Revenue Replacement Payments	2,460.6	1,646.7	1,493.4	1,030.9	640.5	217.6	109.4	139.1	7,738.3
Financial Institutions Duty	671.0	386.7	na	145.8	96.6	23.6	19.5	15.3	1,358.5
Marketable Securities Duty	429.0	223.1	27.0	27.6	14.7	0.7	24.2	1.1	747.4
Marketable Securities Duty Needs	-21.6	11.3	12.9	2.6	2.9	2.4	-11.0	0.5	0.0
Accommodation Taxes	77.0	na	na	na	na	na	na	8.5	85.5
<b>plus Reduced Revenues</b>									
Gambling Taxes	581.8	380.3	224.7	63.0	92.1	24.5	23.1	17.4	1,406.9
<b>plus Interest Costs</b>									
Interest Costs	3.9	4.2	5.0	1.2	1.4	0.6	0.5	0.9	17.7
<b>plus Additional Expenditures</b>									
First Home Owners Scheme	283.9	223.5	201.7	104.3	64.9	27.6	16.2	8.2	930.3
GST Administration Costs	188.4	138.4	105.8	54.8	43.1	13.4	9.1	5.6	558.6
<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	138.2	57.5	132.2	172.9	37.0	2.2	0.0	3.9	543.9
Savings from Tax Reform	167.9	115.0	95.3	56.9	41.4	13.9	9.5	14.0	514.0
Low Alcohol Beer Subsidies	24.7	17.1	4.8	7.8	4.6	1.7	1.0	1.2	62.9
<b>minus Growth Dividend</b>									
Remaining State Taxes	77.4	49.9	26.2	15.6	12.5	3.2	2.4	1.7	189.0
<b>Plus Adjustments</b>									
2001-02 BBA Adjustment (a)	-6.8	-20.3	-1.7	-2.4	0.3	2.7	-0.7	2.0	-26.8
<b>Total Guaranteed Minimum Amount (1)</b>	9,684.9	6,589.7	5,801.3	2,954.4	2,946.1	1,278.9	622.0	1,503.2	31,380.4
<b>GST Revenue Provision (2) (b)</b>	9,076.8	6,361.8	5,880.8	2,911.2	2,859.6	1,245.2	617.3	1,512.4	30,465.1
<b>Budget Balancing Assistance (1)-(2) (b)</b>	608.1	227.8	0.0	43.2	86.5	33.6	4.7	0.0	1,004.0

(a) Reflects revisions to components of the 2001-02 GMA of each State made after the 2001-02 financial year, but exclusive of the \$204.9 million GST overpayment.

(b) Adjusted for the \$204.9 million GST overpayment in 2001-02.

**Table 12: Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance, 2003-04 (estimated)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>State Revenues Forgone</b>									
Financial Assistance Grants	5,455.4	4,048.3	4,224.7	1,817.3	2,181.2	1,025.0	450.1	1,393.3	20,595.2
Revenue Replacement Payments	2,544.5	1,702.7	1,543.3	1,063.1	662.1	224.8	113.1	143.7	7,997.3
Financial Institutions Duty	703.0	398.3	na	150.7	100.1	24.2	20.0	16.7	1,413.0
Marketable Securities Duty	456.0	236.5	27.0	29.3	15.6	0.8	24.8	1.1	791.1
Marketable Securities Duty Needs	-22.7	11.2	13.6	2.8	3.9	2.6	-12.2	0.9	0.0
Accommodation Taxes	82.0	na	na	na	na	na	na	9.0	91.0
<b>plus Reduced Revenues</b>									
Gambling Taxes	600.2	409.1	236.4	64.5	96.8	25.4	23.6	18.3	1,474.3
<b>plus Interest Costs</b>									
Interest Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>plus Additional Expenditures</b>									
First Home Owners Scheme	231.4	174.0	156.5	75.7	52.4	19.7	12.4	5.8	727.9
GST Administration Costs	192.0	141.5	109.1	56.1	43.7	13.5	9.3	5.7	570.9
<b>plus Other Items</b>									
WST Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>minus Reduced Expenditures</b>									
Off-road Diesel Subsidies	140.6	58.6	136.0	176.6	37.4	2.2	0.0	4.0	555.5
Savings from Tax Reform	179.1	122.9	101.6	60.6	44.1	14.9	10.1	14.8	548.0
Low Alcohol Beer Subsidies	25.4	17.6	4.9	8.0	4.7	1.8	1.0	1.2	64.8
<b>minus Growth Dividend</b>									
Remaining State Taxes	99.1	64.0	33.5	20.0	16.1	4.1	3.1	2.2	242.0
<b>Total Guaranteed Minimum Amount (1)</b>	<b>9,797.7</b>	<b>6,858.6</b>	<b>6,034.6</b>	<b>2,994.2</b>	<b>3,053.3</b>	<b>1,313.1</b>	<b>626.8</b>	<b>1,572.1</b>	<b>32,250.5</b>
<b>GST Revenue Provision (2)</b>	<b>9,234.4</b>	<b>6,649.5</b>	<b>6,231.3</b>	<b>3,008.5</b>	<b>3,005.7</b>	<b>1,320.6</b>	<b>636.6</b>	<b>1,613.4</b>	<b>31,700.0</b>
<b>Budget Balancing Assistance (1)-(2)</b>	<b>563.3</b>	<b>209.2</b>	<b>0.0</b>	<b>0.0</b>	<b>47.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>820.1</b>

### Adjustments in 2002-03

GST revenue provision in 2002-03 has been adjusted to account for the final 2001-02 outcome (Table 1). In 2001-02 the final GST cash collections outcome was \$204.9 million lower than the amount determined by the Commissioner of Taxation in June 2002 and provided to the States in 2001-02 under the terms of the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act).

Consistent with the provisions of the Act, the amount of GST revenue determined by the Commissioner and provided to the States in 2002-03 will take account of this variation. The Budget Balancing Assistance entitlements for 2002-03 have also been calculated to account for this variation (Table 11).

### Adjustments in 2003-04

Consistent with the terms of the Intergovernmental Agreement, the Government has advanced Budget Balancing Assistance to the States in four quarterly instalments in 2002-03. These advances were based on the estimated Budget Balancing Assistance entitlements of the States at the time of each advance. The upward revision to GST revenue estimates in the Budget has resulted in lower than previously estimated Budget Balancing Assistance entitlements of the States. On the basis of the current estimates, the advances to the States in the year to date exceed the States' entitlements to Budget Balancing Assistance in 2002-03 by \$534.8 million (Table 13).

Consistent with the provisions of the Act, the Commonwealth will deduct the amount of excess Budget Balancing Assistance paid in 2002-03 from payments to be made to the States under the Act in 2003-04. The final amount to be deducted from State payments in 2003-04 will be known when the final determination of each State's Budget Balancing Assistance entitlement is made under the Act in June 2003.

**Table 13: Overpayment of Budget Balancing Assistance (BBA) in 2002-03 (estimated)**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Payments to Date	810.6	361.5	37.9	93.9	144.5	56.7	16.2	17.5	1,538.8
BBA entitlement	608.1	227.8	0.0	43.2	86.5	33.6	4.7	0.0	1,004.0
BBA overpayment	202.5	133.7	37.9	50.7	58.0	23.1	11.5	17.5	534.8

### **First Home Owners Scheme**

Eligible home buyers have received over \$3.5 billion through original and additional First Home Owners Scheme grants since July 2000.

The First Home Owners Scheme, introduced on 1 July 2000, is funded out of GST revenues and guaranteed by the Commonwealth Government through Budget Balancing Assistance. The scheme provides all eligible first home buyers with a \$7,000 grant. The scheme is administered by the States and has provided over 450,000 grants since its introduction. The First Home Owners Scheme is ongoing and the cost of the scheme to the States is part of the Guaranteed Minimum Amount (Tables 11 and 12).

In March 2001, the Commonwealth made an additional \$7,000 grant available to first home owners building or purchasing new homes before 31 December 2001. The Commonwealth fully funds the additional First Home Owners Scheme with a Specific Purpose Payment through the States to meet the cost of grants. The Government extended the additional First Home Owners Scheme at a rate of \$3,000 for new homes built or purchased between 1 January and 30 June 2002. The additional First Home Owners Scheme has provided over 65,000 grants to eligible home buyers.

Although the additional First Home Owners Scheme has ended, some payments continue to be made to eligible applicants. Estimates of payments are shown in the Specific Purpose Payments tables (Appendix B).



## NATIONAL COMPETITION POLICY PAYMENTS

The Government makes National Competition Policy Payments to the States for implementing National Competition Policy and related reforms. These reforms include a commitment to review legislation that restricts competition, to apply competitive neutrality to government business activities and to introduce specific reforms in electricity, gas, water and road transport.

National Competition Policy Payments commenced in July 1997 with the first of three tranches of payments. The third tranche commenced in July 2001 at an annual level of \$600 million in 1994-95 prices. The payments are subject to States' satisfactory progress in implementing reform commitments. Before the payments are made, the National Competition Council assesses whether each State has met the specified conditions and provides a report for consideration by the Government.

National Competition Policy Payments are estimated for 2003-04 and the forward years (Table 14).

**Table 14: National Competition Policy Payments (estimated maximum)**

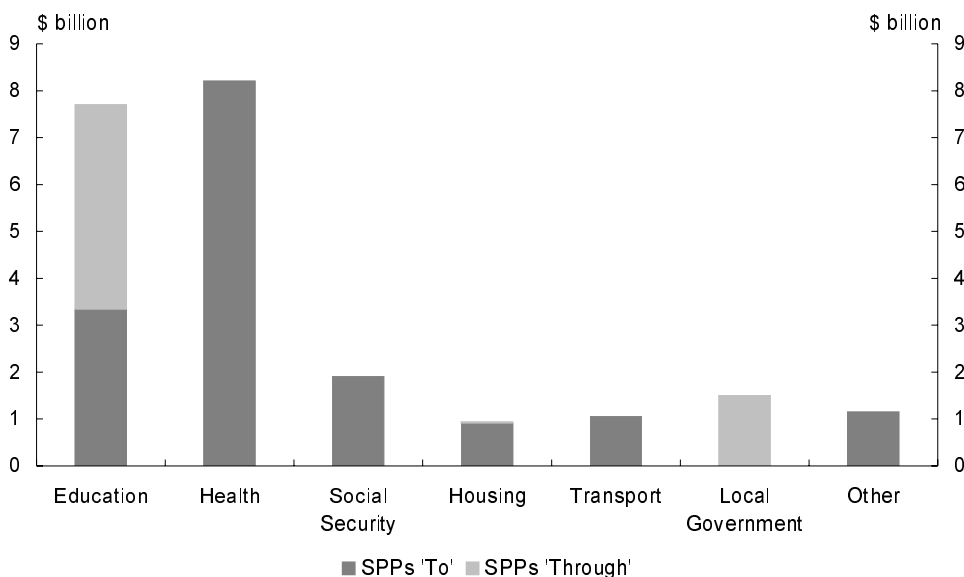
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	251.8	182.4	138.9	72.0	57.1	17.7	12.4	7.5	739.9
<b>2003-04</b>	<b>257.2</b>	<b>189.5</b>	<b>146.2</b>	<b>75.2</b>	<b>58.5</b>	<b>18.1</b>	<b>12.5</b>	<b>7.6</b>	<b>764.8</b>
2004-05	262.4	193.7	150.7	77.0	59.4	18.4	12.7	7.7	782.0
2005-06	268.5	198.5	155.6	79.2	60.5	18.6	13.0	7.9	801.9
2006-07(a)									

(a) Provision has been made for National Competition Policy Payments in 2006-07, however the final amounts will not be disclosed until after the conclusion of negotiations.

## SPECIFIC PURPOSE PAYMENTS

Specific Purpose Payments constitute a significant amount of Commonwealth funding to the States. In 2003-04, the Government will provide the States with \$22.9 billion in Specific Purpose Payments. The Government makes Specific Purpose Payments to the States as a contribution to areas of state responsibility. In 2003-04, there are over 80 different payments covering a broad range of policy areas such as education, health, social security, housing, safety, transport and communication (Chart 3).

**Chart 3: Composition of Specific Purpose Payments to and through the States, 2003-04 (estimated)**



More detailed information, including payments on a state-by-state basis for 2002-03 and 2003-04 is in Appendix B.

Specific Purpose Payments can be classified into three groups:

- Specific Purpose Payments paid to the States – payments direct to state governments, totalling \$16.6 billion in 2003-04;
- Specific Purpose Payments paid through the States – payments to state governments to be passed on to local governments and others, such as payments to non-government schools and Financial Assistance Grants to local government. This category totalled \$5.9 billion in 2003-04; and

- Specific Purpose Payments paid direct to local government to help fund roads, child-care programmes administered by local government, and aged and disabled people's homes. These payments totalled \$397.9 million in 2003-04.

Specific Purpose Payment agreements often include agreed national objectives; however, in making these payments, the Commonwealth does not seek to take over responsibility for state functions.

Specific Purpose Payment agreements generally contain conditions to help ensure the Commonwealth-State objectives are achieved. These may include:

- general policy requirements (for example, the provision of free public hospital access for Medicare patients);
- matching funding arrangements; and
- reporting of performance information (see box).

#### **Accountability for Specific Purpose Payments**

The Government is seeking greater accountability in Specific Purpose Payment agreements to improve policy outcomes and deliver better value for money.

All new and renegotiated Specific Purpose Payment agreements will include statements of key objectives and the respective responsibilities of the Commonwealth and the States, combined with agreed reporting of financial information and detailed performance indicators.

To encourage increased accountability, an amount appropriate to each Specific Purpose Payment will be contingent on States' timely reporting of the agreed financial and performance information to the satisfaction of the responsible Commonwealth Minister.

#### **Special Revenue Assistance**

In 2003-04, Special Revenue Assistance to the Australian Capital Territory will be paid as a Specific Purpose Payment. Details of this Specific Purpose Payment are in Appendix B.

#### **Financial Assistance Grants to local government**

The Commonwealth Government provides financial assistance to local government for roads and other local government services. Assistance is paid in the form of general purpose assistance and untied local road funding. Local governments are able to spend both forms of funding according to their own priorities.

The Government is providing a total of \$1,468.6 million in Financial Assistance Grants to local government in 2002-03 and an estimated \$1,508.4 million in 2003-04 (Table 15). The annual increase in funding is based on an escalation factor, which the Treasurer determines with reference to population growth and CPI.

Financial Assistance Grants are paid to the States as a Specific Purpose Payment, on the condition that all of the funds are passed on to local government. In 2003-04, as in previous years, the general purpose component of local government assistance will be distributed between the States on an equal per capita basis and untied local road funding will be distributed on the basis of historical shares (Table 15). State grants commissions determine the intra-state distribution of the grants to local governments.

**Table 15: Financial Assistance Grants to local government, 2002-03 and 2003-04 (estimated)(a)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>2002-03</b>									
General Purpose Assistance	346.6	250.6	190.0	99.0	79.0	24.6	17.0	10.4	1,017.2
Untied Local Road Funding	131.0	93.1	84.6	69.0	24.8	23.9	14.5	10.6	451.4
<b>Total Financial Assistance Grants(b)</b>	<b>477.6</b>	<b>343.6</b>	<b>274.6</b>	<b>168.0</b>	<b>103.8</b>	<b>48.5</b>	<b>31.5</b>	<b>21.0</b>	<b>1,468.6</b>
<b>2003-04</b>									
General Purpose Assistance	351.8	258.9	198.3	102.6	80.7	25.1	17.0	10.3	1,044.8
Untied Local Road Funding	134.5	95.6	86.9	70.9	25.5	24.6	14.9	10.9	463.6
<b>Total Financial Assistance Grants(c)</b>	<b>486.3</b>	<b>354.5</b>	<b>285.2</b>	<b>173.5</b>	<b>106.1</b>	<b>49.6</b>	<b>31.9</b>	<b>21.2</b>	<b>1,508.4</b>

(a) Total Financial Assistance Grants are the cash payments 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 underpayment from the previous year.

(b) The 2002-03 figure takes into account an underpayment of \$19.5 million in 2001-02. The 2002-03 escalation factor is currently estimated to be 1.0413. The Treasurer will determine the final 2002-03 escalation factor in June 2003.

(c) The 2003-04 figure includes an estimate of the amount necessary to adjust for the difference between the 2002-03 escalation factor estimated in June 2002 and used to calculate payments in 2002-03 and the final factor for 2002-03, to be determined in June 2003. On the basis of the current estimate of the 2002-03 escalation factor, this adjustment is estimated to be an increase of \$2.9 million. The 2003-04 escalation factor is currently estimated to be 1.0368. Financial Assistance Grants in 2003-04 will be paid on the basis of the escalation factor that the Treasurer will estimate in June 2003. The Treasurer will determine the final escalation factor for 2003-04 in June 2004.

## MIRROR TAX ARRANGEMENTS

The Government introduced mirror tax arrangements in 1998 to ensure the States are not financially disadvantaged by the High Court decision in *Allders International Pty Ltd v Commissioner of State Revenue* (Victoria), which invalidated state taxes on Commonwealth places.

The Government introduced taxes to mirror certain state taxes, including payroll taxes, debits tax, land tax, and stamp duties on activities on or in Commonwealth places.

The States collect these mirror taxes on behalf of the Government and bear the administrative costs of collection. All mirror tax revenues are automatically credited to the Government and automatically appropriated to the States at the same time. Hence, mirror taxes are recorded as both Commonwealth revenue and negative revenue, with no net impact on the Budget. Accrued mirror taxes are estimated for 2002-03 to 2006-07 (Table 16).

**Table 16: Accrued mirror taxes on behalf of the States, 2002-03 to 2006-07 (estimated)**

	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m
Mirror taxes	270.6	284.2	299.6	314.9	331.3

## Fiscal developments in the States

The States' fiscal positions vary considerably. Nevertheless, these differences are expected to narrow over the forward estimates, with almost all States forecasting small positive cash and fiscal balances as a per cent of gross state product by 2005-06.

Many States have greatly reduced their non-financial public sector net debt as a per cent of gross state product over the past decade. This trend is primarily attributed to States implementing medium term fiscal strategies and asset sales.

### STATE GENERAL GOVERNMENT SECTOR FISCAL BALANCE

The aggregate state fiscal balance for the general government sector in 2003-04 is projected to be -0.1 per cent of GDP, lower than in 2002-03. Over the forecast period, the aggregate state fiscal balance is expected to rise marginally and be in surplus by 2005-06.

A fiscal balance measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. A fiscal balance deficit indicates that a government is borrowing.

Both New South Wales and Tasmania expect fiscal balance surpluses in 2003-04 and over the forward estimates. The aggregate deficit figure in 2003-04 reflects anticipated deficits in each of the other States.

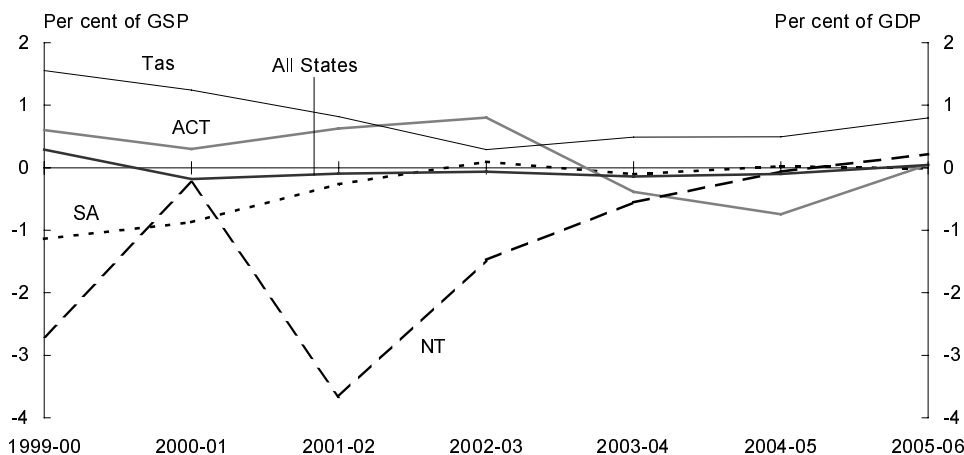
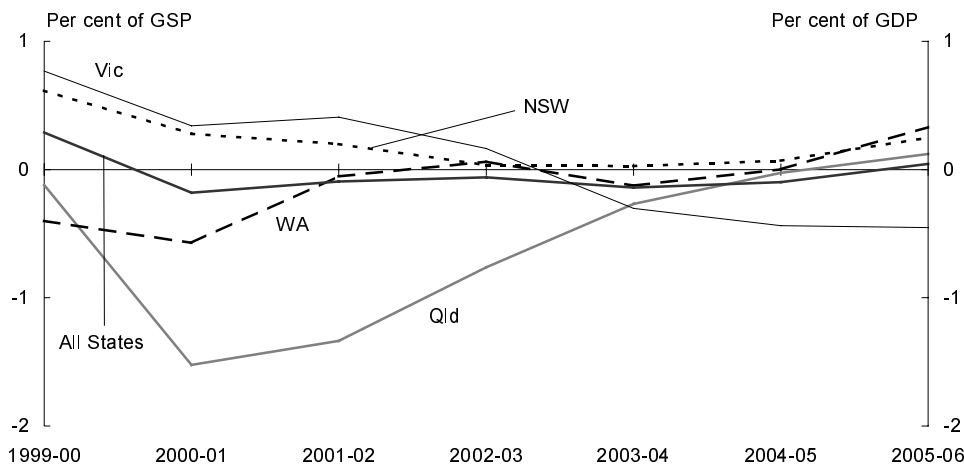
The fiscal balance positions in individual States vary considerably (Chart 4). However, there is a convergence over the forward estimates period with the majority of States expecting small positive fiscal balances as a per cent of gross state product by 2005-06. The largest deficit reduction is forecast to occur in the Northern Territory.

The Northern Territory's general government fiscal balance deficit as a per cent of gross state product increased significantly in 2001-02. This reflected that capital outlays for the Alice Springs to Darwin railway and Darwin's new East Arm Port were 'at their peak' in 2001-02.<sup>1</sup> However, the Northern Territory estimates its general government fiscal balance will continue to improve over the forward estimates period and become a fiscal balance surplus by 2005-06.

---

1 *Northern Territory Budget 2002-03, Paper No.2, Fiscal and Economic Outlook*, p. 25.

**Chart 4: Individual State general government sector fiscal balance**



Sources: ABS Cat. No. 5512.0, state 2002-03 mid-year reports, Victoria, Western Australia and the Australian Capital Territory 2003-04 Budgets and Treasury estimates.

Trends in the aggregate fiscal balance for state/local general government, public non-financial corporations and the non-financial public sector are presented in Tables 1, 2 and 3, Statement 12, Budget Paper No. 1.

### STATE GENERAL GOVERNMENT SECTOR CASH SURPLUS

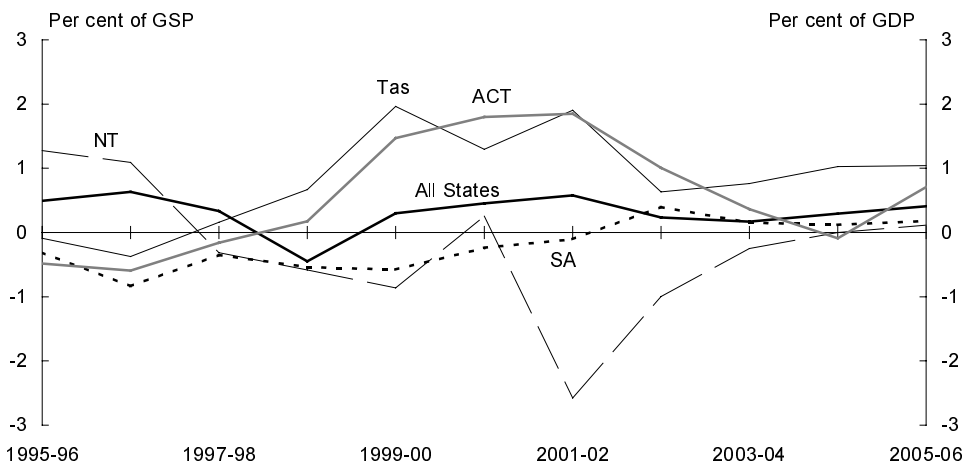
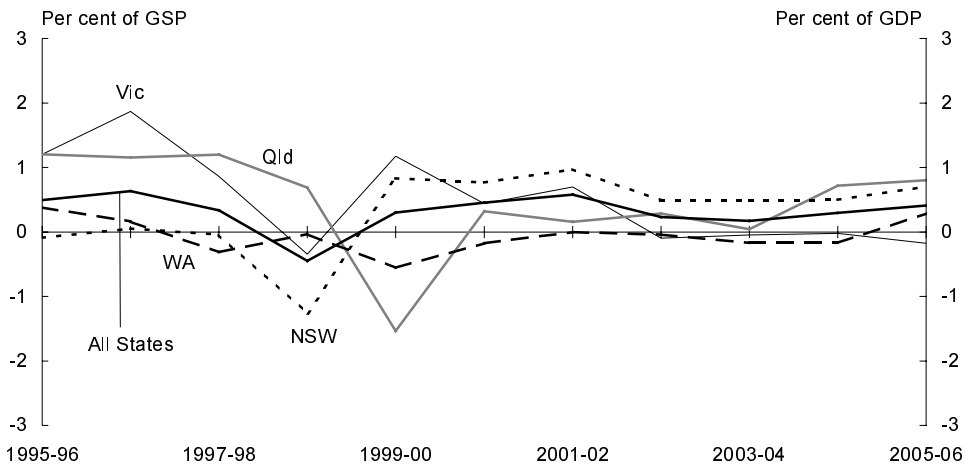
In aggregate terms, the cash surplus in the general government sector is projected to decrease to 0.2 per cent of GDP in 2003-04, lower than in 2002-03. In the forward estimate years, the aggregate state general government sector surplus is expected to climb, reaching 0.4 per cent of GDP by 2005-06.



An underlying cash surplus reflects the extent to which cash is available to a government to either increase its financial assets or decrease its liabilities (assuming no revaluations and other changes occur). An underlying cash deficit measures the extent to which a government requires cash, either by running down its financial assets or by borrowing.

Cash surpluses in New South Wales, Queensland, South Australia, Tasmania and the Australian Capital Territory underpinned the aggregate state general government sector cash surplus forecast for 2003-04. Despite considerable variation in the States' cash positions in recent years, almost all States forecast cash surpluses by 2005-06 (Chart 5).

**Chart 5: Individual State general government sector cash surplus**



Sources: ABS Cat. No. 5512.0, state 2002-03 mid-year reports, Victoria, Western Australia and the Australian Capital Territory 2003-04 Budgets and Treasury estimates.

Trends in the aggregate cash surplus for state/local general government, public non-financial corporations and the non-financial public sector are illustrated in Chart 3, Statement 12, Budget Paper No. 1.

## **STATE NET DEBT**

In aggregate, state general government sector net debt is expected to remain negative at 0.6 per cent of GDP in 2003-04, a small increase on 2002-03. In the public non-financial corporations sector, net debt is expected to be 4.6 per cent of GDP in 2002-03,<sup>2</sup> up on the 2001-02 estimate of 4.4 per cent of GDP.

Net debt is defined as the sum of selected financial liabilities minus the sum of selected financial assets. The higher the net debt of a government, the greater the call it will impose on future revenue flows to service that debt.

Many States have greatly reduced their levels of general government net debt over the past decade (Chart 6). For example, between 1995-96 and 2003-04 the South Australian general government sector reduced its net debt by over 13 per cent of gross state product. This primarily reflects South Australia's electricity privatisation process.<sup>3</sup> Similarly, Victoria and Tasmania reduced their general government net debt by more than 9 per cent of gross state product over the same period by means of budget surpluses and proceeds from asset sales.

The stock of net debt has also declined in most States' public non-financial corporations sector over the previous decade (Chart 6). The public non-financial corporations sector nearly exclusively owns the stock of state non-financial public sector net debt. Some States continue to record negative net debt, that is, they are in a net financial asset position. For example, the Australian Capital Territory non-financial public sector is expected to have negative net debt from 2000-01 to 2002-03. The Queensland non-financial public sector is expected to return to negative net debt by 2004-05 (Chart 6).

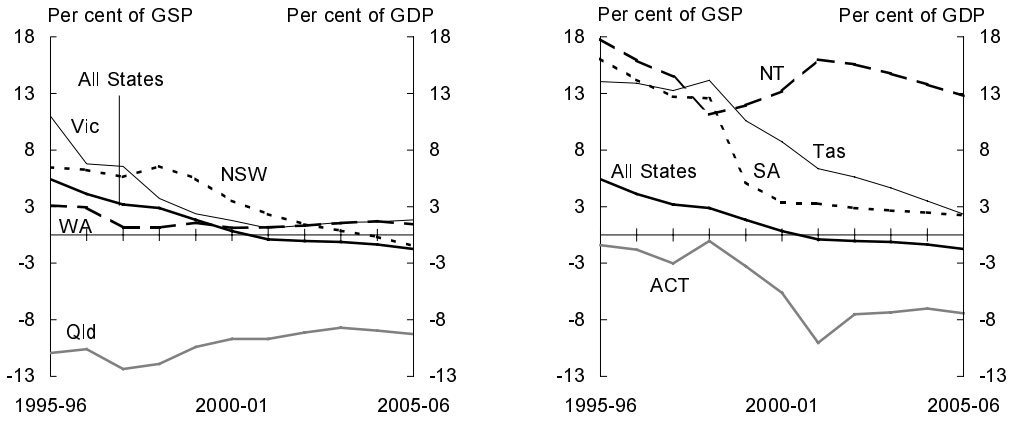
Trends in aggregate net debt for state/local general government, public non-financial corporations and the non-financial public sector are illustrated in Chart 6, Statement 12, Budget Paper No. 1.

---

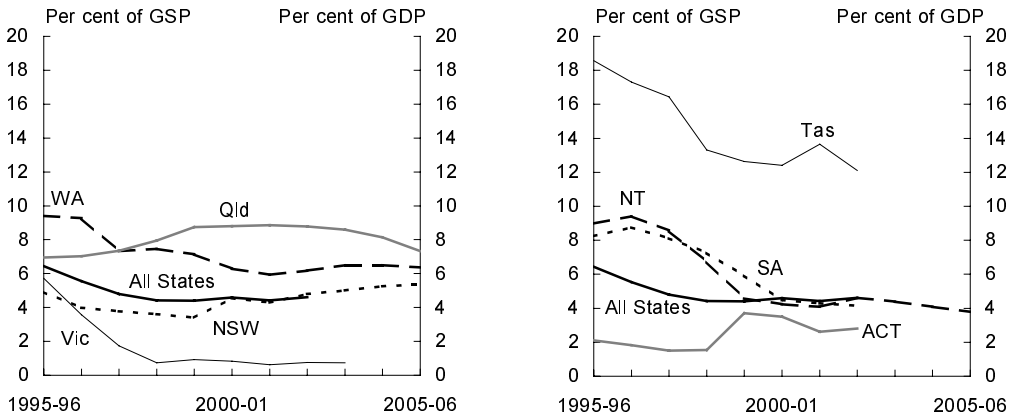
2 Estimates for the public non-financial corporations sector and the non-financial public sector are unavailable after 2002-03 in most States. The public non-financial corporations sector comprises bodies that provide goods and services (such as electricity, gas and water) that are mainly market, non-regulatory and non-financial in nature and are financed predominantly through sales to the consumers of these goods and services.

3 *South Australia Budget Paper 3, Budget Statement 2002-03*, p. 6.3.

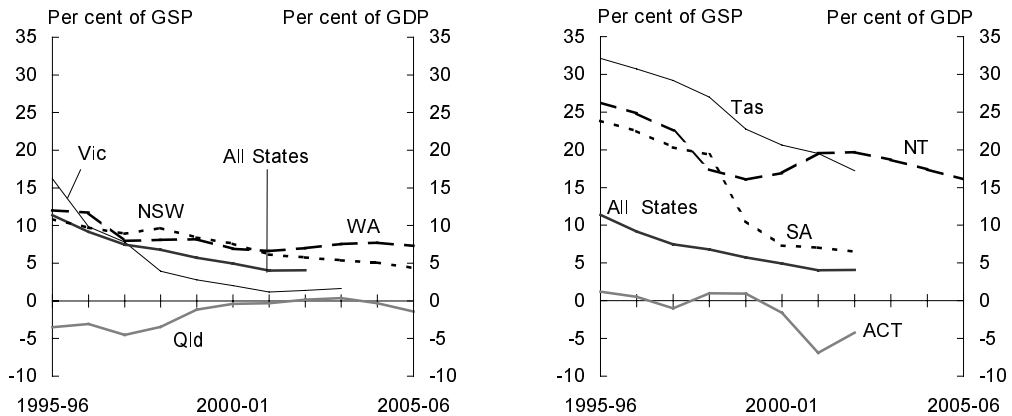
**Chart 6: Individual State net debt by sector (as at end of financial year)**  
**General government**



**Public non-financial corporations**



**Non-financial public sector**



Sources: ABS Cat. No. 5512.0, state 2002-03 mid-year reports, Victoria, Western Australia and the Australian Capital Territory 2003-04 Budgets and Treasury estimates.

## **LOAN COUNCIL ARRANGEMENTS**

The Australian Loan Council is a Commonwealth-State Ministerial Council that coordinates public sector borrowing. The Loan Council comprises the Commonwealth Treasurer as Chairman, and the State and Territory Treasurers.

Present Loan Council arrangements operate on a voluntary basis and emphasise transparency of public sector financing rather than adherence to strict borrowing limits. These arrangements are designed to enhance financial market scrutiny of public sector borrowing and facilitate informed judgments about each government's financial performance.

The Loan Council traditionally meets annually in March to consider jurisdictions' Loan Council Allocation nominations for the forthcoming year. As part of the agreed arrangements, the Loan Council considers these nominations, having regard to each jurisdiction's fiscal position and the macroeconomic implications of the aggregate figure. The Loan Council Allocation is a headline measure of a government's call on financial markets.

### **Outcome of March 2003 Loan Council meeting**

The Loan Council met on 28 March 2003 to consider Loan Council Allocation nominations for 2003-04. In aggregate, they represent a surplus of \$3,876 million (Table 17). The Loan Council approved each State's nominated Allocation.

The Loan Council agreed four proposals to further increase the transparency of the Uniform Presentation Framework. These proposals focus on disaggregating particular items within the Uniform Presentation Framework Operating Statement and adopting guidance on the publication of 'underlying' budget results in the Uniform Presentation Framework. These changes are to be included in Commonwealth, State and Territory Uniform Presentation Framework tables from 2002-03 Outcomes (Actuals) reports. The Commonwealth Government's Loan Council Allocation Budget update for 2003-04 is included in Statement 9, Budget Paper No.1.

**Table 17: Loan Council Allocation nominations for 2003-04(a)**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	C/with \$m	Total \$m
<b>Nominated 2003-04 LCAs</b>										
General government sector cash deficit(+)/surplus(-)	-1,325	348	-59	158	-81	-101	1	25	-4,899	-5,933
PNFC sector cash deficit(+)/surplus(-)	1,121	399	413	502	-40	-49	-12	8	-2,351	-10
Non-financial public sector cash deficit(+)/surplus(-)(b)	-204	670	354	660	-121	-150	-10	33	-7,250	-6,018
<i>minus</i> Net cash flows from investments										
in financial assets for policy purposes(c)	40	-16	7	5	-2	0	16	-11	-909	-870
<i>plus</i> Memorandum items(d)	1,053	204	-157	-252	-214	22	-6	0	626	1,276
<b>Loan Council Allocation</b>	<b>809</b>	<b>890</b>	<b>190</b>	<b>403</b>	<b>-337</b>	<b>-128</b>	<b>-32</b>	<b>44</b>	<b>-5,715</b>	<b>-3,876</b>
2003-04 tolerance limit	951	575	526	307	191	76	47	54	4,664	

(a) Loan Council Allocation (LCA) nominations for 2003-04 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 public non-financial corporations sector, where actual estimates are unavailable.

(b) The sum of the surpluses of the general government and the public non-financial corporations sectors may not directly equal the non-financial public sector surplus due to intersectoral transfers.

(c) This comprises net lending by governments with the aim of achieving government policy, as well as net equity sales and net lending to other sectors or jurisdictions. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit/surplus. However, the cash flow from investments in financial assets for policy purposes has implications for governments' call on financial markets.

(d) Memorandum items are used to adjust the non-financial public sector deficit/surplus to include in LCAs 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, where appropriate, to deduct from the non-financial public sector deficit/surplus 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.

Note: Governments' contingent exposures under infrastructure projects with private sector involvement are identified in the Loan Council report, rather than included as components of LCAs. These exposures, which are measured as the governments' contractual liabilities in the event of termination of projects, 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.



## Appendix A: GST revenue measures since the 2002-03 Budget

### **GST Determination to make Languages Other Than English courses provided by ethnic schools GST-free**

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Taxation Office:	-3.0	-1.0	-1.0	-1.0

The Government will make State or Territory recognised Languages Other Than English (LOTE) courses provided by non-profit ethnic schools GST-free, with effect from 1 January 2002.

Currently, LOTE courses provided by ethnic schools are taxable supplies under the GST because the schools providing them do not qualify for GST-free treatment. The Minister for Education, Science and Training will make a determination under existing legislative provisions of the *A New Tax System (Goods and Services Tax) Act 1999* to make LOTE courses GST-free.

See also the related expense measure titled *Languages Other Than English courses provided by ethnic schools – variation in Budget Balancing Assistance as a result of making courses GST-free* in Budget Paper No. 2.

### **Application of GST to Compulsory Third Party insurance**

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Taxation Office:	-11.3	-3.8	-3.9	-4.1

The Government will amend the GST law to ensure that the original policy intent of Compulsory Third Party insurance is met by:

- ensuring that GST registered taxpayers are able to claim input tax credits on Compulsory Third Party insurance policies that commence on or after 1 July 2003, including those paid before 1 July 2003;
- allowing Compulsory Third Party insurers, making payments under a settlement sharing arrangement, to claim a decreasing adjustment on payment of settlement amounts; and

- allowing Compulsory Third Party insurers operating no-fault and nominal defendant schemes access to a decreasing adjustment on payment of settlement amounts to people injured as a result of a motor vehicle accident.

**Government response to the Report of the Inquiry into the Definition of Charities and Related Organisations**

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Taxation Office:	0.0	-1.0	-1.0	-1.0

On 29 August 2002, the Government announced its response to the *Report of the Inquiry into the Definition of Charities and Related Organisations*. As part of that response, the Government has decided to enact a definition of a charity for the purpose of administration of Commonwealth laws, expected to take effect from 1 July 2004.

This measure is estimated to have a small impact on GST revenue.



## Appendix B: Specific Purpose Payments

This appendix provides information on Commonwealth Specific Purpose Payments to the States and local government. This includes Specific Purpose Payments for current and capital purposes, together with details of Commonwealth advances (loans) to the States, including new advances, interest received on advances, and repayments by the States.

Data in this appendix have been prepared on an accrual basis. The tables report payments made by the Commonwealth general government sector including the Australian National Training Authority, rather than the more limited Commonwealth budget sector.

Table B1 presents Specific Purpose Payments on a functional basis for the period 2002-03 to 2006-07. Payments are aggregated according to like objectives and purposes. Payments are further divided into those paid to the States and those paid through the States to be passed on to local government and others. Payments through the States are indicated in the table with an (\*) and separate totals for payments to the States and payments through the States are presented in the summary at the end of the table.

Tables B2 and B3 present estimates of the state-by-state distributions of the Specific Purpose Payments listed in Table B1, for the years 2002-03 and 2003-04 respectively. Again, payments through the States are indicated in the table with an (\*) and separate totals for payments to the States and payments through the States are presented in the summary at the end of the table.

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 2003-04 will not be settled before further data becomes 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.

Tables B4, B5 and B6 present estimates of Commonwealth Specific Purpose Payments direct to local government authorities. Table B4 presents estimates on a functional basis for the period 2002-03 to 2006-07. Tables B5 and B6 present estimates of the state-by-state distributions of payments direct to local government for 2002-03 and 2003-04 respectively.

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<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.	69,097	74,826	75,364	77,022	78,717
<b>Film and literature classifications</b>					
Payment to states for participation in the 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.	662	683	705	724	738
<b>Gun Buyback Scheme</b>					
Provides for financial assistance in accordance with the <i>Handgun Buyback Act 2003</i> to compensate eligible persons for the surrender of handguns, parts and accessories during the buyback period and for money expended in direct connection with the administration of the handguns buyback and awareness raising of the Council of Australian Government reforms.	0	54,483	9,871	0	0
<b>Public Order and Safety - total</b>	<b>69,759</b>	<b>129,992</b>	<b>85,940</b>	<b>77,746</b>	<b>79,455</b>
<b>Education</b>					
<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.	1,431,822	1,535,692	1,631,655	1,733,597	1,839,516
<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.	3,645,258	4,034,647	4,359,994	4,698,154	5,048,729
<b>Vocational Education and Training Funding Act(a)</b>					
Funds provided under this Act are used to promote a nationally identifiable and consistent vocational education and training system.	1,013,906	1,092,594	1,117,760	1,142,324	1,168,580

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Education (continued)</b>					
<b>Targeted programmes - government schools and joint</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.	327,908	346,872	365,754	385,533	406,314
<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.	170,235	174,621	184,206	194,367	205,035
<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.	131,732	118,968	121,401	124,153	124,205
<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.	55,322	54,263	54,556	54,873	55,165
<b>Education - total</b>	<b>6,776,183</b>	<b>7,357,657</b>	<b>7,835,326</b>	<b>8,333,001</b>	<b>8,847,544</b>
<b>Health</b>					
<b>Blood transfusion services(b)</b> To provide funds for the Australian Red Cross Blood Service towards its recurrent costs in providing a national blood transfusion service.	82,631	0	0	0	0
<b>Health Programme Grants</b> Health Programme 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.	3,769	2,773	2,855	1,830	1,850
<b>Health Care Grants(c)</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.	7,112,954	7,519,085	7,943,414	8,362,544	8,805,860
<b>National Health Development Fund(c)(d)</b> Grants under the Australian Health Care Agreements to assist the States to improve the performance of the health system.	96,695	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Health (continued)</b>					
<b>Highly specialised drugs</b>	344,769	376,764	408,759	440,755	472,750
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.					
<b>Youth health services</b>	2,392	2,369	2,425	2,478	2,521
Funding is provided on a matched basis to develop and implement innovative primary health care services for homeless and at risk youth.					
<b>National public health</b>	197,383	159,681	163,464	162,012	164,930
Payments to the States, under 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).					
<b>Essential vaccines</b>	188,560	141,517	143,438	97,867	100,179
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.					
<b>Repatriation general hospitals</b>	13,838	6,826	6,831	6,831	6,831
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.					
<b>Fringe Benefit Tax (FBT) transitional grants for public and not-for-profit hospitals</b>	65,263	0	0	0	0
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.					
<b>Health - total</b>	<b>8,108,254</b>	<b>8,209,015</b>	<b>8,671,186</b>	<b>9,074,317</b>	<b>9,554,921</b>
<b>Social Security and Welfare</b>					
<b>Aged care assessment</b>	42,896	47,354	46,849	47,881	49,981
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.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Social Security and Welfare (continued)</b>					
<b>Home and community care</b>	670,061	728,008	790,214	856,059	923,765
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(e)</b>	532,034	548,738	565,811	582,694	599,931
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>	10,672	9,896	10,109	10,316	10,528
Funds are provided to ensure access to affordable quality child care in programmes administered by state and territory governments on behalf of the Commonwealth.					
<b>Supported Accommodation Assistance</b>	167,408	171,260	175,200	179,055	182,994
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>Unaccompanied humanitarian minors</b>	1,139	1,823	2,150	2,202	2,258
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 administration</b>	61,768	113,865	61,889	0	0
To provide support to eligible farm business enterprises where incomes have been adversely affected by exceptional circumstances such as extreme drought and to support the administrative costs of state rural assistance authorities for the issuing of exceptional circumstance certificates and the delivery of exceptional circumstance interest rate subsidies.					
<b>Extension of fringe benefits</b>	178,258	184,997	191,628	198,538	202,906
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 cardholders.					
<b>National Illicit Drugs Strategy</b>	4,875	0	0	0	0
This initiative will provide funding to state governments to provide services to families where a young person is suffering from the effects of illicit drug use. In most cases, state and territory governments will purchase services from community based organisations.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Social Security and Welfare (continued)</b>					
<b>Native Title</b>	11,000	11,000	11,000	11,000	11,000
For expenditure under part 9 of the <i>Native Title Act 1993</i> . Funding is to assist states and territories implement a consistent framework for dealing with native title issues and meeting native title compensation costs.					
<b>Concessions for Commonwealth Seniors Health Card (CSHC) Holders(f)</b>	9,935	45,254	78,974	83,617	83,614
This measure provides assistance with the cost to state and territory governments of extending pensioner concessions to CSHC holders. The concessions for which this payment is made are electricity, council rates, water and sewerage, and motor vehicle registration.					
<b>State Senior's Card Reciprocal Transport Concessions(f)</b>	2,612	5,600	5,800	6,100	6,100
This initiative aims to reach agreement with and provide funding to states and territories to facilitate national reciprocity of transport concessions for State Senior's Card holders. This will enable State Senior's Card holders to access concessional transport fares while travelling interstate.					
<b>Social Security and Welfare - total</b>	<b>1,692,658</b>	<b>1,867,795</b>	<b>1,939,624</b>	<b>1,977,462</b>	<b>2,073,077</b>
<b>Housing and Community Amenities</b>					
<b>Assistance for housing</b>	0	0	0	0	0
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.					
<b>Assistance for water and sewerage</b>	8,675	8,873	9,078	9,277	9,481
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.					
<b>Natural Heritage Trust of Australia - Bushcare(g)</b>	13,496	7,000	8,000	0	0
To conserve and restore habitat for Australia's unique native flora and fauna that underpin the health of our landscapes.					
<b>Natural Heritage Trust of Australia - Coastcare(g)</b>	15,434	0	3,000	0	0
To protect our coastal catchments, ecosystems and the marine environment.					
<b>Natural Heritage Trust of Australia - Landcare(g)</b>	2,122	5,000	5,000	0	0
To reverse land degradation and promote sustainable agriculture.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<b><i>Housing and Community Amenities (continued)</i></b>					
<b>Natural Heritage Trust of Australia - Rivercare(g)</b> To improve water quality and environmental condition in our river systems and wetlands.	2,430	3,000	4,000	0	0
<b>Natural Heritage Trust of Australia - Air pollution in major cities(g)</b> To reduce the impact of air pollution in urban areas and, in doing so, to contribute to the development of sustainable urban environments.	702	0	0	0	0
<b><i>Housing and Community Amenities - total</i></b>	<b>42,859</b>	<b>23,873</b>	<b>29,078</b>	<b>9,277</b>	<b>9,481</b>
<b><i>Recreation and Culture</i></b>					
<b>Natural Heritage Trust of Australia - Bushcare(g)</b> To conserve and restore habitat for Australia's unique native flora and fauna that underpin the health of our landscapes.	9,117	11,000	15,000	0	0
<b>Natural Heritage Trust of Australia - Coastcare(g)</b> To protect our coastal catchments, ecosystems and the marine environment.	1,742	7,000	6,000	0	0
<b>Natural Heritage Trust of Australia - Landcare(g)</b> To reverse land degradation and promote sustainable agriculture.	3,483	8,000	10,000	0	0
<b>Natural Heritage Trust of Australia - Rivercare(g)</b> To improve water quality and environmental condition in our river systems and wetlands.	3,949	6,000	11,000	0	0
<b><i>Recreation and Culture - total</i></b>	<b>18,291</b>	<b>32,000</b>	<b>42,000</b>	<b>0</b>	<b>0</b>
<b><i>Fuel and Energy</i></b>					
<b>Snowy Hydro Ltd - company tax compensation</b> Compensate Victoria and NSW for company tax payments made by Snowy Hydro Ltd.	3,343	25,375	25,375	25,375	25,375
<b><i>Fuel and Energy - total</i></b>	<b>3,343</b>	<b>25,375</b>	<b>25,375</b>	<b>25,375</b>	<b>25,375</b>
<b><i>Agriculture, Forestry and Fishing</i></b>					
<b>Natural Heritage Trust of Australia - Bushcare(g)</b> To conserve and restore habitat for Australia's unique native flora and fauna that underpin the health of our landscapes.	15,333	17,000	23,000	0	0
<b>Natural Heritage Trust of Australia - Coastcare(g)</b> To protect our coastal catchments, ecosystems and the marine environment.	4,178	6,000	9,000	0	0
<b>Natural Heritage Trust of Australia - Landcare(g)</b> To reverse land degradation and promote sustainable agriculture.	7,344	14,000	18,000	0	0
<b>Natural Heritage Trust of Australia - Rivercare(g)</b> To improve water quality and environmental conditions in our river systems and wetlands.	13,444	13,000	18,000	0	0

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b><i>Agriculture, Forestry and Fishing (continued)</i></b>					
<b>Tasmanian Wheat Freight Shipping</b>	1,200	1,200	1,200	0	0
The Tasmanian Wheat Freight Scheme will assist the economic sustainability of the cereal processing and related baking, intensive animal, feedlot and aquaculture industries in Tasmania.					
<b>Exotic Disease Preparedness</b>	360	366	372	372	380
The Wildlife and Exotic Diseases Preparedness Programme 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>National Landcare Programme (NLP)</b>	28,879	26,892	31,275	32,256	0
The NLP aims to achieve efficient, sustainable and equitable management of natural resources in Australia. Current 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.					
<b>Regional Assistance</b>	3,193	2,064	0	0	0
To provide support to farm business enterprises to improve farm productivity, profitability and sustainability.					
<b>Natural Heritage Trust of Australia - Waste Management Awareness(g)</b>	271	0	0	0	0
To promote benefits and practicalities entailed in effective waste management and recycling, with the emphasis on community based activities.					
<b>Great Artesian Basin Sustainability Initiative</b>	548	604	0	0	0
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>Forest Industry Structural Adjustment Package</b>	14,084	18,995	13,102	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.					



**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b><i>Agriculture, Forestry and Fishing (continued)</i></b>					
<b>Skilling farmers for the future</b>	27,947	31,366	0	0	0
A 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>War Service Land Settlement Scheme</b>	2,779	2,860	0	0	0
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.					
<b>Eradication of Red Imported Fire Ant</b>	15,500	20,500	6,900	1,700	0
To provide funding for the eradication of Red Imported Fire Ant infestations detected in Australia.					
<b>National Action Plan for Salinity and Water Quality</b>	0	107,600	147,500	145,000	114,969
The National Action Plan aims to motivate and enable regional communities to use coordinated and targeted action to: a) prevent, stabilise and reverse trends in dryland salinity affecting the sustainability of production, the conservation of biological diversity and the viability of our infrastructure; and b) improve water quality and secure reliable allocations for human uses, industry and the environment. Current payments mainly assist designated regional bodies to prepare regional Natural Resource Management plans and invest in priority actions identified in those plans to address salinity and water quality issues. This funding is matched with new and additional cash by state and territory governments which have signed bilateral agreements with the Commonwealth.					
<b>Agricultural Development Partnerships</b>	0	2,207	5,004	0	0
This programme provides assistance for structural adjustment, targeted to agricultural industries and regions experiencing significant problems affecting farm profitability and sustainability. A feature of the programme is that state governments are expected to provide matching funding to facilitate a genuine partnership approach.					
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>135,060</b>	<b>264,654</b>	<b>273,353</b>	<b>179,328</b>	<b>115,349</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<b><i>Transport and Communication</i></b>					
<b>Interstate road transport</b>	38,060	38,060	38,060	38,060	38,060
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.					
<b>Petroleum Products Freight Subsidy Scheme</b>	3,800	3,600	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>Roads to Recovery - Unincorporated Areas</b>	2,000	2,000	2,000	0	0
Funding for the construction, upgrade and maintenance of roads in unincorporated areas of South Australia, New South Wales and Victoria not governed by local government authorities.					
<b>Gold Coast Light Rail</b>	430	220	0	0	0
To contribute towards a feasibility study into a light rail system from Helensvale to Broadbeach on Queensland's Gold Coast.					
<b><i>Transport and Communication - total</i></b>	<b>44,290</b>	<b>43,880</b>	<b>43,560</b>	<b>41,560</b>	<b>41,560</b>
<b><i>Other Purposes</i></b>					
<b>Debt Redemption Assistance</b>	29,800	35,292	53,745	195,310	0
Covers the payment of compensation to the States and NT 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.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Other Purposes (continued)</b>					
<b>* Financial Assistance Grants for local government</b>					
<i>General Purpose Assistance</i> Provides united general purpose assistance to local government authorities. The grants are distributed between the States and Territories on an equal per capita basis.	1,005,730	1,042,741	1,081,844	1,120,898	1,161,363
<i>United Local Roads Grants</i> Provides united 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.	446,272	462,695	480,046	497,375	515,332
<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.	151,755	157,519	161,460	165,496	169,633
<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.	124,510	99,540	89,540	89,540	89,540
<b>National Aerial Firefighting Strategy</b> Commonwealth contribution to the direct costs of leasing and locating the three helitankers to meet anticipated national demand in 2002-03.	7,490	0	0	0	0
<b>* Natural Disaster Risk Management Studies</b> Funding of one-third of the cost of undertaking worthwhile risk management studies to identify, analyse and evaluate risks from natural disasters and stimulate the introduction of preventative measures to reduce the impact of natural disasters.	3,000	0	0	0	0
<b>Bushfire recovery appeals</b> Commonwealth contributions to public appeals for cash donations to be applied to relief and recovery measures for victims of bushfires. Funds to be applied to measures not covered by existing relief programmes.	2,500	0	0	0	0

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Other Purposes (continued)</b>					
<b>Royalties</b>	451,200	351,010	341,410	354,200	362,600
Payment of the monthly share of the Commonwealth's North West Shelf petroleum royalty under s 129 of the <i>Petroleum (Submerged Lands) Act 1967</i> ; and payment of expenses in the administration of the Commonwealth's petroleum taxation regime and reimbursement to the NT Government in lieu of uranium royalties from the Ranger project equivalent to 1.25 per cent of net sales proceeds as required under the 1978 financial Memorandum of Understanding between the Commonwealth and the NT.					
<b>ACT National Capital influences</b>	21,571	22,067	22,574	23,071	23,578
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.					
<b>Special Revenue Assistance to the ACT(h)</b>	14,700	10,900	11,164	11,447	11,733
Payment to the ACT that recognises that Commonwealth-State financial relations differ from Commonwealth-ACT financial relations in certain specific respects.					
<b>Assistance to ACT Softwood Sawmill</b>	1,000	0	0	0	0
Payment to the ACT Softwood Sawmill for assistance following the bushfire.					
<b>Other Purposes - total</b>	<b>2,259,528</b>	<b>2,181,764</b>	<b>2,241,783</b>	<b>2,457,337</b>	<b>2,333,779</b>
<b>TOTAL CURRENT</b>	<b>19,150,225</b>	<b>20,136,005</b>	<b>21,187,225</b>	<b>22,175,403</b>	<b>23,080,541</b>
	<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>				
<b>Education</b>					
<b>Government schools</b>	238,118	248,951	257,665	259,207	264,389
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.					
<b>* Non-government schools</b>	93,612	97,870	101,294	101,902	103,939
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.					
<b>Education - total</b>	<b>331,730</b>	<b>346,821</b>	<b>358,959</b>	<b>361,109</b>	<b>368,328</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<i>Payment title</i>					
<i>Description</i>					
<b>Health</b>					
<b>Blood transfusion services(b)</b>	5,873	0	0	0	0
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.					
<b>Health - total</b>	<b>5,873</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Social Security and Welfare</b>					
<b>Home and community care</b>	4,025	4,380	4,751	5,150	5,561
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>Crisis accommodation assistance(i)</b>	39,655	39,655	40,161	40,674	41,194
To provide funds to the States under the Commonwealth-State Housing Agreement for the acquisition of accommodation for use under the Supported Accommodation Assistance Programme.					
<b>Social Security and Welfare - total</b>	<b>43,680</b>	<b>44,035</b>	<b>44,912</b>	<b>45,824</b>	<b>46,755</b>
<b>Housing and Community Amenities</b>					
<b>Housing assistance for indigenous people(i)</b>	100,000	101,000	102,162	93,339	94,531
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(i)</b>	63,990	63,990	64,807	65,635	66,473
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(i)</b>	824,189	725,230	734,491	743,871	753,370
The Commonwealth, through the CSHA, provides funds to the States primarily for the provision of public rental housing for low to moderate income households. The States are required to contribute to housing assistance in amounts as set in the CSHA.					
<b>Social Housing Subsidy Programme</b>	2,130	2,130	2,130	2,130	2,130
Provides matching funding 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.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<b><i>Housing and Community Amenities (continued)</i></b>					
<b>* Federal Flood Mitigation Programme</b> Provides funding through states and territories to assist in addressing the problem of repeated flooding in rural towns and regional centres.	9,825	14,900	9,600	0	0
<b>* Disaster Mitigation Package</b> Funding for a wide range of mitigation measures to help reduce the threat posed by natural disasters such as bushfires, cyclones, floods and landslides across the nation.	0	2,000	2,000	12,600	12,600
<b>* Additional First Home Owners Scheme</b> The Commonwealth is funding an additional First Home Owners Scheme grant for all eligible first home owners contracting between 9 March 2001 and 30 June 2002 to buy or build a new home. The grant is \$7,000 for contracts made between 9 March and 31 December 2001 and \$3,000 for contracts made between 1 January and 30 June 2002.	56,530	10,000	0	0	0
<b><i>Housing and Community Amenities - total</i></b>	<b>1,056,664</b>	<b>919,250</b>	<b>915,190</b>	<b>917,575</b>	<b>929,104</b>
<b><i>Fuel and Energy</i></b>					
<b>* Photovoltaic Rebate Programme (PVRP)</b> To provide rebates to householders and community groups who install photovoltaic equipment to make electricity from sunlight for domestic use.	5,454	1,827	0	0	0
<b>Renewable Remote Power Generation</b> To provide a rebate for the installation of renewable energy generation technologies in areas of Australia currently reliant on diesel for electricity generation. Funding is based on the relevant amount of Diesel Fuel Excise paid in each state or territory by public electricity generators.	15,004	14,282	27,293	25,186	23,932
<b><i>Fuel and Energy - total</i></b>	<b>20,458</b>	<b>16,109</b>	<b>27,293</b>	<b>25,186</b>	<b>23,932</b>
<b><i>Agriculture, Forestry and Fishing</i></b>					
<b>Natural Heritage Trust of Australia - Landcare(g)</b> To reverse land degradation and promote sustainable agriculture.	14,077	0	0	0	0
<b>Natural Heritage Trust of Australia - Rivercare(g)</b> To improve water quality and environmental condition in our river systems and wetlands.	334	0	0	0	0
<b>Warner Creek Dam and Northern Midlands Water Project</b> To provide funding to Tasmania for the construction of the Warner Creek Dam and the Northern Midlands Water Project. These projects aim to provide reliable sources of irrigation water in their respective regions.	0	1,000	1,100	1,100	0

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<i>Payment title</i>					
<i>Description</i>					
<b><i>Agriculture, Forestry and Fishing (continued)</i></b>					
<b>Great Artesian Basin Sustainability Initiative</b>	7,989	8,803	0	0	0
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>22,400</b>	<b>9,803</b>	<b>1,100</b>	<b>1,100</b>	<b>0</b>
<b><i>Agriculture, Forestry and Fishing - total</i></b>					
<b><i>Transport and Communication</i></b>					
<b>Alice Springs Darwin Railway</b>	13,900	0	0	6,250	6,250
The Commonwealth agreed to provide up to an additional \$91.4 million towards the construction of the Alice Springs to Darwin rail link. This is in addition to the \$100 million previously provided under the Federation Fund.					
	976,747	928,085	1,247,049	1,052,941	1,017,871
<b>Road programmes</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> .					
	44,500	44,500	44,500	44,500	0
<b>Road safety blackspots</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> .					
	50	0	0	0	0
<b>Federation Funds Projects - Tasmania</b>					
ABT Railway - the Commonwealth agreed to provide funding from the Federation Fund for the establishment of the ABT Railway between Queenstown and Strahan on Tasmania's West Coast.					
	21,035	18,965	0	0	0
<b>Federation Funds Projects - Queensland</b>					
The Commonwealth agreed to provide \$40 million from the Federation Fund towards the widening of the Caboolture Motorway.					
	6,000	24,000	14,000	0	0
<b>Federation Funds Projects - New South Wales/Victoria</b>					
The Commonwealth agreed to fund \$22 million each to both Victoria and New South Wales for the replacement of three key crossings of the Murray River at Echuca, Robinvale and Corowa.					
<b><i>Transport and Communication - total</i></b>	<b>1,062,232</b>	<b>1,015,550</b>	<b>1,305,549</b>	<b>1,103,691</b>	<b>1,024,121</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<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> .	1,509	1,412	595	380	0
<b>Natural Disaster Relief</b>					
Reimbursement under a funding formula of part of the expenditure incurred by the States to restore/replace public assets damaged by natural disasters.	0	0	0	0	0
<b>Other Purposes - total</b>	<b>1,509</b>	<b>1,412</b>	<b>595</b>	<b>380</b>	<b>0</b>
<b>TOTAL CAPITAL</b>	<b>2,544,546</b>	<b>2,352,980</b>	<b>2,653,598</b>	<b>2,454,865</b>	<b>2,392,240</b>
	<b>REPAYMENTS</b>				
<b>Supplementary contributions</b>					
Debt Retirement Reserve Trust Account (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.	28,822	285,878	74,017	134,396	0
<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> .	6,089	5,696	2,400	1,536	0
<b>Total</b>	<b>34,911</b>	<b>291,574</b>	<b>76,417</b>	<b>135,932</b>	<b>0</b>
<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.	4,647	4,647	4,647	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> .	16,219	16,949	17,711	18,511	19,343
<b>Repayments of Commonwealth Government Loans - total</b>	<b>20,866</b>	<b>21,596</b>	<b>22,358</b>	<b>23,158</b>	<b>23,990</b>



**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Defence</b>					
<b>Housing for servicemen</b>	1,289	1,361	1,453	1,552	1,661
Principal repayments by the States of advances to finance the construction, maintenance and upgrade of public housing for use by service personnel.					
<b>Defence - total</b>	<b>1,289</b>	<b>1,361</b>	<b>1,453</b>	<b>1,552</b>	<b>1,661</b>
<b>Housing and Community Amenities</b>					
<b>CSHA Loans</b>	60,209	61,955	63,545	64,908	66,164
Principal repayments by the six States and the NT of advances made to them under the various Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts.					
<b>Other housing</b>	8,248	8,525	8,449	8,712	8,994
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.					
<b>Urban water supply and treatment</b>	352	392	437	486	540
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.					
<b>NT - water and sewerage assistance</b>	136	136	136	136	136
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.					
<b>Growth centres</b>	276	304	247	94	0
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 Victoria for the development of a growth complex in the Albury-Wodonga area.					
<b>Urban rehabilitation</b>	205	103	0	0	0
Repayment of the principal of a loan provided under the <i>Land Commissions (Financial Assistance) Act 1973</i> to Victoria, for the acquisition and redevelopment of land at Emerald Hill, South Melbourne.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b><i>Housing and Community Amenities (continued)</i></b>					
<b>Community facilities - Townsville</b>	36	39	43	3	0
Repayment of a loan to the Queensland Government as a contribution towards the cost of developing community facilities in Townsville to assist in assimilating servicemen and their families into the community.					
<b>Captains Flat (Abatement of Pollution) Agreement</b>	6	7	8	10	11
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.					
<b>Sewerage</b>	3,087	3,392	3,730	4,103	4,502
Repayment of the principal of 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.					
<b><i>Housing and Community Amenities - total</i></b>	<b>72,555</b>	<b>74,853</b>	<b>76,595</b>	<b>78,452</b>	<b>80,347</b>
<b><i>Agriculture, Forestry and Fishing</i></b>					
<b>Bovine Brucellosis and Tuberculosis</b>	130	244	17	17	17
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.					
<b>Rural Adjustment Scheme</b>	1,791	1,421	844	198	0
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.					
<b>War Service Land Settlement Scheme</b>	1,307	939	971	1,005	1,040
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.					
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>3,228</b>	<b>2,604</b>	<b>1,832</b>	<b>1,220</b>	<b>1,057</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
Description					
<b><i>Transport and Communication</i></b>					
<b>Railway projects</b>	570	571	574	572	574
Repayment of the principal of loans provided by the Commonwealth to upgrade and standardise railways in mainland Australia.					
<b><i>Transport and Communication - total</i></b>	<b>570</b>	<b>571</b>	<b>574</b>	<b>572</b>	<b>574</b>
<b><i>Other Purposes</i></b>					
<b>Natural Disaster Relief</b>	2,389	2,468	2,480	2,480	2,480
Repayment by states and territories of loans made by the Commonwealth under the Natural Disaster Relief Arrangements (NDRA) and the repayment of overpaid monies.					
<b><i>Other Purposes - total</i></b>	<b>2,389</b>	<b>2,468</b>	<b>2,480</b>	<b>2,480</b>	<b>2,480</b>
<b>TOTAL REPAYMENTS</b>	<b>135,808</b>	<b>395,027</b>	<b>181,709</b>	<b>243,366</b>	<b>110,109</b>
<b>Natural Disaster Relief</b>	5,000	5,000	5,000	5,000	5,000
Concessional interest rate loans to the States in respect of loans made by them to individuals affected by natural disasters.					
<b><i>Other Purposes - total</i></b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>TOTAL ADVANCES</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Interest on Loan Council and NT Government Borrowings</b>	30,295	19,009	10,847	633	0
Receipts from the six States and the NT of interest on Commonwealth Government securities outstanding on their behalf.					
<b><i>Interest on Loan Council and NT Government Borrowings - total</i></b>	<b>30,295</b>	<b>19,009</b>	<b>10,847</b>	<b>633</b>	<b>0</b>
<b><i>Interest on Commonwealth Government Loans</i></b>					
<b>ACT Government debt</b>	5,209	4,674	4,140	3,605	3,071
Receipts from the ACT of interest on Commonwealth Government loans and on Commonwealth Government securities nominally outstanding on its behalf.					
<b>Housing nominations</b>	69,177	68,448	67,686	66,890	66,055
Interest received from the six States and the NT on outstanding advances made to them under the States ( <i>Works and Housing</i> ) Assistance Acts.					
<b><i>Interest on Commonwealth Government Loans - total</i></b>	<b>74,386</b>	<b>73,122</b>	<b>71,826</b>	<b>70,495</b>	<b>69,126</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Payment title</b>					
<b>Description</b>					
<b>Defence</b>					
<b>Housing for servicemen</b>	4,306	4,249	4,189	4,126	4,059
Interest payments by the States of advances to finance the construction, maintenance and upgrade of public housing for use by service personnel.					
<b>Defence - total</b>	<b>4,306</b>	<b>4,249</b>	<b>4,189</b>	<b>4,126</b>	<b>4,059</b>
<b>Housing and Community Amenities</b>					
<b>CSHA loans</b>	96,595	94,100	91,522	88,862	86,131
Interest received from the six States and the NT on outstanding advances made to them under the various Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts. Repayments of principal and interest are made at the end of each financial year.					
<b>Other housing</b>	14,820	14,448	14,063	13,677	13,277
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.					
<b>Urban water supply and treatment</b>	1,136	1,095	1,049	998	941
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.					
<b>NT - water and sewerage assistance</b>	637	630	623	616	610
Payment of interest on loans relating to assets transferred from the Commonwealth to the NT at the time of self-government in 1978.					
<b>Growth centres</b>	85	57	28	7	0
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.					
<b>Urban rehabilitation</b>	21	4	0	0	0
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.					

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i>	2002-03	2003-04	2004-05	2005-06	2006-07
<i>Payment title</i>					
<i>Description</i>					
<b><i>Housing and Community Amenities (continued)</i></b>					
<b>Sewerage</b>	7,412	7,099	6,753	6,375	5,957
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.					
<b>Community facilities - Townsville</b>	10	7	3	0	0
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.					
<b>Captains Flat (Abatement of Pollution) Agreement</b>	7	6	5	4	3
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><i>Housing and Community Amenities - total</i></b>	<b>120,723</b>	<b>117,446</b>	<b>114,046</b>	<b>110,539</b>	<b>106,919</b>
<b><i>Agriculture, Forestry and Fishing</i></b>					
<b>Bovine Brucellosis and Tuberculosis</b>	25	17	11	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>	313	176	70	12	0
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>War Service Land Settlement Scheme</b>	346	313	276	239	201
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.					
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>684</b>	<b>506</b>	<b>357</b>	<b>261</b>	<b>211</b>
<b><i>Transport and Communication</i></b>					
<b>Railway projects</b>	428	396	364	333	300
Payment of interest on loans provided by the Commonwealth to upgrade and standardise railways in mainland Australia.					
<b><i>Transport and Communication - total</i></b>	<b>428</b>	<b>396</b>	<b>364</b>	<b>333</b>	<b>300</b>

**Table B1: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 to 2006-07 (\$'000) (continued)**

<i>Function</i> Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<i>Other Purposes</i> Natural Disaster Relief Interest payable by the States in respect of loans made by the Commonwealth to them under NDRA.	565	575	575	575	575
<i>Other Purposes - total</i>	565	575	575	575	575
<b>TOTAL INTEREST</b>	<b>231,387</b>	<b>215,303</b>	<b>202,204</b>	<b>186,962</b>	<b>181,190</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>					
Total Specific Purpose Payments	21,694,771	22,488,985	23,840,823	24,630,268	25,472,781
Total 'to'	16,203,533	16,593,421	17,567,283	17,950,099	18,370,618
Total 'through'	5,491,238	5,895,564	6,273,540	6,680,169	7,102,163

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

- (a) The allocation of funds to the States and Territories for each year, as per the Authority's Directions and Resource Allocations, is subject to agreement by the Australian National Training Authority Ministerial Council. The total level of funding is subject to the amendment of the *Vocational Education and Training Funding Act 1992*.
- (b) Under new arrangements for the provision of blood and blood-related products, from 2003-04 onwards the Commonwealth's contribution to the costs of the Australian Red Cross Blood Service will not be made directly to States and Territories. Instead, payments will be made by the Commonwealth and the States and Territories directly to the new National Blood Authority for this purpose.
- (c) The Australian Health Care Agreements expire on 30 June 2003. The estimates for 2003-04 onwards represent the Commonwealth's maximum funding position, presented to the States on 22 April 2003. If the States do not sign an agreement or fail to meet the terms and conditions of the agreements, these amounts may be reduced.
- (d) Funding for the National Health Development Fund has been discontinued from 2003-04 under the Commonwealth's offer to the States for the 2003-08 Australian Health Care Agreements.
- (e) All figures are indicative only. The provision of funding and its final distribution are subject to the signing of a new Commonwealth State Territory Disability Agreement and bilateral agreement with the relevant jurisdiction. The current agreement expired on 30 June 2002 however, states and territories have continued to receive payments pending signing of the new agreement.
- (f) The amounts represent full year expenditure. The Commonwealth's contribution is subject to the State and Territory Governments agreeing to the terms of the Commonwealth's offer.
- (g) These programs were funded under NHT Phase 1 which finished in 2001-02. Future programs will be funded under NHT Phase 2 which commenced in 2002-03.
- (h) An additional amount has been placed in the contingency reserve for 2003-04, indexed by CPI for the forward estimates, and will be considered in light of developments relating to future bushfire relief assistance and GST payments to the ACT.
- (i) The Commonwealth State Housing Agreement expires on 30 June 2003. Estimates for 2003-04 onwards represent the Commonwealth's maximum funding position for a new five-year agreement, presented to the States on 25 October 2002.

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'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	38,984	0	0	10,249	10,361	3,979	3,193	2,331	69,097
Film and literature classifications	84	83	83	83	83	82	83	81	662
Gun Buyback Scheme	0	0	0	0	0	0	0	0	0
<b><i>Public Order and Safety - total</i></b>	<b>39,068</b>	<b>83</b>	<b>83</b>	<b>10,332</b>	<b>10,444</b>	<b>4,061</b>	<b>3,276</b>	<b>2,412</b>	<b>69,759</b>
<b><i>Education</i></b>									
Government schools	477,498	339,941	282,600	145,791	107,510	40,182	24,033	14,267	1,431,822
*Non-government schools	1,209,145	958,018	664,022	357,036	274,811	73,591	77,102	31,533	3,645,258
Vocational Education and Training Funding Act(a)	350,775	252,439	172,776	95,322	81,909	28,373	19,528	12,784	1,013,906
Targeted programmes - government schools and joint	121,376	76,830	53,521	29,154	28,195	9,104	3,300	6,428	327,908
*Targeted Programmes - non-government schools	62,187	51,354	22,351	13,942	13,230	2,732	2,515	1,924	170,235
Indigenous Education Strategic Initiatives									
Programme - government	28,403	7,529	27,043	23,010	11,752	2,618	664	30,713	131,732
*Indigenous Education Strategic Initiatives									
Programme - non-government	14,113	2,980	8,460	10,447	2,274	761	2,379	13,908	55,322
<b><i>Education - total</i></b>	<b>2,263,497</b>	<b>1,689,091</b>	<b>1,230,773</b>	<b>674,702</b>	<b>519,681</b>	<b>157,361</b>	<b>129,521</b>	<b>111,557</b>	<b>6,776,183</b>
<b><i>Health</i></b>									
Blood transfusion services(b)	27,758	20,159	14,953	8,307	6,923	2,109	1,433	989	82,631
Health Programme Grants	0	2,103	0	0	1,078	0	0	588	3,769
Health Care Grants	2,411,666	1,725,071	1,348,406	694,930	605,633	156,076	92,076	79,096	7,112,954
National Health Development Fund	20,500	38,574	3,540	23,000	6,531	3,392	1,158	0	96,695
Highly specialised drugs	122,440	92,423	60,261	28,284	25,953	6,494	5,712	3,202	344,769
Youth health services	776	649	404	209	190	58	53	53	2,392
National public health	67,331	48,354	36,547	19,004	16,968	4,405	2,549	2,225	197,383
Essential vaccines	64,962	45,825	33,067	18,845	15,541	4,817	2,452	3,051	188,560
Repatriation general hospitals	6,008	4,564	0	0	2,390	876	0	0	13,838
Fringe Benefits Tax transitional grants for public and not-for-profit hospitals	1,235	40,477	2,273	10,351	9,405	1	1,287	234	65,263
<b><i>Health - total</i></b>	<b>2,722,676</b>	<b>2,018,199</b>	<b>1,499,451</b>	<b>802,930</b>	<b>690,612</b>	<b>178,228</b>	<b>106,720</b>	<b>89,438</b>	<b>8,108,254</b>

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Social Security and Welfare</b>									
Aged care assessment	13,650	10,787	6,776	4,467	4,054	1,671	487	1,004	42,896
Home and community care	214,804	191,260	108,226	67,328	60,413	16,930	6,538	4,562	670,061
Disabilities services(c)	176,164	120,203	102,222	42,444	59,566	18,542	7,378	5,515	532,034
Children's services	1,146	809	608	506	7,246	281	73	3	10,672
Supported accommodation assistance	53,940	35,843	27,735	16,519	15,873	7,108	5,662	4,728	167,408
Unaccompanied humanitarian minors	61	96	40	35	907	0	0	0	1,139
Exceptional circumstances administration	34,990	5,458	11,352	9,239	729	0	0	0	61,768
Extension of fringe benefits	61,994	44,320	30,946	15,583	17,631	5,662	1,259	863	178,258
National Illicit Drugs Strategy	1,644	1,129	810	386	348	172	187	199	4,875
Native Title	2,000	0	3,000	2,000	2,000	0	0	2,000	11,000
Concessions for Cwih Seniors Health Card Holders(d)	1,469	718	588	6,400	359	33	98	270	9,935
State Senior's Card Reciprocal Transport Concessions(d)	-35	1,208	751	100	403	60	141	-16	2,612
<b>Social Security and Welfare - total</b>	<b>561,827</b>	<b>411,831</b>	<b>293,054</b>	<b>165,007</b>	<b>169,529</b>	<b>50,459</b>	<b>21,823</b>	<b>19,128</b>	<b>1,692,658</b>
<b>Housing and Community Amenities</b>									
Assistance for housing	0	0	0	0	0	0	0	0	0
Assistance for water and sewerage	0	0	0	0	0	0	8,675	0	8,675
Natural Heritage Trust of Australia - Bushcare(e)	2,356	2,412	4,580	438	407	2,968	25	310	13,496
Natural Heritage Trust of Australia - Coastcare(e)	2,260	1,747	1,599	786	1,361	7,364	55	262	15,434
Natural Heritage Trust of Australia - Landcare(e)	603	376	394	315	217	99	20	98	2,122
Natural Heritage Trust of Australia - Rivercare(e)	500	390	442	414	399	102	20	163	2,430
Natural Heritage Trust of Australia - Air Pollution in Major Cities(e)	25	25	28	550	24	25	25	0	702
<b>Housing and Community Amenities - total</b>	<b>5,744</b>	<b>4,950</b>	<b>7,043</b>	<b>2,503</b>	<b>2,408</b>	<b>10,558</b>	<b>8,820</b>	<b>833</b>	<b>42,859</b>
<b>Recreation and Culture</b>									
Natural Heritage Trust of Australia - Bushcare(e)	1,346	1,866	1,359	1,789	1,112	1,353	45	247	9,117
Natural Heritage Trust of Australia - Coastcare(e)	400	331	349	279	191	87	18	87	1,742
Natural Heritage Trust of Australia - Landcare(e)	803	662	696	557	383	174	34	174	3,483
Natural Heritage Trust of Australia - Rivercare(e)	927	755	877	579	398	197	35	181	3,949
<b>Recreation and Culture - total</b>	<b>3,476</b>	<b>3,614</b>	<b>3,281</b>	<b>3,204</b>	<b>2,084</b>	<b>1,811</b>	<b>132</b>	<b>689</b>	<b>18,291</b>
<b>Fuel and Energy</b>									
Snowy Hydro Ltd - company tax compensation	2,229	1,114	0	0	0	0	0	0	3,343
<b>Fuel and Energy - total</b>	<b>2,229</b>	<b>1,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,343</b>



**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Agriculture, Forestry and Fishing</b>									
Natural Heritage Trust of Australia - Bushcare(e)	1,865	3,376	6,114	1,614	1,176	402	79	707	15,333
Natural Heritage Trust of Australia - Coastcare(e)	708	619	896	492	339	940	31	153	4,178
Natural Heritage Trust of Australia - Landcare(e)	1,482	1,195	1,670	1,038	860	719	61	319	7,344
Natural Heritage Trust of Australia - Rivercare(e)	2,204	1,888	2,843	1,022	830	4,192	146	319	13,444
Tasmanian Wheat Freight - shipping	0	0	0	0	0	1,200	0	0	1,200
Exotic Disease Preparedness	55	55	55	55	34	42	30	34	360
National Landcare Programme (NLP)	8,637	4,370	6,437	3,886	2,829	850	158	1,712	28,879
Regional Assistance	2,243	511	439	0	0	0	0	0	3,193
Natural Heritage Trust of Australia - Waste Management Awareness(e)	3	178	0	0	0	0	0	90	271
Great Artesian Basin Sustainability Initiative	233	0	254	0	61	0	0	0	548
Forest Industry Structural Adjustment Package	12,089	1,995	0	0	0	0	0	0	14,084
Skilling Farmers for the Future	5,117	5,542	5,400	6,346	4,548	426	0	568	27,947
War Service Land Settlement Scheme	0	0	0	0	2,778	1	0	0	2,779
Eradication of Red Imported Fire Ant	0	0	15,500	0	0	0	0	0	15,500
National Action Plan for Salinity and Water Quality	0	0	0	0	0	0	0	0	0
Agricultural Development Partnerships	0	0	0	0	0	0	0	0	0
<b>Agriculture, Forestry and Fishing - total</b>	<b>34,636</b>	<b>19,729</b>	<b>39,608</b>	<b>14,453</b>	<b>13,455</b>	<b>8,772</b>	<b>505</b>	<b>3,902</b>	<b>135,060</b>
<b>Transport and Communication</b>									
Interstate road transport	17,522	10,195	3,610	1,509	4,654	190	190	190	38,060
Petroleum Products Freight Subsidy Scheme	280	0	1,810	80	230	0	0	1,400	3,800
Roads to Recovery - Unincorporated areas	950	50	0	0	1,000	0	0	0	2,000
Gold Coast light rail	0	0	430	0	0	0	0	0	430
<b>Transport and Communication - total</b>	<b>18,752</b>	<b>10,245</b>	<b>5,850</b>	<b>1,589</b>	<b>5,884</b>	<b>190</b>	<b>190</b>	<b>1,590</b>	<b>44,290</b>
<b>Other Purposes</b>									
Debt Redemption Assistance	9,771	5,119	3,856	3,134	3,750	2,786	0	1,384	29,800
*Financial Assistance Grants for local government									
Financial Assistance Grants	340,350	249,063	188,709	98,563	78,060	24,313	16,495	10,177	1,005,730
Unified Local Roads Grants	129,477	92,005	83,615	68,236	24,526	23,649	14,310	10,454	446,272
Compensation - companies regulation	50,428	44,085	24,827	15,282	11,366	3,521	0	2,246	151,755
Natural Disaster Relief	56,170	5,960	35,000	6,500	0	0	5,880	15,000	124,510

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Other Purposes (continued)</b>									
National Aerial Firefighting Strategy	0	6,990	0	273	227	0	0	0	7,490
*Natural Disaster Risk Management Studies	1,400	275	850	75	255	65	10	70	3,000
Bushfire recovery appeals	1,000	1,000	0	0	0	0	500	0	2,500
Royalities	0	0	0	448,600	0	0	0	2,600	451,200
ACT National Capital influences	0	0	0	0	0	0	21,571	0	21,571
Special Revenue Assistance to the ACT	0	0	0	0	0	0	14,700	0	14,700
Assistance to ACT Softwood Sawmill	0	0	0	0	0	0	1,000	0	1,000
<b>Other Purposes - total</b>	<b>588,596</b>	<b>404,497</b>	<b>336,857</b>	<b>640,663</b>	<b>118,184</b>	<b>54,334</b>	<b>74,466</b>	<b>41,931</b>	<b>2,259,528</b>
<b>TOTAL CURRENT</b>	<b>6,240,501</b>	<b>4,563,353</b>	<b>3,416,000</b>	<b>2,315,383</b>	<b>1,532,281</b>	<b>465,774</b>	<b>345,453</b>	<b>271,480</b>	<b>19,150,225</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<b>Education</b>									
Government schools	80,453	55,941	45,583	23,911	18,447	6,652	4,067	3,064	238,118
*Non-government schools	30,619	25,921	16,132	8,931	7,035	2,120	2,089	765	93,612
<b>Education - total</b>	<b>111,072</b>	<b>81,862</b>	<b>61,715</b>	<b>32,842</b>	<b>25,482</b>	<b>8,772</b>	<b>6,156</b>	<b>3,829</b>	<b>331,730</b>
<b>Health</b>									
Blood transfusion services(b)	1,985	1,462	1,099	575	458	141	94	59	5,873
<b>Health - total</b>	<b>1,985</b>	<b>1,462</b>	<b>1,099</b>	<b>575</b>	<b>458</b>	<b>141</b>	<b>94</b>	<b>59</b>	<b>5,873</b>
<b>Social Security and Welfare</b>									
Home and community care	976	0	2,926	0	47	0	76	0	4,025
Crisis accommodation assistance	13,439	9,821	7,426	3,882	3,073	957	653	404	39,655
<b>Social Security and Welfare - total</b>	<b>14,415</b>	<b>9,821</b>	<b>10,352</b>	<b>3,882</b>	<b>3,120</b>	<b>957</b>	<b>729</b>	<b>404</b>	<b>43,680</b>
<b>Housing and Community Amenities</b>									
Housing assistance for indigenous people	17,777	3,638	27,322	16,401	9,082	696	0	25,084	100,000
Community housing	21,687	15,847	11,983	6,264	4,959	1,545	1,053	652	63,990
Commonwealth-State Housing Agreement (CSHA)	266,763	193,125	154,539	78,944	65,253	24,127	22,887	18,551	824,189
Block Assistance/Base Funding	1,995	0	0	0	0	0	135	0	2,130
Social Housing Subsidy Programme	5,260	610	2,229	1,268	305	105	0	48	9,825
*Federal flood mitigation	0	0	0	0	0	0	0	0	0
*Disaster Mitigation Package	0	0	0	0	0	0	0	0	0
*Additional First Home Owners Scheme	15,514	25,201	3,314	5,506	4,472	929	1,206	388	56,530
<b>Housing and Community Amenities - total</b>	<b>328,996</b>	<b>238,421</b>	<b>199,387</b>	<b>108,383</b>	<b>84,071</b>	<b>27,402</b>	<b>25,281</b>	<b>44,723</b>	<b>1,056,664</b>

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Fuel and Energy</b>									
*Photovoltaic Rebate Programme (PVRP)	1,523	1,393	680	177	1,117	235	160	169	5,454
Renewable Remote Power Generation	193	0	1,343	6,474	2,152	1,597	0	3,245	15,004
<b>Fuel and Energy - total</b>	<b>1,716</b>	<b>1,393</b>	<b>2,023</b>	<b>6,651</b>	<b>3,269</b>	<b>1,832</b>	<b>160</b>	<b>3,414</b>	<b>20,458</b>
<b>Agriculture, Forestry and Fishing</b>									
Natural Heritage Trust of Australia - Landcare(e)	0	7,500	0	3,090	0	3,487	0	0	14,077
Natural Heritage Trust of Australia - Rivercare(e)	0	334	0	0	0	0	0	0	334
Warner Creek Dam and Northern Midlands Water Project	0	0	0	0	0	0	0	0	0
Great Artesian Basin Sustainability Initiative	3,096	0	4,422	0	471	0	0	0	7,989
<b>Agriculture, Forestry and Fishing - total</b>	<b>3,096</b>	<b>7,834</b>	<b>4,422</b>	<b>3,090</b>	<b>471</b>	<b>3,487</b>	<b>0</b>	<b>0</b>	<b>22,400</b>
<b>Transport and Communication</b>									
Alice Springs Darwin Railway	0	0	0	0	0	0	0	13,900	13,900
Road programmes	356,140	258,750	181,027	75,561	51,124	22,581	4,424	27,140	976,747
Road safety blackspots	14,287	10,428	8,923	4,982	3,490	1,116	602	672	44,500
Federation Fund Projects - Tasmania	0	0	0	0	0	50	0	0	50
Federation Fund Projects - Queensland	0	0	21,035	0	0	0	0	0	21,035
Federation Fund Projects - New South Wales/Victoria	0	6,000	0	0	0	0	0	0	6,000
<b>Transport and Communication - total</b>	<b>370,427</b>	<b>275,178</b>	<b>210,985</b>	<b>80,543</b>	<b>54,614</b>	<b>23,747</b>	<b>5,026</b>	<b>41,712</b>	<b>1,062,232</b>
<b>Other Purposes</b>									
Sinking Fund on State Debt	440	129	593	23	178	146	0	0	1,509
Natural Disaster Relief	0	0	0	0	0	0	0	0	0
<b>Other Purposes - total</b>	<b>440</b>	<b>129</b>	<b>593</b>	<b>23</b>	<b>178</b>	<b>146</b>	<b>0</b>	<b>0</b>	<b>1,509</b>
<b>TOTAL CAPITAL</b>	<b>832,147</b>	<b>616,100</b>	<b>490,576</b>	<b>235,989</b>	<b>171,663</b>	<b>66,484</b>	<b>37,446</b>	<b>94,141</b>	<b>2,544,546</b>
	<b>REPAYMENTS</b>								
Supplementary Contributions	0	0	28,439	0	0	383	0	0	28,822
Payments to Debt Sinking Funds	1,774	521	2,393	92	720	589	0	0	6,089
<b>Total</b>	<b>1,774</b>	<b>521</b>	<b>30,832</b>	<b>92</b>	<b>720</b>	<b>972</b>	<b>0</b>	<b>0</b>	<b>34,911</b>

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Repayments of Commonwealth Government Loans</i>									
ACT Debt Repayments	0	0	0	0	0	0	4,647	0	4,647
Loan Council - Housing Nominations	5,060	0	1,861	3,227	3,030	1,357	0	1,684	16,219
<b>Repayments of Commonwealth Government Loans - total</b>	<b>5,060</b>	<b>0</b>	<b>1,861</b>	<b>3,227</b>	<b>3,030</b>	<b>1,357</b>	<b>4,647</b>	<b>1,684</b>	<b>20,866</b>
<i>Defence</i>									
Housing for servicemen	694	0	426	139	30	0	0	0	1,289
<b>Defence - total</b>	<b>694</b>	<b>0</b>	<b>426</b>	<b>139</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,289</b>
<i>Housing and Community Amenities</i>									
CSHA loans	30,658	0	8,393	8,011	9,182	3,498	0	467	60,209
Other housing	0	0	0	0	0	0	5,848	2,400	8,248
Urban water supply and treatment	0	0	0	0	352	0	0	0	352
NT - water and sewerage assistance	0	0	0	0	0	0	0	136	136
Growth centres	276	0	0	0	0	0	0	0	276
Urban rehabilitation	0	205	0	0	0	0	0	0	205
Community facilities - Townsville	0	0	36	0	0	0	0	0	36
Captains Flat (Abatement of Pollution) Agreement	6	0	0	0	0	0	0	0	6
Sewerage	2,467	0	616	4	0	0	0	0	3,087
<b>Housing and Community Amenities - total</b>	<b>33,407</b>	<b>205</b>	<b>9,045</b>	<b>8,015</b>	<b>9,534</b>	<b>3,498</b>	<b>5,848</b>	<b>3,003</b>	<b>72,555</b>
<i>Agriculture, Forestry and Fishing</i>									
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	130	130
Rural Adjustment Scheme	1,603	0	0	0	0	0	0	188	1,791
War Service Land Settlement Scheme	427	854	0	0	24	2	0	0	1,307
<b>Agriculture, Forestry and Fishing - total</b>	<b>2,030</b>	<b>854</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>2</b>	<b>0</b>	<b>318</b>	<b>3,228</b>
<i>Transport and Communication</i>									
Railway projects	96	96	0	378	0	0	0	0	570
<b>Transport and Communication - total</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>378</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>
<i>Other Purposes</i>									
Natural Disaster Relief	334	0	1,730	0	0	0	0	325	2,389
<b>Other Purposes - total</b>	<b>334</b>	<b>0</b>	<b>1,730</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325</b>	<b>2,389</b>
<b>TOTAL REPAYMENTS</b>	<b>43,395</b>	<b>1,676</b>	<b>43,894</b>	<b>11,851</b>	<b>13,338</b>	<b>5,829</b>	<b>10,495</b>	<b>5,330</b>	<b>135,808</b>

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>ADVANCES</b>									
<i>Other Purposes</i>									
Natural Disaster Relief	1,250	0	3,250	0	0	0	0	500	5,000
<b>Other Purposes - total</b>	<b>1,250</b>	<b>0</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>5,000</b>
<b>TOTAL ADVANCES</b>	<b>1,250</b>	<b>0</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>5,000</b>
<b>INTEREST</b>									
Interest on Loan Council and NT Government Borrowings	9,073	2,446	9,673	428	3,539	5,136	0	0	30,295
<b>Total</b>	<b>9,073</b>	<b>2,446</b>	<b>9,673</b>	<b>428</b>	<b>3,539</b>	<b>5,136</b>	<b>0</b>	<b>0</b>	<b>30,295</b>
<i>Interest on Commonwealth Government Loans</i>									
ACT Government Debt	0	0	0	0	0	0	5,209	0	5,209
Housing nominations	21,652	0	7,804	13,362	13,091	5,750	0	7,518	69,177
<b>Interest on Commonwealth Government Loans - total</b>	<b>21,652</b>	<b>0</b>	<b>7,804</b>	<b>13,362</b>	<b>13,091</b>	<b>5,750</b>	<b>5,209</b>	<b>7,518</b>	<b>74,386</b>
<i>Defence</i>									
Housing for servicemen	2,487	0	1,416	299	104	0	0	0	4,306
<b>Defence - total</b>	<b>2,487</b>	<b>0</b>	<b>1,416</b>	<b>299</b>	<b>104</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,306</b>
<i>Housing and Community Amenities</i>									
CSHA loans	45,432	0	12,611	12,071	18,843	6,122	0	1,516	96,595
Other housing	0	0	0	0	0	0	10,672	4,148	14,820
Urban water supply and treatment	0	0	0	0	1,136	0	0	0	1,136
NT - water and sewerage assistance	0	0	0	0	0	0	0	637	637
Growth centres	85	0	0	0	0	0	0	0	85
Urban rehabilitation	0	21	0	0	0	0	0	0	21
Sewerage	5,885	0	1,518	9	0	0	0	0	7,412
Community facilities - Townsville	0	0	10	0	0	0	0	0	10
Captains Flat (Abatement of Pollution) Agreement	7	0	0	0	0	0	0	0	7
<b>Housing and Community Amenities - total</b>	<b>51,409</b>	<b>21</b>	<b>14,139</b>	<b>12,080</b>	<b>19,979</b>	<b>6,122</b>	<b>10,672</b>	<b>6,301</b>	<b>120,723</b>
<i>Agriculture, Forestry and Fishing</i>									
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	25	25
Rural Adjustment Scheme	285	0	0	0	0	0	0	28	313
War Service Land Settlement Scheme	164	173	0	0	8	1	0	0	346
<b>Agriculture, Forestry and Fishing - total</b>	<b>449</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>53</b>	<b>684</b>

**Table B2: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2002-03 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Transport and Communication</i>									
Railway projects	49	44	0	335	0	0	0	0	428
<b>Transport and Communication - total</b>	<b>49</b>	<b>44</b>	<b>0</b>	<b>335</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>428</b>
<i>Other Purposes</i>									
Natural Disaster Relief	90	0	410	0	0	0	0	0	565
<b>Other Purposes - total</b>	<b>90</b>	<b>0</b>	<b>410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>565</b>
<b>TOTAL INTEREST</b>	<b>85,209</b>	<b>2,684</b>	<b>33,442</b>	<b>26,504</b>	<b>36,721</b>	<b>17,009</b>	<b>15,881</b>	<b>13,937</b>	<b>231,387</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>									
<b>Total Specific Purpose Payments</b>	<b>7,072,648</b>	<b>5,179,453</b>	<b>3,906,576</b>	<b>2,551,372</b>	<b>1,703,944</b>	<b>532,258</b>	<b>382,899</b>	<b>365,621</b>	<b>21,694,771</b>
<b>Total 'To'</b>	<b>5,263,060</b>	<b>3,772,633</b>	<b>2,916,214</b>	<b>1,987,191</b>	<b>1,297,859</b>	<b>403,758</b>	<b>266,633</b>	<b>296,185</b>	<b>16,203,533</b>
<b>Total 'Through'</b>	<b>1,809,588</b>	<b>1,406,820</b>	<b>990,362</b>	<b>564,181</b>	<b>406,085</b>	<b>128,500</b>	<b>116,266</b>	<b>69,436</b>	<b>5,491,238</b>

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

- (a) The allocation of funds to the States and Territories for each year, as per the Authority's Directions and Resource Allocations, is subject to agreement by the Australian National Training Authority Ministerial Council. The total level of funding is subject to the amendment of the *Vocational Education and Training Funding Act 1992*.
- (b) Under new arrangements for the provision of blood and blood-related products, the Commonwealth's contribution to the costs of the Australian Red Cross Blood Service will not be made directly to states and territories. Instead, payments will be made by the Commonwealth and the States and Territories directly to the new National Blood Authority for this purpose.
- (c) All figures are indicative only. The provision of funding and its final distribution are subject to the signing of a new Commonwealth State Territory Disability Agreement and bilateral agreement with the relevant jurisdiction. The current agreement expired on 30 June 2002. However, states and territories have continued to receive payments pending signing of the new agreement.
- (d) The amounts represent full year expenditure. The Commonwealth's contribution is subject to the State and Territory Governments agreeing to the terms of the Commonwealth's offer.
- (e) These programmes were funded under NHT Phase 1 which finished in 2001-02. Future programmes will be funded under NHT Phase 2 which commenced in 2002-03.

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'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	42,481	0	0	11,220	11,108	4,174	3,342	2,501	74,826
Film and literature classifications	87	86	86	86	86	84	85	83	683
Gun Buyback Scheme	18,512	10,097	10,097	6,775	6,732	841	588	841	54,483
<b><i>Public Order and Safety - total</i></b>	<b>61,080</b>	<b>10,183</b>	<b>10,183</b>	<b>18,081</b>	<b>17,926</b>	<b>5,099</b>	<b>4,015</b>	<b>3,425</b>	<b>129,992</b>
<b><i>Education</i></b>									
Government schools	512,132	364,603	303,103	156,369	115,309	43,097	25,775	15,304	1,535,692
*Non-government schools	1,338,377	1,060,400	734,927	395,092	304,144	81,460	85,342	34,905	4,034,647
Vocational Education and Training Funding Act(a)	377,967	272,014	186,191	102,784	88,278	30,606	21,095	13,659	1,092,594
Targeted programmes - government schools and joint	128,464	81,288	56,560	30,802	29,836	9,637	3,478	6,807	346,872
*Targeted Programmes - non-government schools	63,714	52,674	23,023	14,248	13,626	2,797	2,577	1,962	174,621
Indigenous Education Strategic Initiatives									
Programme - government	25,123	6,615	24,361	21,204	10,646	2,272	583	28,164	118,968
*Indigenous Education Strategic Initiatives									
Programme - non-government	13,841	3,923	6,897	10,678	1,954	574	4,083	12,313	54,263
<b><i>Education - total</i></b>	<b>2,459,618</b>	<b>1,841,517</b>	<b>1,335,062</b>	<b>731,177</b>	<b>563,793</b>	<b>170,443</b>	<b>142,933</b>	<b>113,114</b>	<b>7,357,657</b>
<b><i>Health</i></b>									
Blood transfusion services(b)	0	0	0	0	0	0	0	0	0
Health Programme Grants	0	2,155	0	0	0	0	0	618	2,773
Health Care Grants(c)	2,542,487	1,823,352	1,421,532	734,254	638,169	168,050	98,967	92,274	7,519,085
National Health Development Fund(c)(d)	0	0	0	0	0	0	0	0	0
Highly Specialised Drugs	133,807	100,995	65,859	30,897	28,368	7,094	6,240	3,504	376,764
Youth health services	795	587	413	213	194	59	54	54	2,369
National public health	54,422	39,104	29,509	15,359	13,759	3,597	2,099	1,832	159,681
Essential vaccines	48,671	34,443	25,094	14,046	11,757	3,521	1,833	2,152	141,517
Repatriation general hospitals	3,500	2,000	0	0	670	656	0	0	6,826
Fringe Benefits Tax transitional grants for public and not-for-profit hospitals	0	0	0	0	0	0	0	0	0
<b><i>Health - total</i></b>	<b>2,783,682</b>	<b>2,002,636</b>	<b>1,542,407</b>	<b>794,769</b>	<b>692,917</b>	<b>182,977</b>	<b>109,193</b>	<b>100,434</b>	<b>8,209,015</b>

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Social Security and Welfare</b>									
Aged care assessment	14,854	11,766	7,400	5,005	4,562	2,017	599	1,151	47,354
Home and community care	232,885	208,008	117,702	73,224	65,704	18,413	7,110	4,962	728,008
Disabilities services(e)	181,727	124,076	105,385	43,868	61,279	19,083	7,624	5,696	548,738
Children's services	958	621	466	410	7,168	215	56	2	9,896
Supported Accommodation Assistance	55,183	36,667	28,373	16,899	16,238	7,271	5,792	4,837	171,260
Unaccompanied humanitarian minors	383	626	235	203	376	0	0	0	1,823
Exceptional circumstances administration	77,930	12,565	16,990	4,921	1,459	0	0	0	113,865
Extension of fringe benefits	64,340	45,995	32,116	16,172	18,297	5,876	1,306	895	184,997
National Illicit Drugs Strategy	0	0	0	0	0	0	0	0	0
Native Title	2,000	0	3,000	2,000	2,000	0	0	2,000	11,000
Concessions for Cwih Seniors Health Card Holders(f)	16,931	8,223	6,298	7,438	3,265	931	1,857	311	45,254
State Senior's Card Reciprocal Transport Concessions(f)	1,886	1,684	971	297	489	88	177	8	5,600
<b>Social Security and Welfare - total</b>	<b>649,077</b>	<b>450,231</b>	<b>318,936</b>	<b>170,437</b>	<b>180,837</b>	<b>53,894</b>	<b>24,521</b>	<b>19,862</b>	<b>1,867,795</b>
<b>Housing and Community Amenities</b>									
Assistance for housing	0	0	0	0	0	0	0	0	0
Assistance for water and sewerage	0	0	0	0	0	0	8,873	0	8,873
Natural Heritage Trust - Bushcare(g)	1,000	1,000	1,000	1,000	1,000	1,000	0	1,000	7,000
Natural Heritage Trust of Australia - Coastcare(g)	0	0	0	0	0	0	0	0	0
Natural Heritage Trust of Australia - Landcare(g)	1,000	1,000	1,000	1,000	1,000	0	0	0	5,000
Natural Heritage Trust of Australia - Rivercare(g)	1,000	1,000	1,000	0	0	0	0	0	3,000
Natural Heritage Trust of Australia - Air Pollution in Major Cities(g)	0	0	0	0	0	0	0	0	0
<b>Housing and Community Amenities - total</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>2,000</b>	<b>2,000</b>	<b>1,000</b>	<b>8,873</b>	<b>1,000</b>	<b>23,873</b>
<b>Recreation and Culture</b>									
Natural Heritage Trust of Australia - Bushcare(g)	2,000	2,000	2,000	2,000	1,000	1,000	0	1,000	11,000
Natural Heritage Trust of Australia - Coastcare(g)	1,000	1,000	1,000	1,000	1,000	1,000	0	1,000	7,000
Natural Heritage Trust of Australia - Landcare(g)	2,000	2,000	2,000	1,000	1,000	0	0	0	8,000
Natural Heritage Trust of Australia - Rivercare(g)	2,000	1,000	1,000	1,000	1,000	0	0	0	6,000
<b>Recreation and Culture - total</b>	<b>7,000</b>	<b>6,000</b>	<b>6,000</b>	<b>5,000</b>	<b>4,000</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>32,000</b>
<b>Fuel and Energy</b>									
Snowy Hydro Ltd - company tax compensation	16,917	8,458	0	0	0	0	0	0	25,375
<b>Fuel and Energy - total</b>	<b>16,917</b>	<b>8,458</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,375</b>



**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Agriculture, Forestry and Fishing</b>									
Natural Heritage Trust of Australia - Bushcare(g)	4,000	3,000	3,000	2,000	2,000	1,000	1,000	1,000	17,000
Natural Heritage Trust of Australia - Coastcare(g)	2,000	1,000	1,000	1,000	1,000	0	0	0	6,000
Natural Heritage Trust of Australia - Landcare(g)	3,000	3,000	3,000	2,000	1,000	1,000	0	1,000	14,000
Natural Heritage Trust of Australia - Rivercare(g)	3,000	2,000	3,000	2,000	1,000	1,000	0	1,000	13,000
Tasmanian Wheat Freight - shipping	0	0	0	0	0	1,200	0	0	1,200
Exotic Disease Preparedness	56	55	56	34	55	34	42	34	366
National Landcare Programme (NLP)	8,042	4,071	5,993	3,619	2,634	792	147	1,594	26,892
Regional Assistance	1,849	215	0	0	0	0	0	0	2,064
Natural Heritage Trust of Australia - Waste Management Awareness(g)	0	0	0	0	0	0	0	0	0
Great Artesian Basin Sustainability Initiative	257	0	280	0	67	0	0	0	604
Forest Industry Structural Adjustment Package	15,048	3,947	0	0	0	0	0	0	18,995
Skilling Farmers for the Future	4,046	8,208	9,924	2,409	4,893	863	0	1,023	31,366
War Service Land Settlement Scheme	0	0	0	0	2,859	1	0	0	2,860
Eradication of Red Imported Fire Ant	0	0	20,500	0	0	0	0	0	20,500
National Action Plan for Salinity and Water Quality	40,000	22,500	10,000	18,600	14,000	1,500	0	1,000	107,600
Agricultural Development Partnerships	107	0	400	800	800	100	0	0	2,207
<b>Agriculture, Forestry and Fishing - total</b>	<b>81,405</b>	<b>47,996</b>	<b>57,153</b>	<b>32,462</b>	<b>30,308</b>	<b>7,490</b>	<b>1,189</b>	<b>6,651</b>	<b>264,654</b>
<b>Transport and Communication</b>									
Interstate road transport	17,522	10,195	3,610	1,509	4,654	190	190	190	38,060
Petroleum Products Freight Subsidy Scheme	250	0	1,750	80	200	0	0	1,320	3,600
Roads to Recovery - unincorporated Areas	950	50	0	0	1,000	0	0	0	2,000
Gold Coast light rail	0	0	220	0	0	0	0	0	220
<b>Transport and Communication - total</b>	<b>18,722</b>	<b>10,245</b>	<b>5,580</b>	<b>1,589</b>	<b>5,854</b>	<b>190</b>	<b>190</b>	<b>1,510</b>	<b>43,880</b>
<b>Other Purposes</b>									
Debt Redemption Assistance	9,600	4,993	8,742	3,091	3,769	3,729	0	1,368	35,292
*Financial Assistance Grants for local government									
Financial Assistance Grants	351,644	258,401	197,559	102,338	80,371	24,986	17,050	10,392	1,042,741
Unified Local Roads Grants	134,242	95,392	86,693	70,746	25,428	24,520	14,836	10,838	462,695
Compensation - companies regulation	52,344	45,760	25,770	15,862	11,798	3,654	0	2,331	157,519

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Other Purposes (continued)</b>									
Natural Disaster Relief	37,500	5,040	34,000	6,000	0	0	5,500	11,500	99,540
National/Aerial Firefighting Strategy	0	0	0	0	0	0	0	0	0
*Natural Disaster Risk Management Studies	0	0	0	0	0	0	0	0	0
Bushfire recovery appeals	0	0	0	0	0	0	0	0	0
Royalties	0	0	348,800	0	0	0	0	2,210	351,010
ACT National Capital influences	0	0	0	0	0	0	22,067	0	22,067
Special Revenue Assistance to the ACT(h)	0	0	0	0	0	0	10,900	0	10,900
Assistance to ACT Softwood Sawmill	0	0	0	0	0	0	0	0	0
<b>Other Purposes - total</b>	<b>555,330</b>	<b>409,556</b>	<b>352,764</b>	<b>546,837</b>	<b>121,366</b>	<b>56,889</b>	<b>70,353</b>	<b>38,639</b>	<b>2,181,764</b>
<b>TOTAL CURRENT</b>	<b>6,665,831</b>	<b>4,789,852</b>	<b>3,631,085</b>	<b>2,302,352</b>	<b>1,619,001</b>	<b>479,982</b>	<b>361,267</b>	<b>286,635</b>	<b>20,136,005</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<b>Education</b>									
Government schools	84,113	58,486	47,658	24,999	19,286	6,954	4,252	3,203	248,951
*Non-government schools	32,013	27,100	16,865	9,337	7,355	2,215	2,185	800	97,870
<b>Education - total</b>	<b>116,126</b>	<b>85,586</b>	<b>64,523</b>	<b>34,336</b>	<b>26,641</b>	<b>9,169</b>	<b>6,437</b>	<b>4,003</b>	<b>346,821</b>
<b>Health</b>									
Blood transfusion services(b)	0	0	0	0	0	0	0	0	0
<b>Health - total</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>Social Security and Welfare</b>									
Home and community care	1,062	0	3,184	0	52	0	82	0	4,380
Crisis accommodation assistance(i)	13,410	9,856	7,357	3,895	3,109	977	647	404	39,655
<b>Social Security and Welfare - total</b>	<b>14,472</b>	<b>9,856</b>	<b>10,541</b>	<b>3,895</b>	<b>3,161</b>	<b>977</b>	<b>729</b>	<b>404</b>	<b>44,035</b>
<b>Housing and Community Amenities</b>									
Housing assistance for indigenous people(j)	17,777	3,638	28,510	19,144	8,342	696	0	22,893	101,000
Community housing(i)	21,640	15,904	11,872	6,285	5,017	1,576	1,044	652	63,990
Commonwealth-State Housing Agreement (CSHA)	240,113	176,465	131,730	69,739	55,671	21,566	16,748	13,198	725,230
Block Assistance/Base Funding(i)	1,995	0	0	0	0	0	135	0	2,130
Social Housing Subsidy Programme	5,197	2,006	5,700	480	841	484	0	192	14,900
*Federal flood mitigation	660	180	700	120	100	120	60	60	2,000
*Disaster Mitigation Package	2,614	3,602	1,442	1,232	729	125	189	67	10,000
*Additional First Home Owners Scheme									
<b>Housing and Community Amenities - total</b>	<b>289,996</b>	<b>201,795</b>	<b>179,954</b>	<b>97,000</b>	<b>70,700</b>	<b>24,567</b>	<b>18,176</b>	<b>37,062</b>	<b>919,250</b>

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Fuel and Energy</b>									
* Photovoltaic Rebate Programme (PVRP)	429	470	-461	5	-184	150	54	1,364	1,827
Renewable Remote Power Generation	282	0	3,000	4,500	2,700	1,000	0	2,800	14,282
<b>Fuel and Energy - total</b>	<b>711</b>	<b>470</b>	<b>2,539</b>	<b>4,505</b>	<b>2,516</b>	<b>1,150</b>	<b>54</b>	<b>4,164</b>	<b>16,109</b>
<b>Agriculture, Forestry and Fishing</b>									
Natural Heritage Trust of Australia - Landcare(g)	0	0	0	0	0	0	0	0	0
Natural Heritage Trust of Australia - Rivercare(g)	0	0	0	0	0	0	0	0	0
Warner Creek Dam and Northern Midlands Water Project	0	0	0	0	0	1,000	0	0	1,000
Great Artesian Basin Sustainability Initiative	3,412	0	4,872	0	519	0	0	0	8,803
<b>Agriculture, Forestry and Fishing - total</b>	<b>3,412</b>	<b>0</b>	<b>4,872</b>	<b>0</b>	<b>519</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>9,803</b>
<b>Transport and Communication</b>									
Alice Springs Darwin Railway	0	0	0	0	0	0	0	0	0
Road programmes	415,755	123,267	214,528	71,614	55,365	13,715	2,615	31,226	928,085
Road safety blackspots - States	14,287	10,428	8,923	4,982	3,490	1,116	602	672	44,500
Federation Fund Projects - Tasmania	0	0	0	0	0	0	0	0	0
Federation Fund Projects - Queensland	0	0	18,965	0	0	0	0	0	18,965
Federation Fund Projects - New South Wales/Victoria	0	24,000	0	0	0	0	0	0	24,000
<b>Transport and Communication - total</b>	<b>430,042</b>	<b>157,695</b>	<b>242,416</b>	<b>76,596</b>	<b>58,855</b>	<b>14,831</b>	<b>3,217</b>	<b>31,898</b>	<b>1,015,550</b>
<b>Other Purposes</b>									
Sinking Fund on State Debt	435	128	507	23	176	143	0	0	1,412
Natural Disaster Relief	0	0	0	0	0	0	0	0	0
<b>Other Purposes - total</b>	<b>435</b>	<b>128</b>	<b>507</b>	<b>23</b>	<b>176</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>1,412</b>
<b>TOTAL CAPITAL</b>	<b>855,194</b>	<b>455,530</b>	<b>505,352</b>	<b>216,355</b>	<b>162,568</b>	<b>51,837</b>	<b>28,613</b>	<b>77,531</b>	<b>2,352,980</b>
<b>REPAYMENTS</b>									
Supplementary contributions	55,404	43,346	111,311	7,958	31,871	35,988	0	0	285,878
Payments to Debt Sinking Funds	1,754	516	2,045	91	712	578	0	0	5,696
<b>Total</b>	<b>57,158</b>	<b>43,862</b>	<b>113,356</b>	<b>8,049</b>	<b>32,583</b>	<b>36,566</b>	<b>0</b>	<b>0</b>	<b>291,574</b>
<b>Repayments of Commonwealth Government Loans</b>									
ACT debt repayments	0	0	0	0	0	0	4,647	0	4,647
Loan Council - housing nominations	5,287	0	1,945	3,373	3,166	1,418	0	1,760	16,949

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Payment title</i>									
<b>Repayments of Commonwealth Government</b>									
<b>Loans - total</b>	<b>5,287</b>	<b>0</b>	<b>1,945</b>	<b>3,373</b>	<b>3,166</b>	<b>1,418</b>	<b>4,647</b>	<b>1,760</b>	<b>21,596</b>
<b>Defence</b>									
Housing for servicemen	742	0	454	147	18	0	0	0	1,361
<b>Defence - total</b>	<b>742</b>	<b>0</b>	<b>454</b>	<b>147</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,361</b>
<b>Housing and Community Amenities</b>									
CSHA loans	31,386	0	8,633	8,216	9,585	3,647	0	488	61,955
Other housing	0	0	0	0	0	0	6,043	2,482	8,525
Urban water supply and treatment	0	0	0	0	392	0	0	0	392
NT - water and sewerage assistance	0	0	0	0	0	0	0	136	136
Growth centres	304	0	0	0	0	0	0	0	304
Urban rehabilitation	0	103	0	0	0	0	0	0	103
Community facilities - Townsville	0	0	39	0	0	0	0	0	39
Captains Flat (Abatement of Pollution) Agreement	7	0	0	0	0	0	0	0	7
Sewerage	2,710	0	677	5	0	0	0	0	3,392
<b>Housing and Community Amenities - total</b>	<b>34,407</b>	<b>103</b>	<b>9,349</b>	<b>8,221</b>	<b>9,977</b>	<b>3,647</b>	<b>6,043</b>	<b>3,106</b>	<b>74,853</b>
<b>Agriculture, Forestry and Fishing</b>									
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	244	244
Rural Adjustment Scheme	1,310	0	0	0	0	0	0	111	1,421
War Service Land Settlement Scheme	444	474	0	0	19	2	0	0	939
<b>Agriculture, Forestry and Fishing - total</b>	<b>1,754</b>	<b>474</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>2</b>	<b>0</b>	<b>355</b>	<b>2,604</b>
<b>Transport and Communication</b>									
Railway projects	96	96	0	379	0	0	0	0	571
<b>Transport and Communication - total</b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>379</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>571</b>
<b>Other Purposes</b>									
Natural Disaster Relief	388	0	1,750	0	0	0	0	330	2,468
<b>Other Purposes - total</b>	<b>388</b>	<b>0</b>	<b>1,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>330</b>	<b>2,468</b>
<b>TOTAL REPAYMENTS</b>	<b>99,832</b>	<b>44,535</b>	<b>126,854</b>	<b>20,169</b>	<b>45,763</b>	<b>41,633</b>	<b>10,690</b>	<b>5,551</b>	<b>395,027</b>
<b>ADVANCES</b>									
<b>Other Purposes</b>									
Natural Disaster Relief	1,250	0	3,250	0	0	0	0	500	5,000
<b>Other Purposes - total</b>	<b>1,250</b>	<b>0</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>5,000</b>
<b>TOTAL ADVANCES</b>	<b>1,250</b>	<b>0</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>5,000</b>

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Interest on Loan Council and NT Government									
Borrowings	7,490	656	6,210	107	2,529	2,017	0	0	19,009
<b>Total</b>	<b>7,490</b>	<b>656</b>	<b>6,210</b>	<b>107</b>	<b>2,529</b>	<b>2,017</b>	<b>0</b>	<b>0</b>	<b>19,009</b>
<b>Interest on Commonwealth Government Loans</b>									
ACT Government debt	0	0	0	0	0	0	4,674	0	4,674
Housing nominations	21,425	0	7,721	13,217	12,954	5,689	0	7,442	68,448
<b>Interest on Commonwealth Government Loans - total</b>	<b>21,425</b>	<b>0</b>	<b>7,721</b>	<b>13,217</b>	<b>12,954</b>	<b>5,689</b>	<b>4,674</b>	<b>7,442</b>	<b>73,122</b>
<b>Defence</b>									
Housing for servicemen	2,456	0	1,397	293	103	0	0	0	4,249
<b>Defence - total</b>	<b>2,456</b>	<b>0</b>	<b>1,397</b>	<b>293</b>	<b>103</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,249</b>
<b>Housing and Community Amenities</b>									
CSHA loans	44,175	0	12,270	11,745	18,441	5,974	0	1,495	94,100
Other housing	0	0	0	0	0	0	10,411	4,037	14,448
Urban water supply and treatment	0	0	0	0	1,095	0	0	0	1,095
NT - water and sewerage assistance	0	0	0	0	0	0	0	630	630
Growth centres	57	0	0	0	0	0	0	0	57
Urban rehabilitation	0	4	0	0	0	0	0	0	4
Sewerage	5,635	0	1,455	9	0	0	0	0	7,099
Community facilities - Townsville	0	0	7	0	0	0	0	0	7
Captains Flat (Abatement of Pollution) Agreement	6	0	0	0	0	0	0	0	6
<b>Housing and Community Amenities - total</b>	<b>49,873</b>	<b>4</b>	<b>13,732</b>	<b>11,754</b>	<b>19,536</b>	<b>5,974</b>	<b>10,411</b>	<b>6,162</b>	<b>117,446</b>
<b>Agriculture, Forestry and Fishing</b>									
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	17	17
Rural Adjustment Scheme	162	0	0	0	0	0	0	14	176
War Service Land Settlement Scheme	148	156	0	0	8	1	0	0	313
<b>Agriculture, Forestry and Fishing - total</b>	<b>310</b>	<b>156</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>31</b>	<b>506</b>
<b>Transport and Communication</b>									
Railway projects	44	39	0	313	0	0	0	0	396
<b>Transport and Communication - total</b>	<b>44</b>	<b>39</b>	<b>0</b>	<b>313</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>

**Table B3: Estimated Specific Purpose Payments to the States, repayments of advances, advances and interest payments, 2003-04 (\$'000) (continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Other Purposes</i>									
Natural Disaster Relief	100	0	410	0	0	0	0	65	575
<b>Other Purposes - total</b>	<b>100</b>	<b>0</b>	<b>410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65</b>	<b>575</b>
<b>TOTAL INTEREST</b>	<b>81,698</b>	<b>855</b>	<b>29,470</b>	<b>25,684</b>	<b>35,130</b>	<b>13,681</b>	<b>15,085</b>	<b>13,700</b>	<b>215,303</b>
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>									
Total Specific Purpose Payments	7,521,025	5,245,382	4,136,437	2,518,707	1,781,569	531,819	389,880	364,166	22,488,985
Total 'To'	5,578,294	3,741,234	3,063,092	1,914,431	1,347,205	394,388	263,504	291,273	16,593,421
Total 'Through'	1,942,731	1,504,148	1,073,345	604,276	434,364	137,431	126,376	72,893	5,895,564

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

- (a) The allocation of funds to the States and Territories for each year, as per the Authority's Directions and Resource Allocations, is subject to agreement by the Australian National Training Authority Ministerial Council. The total level of funding is subject to the amendment of the *Vocational Education and Training Funding Act 1992*.
- (b) Under new arrangements for the provision of blood and blood-related products, from 2003-04 onwards the Commonwealth's contribution to the costs of the Australian Red Cross Blood Service will not be made directly to states and territories. Instead, payments will be made by the Commonwealth and the States and Territories directly to the new National Blood Authority for this purpose.
- (c) The Australian Health Care Agreements expire on 30 June 2003. The estimates for 2003-04 onwards represent the Commonwealth's maximum funding position, presented to the States on 22 April 2003. If the States do not sign an agreement or fail to meet the terms and conditions of the agreements, these amounts may be reduced.
- (d) Funding for the National Health Development Fund has been discontinued from 2003-04 under the Commonwealth's offer to the States for the 2003-08 Australian Health Care Agreements.
- (e) All figures are indicative only. The provision of funding and its final distribution are subject to the signing of a new Commonwealth State Territory Disability Agreement and bilateral agreement with the relevant jurisdiction. The current agreement expired on 30 June 2002. However, States and Territories have continued to receive payments pending signing of the new agreement.
- (f) The amounts represent full year expenditure. The Commonwealth's contribution is subject to the State and Territory Governments agreeing to the terms of the Commonwealth's offer.
- (g) These programs were funded under NHT Phase 1 which finished in 2001-02. Future programs will be funded under NHT Phase 2 which commenced in 2002-03.
- (h) An additional amount has been placed in the contingency reserve for 2003-04, indexed by CPI for the forward estimates, and will be considered in light of developments relating to future bushfire relief assistance and GST payments to the ACT.
- (i) Distribution to the States and Territories is indicative only as payments will depend on the number of applications in each jurisdiction.
- (j) The Commonwealth State Housing Agreement expires on 30 June 2003. Estimates for 2003-04 onwards represent the Commonwealth's maximum funding position for a new five-year agreement, presented to the States on 25 October 2002.

**Table B4: Estimated Specific Purpose Payments direct to local government authorities, 2002-03 to 2006-07 (\$'000)**

Payment title Description	2002-03	2003-04	2004-05	2005-06	2006-07
<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.	37,910	40,871	43,690	48,472	53,189
<b>Disability services</b> Payments to local government authorities in order to provide services for people with disabilities.	1,337	1,380	1,424	1,468	1,514
<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.	45,232	46,582	47,486	48,365	49,259
<b>Roads to Recovery Programme</b> The Roads to Recovery programme will provide \$1.2 billion over four years from 2001 to local councils for upgrading and maintenance works on local roads. Councils have the discretion to select the projects for funding under this programme.	200,000	300,000	250,000	0	0
<b>Weipa Structural Adjustment Package</b> This payment is to compensate for the loss of the diesel fuel rebate when ownership transfers from Comalco Ltd.	0	2,200	2,200	2,200	2,200
<b>TOTAL CURRENT</b>	<b>284,479</b>	<b>391,033</b>	<b>344,800</b>	<b>100,505</b>	<b>106,162</b>
<b>DIRECT PAYMENTS - CAPITAL</b>					
<b>Aged care services</b> To assist in the provision of appropriate residential and community care services for the frail aged.	2678	4213	4140	4370	4384
<b>Children's services</b> For constructing community child care centres under Commonwealth-State National Child Care Strategies.	626	388	399	406	414
<b>Natural Heritage and Water Park, Goondiwindi</b> To enable the construction of a Natural Heritage and Water Park at Serpentine Lagoon, Goondiwindi, as an alternate water skiing and recreational area to Boobera Lagoon.	700	150	0	0	0
<b>Bert Hinkler Hall of Aviation</b> The Commonwealth will provide a \$1.5 million contribution towards the construction of the Bert Hinkler Hall of Aviation in Bundaberg, QLD. The Hall of Aviation will be a museum showcasing memorabilia related to Australia's aviation history.	50	1,160	290	0	0
<b>Development of Sewerage Schemes for Boat Harbour Beach and Sisters Beach</b> To support the establishment of environmentally sustainable sewerage treatment facilities at Sisters Beach and Boat Harbour communities, Tasmania.	1,000	1,000	1,000	0	0
<b>TOTAL CAPITAL</b>	<b>5,054</b>	<b>6,911</b>	<b>5,829</b>	<b>4,776</b>	<b>4,798</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>289,533</b>	<b>397,944</b>	<b>350,629</b>	<b>105,281</b>	<b>110,960</b>

**Table B5: Estimated Specific Purpose Payments direct to local government authorities, 2002-03 (\$'000)**

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>DIRECT PAYMENTS - CURRENT</b>									
Aged care services	10,617	15,431	2,305	6,018	1,915	1,493	0	131	37,910
Disability services	176	543	618	0	0	0	0	0	1,337
Children's services	15,983	17,720	4,880	3,146	861	1,965	0	677	45,232
Roads to Recovery Programme	56,666	41,667	41,667	30,000	16,667	6,667	3,333	3,333	200,000
Weipa Structural Adjustment Package	0	0	0	0	0	0	0	0	0
<b>TOTAL CURRENT</b>	<b>83,442</b>	<b>75,361</b>	<b>49,470</b>	<b>39,164</b>	<b>19,443</b>	<b>10,125</b>	<b>3,333</b>	<b>4,141</b>	<b>284,479</b>
<b>DIRECT PAYMENTS - CAPITAL</b>									
Aged care services	540	890	75	510	0	663	0	0	2,678
Children's services	185	101	141	18	7	152	0	22	626
Natural Heritage and Water Park, Goondiwindi	0	0	700	0	0	0	0	0	700
Bert Hinkler Hall of Aviation	0	0	50	0	0	0	0	0	50
Development of Sewerage Schemes for Boat Harbour Beach	0	0	0	0	0	1,000	0	0	1,000
<b>TOTAL CAPITAL</b>	<b>725</b>	<b>991</b>	<b>966</b>	<b>528</b>	<b>7</b>	<b>1,815</b>	<b>0</b>	<b>22</b>	<b>5,054</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>84,167</b>	<b>76,352</b>	<b>50,436</b>	<b>39,692</b>	<b>19,450</b>	<b>11,940</b>	<b>3,333</b>	<b>4,163</b>	<b>289,533</b>



**Table B6: Estimated Specific Purpose Payments direct to local government authorities, 2003-04 (\$'000)**

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>DIRECT PAYMENTS - CURRENT</b>									
Aged care services	12,237	16,188	2,447	6,287	1,993	1,580	0	139	40,871
Disability services	181	561	638	0	0	0	0	0	1,380
Children's services	16,461	18,248	5,026	3,239	887	2,024	0	697	46,582
Roads to Recovery Programme	85,000	62,500	62,500	45,000	25,000	10,000	5,000	5,000	300,000
Weipa Structural Adjustment Package	0	0	2,200	0	0	0	0	0	2,200
<b>TOTAL CURRENT</b>	<b>113,879</b>	<b>97,497</b>	<b>72,811</b>	<b>54,526</b>	<b>27,880</b>	<b>13,604</b>	<b>5,000</b>	<b>5,836</b>	<b>391,033</b>
<b>DIRECT PAYMENTS - CAPITAL</b>									
Aged care services	820	1410	119	810	0	1054	0	0	4213
Children's services	116	63	87	11	4	94	0	13	388
Natural Heritage and Water Park, Goondiwindi	0	0	150	0	0	0	0	0	150
Bert Hinkler Hall of Aviation	0	0	1,160	0	0	0	0	0	1,160
Development of Sewerage Schemes for Boat Harbour Beach	0	0	0	0	0	1,000	0	0	1,000
<b>TOTAL CAPITAL</b>	<b>936</b>	<b>1,473</b>	<b>1,516</b>	<b>821</b>	<b>4</b>	<b>2,148</b>	<b>0</b>	<b>13</b>	<b>6,911</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>114,815</b>	<b>98,970</b>	<b>74,327</b>	<b>55,347</b>	<b>27,884</b>	<b>15,752</b>	<b>5,000</b>	<b>5,849</b>	<b>397,944</b>



## Appendix C: Parameter estimates and further information

### PARAMETER ESTIMATES USED IN THIS PAPER

Table C1 sets out the population series used in this Paper.

**Table C1: Population by State**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	'000	'000	'000	'000	'000	'000	'000	'000	'000
2002-03	6,672	4,903	3,749	1,942	1,525	474	324	197	19,785
<b>2003-04</b>	6,736	4,963	3,828	1,968	1,533	475	326	199	20,028

Table C2 sets out the parameters used in this Paper, rounded to the nearest quarter.

**Table C2: Parameters**

	CPI % growth	Population % growth	Real per capita % growth
2002-03	3 1/4	1 1/4	4 1/2
<b>2003-04</b>	3	1 1/4	4 1/4

The population parameters in 2002-03 and 2003-04 are based on the estimated annual growth in the Australian population to 31 December 2002 and 31 December 2003 respectively.

Some data presented in this paper are drawn from the Commonwealth Grants Commission *Report on State Revenue Sharing Relativities 2003 Update*, 2002-03 state mid-year budget updates and 2003-04 state budgets where available.

### FURTHER INFORMATION

A number of ABS publications also provide information that is relevant to analysing Commonwealth-State financial relations, including:

- *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)
- *Information Paper: Accruals Based Government Finance Statistics, Australia* (Cat. No. 5517.0)



# Index

## A

- Australian Loan Council, 28–29
  - Loan Council arrangements, 28
  - March 2003 Loan Council meeting, 28

## B

- Budget Balancing Assistance, 1, 3, 12–15

## C

- Commonwealth Grants Commission, 8, 11
  - Horizontal Fiscal Equalisation, 8, 11
  - State revenue sharing relativities, 8

## F

- Financial Assistance Grants forgone relativities, 8
- Financial Assistance Grants to local government, 3, 19–21
- First Home Owners Scheme, 3, 16
- Fiscal developments, States, 1, 23–27
  - Cash surplus, 1, 24–26
  - Fiscal balance, 1, 23–24
  - Net debt, 1, 26–27

## G

- General government sector, State, 23–27
- GST
  - Measures, 7
  - Relativities, 8
  - Revenue, 1–11
- Guaranteed Minimum Amounts, 1, 3, 8, 12

## H

- Horizontal Fiscal Equalisation, 8, 11

## I

- Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, 3, 15

## L

- Loan Council arrangements, 28–29
- Local government, 19–21
  - Financial Assistance Grants, 19–21

## M

- Mirror tax arrangements, 3, 22

## N

- National Competition Council, 17
- National Competition Policy Payments, 1, 3, 17
- Non-financial public sector, State, 22–24

## P

- Parameter estimates, 75
- Population parameters, 75
- Public non-financial corporations sector, State, 26

## S

- Special Revenue Assistance, 19
- Specific Purpose Payments, 3, 18–19
  - Accountability, 1, 19
  - Direct to local government, 18
  - Through the States, 18
  - To the States, 18
- State revenue sharing relativities, 8
- State taxes, 12, 22