

## PART 4: DEBT TRANSACTIONS

The Commonwealth holds a stock of around \$3.7 billion in loans advanced to the States. The States make interest payments and repayments to the Commonwealth in respect of these loans.

Prior to the 1980s, the Commonwealth advanced the States loans under a range of agreements. These advances were often made over very long repayment periods (some in excess of 50 years), although the terms of each agreement vary considerably.

Most of the interest payments and repayments relate to housing, including: Loan Council housing nominations; Commonwealth-State Housing Agreement loans; and the war services land settlement scheme. Repayments are also made against loans under agreements for infrastructure, natural disasters and other purposes administered by various Commonwealth agencies.

Total advances, interest and repayments from the States to the Commonwealth are shown in Table 4.1.

**Table 4.1: Summary of advances, interest and repayments**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	1,393,605	1,877	484,051	509,700	643,118	236,081	217,123	260,239	3,745,793
<b>2008-09</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-73,233	-104	-25,159	-25,944	-33,296	-12,019	-10,973	-13,453	-194,181
Repayments	-47,807	-662	-24,141	-13,582	-16,533	-6,260	-11,672	-6,064	-126,721
<b>2009-10</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-70,889	-69	-24,588	-25,333	-32,525	-11,742	-10,122	-13,223	-188,491
Repayments	-49,267	-533	-24,919	-13,782	-17,315	-6,531	-11,905	-6,380	-130,632
<b>2010-11</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-68,404	-38	-23,987	-24,710	-31,703	-11,449	-9,306	-12,966	-182,563
Repayments	-50,436	-389	-25,727	-14,122	-18,137	-6,668	-9,181	-6,645	-131,305
<b>2011-12</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-65,819	-16	-23,352	-24,040	-30,829	-11,148	-8,833	-12,698	-176,735
Repayments	-51,648	-198	-26,494	-14,429	-19,003	-6,812	-8,146	-6,923	-133,653
<b>2012-13</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-63,131	-5	-22,689	-23,408	-29,898	-10,836	-8,421	-12,413	-170,801
Repayments	-53,002	-93	-26,981	-14,771	-19,914	-6,968	-8,183	-7,214	-137,126

### **Streamlining payments under the new federal financial framework**

The Intergovernmental Agreement provides for payments which the States are required to make to the Commonwealth to be netted from the monthly payments of general revenue assistance. The Ministerial Council for Federal Financial Relations has agreed that, over time, all payments of interest and repayments of advances will be netted from payments of general revenue assistance. This is a more efficient administrative process for the payment of interest and repayment of advances to the Commonwealth.

The streamlining of interest payments and repayments will operate in a similar way to GST administration costs – since 1 January 2009, the Commonwealth has been deducting GST administration costs from monthly payments of general revenue assistance.

Interest payments and repayments will continue to be reported separately, but with interest payments and repayments deducted from general revenue assistance at the time the payments fall due.

### Commonwealth-State Housing Agreement loans

The Commonwealth receives principal repayments and interest payments from the States in respect of advances made to them under the various Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts.

Advances were made by the Commonwealth to the States from 1945 to 1984 to provide financial assistance in respect of the erection of new dwellings, provision of finance to home builders and rental housing assistance. Under the various agreements, the States are required to make repayments so that the loan is fully repaid over a term of 53 years. Advances to the States under each Act were made at a fixed interest rate discounted from the long-term prevailing market rate. The interest rates on the outstanding advances range from 3 to 6 per cent per annum. The last loan matures in 2037.

**Table 4.2: Commonwealth-State Housing Agreement loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	846,696	-	239,204	225,163	362,735	117,414	-	30,546	1,821,758
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-44,090	-	-12,351	-11,682	-18,850	-6,078	-	-1,556	-94,607
Repayments	-34,125	-	-9,122	-8,801	-11,885	-4,494	-	-609	-69,036
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-42,479	-	-11,926	-11,266	-18,310	-5,870	-	-1,530	-91,381
Repayments	-34,766	-	-9,283	-8,798	-12,409	-4,685	-	-636	-70,577
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-40,822	-	-11,490	-10,849	-17,739	-5,650	-	-1,503	-88,053
Repayments	-35,290	-	-9,459	-8,933	-12,955	-4,739	-	-664	-72,040
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-39,122	-	-8,693	-10,421	-17,133	-5,425	-	-1,475	-82,269
Repayments	-35,810	-	-9,578	-9,047	-13,527	-4,796	-	-694	-73,452
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-37,364	-	-8,525	-9,986	-16,494	-5,195	-	-1,445	-79,009
Repayments	-36,264	-	-9,689	-9,167	-14,123	-4,861	-	-725	-74,829

### Loan Council — housing nominations

The Commonwealth receives principal repayments and interest payments from the States in respect of outstanding advances made to them under States (Works and Housing) Assistance Acts.

**Table 4.3: Loan Council — housing nominations**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	447,175	-	160,938	275,263	270,548	118,667	-	155,764	1,428,355
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-22,464	-	-8,062	-13,802	-13,531	-5,941	-	-7,774	-71,574
Repayments	-6,589	-	-2,424	-4,203	-3,946	-1,766	-	-2,193	-21,121
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-22,213	-	-7,969	-13,638	-13,378	-5,872	-	-7,691	-70,761
Repayments	-6,885	-	-2,533	-4,392	-4,123	-1,846	-	-2,292	-22,071
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,949	-	-7,869	-13,464	-13,216	-5,799	-	-7,602	-69,899
Repayments	-7,195	-	-2,647	-4,590	-4,309	-1,929	-	-2,395	-23,065
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,667	-	-10,113	-13,280	-13,046	-5,723	-	-7,508	-71,337
Repayments	-7,519	-	-2,766	-4,796	-4,502	-2,016	-	-2,503	-24,102
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,390	-	-9,712	-13,085	-12,865	-5,641	-	-7,407	-70,100
Repayments	-7,858	-	-2,891	-5,012	-4,705	-2,107	-	-2,616	-25,189

### Housing for servicemen

The Commonwealth receives principal repayments and interest payments from the States in respect of advances to finance the construction, maintenance and upgrade of public housing for use by service personnel.

**Table 4.4: Housing for servicemen**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	50,740	-	28,756	5,782	2,177	-	-	-	87,454
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,270	-	-1,284	-257	-98	-	-	-	-3,909
Repayments	-1,046	-	-633	-194	-29	-	-	-	-1,902
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,225	-	-1,256	-248	-97	-	-	-	-3,826
Repayments	-1,123	-	-677	-206	-32	-	-	-	-2,038
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,175	-	-1,227	-239	-95	-	-	-	-3,736
Repayments	-1,186	-	-721	-210	-35	-	-	-	-2,152
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,124	-	-1,195	-203	-94	-	-	-	-3,616
Repayments	-1,254	-	-767	-221	-39	-	-	-	-2,281
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,068	-	-1,162	-221	-92	-	-	-	-3,543
Repayments	-1,330	-	-819	-227	-42	-	-	-	-2,418

### War service land settlement scheme

The Commonwealth receives principal repayments and interest payments in respect of advances made to veterans of World War II or the Korea/Malaya campaigns for the purpose of providing working capital funding, paying and effecting improvements and acquiring stock, plant and equipment.

**Table 4.5: War service land settlement scheme**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	1,542	1,598	-	-	-	-	-	-	3,140
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-87	-90	-	-	-	-	-	-	-177
Repayments	-534	-569	-	-	-	-	-	-	-1,103
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-57	-59	-	-	-	-	-	-	-116
Repayments	-417	-450	-	-	-	-	-	-	-867
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-33	-33	-	-	-	-	-	-	-66
Repayments	-292	-328	-	-	-	-	-	-	-620
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-17	-14	-	-	-	-	-	-	-31
Repayments	-153	-165	-	-	-	-	-	-	-318
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-9	-5	-	-	-	-	-	-	-14
Repayments	-147	-84	-	-	-	-	-	-	-231

### Other housing loans

The Commonwealth receives principal repayments and interest payments in respect of loans relating to assets transferred from the Commonwealth to the Northern Territory at the time of self-government in 1978 and to the Australian Capital Territory at the time of self-government in 1989.

The Commonwealth has provided several similar loans mainly for water and sewerage.

**Table 4.6: Other housing loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	-	-	-	-	-	-	199,366	62,264	261,629
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-8,971	-3,469	-12,440
Repayments	-	-	-	-	-	-	-7,025	-2,671	-9,696
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-8,655	-3,342	-11,997
Repayments	-	-	-	-	-	-	-7,258	-2,798	-10,056
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-8,329	-3,208	-11,537
Repayments	-	-	-	-	-	-	-7,368	-2,932	-10,300
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-7,997	-3,068	-11,065
Repayments	-	-	-	-	-	-	-7,592	-3,072	-10,664
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-7,655	-2,921	-10,576
Repayments	-	-	-	-	-	-	-7,629	-3,219	-10,848

## Sewerage loans

New South Wales, Queensland and South Australia make principal repayments and interest payments in respect of loans provided under the *Urban and Regional Development (Financial Assistance) Act 1974*, *Sewerage Agreements Act 1973* and *Sewerage Agreements Act 1974*.

These loans were made to all States to undertake projects associated with the provision of sewerage facilities with the objective of eliminating the backlog of sewerage works in principal Australian cities. They facilitated reticulation in respect of built-up areas which were unsewered and construction or upgrade of main carriers, treatment works and pumping stations.

**Table 4.7: Sewerage loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	42,623	-	11,309	-	-	-	-	-	53,932
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-3,975	-	-1,035	-	-817	-	-	-	-5,827
Repayments	-3,793	-	-884	-	-673	-	-	-	-5,350
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-3,533	-	-923	-	-740	-	-	-	-5,196
Repayments	-4,178	-	-973	-	-751	-	-	-	-5,902
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-3,048	-	-800	-	-653	-	-	-	-4,501
Repayments	-4,602	-	-1,072	-	-838	-	-	-	-6,512
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,515	-	-663	-	-556	-	-	-	-3,734
Repayments	-5,069	-	-1,180	-	-935	-	-	-	-7,184
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-1,928	-	-515	-	-447	-	-	-	-2,890
Repayments	-5,584	-	-1,299	-	-1,044	-	-	-	-7,927



### Northern Territory — water and sewerage loans

The Commonwealth receives principal repayments and interest payments in respect of a loan relating to water and sewerage assets transferred from the Commonwealth to the Northern Territory at the time of self-government in 1978.

**Table 4.8: Northern Territory — water and sewerage loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	-	-	-	-	-	-	-	11,514	11,514
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-596	-596
Repayments	-	-	-	-	-	-	-	-136	-136
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-589	-589
Repayments	-	-	-	-	-	-	-	-136	-136
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-582	-582
Repayments	-	-	-	-	-	-	-	-136	-136
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-576	-576
Repayments	-	-	-	-	-	-	-	-136	-136
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-569	-569
Repayments	-	-	-	-	-	-	-	-136	-136

## Natural disaster relief

The Commonwealth receives principal repayments and interest payments from the States in respect of loan advances from the Commonwealth under the Natural Disaster Relief Arrangements and the repayment of overpaid advances.

These loans facilitate:

- continuing improvement in natural disaster risk assessment;
- cost-effective mitigation measures; and
- support for disaster affected communities.

The arrangements include concessional interest rate loans to the States in respect of advances made by them to individuals affected by natural disasters.

**Table 4.9: Natural disaster relief**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	4,540	-	43,845	-	-	-	-	152	48,537
<b>2008-09</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-333	-	-2,427	-	-	-	-	-58	-2,818
Repayments	-1,622	-	-11,078	-	-	-	-	-455	-13,155
<b>2009-10</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-372	-	-2,514	-	-	-	-	-71	-2,957
Repayments	-1,810	-	-11,453	-	-	-	-	-518	-13,781
<b>2010-11</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-372	-	-2,601	-	-	-	-	-71	-3,044
Repayments	-1,810	-	-11,828	-	-	-	-	-518	-14,156
<b>2011-12</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-372	-	-2,688	-	-	-	-	-71	-3,131
Repayments	-1,810	-	-12,203	-	-	-	-	-518	-14,531
<b>2012-13</b>									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-372	-	-2,775	-	-	-	-	-71	-3,218
Repayments	-1,810	-	-12,283	-	-	-	-	-518	-14,611

### Railway project loans

Advances in respect of rail standardisation loans have been made to New South Wales, Victoria and Western Australia. These loans were advanced in the 1960s for the construction and upgrade of standardised rail networks.

**Table 4.10: Railway project loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	279	279	-	3,492	-	-	-	-	4,050
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-14	-14	-	-203	-	-	-	-	-231
Repayments	-93	-93	-	-384	-	-	-	-	-570
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-10	-10	-	-181	-	-	-	-	-201
Repayments	-83	-83	-	-386	-	-	-	-	-552
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-5	-5	-	-158	-	-	-	-	-168
Repayments	-61	-61	-	-389	-	-	-	-	-511
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2	-2	-	-136	-	-	-	-	-140
Repayments	-33	-33	-	-365	-	-	-	-	-431
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-116	-	-	-	-	-116
Repayments	-9	-9	-	-365	-	-	-	-	-383

### Captains Flat (Abatement of Pollution) Agreement

The Commonwealth receives principal repayments and interest payments from New South Wales in relation to capital works undertaken at Captains Flat to prevent pollution of the Molonglo River. The advances were made under the *Captains Flat (Abatement of Pollution) Agreement Act 1975*.

**Table 4.11: Captains Flat (Abatement of Pollution) Agreement**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	10	-	-	-	-	-	-	-	10
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	..	-	-	-	-	-	-	-	..
Repayments	-5	-	-	-	-	-	-	-	-5
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	..	-	-	-	-	-	-	-	..
Repayments	-5	-	-	-	-	-	-	-	-5
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-

### Australian Capital Territory loans

The Commonwealth receives repayments from the Australian Capital Territory to service the remaining notional debt held against assets transferred from the Commonwealth, on self-government, for public transport (land and buildings), electricity, water supply and sewerage.

Interest receipts from the Australian Capital Territory are on Australian Government loans and on Commonwealth Government Securities nominally outstanding on behalf of the Australian Capital Territory.

**Table 4.12: Australian Capital Territory loans**

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2008	-	-	-	-	-	-	17,757	-	17,757
<b>2008-09</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-2,002	-	-2,002
Repayments	-	-	-	-	-	-	-4,647	-	-4,647
<b>2009-10</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-1,467	-	-1,467
Repayments	-	-	-	-	-	-	-4,647	-	-4,647
<b>2010-11</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-977	-	-977
Repayments	-	-	-	-	-	-	-1,813	-	-1,813
<b>2011-12</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-836	-	-836
Repayments	-	-	-	-	-	-	-554	-	-554
<b>2012-13</b>									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-766	-	-766
Repayments	-	-	-	-	-	-	-554	-	-554

