

PART 4: DEBT TRANSACTIONS

The Commonwealth holds a stock of around \$3.6 billion in loans advanced to the States. The States make interest payments and repayments to the Commonwealth in respect of these loans.

The Commonwealth advances the States loans under a range of agreements. These advances have often been 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 2009	1,341,210	1,214	472,047	496,115	626,586	229,820	205,451	265,005	3,637,448
2009-10									
Advances	2,382	-	8,524	-	-	-	-	519	11,425
Interest	-70,629	-69	-25,975	-25,333	-32,525	-11,742	-10,122	-13,502	-189,897
Repayments	-48,622	-533	-20,909	-13,782	-17,315	-6,531	-11,905	-6,357	-125,954
2010-11									
Advances	161,500	-	3,000	-	-	-	-	500	165,000
Interest	-77,531	-38	-25,550	-24,710	-31,703	-11,449	-9,306	-13,276	-193,563
Repayments	-49,641	-389	-20,918	-14,122	-18,137	-6,668	-9,181	-6,387	-125,443
2011-12									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-75,529	-16	-25,243	-24,040	-30,829	-11,148	-8,833	-13,040	-188,678
Repayments	-50,978	-198	-21,728	-14,429	-19,003	-6,812	-8,146	-6,523	-127,817
2012-13									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-73,438	-5	-24,949	-23,408	-29,898	-10,836	-8,421	-12,792	-183,747
Repayments	-52,868	-93	-20,569	-14,771	-19,913	-6,968	-8,183	-6,777	-130,142
2013-14									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-71,309	-	-24,558	-22,726	-28,904	-10,516	-8,009	-12,530	-178,552
Repayments	-54,191	-	-20,758	-15,119	-20,876	-7,147	-8,173	-7,016	-133,280

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 for erecting new dwellings, finance to home builders and assistance for rental housing. 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 agreement 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 2009	812,571	-	230,083	216,361	350,850	112,920	-	29,937	1,752,722
2009-10									
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
2010-11									
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
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-39,122	-	-11,043	-10,421	-17,133	-5,425	-	-1,475	-84,619
Repayments	-35,810	-	-9,578	-9,047	-13,527	-4,796	-	-694	-73,452
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-37,364	-	-10,586	-9,986	-16,494	-5,195	-	-1,445	-81,070
Repayments	-36,264	-	-9,689	-9,167	-14,123	-4,861	-	-725	-74,829
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-35,608	-	-10,118	-9,540	-15,815	-4,961	-	-1,414	-77,456
Repayments	-36,710	-	-9,790	-9,294	-14,747	-4,945	-	-758	-76,244

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 2009	440,586	-	158,514	271,060	266,603	116,900	-	153,571	1,407,234
2009-10									
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
2010-11									
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
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,667	-	-7,763	-13,280	-13,046	-5,723	-	-7,508	-68,987
Repayments	-7,519	-	-2,766	-4,796	-4,502	-2,016	-	-2,503	-24,102
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,390	-	-7,651	-13,085	-12,865	-5,641	-	-7,407	-68,039
Repayments	-7,858	-	-2,891	-5,012	-4,705	-2,107	-	-2,616	-25,189
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-21,054	-	-7,532	-12,879	-12,673	-5,555	-	-7,301	-66,994
Repayments	-8,211	-	-3,021	-5,237	-4,917	-2,202	-	-2,733	-26,321

Housing for service personnel

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 service personnel

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2009	49,693	-	28,123	5,587	2,148	-	-	-	85,551
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,225	-	-1,256	-248	-97	-	-	-	-3,826
Repayments	-1,123	-	-677	-206	-32	-	-	-	-2,038
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,175	-	-1,227	-239	-95	-	-	-	-3,736
Repayments	-1,186	-	-721	-210	-35	-	-	-	-2,152
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,124	-	-1,195	-203	-94	-	-	-	-3,616
Repayments	-1,254	-	-767	-221	-39	-	-	-	-2,281
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,068	-	-1,162	-221	-92	-	-	-	-3,543
Repayments	-1,330	-	-819	-227	-42	-	-	-	-2,418
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,010	-	-1,125	-211	-90	-	-	-	-3,436
Repayments	-1,413	-	-874	-238	-47	-	-	-	-2,572

War Service Land Settlement Scheme

The Commonwealth receives principal repayments and interest payments in respect of advances made to veterans of World War II and the Korea/Malaya campaigns for the purpose of providing working capital funding, paying and effecting improvements, and acquiring stock, plant and equipment. These loans will be fully repaid in 2012-13.

Table 4.5: War Service Land Settlement Scheme

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2009	1,008	1,028	-	-	-	-	-	-	2,036
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-57	-59	-	-	-	-	-	-	-116
Repayments	-417	-450	-	-	-	-	-	-	-867
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-33	-33	-	-	-	-	-	-	-66
Repayments	-292	-328	-	-	-	-	-	-	-620
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-17	-14	-	-	-	-	-	-	-31
Repayments	-153	-165	-	-	-	-	-	-	-318
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-9	-5	-	-	-	-	-	-	-14
Repayments	-147	-84	-	-	-	-	-	-	-231
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-

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 2009	-	-	-	-	-	-	192,340	69,635	261,975
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-8,655	-3,611	-12,266
Repayments	-	-	-	-	-	-	-7,258	-2,762	-10,020
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-8,329	-3,509	-11,838
Repayments	-	-	-	-	-	-	-7,368	-2,654	-10,022
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-7,997	-3,402	-11,399
Repayments	-	-	-	-	-	-	-7,592	-2,651	-10,243
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-7,655	-3,290	-10,945
Repayments	-	-	-	-	-	-	-7,629	-2,763	-10,392
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-7,312	-3,172	-10,484
Repayments	-	-	-	-	-	-	-7,619	-2,880	-10,499

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 providing sewerage facilities to eliminate the backlog of sewerage works in principal Australian cities. They facilitated reticulation 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 2009	33,700	-	8,405	-	6,985	-	-	-	49,090
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-3,158	-	-763	-	-740	-	-	-	-4,661
Repayments	-4,178	-	-973	-	-751	-	-	-	-5,902
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,726	-	-660	-	-653	-	-	-	-4,039
Repayments	-4,602	-	-1,072	-	-838	-	-	-	-6,512
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2,250	-	-547	-	-556	-	-	-	-3,353
Repayments	-5,069	-	-1,180	-	-935	-	-	-	-7,184
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-1,726	-	-423	-	-447	-	-	-	-2,596
Repayments	-5,584	-	-1,299	-	-1,043	-	-	-	-7,926
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-1,148	-	-286	-	-326	-	-	-	-1,760
Repayments	-6,150	-	-1,430	-	-1,165	-	-	-	-8,745

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 2009	-	-	-	-	-	-	-	11,784	11,784
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-596	-596
Repayments	-	-	-	-	-	-	-	-163	-163
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-589	-589
Repayments	-	-	-	-	-	-	-	-163	-163
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-582	-582
Repayments	-	-	-	-	-	-	-	-163	-163
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-576	-576
Repayments	-	-	-	-	-	-	-	-163	-163
2013-14									
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 2009	3,466	-	46,922	-	-	-	-	78	50,466
2009-10									
Advances	2,382	-	8,524	-	-	-	-	519	11,425
Interest	-487	-	-4,061	-	-	-	-	-74	-4,622
Repayments	-1,170	-	-7,443	-	-	-	-	-504	-9,117
2010-11									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-459	-	-4,304	-	-	-	-	-73	-4,836
Repayments	-1,015	-	-7,019	-	-	-	-	-511	-8,545
2011-12									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-437	-	-4,695	-	-	-	-	-73	-5,205
Repayments	-1,140	-	-7,437	-	-	-	-	-512	-9,089
2012-13									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-391	-	-5,127	-	-	-	-	-74	-5,592
Repayments	-1,676	-	-5,871	-	-	-	-	-510	-8,057
2013-14									
Advances	1,500	-	3,000	-	-	-	-	500	5,000
Interest	-385	-	-5,497	-	-	-	-	-74	-5,956
Repayments	-1,707	-	-5,643	-	-	-	-	-509	-7,859

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. The loans for New South Wales and Victoria will be fully repaid in 2012-13.

Table 4.10: Railway project loans

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2009	186	186	-	3,107	-	-	-	-	3,479
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-10	-10	-	-181	-	-	-	-	-201
Repayments	-83	-83	-	-386	-	-	-	-	-552
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-5	-5	-	-158	-	-	-	-	-168
Repayments	-61	-61	-	-389	-	-	-	-	-511
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-2	-2	-	-136	-	-	-	-	-140
Repayments	-33	-33	-	-365	-	-	-	-	-431
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-116	-	-	-	-	-116
Repayments	-9	-9	-	-365	-	-	-	-	-383
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-96	-	-	-	-	-96
Repayments	-	-	-	-350	-	-	-	-	-350

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 4.11: Australian Capital Territory loans

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2009	-	-	-	-	-	-	13,111	-	13,111
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-1,467	-	-1,467
Repayments	-	-	-	-	-	-	-4,647	-	-4,647
2010-11									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-977	-	-977
Repayments	-	-	-	-	-	-	-1,813	-	-1,813
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-836	-	-836
Repayments	-	-	-	-	-	-	-554	-	-554
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-766	-	-766
Repayments	-	-	-	-	-	-	-554	-	-554
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-697	-	-697
Repayments	-	-	-	-	-	-	-554	-	-554

Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund

The Commonwealth will lend up to \$160 million to New South Wales to support a State Government loan facility to assist asbestos victims. New South Wales will be required to fully repay the loan.

Table 4.12: Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund

\$,000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2009	-	-	-	-	-	-	-	-	-
2009-10									
Advances	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-
2010-11									
Advances	160,000	-	-	-	-	-	-	-	160,000
Interest	-9,362	-	-	-	-	-	-	-	-9,362
Repayments	-	-	-	-	-	-	-	-	-
2011-12									
Advances	-	-	-	-	-	-	-	-	-
Interest	-9,910	-	-	-	-	-	-	-	-9,910
Repayments	-	-	-	-	-	-	-	-	-
2012-13									
Advances	-	-	-	-	-	-	-	-	-
Interest	-10,490	-	-	-	-	-	-	-	-10,490
Repayments	-	-	-	-	-	-	-	-	-
2013-14									
Advances	-	-	-	-	-	-	-	-	-
Interest	-11,104	-	-	-	-	-	-	-	-11,104
Repayments	-	-	-	-	-	-	-	-	-