

BUDGET
AUSTRALIA'S FEDERAL RELATIONS
BUDGET PAPER NO. 3
2010-11

CIRCULATED BY

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FOREWORD

Budget Paper No. 3, *Australia's Federal Relations 2010-11*, 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's financial relations with State, Territory and local governments. This includes an overview of the new framework for federal financial relations and its role in assisting the Council of Australian Governments to respond to the global recession and drive longer-term reforms, as well as information on payments to the States and analysis of fiscal developments in the public sector.

Notes

This paper uses the following style conventions.

The Australian Capital Territory and the Northern Territory of Australia are referred to as 'the Territories'. References to the 'States' or 'each State' include the State governments and Territory governments.

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.

Local governments are instrumentalities of State governments. Consequently, payments made to the State government sector include payments made to the local government sector unless otherwise specified.

'Budget year' refers to 2010-11, while the 'forward years' refer to 2011-12, 2012-13 and 2013-14.

Figures in tables and the text have generally been rounded. Discrepancies in tables between totals and sums of components reflect rounding unless otherwise noted. Percentage changes in tables are based on the underlying unrounded amounts.

One billion is equal to one thousand million.

Estimates of \$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
*	unquantifiable
..	not zero, but rounded to zero
~	allocation not yet determined
\$m	millions of dollars
\$b	billions of dollars

The following abbreviations are used, 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
BBA	Budget balancing assistance
GMA	Guaranteed minimum amount
GST	Goods and services tax

The term 'Commonwealth' refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term 'Australian Government' is used when referring to the Government of, and the decisions and activities made by the Government on behalf of, the Commonwealth of Australia.

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EXECUTIVE SUMMARY

- The current framework for federal financial relations, introduced on 1 January 2009, provides a strong foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and wellbeing into the future. The framework has demonstrated that it can respond flexibly to the global recession as well as lay the foundation for improved community wellbeing and a high standard of living for Australians in the future.
- The framework has supported and will be adapted to reflect major new reforms, including the *National Health and Hospitals Network* agreed to by COAG on 20 April 2010, with the exception of Western Australia, and reform to resource taxation announced as part of the Government's stronger, fairer, simpler tax reforms.
- Implementing the *National Health and Hospitals Network* will constitute a major change to federal financial relations, with the Commonwealth becoming the majority funder of the health and hospital system.
- The reforms to resource taxation will require cooperation between the Commonwealth and the States to introduce a Resource Super Profits Tax from 1 July 2012, which will operate in parallel with State royalty regimes.
- The Government has announced that it would be reinvesting some of the proceeds from the Resource Super Profits Tax into an Infrastructure Fund for the States. The new Infrastructure Fund will deliver \$700 million to the States in 2012-13 and will grow over time.
- Over the 2009-10 year, fiscal stimulus payments to the States made under the framework, including the First Home Owners Boost and the Nation Building and Jobs Plan, have supported the recovery of the economy from the global recession.
- There are signs of recovery in the fiscal positions of both levels of government, and the fiscal stimulus measures are being progressively withdrawn as the economy recovers. Australia's relatively mild downturn, timely and substantial policy stimulus, and increasingly positive outlook, are expected to lead to an improvement in the fiscal indicators of both levels of government over the forward estimates, with the Commonwealth Budget now expected to return to surplus in 2012-13, three years sooner than previously estimated.
- In 2010-11, the Commonwealth will provide the States with total payments of \$94.1 billion. This consists of payments for specific purposes of \$45.5 billion and general revenue assistance, including GST revenue, of \$48.6 billion.

PART 1: AUSTRALIA'S FEDERAL RELATIONS

The current framework for federal financial relations, introduced on 1 January 2009, provides a strong foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and wellbeing into the future.

Significant progress has been made in implementing the framework, with the institutional arrangements well established, payment arrangements bedded down and performance reporting well underway.

Over 2009-10, fiscal stimulus payments to the States made under the framework, including for the Nation Building and Jobs Plan and the First Home Owners Boost, have supported the recovery of the economy from the global recession.

COAG is working productively on its wide-ranging reform agenda and is achieving real results. The framework has demonstrated that it can respond flexibly to the global recession as well as lay the foundation for improved community wellbeing and a high standard of living for Australians in the future.

The framework has supported and will be adapted to reflect major new reforms, including the *National Health and Hospitals Network* agreed at COAG by all States other than Western Australia on 20 April 2010, and reform to resource taxation announced as part of the Government's stronger, fairer, simpler tax reforms.

OVERVIEW

The current framework for federal financial relations, introduced on 1 January 2009, provides a strong foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and wellbeing into the future.

Significant progress has been made in implementing the framework, with the institutional arrangements well established, payment arrangements bedded down and performance reporting well under way.

To ensure that the framework continues to be effective in driving COAG's ambitious reform agenda, a review of agreements under the framework is being conducted by Heads of Treasuries over the course of 2010, with a report to COAG by the end of the year. The review will consider options to improve the efficiency and effectiveness of the federal financial relations framework, with a focus on improvements that will enhance the delivery of national outcomes as agreed by COAG.

The global recession has had a significant effect on the fiscal positions of the Commonwealth and the States. The delivery of timely economic stimulus through payments to the States under the framework, particularly the Nation Building and Jobs

Plan and the First Home Owners Boost, has prevented a more serious downturn. This has seen payments to the States for specific purposes increase by 28.0 per cent in 2009-10. While GST payments grew more slowly in 2009-10, they are expected to recover over the course of 2010-11. Overall payments to the States have increased by 17.3 per cent in 2009-10.

In addition, the Commonwealth made available a guarantee of State borrowing. Two jurisdictions made explicit use of the guarantee, and it has benefited other States through a significant improvement in the pricing of State bonds relative to Commonwealth bonds, and restored demand for State bonds.

There are signs of recovery in the fiscal positions of both levels of government, and the fiscal stimulus measures are being progressively withdrawn as the economy recovers. The First Home Owners Boost ceased on 31 December 2009 and the majority of the Government's investment under the Nation Building and Jobs Plan will be paid to the States in 2009-10.

Australia's relatively mild downturn, timely and substantial policy stimulus, and increasingly positive outlook, are expected to lead to an improvement in the fiscal indicators of both levels of government over the forward estimates, with the Commonwealth Budget now expected to return to surplus in 2012-13, three years sooner than previously estimated.

The framework is flexible and dynamic, facilitating new reform activity, including the *National Health and Hospitals Network*, and enabling the benefit of the Resource Super Profits Tax to be shared with the States through the establishment of an Infrastructure Fund.

The structure of Australia's federal relations

Australia's federal relations are characterised by three broad features:

- the financial arrangements are influenced by the large expenditure responsibilities of the States relative to their revenue capacities, so that they rely on transfers from the Commonwealth to finance their activities – referred to as vertical fiscal imbalance;
- the States have different capacities to raise revenue and deliver services – referred to as horizontal fiscal imbalance; and
- overlapping roles and responsibilities in areas of government activity which can lead to sectors where regulation or services remain fragmented, with duplication of activities, lack of coordination and blurred accountabilities.

Vertical fiscal imbalance is estimated to increase in 2009-10 owing to an increase in funding provided by the Commonwealth to the States, particularly for stimulus measures.

The level of GST redistribution has been relatively stable at around 8 per cent of the GST pool since July 2000. The objective of horizontal fiscal equalisation is essentially for all States to have the same capacity to provide services at the same standard, while ensuring that interstate transfers are not so large that they would significantly distort economic behaviour and reduce productivity growth.

Roles and responsibilities between the Commonwealth and the States have also been clarified further over the course of the year, with the Commonwealth becoming a majority funder of the Australian hospital system, and taking full responsibility for primary health and aged care under the *National Health and Hospitals Network* reforms.

Box 1.1: The structure of Australia's federal financial relations

Vertical fiscal imbalance

Vertical fiscal imbalance is common to most, if not all, federal systems. It results when a level of government has expenditure functions that are not wholly financed through its own assigned tax bases.

The level of vertical fiscal imbalance can be measured as the revenue transferred from the Commonwealth to the States as a proportion of the State's total revenue. In 2008-09, the Commonwealth transferred approximately \$84.0 billion to the States in the form of general revenue assistance and payments for specific purposes, accounting for around 49.2 per cent of total state revenue.

The level of vertical fiscal imbalance has increased in 2008-09 and 2009-10, owing to the increase in payments to the States, in particular for the Nation Building and Jobs Plan and the First Home Owners Boost.

Commonwealth financial assistance to the States comprises all GST revenue, plus a small amount of other general revenue assistance, and payments for specific purposes. From 2011-12, a portion of the GST (except for Western Australia) will be dedicated to health and hospital services, while the remaining portion of each State's share of the GST pool will continue to be untied general revenue assistance. General revenue assistance is available to the States to spend according to their own budget priorities, and is therefore more akin to state own source revenue.

Horizontal fiscal equalisation

It is usual for individual States within a federation to have different capacities to raise revenue or deliver services. The practice of equalising revenue capacities and/or expenditure capacities between the States in a federation is common. Australia has had various forms of fiscal equalisation since 1901.

Australia's current system of fiscal equalisation is based upon GST revenue sharing relativities assessed by the Commonwealth Grants Commission. The relativities determine how much GST revenue each State receives compared with an equal per capita share. The relativities are assessed in respect of each State's ability to raise revenue from its own sources and also the costs each State would incur in providing the same standard of government services.

Box 1.1: The structure of Australia's federal financial relations (continued)

Horizontal fiscal equalisation does not guarantee that the States will provide a uniform standard of service – its aim is to equalise the capacity of each State to do so, while leaving each State free to determine the standard of service provision. The Commonwealth Grants Commission released its methodology review this year, which included a new approach to the assessment of infrastructure spending and a resulting change in the definition of equalisation. This means that GST revenue is now distributed to ensure that States have the fiscal capacity to deliver the average standard of services and associated infrastructure.

Roles and responsibilities

Federal systems of government can provide the community with significant benefits not available under other systems. In particular, federal systems can have the advantages of more responsive governments, more diversity in service provision, and competition between States to drive innovative approaches and higher levels of efficiency in service delivery.

Federations work best when the roles and responsibilities of each jurisdiction are clear and good public accountability mechanisms allow the community to hold the appropriate level of government to account for the quality and efficiency of the services delivered and outcomes achieved.

The *Intergovernmental Agreement on Federal Financial Relations* (Intergovernmental Agreement) which commenced on 1 January 2009 has brought greater clarity to the roles and responsibilities of the Commonwealth and the States. On 20 April 2010, COAG, with the exception of Western Australia, built on these reforms by reaching agreement on significant reforms to the health and hospital system – the establishment of the *National Health and Hospitals Network*. These reforms represent a change to roles and responsibilities, with the Commonwealth becoming the majority funder of the Australian hospital system and taking full funding responsibility for primary health and aged care. The changes to the funding arrangements will provide a secure funding base for health and hospitals in the future.

Under the *National Health and Hospitals Network*, Commonwealth funding for public hospitals will be based on the efficient price of public hospital services, determined by an independent pricing authority.

THE FRAMEWORK FOR FEDERAL FINANCIAL RELATIONS

In November 2008, COAG agreed to significant reforms to intergovernmental relations with the signing of the Intergovernmental Agreement and in particular, the introduction of a new framework for federal financial relations from 1 January 2009. The objective of the reforms and the framework is to improve the quality and effectiveness of government services. It seeks to do so by providing clarity about who

is responsible for the delivery of those services, flexibility in the delivery of services and increased accountability to the public, as well as by providing incentives for reform.

The Intergovernmental Agreement on Federal Financial Relations

The Intergovernmental Agreement provides the overarching framework for the Commonwealth's financial relations with the States. It establishes a foundation for the Commonwealth and the States to collaborate on policy development and service delivery, and facilitate the implementation of economic and social reforms in areas of national importance.

All financial relations between the Commonwealth and the States are governed by the provisions of the Intergovernmental Agreement which will be amended to reflect the *National Health and Hospitals Network*.

The Commonwealth's financial relations with the States come under the umbrella of one piece of legislation, the *Federal Financial Relations Act 2009*. This Act will be amended to implement the *National Health and Hospitals Network*.

Funding

The Commonwealth currently provides financial support for the States' service delivery efforts through:

- National Specific Purpose Payments (National SPPs) to be spent in key service delivery sectors;
- three types of National Partnership payments — project payments, facilitation payments and reward payments; and
- general revenue assistance, consisting of GST payments to be used by the States for any purpose, and other general revenue assistance.

All Commonwealth payments to the States are centrally processed by the Commonwealth Treasury and paid directly to each state treasury. State treasuries are responsible for distributing the funding within their jurisdiction.

From 1 July 2011, with the commencement of the *National Health and Hospitals Network*, the Commonwealth will also provide *National Health and Hospitals Network* funding which will be sourced from:

- the current National Healthcare SPP;
- GST payments retained and dedicated to health and hospital services; and

- from 2014-15, a Commonwealth top-up payment.

Payment arrangements will also be modified as part of the *National Health and Hospitals Network* reforms.

Progress in implementing the financial framework

There has been considerable progress in implementing the current financial framework since it commenced on 1 January 2009. This includes:

- implementation of the institutional arrangements required under the Intergovernmental Agreement, including the establishment of committees such as the Ministerial Council for Federal Financial Relations, the Heads of Treasuries Committee for Federal Financial Relations, and the Heads of Treasuries Consultative Forum;
- finalisation of six National Agreements and 16 National Partnerships to implement the \$15.2 billion COAG reform package agreed in November 2008;
- development of National Partnerships to implement the Government's economic stimulus through the Nation Building and Jobs Plan and the First Home Owners Boost;
- centralisation of payment arrangements, with payments to the States (except local government payments) centrally processed by the Commonwealth Treasury and paid direct to each state treasury on a monthly cycle;
- commencement of the *Federal Financial Relations Act 2009* on 1 April 2009, providing the legislative authority for the payments processes; and
- progressive implementation of the performance reporting framework to enhance public accountability.

The increased flexibility of the financial framework is balanced with increased accountability and transparency through enhanced performance reporting. The framework clearly specifies the roles and responsibilities of each level of government, so the appropriate government can be held accountable. At the core of the performance reporting framework are the COAG Reform Council's annual reports on each of the six National Agreements, which are released publicly.

Progress has been made on developing the new national performance reporting framework, including identifying areas where quality and timeliness of performance indicators could be improved and developing a register of National Minimum Data Sets. Further information on performance reporting under the framework is outlined in Part 6: Accountabilities under the federal financial relations framework.

Heads of Treasuries Review

At its 7 December 2009 meeting, COAG noted the considerable progress made in implementing the Intergovernmental Agreement in its first year of operation. COAG also agreed that Heads of Treasuries, in consultation with Senior Officials, would undertake a review of National Agreements, National Partnerships and related Implementation Plans and report through the Ministerial Council for Federal Financial Relations to COAG in respect of:

- clear objectives, outcomes and outputs;
- clearly specified roles and responsibilities, particularly in National Agreements;
- consideration of the appropriate form for implementing a policy proposal, including options to reduce the number of agreements (such as rolling them into National Agreements where appropriate);
- the quantity and quality of performance indicators and benchmarks, including the requirement that performance reporting contributes to public transparency; and
- redesigning agreements that are not consistent with the design principles set out in the Intergovernmental Agreement.

A Terms of Reference for the review has been agreed by the Ministerial Council for Federal Financial Relations. In conducting the review, Heads of Treasuries will focus on the effectiveness of agreements in enabling the achievement of the policy objectives agreed by COAG. Heads of Treasuries will also consult with First Ministers' Departments, Commonwealth and State portfolio agencies, the COAG Reform Council and data collection agencies as appropriate.

Heads of Treasuries will report to COAG by 31 December 2010.

SUPPORTING ECONOMIC RECOVERY

The recession had a significant impact on the Australian economy and on Commonwealth and state fiscal positions. Stimulus payments from the Commonwealth Government prevented a more serious downturn and reinforced growth in the Australian economy as other advanced economies entered recession.

The Commonwealth and the States have acted collaboratively on many fronts, including through the Commonwealth's economic stimulus measures, such as the Nation Building and Jobs Plan, the First Home Owners Boost, and the guarantee of State borrowing.

Economic stimulus packages

In response to the changing global economic environment, the Government introduced the following major stimulus packages aimed at supporting economic growth and helping to ensure that the Australian economy was well placed to withstand the impacts of the global recession:

- the \$10.4 billion Economic Security Strategy announced on 14 October 2008;
- the \$15.2 billion COAG Funding Package announced on 29 November 2008;
- the \$4.7 billion Nation Building Package announced on 12 December 2008; and
- the \$42 billion Nation Building and Jobs Plan announced on 3 February 2009.

As many of the stimulus measures are delivered by the States, the States have had a central role in ensuring the timely delivery of these measures.

Nation Building and Jobs Plan

The States delivered economic stimulus funded by the Commonwealth of around \$10.2 billion in 2009-10 and are expected to deliver a further \$5.0 billion in 2010-11 under the *National Partnership Agreement on the Nation Building and Jobs Plan*. The States are receiving this additional funding for a short-term expansion in programs for which the States are responsible, including funding for:

- provision of new facilities and refurbishment for schools to meet the needs of 21st century students and teachers; and
- construction, repair and maintenance of social housing dwellings.

The Ministerial Council for Federal Financial Relations continues to monitor state capital expenditure in each of the targeted areas to ensure the States at least maintain their planned level of expenditure in these sectors during the period of increased Commonwealth expenditure.

First Home Owners Boost

As part of the Economic Security Strategy, announced on 14 October 2008, the Government introduced the First Home Owners Boost to stimulate housing activity, support the construction industry, and assist first home buyers to enter the housing market. In response to continued economic uncertainty, the Government extended the First Home Owners Boost for an additional six months, with the value of grants halving for the three months to 31 December 2009, when eligibility for the First Home Owners Boost ceased. The First Home Owners Boost has assisted almost 246,000 first home buyers to enter the market and has played an important stimulatory role during a period of economic weakness, supporting jobs in the housing market and residential construction industry.

Temporary Guarantee of State and Territory Borrowing

Like financial markets around the world, state government bond markets were hit hard by the financial turbulence and global recession. This threatened the capacity of State governments to deliver critical infrastructure projects to support jobs as well as boost productivity and improve living standards in the long term.

In response, the Government put in place a voluntary, temporary guarantee over State borrowing.

The Government's announcement of the guarantee led to a sharp improvement in the pricing of State bonds relative to Commonwealth bonds and restored demand for state government bonds. These benefits flowed to all States, regardless of whether they opted to make explicit use of the guarantee.

The guarantee of State borrowing will close to new issuance on 31 December 2010. This transition period will allow States that have utilised the guarantee to create new unguaranteed bond lines across a range of maturities and establish liquidity in the new unguaranteed bond lines.

Existing guaranteed bonds will continue to be covered until they either mature or are bought back and extinguished by the issuer.

PROGRESS OF THE COAG REFORM AGENDA

The COAG reform agenda represents the most significant reform to service delivery by the Commonwealth and State governments, and Australia's federal relations, in decades. The reforms aim to boost productivity, workforce participation and geographic mobility, and to support the wider objectives of better services for the community, addressing social inclusion, closing the gap in Indigenous disadvantage, and environmental sustainability.

As part of the COAG reform package agreed in November 2008, six National Agreements were agreed in the key social policy sectors of healthcare, education, skills and workforce development, disability services, affordable housing and Indigenous reform. Sixteen National Partnership Agreements were also developed in these areas and in respect of business regulation and competition.

Since the current financial framework commenced on 1 January 2009, a significant number of National Partnership Agreements and Implementation Plans have been agreed or are under development in consultation between the Commonwealth and the States to support reforms and delivery on nationally significant projects. There are now around 50 National Partnerships and 100 related Implementation Plans, including National Partnerships developed to implement the Government's response to the

global recession through the Nation Building and Jobs Plan, and the First Home Owners Boost.

MAJOR GOVERNMENT REFORM AND NEW DEVELOPMENTS

National Health Reform

On 20 April 2010, COAG, with the exception of Western Australia, reached agreement on significant reforms to the health and hospital system – the establishment of a *National Health and Hospitals Network*. These reforms are outlined in more detail in Budget Paper No. 2 and related documents.

The Commonwealth and Western Australian Governments have agreed to work together to bring Western Australia into the *National Health and Hospitals Network*.

National Health and Hospitals Network Agreement

The *National Health and Hospitals Network Agreement* combines reforms to the financing of the Australian health and hospital system with major changes to the governance arrangements between the Commonwealth and the States to deliver better health and hospital services. The changes to the funding arrangements will provide a secure funding base for health and hospitals in the future.

Under the *National Health and Hospitals Network*, the Commonwealth will become the majority funder of the Australian public hospital system. The Commonwealth will fund:

- 60 per cent of the efficient price of every public hospital service provided to public patients;
- 60 per cent of recurrent expenditure on research and training functions undertaken in public hospitals;
- 60 per cent of capital expenditure, on a 'user cost of capital' basis where possible; and
- over time, up to 100 per cent of the efficient price of 'primary health care equivalent' outpatient services provided to the public.

The Commonwealth will also take on full policy and funding responsibility for primary health care and aged care (other than in Victoria).

National Health and Hospitals Network funding

The Commonwealth will fund its increased responsibilities through a combination of:

- funding sourced from the current National Healthcare SPP;

- the Commonwealth retaining an agreed amount of GST to be dedicated to health and hospital services; and
- from 2014-15, an additional top-up payment to be paid by the Commonwealth, reflecting its greater responsibility for financing growth in health costs.

From 2011-12 to 2013-14, the amount of GST dedicated to health and hospital services will be the amount required in addition to the funding sourced from the existing National Healthcare SPP in each State to fund 60 per cent of the efficient price of public hospitals, take full funding responsibility for GP and primary health care services undertaken by States, and the net additional cost to the Commonwealth from changes in roles and responsibilities for the Home and Community Care program and related programs. The amount of GST retained by the Commonwealth, and dedicated to health and hospital services, will be fixed in 2014-15, based on 2013-14 costs, and indexed at the rate of overall GST growth.

From 2014-15, an additional Commonwealth top-up payment will be provided, reflecting that hospital costs have been growing at close to 10 per cent per annum and are expected to grow at around 8 per cent per annum over the medium term. This means that hospital costs are expected to outpace growth in GST of around 6 per cent per annum, as well as growth in the existing National Healthcare SPP.

The Commonwealth has guaranteed to pay no less than \$15.6 billion in top-up payments between 2014-15 and 2019-20. If the amount required to fund the Commonwealth's hospital and primary care commitments is less than \$15.6 billion, the residual amount will be paid to the States to fund any health services that will assist in ameliorating the growth in demand for public hospital services.

In addition, the Government will also provide the States with additional funding of \$3.8 billion for a package of reforms and investments in relation to health and hospitals.

These new Commonwealth responsibilities will result in changes to payments to the States for health, set out in Part 2, and changes to the arrangements for GST payments, set out in Part 3.

Funding governance

A new *National Health and Hospitals Network* fund will be established into which Commonwealth funding for the *National Health and Hospitals Network* will be paid. The Commonwealth's 60 per cent funding contribution for efficient hospital services will be determined by an independent pricing authority. This contribution, along with State activity-based funding, will be paid to state-based intergovernmental funding authorities for payment directly to Local Hospital Networks (LHNs). This will provide a clear line of sight of Commonwealth funding to LHNs.

The *National Health and Hospitals Network* fund will also pay a portion of funding to the States for a range of system-wide services including:

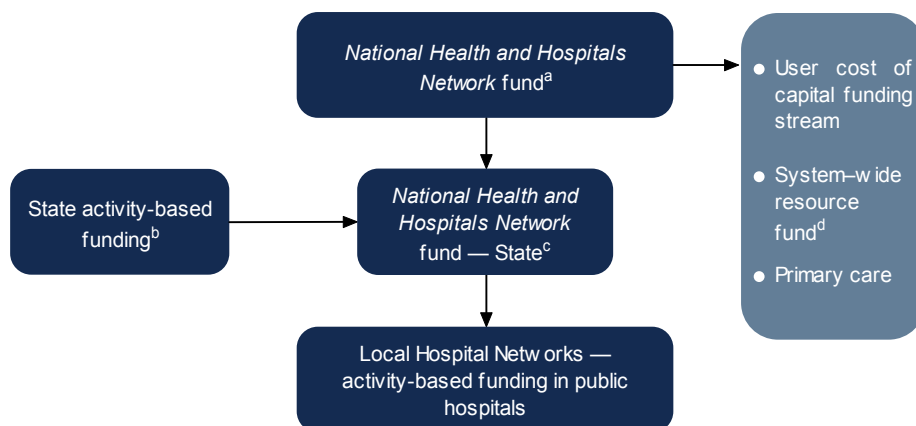
- funding for research and training delivered in public hospitals;
- block funding for agreed functions and services, and community service obligations required to support small regional and rural public hospitals; and
- a funding stream for public hospital capital investment (other than minor capital which will be directly managed by LHNs).

In addition, funding for primary and aged care will continue to be paid to the States to the extent that they continue to provide these services.

The States will fund the residual cost of hospital services, including any costs above the efficient price.

The funding structure for the *National Health and Hospitals Network* is set out in Diagram 1 below.

Diagram 1: Funding structure for the *National Health and Hospitals Network*



- (a) National Health and Hospitals Network funding will be sourced from the National Healthcare SPP, GST dedicated to health and hospitals, and, from 2014-15, a Commonwealth top-up payment.
- (b) Residual funding determined by States.
- (c) Joint intergovernmental authority.
- (d) Made up of research, training and block funding.

Australia's Future Tax System review — Stronger, fairer, simpler tax reform

On 2 May 2010, the Government announced its first steps in a 10-year agenda for tax reform. The Government's long-term tax plan is designed to strengthen the economy and make the tax system fairer and simpler.

A key element of the Government's initial plan is reform to resource taxation and this will require cooperation between the Commonwealth and the States. The Government announced the introduction of a Resource Super Profits Tax (RSPT) from 1 July 2012 to ensure that Australians get a fair share from our valuable non-renewable resources. The RSPT will operate in parallel with State royalty regimes.

The Commonwealth will provide resource entities with a refundable credit for royalties paid to the States. The refundable credit will be available at least up to the amount of royalties imposed at the time of announcement, including scheduled increases and appropriate indexation factors. Refunding royalties will allow the States to continue to collect a stable stream of revenue from royalties, while removing the effects they have on investment and production.

The Government also announced that it would be reinvesting some of the proceeds from the RSPT in an Infrastructure Fund for the States. This will make infrastructure spending a permanent feature of Commonwealth and State budgets. The new Infrastructure Fund will deliver \$700 million to the States in 2012-13 and will grow over time. Investing in major infrastructure will help improve our potential to grow the economy into the future.

The Infrastructure Fund will be distributed to the States in a manner which recognises that resource-rich States face large associated infrastructure demands. Resource-rich States will receive relatively more funding which can be used to support investment in infrastructure, including that necessary for the ongoing development of the resource industry.

The long-term reform of Australia's tax system will require a commitment by governments at all levels in the federation. A number of the recommendations in the Australia's Future Tax System review relate to state taxes. Improving the tax system across the nation will require the States to reform their taxes in the future.

ESTIMATES OF PAYMENTS TO THE STATES

The Commonwealth is committed to the provision of ongoing financial support to the States' service delivery efforts, through two broad categories of payments – payments for specific purposes and general revenue assistance.

The States receive significant financial support from the Commonwealth. In 2010-11, the Commonwealth will provide the States with general revenue assistance of \$48.6 billion including GST revenue, and payments for specific purposes of \$45.5 billion totalling \$94.1 billion, as shown in Table 1.1. This represents a 4.5 per cent decrease in total financial assistance compared with 2009-10.

Table 1.1: Commonwealth payments to the States

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total(b)
2009-10									
Payments for specific purposes	16,625	11,809	11,515	5,521	4,562	1,442	745	1,081	53,301
General revenue assistance	13,463	10,104	8,181	4,409	4,107	1,639	936	2,407	45,246
Total payments to the States	30,088	21,913	19,696	9,931	8,670	3,081	1,681	3,488	98,547
2010-11									
Payments for specific purposes	14,223	10,509	9,278	4,908	3,677	1,136	672	1,042	45,445
General revenue assistance	14,793	11,212	8,906	4,006	4,517	1,761	919	2,524	48,637
Total payments to the States	29,016	21,721	18,183	8,914	8,194	2,898	1,591	3,566	94,082
2011-12									
Payments for specific purposes(c)(d)	17,866	13,216	12,187	4,390	4,618	1,329	1,070	1,351	56,027
General revenue assistance(c)	11,433	9,119	5,520	4,109	3,550	1,491	510	2,411	38,144
Total payments to the States	29,300	22,335	17,707	8,499	8,168	2,820	1,580	3,763	94,172
2012-13									
Payments for specific purposes(c)(d)	18,455	14,376	13,343	4,563	4,616	1,357	1,115	1,197	59,722
General revenue assistance(c)	12,102	9,879	5,408	4,341	3,703	1,581	555	2,521	40,089
Total payments to the States	30,557	24,255	18,751	8,905	8,319	2,938	1,669	3,718	99,811
2013-14									
Payments for specific purposes(c)(d)	19,136	14,505	13,169	4,745	4,464	1,369	1,175	1,323	60,621
General revenue assistance(c)	12,615	10,354	5,713	4,646	3,812	1,612	555	2,556	41,863
Total payments to the States	31,751	24,859	18,882	9,391	8,276	2,981	1,729	3,878	102,483

(a) Payments for specific purposes include the full amount of reform and investment funding allocated to Western Australia under the *National Health and Hospitals Network*, but not GST dedicated to health and hospital services. This funding is dependent on the WA government becoming a signatory to the *National Health and Hospitals Network Agreement*. The Commonwealth and WA governments have agreed to work together to bring WA into the *National Health and Hospitals Network*.

(b) There is no basis on which to estimate State allocations for a number of payments, which are not reflected in State totals.

(c) Payments for specific purposes include GST retained and dedicated to health and hospital services from 2011-12, other than for WA. General revenue assistance from 2011-12 does not include GST dedicated to health and hospital services.

(d) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts of GST dedicated to health and hospital services to be determined annually, in consultation with the States, on the basis of actual expenditure.

Payments for specific purposes

In 2010-11, the States will receive \$45.5 billion in payments for specific purposes, a decrease of 14.7 per cent compared with the \$53.3 billion the States will receive in 2009-10. This reflects the withdrawal of the stimulus measures as the economy recovers.

Part 2 of this Budget Paper provides further information on payments for specific purposes to the States.

General revenue assistance

In 2010-11, the States will receive \$48.6 billion in general revenue assistance, including GST payments of \$47.9 billion. This is an increase of 7.5 per cent compared with the \$45.2 billion the States will receive in general revenue assistance in 2009-10.

Part 3 of this Budget Paper provides further information on GST and general revenue assistance to the States.

Total payments to the States

Total payments to the States as a proportion of GDP averaged 6.6 per cent over the period 2000-01 to 2008-09. Over this period, general revenue assistance averaged 3.8 per cent and payments for specific purposes averaged 2.8 per cent as a proportion of GDP.

For 2010-11, total payments to the States as a proportion of GDP are estimated to be 6.7 per cent.

Table 1.2: Total payments to the States

	Previous payments for specific purposes	National Partnership payments	National SPPs(a)	Health and Hospital Network funding (b)(c)(d)	GST	Other general revenue assistance	Total	Growth	Per cent of GDP
\$million									
2000-01	19,207	-	-	-	24,355	3,715	47,277	-	6.7
2001-02	21,458	-	-	-	26,632	4,841	52,931	12.0	7.0
2002-03	21,781	-	-	-	30,479	1,734	53,994	2.0	6.7
2003-04	22,940	-	-	-	33,219	647	56,806	5.2	6.6
2004-05	24,795	-	-	-	35,323	944	61,062	7.5	6.6
2005-06	26,904	-	-	-	37,182	1,039	65,125	6.7	6.5
2006-07	28,549	-	-	-	39,552	-	68,101	4.6	6.2
2007-08	31,994	-	-	-	42,630	-	74,624	9.6	6.3
2008-09	16,874	18,664	6,116	-	41,189	1,162	84,006	12.6	6.7
2009-10	-	28,892	24,409	-	44,529	717	98,547	17.3	7.6
2010-11	-	19,347	26,098	-	47,930	707	94,082	4.5	6.7
2011-12	-	14,419	15,033	26,575	37,497	647	94,172	0.1	6.3
2012-13	-	15,026	16,000	28,695	39,439	650	99,811	6.0	6.4
2013-14	-	12,602	17,060	30,959	41,259	604	102,483	2.7	6.2

(a) From 2011-12, excludes the National Healthcare SPP other than for Western Australia.

(b) Sourced from the National Healthcare SPP and GST dedicated to health and hospital services, other than for WA.

(c) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts of GST dedicated to health and hospital services to be determined annually, in consultation with the States, on the basis of actual expenditure.

(d) Funding for public hospital services will be paid through the *National Health and Hospitals Network* fund to Local Hospital Networks via Intergovernmental funding authorities for each State.

Appendix B outlines total payments to the States by GFS function.

PART 2: PAYMENTS FOR SPECIFIC PURPOSES

The Commonwealth makes payments to the States to support specific state services through National Specific Purpose Payments (SPPs) and National Partnership payments. This part outlines these payments.

From 2011-12, Commonwealth payments to the States will be modified to implement the *National Health and Hospitals Network*. This part also explains the changes to payments for specific purposes.

OVERVIEW OF PAYMENTS

The Commonwealth provides the following types of payments to the States:

- National SPPs in respect of key service delivery sectors;
- three types of National Partnership payments – project payments, facilitation payments and reward payments; and
- general revenue assistance, consisting of GST payments and other general revenue assistance.

From 1 July 2011, with the commencement of the *National Health and Hospitals Network*, the Commonwealth will also provide *National Health and Hospitals Network* funding which will be sourced from:

- the current National Healthcare SPP;
- GST payments dedicated and retained by the Commonwealth for health and hospital services; and
- from 2014-15, a Commonwealth top-up payment.

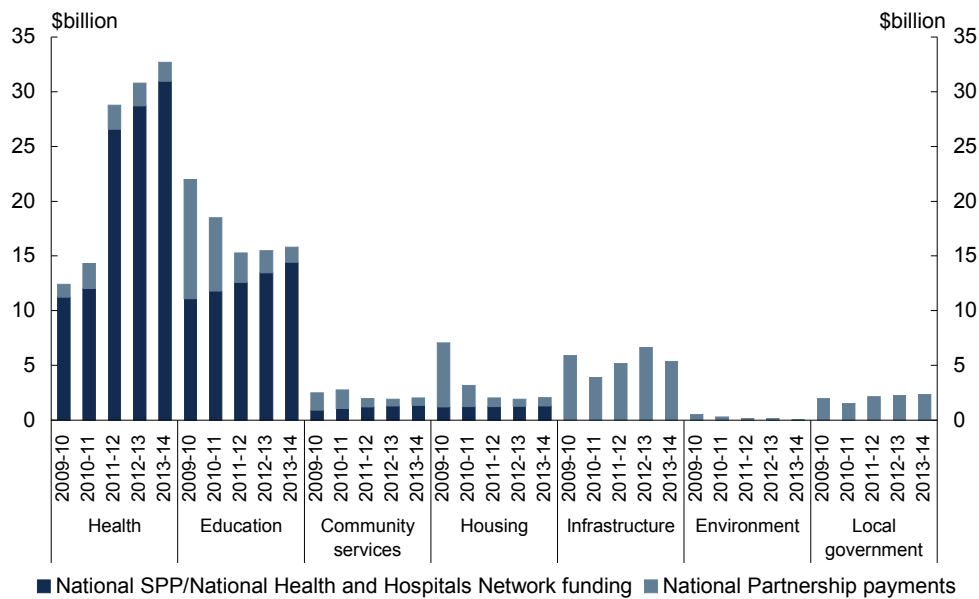
The Intergovernmental Agreement provides that all payments for National SPPs and National Partnership Agreements will be paid by the Commonwealth Treasury to each state treasury on the 7th day of each month.

National Health and Hospitals Network funding will be paid into a *National Health and Hospitals Network* fund for payment to Local Hospital Networks through joint Intergovernmental funding authorities for each State and to the States for a range of services best managed on a state-wide basis.

Categories of payments for specific purposes

The Commonwealth provides payments to the States for specific purposes to enable important national policy objectives in areas that may be administered by the States to be pursued. These payments cover most functional areas of state and local government activity — including health, education, skills and workforce development, community services, housing, Indigenous reform, infrastructure and environment.

Chart 2.1: Composition of payments for specific purposes



National SPPs

In 2010-11, the Commonwealth will make payments for five National SPPs:

- National Healthcare SPP;
- National Schools SPP;
- National Skills and Workforce Development SPP;
- National Disability Services SPP; and
- National Affordable Housing SPP.

The Commonwealth supports the States' efforts in delivering services in the major service delivery sectors through National SPPs.

The Intergovernmental Agreement specifies that each National SPP is ongoing and will be indexed on 1 July 2010 and each year thereafter by a growth factor that is specified in the Intergovernmental Agreement.

Payments made through the year for National SPPs are advances and based on Commonwealth estimates of the growth factors. A balancing adjustment in respect of the advances is made after the end of the financial year once outcome data are available.

The National SPPs are to be distributed among the States in accordance with population shares based on the Australian Statistician's determination of States' population shares as at 31 December of that year. In recognition that distributing National SPPs according to population shares would result in a shift in notional payment shares, this method of distribution is being phased in over five years from 2009-10.

Other factors to note are:

- An equal per capita distribution of National SPPs ensures that all Australians, regardless of the jurisdiction they live in, are provided with the same share of Commonwealth funding support for state service delivery.
- In the case of the government schools component of the National Schools SPP, the relevant population is each State's share of full-time equivalent student enrolments in government schools.

The States are required to spend each National SPP in the relevant sector. For example, the States are required to spend the National Affordable Housing SPP in the housing sector, but they have budget flexibility to allocate funds within that sector in a way that ensures that they achieve the mutually agreed objectives for that sector outlined in National Agreements.

From 1 July 2011, the Commonwealth will provide *National Health and Hospitals Network* funding sourced from the existing National Healthcare SPP, an amount of GST dedicated to health and hospital services, and — from 2014-15 — a Commonwealth top-up payment. This funding will be paid into a new *National Health and Hospitals Network* fund.

The current indexation arrangements will continue to apply to the funding sourced from the National Healthcare SPP and it will be distributed in accordance with population shares. There is an adjustment to the funding sourced from the National Healthcare SPP to ensure the agreed changes to the roles and responsibilities for the Home and Community Care program and related programs in the *National Health and Hospitals Network Agreement* is budget neutral for both the States and the Commonwealth. This includes all States with the exception of Victoria, which is not a

party to this part of the agreement. The adjustment for Western Australia is dependent on it becoming a signatory to the *National Health and Hospitals Network Agreement*.

Box 2.1: National SPPs — expenditure benchmarking

National SPPs are provided under the *Federal Financial Relations Act 2009*. Under the Act, the States are required to spend National SPPs in the sector for which they are paid.

Each State Treasurer is required to report to the Ministerial Council for Federal Financial Relations within six months of the end of each financial year on:

- (a) gross state expenditure in each sector;
- (b) National SPPs received in respect of each sector;
- (c) of the amount referred to in (b), how much was spent in the relevant sector; and
- (d) any discrepancy between the amounts specified in (b) and (c), including a detailed explanation for the discrepancy.

To ensure this condition is met, the Heads of Treasuries monitor state expenditure in each sector relevant to the National SPPs. Provided States meet these benchmarks, they have full budget flexibility to allocate funds within the sector as they see fit to achieve the mutually agreed objectives for that sector.

Each State Treasurer provided this report to the Ministerial Council for Federal Financial Relations for the 2008-09 year. These reports satisfied the requirements for funding provided by the Commonwealth to be spent in the relevant sector.

National Partnership payments

The Commonwealth provides National Partnership payments to the States to support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on nationally significant reforms. Some payments for specific purposes under the previous federal financial arrangements have become National Partnership project payments.

The Commonwealth recognises the need to support the States to undertake priority national reforms. Consequently, when an area emerges as a national priority, National Partnership facilitation payments may be paid in advance of the States implementing reforms. This recognises the administrative and other costs associated with undertaking the reforms.

National Partnership reward payments can be used to reward those States that deliver reform progress or continuous improvement in service delivery. National Partnership

agreements set out clear, mutually agreed and ambitious performance benchmarks that encourage the achievement of reforms and continuous improvement in service delivery.

For reward payments, the COAG Reform Council assesses achievement against the performance benchmarks and makes a recommendation as to whether they have been met. The relevant Commonwealth Minister makes a determination as to whether the reward payment will be made.

Total payments for specific purposes

Total payments to the States for specific purposes constitute a significant proportion of Commonwealth expenditure. In 2010-11, they are estimated to total \$45.5 billion, down from \$53.3 billion in 2009-10 (a decrease of 14.7 per cent), and represent 12.8 per cent of total Commonwealth expenditure. From 2011-12, an agreed portion of GST will be dedicated to health and hospital services.

Total payments for specific purposes, including National SPPs, National Partnership payments and, from 2011-12, *National Health and Hospitals Network* funding are shown in Table 2.1.

Table 2.1: Total payments for specific purposes, 2009-10 to 2013-14

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
Health	12,406	14,307	28,770	30,786	32,687
Education(a)	21,966	18,502	15,265	15,481	15,815
Community services	2,502	2,759	1,957	1,910	2,028
Housing	7,045	3,158	2,014	1,900	2,036
Infrastructure	5,920	3,888	5,179	6,676	5,391
Environment	489	281	176	154	16
Contingent	722	747	81	80	80
Other	271	267	443	487	231
Local government	1,980	1,535	2,142	2,246	2,337
Total payments for specific purposes	53,301	45,445	56,027	59,722	60,621

(a) This includes payments for state education services and for skills and workforce development.

Box 2.2: Indigenous Reforms

COAG has committed to improving outcomes for Indigenous Australians, recognising that Indigenous Australians face significantly worse outcomes than non-Indigenous Australians across a range of areas including life expectancy, child mortality rates, education, employment outcomes and opportunities.

The *National Indigenous Reform Agreement* sets out the objectives, outcomes and outputs needed to close the gap in Indigenous disadvantage. COAG has agreed to the following 'Closing the Gap' targets:

- closing the life expectancy gap within a generation;
- halving the gap in mortality rates for Indigenous children under five within a decade;
- ensuring all Indigenous four year olds in remote communities have access to early childhood education within five years;
- halving the gap for Indigenous students in reading, writing and numeracy within a decade;
- halving the gap for Indigenous students in Year 12 attainment or equivalent attainment rate by 2020; and
- halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

In 2010-11, the Commonwealth will maintain its commitment to addressing Indigenous housing conditions, promoting safe and supportive communities, economic participation and healthy lives. The Commonwealth will provide funding to the States of:

- \$2.7 billion over five years from 2009-10 as part of a ten-year funding arrangement for the *National Partnership on Remote Indigenous Housing*, aiming to address overcrowding, homelessness, poor housing conditions and severe housing shortages in remote Indigenous communities (Table 2.6.7 refers);
- \$382 million over five years from 2009-10 as part of the *National Partnership on Indigenous Early Childhood Development* to reduce the gap in health and developmental outcomes between Indigenous and non-Indigenous children. The National Partnership agreement provides for payments to support the integration of early childhood services through children and family centres (Table 2.3.17), and access and use of maternal and child health services for Indigenous families (Table 2.2.59 refers); and

Box 2.2: Indigenous Reforms (continued)

- \$314.5 million over three years from 2009-10 as part of the *National Partnership on Closing the Gap in the Northern Territory*. This funding will support law and order measures and prevention of violence and substance abuse (Table 2.5.4); family support services (Table 2.5.5); field operations conducted by government officials (Table 2.5.6); improving management of food security operations (Table 2.5.7); reimbursement for property and tenancy management services (Table 2.5.8); learning initiatives for enhanced literacy and numeracy (Table 2.3.14); providing additional teachers (Table 2.3.15); additional teacher housing (Table 2.3.13) and health and related services (Table 2.2.16).

The Commonwealth has also committed to additional measures in support of improving Indigenous opportunity in the 2010-11 Budget that are not paid to the States. These measures focus on the support of remote service delivery, hostel accommodation, the prevention of substance abuse and home ownership. These measures can be found in *Budget Paper No. 2, Budget Measures 2010-11*.

HEALTH

National Healthcare Agreement

The *National Healthcare Agreement* agreed by COAG in November 2008 affirms the commitment of the Commonwealth and the States to:

- ensuring that there is a focus on health policy and prevention of disease and injury and the maintenance of health, not simply the treatment of illness;
- meeting the primary health care needs of all Australians efficiently through timely and quality care;
- ensuring that people with complex care needs can access comprehensive, integrated and coordinated services;
- providing timely and appropriate high-quality hospital and hospital-related care to all Australians;
- meeting the needs of older Australians through high-quality, affordable health and aged care services that are appropriate to their needs, as well as enabling choice and seamless, timely transition within and across the different sectors;
- ensuring all Australians experience best-practice care that is suited to their needs and circumstances;
- achieving health outcomes for Indigenous Australians that are comparable to the broader population and those living in rural and remote areas; and
- a sustainable health system that can respond and adapt to future needs.

National Health and Hospitals Network Agreement

On 20 April 2010, COAG, with the exception of Western Australia, agreed significant reforms to the health and hospital system — the establishment of a *National Health and Hospitals Network*.

The *National Health and Hospitals Network Agreement* provides for the establishment of the *National Health and Hospitals Network* as a nationally unified and locally controlled health system that will ensure future generations of Australians enjoy world class, universally accessible health care, by:

- establishing the Commonwealth as:
 - the majority funder of public hospital services;

- responsible for full funding and policy responsibility for GP and primary health care; and
- responsible for full funding, policy, management and delivery responsibility for a national aged care system;
- establishing Local Hospital Networks to run hospitals and private healthcare organisations to run/co-ordinate primary care; and
- establishing the States as:
 - responsible for system-wide public hospital service planning and performance (in conjunction with Local Hospital Networks) and capital planning; and
 - key partners supporting the Commonwealth's responsibility for system-wide GP and primary health care policy and service planning coordination.

Payment to support health services

In 2010-11, the Commonwealth will provide funding of \$14.3 billion to support state health care services.

This includes funding in the 2010-11 Budget of \$3.8 billion, over five years commencing in 2009-10, for *National Health and Hospitals Network* reform. These measures aim to improve the quality of health and hospital services by helping patients receive more seamless care across sectors of the health system, improving the quality of care patients receive through high performance standards and improved engagement of local clinicians, and providing a secure funding base for health and hospitals into the future.

These measures include:

- recurrent funding for around 22,000 additional elective surgery procedures in 2013-14;
- implementing access targets for elective surgery so that by December 2015, 95 per cent of patients will be treated within clinically recommended times;
- additional funding for emergency department services to implement a new four-hour national access target to ensure patients are admitted, referred or discharged within four hours of presentation to an emergency department; and
- 1,300 new sub-acute care beds by 2013-14.

From 2011-12, the Commonwealth will provide *National Health and Hospitals Network* funding sourced from the existing National Healthcare SPP and an amount of GST

dedicated to health and hospital services. This funding will be paid into a new *National Health and Hospitals Network* fund to fund public hospitals, primary care services, and – other than in Victoria – aged care.

Table 2.2 provides information on payments to support state health services, including additional investments and reforms under the *National Health and Hospitals Network Agreement*.

Table 2.2: Payments to the States to support health services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Healthcare SPP	11,224	12,036	1,315	1,416	1,529
National Health and Hospitals					
Network funding(a)(b)(c)			25,261	27,279	29,429
National Partnership payments					
National Health and Hospitals					
Network package(d)	300	864	782	871	976
Health and hospital workforce reform	-	-	41	56	-
Preventive health	-	11	75	136	194
Health and hospital fund	256	544	709	444	99
Closing the Gap - NT	9	5	5	-	-
Health infrastructure	37	17	7	2	1
Health services	84	81	83	81	82
Local government programs	2	8	26	26	-
Other payments	495	740	467	476	377
Total	12,406	14,307	28,770	30,786	32,687

(a) Sourced from the National Healthcare SPP and GST dedicated to health and hospital services, other than for Western Australia.

(b) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts of GST dedicated to health and hospital services to be determined annually, in consultation with the States, on the basis of actual expenditure.

(c) *National Health and Hospitals Network* funding for hospital services will be paid through the *National Health and Hospitals Network* fund to Local Hospital Networks via state-based joint Intergovernmental funding authorities.

(d) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

National Healthcare SPP and National Health and Hospitals Network funding

In 2010-11, the Commonwealth will provide \$12.0 billion to support state healthcare services through the National Healthcare SPP.

With the commencement of the *National Health and Hospitals Network* in 2011-12, funding will increase from \$12.0 billion to \$26.6 billion reflecting the Commonwealth's increased funding responsibilities.

Table 2.2.1: National Healthcare SPP and National Health and Hospitals Network funding

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10									
National Healthcare SPP	3,711	2,711	2,206	1,136	920	246	149	146	11,224
Total	3,711	2,711	2,206	1,136	920	246	149	146	11,224
2010-11									
National Healthcare SPP	3,949	2,921	2,393	1,230	962	265	166	150	12,036
Total	3,949	2,921	2,393	1,230	962	265	166	150	12,036
2011-12									
National Healthcare SPP(a)	-	-	-	1,315	-	-	-	-	1,315
National Health and Hospitals Network funding (b)(c)(d)	8,977	6,010	6,183	-	2,249	653	645	544	25,261
Total	8,977	6,010	6,183	1,315	2,249	653	645	544	26,575
2012-13									
National Healthcare SPP(a)	-	-	-	1,416	-	-	-	-	1,416
National Health and Hospitals Network funding (b)(c)(d)	9,649	6,505	6,739	-	2,396	703	705	583	27,279
Total	9,649	6,505	6,739	1,416	2,396	703	705	583	28,695
2013-14									
National Healthcare SPP(a)	-	-	-	1,529	-	-	-	-	1,529
National Health and Hospitals Network funding (b)(c)(d)	10,355	7,034	7,343	-	2,548	755	771	625	29,429
Total	10,355	7,034	7,343	1,529	2,548	755	771	625	30,959

(a) Western Australia will continue to receive the National Healthcare SPP until it becomes a signatory to the *National Health and Hospitals Network Agreement*.

(b) Sourced from the National Healthcare SPP and GST dedicated to health and hospital services, other than for Western Australia.

(c) *National Health and Hospitals Network* funding for hospital services will be paid through the *National Health and Hospitals Network* fund to Local Hospital Networks via state-based joint Intergovernmental funding authorities.

(d) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts of GST dedicated to health and hospital services to be determined annually, in consultation with the States, on the basis of actual expenditure.

The National Healthcare SPP, which will expire in its current form in 2011-12, will be indexed by the following factors:

- a health-specific cost index (the Australian Institute of Health and Welfare health price index);
- the growth in population estimates weighted for hospital utilisation; and
- a technology factor (the Productivity Commission derived index of technology growth).

The growth factor for the National Healthcare SPP is currently estimated to be 7.24 per cent in 2010-11.

National Health and Hospitals Network funding sourced from the National Healthcare SPP will continue to be indexed on 1 July each year. From 2011-12, there will be an adjustment to funding sourced from the current National Healthcare SPP to ensure the agreed changes to the roles and responsibilities for the Home and Community Care program and related programs in the *National Health and Hospitals Network Agreement* are budget neutral to both the States and the Commonwealth. This includes all States with the exception of Victoria, which is not a party to this part of the agreement. The adjustment for Western Australia is dependent on it becoming a signatory to the *National Health and Hospitals Network Agreement*.

National Partnership payments for Health

National Health and Hospitals Network — hospitals and mental health

Hospitals — four hour national access target for emergency departments — facilitation and reward funding

The Commonwealth will provide \$500 million over four years to introduce a four hour national access target to reduce the time taken to treat patients in public hospital emergency departments.

The funding will comprise:

- \$250 million in facilitation payments to facilitate improved emergency department performance, and help States move towards a new four hour national target; and
- \$250 million in reward payments from 2011-12 for those States that meet this target.

The four hour national access target for emergency departments will require hospitals to admit, refer for follow-up treatment, or discharge at least 95 per cent of patients within four hours of presenting at a hospital emergency department, where it is clinically appropriate to do so. The implementation of the four hour target will be staggered over time, so that it will first apply — in 2011 — to those cases in the most

urgent category of clinical need, and will be progressively applied to the less urgent clinical triage categories in subsequent years.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.2: Estimated payments to the States for hospitals — four hour national access target for emergency departments — facilitation and reward funding

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	48.5	37.2	30.5	15.5	11.0	3.4	2.4	1.5	150.0
2011-12	32.2	24.8	20.4	10.4	7.3	2.2	1.6	1.0	100.0
2012-13	32.0	24.8	20.6	10.5	7.2	2.2	1.6	1.0	100.0
2013-14	47.9	37.3	31.0	15.8	10.8	3.3	2.4	1.6	150.0

(a) Funding for this measure includes the full amount of funding allocated to Western Australia from 2011-12. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Hospitals — four hour national access target for emergency departments — capital funding

The Commonwealth will provide \$250 million over four years to expand capacity within the hospital system for emergency department treatment.

The expansion of emergency departments and associated facilities will help achieve the Commonwealth's new four hour national access target. This target will require emergency departments to admit, refer or discharge patients within four hours of presenting at a hospital emergency department. This funding will allow for the upgrade of public hospital emergency departments in order to meet these new targets and will be distributed based on population and need.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.3: Estimated payments to the States for hospitals — four hour national access target for emergency departments — capital funding

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	29.0	22.9	19.2	10.8	8.1	3.9	3.3	2.9	100.0
2010-11	14.5	11.4	9.6	5.4	4.0	1.9	1.7	1.4	50.0
2011-12	14.5	11.4	9.6	5.4	4.0	1.9	1.7	1.4	50.0
2012-13	14.5	11.4	9.6	5.4	4.0	1.9	1.7	1.4	50.0
2013-14	-	-	-	-	-	-	-	-	-

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Hospitals — improving access to elective surgery — facilitation and reward funding

This reform component seeks to implement access targets for elective surgery so that:

- by December 2014, 95 per cent of patients in urgency categories 1 and 2 will be treated within clinically recommended times; and
- by December 2015, 95 per cent of patients in category 3 will be treated within clinically recommended times.

To support the achievement of these targets, the Commonwealth will make \$650 million available to the States over four years. These funds are to facilitate and reward the staged achievement of national access guarantees and elective surgery targets for public elective surgery patients.

In 2010-11, funding includes \$300 million for an intensified focus on patients who have been waiting longer than clinically recommended times. Reward payments of \$350 million over three years will be provided from 2011-12 to 2013-14, to reward the achievement of performance targets. These funds are expected to support an additional 22,000 elective surgery procedures each year by 2013-14.

The Commonwealth will meet 60 per cent of the recurrent cost of services provided from 2014-15 onwards.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.4: Estimated payments to the States for hospitals — improving access to elective surgery — facilitation and reward funding

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	96.9	74.5	61.0	31.0	22.0	6.8	4.8	3.1	300.0
2011-12	38.0	29.3	24.1	12.3	8.6	2.7	1.9	1.2	118.0
2012-13	37.2	28.8	23.8	12.2	8.4	2.6	1.8	1.2	116.0
2013-14	37.0	28.8	24.0	12.2	8.3	2.6	1.8	1.2	116.0

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Hospitals — improving access to elective surgery — capital funding

The Commonwealth will provide \$150 million over three years to boost elective surgery capacity in public hospitals.

Expanding the capacity to perform additional elective surgery will help to achieve the Commonwealth's new national target for elective surgery and the National Access Guarantee for Elective Surgery. This target seeks to ensure that 95 per cent of elective

surgery patients in all urgency categories are treated within the clinically recommended time by the end of 2015.

This measure, in conjunction with *National Health and Hospitals Network – Improving access to elective surgery – facilitation and reward funding* will help the hospital system to provide an additional 22,000 elective surgery procedures each year by 2013-14.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.5: Estimated payments to the States for hospitals — improving access to elective surgery — capital funding

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	20.2	16.2	13.8	8.2	6.5	3.7	3.4	3.1	75.0
2010-11	13.4	10.8	9.2	5.5	4.3	2.5	2.3	2.0	50.0
2011-12	6.7	5.4	4.6	2.8	2.2	1.2	1.1	1.0	25.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Hospitals — new sub-acute hospital beds

The Commonwealth will provide \$1.6 billion over four years to provide funding for at least 1,300 additional beds for sub-acute services.

Under this measure, States will need to commit to — and establish — an agreed number of new sub-acute beds each year to receive a payment from the Commonwealth. These beds could be provided in public hospitals, as well as in private hospitals or in community settings. This funding will provide beds for palliative, rehabilitative and geriatric care, as well as sub-acute mental health treatment.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.6: Estimated payments to the States for hospitals — new sub-acute hospital beds

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	76.0	58.2	46.9	24.1	17.0	5.7	3.6	2.1	233.6
2011-12	102.6	78.4	64.4	32.1	23.9	7.0	5.6	3.6	317.6
2012-13	145.0	111.1	89.8	45.9	32.8	10.6	7.0	4.3	446.6
2013-14	203.8	154.7	125.9	64.3	46.0	14.0	9.9	6.9	625.5

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Hospitals — flexible funding for emergency departments, elective surgery and sub-acute care

The Commonwealth will provide \$200 million over four years to increase hospital capacity and improve services to patients through a funding pool. The funding pool will give the States capacity to rapidly respond to capital and recurrent cost needs in the hospital system in relation to emergency departments, elective surgery and sub-acute care. This funding will also allow for minor repairs and improvements to public hospitals to be rapidly completed.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.7: Estimated payments to the States for hospitals — flexibility funding for emergency departments, elective surgery and sub-acute care

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	35.2	28.0	23.6	13.6	10.4	5.4	4.7	4.2	125.0
2010-11	7.0	5.6	4.7	2.7	2.1	1.1	0.9	0.8	25.0
2011-12	7.0	5.6	4.7	2.7	2.1	1.1	0.9	0.8	25.0
2012-13	7.0	5.6	4.7	2.7	2.1	1.1	0.9	0.8	25.0
2013-14	-	-	-	-	-	-	-	-	-

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Mental health — expanding the Early Psychosis Prevention and Intervention Centre model

The Commonwealth will provide \$23.5 million over four years to establish a new Early Psychosis Prevention and Intervention Centres (EPPIC) model with interested States. This measure builds on the EPPIC model currently operating in Victoria. EPPIC provides an integrated and comprehensive mental health service to help address the needs of people aged 15-24 with emerging psychosis. Services provided include early intervention, education, career support, and clinical treatment.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.8: Estimated payments to the States for mental health — expanding the Early Psychosis Prevention and Intervention Centre model

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	5.9
2011-12	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	5.9
2012-13	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	5.9
2013-14	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	5.9

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Aged care — supporting long stay older patients

The Commonwealth will redirect funding of \$276.4 million over three years from 2011-12 from high care residential aged care places to State governments to provide similar levels of care for Long Stay Older Patients (LSOP) in public hospitals.

As the numbers of LSOP are expected to decline over time as a result of other reforms announced as part of the *National Health and Hospitals Network* package, this measure funds up to 2,000 places in 2011-12, up to 1,700 places in 2012-13 and up to 1,400 places in 2013-14. The cost of these places will be met from within existing funding in the forward estimates for aged care places.

This measure also provides for the continuation of the existing LSOP initiative for a further two years to 2011-12. This initiative supports hospitals and multi-purpose services to deliver more flexible care to older people. Through this initiative the Commonwealth is providing \$37.5 million per year to States, allocated on the basis of the population of aged persons in each State. See also *Helping public patients in public hospitals waiting for nursing homes* in the *National Partnership on Health Services* section of this document.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.9: Estimated payments to the States for aged care — supporting long stay older patients

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	36.8	26.9	18.1	8.9	11.2	2.7	1.0	0.3	105.9
2012-13	32.1	23.4	15.8	7.8	9.8	2.3	0.9	0.3	92.3
2013-14	27.2	19.8	13.4	6.6	8.3	2.0	0.7	0.3	78.2

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

Aged care — expand access to multi-purpose services

The Commonwealth will provide \$120 million over three years to establish new, and increase the capacity of existing, multi-purpose service facilities. Up to 286 additional beds are expected to be available by 2012-13. Multi-purpose services provide a combination of services including acute-care, residential aged care, community health, home and community care, and other health-related services. These services ensure that small communities supporting a range of independently run services have access to more coordinated and cost-effective services.

This measure forms part of the Commonwealth's *National Health and Hospitals Network* package.

Table 2.2.10: Estimated payments to the States for aged care — expanding multi-purpose services

\$million	NSW	VIC	QLD	WA(a)	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	16.2	5.2	6.7	11.4	8.7	1.7	-	0.1	50.0
2011-12	11.3	3.6	4.7	8.0	6.1	1.2	-	0.1	35.0
2012-13	11.3	3.6	4.7	8.0	6.1	1.2	-	0.1	35.0
2013-14	-	-	-	-	-	-	-	-	-

(a) Funding for this measure includes the full amount of funding allocated to Western Australia. This funding is dependent on the Western Australian Government becoming a signatory to the *National Health and Hospitals Network Agreement*.

National Partnership on hospital and health workforce reform

The Commonwealth will provide \$1.4 billion over five years (\$96.9 million from 2009-10 to 2012-13) under the *National Partnership on hospital and health workforce reform*. Under the agreement, \$1.1 billion will be paid as a Commonwealth Own Purpose Expense and \$0.5 billion paid as a State contribution. This National Partnership aims to improve the efficiency of public hospital services, enhance health workforce capability and supply, increase the volume and quality of sub-acute care services, and improve the operations of emergency departments. It will support an efficient and effective public hospital system that delivers high-quality and safe services to patients.

The outputs of this National Partnership include:

- a nationally consistent approach to activity-based funding of public hospital services;
- increased capacity and productivity for the health workforce;
- enhanced sub-acute care services; and
- better outcomes for emergency department patients.

Funding for increased capacity and productivity for the health workforce is provided to the National Health Workforce Agency or relevant organisation, rather than directly to the States, and has thus been reflected in the National Partnership as a Commonwealth Own Purpose Expense.

Payments for enhanced sub-acute care services and better outcomes for emergency department patients were made in 2008-09.

Activity-based funding

This reform component will move jurisdictions to a more nationally consistent approach to funding services provided in public hospitals, whilst adhering to the Community Service Obligations required for the maintenance of small and regional hospital services, for which an activity-based funding approach would not be adequate.

Activity-based funding is a management tool that has the potential to enhance public accountability and drive technical efficiency in the delivery of health services.

The Commonwealth will provide \$133.4 million in funding for this reform component. \$36.5 million was paid in 2008-09, with the remaining amounts to be paid in 2011-12 and 2012-13.

Table 2.2.11: Estimated payments to the States for activity-based funding

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	12.3	11.0	7.0	4.1	3.6	1.2	1.0	1.2	41.4
2012-13	16.5	14.7	9.4	5.5	4.8	1.7	1.3	1.7	55.5
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on preventive health

The Commonwealth will provide \$642.9 million over six years to 2015-16 (\$415.5 million from 2009-10 to 2013-14) for the *National Partnership on preventive health*. This National Partnership has been established to address the rising prevalence of lifestyle-related chronic diseases. It will lay the foundations for healthy behaviours in the daily lives of Australians, including instituting programs to address risk factors related to smoking, nutrition, alcohol, and physical activity.

The National Partnership will contribute to increasing the proportion of children and adults at healthy body weight and meeting national guidelines for healthy eating and physical activity; reducing the proportion of adults smoking daily; and reducing harmful consumption of alcohol.

These outcomes will be achieved through the delivery of a range of programs related to healthy children, workers and communities, as well as partnerships with industry, enabling infrastructure and social marketing campaigns.

Healthy children

The Commonwealth will provide funding for the States to deliver a range of programs for children, covering physical activity, healthy eating and prevention in settings such as child care centres, pre-schools and schools. The payments to the States for healthy children programs will be structured as 50 per cent facilitation payment and 50 per cent reward payment.

Table 2.2.12: Estimated payments to the States for healthy children

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	10.7	7.8	6.6	3.3	2.3	0.8	0.5	0.4	32.5
2012-13	21.3	15.7	13.3	6.6	4.6	1.6	1.0	0.8	64.9
2013-14	32.0	23.5	19.9	9.9	6.9	2.4	1.5	1.2	97.4

Healthy workers

In addition to developing a national healthy workplace charter with peak employer and employee groups, the Commonwealth will provide funding to the States to facilitate the delivery of healthy living programs in workplaces, covering topics such as physical activity, healthy eating, harmful consumption of alcohol and smoking cessation. The payments to the States will be structured as 50 per cent facilitation payment and 50 per cent reward payment.

Table 2.2.13: Estimated payments to the States for healthy workers

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	10.7	8.3	6.9	3.6	2.5	0.7	0.6	0.3	33.6
2012-13	19.9	15.4	12.8	6.7	4.6	1.4	1.1	0.6	62.6
2013-14	28.1	21.7	18.1	9.5	6.4	1.9	1.6	0.9	88.2

Social marketing

In addition to funding a social marketing campaign to extend and complement the Australian Better Health Initiative campaign, the Commonwealth will fund the States to provide reinforcing local activities. These payments will be provided as facilitation payments.

Table 2.2.14: Estimated payments to the States for social marketing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2011-12	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2012-13	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2013-14	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0

Enabling infrastructure

The Commonwealth will establish the Australian National Preventive Health Agency, as well as provide additional funding to create the Australian Health Survey, which will collect representative data on the prevalence of chronic diseases and lifestyle related risk factors amongst Indigenous and non-Indigenous Australians, including nutrition, physical activity and biomedical measures.

The Commonwealth will also provide funding to the States for additional state-based surveillance activities covering nutrition and physical activity measures consistent with national protocols.

The payments will be provided as facilitation payments.

Table 2.2.15: Estimated payments to the States for enabling infrastructure

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	1.6	1.2	1.0	0.5	0.4	0.1	0.1	0.1	5.0
2011-12	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5
2012-13	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5
2013-14	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5

National Partnership on Closing the Gap — Northern Territory

The Commonwealth will provide funding to the States of \$18.7 million over three years from 2009-10 to continue to strengthen the measures initiated under the Northern Territory Emergency Response (NTER). The funding will be provided to the Northern Territory to deliver initiatives across law and order, community safety, education, health, food security, and interpreters. The Commonwealth will work in partnership with the Northern Territory and Indigenous communities to move NTER into a long-term development phase.

The education and community services section outlines further payments made under the *National Partnership on Closing the Gap – Northern Territory*.

Table 2.2.16: Estimated payments to the States for Closing the Gap — Indigenous health and related services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	8.9	8.9
2010-11	-	-	-	-	-	-	-	4.9	4.9
2011-12	-	-	-	-	-	-	-	4.9	4.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership for health infrastructure

Several payments will be combined into a *National Partnership for health infrastructure*.

Tasmanian health package

The Commonwealth will provide funding to improve health services in Tasmania. The Tasmanian package includes expanded radiation oncology services in North/North West Tasmania, increased patient transport and accommodation services through the Tasmanian patient transport initiative and investment in the Launceston Integrated Cancer Care Centre.

Table 2.2.17: Estimated payments to the States for radiation oncology services in North/North West Tasmania

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	3.2	-	-	3.2
2010-11	-	-	-	-	-	2.7	-	-	2.7
2011-12	-	-	-	-	-	0.4	-	-	0.4
2012-13	-	-	-	-	-	0.4	-	-	0.4
2013-14	-	-	-	-	-	-	-	-	-

Table 2.2.18: Estimated payments to the States for patient transport and accommodation services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	2.3	-	-	2.3
2010-11	-	-	-	-	-	2.3	-	-	2.3
2011-12	-	-	-	-	-	1.2	-	-	1.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.2.19: Estimated payments to the States for the Launceston Integrated Cancer Care Centre

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	5.0	-	-	5.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

PET scanner for the Royal Hobart hospital

The Commonwealth provided funding in 2009-10 for the purchase of a positron emission tomography (PET) scanner at Royal Hobart hospital.

Table 2.2.20: Estimated payments to the States for the PET scanner for the Royal Hobart hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	3.5	-	-	3.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

PET scanner for Calvary Mater hospital, Newcastle

The Commonwealth provided funding in 2009-10 for the purchase of a PET scanner at Calvary Mater Newcastle hospital. This complements the Hunter-New England region's major centre for oncology services.

Table 2.2.21: Estimated payments to the States for a PET scanner for the Calvary Mater hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.1	-	-	-	-	-	-	-	1.1
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

PET scanner for the Westmead hospital, Sydney

The Commonwealth will provide funding to New South Wales for the provision of PET scanner services and research at Westmead hospital.

Table 2.2.22: Estimated payments to the States for a PET scanner for the Westmead hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.3	-	-	-	-	-	-	-	1.3
2010-11	1.3	-	-	-	-	-	-	-	1.3
2011-12	1.3	-	-	-	-	-	-	-	1.3
2012-13	1.3	-	-	-	-	-	-	-	1.3
2013-14	1.3	-	-	-	-	-	-	-	1.3

Olivia Newton-John cancer centre, Melbourne

The Commonwealth provided funding in 2009-10 towards the establishment of the Olivia Newton-John cancer centre at the Austin hospital, Melbourne. The centre is a purpose-built facility that combines cancer treatment services with clinical research programs currently run by Austin Health and the International Ludwig Institute for Cancer Research.

Table 2.2.23: Estimated payments to the States for the Olivia Newton-John cancer centre

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	10.0	-	-	-	-	-	-	10.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Children's cancer centre, Adelaide

The Commonwealth will provide funding to South Australia for the construction of a purpose-built children's cancer centre at the Women's and Children's Hospital in Adelaide. The new centre will establish a fully integrated, dedicated children's cancer facility that will provide state of the art care and treatment facilities.

Table 2.2.24: Estimated payments to the States for the children's cancer centre, Adelaide

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	2.5	-	-	-	2.5
2010-11	-	-	-	-	8.0	-	-	-	8.0
2011-12	-	-	-	-	1.5	-	-	-	1.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Lismore integrated cancer centre

The Commonwealth provided funding in 2009-10 to bring forward the completion of the integrated cancer centre at the Lismore base hospital to May 2010. The integrated cancer centre is a purpose-built facility offering a range of cancer treatments including a radiation oncology service.

Table 2.2.25: Estimated payments to the States for the Lismore integrated cancer centre

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	3.5	-	-	-	-	-	-	-	3.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Cairns base hospital chemotherapy cancer initiative

The Commonwealth provided funding in 2009-10 towards the Cairns base hospital chemotherapy initiative.

Table 2.2.26: Estimated payments to the States for the Cairns base hospital chemotherapy cancer initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	0.5	-	-	-	-	-	0.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Cairns integrated cancer centre

The Commonwealth will provide funding towards the establishment of an integrated cancer centre at the Cairns base hospital. The integrated cancer centre will be a purpose-built facility offering a range of cancer treatments including a radiation oncology service.

Table 2.2.27: Estimated payments to the States for the Cairns integrated cancer centre

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	3.3	-	-	-	-	-	3.3
2010-11	-	-	2.0	-	-	-	-	-	2.0
2011-12	-	-	2.0	-	-	-	-	-	2.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Health infrastructure projects in Tasmania

The Commonwealth will provide funding to Tasmania to upgrade chemotherapy and cancer facilities in North West Tasmania, with a focus on the North West Regional hospital at Burnie. Funding will also be provided to upgrade a portion of the additional patient accommodation proposed for Launceston.

Table 2.2.28: Estimated payments to the States for upgrading chemotherapy and cancer facilities in North West Tasmania

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	0.4	-	-	0.4
2010-11	-	-	-	-	-	0.4	-	-	0.4
2011-12	-	-	-	-	-	0.6	-	-	0.6
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.2.29: Estimated payments to the States for upgrading patient accommodation for Launceston

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	0.5	-	-	0.5
2010-11	-	-	-	-	-	0.5	-	-	0.5
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on health services

Several payments will be combined into a *National Partnership on health services*.

Healthy kids health checks

The Commonwealth will provide funding to the States to strengthen linkages between the Medicare Benefits Schedule healthy kids check and state-funded child health assessment services, and to promote further the provision of health assessment services to children who are about to enter school.

The program will promote early detection of lifestyle risk factors, delayed development and illness, and introduce guidance for healthy lifestyles and early intervention strategies.

Table 2.2.30: Estimated payments to the States for healthy kids health checks

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	1.7
2010-11	0.5	0.4	0.3	0.1	0.2	0.1	0.1	0.1	1.8
2011-12	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.1	1.9
2012-13	0.6	0.4	0.4	0.2	0.2	0.1	0.1	0.1	2.0
2013-14	0.6	0.4	0.4	0.2	0.2	0.1	0.1	0.1	2.0

Reducing rheumatic heart fever for Indigenous children

The Commonwealth will provide funding to support disease registers and control programs for acute rheumatic fever and rheumatic heart disease to reduce rheumatic heart fever for Indigenous children.

Table 2.2.31: Estimated payments to the States for reducing rheumatic heart fever for Indigenous children

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	0.8	0.8	-	-	-	0.8	2.3
2010-11	-	-	0.8	0.8	-	-	-	0.8	2.4
2011-12	-	-	0.8	0.8	-	-	-	0.8	2.4
2012-13	-	-	0.8	0.8	-	-	-	0.8	2.5
2013-14	-	-	0.9	0.9	-	-	-	0.9	2.6

National bowel cancer screening program

The Commonwealth will provide funding to the States to support follow-up for national bowel cancer screening program participants who returned a positive test result. The second phase of the program commenced on 1 July 2008, and offers testing to people turning 50, 55 or 65 years of age between January 2008 and December 2010.

Table 2.2.32: Estimated payments to the States for the national bowel cancer screening program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.6	0.4	0.4	0.2	0.1	0.1	0.1	0.1	2.0
2010-11	0.6	0.4	0.4	0.2	0.1	0.1	0.1	0.1	2.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National perinatal depression initiative

The Commonwealth will provide funding to the States for the national perinatal depression initiative. The initiative aims to improve prevention and early detection of antenatal and postnatal depression and provide better support and treatment for expectant and new mothers experiencing depression.

Table 2.2.33: Estimated payments to the States for the national perinatal depression initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.0	0.8	0.7	0.4	0.3	0.1	0.1	0.1	3.6
2010-11	1.8	1.5	1.3	0.8	0.4	0.2	0.2	0.2	6.4
2011-12	2.7	2.2	1.9	1.2	0.6	0.3	0.2	0.3	9.5
2012-13	2.5	2.1	1.7	1.1	0.6	0.3	0.2	0.3	8.7
2013-14	2.5	2.1	1.7	1.1	0.6	0.3	0.2	0.3	8.7

Victorian cytology service

The Commonwealth will provide funding for the Victorian cytology service. The service is a Commonwealth-funded pathology laboratory, responsible for reporting cervical cytology tests.

Table 2.2.34: Estimated payments to the States for the Victorian cytology service

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	7.0	-	-	-	-	-	-	7.0
2010-11	-	7.3	-	-	-	-	-	-	7.3
2011-12	-	7.7	-	-	-	-	-	-	7.7
2012-13	-	8.1	-	-	-	-	-	-	8.1
2013-14	-	8.2	-	-	-	-	-	-	8.2

OzFoodNet

The Commonwealth will provide funding for OzFoodNet. OzFoodNet is a collaborative initiative with state health authorities for enhanced food-borne disease surveillance, to provide a better understanding of the causes and incidence of food-borne disease in the community and to provide an evidence base for policy formulation.

OzFoodNet collaborates nationally to coordinate investigations into food-borne disease outbreaks, particularly those that cross state and country borders.

Table 2.2.35: Estimated payments to the States for OzFoodNet

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2010-11	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2011-12	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2012-13	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2013-14	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.7

Pneumococcal disease surveillance

The Commonwealth will provide funding for the vaccine-preventable pneumococcal disease surveillance program. The program will improve surveillance reporting of pneumococcal disease and allow national monitoring, analysis and timely reporting of data to provide an evidence base for policy formulation.

Table 2.2.36: Estimated payments to the States for pneumococcal disease surveillance

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.1	..	-	..	..	..	..	..	0.2
2010-11	0.1	..	-	..	..	..	..	..	0.2
2011-12	0.1	..	-	..	..	..	..	..	0.2
2012-13	0.1	..	-	..	..	..	..	..	0.2
2013-14	-	..	-	-	..	..	..	0.1	0.2

Vaccine-preventable diseases surveillance program

The Commonwealth will provide funding for the vaccine-preventable diseases surveillance program. The program will improve surveillance reporting of nationally notifiable vaccine-preventable diseases and allow national monitoring, analysis and timely reporting of data to provide an evidence base for policy formulation.

Table 2.2.37: Estimated payments to the States for vaccine-preventable diseases surveillance program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.1	0.2	0.1	0.1	0.1	..	..	..	0.6
2010-11	0.1	0.2	0.1	0.1	0.1	..	..	..	0.6
2011-12	0.1	0.2	0.2	0.1	0.1	..	..	..	0.6
2012-13	0.1	0.2	0.2	0.1	0.1	..	..	..	0.6
2013-14	0.2	0.1	0.2	0.1	..	..	..	..	0.6

National public health — human quarantine services

The Commonwealth will provide funding for human quarantine services to support the implementation of health measures at our international borders. The aim of these health measures is to manage the risk of travellers bringing designated diseases into Australia.

Table 2.2.38: Estimated payments to the States for national public health — human quarantine services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	..	..	..	..	..	..	..	..	0.1
2010-11	..	..	..	..	..	..	..	..	0.1
2011-12	..	..	..	..	..	..	..	..	0.1
2012-13	..	..	..	..	..	..	..	..	0.1
2013-14	..	..	..	..	..	..	..	..	0.1

Royal Darwin hospital — equipped, prepared and ready

The Commonwealth will provide funding for the national critical care and trauma response centre at Royal Darwin hospital and to maintain it in a state of readiness to respond to a major incident in the region.

Table 2.2.39: Estimated payments to the States for Royal Darwin hospital — equipped, prepared and ready

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	14.0	14.0
2010-11	-	-	-	-	-	-	-	14.2	14.2
2011-12	-	-	-	-	-	-	-	14.5	14.5
2012-13	-	-	-	-	-	-	-	14.8	14.8
2013-14	-	-	-	-	-	-	-	15.0	15.0

Health care grants for the Torres Strait

The Commonwealth will provide funding to Queensland towards the costs associated with the provision of health care to Papua New Guinea nationals by Queensland health services.

Table 2.2.40: Estimated payments to the States for health care grants for the Torres Strait

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	3.8	-	-	-	-	-	3.8
2010-11	-	-	4.0	-	-	-	-	-	4.0
2011-12	-	-	4.2	-	-	-	-	-	4.2
2012-13	-	-	4.4	-	-	-	-	-	4.4
2013-14	-	-	4.4	-	-	-	-	-	4.4

Torres Strait Islander health protection strategy

The Commonwealth will provide funding to Queensland to assist in mosquito detection and eradication in the region. Funding will also be provided to Queensland to support the Torres Strait communication officer position.

Table 2.2.41: Estimated payments to the States for the Torres Strait Islander health protection strategy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	0.9	-	-	-	-	-	0.9
2010-11	-	-	0.9	-	-	-	-	-	0.9
2011-12	-	-	0.9	-	-	-	-	-	0.9
2012-13	-	-	0.9	-	-	-	-	-	0.9
2013-14	-	-	0.9	-	-	-	-	-	0.9

Sexual assault counselling in remote Northern Territory areas

The Commonwealth will provide funding to the Northern Territory to assist Indigenous communities affected by sexual assault-related trauma. Small teams of professionally qualified counsellors and Indigenous sexual assault workers will provide culturally safe mobile outreach services to children, families and communities in remote areas of the Northern Territory from regionally-based locations in Tennant Creek, Darwin, Katherine and Alice Springs. This service is known as the NT mobile outreach service.

Table 2.2.42: Estimated payments to the States for sexual assault counselling in remote Northern Territory areas

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	1.4	1.4
2010-11	-	-	-	-	-	-	-	1.4	1.4
2011-12	-	-	-	-	-	-	-	1.5	1.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Satellite renal dialysis facilities in remote Northern Territory communities

The Commonwealth will provide funding to the Northern Territory to improve access to renal dialysis services for remote communities in the Northern Territory, to help reduce the pressure on existing renal services. In the Northern Territory, Aboriginal and Torres Strait Islander people have an incidence of end-stage renal disease at least 28 times higher than that for non-Indigenous Australians.

Table 2.2.43: Estimated payments to the States for satellite renal dialysis facilities in remote Northern Territory communities

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	1.0	1.0
2010-11	-	-	-	-	-	-	-	0.3	0.3
2011-12	-	-	-	-	-	-	-	0.1	0.1
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Supporting nurses to return to the workforce

The Commonwealth will redirect funding from the bringing the nurses back into the workforce program and will cease administration arrangements. This will involve negotiations with state Departments of Health and participating private hospitals, as well as consultations with the profession.

The Commonwealth will ensure that nurses who are currently enrolled in the program will continue to receive incentive payments, although no new nurses will be accepted into the program from 12 May 2010.

Table 2.2.44: Estimated payments to the States for supporting nurses to return to the workforce — incentive payments

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.7	1.1	1.0	0.5	0.4	0.1	0.2	0.1	5.1
2010-11	0.3	-	-	..	0.1	-	0.2	..	0.7
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.2.45: Estimated payments to the States for supporting nurses to return to the workforce — training payments

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.4	0.2	0.2	0.1	0.1	..	..	..	1.1
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Helping public patients in public hospitals waiting for nursing homes

The Commonwealth will provide funding to improve care outcomes for older patients in public hospitals who no longer require acute care or rehabilitation and who are waiting for residential aged care. The funding enables the States to provide a range of services relevant to their own service systems, to enhance the care of older people in public hospitals and reduce the risk of hospitalisation.

Table 2.2.46: Estimated payments to the States for helping public patients in public hospitals waiting for nursing homes

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2010-11	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2011-12	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2012-13	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2013-14	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5

Health and Hospitals Fund**Health and Hospitals Fund — hospital infrastructure and other projects of national significance**

The Commonwealth will provide \$1.5 billion over seven years from the Health and Hospitals Fund to support the development of health infrastructure projects of national significance. The Commonwealth will collaborate with the States to expand and modernise key public hospitals across Australia to improve hospital care.

Table 2.2.47: Estimated payments to the States for Health and Hospitals Fund — hospital infrastructure and other projects of national significance

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	35.0	1.5	71.0	25.6	54.0	24.4	-	9.2	220.7
2010-11	31.5	7.0	14.8	145.3	59.0	5.6	-	17.5	280.7
2011-12	35.0	4.5	100.2	123.2	52.0	-	-	5.5	320.4
2012-13	9.4	-	82.0	45.0	5.0	-	-	-	141.4
2013-14	-	-	15.0	62.6	-	-	-	-	77.6

Health and Hospitals Fund — national cancer system

The Commonwealth will provide \$1.3 billion over six years from the Health and Hospitals Fund to support infrastructure to deliver a world-class cancer care system in Australia. This funding will help modernise cancer services and improve detection,

survival and treatment outcomes, particularly for patients in regional and rural Australia.

Table 2.2.48: Estimated payments to the States for Health and Hospitals Fund — national cancer system^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	6.9	14.4	2.9	1.2	0.9	0.7	1.4	0.7	29.2
2010-11	26.4	143.3	39.1	14.2	1.7	2.6	17.9	1.2	246.4
2011-12	88.7	145.5	76.2	18.0	7.0	0.7	13.6	0.6	350.2
2012-13	10.0	219.4	51.1	2.3	7.7	-	1.8	-	292.3
2013-14	-	-	21.7	-	-	-	-	-	21.7

(a) Annual estimates may change as a result of funding negotiations.

Health and Hospitals Fund — translational research and workforce training

The Commonwealth will provide \$430.3 million over six years (\$71.0 million from 2009-10 to 2012-13) from the Health and Hospitals Fund to support translational medical research infrastructure. This translational research investment will provide new medical research infrastructure in the areas of mental health and neurological disorders, child health, Indigenous health and medical bionics. The funding has been targeted at projects that will focus on translating research into clinical practice to deliver better health outcomes for all Australians.

Table 2.2.49: Estimated payments to the States for Health and Hospitals Fund — translational research and workforce training

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	6.1	-	-	-	-	-	-	6.1
2010-11	-	16.9	-	-	-	-	-	-	16.9
2011-12	-	38.0	-	-	-	-	-	-	38.0
2012-13	-	10.0	-	-	-	-	-	-	10.0
2013-14	-	-	-	-	-	-	-	-	-

Local government programs

Healthy communities

The Commonwealth provides funding to support the national roll-out of successful and effective community-based physical activity and healthy eating programs.

Table 2.2.50: Estimated payments to local government for healthy communities

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	1.6
2010-11	2.3	1.7	1.4	0.9	0.5	0.3	0.3	0.3	7.8
2011-12	7.9	6.2	4.8	2.8	1.7	0.8	0.8	0.8	25.8
2012-13	8.0	6.3	4.9	2.9	1.7	0.9	0.9	0.9	26.3
2013-14	-	-	-	-	-	-	-	-	-

Other National Partnership payments for health

National Partnership on the East Kimberley development package — health related projects

The Commonwealth will provide \$43.5 million to Western Australia for health infrastructure projects from the East Kimberley development package. Investment priorities under the package include primary and preventive health care, drug and alcohol services, short-term patient accommodation, housing for health service providers, improvements to remote clinics, aged care facilities and environmental health measures. Improving primary and preventative health care services in these areas will reduce the incidence of chronic and acute illness in the community as well as reduce the pressure on acute health services in Kununurra and Wyndham.

The East Kimberley development package as a whole is described in the infrastructure services section.

Table 2.2.51: Estimated payments to the States for the East Kimberley development package — health related projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	19.9	-	-	-	-	19.9
2010-11	-	-	-	20.3	-	-	-	-	20.3
2011-12	-	-	-	3.3	-	-	-	-	3.3
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Repatriation general hospitals

The Commonwealth met its future payment commitments to the States in respect of repatriation general hospitals by providing a single payment in 2009-10 and ceasing future annual payments. The final payment represented the present value of the stream of future annual payments.

Table 2.2.52: Estimated payments to the States for repatriation general hospitals

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	6.3	0.4	-	-	6.5	1.1	-	-	14.3
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Essential vaccines

The Commonwealth has implemented the *National Partnership agreement on essential vaccines* to provide funding to States for essential vaccines included in the National Vaccine Schedule. The National Partnership agreement provides for transitional arrangements to allow time for the Commonwealth to enter into centralised purchasing arrangements for individual vaccines and transition to a Commonwealth Own Purpose Expense.

Table 2.2.53: Estimated payments to the States for essential vaccines

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	101.1	83.0	68.9	32.3	24.4	7.5	5.0	4.0	326.2
2010-11	104.5	84.7	71.4	33.7	25.3	7.8	5.1	4.1	336.6
2011-12	105.9	86.3	72.7	34.5	25.7	7.9	5.2	4.2	342.5
2012-13	108.0	88.2	74.8	35.5	26.2	8.0	5.3	4.4	350.5
2013-14	106.4	87.4	75.4	35.7	25.7	7.9	5.4	4.7	348.6

Organ transplantation services

The Commonwealth met its future payment commitments to the States in respect of organ transplantation by providing a single payment in 2009-10. Future annual payments were ceased.

Under long-standing arrangements, the Commonwealth has reimbursed New South Wales and South Australia for 40 per cent of the cost of certain organ and tissue transplantation-related services that are conducted by the Australian Red Cross Blood Service.

Table 2.2.54: Estimated payments to the States for organ transplantation services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	12.1	-	-	-	4.1	-	-	-	16.2
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.2.55: Estimated payments to the States for organ transplantation services — capital component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.6	-	-	-	0.5	-	-	-	2.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Northern Territory medical school — funding contribution

The Commonwealth will provide funding towards recurrent costs for the Northern Territory medical school. This recurrent funding is in addition to the capital grant of \$27.8 million over three years provided by the Commonwealth for the establishment of the school. The capital grant will be funded from the Health and Hospitals Fund established in 2009-10.

Table 2.2.56: Estimated payments to the States for the Northern Territory medical school

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	0.5	0.5
2011-12	-	-	-	-	-	-	-	1.6	1.6
2012-13	-	-	-	-	-	-	-	2.2	2.2
2013-14	-	-	-	-	-	-	-	2.3	2.3

Elective surgery waiting list reduction plan

The Commonwealth will provide funding under the elective surgery waiting list reduction plan. Facilitation funding will be provided for systemic improvements such as the construction of additional operating theatres and the purchase of new surgical equipment to improve long term elective surgery performance. Reward funding will be provided as a reward for those States that reduce elective surgery waiting times and increase surgery throughput.

Table 2.2.57: Estimated payments to the States for elective surgery waiting list reduction plan

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	37.7	15.6	18.7	9.0	9.0	4.0	4.0	4.0	102.0
2010-11	87.9	63.7	51.5	25.9	20.6	8.2	5.9	4.3	268.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Commonwealth Dental Health Program

The Commonwealth Dental Health Program will provide funding to reduce public dental waiting lists.

The Commonwealth has signalled its intention to close the previous Government's Medicare chronic disease dental scheme, in order to make funding available for the introduction of the Commonwealth Dental Health Program and the Medicare Teen Dental Plan. However, without the support of the Senate, the Commonwealth has been unable to put in place the necessary subordinate legislation to close the Medicare Chronic Disease Dental Scheme. The commencement of the program is therefore on hold.

Table 2.2.58: Estimated payments to the States for the Commonwealth Dental Health Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	30.4	24.2	17.6	7.9	8.2	3.4	1.4	1.4	94.3
2011-12	30.7	24.4	17.7	7.9	8.3	3.9	1.9	1.9	96.7
2012-13	31.9	25.4	18.5	8.3	8.6	3.5	1.4	1.5	99.0
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Indigenous early childhood development — antenatal and reproductive health

Under the *National Partnership on Indigenous early childhood development* the Commonwealth will provide \$107 million for antenatal and reproductive health. The funding is to improve access to antenatal care by young Indigenous mothers, and support young Indigenous women to make informed decisions about their sexual and reproductive health.

The education section outlines further payments made under the *National Partnership on Indigenous early childhood development*.

Table 2.2.59: Estimated payments to the States for the Indigenous early childhood development program — antenatal and reproductive health

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	3.8	0.8	4.2	2.4	0.3	0.2	0.2	2.1	13.9
2010-11	5.0	1.0	5.6	3.2	0.9	0.5	0.2	3.8	20.3
2011-12	5.8	1.2	6.4	3.7	1.2	0.6	0.2	3.9	23.0
2012-13	6.0	1.2	6.7	3.8	1.3	0.7	0.2	4.1	24.0
2013-14	6.3	1.3	7.0	4.0	1.6	1.1	0.3	4.3	25.7

EDUCATION

In 2010-11, the States will receive \$16.8 billion in payments from the Commonwealth to support state education services.

Table 2.3 provides information on payments to support state education services.

Table 2.3: Payments to support state education services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Schools SPP	9,760.2	10,448.2	11,219.5	12,067.1	13,000.6
National Partnership payments					
Nation Building and Jobs Plan					
Building the Education Revolution					
Primary schools for the 21st century	7,397.5	5,376.7	496.2	-	-
National school pride	902.5	-	-	-	-
Science and language centres	821.8	-	-	-	-
Education Investment Fund	28.7	9.3	-	-	-
Digital Education Revolution	236.3	100.0	200.0	200.0	200.0
Early childhood education - universal access to early education	88.5	97.0	297.0	447.0	460.4
Smarter schools					
Improving teacher quality	13.0	34.0	216.0	175.0	-
Low SES school communities	151.8	203.3	371.0	362.9	225.8
Literacy and numeracy	91.0	175.0	175.0	-	-
Trade training centres in schools	476.9	143.1	263.7	274.8	286.3
Schools security program	8.4	6.9	-	-	-
Closing the Gap - Northern Territory					
Teacher housing	11.0	-	-	-	-
Quality teaching, accelerated literacy	15.7	16.3	12.3	-	-
Supporting remote schools - additional teachers	17.7	29.2	32.3	12.4	-
East Kimberley development package - education-related payments	26.7	27.5	4.2	-	-
Indigenous early childhood development - children and family centres	67.8	43.9	71.2	45.1	47.1
National solar schools plan	80.2	40.0	39.1	50.0	66.5
Pre-apprenticeship training	4.0	16.0	-	-	-
National quality agenda for early childhood education and care	-	7.7	13.1	21.3	19.1
Fort Street High School - noise insulation	4.0	6.0	4.5	-	-
School pathways program	2.3	0.9	1.9	1.7	1.3
Total	20,206.1	16,781.0	13,417.0	13,657.3	14,307.1
<i>Memorandum item - payments for non-government schools included in payments above</i>					
National Schools SPP	6,473.6	6,941.1	7,479.8	8,071.8	8,715.6
Nation Building and Jobs Plan					
Building the Education Revolution					
Primary schools for the 21st century	2,319.7	1,686.1	155.6	-	-
National school pride	276.1	-	-	-	-
Science and language centres	241.6	-	-	-	-
Digital Education Revolution	75.0	37.0	74.0	74.0	74.0
Trade training centres in schools	105.9	42.9	105.5	109.9	114.5
Schools security program	7.4	6.9	-	-	-
National solar schools	35.7	12.0	11.7	4.0	20.0
Total	9,534.9	8,726.1	7,826.7	8,259.7	8,924.1

National Education Agreement

The *National Education Agreement* affirms the commitment of the Commonwealth and the States to the objective that all Australian school students acquire the knowledge and skills to participate effectively in employment and society.

The agreement recognises that ensuring all young people have the best possible start in life is vital to the wellbeing of families, communities and the nation. High-quality schooling, supported by strong community engagement, is central to Australia's future prosperity.

The agreement will contribute to shared outcomes, including:

- ensuring that all children are engaged in and benefiting from schooling, with a goal of lifting the Year 12 attainment rate to 90 per cent by 2015; and
- ensuring children meet basic literacy and numeracy standards and continuing to improve overall literacy and numeracy achievements.

National Schools SPP

The National Schools SPP is the funding associated with the *National Education Agreement*. The Commonwealth will provide \$56.5 billion over five years from 2009-10 to the States to support schools under the National Schools SPP.

Table 2.3.1: Payments to the States for the National Schools SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	3,122.3	2,412.6	1,929.6	995.5	758.1	227.4	170.2	144.5	9,760.2
2010-11	3,317.5	2,582.7	2,098.3	1,067.0	807.4	242.2	182.2	150.8	10,448.2
2011-12	3,534.6	2,771.9	2,287.3	1,156.3	858.7	257.8	196.0	156.9	11,219.5
2012-13	3,763.6	2,979.7	2,496.5	1,259.6	915.2	275.4	211.3	165.8	12,067.1
2013-14	3,999.5	3,212.5	2,736.8	1,379.2	975.0	293.3	228.3	176.1	13,000.6

Growth factor

The Intergovernmental Agreement defines the growth factor for the government schools component of the National Schools SPP as the product of:

- the growth in average government schools recurrent cost; and
- the growth in full time equivalent enrolment in government schools.

The growth factor for the non-government schools component of the National Schools SPP is determined in accordance with the *Schools Assistance Act 2008*.

The growth factor for government schools is currently estimated to be 6.71 per cent in 2010-11. The payment for government schools for 2009-10 is provided for in the

Federal Financial Relations Act 2009 and will not change from the amount of \$3.3 billion that was agreed by COAG in November 2008.

The Commonwealth will provide advances to the States in respect of the government schools component of the National Schools SPPs, based on estimates of the growth factor. Once outcomes data for each component of the growth factor is available, a balancing adjustment will be made to ensure that the States receive their correct entitlement.

National Partnership payments for education

National Partnership on Building the Education Revolution

As part of the Government's Nation Building and Jobs Plan, \$16.2 billion over four years (2008-09 to 2011-12) is being invested through Building the Education Revolution (BER). The BER is providing economic stimulus through the rapid construction and refurbishment of school infrastructure, and building learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together. The BER is underpinned by a strong partnership approach between the Australian, State and Territory governments and non-government education authorities and comprises three components:

- primary schools for the 21st century;
- national school pride program (remaining payments only in 2009-10); and
- science and languages centres for 21st century secondary schools (remaining payments only in 2009-10).

Estimated payments to the States for these components are detailed in Tables 2.3.2 to 2.3.4.

Table 2.3.2: Estimated payments to the States for the National Partnership on Building the Education Revolution — Primary Schools for the 21st Century

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	2,345.3	1,751.8	1,387.2	861.2	628.1	189.5	118.9	115.5	7,397.5
2010-11	1,705.5	1,273.3	1,007.8	626.1	456.1	137.6	86.4	83.8	5,376.7
2011-12	155.8	117.3	93.8	57.7	42.7	12.9	8.0	8.0	496.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.3.3: Estimated payments to the States for the National Partnership on Building the Education Revolution — National School Pride

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	295.2	215.1	169.4	97.7	72.2	24.9	13.4	14.5	902.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.3.4: Estimated payments to the States for the National Partnership on Building the Education Revolution — Science and Language Centres

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	216.6	199.4	202.8	54.4	79.2	44.1	-	25.4	821.8
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the Education Investment Fund

The Commonwealth will provide \$9.3 million to New South Wales in 2010-11. The Education Investment Fund is a major component of the Government's Education Revolution. The role of the Education Investment Fund is to build a modern, productive, internationally competitive Australian economy by supporting world-leading, strategically-focused infrastructure investments that will transform Australian tertiary education and research.

Table 2.3.5: Estimated payments to the States for the National Partnership on the Education Investment Fund

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	28.7	-	-	-	-	-	-	-	28.7
2010-11	9.3	-	-	-	-	-	-	-	9.3
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the Digital Education Revolution

The Commonwealth will provide \$2.2 billion to education authorities over six years (2007-08 to 2012-13) to continue implementing the Digital Education Revolution. The national secondary school computer fund has been established to provide grants to eligible secondary schools to assist them in providing new or upgraded information and communication technology to students in Years 9 to 12.

A provisional estimate has been included in 2013-14 as funding may be provided beyond the current expiry date of 30 June 2013.

Table 2.3.6: Estimated payments to the States for the National Partnership on the Digital Education Revolution

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	62.5	46.8	68.6	33.1	14.9	4.8	3.8	1.9	236.3
2010-11	31.7	23.8	21.2	10.4	7.5	2.4	1.9	1.0	100.0
2011-12	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0
2012-13	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0
2013-14	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0

National Partnership on early childhood education — universal access to early education

In 2010-11, the Commonwealth will provide \$97 million to the States under the *National Partnership on early childhood education*. The objective of the National Partnership is that by 2013 every child will have access to a pre-school program in the year before formal schooling. This program will be delivered by four-year university-qualified early childhood teachers for 15 hours a week, 40 weeks a year.

The reforms will mean all children have access to affordable, quality early childhood education in the year before formal schooling, with a specific focus on ensuring access for children living in remote Indigenous communities.

A provisional estimate has been included in 2013-14 as funding may be provided beyond the current expiry date of 30 June 2013.

Table 2.3.7: Estimated payments to the States for the National Partnership on early childhood education

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	21.6	15.3	34.7	7.7	5.2	1.5	0.9	1.5	88.5
2010-11	26.9	19.3	29.5	9.7	6.6	1.9	1.2	1.9	97.0
2011-12	82.3	59.1	90.3	29.7	20.2	5.9	3.6	5.9	297.0
2012-13	137.9	109.5	97.6	47.6	30.9	10.4	7.1	5.9	447.0
2013-14	146.9	114.4	95.1	48.6	33.1	10.2	7.3	4.8	460.4

National Partnership on smarter schools — improving teacher quality

The *National Partnership on improving teacher quality* will provide \$550 million over five years (2008-09 to 2012-13) to facilitate and reward ambitious, nationally significant and sustainable reforms to attract, train, place, develop and retain quality teachers and school leaders in classrooms and schools. These reforms provide a platform for raising student performance and will support other schooling reforms targeting low socio-economic status (SES) school communities and literacy and numeracy outcomes.

The National Partnership targets the following outcomes:

- attracting the best entrants to teaching, including mid-career entrants;
- more effective training of principals, teachers and school leaders;

- developing teachers and school leaders to enhance their skills and knowledge throughout their careers;
- retaining and rewarding quality teachers and school leaders; and
- improving the quality and availability of teacher workforce data.

Table 2.3.8: Estimated payments to the States for the National Partnership on smarter schools — improving teacher quality

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	4.2	3.3	2.6	1.3	1.0	0.3	0.2	0.2	13.0
2010-11	10.9	8.6	6.7	3.4	2.5	0.8	0.6	0.4	34.0
2011-12	69.2	54.9	42.6	21.9	15.8	5.1	3.9	2.6	216.0
2012-13	56.0	44.5	34.5	17.7	12.8	4.2	3.1	2.1	175.0
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on smarter schools — low socio-economic status school communities

The *National Partnership for low socio-economic status (SES) school communities* is providing \$1.5 billion over seven years (2008-09 to 2014-15) to facilitate a range of reforms to address the learning needs and wellbeing of students in low SES school communities.

These reforms will focus on teacher quality, principal leadership, school accountability and innovative learning opportunities to equip students better for further education, workforce participation and civic responsibilities. They will contribute to COAG's social inclusion agenda and overcoming the disadvantage experienced by many Indigenous people. The National Partnership provides support for schools and systems to:

- offer incentives to attract high-performing principals and teachers to low SES schools;
- adopt best-practice performance management and staffing arrangements that articulate a clear role for principals;
- implement innovative and flexible school operational arrangements to meet the local needs of the school community;
- provide innovative and tailored learning opportunities to address the learning needs and wellbeing of low SES students;
- strengthen school accountability and provide better reporting of outcomes to parents and communities; and

- establish external partnerships with parents, other schools, businesses and communities to provide wrap-around support for students and help them transition successfully to work or further education.

Table 2.3.9: Estimated payments to the States for the National Partnership on smarter schools — low socio-economic status school communities

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	60.1	27.9	23.4	9.8	16.2	7.1	0.3	7.1	151.8
2010-11	81.1	37.6	29.9	13.2	21.8	9.6	0.4	9.6	203.3
2011-12	148.3	68.8	54.0	24.2	39.9	17.5	0.8	17.5	371.0
2012-13	143.9	66.7	55.4	23.5	38.7	17.0	0.7	17.0	362.9
2013-14	88.2	40.9	37.1	14.4	23.8	10.4	0.4	10.4	225.8

National Partnership on smarter schools — literacy and numeracy

The Commonwealth has committed \$540 million over four years (2008-09 to 2011-12) to facilitate and reward a range of reforms to accelerate literacy and numeracy improvements for students, with a priority focus on primary school students who are at risk of falling behind, especially Indigenous students. It will contribute towards COAG's 'halving the gap' targets in literacy and numeracy outcomes of Indigenous students.

The National Partnership has three key priority areas for reform:

- strong school leadership and whole-of-school engagement with literacy and numeracy;
- effective and evidence-based teaching of literacy and numeracy; and
- monitoring student and school literacy and numeracy performance to identify where support is needed.

Table 2.3.10: Estimated payments to the States for the National Partnership on smarter schools — literacy and numeracy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	24.1	16.1	26.2	11.8	7.1	2.3	1.1	2.5	91.0
2010-11	47.6	31.3	48.5	21.6	14.1	4.5	2.1	5.2	175.0
2011-12	47.6	31.3	48.5	21.6	14.1	4.5	2.1	5.2	175.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on trade training centres in schools

The trade training centres in schools program will provide \$2.5 billion over ten years to enable all secondary schools across Australia to apply for funding of between \$500,000 and \$1.5 million for new and upgraded trade training facilities. The trade training centres in schools program aims to:

- improve student access to trade training facilities that meet industry standards;
- improve the quality of schooling offered to secondary students undertaking trade-related pathways; and
- assist young people to make a successful transition from school to work or further education and training.

Table 2.3.11: Estimated payments to the States for the National Partnership on trade training centres in schools

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	144.4	110.9	96.9	54.1	47.0	13.5	6.2	4.0	476.9
2010-11	44.0	34.9	30.9	15.2	10.7	3.5	2.5	1.4	143.1
2011-12	80.8	65.0	56.5	28.3	19.8	6.3	4.8	2.4	263.7
2012-13	85.3	64.7	59.3	28.7	21.1	7.6	4.9	3.1	274.8
2013-14	87.7	70.5	61.3	30.7	21.5	6.9	5.2	2.6	286.3

National Partnership on the secure schools program

The Commonwealth will provide up to \$20 million over four years from 2007-08 for the secure schools program to assist at-risk religious, ethnic and secular schools to meet their particular security needs.

Table 2.3.12: Estimated payments to the States for the National Partnership on the secure schools program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	3.5	3.2	0.7	0.6	0.3	-	-	0.1	8.4
2010-11	2.5	2.9	0.6	0.6	..	-	0.3	-	6.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) State splits are indicative only.

National Partnership on Closing the Gap — Northern Territory

The Government's Indigenous education initiatives strategically target issues impacting adversely on the educational outcomes of Indigenous students and focus on the attainment of the 'Closing the Gap' targets.

The Teacher Housing initiative will provide \$11 million (2009-10) to support the construction of up to 22 additional teacher houses in Northern Territory emergency response (NTER) communities.

The Commonwealth is working with Northern Territory education providers to improve teacher quality and foster better outcomes for Indigenous students in remote NTER prescribed communities. Funding of \$44.3 million from 2009-10 to 2011-12 is committed under the *National Partnership on Closing the Gap* for accelerated literacy and quality teaching initiatives. Implementation is set out in the Northern Territory Implementation Plan under the *National Partnership for Smarter Schools*.

The community services and health sections in this Part outline further payments made under the *National Partnership on Closing the Gap*.

Table 2.3.13: Estimated payments to the States for the National Partnership on Closing the Gap — Northern Territory — teacher housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	11.0	11.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.3.14: Estimated payments to the States for the National Partnership on Closing the Gap — Northern Territory — quality teaching, accelerated literacy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	15.7	15.7
2010-11	-	-	-	-	-	-	-	16.3	16.3
2011-12	-	-	-	-	-	-	-	12.3	12.3
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.3.15: Estimated payments to the States for the National Partnership on Closing the Gap — Northern Territory — supporting remote schools — additional teachers

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	17.7	17.7
2010-11	-	-	-	-	-	-	-	29.2	29.2
2011-12	-	-	-	-	-	-	-	32.3	32.3
2012-13	-	-	-	-	-	-	-	12.4	12.4
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the East Kimberley development package — education related projects

The Commonwealth will provide \$58.4 million to Western Australia for education and training infrastructure projects from the East Kimberley development package. Investment priorities under the package include early childhood development, primary and secondary schooling, post-secondary education and training, and community meeting facilities in remote locations. Concerted action in the areas of education and training will improve the socio-economic status, employment status and workforce participation of Indigenous people.

A description of the East Kimberley development package as a whole is provided in the infrastructure services section of this Part.

Table 2.3.16: Estimated payments to the States for the National Partnership on the East Kimberley development package — education related projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	26.7	-	-	-	-	26.7
2010-11	-	-	-	27.5	-	-	-	-	27.5
2011-12	-	-	-	4.2	-	-	-	-	4.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Indigenous early childhood development — children and family centres

Through the *National Partnership on Indigenous early childhood development* the Commonwealth will provide \$293 million for the establishment of children and family centres across Australia from 2008-09. The children and family centres will deliver integrated services, including early learning, child care and family support programs. To date the locations for 36 centres have been announced.

Children and family centres are targeted at addressing the needs of Indigenous families and their young children. The centres will be established in a mix of remote, regional and urban locations concentrated in areas where there is a demonstrated need for these services. State governments are taking the lead on establishing the centres, including undertaking community consultations.

Additional elements of the National Partnership provide for increased access to antenatal care and health programs and for increased access and use of maternal and child health services by Indigenous families, and are reported in the health section of this Part.

Table 2.3.17: Estimated payments to the States for the National Partnership on Indigenous early childhood development — children and family centres

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	14.7	4.2	19.2	9.7	4.8	2.4	2.1	10.8	67.8
2010-11	2.0	3.9	17.4	6.8	1.0	1.2	1.9	9.8	43.9
2011-12	24.8	3.1	14.2	7.5	11.0	1.2	1.5	8.0	71.2
2012-13	15.3	2.2	10.0	7.0	2.8	1.2	1.1	5.6	45.1
2013-14	13.5	2.2	10.0	8.9	4.2	1.7	1.1	5.6	47.1

National Partnership on the national solar schools plan

The Commonwealth will provide \$40 million to the States in 2010-11 to help primary and secondary schools around the country take practical action to save energy and water while cutting their utility bills.

The national solar schools plan offers grants of up to \$50,000 (GST exclusive) to install solar and other renewable power systems, rainwater tanks and a range of energy efficiency measures such as energy-efficient lighting, skylights, ceiling fans, insulation, sensors, automatic doors and external window fittings (for example, double glazing, awnings and shutters).

Table 2.3.18: Estimated payments to the States for the National Partnership on the national solar schools plan^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	19.1	28.9	14.1	7.4	6.0	3.6	0.5	0.6	80.2
2010-11	13.0	9.7	7.1	4.4	3.2	1.2	0.6	0.8	40.0
2011-12	12.7	9.5	6.9	4.3	3.1	1.2	0.5	0.8	39.1
2012-13	16.3	11.6	9.1	5.7	4.1	1.5	0.7	1.1	50.0
2013-14	21.7	16.2	11.8	7.4	5.3	2.0	0.9	1.3	66.5

(a) State splits are indicative only.

National Partnership on pre-apprenticeship training

The Commonwealth will provide \$20 million to the States from 2009-10 to 2010-11 to help increase the number of pre-apprenticeship training opportunities that are available, resulting in an increased number of individuals taking up formal Australian apprenticeship training in traditional trade occupations.

Table 2.3.19: Estimated payments to the States for the National Partnership on pre-apprenticeship training

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.0
2010-11	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	16.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the national quality agenda for early childhood education and care

The Commonwealth will provide \$61.2 million to the States from 2010-11 over four years to implement the national quality agenda for early childhood education and care.

This agreement will deliver an integrated and unified national regulatory system for early childhood education and care and reduce the regulatory burden on service providers. It will drive continuous improvement in the quality of services through a national quality standard, including the early years learning framework, and a national quality rating system.

The national quality agenda will improve educational and developmental outcomes for children, and improve public knowledge of, and access to, information about the quality of early childhood education and care services.

Table 2.3.20: Estimated payments to the States for the National Partnership on the national quality agenda for early childhood education and care

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	2.9	1.3	1.0	1.2	0.7	0.1	..	0.4	7.7
2011-12	5.9	3.2	0.9	0.8	1.5	0.2	0.2	0.5	13.1
2012-13	9.6	5.1	1.6	1.2	2.4	0.3	0.2	0.9	21.3
2013-14	8.5	4.6	1.5	0.9	2.3	0.3	0.2	0.8	19.1

National Partnership for Fort Street High School noise insulation

The Commonwealth will provide \$14.5 million from 2009-10 over three years to New South Wales under this National Partnership.

Table 2.3.21: Estimated payments to the States for the National Partnership for Fort Street High School noise insulation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	4.0	-	-	-	-	-	-	-	4.0
2010-11	6.0	-	-	-	-	-	-	-	6.0
2011-12	4.5	-	-	-	-	-	-	-	4.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the school pathways program

The *National Partnership on the school pathways program* will provide \$8.1 million from 2009-10 over five years to South Australia and Western Australia. The school pathways program is designed to increase the pool of young people ready to move from school into further education and apprenticeships and part-time work/study combinations in the defence industry. The program will also increase employer awareness of options for recruiting young people and the value to business of doing so.

Table 2.3.22: Estimated payments to the States for the National Partnership on the school pathways program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	0.4	1.9	-	-	-	2.3
2010-11	-	-	-	0.4	0.6	-	-	-	0.9
2011-12	-	-	-	0.5	1.3	-	-	-	1.9
2012-13	-	-	-	0.5	1.2	-	-	-	1.7
2013-14	-	-	-	0.5	0.7	-	-	-	1.3

SKILLS AND WORKFORCE DEVELOPMENT

In 2010-11, the States will receive \$1.7 billion in payments from the Commonwealth to support state skills and workforce development-related services.

Policy decisions in this Budget include the redirection of funding from the forward estimates for the *National Partnership on the productivity places program* in 2013-14. This reflects the scheduled conclusion of the National Partnership and will provide savings of \$375.9 million that will be redirected to provide more effective support for skills development under the Government's skills for sustainable growth package.

Table 2.4 provides information on all payments to the States to support state skills and workforce development-related services.

Table 2.4: Payments to support state skills and workforce development services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Skills and Workforce Development SPP	1,317.9	1,339.4	1,363.1	1,388.7	1,416.3
National Partnership payments					
Better TAFE facilities	200.0	-	-	-	-
TAFE fee waivers					
for childcare qualifications	15.2	25.0	21.5	22.0	22.7
Productivity places program	208.2	319.4	375.9	375.9	-
Youth attainment and transitions - maximising engagement, attainment and successful transitions	18.8	37.5	37.5	37.5	18.8
Year 12 attainment and transition	-	-	50.0	-	50.0
Total	1,760.0	1,721.3	1,848.0	1,824.1	1,507.8

National Agreement for Skills and Workforce Development

The National Agreement for Skills and Workforce Development aims to provide Australians with the opportunity to develop the skills and qualifications needed to participate in, and contribute to, the labour market.

Central to achieving this objective is a shared commitment to a national training system that is responsive to local needs, and delivers high-quality and nationally consistent training outcomes. This will help to ensure that the skills provided by the national training system are responsive to changing labour market demand.

The reforms needed to achieve the objectives and outcomes in the agreement include reforming training products and services to meet a more demand- and client-driven system, and driving further competition in training arrangements.

National Skills and Workforce Development SPP

The National Skills and Workforce Development SPP is the funding associated with the National Skills and Workforce Development Agreement. The Government is providing \$6.8 billion over five years from 2009-10 to work towards increasing the skill levels of all Australians, including Indigenous Australians. The 2009-10 base funding will be provided on an ongoing basis and indexed from 1 July 2010.

Table 2.4.1: Estimated payments to the States for the National Skills and Workforce Development SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	438.6	326.3	255.0	131.7	99.1	30.8	22.6	13.7	1,317.9
2010-11	443.1	331.8	261.8	134.8	100.2	31.1	22.6	13.9	1,339.4
2011-12	447.6	337.9	269.7	138.5	101.2	31.4	22.7	14.2	1,363.1
2012-13	451.8	344.4	278.7	142.9	102.0	31.6	22.8	14.5	1,388.7
2013-14	455.7	351.6	288.9	147.9	102.7	31.8	22.9	14.8	1,416.3

Growth factor

The Intergovernmental Agreement defines the growth factor for the National Skills and Workforce Development SPP as the product of:

$$0.85 \times \text{wagecostindexone} + 0.15 \times \text{wagecostindexsix}$$

The growth factor is estimated to be 1.63 per cent in 2010-11. This is lower than estimated in MYEFO 2009-10 owing to a decrease in both wage cost indices.

National Partnerships payments for skills and workforce development

National Partnership on better TAFE facilities

The Commonwealth will provide \$200 million to the States in 2009-10 to improve infrastructure in TAFE facilities. These payments are part of the overall \$500 million being invested under the Teaching and Learning Capital Fund for Vocational Education and Training announced as part of the Nation Building Package on 12 December 2008.

Table 2.4.2: Estimated payments to the States for the National Partnership on better TAFE facilities

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	63.4	49.0	39.1	22.0	14.6	4.7	3.2	4.0	200.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on TAFE fee waivers for childcare qualifications

The *National Partnership on TAFE fee waivers for childcare qualifications* provides \$106.4 million over five years (2009-10 to 2013-14) to remove fees for the diploma and advanced diploma of children's services courses delivered at TAFE institutions, or by other government vocational education and training providers.

This agreement will assist in meeting the objectives of the *National Partnership on early childhood education*.

Table 2.4.3: Estimated payments to the States for the National Partnership on TAFE fee waivers for childcare qualifications

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	4.0	7.1	2.1	0.9	0.3	0.2	0.5	0.1	15.2
2010-11	5.9	11.4	4.4	1.5	0.3	0.4	1.0	0.1	25.0
2011-12	5.7	10.0	2.9	1.2	0.5	0.3	0.7	0.1	21.5
2012-13	5.8	10.3	3.0	1.2	0.5	0.4	0.8	0.1	22.0
2013-14	6.0	10.6	3.1	1.3	0.5	0.4	0.8	0.1	22.7

National Partnership on productivity places program

The productivity places program is part of the Government's skilling Australia for the future initiatives and aims to reduce skills shortages and increase the productivity of industry and enterprises.

The program aims to deliver up to 557,556 course enrolments and 402,881 qualification commencements.

Funding under the National Partnership for existing worker training requires 50/40/10 cost sharing across the Commonwealth, States and private sources.

Job seeker training is 100 per cent Commonwealth funded.

The national priority list will be used as a starting point for the priority occupations to be targeted. States may suggest that qualifications be added or removed if there is evidence that national priorities do not reflect regional needs.

In the 2010-11 Budget, the Government announced the redirection of funding from the forward estimates for the *National Partnership on the productivity places program* in 2013-14.

Table 2.4.4: Estimated payments to the States for the National Partnership on the productivity places program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	89.2	-	56.1	28.5	21.7	4.9	4.7	3.1	208.2
2010-11	139.0	-	85.9	43.7	32.5	6.3	7.3	4.7	319.4
2011-12	161.2	-	98.7	50.3	37.0	14.9	8.5	5.3	375.9
2012-13	161.2	-	98.7	50.3	37.0	14.9	8.5	5.3	375.9
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on youth attainment and transitions

The Commonwealth is providing continued funding of \$150.1 million over five years (2009-10 to 2013-14) for initiatives to improve young people's engagement with learning, levels of Year 12 or equivalent attainment, and transition to further education, training, or employment, under the *National Partnership on youth attainment and transitions*.

The National Partnership also provides \$100 million in reward funding to the States for progress towards the COAG target of 90 per cent Year 12 or equivalent attainment for 20 to 24 year olds by 2015.

The National Partnership includes two payments to the States. They are for:

- the implementation of strategies to address the reform areas of multiple learning pathways, career development, and mentoring — maximising engagement, attainment and successful transitions; and
- improving participation rates in 2010 and Year 12 or equivalent attainment rates in 2012 — reward funding.

Table 2.4.5: Estimated payments to the States for the National Partnership on youth attainment and transition — maximising engagement, attainment and successful transitions^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	4.2	8.5	2.8	1.4	1.0	0.3	0.3	0.2	18.8
2010-11	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2011-12	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2012-13	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2013-14	4.2	8.5	2.8	1.4	1.0	0.3	0.3	0.2	18.8

(a) The amount of funding paid to Victoria includes \$44 million to be used to implement the school business community partnership brokers program through their local learning and employment network.

Table 2.4.6: Estimated payments to the States for the National Partnership on youth attainment and transition — year 12 attainment and transition

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	16.3	12.4	10.0	5.1	3.7	1.2	0.8	0.5	50.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	16.3	12.4	10.0	5.1	3.7	1.2	0.8	0.5	50.0

COMMUNITY SERVICES

In 2010-11, the States will receive \$2.8 billion in payments from the Commonwealth to support state community services. This includes \$1.1 billion in funding to support state disability services through the National Disability SPP.

As part of the *National Health and Hospitals Network*, the Commonwealth will take full policy and funding responsibility for national aged care services. This includes a transfer to the Commonwealth of the current resourcing for aged care services from the home and community care programs, with the exception of Victoria. The adjustment for Western Australia is dependent on it becoming a signatory to the *National Health and Hospitals Network Agreement*.

The Commonwealth and Western Australia Governments have agreed to work together to bring Western Australia into the *National Health and Hospitals Network*.

Table 2.5 provides information on all the payments to the States to support state community services.

Table 2.5: Payments to support state community services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Disability SPP	903.7	1,052.0	1,208.0	1,279.7	1,353.6
National Partnership payments					
Aged care assessment	75.6	80.8	86.9	-	-
Certain concessions for pensioners	230.6	244.5	252.2	260.1	269.7
Closing the Gap - Northern Territory					
Remote policing and substance abuse	31.4	48.1	47.8	-	-
Community safety - family support	5.1	5.3	5.5	-	-
Field operations	0.9	2.9	4.3	-	-
Food security	0.3	0.4	0.2	-	-
Property and tenancy management	0.9	3.3	4.9	-	-
Home and community care	1,199.1	1,283.4	325.2	351.1	385.3
Home and community care services for veterans	17.9	18.3	7.5	7.1	6.8
National reciprocal transport concessions	12.4	13.2	14.2	12.5	12.5
Victorian bushfire reconstruction and recovery plan	24.2	6.9	-	-	-
Total	2,502.1	2,759.2	1,956.6	1,910.4	2,027.8

National Disability Agreement

The *National Disability Agreement* commits the Commonwealth and the States to strive, through the provision of disability support services, to help people with disability and their carers achieve an enhanced quality of life and participate as valued members of the community.

To meet these objectives, governments have agreed to reform their services, including to:

- improve the provision of the services and opportunities to enhance the capacity of people with disability;
- ensure that services are person-centred and provide timely access to the necessary support needs;
- identify, plan and respond to the development and support needs of people with disability at an early stage and at key life transition points; and
- support the role of carers and families, including through strengthening their informal support networks.

National Disability SPP

The National Disability SPP is the funding associated with the *National Disability Agreement*. The Commonwealth will provide funding to the States under the National Disability SPP as a financial contribution to support state community services. The 2009-10 base funding for the National Disability SPP will be provided on an ongoing basis and indexed from 1 July each year by a growth factor.

Table 2.5.1: National Disability SPP funding

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	302.2	208.2	171.7	77.5	93.1	28.2	13.1	9.7	903.7
2010-11	349.2	246.9	201.7	94.4	101.2	31.4	15.6	11.5	1,052.0
2011-12	399.4	288.1	233.0	112.8	108.8	34.0	18.6	13.3	1,208.0
2012-13	416.2	307.8	255.2	124.1	109.4	33.9	19.5	13.5	1,279.7
2013-14	435.5	330.9	275.3	137.4	106.3	32.9	21.1	14.3	1,353.6

Growth factor

The Intergovernmental Agreement defines the growth factor for the National Disability SPP as the rolling five-year average of year-on-year growth in nominal gross domestic product.

For the purpose of calculating indexation, the Disabilities Assistance Package will be deducted from the base to calculate 2010-11 and 2011-12 funding as the package already includes a high rate of escalation. The package will form part of the base to calculate funding for 2012-13 onwards.

The growth factor is estimated to be 6.8 per cent in 2010-11.

National Partnership payments for community services

National Partnership on aged care assessment

The Commonwealth will provide \$80.8 million in 2010-11 to the States to enable aged care assessment teams to assess comprehensively the care needs of frail older people and to establish their eligibility for appropriate residential aged care, community aged care and flexible aged care, including transition care. A proportion of the estimated payments to the States will be tied to achieving key performance indicators as specified in the National Partnership Agreement.

See also the related expense measure titled *Aged care assessment teams – continuation of funding* in the Health and Ageing portfolio of Budget Paper No. 2.

From 2012-13, funding for aged care assessment will transfer to the Commonwealth. Under the *National Health and Hospitals Network*, the Commonwealth will take responsibility for aged care assessment teams in line with its new responsibilities to deliver a nationally consistent set of services, support, assessment, care and regulation.

Table 2.5.2: Estimated payments to the States for the National Partnership on aged care assessment

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	25.6	18.4	13.3	7.6	6.8	2.0	0.8	1.0	75.6
2010-11	27.4	19.7	14.2	8.2	7.3	2.1	0.9	1.1	80.8
2011-12	29.4	21.2	15.3	8.8	7.8	2.3	0.9	1.2	86.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on certain concessions for pensioners

The Commonwealth will provide \$244.5 million in 2010-11 to contribute towards the cost of certain concessions for pensioners.

Table 2.5.3: Estimated payments to the States for the National Partnership on certain concessions for pensioners

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	80.2	57.3	40.0	20.2	22.8	7.3	1.6	1.1	230.6
2010-11	85.0	60.8	42.5	21.4	24.2	7.8	1.7	1.2	244.5
2011-12	87.7	62.7	43.8	22.0	24.9	8.0	1.8	1.2	252.2
2012-13	90.4	64.7	45.1	22.7	25.7	8.3	1.8	1.3	260.1
2013-14	93.8	67.0	46.8	23.6	26.7	8.6	1.9	1.3	269.7

National Partnership on Closing the Gap — Northern Territory

The Commonwealth will provide funding to the States of \$161.3 million over three years from 2009-10 to continue and strengthen the measures initiated under the Northern Territory Emergency Response (NTER). The funding will be provided to the Northern Territory to deliver initiatives across law and order, community safety, education, health, food security, and interpreters. The Commonwealth will work in

partnership with the Northern Territory and Indigenous communities to move the NTER into a long-term development phase.

The education and health sections outline further payments made under the *National Partnership on Closing the Gap – Northern Territory*.

Table 2.5.4: Estimated payments to the States for the National Partnership on Closing the Gap — remote policing and substance abuse

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	31.4	31.4
2010-11	-	-	-	-	-	-	-	48.1	48.1
2011-12	-	-	-	-	-	-	-	47.8	47.8
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.5.5: Estimated payments to the States for the National Partnership on Closing the Gap — community safety — family support

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	5.1	5.1
2010-11	-	-	-	-	-	-	-	5.3	5.3
2011-12	-	-	-	-	-	-	-	5.5	5.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.5.6: Estimated payments to the States for the National Partnership on Closing the Gap — field operations

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	0.9	0.9
2010-11	-	-	-	-	-	-	-	2.9	2.9
2011-12	-	-	-	-	-	-	-	4.3	4.3
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.5.7: Estimated payments to the States for the National Partnership on Closing the Gap — food security

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	0.3	0.3
2010-11	-	-	-	-	-	-	-	0.4	0.4
2011-12	-	-	-	-	-	-	-	0.2	0.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.5.8: Estimated payments to the States for the National Partnership on Closing the Gap — property and tenancy management rent reimbursement

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	0.9	0.9
2010-11	-	-	-	-	-	-	-	3.3	3.3
2011-12	-	-	-	-	-	-	-	4.9	4.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on home and community care

The Commonwealth will provide \$1.3 billion to the States in 2010-11 for the provision of services to frail older people and younger people with a disability and their carers through the home and community care (HACC) program. The HACC program delivers high-quality, affordable and accessible services in the community, such as domestic assistance and personal care.

From 2011-12, funding under the *National Partnership on home and community care* will transfer to the Commonwealth, with exception of Victoria, in line with the changes to roles and responsibilities in the *National Health and Hospitals Network*. The adjustment for Western Australia is dependent on it becoming a signatory to the *National Health and Hospitals Network Agreement*.

Table 2.5.9: Estimated payments to the States for the National Partnership on home and community care

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	355.8	285.7	280.0	120.7	101.3	32.1	14.6	8.9	1,199.1
2010-11	375.8	302.7	308.6	129.6	108.1	34.2	15.4	9.1	1,283.4
2011-12	-	325.2	-	-	-	-	-	-	325.2
2012-13	-	351.1	-	-	-	-	-	-	351.1
2013-14	-	385.3	-	-	-	-	-	-	385.3

National Partnership on home and community care — services for veterans

The Commonwealth will provide \$18.3 million to the States in 2010-11 to facilitate access by veterans to services through the home and community care programs.

From 2011-12, funding provided under the National Partnership on home and community care — services for veterans aged 65 and over will transfer to the Commonwealth, with exception of Victoria, in line with the changes to roles and responsibilities in the *National Health and Hospitals Network*. The adjustment for Western Australia is dependent on it becoming a signatory to the *National Health and Hospitals Network Agreement*.

Table 2.5.10: Estimated payments to the States for the National Partnership on home and community care — services for veterans

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	6.3	4.3	3.6	1.4	1.5	0.6	0.3	..	17.9
2010-11	6.4	4.4	3.7	1.5	1.5	0.6	0.3	..	18.3
2011-12	1.1	3.8	1.4	0.5	0.3	0.2	0.2	..	7.5
2012-13	1.0	3.8	1.3	0.4	0.3	0.1	0.1	..	7.1
2013-14	0.9	3.7	1.2	0.4	0.3	0.1	0.1	..	6.8

National Partnership on national reciprocal transport concessions

The Commonwealth will provide \$13.2 million to the States in 2010-11 to enable seniors card holders to access public transport concessions when they travel outside their home State.

Table 2.5.11: Estimated payments to the States for the National Partnership on national reciprocal transport concessions

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	5.9	1.6	3.8	0.4	0.4	0.1	0.2	0.1	12.4
2010-11	6.3	1.7	4.0	0.4	0.4	0.1	0.2	0.1	13.2
2011-12	6.9	1.8	4.2	0.5	0.4	0.1	0.2	0.1	14.2
2012-13	12.5	-	-	-	-	-	-	-	12.5
2013-14	12.5	-	-	-	-	-	-	-	12.5

National Partnership on the Victorian bushfire reconstruction and recovery plan

The Commonwealth is providing \$31.1 million to Victoria over two years from 2009-10 under the *National Partnership on the Victorian bushfire reconstruction and recovery plan*. The National Partnership facilitates the Commonwealth's additional contribution to Victoria for the longer term reconstruction and recovery of communities affected by the Victorian bushfires in February 2009.

Table 2.5.12: Estimated payments to the States for the National Partnership on the Victorian bushfire reconstruction and recovery plan

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	24.2	-	-	-	-	-	-	24.2
2010-11	-	6.9	-	-	-	-	-	-	6.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

AFFORDABLE HOUSING

In 2010-11, the States will receive \$3.2 billion in payments from the Commonwealth to support state housing services. The reduction in 2010-11 reflects the gradual withdrawal of economic stimulus.

Table 2.6 provides information on all the payments to support state affordable housing services.

Table 2.6: Payments to support state affordable housing services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Affordable Housing SPP	1,202.6	1,221.8	1,242.6	1,265.0	1,289.0
National Partnership payments					
First Home Owners Boost	1,120.7	78.7	9.7	-	-
Homelessness	98.8	130.5	131.5	156.5	-
Nation Building and Jobs Plan - Social Housing					
First stage construction	545.5	-	-	-	-
Second stage construction	3,036.0	1,294.0	162.0	-	-
Repairs and maintenance	186.7	-	-	-	-
Remote Indigenous housing	617.8	412.8	463.9	479.0	746.8
Social housing	200.0	-	-	-	-
Social housing subsidy program	11.9	-	-	-	-
East Kimberley development package - Indigenous housing	25.0	20.6	4.4	-	-
Total	7,045.0	3,158.5	2,014.1	1,900.4	2,035.8

National Affordable Housing Agreement

Through the *National Affordable Housing Agreement*, the Commonwealth and the States have committed to the objective that all Australians have access to affordable, safe and sustainable housing which will assist them to participate in the labour force and more broadly in the community.

The Commonwealth and the States have also committed to reform directions that will enhance housing programs and services, including by improving the:

- integration of homelessness services and other mainstream services, such as employment services;
- operational efficiency of public housing and the employment outcomes of public housing tenants; and
- efficiency in the supply of housing through planning reforms.

National Affordable Housing SPP

The National Affordable Housing SPP is the funding associated with the *National Affordable Housing Agreement*. The Commonwealth will provide \$6.2 billion over five years from 2009-10 to the States as a financial contribution to support state services in the housing sector.

This funding will be used to support a range of measures including social housing, assistance to people in the private rental market, support and accommodation for people who are homeless or at risk of homelessness, and home purchase assistance.

Table 2.6.1: National Affordable Housing SPP funding

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	380.0	265.8	234.5	124.9	94.9	34.4	26.1	41.9	1,202.6
2010-11	387.8	276.7	240.2	126.8	95.0	33.5	25.1	36.6	1,221.8
2011-12	395.5	288.2	246.9	129.2	95.0	32.5	24.1	31.1	1,242.6
2012-13	403.0	300.3	254.6	132.2	94.8	31.4	23.1	25.5	1,265.0
2013-14	410.4	313.1	263.4	135.7	94.4	30.3	22.0	19.8	1,289.0

Growth factor

The Intergovernmental Agreement outlines the agreed growth factor for the National Affordable Housing SPP. The growth factor is the Wage Cost Index 1, comprising a safety net wage adjustment weighted by 75 per cent and the all-groups Consumer Price Index weighted by 25 per cent.

The growth factor is currently estimated to be 1.6 per cent in 2010-11.

National Partnership payments for affordable housing

National Partnership on the First Home Owners Boost

As part of the Economic Security Strategy, announced on 14 October 2008, the Government introduced the First Home Owners Boost to stimulate housing activity, support the construction industry and assist first home buyers to enter the housing market. In response to continued economic uncertainty, the Government extended the First Home Owners Boost for an additional six months, with the value of grants halving for the three months to 31 December 2009. The continuation of the First Home Owners Boost payment in 2010-11 and 2011-12 reflects the timeframes allowed for the construction of new homes and the 12 month application period.

Table 2.6.2: Estimated payments to the States for the National Partnership on the First Home Owners Boost

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	327.5	312.9	187.0	168.3	76.3	20.5	22.9	5.3	1,120.7
2010-11	22.7	22.6	13.3	11.4	5.3	1.4	1.6	0.4	78.7
2011-12	2.8	2.8	1.6	1.4	0.7	0.2	0.2	0.1	9.7
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on homelessness

The Commonwealth will provide \$517.3 million over four years from 2009-10 under the *National Partnership on homelessness* with the States matching this funding. The National Partnership includes the *A Place to Call Home* initiative, a joint initiative by the Commonwealth and State governments to build 600 new homes for individuals and families experiencing homelessness. The Commonwealth contribution to the *A Place to Call Home* initiative is \$150 million over five years (2008-09 to 2012-13), with States matching this funding.

Table 2.6.3: Estimated payments to the States for the National Partnership on homelessness

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	29.3	17.2	22.1	10.9	6.6	3.9	2.9	5.8	98.8
2010-11	35.2	24.9	32.1	15.9	9.6	4.5	2.3	6.0	130.5
2011-12	34.5	25.9	33.4	16.6	10.0	2.6	2.4	6.2	131.5
2012-13	41.4	31.2	39.7	19.6	12.0	2.6	2.4	7.6	156.5
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the Nation Building and Jobs Plan — Social Housing

The Commonwealth will provide \$1.3 billion to the States in 2010-11 to invest in additional public and community housing to meet priority social housing needs, including reducing homelessness.

Table 2.6.4: Estimated payments to the States for the National Partnership on the Nation Building and Jobs Plan — social housing — first-stage construction^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	188.9	143.6	86.0	56.6	43.4	13.5	8.1	5.4	545.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) The cash payment in 2009-10 for the National Partnership on the Nation Building and Jobs Plan — social housing — first-stage construction is \$632 million, of which \$86.5 million was recorded as an accrual in 2008-09.

Table 2.6.5: Estimated payments to the States for the National Partnership on the Nation Building and Jobs Plan — social housing — second-stage construction^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1,026.8	716.2	591.6	304.2	236.8	75.0	52.1	33.3	3,036.0
2010-11	418.4	253.2	302.6	155.5	100.9	29.7	20.7	13.2	1,294.0
2011-12	64.2	13.8	39.5	20.0	14.7	4.6	3.2	2.0	162.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) The cash payment in 2009-10 for the National Partnership on the Nation Building and Jobs Plan — social housing — second-stage construction is \$3,090 million, of which \$54 million was recorded as an accrual in 2008-09.

Table 2.6.6: Estimated payments to the States for the National Partnership on the Nation Building and Jobs Plan — social housing — repairs and maintenance^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	59.8	45.4	40.0	18.6	13.7	4.3	3.0	1.9	186.7
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) The cash payment in 2009-10 for the National Partnership on the Nation Building and Jobs Plan — social housing — repairs and maintenance is \$200 million, of which \$13.3 million was recorded as an accrual in 2008-09.

National Partnership on remote Indigenous housing

The *National Partnership on remote Indigenous housing* aims to facilitate significant reform in the provision of housing for Indigenous people in remote communities and to address overcrowding, homelessness, poor housing conditions and severe housing shortages.

Table 2.6.7: Estimated payments to the States for the National Partnership on remote Indigenous housing^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	140.0	7.5	69.2	164.9	97.9	5.9	-	132.4	617.8
2010-11	22.9	2.5	66.7	81.8	20.3	2.1	-	216.4	412.8
2011-12	26.1	2.5	96.5	98.5	23.3	3.1	-	213.9	463.9
2012-13	26.6	2.5	145.7	128.7	27.9	2.8	-	144.9	479.0
2013-14	46.6	2.5	177.5	191.3	36.4	2.9	-	289.6	746.8

(a) Capital works funding from 1 July 2010 will be subject to a competitive bid process and actual payments to jurisdictions may vary from the estimated payments listed above.

National Partnership on social housing

The Commonwealth provided \$400 million over two years in 2008-09 and 2009-10 under the *National Partnership on social housing*. The National Partnership provided for the establishment of a social housing growth fund which contributed capital funding to the States, to support a range of projects to increase the supply of social housing and enable more disadvantaged households to access safe and secure housing that meets their needs. Around 1,900 dwellings will be completed by 30 June 2011.

Table 2.6.8: Estimated payments to the States for the National Partnership on social housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	65.2	49.6	40.0	20.2	15.0	4.7	3.2	2.1	200.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the social housing subsidy program

The Commonwealth had committed to provide around \$2 million each year to New South Wales until 30 June 2016, to expand housing options for low-to moderate-income earners as part of the social housing subsidy program. The Commonwealth has met its future payment commitments to New South Wales under this program by providing a single payment in 2009-10 and ceasing future annual payments.

The program subsidises recurrent costs of financing rental accommodation in the private and non-government sectors for low- to moderate-income earners.

Table 2.6.9: Estimated payments to the States for the National Partnership on the social housing subsidy program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	11.9	-	-	-	-	-	-	-	11.9
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the East Kimberley development package — Indigenous housing projects

The Commonwealth will provide \$50 million to Western Australia for Indigenous housing projects from the East Kimberley development package. Investment priorities under the package focus on improving the provision of social and transition housing, where noticeable gaps exist in the region. Improved housing outcomes for Indigenous people will provide the foundation for lasting improvements in living standards, social and economic wellbeing and access to life opportunities, such as employment and education.

The East Kimberley development package as a whole is described in the infrastructure services section.

Table 2.6.10: Estimated payments to the States for the National Partnership on the East Kimberley development package — Indigenous housing projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	25.0	-	-	-	-	25.0
2010-11	-	-	-	20.6	-	-	-	-	20.6
2011-12	-	-	-	4.4	-	-	-	-	4.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

INFRASTRUCTURE

In 2010-11, the States will receive \$3.9 billion in payments from the Commonwealth to support state infrastructure services. These payments include \$2.7 billion for the Nation Building Program.

Policy decisions included in this Budget in the infrastructure services sector include the establishment of an Infrastructure Fund associated with the introduction of the Resource Super Profits Tax (RSPT) on 1 July 2012. The Commonwealth's initial funding contribution will be \$700 million in 2012-13. In 2013-14 the contribution will be \$735 million.

Table 2.7 provides information on payments to support state infrastructure services.

Table 2.7: Payments to support state infrastructure services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Partnership payments					
Infrastructure Fund(a)	-	-	-	700.0	735.0
Nation Building Program					
Investment					
Rail	52.5	100.9	62.2	58.2	58.0
Road	3,727.5	1,896.5	2,803.8	2,966.2	2,798.7
Boom gates for rail crossings	66.9	-	-	-	-
Black spot projects	119.5	59.5	59.5	59.5	59.5
Off-network projects	280.2	225.4	187.8	136.4	108.3
Off-network projects supplementary	138.3	-	-	-	-
Improving the national network	247.1	-	-	-	-
Heavy vehicle safety and productivity	20.0	20.0	20.0	-	-
Improving local roads	5.1	-	-	-	-
Roads to recovery	349.8	349.8	349.8	349.8	349.8
Nation Building Plan for the Future					
Major cities					
Rail	27.0	30.2	60.6	101.2	37.0
Road	5.0	27.1	28.9	-	-
Building Australia Fund					
Rail	411.0	500.1	918.2	1,175.4	938.0
Road	-	312.0	615.0	1,055.0	229.0
Regional and Local Community					
Infrastructure Program	355.9	186.5	-	-	-
East Kimberley development package	14.2	8.8	1.5	-	-
Interstate road transport	60.0	68.8	71.6	74.5	77.4
Jobs fund -					
infrastructure employment projects	21.6	84.8	-	-	-
Local community sporting infrastructure	2.3	2.4	-	-	-
Supplementary road funding to					
South Australian councils for local roads	14.8	15.5	-	-	-
Federation Fund projects	1.0	-	-	-	-
Total	5,919.7	3,888.2	5,178.9	6,676.1	5,390.7
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Nation Building Program					
Improving local roads	4.1	-	-	-	-
Roads to recovery	331.5	331.5	331.5	331.5	331.5
Off-network projects	29.7	89.9	61.5	0.8	-
Off-network projects supplementary	131.9	-	-	-	-
Regional and Local Community					
Infrastructure Program	355.9	186.5	-	-	-
East Kimberley development package	11.9	3.0	-	-	-
Jobs fund -					
infrastructure employment projects	7.1	57.8	-	-	-
Local community sporting infrastructure	2.3	2.4	-	-	-
Total	874.4	671.1	393.0	332.3	331.5

(a) State allocations are not yet finalised for this payment.

National Partnership payments for infrastructure

Infrastructure Fund

The Government will provide funding to establish an Infrastructure Fund to coincide with the introduction of the Resource Super Profits Tax (RSPT) on 1 July 2012. The Infrastructure Fund will commence with an initial amount of \$700 million in 2012-13. The total amount of the fund will grow over time.

The Infrastructure Fund will be distributed in a manner which recognises that resource-rich States face large associated infrastructure demands. Resource-rich States will receive relatively more funding which can be used to support investment in infrastructure, including that necessary for the ongoing development of the resource industry. The final details for the infrastructure fund will be negotiated with the States.

National Partnership on the Nation Building Program

The Commonwealth will provide \$2.7 billion to the States in 2010-11 for on-road and rail infrastructure through the Nation Building Program. The program assists economic and social development regionally and nationally by providing funding to improve the performance of land transport infrastructure.

The Nation Building Program comprises several different payments that are detailed in the tables below.

Table 2.7.1: Estimated payments to the States for the National Partnership on the Nation Building Program — investment — rail

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.0	10.0	-	5.9	-	35.6	-	-	52.5
2010-11	39.2	-	-	30.0	-	31.7	-	-	100.9
2011-12	-	-	-	30.0	-	32.2	-	-	62.2
2012-13	-	-	-	30.0	-	28.2	-	-	58.2
2013-14	-	-	-	45.0	-	13.0	-	-	58.0

Table 2.7.2: Estimated payments to the States for the National Partnership on the Nation Building Program — investment — road

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1,200.1	451.5	1,420.5	132.5	330.2	94.0	0.5	98.2	3,727.5
2010-11	717.6	260.0	539.7	182.6	76.7	74.6	0.5	44.7	1,896.5
2011-12	734.8	580.0	966.0	252.5	188.0	22.9	0.5	59.2	2,803.8
2012-13	637.0	603.8	1,103.4	273.9	262.9	11.4	0.5	73.2	2,966.2
2013-14	1,129.1	408.0	744.3	322.9	120.3	24.4	0.5	49.2	2,798.7

Table 2.7.3: Estimated payments to the States for the National Partnership on the Nation Building Program — boom gates for rail crossings

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	2.5	20.2	28.5	9.4	2.0	2.6	-	1.7	66.9
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.7.4: Estimated payments to the States for the National Partnership on the Nation Building Program — black spot projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	38.3	27.2	24.3	13.1	9.5	2.7	2.5	2.0	119.5
2010-11	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5
2011-12	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5
2012-13	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5
2013-14	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5

Table 2.7.5: Estimated payments to the States for the National Partnership on the Nation Building Program — off-network projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	40.5	79.4	36.9	73.1	5.0	16.8	12.5	16.1	280.2
2010-11	34.6	23.3	65.3	59.5	-	14.5	10.0	18.3	225.4
2011-12	11.4	27.5	54.3	42.5	-	22.2	13.0	17.0	187.8
2012-13	6.0	32.5	4.5	73.9	-	17.5	2.0	-	136.4
2013-14	23.8	25.7	-	53.2	-	5.6	-	-	108.3

Table 2.7.6: Estimated payments to the States for the National Partnership on the Nation Building Program — off-network projects supplementary^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	34.8	17.7	54.4	15.2	15.3	0.3	-	0.6	138.3
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures in this table represent expenses against prepayments made to the States in 2006-07.

Table 2.7.7: Estimated payments to the States for the National Partnership on the Nation Building Program — improving the national network^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	35.2	-	48.3	85.5	33.3	35.1	-	9.8	247.1
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures in this table represent expenses against prepayments made to the States in 2005-06.

Table 2.7.8: Estimated payments to the States for the National Partnership on the Nation Building Program — heavy vehicle safety and productivity

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	5.1	5.3	2.0	1.8	4.2	1.2	-	0.5	20.0
2010-11	2.9	1.1	4.5	2.6	5.8	1.3	0.5	1.3	20.0
2011-12	6.9	7.1	4.9	0.9	-	0.2	-	-	20.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.7.9: Estimated payments to the States for the National Partnership on the Nation Building Program — improving local roads^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.5	0.8	0.4	0.8	1.0	0.5	-	-	5.1
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures in this table represent expenses against prepayments made to local councils and through State governments in 2005-06.

Table 2.7.10: Estimated payments to the States for the National Partnership on the Nation Building Program — roads to recovery^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2010-11	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2011-12	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2012-13	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2013-14	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8

(a) Payments to South Australia include \$4.3 million in each financial year paid to local councils through the State Government.

Nation Building Plan for the Future

The Commonwealth will provide \$869.4 million to the States in 2010-11 for nationally significant infrastructure projects for metropolitan rail networks, national road priorities and port infrastructure. The program will support future economic growth by improving the quality and efficiency of Australia's transport networks. At the same time, our cities will be more liveable and sustainable, helping to support a growing population.

The Nation Building Plan for the Future comprises several different payments that are detailed in the tables below.

Table 2.7.11: Estimated payments to the States for the National Partnership on the Nation Building Plan for the Future — major cities — rail

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	20.0	7.0	-	-	-	-	27.0
2010-11	-	-	-	30.2	-	-	-	-	30.2
2011-12	-	-	-	60.6	-	-	-	-	60.6
2012-13	-	-	-	101.2	-	-	-	-	101.2
2013-14	-	-	-	37.0	-	-	-	-	37.0

Table 2.7.12: Estimated payments to the States for the National Partnership on the Nation Building Plan for the Future — major cities — road

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	5.0	-	-	-	5.0
2010-11	-	-	-	-	27.1	-	-	-	27.1
2011-12	-	-	-	-	28.9	-	-	-	28.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Table 2.7.13 Estimated payments to the States for the National Partnership on the Nation Building Plan for the Future — Building Australia Fund — rail

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	365.0	-	46.0	-	-	-	411.0
2010-11	-	348.0	-	-	152.1	-	-	-	500.1
2011-12	-	662.0	-	-	256.2	-	-	-	918.2
2012-13	-	1,067.0	-	-	108.4	-	-	-	1,175.4
2013-14	-	938.0	-	-	-	-	-	-	938.0

Table 2.7.14: Estimated payments to the States for the National Partnership on the Nation Building Plan for the Future — Building Australia Fund — road

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	312.0	-	-	-	-	-	-	-	312.0
2011-12	615.0	-	-	-	-	-	-	-	615.0
2012-13	655.0	-	400.0	-	-	-	-	-	1,055.0
2013-14	229.0	-	-	-	-	-	-	-	229.0

Regional and Local Community Infrastructure Program

The Regional and Local Community Infrastructure Program was announced by the Prime Minister at the Australian Council of Local Government inaugural meeting on 18 November 2008 as part of the Nation Building Economic Stimulus Plan. Since its inception, the Regional and Local Community Infrastructure Program has made more than \$1 billion available to local government authorities to build and modernise community infrastructure.

Table 2.7.15: Estimated payments to the States for the Regional and Local Community Infrastructure Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	88.9	89.5	94.7	36.3	28.5	12.4	1.6	4.0	355.9
2010-11	58.0	53.0	42.2	17.6	8.2	3.6	1.2	2.7	186.5
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures for 2009-10 and 2010-11 are indicative distributions only.

East Kimberley development package

The East Kimberley development package was launched by the Prime Minister in Kununurra on 3 July 2009. From 2008-09, this package will provide \$195 million to the Wyndham Shire and associated Indigenous organisations in the East Kimberley region of Western Australia to support economic development through investment in social and common-use infrastructure. The package comprises four different sets of projects:

- health-related projects;
- education-related projects;
- Indigenous housing projects; and
- 'other' infrastructure projects (transport and community projects).

National Partnership on the East Kimberley development package — other infrastructure projects

The Commonwealth will provide \$24.5 million to the Wyndham Shire and associated Indigenous organisations in the East Kimberley region of Western Australia for transport and community infrastructure projects. Investment in transport and community infrastructure projects will help to build a 'sense of place' within the community, as well as improving liveability and economic growth in the East Kimberley region.

Table 2.7.16: Estimated payments to the States for the National Partnership on the East Kimberley development package — other infrastructure projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	14.2	-	-	-	-	14.2
2010-11	-	-	-	8.8	-	-	-	-	8.8
2011-12	-	-	-	1.5	-	-	-	-	1.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Interstate road transport

The Commonwealth will provide funding to the States under the *Interstate Road Transport Act 1985* that is equal to total revenue received from registrations made under the federal interstate registration scheme for each respective State.

Table 2.7.17: Estimated payments to the States for interstate road transport

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	27.7	16.1	5.7	2.4	7.3	0.3	0.3	0.3	60.0
2010-11	31.7	18.5	6.5	2.7	8.3	0.3	0.3	0.3	68.8
2011-12	33.0	19.2	6.8	2.8	8.7	0.4	0.4	0.4	71.6
2012-13	34.3	20.0	7.1	3.0	9.0	0.4	0.4	0.4	74.5
2013-14	35.7	20.8	7.4	3.1	9.4	0.4	0.4	0.4	77.4

Jobs fund — infrastructure employment projects

The Commonwealth will provide funding for community infrastructure, including social, cultural, tourism and recreational infrastructure; road and airport-related infrastructure; and environmental initiatives.

Table 2.7.18: Estimated payments to the States for jobs fund — infrastructure employment projects^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.8	1.4	4.5	10.6	0.4	2.6	0.1	0.1	21.6
2010-11	6.0	2.8	53.4	11.2	0.8	10.3	0.2	0.1	84.8
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures for 2009-10 and 2010-11 are indicative distributions only.

Local community sporting infrastructure

The Commonwealth will provide \$4.7 million over two years from 2009-10 in funding to the Camden Council in New South Wales for the development of the Camden Aquatic Centre.

Table 2.7.19: Estimated payments to the States for local community sporting infrastructure

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	2.3	-	-	-	-	-	-	-	2.3
2010-11	2.4	-	-	-	-	-	-	-	2.4
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Supplementary road funding to South Australian councils for local roads

Since 2004-05, the Commonwealth has agreed to provide South Australia with supplementary funding to address its apparent disadvantage under the current distribution of untied local roads grants. South Australia will receive \$15.5 million for this purpose in 2010-11.

Table 2.7.20: Estimated payments for supplementary road funding to South Australian councils for local roads

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	14.8	-	-	-	14.8
2010-11	-	-	-	-	15.5	-	-	-	15.5
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Centenary of Federation Fund projects

The Commonwealth provided funding to Victoria in 2009-10 for Centenary of Federation Fund projects.

Table 2.7.21: Estimated payments for the Centenary of Federation fund projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	1.0	-	-	-	-	-	-	1.0
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

ENVIRONMENT

In 2010-11, the States will receive \$281.3 million in payments from the Commonwealth to support state environment services.

Table 2.8 provides information on all the payments to the States to support state environment services.

Table 2.8: Payments to support state environmental services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Partnership payments					
Bioremediation and revegetation	7.5	1.9	-	-	-
Caring for our Country	107.8	138.0	138.0	138.0	-
Environmental management of the former Rum Jungle mine site	2.0	1.2	3.5	0.3	-
Exotic Disease Preparedness Program	0.4	0.4	0.4	0.4	0.4
Plant disease and eradication	4.5	-	-	-	-
Great Artesian Basin Sustainability Initiative	11.8	15.8	16.8	15.1	15.1
The Living Murray	28.1	-	-	-	-
Renewable Remote Power Generation	54.1	14.1	-	-	-
Transfer of Commonwealth land to Victoria - Point Nepean	-	-	-	-	-
Water for the Future	272.5	109.9	17.4	-	-
Total	488.7	281.3	176.1	153.8	15.5
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Water for the Future	19.5	12.7	10.9	-	-
Total	19.5	12.7	10.9	-	-

National Partnership payments for the environment

National Partnership on bioremediation and revegetation

The Government will provide \$1.9 million in 2010-11 for bioremediation and revegetation trials in suitable sites in and around South Australia's lower lakes. The trials will continue to engage and involve local communities.

Table 2.8.1: Estimated payments to the States for the National Partnership on bioremediation and revegetation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	7.5	-	-	-	7.5
2010-11	-	-	-	-	1.9	-	-	-	1.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Caring for our Country

Caring for our Country is the Government's natural resource management initiative, and aims to integrate delivery of the Commonwealth's natural resource management programs: the Natural Heritage Trust; the National Landcare Program; the Environmental Stewardship Program; and the Working on Country Indigenous Land and Environmental Program.

Under Caring for our Country, regional bodies as a whole will continue to receive funding of at least 60 per cent of historical average funding to secure their operations. This funding, \$138 million in 2010-11, will be paid through the States.

Table 2.8.2: Estimated payments to the States for the National Partnership on Caring for our Country

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	26.8	21.2	16.6	19.5	16.5	3.6	0.8	2.8	107.8
2010-11	35.6	28.1	22.4	25.5	16.5	5.1	1.2	3.7	138.0
2011-12	35.6	28.1	22.4	25.5	16.5	5.1	1.2	3.7	138.0
2012-13	35.6	28.1	22.4	25.5	16.5	5.1	1.2	3.7	138.0
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the environmental management of the former Rum Jungle mine site

The Commonwealth will provide \$7 million in financial assistance over four years from 2009-10 to the Northern Territory to support the ongoing management of the former Rum Jungle mine site.

The measure includes funding to:

- support environmental management and monitoring of the site; and
- assist with the development of site management and rehabilitation strategies in partnership with industry and the site's traditional owners.

Table 2.8.3: Estimated payments to the States for the National Partnership on the environmental management of the former Rum Jungle mine site

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	2.0	2.0
2010-11	-	-	-	-	-	-	-	1.2	1.2
2011-12	-	-	-	-	-	-	-	3.5	3.5
2012-13	-	-	-	-	-	-	-	0.3	0.3
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the Exotic Disease Preparedness Program

The Commonwealth will provide \$0.4 million in 2010-11 to fund the Exotic Disease Preparedness Program, which supports investigations into:

- the role of wild and feral species in the maintenance and spread of emerging and emergency animal diseases; and
- the role of those species in incursions and spread of major exotic animal diseases.

Table 2.8.4: Estimated payments to the States for the National Partnership on the Exotic Disease Preparedness Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.1	0.1	0.1	0.1	..	..	..	..	0.4
2010-11	0.1	0.1	0.1	0.1	..	..	..	..	0.4
2011-12	0.1	0.1	0.1	0.1	..	..	..	..	0.4
2012-13	0.1	0.1	0.1	0.1	..	..	..	..	0.4
2013-14	0.1	0.1	0.1	0.1	..	..	..	..	0.4

National Partnership on plant disease and eradication

Commonwealth funding contributes to ongoing programs to eradicate pests in Queensland (five tropical weeds, red imported fire ant, electric ant and fruit fly), Western Australia (European house borer) and South Australia (branched broomrape).

If allowed to establish and spread, these pests would have serious economic and environmental impacts.

Table 2.8.5: Estimated payments to the States for the National Partnership on plant disease and eradication

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	1.1	2.2	1.2	-	-	-	4.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Great Artesian Basin Sustainability Initiative

The Commonwealth will provide \$15.8 million in 2010-11 to continue work on the repair of uncontrolled artesian bores and the replacement of wasteful open earth bore drains with piped water reticulation systems through the Great Artesian Basin Sustainability Initiative.

The Great Artesian Basin Sustainability Initiative is being delivered through state agencies, with the Commonwealth contributing jointly with other key stakeholders, State governments and pastoral bore owners.

Table 2.8.6: Estimated payments to the States for the National Partnership on the Great Artesian Basin Sustainability Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	4.5	-	7.3	-	-	-	-	-	11.8
2010-11	5.5	-	9.3	-	1.0	-	-	-	15.8
2011-12	5.5	-	10.3	-	1.0	-	-	-	16.8
2012-13	5.5	-	8.6	-	1.0	-	-	-	15.1
2013-14	5.5	-	8.6	-	1.0	-	-	-	15.1

National Partnership on the Living Murray

The Commonwealth will provide \$28.1 million in 2009-10 to support the Living Murray program, Australia's most significant river restoration program.

The Living Murray program was established in 2002 in response to evidence showing the declining health of the River Murray system, and aims to achieve a healthy working River Murray system for the benefit of all Australians. This includes returning water to the river's environment. It is a partnership of the Commonwealth, New South Wales, Victorian, South Australian and Australian Capital Territory governments.

Table 2.8.7: Estimated payments to the States for the National Partnership on the Living Murray

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	6.9	21.3	-	-	-	-	-	-	28.1
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Renewable Remote Power Generation

The Commonwealth will provide \$14.1 million to the States in 2010-11 to fund the Renewable Remote Power Generation program. This program provides financial support to increase the use of renewable generation in remote parts of Australia that presently rely on fossil fuels for electricity supply.

Table 2.8.8: Estimated payments to the States for the National Partnership on Renewable Remote Power Generation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	8.7	6.1	7.4	21.1	2.6	0.6	-	7.6	54.1
2010-11	-	-	-	8.9	0.9	-	-	4.3	14.1
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the transfer of Commonwealth land to Victoria — Point Nepean

The Commonwealth provided a cash payment of \$15 million in 2009-10 (relating to 2008-09), currently held by the Point Nepean Community Trust, to the Victorian Government as part of the transfer of the ownership of the former quarantine station at Point Nepean, Victoria, from the Commonwealth to the Victorian Government.

Table 2.8.9: Estimated payments to the States for the National Partnership on the transfer of Commonwealth land to Victoria — Point Nepean^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) The cash payment in 2009-10 for the National Partnership on the transfer of Commonwealth land to Victoria for Point Nepean is \$15 million, the full amount of which was recorded as an accrual in 2008-09.

National Partnership on Water for the Future

The Commonwealth will provide \$109.9 million in 2010-11 to the States as part of the *National Partnership on Water for the Future* to support the following programs: Sustainable Rural Water Use and Infrastructure; National Water Security Plan for Cities and Towns; and National Urban Water and Desalination Plan.

Table 2.8.10: Estimated payments to the States for the National Partnership on Water for the Future

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	21.4	23.7	11.5	13.1	165.4	36.3	1.1	-	272.5
2010-11	6.5	16.2	0.5	4.7	78.1	3.8	0.1	-	109.9
2011-12	6.0	5.5	-	1.0	2.9	2.0	-	-	17.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

CONTINGENT PAYMENTS

Contingent payments arise where the Commonwealth has committed to provide compensation when an event occurs or otherwise guarantees the States' financial position. Payments to the States will only arise if the relevant event occurs.

Table 2.9 contains existing payments that will be paid as National Partnership payments if a contingency arises.

Table 2.9: Contingent payments to the States

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Partnership payments					
Exceptional Circumstances assistance	349.4	168.2	-	-	-
Hepatitis C settlement fund	1.4	1.4	1.4	-	-
Natural disaster relief	371.4	576.9	80.0	80.0	80.0
Total	722.2	746.5	81.4	80.0	80.0

A brief description of all contingent payments including state allocations is listed below.

Exceptional Circumstances assistance

The Commonwealth will provide \$168.2 million in 2010-11 for Exceptional Circumstances interest rate subsidies to the States for Exceptional Circumstances support to eligible farmers and small business operators in a region that is experiencing a severe downturn due to a rare and severe climatic or other event.

Table 2.9.1: Estimated payments to the States for Exceptional Circumstances assistance^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	205.6	99.8	6.0	-	35.2	2.7	-	-	349.4
2010-11	103.4	51.4	0.2	-	13.2	-	-	-	168.2
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Exceptional Circumstances Assistance is related to the Agriculture, forestry and fishing GFS function.

Hepatitis C settlement fund

The Commonwealth will contribute up to \$1.4 million in 2010-11 to the States' schemes for out-of-court settlement costs for eligible individuals who contracted Hepatitis C through the blood supply service between 1985 and 1991.

Table 2.9.2: Estimated payments to the States for the Hepatitis C settlement fund^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.1	-	-	..	0.2	-	..	0.1	1.4
2010-11	1.1	-	-	..	0.2	-	..	0.1	1.4
2011-12	1.1	-	-	..	0.2	-	..	0.1	1.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Hepatitis C contingent payments are related to the Health GFS function.

Natural disaster relief

In 2010-11, it is estimated that the Commonwealth will provide \$576.9 million under the Natural Disaster Relief and Recovery Arrangements, to reimburse part of the States' expenditure on relief and recovery assistance following eligible natural disasters.

Table 2.9.3: Estimated payments to the States for Natural disaster relief^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	79.0	4.4	284.7	-	-	0.6	-	2.7	371.4
2010-11	24.1	104.5	425.0	7.6	2.7	0.4	-	12.5	576.9
2011-12	24.1	1.4	31.3	7.6	2.7	0.4	-	12.5	80.0
2012-13	24.1	1.4	31.3	7.6	2.7	0.4	-	12.5	80.0
2013-14	24.1	1.4	31.3	7.6	2.7	0.4	-	12.5	80.0

(a) Natural disaster relief contingent payments are related to the Other Purposes GFS function.

OTHER NATIONAL PARTNERSHIP PAYMENTS

From time to time, the Commonwealth also makes various payments to the States to support other services, including payments in respect of:

- agriculture, forestry and fishing;
- public order and safety;
- fuel and energy; and
- recreation and culture.

Table 2.10: Payments to support other state services

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
National Partnership payments					
Seamless National Economy	-	-	200.0	250.0	-
National Disaster Resilience Program	47.3	25.3	25.7	26.1	26.6
Legal aid	172.6	190.8	194.8	198.1	201.5
Standard Business Reporting Program	7.8	5.9	-	-	-
Digital Regions Initiative	2.9	26.8	13.8	9.9	-
Film and literature classification	5.3	-	-	-	-
Improving policing in very remote areas	3.0	1.0	-	-	-
Remote Indigenous public internet access	0.6	2.3	2.0	2.1	2.1
Restoration of Albert Hall, Canberra	0.5	-	-	-	-
World sailing championships	3.0	2.0	3.6	-	-
Local Government Reform Fund	12.0	12.0	-	-	-
Queensland Premier's Disaster Relief Appeal	0.5	-	-	-	-
Sinking fund on State debt	-	0.1	0.1	0.1	0.1
Commonwealth Heads of Government Meeting 2011	-	*	*	-	-
Pilot of drought reform measures in Western Australia	-	1.1	3.4	1.1	1.2
National emergency warning system	15.7	-	-	-	-
Total	271.2	267.1	443.3	487.3	231.5
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Digital Regions Initiative - Local Government	1.2	12.2	5.1	4.4	-
Total	1.2	12.2	5.1	4.4	-

National Partnership to Deliver a Seamless National Economy

The *National Partnership to Deliver a Seamless National Economy* aims to reduce unnecessary and inconsistent regulation across jurisdictions and to improve processes for regulatory design and review. The Commonwealth has committed to provide funding of up to \$550 million over five years from 2008-09 to facilitate implementation of the agreement and reward the delivery of reform priorities.

Table 2.10.1: Estimated payments to the States for the National Partnership to Deliver a Seamless National Economy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-
2011-12	64.2	49.6	41.0	20.7	14.7	4.5	3.2	2.1	200.0
2012-13	79.9	61.9	51.6	26.0	18.3	5.6	4.0	2.6	250.0
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the National Disaster Resilience Program

The Government is providing ongoing funding to the States to strengthen community resilience to natural disasters. Under the program, the Commonwealth is providing matched funding for activities addressing agreed priority areas including: disaster mitigation works which minimise the risks to communities; increased risks resulting from the effects of climate change; supporting the work of volunteers in emergency management; assisting local government to meet its emergency management responsibilities; and building partnerships with business, non-government organisations and community groups to improve their ability to assist their communities during and following an emergency.

The National Partnership replaced a number of programs, combining funds to allow the flexibility to address different priorities across the States, as well as projects of national importance.

Table 2.10.2: Estimated payments to the States for the National Partnership on the National Disaster Resilience Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	15.1	4.5	10.3	5.5	6.0	1.6	1.9	2.6	47.3
2010-11	6.6	4.0	5.8	3.0	2.0	1.3	1.3	1.3	25.3
2011-12	6.7	4.1	5.9	3.1	2.1	1.3	1.3	1.3	25.7
2012-13	6.8	4.2	6.0	3.1	2.1	1.3	1.3	1.3	26.1
2013-14	6.9	4.3	6.1	3.2	2.1	1.3	1.3	1.3	26.6

Legal aid

The Commonwealth will provide \$190.8 million in 2010-11 to fund legal aid commissions in each State so they can provide legal assistance to disadvantaged persons in accordance with Commonwealth policy priorities.

The Commonwealth provides legal aid funding to enable disadvantaged Australians to access services which assist them to resolve their legal problems. Legal aid is not provided for every type of legal problem. Commonwealth priorities include family law matters, particularly matters involving children, or where there is a risk of violence. Legal aid services include legal education, early intervention advice, mediation and legal representation services.

Table 2.10.3: Estimated payments to the States for Legal aid^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	56.5	36.1	36.5	15.4	14.1	5.7	4.5	3.7	172.6
2010-11	60.3	42.4	40.1	19.2	14.9	5.7	4.3	3.9	190.8
2011-12	61.6	43.6	40.5	19.6	15.4	5.8	4.4	3.9	194.8
2012-13	62.6	44.4	41.2	19.9	15.7	5.9	4.4	3.9	198.1
2013-14	63.7	45.2	41.9	20.3	16.0	6.0	4.5	4.0	201.5

(a) Subject to negotiations with the States in relation to the National Partnership Agreement on Legal Assistance Services.

Standard Business Reporting Program

The Commonwealth will provide \$5.9 million in 2010-11 to the States for residual development activities, and to operate and maintain the Standard Business Reporting Program. This program is a multi-agency initiative that will simplify business-to-government reporting by:

- removing unnecessary or duplicated information from government forms;
- using accounting or record-keeping software to automatically pre-fill government forms; and
- introducing a single secure way to interact online with participating agencies.

Government agencies participating in the Standard Business Reporting Program include the Treasury, Australian Securities and Investments Commission, Australian Taxation Office, Australian Prudential Regulation Authority, all state government revenue offices and Australian Bureau of Statistics (reporting and definition work only).

Table 2.10.4: Estimated payments to the States for the Standard Business Reporting Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	1.0	1.5	1.2	0.9	0.5	0.8	1.0	0.9	7.8
2010-11	0.9	0.5	0.8	0.8	0.9	0.8	0.8	0.4	5.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures for 2010-11 and 2011-12 are indicative distributions only.

National Partnership on Digital Regions Initiative

The Commonwealth will provide \$26.8 million to the States in 2010-11 for the Digital Regions Initiative, subject to the outcomes of the initiative's competitive funding rounds. This initiative will co-fund innovative digital enablement projects to support improved education, health and emergency services in regional, rural and remote communities.

Table 2.10.5: Estimated payments to the States for the Digital Regions Initiative^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.9	0.5	-	0.4	0.6	0.2	-	0.3	2.9
2010-11	5.6	3.2	0.9	2.0	4.2	2.5	0.9	7.6	26.8
2011-12	2.9	2.5	0.9	1.7	1.7	2.4	0.9	0.9	13.8
2012-13	2.0	0.9	0.9	1.3	0.9	2.4	0.9	0.9	9.9
2013-14	-	-	-	-	-	-	-	-	-

(a) State funding has been allocated on the basis of the outcomes of the first round of funding and notional estimates for the second round of funding. These figures include payments to local governments.

Film and literature classifications

The Commonwealth makes payments to the States under the *Intergovernmental Agreement for a revised Co-operative Censorship Scheme* in Australia. The agreement establishes the National Classification Scheme with the aim of more uniform and simple censorship laws with consequential benefits to the public and industry.

The Commonwealth has met its future payment commitments to the States under this scheme by providing a single payment in 2009-10 and ceasing future annual payments.

Table 2.10.6: Estimated payments to the States for film and literature classifications

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	5.3
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Improving policing in very remote areas

Improving policing in very remote communities is part of the July 2006 COAG package addressing violence and child abuse in Indigenous communities. The Commonwealth will provide \$1.0 million in 2010-11 to Western Australia for the completion of construction of police stations and related infrastructure including police housing.

Table 2.10.7: Estimated payments to the States for improving policing in very remote areas

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.6	-	-	2.0	-	-	-	0.4	3.0
2010-11	-	-	-	1.0	-	-	-	-	1.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on remote Indigenous public internet access

The Commonwealth will provide \$2.3 million to the States in 2010-11 for remote Indigenous public internet access. This program will provide funding in collaboration with the States for new or expanded public internet access and delivery of computer training in nominated remote Indigenous communities that have limited or no public access internet facilities. Funding will also cover maintenance of facilities installed in 2009-10 under this program.

Table 2.10.8: Estimated payments to the States for remote Indigenous public internet access^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	0.1	-	0.1	0.2	..	..	-	0.2	0.6
2010-11	0.2	-	0.4	0.8	0.2	0.1	-	0.8	2.3
2011-12	0.1	-	0.3	0.7	0.1	..	-	0.7	2.0
2012-13	0.1	-	0.3	0.7	0.1	..	-	0.7	2.1
2013-14	0.1	-	0.4	0.7	0.1	..	-	0.7	2.1

(a) State allocations are yet to be finalised. These indicative allocations are based on preliminary estimates provided by the States of potentially eligible remote Indigenous communities.

Restoration of Albert Hall, Canberra

The Commonwealth will provide \$0.5 million to the Australian Capital Territory in 2009-10 for the restoration of the Albert Hall. The Albert Hall is a historic and cultural landmark of Canberra and is listed in the Register of the National Estate on the Australian Capital Territory Heritage Register. The Australian Capital Territory Government is responsible for the management and maintenance of the Albert Hall and is currently refurbishing it under a conservation plan. This grant is to assist the Australian Capital Territory Government in this \$2.7 million project.

Table 2.10.9: Estimated payments to the States for the restoration of Albert Hall, Canberra

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	0.5	-	0.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

World sailing championships

The Commonwealth will provide \$2.0 million to Western Australia in 2010-11 to contribute to the staging of the International Sailing Federation World Championships in Western Australia in December 2011.

Table 2.10.10: Estimated payments to the States for the world sailing championships

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	3.0	-	-	-	-	3.0
2010-11	-	-	-	2.0	-	-	-	-	2.0
2011-12	-	-	-	3.6	-	-	-	-	3.6
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on Local Government Reform Fund

The Commonwealth will provide funding to the States for projects which support the implementation of nationally consistent frameworks for local government asset and financial management and/or improve collaboration in the local government sector. The Local Government Reform Fund will encourage collaboration between councils and help improve their capacity to serve local communities.

Table 2.10.11: Estimated payments to States for the Local Government Reform Fund^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	2.6	2.0	2.1	1.8	1.9	0.8	-	0.7	12.0
2010-11	2.6	2.0	2.1	1.8	1.9	0.8	-	0.7	12.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Figures for 2009-10 and 2010-11 are indicative distributions only.

Queensland Premier's Disaster Relief Appeal

In 2009-10, the Commonwealth has provided \$0.5 million to the Queensland Premier's Disaster Relief Appeal to help people affected by the 2010 monsoonal floods in Queensland.

Table 2.10.12: Estimated payments to the States for the Queensland Premier's Disaster Relief Appeal

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	0.5	-	-	-	-	-	0.5
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

Sinking Fund on State Debt

The Commonwealth will contribute to the Debt Retirement Reserve Trust Account on behalf of New South Wales, Victoria and South Australia in accordance with the *Financial Agreement Act 1994*.

Table 2.10.13 Estimated payments to the States for the Sinking Fund on State Debt

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	..	..	-	-	..	-	-	-	0.1
2011-12	..	..	-	-	..	-	-	-	0.1
2012-13	..	..	-	-	..	-	-	-	0.1
2013-14	..	..	-	-	..	-	-	-	0.1

Commonwealth Heads of Government Meeting 2011

The Commonwealth will provide funding over two years from 2010-11 to Western Australia in relation to security for the Commonwealth Heads of Government Meeting to be held in Perth in 2011.

Table 2.10.14 Estimated payments to the States for the Commonwealth Heads of Government Meeting 2011

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	*	-	-	-	-	*
2011-12	-	-	-	*	-	-	-	-	*
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

National Partnership on the pilot of drought reform measures in Western Australia

The Commonwealth, in partnership with Western Australia, is funding a pilot of drought reform measures in part of Western Australia. The pilot will test a package of new measures developed in response to the national review of drought policy, including assistance for farm business planning, on-farm projects and capacity building and community activities, as well as support for farm households and communities. The program aims to increase the resilience and capacity of farmers, farming families and their communities to better prepare for and self-manage drought, climatic variability and reduced water availability.

The pilot will be conducted in a region of Western Australia that covers a broad range of farming enterprises and climatic conditions. It will be in place from 1 July 2010 to 30 June 2011. Payments made under one of the measures will continue until 30 June 2014.

Table 2.10.15 Estimated payments to the States for the National Partnership on the pilot of drought reform measures in Western Australia

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	1.1	-	-	-	-	1.1
2011-12	-	-	-	3.4	-	-	-	-	3.4
2012-13	-	-	-	1.1	-	-	-	-	1.1
2013-14	-	-	-	1.2	-	-	-	-	1.2

National Partnership on the development of a national emergency warning system

The Commonwealth will provide \$15.7 million in 2009-10 to fund the development of a telephone based national emergency warning system, Emergency Alert. Emergency Alert enables the States to deliver warnings to landline and mobile telephones based on the customer's service address.

Table 2.10.16 Estimated payments to the States for the National Partnership on the development of a national emergency warning system

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	15.7	-	-	-	-	-	-	15.7
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

LOCAL GOVERNMENT SERVICES

The Commonwealth provides a financial contribution for the provision of local government services to the community. In 2010-11, payments for local government services will total \$1.5 billion.

Table 2.11: Payments to support local government

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
Financial assistance grants					
General purpose assistance	1,371.3	1,063.0	1,483.6	1,555.8	1,618.8
Untied local roads grants	608.5	471.7	658.3	690.4	718.3
Total	1,979.8	1,534.7	2,141.9	2,246.2	2,337.1

Financial assistance grants

The Commonwealth has provided general purpose assistance to local governments since 1974-75.

State grants commissions determine the intra-State distribution of the financial assistance grants between local governments. This funding is untied and can be spent according to each local government's own priorities. From 1988-89, the ACT has also been included in these grants, reflecting its combined responsibility for both state and local government functions.

Financial assistance grants are made up of general purpose assistance and untied local roads grants. General purpose assistance is the larger of the two components of the financial assistance grants for local government and is distributed between the States on a per capita basis.

In 1991-92, payments made to local government for roads became untied funding and were added to the financial assistance grants. Although the untied local roads grants are no longer required to be spent on roads, they are distributed between the States using fixed state allocations, based on the interstate road shares which were calculated before the funding became untied.

The financial assistance grants are increased annually, based on an escalation factor that the Treasurer determines with reference to population growth and the consumer price index.

In the 2009-10 Budget the Commonwealth decided to make the first quarter payment for 2009-10 in the 2008-09 financial year. This resulted in an additional payment of \$479.7 million in 2008-09 with a corresponding reduction in 2009-10. A similar decision has been taken in this Budget, with an additional payment of \$511.6 million in 2009-10, with a corresponding reduction in 2010-11, which explains the lower payment in 2010-11. This will ensure that local governments have immediate use of these funds

ensuring they are able to take maximum advantage of the global recovery and to prepare for future challenges.

Distribution of financial assistance grants

State shares of financial assistance grants for 2009-10 and 2010-11 are shown in Table 2.11.1 on a cash basis. The cash totals vary from the accrual totals shown in Table 2.11 due to adjustments for any overpayment or underpayment from the previous year. These adjustments arise because the Treasurer determines the escalation factors in the June prior to the end of each financial year, and the adjustment in the following financial year ensures that local governments receive their correct entitlement using a final escalation factor.

Table 2.11.1: Financial assistance grants to local government (cash basis)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10									
General purpose assistance	440.1	335.8	272.6	138.2	100.4	31.1	21.7	13.9	1,353.8
Untied local roads grants	174.3	123.8	112.6	91.9	33.0	31.8	19.3	14.1	600.7
Total(a)	614.4	459.6	385.2	230.0	133.5	62.9	41.0	27.9	1,954.6
2010-11									
General purpose assistance	348.2	268.3	220.5	112.5	78.4	24.2	17.2	11.2	1,080.5
Untied local road funding	139.1	98.8	89.8	73.3	26.4	25.4	15.4	11.2	479.5
Total(b)	487.3	367.2	310.4	185.8	104.7	49.6	32.6	22.4	1,560.0

- (a) The 2009-10 estimate takes into account an underpayment in 2008-09. The Treasurer will determine the final 2009-10 escalation factor in June 2010. The 2009-10 escalation factor is currently estimated to be 0.8504.
- (b) The 2010-11 escalation factor is currently estimated to be 0.7710. Financial assistance grants in 2010-11 will be paid on the basis of the escalation factor that the Treasurer will estimate in June 2010. The Treasurer will determine the final escalation factor for 2010-11 in June 2011. The 2009-10 estimate includes a \$25.3 million overpayment that is due to the use of an estimated escalation factor. A final cash amount will be deducted from the 2010-11 cash payment upon determination of the final escalation factor for 2009-10.

PART 3: GST AND GENERAL REVENUE ASSISTANCE

General revenue assistance is a broad category of payments. This assistance is provided to the States without conditions, to spend according to their own budget priorities.

Until 2010-11, all payments of GST to the States will be general revenue assistance. As agreed on 20 April 2010 by COAG, other than Western Australia, from 2011-12 an agreed amount of GST revenue will be retained and dedicated to health and hospital services in each State. Remaining GST will continue to be untied general revenue assistance.

OVERVIEW OF PAYMENTS

In 2010-11, the States will receive \$47.9 billion in GST payments from the Commonwealth. This is a 7.6 per cent increase in GST payments compared with the \$44.5 billion the States will receive in 2009-10. The States will also receive \$707 million in other general revenue assistance. This is a 1.4 per cent decrease in other general revenue assistance, compared with the \$717 million the States will receive in 2009-10. The decrease in other general revenue assistance in 2010-11 is largely the result of lower royalty payments to Western Australia. Total GST payments and general revenue assistance by State is shown in Table 3.1.

The increase in GST payments over the forward estimates, which are expected to be \$14.7 billion higher than forecast at Mid-Year Economic and Fiscal Outlook (MYEFO), is largely a reflection of higher forecast growth for taxable consumption as the economy recovers from the global recession.

Table 3.1: GST payments and general revenue assistance by State

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	13,463	10,104	8,181	4,409	4,107	1,639	936	2,407	45,246
2010-11	14,793	11,212	8,906	4,006	4,517	1,761	919	2,524	48,637
2011-12	16,205	11,982	9,097	4,109	4,831	1,866	971	2,796	51,857
2012-13	17,286	12,993	9,336	4,341	5,092	1,986	1,056	2,940	55,030
2013-14	18,235	13,738	10,018	4,646	5,315	2,049	1,100	3,013	58,114

In 2010-11, total general revenue assistance to the States will represent 13.7 per cent of total Commonwealth expenditure. General revenue assistance and GST payments the Commonwealth provides to the States, including GST retained and dedicated to health and hospital services, are shown in Table 3.2.

The estimates of GST to be retained and dedicated to health and hospital services across the forward estimates are indicative only. Through the years 2011-12 to 2013-14, the amount of GST dedicated to health and hospital services will be determined

annually based on actual health expenditure of the States. Detailed work will be required between the Commonwealth and the States in the period through to 1 July 2011 to align jurisdictional budget data to ensure consistency of approach and accuracy when GST dedicated to health and hospital services is first determined in 2011-12.

Table 3.2: GST payments and general revenue assistance

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
GST payments (including dedicated GST)(a)	44,529	47,930	51,210	54,380	57,510
Other payments					
Budget balancing assistance	-	-	-	-	-
Residual Adjustment Amounts	68	-	-	-	-
Royalties	775	581	521	509	470
Compensation					
Reduced royalties	51	44	44	58	49
GST policy decisions	-242	-	-	-	-
Snowy Hydro Ltd tax compensation	31	47	47	47	47
ACT municipal services	35	36	36	37	38
Total other	717	707	647	650	604
Total GST and other payments	45,246	48,637	51,857	55,030	58,114
Less: GST dedicated to health (a)	-	-	13,713	14,941	16,251
Total general revenue assistance	45,246	48,637	38,144	40,089	41,863

(a) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts to be determined annually, in consultation with the States, on the basis of actual expenditure. Western Australia will continue to receive GST revenue as general revenue assistance until it becomes a signatory to the *National Health and Hospitals Network Agreement*.

GST PAYMENTS

GST retained and dedicated to health and hospital services

On 20 April 2010, COAG, with the exception of Western Australia, agreed to significant reforms to the funding arrangements for health and hospital services through the *National Health and Hospitals Network Agreement*. Under that agreement, one of the three sources of Commonwealth *National Health and Hospitals Network* funding is a portion of GST retained and dedicated to health and hospital services.

For the period 2011-12 to 2013-14, the GST dedicated to health and hospital services in each State other than Western Australia will be the amount that, combined with funding sourced from the National Healthcare SPP, will fund the 60 per cent Commonwealth hospital funding contribution outlined in the agreement, 100 per cent of GP and primary health care services undertaken by the States and the net additional costs for changes in roles and responsibilities in Home and Community Care and related programs.

The proportion of GST dedicated to health and hospital services will be determined on a State by State basis and will vary depending on each State's share of the total GST

pool and health care costs. In aggregate, it will be around one-third of the total GST pool. The remaining portion of each State's share of the GST pool will continue to be untied general revenue assistance.

The amount of GST dedicated to health and hospital services in each State will be fixed in 2014-15, based on 2013-14 costs, and indexed at the rate of overall GST growth. From 2014-15, the Commonwealth will fund its share of growing health costs over and above growth in the funding sourced from the National Healthcare SPP and dedicated GST, through a Commonwealth top-up payment.

Until Western Australia becomes a signatory to the *National Health and Hospitals Network Agreement* it will continue to receive its share of the GST pool as general revenue assistance.

GST revenue variations since the 2009-10 Budget

Table 3.3 is a reconciliation of the GST revenue estimates since the 2009-10 Budget and MYEFO. The reconciliation accounts for policy decisions and parameter and other variations.

GST revenue in 2009-10 has been revised up by \$2.6 billion since the 2009-10 MYEFO, reflecting higher forecast growth for taxable consumption as the economy recovers from the global recession.

Table 3.3: Reconciliation of GST revenue estimates

\$million	Estimates		Projections	
	2009-10	2010-11	2011-12	2012-13
GST revenue at 2009-10 Budget	43,630	45,960	48,670	51,880
<i>Changes from 2009-10 Budget to MYEFO</i>				
Effect of policy decisions	-	*	*	*
Effect of parameter and other variations	630	1,290	1,760	1,720
Total variations	630	1,290	1,760	1,720
GST revenue at 2009-10 MYEFO	44,260	47,250	50,430	53,600
<i>Changes from MYEFO to 2010-11 Budget</i>				
Effect of policy decisions	25	338	529	676
Effect of parameter and other variations	2,545	2,412	2,451	2,394
Total variations	2,570	2,750	2,980	3,070
GST revenue at 2010-11 Budget	46,830	50,000	53,410	56,670

Table 3.4 shows policy decisions taken since MYEFO that affect GST revenue. These decisions increase the amount of GST revenue by \$2.3 billion over five years and include:

- GST compliance program — working together to improve voluntary compliance (\$1.6 billion over four years from);

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- increasing the excise and excise-equivalent customs duty on tobacco products (\$505.0 million over five years);
- ATO compliance program – dealing with the cash economy (\$146.7 million over four years);
- stronger, fairer, simpler tax reform – growth dividend (\$94.0 million over two years from 2012-13);
- Migration Program – allocation of places for 2010-11 (-\$24.1 million over four years);
- Work and Holiday visa (Subclass 462) addition of new participant countries (\$11.4 million over four years); and
- reforms to the GST financial supply provisions (\$8.0 million over two years from 2012-13).

Detailed information on each decision is included in Budget Paper No. 2, *Budget Measures 2010-11*.

Table 3.4: Policy decisions since MYEFO that affect GST revenue

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
GST compliance program - working together to improve voluntary compliance	-	216.9	391.9	478.2	474.3
Increasing the excise and excise-equivalent customs duty on tobacco products	25.0	115.0	115.0	120.0	130.0
ATO compliance program - dealing with the cash economy	-	5.7	24.1	48.9	68.0
Stronger, fairer, simpler tax reform - growth dividend	-	-	-	32.0	62.0
Migration Program - allocation of places for 2010-11	-	-2.0	-4.5	-7.3	-10.3
Work and Holiday visa (Subclass 462) - addition of new participant countries	-	2.0	2.8	2.9	3.7
GST – Reforms to the GST financial supply provisions	-	-	-	1.0	7.0
GST and cross-border transport supplies	-	..	..	..	..
GST – Government response to Board of Taxation report: minor changes	*	*	*	*	*
GST – Reform to the arrangement for exempting taxes, fees and charges from the GST	-	*	*	*	*
GST – Government response to Board of Taxation report: GST cross-border transactions	-	-	-	*	*
GST – Sale of boats for export within 12 months of delivery	-	-	*	*	*
Improvements to the Tax Running Balance Account Provisions	-	-	*	*	*
GST – Reforms to the GST margin scheme	-	-	-	-	-
Total GST revenue policy decisions	25.0	337.6	529.3	675.7	734.7

Reconciling GST revenue and GST payments to the States

The Commonwealth makes GST payments to the States equivalent to the revenue received from the GST. In 2010-11, GST revenue will be \$50.0 billion – an increase of \$3.2 billion (6.8 per cent) from 2009-10.

GST revenue for a financial year varies from the amount of GST payments to the States for that year because of:

- GST revenues which are recognised on a Commonwealth whole-of-government basis, but not recognised as at 30 June of each financial year, because the revenues will not be remitted to the ATO until the following financial year; and
- penalties, other than general interest charge penalties, which are not included in the definition in the *Intergovernmental Agreement on Federal Financial Relations* (Intergovernmental Agreement) of GST to be paid to the States.

The 2009-10 financial year is the first year that the Treasurer will determine the amount of GST revenue. The Treasurer will make a determination for the amount of GST revenue collected in the 2009-10 financial year upon receipt of the final outcome receipts after the close of the 2009-10 financial year. States receive monthly advances of GST throughout the year based on the Commonwealth estimate of GST receipts for that financial year. Any variation between GST payments and final outcome receipts as determined by the Treasurer will be settled in the following financial year.

In previous years the amount of GST revenue has been determined by the Commissioner of Taxation in June of the financial year. To ensure that the States received their correct entitlement of GST payments, a balancing adjustment for each State was made in the following financial year. In 2009-10 an amount of \$18.5 million was paid to the States as a balancing adjustment for the difference between the amount determined by the Commissioner of Taxation in June 2009 and the final outcome receipts. The reconciliation of GST revenue and GST payments to the States is provided in Table 3.5.

Table 3.5: GST revenue and GST payments to the States

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
GST revenue	46,830	50,000	53,410	56,670	59,870
less change in GST receivables	2,233	1,981	2,100	2,181	2,241
GST receipts	44,597	48,019	51,310	54,489	57,629
less non-GIC penalties collected(a)	80	90	100	110	120
less GST collected by Commonwealth agencies but not yet remitted to the ATO(b)	7	-1	..	-1	-1
plus prior-year balancing adjustment(c)	19				
GST payments to the States	44,529	47,930	51,210	54,380	57,510

(a) General interest charge (GIC) penalties are defined in the Intergovernmental Agreement as being a part of the Commonwealth's GST revenue that is paid to the States. However, while GST related non-GIC penalties are recognised in the Commonwealth's GST revenue, non-GIC penalties are not defined in the Intergovernmental Agreement as being a part of the GST revenue that is paid to the States.

(b) This is the GST component of sales by Commonwealth agencies which has been collected by those agencies but which, as at 30 June in each year, will not have been remitted to the Australian Taxation Office, because it is not due to be paid until the next Business Activity Statement is lodged (typically on 21 July in the following financial year).

(c) The Commissioner's determination for 2008-09 was \$18.5 million lower than the final outcome. As the GST payment for 2008-09 was made in accordance with the Commissioner's determination, a balancing adjustment has been paid in 2009-10.

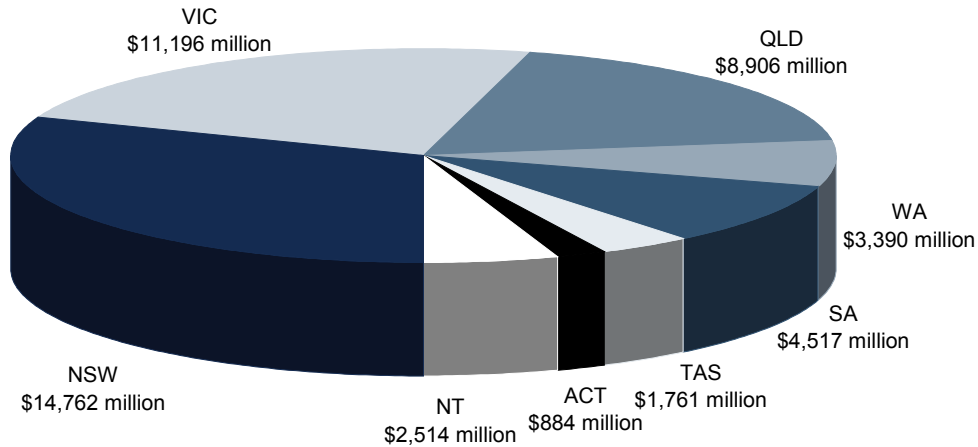
Distribution of GST payments among the States

The Commonwealth distributes GST payments among the States in accordance with the principle of horizontal fiscal equalisation and having regard to the recommendations of the Commonwealth Grants Commission (the Commission).

Under the *National Health and Hospitals Network* reforms, from 2011-12, GST dedicated to health and hospital services will continue to be included in the GST pool for the purposes of calculating the GST relativities, and the total GST pool will be distributed to the States in accordance with the principle of horizontal fiscal equalisation.

State shares of GST payments for 2010-11 (totalling \$47.9 billion) are shown in Chart 3.1.

Chart 3.1: State shares of GST payments, 2010-11



GST relativities

The Commission recommends GST relativities to be used in calculating each State's share of GST payments. The relativities determine how much GST revenue each State receives compared with an equal per capita share and are determined such 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 would have the capacity to provide services and the associated infrastructure at the same standard.

This does not necessarily result in the same standard of government services — just the equalisation of each State's capacity to provide the same standard of services. In calculating the GST relativities, the Commission takes into account differences in the States' capacities to raise revenues and differences in the costs the States would incur in providing the same standard of government services, including through acquiring the infrastructure used to deliver those services.

Horizontal fiscal equalisation provides the necessary budget support so that all States have the capacity to provide services at a comparable standard, while ensuring that the interstate transfers are not so large that they would significantly distort economic behaviour and reduce productivity growth.

On 26 February 2010, the Commission released its 2010 Methodology Review. This review sets out the methodology to be used for determining revenue sharing relativities over the next four or five years. This report also recommended the revenue sharing relativities for the 2010-11 financial year.

Box 3.1: Commonwealth Grants Commission 2010 Methodology Review

The Commission's 2010 Methodology Review was developed in response to terms of reference provided on 26 May 2005 and supplementary terms of reference provided on 14 October 2009. The terms of reference broadly instructed the Commission to prepare a report for the appropriate distribution, after 2009-10, of the GST revenue pool among the States. In particular, the Commission was instructed to simplify its assessments, including by aggregating assessments, eliminating unnecessary assessments and assessing the reliability of pre-existing data. The supplementary terms of reference provided specific instruction on how to deal with the changed federal financial arrangements following the adoption of the new framework agreed by COAG in November 2008.

The review recommended a number of significant changes to the calculation of revenue sharing relativities. Most notably, the Commission has reduced the period over which relativities are assessed from five years to three years. This change is designed to ensure that assessments are more contemporaneous – that is, that the assessment more accurately reflects the current circumstances facing a State. The change results in one-off impacts through timing adjustments.

A further significant change was the new approach to the assessment of infrastructure spending. This change results in a revised definition of equalisation; such that relativities are calculated to ensure that States have the fiscal capacity to deliver the same standard of services and associated infrastructure. Simply put, the revised assessment delivers a more immediate distribution of GST to reflect infrastructure needs than the previous assessment.

The review also simplified the assessment. For example, the number of revenue assessments fell from 13 categories to 7 and expense assessments fell from 39 categories to 12.

The changes to the methodology applying from the 2010-11 financial year are a significant factor in the differences between the 2010-11 relativities and the 2009-10 relativities. This introduces a structural break between the 2009-10 GST relativities and the 2010-11 GST relativities – that is, the revenue sharing relativities assessed by the Commission for 2010-11 are not comparable with the relativities assessed for 2009-10 and previous years. Table 3.6 identifies the relativities recommended by the Commonwealth Grants Commission for 2009-10 and 2010-11, and estimated revenue sharing relativities for distributing GST over the forward estimates.

Table 3.6: GST relativities

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2009-10	0.93186	0.91875	0.91556	0.78485	1.24724	1.62040	1.27051	5.25073
2010-11	0.95205	0.93995	0.91322	0.68298	1.28497	1.62091	1.15295	5.07383
2011-12 (a)	0.98015	0.93954	0.86766	0.66499	1.29451	1.61873	1.14351	5.23592
2012-13 (a)	0.98838	0.95888	0.83349	0.66171	1.29262	1.63261	1.17525	5.16175
2013-14 (a)	0.98976	0.95817	0.84082	0.67891	1.28367	1.60214	1.15943	4.97868

(a) Treasury projection.

The Commonwealth's projections of GST relativities for 2010-11 to 2012-13 assume that the States' fiscal capacities will be broadly consistent with the Commission's assessment of their relative fiscal assessed differences in 2006-07, 2007-08 and 2008-09. However, the projections include adjustments to account for estimated changes in GST revenue, State population and the distribution of the National SPPs.

The population estimates are constructed using the latest demographic data available from the Australian Bureau of Statistics and Treasury assumptions. Broadly, these assumptions are in respect of fertility, mortality, net overseas migration and interstate migration. Further information on the assumptions is provided in Appendix A.

Applying the GST relativities to the GST pool

The GST relativities will be applied to estimated state populations in order to determine an adjusted population for each State. Each State will receive its adjusted population share of the GST payments. The calculations for the distribution of the GST payments in 2010-11 and forward years are shown in Table 3.7.

From 2011-12, GST dedicated to health and hospital services is separately identified, except for Western Australia, with the difference between each State's share of the total GST pool and its GST dedicated to health and hospital services being general revenue assistance.

Table 3.7: Distribution of the GST pool

	Estimated 31 December population	GST relativities	Adjusted population (1) x (2)	Share of adjusted population %	Share of GST pool \$million	GST dedicated to health and hospital services(a) \$million	GRA GST payments (5) - (6) \$million
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2009-10							
NSW	7,192,250	0.93186	6,702,170	30.3	13,472.3	0.0	13,472.3
VIC	5,498,394	0.91875	5,051,649	22.8	10,154.5	0.0	10,154.5
QLD	4,476,655	0.91556	4,098,646	18.5	8,238.8	0.0	8,238.8
WA	2,274,244	0.78485	1,784,940	8.1	3,588.0	0.0	3,588.0
SA	1,634,561	1.24724	2,038,690	9.2	4,098.0	0.0	4,098.0
TAS	505,760	1.62040	819,534	3.7	1,647.4	0.0	1,647.4
ACT	354,567	1.27051	450,481	2.0	905.5	0.0	905.5
NT	227,908	5.25073	1,196,683	5.4	2,405.5	0.0	2,405.5
Total	22,164,339		22,142,794	100.0	44,510.0	0.0	44,510.0

Table 3.7: Distribution of the GST pool (continued)

	Estimated 31 December population	GST relativities	Adjusted population (1) x (2)	Share of adjusted population %	Share of GST pool \$million	GST dedicated to health and hospital services(a) \$million	GRA GST payments (5) - (6) \$million
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2010-11							
NSW	7,282,687	0.95205	6,933,482	30.8	14,761.9	0.0	14,761.9
VIC	5,594,779	0.93995	5,258,813	23.4	11,196.4	0.0	11,196.4
QLD	4,580,395	0.91322	4,182,908	18.6	8,905.7	0.0	8,905.7
WA	2,331,527	0.68298	1,592,386	7.1	3,390.3	0.0	3,390.3
SA	1,650,898	1.28497	2,121,354	9.4	4,516.5	0.0	4,516.5
TAS	510,324	1.62091	827,189	3.7	1,761.1	0.0	1,761.1
ACT	359,926	1.15295	414,977	1.8	883.5	0.0	883.5
NT	232,766	5.07383	1,181,015	5.2	2,514.5	0.0	2,514.5
Total	22,543,302		22,512,125	100.0	47,930.0	0.0	47,930.0
2011-12							
NSW	7,367,573	0.98015	7,221,327	31.6	16,174.3	4,772.1	11,402.2
VIC	5,686,320	0.93954	5,342,525	23.4	11,966.2	2,862.9	9,103.3
QLD	4,680,940	0.86766	4,061,464	17.8	9,096.9	3,576.5	5,520.4
WA(b)	2,386,313	0.66499	1,586,874	6.9	3,554.3	0.0	3,554.3
SA	1,666,144	1.29451	2,156,840	9.4	4,830.9	1,280.6	3,550.3
TAS	514,754	1.61873	833,248	3.6	1,866.3	375.4	1,490.9
ACT	365,087	1.14351	417,481	1.8	935.1	460.9	474.2
NT	237,566	5.23592	1,243,877	5.4	2,786.0	384.6	2,401.5
Total	22,904,697		22,863,635	100.0	51,210.0	13,713.0	37,497.0
2012-13							
NSW	7,447,965	0.98838	7,361,420	31.7	17,254.4	5,183.6	12,070.9
VIC	5,774,094	0.95888	5,536,663	23.9	12,977.4	3,114.1	9,863.3
QLD	4,778,880	0.83349	3,983,149	17.2	9,336.1	3,927.8	5,408.3
WA(b)	2,439,147	0.66171	1,614,008	7.0	3,783.1	0.0	3,783.1
SA	1,680,492	1.29262	2,172,238	9.4	5,091.5	1,388.8	3,702.7
TAS	519,068	1.63261	847,436	3.7	1,986.3	405.4	1,580.9
ACT	370,089	1.17525	434,947	1.9	1,019.5	501.8	517.7
NT	242,321	5.16175	1,250,800	5.4	2,931.7	419.7	2,512.1
Total	23,252,056		23,200,660	100.0	54,380.0	14,941.0	39,439.0
2013-14							
NSW	7,527,200	0.98976	7,450,121	31.7	18,204.0	5,619.6	12,584.4
VIC	5,861,036	0.95817	5,615,869	23.9	13,722.1	3,383.7	10,338.4
QLD	4,876,294	0.84082	4,100,086	17.4	10,018.3	4,305.4	5,713.0
WA(b)	2,491,604	0.67891	1,691,575	7.2	4,133.3	0.0	4,133.3
SA	1,694,576	1.28367	2,175,276	9.2	5,315.2	1,502.9	3,812.2
TAS	523,345	1.60214	838,472	3.6	2,048.8	436.9	1,611.9
ACT	375,049	1.15943	434,843	1.8	1,062.5	545.5	517.0
NT	247,096	4.97868	1,230,212	5.2	3,006.0	457.3	2,548.6
Total	23,596,200		23,536,454	100.0	57,510.0	16,251.3	41,258.7

(a) Estimates of GST dedicated to health and hospital services are calculated on the basis of Treasury projections using data from the Australian Institute of Health and Welfare. These estimates are indicative only, with final amounts to be determined annually, in consultation with the States, on the basis of actual expenditure.

(b) Western Australia will continue to receive GST revenue as general revenue assistance until it becomes a signatory to the *National Health and Hospitals Network Agreement*.

Box 3.2: The redistribution of GST between States

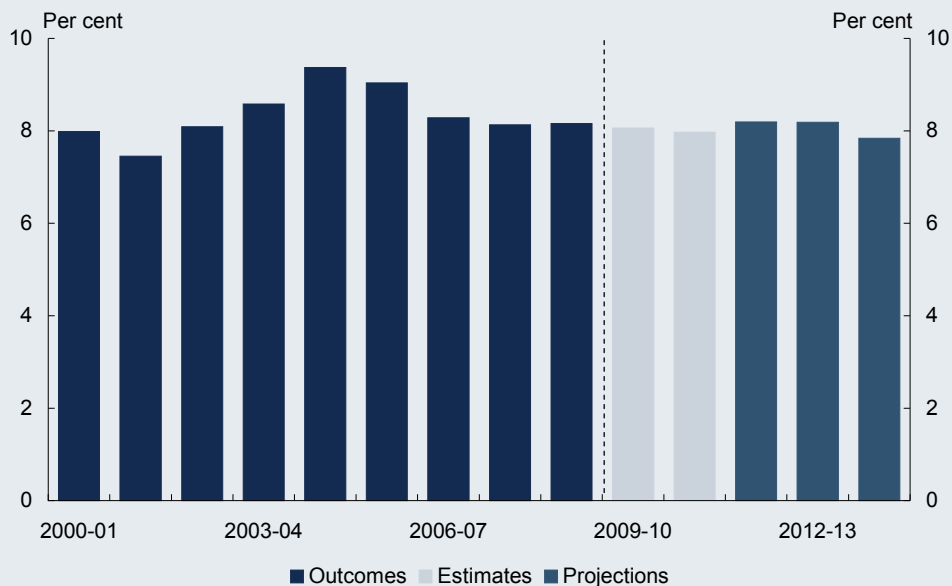
One way to view the effect of horizontal fiscal equalisation is to compare each State's share of the GST payments using the GST relativities, with a notional distribution on an equal per capita basis. In 2010-11, around \$3.8 billion (or 8.0 per cent) of the GST payments will be redistributed among the States, compared with an equal per capita distribution (Table A).

Table A: Difference from equal per capita distribution, 2010-11

	GST distributed using adjusted population \$million	Equal per capita distribution of GST \$million	Redistribution(a) \$million	Projected population '000	Per capita redistribution \$
NSW	14,761.9	15,483.9	-722.0	7,282.7	-99.1
VIC	11,196.4	11,895.2	-698.8	5,594.8	-124.9
QLD	8,905.7	9,738.5	-832.8	4,580.4	-181.8
WA	3,390.3	4,957.1	-1,566.8	2,331.5	-672.0
SA	4,516.5	3,510.0	1,006.5	1,650.9	609.7
TAS	1,761.1	1,085.0	676.1	510.3	1,324.9
ACT	883.5	765.2	118.3	359.9	328.6
NT	2,514.5	494.9	2,019.6	232.8	8,676.4
Total	47,930.0	47,930.0	3,820.5	22,543.3	

(a) The total redistribution of \$3,820.5 million is the sum of positive items in that column.

The proportion of the GST payments being redistributed in 2010-11 is broadly consistent with the average redistribution since the commencement of the GST.

Chart A: GST redistributed as a proportion of the GST payments

Note: From 2000-01 to 2008-09 the Commission was asked to recommend relativities to distribute a pool of GST payments plus health care grants. This methodology is conceptually equivalent, when expressed in proportions of GST payments, with the current relativities recommended by the Commission. As such, Chart A is a comparison of the proportion of GST payments rather than the proportion of the GST pool estimated to be redistributed for this period.

GST administration

On 26 March 2010, the Ministerial Council for Federal Financial Relations endorsed the GST administration budget for the ATO of \$590.1 million for 2009-10, as shown in Table 3.8.

The Government will provide an additional \$337.5 million over four years from 2010-11 to the ATO to fund additional activities that promote voluntary GST compliance and provide a level playing field for Australian businesses. The States will compensate the Commonwealth for these additional costs in accordance with the Intergovernmental Agreement.

Table 3.8: Reconciliation of the GST administration budget

\$million	2009-10	2010-11	2011-12	2012-13
Administration budget at 2009-10 Budget	624.3	630.5	634.2	646.8
<i>Changes from 2009-10 Budget to MYEFO</i>				
Parameter variations	-	-	-	-
Total variations	-	-	-	-
Administration budget at 2008-09 MYEFO	624.3	630.5	634.2	646.8
<i>Changes from MYEFO to 2009-10 Budget</i>				
Change in methodology(a)	-34.2	-40.4	-40.6	-49.1
Additional GST compliance(b)		68.9	86.8	90.7
Parameter variations		3.5	4.1	4.7
Total variations	-34.2	32.1	50.3	46.3
Administration budget at 2009-10 Budget	590.1	662.6	684.5	693.1

(a) The ATO has reviewed its method for estimating GST administration costs to reduce the likelihood of overestimating the cost of administering the GST administration costs.

(b) Further information on the additional GST compliance measure can be found in Budget Paper No.2.

The Commissioner of Taxation administers the GST law and the States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST, including costs incurred by the Australian Customs Service, as shown in Table 3.9.

Table 3.9: GST administration budget

\$million	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
(1) Australian Taxation Office budget	631.9	590.1	662.6	684.5	693.1	698.2
less prior-year adjustment	1.4	25.9				
(2) State government payments						
Total administration payments	630.5	564.2	662.6	684.5	693.1	698.2
(3) Australian Taxation Office outcome	604.6					
(4) Overpayment (2)-(3)	25.9					
Commonwealth budget impact	25.9	-25.9	0.0	0.0	0.0	0.0

OTHER GENERAL REVENUE ASSISTANCE

The Commonwealth makes payments of other general revenue assistance to the States that are available for use by the States for any purpose, including:

- revenue sharing arrangements other than GST — for example, offshore petroleum royalty revenues;
- compensation payments for Commonwealth policy decisions; and
- payments to the Australian Capital Territory for national capital influences.

Budget balancing assistance

In the *Intergovernmental Agreement on the Reform of Commonwealth State Financial Relations* of 1999, the Commonwealth guaranteed that the budget position of each State would be no worse than it would have been had tax reform associated with the introduction of the GST not been implemented. The guaranteed minimum amount is an estimate of the revenue that each State would have received under the previous system of Commonwealth grants, and if the state taxes had not been abolished as part of the reforms.

During the transitional period, which expired on 30 June 2009, the Commonwealth paid budget balancing assistance to the States if a State's share of GST payments in a financial year was less than its guaranteed minimum amount for that year. No budget balancing assistance was payable when GST revenue exceeded the guaranteed minimum amount.

As the 2008-09 financial year was the final transitional year, the Treasurer is not required to determine a guaranteed minimum amount in 2009-10 or future years. Following the finalisation of state data for the 2008-09 financial year, the Commonwealth has paid a residual adjustment amount of \$67.8 million in 2009-10 in respect of budget balancing assistance owed to the States in 2008-09. This is in addition to the \$275.2 million in budget balancing assistance paid to New South Wales, South Australia, Tasmania and the Northern Territory in 2008-09.

Table 3.10: Guaranteed minimum amount, GST payments, budget balancing assistance, and residual adjustment

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Revised guaranteed minimum amount	12,020	9,221	7,743	3,468	3,832	1,629	804	2,344	41,060
Final outcome GST payments	11,850	9,319	7,976	3,595	3,788	1,595	836	2,248	41,208
Budget balancing assistance	118	-	-	-	37	32	-	89	275
Residual adjustment	52	-	-	-	7	2	-	7	68

In 2008-09, Victoria, Queensland, Western Australia and the Australian Capital Territory all received GST payments that exceeded their guaranteed minimum amount. Consequently, no budget balancing assistance or residual amount was payable to those States.

Further information on the guaranteed minimum amount is provided in Appendix C.

Royalties

Royalty payments to Western Australia

The Commonwealth provides general revenue assistance to Western Australia from royalties collected under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia. The Commonwealth collects these royalties because it has jurisdiction over offshore areas.

These royalties are shared between the Commonwealth (approximately one-third) and Western Australia (approximately two-thirds). These payment arrangements are in accordance with the revenue sharing arrangements in section 75 of the *Offshore Petroleum and Greenhouse Gas Act 2006*.

Royalty payments to the Northern Territory

The Commonwealth provides general revenue assistance to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory.

General revenue assistance is payable biannually at the royalty rate of 1.25 per cent of the net proceeds of sales. These royalties are paid under a continuing agreement, established under the 1978 Memorandum of Understanding between the Commonwealth and the Northern Territory.

Compensation

Payments in respect of ACT municipal services

The Commonwealth provides general revenue assistance to the Australian Capital Territory to:

- assist in meeting the additional municipal costs which arise from Canberra's role as the national capital; and
- compensate the Australian Capital Territory for additional costs resulting from the national capital planning influences on the provision of water and sewerage services.

The level of funding for this general revenue assistance is based upon the findings of the Commonwealth Grants Commission, in its second and third reports on financing for the Australian Capital Territory, prior to the move to self-government in 1989.

Table 3.11: ACT municipal services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	-	-	-	35.0	-	35.0
2010-11	-	-	-	-	-	-	35.6	-	35.6
2011-12	-	-	-	-	-	-	36.2	-	36.2
2012-13	-	-	-	-	-	-	36.8	-	36.8
2013-14	-	-	-	-	-	-	37.5	-	37.5

Reduced royalties

The Commonwealth provides general revenue assistance to compensate Western Australia for the loss of royalty revenue resulting from the removal of the exemption of condensate from crude oil excise in the 2009-10 Budget.

Table 3.12: Reduced royalties

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-	-	-	50.5	-	-	-	-	50.5
2010-11	-	-	-	44.0	-	-	-	-	44.0
2011-12	-	-	-	43.7	-	-	-	-	43.7
2012-13	-	-	-	58.1	-	-	-	-	58.1
2013-14	-	-	-	49.3	-	-	-	-	49.3

Taxation compensation in respect of Snowy Hydro Limited

On 28 June 2002, the Snowy Mountains Hydro Electric Authority was corporatised. The assets and business of the Authority were transferred to Snowy Hydro Limited, a company jointly-owned by the Commonwealth, New South Wales and Victoria (with 13 per cent, 58 per cent and 29 per cent shareholdings respectively).

The Commonwealth provides compensation payments to New South Wales and Victoria, in the form of general revenue assistance, for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings.

Payments are made in accordance with the Snowy Hydro Tax Compensation Deed between the Commonwealth, New South Wales and Victoria. These taxes would have previously been payable to the States through tax equivalence regime payments.

Table 3.13: Taxation compensation in respect of Snowy Hydro Limited

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	20.4	10.2	-	-	-	-	-	-	30.6
2010-11	31.1	15.6	-	-	-	-	-	-	46.7
2011-12	31.1	15.6	-	-	-	-	-	-	46.7
2012-13	31.1	15.6	-	-	-	-	-	-	46.7
2013-14	31.1	15.6	-	-	-	-	-	-	46.7

GST compensation for small business concession

In 2004-05, the Commonwealth and the States agreed to allow small businesses and non-profit organisations that voluntarily registered for the GST to pay and report GST on an annual rather than monthly or quarterly basis. The measure was designed to reduce the compliance costs faced by these organisations and has the effect of deferring some GST revenue from one financial year to the next. The Commonwealth agreed to compensate the States for this deferral of GST revenue.

The Commonwealth and the States agreed that the annual payments should be suspended from 2006-07 because final tax return data indicated that the impact of the measure on GST revenue was much lower than forecast. The overestimate of the cost of the measure led to an overpayment of compensation to the States, which was estimated to be \$309 million at the end of 2008-09.

The Government will recover the net overpayment in 2009-10. The amount to be recovered is \$299.9 million, which represents the present value of the overpayment less the present value of the stream of future annual payments. This arrangement will extinguish all current and future Commonwealth and State commitments in respect of this measure.

Table 3.14: GST compensation for small business concession^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10	-87.3	-64.5	-61.4	-	-	-11.0	-5.4	-12.4	-241.9
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-

(a) Western Australia and South Australia elected to repay their overpayment in 2008-09.

MIRROR TAX ARRANGEMENTS

The Commonwealth introduced mirror tax arrangements in 1998 to ensure that the States were 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.

These arrangements mirror certain state taxes, including payroll taxes, land taxes and stamp duties, with respect to Commonwealth places.

The States collect these mirror taxes on behalf of the Commonwealth and bear the administrative costs of collection. All mirror tax revenues are credited to the Commonwealth and simultaneously appropriated to the States. Hence, mirror taxes are recorded as both a Commonwealth revenue and expense, with no net impact on the Commonwealth's budget position.

Table 3.15: Mirror taxes accrued on behalf of the States

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
Mirror taxes	402.3	424.7	447.3	472.9	498.2
Payments to State governments	-402.3	-424.7	-447.3	-472.9	-498.2
Commonwealth budget impact	0.0	0.0	0.0	0.0	0.0

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	-	-	-	-	-	-	-	-	-

PART 5: DEVELOPMENTS IN THE CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR

The Commonwealth and State governments' response to the global recession was timely and targeted, supporting the Australian economy through the economic downturn.

As a result of variations in expenditure and revenues, which are naturally associated with such an economic downturn, both the Commonwealth and States are forecasting fiscal and cash balance deficits for 2010-11.

Australia's relatively mild downturn, timely and substantial policy stimulus, and an increasingly positive outlook, are expected to lead to an improvement in the fiscal indicators of both levels of government over the forward estimates.

INTRODUCTION

This part provides a framework in which to consider developments in the Commonwealth's Budget through consideration of the fiscal position of all Australian governments.

It discusses trends in key fiscal indicators including the operating balance, fiscal balance, cash balance, gross fixed capital formation, balance sheet data (net debt, net financial worth and net worth), and net interest payments at the Commonwealth and state/local levels of government, and together at the consolidated level. These indicators are discussed in greater detail in Budget Paper No. 1, Statement 9.

The data in this part comes from 2009-10 mid-year financial reports with the exception of Victoria, the Australian Capital Territory and the Northern Territory, which are drawn from 2010-11 Budgets. As other States release their Budgets over the coming months, these trends may change.

For further information on the data used in the charts and tables in this part, see Appendix A. Additional data tables can be found in Appendix D.

OVERVIEW

Timely and targeted government responses have reduced the impact of the global financial crisis on the economy.

The Commonwealth Government implemented a number of economic stimulus measures which supported the economy in 2009-10, including by increasing the contribution of the public sector to domestic final demand. The States played a central role in delivering infrastructure projects funded by the stimulus, including through the Nation Building and Jobs Plan.

One of the dividends of keeping the economy growing through the global financial crisis has been the improvement in the Commonwealth's fiscal position. Compared with the forecasts presented in the *Mid-Year Economic and Fiscal Outlook 2009-10*, the Commonwealth Budget is now expected to return to surplus three years sooner, in 2012-13. This means that the profile for net debt is also now projected to be lower.

As at 11 May 2010, only three of the eight States and Territories had released their 2010-11 Budgets. Similar to the Commonwealth, these three States reported improved revenue estimates from those projected in their mid-year financial reports. For the remaining States, the most recent information is contained in their mid-year financial reports.

In aggregate, States are expected to deliver a net operating balance deficit in 2010-11. Over the forward estimates, States are expected to see an improvement in own-source revenue, leading to only a small expected deficit in 2012-13.

The States, in aggregate, are also forecasting fiscal deficits in 2010-11, reflecting expected operating deficits and higher levels of planned capital investment compared to previous years. State net debt is expected to rise from \$9.3 billion in 2009-10 to \$26.9 billion in 2010-11, associated with increased borrowing to fund infrastructure expenditure, and the impacts of the global financial crisis.

Box 5.1: Structure of the public sector

The non-financial public sector (NFPS) comprises the general government sector and the public non-financial corporations (PNFC) sector. The general government sector provides non-market goods and services such as policing, health and education. The PNFC sector comprises government-controlled corporations engaged in providing market goods such as electricity and public transport, but not financial services. For further information see Budget Paper No. 1, Statement 9, Appendix A.

STATE GENERAL GOVERNMENT SECTOR NET OPERATING BALANCE

The net operating balance measures, in accrual terms, the gap between a State's recurrent expenses and revenue for a given period. This is the headline measure used by most States and provides an indication of the medium-term sustainability of the existing level of government services. The Commonwealth does not use net operating balance as a headline fiscal indicator.

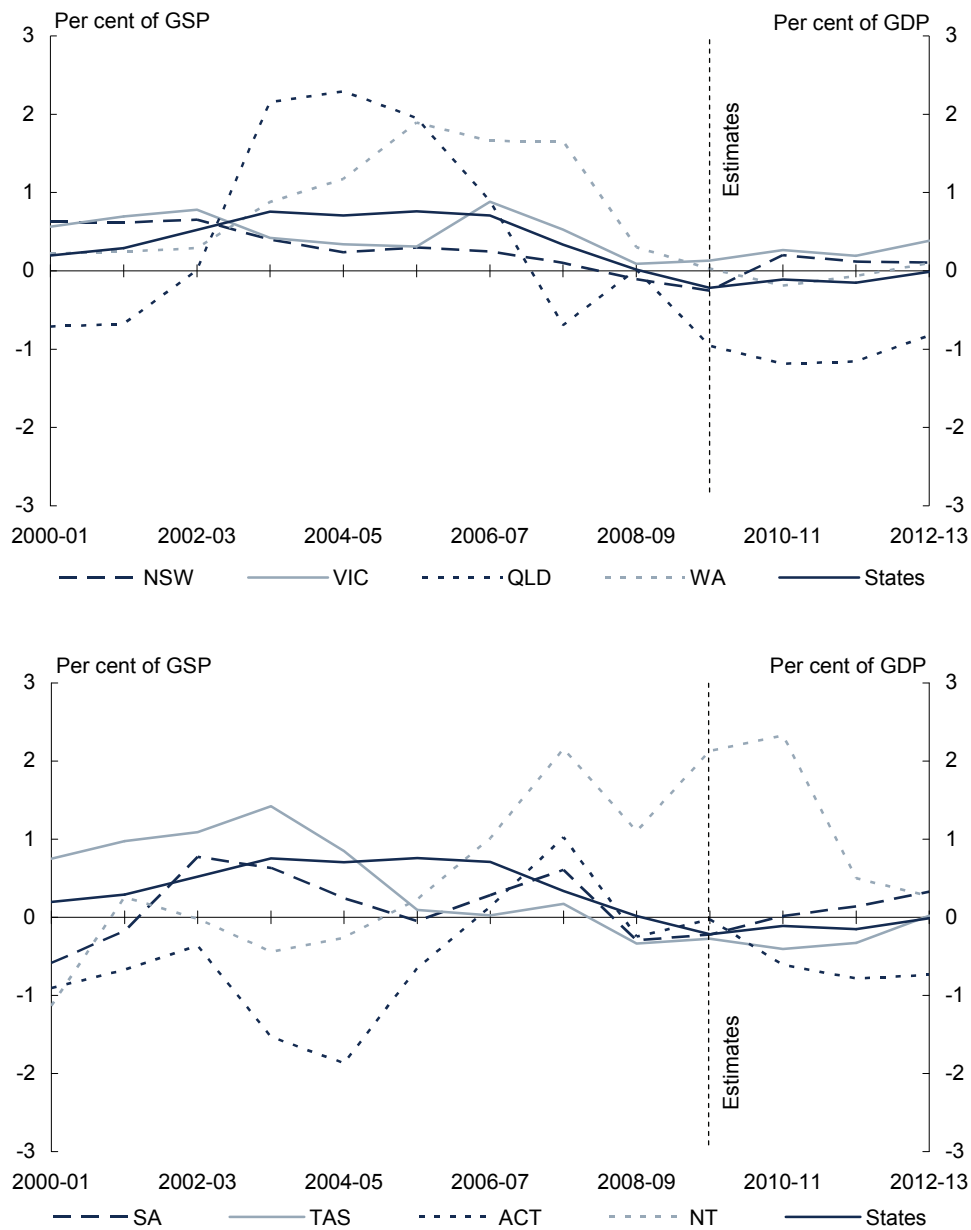
In the short term, the net operating balance is subject to cyclical movements and this has been demonstrated through the global recession. State economies slowed as a result of the global recession and the States, in aggregate, are expected to deliver a general government net operating balance deficit of \$2.8 billion (0.2 per cent of GDP) in 2009-10.

It is anticipated that most States will begin to see an improvement in their own-source revenues in the coming year. In 2010-11, the States, in aggregate, are expected to deliver a general government net operating balance deficit of \$1.6 billion (0.1 per cent of GDP). In aggregate, States' net operating balances are expected to improve over the forward estimates to a deficit of only \$210 million (0.01 per cent of GDP) in 2012-13, as the economy recovers.

States' estimates are based on 2009-10 mid-year financial reports, with the exception of Victoria, the Australian Capital Territory and the Northern Territory, and therefore do not reflect the continuing recovery from the global recession of the Australian

economy or particular state economies. It is likely that, following the release of the remaining state Budgets, an improvement in the aggregate state general government sector net operating balance position will occur, in the absence of major new spending initiatives. In particular, any shift in the positions of the larger States (New South Wales, Queensland, and Western Australia) could be expected to significantly alter the aggregate state net operating balance position.

Chart 5.1: State general government sector net operating balance^(a)



(a) States' net operating balances are expressed as a percentage of Gross State Product (GSP) (left-hand axis) and the aggregate state net operating balance is expressed as a percentage of Gross Domestic Product (GDP) (right-hand axis).

FISCAL BALANCE

The fiscal balance measures, in accrual terms, a government's investment-savings balance. It is calculated as the gap between government savings (plus net capital transfers) and investment in non-financial assets. A fiscal surplus indicates that a government is saving more than enough to finance all of its investment spending and is therefore not contributing directly to the current account deficit. A fiscal deficit indicates that a government needs to borrow or liquidate financial assets in order to fund its capital and/or recurrent expenditures.

As the fiscal balance includes capital transfers and investment in non-financial assets, which are not included in the net operating balance, the difference between the fiscal balance and the net operating balance is the effect of investment in infrastructure.

General government sector

As shown in Chart 5.2, the consolidated general government sector fiscal balance is expected to be a deficit of 6.1 per cent of GDP in 2009-10 and 4.3 per cent of GDP in 2010-11.

The Commonwealth is expecting a fiscal balance deficit of 2.8 per cent of GDP in 2010-11. However as a result of the Government's fiscal strategy and a strengthening economy, the budget is now expected to return to surplus three years earlier than previously expected, in 2012-13.

The state/local general government sector fiscal balance is expected to be a deficit of 1.7 per cent of GDP in 2009-10 and 1.3 per cent of GDP in 2010-11. The forecast deficits reflect smaller operating surpluses and higher levels of planned capital investment over the forward estimates compared to previous years.

The fiscal balances of both the Commonwealth and state/local general government sectors are expected to improve over the forward estimates, as the economy continues to recover from the effects of the global recession and the fiscal stimulus is withdrawn. As a result of this improvement, the consolidated general government sector fiscal balance is expected to be a deficit of 0.5 per cent of GDP in 2012-13.

Public non-financial corporations sector

The consolidated PNFC sector fiscal balance is expected to be a deficit of 1.5 per cent of GDP in 2009-10 and 1.1 per cent of GDP in 2010-11. The increase in the consolidated PNFC sector deficit in recent years mainly reflects increased capital expenditure by PNFCs at the state/local level.

The Commonwealth's PNFC sector is small compared to that at the state/local level, where the majority of PNFCs are located. This reflects the role of state and local

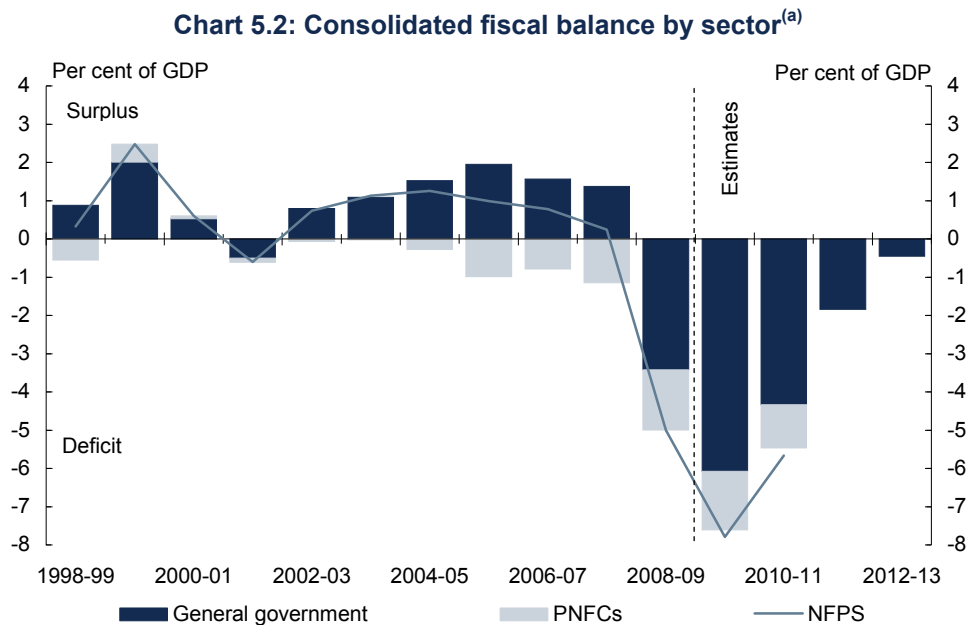
governments in the provision of essential services in areas such as electricity, gas, water and transport.

The Commonwealth PNFC sector fiscal balance is expected to be a deficit of 0.1 per cent of GDP in 2009-10 and 0.2 per cent of GDP in 2010-11.

Similarly, the state/local PNFC sector fiscal balance is expected to be a deficit of 1.4 per cent of GDP in 2009-10 and 0.9 per cent of GDP in 2010-11.

Non-financial public sector

As shown in Chart 5.2, fiscal balance deficits for both the general government and PNFC sectors result in the consolidated NFPS being in deficit of 7.8 per cent of GDP in 2009-10 and 5.7 per cent of GDP in 2010-11.



(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2010-11.

CASH BALANCE

The principal difference between the accrual-based fiscal balance and the cash balance is the timing of transactions. Whereas accrual accounting captures forward commitments before payments actually occur, cash-based accounting captures payments and receipts as they occur.

A cash surplus reflects the extent to which cash is available to a government to increase financial assets or decrease liabilities, assuming no revaluations or other

changes occur. A cash deficit indicates a government's need to call on financial markets to meet its budget obligations, either through running down its financial assets or by borrowing.

Chart 5.3 shows consolidated cash balance by sector and Chart 5.4 shows cash balance by sector and level of government.

General government sector

As shown in Chart 5.3, the consolidated general government sector cash balance is expected to be a deficit of 6.0 per cent of GDP in 2009-10 and 4.2 per cent of GDP in 2010-11. This position is expected to improve over the forward estimates to a cash deficit of 0.3 per cent of GDP in 2012-13.

The Commonwealth general government sector cash balance is expected to be a deficit of 2.9 per cent of GDP in 2010-11. A faster recovery in taxation receipts associated with the stronger economic outlook and the Government's fiscal strategy will allow the budget to return to surplus in 2012-13.

The state/local cash position is expected to be a deficit of 1.4 per cent of GDP in 2009-10 and 1.1 per cent of GDP in 2010-11, improving to a deficit of 0.3 per cent of GDP in 2012-13.

Public non-financial corporations sector

The consolidated PNFC sector has an estimated cash deficit of 1.7 per cent of GDP in 2009-10, improving slightly to a deficit of 1.4 per cent of GDP in 2010-11.

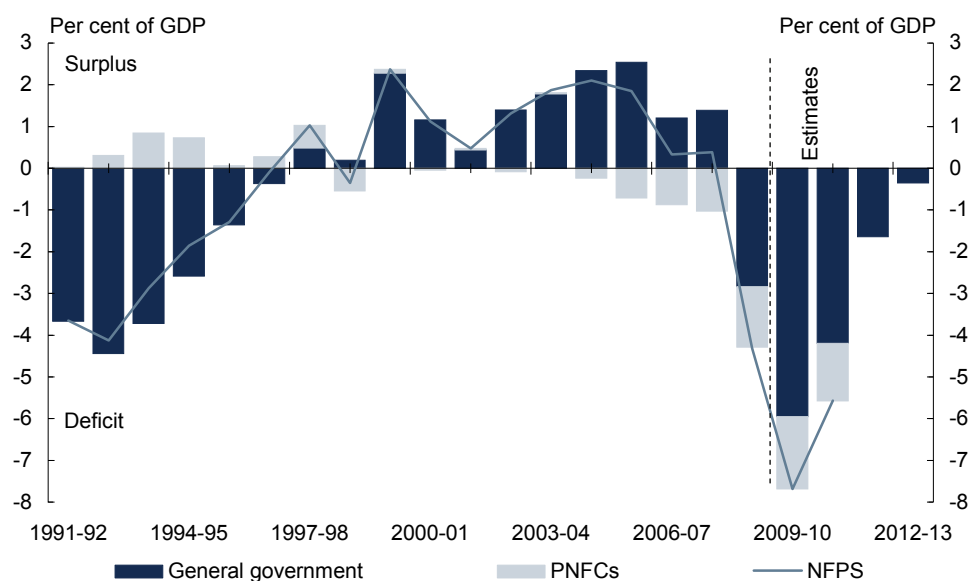
The Commonwealth PNFC sector is expected to be a deficit of 0.1 per cent of GDP in 2009-10 and 0.2 per cent of GDP in 2010-11.

Cash deficits are expected at the state/local level, of 1.6 per cent of GDP in 2009-10 and 1.2 per cent of GDP in 2010-11.

Non-financial public sector

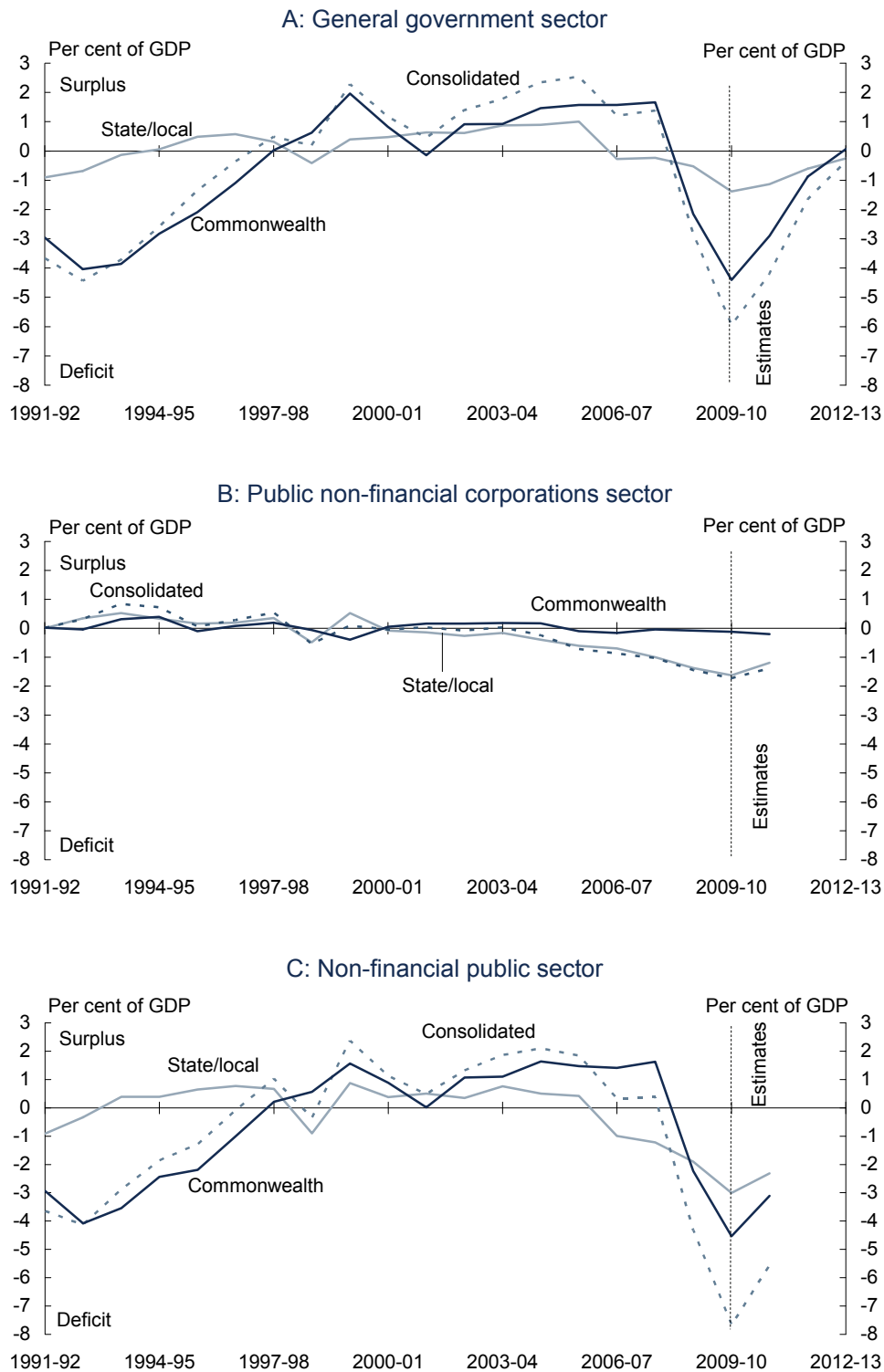
As shown in Chart 5.3, cash deficits for both the general government and PNFC sectors result in the consolidated NFPS being a deficit of 7.7 per cent of GDP in 2009-10 and 5.6 per cent of GDP in 2010-11.

Chart 5.3: Consolidated cash balance by sector^(a)



(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2010-11.

Chart 5.4: Cash balance by sector and level of government^(a)



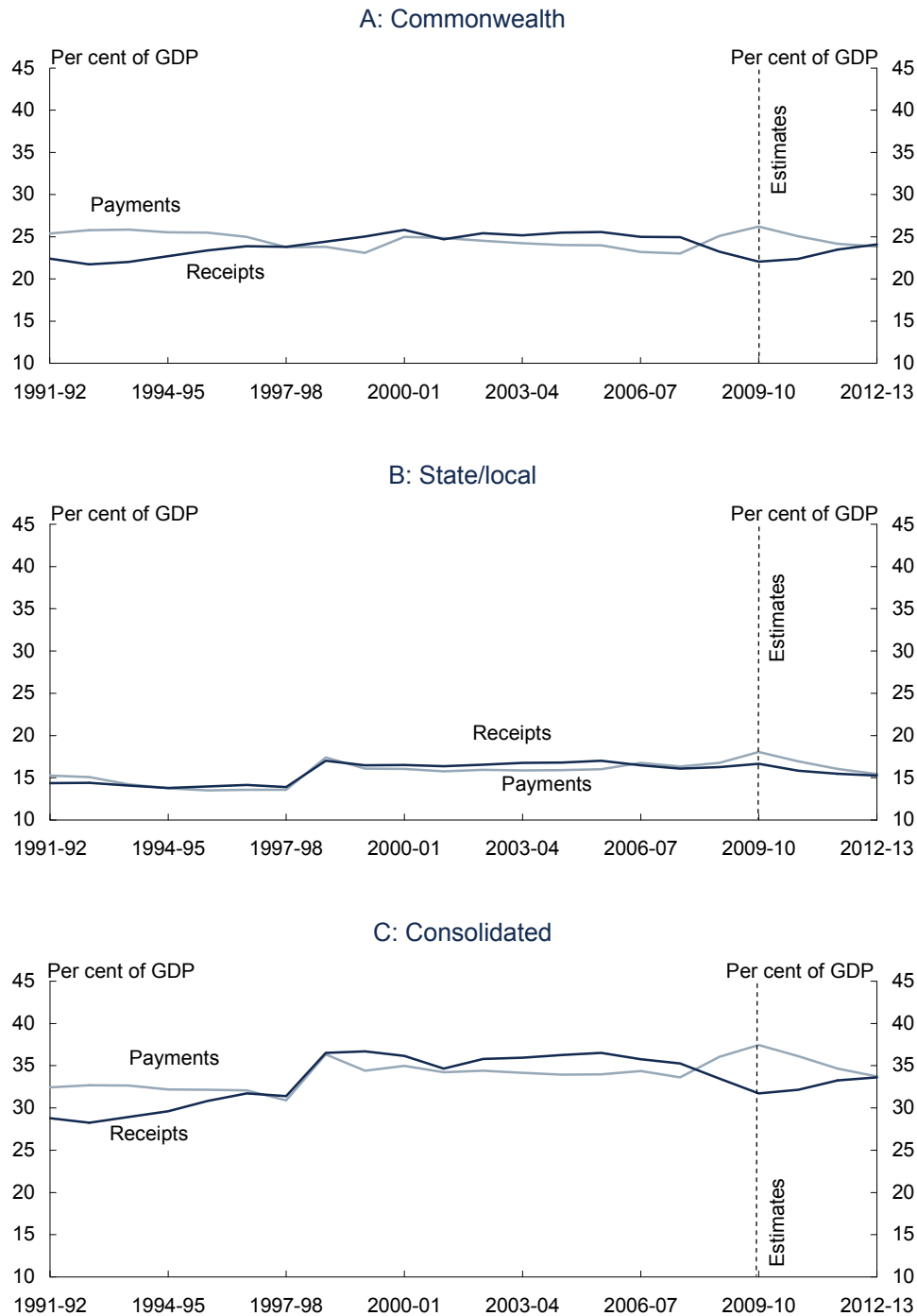
(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2010-11.

Receipts and payments

Chart 5.5 shows the trend in general government sector cash receipts and payments at the Commonwealth, state/local and consolidated levels of government, underpinning the developments in cash balances explained above. The general government sector is an appropriate focus for an assessment of public sector receipts and payments as it is the sector that collects taxes and provides non-market public services. The general government sector also accounts for the majority of NFPs receipts and payments.

Estimates of Commonwealth receipts and payments in Panel A of Chart 5.5 are inclusive of GST receipts and the associated GST payments to the States. The temporary increase in payments from 2008-09 reflects the increased payments to the States under the Nation Building and Jobs Plan and the \$15.2 billion COAG package. Going forward, it is expected that receipts will grow more quickly than payments as improvements to the economic outlook have resulted in higher-than-expected estimates of tax receipts over the forward estimates.

Chart 5.5: General government sector receipts and payments by level of government^(a)



(a) The increases in receipts and payments in 1998-99 for the state/local sector, and in 1999-2000 for the Commonwealth, were predominantly due to the move to an accrual accounting framework and the subsequent 'grossing up' of cash receipts and payments. Prior to 1999-2000, some cash receipts were netted off payments.

INFRASTRUCTURE INVESTMENT

Gross fixed capital formation is the value of acquisitions less disposals of new or existing fixed assets. The level of gross fixed capital formation is useful as a measure of investment in infrastructure.

Owing to the States' responsibilities in a range of capital-intensive areas, such as electricity, gas, water and transport, including both rail and port infrastructure, the States have the largest share of consolidated gross fixed capital formation.

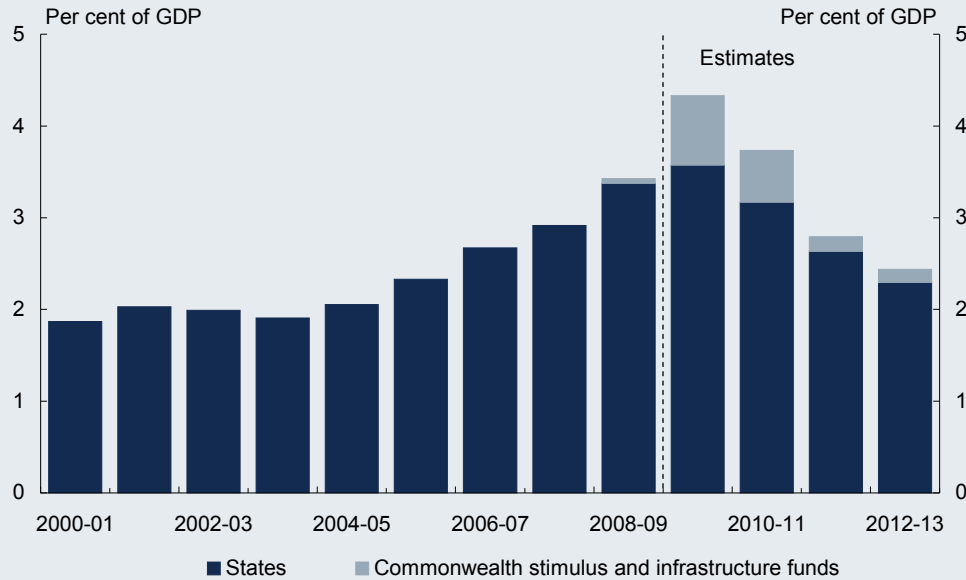
Box 5.2: Infrastructure and Commonwealth economic stimulus

The States have a central role in delivering infrastructure projects funded through stimulus packages announced by the Commonwealth and funding from Commonwealth infrastructure funds. Specifically, States are delivering infrastructure through:

- the Nation Building and Jobs Plan;
- the Nation Building Plan for the Future;
- Health and Hospitals Fund projects; and
- Education Investment Fund projects.

Chart A shows the estimated contribution to gross fixed capital formation by aggregate state NFPS of Commonwealth stimulus spending and funding from Commonwealth infrastructure funds. The chart shows Commonwealth spending on infrastructure is complementing historically high infrastructure spending by the States in 2009-10 and 2010-11.

State investment in infrastructure is expected to return to more normal levels after 2010-11, reflecting the withdrawal of Commonwealth stimulus funding and investment in States' own infrastructure projects returning to levels more consistent with those recorded prior to 2008-09.

Box 5.2: Infrastructure and Commonwealth economic stimulus (continued)**Chart A: Commonwealth stimulus and infrastructure fund contribution to aggregate state gross fixed capital formation**

The estimates in Chart A are based on actual payments to the States, with the exception of the Nation Building and Jobs Plan which is based on expected spending of Commonwealth funds by the States. Table A below sets out the expected payments to the States under these Commonwealth programs.

Table A: Commonwealth stimulus and infrastructure fund contribution to aggregate state gross fixed capital formation

\$million	2009-10	2010-11	2011-12	2012-13	2013-14
Nation Building and Jobs Plan					
Building the Education Revolution(a)	6284.4	3690.6	340.6	0.0	0.0
Social housing	3768.2	1294.0	162.0	0.0	0.0
Black spot projects(b)	60.0	0.0	0.0	0.0	0.0
Boom gates for rail crossings	66.9	0.0	0.0	0.0	0.0
National Building Plan for the Future	443.0	869.4	1622.7	2331.6	1204.0
Health and Hospitals Fund	256.0	544.0	708.6	443.7	99.3
Education Infrastructure Fund	28.7	9.3	0.0	0.0	0.0
Total	10,907.1	6,407.3	2,833.9	2,775.3	1,303.3

(a) Excluding non-government schools.

(b) Additional funding under the Nation Building and Jobs Plan.

NET DEBT

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets (cash and deposits, advances paid, investments, loans and placements). Net debt does not include superannuation-related liabilities.

Consolidated NFPS net debt has increased in recent years owing to increased borrowing at both the Commonwealth and state/local levels of government as a result of the global recession. Consolidated NFPS net debt is expected to be 10.2 per cent of GDP in 2009-10 and 14.4 per cent of GDP in 2010-11.

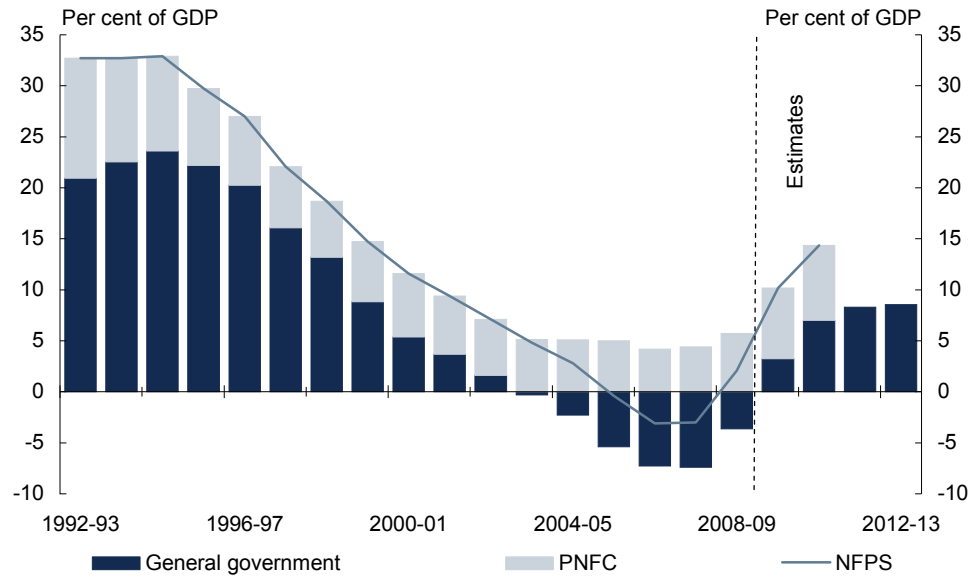
The Commonwealth general government sector is expecting positive net debt in 2009-10 (3.2 per cent of GDP) and in 2010-11 (5.6 per cent of GDP). The earlier return of the Budget to surplus will be reflected in a lower net debt profile with net debt expected to peak at 6.1 per cent of GDP in 2011-12, compared with 9.6 per cent in 2013-14 as previously projected.

Individually, the majority of States are expecting positive net debt in 2010-11 and over the forward estimates. Aggregate state/local NFPS net debt is expected to be 7.1 per cent of GDP in 2009-10 and 8.7 per cent of GDP in 2010-11.

Over the forward estimates, state/local net debt is expected to remain positive but decline as state economies recover from the global recession.

Chart 5.6 shows consolidated net debt by sector and Chart 5.7 shows net debt by sector and level of government.

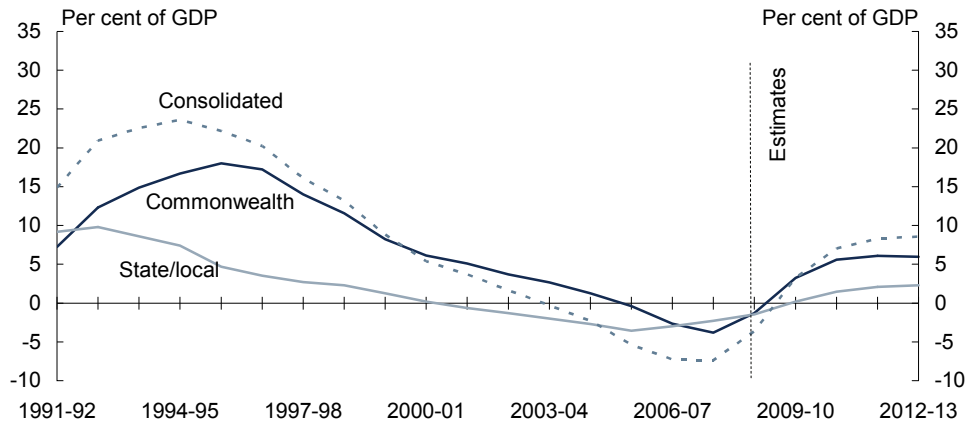
**Chart 5.6: Consolidated net debt by sector
(as at end of financial year)^(a)**



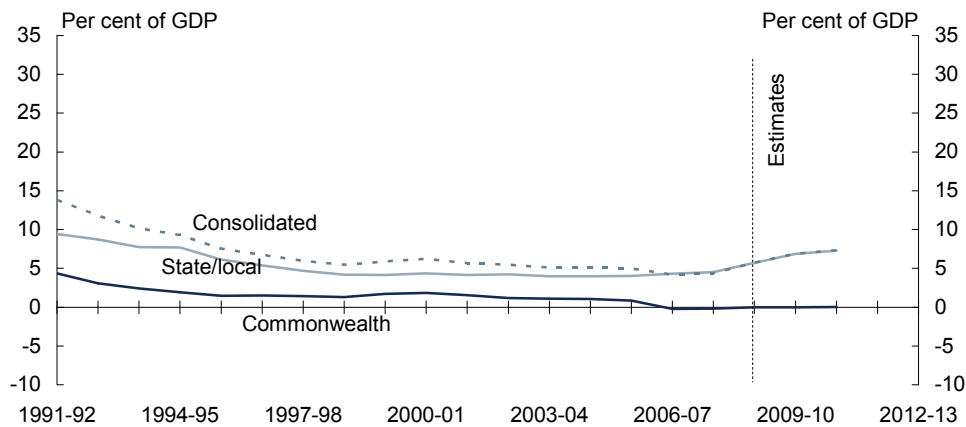
(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2010-11.

**Chart 5.7: Net debt by sector and level of government
(as at end of financial year)^(a)**

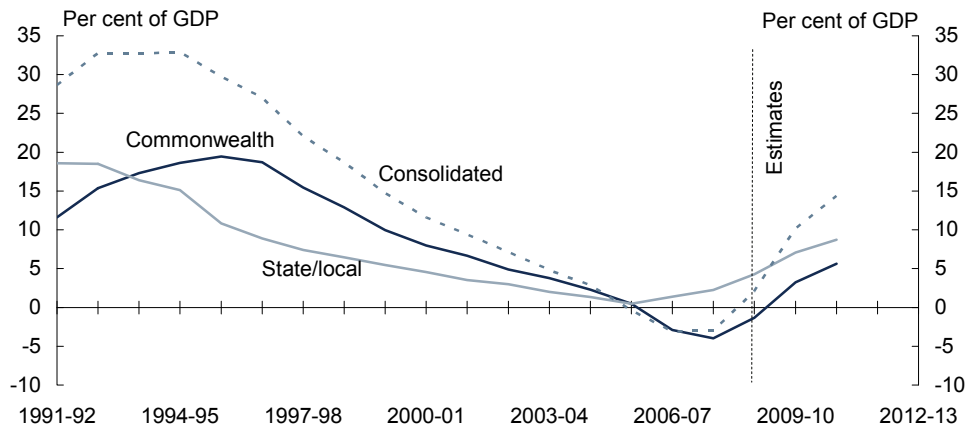
A: General government sector



B: Public non-financial corporations sector



C: Non-financial public sector



(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2010-11.

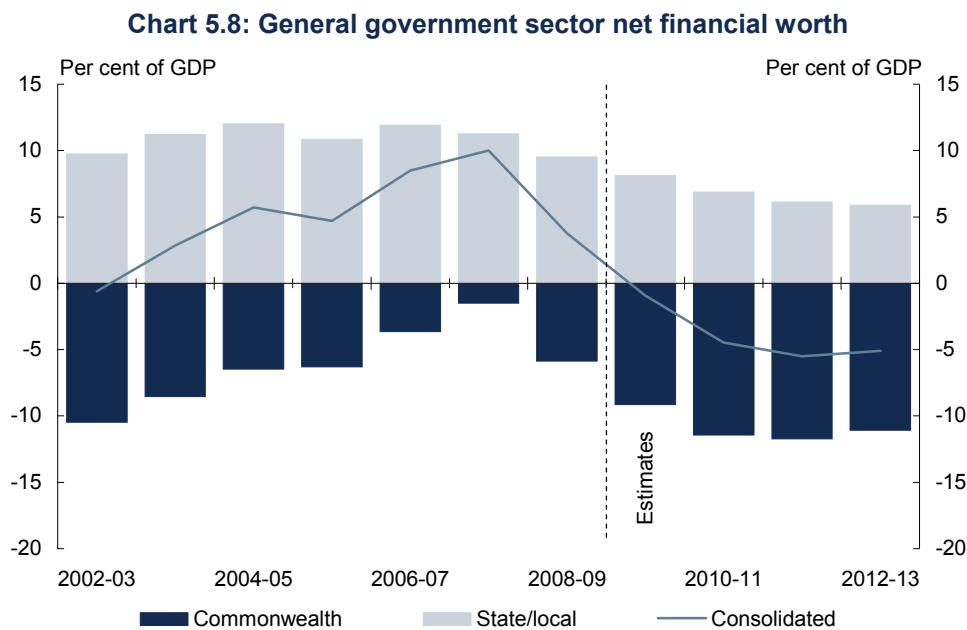
NET FINANCIAL WORTH

Net financial worth measures a government's net holdings of financial assets. It is a broader measure than net debt, as it includes employee-related liabilities such as superannuation, but is narrower than net worth as it excludes non-financial assets.

At the consolidated level, net financial worth is expected to decline in 2009-10 and 2010-11, remaining relatively constant over the forward estimates.

Following the trend in net debt, Commonwealth general government sector net financial worth has fallen since 2007-08, as a result of the global recession. Commonwealth net financial worth is expected to remain relatively constant from 2010-11 and over the forward estimates.

Net financial worth in the state/local general government sector is expected to fall, as a per cent of GDP, over the forward estimates from a peak in 2006-07.



NET WORTH

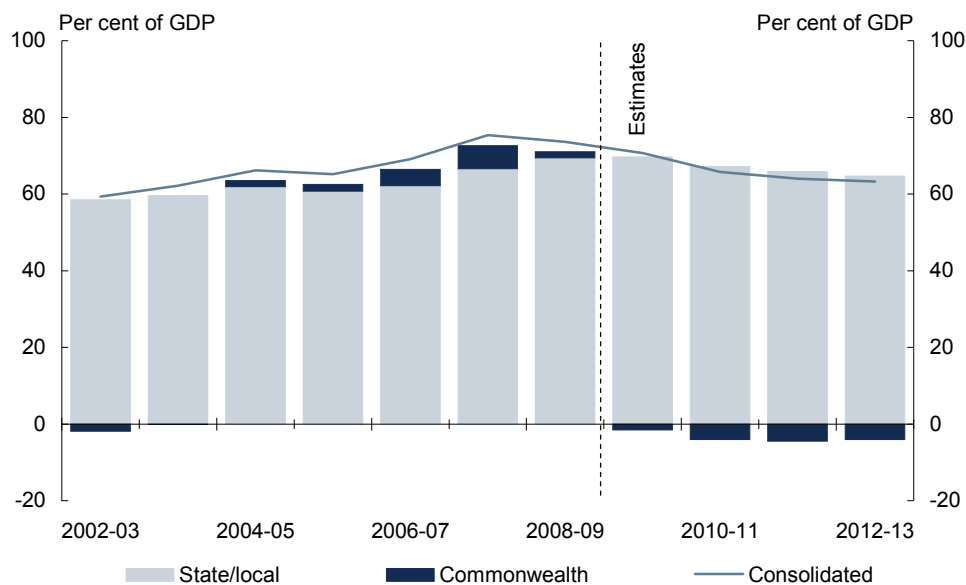
Net worth is the broadest measure of the balance between assets and liabilities as it includes all assets less all liabilities.

At the consolidated level, net worth is estimated to fall in 2009-10 and 2010-11, and continue to decline over the forward estimates.

The Commonwealth is expecting negative net worth in 2009-10 and 2010-11, and over the forward estimates. This primarily reflects the significant funding provided by the Commonwealth to the States and to local government for infrastructure investment, with the resultant assets recorded in the balance sheets of the state and local governments.

At the state/local level, net worth is expected to increase in nominal terms in 2009-10 and 2010-11, and over the forward estimates. As a proportion of GDP, net worth is expected to be 69.7 per cent of GDP in 2009-10 and 67.2 per cent of GDP in 2010-11.

Chart 5.9: General government sector net worth



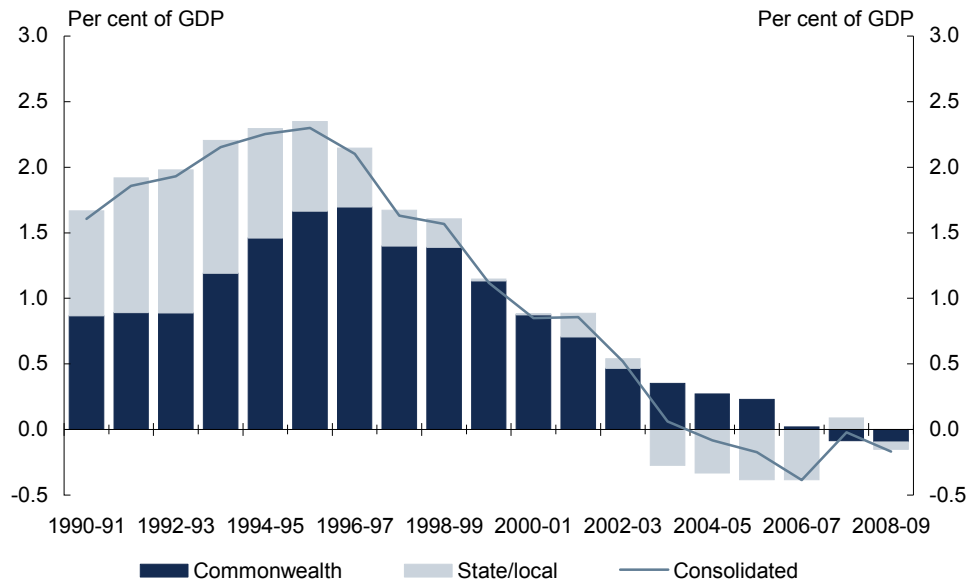
NET INTEREST PAYMENTS

Net interest payments reflect the cost of servicing debt. The higher the net debt of a government (lower net financial worth), the greater the call that will be imposed on a government's future revenue flows to service that debt.

Consolidated general government sector net interest payments peaked in 1995-96, reflecting the increased level of Commonwealth general government sector net debt. Since then, Commonwealth and state/local general government sector net interest payments have been decreasing, reaching a low in 2006-07, as the Commonwealth and state/local general government sectors experienced sustained budget surpluses, which were used, in part, to pay down debt.

From 2009-10, general government net interest payments are expected to rise, reflecting increased net debt as a result of the global recession.

Chart 5.10: General government sector net interest payments



AUSTRALIAN GOVERNMENT GUARANTEE OF STATE AND TERRITORY BORROWING

In response to the impact of the global financial crisis on the ability of States to access financial markets, the Commonwealth established the Guarantee of State and Territory Borrowing (the Guarantee) which formally commenced on 24 July 2009.

With the recovery of financial markets on 7 February 2010, the Commonwealth announced that the Guarantee would close to new issuances of guaranteed liabilities on 31 December 2010. This transition period will allow States which have utilised the Guarantee to create new unguaranteed bond lines across a range of maturities and establish liquidity in the new unguaranteed bond lines. All State governments will continue to have access to the Guarantee until 31 December 2010.

Box 5.3: Impact of the Australian Government Guarantee of State and Territory Borrowing

The announcement of the Guarantee led to a sharp improvement in the pricing of state bonds, relative to Commonwealth bonds, and restored demand for state government bonds.

These benefits were experienced by all States, regardless of whether they opted to make use of the Guarantee.

Chart A shows the spread between the yields on unguaranteed long-term Victorian semi-government bonds and Commonwealth Government Securities between October 2007 and April 2010. A marked decline in this spread occurred after the announcement of the Guarantee. This spread has continued to decline after the announcement that the Guarantee would close to new issuances of guaranteed liabilities.

Chart A: Basis point margin between unguaranteed long-term Victorian semi-government bonds and long-term Commonwealth Government Securities



To date, only New South Wales and Queensland have applied to use the Guarantee. A total of 20 eligibility certificates have been issued under the Guarantee covering domestic and foreign Australian dollar-denominated bonds as at 31 March 2010. New South Wales has received eligibility certificates for nine bond lines and Queensland has received eligibility certificates for 11 bond lines.

As at 31 March 2010, the Guarantee covered bonds with an outstanding face value of \$72.6 billion. New South Wales had bonds with a face value of \$23.6 billion and Queensland had bonds with a face value of \$49.0 billion covered by the Guarantee.

Securities covered by the Guarantee will continue to be guaranteed until they either mature or are bought back and extinguished. Guarantee fees continue to be payable on the value of outstanding securities.

States utilising the Guarantee are required to pay a monthly fee on the amounts guaranteed. The fee depends on the credit rating of the State government and whether the amount guaranteed is existing stock or new issuance. The same fee applies regardless of the terms of the security. The fee structure is set out in Table 5.1 below.

Table 5.1: Australian Government Guarantee of State and Territory Borrowing fee structure

Credit rating	Fee (existing stock)	Fee (new stock)
AAA/Aaa	15 basis points	30 basis points
AA+/Aa1	20 basis points	35 basis points

Table 5.2 sets out the fee revenue that the Commonwealth is expecting to receive from New South Wales and Queensland governments for utilising the Guarantee.

Table 5.2: Australian Government Guarantee of State and Territory Borrowing fee revenue

	2009-10	2010-11	2011-12	2012-13	2013-14
Total fee revenue (\$m)	104.3	141.2	124.3	116.5	97.6

THE AUSTRALIAN LOAN COUNCIL

The Australian Loan Council (Loan Council) is a Commonwealth-State ministerial council that coordinates public sector borrowing. The Loan Council consists of the Prime Minister of Australia and the Premier/Chief Minister of each State and Territory. In practice, each member is represented by a nominee, usually the Treasurer of that jurisdiction, with the Commonwealth Treasurer as Chair.

Current 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' nominated borrowings 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.

Since 2009-10, the role of the Loan Council has expanded to include reporting on the macroeconomic implications of proposed expenditure from the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund.

The Loan Council also provides an additional level of scrutiny regarding the use of the Guarantee.

Outcome of the 2010 Loan Council meeting

The Loan Council met on 26 March 2010 to consider Loan Council Allocation nominations for 2010-11. The Loan Council approved each jurisdiction's nominated allocation. In aggregate, the nominations represent a deficit of \$84.8 billion (Table 5.3). The States nominated a deficit of \$33.8 billion and the Commonwealth nominated a deficit of around \$51.0 billion.

The Commonwealth's 2010-11 Loan Council Allocation budget update is available in Budget Paper No. 1, Statement 9, Appendix B.

State 2010-11 Loan Council Allocation budget updates will be available in the States' 2010-11 Budgets.

The Loan Council considered the macroeconomic implications of infrastructure spending and found that the Government's fiscal stimulus packages played a key role in supporting the economy in 2009-10. In 2010-11, the planned staged withdrawal of fiscal stimulus will detract from economic growth as an expected broad-based recovery in private demand takes hold. Given the size and likely timing profile of any spending on new projects, the Loan Council determined that the drawdown of the remaining balances in the Nation Building Funds is not likely to have a material impact on aggregate demand and on the level of spare capacity in the economy.

The Loan Council determined that the Guarantee was being used to support state infrastructure investment and was not being used inappropriately to finance lending to non-government entities or to purchase other financial assets.

Table 5.3: Loan Council Allocation nominations for 2010-11^(a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Cwth	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Nominated 2010-11 LCAs										
General government sector cash surplus(-)/deficit(+)	1,994	1,529	8,221	1,896	1,188	203	251	157	43,864	
PNFC sector cash surplus(-)/deficit(+)	4,047	3,162	4,745	2,106	-202	243	327	227	134	
Non-financial public sector cash surplus(-)/deficit(+)(b)	5,926	4,712	12,966	4,002	986	446	578	384	43,998	
Acquisitions under finance leases and similar arrangements	750	0	0	3	120	0	0	0	31	
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	6,676	4,712	12,966	4,005	1,106	446	578	384	44,029	
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(c)	-38	-15	-18	0	-2	-80	-10	0	-7,637	
<i>plus</i> Memorandum items(d)	511	688	1,981	157	-587	34	-11	0	-711	
Loan Council Allocations	7,225	5,415	14,965	4,162	517	560	577	384	50,955	84,760
2010-11 tolerance limit(e)	1,519	945	977	600	315	139	86	98	6,065	

(a) Loan Council Allocation (LCA) nominations for 2010-11 reflect best estimates of cash surpluses/deficits. Nominations have been provided on the basis of policies announced up to and included in jurisdictions' mid-year financial reports and the Commonwealth's *Mid-Year Economic and Fiscal Outlook 2009-10*. Each jurisdiction will publish an updated LCA estimate as part of its budget documentation.

(b) The sum of the deficits of the general government and PNFC sectors may not directly equal the NFPS deficit due to intersectoral transfers.

(c) Net cash flows from investments in financial assets for policy purposes comprise 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. However, these flows have implications for a government's call on financial markets. Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as reported in cash flow statements.

(d) Memorandum items are used to adjust the NFPS surplus/deficit 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 NFPS surplus/deficit certain transactions that the 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.

(e) Tolerance limits are designed, *inter alia*, to accommodate changes to LCAs resulting from changes in policy. Tolerance limits apply between jurisdictions' LCA nominations and budget estimates, and again between budget estimates and outcomes. They are calculated as 2 per cent of NFPS cash receipts from operating activities in each jurisdiction.

PART 6: ACCOUNTABILITIES UNDER THE FEDERAL FINANCIAL RELATIONS FRAMEWORK

Accountability is a key objective of the framework for federal financial relations.

The Commonwealth and the States have enhanced the public accountability of all governments through the performance reporting framework. This is enabling the community to better assess the quality and efficiency of service delivery by all governments.

OVERVIEW

The Intergovernmental Agreement describes the institutional arrangements for the federal financial relations framework:

- COAG is the key decision making body with respect to implementing the framework, and will monitor progress on all aspects of the framework;
- the Ministerial Council for Federal Financial Relations has responsibility for the general oversight of the operation of the Intergovernmental Agreement and the ongoing monitoring and maintenance of reforms, including ensuring that National Agreements and National Partnerships are aligned with the design principles of the Intergovernmental Agreement;
- sectoral Ministerial Councils have responsibility for proposing policy in respect of National Agreements and National Partnerships; proposing new National Partnerships; and making recommendations to COAG on the development of objectives, outcomes, outputs and performance indicators for National Agreements; and
- all payments to the States are subject to the framework and are centrally administered through monthly payments from the Commonwealth Treasury to the state treasuries.

These arrangements under the Intergovernmental Agreement flow through to accountabilities across the Commonwealth.

COMMONWEALTH ACCOUNTABILITIES

Policy and payment accountability arrangements

Under the framework, policy outcomes and objectives have been separated from funding arrangements to ensure that the policy focus is on achieving better services for all Australians and addressing social inclusion.

National Agreements establish the policy objectives in the key service sectors. They set out the objectives, outcomes, outputs and performance indicators which are mutually agreed between all jurisdictions.

National Agreements are not funding agreements. Funding is provided separately in National Specific Purpose Payments (National SPPs), which are specified in the Intergovernmental Agreement. The provision of funding under National SPPs is not contingent on achieving the outcomes or performance benchmarks outlined in National Agreements. The only condition on National SPPs is that the funding be spent in the sector for which it is provided.

National Agreements may be associated with a National SPP, but this is not a requirement. For example, the *National Indigenous Reform Agreement* outlines the mutually agreed objectives for Indigenous reform, with the Commonwealth and the States each having flexibility in funding the achievement of those reforms. There is no associated National SPP.

National Partnership Agreements also outline the mutually agreed policy objectives to achieve service delivery improvements or nationally significant reform. National Partnerships may provide for payments on the achievement by the States of performance indicators/targets or for delivering reform progress. However, National Partnerships do not need to provide a financial contribution to the States.

For both National Agreements and National Partnership Agreements, the primary responsibility for policy is with the relevant portfolio Minister.

Under the centrally administered payment arrangements of the framework, all payments are processed by the Commonwealth Treasury and paid directly to each state treasury. State treasuries are responsible for distributing the funding within their jurisdiction. In the Commonwealth, the Treasurer is accountable for the appropriations, estimates and efficient payments under the framework. These arrangements are implemented through the *Federal Financial Relations Act 2009*.

Having state treasuries distribute Commonwealth-sourced funding to state portfolio agencies helps reinforce that state agencies are primarily accountable to their own Parliament and public for their service delivery performance, including their delivery of programs for which the Commonwealth provides a financial contribution.

Part 6: Accountabilities under the Federal Financial Relations Framework

As noted in Part 2, there will be new funding arrangements for the *National Health and Hospitals Network* with payments flowing through a *National Health and Hospitals Network* fund. Amendments will need to be made to the *Federal Financial Relations Act 2009* to reflect these new payment arrangements.

The distinction between policy and funding flows through to accountability arrangements at the Commonwealth level under the framework. These accountability arrangements are summarised in Table 6.1.

Table 6.1: Commonwealth policy and payments accountability arrangements

	Policy	Payment estimates	Making payments
National SPPs	Treasurer	Treasurer	Treasurer
National Agreements	Portfolio Minister(a)	No payments	No payments
NP payments - facilitation	Portfolio Minister(a)	Treasurer(b)	Treasurer
NP payments - reward	Portfolio Minister(a)	Treasurer(b)	Treasurer
NP payments - project	Portfolio Minister(a)	Treasurer(b)	Treasurer
General revenue assistance (incl GST)	Portfolio Minister (usually the Treasurer)	Treasurer(b)	Treasurer
Local government SPPs	Portfolio Minister	Portfolio Minister	Portfolio Minister
Commonwealth own-purpose expense	Portfolio Minister	Portfolio Minister	Portfolio Minister

(a) The Ministerial Council for Federal Financial Relations is also accountable to COAG under the Intergovernmental Agreement for ensuring to the fullest extent possible that National Agreements and National Partnerships are aligned with the framework's design principles.

(b) On advice from the portfolio Minister.

National SPPs

For National SPPs, the Treasurer is accountable for:

- negotiation of the funding levels and growth factors;
- the appropriations and the efficient processing of payments;
- estimates of payments;
- reporting in respect of payments; and
- each National SPP being expended by the States within the relevant sector.

National Agreements

For National Agreements, portfolio Ministers are accountable for the development of objectives, outcomes, outputs and performance indicators and all relevant policy matters. The Treasurer is responsible for ensuring that National Agreements align with the design principles described in *Schedule E – National Policy and Reform Objectives* of the Intergovernmental Agreement.

National Partnerships

Portfolio Ministers are responsible for policy relating to National Partnership payments and for proposing new specific projects and reforms which could be supported by National Partnerships.

For Commonwealth Own Purpose Expenses, which can be provided to assist in the achievement of objectives for National Partnership Agreements, payment and policy are the responsibility of the relevant portfolio Minister.

For National Partnership payments, the Treasurer is accountable for:

- ensuring to the fullest extent possible that National Partnerships are aligned with the design principles described in *Schedule E – National Policy and Reform Objectives* of the Intergovernmental Agreement;
- ensuring that National Partnerships in a sector which is covered by a National Agreement are aligned with the objectives of that National Agreement;
- ensuring that National Partnerships support the delivery of clearly specified outputs or projects, or facilitate the implementation of, or reward the delivery of, reforms of national significance;
- negotiating base funding levels for National Partnership incentive payments;
- developing principles for the funding levels of National Partnership project payments;
- assessing whether expiring National Partnerships should be converted into existing or new National SPPs or general revenue assistance; and
- appropriations for, and the efficient provision of, payments.

General revenue assistance

The Treasurer has accountability for the estimates of, appropriations for, and efficient payment of, GST payments and other general revenue assistance. The terms and conditions upon which payments are made are set out in *Schedule D – Payment Arrangements* of the Intergovernmental Agreement. The *Federal Financial Relations Act 2009* provides for the Treasurer to credit amounts to the COAG Reform Fund for payments of general purpose financial assistance other than GST payments.

Where there is policy or legislation associated with general revenue assistance – for example, revenue sharing arrangements of royalties in the *Offshore Petroleum and Greenhouse Gas Act 2006* – that policy responsibility rests with the relevant portfolio Minister, with the Treasurer accountable for payments.

Box 6.1: The Federal Financial Relations Act 2009

The *Federal Financial Relations Act 2009* (the Act) implements the payment arrangements of the financial framework. For the first time in decades, the complexity of all the Commonwealth's financial relations with the States is contained in one piece of legislation. Previously, each of the payments for specific purposes had its own legislative instruments, payment arrangements and administrative processes.

National SPPs

The Act provides a standing appropriation for the Commonwealth to make ongoing financial contributions to the States through five National SPPs. The Act sets the amount of base funding for each National SPP for 2010-11 and provides for the funding to be indexed annually by a growth factor determined by the Treasurer. A State's share of a National SPP in a financial year is also determined by the Treasurer. *Schedule D – Payment Arrangements* of the Intergovernmental Agreement describes the detailed arrangements.

GST payments

The Act provides a standing appropriation for the Treasurer to make GST payments to the States and provides for the Treasurer to determine the distribution between the States, based on the recommendations of the Commonwealth Grants Commission. *Schedule D – Payment Arrangements* of the Intergovernmental Agreement describes the detailed arrangements.

Other payments

The Act provides for the Treasurer, through a written determination, to credit amounts to the COAG Reform Fund for the purpose of making grants of National Partnership payments and general revenue assistance to the States. Under these arrangements, payments are transparent to the public and subject to parliamentary scrutiny. The Treasurer's determinations are legislative instruments and are registered on the Federal Register of Legislative Instruments. Parliamentary scrutiny is also provided by requiring that the Treasurer gain approval for the maximum amount that he may credit to the COAG Reform Fund for the purpose of making these payments to the States.

While the annual Appropriation Acts no longer provide the appropriation for these types of payments, the maximum amount that the Treasurer may credit to the COAG Reform Fund in a particular financial year is legislated. A general drawing rights limit restricts the total amount that may be covered by drawing rights under the *Financial Management and Accountability Act 1997* (the FMA Act) and, hence, the amount that can be paid out from the Fund in a financial year. Limiting the ability to issue drawing rights is an effective mechanism because the FMA Act does not permit expenditure without the person making the payment having been issued with a valid drawing right. This ensures that the Parliament's role in approving Commonwealth expenditure is preserved.

Box 6.1: The Federal Financial Relations Act 2009 (continued)

The Appropriation Bill (No. 2) 2010-11 provides that the general drawing rights limit in the 2010-11 financial year for the purpose of providing general revenue assistance (other than GST payments) to the States is \$1 billion and for National Partnership payments is \$20 billion.

Changes will need to be made to the *Federal Financial Relations Act 2009* to reflect the reforms to health under the *National Health and Hospitals Network Agreement*.

Box 6.2: Financial Management and Accountability Act 1997

The FMA Act applies to all payments associated with the federal financial relations framework. In general, the FMA Act applies to any contract, agreement or arrangement under which public money is, or may become, payable.

Regulation 13 of the FMA Regulations provides that, before entering into agreements under which public money is, or may become, payable, relevant delegates must ensure that the associated spending proposal has been approved under FMA Regulation 9 and, if necessary, authorised in writing under FMA Regulation 10.

National SPPs

The FMA Act will only apply to new commitments where *Schedule D – Payment Arrangements* of the Intergovernmental Agreement is varied.

National Agreements

The FMA Act does not apply because National Agreements are not contracts, agreements or arrangements under which public money is, or may become, payable. However, entering into negotiations over new or revised National Agreements does require compliance with the provisions of the Intergovernmental Agreement.

National Partnership Agreements

Where each National Partnership Agreement sets out the terms and conditions of any associated National Partnership payment, the FMA Act will apply.

Portfolio Ministers are likely to negotiate Implementation Plans that set out the milestones and actual payments, as provided for in some National Partnership Agreements. Before agreeing Implementation Plans, appropriate approvals under the relevant FMA regulations are required.

Reporting accountability arrangements

Reporting accountabilities within the Commonwealth reflect the policy and payment accountabilities in the federal financial relations framework. These are outlined in Table 6.2.

Table 6.2: Commonwealth reporting accountabilities

	Portfolio Budget Statements	
	Financial reporting	Non-financial reporting
National SPPs	Treasurer	Treasurer
National Agreements	No payments	Portfolio Minister
NP payments - facilitation	Treasurer	Portfolio Minister
NP payments - reward	Treasurer	Treasurer
NP payments - project	Treasurer	Portfolio Minister
General revenue assistance (incl GST)	Treasurer	Portfolio Minister (usually the Treasurer)
Local government SPPs	Portfolio Minister	Portfolio Minister
Commonwealth Own Purpose Expense	Portfolio Minister	Portfolio Minister

There are some exceptions to the accountabilities shown in Table 6.2. Some payments from special accounts have different accountabilities. For example, payments from the Nation Building Funds are processed by Treasury, but the appropriations and payment accountabilities are with the portfolio Ministers. Most payments for non-government schools and payments for interstate road transport are also treated this way.

Financial reporting

The Treasury Portfolio Budget Statements present financial information for payments to the States in respect of the following appropriations:

- assistance under each of the five National SPPs (Programs 1.5 to 1.9);
- general revenue assistance payments (Program 1.4); and
- assistance under National Partnerships (Program 1.10).

Tables 2.5 to 2.11 in the Treasury's Portfolio Budget Statements provide detailed information on all programs for which appropriations have been provided under the *Federal Financial Relations Act 2009*.

Budget Paper No. 3

This Budget Paper provides detailed whole-of-government information on the Commonwealth's payments to the States.

- Part 2 provides information on Commonwealth payments to support specific state services.
- Part 3 provides information on GST payments and general revenue assistance.

Non-financial reporting

Non-financial reporting accountabilities are as follows:

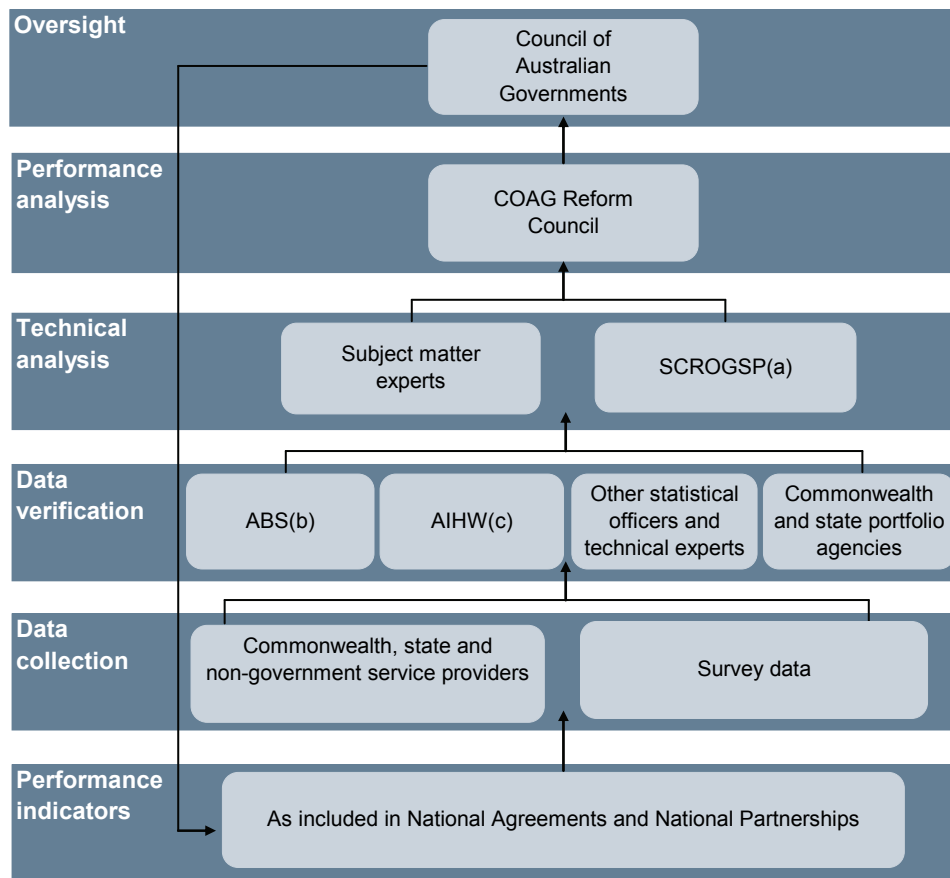
- the Treasurer is accountable for all aspects of policy in respect of National SPPs;
- the Treasurer is accountable for the federal financial relations framework and payments made under the *Federal Financial Relations Act 2009*;
- the relevant portfolio Minister is accountable for all aspects of policy in respect of National Agreements;
- the relevant portfolio Minister is accountable for all aspects of policy in respect of National Partnership Agreements, including in respect of the performance benchmarks which may trigger the requirement that a project payment be made;
- the Treasurer is accountable for all aspects of payments and estimates in respect of all general revenue assistance; and
- the relevant portfolio Minister is accountable for policy in respect of general revenue assistance that is legislated through, and falls within, their portfolio – otherwise the Treasurer is accountable.

PERFORMANCE REPORTING FRAMEWORK

In agreeing to the federal financial relations framework, the Commonwealth and the States committed to ongoing performance reporting to enhance public accountability. The performance reporting framework focuses on the achievement of mutually agreed objectives and outcomes, efficient service delivery and timely public reporting.

The key components of the performance reporting framework are outlined in Chart 6.1.

Chart 6.1: Performance reporting information flows



- (a) Steering Committee for the Review of Government Service Provision.
 (b) Australian Bureau of Statistics.
 (c) Australian Institute of Health and Welfare.

The COAG Reform Council provides annual reports to COAG containing the performance data and a comparative analysis of the performance of governments in meeting the objectives of the National Agreements. The reports will also highlight examples of good practice and performance so that, over time, innovative reforms or methods of service delivery may be adopted by other jurisdictions.

The Steering Committee for the Review of Government Service Provision is responsible for collecting and providing the agreed performance information to the COAG Reform Council. The Commonwealth and the States provide the COAG Reform Council with any additional information necessary for it to fulfil its role. In preparing its performance reports, the COAG Reform Council may draw upon other data collection agencies and subject experts it considers relevant to its work.

In relation to the performance reporting framework, the Ministerial Council for Federal Financial Relations is responsible for:

- progressing the implementation of the performance reporting framework, including continually improving the quality and timeliness of data, and development and oversight of a new National Performance Reporting System; and
- maintaining a register of the National Minimum Data Sets required to allow comparative reporting of governments' achievements against agreed objectives and outcomes.

The development of the performance reporting framework provides the opportunity to move, as far as possible, to a single, integrated, national reporting system that will reduce collection costs and confusion in interpreting performance.

The Ministerial Council for Federal Financial Relations consults with other relevant Ministerial Councils and data collection agencies in undertaking its roles.

Determining achievement against outcomes and benchmarks

The performance of the Commonwealth and the States in achieving mutually agreed outcomes and performance benchmarks specified in National Agreements are monitored and assessed by the COAG Reform Council, which reports publicly on an annual basis. Specifically, the COAG Reform Council:

- publishes performance information for all jurisdictions against National Agreement outcomes and performance benchmarks;
- produces an analytical overview of performance information for each National Agreement, and National Partnerships to the extent they support the objectives in a National Agreement;
- independently assesses whether predetermined performance benchmarks have been achieved before an incentive payment is made to reward nationally significant reforms under National Partnerships; and
- monitors the aggregate pace of activity in progressing COAG's agreed reform agenda.

In addition, the Productivity Commission has been tasked by COAG to report every two to three years on the economic impacts and benefits of COAG's agreed reform agenda.

Implementing the performance reporting framework

The COAG Reform Council has published reports on the *National Education Agreement* and the *National Agreement on Skills and Workforce Development*. It is expected that the COAG Reform Council will publish reports on the remaining National Agreements on Health, Disability, Affordable Housing and Indigenous Reform in the next month or so. Those reports provide baseline data against the performance indicators in the agreements and comparative analysis. Reports in future years will track progress against these baselines.

To facilitate comparative reporting of governments' achievements against agreed outcomes and benchmarks, work is also underway on a National Minimum Data Sets register. The initial register will provide links to performance indicators and benchmarks in National Agreements and will be available on the Ministerial Council for Federal Financial Relations website in the next few months.

Under the Intergovernmental Agreement, the Commonwealth and the States have committed to the continuous improvement of performance data to enhance the quality and timeliness of performance indicators and to promote public accountability. In its reports on National Agreements, the COAG Reform Council provides advice to COAG on improvements to performance reporting. COAG agreed to a number of changes to indicators in the *National Education Agreement* and the *National Agreement on Skills and Workforce Development* following advice from the COAG Reform Council.

Complementing this, the Heads of Treasuries review of National Agreements, National Partnerships and Implementation Plans (outlined in Part 1) will consider the quantity and quality of performance indicators and benchmarks in respect of individual agreements.

This review has clear linkages with data improvement work also being conducted by Treasuries, in consultation with Commonwealth and State central and portfolio agencies, the COAG Reform Council, the Secretariat for the Review of Government Service Provision and data collection agencies.

Accountabilities

Although there are no performance benchmarks associated with National SPPs, States are required to expend funding in the relevant sector – the Treasurer is accountable for ensuring this occurs. To demonstrate compliance, each state treasurer provides a report to the Ministerial Council for Federal Financial Relations within six months of the end of every financial year, detailing how much funding was spent in the relevant sector and, if required, provides a detailed explanation for any discrepancy with the amounts provided by the Commonwealth.

Each state treasurer provided this report to the Ministerial Council for Federal Financial Relations for the 2008-09 year. These reports satisfied the requirements for funding provided by the Commonwealth to be spent in the relevant sector.

National Partnership project payments involve set funding arrangements that specify funding to be provided at a certain time, and may be subject to the satisfactory attainment by the States of performance benchmarks or milestones. Portfolio Ministers will determine, based upon expenditure or performance reporting arrangements set out in the National Partnership, whether the project payment will be made.

As National Partnership facilitation payments have no performance benchmarks, the Treasurer will generally determine whether to make such payments specified in a National Partnership Agreement.

Table 6.3: Accountabilities for determining benchmark achievements

	Determining achievement against benchmarks
	Treasurer
National SPPs	
National Agreements	COAG Reform Council
NP payments - facilitation	No performance benchmarks
NP payments - reward	COAG Reform Council
NP payments - project	Portfolio Minister
General revenue assistance (incl. GST)	No performance benchmarks
Local government SPPs	Portfolio Minister
Commonwealth Own Purpose Expense	Portfolio Minister

APPENDIX A: PARAMETERS AND FURTHER INFORMATION

This appendix provides information on the parameters used in producing this Budget Paper.

Statement 2: Economic Outlook, Budget Paper No. 1, Budget Strategy and Outlook 2010-11 provides information on the forecasting approach used in the 2010-11 Budget as well as estimates and projections of GDP and CPI.

POPULATION

Population is an important parameter in federal finances. It is used extensively to distribute funding between the States and in the calculation of annual growth factors.

Estimates of state populations

Table A.1 sets out the state population series used in this Budget Paper.

Table A.1: Population by State, at 31 December

million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2000-01	6.527	4.770	3.592	1.888	1.508	0.471	0.317	0.196	19.270
2001-02	6.605	4.833	3.671	1.914	1.517	0.472	0.321	0.198	19.531
2002-03	6.649	4.892	3.765	1.938	1.526	0.475	0.324	0.199	19.768
2003-04	6.689	4.952	3.857	1.968	1.536	0.481	0.326	0.201	20.009
2004-05	6.729	5.014	3.946	1.999	1.546	0.485	0.328	0.204	20.250
2005-06	6.786	5.086	4.044	2.037	1.559	0.488	0.332	0.208	20.542
2006-07	6.859	5.171	4.140	2.085	1.576	0.492	0.337	0.212	20.871
2007-08	6.955	5.269	4.247	2.141	1.594	0.496	0.342	0.217	21.261
2008-09	7.076	5.382	4.366	2.212	1.613	0.501	0.349	0.223	21.720
2009-10(a)	7.192	5.498	4.477	2.274	1.635	0.506	0.355	0.228	22.164
2010-11(a)	7.283	5.595	4.580	2.332	1.651	0.510	0.360	0.233	22.543
2011-12(a)	7.368	5.686	4.681	2.386	1.666	0.515	0.365	0.238	22.905
2012-13(a)	7.448	5.774	4.779	2.439	1.680	0.519	0.370	0.242	23.252
2013-14(a)	7.527	5.861	4.876	2.492	1.695	0.523	0.375	0.247	23.596

(a) Treasury estimates.

The state populations for 2000-01 to 2008-09 are the population of each State on 31 December, as determined by the Commonwealth Statistician in June of the respective year.

The state populations for 2009-10 to 2013-14 are estimates of the population of each State on 31 December in the respective year. They are constructed using the latest demographic data available from the Australian Bureau of Statistics and Treasury assumptions. Broadly, these assumptions are in respect of fertility, mortality, net overseas migration and interstate migration.

Fertility

Treasury's assumptions about the total fertility rate are based on the medium fertility assumptions used in the Australian Bureau of Statistics *Population Projections, 2006-2101* (ABS cat. no. 3222.0).

For 2009 the total fertility rate is projected to be 1.905, followed by a gradual decline to 1.8 by 2021, equivalent to 1.9 in 2012 and staying at that level for the remainder of the projection period.

The assumed fertility rate includes a continuation of later child bearing trends in the age specific rates, although at a lesser rate than the historic trend due to recent signs that this may be slowing.

Mortality

Treasury's estimates are based on the medium assumption used in the Australian Bureau of Statistics *Population Projections, 2006-2101* (ABS cat. no. 3222.0), and assume a continuing decline in mortality rates across Australia, with state differentials persisting. Overall, mortality is assumed to decline to the year 2013, at the rate observed over the period 1971-2005, from the level observed in the latest death registration data for 2008-09.

Net overseas migration

Net overseas migration is the difference between permanent and long-term arrivals, and permanent and long-term departures.

Net overseas migration has departed significantly from historic averages in recent years, reaching historically high levels. This has been associated with increasing levels of fee paying foreign students and high levels of skilled long-term temporary and permanent migration due to strong economic conditions and low unemployment.

Improved methods for estimating net overseas migration introduced by the Australian Bureau of Statistics, increased volumes of international movements across Australia's borders, changes to the composition of international visitors and their duration of stay behaviour and international travel patterns of Australian residents (including duration of absence and frequency of travel) make estimates of net overseas migration difficult. This is exacerbated by the economic downturn which removes some of the support for the historic high levels of immigration.

Table A.2 shows the net overseas migration estimates used in this Budget Paper.

Table A.2: Net overseas migration

	2009	2010	2011	2012	2013
Net overseas migration, Australia	290,000	222,000	201,000	185,000	180,000

Appendix A: Parameters and Further Information

State and territory shares of net overseas migration are estimated by using a weighted average of the three most recent observed years – 2007, 2008 and 2009 – with weights of 1, 2 and 4 respectively.

Interstate migration

Treasury's estimates of net interstate migration are based on a weighted average of the three most recent observed years – 2007, 2008 and 2009 – with weights of 1, 2 and 4 respectively.

Table A.3: Net interstate migration

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010	-21,400	-700	21,000	4,900	-4,500	400	-300	600	0
2011	-21,400	-700	21,000	4,900	-4,500	400	-300	600	0
2012	-21,400	-700	21,000	4,900	-4,500	400	-300	600	0
2013	-21,400	-700	21,000	4,900	-4,500	400	-300	600	0

AGE/GENDER-WEIGHTED POPULATIONS

Treasury's estimates of state population have been used to calculate the population weighted for hospital utilisation for different age/gender cohorts. The weighted hospital utilisation forms part of the growth factor for the National Healthcare SPP.

Table A.4: Age/gender-weighted population

million	2009	2010	2011	2012	2013
Weighted population, Australia	22.320	22.834	23.348	23.854	24.351

SCHOOL ENROLMENTS

Student enrolment projections are based on a 99 per cent grade progression ratio model and take into account movements between government and non-government sectors. Student enrolment data do not take into account future economic, migration or policy changes. They are used in calculating estimates of the growth factor for the National Schools SPP.

Table A.5: School enrolments

	2009	2010	2011	2012	2013
FTE enrolments, government schools	2,270,774	2,285,960	2,299,609	2,317,732	2,345,055

LOCAL GOVERNMENT

The Commonwealth provides a financial contribution to local governments to enhance their capacity to provide services to the community. The financial assistance grants are increased annually based on an escalation factor which the Treasurer determines with

reference to population growth and the consumer price index. Estimates of the population growth factor, as defined in section 5 of the *Local Government (Financial Assistance) Act 1995*, and consumer price index, as defined in section 8 of the *Local Government (Financial Assistance) Act 1995*, are presented in Table A.6.

Table A.6: Local government parameters

per cent	2009-10	2010-11	2011-12	2012-13	2013-14
Consumer price index(a)	3	2 1/2	3	3 1/4	2 1/2
Population(b)	2 1/4	2	1 3/4	1 1/2	1 1/2

(a) Defined in section 8 of the *Local Government (Financial Assistance) Act 1995*.

(b) Defined in section 5 of the *Local Government (Financial Assistance) Act 1995*.

WAGE AND COST INDICES

Table A.7 shows the wage and cost indices used in this Budget Paper, rounded to the nearest quarter.

Table A.7: Wage and cost indices^(a)

per cent	2009-10	2010-11	2011-12	2012-13	2013-14
Average government schools					
recurrent costs	-	6	6	6	6
Health specific price index	-	3 1/2	3 1/2	3 1/2	3 1/2
Health technology index	-	1 1/4	1 1/4	1 1/4	1 1/4
Wage cost index - 1	-	1 1/2	1 1/2	2	2
Wage cost index - 6	-	2	2	2 1/2	2 1/2

(a) Amounts for National SPPs are indexed from 1 July 2010 onwards.

GST RELATIVITIES

Table A.8 sets out the GST relativities used in this Budget Paper.

The GST relativities for 2000-01 to 2008-09 are the relativities recommended by the Commonwealth Grants Commission to distribute a combined pool of GST payments and health care grants, as provided for in the *Intergovernmental Agreement on the Reform of Commonwealth State Financial Relations* of 1999.

The GST relativities for 2009-10 and 2010-11 are the relativities recommended by the Commonwealth Grants Commission to distribute GST payments only, as provided for in the *Intergovernmental Agreement on Federal Financial Relations*.

Treasury's projections of GST relativities for 2011-12 to 2012-13 assume that the States' fiscal capacities in 2009-10, 2010-11, 2011-12 will be broadly consistent with the Commission's assessment of their relative fiscal capacities in 2008-09.

Appendix A: Parameters and Further Information

The projections are adjusted to account for changes in GST revenue, population and the distributions of the National SPPs.

Table A.8: GST relativities since 2000-01^(a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01	0.90913	0.87049	1.01830	0.98365	1.18258	1.51091	1.11289	4.16385
2001-02	0.92032	0.87539	1.00269	0.97516	1.17941	1.50095	1.14633	4.02166
2002-03	0.90631	0.86824	1.01174	0.97592	1.19447	1.55419	1.15216	4.24484
2003-04	0.89117	0.87010	1.01902	0.96946	1.21215	1.59948	1.14979	4.38638
2004-05	0.86750	0.86534	1.05504	1.03054	1.20407	1.55939	1.12930	4.26538
2005-06	0.86846	0.87552	1.04389	1.02500	1.20325	1.55299	1.14300	4.26682
2006-07	0.87332	0.89559	1.02387	1.00480	1.18862	1.54931	1.14575	4.32755
2007-08	0.89079	0.90096	1.00607	0.94747	1.20791	1.54465	1.16293	4.36824
2008-09	0.91060	0.92540	0.96508	0.88288	1.20856	1.52994	1.17205	4.51835
2009-10	0.93186	0.91875	0.91556	0.78485	1.24724	1.62040	1.27051	5.25073
2010-11	0.95205	0.93995	0.91322	0.68298	1.28497	1.62091	1.15295	5.07383
2011-12(b)	0.98015	0.93954	0.86766	0.66499	1.29451	1.61873	1.14351	5.23592
2012-13(b)	0.98838	0.95888	0.83349	0.66171	1.29262	1.63261	1.17525	5.16175
2013-14(b)	0.98976	0.95817	0.84082	0.67891	1.28367	1.60214	1.15943	4.97868

(a) Relativities for years to 2008-09 were used to distribute a combined pool of GST payments and health care grants. Relativities for 2009-10 and forward years are calculated to distribute GST payments only.

(b) Treasury projections.

DATA SOURCES

The information in Part 5 and Appendix D of this Budget Paper is consistent with the Australian Bureau of Statistics Government Finance Statistics reporting framework for the public sector.

Commonwealth data are sourced from Australian Government Final Budget Outcomes, the Australian Bureau of Statistics, and Australian Government Consolidated Financial Statements. See *Statement 10: Historical Australian Government Data, Budget Paper No. 1, Budget Strategy and Outlook 2010-11*, for more information. State data for 2009-10 onwards are sourced from States' 2009-10 mid-year financial reports, with the exception of Victoria, the Australian Capital Territory and the Northern Territory which are sourced from 2010-11 Budgets.

Australian Government budget aggregates have been backcast to 1999-2000 (where applicable) for recent accounting clarification changes that require revisions to the historic series, ensuring that data are consistent across the accrual period from 1999-2000.

The 2010-11 Budget also includes revisions to Australian Government budget aggregates that improve the accuracy and comparability of the data through time. See *Statement 10: Historical Australian Government Data, Budget Paper No. 1, Budget Strategy and Outlook 2010-11*, for more information on these revisions.

FURTHER INFORMATION

Several publications of the Australian Bureau of Statistics also provide information that is relevant to analysing federal financial relations, including:

- *Australian Demographic Statistics* (cat. no. 3101.0);
- *Population Projections, 2006-2101* (cat. no. 3222.0);
- *Taxation Revenue, Australia* (cat. no. 5506.0);
- *Government Finance Statistics, Australia* (cat. no. 5512. 0);
- *Australian System of Government Finance Statistics – Concepts, Sources and Methods* (cat. no. 5514.0);
- *Information Paper: Developments in Government Finance Statistics* (cat. no. 5516.0); and
- *Information Paper: Accruals-Based Government Finance Statistics* (cat. no. 5517.0).

Several publications by the Commonwealth Grants Commission can also provide information relevant to the analysis of federal financial relations relating to the distribution of GST revenue. In relation to the 2009-10 financial year, the relevant publications are:

- *Report on GST Revenue Sharing Relativities – 2010 Review.*

APPENDIX B: TOTAL PAYMENTS TO THE STATES BY GFS FUNCTION

Table B.1: Total payments to the States by GFS function

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2009-10									
General public services	1.0	1.5	1.2	0.9	0.5	0.8	1.0	0.9	7.8
Public order and safety	61.2	39.9	37.9	18.7	15.0	6.4	5.3	36.3	220.7
Education(a)	6,928.8	5,190.6	4,297.0	2,338.8	1,767.9	556.8	346.8	383.1	21,809.7
Health	4,024.7	2,929.5	2,447.9	1,264.7	1,052.4	313.7	171.7	202.9	12,407.5
Social security and welfare	790.6	579.8	531.6	237.6	230.6	72.7	32.6	38.9	2,514.3
Housing and community amenities	2,273.0	1,609.5	1,301.9	943.4	615.0	170.1	121.7	235.4	7,270.0
Recreation and culture	2.3	-	-	3.0	-	-	-	-	5.3
Fuel and energy	27.8	35.0	21.5	28.6	8.6	4.3	0.5	8.1	134.3
Agriculture, forestry and fishing	238.5	144.9	25.9	15.3	201.9	39.0	1.1	0.022	666.7
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,485.1	700.9	2,077.2	398.4	491.0	200.7	21.4	139.9	5,514.4
Other purposes	14,254.6	10,681.7	8,954.3	4,681.2	4,286.8	1,716.2	978.5	2,442.7	47,996.1
Total payments to the States	30,087.7	21,913.3	19,696.3	9,930.6	8,669.6	3,080.8	1,680.5	3,488.1	98,546.9
less payments 'through' the States	3,970.6	3,207.4	2,499.6	1,416.8	1,016.4	294.9	242.4	160.6	12,808.7
less financial assistance grants for local government	621.5	465.8	391.2	233.8	134.4	63.5	41.5	28.3	1,979.8
less payments direct 'to' local government	234.4	184.4	241.8	119.4	64.5	38.8	1.8	10.4	895.5
equals total payments 'to' the States for own-purpose expenses	25,261.2	18,055.8	16,563.7	8,160.6	7,454.3	2,683.6	1,394.9	3,288.7	82,863.0

(a) The GFS Education function differs from the Education function presented in Part 2 of this document as it does not include the secure schools program (public order and safety), Indigenous early childhood education development — children and family centres (social security and welfare), National solar schools plan (fuel and energy) and national quality agenda for early childhood education and care (social security and welfare).

Table B.1: Total payments to the States by GFS function (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11									
General public services	0.9	0.5	0.8	0.8	0.9	0.8	0.8	0.4	5.9
Public order and safety	62.8	45.3	40.7	20.8	15.0	5.7	4.6	52.0	246.9
Education(a)	5,879.0	4,373.7	3,632.5	1,979.5	1,464.4	443.1	311.0	320.6	18,403.8
Health	4,517.3	3,484.2	2,776.2	1,573.2	1,152.5	322.7	214.7	217.8	14,258.6
Social security and welfare	871.2	646.6	599.7	274.7	253.1	79.3	36.0	45.2	2,805.8
Housing and community amenities	935.2	621.7	736.5	460.6	252.3	87.9	52.4	278.8	3,425.4
Recreation and culture	2.4	-	-	2.0	-	-	-	-	4.4
Fuel and energy	13.0	9.7	7.1	13.3	4.0	1.2	0.6	5.1	54.1
Agriculture, forestry and fishing	115.5	67.6	10.0	5.8	92.4	3.9	0.1	0.036	295.4
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,260.4	738.8	700.5	368.1	310.6	138.0	18.7	84.2	3,619.3
Other purposes	15,358.1	11,732.6	9,679.4	4,215.4	4,648.6	1,815.1	952.4	2,561.6	50,963.0
Total payments to the States	29,015.7	21,720.9	18,183.4	8,914.1	8,193.6	2,897.6	1,591.2	3,565.8	94,082.3
less payments 'through' the States	3,263.6	2,621.3	2,103.9	1,133.3	838.8	240.3	201.0	138.6	10,540.6
less financial assistance grants for local government	480.3	361.1	304.4	182.1	103.8	49.1	32.1	22.0	1,534.7
less payments direct 'to' local government	179.4	135.8	222.9	85.5	36.3	21.3	1.7	8.8	691.6
equals total payments 'to' the States for own-purpose expenses	25,092.5	18,602.8	15,552.3	7,513.3	7,214.8	2,586.9	1,356.4	3,396.4	81,315.3
(a) The GFS Education function differs from the Education function presented in Part 2 of this document as it does not include the secure schools program (public order and safety), Indigenous early childhood education development — children and family centres (social security and welfare), National solar schools plan (fuel and energy) and national quality agenda for early childhood education and care (social security and welfare).									

Table B.1: Total payments to the States by GFS function (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2011-12									
General public services	64.2	49.6	41.0	20.7	14.7	4.5	3.2	2.1	200.0
Public order and safety	61.6	43.6	40.5	19.6	15.4	5.8	4.4	51.7	242.6
Education(a)	4,825.8	3,593.2	3,102.4	1,563.1	1,172.0	363.4	256.3	265.6	15,141.7
Health	9,508.5	6,521.3	6,629.5	1,592.3	2,408.3	690.7	683.0	597.0	28,630.5
Social security and welfare	603.4	739.6	335.6	169.7	172.1	49.8	24.4	39.6	2,134.0
Housing and community amenities	565.4	365.4	446.2	300.2	162.1	49.3	32.4	261.8	2,182.8
Recreation and culture	-	-	-	3.6	-	-	-	-	3.6
Fuel and energy	12.7	9.5	6.9	4.3	3.1	1.2	0.5	0.8	39.1
Agriculture, forestry and fishing	11.6	5.6	10.4	4.4	3.9	2.0	0.037	0.037	37.9
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,520.8	1,383.1	1,116.4	449.4	519.8	93.2	21.2	89.3	5,193.2
Other purposes	12,125.7	9,624.2	5,978.2	4,371.7	3,697.1	1,559.6	555.1	2,454.8	40,366.4
Total payments to the States	29,299.5	22,335.1	17,707.1	8,499.0	8,168.5	2,819.6	1,580.5	3,762.5	94,171.8
less payments 'through' the States	3,214.0	2,588.0	2,144.5	1,126.7	798.5	246.4	198.1	140.4	10,456.7
less financial assistance grants for local government	668.2	504.0	426.5	255.2	144.1	68.2	44.8	30.8	2,141.9
less payments direct 'to' local government	113.6	78.4	126.0	61.5	28.7	14.2	0.8	6.4	429.6
equals total payments 'to' the States for own-purpose expenses	25,303.8	19,164.6	15,010.1	7,055.5	7,197.2	2,490.8	1,336.8	3,584.9	81,143.6

(a) The GFS Education function differs from the Education function presented in Part 2 of this document as it does not include the secure schools program (public order and safety), Indigenous early childhood education development — children and family centres (social security and welfare), National solar schools plan (fuel and energy) and national quality agenda for early childhood education and care (social security and welfare).

Table B.1: Total payments to the States by GFS function (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2012-13									
General public services	79.9	61.9	51.6	26.0	18.3	5.6	4.0	2.6	250.0
Public order and safety	62.6	44.4	41.2	19.9	15.7	5.9	4.4	3.9	198.1
Education(a)	4,877.4	3,684.4	3,171.8	1,595.8	1,176.5	367.0	263.7	228.6	15,365.0
Health	10,137.1	7,106.5	7,178.4	1,616.6	2,520.5	741.9	733.1	624.9	30,659.1
Social security and welfare	588.4	761.7	333.6	171.2	156.6	47.3	23.7	21.7	2,104.2
Housing and community amenities	513.4	366.3	468.4	309.1	153.2	43.1	28.0	183.4	2,064.9
Recreation and culture	-	-	-	-	-	-	-	-	-
Fuel and energy	16.3	11.6	9.1	5.7	4.1	1.5	0.7	1.1	50.0
Agriculture, forestry and fishing	5.6	0.1	8.6	1.1	1.0	0.038	0.038	0.038	16.6
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,451.1	1,808.9	1,599.4	541.7	417.5	72.9	10.2	86.4	6,688.1
Other purposes	12,824.8	10,408.9	5,888.7	4,617.6	3,855.8	1,652.7	601.4	2,565.6	42,415.5
Total payments to the States	30,556.6	24,254.7	18,751.0	8,904.7	8,319.2	2,938.0	1,669.2	3,718.0	99,811.4
less payments 'through' the States	3,403.0	2,759.4	2,278.9	1,205.8	843.8	264.1	211.3	150.7	11,117.0
less financial assistance grants for local government	698.6	528.7	449.1	268.8	150.4	71.3	46.9	32.4	2,246.2
less payments direct 'to' local government	104.8	78.2	76.1	54.1	25.9	12.3	0.9	6.5	358.6
equals total payments 'to' the States for own-purpose expenses	26,350.2	20,888.4	15,946.9	7,376.1	7,299.1	2,590.4	1,410.2	3,528.5	86,089.8
(a) The GFS Education function differs from the Education function presented in Part 2 of this document as it does not include the secure schools program (public order and safety), Indigenous early childhood education development — children and family centres (social security and welfare), National solar schools plan (fuel and energy) and national quality agenda for early childhood education and care (social security and welfare).									

Table B.1: Total payments to the States by GFS function (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2013-14									
General public services	63.7	45.2	41.9	20.3	16.0	-	-	-	-
Public order and safety	4,868.1	3,868.9	3,277.7	1,650.0	1,177.1	6.0	4.5	4.0	201.5
Education(a)	10,837.4	7,412.6	7,698.4	1,750.7	2,659.2	359.3	269.8	211.4	15,682.2
Health	591.8	813.6	348.1	177.7	148.0	790.7	795.0	665.1	32,609.1
Social security and welfare	463.9	319.9	447.0	330.1	132.9	45.5	25.1	22.3	2,172.2
Housing and community amenities	-	-	-	-	-	34.4	23.3	310.8	2,062.4
Recreation and culture	21.7	16.2	11.8	7.4	5.3	-	-	-	-
Fuel and energy	5.6	0.1	8.6	1.2	1.0	2.0	0.9	1.3	66.5
Agriculture, forestry and fishing	-	-	-	-	-	0.038	0.038	0.038	16.7
Mining, manufacturing and construction	1,534.3	1,477.3	835.3	519.5	166.0	56.5	7.4	61.5	5,392.9
Transport and communication	13,364.5	10,905.5	6,213.4	4,934.1	3,970.6	1,686.3	603.3	2,602.0	44,279.7
Other purposes	31,751.0	24,859.2	18,882.2	9,391.1	8,276.2	2,980.8	1,729.4	3,878.4	102,483.3
Total payments to the States									
less payments 'through' the States	3,591.6	2,945.5	2,446.5	1,292.9	891.3	277.0	226.0	161.8	11,832.7
less financial assistance grants for local government	724.8	550.2	469.1	280.8	155.7	74.0	48.8	33.8	2,337.1
less payments direct 'to' local government	96.8	71.2	71.2	51.2	24.1	11.4	-	5.6	331.5
equals total payments 'to' the States for own-purpose expenses	27,337.8	21,292.3	15,895.4	7,766.2	7,205.0	2,618.4	1,454.7	3,677.2	87,981.9

(a) The GFS Education function differs from the Education function presented in Part 2 of this document as it does not include the secure schools program (public order and safety), Indigenous early childhood education development — children and family centres (social security and welfare), National solar schools plan (fuel and energy) and national quality agenda for early childhood education and care (social security and welfare).

APPENDIX C: GUARANTEED MINIMUM AMOUNT AND BUDGET BALANCING ASSISTANCE

TRANSITIONAL PERIOD

In the *Intergovernmental Agreement on the Reform of Commonwealth State Relations* of 1999, the Commonwealth guaranteed that, in each of the transitional years following the introduction of The New Tax System in July 2000, the budget position of each State would be no worse than if the financial reforms had not been implemented.

For each of the transitional years where the GST paid to a State is less than the guaranteed minimum amount, the Commonwealth pays that State budget balancing assistance to cover the shortfall.

As part of the agreement with the States to abolish most of the state taxes listed for review under the Intergovernmental Agreement, the Commonwealth extended the transitional period from 30 June 2006 to 30 June 2009.

The guaranteed minimum amount is calculated according to a methodology agreed between the Commonwealth and the States. Components of the guaranteed minimum amount incorporate parameter variations to account for changes in economic conditions which are applied to the agreed methodology. States provide their own estimates of the revenue forgone from the abolition of state taxes. Details of the calculation of the guaranteed minimum amount for each State for 2008-09 are shown in Table C.2.

COMPONENTS OF THE GUARANTEED MINIMUM AMOUNT

State revenue forgone

The GST replaced two grants the Commonwealth paid to the States prior to 1 July 2000: financial assistance grants and revenue replacement payments. Estimates of both these amounts are components of the guaranteed minimum amount. In addition, revenue forgone from the abolition of state taxes listed in the Intergovernmental Agreement is included, once all States have abolished a tax, based on each State's own estimates of the revenue forgone from the abolition of the tax.

By 1 July 2005, the States had abolished several taxes that were listed in the Intergovernmental Agreement. This first tranche of abolished state taxes included accommodation tax, financial institutions duty, quoted marketable securities duty and debits tax. In 2006, the Commonwealth reached agreement with all States on the abolition of a second tranche of taxes, including stamp duties on mortgages, leases,

and credit and rental arrangements with the last of these taxes to be abolished in 2012-13.

Financial assistance grants

Prior to the introduction of the GST, the Commonwealth provided the States with substantial financial assistance grants. The GST replaced financial assistance grants as the major source of untied revenue to the States from 1 July 2000. The grants forgone by the States are included in the guaranteed minimum amount.

Financial assistance grants were distributed among the States according to the principle of horizontal fiscal equalisation, as embodied in the relativities recommended by the Commonwealth Grants Commission. The Commission has calculated the relativities for the notional allocation of these grants between the States. The relativities for 2000-01 to 2008-09 are shown in Table C.1.

Table C.1: Financial assistance grants relativities, 2000-01 to 2008-09

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01	0.89642	0.85780	1.01079	0.92399	1.23481	1.62565	1.14522	4.85767
2001-02	0.88284	0.84543	1.01882	0.92429	1.27328	1.68695	1.18924	4.93364
2002-03	0.86037	0.83401	1.04008	0.92858	1.29035	1.75186	1.20906	5.22670
2003-04	0.84317	0.84030	1.04870	0.92093	1.30919	1.79057	1.19727	5.34163
2004-05	0.80363	0.83480	1.10104	1.00781	1.30402	1.74908	1.16529	5.22707
2005-06	0.80494	0.84699	1.08397	0.99807	1.30342	1.75127	1.17714	5.30427
2006-07	0.80893	0.87406	1.05636	0.96845	1.28415	1.75660	1.17823	5.47833
2007-08	0.82028	0.87572	1.04406	0.88815	1.32813	1.79171	1.18808	5.66456
2008-09	0.83705	0.90734	0.99200	0.79574	1.33942	1.80087	1.21069	6.03774

Revenue replacement payments

Revenue replacement payments were provided to the States from 1997 to 2001 as a result of a 1997 High Court decision that brought the constitutional validity of all state business franchise fees into question. The Commonwealth put in place 'safety net' arrangements to collect these revenues on behalf of the States, by increasing the rate of excise on tobacco and petrol and the rate of wholesale sales tax on alcohol, and passed the revenue from this increase on to the States.

From 1 July 2000, revenue replacement payments were abolished as part of the reform of federal financial relations.

Financial institutions duty

Financial institutions duty was abolished from 1 July 2001 in all States in accordance with the Intergovernmental Agreement. Each State provides its own estimates of the revenue forgone from the abolition of financial institutions duty.

Debits tax

Debits tax was abolished in all States by 1 July 2005 in accordance with the Intergovernmental Agreement. Each State provides its own estimates of the revenue forgone from debits tax.

Marketable securities duty

Stamp duties on quoted marketable securities were abolished in all States from 1 July 2001 and the revenue forgone included in the guaranteed minimum amount.

As revenue from marketable securities duty was not separately identified as being derived from quoted versus non-quoted marketable securities, the estimate of the revenue forgone from stamp duty on quoted marketable securities takes account of the Commonwealth Grants Commission's assessment of marketable securities duty.

Marketable securities duty needs

The Intergovernmental Agreement provided for marketable securities duty forgone to be included in the guaranteed minimum amount from 1 July 2001. The agreement also provides that the States could retain the stamp duty on unquoted marketable securities after 1 July 2000 subject to a review by the Ministerial Council in 2005. To account for any discrepancy between the methodologies for calculating the GST relativities and the guaranteed minimum amounts, the Commonwealth Grants Commission's assessment of marketable securities duty needs is incorporated in each State's guaranteed minimum amount.

Each State's marketable security duty need is added to the estimate of revenue forgone from marketable securities duty. A positive need implies that a State has less than average capacity to raise revenue from this tax base while a negative need implies that a State has a greater than average capacity to raise revenue from this tax base. Since 2007-08, this amount has been zero – reflecting that all States have now abolished marketable securities duty.

Accommodation taxes

Accommodation taxes – the tourism marketing duty in the Northern Territory and accommodation levy in New South Wales – were abolished under the Intergovernmental Agreement by 1 July 2000 and estimates of revenue forgone from these taxes are included in the guaranteed minimum amounts for these two States. No other State levied this type of tax at the time of abolition.

Cheque duty

No State has applied taxes on cheques, bills of exchange or promissory notes since 1 July 2005. Estimates of the revenues forgone are included in the guaranteed minimum amounts for the three States – Western Australia, South Australia and the

Northern Territory — that abolished these taxes under the Intergovernmental Agreement.

Reduced revenues

The guaranteed minimum amount includes compensation for the impact of the GST on the revenue from other state taxes.

Gambling taxes

The Intergovernmental Agreement required States to adjust their gambling tax arrangements to take account of the impact of the GST on gambling operators. In effect, tax rates needed to be reduced by one-eleventh so that the introduction of the GST resulted in no overall price effect.

The GST applies to gambling operators' margins — the difference between total 'ticket sales' or 'bets taken' by an operator and the value of the prizes or winnings paid out — from gambling and lottery activities.

Estimates of the costs to state revenues from adjusting the gambling arrangements are included in the guaranteed minimum amount.

Interest costs

The reform of federal financial relations in 2000 resulted in changes to cash flows for the States. Weekly payments of financial assistance grants and revenue replacement payments, in addition to the daily flow of state tax revenues forgone, were replaced with monthly GST revenue payments. The reforms also provided for changes in the expenditure responsibilities of the States.

Between the 2000-01 reforms and 2002-03 inclusive, the guaranteed minimum amount included an adjustment to take account of interest costs incurred should a State need to borrow to meet its cash-flow requirements. The Commonwealth and the States agreed that compensation was not required in the guaranteed minimum amount from 2003-04.

Additional expenditures

The First Home Owners Scheme and GST administration costs were new expenditure responsibilities for the States from 2000-01, provided for in the Intergovernmental Agreement.

First Home Owners Scheme

The Intergovernmental Agreement provided for the States to fund the First Home Owners Scheme to offset the impact of the GST on the price of new homes.

Estimates of the annual cost to the States of this scheme are included in the guaranteed minimum amount, based on a lump sum payment of \$7,000 per eligible applicant multiplied by estimates of the number of first home buyers in each State.

GST administration costs

The Intergovernmental Agreement provided for the Australian Taxation Office to administer the GST on behalf of the States. Consequently, the States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST. This compensation is paid by each State on a per capita basis and is accounted for in its guaranteed minimum amount.

More information on GST administration costs is contained in Part 3 of this Budget Paper.

Other items

Wholesale sales tax payments

Prior to 1 July 2001, the States levied wholesale sales tax equivalent levies on state government business enterprises, as part of the Competitive Neutrality Framework and National Competition Policy. The guaranteed minimum amount included an adjustment over three years from 2000-01 in relation to revenue forgone from these levies.

Reduced expenditures

The numerous tax changes which occurred with the introduction of The New Tax System from 1 July 2000 had consequential effects on the expenditures of State governments. In particular, state government expenditures for off-road diesel subsidies, low alcohol beer subsidies and the embedded wholesale sales tax and excises on purchases by a State government were reduced or abolished from 2000-01.

Off-road diesel subsidies

From 1 July 2000, the States terminated their off-road diesel rebate schemes and the Commonwealth assumed responsibility for the payment of rebates to off-road diesel users. The savings to the States are deducted from the guaranteed minimum amount.

Savings from tax reform

The benefits accruing to the States from the reduction in embedded taxes (wholesale sales tax and excises) on government purchases are deducted from the guaranteed minimum amount.

Low alcohol beer subsidies

Until 30 June 2002, the States provided subsidies for the sale of low alcohol beer. On 1 July 2002, the Commonwealth introduced a national excise scheme for low alcohol

beer to replace different levels of state subsidies with a uniform rate. The amount of each State's subsidy, indexed for inflation, is deducted from its guaranteed minimum amount.

Growth dividend

The growth dividend is included in the calculation of the guaranteed minimum amount, in recognition of the higher tax revenues flowing to State governments because of the positive impact of tax reform on economic activity.

Estimates of the growth dividend attributable to remaining state taxes are distributed among States on the basis of each State's share of remaining state tax revenues.

Compensation for GST deferral

The Commonwealth legislated from 2004-05 that some entities could pay and report GST on an annual rather than monthly or quarterly basis. This payment compensates the States for the deferral of GST collections that may occur when organisations move to annual lodgment. This ensures that the full financial impact of this decision is borne by the Commonwealth rather than the States.

The amounts of these compensation payments are deducted from the guaranteed minimum amount to remove any distortions in the guaranteed minimum amount from the change in policy. A more detailed description of GST compensation payments is contained in Part 3 of this Budget Paper.

Adjustments

An adjustment is included for any discrepancy between the previous year's determined guaranteed minimum amount and the final outcome for the guaranteed minimum amount.

Table C.2: Guaranteed minimum amount in 2008-09

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
State Revenues Forgone									
Financial Assistance Grants	6,400.5	5,598.1	5,156.1	1,884.3	2,736.0	1,268.4	565.2	2,081.7	25,690.1
Revenue Replacement Payments	3,056.1	2,044.2	1,849.0	1,264.7	792.4	268.4	136.1	171.4	9,582.3
Financial Institutions Duty	887.3	462.1	na	177.7	119.3	27.3	22.6	25.6	1,721.8
Debits Tax	365.3	289.5	439.9	130.9	65.0	25.3	20.8	8.9	1,345.6
Marketable Securities Duty	614.7	316.8	32.4	38.9	20.9	0.8	27.9	1.3	1,053.6
Marketable Securities Duty Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accommodation Taxes	124.6	na	na	na	na	na	na	11.7	136.4
Cheque Duty	0.0	0.0	0.0	6.0	3.4	0.0	0.0	3.7	13.1
Non-real business assets duty	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
plus Reduced Revenues									
Gambling Taxes	636.1	462.3	301.1	101.8	108.0	30.6	22.9	44.7	1,707.6
plus Interest Costs									
Interest Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
plus Additional Expenditures									
First Home Owners Scheme	416.4	295.9	241.2	142.5	87.6	27.7	19.9	16.6	1,247.8
GST Administration Costs	205.6	156.6	127.0	64.4	47.1	14.6	10.2	6.5	631.9
plus Other Items									
WST Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
minus Reduced Expenditures									
Off-road Diesel Subsidies	155.7	67.1	163.7	209.6	41.7	2.5	0.0	4.7	645.1
Savings from Tax Reform	248.0	175.5	140.0	82.1	60.6	20.7	12.4	18.1	757.3
Low Alcohol Beer Subsidies	29.4	20.4	5.7	9.3	5.5	2.0	1.2	1.4	74.9
minus Growth Dividend									
Remaining State Taxes	215.3	138.9	72.8	43.4	34.9	8.9	6.8	4.8	525.7
minus Compensation payments									
Compensation for GST deferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus Adjustments									
2007-08 GMA Adjustment	-38.5	-2.9	-21.8	0.8	-4.8	0.3	-1.4	0.7	-67.5
Total	12,019.6	9,220.6	7,742.8	3,467.7	3,832.3	1,629.3	803.7	2,343.7	41,059.7

APPENDIX D: SUPPLEMENTARY TABLES

Table D.1: General government cash balance by level of government as a per cent of GDP

	Commonwealth(a)			State/local			Consolidated		
	Receipts	Payments	Cash balance(b)	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance(b)
1998-99(c)	24.4	23.8	0.6	17.0	17.4	-0.4	36.5	36.3	0.2
1999-00(d)	25.0	23.1	2.0	16.5	16.1	0.4	36.7	34.4	2.3
2000-01	25.8	25.0	0.8	16.5	16.1	0.5	36.1	35.0	1.2
2001-02	24.7	24.8	-0.1	16.4	15.8	0.6	34.7	34.2	0.4
2002-03	25.4	24.5	0.9	16.6	15.9	0.6	35.8	34.4	1.4
2003-04	25.2	24.3	0.9	16.8	15.9	0.9	35.9	34.2	1.8
2004-05	25.5	24.0	1.5	16.8	15.9	0.9	36.3	33.9	2.3
2005-06	25.6	24.0	1.6	17.0	16.0	1.0	36.5	34.0	2.5
2006-07	25.0	23.2	1.6	16.5	16.8	-0.3	35.8	34.4	1.2
2007-08	25.0	23.0	1.7	16.1	16.3	-0.2	35.3	33.6	1.4
2008-09	23.2	25.1	-2.2	16.2	16.8	-0.5	33.5	36.0	-2.8
2009-10(e)	22.0	26.2	-4.4	16.7	18.0	-1.4	31.7	37.5	-6.0
2010-11(e)	22.4	25.1	-2.9	15.8	16.9	-1.1	32.2	36.1	-4.2
2011-12(p)	23.5	24.2	-0.9	15.5	16.0	-0.6	33.2	34.7	-1.6
2012-13(p)	24.1	23.8	0.1	15.3	15.5	-0.3	33.6	33.7	-0.3

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The cash balance is equal to receipts less payments less Future Fund earnings. Future Fund earnings are not shown in this table.

(c) The increase in general government receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(d) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

(p) Projections.

Table D.2: Public non-financial corporations sector cash balance by level of government as a per cent of GDP

	Commonwealth(a)			State/local			Consolidated		
	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance
1998-99(b)	na	na	-0.1	6.2	6.6	-0.5	na	na	-0.5
1999-00(c)	na	na	-0.4	6.4	5.8	0.5	na	na	0.1
2000-01	na	na	0.1	5.7	5.8	-0.1	na	na	0.0
2001-02	na	na	0.2	5.1	5.2	-0.1	na	na	0.0
2002-03	3.4	3.2	0.2	4.9	5.2	-0.3	8.4	8.5	-0.1
2003-04	3.2	3.0	0.2	4.8	5.0	-0.2	8.1	8.1	0.0
2004-05	3.2	3.0	0.2	4.7	5.1	-0.4	7.9	8.2	-0.2
2005-06	3.1	3.2	-0.1	4.8	5.4	-0.6	8.0	8.7	-0.7
2006-07	1.5	1.7	-0.2	4.8	5.5	-0.7	6.4	7.3	-0.9
2007-08	0.7	0.7	0.0	4.7	5.7	-1.0	5.5	6.5	-1.0
2008-09	0.6	0.7	-0.1	4.7	6.1	-1.4	5.5	6.9	-1.4
2009-10(e)	0.6	0.7	-0.1	5.0	6.6	-1.6	5.7	7.4	-1.7
2010-11(e)	0.6	0.8	-0.2	4.9	6.1	-1.2	5.6	6.9	-1.4

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The increase in public non-financial corporations receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(c) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

na Comparable data are not available.

Table D.3: Non-financial public sector cash balance by level of government as a per cent of GDP

	Commonwealth(a)			State/local			Consolidated		
	Receipts	Payments	Cash balance(b)	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance(b)
1998-99(c)	na	na	0.6	20.7	21.6	-0.9	na	na	-0.4
1999-00(d)	na	na	1.6	21.0	20.1	0.9	na	na	2.4
2000-01	na	na	0.9	20.4	20.1	0.4	na	na	1.1
2001-02	na	na	0.0	19.9	19.4	0.5	na	na	0.5
2002-03	na	na	1.1	19.9	19.6	0.4	na	na	1.3
2003-04	27.5	26.3	1.1	20.1	19.3	0.8	41.6	39.6	1.9
2004-05	27.9	26.1	1.6	19.9	19.4	0.5	41.8	39.6	2.1
2005-06	27.8	26.3	1.5	20.2	19.8	0.4	42.0	40.1	1.8
2006-07	26.1	24.5	1.4	19.6	20.6	-1.0	40.1	39.6	0.3
2007-08	25.4	23.5	1.6	19.3	20.5	-1.2	39.0	38.4	0.4
2008-09	23.6	25.6	-2.2	19.4	21.3	-1.9	37.0	41.1	-4.3
2009-10(e)	22.5	26.8	-4.5	19.8	22.8	-3.0	36.1	43.5	-7.7
2010-11(e)	22.8	25.7	-3.1	19.1	21.3	-2.3	36.1	41.4	-5.6

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The cash balance is equal to receipts less payments less Future Fund earnings. Future Fund earnings are not shown in this table.

(c) The increase in non-financial public sector receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(d) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

na Comparable data are not available.

Table D.4: General government fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)			Consolidated(b)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
1996-97	25.3	26.1	-0.8	na	na	na	na	na	na
1997-98	24.8	25.1	-0.3	na	na	na	na	na	na
1998-99(c)	24.4	23.6	0.6	16.7	16.1	0.2	36.2	34.6	0.9
1999-00(d)	25.2	23.4	1.8	16.5	15.7	0.3	36.8	34.3	2.0
2000-01	26.3	25.4	0.9	16.2	15.9	-0.2	36.3	35.1	0.5
2001-02	25.1	25.4	-0.4	16.0	15.6	-0.1	34.7	34.5	-0.5
2002-03	25.7	25.0	0.7	16.1	15.4	0.2	35.6	34.3	0.8
2003-04	25.7	24.9	0.7	16.3	15.4	0.5	35.9	34.3	1.1
2004-05	26.2	24.8	1.3	16.2	15.3	0.4	36.3	34.1	1.5
2005-06	26.1	24.2	1.7	16.3	15.2	0.4	36.4	33.4	2.0
2006-07	25.5	23.7	1.6	16.1	15.0	0.1	35.9	33.1	1.6
2007-08	25.7	23.7	1.8	15.6	15.0	-0.3	35.5	32.8	1.4
2008-09	23.7	25.8	-2.4	15.8	15.4	-0.9	33.4	35.2	-3.4
2009-10(e)	22.7	26.5	-4.2	16.2	16.0	-1.7	31.8	35.5	-6.1
2010-11(e)	22.9	25.2	-2.8	15.4	15.2	-1.3	32.2	34.3	-4.3
2011-12(p)	24.0	24.5	-0.8	15.0	14.8	-0.8	33.2	33.5	-1.8
2012-13(p)	24.3	24.3	0.1	15.3	15.0	-0.4	33.8	33.4	-0.5

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(c) The increase in non-financial public sector receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(d) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table D.5: Public non-financial corporations sector fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)			Consolidated(b)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
1996-97	4.9	4.7	-0.1	na	na	na	na	na	na
1997-98	5.0	4.6	0.4	na	na	na	na	na	na
1998-99(c)	4.4	4.2	-0.1	5.9	5.9	-0.4	10.4	10.1	-0.6
1999-00(d)	3.8	3.5	0.2	5.6	5.4	0.4	9.4	8.9	0.5
2000-01	3.6	3.5	-0.1	5.4	5.1	0.2	9.0	8.6	0.1
2001-02	3.5	3.3	0.1	4.6	4.5	-0.2	8.2	7.8	-0.1
2002-03	3.0	2.8	0.2	4.4	4.4	-0.3	7.5	7.3	-0.1
2003-04	2.9	2.7	0.2	4.4	4.3	-0.3	7.4	7.0	0.0
2004-05	2.9	2.7	0.2	4.3	4.1	-0.4	7.2	6.9	-0.3
2005-06	2.8	3.0	-0.2	4.3	4.2	-0.7	7.2	7.2	-1.0
2006-07	1.4	1.5	-0.2	4.4	4.1	-0.6	5.9	5.7	-0.8
2007-08	0.6	0.6	0.0	4.2	4.0	-1.1	4.8	4.6	-1.1
2008-09	0.6	0.6	-0.1	4.3	4.2	-1.5	4.9	4.9	-1.6
2009-10(e)	0.5	0.6	-0.1	4.6	4.4	-1.4	5.2	5.0	-1.5
2010-11(e)	0.5	0.6	-0.2	4.5	4.2	-0.9	5.1	4.9	-1.1

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expense less capital net capital investment. Net capital investment is not shown in this table.

(c) The increase in non-financial public sector receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(d) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

na Comparable data are not available.

Table D.6: Non-financial public sector fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)			Consolidated(b)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
	na	na	-0.8	na	na	na	na	na	na
1996-97	na	na	-0.8	na	na	na	na	na	na
1997-98	na	na	0.1	na	na	na	na	na	na
1998-99(c)	28.2	27.1	0.5	20.3	19.6	-0.2	43.6	41.7	0.3
1999-00(d)	28.4	26.2	2.0	20.2	19.2	0.6	43.8	40.5	2.5
2000-01	29.3	28.2	0.7	19.8	19.2	0.0	42.8	41.3	0.6
2001-02	28.0	28.1	-0.3	19.0	18.4	-0.3	40.5	40.0	-0.6
2002-03	28.1	27.2	0.9	19.0	18.3	-0.1	40.9	39.3	0.7
2003-04	28.0	26.9	1.0	19.0	17.9	0.3	40.9	38.9	1.1
2004-05	28.5	26.8	1.5	18.9	17.8	-0.1	41.3	38.7	1.3
2005-06	28.2	26.5	1.4	18.9	17.7	-0.3	41.2	38.2	1.0
2006-07	26.6	24.9	1.4	18.9	17.5	-0.5	39.8	36.7	0.8
2007-08	26.2	24.2	1.7	18.2	17.4	-1.4	38.6	35.7	0.2
2008-09	24.1	26.2	-2.5	18.5	18.0	-2.3	36.5	38.2	-5.0
2009-10(e)	23.1	27.0	-4.4	18.9	18.7	-3.2	36.0	39.7	-7.8
2010-11(e)	23.3	25.7	-3.0	18.1	17.9	-2.5	35.5	37.6	-5.7

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expense less net capital investment. Net capital investment is not shown in this table.

(c) The increase in non-financial public sector receipts and payments in 1998-99 is affected by the change from a cash system to an accrual framework by the state/local sector.

(d) The Commonwealth moved from a cash system to an accrual framework in 1999-00.

(e) Estimates.

na Comparable data are not available.

Table D.7: Gross fixed capital formation by sector

	General Government			PNFCs			NFPS		
	Commonwealth		State(a)	Commonwealth		State(a)	Commonwealth		State(a)
	\$m	Per cent of GDP	\$m	\$m	Per cent of GDP	\$m	\$m	Per cent of GDP	\$m
1999-00	4,230	0.6	7,888	4,978	0.7	3,730	9,208	1.4	11,618
2000-01	3,535	0.5	7,927	3,413	0.5	5,311	6,949	1.0	13,238
2001-02	3,832	0.5	8,671	3,015	0.4	6,741	6,846	0.9	15,412
2002-03	5,224	0.6	8,070	2,530	0.3	7,934	7,755	1.0	16,013
2003-04	4,144	0.5	8,150	2,941	0.3	8,764	7,086	0.8	16,506
2004-05	5,085	0.5	9,064	3,658	0.4	10,009	8,743	0.9	19,028
2005-06	6,440	0.6	10,656	4,411	0.4	12,894	10,851	1.1	23,321
2006-07	6,879	0.6	13,154	2,774	0.3	16,077	9,654	0.9	29,163
2007-08	7,040	0.6	14,982	1,011	0.1	19,716	8,051	0.7	34,461
2008-09	8,956	0.7	18,385	1,298	0.1	24,831	10,254	0.8	43,165
2009-10(e)	10,569	0.8	27,193	1,943	0.2	28,900	12,512	1.0	56,074
2010-11(e)	11,201	0.8	26,605	3,017	0.2	25,860	14,218	1.0	52,461
2011-12(p)	8,982	0.6	20,109	na	na	21,321	na	na	41,504
2012-13(p)	4,390	0.3	16,519	na	na	19,609	na	na	36,016

(a) This table excludes local government gross fixed capital formation.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table D.8: Net debt by sector (as at end of financial year)

	General Government				PNFCs				NFPS			
	Commonwealth(a)		State/local		Consolidated		Consolidated		Consolidated		Consolidated	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1989-90	16,123	4.0	27,672	6.8	37,989	9.3	57,794	14.2	95,783	23.5		
1990-91	16,915	4.0	31,322	7.5	41,380	9.9	60,745	14.5	102,125	24.3		
1991-92	31,041	7.3	39,167	9.2	63,525	14.9	59,011	13.8	122,536	28.7		
1992-93	55,218	12.3	44,020	9.8	94,048	20.9	52,878	11.8	146,926	32.7		
1993-94	70,223	14.9	40,693	8.6	106,439	22.6	48,021	10.2	154,460	32.7		
1994-95	83,492	16.7	37,039	7.4	117,973	23.6	46,482	9.3	164,455	32.9		
1995-96	95,831	18.0	24,981	4.7	118,053	22.2	40,135	7.5	158,188	29.7		
1996-97	96,281	17.2	19,757	3.5	113,236	20.2	37,748	6.7	150,984	27.0		
1997-98	82,935	14.0	15,937	2.7	95,122	16.1	35,371	6.0	130,493	22.1		
1998-99	72,065	11.6	14,162	2.3	82,200	13.2	34,107	5.5	116,306	18.7		
1999-00	54,639	8.2	8,283	1.2	58,587	8.8	39,161	5.9	97,748	14.7		
2000-01	43,533	6.1	1,362	0.2	38,170	5.4	43,883	6.2	82,053	11.6		
2001-02	38,798	5.1	-4,990	-0.7	28,001	3.7	43,195	5.7	71,196	9.4		
2002-03	29,757	3.7	-10,295	-1.3	13,067	1.6	44,099	5.5	57,165	7.1		
2003-04	23,166	2.7	-17,444	-2.0	-2,626	-0.3	44,244	5.1	41,619	4.8		
2004-05	11,660	1.3	-24,905	-2.7	-21,238	-2.3	47,308	5.1	26,070	2.8		
2005-06	-3,743	-0.4	-35,867	-3.6	-53,852	-5.4	49,952	5.0	-3,900	-0.4		
2006-07	-29,150	-2.7	-32,415	-3.0	-79,446	-7.3	45,517	4.2	-33,929	-3.1		
2007-08	-44,820	-3.8	-26,928	-2.3	-87,463	-7.4	52,098	4.4	-35,365	-3.0		
2008-09	-16,148	-1.3	-18,278	-1.5	-45,728	-3.6	72,038	5.7	26,309	2.1		
2009-10(e)	41,838	3.2	2,676	0.2	41,991	3.2	89,618	6.9	131,610	10.2		
2010-11(e)	78,520	5.6	20,333	1.4	98,613	7.0	103,061	7.3	201,675	14.4		
2011-12(p)	90,504	6.1	30,739	2.1	123,421	8.3	na	na	na	na		
2012-13(p)	93,709	6.0	35,792	2.3	134,230	8.6	na	na	na	na		
2013-14(p)	90,767	5.5	na	na	na	na	na	na	na	na		

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.

Table D.9: General government sector net financial worth by level of government (as at end of financial year)

	Commonwealth(a)		State/local		Consolidated	
	\$b	Per cent of GDP	\$b	Per cent of GDP	\$b	Per cent of GDP
1999-00	-68.0	-10.2	56.1	8.4	-9.5	-1.4
2000-01	-72.8	-10.3	61.5	8.7	-8.9	-1.3
2001-02	-78.6	-10.4	61.2	8.1	-16.5	-2.2
2002-03	-84.3	-10.5	78.4	9.7	-4.9	-0.6
2003-04	-73.8	-8.5	97.0	11.2	24.6	2.8
2004-05	-59.9	-6.5	111.2	12.0	52.9	5.7
2005-06	-63.1	-6.3	108.6	10.8	47.0	4.7
2006-07	-39.7	-3.6	129.9	11.9	92.7	8.5
2007-08	-17.8	-1.5	133.1	11.3	118.1	10.0
2008-09	-73.8	-5.9	119.8	9.5	47.3	3.8
2009-10(e)	-118.5	-9.2	105.3	8.1	-12.0	-0.9
2010-11(e)	-160.6	-11.4	96.7	6.9	-62.6	-4.5
2011-12(p)	-174.3	-11.7	91.0	6.1	-81.9	-5.5
2012-13(p)	-173.8	-11.1	92.2	5.9	-80.0	-5.1
2013-14(p)	-168.5	-10.2	na	na	na	na

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.

**Table D.10: General government sector net worth by level of government
(as at end of financial year)**

	Commonwealth(a)		State/local		Consolidated	
	\$b	Per cent of GDP	\$b	Per cent of GDP	\$b	Per cent of GDP
1999-00	-6.8	-1.0	390.6	58.8	403.0	60.7
2000-01	-6.3	-0.9	405.3	57.2	419.0	59.1
2001-02	-11.3	-1.5	428.3	56.4	438.2	57.7
2002-03	-15.0	-1.9	470.4	58.5	477.4	59.4
2003-04	-0.8	-0.1	515.5	59.6	537.9	62.2
2004-05	14.9	1.6	573.1	61.9	612.9	66.2
2005-06	18.3	1.8	607.6	60.7	652.4	65.2
2006-07	46.7	4.3	678.4	62.2	754.3	69.1
2007-08	71.2	6.0	787.3	66.6	890.3	75.3
2008-09	19.7	1.6	874.0	69.4	926.3	73.6
2009-10(e)	-20.1	-1.6	901.7	69.7	915.1	70.7
2010-11(e)	-56.5	-4.0	944.0	67.2	923.9	65.8
2011-12(p)	-66.4	-4.5	979.1	65.9	951.2	64.0
2012-13(p)	-63.0	-4.0	1015.3	64.7	992.9	63.3
2013-14(p)	-55.3	-3.3	na	na	na	na

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.

Table D.11: General government sector net interest payments by level of government

	Commonwealth(a)		State/local		Consolidated	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1973-74	-286	-0.5	451	0.7	163	0.3
1974-75	-242	-0.3	474	0.7	228	0.3
1975-76	-330	-0.4	526	0.6	191	0.2
1976-77	-62	-0.1	555	0.6	487	0.5
1977-78	4	0.0	582	0.6	579	0.6
1978-79	254	0.2	609	0.5	854	0.7
1979-80	440	0.3	634	0.5	1064	0.8
1980-81	620	0.4	801	0.5	1409	0.9
1981-82	680	0.4	785	0.4	1448	0.8
1982-83	896	0.5	1034	0.5	1910	1.0
1983-84	1,621	0.8	1347	0.6	2947	1.4
1984-85	2,813	1.2	1405	0.6	4172	1.8
1985-86	3,952	1.5	1159	0.4	5033	1.9
1986-87	4,762	1.7	1493	0.5	6142	2.1
1987-88	4,503	1.4	2127	0.7	6520	2.0
1988-89	4,475	1.2	2158	0.6	6507	1.8
1989-90	4,549	1.1	3153	0.8	7486	1.8
1990-91	3,636	0.9	3364	0.8	6743	1.6
1991-92	3,810	0.9	4397	1.0	7940	1.9
1992-93	3,986	0.9	4901	1.1	8669	1.9
1993-94	5,628	1.2	4771	1.0	10165	2.2
1994-95	7,292	1.5	4182	0.8	11263	2.3
1995-96	8,861	1.7	3636	0.7	12229	2.3
1996-97	9,489	1.7	2515	0.4	11749	2.1
1997-98	8,279	1.4	1617	0.3	9639	1.6
1998-99	8,649	1.4	1347	0.2	9765	1.6
1999-00	7,514	1.1	100	0.0	7416	1.1
2000-01	6,195	0.9	69	0.0	6025	0.8
2001-02	5,352	0.7	1368	0.2	6507	0.9
2002-03	3,758	0.5	580	0.1	4182	0.5
2003-04	3,040	0.4	-2367	-0.3	520	0.1
2004-05	2,502	0.3	-3071	-0.3	-774	-0.1
2005-06	2,303	0.2	-3822	-0.4	-1732	-0.2
2006-07	228	0.0	-4189	-0.4	-4,200	-0.4
2007-08	-1,015	-0.1	1,055	0.1	-261	0.0
2008-09	-1,196	-0.1	-706	-0.1	-2,120	-0.2
2009-10(e)	1,986	0.2	na	na	na	na
2010-11(e)	4,633	0.3	na	na	na	na
2011-12(e)	6,096	0.4	na	na	na	na
2012-13(p)	6,498	0.4	na	na	na	na
2013-14(p)	6,137	0.4	na	na	na	na

(a) Commonwealth data have been revised in the 2010-11 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.