

## PART 4: FEDERAL FINANCIAL RELATIONS

This part provides information concerning goods and services tax (GST) revenue, general revenue assistance, general purpose assistance to local government and Specific Purpose Payments to the States in 2005-06. The information supplements material provided in Budget Paper No. 3, *Federal Financial Relations 2006-07*.

*The New Tax System*, which came into effect on 1 July 2000, substantially reformed Commonwealth-State financial relations. All GST revenue collected is paid to the States. This provides the States with access to a secure, growing and broad-based revenue source. Subject to the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the States can spend the GST revenue according to their own budget priorities.

The implementation of *The New Tax System* has also enabled the abolition of a range of narrow and inefficient state taxes. This includes accommodation (bed) taxes, which were abolished on 1 July 2000, financial institutions duty and stamp duty on quoted marketable securities, which were abolished on 1 July 2001, and bank account debits tax, which ceased to be levied in any State on 1 July 2005.

The Australian Government has now reached agreement with all States on a schedule for the abolition of all but one of the taxes listed for review in the Intergovernmental Agreement. Inefficient state taxes such as stamp duty on mortgages, leases, and credit and rental arrangements will be abolished, as was originally intended under the Intergovernmental Agreement. The abolition of these taxes is expected to save taxpayers approximately \$4.4 billion over the four years from 1 July 2006.

The Australian Government will extend the transitional period from 30 June 2006 to 30 June 2009. This is a guarantee by the Australian Government that each individual State will be no worse off than had the reforms not been implemented. Given current estimates, this is a sufficient timeframe to ensure the States will no longer require transitional assistance even after the abolition of these Intergovernmental Agreement taxes.

To meet this guarantee, the Australian Government will pay to the States Budget Balancing Assistance to cover any shortfall of GST revenue below the Guaranteed Minimum Amount, which is a calculation of the amount of funding each State would have had available to it under the previous system of financial relations. For 2005-06, each State received more revenue from the GST than the amount of revenue it would have received under the previous system of financial arrangements. Hence, the payment of Budget Balancing Assistance was not required.

The new system of Commonwealth-State financial relations has also provided for the introduction of the First Home Owners Scheme.

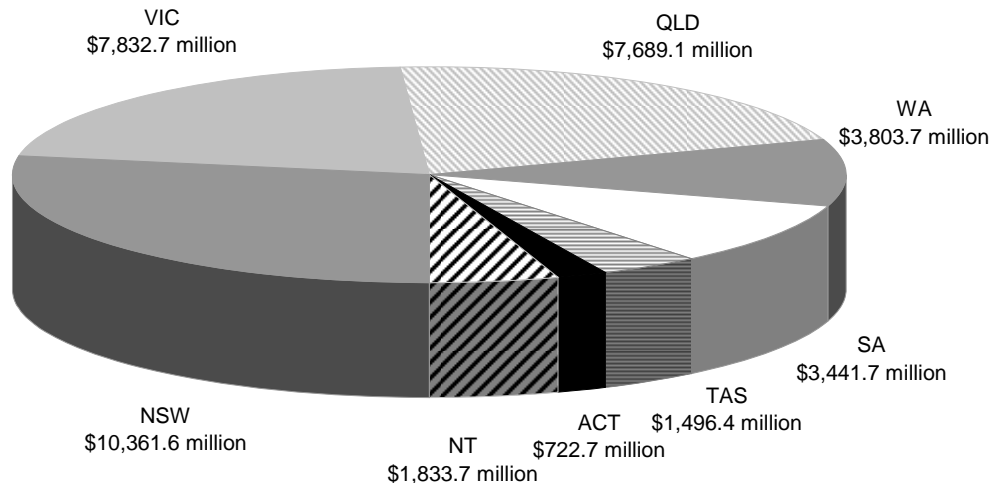
## GST REVENUE PROVISION

The *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act) provides that the States receive all GST revenue. The GST revenue pool is distributed to the States on the basis of recommendations of the Commonwealth Grants Commission, which applies the principles of Horizontal Fiscal Equalisation to help determine State revenue shares. Budget Paper No. 3, *Federal Financial Relations 2006-07*, provides more detail on Horizontal Fiscal Equalisation.

Under the Act, the Commissioner of Taxation (the Commissioner) is required to make a determination by 20 June each year of the estimated GST revenue collections for the year. In accordance with the Commissioner's determination of GST revenue on 20 June 2006, a total of \$37,181.6 million was provided to the States in 2005-06. This reflects a GST revenue estimate for 2005-06 of \$37,470 million less a \$288.4 million adjustment for the difference between the Commissioner's determination of 2004-05 GST collections and the 2004-05 GST outcome. The Commissioner's estimate of GST for 2005-06 was broadly consistent with the final GST revenue outcome as reported in Appendix A and in Note 18 in Part 3.

The final provision of GST revenue to the States in 2005-06 is illustrated in Chart 1.

**Chart 1: GST revenue provision to the States and Territories — 2005-06**



The calculation of the distribution of GST revenue to the States is shown in Table 31. The distribution differs marginally from estimates shown in Budget Paper No. 3, *Federal Financial Relations 2006-07*, reflecting final determinations made under the Act.

The 2005-06 GST revenue was distributed, in accordance with the Act, using GST relativities recommended by the Commonwealth Grants Commission.

Table 31 shows the per capita relativities applied to the States' populations (as at 31 December 2005) in order to arrive at a weighted population share for each State. A State's share of GST revenue is equal to its weighted population share of the combined GST revenue and unquarantined Health Care Grants, less the unquarantined Health Care Grants it receives.

**Table 31: GST revenue provision to the States and Territories<sup>(a)</sup>**

	Population as at 31 December 2005	Per capita relativities	Weighted population (1) x (2)	Share of weighted population (%)	GST revenue/HCGs pool according to (4) (\$m)	Unquarantined HCGs (\$m)	Distribution of GST revenue (5) - (6) (\$m)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	6,803,003	0.86846	5,908,136	28.9	13,015.8	2,654.2	10,361.6
VIC	5,052,377	0.87552	4,423,457	21.6	9,745.0	1,912.3	7,832.7
QLD	4,001,023	1.04389	4,176,628	20.4	9,201.2	1,512.1	7,689.1
WA	2,028,668	1.02500	2,079,385	10.2	4,580.9	777.3	3,803.7
SA	1,546,274	1.20325	1,860,554	9.1	4,098.9	657.2	3,441.7
TAS	487,185	1.55299	756,593	3.7	1,666.8	170.4	1,496.4
ACT	326,671	1.14300	373,385	1.8	822.6	99.9	722.7
NT	204,453	4.26682	872,364	4.3	1,921.8	88.1	1,833.7
Total	20,449,654	na	20,450,502	100.0	45,053.1	7,871.5	37,181.6

(a) Consistent with the Act, \$219.4 million in compensation paid to the States in 2004-05 as an advance from their 2005-06 GST entitlement was deducted from GST payments to the States in 2005-06. This amount was repaid to the States in 2005-06 in addition to the \$127 million it is estimated the States required to compensate for lower GST revenue in 2005-06 as a result of allowing certain taxpayers to pay GST annually.

## **GENERAL REVENUE ASSISTANCE**

### **Budget Balancing Assistance**

The Australian Government has guaranteed that in each of the transitional years following the introduction of tax reform, each State's budgetary position will be no worse off than had the reforms not been implemented. This is given effect to by the payment of transitional assistance in the form of Budget Balancing Assistance.

No State required Budget Balancing Assistance in 2005-06 as each State's share of GST revenue has exceeded its Guaranteed Minimum Amount. In 2005-06, total GST revenue payments to the States exceeded their combined Guaranteed Minimum Amounts by \$1,520.2 million.

Consistent with the terms of the Intergovernmental Agreement, the Australian Government provided a \$74.6 million advance of Budget Balancing Assistance to New South Wales during 2005-06, based on estimates at the time. However, the Commissioner's subsequently higher GST determination resulted in no Budget Balancing Assistance entitlement for New South Wales.

Under the Act, this \$74.6 million advance of Budget Balancing Assistance to New South Wales in 2005-06 will be deducted from payments made in 2006-07.

The calculation of State Guaranteed Minimum Amounts and Budget Balancing Assistance entitlements for 2005-06 is shown in Table 32.

**Table 32: Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance to the States and Territories**

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
<b>State revenues forgone</b>									
Financial Assistance Grants	5,368.4	4,357.1	4,841.8	2,189.1	2,295.5	1,079.6	463.5	1,500.7	22,095.6
Revenue Replacement Payments	2,708.0	1,811.7	1,639.9	1,124.3	703.3	238.5	120.5	152.3	8,498.7
Financial Institutions Duty	772.0	422.6	na	161.0	107.4	25.4	21.0	19.8	1,529.2
Debits Tax	323.6	257.8	330.2	114.0	57.7	21.7	17.7	7.7	1,130.3
Marketable Securities Duty	513.0	265.8	29.0	32.9	17.5	0.8	26.0	1.2	886.2
Marketable Securities Duty Needs	-28.2	14.3	13.9	2.6	3.1	2.9	-9.4	0.9	0.0
Accommodation taxes	96.0	na	na	na	na	na	na	10.0	106.0
<b>plus Reduced revenues</b>									
Gambling taxes	645.1	434.0	284.8	74.8	104.4	27.2	23.5	22.5	1,616.3
<b>plus Interest costs</b>									
Interest costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>plus Additional expenditures</b>									
First Home Owners Scheme	288.5	293.9	181.1	128.3	66.8	18.3	16.0	10.3	1,003.4
GST administration costs	200.8	149.1	118.1	59.9	45.6	14.4	9.6	6.0	603.5
<b>plus Other items</b>									
WST payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>minus Reduced expenditures</b>									
Off-road diesel subsidies	143.4	60.2	143.5	183.8	38.1	2.3	0.0	4.1	575.5
Savings from tax reform	203.9	140.5	115.6	68.9	50.2	16.9	11.3	16.6	624.0
Low alcohol beer subsidies	26.6	18.4	5.2	8.4	5.0	1.8	1.1	1.3	67.8
<b>minus Growth dividend</b>									
Remaining State taxes	149.1	96.2	50.4	30.0	24.2	6.1	4.7	3.3	364.0
<b>minus Compensation payments</b>									
Compensation for GST deferred	36.6	27.5	25.9	12.9	11.6	4.7	2.3	5.5	127.0
<b>plus Adjustments</b>									
2004-05 GMA adjustment	-22.0	-3.7	-13.4	-2.8	-5.1	-2.7	-0.3	0.6	-49.5
<b>Total Guaranteed Minimum Amount (1)</b>	<b>10,305.6</b>	<b>7,659.7</b>	<b>7,084.7</b>	<b>3,580.1</b>	<b>3,267.2</b>	<b>1,394.2</b>	<b>668.8</b>	<b>1,701.0</b>	<b>35,661.4</b>
<b>GST revenue provision (2)</b>	<b>10,361.6</b>	<b>7,832.7</b>	<b>7,689.1</b>	<b>3,803.7</b>	<b>3,441.7</b>	<b>1,496.4</b>	<b>722.7</b>	<b>1,833.7</b>	<b>37,181.6</b>
<b>Budget Balancing Assistance (1)-(2)(a)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

(a) Where the difference between the Guaranteed Minimum Amount and GST revenue is less than zero, the amount is zero.

## Residual adjustments

The Australian Government introduced residual adjustments in 2004 to ensure that all States receive their appropriate payments under the Act as they move off or onto Budget Balancing Assistance. The Act stipulates the Australian Government and the States must agree on the methodology for calculation of the adjustments before payments can be made. This was agreed; consequently residual adjustments totalling \$95.2 million were provided to the States in 2005-06. Residual adjustment amounts paid to the States are set out in Table 33.

**Table 33: Residual adjustment amounts, from 2002-03 to 2005-06**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	0.0	0.0	38.8	0.0	0.0	0.0	0.0	11.0	49.8
2003-04	0.0	11.1	0.0	-0.5	1.4	2.9	0.7	0.0	15.5
2004-05	29.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.9
2005-06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total paid in 2005-06	29.9	11.1	38.8	-0.5	1.4	2.9	0.7	11.0	95.2

In Budget Paper No. 3, *Federal Financial Relations 2006-07*, New South Wales was estimated to require a negative 2005-06 residual adjustment amount of \$48.3 million to enable the 2004-05 GST overpayment to be recovered.

However, final GST and BBA amounts for 2005-06 resulted in the overpayment being effectively recovered using other mechanisms under the Act and a negative residual adjustment was not required.

## National Competition Policy Payments

National Competition Policy Payments are distributed between the States on an equal per capita basis. Payment is subject to each State satisfactorily meeting conditions specified in the *Agreement to Implement the National Competition Policy and Related Reforms*.

Previously, prior to the scheduled payment of National Competition Policy Payments in each year, the National Competition Council assessed whether each State had met the specified conditions and provided recommendations for consideration by the Australian Government.

However, in 2005-06, for the first time, the Australian Government also considered recommendations from the National Water Commission in relation to States' progress on water reform.

Out of a maximum level of payments in 2005-06 of \$799.9 million, the Australian Government, on the basis of recommendations from the National Competition Council and National Water Commission, applied permanent deductions of \$40.7 million,

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suspensions of \$43.2 million and reimbursements of \$100.5 million. The payments made to the States in 2005-06, are set out in Table 34.

**Table 34: National Competition Policy Payments**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2005-06	291.8	187.7	178.8	66.9	51.3	19.1	12.8	8.0	816.5

**Compensation payments for GST revenue deferred**

The Australian Government is compensating the States for the deferral of GST revenue as a result of the Australian Government's decision to allow certain small businesses and non-profit organisations to pay GST annually. As part of these arrangements, \$127 million has been paid to the States in 2005-06.

**Table 35: Compensation for GST deferral**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2005-06	36.6	27.5	25.9	12.9	11.6	4.7	2.3	5.5	127.0

Consistent with the Act, the \$219.4 million in compensation paid to the States in 2004-05 as an advance from their 2005-06 GST entitlement was deducted from GST payments to the States in 2005-06. This amount was repaid to the States in 2005-06 in addition to the \$127 million paid to compensate the States for the estimated 2005-06 impact of the decision.

## **FINANCIAL ASSISTANCE GRANTS TO LOCAL GOVERNMENT**

Table 36 provides details of the Australian Government payments to local government authorities in 2005-06 for each of the six States and the Northern Territory, and an analogous payment made to the Australian Capital Territory.

In 2005-06, local government Financial Assistance Grants were increased on the basis of an annual escalation factor determined by the Treasurer. The payments made to the States in 2005-06 and shown in Budget Paper No. 3, *Federal Financial Relations 2006-07*, were based on an estimated escalation factor determined in June 2005 of 1.0397 and take into account an underpayment of \$7.5 million in 2004-05.

On 15 June 2006, the Treasurer determined the final 2005-06 escalation factor to be 1.0408 on the basis of the Australian Statistician's determination of population and the All Groups Consumer Price Index number. The difference between the estimate and the final escalation factor for 2005-06 has resulted in an underpayment of \$1.7 million in 2005-06 for which there will be an adjustment in 2006-07, as provided for under the *Local Government (Financial Assistance) Act 1995*.

**Table 36: Financial Assistance Grants to local government**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
General Purpose Assistance	375.9	278.0	218.3	111.1	85.5	26.9	18.1	11.2	1,125.1
Untied local road funding	144.8	102.9	93.5	76.3	27.4	26.5	16.0	11.7	499.2
<b>Total Financial Assistance Grants(a)</b>	<b>520.7</b>	<b>381.0</b>	<b>311.9</b>	<b>187.4</b>	<b>113.0</b>	<b>53.4</b>	<b>34.1</b>	<b>22.9</b>	<b>1,624.3</b>

(a) Total Financial Assistance Grants are the actual cash payment that the State receives on behalf of local government. They are equal to the estimated entitlement for a given year adjusted for an overpayment or underpayment from the previous year. The information presented in this table differs from that in Table 37, which is prepared on an accrual basis.

## **SPECIFIC PURPOSE PAYMENTS (SPPs)**

Tables 37 and 38 provide information on Australian Government SPPs to and through the States, and direct to local government, respectively.

Table 37 presents SPPs on a functional basis, and includes SPPs for current and capital purposes. Payments are aggregated according to like purposes and are further divided into those paid to the States and those paid through the States to be passed on to local government and other bodies. Payments through the States are indicated in the table with an asterisk and separate totals for payments to the States and payments through the States are presented in the summary at the end of the table.

Australian Government advances (loans) to the States, including new advances, interest on advances and repayments by the States are also detailed in Table 37. The majority of these advances were funded from borrowing made on behalf of the States under previous Australian Loan Council arrangements.

Table 38 presents information on Australian Government SPPs paid direct to local government authorities for both current and capital purposes.

Tables 37 and 38 provide information prepared on an accrual basis.

**Table 37: Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<b>Public Order and Safety</b>									
Legal aid	0	0	0	13,596	13,104	4,904	3,812	3,362	38,778
Film and literature classifications	94	93	95	95	94	93	93	90	747
<b>Public Order and Safety - total</b>	<b>94</b>	<b>93</b>	<b>95</b>	<b>13,691</b>	<b>13,198</b>	<b>4,997</b>	<b>3,905</b>	<b>3,452</b>	<b>39,525</b>
<b>Education</b>									
Government schools	553,892	403,253	347,456	167,340	121,736	46,168	26,189	21,707	1,687,741
*Non-government schools	1,530,348	1,232,503	925,308	472,970	370,782	100,048	95,004	40,174	4,767,137
Skilling Australia's Workforce(a)	469,168	314,750	226,681	123,843	102,414	35,343	23,890	15,971	1,312,060
Targeted programmes - government schools and joint	153,759	93,977	65,383	35,893	33,013	11,242	5,662	8,500	407,429
*Targeted programmes - non-government schools	76,292	67,270	31,631	17,322	17,133	3,298	3,046	2,415	218,407
Indigenous Education Strategic Initiatives									
Programme - government	54,576	10,577	44,211	43,581	10,155	3,678	1,119	23,371	191,268
Australian Technical Colleges	0	2,022	0	0	0	0	0	0	2,022
<b>Education - total</b>	<b>2,838,035</b>	<b>2,124,352</b>	<b>1,640,670</b>	<b>860,949</b>	<b>655,233</b>	<b>199,777</b>	<b>154,910</b>	<b>112,138</b>	<b>8,586,064</b>
<b>Health</b>									
Hepatitis C Settlement Fund	756	0	0	23	0	27	67	-29	844
Health Programme Grants	0	1,141	0	0	0	0	0	300	1,441
Health Care Grants	2,795,801	2,002,706	1,614,987	817,100	697,802	185,309	107,206	103,753	8,324,664
Highly specialised drugs	185,774	138,941	86,453	48,401	40,343	11,017	9,829	6,874	527,632
Youth health services	827	612	430	223	203	62	57	57	2,471
National public health	71,438	53,816	39,210	21,104	17,247	7,571	5,231	4,568	220,185
Essential vaccines	70,139	49,901	33,100	19,365	12,736	5,230	2,542	1,903	194,916
Repatriation general hospitals	659	0	0	0	850	57	0	0	1,566
Supporting Western Sydney - Positron Emission Tomography scanner Westmead	1,000	0	0	0	0	0	0	0	1,000
Royal Darwin Hospital - Equipped, Prepared and Ready	0	0	0	0	0	0	0	20,994	20,994
Organ Transplantation Services	132	0	0	0	389	0	0	0	521
<b>Health - total</b>	<b>3,126,526</b>	<b>2,247,117</b>	<b>1,774,180</b>	<b>906,216</b>	<b>769,570</b>	<b>209,273</b>	<b>124,932</b>	<b>138,420</b>	<b>9,296,234</b>

**Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<b><i>Social Security and Welfare</i></b>									
Aged care assessment	19,361	13,266	9,307	5,470	5,232	1,475	525	825	55,461
Home and community care	265,707	215,469	179,737	85,594	73,111	22,142	10,131	5,944	857,835
Disabilities services	196,375	136,323	115,946	48,575	67,390	20,398	8,503	6,258	599,768
Children's services	615	988	494	401	8,101	228	0	660	11,487
Supported accommodation assistance	57,508	38,223	29,594	17,624	16,927	7,579	6,038	5,037	178,530
Unaccompanied humanitarian minors	429	278	287	1	537	0	0	0	1,532
Extension of fringe benefits	68,700	49,113	34,293	17,268	19,538	6,275	1,394	957	197,538
Assistance to Solomon Island Evacuees	0	0	34	0	0	0	0	0	34
<b><i>Social Security and Welfare - total</i></b>	<b>608,695</b>	<b>453,660</b>	<b>369,692</b>	<b>174,933</b>	<b>190,836</b>	<b>58,097</b>	<b>26,591</b>	<b>19,681</b>	<b>1,902,185</b>
<b><i>Housing and Community Amenities</i></b>									
Assistance for water and sewerage	0	0	0	0	0	0	9,250	0	9,250
Natural Heritage Trust of Australia - Bushcare	11,418	10,574	10,462	6,863	10,076	618	384	3,882	54,277
Natural Heritage Trust of Australia - Coastcare	3,211	2,295	4,617	6,720	1,176	313	0	885	19,217
Natural Heritage Trust of Australia - Landcare	9,089	7,275	9,020	5,815	3,734	988	372	1,815	38,108
Natural Heritage Trust of Australia - Rivercare	9,615	2,897	1,762	5,131	622	1,966	219	769	22,981
National Water Initiative - Living Murray	0	2,484	0	0	0	0	0	0	2,484
<b><i>Housing and Community Amenities - total</i></b>	<b>33,333</b>	<b>25,525</b>	<b>25,861</b>	<b>24,529</b>	<b>15,608</b>	<b>3,885</b>	<b>10,225</b>	<b>7,351</b>	<b>146,317</b>
<b><i>Recreation and Culture</i></b>									
Melbourne 2006 Commonwealth Games	0	72,900	0	0	0	0	0	0	72,900
Strengthening Tasmania	0	0	0	0	0	1,265	0	0	1,265
<b><i>Recreation and Culture - total</i></b>	<b>0</b>	<b>72,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,265</b>	<b>0</b>	<b>0</b>	<b>74,165</b>
<b><i>Fuel and Energy</i></b>									
Snowy Hydro Ltd - company tax compensation	52,220	26,110	0	0	0	0	0	0	78,330
<b><i>Fuel and Energy - total</i></b>	<b>52,220</b>	<b>26,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78,330</b>

**Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<b><i>Agriculture, Forestry and Fishing</i></b>									
Exotic Disease Preparedness	180	82	31	22	3	0	0	0	318
Exceptional circumstances assistance	144,841	28,775	58,188	5,873	2,295	0	0	0	239,972
National Landcare Programme	6,799	5,526	6,362	3,592	3,688	1,542	184	1,328	29,021
Skilling Farmers for the Future	0	1,050	1,068	706	1,764	346	0	338	5,272
Eradication of Red Imported Fire Ant	0	0	12,283	0	0	0	0	0	12,283
National Action Plan for Salinity and Water Quality	42,048	36,715	23,228	43,913	13,457	777	0	500	160,638
Plant Disease and Eradication	0	0	9,457	0	1,066	0	0	86	10,609
Tasmanian Forests package	0	0	0	0	0	23,500	0	0	23,500
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>193,868</b>	<b>72,148</b>	<b>110,617</b>	<b>54,106</b>	<b>22,273</b>	<b>26,165</b>	<b>184</b>	<b>2,252</b>	<b>481,613</b>
<b><i>Transport and Communication</i></b>									
Interstate road transport	22,110	12,865	4,555	1,904	5,822	240	240	240	47,976
*Supplementary funding to SA councils for local roads	0	0	0	0	9,000	0	0	0	9,000
Petroleum Products Freight Subsidy Scheme	359	0	1,851	0	268	0	0	1,004	3,482
<b><i>Transport and Communication - total</i></b>	<b>22,469</b>	<b>12,865</b>	<b>6,406</b>	<b>1,904</b>	<b>15,090</b>	<b>240</b>	<b>240</b>	<b>1,244</b>	<b>60,458</b>
<b><i>Other Purposes</i></b>									
Debt Redemption Assistance	74,004	34,931	24,675	23,601	29,849	22,359	0	10,574	219,993
*Financial Assistance Grants for local government									
<i>General Purpose Assistance</i>	374,444	276,988	217,822	110,644	85,234	26,841	17,988	11,143	1,121,104
<i>Untied Local Roads Grants</i>	144,328	102,557	93,205	76,062	27,339	26,361	15,951	11,653	497,456
Compensation - companies regulation	54,412	47,567	26,788	16,489	12,264	3,799	0	2,423	163,742
Natural Disaster Relief	14,801	60	52,525	469	0	21	148	1,087	69,111

**Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES</b>									
<i>Other Purposes (continued)</i>									
Royalties	0	0	0	628,876	0	0	0	3,326	632,202
ACT National Capital influences	0	0	0	0	0	0	23,004	0	23,004
The Prime Minister's and Premier's Cyclone Larry Relief Appeal	0	0	1,000	0	0	0	0	0	1,000
<b>Other Purposes - total</b>	<b>661,989</b>	<b>462,103</b>	<b>416,015</b>	<b>856,141</b>	<b>154,686</b>	<b>79,381</b>	<b>57,091</b>	<b>40,206</b>	<b>2,727,612</b>
<b>TOTAL CURRENT</b>	<b>7,537,229</b>	<b>5,496,873</b>	<b>4,343,536</b>	<b>2,892,469</b>	<b>1,836,494</b>	<b>583,080</b>	<b>378,078</b>	<b>324,744</b>	<b>23,392,503</b>
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<i>Education</i>									
Government schools	205,330	106,417	119,218	65,276	31,017	18,506	11,814	10,494	568,072
*Non-government schools	86,972	68,530	46,864	25,347	19,786	5,299	5,825	7,043	265,666
<b>Education - total</b>	<b>292,302</b>	<b>174,947</b>	<b>166,082</b>	<b>90,623</b>	<b>50,803</b>	<b>23,805</b>	<b>17,639</b>	<b>17,537</b>	<b>833,738</b>
<i>Health</i>									
Organ Transplantation Services	1,257	0	0	0	49	0	0	0	1,306
<b>Health - total</b>	<b>1,257</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,306</b>
<i>Social Security and Welfare</i>									
Crisis accommodation assistance	13,593	10,059	7,881	4,019	3,093	973	652	404	40,674
<b>Social Security and Welfare - total</b>	<b>13,593</b>	<b>10,059</b>	<b>7,881</b>	<b>4,019</b>	<b>3,093</b>	<b>973</b>	<b>652</b>	<b>404</b>	<b>40,674</b>
<i>Housing and Community Amenities</i>									
Housing assistance for indigenous people	18,235	3,731	25,885	16,271	8,557	696	0	19,965	93,340
Community housing	21,936	16,232	12,718	6,485	4,990	1,570	1,052	652	65,635
CSHA Block Assistance/Base Funding	243,466	180,159	141,161	71,974	55,389	21,603	16,885	13,235	743,872
Social Housing Subsidy Programme	1,926	0	0	0	0	0	0	0	1,926
*Disaster Mitigation Package	4,039	1,802	8,001	1,868	8,666	1,217	185	225	26,003
*Additional First Home Owners Scheme	1,163	0	0	0	0	154	0	0	1,317
*Bushfire Mitigation Package	1,666	974	805	728	459	165	148	0	4,945
<b>Housing and Community Amenities - total</b>	<b>292,431</b>	<b>202,898</b>	<b>188,570</b>	<b>97,326</b>	<b>78,061</b>	<b>25,405</b>	<b>18,270</b>	<b>34,077</b>	<b>937,038</b>
<i>Fuel and Energy</i>									
*Photovoltaic Rebate Programme	1,462	1,034	521	76	1,294	47	0	14	4,448
Renewable Remote Power Generation	0	0	9,393	9,556	60	866	0	6,735	26,610
<b>Fuel and Energy - total</b>	<b>1,462</b>	<b>1,034</b>	<b>9,914</b>	<b>9,632</b>	<b>1,354</b>	<b>913</b>	<b>0</b>	<b>6,749</b>	<b>31,058</b>

Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES</b>									
<b><i>Agriculture, Forestry and Fishing</i></b>									
Tasmanian Water Infrastructure	0	0	0	0	0	2,100	0	0	2,100
Great Artesian Basin Sustainability Initiative	1,520	0	4,042	0	100	0	0	0	5,662
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>1,520</b>	<b>0</b>	<b>4,042</b>	<b>0</b>	<b>100</b>	<b>2,100</b>	<b>0</b>	<b>0</b>	<b>7,762</b>
<b><i>Transport and Communication</i></b>									
Auslink	482,250	286,658	251,783	110,492	83,441	27,678	9,997	31,247	1,283,546
<b><i>Transport and Communication - total</i></b>	<b>482,250</b>	<b>286,658</b>	<b>251,783</b>	<b>110,492</b>	<b>83,441</b>	<b>27,678</b>	<b>9,997</b>	<b>31,247</b>	<b>1,283,546</b>
<b><i>Other Purposes</i></b>									
Sinking Fund on State Debt	271	5	0	0	84	20	0	0	380
<b><i>Other Purposes - total</i></b>	<b>271</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>84</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>380</b>
<b>TOTAL CAPITAL</b>	<b>1,085,086</b>	<b>675,601</b>	<b>628,272</b>	<b>312,092</b>	<b>216,985</b>	<b>80,894</b>	<b>46,558</b>	<b>90,014</b>	<b>3,135,502</b>
<b>REPAYMENTS</b>									
Supplementary Contributions	87,728	0	0	0	28,327	7,097	0	0	123,152
Payments to Debt Sinking Funds	1,094	19	0	0	338	81	0	0	1,532
<b>Total</b>	<b>88,822</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>28,665</b>	<b>7,178</b>	<b>0</b>	<b>0</b>	<b>124,684</b>
<b><i>Repayments of Australian Government Loans</i></b>									
Loan Council - Housing Nominations	5,774	0	2,125	3,681	3,457	1,549	0	1,921	18,507
<b><i>Repayments of Australian Government Loans - total</i></b>	<b>5,774</b>	<b>0</b>	<b>2,125</b>	<b>3,681</b>	<b>3,457</b>	<b>1,549</b>	<b>0</b>	<b>1,921</b>	<b>18,507</b>
<b><i>Defence</i></b>									
Housing for servicemen	850	0	520	164	21	0	11,036	0	12,591
<b><i>Defence - total</i></b>	<b>850</b>	<b>0</b>	<b>520</b>	<b>164</b>	<b>21</b>	<b>0</b>	<b>11,036</b>	<b>0</b>	<b>12,591</b>
<b><i>Housing and Community Amenities</i></b>									
CSHA loans	32,700	0	8,782	8,485	10,445	3,964	0	533	64,909
Other housing	0	0	0	0	0	0	0	1,733	1,733
Urban water supply and treatment	0	0	0	0	486	0	0	0	486

**Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
	<b>REPAYMENTS</b>								
<b><i>Housing and Community Amenities (continued)</i></b>									
NT - water and sewerage assistance	0	0	0	0	0	0	0	136	136
Growth centres	94	0	0	0	0	0	0	0	94
Captains Flat (Abatement of Pollution) Agreement	10	0	0	0	0	0	0	0	10
Sewerage	3,278	0	916	88	0	0	0	0	4,282
<b><i>Housing and Community Amenities - total</i></b>	<b>36,082</b>	<b>0</b>	<b>9,698</b>	<b>8,573</b>	<b>10,931</b>	<b>3,964</b>	<b>0</b>	<b>2,402</b>	<b>71,650</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Rural Adjustment Scheme	207	0	0	0	0	0	0	0	207
War Service Land Settlement Scheme	478	510	0	0	0	6	0	0	994
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>685</b>	<b>510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1,201</b>
<b><i>Transport and Communication</i></b>									
Railway projects	96	96	0	380	0	0	0	0	572
<b><i>Transport and Communication - total</i></b>	<b>96</b>	<b>96</b>	<b>0</b>	<b>380</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>572</b>
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	1,309	0	1,770	0	0	0	0	329	3,408
<b><i>Other Purposes - total</i></b>	<b>1,309</b>	<b>0</b>	<b>1,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>329</b>	<b>3,408</b>
<b>TOTAL REPAYMENTS</b>	<b>133,618</b>	<b>625</b>	<b>14,113</b>	<b>12,798</b>	<b>43,074</b>	<b>12,697</b>	<b>11,036</b>	<b>4,652</b>	<b>232,613</b>
	<b>ADVANCES</b>								
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	167	0	0	0	0	0	0	0	167
<b><i>Other Purposes - total</i></b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167</b>
<b>TOTAL ADVANCES</b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167</b>
	<b>INTEREST</b>								
Interest on Loan Council and NT Government Borrowings	496	53	0	0	87	22	0	0	658
<b>Total</b>	<b>496</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>87</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>658</b>
<b><i>Interest on Australian Government Loans</i></b>									
ACT Government Debt	0	0	0	0	0	0	3,605	0	3,605
Housing nominations	20,938	0	7,542	12,906	12,663	5,558	0	7,280	66,887
<b><i>Interest on Australian Government Loans - total</i></b>	<b>20,938</b>	<b>0</b>	<b>7,542</b>	<b>12,906</b>	<b>12,663</b>	<b>5,558</b>	<b>3,605</b>	<b>7,280</b>	<b>70,492</b>
<b><i>Defence</i></b>									
Housing for servicemen	2,390	0	1,356	279	101	0	13,990	0	18,116
<b><i>Defence - total</i></b>	<b>2,390</b>	<b>0</b>	<b>1,356</b>	<b>279</b>	<b>101</b>	<b>0</b>	<b>13,990</b>	<b>0</b>	<b>18,116</b>

Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>INTEREST</b>									
<b><i>Housing and Community Amenities</i></b>									
CSHA loans	41,550	0	11,558	11,062	17,579	5,656	0	1,450	88,855
Other housing	0	0	0	0	0	0	0	3,888	3,888
Urban water supply and treatment	0	0	0	0	1,005	0	0	0	1,005
NT - water and sewerage assistance	0	0	0	0	0	0	0	616	616
Growth centres	9	0	0	0	0	0	0	0	9
Sewerage	6,086	0	2,168	7	0	0	0	0	8,261
Captains Flat (Abatement of Pollution) Agreement	4	0	0	0	0	0	0	0	4
<b><i>Housing and Community Amenities - total</i></b>	<b>47,649</b>	<b>0</b>	<b>13,726</b>	<b>11,069</b>	<b>18,584</b>	<b>5,656</b>	<b>0</b>	<b>5,954</b>	<b>102,638</b>
<b><i>Agriculture, Forestry and Fishing</i></b>									
Rural Adjustment Scheme	4	0	0	0	0	0	0	0	4
War Service Land Settlement Scheme	114	119	0	0	0	5	0	0	238
<b><i>Agriculture, Forestry and Fishing - total</i></b>	<b>118</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>242</b>
<b><i>Transport and Communication</i></b>									
Railway projects	29	29	0	270	0	0	0	0	328
<b><i>Transport and Communication - total</i></b>	<b>29</b>	<b>29</b>	<b>0</b>	<b>270</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>328</b>
<b><i>Other Purposes</i></b>									
Natural Disaster Relief	268	0	271	0	0	0	0	33	572
<b><i>Other Purposes - total</i></b>	<b>268</b>	<b>0</b>	<b>271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>572</b>
<b>TOTAL INTEREST</b>	<b>71,888</b>	<b>201</b>	<b>22,895</b>	<b>24,524</b>	<b>31,435</b>	<b>11,241</b>	<b>17,595</b>	<b>13,267</b>	<b>193,046</b>

**Table 37: Estimated Specific Purpose Payments to and through the States, repayments of advances, advances and interest payments, 2005-06 (\$'000)(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>SUMMARY OF SPECIFIC PURPOSE PAYMENTS</b>									
<b>Total Specific Purpose Payments</b>	8,622,315	6,172,474	4,971,808	3,204,561	2,053,479	663,974	424,636	414,758	26,528,005
<b>Total To</b>	6,401,601	4,420,816	3,647,651	2,499,544	1,513,786	500,544	286,489	342,091	19,612,522
<b>Total Through</b>	2,220,714	1,751,658	1,324,157	705,017	539,693	163,430	138,147	72,667	6,915,483

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

- (a) The arrangements for the allocation of funds to the States each year were previously set out and reported under the Vocational Education and Training Funding Act. This Act has since been repealed and funding and reporting arrangements are now set out in the *Skilling Australia's Workforce Act 2005* and subsequent agreements with the States.

**Table 38: Specific Purpose Payments direct to local government authorities, 2005-06 (\$'000)**

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>DIRECT PAYMENTS - CURRENT</b>									
Disability services	441	0	143	0	0	0	0	0	584
Children's services(a)	18,131	21,016	6,515	3,582	1,150	2,368	0	5,407	58,169
Regulation Reduction Incentive Fund	3,620	3,310	9,901	839	1,801	22	1,303	269	21,065
Strengthening Tasmania	0	0	0	0	0	2,450	0	0	2,450
<b>TOTAL CURRENT</b>	<b>22,192</b>	<b>24,326</b>	<b>16,559</b>	<b>4,421</b>	<b>2,951</b>	<b>4,840</b>	<b>1,303</b>	<b>5,676</b>	<b>82,268</b>
<b>DIRECT PAYMENTS - CAPITAL</b>									
Auslink	82,639	65,439	67,025	39,757	22,681	11,060	0	5,249	293,850
<b>TOTAL CAPITAL</b>	<b>82,639</b>	<b>65,439</b>	<b>67,025</b>	<b>39,757</b>	<b>22,681</b>	<b>11,060</b>	<b>0</b>	<b>5,249</b>	<b>293,850</b>
<b>TOTAL DIRECT PAYMENTS</b>	<b>104,831</b>	<b>89,765</b>	<b>83,584</b>	<b>44,178</b>	<b>25,632</b>	<b>15,900</b>	<b>1,303</b>	<b>10,925</b>	<b>376,118</b>

(a) The Children Services payment to local governments includes both current and capital expenses. Prior to 2005-06 capital expenses were identified separately as a capital grant.