

PART 4: FEDERAL FINANCIAL RELATIONS

This part provides information concerning goods and services tax (GST) revenue provided to the States and Territories (the States), as well as specific purpose payments to the States and local governments. More detailed information about payment arrangements is provided in Budget Paper No. 3, *Federal Financial Relations 2007-08*.

In total, the Australian Government paid \$68.1 billion to the States in 2006-07 (Table 31), an increase of \$3.0 billion (4.6 per cent) over the amount paid in 2005-06. An overview of historical payments to the States is provided in Attachment A.

Table 31: GST and Australian Government payments to the States

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2006-07									
(1) GST revenue to the States	10,938	8,588	8,092	3,968	3,605	1,568	778	2,015	39,552
(2) General revenue assistance	-	-	-	-	-	-	-	-	-
(3) Specific purpose payments	9,188	6,605	5,513	3,456	2,219	689	449	432	28,549
Payments to the States	6,735	4,711	4,037	2,669	1,626	506	302	347	20,932
Payments through the States	1,796	1,415	1,072	540	450	114	110	51	5,548
Grants for local governments	538	396	327	195	117	55	36	24	1,689
Payments direct to local government	118	83	77	52	26	13	1	10	381
(4) Australian Government payments to the States and local govt (2) + (3)	9,188	6,605	5,513	3,456	2,219	689	449	432	28,549
(5) GST and total payments (1) + (4)	20,125	15,193	13,605	7,424	5,824	2,256	1,227	2,448	68,101

The *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act) provides for the distribution of all GST revenue to the States. The GST provides the States with a robust, secure and growing source of revenue to spend according to their own budget priorities.

GST revenue has grown significantly since its introduction. The States received GST revenue of \$39.6 billion in 2006-07. This was \$2.1 billion more in revenue from the GST than they would have received had the previous financial arrangements continued.

In return for receiving all of the GST revenue, the States agreed to abolish a range of inefficient indirect taxes that were impeding economic activity. The States themselves nominated the taxes to be abolished. The commitment to abolish these taxes was included in the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*. Timetables are now in place for the abolition of all but one of the state taxes listed for abolition in the *Intergovernmental Agreement*. The revenue foregone from taxes already abolished represented a saving to taxpayers of an estimated \$5.1 billion in 2006-07.

The Australian Government also provided the States with specific purpose payments of \$26.5 billion in 2006-07. In addition, local governments received \$2.1 billion in Australian Government funding in 2006-07.

GST REVENUE TO THE STATES

In 2006-07, \$39.6 billion in GST revenue was provided to the States, up by \$2.4 billion (6.4 per cent) from 2005-06.

Under the Act, the amount of GST paid to the States is determined by the Commissioner of Taxation by 20 June each year, based on estimated GST receipts for that year and including any balancing adjustment for the previous year. For 2006-07, the Commissioner's GST determination was \$39,552 million. This reflects the Commissioner's estimate of GST receipts for 2006-07 of \$39,580 million, less a \$28 million adjustment for the overpayment in respect of 2005-06. The 2006-07 outcome for GST receipts was \$39,560 million, resulting in a \$20 million overpayment of GST revenue to the States. An adjustment will be made to GST revenue to the States in 2007-08 to ensure that they receive every dollar of GST collected.

The calculation of the amount of GST paid to the States in 2006-07 is shown in Table 32.

Table 32: GST revenue paid to the States

\$million	2006-07
GST revenue	41,006
less change in GST receivables	1,446
GST receipts	39,560
plus variation from the estimate of receipts in the Commissioner's determination(a)	20
plus prior year balancing adjustment(b)	-28
GST revenue to the States	39,552

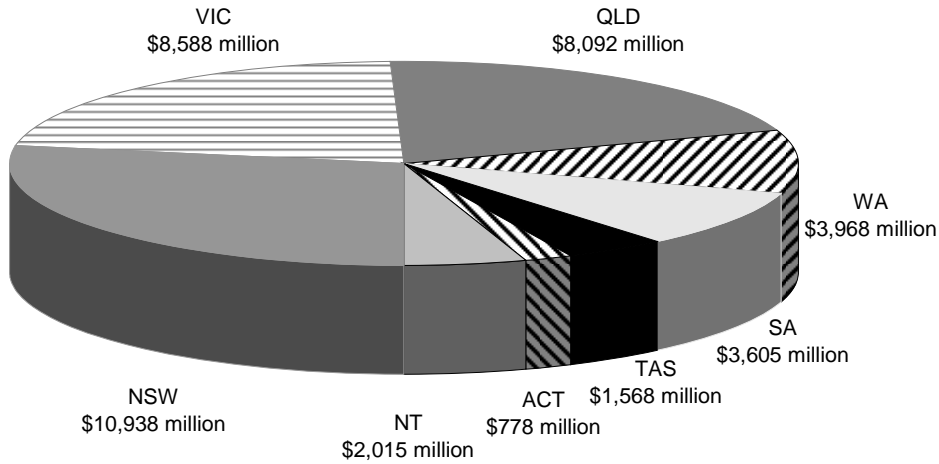
(a) The Commissioner's estimate of receipts for 2006-07 was \$20 million higher than the 2006-07 outcome.

(b) The Commissioner's estimate of receipts for 2005-06 was \$28 million higher than the 2005-06 outcome.

As agreed by all States in the *Intergovernmental Agreement*, GST revenue is distributed among the States in accordance with the principle of horizontal fiscal equalisation and having regard to the recommendations of the Commonwealth Grants Commission. Budget Paper No. 3, *Federal Financial Relations 2007-08*, provides more detail.

The distribution of GST revenue between the States in 2006-07 is illustrated in Chart 1.

Chart 1: State shares of GST revenue, 2006-07



In 2006-07, GST revenue was distributed in accordance with the Act, using the GST relativities in Table 33, as endorsed by the Ministerial Council for Commonwealth-State Financial Relations. The GST relativities are applied to the Australian Statistician’s determination of state populations in order to determine a weighted population for each State. Each State is then allocated its population-weighted share of the combined pool of GST revenue and unquarantined health care grants.

The *Intergovernmental Agreement* defines the GST pool for a financial year to consist of GST revenue plus unquarantined health care grants provided by the Australian Government under Australian Health Care Agreements. The Minister for Health and Ageing determines the amount of health care grants.

The final distribution of GST revenue is determined by deducting the unquarantined health care grants, which are separately provided to the States, from each State’s share of the GST pool.

Table 33: Distribution of 2006-07 GST revenue among the States^(a)

	Determined population 31 December	GST relativities	Weighted population(a) (1) x (2)	Share of weighted population %	Share of GST pool \$m	Unquarantined Health Care Grants \$m	GST revenue (5) - (6) \$m
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	6,854,848	0.87332	5,986,476	28.7	13,724.6	2,787.1	10,937.5
VIC	5,165,404	0.89559	4,626,084	22.2	10,605.8	2,017.8	8,588.0
QLD	4,132,015	1.02387	4,230,646	20.3	9,699.2	1,607.0	8,092.2
WA	2,080,966	1.00480	2,090,955	10.0	4,793.7	825.7	3,968.1
SA	1,575,714	1.18862	1,872,925	9.0	4,293.9	689.0	3,604.9
TAS	491,666	1.54931	761,743	3.6	1,746.4	178.8	1,567.6
ACT	336,444	1.14575	385,481	1.8	883.8	105.5	778.3
NT	212,551	4.32755	919,825	4.4	2,108.8	93.5	2,015.3
Total	20,849,608	n/a	20,874,135	100.0	47,856.2	8,304.2	39,551.9

(a) The total of the weighted populations in column 3 differ from the total of the populations in column 1. This is a consequence of the population estimates in column 1 being revised subsequent to the Commonwealth Grants Commission calculating the GST relativities.

GST administration costs

Because the GST has a national tax base, but all GST revenue is provided to the States, the *Intergovernmental Agreement* provides for the Australian Taxation Office to administer the GST on behalf of the States. Consequently, the States compensate the Australian Government for the agreed costs incurred by the Australian Taxation Office in administering the GST.

In March 2006, the Ministerial Council for Commonwealth-State Financial Relations agreed to a GST administration budget of \$619.1 million for 2006-07, including additional funding for GST compliance activities of \$10.6 million. This was subsequently revised to \$618.5 million due to a lower revised estimate of the costs.

Once the outcome for GST administration in 2006-07 is audited, any required adjustment will be incorporated into the States' administration costs for 2007-08.

GENERAL REVENUE ASSISTANCE

General revenue assistance is a broad category of payments that are provided to the States to spend according to their own budget priorities. They include budget balancing assistance, compensation payments in respect of GST policy decisions and National Competition Policy payments.

Budget balancing assistance

The Australian Government has guaranteed that, in each of the transitional years following the introduction of The New Tax System, each State's budget position will be no worse than had the federal financial reforms not been implemented. The

guaranteed minimum amount is an estimate of the revenue that each State would have received under the previous system of financial assistance grants and if their own inefficient state taxes had not been abolished as part of the reforms. This is given effect by the payment of transitional assistance in the form of budget balancing assistance.

The Australian Government will pay budget balancing assistance to a State during the transitional period (which will expire on 30 June 2009) if that State's share of GST revenue in a financial year is less than its guaranteed minimum amount for that year.

No State required budget balancing assistance in 2006-07, as each State's share of GST revenue exceeded its guaranteed minimum amount. In 2006-07, total GST revenue payments to the States exceeded their combined guaranteed minimum amounts by \$2.1 billion. Detailed calculations of each State's guaranteed minimum amount and budget balancing assistance entitlements for 2006-07 are shown in Table 34.

Table 34: Guaranteed minimum amount components, GST revenue provision and budget balancing assistance

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
State revenues foregone									
Financial assistance grants	5,568.7	4,785.6	4,970.4	2,211.2	2,360.2	1,122.7	491.9	1,661.2	23,171.7
Revenue replacement payments	2,838.0	1,898.6	1,718.7	1,178.8	736.5	249.6	126.3	159.5	8,906.0
Financial institutions duty	808.7	435.4	na	166.4	111.2	26.0	21.5	21.5	1,590.7
Debits tax	357.0	283.9	385.0	126.5	63.6	24.2	19.8	8.6	1,268.7
Marketable securities duty	544.9	281.8	30.1	34.8	18.6	0.8	26.6	1.2	938.8
Marketable securities duty needs	-24.8	12.6	13.3	2.4	1.0	2.9	-8.3	0.8	0.0
Accommodation taxes	104.7	na	na	na	na	na	na	10.5	115.3
Cheque duty	na	na	na	5.5	3.2	na	na	2.8	11.4
plus Reduced revenues									
Gambling taxes	655.9	424.6	274.0	80.7	109.0	28.1	23.2	33.0	1,628.5
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	318.7	275.4	215.0	94.7	72.2	20.2	19.0	8.8	1,024.0
GST administration costs	203.3	153.2	122.6	61.7	46.7	14.6	10.0	6.3	618.5
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	148.9	63.5	152.8	194.4	40.1	2.4	0.0	4.4	606.5
Savings from tax reform	218.0	154.2	123.0	72.1	53.3	18.2	10.9	15.9	665.6
Low alcohol beer subsidies	27.5	19.1	5.4	8.7	5.1	1.9	1.1	1.3	70.2
minus Growth dividend									
Remaining state taxes	174.0	112.3	58.8	35.0	28.2	7.2	5.5	3.9	424.8
minus Compensation payments									
Compensation for GST deferral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
plus Adjustments									
2005-06 guaranteed minimum amount adjustment	3.6	-58.6	4.0	-5.9	2.3	0.7	0.8	3.5	-49.5
Total guaranteed minimum amount (1)	10,810.4	8,143.4	7,393.1	3,646.6	3,397.8	1,460.1	713.4	1,892.1	37,457.1
GST revenue provision (2)	10,937.5	8,588.0	8,092.2	3,968.1	3,604.9	1,567.6	778.3	2,015.3	39,551.9
Budget balancing assistance (1)-(2)(a)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(a) Where the difference between the guaranteed minimum amount and GST revenue is less than zero, the amount is zero.

Compensation payments for GST policy decisions

The Australian Government provides compensation to the States for the deferral of GST revenue resulting from its decision that small businesses and non-profit organisations, which voluntarily registered for the GST, could pay and report GST on an annual, rather than monthly or quarterly, basis.

Due to an overpayment of this compensation to the States, the Australian Government agreed with the States to suspend the payments for 2006-07.

National Competition Policy payments

Between 1997-98 and 2005-06, the Australian Government provided National Competition Policy payments to the States for implementing National Competition Policy and related reforms. Each State's payments were conditional on that State achieving satisfactory progress with the implementation of the reforms, including a commitment to review legislation that restricts competition, applying competitive neutrality principles to government business activities and introducing specific reforms in the electricity, gas, water and road transport sectors.

The Australian Government suspended \$43.2 million in 2005-06 National Competition Policy payments, following recommendations provided by the National Water Commission. This included water reform suspensions for outstanding obligations relating to interstate trading in the southern Murray-Darling Basin, and for lack of progress and outstanding reforms with respect to water planning.

On 13 September 2007, the Government lifted the suspensions following a recommendation by the National Water Commission that there has now been satisfactory progress by the States in implementing their water reform commitments.

Consequently, no National Competition Policy payments were provided in 2006-07, but suspended payments of \$43.2 million will be paid in 2007-08.

SPECIFIC PURPOSE PAYMENTS

The Australian Government provides specific purpose payments to pursue important national policy objectives in areas that may be administered by the States. Typically the States need to fulfil specified conditions in order to receive these payments, which cover most functional areas of state and local government activity, including education, health, social security, housing and transport.

In 2006-07, specific purpose payments totalled \$28.5 billion, an increase of \$1.6 billion (6.1 per cent) over 2005-06.

Detailed tables of specific purpose payments for 2006-07, including state shares of each payment, are provided in Attachment B.

The Australian Government provided a commitment in the *Intergovernmental Agreement* that it would maintain specific purpose payments in aggregate. The commitment was consistent with the objective of the States being financially better off under the new arrangements. The Australian Government's commitment to maintain specific purpose payments in aggregate is being met. In nominal terms, total specific purpose payments have increased by 59.4 per cent since 1999-2000.

PAYMENTS TO LOCAL GOVERNMENTS

While local government is the responsibility of the States, in 2006-07 the Australian Government provided \$2.1 billion in financial assistance to local governments to enhance their capacity to provide services to local communities. This funding was provided in the form of financial assistance grants (which are specific purpose payments through the States) and specific purpose payments direct to local governments.

Financial assistance grants to local governments

The Australian Government provided \$1.7 billion in financial assistance grants to local governments in 2006-07, an increase of \$62 million (3.8 per cent) from 2005-06. Table 35 provides details of these grants for each of the six States and the Northern Territory. These grants are provided to the States to be distributed to local governments in each State. An analogous payment is made to the Australian Capital Territory.

Financial assistance grants are increased annually on the basis of an escalation factor determined each year by the Treasurer. The 2006-07 grants were based on an estimated escalation factor determined in June 2006 of 1.0406 and incorporated an underpayment of \$1.7 million in respect of 2005-06.

Table 35: Financial assistance grants to local government (cash)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General purpose assistance	388.1	288.2	228.2	115.7	88.2	27.8	18.6	11.7	1,166.6
Untied local road funding	150.2	106.7	97.0	79.1	28.4	27.4	16.6	12.1	517.7
plus 2005-06 underpayment(a)	0.3	0.1	0.9	0.1	..	0.1	0.1	0.0	1.7
Total(b)	538.6	395.1	326.2	194.9	116.8	55.3	35.3	23.8	1,686.0

(a) There was an underpayment in 2005-06 because the estimated escalation factor of 1.0397 was less than the final factor of 1.0408. A balancing adjustment of \$1.7 million was paid in 2006-07.

(b) 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 difference between the estimated entitlement and the final entitlement for the current year will be adjusted in the following year. The information presented in this table differs from that in Table 37, which is prepared on an accrual basis.

On 25 June 2007, the Treasurer determined the final 2006-07 escalation factor to be 1.0421 on the basis of the Australian Statistician's determination of population and the

All Groups Consumer Price Index. The difference between the estimated and the final escalation factor for 2006-07 has resulted in an underpayment of \$2.4 million in 2006-07 for which there will be an adjustment in 2007-08, as provided for under the *Local Government (Financial Assistance) Act 1995*.

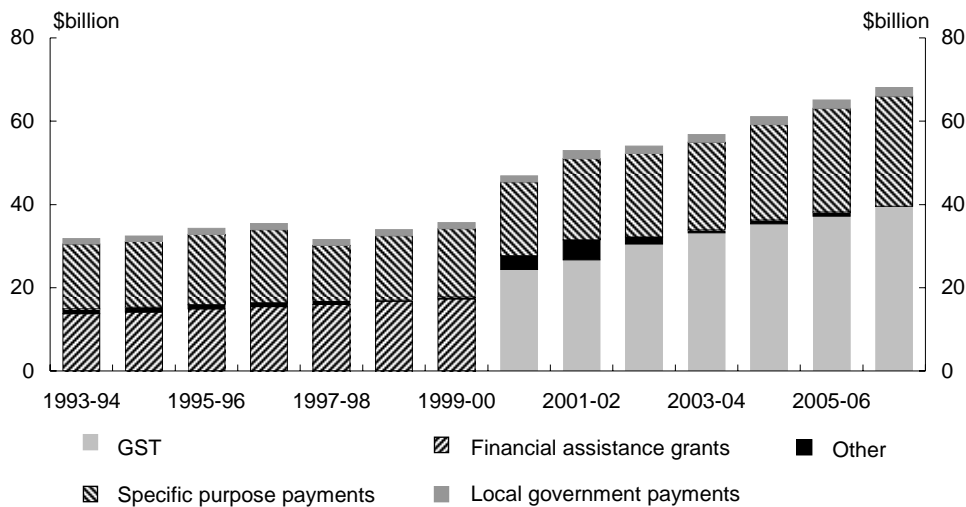
Specific purpose payments direct to local governments

The Australian Government provides specific purpose payments direct to local governments to help fund local roads and infrastructure, child care, and disability and other services administered by local governments. These payments totalled \$381 million in 2006-07. They mainly comprised AusLink Roads to Recovery funding, which assists local councils with upgrading and maintenance works on local roads.

HISTORICAL PAYMENTS TO THE STATES AND TERRITORIES¹

Total payments to the States have grown steadily since the introduction of The New Tax System in 2000-01 (Chart 2). The average annual increase in total payments over this seven year period has been 6.5 per cent.

Chart 2: Total payments to the States since 1993-94^(a)



(a) There is a break in the series between 1998-99 and 1999-00. Data prior to 1999-00 are on a cash basis and data from 1999-00 are on an accrual basis.

Payments to the States for the seven years since the introduction of The New Tax System have averaged 6.8 per cent of GDP, compared with the average of 6.7 per cent for the past 14 years. In 2006-07, total payments were 6.5 per cent of GDP (Table 36), slightly lower than the average, as a result of:

- no general revenue assistance being paid, principally due to the cessation of National Competition Policy payments (refer page 59) and no budget balancing assistance being payable; and
- strong growth in nominal GDP.

If federal financial relations had not been reformed as part of The New Tax System, payments to the States in 2006-07 would have been 6.3 per cent of GDP.

¹ Comparisons of payments to the States over time are difficult because of the numerous changes in payment arrangements and classifications which can occur between years. For example, in 1997-98 higher education payments were reclassified from being specific purpose payments through the States to being payments to a multi-jurisdictional sector.

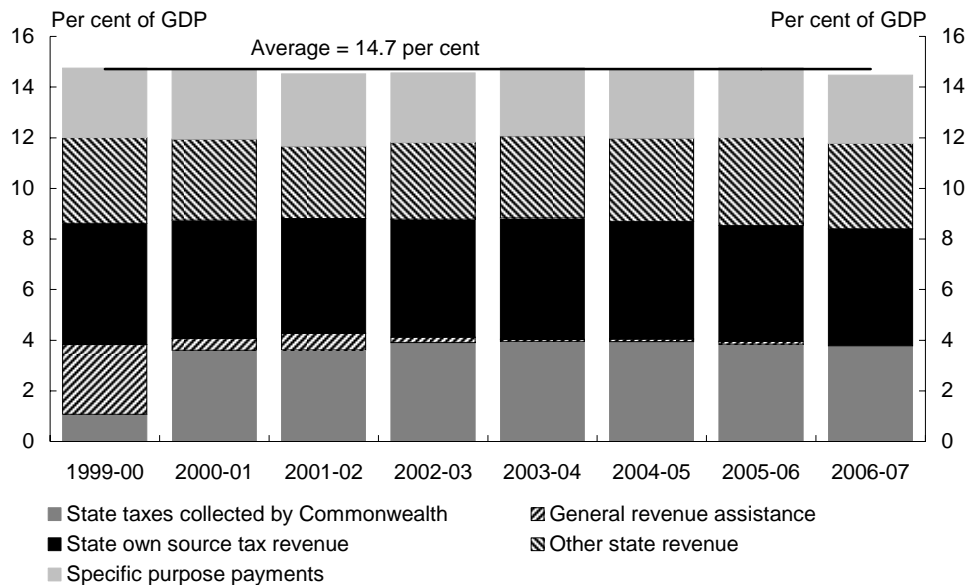
Table 36: Australian Government payments to the States and Territories^(a)

\$million	General revenue assistance	Specific purpose payments	State taxes collected by the Commonwealth		C'wealth deficit reduction programme	Total	Growth	Per cent of GDP
			Revenue replacement payments	Goods and services tax				
1993-94	14,898	16,929	-	-	-	31,783	-	6.9
1994-95	15,290	17,166	-	-	-	32,456	2.1	6.7
1995-96(b)	15,917	18,344	-	-	-	34,261	5.6	6.6
1996-97	16,349	19,073	-	-	-619	34,804	1.6	6.4
1997-98	16,671	14,891	5,218	-	-627	36,153	3.9	6.3
1998-99	17,021	16,914	6,752	-	-313	40,373	11.7	6.6
1999-00	17,752	17,916	6,929	-	-	42,597	5.5	6.6
2000-01	3,280	19,207	435	24,355	-	47,276	11.0	6.9
2001-02	4,841	21,458	-	26,632	-	52,931	12.0	7.2
2002-03	1,734	21,781	-	30,479	-	53,994	2.0	6.9
2003-04	647	22,940	-	33,219	-	56,806	5.2	6.8
2004-05	944	24,795	-	35,323	-	61,062	7.5	6.8
2005-06	1,039	26,904	-	37,182	-	65,124	6.7	6.7
2006-07	-	28,549	-	39,552	-	68,101	4.6	6.5

(a) There is a break in the series between 1998-99 and 1999-00. Data prior to 1999-00 are on a cash basis and data from 1999-00 are on an accrual basis.

(b) There was no Final Budget Outcome published for 1995-96. Estimates are from the 1995-96 and 1996-97 Budgets.

The Australian Government's tax reforms have changed the composition of the States' revenue. However, total state revenue has remained relatively constant at an average of 14.7 per cent of GDP since before the introduction of The New Tax System (Chart 3).

Chart 3: Changing composition of state revenue as a proportion of GDP

Source: ABS cat. no. 5506.0; data for 2006-07 are estimates from State 2007-08 Budgets or Treasury estimates.

Attachment B

SPECIFIC PURPOSE PAYMENTS

This attachment provides accrual outcomes of Australian Government specific purpose payments to and through the States and direct to local government. This includes payments for current and capital purposes, and Australian Government advances (loans) to the States, including new advances, interest on advances and repayments by the States.

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

Table 37 presents specific purpose payments on a functional basis, and includes specific purpose payments 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.

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 specific purpose payments paid direct to local government authorities for both current and capital purposes.

Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000)

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
Public Order and Safety									
Legal aid	0	0	0	13,862	13,360	5,000	3,887	3,428	39,537
Film and literature classifications	97	96	98	99	97	96	96	94	773
Improving policing in very remote areas	371	0	743	742	743	0	0	1,868	4,467
CrimTrac Police Reference System	300	800	0	325	0	614	0	0	2,039
Public Order and Safety - total (a)(b)	768	896	841	15,028	14,200	5,710	3,983	5,390	46,816
Education									
Government schools	586,310	426,447	369,044	181,917	129,190	47,230	28,039	22,099	1,790,276
*Non-government schools	1,637,312	1,295,127	995,345	499,724	400,575	105,035	101,681	40,755	5,075,554
Skilling Australia's Workforce	417,729	305,119	214,451	115,690	104,853	32,850	22,934	15,737	1,229,363
Targeted programmes - government schools and joint	158,002	100,239	71,585	35,788	38,677	10,478	4,456	8,145	427,370
*Targeted programmes - non-government schools	82,404	63,430	32,613	18,305	17,773	3,949	3,213	2,684	224,371
Indigenous Education Strategic Initiatives									
Programme - government	47,751	6,456	40,630	26,528	9,718	4,170	1,350	27,214	163,817
*Indigenous Education Strategic Initiatives									
Programme - non-government	6	0	0	0	0	0	0	0	6
Australian Technical Colleges	0	12,191	0	0	0	0	0	0	12,191
Education - total	2,929,514	2,209,009	1,723,668	877,952	700,786	203,712	161,673	116,634	8,922,948
Health									
Hepatitis C Settlement Fund	873	0	0	115	69	0	31	79	1,167
Health programme grants	0	833	0	0	0	0	0	0	833
Health care grants(c)	2,939,609	2,135,231	1,707,196	873,520	741,874	195,513	116,050	110,482	8,819,475
Highly specialised drugs	203,418	143,371	83,509	50,488	41,639	24,057	11,909	25,191	583,582
Youth health services	818	621	439	226	205	63	58	58	2,488
National public health(d)	73,238	53,055	46,060	21,315	17,271	8,590	4,924	5,986	230,439
Essential vaccines	91,123	77,234	58,013	29,323	24,641	6,654	5,336	4,669	296,993
Repatriation general hospitals	1,209	0	0	0	720	59	0	0	1,988
Supporting Western Sydney - Positron Emission Tomography scanner Westmead	1,100	0	0	0	0	0	0	0	1,100
Royal Darwin Hospital - Equipped, Prepared and Ready	0	0	0	0	0	0	0	13,184	13,184
Organ transplantation services	1,302	0	0	0	409	0	0	0	1,711
Organ and tissue donation(e)	0	0	0	0	0	0	0	0	0
Health - total	3,312,690	2,410,345	1,895,217	974,987	826,828	234,936	138,308	159,649	9,952,960

Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
<i>Social Security and Welfare</i>									
Aged care assessment	22,464	15,598	10,949	6,449	6,031	1,739	667	934	64,831
Home and community care	284,522	230,422	200,069	92,889	78,952	24,114	10,989	6,444	928,401
Disabilities services	209,225	139,612	117,588	50,017	68,442	20,755	8,686	6,470	620,795
Children's services	340	999	500	266	5,171	2	0	0	7,278
Supported accommodation assistance(f)	58,773	35,721	28,914	17,330	17,288	7,594	6,046	4,917	176,583
Unaccompanied humanitarian minors	150	802	173	2	808	0	0	0	1,935
Extension of fringe benefits	70,194	50,181	35,039	17,644	19,963	6,411	1,425	977	201,834
National action plan to build on social cohesion, harmony and security	170	75	15	100	50	0	18	20	448
Young people with disabilities	1,332	988	782	397	302	95	64	39	3,999
<i>Social Security and Welfare - total</i>	647,170	474,398	394,029	185,094	197,007	60,710	27,895	19,801	2,006,104
<i>Housing and Community Amenities</i>									
Assistance for water and sewerage	0	0	0	0	0	0	9,435	0	9,435
National Water Initiative - Living Murray	0	12,678	0	0	0	0	0	0	12,678
<i>Housing and Community Amenities - total</i>	0	12,678	0	0	0	0	9,435	0	22,113
<i>Recreation and Culture</i>									
Strengthening Tasmania	0	0	0	0	0	50	0	0	50
<i>Recreation and Culture - total</i>	0	0	0	0	0	50	0	0	50
<i>Fuel and Energy</i>									
Snowy Hydro Ltd - company tax compensation	11,166	5,265	0	0	0	0	0	0	16,431
<i>Fuel and Energy - total</i>	11,166	5,265	0	0	0	0	0	0	16,431

**Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
<i>Agriculture, Forestry and Fishing</i>									
Exotic Disease Preparedness Programme	243	48	73	15	0	0	0	0	379
Exceptional circumstances assistance	232,794	109,913	87,416	2,593	8,542	0	0	0	441,258
Great Artesian Basin Sustainability Initiative	4,709	0	4,750	757	0	0	0	0	10,216
National Landcare Programme	6,163	4,333	4,909	3,586	3,518	1,591	190	972	25,262
Agriculture - Advancing Australia - FarmBis	0	1,191	1,652	1,044	2,240	624	0	370	7,121
Eradication of red imported fire ant	0	0	5,137	0	0	0	0	0	5,137
National action plan for salinity and water quality	45,047	15,494	7,801	44,143	13,366	1,166	1,268	510	128,795
Natural Heritage Trust of Australia - Bushcare	8,734	10,310	9,098	8,178	10,152	3,606	734	2,566	53,378
Natural Heritage Trust of Australia - Coastcare	2,429	2,349	4,588	4,588	1,766	1,258	0	1,285	18,263
Natural Heritage Trust of Australia - Landcare	6,370	7,713	11,057	4,029	1,553	2,697	464	1,845	35,728
Natural Heritage Trust of Australia - Rivercare	8,207	2,857	2,411	2,989	680	2,271	282	899	20,596
Plant disease and eradication	0	0	1,542	1,512	1,154	0	0	0	4,208
Regional assistance	358	0	0	0	0	0	0	0	358
Tasmanian forests package	0	0	0	0	0	18,000	0	0	18,000
<i>Agriculture, Forestry and Fishing - total</i>	315,054	154,208	140,434	73,434	42,971	31,213	2,938	8,447	768,699
<i>Transport and Communication</i>									
Interstate road transport	23,388	13,609	4,819	2,014	6,142	254	254	254	50,734
*Supplementary funding to SA councils for local roads	0	0	0	0	13,000	0	0	0	13,000
Petroleum Products Freight Subsidy Scheme	26	0	187	0	18	0	0	70	301
<i>Transport and Communication - total</i>	23,414	13,609	5,006	2,014	19,160	254	254	324	64,035
<i>Other Purposes</i>									
*Financial assistance grants for local government									
<i>General purpose assistance</i>	388,092	289,188	230,151	115,813	88,634	27,793	18,897	11,866	1,170,434
<i>Untied local roads grants</i>	150,403	106,876	97,129	79,264	28,489	27,472	16,623	12,143	518,399
Compensation - companies regulation	56,588	49,470	27,860	17,148	12,755	3,951	0	2,520	170,292
Natural disaster relief	0	175	101,365	0	0	0	0	2,146	103,686

Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
<i>Other Purposes (continued)</i>									
Royalties	0	0	0	669,209	0	0	0	4,386	673,595
Australian Capital Territory national capital influences	0	0	0	0	0	0	23,463	0	23,463
Other Purposes - total	595,083	445,709	456,505	881,434	129,878	59,216	58,983	33,061	2,659,869
TOTAL CURRENT	7,834,859	5,726,117	4,615,700	3,009,943	1,930,830	595,801	403,469	343,306	24,460,025
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES									
<i>Education</i>									
Government schools	192,086	198,431	125,978	63,280	63,270	15,807	8,223	6,748	673,823
*Non-government schools	66,470	52,248	36,661	19,684	15,410	4,090	4,461	6,546	205,570
Education - total	258,556	250,679	162,639	82,964	78,680	19,897	12,684	13,294	879,393
<i>Health</i>									
Organ transplantation services	137	0	0	0	51	0	0	0	188
Health - total	137	0	0	0	51	0	0	0	188
<i>Social Security and Welfare</i>									
Crisis accommodation assistance	13,691	10,168	8,052	4,083	3,112	980	657	412	41,155
Social Security and Welfare - total	13,691	10,168	8,052	4,083	3,112	980	657	412	41,155
<i>Housing and Community Amenities</i>									
Housing assistance for indigenous people	18,451	3,774	26,194	16,464	8,659	696	0	20,202	94,440
Community housing	22,092	16,407	12,993	6,588	5,022	1,582	1,061	664	66,409
CSHA Block Assistance/Base Funding	245,255	182,145	144,240	73,137	55,746	21,753	16,991	13,366	752,633
Social Housing Subsidy Programme	1,926	0	0	0	0	0	0	0	1,926
*Disaster Mitigation Package	7,249	1,541	5,556	1,915	671	434	182	1,355	18,903
*Additional First Home Owners Scheme	0	0	0	0	0	0	0	0	0
*Bushfire Mitigation Package	1,384	915	965	678	505	390	102	116	5,055
Housing and Community Amenities - total	296,357	204,782	189,948	98,782	70,603	24,855	18,336	35,703	939,366
<i>Fuel and Energy</i>									
*Photovoltaic Rebate Programme	1,316	2,011	642	154	1,775	58	0	10	5,966
Renewable remote power generation	0	0	116	8,898	81	518	0	4,175	13,788
Fuel and Energy - total	1,316	2,011	758	9,052	1,856	576	0	4,185	19,754

**Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000)
(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES									
Transport and Communication									
AusLink	664,440	328,230	458,563	199,389	107,260	33,489	12,440	25,112	1,828,923
Transport and Communication - total	664,440	328,230	458,563	199,389	107,260	33,489	12,440	25,112	1,828,923
Other Purposes									
Sinking Fund on State Debt	22	5	0	0	4	0	0	0	31
Other Purposes - total	22	5	0	0	4	0	0	0	31
TOTAL CAPITAL	1,234,519	795,875	819,960	394,270	261,566	79,797	44,117	78,706	3,708,810
REPAYMENTS									
Payments to Debt Sinking Funds	131	3	0	0	4	0	0	0	138
Total	131	3	0	0	4	0	0	0	138
Repayments of Australian Government Loans									
Australian Capital Territory debt repayments	0	0	0	0	0	0	7,040	0	7,040
Loan Council - housing nominations	6,034	0	2,220	3,849	3,613	1,618	0	2,009	19,343
Repayments of Australian Government Loans - total	6,034	0	2,220	3,849	3,613	1,618	7,040	2,009	26,383
Defence									
Housing for servicemen	910	0	552	174	24	0	0	0	1,660
Defence - total	910	0	552	174	24	0	0	0	1,660
Housing and Community Amenities									
CSHA loans	33,090	0	8,856	8,621	10,904	4,134	0	557	66,162
Other housing	0	0	0	0	0	0	0	1,820	1,820
Urban water supply and treatment	0	0	0	0	542	0	0	0	542

Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
REPAYMENTS									
<i>Housing and Community Amenities (continued)</i>									
NT - water and sewerage assistance	0	0	0	0	0	0	0	136	136
Sewerage	3,604	0	900	0	0	0	0	0	4,504
Housing and Community Amenities - total	36,694	0	9,756	8,621	11,446	4,134	0	2,513	73,164
<i>Agriculture, Forestry and Fishing</i>									
War Service Land Settlement Scheme	497	529	0	0	0	0	0	0	1,026
Agriculture, Forestry and Fishing - total	497	529	0	0	0	0	0	0	1,026
<i>Transport and Communication</i>									
Railway projects	96	96	0	383	0	0	0	0	575
Transport and Communication - total	96	96	0	383	0	0	0	0	575
<i>Other Purposes</i>									
Natural disaster relief	1,390	0	1,766	0	0	0	0	329	3,485
Other Purposes - total	1,390	0	1,766	0	0	0	0	329	3,485
TOTAL REPAYMENTS	45,752	628	14,294	13,027	15,087	5,752	7,040	4,851	106,431
ADVANCES									
<i>Other Purposes</i>									
Natural disaster relief	0	0	47,113	0	0	0	0	72	47,185
Other Purposes - total	0	0	47,113	0	0	0	0	72	47,185
TOTAL ADVANCES	0	0	47,113	0	0	0	0	72	47,185
INTEREST									
Interest on Loan Council and Northern Territory Government Borrowings	242	53	0	0	40	0	0	0	335
Total	242	53	0	0	40	0	0	0	335
<i>Interest on Australian Government Loans</i>									
Australian Capital Territory Government debt	0	0	0	0	0	0	3,071	0	3,071
Housing nominations	22,925	0	8,236	14,103	13,811	6,067	0	7,929	73,071
Interest on Australian Government Loans - total	22,925	0	8,236	14,103	13,811	6,067	3,071	7,929	76,142
<i>Defence</i>									
Housing for servicemen	2,353	0	1,334	272	100	0	13,739	0	17,798
Defence - total	2,353	0	1,334	272	100	0	13,739	0	17,798

**Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000)
(continued)**

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
INTEREST									
<i>Housing and Community Amenities</i>									
CSHA loans	47,252	0	13,164	12,490	19,840	6,461	0	1,602	100,809
Other housing	0	0	0	0	0	0	0	4,254	4,254
Urban water supply and treatment	0	0	0	0	899	0	0	0	899
Northern Territory - water and sewerage assistance	0	0	0	0	0	0	0	640	640
Growth centres	-2	0	0	0	0	0	0	0	-2
Sewerage	3,416	0	539	-4	0	0	0	0	3,951
<i>Housing and Community Amenities - total</i>	50,666	0	13,703	12,486	20,739	6,461	0	6,496	110,551
<i>Agriculture, Forestry and Fishing</i>									
Rural Adjustment Scheme	-37	0	0	0	0	0	0	0	-37
War Service Land Settlement Scheme	141	148	0	0	0	-5	0	0	284
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	-8	-8
<i>Agriculture, Forestry and Fishing - total</i>	104	148	0	0	0	-5	0	-8	239
<i>Transport and Communication</i>									
Railway projects	24	24	0	246	0	0	0	0	294
<i>Transport and Communication - total</i>	24	24	0	246	0	0	0	0	294
<i>Other Purposes</i>									
Natural Disaster Relief	418	0	330	0	0	0	0	16	764
<i>Other Purposes - total</i>	418	0	330	0	0	0	0	16	764
TOTAL INTEREST	76,732	225	23,603	27,107	34,690	12,523	16,810	14,433	206,123

Table 37: Specific purpose payments to and through the States, repayments of advances, advances and interest payments, 2006-07 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SUMMARY OF SPECIFIC PURPOSE PAYMENTS									
Total specific purpose payments	9,069,378	6,521,992	5,435,660	3,404,213	2,192,396	675,598	447,586	422,012	28,168,835
Total to the States	6,734,742	4,710,656	4,036,598	2,668,676	1,625,564	506,377	302,427	346,537	20,931,577
Total through the States	1,796,141	1,415,272	1,071,782	540,460	449,709	113,956	109,639	51,466	5,548,425
Financial assistance grants through the States to local government	538,495	396,064	327,280	195,077	117,123	55,265	35,520	24,009	1,688,833

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

- (a) The proposed payment of \$600,000 to the Victorian Office of Public Prosecutions (OPP) to assist with the Cole Inquiry Task Force was not required by the OPP.
- (b) The proposed payment of \$256,000 to Western Australia for the Illegal Foreign Fishing — Indigenous Rangers Trial has been paid, but has been reported elsewhere.
- (c) The Australian Health Care Agreements expire on 30 June 2008. Health care grants include payments to the States and Territories of \$37.5 million in 2006-07 to improve care for older patients in public hospitals under the Council of Australian Governments Health Services package.
- (d) Includes payments of \$163.6 million to the States and Territories under the Public Health Outcome Funding Agreements.
- (e) There was no expenditure for the Organ and Tissue donation programme in 2006-07. The 2006-07 funding allocation of \$1.35 million for this programme will now be spent in 2008-09.
- (f) The Australian Government's funding to the States and Territories for the fifth Supported Accommodation Assistance Program Agreement over the period 2005-06 to 2009-10 includes funding for an Innovation and Investment Fund (IIF). The States and Territories also contribute to this Fund, a component of which is being administered as Commonwealth own-purpose expenditure until 2007-08 (\$0.5 million in 2006-07 and \$0.5 million in 2007-08). IIF payments to the States and Territories were \$6.7 million in 2006-07. This table excludes IIF payments as follows: \$615,000 to New South Wales, \$1,948,000 to Victoria, \$1,507,000 to Queensland, \$838,000 to Western Australia, \$216,000 to Tasmania and \$250,000 to the Northern Territory (total \$5,374,000).

Table 38: Specific purpose payments direct to local government authorities, 2006-07 (\$'000)

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
DIRECT PAYMENTS - CURRENT									
Disability services	1,171	0	88	145	0	0	0	0	1,404
Children's services	13,376	10,903	4,327	1,692	40	1,536	0	4,763	36,637
Regulation Reduction Incentive Fund	3,612	2,750	9,163	608	1,692	0	1,493	127	19,445
TOTAL CURRENT	18,159	13,653	13,578	2,445	1,732	1,536	1,493	4,890	57,486
DIRECT PAYMENTS - CAPITAL									
AusLink	100,051	68,458	63,432	49,155	24,468	9,107	0	5,524	320,195
Local community sporting infrastructure	0	667	0	0	0	0	0	0	667
Development of sewerage schemes for Boat Harbour Beach and Sisters Beach	0	0	0	0	0	190	0	0	190
Strengthening Tasmania	0	0	0	0	0	2,120	0	0	2,120
TOTAL CAPITAL	100,051	69,125	63,432	49,155	24,468	11,417	0	5,524	323,172
TOTAL DIRECT PAYMENTS	118,210	82,778	77,010	51,600	26,200	12,953	1,493	10,414	380,658

