

PART 3: AUSTRALIA'S FEDERAL RELATIONS

This part provides information on payments for specific purposes and general revenue assistance, including GST payments, provided to the States and Territories (the States). More detailed information about payment arrangements is provided in Budget Paper No. 3, *Australia's Federal Relations 2008-09*.

OVERVIEW OF PAYMENTS TO THE STATES

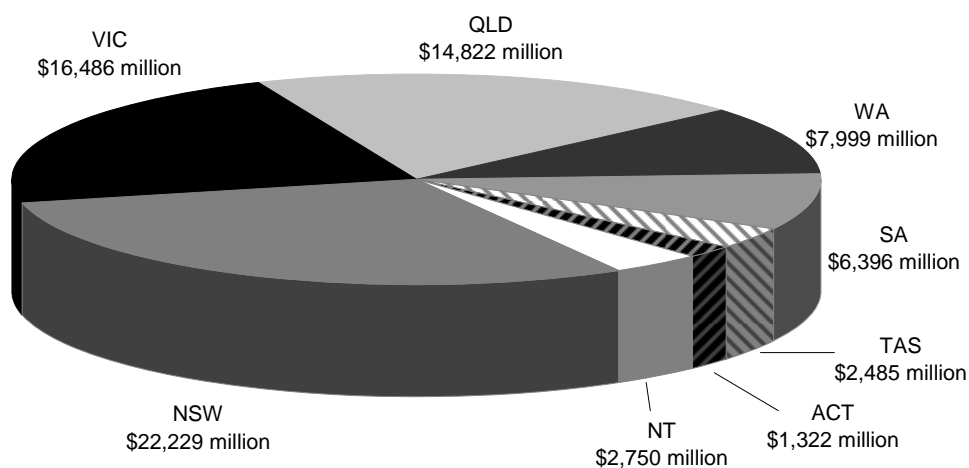
The States receive significant financial support from the Commonwealth. In 2007-08, the Commonwealth provided the States with general revenue assistance, including all GST revenue, of \$42.5 billion and payments for specific purposes of \$32.0 billion, totalling \$74.5 billion, as shown in Table 24. This represents a 9.4 per cent increase compared with 2006-07.

Table 24: Commonwealth payments to the States, 2007-08

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2007-08									
Payments for specific purposes	10,287	7,227	6,272	3,931	2,480	820	476	543	32,036
General revenue assistance	11,942	9,259	8,549	4,068	3,917	1,665	846	2,207	42,453
Total payments to the States	22,229	16,486	14,822	7,999	6,396	2,485	1,322	2,750	74,489

Chart 1 shows the state shares of total payments from the Commonwealth in 2007-08.

Chart 1: State shares of Commonwealth Payments, 2007-08

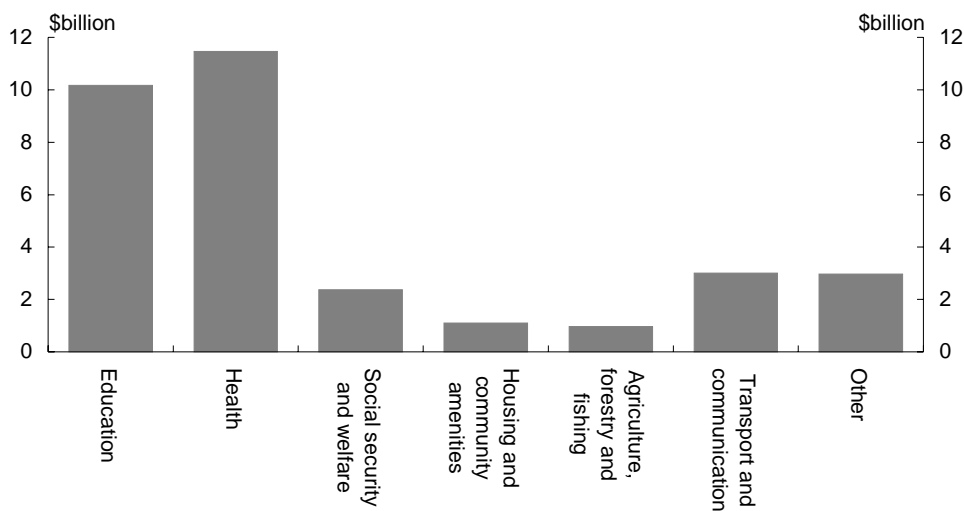


PAYMENTS FOR SPECIFIC PURPOSES

The Commonwealth provides payments to the States for specific purposes in order to pursue important national policy objectives in areas that may be administered by the States. Payments to the States for specific purposes constitute a significant proportion of Commonwealth expenditure – 11.4 per cent of total Commonwealth expenditure in 2007-08.

These payments cover most functional areas of state and local government activity – including education, health, social security and welfare, housing and community amenities, and transport and communication – as illustrated in Chart 2.

Chart 2: Composition of payments for specific purposes, 2007-08



In 2007-08, the States received \$32.0 billion in payments for specific purposes, an increase of 12.2 per cent compared with the \$28.5 billion the States received in 2006-07. Total payments for specific purposes by function are shown in Table 25.

Table 25: Payments for specific purposes

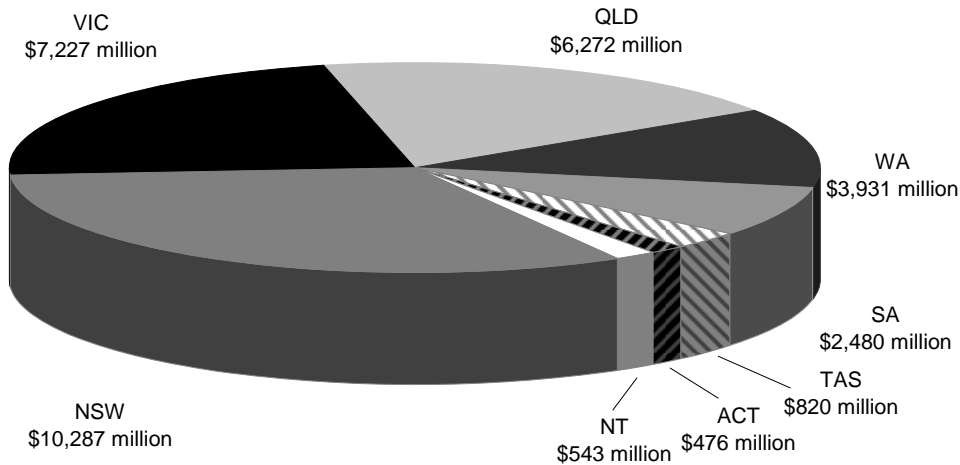
\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General public services	-	-	..	-	-	..	-	-	0
Public order and safety	4	3	3	16	15	6	4	5	55
Education	3,305	2,506	1,989	1,007	800	238	179	152	10,175
Health	3,796	2,751	2,232	1,120	924	277	159	200	11,458
Social security and welfare	741	551	471	232	213	69	37	57	2,372
Housing and community amenities	354	248	198	101	100	45	31	22	1,099
Recreation and culture	18	2	2	2	16	24	..	1	65
Fuel and energy	29	10	7	10	4	1	-	7	68
Agriculture, forestry and fishing	473	155	172	63	67	28	2	4	963
Transport and communication	938	532	822	378	203	71	2	56	3,001
Other economic affairs	-	-	-	-	-	-	0
Other purposes	628	469	376	1,004	138	62	61	39	2,779
Total payments for specific purposes	10,287	7,227	6,272	3,931	2,480	820	476	543	32,036
<i>less payments 'through' the States</i>	1,868	1,511	1,140	584	475	136	113	58	5,885
<i>less financial assistance grants for local government</i>	563	419	347	207	123	58	37	25	1,781
<i>less payments direct 'to' local government</i>	164	110	87	81	64	22	..	26	554
Total payments 'to' States for own-purpose expenses	7,692	5,187	4,698	3,059	1,817	604	325	433	23,815

Of the \$32.0 billion provided for specific purposes in 2007-08:

- \$23.8 billion was provided 'to' the States to help fund State government functions;
- \$5.9 billion was paid 'through' the States, where the State governments distribute the payments to other organisations – this includes payments for non-government schools;
- \$1.8 billion was provided as financial assistance grants for local governments; and
- \$554 million was paid to direct to local governments.

Chart 3 shows the state shares of payments for specific purposes from the Commonwealth in 2007-08.

Chart 3: State shares of payments for specific purposes, 2007-08



Detailed tables of payments for specific purposes for 2007-08, including state shares of each payment, are provided in Attachment A.

Payments to local governments

The Commonwealth provides a financial contribution to local governments to enhance their capacity to provide services to the community. Funding is paid through the States to be passed on to local government, as well as directly to local government. In 2007-08, total payments to local government were \$2.3 billion.

Financial assistance grants to local governments

The Commonwealth provided \$1.8 billion in financial assistance grants to local governments in 2007-08, an increase of \$92 million (5.4 per cent) from 2006-07. Table 26 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 2007-08 grants were based on an estimated escalation factor of 1.0455 and incorporated an underpayment of \$2.4 million in respect of 2006-07.

Table 26: Financial assistance grants to local government (cash), 2007-08

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General purpose assistance	401.6	302.6	242.1	121.9	92.3	28.8	19.7	12.5	1,221.4
Untied local road funding	157.2	111.7	101.5	82.9	29.8	28.7	17.4	12.7	542.0
plus 2006-07 underpayment(a)	-1.9	1.1	2.0	0.2	0.5	0.0	0.3	0.2	2.4
Total(b)	556.9	415.5	345.7	205.0	122.6	57.5	37.4	25.4	1,765.8

(a) There was an underpayment in 2006-07 because the estimated escalation factor of 1.0406 was less than the final factor of 1.0421. A balancing adjustment of \$2.4 million was paid in 2007-08.

(b) Total financial assistance grants are the actual cash payment that each 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 25 and Table 34, which are prepared on an accrual basis.

The final 2007-08 escalation factor as determined by the Treasurer, on the basis of the Australian Statistician's determination of population and the All Groups Consumer Price Index, is 1.0571. The difference between the estimated and the final escalation factor for 2007-08 has resulted in an underpayment of \$19.6 million in 2007-08 for which there will be an adjustment in 2008-09, as provided for under the *Local Government (Financial Assistance) Act 1995*.

Payments for specific purposes direct to local governments

The Commonwealth provides payments for specific purposes 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 \$554 million in 2007-08. They mainly comprised AusLink funding, which assists local councils with upgrading and maintenance works on local roads.

Detailed tables of payments for specific purposes to local governments for 2007-08, including state shares of each payment, are provided in Attachment A.

GENERAL REVENUE ASSISTANCE

General revenue assistance is a broad category of payments, including GST payments, which are provided to the States without conditions, to spend according to their own budget priorities. In 2007-08, total general revenue assistance to the States represented 15.2 per cent of total Commonwealth expenditure.

In 2007-08, the States received \$42.5 billion in general revenue assistance from the Commonwealth, as shown in Table 27, comprising \$42.3 billion in GST payments and \$123 million of other general revenue assistance. This is a 7.3 per cent increase in general revenue assistance, compared with the \$39.6 billion the States received in 2006-07.

Table 27: General revenue assistance

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST payments	11,916	9,249	8,549	3,984	3,914	1,665	846	2,207	42,330
Other payments									
Budget balancing assistance	-	-	-	-	-	-	-	-	0
National Competition Policy payments	26	10	-	4	3	-	-	-	43
Compensation									
Crude oil excise condensate	-	-	-	80	-	-	-	-	80
GST policy decisions	-	-	-	-	-	-	-	-	0
Total other	26	10	-	84	3	-	-	-	123
Total general revenue assistance	11,942	9,259	8,549	4,068	3,917	1,665	846	2,207	42,453

GST payments

Reconciling GST revenue and GST payments to the States

In accordance with the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the Commonwealth administers the GST on behalf of the States and all GST revenue is paid to the States. This provides the States with a robust, secure and growing source of revenue to spend according to their own budget priorities. In 2007-08, GST revenue was \$44.4 billion – an increase of \$3.4 billion (8.2 per cent) from 2006-07.

The Commissioner of Taxation estimates the level of GST receipts in June, prior to the end of each financial year. That estimate forms the basis of GST payments to the States for that financial year. A balancing adjustment is usually made in the following financial year to ensure that the States receive their full entitlement of GST payments for a financial year.

GST revenue for a financial year also 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 are not recognised by the Commissioner of Taxation in his June determination, because the revenues will not be remitted to the Australian Taxation Office until the following financial year; and
- penalties, other than general interest charge penalties, which are not included in the definition in the *Intergovernmental Agreement* of GST to be paid to the States.

The reconciliation of GST revenue and GST payments to the States is provided in Table 28.

Table 28: GST revenue and GST payments to the States

\$million	2007-08
GST revenue	44,381
less change in GST receivables	1,957
GST receipts	42,424
less non-GIC penalties collected(a)	110
less GST collected by Commonwealth agencies but not yet remitted to the ATO(b)	-85
plus variation from the Commissioner's determination(c)	-49
plus prior year balancing adjustment(d)	-20
GST payments to the States	42,330

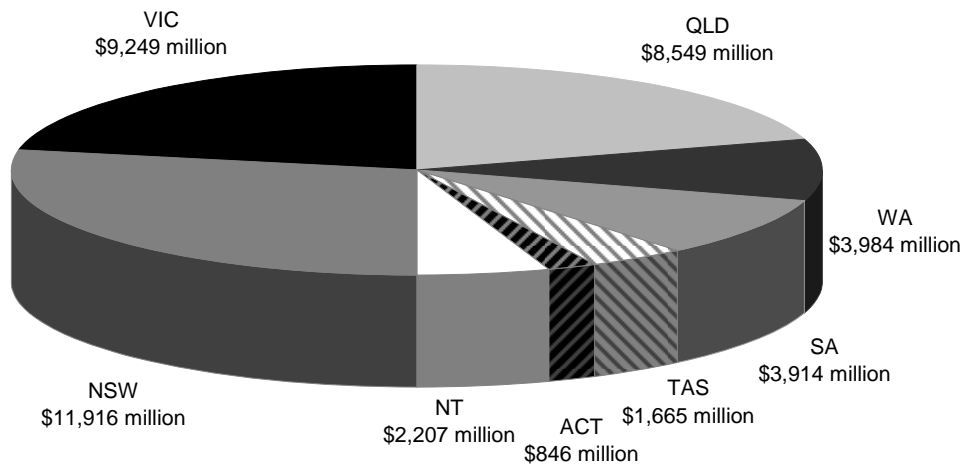
- (a) General interest charge (GIC) penalties are defined in the *Intergovernmental Agreement* as being a part of the Commonwealth's GST revenue that is paid to the States. However, while other GST related penalties are also recognised in the Commonwealth's GST revenue, non-GIC penalties are not defined 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 2007-08 was \$49 million lower than the final outcome. This underpayment will be paid in 2008-09.
- (d) The Commissioner's determination for 2006-07 was \$20 million higher than the final outcome. This overpayment was recovered in 2007-08.

Distribution of GST payments among the States

As agreed by all States in the *Intergovernmental Agreement*, GST payments are distributed among the States in accordance with the principle of horizontal fiscal equalisation and having regard to the recommendations of the Commonwealth Grants Commission.

State shares of GST payments for 2007-08 are shown in Chart 4.

Chart 4: State shares of GST payments, 2007-08



GST relativities

The Commission recommends state revenue sharing relativities (the GST relativities) to be used in calculating each State's share of GST payments 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 at the same standard.

The GST relativities for 2007-08 were endorsed by the Ministerial Council for Commonwealth-State Financial Relations in March 2007. The relativities for 2007-08 are shown in Table 29.

Table 29: GST relativities

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2007-08	0.89079	0.90096	1.00607	0.94747	1.20791	1.54465	1.16293	4.36824

Applying the GST relativities to the GST pool

The *Intergovernmental Agreement* defines the GST pool for a financial year to consist of GST payments plus health care grants provided by the Commonwealth under the Australian Health Care Agreements. Some health care grants are quarantined from the GST pool.

The GST relativities are applied to estimated state populations in order to determine an adjusted population for each State. Each State's share of the adjusted population is then applied to the combined pool of GST payments and unquarantined health care grants to estimate weighted shares of the GST pool. The final distribution of GST payments 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. The calculations for the distribution of the GST pool are shown in Table 30.

Table 30: Distribution of the GST pool, 2007-08

	Estimated 31 December population (1)	State revenue sharing relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population per cent (4)	Share of GST pool \$million (5)	Unquarantined health care grants \$million (6)	GST payments (5) - (6) \$million (7)
NSW	6,926,990	0.89079	6,170,493	29.1	15,015.2	3,099.4	11,915.9
VIC	5,246,079	0.90096	4,726,507	22.3	11,501.4	2,252.5	9,248.9
QLD	4,228,290	1.00607	4,253,956	20.1	10,351.5	1,802.3	8,549.3
WA	2,130,797	0.94747	2,018,866	9.5	4,912.7	928.7	3,984.0
SA	1,591,930	1.20791	1,922,908	9.1	4,679.2	765.6	3,913.6
TAS	495,772	1.54465	765,794	3.6	1,863.5	198.6	1,664.9
ACT	340,818	1.16293	396,347	1.9	964.5	118.2	846.2
NT	217,559	4.36824	950,350	4.5	2,312.6	105.4	2,207.2
Total	21,178,235	n/a	21,205,223	100.0	51,600.6	9,270.6	42,330

GST administration costs

Because the GST has a national tax base, the *Intergovernmental Agreement* provides for the Australian Taxation Office to administer the GST on behalf of the States. As all GST revenue is provided to the States, the States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST, as shown in Table 31.

Table 31: GST administration

\$million	Actual	
	2006-07	2007-08
Australian Taxation Office budget	618.5	633.0
less prior year adjustment	-0.3	32.8
<i>equals</i> State government administration payments	618.8	600.2
less Australian Taxation Office outcome(a)	585.7	631.4
<i>equals</i> Commonwealth budget impact	33.1	-31.2
<i>plus</i> prior year adjustment	-0.3	32.8
<i>equals</i> following year adjustment	32.8	1.6

(a) Preliminary outcome for 2007-08 pending confirmation by the Australian National Audit Office.

In March 2007, the Ministerial Council for Commonwealth-State Financial Relations agreed to a GST administration budget of \$636.0 million for 2007-08. This was subsequently revised to \$633.0 million owing to a lower revised estimate of the costs.

The preliminary outcome for the 2007-08 GST administration expenses of \$631.4 million differs from the amount paid by the States and the prior year adjustment by \$1.6 million. Once the outcome for GST administration in 2007-08 is audited, any adjustment required because of this difference will be incorporated into the States' administration costs for 2008-09.

Other general revenue assistance

Budget balancing assistance

In the *Intergovernmental Agreement*, the Commonwealth guaranteed that the budget position of each State would be no worse than it would have been had tax reform 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 their own taxes had not been abolished as part of the reforms.

The Commonwealth will pay budget balancing assistance to the States during the transitional period (which will expire on 30 June 2009) if a State's share of GST payments in a financial year is less than its guaranteed minimum amount for that year. No budget balancing assistance is payable when GST revenue exceeds the guaranteed minimum amount.

In 2008-09, all States will receive GST payments that exceed their guaranteed minimum amount, as shown in Table 32. Consequently, no State will require budget balancing assistance.

Table 32: Guaranteed minimum amount, GST payments and budget balancing assistance, 2007-08(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Guaranteed minimum amount	11,305	8,488	7,681	3,564	3,634	1,549	754	2,080	39,054
GST payments	11,916	9,249	8,549	3,984	3,914	1,665	846	2,207	42,330
Budget balancing assistance	0	0	0	0	0	0	0	0	0

(a) No budget balancing assistance is payable when GST revenue exceeds the guaranteed minimum amount. As part of the agreement with the States to abolish most of the state taxes listed for review under the *Intergovernmental Agreement*, the Commonwealth has extended the transitional period (in which budget balancing assistance may be paid) from 30 June 2006 to 30 June 2009.

National Competition Policy payments

Between 1997-98 and 2005-06, the Commonwealth provided National Competition Policy payments to the States for implementing National Competition Policy and related reforms.

In 2005-06, the Commonwealth suspended \$43.2 million in 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 Commonwealth lifted the suspensions following a subsequent recommendation by the National Water Commission that satisfactory progress by the States in implementing their water reform commitments had been achieved.

Consequently, the suspended payments of \$43.2 million were paid in 2007-08. These payments are the final payments under the previous National Competition Policy arrangements.

Compensation

Compensation for impact on royalties of excise amendment

The Commonwealth is removing the current exemption of condensate from crude oil excise. This will result in a consequential reduction in revenue from the offshore petroleum royalty.

As the Commonwealth pays two thirds of the royalty revenues to Western Australia, the Government decided to provide compensation for the loss of royalty revenue. An initial payment of \$80 million was made to Western Australia in 2007-08, with payments in subsequent years calculated to equal the impact on Western Australia's share of royalties of removing the condensate exemption.

GST compensation for small business concession

In 2004-05, the Commonwealth and the States agreed to allow small businesses and non profit organisations which 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. Consequently, no compensation payments were made in 2007-08.

Attachment A

PAYMENTS TO THE STATES

This attachment provides accrual estimates of Commonwealth payments to the States and local governments. This includes Commonwealth advances (loans) to the States, including new advances, interest on advances and repayments of advances. Most of these advances were funded from borrowings made on behalf of the States under previous Australian Loan Council arrangements.

Each table presents estimated payments to the States for 2007-08 as follows:

Table 33 – general revenue assistance;

Table 34 – payments for specific purposes to and through the States, repayments of advances, advances and interest payments; and

Table 35 – payments for specific purposes direct to local government authorities

Table 33: General revenue assistance payments to the States and Territories, 2007-08

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST payments	11,915,871	9,248,909	8,549,250	3,984,030	3,913,622	1,664,918	846,244	2,207,175	42,330,020
Other payments									
Budget balancing assistance	0	0	0	0	0	0	0	0	0
National Competition Policy payments	26,304	9,881	0	3,967	3,024	0	0	0	43,176
Compensation									
Crude oil excise condensate	0	0	0	80,000	0	0	0	0	0
GST policy decisions	0	0	0	0	0	0	0	0	0
Total other	26,304	9,881	0	83,967	3,024	0	0	0	43,176
Total general revenue assistance	11,942,175	9,258,790	8,549,250	4,067,998	3,916,646	1,664,918	846,244	2,207,175	42,373,196

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
General public services									
Standard Business Reporting - Grants to State Revenue Offices	0	0	77	0	0	13	0	0	90
General public services - total	0	0	77	0	0	13	0	0	90
Public Order and Safety									
Legal aid	0	0	0	14,624	13,641	5,238	3,997	3,529	41,029
Film and literature classifications	61	64	67	70	71	74	75	74	556
Improving policing in very remote areas	3,535	2,449	2,110	1,035	1,002	328	195	259	10,913
CrimTrac Police Reference System	300	0	1,000	0	0	745	0	720	2,765
Public Order and Safety - total	3,896	2,513	3,177	15,729	14,714	6,385	4,267	4,582	55,263
Education									
Government schools	620,978	447,975	393,673	186,232	135,697	49,980	29,095	24,525	1,888,155
*Non-government schools	1,672,969	1,366,319	1,043,304	532,383	417,095	112,359	103,533	50,021	5,297,983
Skilling Australia's Workforce	423,463	305,835	215,456	120,174	111,551	33,685	24,401	16,829	1,251,394
Targeted programmes - government schools and joint	165,621	110,336	75,507	39,655	42,166	11,623	4,528	8,608	458,044
*Targeted programmes - non-government schools	84,407	65,966	34,454	19,985	18,271	3,918	3,238	2,842	233,081
National secondary schools computer fund – government schools	56,240	0	1,961	1,243	4,442	634	0	443	64,963
*National secondary schools computer fund – non-government	18,784	5,512	4,891	3,555	1,051	417	528	298	35,036
Indigenous Education Strategic Initiatives									
Programme - government	26,756	10,003	62,712	26,903	9,155	4,506	334	32,872	173,241
Australian Technical Colleges	0	18,479	0	0	0	0	0	0	18,479
Education - total	3,069,218	2,330,425	1,831,958	930,130	739,428	217,122	165,657	136,438	9,420,376
Health									
Hepatitis C Settlement Fund(a)	446	0	0	24	13	0	10	-19	474
Health care grants	3,246,326	2,367,189	1,896,951	971,998	809,559	214,553	127,325	124,494	9,758,395
Highly specialised drugs	223,501	167,714	75,775	51,927	44,828	34,147	9,974	45,214	653,080
Elective Surgery Waiting List Incentives	29,567	11,400	0	9,400	8,500	4,800	7,433	3,900	75,000
Youth health services	859	635	446	233	210	64	59	59	2,565
National public health	73,446	56,496	42,045	22,024	17,143	8,461	4,466	5,692	229,773
Essential vaccines	187,470	139,347	107,941	59,062	37,339	13,881	9,695	6,652	561,387
Nursing Package - training payments	131	99	0	0	30	9	7	4	280
Helping public patients in hospitals waiting for nursing home places	12,625	6,750	6,250	4,625	5,650	1,000	300	300	37,500
Repatriation general hospitals	13	45	0	0	720	140	0	0	918

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000) (continued)

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
Health (continued)									
Supporting Western Sydney - Positron Emission Tomography scanner Westmead	1,200	0	0	0	0	0	0	0	1,200
Royal Darwin Hospital - Equipped, Prepared and Ready	0	0	0	0	0	0	0	13,434	13,434
Organ transplantation services	1,804	0	0	0	0	0	0	0	1,804
Organ and tissue donation	114	0	237	220	170	0	112	0	853
Health - total	3,777,502	2,749,675	2,129,645	1,119,513	924,162	277,055	159,381	199,730	11,336,663
Social Security and Welfare									
Aged care assessment	23,597	16,505	11,658	6,806	6,303	1,811	724	956	68,360
Home and community care	306,729	248,371	224,960	101,728	86,075	26,582	12,110	7,280	1,013,835
Disabilities services	232,119	160,790	138,574	67,942	65,808	21,529	12,815	17,032	716,609
Children's services	4,386	3,852	2,053	1,417	2,245	362	122	1,730	16,167
Supported accommodation assistance	60,937	39,423	30,524	18,193	17,430	7,821	6,259	5,193	185,780
Unaccompanied humanitarian minors	-76	1,003	307	6	789	0	0	0	2,029
Family Violence Partnership	7,206	4,992	4,302	2,109	2,043	668	398	529	22,247
Extension of fringe benefits	64,994	45,021	38,800	19,024	18,426	6,028	3,588	4,769	200,650
Young people with disabilities	4,737	3,281	2,828	1,387	1,343	439	262	348	14,625
National action plan to build on social cohesion, harmony and security	182	96	20	75	0	10	20	20	423
Social Security and Welfare - total	704,811	523,334	454,026	218,687	200,462	65,250	36,298	37,857	2,240,725
Housing and Community Amenities									
Assistance for water and sewerage	0	0	0	0	0	0	9,633	0	9,633
Natural Heritage Trust of Australia - Bushcare	8,273	7,728	6,035	5,627	6,735	749	544	3,065	38,756
Natural Heritage Trust of Australia - Coastcare	2,507	2,014	3,627	3,366	1,121	757	2	511	13,905
Natural Heritage Trust of Australia - Landcare	5,739	5,591	4,760	2,700	1,600	1,023	347	785	22,545
Natural Heritage Trust of Australia - Rivercare	6,014	1,908	2,353	1,922	326	622	0	475	13,620
National Water Initiative - Living Murray	31,691	23,498	0	0	5,575	0	0	0	60,764
Housing and Community Amenities - total	54,224	40,739	16,775	13,615	15,357	3,151	10,526	4,836	159,223
Recreation and Culture									
Natural Heritage Trust of Australia - Bushcare	945	883	690	643	770	86	62	351	4,430
Natural Heritage Trust of Australia - Coastcare	287	230	414	385	129	86	0	58	1,589
Natural Heritage Trust of Australia - Landcare	656	639	544	308	183	117	39	89	2,575
Natural Heritage Trust of Australia - Rivercare	687	217	269	219	37	71	0	54	1,554
Strengthening Tasmania	0	0	0	0	0	20,000	0	0	20,000
Recreation and Culture - total	2,575	1,969	1,917	1,555	1,119	20,360	101	552	30,148

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES									
<i>Fuel and Energy</i>									
Snowy Hydro Ltd - company tax compensation	21,931	5,365	0	0	0	0	0	0	27,296
<i>Fuel and Energy - total</i>	21,931	5,365	0	0	0	0	0	0	27,296
<i>Agriculture, Forestry and Fishing</i>									
Exotic Disease Preparedness Programme	179	93	27	0	6	0	53	0	358
Exceptional circumstances assistance	395,268	127,119	114,274	11,042	44,412	3,284	0	500	695,899
Equine influenza emergency response	36,349	7,168	21,349	-252	690	-40	147	-141	65,270
Great Artesian Basin Sustainability Initiative	3,190	0	4,958	0	0	0	0	0	8,148
National Landcare Programme	6,333	4,832	5,740	3,536	3,645	1,624	175	889	26,774
Agriculture - Advancing Australia - FarmBis	0	0	3,786	1,928	2,734	682	0	239	9,369
Eradication of red imported fire ant	0	0	7,000	0	0	0	0	0	7,000
National action plan for salinity and water quality	21,058	9,759	7,450	39,098	10,634	938	1,083	508	90,528
Natural Heritage Trust of Australia - Bushcare	2,600	2,429	1,897	1,768	2,117	235	171	963	12,180
Natural Heritage Trust of Australia - Coastcare	788	633	1,140	1,058	352	238	1	161	4,371
Natural Heritage Trust of Australia - Landcare	1,804	1,757	1,496	849	503	321	109	247	7,086
Natural Heritage Trust of Australia - Rivercare	1,890	600	739	604	103	196	0	149	4,281
Plant disease and eradication	0	0	1,372	2,052	1,176	0	0	0	4,600
Improving Water Information	3,418	389	1,028	1,311	172	696	87	782	7,883
Regional assistance	130	0	0	0	0	0	0	0	130
Tasmanian forests package	0	0	0	0	0	19,000	0	0	19,000
<i>Agriculture, Forestry and Fishing - total</i>	473,007	154,779	172,256	62,994	66,544	27,174	1,826	4,297	962,877
<i>Transport and Communication</i>									
Interstate road transport	25,085	14,596	5,168	2,160	6,584	272	272	272	54,409
*Supplementary funding to SA councils for local roads	0	0	0	0	13,592	0	0	0	13,592
<i>Transport and Communication - total</i>	25,085	14,596	5,168	2,160	20,176	272	272	272	68,001
<i>Other Purposes</i>									
*Financial assistance grants for local government									
<i>General purpose assistance</i>	403,896	305,906	244,753	123,301	93,330	29,103	19,926	12,590	1,232,805
<i>Untied local roads grants</i>	158,992	112,978	102,675	83,790	30,116	29,040	17,572	12,837	548,000
Compensation - companies regulation	57,776	50,509	28,445	17,508	13,023	4,034	0	2,573	173,868
Natural disaster relief	7,661	0	500	0	2,019	0	0	7,845	18,025
Royalties	0	0	0	779,488	0	0	0	3,155	782,643
Australian Capital Territory national capital influences	0	0	0	0	0	0	23,956	0	23,956
<i>Other Purposes - total</i>	628,325	469,393	376,373	1,004,087	138,488	62,177	61,454	39,000	2,779,297
TOTAL CURRENT	8,760,574	6,292,788	4,991,372	3,368,470	2,120,450	678,959	439,782	427,564	27,079,959

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES									
Education									
Government schools	152,722	107,832	79,676	50,681	39,991	15,227	7,681	10,830	464,640
*Non-government schools	83,041	67,789	50,454	25,805	20,228	5,209	5,742	4,614	262,882
Relocation of Amberley state school	0	0	26,800	0	0	0	0	0	26,800
Education - total	235,763	175,621	156,930	76,486	60,219	20,436	13,423	15,444	754,322
Health									
Organ transplantation services	171	0	0	0	0	0	0	0	171
Health Infrastructure Grants	18,000	1,000	102,000	0	0	100	0	0	121,100
Health - total	18,171	1,000	102,000	0	0	100	0	0	121,271
Social Security and Welfare									
Crisis accommodation assistance	13,757	10,366	8,292	4,176	3,162	987	675	427	41,842
Social Security and Welfare - total	13,757	10,366	8,292	4,176	3,162	987	675	427	41,842
Housing and Community Amenities									
Housing assistance for indigenous people	30,237	20,945	18,051	8,850	8,572	2,804	1,669	2,219	93,347
Community housing	21,430	14,844	12,793	6,272	6,075	1,988	1,183	1,572	66,157
CSHA Block Assistance/Base Funding	241,101	167,151	144,056	70,630	68,412	22,380	17,705	13,322	744,757
Social Housing Subsidy Programme	1,926	0	0	0	0	0	0	0	1,926
*Disaster Mitigation Package	4,134	1,437	4,592	1,531	1,234	14,362	0	398	27,688
*Bushfire Mitigation Package	676	966	291	275	209	137	0	0	2,554
Housing and Community Amenities - total	299,504	205,343	179,783	87,558	84,502	41,671	20,557	17,511	936,429
Fuel and Energy									
*Photovoltaic Rebate Programme	3,912	2,972	2,188	526	2,854	93	0	8	12,553
Renewable remote power generation	3,341	1,795	5,222	9,499	861	616	0	7,239	28,573
Fuel and Energy - total	7,253	4,767	7,410	10,025	3,715	709	0	7,247	41,126
Recreation and Culture									
Sydney Cricket Ground - new grandstand	15,000	0	0	0	0	0	0	0	15,000
Recreation and Culture - total	15,000	0	0	0	0	0	0	0	15,000
Agriculture, Forestry and Fishing									
Tasmanian Water Infrastructure	0	0	0	0	0	500	0	0	500
Agriculture, Forestry and Fishing - total	0	0	0	0	0	500	0	0	500
Transport and Communication									
AusLink	772,816	426,942	739,409	303,340	143,271	55,005	1,556	48,479	2,490,818
Transport and Communication - total	772,816	426,942	739,409	303,340	143,271	55,005	1,556	48,479	2,490,818

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES									
Other Purposes									
Sinking Fund on State Debt	22	5	0	0	3	0	0	0	30
Natural Disaster Relief	140	0	0	0	0	0	0	0	140
Other Purposes - total	162	5	0	0	3	0	0	0	170
TOTAL CAPITAL	1,362,426	824,044	1,193,824	481,585	294,872	119,408	36,211	89,108	4,401,478
REPAYMENTS									
Payments to Debt Sinking Funds	29	354	0	0	11	0	0	0	394
Total	29	354	0	0	11	0	0	0	394
Repayments of Australian Government Loans									
Australian Capital Territory debt repayments	0	0	0	0	0	0	4,647	0	4,647
Loan Council - housing nominations	6,304	0	2,320	4,022	3,776	1,691	0	2,099	20,212
Repayments of Australian Government Loans - total	6,304	0	2,320	4,022	3,776	1,691	4,647	2,099	24,859
Defence									
Housing for servicemen	975	0	591	184	26	0	0	0	1,776
Defence - total	975	0	591	184	26	0	0	0	1,776
Housing and Community Amenities									
CSHA loans	33,520	0	8,881	8,697	11,384	4,311	0	582	67,375
Other housing	0	0	0	0	0	0	6,769	1,912	8,681
NT - water and sewerage assistance	0	0	0	0	0	0	0	136	136
Sewerage	3,444	0	803	0	0	0	0	0	4,247
Housing and Community Amenities - total	36,964	0	9,684	8,697	11,384	4,311	6,769	2,630	80,439
Agriculture, Forestry and Fishing									
War Service Land Settlement Scheme	515	549	0	0	0	0	0	0	1,064
Agriculture, Forestry and Fishing - total	515	549	0	0	0	0	0	0	1,064
Transport and Communication									
Railway projects	96	96	0	383	0	0	0	0	575
Transport and Communication - total	96	96	0	383	0	0	0	0	575
Other Purposes									
Natural disaster relief	1,411	0	1,766	0	0	0	0	53	3,230
Other Purposes - total	1,411	0	1,766	0	0	0	0	53	3,230
TOTAL REPAYMENTS	46,294	999	14,361	13,286	15,197	6,002	11,416	4,782	112,337

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'000) (continued)

<i>Function</i> Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
ADVANCES									
<i>Other Purposes</i>									
Natural disaster relief	0	0	0	0	0	0	0	0	0
<i>Other Purposes - total</i>	0	0	0	0	0	0	0	0	0
TOTAL ADVANCES	0	0	0	0	0	0	0	0	0
INTEREST									
Interest on Loan Council and Northern Territory Government Borrowings	242	47	0	0	36	0	0	0	325
Total	242	47	0	0	36	0	0	0	325
<i>Interest on Australian Government Loans</i>									
Australian Capital Territory Government debt	0	0	0	0	0	0	2,536	0	2,536
Housing nominations	20,407	0	7,347	12,568	12,345	5,416	0	7,103	65,186
<i>Interest on Australian Government Loans - total</i>	20,407	0	7,347	12,568	12,345	5,416	2,536	7,103	67,722
<i>Defence</i>									
Housing for servicemen	2,313	0	1,310	265	99	0	0	0	3,987
<i>Defence - total</i>	2,313	0	1,310	265	99	0	0	0	3,987
<i>Housing and Community Amenities</i>									
CSHA loans	38,791	0	10,822	10,347	16,641	5,311	0	1,401	83,313
Other housing	0	0	0	0	0	0	13,474	4,132	17,606
Urban water supply and treatment	0	0	0	0	414	0	0	0	414
Northern Territory - water and sewerage assistance	0	0	188	0	0	0	0	605	793
Sewerage	4,360	0	944	0	435	0	0	0	5,739
Captains Flat (Abatement of Pollution) Agreement	2	0	0	0	0	0	0	0	2
<i>Housing and Community Amenities - total</i>	43,153	0	11,954	10,347	17,490	5,311	13,474	6,138	107,867
<i>Agriculture, Forestry and Fishing</i>									
War Service Land Settlement Scheme	78	81	0	0	0	0	0	0	159
<i>Agriculture, Forestry and Fishing - total</i>	78	81	0	0	0	0	0	0	159
<i>Transport and Communication</i>									
Railway projects	19	19	0	226	0	0	0	0	264
<i>Transport and Communication - total</i>	19	19	0	226	0	0	0	0	264
<i>Other Purposes</i>									
Natural Disaster Relief	361	0	2,868	0	0	0	0	8	3,237
<i>Other Purposes - total</i>	361	0	2,868	0	0	0	0	8	3,237
TOTAL INTEREST	66,573	147	23,479	23,406	29,970	10,727	16,010	13,249	183,561

Table 34: Payments for specific purposes to and through the States, repayments of advances, advances and interest payments, 2007-08 (\$'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	10,123,000	7,116,832	6,185,196	3,850,055	2,415,322	798,367	475,993	516,672	31,481,437
Total to the States	7,692,189	5,186,987	4,697,594	3,058,904	1,817,342	603,729	325,454	433,064	23,815,263
Total through the States	1,867,923	1,510,961	1,140,174	584,060	474,534	136,495	113,041	58,181	5,885,369
Financial assistance grants through the States to local government	562,888	418,884	347,428	207,091	123,446	58,143	37,498	25,427	1,780,805

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

(a) The negative amount relates to an over-estimation of 2006-07 SPP liability.

Table 35: Payments for specific purposes direct to local government authorities, 2007-08 (\$'000)

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
DIRECT PAYMENTS - CURRENT									
Disability services	1,044	814	304	408	466	106	0	943	4,085
Children's services	21,632	16,739	8,338	8,336	9,213	2,334	90	18,191	84,873
Regulation Reduction Incentive Fund	2	4	0	0	0	0	0	0	6
TOTAL CURRENT	22,678	17,557	8,642	8,744	9,679	2,440	90	19,134	88,964
DIRECT PAYMENTS - CAPITAL									
AusLink	140,366	90,310	77,104	72,313	39,548	15,476	0	6,992	442,109
Blackburn Lake Sanctuary	0	1,600	0	0	0	0	0	0	1,600
Bert Hinkler Hall of Aviation	0	0	1,450	0	0	0	0	0	1,450
Local community sporting infrastructure	900	0	0	0	0	0	0	0	900
Strengthening Tasmania	0	0	0	0	0	3,790	0	0	3,790
Funding for road projects other than under the <i>Auslink (National Land Transport) Act 2005</i>	0	570	0	0	0	0	0	0	570
South Australian State Aquatic Centre(a)	0	0	0	0	15,000	0	0	0	15,000
TOTAL CAPITAL	141,266	92,480	78,554	72,313	54,548	19,266	0	6,992	465,419
TOTAL DIRECT PAYMENTS	163,944	110,037	87,196	81,057	64,227	21,706	90	26,126	554,383

(a) A cash payment of \$15 million in 2005-06 by the former Department of Communications, Information Technology and the Arts to the City of Marion Council for the South Australian State Aquatic Centre was to be expensed in 2007-08, 2008-09 and 2009-10. Following changes in administrative arrangements in December 2007, the Department of Health and Ageing became responsible for this grant and expensed it in full in 2007-08.

