

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).

On 29 November 2008, the Council of Australian Governments agreed to a new *Intergovernmental Agreement on Federal Financial Relations* (Intergovernmental Agreement) which provides the overarching framework for collaboration between the Commonwealth and the States.

The Intergovernmental Agreement, which commenced on 1 January 2009, involves significant reforms to payments for specific purposes. Under the new framework, some payments for specific purposes under the previous arrangements have been: incorporated into the new National Specific Purpose Payments (National SPP); deemed to be National Partnership payments; or paid as general revenue assistance since 1 January 2009. This affects the presentation of these payments in 2008-09, which is a transitional year for Commonwealth payments to the States.

More detailed information on the Intergovernmental Agreement is provided in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

OVERVIEW OF PAYMENTS TO THE STATES

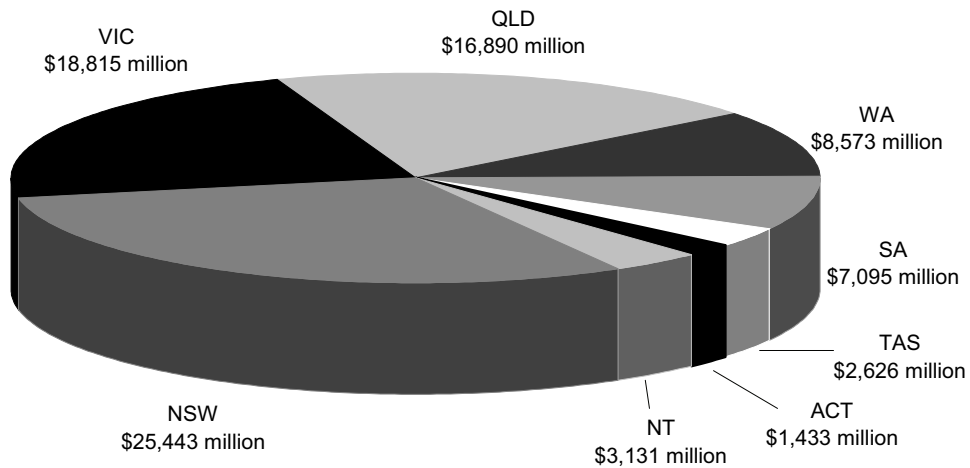
The States receive significant financial support from the Commonwealth. In 2008-09, the Commonwealth provided the States with payments for specific purposes of \$41.7 billion and general revenue assistance, including GST payments, of \$42.4 billion, totalling \$84.0 billion, as shown in Table 24. This represents a 12.8 per cent increase compared with 2007-08.

Table 24: Commonwealth payments to the States, 2008-09

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payments for specific purposes	13,475	9,498	8,918	4,113	3,299	1,000	562	790	41,655
General revenue assistance	11,968	9,318	7,972	4,460	3,796	1,627	871	2,341	42,352
Total payments to the States	25,443	18,815	16,890	8,573	7,095	2,626	1,433	3,131	84,006

Chart 1 shows the State shares of total payments from the Commonwealth in 2008-09.

Chart 1: State shares of Commonwealth payments, 2008-09

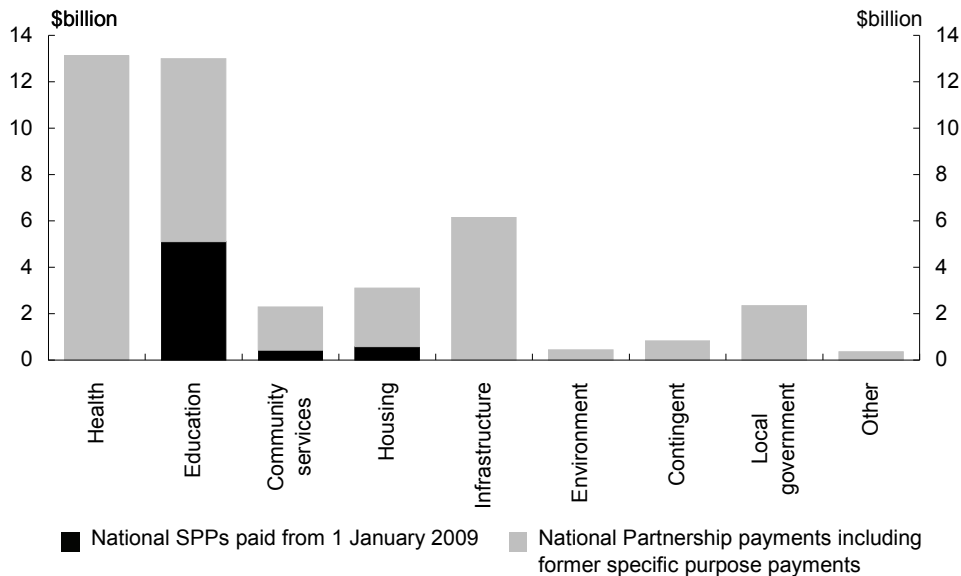


PAYMENTS FOR SPECIFIC PURPOSES

The Commonwealth provides payments to and through the States for specific purposes in order to pursue policy objectives in areas that may be administered by the States and local governments. Payments to the States for specific purposes constituted a significant proportion of Commonwealth expenditure – 12.8 per cent of total Commonwealth expenditure in 2008-09.

These payments cover most functional areas of state and local government activity – including health, education, community services, housing, infrastructure and environment – as illustrated in Chart 2.

Chart 2: Composition of payments for specific purposes, 2008-09^(a)



(a) Payments to local government include general revenue assistance components only. Other payments to local government are categorised under the relevant sector.

National Specific Purpose Payments and National Partnership payments

Under the Intergovernmental Agreement, many payments for specific purposes were rationalised into one of the five new National SPPs. These new National SPPs are the primary way that the Commonwealth supports the States' efforts in delivering services in the major sectors of health, schools, skills and workforce development, disability services and affordable housing. The National SPPs for schools, skills and workforce development, disability services and affordable housing commenced on 1 January 2009 and the National Healthcare SPP commenced on 1 July 2009.

These new National SPPs replaced a number of existing payments that were paid up to 31 December 2008 (or 30 June 2009 in the case of healthcare). Payments made throughout the year for National SPPs are advances based on Commonwealth estimates of the growth factors. A balancing adjustment in respect of the advances is made after the end of the financial year once outcome data are available.

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

- In the case of the government schools component of the National Schools SPP, the relevant population is each State's share of full-time equivalent student enrolments in government schools.

In addition to National SPPs, the Commonwealth provides National Partnership payments to the States to support the delivery of specific projects (project payments), to facilitate reforms (facilitation payments), or to reward those jurisdictions that deliver on nationally-significant reforms (reward payments). Previous payments for specific purposes that were not rolled into the National SPPs and election commitments have become National Partnership project payments where they support national objectives and provide a financial contribution to the States to deliver specific projects. Furthermore as noted previously, several payments which were previously classified as specific purposes payments were paid as general revenue assistance from 1 January 2009.

In 2008-09, the States received \$41.7 billion in payments for specific purposes, an increase of 30.0 per cent compared with the \$32.0 billion the States received in 2007-08. Total payments for specific purposes, including new National SPPs and National Partnership payments are shown in Table 25.

Table 25: Payments for specific purposes to the States, 2008-09^{(a),(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Health</i>									
National Healthcare SPP	-	-	-	-	-	-	-	-	-
National Partnerships	4,307	3,174	2,571	1,300	1,089	321	178	185	13,123
<i>Education</i>									
National Schools SPP	1,425	1,106	866	460	355	105	81	64	4,463
National Skills and Workforce Development SPP	212	157	123	64	48	15	11	7	636
National Partnerships	2,524	1,911	1,561	803	627	197	139	137	7,898
<i>Community services</i>									
National Disability SPP	143	100	83	38	43	13	6	5	431
National Partnerships	583	443	389	175	169	53	22	24	1,859
<i>Housing</i>									
National Affordable Housing SPP	188	129	113	60	46	17	13	20	586
National Partnerships	727	501	576	271	168	52	38	181	2,514
<i>Infrastructure</i>									
National Partnerships	2,144	885	1,938	558	408	117	16	94	6,160
<i>Environment</i>									
National Partnerships	123	97	53	48	84	16	2	13	437
<i>Contingent</i>									
National Partnerships	251	374	110	12	69	5	0	10	832
<i>Other</i>									
National Partnerships	107	68	73	48	31	12	7	18	365
Local government payments(c)	742	552	461	275	162	76	49	34	2,351
Total payments for specific purposes	13,475	9,498	8,918	4,113	3,299	1,000	562	790	41,655

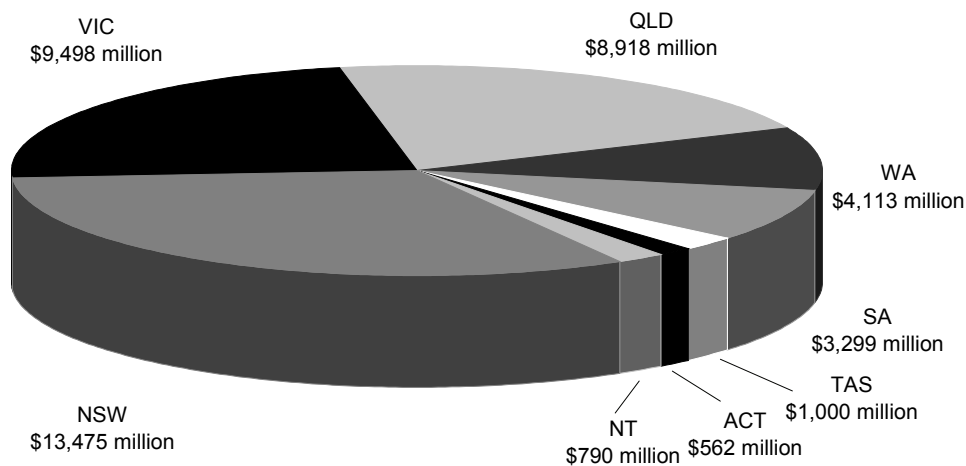
(a) National SPPs were paid from 1 January 2009, with the exception of the National Healthcare SPP that commenced on 1 July 2009.

(b) National Partnership payments include all payments for specific purposes except payments formally paid as National SPPs from 1 January 2009.

(c) Includes general revenue assistance components of payments to local government. Other payments to local government are categorised under the relevant sector.

Chart 3 shows the State shares of payments for specific purposes from the Commonwealth in 2008-09.

Chart 3: State shares of payments for specific purposes, 2008-09



Financial assistance grants to local governments

The Commonwealth provided \$2.4 billion in financial assistance grants to local governments in 2008-09. Table 26 provides details of these grants, which 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 2008-09 grants were based on an estimated escalation factor of 1.0497 and incorporated recovery of an underpayment of \$19.6 million in respect of 2007-08.

In the 2009-10 Budget, the Commonwealth decided to make the first quarter financial assistance grants payment for 2009-10 in the 2008-09 financial year with a corresponding reduction in 2009-10. This accelerated the provision of funding to local government and assisted the Government's strategy of supporting economic growth and jobs.

To account for the bringing forward of these payments, the Treasurer determined an adjusted final escalation factor for 2008-09 of 1.3128. This adjusted factor was applied to the 2007-08 financial assistance grants entitlement to calculate total funding for 2008-09. Over the two years of 2008-09 and 2009-10, local governments will still receive their full financial assistance grants entitlement. For this reason, an adjusted estimated escalation factor for 2009-10 of 0.6210 has been determined.

Table 26: Financial assistance grants to local government, 2008-09

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General purpose assistance	424.0	321.1	258.8	130.4	97.4	30.3	20.9	13.3	1,296.4
Untied local road funding	166.9	118.6	107.8	88.0	31.6	30.5	18.4	13.5	575.2
<i>plus 2007-08 underpayment(a)</i>	6.2	4.5	3.8	2.3	1.3	0.6	0.4	0.3	19.6
<i>plus 2009-10 bring forward</i>	151.4	112.7	94.0	56.0	33.0	15.6	10.1	6.9	479.6
Total(b)	748.5	557.0	464.4	276.7	163.4	77.0	49.8	33.9	2,370.8

(a) There was an underpayment in 2007-08 because the estimated escalation factor of 1.0455 was lower than the unadjusted final factor of 1.0571. A balancing adjustment of \$19.6 million was made in 2008-09.

(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.

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 2008-09, the States received \$42.4 billion in general revenue assistance from the Commonwealth, as shown in Table 27, comprising \$41.2 billion in GST payments and \$1.2 billion of other general revenue assistance. This is a 0.2 per cent decrease in general revenue assistance, compared with the \$42.5 billion the States received in 2007-08. In 2008-09, total general revenue assistance to the States represented 13.0 per cent of total Commonwealth expenditure.

Table 27: General revenue assistance, 2008-09

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST payments	11,844	9,315	7,972	3,594	3,786	1,595	835	2,248	41,189
Other general revenue assistance									
Budget balancing assistance	118	-	-	-	37	32	-	89	275
Royalties	-	-	-	843	-	-	-	4	847
Compensation									
Reduced royalties	-	-	-	54	-	-	-	-	54
GST policy decisions	-	-	-	-31	-27	-	-	-	-58
Snowy Hydro Ltd tax compensation	5	3	-	-	-	-	-	-	8
ACT municipal services	-	-	-	-	-	-	36	-	36
Total other general revenue assistance	123	3	-	866	9	32	36	93	1,162
Total general revenue assistance	11,968	9,318	7,972	4,460	3,796	1,627	871	2,341	42,352

GST payments

Reconciling GST revenue and GST payments to the States

The Commonwealth makes GST payments to the States based on the revenue received from the GST. In 2008-09, GST revenue was \$42.6 billion — a decrease of \$1.8 billion (4.0 per cent) from 2007-08.

However, GST revenue for a financial year varies from the amount of GST payments to the States for that year for several reasons including:

- 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.

In June 2009, the Commissioner of Taxation determined the amount of GST payable to the States in 2008-09. That estimate forms the basis of GST payments to the States for the financial year. This is the last year that the Commissioner will determine the amount of GST payable to the States. From 2009-10, that amount will be based on the final GST outcome rather than the Commissioner's determination. To ensure that the States receive their correct entitlement of GST payments for the 2008-09 financial year, a balancing adjustment for each State will be made in the 2009-10 financial year.

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, 2008-09

\$million	Total
GST revenue	42,626
<i>less</i> change in GST receivables	1,291
GST receipts	41,335
<i>less</i> non-GIC penalties collected(a)	97
<i>less</i> GST collected by Commonwealth agencies but not yet remitted to the ATO(b)	79
<i>plus</i> variation from the Commissioner's determination(c)	-19
<i>plus</i> prior year balancing adjustment(d)	49
GST payments to the States	41,189

(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 2008-09 was \$19 million lower than the final outcome. This underpayment will be paid in 2009-10.

(d) The Commissioner's determination for 2007-08 was \$49 million lower than the final outcome. This underpayment was paid in 2008-09.

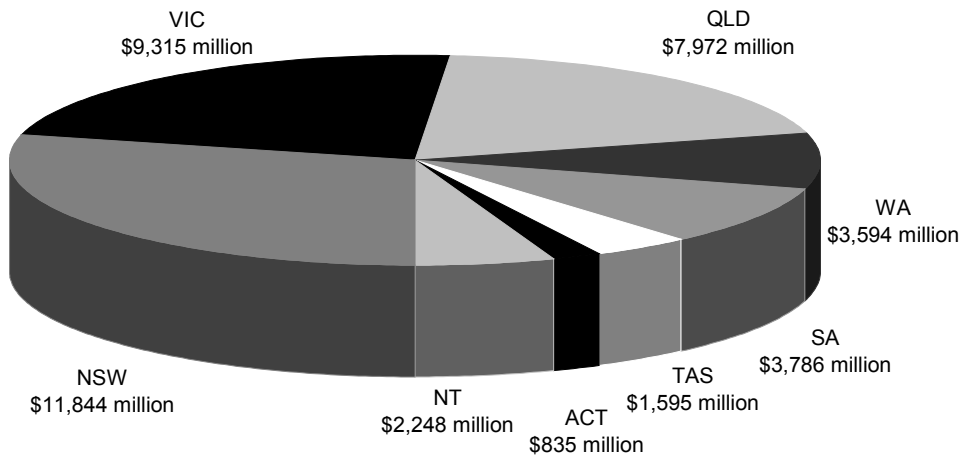
Distribution of GST payments among the States

As agreed by COAG in the Intergovernmental Agreement, the Commonwealth distributes GST payments among the States and Territories 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 2008-09 are shown in Chart 4.

Chart 4: State shares of GST payments, 2008-09



GST relativities

The Commission recommends GST relativities to be used in calculating each State's share of GST payments. The relativities determine how much GST revenue each State receives compared with an equal per capita share and are determined such that, if each State made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each State would have the capacity to provide services at the same standard.

The GST relativities for 2008-09 were endorsed by the Ministerial Council for Commonwealth-State Financial Relations in March 2008. The relativities for 2008-09 are shown in Table 29.

Table 29: GST relativities, 2008-09

NSW	VIC	QLD	WA	SA	TAS	ACT	NT
0.91060	0.92540	0.96508	0.88288	1.20856	1.52994	1.17205	4.51835

Applying the GST relativities to the GST pool

The GST relativities were applied to estimated state populations in order to determine an adjusted population for each State. Each State received its adjusted population share of the combined pool of GST payments and unquarantined health care grants, provided by the Commonwealth under the Australian Health Care Agreements, to estimate adjusted 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, 2008-09

	Estimated 31 December population	State revenue sharing relativities	Adjusted population (1) x (2)	Share of adjusted population per cent	Share of GST pool \$million	Unquarantined health care grants \$million	GST payments (5) - (6) \$million
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	7,041,393	0.91060	6,411,892	29.6	15,103.1	3,258.7	11,844.4
VIC	5,364,796	0.92540	4,964,582	22.9	11,694.0	2,379.2	9,314.8
QLD	4,349,529	0.96508	4,197,643	19.4	9,887.5	1,915.0	7,972.5
WA	2,204,040	0.88288	1,945,903	9.0	4,583.5	990.0	3,593.6
SA	1,612,002	1.20856	1,948,201	9.0	4,588.9	802.5	3,786.5
TAS	500,278	1.52994	765,395	3.5	1,802.9	208.1	1,594.8
ACT	347,843	1.17205	407,689	1.9	960.3	125.0	835.3
NT	221,682	4.51835	1,001,637	4.6	2,359.3	111.8	2,247.5
Total	21,641,563	n/a	21,642,944	100.0	50,979.5	9,790.1	41,189.4

The new Intergovernmental Agreement has significantly changed the scope of the revenue sharing relativities the Commission is asked to recommend. 2008-09 was the last year that the Commission was asked to recommend a relativity to distribute a pool of GST payments plus health care grants. From 2009-10, the Commission is asked to recommend a relativity to distribute only GST payments. Health care grants are now treated in the same way as other payments which have been rationalised into the new National SPPs.

GST administration costs

The Commissioner of Taxation administers the GST law and the States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST, including costs incurred by the Australian Customs Service, as shown in Table 31.

Table 31: GST administration, 2008-09

\$million	Actual	
	2007-08	2008-09
Australian Taxation Office budget	633.0	631.9
<i>less</i> prior year adjustment	32.8	1.4
<i>equals</i> State government administration payments	600.2	630.5
<i>less</i> Australian Taxation Office outcome(a)	631.6	602.0
<i>equals</i> Commonwealth budget impact	-31.4	28.5
<i>plus</i> prior year adjustment	32.8	1.4
<i>equals</i> following year adjustment	1.4	29.9

(a) Preliminary outcome for 2008-09 pending confirmation by the Australian National Audit Office.

In March 2008, the Ministerial Council for Commonwealth-State Financial Relations agreed to a GST administration budget of \$631.2 million for 2008-09. This was subsequently revised up to \$631.9 million owing to a revised estimate of the costs.

The preliminary outcome for the 2008-09 GST administration expenses of \$602.0 million differs from the amount paid by the States and the prior year adjustment by \$29.9 million. Once the outcome for GST administration in 2008-09 is audited, any adjustment required because of this difference will be incorporated into the States' administration costs for 2009-10.

Other general revenue assistance

Budget balancing assistance

The Commonwealth paid budget balancing assistance to the States in 2008-09 where a State's share of GST payments in the financial year was less than its guaranteed minimum amount for that year. No budget balancing assistance is payable when GST revenue exceeds the guaranteed minimum amount. The guaranteed minimum amount for four States – New South Wales, South Australia, Tasmania and the Northern Territory – exceeded those States' shares of the GST payments, as shown in Table 32. Consequently, the Commonwealth provided total budget balancing assistance of \$275 million.

Table 32: Guaranteed minimum amount, GST payments and budget balancing assistance, 2008-09

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Guaranteed minimum amount	11,962	9,215	7,725	3,451	3,823	1,627	803	2,336	40,943
GST payments	11,844	9,315	7,972	3,594	3,786	1,595	835	2,248	41,189
Budget balancing assistance	118	0	0	0	37	32	0	89	275

Taxation compensation in respect of Snowy Hydro Limited

There is lower than expected expenses of \$415 million in 2008-09 owing to New South Wales and Victoria choosing not to accept the Commonwealth's offer to cash out the Snowy Hydro Ltd company tax compensation.

GST compensation for small business concession

The Government proposed in the 2009-10 Budget that it will recover, in 2009-10, the net overpayment of compensation for the deferral of GST revenue resulting from the 2004-05 decision to allow small businesses and non-profit organisations that voluntarily registered for the GST to pay and report GST on an annual rather than monthly or quarterly basis. The overestimate of the cost of the measure led to an overpayment of compensation to the States, which is estimated to be \$309 million at the end of 2008-09.

The amount to be recovered is the present value of the overpayment less the present value of the stream of future annual payments. This arrangement will extinguish all

current and future Commonwealth and state commitments in respect of this measure. Western Australia and South Australia elected to repay their overpayment in 2008-09.

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.

The Intergovernmental Agreement which commenced on 1 January 2009 is reflected in the tables in this attachment. This affects the presentation of these payments in 2008-09 as most payments were moved to the new financial arrangements from 1 January 2009. For example, Table 36 reflects the payments to support housing services (paid by the portfolio agency until 31 December 2008), and the transition of these terminating payments into the National Affordable Housing SPP (paid from 1 January 2009 by the Treasury).

The tables present estimated payments to the States for 2008-09:

Table 33 – health;

Table 34 – education;

Table 35 – community services;

Table 36 – housing;

Table 37 – infrastructure;

Table 38 – environment;

Table 39 – other purposes;

Table 40 – contingent liabilities;

Table 41 – general revenue assistance;

Table 42 – advances, repayment of advances and interest payments; and

Table 43 – payments presented on the Australian Bureau of Statistics Government Finance Statistics (GFS) functional basis.

Table 43 is comparable to Table 34 of the *Final Budget Outcome 2007-08* which presented payments for specific purposes at a GFS functional level (for example, general public services, public order and safety, education and health).

Table 33: Payments for specific purposes to support state health services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Healthcare SPP									
Healthcare grants	3,397,635	2,486,103	2,008,318	1,032,308	844,023	223,507	133,807	131,304	10,257,005
Essential vaccines - service delivery component(a)	2,816	1,666	1,587	919	324	216	110	154	7,792
National public health(b)	75,135	57,523	41,126	22,657	17,543	8,930	4,925	5,769	233,608
Youth health services	875	649	454	236	214	66	61	61	2,616
National Partnership payments									
Elective surgery waiting list reduction program	30,633	48,000	42,300	14,300	8,200	6,400	1,667	3,500	155,000
Essential vaccines	135,024	99,497	85,465	48,487	27,023	10,624	6,899	4,590	417,609
Health and Hospital Fund projects	17,000	9,200	43,000	-	30,000	10,000	-	-	109,200
Health and hospital workforce reform	425,041	316,047	250,135	127,524	104,869	29,968	18,165	14,741	1,286,490
<i>Health infrastructure</i>									
Bacchus Marsh hospital upgrade	-	1,000	-	-	-	-	-	-	1,000
Cairns Base Hospital chemotherapy cancer initiative	-	-	500	-	-	-	-	-	500
Cairns integrated cancer centre	-	-	1,000	-	-	-	-	-	1,000
Children's cancer centre, Adelaide	-	-	-	-	3,000	-	-	-	3,000
CT for Kempsey district hospital	1,000	-	-	-	-	-	-	-	1,000
Lismore integrated cancer centre	3,500	-	-	-	-	-	-	-	3,500
MRI unit for Cairns base hospital	-	-	3,500	-	-	-	-	-	3,500
North lakes health project	-	-	5,000	-	-	-	-	-	5,000
Olivia Newton John cancer centre, Melbourne	-	4,500	-	-	-	-	-	-	4,500
PET scanner for Calvary Mater Hospital, Newcastle	385	-	-	-	-	-	-	-	385
PET scanner for Westmead Hospital, Sydney	1,300	-	-	-	-	-	-	-	1,300
Tasmanian health package	-	-	-	-	-	15,050	-	-	15,050

Table 33: Payments for specific purposes to support state health services, 2008-09 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Health services</i>									
Healthy kids health checks	566	438	360	356	-	84	76	63	1,943
Human quarantine services	32	17	18	11	6	5	5	6	100
Longer stay older patients in public hospitals	12,810	8,140	6,500	3,970	4,490	990	300	300	37,500
National bowel cancer screening	-	444	357	183	143	106	89	76	1,398
National perinatal depression initiative	460	388	334	222	142	86	80	88	1,800
OzFoodNet(b)	161	135	118	70	112	86	64	80	826
Pneumococcal disease surveillance	39	21	-	9	-	6	7	28	110
Reducing rheumatic heart fever for Indigenous children	-	-	379	380	-	-	-	287	1,046
Royal Darwin Hospital - equipped, prepared and ready	-	-	-	-	-	-	-	13,674	13,674
Satellite renal dialysis facilities in remote Northern Territory communities	-	-	-	-	-	-	-	844	844
Sexual assault counselling in remote Northern Territory areas	-	-	-	-	-	-	-	1,436	1,436
Supporting nurses back into the workforce incentive payments	393	594	240	120	90	27	21	12	1,497
training payments	137	206	163	82	31	9	6	4	638
Torres Strait Islander health protection strategy mosquito control	-	-	728	-	-	-	-	-	728
Highly specialised drugs(c)	199,453	139,324	79,282	47,698	47,650	14,532	11,916	7,500	547,355
Organ transplantation services	1,343	-	-	-	-	-	-	-	1,343
Organ transplantation services - capital	179	-	-	-	-	-	-	-	179
Repatriation general hospitals	689	-	-	-	922	184	-	-	1,795
Total	4,306,606	3,173,892	2,570,864	1,299,532	1,088,782	320,876	178,198	184,517	13,123,267

(a) The service delivery component of essential vaccines has been rolled into the National Healthcare SPP from 1 July 2009.

(b) Payments for OzFoodNet and Torres Strait Islander health protection strategy mosquito control made prior to 31 December 2008, were paid under the national public health program. Individual line items for these initiatives show the total amount paid for the 2008-09 financial year. The total amount listed under the national public health program has been adjusted accordingly.

(c) This payment is reclassified as a Commonwealth own-purpose expense with effect from 1 July 2009.

Table 34: Payments for specific purposes to support state education services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Schools SPP									
Indigenous education strategic initiatives	1,425,286	1,105,584	866,160	460,309	355,026	105,255	81,342	63,750	4,462,712
Schools grants	25,682	4,131	43,276	15,093	4,250	2,278	1,262	19,663	115,635
Targeted programs	1,341,218	1,045,641	850,644	420,677	318,990	93,111	73,870	52,872	4,197,023
National Skills & Workforce Development SPP									
Skilling Australia's workforce	124,047	90,739	53,323	31,011	28,726	8,384	4,312	6,706	347,249
	211,688	156,636	123,112	64,268	47,647	15,097	10,824	7,018	636,290
	230,541	170,294	123,127	67,118	60,967	17,357	12,704	11,359	693,467
National Partnership payments									
Nation Building and Jobs Plan -									
Building the education revolution	297,763	251,600	193,830	113,722	90,708	30,329	17,790	16,087	1,011,829
Children's services	11,073	10,976	5,358	2,073	6,758	1,534	-	8,191	45,963
Digital education revolution	384,404	292,889	223,281	110,363	88,573	27,682	24,625	9,950	1,161,767
Early childhood education	10,249	7,613	250	3,950	2,766	990	694	990	27,502
Smarter schools National Partnership									
Improving teacher quality	1,921	1,526	1,243	608	439	142	107	73	6,059
Literacy and numeracy	19,040	13,208	19,408	22,780	8,332	1,804	850	2,084	87,506
Low SES school communities	4,450	2,064	1,738	730	1,198	526	23	526	11,255
Indigenous early childhood development -									
children and family centres	4,459	994	4,487	2,528	1,505	483	483	2,528	17,467
Productivity places program	30,344	-	18,642	9,496	7,079	2,162	1,621	1,010	70,354
Schools security program	1,073	-	-	-	-	-	-	-	1,073
TAFE fee waivers for childcare qualifications	4,250	1,619	838	562	588	199	317	75	8,448
Trade training centres in schools	33,776	18,051	21,069	1,929	5,896	10,271	189	4,683	95,864
Total	4,161,264	3,173,567	2,549,786	1,327,216	1,029,448	317,605	231,013	207,565	12,997,464

Table 34: Payments for specific purposes to support state education services, 2008-09 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Memorandum item - payments for non-government schools included in payments above(a)</i>									
National Schools SPP	928,714	741,455	589,284	305,981	234,212	61,419	55,530	36,599	2,953,194
Indigenous education strategic initiatives	-	-	-	-	-	-	-	-	-
Schools grants	860,417	703,529	536,656	275,882	209,665	58,553	53,073	32,322	2,730,097
Targeted programs	33,887	9,902	19,743	9,170	10,754	813	454	1,141	85,863
Nation Building and Jobs Plan -									
Building the education revolution	110,950	91,133	65,745	35,530	31,044	10,107	7,332	4,704	356,545
Digital education revolution	137,481	100,494	84,368	48,395	31,514	8,469	9,910	2,721	423,352
Literacy and numeracy	-	687	-	14,140	2,677	-	-	-	17,504
Trade training centres in schools	16,990	9,406	8,521	1,670	108	10,127	93	4,580	51,495
Total	2,088,440	1,656,606	1,304,317	690,767	519,973	149,489	126,391	82,067	6,618,050

(a) Non-government schools payments are net of GST.

Table 35: Payments for specific purposes to support community services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Disability SPP									
Disability services	142,917	99,949	82,780	37,805	43,311	13,415	6,288	4,615	431,080
Young people with disabilities	138,279	94,830	78,482	35,286	44,434	13,451	5,899	4,466	415,127
	5,441	4,033	3,195	1,621	1,232	602	260	163	16,547
National Partnership payments									
Aged care assessment	15,026	17,549	12,467	7,182	6,609	1,906	779	987	62,505
Certain concessions for pensioners and seniors card holders	76,422	54,632	38,148	19,210	21,734	6,980	1,552	1,064	219,742
Family violence partnership	-	-	-	-	-	-	-	9,500	9,500
Home and community care	337,433	265,725	250,585	110,268	92,944	29,050	12,997	7,850	1,106,852
Home and community care services for veterans	5,992	4,116	3,448	1,368	1,408	552	248	44	17,176
National reciprocal transport concessions	3,878	1,074	2,479	266	240	74	111	48	8,170
National action plan to build on social cohesion, harmony and security	304	193	289	-	43	45	42	32	948
Unaccompanied humanitarian minors	2	1,309	286	18	655	-	25	5	2,300
Total	725,694	543,410	472,159	213,024	212,610	66,075	28,201	28,774	2,289,947

Table 36: Payments for specific purposes to support housing services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Affordable Housing SPP									
Commonwealth-State Housing Agreement block assistance/base funding	187,569	129,193	112,545	60,274	46,419	16,970	12,715	20,375	586,060
Community housing	124,471	94,267	75,978	38,288	28,605	11,030	8,723	6,889	388,251
Crisis accommodation assistance	11,205	8,486	6,839	3,447	2,575	802	551	352	34,257
Housing assistance for Indigenous people	6,944	5,259	4,238	2,136	1,596	497	342	218	21,230
Supported accommodation assistance	9,519	1,947	13,518	8,494	4,467	348	-	10,424	48,717
	31,376	20,389	15,778	9,388	8,987	4,038	3,236	2,697	95,889
National Partnership payments									
First Home Owners Boost	310,095	217,980	196,213	100,109	65,716	21,476	14,712	7,665	933,966
Homelessness	-	6,419	7,870	3,798	2,419	759	-	-	21,265
Nation Building and Jobs Plan - Social housing	136,049	93,750	105,849	35,338	24,685	7,679	6,538	3,945	413,833
Remote Indigenous housing	30,355	2,764	109,525	50,001	14,030	739	220	146,635	354,269
Social housing	65,201	49,576	40,048	20,244	14,990	4,662	3,221	2,058	200,000
Social housing subsidy program	1,926	-	-	-	-	-	-	-	1,926
Total	914,710	630,030	688,401	331,517	214,489	69,000	50,258	201,258	3,099,663

Table 37: Payments for specific purposes to support state infrastructure services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Regional and Local Community Infrastructure Program	152,712	129,351	76,543	57,070	38,788	15,735	2,000	7,791	479,990
East Kimberley development package	-	-	-	16,400	-	-	-	-	16,400
Interstate road transport	23,045	13,409	4,748	1,984	6,049	250	250	250	49,985
Kings Highway - upgrade	16,300	-	-	-	-	-	7,000	-	23,300
Local community sporting infrastructure	300	-	-	-	-	-	-	-	300
Nation building program	1,449,379	493,359	1,230,950	407,029	288,918	85,306	6,985	78,317	4,040,243
Nation building program - local government	153,021	98,738	142,211	75,462	37,722	15,547	-	7,435	530,136
Nation building plan for the future (Building Australia Fund)	349,000	150,000	484,000	-	22,000	-	-	-	1,005,000
Supplementary road funding to South Australia for local roads	-	-	-	-	14,267	-	-	-	14,267
Total	2,143,757	884,857	1,938,452	557,945	407,744	116,838	16,235	93,793	6,159,621

Table 38: Payments for specific purposes to support state environmental services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Caring for our Country	49,823	39,255	31,515	35,446	18,980	7,259	1,690	5,197	189,165
Eradication of red imported fire ant	-	-	3,441	-	-	-	-	-	3,441
Exotic disease preparedness	243	20	71	7	19	3	-	20	383
Great Artesian Basin sustainability initiative	3,175	-	4,986	-	-	-	-	-	8,161
The Living Murray	37,922	13,125	-	-	10,884	-	-	-	61,931
Plant disease and eradication	-	-	691	2,515	1,168	-	-	-	4,374
Renewable remote power generation	13,176	4,799	10,862	10,139	3,863	1,253	-	7,723	51,815
Transfer of Commonwealth land to Victoria - Point Nepean	-	15,200	-	-	-	-	-	-	15,200
Water for the Future	18,738	25,086	1,839	150	48,915	7,341	-	-	102,069
Total	123,077	97,485	53,405	48,257	83,829	15,856	1,690	12,940	436,539

Table 39: Contingent payments to the States, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Equine influenza emergency response	5,801	297	5,740	-	150	-	22	-	12,010
Exceptional circumstances assistance	245,473	103,536	92,535	12,031	69,138	4,628	-	553	527,894
Hepatitis C settlement fund	-	-	-	2	-	-	-	-	2
Natural disaster relief	-	270,473	12,147	-	-	-	-	9,549	292,169
Total	251,274	374,306	110,422	12,033	69,288	4,628	22	10,102	832,075

Table 40: Payments to support other state services, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Bushfire mitigation	6,330	2,597	1,883	972	2,168	230	164	108	14,452
CrimTrac police reference system	391	-	1,000	-	1,039	-	-	1,975	4,405
Film and literature classification	64	66	70	72	74	76	78	77	577
Improving policing in very remote areas	-	-	4,255	5,000	4,172	-	-	9,259	22,686
Legal aid	53,756	35,888	35,963	30,892	13,736	5,844	4,097	4,229	184,405
Natural disaster mitigation package	3,727	3,849	8,968	1,228	2,357	831	499	970	22,429
North East Tasmania micro capital scheme	-	-	-	-	-	300	-	-	300
Seamless national economy	32,552	24,774	20,104	10,133	7,477	2,322	1,610	1,028	100,000
Sinking fund on state debt	38	5	-	-	8	-	-	-	51
Standard business reporting program	453	488	712	199	265	332	404	183	3,036
Strengthening Tasmania	-	-	-	-	-	2,500	-	-	2,500
Sydney Cricket Ground - new grandstand	10,000	-	-	-	-	-	-	-	10,000
Financial assistance grants	741,771	552,490	461,061	274,769	161,873	76,301	49,389	33,643	2,351,297
Total	849,082	620,157	534,016	323,265	193,169	88,736	56,241	51,472	2,716,138

Table 41: General revenue assistance payments to the States and Territories, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST payments	11,844,406	9,314,807	7,972,497	3,593,568	3,786,480	1,594,802	835,317	2,247,514	41,189,391
Other general revenue assistance	-	-	-	-	-	-	-	-	-
Budget balancing assistance	117,924	-	-	-	36,711	31,847	-	88,736	275,218
Royalties	-	-	-	842,638	-	-	-	4,360	846,998
Compensation	-	-	-	-	-	-	-	-	-
Reduced royalties	-	-	-	54,390	-	-	-	-	54,390
GST policy decisions	-	-	-	-30,765	-27,400	-	-	-	-58,165
Snowy Hydro Ltd tax compensation	5,417	2,736	-	-	-	-	-	-	8,153
ACT municipal services	-	-	-	-	-	-	35,631	-	35,631
Total other general revenue assistance	123,341	2,736	-	866,263	9,311	31,847	35,631	93,096	1,162,225
Total	11,967,747	9,317,543	7,972,497	4,459,831	3,795,791	1,626,649	870,948	2,340,610	42,351,616

Table 42: Other financial flows — estimated advances, repayment of advances and interest payments, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Advances									
Contingent liabilities									
Natural disaster relief		128							128
Repayments									
Housing									
Housing for servicemen	-1,046		-633	-195	-29		-30,851		-32,754
CSHA loans	-34,125		-9,122	-8,801	-11,885	-4,494		-609	-69,036
Other housing								-2,009	-2,009
Infrastructure									
Sewerage	-3,793		-884					-460	-5,137
War service land settlement scheme	-534	-569							-1,103
Railway projects	-93	-93		-384					-570
Environment									
Northern Territory - water and sewerage assistance								-136	-136
Other purposes									
Australian Capital Territory debt repayments							4,647		4,647
Loan Council - housing nominations	-6,589		-2,424	-4,203	-3,945	-1,767		-2,193	-21,121
Payments to debt sinking funds	-111	-17			-26				-154
Contingent liabilities									
Natural disaster relief	-1,411		-7,475					-24	-8,910
Interest									
Housing									
Housing for servicemen	-2,282		-1,292	-261	-97		-13,300		-17,232
CSHA loans	-37,614	-43	-10,444	-9,977	-16,172	-5,126		-1,375	-80,751
Other housing								-4,109	-4,109
Infrastructure									
Sewerage	-3,950		-1,115		-849				-5,914
War service land settlement scheme	-58	-60							-118
Railway projects	-14	-14		-203					-231
Environment									
Northern Territory - water and sewerage assistance								-617	-617

Table 42: Other financial flows — estimated advances, repayment of advances and interest payments, 2008-09 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-3,137	-	-3,137
Loan Council - housing nominations	-20,123	-	-7,242	-12,387	-12,175	-5,340	-	-7,009	-64,276
Contingent liabilities									
Natural disaster relief	-292	-	-3,305	-	-	-	-	-9	-3,606
Net financial flow	-112,035	-668	-43,936	-36,411	-45,178	-16,727	-42,641	-18,550	-316,146

Table 43: Total payments to the States and Territories by GFS function, 2008-09

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General public services	33,005	25,262	20,816	10,332	7,742	2,654	2,014	1,211	103,036
Public order and safety	54,211	35,954	41,288	35,964	19,021	5,920	4,175	15,540	212,073
Education	4,145,732	3,161,597	2,539,941	1,322,615	1,021,185	315,588	230,530	196,846	12,934,034
Health	4,306,605	3,173,892	2,570,863	1,299,534	1,088,782	320,876	178,197	184,518	13,123,267
Social security and welfare	809,901	583,792	611,545	279,150	245,486	73,366	32,482	189,043	2,824,765
Housing and community amenities	943,837	675,644	601,226	324,038	224,265	72,046	58,640	57,983	2,957,679
Recreation and culture	10,300	-	-	-	-	2,500	-	-	12,800
Fuel and energy	18,593	7,535	10,862	10,139	3,863	1,253	-	7,723	59,968
Agriculture, forestry and fishing	273,426	128,939	109,305	14,704	119,390	11,973	23	574	658,333
Mining, manufacturing and construction	-	-	-	-	-	300	-	-	300
Transport and communication	1,990,745	755,506	1,861,909	484,475	368,956	101,103	14,235	86,002	5,662,931
Other purposes(a)	12,856,851	10,267,126	8,522,248	4,791,670	3,996,460	1,718,685	912,510	2,391,593	45,457,143
Total payments to the States	25,443,206	18,815,247	16,890,003	8,572,621	7,095,150	2,626,264	1,432,806	3,131,032	84,006,329
less payments 'through' the States	1,918,354	1,562,321	1,202,169	630,892	494,796	138,247	115,649	79,176	6,141,604
less financial assistance grants for local government	741,771	552,490	461,061	274,769	161,873	76,301	49,389	33,643	2,351,297
less payments direct to local government	317,106	239,065	224,112	134,605	83,268	35,316	2,000	23,417	1,058,889
equals total payments to the States for own-purpose expenses	22,465,975	16,461,371	15,002,661	7,532,355	6,355,213	2,376,400	1,265,768	2,994,796	74,454,539

(a) Payments for 'Other purposes' includes general revenue assistance to the States and local governments.

