



BUDGET
AUSTRALIA'S FEDERAL RELATIONS
BUDGET PAPER NO. 3

2011-12

CIRCULATED BY

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FOR THE INFORMATION OF HONOURABLE MEMBERS
ON THE OCCASION OF THE BUDGET 2011-12

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FOREWORD

Budget Paper No. 3, *Australia's Federal Relations 2011-12*, is one of a series of Budget Papers that provides information to supplement the Budget Speech. A full list of the series is printed on the inside cover of this paper.

This Budget Paper presents information on the Commonwealth's financial relations with State, Territory and local governments. This includes an overview of the new framework for federal financial relations and its role in assisting the Council of Australian Governments to respond to the global recession and drive longer-term reforms, as well as information on payments to the States and analysis of fiscal developments in the public sector.

Notes

- (a) This paper uses the following style conventions.
- The Australian Capital Territory and the Northern Territory of Australia are referred to as 'the Territories'.
 - References to the 'States' or 'each State' include the State governments and Territory governments.
 - The State and local government sector is denoted as the 'State/local sector'. References to the 'State/local sector' include the Territory governments unless otherwise stated.
 - Local governments are instrumentalities of State governments. Consequently, payments made to the State government sector include payments made to the local government sector unless otherwise specified.
 - 'Budget year' refers to 2011-12, while the 'forward years' refer to 2012-13, 2013-14 and 2014-15.
- (b) Figures in tables and the text have generally been rounded. Discrepancies in tables between totals and sums of components reflect rounding unless otherwise noted. Percentage changes in tables are based on the underlying unrounded amounts.
- One billion is equal to one thousand million.
 - Estimates of \$100,000 and over are generally rounded to the nearest tenth of a million.
 - Estimates midway between rounding points are rounded up.

(c) Tables use the following notations:

na	not applicable
0	zero
-	nil
*	unquantifiable
..	not zero, but rounded to zero
~	allocation not yet determined
\$m	millions of dollars
\$b	billions of dollars

(d) The following abbreviations are used, where appropriate:

NSW	New South Wales
VIC	Victoria
QLD	Queensland
WA	Western Australia
SA	South Australia
TAS	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory
GST	Goods and services tax

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

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

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EXECUTIVE SUMMARY

- The Commonwealth is leading an ambitious reform agenda that involves collaboration with the States. As part of the reform agenda, the Commonwealth is working with the States in areas such as health reform, skills and education, and infrastructure development. The Commonwealth is also supporting the rebuilding of communities affected by recent natural disasters.
- In the short-term, Commonwealth and State budgets will be affected by recent natural disasters and the lingering effects of the global recession. However, Australia's economic fundamentals remain strong and the Commonwealth is committed to returning the Budget to surplus by 2012-13.
- A number of new measures have been announced as part of this Budget that involve collaboration with the States, including in relation to health, skills and education, and funding for infrastructure.
- On 13 February 2011, the Council of Australian Governments reached a *Heads of Agreement on National Health Reform* which will form the basis of negotiations for a new *National Health Reform Agreement* to be signed by July 2011. The reforms will deliver better health and hospital services for all Australians and provide a secure funding base for health and hospitals in the future.
- The Commonwealth has announced that it is taking a new approach to Vocational Education and Training to drive higher quality and responsiveness in the sector. A focus on students with disability is also an important part of this Budget.
- Recent natural disasters have had a profound affect on the Australian community. This Budget reflects the substantial commitment the Commonwealth has made to support affected communities to deal with the tremendous impact of these disasters.
- A number of reviews have been completed or are being implemented to bolster the reform agenda and strengthen federal financial relations, including a review of the distribution of the Goods and Services Tax to the States.
- In 2011-12, the Commonwealth will provide the States with \$95.0 billion in payments for specific purposes and general revenue assistance. This represents a 1.2 per cent increase in total financial assistance from 2010-11.

PART 1: AUSTRALIA'S FEDERAL RELATIONS

The Commonwealth is working in partnership with the States in a number of key reform areas benefitting all Australians. Significant progress has been made in implementing the reform agenda through the federal financial relations framework. The framework has proven to be flexible and dynamic, facilitating reform activity, including health reform, and responding to the global recession and, more recently, natural disasters.

The States receive substantial financial support from the Commonwealth. In 2011-12, the Commonwealth will provide \$95.0 billion in total payments to the States.

OVERVIEW

The Commonwealth is leading an ambitious reform agenda that involves collaboration with the States. As part of the reform agenda, the Commonwealth is working with the States in areas such as health reform, skills and education, and infrastructure development. The Commonwealth is also supporting the rebuilding of communities affected by recent natural disasters.

In the short-term, Commonwealth and State budgets will be affected by recent natural disasters and the lingering effects of the global recession. However, Australia's economic fundamentals remain strong and the Commonwealth is committed to returning the Budget to surplus by 2012-13. Although the fiscal position of the States is expected to improve over the forward estimates, at an aggregate level, States will remain in fiscal deficit through to 2013-14.

This Budget continues to deliver on the Commonwealth's strict fiscal strategy by exercising fiscal discipline in the context of the economic recovery and the second phase of the mining boom. The 2011-12 Budget also takes important steps to expand the productive capacity of the economy, address capacity constraints and ensure the Australian economy is well positioned to convert the opportunities of the mining boom into greater prosperity for more Australians.

In this Budget, the Commonwealth is placing a high priority on building a bigger and better trained workforce and investing in critical infrastructure to expand the productive capacity of the economy. A number of new measures have been announced as part of this Budget that involve collaboration with the States, including reforms under the *Building Australia's Future Workforce* package and funding provided for infrastructure as part of the Regional Infrastructure Fund and the Regional Development Australia Fund.

Significant progress is being made through the Council of Australian Governments (COAG) in achieving reform and responding to the key challenges facing Australia. This includes undertaking National Health Reform to respond to Australia's ageing population, which will place increasing pressure on the country's health and aged care systems. The Commonwealth also recognises the seriousness of mental illness and is making mental health a national priority as part of this Budget, including through working with the States to provide support and services for people with mental illness.

The Commonwealth is also providing substantial funding to the States to assist with rebuilding communities and infrastructure following recent natural disasters.

A number of reviews are underway or being implemented to bolster the reform agenda and strengthen Commonwealth-State relations.

In 2011-12, the Commonwealth will provide the States with \$95.0 billion in payments for specific purposes and general revenue assistance. This represents a 1.2 per cent increase in total financial assistance from 2010-11.

MAJOR GOVERNMENT REFORMS AND NEW DEVELOPMENTS

National Health Reform

On 13 February 2011, COAG reached a *Heads of Agreement on National Health Reform* which will form the basis of negotiations for a new *National Health Reform Agreement* to be signed by July 2011.

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

Under the *Heads of Agreement on National Health Reform*, the Commonwealth will increase its funding contribution to pay 50 per cent of the efficient growth in hospital costs. This will be done in two stages, increasing to 45 per cent in 2014-15 and 50 per cent in 2017-18. These arrangements address a fundamental structural problem in hospital funding where the costs of delivering services are rising faster than the States can raise money to pay for them.

The Commonwealth will also take on full policy and funding responsibility for aged care (other than in Victoria and Western Australia where negotiations are continuing).

In recognition that a strong primary health care system is the key to providing patients with the health care they need, and will relieve pressures faced by hospitals, the

Commonwealth and States have agreed to work together on system-wide policy and planning for GP and primary care services.

These reforms are outlined in greater detail in the Health Overview – *Delivering better hospitals, mental health and health services*.

National Health Reform funding

The Commonwealth will provide National Health Reform funding from 1 July 2012 to fund its increased responsibilities. This funding will have two elements: base funding equivalent to the current National Healthcare Specific Purpose Payment (SPP); and efficient growth funding to be provided from 1 July 2014.

The national efficient price, which will be used in the calculation of efficient growth, will be determined annually by the Independent Hospital Pricing Authority. The introduction of an efficient price from 1 July 2012 introduces a solid market-based reform that will drive greater efficiency and innovation in the public hospital system.

The Commonwealth has guaranteed that its increased contribution for efficient growth will be at least \$16.4 billion greater than the States would have received from the National Healthcare SPP alone between 2014-15 and 2019-20. If the amount required to fund the Commonwealth's hospital growth commitments is less than \$16.4 billion, the residual amount will be paid to fund health services that will ameliorate the growth in demand for hospital services.

In addition, the Commonwealth is providing the States with funding of \$3.8 billion for a package of reforms and investments in health and hospitals.

Changes to the funding responsibilities of the Commonwealth and the States giving effect to the Commonwealth's commitment to take on full policy and funding responsibility for aged care will be budget neutral for the Commonwealth and the States. Discussions are continuing between the Commonwealth and the States on the mechanism to achieve this neutrality.

Victoria and Western Australia have agreed to further consider the Home and Community Care elements of the National Health Reforms, for resolution before the next COAG meeting.

Funding governance

A new national funding pool will be established into which both the Commonwealth's and States' contributions for public hospital services will be made. Funding within the national funding pool will be administered by an independent and jointly-governed national funding body distinct from Commonwealth and State departments.

The national funding pool will comprise an account for each jurisdiction which is quarantined from the contributions provided by other States. Contributions made into

the pool will be disbursed directly to local hospital networks in accordance with State instructions. States will fund the residual cost of hospital services, including any costs above the efficient price.

The establishment of a national pool and independent funding body to administer the pool will ensure that all hospitals are funded under the same transparent arrangements.

Continuing to invest in health

Mental illness affects nearly every Australian in some way. This Budget is investing \$1.5 billion to deliver additional services, a greater focus on prevention and early intervention, and a more targeted and better coordinated mental health care system.

The Commonwealth will provide \$200.0 million to the States over five years for a new National Partnership to help address major service gaps in their mental health systems. The National Partnership will focus on accommodation support for those at risk of homelessness, as well as presentation, admission and discharge planning in major hospitals to help improve system-wide access to, and coordination of, services for people with severe mental illness.

The Commonwealth will also invest in the prevention and early intervention of mental health services for children and young people. This includes \$219.8 million to the States over five years in a 50/50 partnership to establish up to 16 Early Psychosis Prevention and Intervention Centres to provide holistic support for young people with emerging psychotic disorders, and their families.

Complementing investments in health services, the Health and Hospitals Fund provides for investment in health infrastructure, to ensure that substantial funding is available for capital investment to underpin major improvements in efficiency, access and outcomes in health care and to support the Commonwealth's health reform agenda. The Commonwealth will provide total payments of \$1.8 billion over six years from the Health and Hospitals Fund in total payments, including payments to the States, to support the development of health infrastructure projects of national significance in regional areas including payments to the States. This regional package builds on the \$3.2 billion allocated in the 2009-10 Budget to upgrade hospital infrastructure and expand medical research and training infrastructure.

Skills and education

Education and skills training, and access to employment contribute to higher productivity growth and higher labour force participation. Investments in skills and education will assist in improving productivity and expanding the capacity of the economy.

A strong training system will be instrumental in meeting longer term labour needs and sustained economic growth. The Commonwealth has announced, under the *Building Australia's Future Workforce* package, that it will offer the States a new reform-focussed National Partnership agreement to deliver a higher quality and more productive vocational education and training sector. The new National Partnership agreement will provide up to \$1.75 billion over five years from 2012-13 (including \$715.1 million over the forward estimates) to those States willing to commit to ambitious reform.

The Commonwealth will also provide \$80.0 million under a new National Partnership to fund training places for single and teen parents affected by changes to workforce participation requirements.

The forthcoming review of the *National Agreement on Skills and Workforce Development* will allow the Commonwealth and the States to strengthen their joint commitment to training.

In addition to improving the skills of the workforce, education is critical to building human capital and driving a high-skill, high-wage economy.

The Commonwealth remains committed to transforming the quality of the Australian education system and making every school a great school. A key component of this measure involves recognising and rewarding great teachers through the *National Rewards for Great Teachers* Program which will establish a nationally consistent performance management system for teachers and a scheme which recognises the best-performing teachers with reward payments. As part of this initiative, from the start of 2014, the Commonwealth will provide \$125 million each semester in reward payments for the best teachers based on their performance in the previous year.

A focus on students with a disability is also an important part of this Budget through the *Schools – Support for improving learning experiences and educational outcomes for school students with disability* initiative. This measure will provide assistance to teachers and schools to support students with a disability, and provide an opportunity to identify the additional support strategies which make a positive difference for students with a disability. The Commonwealth will provide \$153.2 million over the two and a half years to December 2013 through a National Partnership with the States, and \$42.4 million through funding agreements with non-government schools.

Infrastructure development, including regional Australia

The Commonwealth has an important role in facilitating productivity growth through investment in infrastructure, promoting macroeconomic stability, and appropriate microeconomic reform. The Commonwealth is investing in key infrastructure projects, in partnership with the States, to ensure enhanced productive capacity in the economy. The investment in infrastructure is expected to leverage private sector investment.

The Commonwealth has committed \$6.0 billion to the Regional Infrastructure Fund (RIF) over the 11 years to 2020-21 to reinvest proceeds of the mining boom in regional Australia. The Commonwealth has committed at least \$2.0 billion from the RIF to Queensland and Western Australia.

The RIF will be funded predominantly through the Minerals Resource Rent Tax, to be introduced on 1 July 2012. As part of the agreement with the Independents, the Commonwealth has also established a Regional Development Australia Fund (RDAF). The fund consists of \$573 million from the RIF and funds from the former Priority Regional Infrastructure Program, to a total of \$1.0 billion over five years. The fund is to be used for local projects identified by Regional Development Australia committees.

These funds have been established to invest in capacity building projects, with investment in rail, roads, ports and other critical infrastructure supporting jobs in regional and mining communities and the broader Australian workforce.

The RIF and the RDAF complement three other key funds established by the Commonwealth to support long-term investment in Australia's future: the Health and Hospitals Fund; the Education Investment Fund; and the Building Australia Fund.

A significant number of infrastructure projects are delivered through these funds in partnership with the States. In addition, the flagship Nation Building program is investing \$3.8 billion in state and local government infrastructure in 2011-12.

Regional Australia is an important focus of infrastructure investment to ensure that all Australians benefit from economic growth and improved wellbeing. In addition to important road and rail infrastructure being funded in regional areas under the Nation Building program, the Health and Hospitals Fund and the Education Investment Fund have dedicated funding rounds that give priority to projects in regional areas.

To realise the full benefits of infrastructure investment and reduce regulatory inefficiencies, COAG has agreed to establish national transport regulatory frameworks and three national regulators for heavy vehicles, rail and maritime safety. This Budget provides additional funding for the completion of the COAG National Transport Reforms, which will establish national approaches to heavy vehicle, rail and maritime safety regulation.

The Commonwealth also recognises the importance of local government in delivering and maintaining key local infrastructure. The Commonwealth provides significant funding through Financial Assistance Grants to local government that can be used to improve local government infrastructure. The Commonwealth has decided to bring forward payments for local government services from 2011-12 to be paid in 2010-11.

Rebuilding communities affected by natural disasters

Recent natural disasters have had a profound affect on the Australian community. This Budget reflects the substantial commitment the Commonwealth has made to support affected communities to deal with the tremendous impact of these disasters.

The Commonwealth expects to contribute \$4.64 billion to the States under the Natural Disaster Relief and Recovery Arrangements (NDRRA) towards relief and assistance, and rebuilding communities affected by recent natural disasters. This includes \$3.77 billion in financial assistance to Queensland to support recovery and reconstruction efforts associated with the Queensland floods and Tropical Cyclone Yasi.

In February 2011, the Commonwealth and Queensland Governments agreed the *National Partnership Agreement for Natural Disaster Reconstruction and Recovery*. The National Partnership complements the governance and accountability provisions established under the long-standing NDRRA. The Commonwealth has already provided \$1.0 billion to Queensland as an advance NDRRA payment under the National Partnership, and a further \$1.05 billion will be provided in 2010-11. An advance payment of \$500.0 million is also expected to be paid in 2011-12.

The Commonwealth has also announced its intention to provide an advance payment of \$500.0 million to Victoria for flood reconstruction and recovery in that State.

The Commonwealth will also provide a further \$3.84 billion under the NDRRA for past natural disasters. Overall, the Commonwealth will be providing \$8.48 billion in NDRRA payments.

Given the increasing regularity and severity of natural disasters, all governments have recognised that a national, coordinated and cooperative effort is required to enhance Australia's capacity to withstand and recover from emergencies and disasters. COAG adopted the *National Strategy for Disaster Resilience* at its meeting on 13 February 2011 and agreed to take immediate steps to implement it.

The *National Strategy for Disaster Resilience* focuses on the shared responsibilities of governments, business and communities in preparing for, and responding to, disasters. It sets out the concrete steps that governments at all levels can take to reduce risks posed by natural disasters and better support communities to recover from disasters. Other actions will include steps to support improved risk-based planning decisions, the take-up of insurance and the provision and construction of resilient infrastructure.

COAG AGENDA

Through COAG, the Commonwealth and the States are working together on major reforms that have contributed to economic prosperity and improved the lives of all Australians.

COAG has made significant progress in responding to the key challenges facing Australia of raising productivity, improving workforce participation to lift Australia's long-term economic potential, and dealing with significant demographic change. The health, skills and infrastructure reforms currently underway are key to this agenda.

At its February 2011 meeting, the Prime Minister put to COAG a streamlined agenda built around five themes of strategic importance that lie at the intersection of jurisdictional responsibilities:

- a long-term strategy for economic and social participation;
- a national economy driven by our competitive advantages;
- a more sustainable and liveable Australia;
- better health services and a more sustainable health system for all Australians; and
- Closing the Gap on Indigenous disadvantage.

The federal financial relations framework, introduced on 1 January 2009, provides a strong foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and wellbeing into the future. National Partnerships which support these reforms are detailed in Part 2 of this Budget Paper.

Further details on the federal financial relations framework are at Appendix A of this Budget Paper.

REVIEWS RELATING TO COMMONWEALTH-STATE RELATIONS

A number of reviews have been completed or are being implemented to bolster the reform agenda and strengthen federal financial relations.

Review of the distribution of the GST

On 30 March 2011, the Commonwealth announced a review of the distribution of the Goods and Services Tax (GST) to the States (the Review) to ensure that Australia is best placed to deal with the long-term economic, environmental, demographic and social challenges which are transforming our economy.

The Review will examine whether improvements to the current form of horizontal fiscal equalisation, which determines the distribution of GST revenue to the States, can be identified to improve the efficiency, equity, simplicity and predictability of the current arrangements in light of these challenges.

The Review will not affect the distribution of the GST in 2011-12 and 2012-13. The Commonwealth Grants Commission will continue to make recommendations on the distribution of the GST and will be requested to update its methodology to reflect any agreed recommendations of the Review.

The Review will be conducted by the Hon Nick Greiner AC, the Hon John Brumby and Mr Bruce Carter.

The Review will be advised by a Heads of Treasuries Advisory Committee comprising representatives of all States and the Commonwealth and will seek public submissions. The Review will be supported by a secretariat within the Commonwealth Treasury, with representation from the States and other agencies as appropriate.

The Review will provide an interim report to the Treasurer by February 2012 with a final report to be provided in August/September 2012. The report will be considered by COAG, with a final decision to be made on the new arrangements before the end of 2013.

Australia's Future Tax System Review and the Tax Forum

In October 2011, the Commonwealth will host a tax forum to continue the debate started by the release of the Australia's Future Tax System Review. It will focus on the broad sweep of topics in the review, with sessions to discuss personal tax, transfer payments, business tax, state taxes, environmental and social taxes, and system governance.

While this forum will canvass a broad range of issues associated with Australia's taxation system, the States will play an important role in discussions on specific elements.

Heads of Treasuries Review of National Agreements, National Partnerships and Implementation Plans under the Intergovernmental Agreement

The *Intergovernmental Agreement on Federal Financial Relations* (Intergovernmental Agreement) commenced on 1 January 2009. In its first report on implementation of the Intergovernmental Agreement, the Ministerial Council for Federal Financial Relations reported to COAG in December 2009 that while considerable progress had been made in implementing the framework, there was scope to improve the consistency of agreements with the principles of the Intergovernmental Agreement. COAG agreed that it was timely to take stock of how implementation was progressing and to address

implementation issues that had emerged in the Intergovernmental Agreement's first year of operation.

Heads of Treasuries, in consultation with Senior Officials, were tasked with undertaking a review of agreements under the framework by December 2010. The review focussed on the consistency of agreements with the Intergovernmental Agreement, and their effectiveness in enabling the achievement of the policy objectives agreed by COAG. The review was considered by COAG at its February 2011 meeting.

A key finding of the review is that the underlying principles of the Intergovernmental Agreement provide a strong foundation for pursuing the COAG reform agenda. However, while significant work has been undertaken by all levels of government to implement the Intergovernmental Agreement in a manner consistent with its original intentions, some challenges remain.

The review found that the Intergovernmental Agreement's underlying principles should be strengthened where necessary to sharpen the focus on outcomes, improve responsiveness and enhance public accountability. The outcomes of the review provide a basis for addressing the challenges that remain, to ensure that the federal financial relations framework remains sustainable and mutually beneficial. Implementation of the review commenced in 2011.

Further information on the review and on performance reporting under the framework is provided at Appendix A of this Budget Paper.

TOTAL PAYMENTS TO THE STATES

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

The States receive significant financial support from the Commonwealth. In 2011-12, the Commonwealth will provide the States with payments totalling \$95.0 billion, comprising payments for specific purposes of \$45.5 billion, and general revenue assistance of \$49.5 billion, including GST revenue, as shown in Table 1.1. This represents a 1.2 per cent increase in total financial assistance compared to 2010-11.

As part of this Budget, the Commonwealth will provide substantial support to the States to implement major reforms, including:

- \$16.4 billion in efficient growth funding for public hospitals over the period 2014-15 to 2019-20 as part of the *National Health Reform* arrangements;

- \$1.8 billion over six years from the Health and Hospitals Fund in total payments, including payments to the States, to support the development of health infrastructure projects of national significance in regional areas;
- \$200.0 million to the States over five years for a new National Partnership to help address major service gaps in state mental health systems, and \$219.8 million over five years to the States in a 50/50 partnership for Early Psychosis Prevention and Intervention Centres;
- \$1.75 billion over five years from 2012-13 (including \$715.1 million over the forward estimates) to support reforms in the Vocational Education and Training sector, by utilising funding arrangements under a new National Partnership Agreement to drive higher quality and responsiveness in the sector;
- \$80.0 million to the States under a new National Partnership to fund training places for single and teen parents affected by changes to workforce participation requirements; and
- \$153.2 million over the two and a half years to December 2013 for a new *National Partnership Agreement on Schools – Support for improving learning experiences and educational outcomes for school students with disability*, and \$42.4 million through funding agreements with non-government schools.

In addition, the Commonwealth will contribute around \$4.64 billion under the NDRRA to the States to provide immediate relief and assistance to rebuild communities affected by recent natural disasters.

Payments for specific purposes

In 2011-12, the States will receive \$45.5 billion in payments for specific purposes, a decrease of 3.9 per cent compared with the \$47.4 billion the States will receive in 2010-11. In 2011-12, \$28.0 billion or 61.5 per cent will be provided as National SPPs, while \$17.5 billion or 38.5 per cent will be provided as National Partnership payments.

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

General revenue assistance

In 2011-12, the States will receive \$49.5 billion in general revenue assistance, including GST payments of \$48.4 billion. This is an increase of 6.3 per cent compared with the \$46.5 billion the States will receive in general revenue assistance in 2010-11.

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

Table 1.1: Commonwealth payments to the States

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2010-11									
Payments for specific purposes	14,753	10,708	9,821	4,984	3,759	1,317	710	1,304	47,356
General revenue assistance	14,042	10,639	8,414	3,263	4,296	1,672	877	2,372	46,524
Total payments to the States	28,796	21,347	18,235	8,247	8,055	2,989	1,587	3,676	93,880
2011-12									
Payments for specific purposes	14,292	10,256	9,510	4,700	3,883	1,084	659	1,103	45,515
General revenue assistance	14,988	10,908	9,139	3,677	4,493	1,743	903	2,672	49,459
Total payments to the States	29,279	21,163	18,649	8,377	8,375	2,827	1,562	3,775	94,974
2012-13									
Payments for specific purposes	13,725	11,120	10,259	4,860	3,364	1,013	633	780	46,611
General revenue assistance	16,216	11,690	9,883	3,723	4,719	1,845	958	2,883	52,853
Total payments to the States	29,941	22,810	20,142	8,583	8,083	2,858	1,591	3,663	99,464
2013-14									
Payments for specific purposes	13,636	11,831	12,461	5,230	3,031	1,003	647	730	49,499
General revenue assistance	17,270	12,202	10,993	3,705	4,907	1,865	960	2,963	55,812
Total payments to the States	30,906	24,034	23,453	8,935	7,938	2,868	1,608	3,693	105,311
2014-15									
Payments for specific purposes	12,859	10,850	9,901	4,642	2,937	962	669	633	44,357
General revenue assistance	18,090	12,845	11,578	3,983	5,097	1,928	1,005	3,040	58,498
Total payments to the States	30,949	23,696	21,478	8,625	8,035	2,890	1,674	3,673	102,855

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

Total payments to the States as a proportion of government expenditure are estimated to be 26.0 per cent in 2011-12.

For 2011-12, total payments to the States as a proportion of gross domestic product (GDP) are estimated to be 6.4 per cent. Total payments to the States as a proportion of GDP are estimated to average 6.4 per cent over the 2010-11 to 2014-15 period, as shown in Table 1.2. Payments for specific purposes are estimated to average 3.0 per cent and general revenue assistance is estimated to average 3.4 per cent as a proportion of GDP over this period.

Table 1.2: Total Commonwealth payments to the States as a proportion of GDP

\$million	National SPPs	National Health Reform funding	National Partnership payments (a)	GST entitlement	Other general revenue assistance	Total	Change from previous year	Per cent of GDP
2010-11	26,264	-	21,092	45,450	1,074	93,880	-	6.8
2011-12	28,010	-	17,505	48,350	1,109	94,974	1.2	6.4
2012-13	16,152	13,676	16,782	51,750	1,103	99,464	4.7	6.4
2013-14	17,199	14,598	17,702	54,700	1,112	105,311	5.9	6.4
2014-15	18,360	16,154	9,843	57,400	1,098	102,855	-2.3	5.9

(a) Includes financial assistance grants for local government and payments direct to local government.

PART 2: PAYMENTS FOR SPECIFIC PURPOSES

The Commonwealth makes payments to the States to support specific state services through National Specific Purpose Payments (National SPPs), National Partnership payments and, from 1 July 2012, National Health Reform payments. This Part outlines these payments.

OVERVIEW OF PAYMENTS

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

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

- National SPPs in respect of key service delivery sectors;
- National Health Reform funding from 1 July 2012; and
- National Partnership payments – facilitation payments, project payments and reward payments.

The *Intergovernmental Agreement on Federal Financial Relation* (Intergovernmental Agreement) provides that all payments for National SPPs and National Partnerships will be paid by the Commonwealth Treasury to each State Treasury on the 7th day of each month.

From 1 July 2012, a new national funding pool will be established into which the Commonwealth will provide National Health Reform funding as its contribution to public hospital services under the National Health Reform arrangements. Funding within the national funding pool will be administered by an independent and jointly-governed national funding body distinct from Commonwealth and State departments. Further detail on the new National Health Reform arrangements is set out in Part 1 of this Budget Paper.

National SPPs

The Commonwealth supports the States' efforts in delivering services in the major service delivery sectors through National SPPs. The Commonwealth currently makes payments under five National SPPs:

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

The States are required to spend each National SPP in the relevant sector.

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

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

The National SPPs are distributed among the States in accordance with population shares based on the Australian Statistician's determination of States' population shares as at 31 December of that year. In recognition that an immediate shift to equal per capita shares may have implications for State allocations, an equal per capita distribution is being phased in over five years from 2009-10.

An equal per capita distribution of National SPPs ensures that all Australians, regardless of the jurisdiction in which they live, are provided with the same share of Commonwealth funding support for State service delivery.

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

From 1 July 2012, the National Healthcare SPP will be replaced by National Health Reform funding which will comprise base funding equivalent to the National Healthcare SPP and, from 1 July 2014, efficient growth funding.

Further detail of the new National Health Reform arrangements is set out in Part 1 of this Budget Paper.

National Partnership payments

The Commonwealth recognises the need to support the States to undertake priority national reforms or collaborative projects.

Under the Intergovernmental Agreement, National Partnership payments to the States are the key vehicle to support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on nationally significant reforms.

There are three types of National Partnership payments: project; facilitation; and reward.

National Partnership project payments are a financial contribution to the States to deliver specific projects, including to improve the quality or quantity of service delivery, or projects which support national objectives. To the fullest extent possible, project payments are aligned with the achievement of project milestones and are made after the States have achieved the outcomes or outputs specified in the National Partnership.

When an area emerges as a national priority, National Partnership facilitation payments may be paid in advance of the States implementing reforms, in recognition of the administrative and other costs associated with undertaking reform.

National Partnership reward payments can be used to reward those States that deliver on nationally significant reform or continuous improvement in service delivery. National Partnership agreements with reward payments set out clear, mutually agreed and ambitious performance benchmarks that encourage the achievement of reforms or continuous improvement in service delivery.

For reward payments, the COAG Reform Council assesses and publicly reports on the achievement of agreed performance benchmarks. The Commonwealth considers the COAG Reform Council assessments when determining reward payments to the States.

Some payments for specific purposes under the previous federal financial arrangements have become National Partnership project payments.

National Partnership agreements are publicly available at:
www.federalfinancialrelations.gov.au

Total payments for specific purposes

In 2011-12, payments for specific purposes are estimated to total \$45.5 billion, down from \$47.4 billion in 2010-11 (a decrease of 3.9 per cent). Total payments to the States for specific purposes constitute a significant proportion of Commonwealth expenditure and are estimated to represent 12.4 per cent of total Commonwealth expenditure in 2011-12.

Total payments for specific purposes, including National SPPs and National Partnership payments are shown in Table 2.1.

Table 2.1: Total payments for specific purposes by category, 2010-11 to 2014-15

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Specific Purpose Payments	26,264	28,010	16,152	17,199	18,360
National Health Reform funding	-	-	13,676	14,598	16,154
National Partnership Payments(a)	21,092	17,505	16,782	17,702	9,843
Total payments for specific purposes	47,356	45,515	46,611	49,499	44,357

(a) Includes financial assistance grants for local government and payments direct to local government.

Total payments for specific purposes by sector, including National SPPs and National Partnership payments, are shown in Table 2.2.

Table 2.2: Total payments for specific purposes by sector, 2010-11 to 2014-15

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
Health	14,332	15,381	16,024	16,835	17,314
Education	17,237	13,644	13,862	14,394	15,274
Skills and Workforce Development	1,713	1,863	1,708	1,773	1,722
Community Services	2,765	3,393	2,307	2,418	2,560
Affordable Housing	3,520	2,118	1,932	1,862	1,807
Infrastructure	3,797	5,664	6,143	5,662	1,601
Environment	434	881	249	42	28
Contingent	1,218	491	1,650	3,955	1,416
Other	242	454	476	206	208
Financial assistance grants to local government	2,098	1,626	2,259	2,351	2,428
Total payments for specific purposes	47,356	45,515	46,611	49,499	44,357

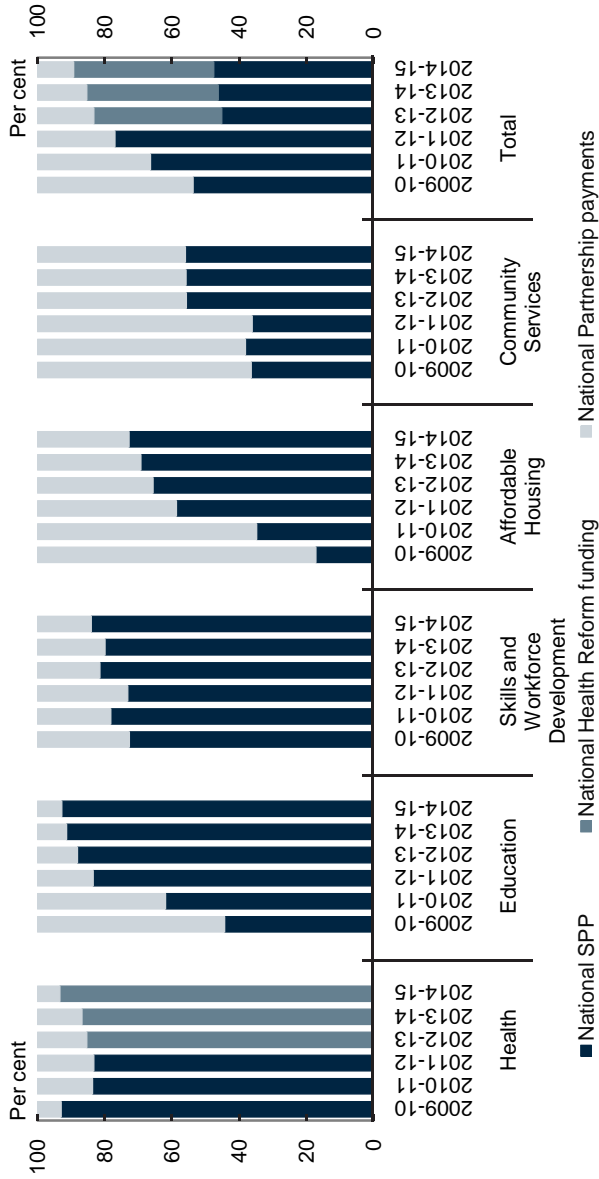
Further information on these payments is in this Part. Total payments for specific purposes categorised by government finance statistics function are set out in Appendix D.

Categories of payments for specific purposes

Chart 2.1 shows the breakdown of payments for specific purposes by category. It illustrates that over time, National SPPs (and National Health Reform funding) will become the primary source of specific purpose funding to the States.

National Partnership payments were the key vehicle by which the Commonwealth delivered economic stimulus programs through the States. As those programs end, National Partnership payments will make up a smaller share of total specific purpose payments to the States.

Chart 2.1: Composition of payments for specific purposes^{(a)(b)}



(a) Infrastructure, Environment, Contingent, Other and Local government payments are provided solely through National Partnership payments and are not included in Chart 2.1.

(b) Information for 2009-10 is taken from the *Final Budget Outcome 2009-10*.

HEALTH

In 2011-12, the Commonwealth will provide funding of \$15.4 billion to support state health services.

Under the National Health Reform arrangements, the National Healthcare SPP will be replaced by National Health Reform funding from 1 July 2012.

Table 2.3 provides information on payments to support state health services, including additional investments and reforms under the National Health Reform arrangements.

Table 2.3: Payments to support state health services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Healthcare SPP	11,988.3	12,805.5	-	-	-
National Health Reform funding	-	-	13,676.2	14,597.8	16,154.2
National Partnership payments					
National Health Reform	1,085.7	832.8	773.4	1,037.1	70.2
Closing the Gap in the Northern Territory	5.7	4.1	0.8	-	-
Hospital and health workforce reform	-	41.4	55.5	-	-
Health infrastructure	548.7	988.3	744.2	405.8	371.9
Health services	81.3	83.9	84.0	84.5	85.5
Mental health	-	21.4	43.5	44.3	45.0
Preventive health	18.8	100.3	162.3	194.0	235.9
Other health payments	603.0	503.1	483.9	471.4	350.9
Total	14,331.6	15,380.9	16,023.8	16,835.0	17,313.7

National Healthcare Agreement

The *National Healthcare Agreement* affirms the commitment of the Commonwealth and the States to:

- ensuring that there is a focus on health policy and the prevention of disease and injury and the maintenance of health, not simply the treatment of illness;
- meeting the primary health care needs of all Australians efficiently through timely and quality care;
- ensuring that people with complex care-needs can access comprehensive, integrated and coordinated services;
- providing timely and appropriate high-quality hospital and hospital-related care to all Australians;
- meeting the needs of older Australians through high-quality, affordable, health and aged care services that are appropriate to their needs, as well as enabling choice and seamless, timely transition within and across the different sectors;

- ensuring all Australians experience best-practice care that is suited to their needs and circumstances;
- achieving health outcomes for Indigenous Australians (and those living in rural and remote areas) that are comparable to the broader population; and
- a sustainable health system that can respond and adapt to future needs.

Heads of Agreement on National Health Reform

On 13 February 2011, COAG reached a *Heads of Agreement on National Health Reform* which will form the basis of negotiations for a new *National Health Reform Agreement* to be signed by July 2011.

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

Under the National Health Reform arrangements, the Commonwealth will increase its funding contribution to 50 per cent of the growth in public hospital costs. This will be done in two stages: increasing to 45 per cent in 2014-15, and 50 per cent in 2017-18.

National Healthcare SPP and National Health Reform funding

The Commonwealth is currently providing National Healthcare SPP funding, and will provide National Health Reform funding totalling \$69.2 billion over five years from 2010-11. National Health Reform funding will be provided under the National Health Reform arrangements and will commence on 1 July 2012. National Health Reform funding will have two elements: base funding to be provided from 1 July 2012 sourced from the existing National Healthcare SPP; and efficient growth funding to be provided from 1 July 2014. National Health Reform funding will be paid into a national funding pool to support public hospital services.

National Healthcare SPP and National Health Reform funding

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11									
National Healthcare SPP	3,935.1	2,910.0	2,381.9	1,224.2	958.3	263.5	165.8	149.5	11,988.3
2011-12									
National Healthcare SPP	4,173.3	3,126.0	2,569.9	1,319.2	997.5	282.1	184.4	153.1	12,805.5
2012-13									
National Health Reform funding	4,432.1	3,360.6	2,763.7	1,416.9	1,039.9	302.3	204.3	156.3	13,676.2
2013-14									
National Health Reform funding	4,674.8	3,634.5	2,993.0	1,531.3	1,054.6	324.4	233.9	151.4	14,597.8
2014-15									
National Health Reform funding (a)	5,155.6	4,024.7	3,325.3	1,704.3	1,160.7	356.8	258.7	168.1	16,154.2

(a) The efficient growth funding component of National Health Reform funding in 2014-15 is distributed on a per capita basis for illustrative purposes only. The distribution of efficient growth funding will be determined by efficient growth in each State.

Growth factor

The Intergovernmental Agreement defines the growth factor for the National Healthcare SPP as the product of:

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

The growth factor for the National Healthcare SPP is currently estimated to be 6.82 per cent in 2011-12.

In 2012-13 and 2013-14 National Health Reform funding will be equivalent to the National Healthcare SPP indexed by the growth factor defined in the Intergovernmental Agreement.

From 2014-15, the Commonwealth will begin to increase its funding contribution to 50 per cent of the growth in hospital costs. This will be done in two stages: increasing to 45 per cent in 2014-15, and 50 per cent in 2017-18.

Efficient growth funding will comprise:

- for services funded on the basis of activity – the increase in the efficient price of delivering public hospital services, and the increase in service provision; and

- for services funded on the basis of block grants – the increase in the efficient price of delivering those services.

The efficient price will be determined annually by the Independent Hospital Pricing Authority.

The Commonwealth has guaranteed that its increased contribution will be at least \$16.4 billion greater than States would have received from the National Healthcare SPP between 2014-15 and 2019-20. If the amount required to fund the Commonwealth’s public hospital growth commitment over this period is less than \$16.4 billion, the residual amount will be paid to fund health services that will ameliorate the growth in demand for hospital services.

Additional information on the National Health Reform arrangements is provided in Part 1 of this Budget Paper.

National Partnership payments for health

In addition to National Health Reform funding, the Commonwealth will provide funding through National Partnerships to alleviate key pressure points to help meet the growing demand for hospital services. Further detail on these National Partnerships and their components is provided below.

National Health Reform

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments - National Health Reform					
Improving Public Hospital Services					
Flexible funding for emergency departments, elective surgery and subacute care	94.3	25.0	25.0	-	-
Four hour national access target for emergency departments					
- capital funding	105.4	50.0	50.0	-	-
- facilitation and reward funding	175.0	100.0	75.0	150.0	-
Improving access to elective surgery					
- capital funding	91.6	25.0	-	-	-
- facilitation and reward funding	355.0	158.0	21.0	116.0	-
New subacute beds guarantee funding	233.6	317.6	446.6	625.5	-
Expanding the Early Psychosis Prevention and Intervention Centre model	5.9	8.1	28.2	50.2	70.2
Expansion of subacute care in multi-purpose services	25.0	43.0	35.0	17.1	-
Financial assistance for long stay older patients	-	106.1	92.6	78.4	-
Total	1,085.7	832.8	773.4	1,037.1	70.2

National Partnership Agreement on Improving Public Hospital Services

Flexible funding for emergency departments, elective surgery and subacute care component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	24.7	19.6	16.5	16.3	7.3	3.8	3.3	2.9	94.3
2011-12	7.0	5.6	4.7	2.7	2.1	1.1	0.9	0.8	25.0
2012-13	7.0	5.6	4.7	2.7	2.1	1.1	0.9	0.8	25.0
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to increase hospital capacity and improve services to patients through a funding pool. The funding pool gives the States additional capacity to respond to capital and recurrent cost needs in the public hospital system in relation to emergency departments, elective surgery and subacute care.

Four hour national access target for emergency departments — capital funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	29.0	22.9	19.2	16.2	8.1	3.9	3.3	2.9	105.4
2011-12	14.5	11.4	9.6	5.4	4.0	1.9	1.7	1.4	50.0
2012-13	14.5	11.4	9.6	5.4	4.0	1.9	1.7	1.4	50.0
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to expand capacity in the public hospital system for emergency department treatment.

The expansion of emergency departments and associated facilities will help achieve the Commonwealth's new four hour national access target. This measure allows for the upgrade of public hospital emergency departments in order to meet these new targets and will be distributed based on population and need.

Four hour national access target for emergency departments — facilitation and reward funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	56.7	43.5	35.4	18.0	12.9	4.0	2.8	1.7	175.0
2011-12	32.1	24.8	20.5	10.4	7.3	2.2	1.6	1.0	100.0
2012-13	23.9	18.6	15.6	8.0	5.3	1.6	1.2	0.8	75.0
2013-14	47.9	37.3	31.0	15.8	10.8	3.3	2.4	1.6	150.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to reduce the time taken to treat patients in public hospital emergency departments as part of a reform to introduce a four hour national access target.

The four hour national access target for emergency departments requires hospitals to admit, refer for follow-up treatment, or discharge at least 95 per cent of patients within

four hours of presenting at a hospital emergency department, where it is clinically appropriate to do so.

In the 2011-12 Budget, the Commonwealth will bring forward \$25.0 million from 2012-13 to 2010-11, reclassifying this amount from reward payments to facilitation payments. This funding will assist in reducing emergency department waiting times.

This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

Improving access to elective surgery — capital funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	23.5	18.8	16.1	13.7	7.6	4.4	3.9	3.6	91.6
2011-12	6.7	5.4	4.6	2.8	2.2	1.2	1.1	1.0	25.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to boost elective surgery capacity in public hospitals.

Expanding the capacity to perform elective surgery will help to achieve the Commonwealth's new national target for elective surgery and the *National Access Guarantee for Elective Surgery*. This target seeks to ensure that, by the end of 2015, 95 per cent of elective surgery patients in all urgency categories are treated within the clinically recommended time.

Improving access to elective surgery — facilitation and reward funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	115.0	88.2	71.8	36.5	26.3	8.1	5.6	3.5	355.0
2011-12	51.0	39.3	32.1	16.3	11.7	3.6	2.5	1.6	158.0
2012-13	6.1	5.0	5.0	2.7	1.0	0.4	0.4	0.4	21.0
2013-14	37.0	28.8	24.0	12.2	8.3	2.6	1.8	1.2	116.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to implement access targets for elective surgery and for implementation of the *National Access Guarantee for Elective Surgery*. The target seeks to ensure that 95 per cent of elective surgery patients in all urgency categories are treated within the clinically recommended time by the end of 2015.

In the 2011-12 Budget, the Commonwealth will bring forward \$95.0 million from 2012-13 with \$55.0 million brought into 2010-11 and \$40.0 million brought into 2011-12; these amounts will be reclassified from reward payments to facilitation payments. This funding will help to ensure elective surgery patients are treated within clinically recommended times.

This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

New subacute beds guarantee funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	76.0	58.2	46.9	24.1	17.0	5.7	3.6	2.1	233.6
2011-12	102.6	78.4	64.4	32.1	23.9	7.0	5.6	3.6	317.6
2012-13	145.0	111.1	89.8	45.9	32.8	10.6	7.0	4.3	446.6
2013-14	203.8	154.7	125.9	64.3	46.0	14.0	9.9	6.9	625.5
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for over 1,300 additional beds for subacute services.

Under this component of the *National Partnership Agreement on Improving Public Hospital Services*, States will need to commit to, and establish, an agreed number of new subacute beds or bed-equivalents each year to receive a payment from the Commonwealth. These beds could be provided in public hospitals or in community settings. Funding will provide beds for palliative, rehabilitative and geriatric care, as well as subacute mental health treatment.

National Partnership on expanding the Early Psychosis Prevention and Intervention Centre model^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.5	-	1.6	0.8	0.6	0.2	0.1	0.1	5.9
2011-12	3.5	-	2.2	1.1	0.8	0.2	0.2	0.1	8.1
2012-13	12.1	-	7.7	3.9	2.7	0.8	0.6	0.4	28.2
2013-14	21.4	-	13.7	7.0	4.8	1.5	1.1	0.7	50.2
2014-15	29.8	-	19.2	9.9	6.7	2.1	1.5	1.0	70.2

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States except Victoria. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it.

The Commonwealth will provide funding for the expansion of the Early Psychosis Prevention and Intervention Centre (EPPIC) model initiative to explore how the model could be used to reform early psychosis management within the Australian mental health system. EPPICs provide an integrated and comprehensive psychiatric service to help address the needs of people aged 15-24 with emerging psychotic disorders. Services provided include early intervention and clinical treatment.

In the 2011-12 Budget, the Commonwealth will provide an additional \$219.8 million over five years (including \$80.8 million in 2015-16) to establish up to 16 new centres.

This measure forms part of the *National Reform of Mental Health* package and is discussed in Budget Paper No. 2: *Budget Measures 2011-12*. Other payments made as part of the *National Reform of Mental Health* package are discussed in the Improving mental health section of this Part.

National Partnership on the expansion of subacute care in multi-purpose services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	8.1	2.6	3.3	5.7	4.3	0.9	-	0.1	25.0
2011-12	13.9	4.4	5.8	9.8	7.5	1.5	-	0.1	43.0
2012-13	11.3	3.6	4.7	8.0	6.1	1.2	-	0.1	35.0
2013-14	5.5	1.8	2.3	3.9	3.0	0.6	-	..	17.1
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide capital funding to expand access to subacute care for people in rural and remote areas through the establishment of an additional 286 new subacute beds and bed-equivalents in multi-purpose services nationally. Multi-purpose services provide a combination of services including acute-care, residential aged care, community health, home and community care, and other health-related services. These services ensure that small communities supporting a range of independently-run services have access to more coordinated and cost-effective services.

National Partnership on financial assistance for long stay older patients

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	32.9	12.7	21.2	15.9	18.0	3.2	1.1	1.1	106.1
2012-13	28.7	11.1	18.5	13.9	15.7	2.8	0.9	0.9	92.6
2013-14	24.3	9.4	15.7	11.8	13.3	2.4	0.8	0.8	78.4
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will redirect a portion of funding from high care residential aged care places to assist with the costs of caring for long stay older patients (LSOP) in public hospitals. Other health reform measures such as increasing access to care through multi-purpose services in rural and remote areas are expected to assist in reducing the number of LSOP places required during the life of the measure. The funding reduces over time to take this into account.

Closing the Gap in the Northern Territory

National Partnership on Closing the Gap in the Northern Territory

Indigenous health and related services component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	5.7	5.7
2011-12	-	-	-	-	-	-	-	4.1	4.1
2012-13	-	-	-	-	-	-	-	0.8	0.8
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to improve access to effective primary health care services in the Northern Territory in partnership with the Northern Territory Government, Aboriginal Medical Services Alliance Northern Territory, and

through consultation with other key stakeholders. This National Partnership is delivering health improvements through a system-wide approach to enhancing quality and access to services across the Northern Territory. It is also complemented by related initiatives in the areas of law and order, community safety, education, food security, and provision of interpreters.

Other payments made as part of the *National Partnership on Closing the Gap in the Northern Territory* are discussed in the Education and Community Services sections of this Part.

Hospital and health workforce reform

National Partnership on hospital and health workforce reform

The Commonwealth will provide funding to improve the efficiency of public hospital services, enhance health workforce capability and supply, increase the volume and quality of subacute care services, and improve the operations of emergency departments. This National Partnership will support an efficient and effective public hospital system that delivers high-quality and safe services to patients.

Activity-based funding component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	12.3	11.0	7.0	4.1	3.6	1.2	1.0	1.2	41.4
2012-13	16.5	14.7	9.4	5.5	4.8	1.7	1.3	1.7	55.5
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding to continue the development of a national approach to activity-based funding for public hospital services.

As agreed by COAG, the Commonwealth's contribution to public hospital services will be based on activity. Block funding will be provided for those public hospital services that are better funded in that way, including relevant services in regional and rural communities.

Health infrastructure

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments -					
Health infrastructure					
Health and Hospitals Fund					
Hospital infrastructure and other projects					
of national significance	228.7	429.0	193.0	77.6	50.0
National cancer system	202.2	419.8	367.8	26.4	4.8
Regional priority round					
Port Macquarie Base Hospital					
Expansion	-	14.1	22.6	38.5	20.8
Royal Hobart Hospital Redevelopment	-	20.0	38.6	50.0	50.0
Additional component	-	66.6	95.5	192.0	245.0
Translational research and workforce training					
	-	26.0	25.0	20.0	-
Other Health infrastructure payments					
Cairns integrated cancer centre	2.0	2.0	-	-	-
Children's cancer centre, Adelaide	8.0	1.5	-	-	-
Contribution towards the new Women's and Children's Hospital in Hobart					
	100.0	-	-	-	-
Funding for Grafton Hospital	1.0	5.0	-	-	-
Health infrastructure projects in Tasmania					
PET scanner for the Westmead hospital, Sydney					
	1.3	1.3	1.3	1.3	1.3
Tasmanian health package					
Patient transport and accommodation services					
	2.3	1.2	-	-	-
Radiation oncology services in North/North West Tasmania					
	2.7	0.4	0.4	-	-
Upgrading patient accommodation for Launceston					
	0.5	-	-	-	-
Total	548.7	988.3	744.2	405.8	371.9

National Partnership for Health infrastructure

Several payments have been combined under the *National Partnership for Health infrastructure*.

Health and Hospitals Fund

A number of projects are funded from the Health and Hospitals Fund through Implementation Plans or as Project Agreements.

Hospital infrastructure and other projects of national significance component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	13.5	8.5	24.8	141.2	20.0	11.5	-	9.2	228.7
2011-12	53.0	4.5	120.2	132.9	94.0	4.0	-	20.4	429.0
2012-13	9.4	-	82.0	45.0	56.0	-	-	0.6	193.0
2013-14	-	-	15.0	62.6	-	-	-	-	77.6
2014-15	-	-	-	50.0	-	-	-	-	50.0

The Commonwealth is providing funding from the Health and Hospitals Fund to support the development of health infrastructure projects of national significance. The Commonwealth will collaborate with the States to expand and modernise key public hospitals across Australia to improve hospital care.

National cancer system component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	27.4	115.3	20.1	9.1	12.2	4.9	13.2	-	202.2
2011-12	63.6	171.1	95.2	23.1	37.0	8.4	21.4	-	419.8
2012-13	40.4	236.1	51.1	2.3	34.7	3.2	-	-	367.8
2013-14	0.7	-	21.7	-	3.3	0.7	-	-	26.4
2014-15	-	-	-	-	-	4.8	-	-	4.8

The Commonwealth is providing funding from the Health and Hospitals Fund to support infrastructure to deliver a world-class cancer care system in Australia. This funding will help modernise cancer services and improve detection, survival and treatment outcomes, particularly for patients in regional and rural Australia.

Regional Priority Round

The Commonwealth will provide funding for the Regional Priority Round from the Health and Hospital Fund totalling \$1.33 billion over five years comprising \$96.0 million for the Port Macquarie Base Hospital Expansion, \$240.0 million for the Royal Hobart Hospital Redevelopment and \$993.5 million for the remaining allocation of the 63 projects. There will be a further \$475.0 million Regional Priority Round to commence later this year.

Regional priority round — Port Macquarie Base Hospital Expansion component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	14.1	-	-	-	-	-	-	-	14.1
2012-13	22.6	-	-	-	-	-	-	-	22.6
2013-14	38.5	-	-	-	-	-	-	-	38.5
2014-15	20.8	-	-	-	-	-	-	-	20.8

The Commonwealth will provide funding from the Health and Hospitals Fund to construct an appropriately configured, contemporary healthcare facility to provide high quality medical services to the people of Port Macquarie and the surrounding district.

In the 2011-12 Budget, the Commonwealth will provide \$20.8 million in additional funding in 2014-15. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

Regional priority round — Royal Hobart Hospital Redevelopment component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	20.0	-	-	20.0
2012-13	-	-	-	-	-	38.6	-	-	38.6
2013-14	-	-	-	-	-	50.0	-	-	50.0
2014-15	-	-	-	-	-	50.0	-	-	50.0

The Commonwealth will provide funding from the Health and Hospitals Fund to deliver an enhanced acute care facility in Hobart with a significantly increased service capacity to meet the health needs of people in regional areas. The total funding allocated in the 2010-11 MYEFO to this project from the Health and Hospitals Fund is \$240.0 million with \$81.4 million allocated in 2015-16.

Regional priority round — Additional component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	9.5	11.0	7.0	2.4	10.6	-	2.3	23.6	66.6
2012-13	15.8	24.7	10.8	7.6	14.7	-	-	21.9	95.5
2013-14	44.9	44.9	23.6	14.8	26.7	-	-	37.0	192.0
2014-15	91.0	57.3	38.4	9.3	10.7	-	-	38.3	245.0

The Commonwealth will provide funding of \$863.8 million over five years (\$264.8 million in 2015-16) from the Health and Hospitals Fund to deliver additional regional priority services. A further \$129.7 million will be administered by the Department of Health and Ageing.

The Commonwealth will work in partnership with the States to expand and modernise key health infrastructure, including hospitals, across Australia to improve health care. Funding will be provided for a range of health services including enhanced elective surgery capacity, enhanced sub-acute care services and emergency department facilities, improved access to dental services, renal dialysis units, mental health care facilities, cancer care services, primary care infrastructure, Indigenous health care infrastructure and tele-health facilities.

Funding for the Regional priority round — Additional component is a new spending measure in the 2011-12 Budget. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

Translational research and workforce training component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	26.0	-	-	-	-	-	-	26.0
2012-13	-	25.0	-	-	-	-	-	-	25.0
2013-14	-	20.0	-	-	-	-	-	-	20.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding from the Health and Hospitals Fund to support translational medical research infrastructure. This translational research investment will provide new medical research infrastructure in the areas of mental health and neurological disorders, child health, Indigenous health and medical bionics. The funding has been targeted at projects that will focus on translating research into clinical practice to deliver better health outcomes for all Australians.

Other Health infrastructure payments

Cairns integrated cancer centre component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	2.0	-	-	-	-	-	2.0
2011-12	-	-	2.0	-	-	-	-	-	2.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

Children's cancer centre, Adelaide component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	8.0	-	-	-	8.0
2011-12	-	-	-	-	1.5	-	-	-	1.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to South Australia for the construction of a purpose-built children's cancer centre at the Women's and Children's Hospital in Adelaide.

Contribution towards the new Women's and Children's Hospital in Hobart component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	100.0	-	-	100.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding towards the construction of the new Women's and Children's Hospital as part of the redevelopment of the Royal Hobart Hospital.

Funding for Grafton Hospital component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.0	-	-	-	-	-	-	-	1.0
2011-12	5.0	-	-	-	-	-	-	-	5.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the Grafton Hospital initiative. The measure has been established to enable faster and safer treatment for elderly patients and patients with chronic conditions, improve the timely diagnosis of patients and improve the operating theatre infrastructure for surgical procedures.

Health infrastructure projects in Tasmania component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	1.4	-	-	1.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding to upgrade chemotherapy and cancer facilities in North-West Tasmania, with a focus on the North-West Regional hospital at Burnie.

PET scanner for the Westmead hospital, Sydney component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.3	-	-	-	-	-	-	-	1.3
2011-12	1.3	-	-	-	-	-	-	-	1.3
2012-13	1.3	-	-	-	-	-	-	-	1.3
2013-14	1.3	-	-	-	-	-	-	-	1.3
2014-15	1.3	-	-	-	-	-	-	-	1.3

The Commonwealth is providing funding to New South Wales for the provision of a positron emission tomography (PET) scanner and for PET services and research at Westmead hospital.

Tasmanian health package

The Commonwealth is providing funding to improve health services in Tasmania. The Tasmanian package includes increased patient transport and accommodation services through the Tasmanian patient transport initiative, expanded radiation oncology services in North/North-West Tasmania, and upgraded patient accommodation in the Launceston hospital.

Patient transport and accommodation services component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	2.3	-	-	2.3
2011-12	-	-	-	-	-	1.2	-	-	1.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Radiation oncology services in North/North West Tasmania component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	2.7	-	-	2.7
2011-12	-	-	-	-	-	0.4	-	-	0.4
2012-13	-	-	-	-	-	0.4	-	-	0.4
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Upgrading patient accommodation for Launceston component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	0.5	-	-	0.5
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Health services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments -					
Health services					
Extension of the COAG Long Stay Older Patients Initiative	37.5	37.5	37.5	37.5	37.5
Health care grants for the Torres Strait	4.0	4.2	4.4	4.4	4.5
Healthy kids health checks	1.8	1.9	2.0	2.0	2.0
National antimicrobial utilisation surveillance program	0.3	-	-	-	-
National bowel cancer screening	1.4	-	-	-	-
National perinatal depression initiative	6.4	9.5	8.7	8.7	8.7
National public health — human quarantine services	0.1	0.1	0.1	0.1	0.1
Northern Territory medical school — funding contribution	0.5	1.6	2.2	2.3	2.3
OzFoodNet	1.6	1.6	1.6	1.7	1.7
Satellite renal dialysis facilities in remote Northern Territory communities	0.3	0.1	-	-	-
Sexual assault counselling in remote Northern Territory areas	1.4	1.1	0.5	-	-
Torres Strait health protection strategy	0.9	0.9	0.9	0.9	1.0
Reducing acute rheumatic heart fever among Indigenous children	2.4	2.4	2.5	2.6	2.6
Royal Darwin hospital — equipped, prepared and ready	14.2	14.5	14.8	15.0	15.3
Vaccine-preventable diseases surveillance	1.2	0.8	0.8	0.8	0.8
Victorian cytology service	7.3	7.7	8.1	8.5	8.9
Total	81.3	83.9	84.0	84.5	85.5

National Partnership on Health services

Several payments have been combined under a *National Partnership on Health services*.

Extension of the COAG Long Stay Older Patients Initiative component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2011-12	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2012-13	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2013-14	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5
2014-15	13.0	9.5	6.8	3.3	3.3	1.0	0.3	0.3	37.5

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

Health care grants for the Torres Strait component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	4.0	-	-	-	-	-	4.0
2011-12	-	-	4.2	-	-	-	-	-	4.2
2012-13	-	-	4.4	-	-	-	-	-	4.4
2013-14	-	-	4.4	-	-	-	-	-	4.4
2014-15	-	-	4.5	-	-	-	-	-	4.5

The Commonwealth is providing funding towards the costs associated with the provision of health care to Papua New Guinean nationals by Queensland health services. Treatment of Papua New Guinean nationals in the Torres Strait reduces the risk of the spread of communicable diseases.

Healthy kids health checks component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.5	0.4	0.4	0.2	0.1	0.1	0.1	0.1	1.8
2011-12	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.1	1.9
2012-13	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.1	2.0
2013-14	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.1	2.0
2014-15	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.1	2.0

The Commonwealth is providing funding to promote the provision of health assessment services to children who are about to enter school. The program will promote early detection of lifestyle risk factors, delayed development and illness, and introduce guidance for healthy lifestyles and early intervention strategies.

National antimicrobial utilisation surveillance program component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	0.3	-	-	-	0.3
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth has provided funding for the national antimicrobial utilisation surveillance program. The program collected, analysed and reported on inpatient antimicrobial usage data in Australian hospitals to support the development of strategies to minimise antimicrobial resistance.

National bowel cancer screening component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	0.4	0.4	0.2	0.1	0.1	0.1	0.1	1.4
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

National perinatal depression initiative component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.8	1.5	1.3	0.8	0.4	0.2	0.2	0.2	6.4
2011-12	2.7	2.2	1.9	1.2	0.6	0.3	0.2	0.3	9.5
2012-13	2.5	2.1	1.7	1.1	0.6	0.3	0.2	0.3	8.7
2013-14	2.5	2.1	1.7	1.1	0.6	0.3	0.2	0.3	8.7
2014-15	2.5	2.1	1.7	1.1	0.6	0.3	0.2	0.3	8.7

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

National public health — human quarantine services component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.1
2011-12	0.1
2012-13	0.1
2013-14	0.1
2014-15	0.1

The Commonwealth is providing funding for human quarantine services to support the implementation of health measures at our international borders. The aim of these health measures is to protect the Australian public from serious communicable diseases, particularly exotic, new and re-emerging infectious diseases, through human quarantine activities.

Northern Territory medical school — funding contribution component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	0.5	0.5
2011-12	-	-	-	-	-	-	-	1.6	1.6
2012-13	-	-	-	-	-	-	-	2.2	2.2
2013-14	-	-	-	-	-	-	-	2.3	2.3
2014-15	-	-	-	-	-	-	-	2.3	2.3

The Commonwealth is providing a contribution to the recurrent costs of the Northern Territory Medical Program (NTMP). The NTMP is delivered by Flinders University, with recurrent funding provided by the Northern Territory Government. The Commonwealth contribution is in addition to the capital grant it provided in 2009-10 and 2010-11 from the Health and Hospitals Fund for the establishment of the teaching facilities for the NTMP.

OzFoodNet component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2011-12	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2012-13	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.6
2013-14	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	1.7
2014-15	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	1.7

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

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

Satellite renal dialysis facilities in remote Northern Territory communities component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	0.3	0.3
2011-12	-	-	-	-	-	-	-	0.1	0.1
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to improve access to renal dialysis services for remote communities in the Northern Territory.

Sexual assault counselling in remote Northern Territory areas component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	1.4	1.4
2011-12	-	-	-	-	-	-	-	1.1	1.1
2012-13	-	-	-	-	-	-	-	0.5	0.5
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to assist Indigenous communities affected by sexual assault-related trauma through culturally safe counselling and other services to children, families and communities in remote areas of the Northern Territory. This service is delivered through the NT Mobile Outreach Service Plus.

Torres Strait health protection strategy component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	0.9	-	-	-	-	-	0.9
2011-12	-	-	0.9	-	-	-	-	-	0.9
2012-13	-	-	0.9	-	-	-	-	-	0.9
2013-14	-	-	0.9	-	-	-	-	-	0.9
2014-15	-	-	1.0	-	-	-	-	-	1.0

The Commonwealth is providing funding to assist in mosquito detection and eradication and to support the Torres Strait communication officer position to improve communication and coordination between Australia and Papua New Guinea to reduce the spread of communicable diseases in the Torres Strait.

Reducing acute rheumatic heart fever among Indigenous children component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	0.8	0.8	-	-	-	0.8	2.4
2011-12	-	-	0.8	0.8	-	-	-	0.8	2.4
2012-13	-	-	0.8	0.8	-	-	-	0.8	2.5
2013-14	-	-	0.9	0.9	-	-	-	0.9	2.6
2014-15	-	-	0.9	0.9	-	-	-	0.9	2.6

The Commonwealth is providing funding to support register and control programs for acute rheumatic fever and rheumatic heart disease, particularly for Indigenous children.

Royal Darwin hospital — equipped, prepared and ready component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	14.2	14.2
2011-12	-	-	-	-	-	-	-	14.5	14.5
2012-13	-	-	-	-	-	-	-	14.8	14.8
2013-14	-	-	-	-	-	-	-	15.0	15.0
2014-15	-	-	-	-	-	-	-	15.3	15.3

The Commonwealth is providing funding to maintain the National Critical Care and Trauma Response Centre at Royal Darwin Hospital in a state of readiness to respond to major health incidents in the region.

Vaccine-preventable diseases surveillance component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.3	0.3	0.2	0.1	0.1	..	0.1	0.1	1.2
2011-12	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
2012-13	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
2013-14	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
2014-15	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8

The Commonwealth is providing funding for the vaccine-preventable diseases surveillance program. The program will improve surveillance reporting of nationally

notifiable vaccine-preventable diseases and allow national monitoring, analysis and timely reporting of data to provide an evidence base for policy formulation.

Victorian cytology service component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	7.3	-	-	-	-	-	-	7.3
2011-12	-	7.7	-	-	-	-	-	-	7.7
2012-13	-	8.1	-	-	-	-	-	-	8.1
2013-14	-	8.5	-	-	-	-	-	-	8.5
2014-15	-	8.9	-	-	-	-	-	-	8.9

The Commonwealth is providing funding for the Victorian cytology service. The service is a joint-government pathology laboratory, responsible for reporting cervical cytology tests.

Mental health

National Partnership on improving mental health^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	6.9	5.3	4.3	2.2	1.6	0.5	0.3	0.2	21.4
2012-13	14.0	10.8	8.9	4.5	3.2	1.0	0.7	0.4	43.5
2013-14	14.2	11.0	9.1	4.6	3.2	1.0	0.7	0.5	44.3
2014-15	14.4	11.2	9.3	4.8	3.2	1.0	0.7	0.5	45.0

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it.

As part of the Commonwealth's *National Reform of Mental Health* package, the Commonwealth will negotiate a National Partnership agreement with the States to address major service gaps in their mental health services including accommodation, emergency departments and community-based crisis support. The National Partnership will improve access and quality of services for people with mental illness.

This is a new spending measure taken in the 2011-12 Budget. This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*. Other payments made as part of the *National Reform of Mental Health* package are discussed in the National Health Reform section of this Part.

Preventive health

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments - Preventive health					
Enabling infrastructure	5.0	2.5	2.5	2.5	-
Healthy children	-	32.5	64.9	97.4	130.8
Healthy communities	7.8	25.8	26.3	-	-
Healthy workers	-	33.6	62.6	88.2	105.2
Social marketing	6.0	6.0	6.0	6.0	-
Total	18.8	100.3	162.3	194.0	235.9

National Partnership on preventive health

The Commonwealth is providing funding for the *National Partnership on preventive health*. This National Partnership has been established to address the rising prevalence of lifestyle-related chronic diseases by laying the foundations for healthy behaviours in the daily lives of Australians. The objectives of this National Partnership are being achieved through settings such as communities, early childhood education and care environments, and schools and workplaces, and are being supported by national social marketing campaigns. A key feature of this National Partnership is the establishment of infrastructure required to monitor and evaluate the progress of interventions, including the Australian National Preventive Health Agency.

Enabling infrastructure component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.6	1.2	1.0	0.5	0.4	0.1	0.1	0.1	5.0
2011-12	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5
2012-13	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5
2013-14	0.8	0.6	0.5	0.3	0.2	0.1	..	..	2.5
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for additional state-based surveillance activities covering nutrition and physical activity measures consistent with national protocols and to enable reporting on National Partnership performance benchmarks.

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

Healthy children component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	10.7	7.8	6.6	3.3	2.3	0.8	0.5	0.4	32.5
2012-13	21.3	15.7	13.3	6.6	4.6	1.6	1.0	0.8	64.9
2013-14	32.0	23.5	19.9	9.9	6.9	2.4	1.5	1.2	97.4
2014-15	43.0	31.5	26.8	13.3	9.3	3.2	2.1	1.6	130.8

The Commonwealth will provide funding to deliver a range of preventive health programs covering physical activity and healthy eating in settings such as child care centres, pre-schools and schools.

Healthy communities component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.7	1.5	1.5	1.1	0.8	0.4	0.3	0.6	7.8
2011-12	6.2	5.3	5.0	3.6	3.1	0.8	0.3	1.4	25.8
2012-13	6.3	5.4	5.1	3.7	3.1	0.9	0.3	1.4	26.3
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for a targeted, progressive roll out of community-based healthy lifestyle programs that facilitate increased access to physical activity, healthy eating and healthy weight activities for disadvantaged adults who are predominantly not in the paid workforce.

Healthy workers component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	10.7	8.3	6.9	3.6	2.5	0.7	0.6	0.3	33.6
2012-13	19.9	15.4	12.8	6.7	4.6	1.4	1.1	0.6	62.6
2013-14	28.1	21.7	18.1	9.5	6.4	1.9	1.6	0.9	88.2
2014-15	33.5	25.9	21.6	11.3	7.7	2.3	1.9	1.1	105.2

The Commonwealth will provide funding to facilitate the delivery of healthy living programs in workplaces, covering topics such as physical activity, healthy eating, harmful consumption of alcohol and smoking cessation.

This is in addition to developing a national healthy workplace charter with peak employer and employee representatives, supporting resources, national standards/benchmarks and a best-practice award scheme.

Social marketing component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2011-12	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2012-13	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2013-14	2.0	1.5	1.2	0.6	0.5	0.1	0.1	0.1	6.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to develop social marketing campaigns that extend and complement the Australian Better Health Initiative and reinforce local activities on preventive health.

Other Health National Partnership payments

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments -					
Other					
Commonwealth Dental Health Program	-	94.3	96.7	99.0	-
East Kimberley development package — health-related projects	6.3	14.6	2.8	-	-
Elective surgery waiting list reduction plan	268.0	-	-	-	-
Essential vaccines	306.8	371.2	360.2	348.1	344.9
Indigenous early childhood development — antenatal and reproductive health	21.9	23.1	24.3	24.4	6.0
Total	603.0	503.1	483.9	471.4	350.9

National Partnership on Commonwealth Dental Health Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	30.4	24.2	17.6	7.9	8.2	3.4	1.4	1.4	94.3
2012-13	30.7	24.4	17.7	7.9	8.3	3.9	1.9	1.9	96.7
2013-14	31.9	25.4	18.5	8.3	8.6	3.5	1.4	1.5	99.0
2014-15	-	-	-	-	-	-	-	-	-

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

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

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	6.3	-	-	-	-	6.3
2011-12	-	-	-	14.6	-	-	-	-	14.6
2012-13	-	-	-	2.8	-	-	-	-	2.8
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for health infrastructure projects from the East Kimberley development package. Investment priorities under the package include primary and preventive health care, drug and alcohol services, short-term patient accommodation, housing for health service providers, improvements to remote clinics, aged care facilities and environmental health measures. Improving primary and preventive health care services in these areas will reduce the incidence of chronic and

acute illness in the community as well as reduce the pressure on acute health services in Kununurra and Wyndham.

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

National Partnership on the Elective surgery waiting list reduction plan

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	87.9	63.7	51.5	25.9	20.6	8.2	5.9	4.3	268.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on the Elective surgery waiting list reduction plan*. Facilitation funding has been provided for systemic improvements such as the construction of additional operating theatres and the purchase of new surgical equipment to improve long-term elective surgery performance. Reward funding will be provided to those States that reduce elective surgery waiting times and increase surgery throughput.

National Partnership on Essential vaccines

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	94.6	77.4	65.6	30.9	22.8	7.0	4.8	3.8	306.8
2011-12	115.2	93.3	78.5	37.6	27.7	8.6	5.7	4.6	371.2
2012-13	111.1	90.6	76.8	36.5	26.9	8.3	5.5	4.5	360.2
2013-14	106.2	87.3	75.3	35.7	25.7	7.9	5.3	4.7	348.1
2014-15	104.9	87.0	74.8	35.4	25.4	7.7	5.3	4.5	344.9

The Commonwealth is providing funding for the *National Partnership on Essential vaccines*. This National Partnership provides for transitional arrangements to allow time for the Commonwealth to enter into centralised purchasing arrangements for individual vaccines and for the program to transition to a Commonwealth Own Purpose Expense arrangement. This National Partnership will continue to support the provision of immunisation services to the Australian community, maintain a high level of immunisation coverage and ensure protection against major vaccine preventable diseases in the community.

In the 2011-12 Budget, the Commonwealth will save \$2.9 million in payments to the States over four years by listing Prevenar 13® on the National Immunisation Program (NIP).

In addition, the Commonwealth will provide an extra \$40.0 million over three years to fund a catch-up program for children aged 12-35 months. This program will provide free access to the Prevenar 13® vaccine through the NIP.

These measures are discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	5.3	1.2	6.2	2.8	0.9	0.5	0.2	4.7	21.9
2011-12	5.7	1.1	6.8	3.4	1.2	0.6	0.2	3.9	23.1
2012-13	5.7	1.3	7.1	3.8	1.3	0.7	0.2	4.1	24.3
2013-14	5.5	1.4	7.6	3.9	1.1	0.7	0.3	3.8	24.4
2014-15	2.6	-	-	2.0	0.5	0.4	-	0.5	6.0

The Commonwealth is providing funding to all jurisdictions to improve antenatal care, teenage sexual and reproductive health, and pre-pregnancy care, as well as building linkages with existing child and maternal health programs to increase uptake of these services.

The Education section in this Part outlines further payments made under the *National Partnership on Indigenous early childhood development*.

EDUCATION

In 2011-12, the Commonwealth will provide funding of \$13.6 billion to support state education services, as detailed in table 2.4.

Table 2.4: Payments to support state education services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Schools SPP	10,662.7	11,376.8	12,212.1	13,144.7	14,166.7
National Partnership payments					
Closing the Gap in the Northern Territory					
Quality teaching, accelerated literacy	16.3	12.3	-	-	-
Supporting remote schools - additional teachers	29.2	32.3	12.4	-	-
Teacher housing	4.9	-	-	-	-
Digital education revolution	100.0	200.0	200.0	200.0	200.0
Early childhood education - universal access to early education	97.0	297.0	447.0	460.4	460.4
East Kimberley development package - education-related projects	10.7	16.8	4.2	-	-
Education Investment Fund	21.7	24.9	3.8	-	-
Fort Street High School noise insulation	6.0	4.5	-	-	-
Indigenous early childhood development - children and family centres	63.2	94.1	56.5	46.2	-
Nation Building and Jobs plan - Building the education revolution - Primary schools for the 21st century	5,468.0	404.9	-	-	-
National quality agenda for early childhood education and care	7.7	13.1	21.3	19.1	19.1
National Solar Schools Program	14.9	62.0	24.8	-	-
Pre-apprenticeship training	20.0	-	-	-	-
School Pathways Program	0.9	1.9	1.7	1.3	-
Schools - support for improving learning experiences and educational outcomes for school students with disability	-	78.1	78.4	39.2	-
Secure Schools Program(a)	6.9	5.7	5.0	5.0	-
Smarter schools					
Improving teacher quality(a)	34.0	216.0	175.0	-	-
Literacy and numeracy(a)	175.0	175.0	-	-	-
Low SES school communities(a)	203.3	371.0	362.9	225.8	174.0
Trade training centres in schools	295.1	257.1	256.9	252.5	253.9
Total	17,237.4	13,643.5	13,862.0	14,394.0	15,274.0
<i>Memorandum item - payments for non-government schools included in payments above</i>					
National Schools SPP	7,112.0	7,602.0	8,191.9	8,844.8	9,546.8
Digital education revolution	37.0	74.0	74.0	74.0	74.0
Nation Building and Jobs plan - Building the education revolution - Primary schools for the 21st century	1,750.6	95.3	-	-	-
National Solar Schools Program	14.9	7.1	6.9	-	-
Schools - support for improving learning experiences and educational outcomes for school students with disability	-	16.9	17.0	8.5	-
Trade training centres in schools	91.2	98.9	92.0	80.7	74.9
Total	9,005.8	7,894.2	8,381.7	9,008.0	9,695.7

(a) Includes government and non-government schools.

National Education Agreement

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

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

This agreement is contributing to shared outcomes, including:

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

National Schools SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	3,385.7	2,635.9	2,140.8	1,088.8	823.8	246.8	186.3	154.6	10,662.7
2011-12	3,587.1	2,810.4	2,316.4	1,170.6	871.3	260.8	199.1	161.2	11,376.8
2012-13	3,815.1	3,014.8	2,520.4	1,269.7	928.4	277.7	214.3	171.7	12,212.1
2013-14	4,059.6	3,242.5	2,757.8	1,384.3	989.9	294.9	231.2	184.6	13,144.7
2014-15	4,353.4	3,493.3	3,002.2	1,500.7	1,058.6	313.3	249.7	195.4	14,166.7

The National Schools SPP is Commonwealth funding associated with the *National Education Agreement* and is provided to the States to support schools.

Growth factor

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

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

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

The growth factor for government schools is currently estimated to be 6.31 per cent in 2011-12.

National Partnership payments for education

National Partnership on Closing the Gap in the Northern Territory

Quality teaching, accelerated literacy component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	16.3	16.3
2011-12	-	-	-	-	-	-	-	12.3	12.3
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Supporting remote schools — additional teachers component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	29.2	29.2
2011-12	-	-	-	-	-	-	-	32.3	32.3
2012-13	-	-	-	-	-	-	-	12.4	12.4
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Teacher housing component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	4.9	4.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on Closing the Gap in the Northern Territory* to address the challenges in remote Northern Territory communities. The Commonwealth and Northern Territory Governments are working towards COAG's Closing the Gap targets and resetting the relationship with the Indigenous communities in the Northern Territory.

This National Partnership is allowing Northern Territory education providers to develop career pathways for Indigenous staff, increase the number of Indigenous staff with education qualifications, and provide support and programs to enable teachers and students to achieve improved outcomes in literacy and numeracy in 73 targeted remote communities.

It also provides for the continuation of a number of measures that commenced in 2007 under the Northern Territory Emergency Response.

In addition, the Commonwealth is providing funding to the Northern Territory Government to recruit and deploy up to 170 teachers in Northern Territory Government schools and for the construction of up to 22 additional teacher housing units to help alleviate the shortage of available accommodation in remote communities.

Other payments made as part of the *National Partnership on Closing the Gap in the Northern Territory* are discussed in the Health and Community Services sections of this Part.

National Partnership on the digital education revolution^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	31.7	23.8	21.2	10.4	7.5	2.4	1.9	1.0	100.0
2011-12	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0
2012-13	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0
2013-14	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0
2014-15	63.4	47.5	42.5	20.9	15.1	4.8	3.8	1.9	200.0

(a) Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on the digital education revolution*. This National Partnership was established to contribute sustainable and meaningful change to teaching and learning in Australian schools that will prepare students for further education, training and to live and work in a digital world. It is providing for new information and communication technology equipment for all secondary schools with students in years 9 to 12 through the National Secondary Schools Computer Fund.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	26.9	19.3	29.5	9.7	6.6	1.9	1.2	1.9	97.0
2011-12	82.3	59.1	90.3	29.7	20.2	5.9	3.6	5.9	297.0
2012-13	137.9	109.5	97.6	47.6	30.9	10.4	7.1	5.9	447.0
2013-14	146.9	114.4	95.1	48.6	33.1	10.2	7.3	4.8	460.4
2014-15	146.9	114.4	95.1	48.6	33.1	10.2	7.3	4.8	460.4

The Commonwealth is providing funding for the *National Partnership on early childhood education – universal access to early education*. Under this National Partnership, every child is to have access to a preschool program in the year before full-time schooling by 2013. The preschool program is to be delivered by a four-year university qualified early childhood teacher, for 15 hours a week, 40 weeks a year.

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

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	10.7	-	-	-	-	10.7
2011-12	-	-	-	16.8	-	-	-	-	16.8
2012-13	-	-	-	4.2	-	-	-	-	4.2
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to Western Australia as part of the *National Partnership on the East Kimberley development package – education-related projects*. Investment priorities under the package include early childhood development, primary and secondary schooling, post secondary education and training, and community meeting facilities in remote locations. Concerted action in the areas of education and training is expected to improve the socio-economic status, employment status and workforce participation of Indigenous people.

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

National Partnership on the Education Investment Fund

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	10.7	-	-	11.0	-	-	-	-	21.7
2011-12	11.7	-	-	13.2	-	-	-	-	24.9
2012-13	3.8	-	-	-	-	-	-	-	3.8
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Education Investment Fund is a major component of the Commonwealth's Education Revolution. The role of the Education Investment Fund is to build a modern, productive, internationally competitive Australian economy by supporting world-leading, strategically-focused infrastructure investments that will transform Australian tertiary education and research.

National Partnership for Fort Street High School noise insulation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.0	-	-	-	-	-	-	-	6.0
2011-12	4.5	-	-	-	-	-	-	-	4.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to New South Wales for the *National Partnership for Fort Street High School noise insulation* to manage the noise insulation works of Fort Street High School against the effects of aircraft noise.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	16.0	8.0	17.8	4.3	1.0	-	4.3	11.7	63.2
2011-12	24.5	1.0	25.6	11.7	11.0	2.4	1.1	16.9	94.1
2012-13	16.3	3.4	19.2	7.0	2.8	1.2	1.1	5.6	56.5
2013-14	13.5	3.2	8.0	8.9	4.2	1.7	1.1	5.5	46.2
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the children and family centres element of the *National Partnership on Indigenous early childhood development* to improve the early childhood outcomes of Indigenous children by addressing the high levels of disadvantage they experience. This National Partnership provides for the establishment of children and family centres which will deliver integrated services, including early learning, childcare and family support programs. The locations for 38 centres have been announced.

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

National Partnership on Nation Building and Jobs plan — Building the education revolution — Primary schools for the 21st century^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1,704.1	1,285.2	1,029.2	628.5	495.6	148.4	91.3	85.6	5,468.0
2011-12	157.4	104.6	72.3	55.9	3.4	2.2	3.1	6.2	404.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on Nation Building and Job Plan — Building the education revolution* (BER). This National Partnership was established to provide economic stimulus through the rapid construction and refurbishment of school infrastructure, and build learning environments to help children, families and communities participate in activities that support achievement, develop learning potential and bring communities together.

The BER is underpinned by a strong partnership approach between the Commonwealth, States and non-government education authorities.

Funding for two of the three BER components, National School Pride Program and Science and Language Centres for 21st Century Secondary Schools, was completed in 2009-10. Funding for the third component of BER, Primary Schools for the 21st Century, will cease in 2011-12.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.9	1.3	1.0	1.2	0.7	0.1	..	0.4	7.7
2011-12	5.9	3.2	0.9	0.8	1.5	0.2	0.2	0.5	13.1
2012-13	9.6	5.1	1.6	1.2	2.4	0.3	0.2	0.9	21.3
2013-14	8.5	4.6	1.5	0.9	2.3	0.3	0.2	0.8	19.1
2014-15	8.4	4.6	1.5	0.9	2.4	0.3	0.2	0.9	19.1

The Commonwealth is providing funding for the *National Partnership on the national quality agenda for early childhood education and care* to deliver an integrated and unified national regulatory system for early childhood education and care, and reduce the regulatory burden on service providers. It is promoting continuous improvement in the quality of services through a national quality standard, including the early years learning framework, and a national quality rating system.

The National Quality Agenda is improving educational and developmental outcomes for children, and improving public knowledge of, and access to, information about the quality of early childhood education and care services.

National Partnership on the National Solar Schools Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	5.8	3.1	2.7	1.3	1.1	0.4	0.3	0.2	14.9
2011-12	15.2	14.7	12.2	8.6	5.6	2.2	1.4	2.2	62.0
2012-13	6.9	5.2	5.4	3.7	2.0	0.7	0.4	0.5	24.8
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it. Includes government and non-government schools.

The Commonwealth is providing funding for government schools as part of the *National Partnership on the National Solar Schools Program* and through funding agreements with non-government schools. The Commonwealth will reduce funding for this Program by \$156.4 million and bring forward its closure to 30 June 2013.

Funding will remain available to eligible schools through two competitive funding rounds in 2011-12 and 2012-13, with an increased emphasis on funding schools in low socio-economic and remote areas. Successful schools will receive funding to install solar and other renewable power systems, solar hot water systems and rainwater tanks, and for other energy efficiency improvements.

The measure taken in the 2011-12 Budget is discussed in *National Solar Schools Program – redesigned program* as part of Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on pre-apprenticeship training

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	4.3	0.9	3.0	3.5	3.5	4.4	0.3	0.1	20.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on pre-apprenticeship training* to help increase the number of pre-apprenticeship training

opportunities, resulting in an increased number of individuals taking up formal Australian apprenticeship training in traditional trade occupations. This National Partnership is expected to conclude in 2010-11.

National Partnership on the School Pathways Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	0.4	0.6	-	-	-	0.9
2011-12	-	-	-	0.5	1.3	-	-	-	1.9
2012-13	-	-	-	0.5	1.2	-	-	-	1.7
2013-14	-	-	-	0.5	0.7	-	-	-	1.3
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on the School Pathways Program* in South Australia and Western Australia. This National Partnership was established to increase the pool of young people ready to move from school into further education, apprenticeships, scholarships and part-time work/study combinations in the defence industry. The School Pathways Program is also increasing employer awareness of options for recruiting young people and the benefits to business of doing so.

National Partnership on Schools — support for improving learning experiences and educational outcomes for school students with disability^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	25.0	19.0	16.2	8.0	5.8	1.8	1.3	0.9	78.1
2012-13	25.1	19.1	16.3	8.0	5.8	1.8	1.4	0.9	78.4
2013-14	12.5	9.5	8.1	4.0	2.9	0.9	0.7	0.4	39.2
2014-15	-	-	-	-	-	-	-	-	-

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it. Includes government and non-government schools.

The Commonwealth will provide funding for the *National Partnership on Schools – support for improving learning experiences and educational outcomes for school students with disability*. This National Partnership is being established to target assistance to teachers and schools to support students with disability. It will provide additional skills development and support for teachers to meet students' needs. It will also provide further assistance to schools to create extended-service schools that offer co-ordinated support for students and connect them with health, welfare, transport and other services.

This National Partnership will assist education authorities to achieve the outcomes of the *National Education Agreement*, such as:

- schooling that promotes social inclusion and reduces the educational disadvantage of children, especially Indigenous children;

- all children are engaging in and benefitting from school; and
- young people are meeting basic literacy and numeracy standards, and overall levels of literacy and numeracy achievements are improving.

Funding for Schools – support for improving learning experiences and educational outcomes for school students with disability is a new spending measure taken in the 2011-12 Budget. This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on the Secure Schools Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.8	2.4	0.7	0.6	0.1	-	0.3	-	6.9
2011-12	1.8	1.4	1.2	0.6	0.4	0.1	0.1	0.1	5.7
2012-13	1.6	1.2	1.0	0.5	0.4	0.1	0.1	0.1	5.0
2013-14	1.6	1.2	1.0	0.5	0.4	0.1	0.1	0.1	5.0
2014-15	-	-	-	-	-	-	-	-	-

(a) Yearly profiles and State splits for 2011-12 to 2013-14 are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it. Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on the Secure Schools Program* to assist both government and non-government schools at risk of racially or religiously motivated crimes to meet their particular security needs.

Smarter schools National Partnerships

National Partnership on improving teacher quality^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	10.9	8.6	6.7	3.4	2.5	0.8	0.6	0.4	34.0
2011-12	69.2	54.9	42.6	21.9	15.8	5.1	3.9	2.6	216.0
2012-13	56.0	44.5	34.5	17.7	12.8	4.2	3.1	2.1	175.0
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on improving teacher quality*. This National Partnership was established to facilitate and reward ambitious, nationally significant and sustainable reforms to attract, train, place, develop and retain quality teachers and school leaders in classrooms and schools. These reforms provide a platform for raising student performance and support other schooling reforms targeting low socio-economic status school communities and literacy and numeracy outcomes.

National Partnership on literacy and numeracy^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	47.6	31.3	48.5	21.6	14.1	4.5	2.1	5.2	175.0
2011-12	47.6	31.3	48.5	21.6	14.1	4.5	2.1	5.2	175.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on literacy and numeracy*. This National Partnership facilitates and rewards a range of reforms to accelerate literacy and numeracy improvements for students with a priority focus on primary school students who are at risk of falling behind, especially Indigenous students. It is contributing towards COAG's target of 'halving the gap' in literacy and numeracy outcomes for Indigenous students.

This National Partnership has three key priority areas for reform:

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

National Partnership on low socio-economic status school communities^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	81.1	37.6	29.9	13.2	21.8	9.6	0.4	9.6	203.3
2011-12	148.3	68.8	54.0	24.2	39.9	17.5	0.8	17.5	371.0
2012-13	143.9	66.7	55.4	23.5	38.7	17.0	0.7	17.0	362.9
2013-14	88.2	40.9	37.1	14.4	23.8	10.4	0.4	10.4	225.8
2014-15	67.2	31.2	30.2	11.0	18.1	7.9	0.3	7.9	174.0

(a) Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on low socio-economic status school communities*. These reforms are focusing on teacher quality, principal leadership, school accountability and innovative learning opportunities to equip students better for further education, workforce participation and civic responsibilities. The reforms are contributing to COAG's social inclusion agenda and helping to overcome disadvantage experienced by many Indigenous people. This National Partnership provides support for schools and systems to:

- offer incentives to attract high performing principals and teachers to low socio-economic status schools;
- adopt best practice performance management and staffing arrangements that articulate a clear role for principals;

- implement innovative and flexible school operational arrangements to meet the local needs of the school community;
- provide innovative and tailored learning opportunities to address the learning needs and wellbeing of low socio-economic status students;
- strengthen school accountability and provide better reporting of outcomes to parents and communities; and
- establish external partnerships with parents, other schools, businesses and communities to provide wrap-around support for students and help them transition successfully to work or further education.

National Partnership on trade training centres in schools^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	103.8	34.1	57.4	42.7	45.3	9.3	1.8	0.6	295.1
2011-12	78.8	63.2	55.1	27.5	19.3	6.2	4.6	2.3	257.1
2012-13	79.8	60.4	55.4	26.9	19.7	7.1	4.6	2.9	256.9
2013-14	77.5	61.7	54.4	26.9	18.9	6.2	4.5	2.4	252.5
2014-15	78.0	61.9	54.8	27.0	19.0	6.3	4.5	2.5	253.9

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it. Includes government and non-government schools.

The Commonwealth is providing funding for the *National Partnership on trade training centres in schools*. Trade training centres are being established to help increase the proportion of students achieving Year 12 or an equivalent qualification. An important step in achieving this increase is to ensure students have access to high quality, relevant education and training opportunities that continue to engage and encourage them to complete their studies.

SKILLS AND WORKFORCE DEVELOPMENT

In 2011-12, the Commonwealth will provide funding of \$1.9 billion to support state skills and workforce development-related services.

Table 2.5 provides information on payments to support state skills and workforce development-related services.

Table 2.5: Payments to support state skills and workforce development-related services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Skills and Workforce Development SPP	1,339.4	1,363.1	1,390.5	1,416.7	1,445.7
National Partnership payments					
Productivity Places Program	319.4	375.9	-	-	-
Building Australia's Future Workforce -					
Vocational education and training	-	-	238.4	238.4	238.4
Training places for single and teen parents	-	6.7	20.0	26.7	26.7
TAFE fee waivers for childcare qualifications	16.6	30.3	22.0	22.7	11.4
Youth attainment and transitions -					
Maximising engagement, attainment and successful transitions	37.5	37.5	37.5	18.8	-
Year 12 attainment and transitions	-	50.0	-	50.0	-
Total	1,712.8	1,863.5	1,708.3	1,773.3	1,722.1

National Agreement for Skills and Workforce Development

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

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

The reforms needed to achieve the objectives and outcomes of the agreement include reforming training to achieve a more demand-driven and client-focused system, and to help drive the next wave of innovation and productivity.

The Commonwealth will offer the States a new reform-focused National Partnership to deliver a higher quality and more productive sector. The Commonwealth will also negotiate a National Partnership to fund training places for single parents affected by changes to workforce participation requirements. A strong training system is fundamental to meeting longer term labour needs and sustaining economic growth.

National Skills and Workforce Development SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	443.3	331.9	261.6	134.7	100.3	31.2	22.6	13.9	1,339.4
2011-12	448.1	338.1	269.1	138.2	101.4	31.4	22.7	14.1	1,363.1
2012-13	453.2	345.3	277.9	142.6	102.4	31.7	22.9	14.4	1,390.5
2013-14	457.3	352.3	287.2	147.2	103.2	31.8	23.0	14.7	1,416.7
2014-15	461.4	360.2	297.6	152.5	103.9	31.9	23.1	15.0	1,445.7

The National Skills and Workforce Development SPP is the funding associated with the *National Skills and Workforce Development Agreement* and is provided to work towards increasing the skill levels of all Australians, including Indigenous Australians.

Growth factor

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

$$0.85 \times \text{wage cost index 1} + 0.15 \times \text{wage cost index 6}$$

The growth factor is estimated to be 1.78 per cent in 2011-12.

National Partnership payments for skills and workforce development**National Partnership on Productivity Places Program**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	139.0	-	85.9	43.7	32.5	6.3	7.3	4.7	319.4
2011-12	161.2	-	98.7	50.3	37.0	14.9	8.5	5.3	375.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on Productivity Places Program* targeting training to support the development of skills to meet existing and future industry demands. This National Partnership will be terminated on 30 June 2012. Funds for skills development will now support the *Building Australia's Future Workforce* package.

Building Australia's Future Workforce — National Partnership on vocational education and training

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	~	~	~	~	~	~	~	~	238.4
2013-14	~	~	~	~	~	~	~	~	238.4
2014-15	~	~	~	~	~	~	~	~	238.4

The Commonwealth will provide funding for the *National Partnership on vocational education and training*. This National Partnership will provide funding of \$1.75 billion

over five years from 2012-13 (including \$516.3 million in both 2015-16 and 2016-17). It will support long term reform in the vocational education and training (VET) sector, particularly reforms that:

- increase training effort at Certificate III level and above, improve completion rates, and increase the proportion of students who have a proper assessment and recognition of their existing skills prior to commencing training;
- align training effort with emerging skills, innovation and technology needs and fast growing sectors of the economy;
- lift the participation rates and skills base of disadvantaged learners and regions;
- build stronger pathways between VET and higher education qualifications to enable more Australians to lift their skill and qualification levels; and
- lift the quality of teaching and learning and the level of student and industry satisfaction with providers.

Funding will be available to States who make a commitment to reforms. The National Partnership will complement the revised *National Agreement on Skills and Workforce Development*.

Funding for *Building Australia's Future Workforce – National Partnership for vocational education and training* is a new spending measure taken in the 2011-12 Budget. This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

Building Australia's Future Workforce — National Partnership on training places for single and teen parents^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	2.1	1.7	1.4	0.7	0.5	0.1	0.1	0.1	6.7
2012-13	6.4	5.0	4.1	2.1	1.5	0.4	0.3	0.2	20.0
2013-14	8.6	6.6	5.4	2.8	1.9	0.6	0.4	0.3	26.7
2014-15	8.6	6.6	5.4	2.8	1.9	0.6	0.4	0.3	26.7

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it.

The Commonwealth will provide funding for the *National Partnership on training places for single and teen parents* to assist them to return to work. The funding will provide training places, at the Certificate II level or above, for single and teen parents affected by changes to workforce participation requirements.

A training offer for single and teen parents is a new spending measure taken in the 2011-12 Budget. This measure is discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on TAFE fee waivers for childcare qualifications

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	5.0	5.6	2.8	0.8	0.6	0.4	1.3	0.1	16.6
2011-12	6.7	15.8	4.5	2.0	0.2	0.6	0.5	0.1	30.3
2012-13	5.8	10.3	3.0	1.2	0.5	0.4	0.8	0.1	22.0
2013-14	6.0	10.6	3.1	1.3	0.5	0.4	0.8	0.1	22.7
2014-15	3.0	5.3	1.5	0.6	0.3	0.2	0.4	..	11.4

The Commonwealth is providing funding for the *National Partnership on TAFE fee waivers for childcare qualifications*.

This National Partnership removes fees for the Diploma and Advanced Diploma of Children's Services courses delivered at TAFE institutions, or by other government vocational education and training providers. This agreement supports the objectives of the *National Partnership on early childhood education*.

National Partnership on youth attainment and transitions**Maximising engagement, attainment and successful transitions component^(a)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2011-12	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2012-13	8.5	17.0	5.6	2.8	1.9	0.6	0.7	0.4	37.5
2013-14	4.2	8.5	2.8	1.4	1.0	0.3	0.3	0.2	18.8
2014-15	-	-	-	-	-	-	-	-	-

(a) The amount of funding paid to Victoria includes \$43 million across all years to be used to implement the school business community partnership brokers program through its local learning and employment network.

Year 12 attainment and transitions component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	16.3	12.4	10.0	5.1	3.7	1.2	0.8	0.5	50.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	16.3	12.4	10.0	5.1	3.7	1.2	0.8	0.5	50.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on youth attainment and transitions*. This National Partnership was established to support the achievement of a national Year 12 or equivalent attainment rate of 90 per cent by 2015 and to halve the gap in Indigenous Year 12 or equivalent attainment by 2020. Measures under this National Partnership aim to increase the educational engagement and attainment of young people and to improve their transition to post-school education, training, and employment through immediate, concerted action supported by broader long-term reform.

COMMUNITY SERVICES

In 2011-12, the Commonwealth will provide funding of \$3.4 billion to support state community services.

From 1 July 2011, as part of the National Health Reform arrangements, the Commonwealth will take on full policy and funding responsibility for national aged care services and specialist disability services for people 65 years and over (50 years and over for Indigenous Australians). The States will take on responsibility for disability services for people under 65 years (under 50 years for Indigenous Australians). Additional details on the new National Health Reform arrangements are set out in Part 1.

Table 2.6 provides information on payments to support state community services.

Table 2.6: Payments to support state community services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Disability SPP	1,052.0	1,207.7	1,276.8	1,348.4	1,431.9
Changed roles and responsibilities - adjustment to achieve budget neutrality(a)	-	14.2	6.8	0.1	0.5
National Partnership payments					
Transitioning responsibilities for aged care and disability services					
Basic community care maintenance and support services	1,295.8	1,510.1	502.7	544.0	588.8
Specialist disability services	-	223.7	229.7	234.4	238.5
Aged care assessment	72.7	86.3	8.7	-	-
Certain concessions for pensioners and seniors card holders					
Certain concessions for pensioners	244.5	254.6	262.9	272.0	281.5
National reciprocal transport concessions	13.2	14.2	12.5	12.5	12.5
Closing the Gap in the Northern Territory					
Community safety - family support	5.3	5.5	-	-	-
Field operations	2.9	4.3	-	-	-
Food security	0.4	0.2	-	-	-
Property and tenancy management rent reimbursement	3.3	4.9	-	-	-
Remote policing	43.1	52.8	-	-	-
Substance abuse	7.0	7.2	-	-	-
Home and Community Care - services for veterans	18.3	7.4	7.1	6.8	6.8
Victorian bushfire reconstruction and recovery plan	6.9	-	-	-	-
Total	2,765.5	3,393.2	2,307.1	2,418.2	2,560.4

(a) The adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or the National Disability SPP subject to further negotiations on elements of the National Health Reform arrangements.

National Disability Agreement

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

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

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

National Disability SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	349.3	247.0	201.6	94.3	101.2	31.5	15.6	11.5	1,052.0
2011-12	396.5	284.5	237.4	109.8	114.0	35.0	17.9	12.6	1,207.7
2012-13	416.1	307.5	253.6	123.4	109.5	33.8	19.6	13.4	1,276.8
2013-14	435.2	330.3	272.5	136.1	106.4	32.8	21.1	14.1	1,348.4
2014-15	457.0	356.7	294.8	151.1	102.9	31.6	22.9	14.9	1,431.9

The National Disability SPP is the funding associated with the *National Disability Agreement*. The Commonwealth is providing funding to the States under the National Disability SPP to support disability services.

Growth factor

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

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

The growth factor is estimated to be 6.30 per cent in 2011-12.

Changed roles and responsibilities — adjustment to achieve budget neutrality^{(a)(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	17.5	1.9	14.4	16.0	-31.8	-5.5	-0.6	2.1	14.2
2012-13	13.9	3.8	10.9	17.3	-34.2	-6.4	-0.9	2.4	6.8
2013-14	9.8	6.4	7.8	18.5	-36.5	-7.4	-1.2	2.7	0.1
2014-15	10.3	6.8	8.3	19.8	-38.6	-7.8	-1.3	2.9	0.5

(a) Estimated amounts for Victoria and Western Australia, and amounts for 2014-15 for all States are subject to further negotiations between the Commonwealth and the States.

(b) The adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or the National Disability SPP subject to further negotiations on elements of the National Health Reform arrangements.

From 1 July 2011, the Commonwealth will make an adjustment to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services as part of the National Health Reform arrangements are budget neutral. The estimated adjustments for Victoria and Western Australia exclude any changes associated with basic community care maintenance and support services, but give effect to the other changes affecting roles and responsibilities. Discussions are continuing between the Commonwealth and Victoria and Western Australia respectively in relation to their involvement in the basic community care maintenance and support reforms.

Subject to further negotiations on elements of the National Health Reform arrangements, it is anticipated that the adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or National Disability SPP.

National Partnership payments for community services

National Partnership on transitioning responsibilities for aged care and disability services

The *National Partnership on transitioning responsibilities for aged care and disability services* forms part of the National Health Reform arrangements. This agreement will implement the first phase of changes to the roles and responsibilities associated with the Commonwealth taking full funding and policy responsibility for basic community care services and specialist disability services for people aged 65 years and over (50 years and over for Indigenous Australians).

As part of these reforms, States will reimburse the Commonwealth for the cost of packaged community care and residential care services delivered to persons under the age of 65 (50 years for Indigenous Australians). Further details of the new National Health Reform arrangements can be found in Part 1.

Basic community care maintenance and support services component^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	378.8	305.1	311.2	130.9	109.4	34.7	15.9	9.8	1,295.8
2011-12	461.4	325.2	379.1	139.7	132.0	45.2	19.7	7.7	1,510.1
2012-13	-	351.1	-	151.6	-	-	-	-	502.7
2013-14	-	380.0	-	164.0	-	-	-	-	544.0
2014-15	-	411.2	-	177.5	-	-	-	-	588.8

(a) Amounts shown in 2010-11 reflect the final year of the Home and Community Care program in all States except for Victoria and Western Australia.

The Commonwealth will provide funding for the provision of basic community care maintenance and support services such as domestic assistance and personal care to older people. These services will provide support for people aged 65 years and over (50 years and over for Indigenous Australians), and will replace the Home and Community Care program. From July 2012, funding for these services will be provided by the Commonwealth directly to service providers.

Funding will also be provided to Victoria and Western Australia to continue the current Home and Community Care program as they are not signatories to this element of the National Health Reform arrangements. Victoria and Western Australia have agreed to further consider the basic community care maintenance and support elements of the National Health Reforms for resolution before the next COAG meeting.

Specialist disability services component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	55.5	86.1	17.0	12.3	41.7	5.7	0.8	4.6	223.7
2012-13	57.2	87.8	17.6	12.4	43.2	6.0	0.8	4.8	229.7
2013-14	58.7	89.1	17.9	12.4	44.4	6.3	0.8	5.0	234.4
2014-15	60.0	90.1	18.1	12.4	45.4	6.5	0.8	5.1	238.5

The Commonwealth will provide funding for specialist disability services for people aged 65 years and over (50 years and over for Indigenous Australians). Over time it is expected that payments for these services will be made directly to service providers.

National Partnership on aged care assessment^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	24.6	17.7	12.8	7.3	6.6	1.9	0.8	1.0	72.7
2011-12	29.2	21.0	15.2	7.8	8.7	2.3	1.0	1.1	86.3
2012-13	2.9	2.1	1.5	0.8	0.9	0.2	0.1	0.1	8.7
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Funding in 2012-13 is the final payment for deliverables relating to 2011-12.

The Commonwealth will provide funding to the States to enable aged care assessment teams to comprehensively assess the care needs of frail older people and to establish their eligibility for appropriate residential aged care, community aged care and flexible aged care, including transition care.

From 2012-13, the Commonwealth will take direct responsibility for aged care assessment in line with its new responsibilities to deliver a nationally consistent set of services, support, assessment, care and regulation.

National Partnership on certain concessions for pensioners and seniors card holders

Certain concessions for pensioners component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	85.0	60.8	42.5	21.4	24.2	7.8	1.7	1.2	244.5
2011-12	88.5	63.3	44.2	22.3	25.2	8.1	1.8	1.2	254.6
2012-13	91.4	65.4	45.6	23.0	26.0	8.3	1.9	1.3	262.9
2013-14	94.6	67.6	47.2	23.8	26.9	8.6	1.9	1.3	272.0
2014-15	97.9	70.0	48.9	24.6	27.8	8.9	2.0	1.4	281.5

National reciprocal transport concessions component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.3	1.7	4.0	0.4	0.4	0.1	0.2	0.1	13.2
2011-12	6.9	1.8	4.2	0.5	0.4	0.1	0.2	0.1	14.2
2012-13	4.0	3.1	2.6	1.3	0.9	0.3	0.2	0.1	12.5
2013-14	4.0	3.1	2.6	1.3	0.9	0.3	0.2	0.1	12.5
2014-15	4.0	3.1	2.6	1.3	0.9	0.3	0.2	0.1	12.5

The Commonwealth is providing funding for the *National Partnership on certain concessions for pensioners and seniors card holders*. This National Partnership was established to provide concessions for pensioner concession card holders in relation to council land and water rates, utilities including energy and sewerage, motor vehicle registration and public transport. In return for these payments, State governments agree to provide these concessions to all pensioners without discrimination.

The Commonwealth is also providing funding for public transport concessions under this National Partnership to enable seniors card holders to access public transport concessions when they travel outside their home state.

National Partnership on Closing the Gap in the Northern Territory

Community safety — family support component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	5.3	5.3
2011-12	-	-	-	-	-	-	-	5.5	5.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Field operations component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	2.9	2.9
2011-12	-	-	-	-	-	-	-	4.3	4.3
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Food security component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	0.4	0.4
2011-12	-	-	-	-	-	-	-	0.2	0.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Property and tenancy management rent reimbursement component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	3.3	3.3
2011-12	-	-	-	-	-	-	-	4.9	4.9
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Remote policing component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	43.1	43.1
2011-12	-	-	-	-	-	-	-	52.8	52.8
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Substance abuse component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	7.0	7.0
2011-12	-	-	-	-	-	-	-	7.2	7.2
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on Closing the Gap in the Northern Territory*. This National Partnership was established to provide for the transition of the Northern Territory Emergency Response to a three year development phase to build on and enhance existing measures in law and order, community safety, education, health, food security and interpreters. It also places a greater emphasis on community engagement and partnerships, whilst building capability and leadership within Indigenous communities.

Other payments made as part of the *National Partnership on Closing the Gap in the Northern Territory* are discussed in the Health and Education sections of this Part.

National Partnership on Home and Community Care — services for veterans^{(a)(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.4	4.4	3.7	1.5	1.5	0.6	0.3	..	18.3
2011-12	1.1	3.8	1.4	0.5	0.3	0.2	0.2	..	7.4
2012-13	1.0	3.8	1.3	0.4	0.3	0.1	0.1	..	7.1
2013-14	0.9	3.7	1.2	0.4	0.3	0.1	0.1	..	6.8
2014-15	0.9	3.7	1.2	0.4	0.3	0.1	0.1	..	6.8

(a) Estimated amounts for Western Australia are for providing services to persons aged under 65 only.

(b) Involvement in this National Partnership by Victoria and Western Australia is subject to further negotiations.

The Commonwealth is providing funding for the *National Partnership on Home and Community Care – services for veterans*. This National Partnership was established to facilitate access by veterans to services through home and community care programs. From 2011-12, the funding provided under this National Partnership is for veterans aged under 65 years. Funding for veterans aged 65 years and over will be provided by the Department of Health and Ageing, other than in Victoria.

National Partnership on the Victorian bushfire reconstruction and recovery plan

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	6.9	-	-	-	-	-	-	6.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth has provided funding for the *National Partnership on the Victorian bushfire reconstruction and recovery plan*. This National Partnership facilitated the Commonwealth's additional contribution to Victoria for the longer term reconstruction and recovery of communities affected by the Victorian bushfires in February 2009.

AFFORDABLE HOUSING

In 2011-12, the Commonwealth will provide funding of \$2.1 billion to support state housing services.

Table 2.7 provides information on payments to support state affordable housing services.

Table 2.7: Payments to support state affordable housing services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Affordable Housing SPP	1,221.8	1,242.6	1,266.2	1,289.0	1,314.8
National Partnership payments					
Building Better Regional Cities	-	30.0	35.0	35.0	-
East Kimberley development package - social and transitional housing projects	20.6	4.4	-	-	-
First Home Owners Boost	177.7	22.2	0.5	-	-
Homelessness	130.5	131.5	156.5	-	-
Nation Building and Jobs Plan - social housing second stage construction	1,294.0	162.0	-	-	-
Remote Indigenous housing	675.0	525.6	473.7	537.8	492.0
Total	3,519.6	2,118.2	1,931.9	1,861.8	1,806.7
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Building Better Regional Cities	-	30.0	35.0	35.0	-
Total	-	30.0	35.0	35.0	-

National Affordable Housing Agreement

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

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

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

National Affordable Housing SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	388.0	276.7	240.1	126.7	95.1	33.5	25.2	36.6	1,221.8
2011-12	395.9	288.3	246.4	129.0	95.1	32.6	24.2	31.1	1,242.6
2012-13	404.2	300.9	253.9	131.8	95.2	31.5	23.2	25.5	1,266.2
2013-14	411.7	313.7	261.7	135.0	94.8	30.3	22.1	19.7	1,289.0
2014-15	419.6	327.6	270.6	138.7	94.5	29.0	21.1	13.7	1,314.8

The National Affordable Housing SPP is the funding associated with the *National Affordable Housing Agreement*. The Commonwealth is providing a financial contribution to support services in the housing sector.

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

Growth factor

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

The growth factor is currently estimated to be 1.70 per cent in 2011-12.

National Partnership payments for affordable housing**Building Better Regional Cities^(a)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	~	~	~	~	~	~	~	~	30.0
2012-13	~	~	~	~	~	~	~	~	35.0
2013-14	~	~	~	~	~	~	~	~	35.0
2014-15	-	-	-	-	-	-	-	-	-

(a) State allocations have not been finalised for this measure.

The Building Better Regional Cities program is a \$100 million commitment by the Commonwealth to invest in local housing infrastructure projects that will help build more affordable homes in high growth regional cities over the next three years.

National Partnership on the East Kimberley development package — social and transitional housing projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	20.6	-	-	-	-	20.6
2011-12	-	-	-	4.4	-	-	-	-	4.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The East Kimberley development package as a whole is described in the Infrastructure section of this Part.

National Partnership on the First Home Owners Boost

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	30.4	86.2	15.7	20.6	12.1	3.0	9.3	0.5	177.7
2011-12	3.9	11.0	1.8	2.3	1.3	0.4	1.4	0.1	22.2
2012-13	0.1	0.2	..	0.1	..	..	..	..	0.5
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

As part of the Economic Security Strategy, announced on 14 October 2008, the Commonwealth introduced the First Home Owners Boost to stimulate housing activity, support the construction industry and assist first home buyers to enter the housing market. In response to continued economic uncertainty, the Commonwealth extended the First Home Owners Boost for an additional six months, with the value of grants halving for the three months to 31 December 2009. Eligibility for the First Home Owners Boost has now ceased.

The continuation of the First Home Owners Boost payment in 2011-12 and 2012-13 reflects the 12 month application period and the timeframes allowed for the construction of new homes.

National Partnership on homelessness

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	35.2	24.9	32.1	15.9	9.6	4.5	2.3	6.0	130.5
2011-12	34.5	25.9	33.4	16.6	10.0	2.6	2.4	6.2	131.5
2012-13	41.4	31.2	39.7	19.6	12.0	2.6	2.4	7.6	156.5
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on homelessness*. This National Partnership includes the *A Place to Call Home* initiative, a joint initiative by the Commonwealth and the States to build 600 new homes for individuals and families experiencing homelessness. The Commonwealth contribution to the *A Place to Call Home* initiative is \$150 million over five years to 2012-13, with the States matching this funding.

This National Partnership represents a significant first step to reduce homelessness by 20 per cent by 2013 and 50 per cent by 2020. This National Partnership focuses on three key strategies to reduce homelessness:

- prevention and early intervention to stop people becoming homeless;
- breaking the cycle of homelessness; and
- improving and expanding the service response to homelessness.

There are over 190 new and expanded activities being undertaken across the States to reduce homelessness under this National Partnership.

National Partnership on the Nation Building and Jobs Plan — social housing — second stage construction

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	482.6	203.2	302.6	155.5	84.9	29.7	22.5	13.2	1,294.0
2011-12	-	63.8	39.5	20.0	30.7	4.6	1.4	2.0	162.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for second stage construction under the *National Partnership on the Nation Building and Jobs Plan — social housing*. This National Partnership was established to provide economic stimulus by increasing the supply of social housing through new construction, and contributing to reduced homelessness and improved outcomes for the homeless and Indigenous Australians. Funding ceases in 2011-12.

National Partnership on remote Indigenous housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	22.9	3.2	70.2	85.9	19.4	2.1	-	471.4	675.0
2011-12	26.1	2.5	96.5	98.5	23.3	3.1	-	275.5	525.6
2012-13	26.6	2.5	145.7	128.7	27.9	2.8	-	139.6	473.7
2013-14	46.6	2.5	177.5	191.3	36.4	2.9	-	80.7	537.8
2014-15	60.7	2.5	155.6	165.6	27.8	2.5	-	77.3	492.0

The Commonwealth is providing funding for the *National Partnership on remote Indigenous housing*. This National Partnership was established to facilitate significant reform in the provision of housing for Indigenous people in remote communities and to address overcrowding, homelessness, poor housing conditions and severe housing shortages.

INFRASTRUCTURE

In 2011-12, the Commonwealth will provide funding of \$5.7 billion to support state infrastructure services.

Table 2.8 provides information on payments to support state infrastructure services.

Table 2.8: Payments to support state infrastructure services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments					
Regional Infrastructure Fund					
Stream 1 - Committed infrastructure projects	12.0	42.4	119.3	210.7	-
Stream 2 - Economic infrastructure projects	-	-	300.0	368.1	665.5
Stream 3 - Regional Development Australia Fund	-	-	285.0	288.0	-
Centenary of Canberra 2013					
A gift to the national capital	-	27.0	25.0	5.0	5.0
East Kimberley development package					
Other infrastructure projects	12.8	1.5	-	-	-
Interstate road transport	76.5	81.0	85.1	89.3	93.8
Local Government and Regional Development					
Infrastructure employment projects	21.6	60.9	-	-	-
Local community sporting infrastructure	2.4	-	-	-	-
Nation Building Program					
Investment					
Rail	18.7	122.8	287.4	266.5	150.0
Road	1,807.7	2,913.9	2,743.0	2,788.9	176.3
Black spot projects	50.4	74.5	59.5	59.5	-
Off-network projects					
Rail	52.0	93.5	77.0	140.8	-
Road	165.4	153.7	134.1	129.7	-
Supplementary	25.1	16.7	-	-	-
Improving the national network	49.2	7.0	-	-	-
Heavy vehicle safety and productivity	16.0	28.0	-	-	-
Roads to Recovery	349.8	349.8	349.8	349.8	-
Improving local roads	1.0	-	-	-	-
Nation Building Plan for the Future					
Major Cities					
Rail	30.2	60.6	101.2	37.0	-
Building Australia Fund					
Rail	399.1	719.2	655.4	858.0	500.0
Road	432.0	848.0	890.0	41.0	-

Table 2.8: Payments to support state infrastructure services (continued)

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National smart-managed motorways	-	20.0	20.0	20.0	-
North Penrith Thornton Park Car Park	3.8	-	-	-	-
Regional and Local Community Infrastructure program	268.5	40.0	-	-	-
Seamless National Economy					
National Heavy Vehicles Transport Regulator	1.7	1.8	1.0	-	-
National Rail Transport Safety Regulator	0.6	1.4	0.6	-	-
Townsville Convention and Entertainment Centre	-	-	10.0	10.0	10.0
Total	3,796.5	5,663.6	6,143.4	5,662.3	1,600.6
<i>Memorandum item - payments direct to local governments included in payments above</i>					
East Kimberley development package					
Other infrastructure projects	7.0	-	-	-	-
Local Government and Regional Development					
Infrastructure employment projects	8.6	44.4	-	-	-
Local community sporting infrastructure	2.4	-	-	-	-
Nation Building Program					
Off-network projects					
Rail	4.0	3.4	0.8	0.8	-
Road	69.7	63.2	10.4	7.0	-
Supplementary	24.0	16.7	-	-	-
Roads to Recovery	349.8	349.8	349.8	349.8	-
Improving local roads	1.0	-	-	-	-
North Penrith Thornton Park Car Park	3.8	-	-	-	-
Regional and Local Community Infrastructure Program	268.5	40.0	-	-	-
Townsville Convention and Entertainment Centre	-	-	10.0	10.0	10.0
Total	738.9	517.5	370.9	367.5	10.0

National Partnership payments for infrastructure

Regional Infrastructure Fund

The Commonwealth has committed \$6.0 billion over 11 years to 2020-21 for the Regional Infrastructure Fund (RIF) to re-invest proceeds of the mining boom in regional Australia. The RIF includes at least \$2.0 billion each to Queensland and Western Australia. \$5.6 billion in funding is committed subject to the passage of the Minerals Resource Rent Tax legislation, while initial funding will be injected to begin work to deliver Stream 1 of the RIF.

The RIF will:

- promote development and job creation in mining communities, and communities which support the mining sector;
- provide a clear benefit to Australia's economic development, and to investment in Australia's resource and export capacity; and

- address potential capacity constraints arising from export production and resource projects.

The Commonwealth will ensure that RIF funding to the States will have regard to their share of total mining production over time.

Projects from the RIF will be delivered in three streams:

Stream 1 — Committed infrastructure projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.0	-	10.0	-	-	-	-	-	12.0
2011-12	-	-	35.0	7.4	-	-	-	-	42.4
2012-13	-	-	66.0	53.3	-	-	-	-	119.3
2013-14	-	-	92.0	118.7	-	-	-	-	210.7
2014-15	-	-	-	-	-	-	-	-	-

Stream 1 will provide funding to support projects already committed in 2010 in the Infrastructure and Transport portfolio, including the Mackay Ring Road and the Scone Level Crossing. These measures are discussed in *Regional Infrastructure Fund – administration*, *Regional Infrastructure Fund – Mackay Ring Road* and *Regional Infrastructure Fund – Scone Level Crossing* as part of Budget Paper No. 2: *Budget Measures 2011-12*.

Stream 2 — Economic infrastructure projects^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	~	~	~	~	~	~	~	~	300.0
2013-14	~	~	~	~	~	~	~	~	368.1
2014-15	~	~	~	~	~	~	~	~	665.5

(a) State allocations have not been finalised for this Stream.

Stream 2 will provide funding over nine years to support ongoing investment in economic infrastructure.

Stream 3 — Regional Development Australia Fund^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	~	~	~	~	~	~	~	~	285.0
2013-14	~	~	~	~	~	~	~	~	288.0
2014-15	-	-	-	-	-	-	-	-	-

(a) State allocations have not been finalised for this Stream.

As part of the agreement with the Independents, the Government agreed that \$573.0 million of the RIF would be used for local projects identified by Regional Development Australia committees. Stream 3 will provide funding for the new

Regional Development Australia Fund administered by the Department of Regional Australia, Regional Development and Local Government.

Centenary of Canberra 2013 — A gift to the National Capital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	27.0	-	27.0
2012-13	-	-	-	-	-	-	25.0	-	25.0
2013-14	-	-	-	-	-	-	5.0	-	5.0
2014-15	-	-	-	-	-	-	5.0	-	5.0

The Commonwealth will provide funding over four years to the Australian Capital Territory Government to commemorate the Centenary of Canberra in 2013.

A contribution will be provided for the redevelopment of Constitution Avenue, including a dedicated cycle lane and shared commuter paths. A contribution will also be provided for the development of the National Arboretum Canberra.

Further details of Commonwealth funding provided for the Centenary of Canberra 2013 can be found in the Other section of this Part.

Funding for the Centenary of Canberra 2013 is a new spending measure taken in the 2011-12 Budget. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

East Kimberley development package

The Commonwealth is providing funding in 2011-12 to the Western Australian Government through the *National Partnership on the East Kimberley development package*, as well as to the Shire of Wyndham East Kimberley and local Indigenous organisations, to support economic development through investment in social and common use infrastructure. The East Kimberley development package comprises four streams of projects:

- health-related projects;
- education-related projects;
- social and transitional housing projects; and
- other infrastructure projects in the transport and community projects sector.

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

States component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	5.8	-	-	-	-	5.8
2011-12	-	-	-	1.5	-	-	-	-	1.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Local government component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	7.0	-	-	-	-	7.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to the West Australian government, the Wyndham Shire and associated Indigenous organisations in the East Kimberley region of Western Australia for transport and community infrastructure projects. Investment in transport and community infrastructure projects will help to build a 'sense of place' within the community, as well as improving liveability and economic growth in the East Kimberley region.

Further details of Commonwealth funding being provided for the East Kimberley development package can be found in the Health, Education and Affordable Housing sections of this Part.

Interstate road transport

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	35.3	20.5	7.3	3.0	9.3	0.4	0.4	0.4	76.5
2011-12	37.3	21.7	7.7	3.2	9.8	0.4	0.4	0.4	81.0
2012-13	39.2	22.8	8.1	3.4	10.3	0.4	0.4	0.4	85.1
2013-14	41.2	24.0	8.5	3.5	10.8	0.4	0.4	0.4	89.3
2014-15	43.2	25.2	8.9	3.7	11.3	0.5	0.5	0.5	93.8

The Commonwealth is providing funding to the States under the *Interstate Road Transport Act 1985* that is equal to total revenue received from registrations made under the Federal Interstate Registration Scheme for each respective State.

National Partnership on Local Government and Regional Development — infrastructure employment projects

State component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	4.0	6.5	-	2.5	-	-	13.0
2011-12	-	-	3.0	3.5	-	10.0	-	-	16.5
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Local government component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	0.3	4.5	-	2.6	1.2	-	-	8.6
2011-12	2.4	2.0	40.0	-	-	-	-	-	44.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for infrastructure employment projects under the *National Partnership on Local Government and Regional Development*. The program will generate jobs and increase skills by supporting key infrastructure projects in areas of need in local communities.

Further details of funding being provided under the *National Partnership on Local Government and Regional Development* can be found in the Other section of this Part.

Local community sporting infrastructure

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.4	-	-	-	-	-	-	-	2.4
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding in 2010-11 direct to the Camden Council in New South Wales for the development of the Camden Aquatic Centre.

National Partnership on the Nation Building Program

The Commonwealth is providing funding for rail and road infrastructure through the *National Partnership on the Nation Building Program*. The program assists economic and social development regionally and nationally by providing funding to improve the performance of land transport infrastructure.

The *National Partnership on the Nation Building Program* comprises several components that are detailed in the tables below.

National Partnership on the Nation Building Program — Investment

Rail component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	3.0	-	-	0.6	-	15.1	-	-	18.7
2011-12	94.4	-	-	0.5	-	27.9	-	-	122.8
2012-13	235.6	-	-	12.9	-	38.9	-	-	287.4
2013-14	233.8	-	-	12.8	-	19.9	-	-	266.5
2014-15	150.0	-	-	-	-	-	-	-	150.0

Road component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	719.6	276.4	446.3	165.6	84.5	76.3	0.5	38.6	1,807.7
2011-12	1,035.4	378.3	890.0	293.0	235.5	28.0	0.5	53.2	2,913.9
2012-13	837.8	518.9	756.6	357.8	203.1	19.7	0.5	48.7	2,743.0
2013-14	931.7	505.4	867.9	307.2	84.0	11.7	0.5	80.5	2,788.9
2014-15	-	40.0	136.3	-	-	-	-	-	176.3

The investment component of the Nation Building Program targets nationally significant projects. These projects will improve the efficiency and safety of the national land transport network. Funding is provided for road and rail construction projects and network maintenance, including transport development, innovation projects and grants to land transport research entities.

Additional funding to New South Wales in 2011-12 toward planning, route assessment and other work to progress duplication of the remaining sections of the Pacific Highway – as detailed in the measure *Nation Building – additional funding for the Pacific Highway* – has been included in payments for the Road component.

Similarly, the reinstatement of projects relating to the Bruce Highway and savings offsets from the Ipswich Motorway as part of the measure *Natural disaster recovery and rebuilding – reinstatement of infrastructure projects for Queensland*, the deferral of funding to Victoria for the upgrade of the Princess Highway as part of the measure *Natural disaster recovery and rebuilding – deferral of other infrastructure projects* and the deferral of the feasibility study into the F3 to Sydney Orbital project detailed in the measure *Nation Building Program – F3 to Sydney Orbital feasibility study – deferral* have been included in payments for the Investment – Road component.

The deferral of funding relating to the Northern Sydney Freight Corridor rail project as part of the measure *Natural disaster recovery and rebuilding – deferral of other infrastructure projects* has been included in payments for the Investment – Rail component.

These measures are discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on the Nation Building Program — black spot projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	14.3	11.3	7.1	8.2	5.6	1.5	1.0	1.4	50.4
2011-12	24.1	17.6	17.1	7.5	4.7	1.6	1.0	1.0	74.5
2012-13	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5
2013-14	19.1	13.6	12.1	6.5	4.7	1.6	1.0	1.0	59.5
2014-15	-	-	-	-	-	-	-	-	-

Black spot projects improve the safety of road sites which have been identified as high-risk areas for serious crashes. Most funding goes to projects to treat sites that have a record of at least three accidents involving casualties over a five-year period and can demonstrate a robust benefit to cost ratio of at least 2:1.

National Partnership on the Nation Building Program — off-network projects**Rail component — States**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	14.0	-	30.0	-	4.0	-	-	48.0
2011-12	-	14.0	30.0	40.0	-	6.1	-	-	90.1
2012-13	-	17.0	20.0	33.0	-	6.3	-	-	76.3
2013-14	-	25.0	83.0	32.0	-	-	-	-	140.0
2014-15	-	-	-	-	-	-	-	-	-

Rail component — local government

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	4.0	-	-	-	-	-	-	4.0
2011-12	-	3.4	-	-	-	-	-	-	3.4
2012-13	-	0.8	-	-	-	-	-	-	0.8
2013-14	-	0.8	-	-	-	-	-	-	0.8
2014-15	-	-	-	-	-	-	-	-	-

Road component — States

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	24.9	9.7	12.8	9.9	-	10.6	16.4	11.4	95.6
2011-12	15.6	20.4	3.7	13.5	-	10.3	14.0	13.0	90.5
2012-13	47.5	42.9	2.1	20.0	-	7.3	-	4.0	123.7
2013-14	10.9	68.2	-	25.6	-	14.0	-	4.0	122.8
2014-15	-	-	-	-	-	-	-	-	-

Road component — local government

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.2	-	60.0	7.5	-	2.0	-	-	69.7
2011-12	8.6	-	50.0	4.6	-	-	-	-	63.2
2012-13	5.4	-	-	5.0	-	-	-	-	10.4
2013-14	3.4	-	-	3.6	-	-	-	-	7.0
2014-15	-	-	-	-	-	-	-	-	-

Supplementary component^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.8	6.0	6.5	4.3	1.3	0.3	-	-	25.1
2011-12	1.0	0.7	5.0	10.0	-	-	-	-	16.7
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The off-network projects program is designed to improve rail and road infrastructure not included on the national land transport network. It improves safety, assists industry development and supports job creation in local communities.

Funding for the off-network – rail component of the *National Partnership on the Nation Building program* includes a new spending measure taken in the 2011-12 Budget.

Funding to Queensland brought forward for the Moreton Bay Rail link in 2011-12 as detailed in the measure *Nation Building – Moreton Bay Rail Link* has been included in payments for the off-network – rail component. This measure is detailed in Budget Paper No. 2: *Budget Measures 2011-12*.

The Commonwealth is also providing funding directly to local governments for off-network projects.

National Partnership on the Nation Building Program — improving the national network^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	20.0	1.0	10.6	17.6	-	-	49.2
2011-12	-	-	3.2	3.8	-	-	-	-	7.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The Commonwealth provided a one-off supplementary payment of \$1.8 billion in 2005-06 to the States to complete major works packages. Works include the Pacific and Hume highways in New South Wales, the Bruce Highway in Queensland, the Eyre, Great Eastern and Great Northern highways in Western Australia, the Sturt Highway in South Australia, the East Tamar Highway in Tasmania and the Victoria Highway in the Northern Territory.

The table above provides an indicative profile of State expenditure against this supplementary payment.

National Partnership on the Nation Building Program — heavy vehicle safety and productivity

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	2.2	5.6	1.1	2.0	2.6	1.3	0.5	0.5	16.0
2011-12	7.1	6.5	5.6	2.5	5.0	0.7	-	0.6	28.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

Through the heavy vehicle safety and productivity program, the safety of the drivers of heavy vehicles is addressed through fatigue management and road enhancement projects, such as rest areas and bridge upgrades.

Nation Building Program — Roads to Recovery^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	94.8	71.2	71.2	51.2	31.7	11.4	8.1	10.2	349.8
2011-12	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2012-13	97.5	71.2	71.2	51.2	31.5	11.4	5.6	10.2	349.8
2013-14	100.2	71.2	71.2	51.2	31.3	11.4	3.1	10.2	349.8
2014-15	-	-	-	-	-	-	-	-	-

(a) Payments to South Australia include funding in each financial year paid to local government through the State.

The Commonwealth is providing funding direct to local governments for the Roads to Recovery program. The program is providing funding for road construction and maintenance projects at a local level according to the *Roads to Recovery Act 2000* and the *Nation Building Program (Land Transport) Act 2009*. Decisions on projects to be funded are made locally and reported to the Commonwealth.

Nation Building Program — improving local roads^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	1.0	-	-	-	1.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The Commonwealth provided additional funding direct to local governments through the improving local roads program as a supplement to the Nation Building — Roads to Recovery program. Funding of \$307.5 million was advanced in June 2006 as part of the 2006-07 Budget measures. This program is expected to be fully expensed in 2010-11 in line with completion of final project milestones.

National Partnership on the Nation Building Plan for the Future

Several payments are included in the *National Partnership on the Nation Building Plan for the Future*.

Major Cities — rail component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	30.2	-	-	-	-	30.2
2011-12	-	-	-	60.6	-	-	-	-	60.6
2012-13	-	-	-	101.2	-	-	-	-	101.2
2013-14	-	-	-	37.0	-	-	-	-	37.0
2014-15	-	-	-	-	-	-	-	-	-

Building Australia Fund — rail component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	247.0	-	-	152.1	-	-	-	399.1
2011-12	-	463.0	-	-	256.2	-	-	-	719.2
2012-13	-	547.0	-	-	108.4	-	-	-	655.4
2013-14	-	858.0	-	-	-	-	-	-	858.0
2014-15	-	500.0	-	-	-	-	-	-	500.0

Building Australia Fund — road component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	432.0	-	-	-	-	-	-	-	432.0
2011-12	848.0	-	-	-	-	-	-	-	848.0
2012-13	490.0	-	400.0	-	-	-	-	-	890.0
2013-14	41.0	-	-	-	-	-	-	-	41.0
2014-15	-	-	-	-	-	-	-	-	-

The *National Partnership on the Nation Building Plan for the Future* is providing funding for nationally significant infrastructure projects. The Major Cities Project and the Building Australia Fund will support future economic growth by improving the quality and efficiency of Australia's transport networks with the intention of increasing city liveability and sustainability in the context of a growing population.

National smart-managed motorways^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	~	~	~	~	~	~	~	~	20.0
2012-13	~	~	~	~	~	~	~	~	20.0
2013-14	~	~	~	~	~	~	~	~	20.0
2014-15	-	-	-	-	-	-	-	-	-

(a) State allocations have not been finalised for this measure.

The Commonwealth will provide funding for smart infrastructure technologies to reduce congestion and improve both traffic demand management and the overall efficiency of the transport network in major cities. Managed motorways integrate data collection sensors and control tools to improve real time management of motorways to secure a higher and more consistent level of motorway performance.

Funding for smart-managed motorways is a new spending measure taken in the 2011-12 Budget. This measure is discussed in *Sustainable Australia – Managed Motorways* as part of Budget Paper No. 2: *Budget Measures 2011-12*.

North Penrith Thornton Park Car Park

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	3.8	-	-	-	-	-	-	-	3.8
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding towards construction and landscaping costs associated with the construction of a multi-level car park. The car park will assist the Penrith community in addressing a current shortfall in commuter parking at Penrith Railway Station. The project is expected to be completed by December 2011.

Regional and Local Community Infrastructure Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	83.1	84.2	40.8	28.6	19.3	5.9	1.4	5.2	268.5
2011-12	12.4	12.6	6.1	3.7	2.9	0.9	0.4	1.0	40.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding direct to local governments under the Regional and Local Community Infrastructure Program to build and modernise community infrastructure.

National Partnership to deliver a Seamless National Economy**National Heavy Vehicles Transport Regulator component**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	1.7	-	-	-	-	-	1.7
2011-12	-	-	1.8	-	-	-	-	-	1.8
2012-13	-	-	1.0	-	-	-	-	-	1.0
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

National Rail Transport Safety Regulator component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	0.6	-	-	-	0.6
2011-12	-	-	-	-	1.4	-	-	-	1.4
2012-13	-	-	-	-	0.6	-	-	-	0.6
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding under the *National Partnership to deliver a Seamless National Economy* for the creation of project implementation teams to establish national heavy vehicle and rail safety regulators. States are also contributing funding to these activities. The national heavy vehicles regulator will be established in Queensland and the national rail transport safety regulator in South Australia.

Additional funding for the national heavy vehicle and rail safety regulators is part of the new spending measure *National Transport Regulators – additional funding* taken in the 2011-12 Budget. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

Townsville Convention and Entertainment Centre

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	10.0	-	-	-	-	-	10.0
2013-14	-	-	10.0	-	-	-	-	-	10.0
2014-15	-	-	10.0	-	-	-	-	-	10.0

The Commonwealth will provide funding from 2012-13 for the construction of the Townsville Convention and Entertainment Centre to deliver on a commitment made as part of the 2010 election.

ENVIRONMENT

In 2011-12, the Commonwealth will provide funding of \$881.1 million to support state environment services.

Table 2.9 provides information on payments to support state environment services.

Table 2.9: Payments to support state environment services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments					
Bioremediation and revegetation	4.7	-	-	-	-
Caring for our Country	143.4	143.4	143.4	-	-
Environmental management of the former Rum Jungle mine site	1.2	2.4	1.5	-	-
Exotic Disease Preparedness Program	7.9	0.4	0.4	0.4	0.4
Great Artesian Basin Sustainability Initiative	9.3	30.4	15.1	15.1	-
Natural disaster recovery and rebuilding relief appeals - Commonwealth contributions	14.1	-	-	-	-
Natural disaster resilience	27.8	34.7	26.2	26.9	27.5
Plant disease and eradication	5.1	2.8	-	-	-
Renewable remote power generation	17.3	6.4	-	-	-
Water for the Future					
National Urban Water and Desalination Plan	29.3	213.5	62.1	-	-
National Water Security Plan for Cities and Towns	24.8	107.1	-	-	-
Sustainable Rural Water Use and Infrastructure	149.5	340.0	-	-	-
Total	434.4	881.1	248.7	42.5	27.9
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Water for the Future	11.3	47.6	6.0	-	-
Total	11.3	47.6	6.0	-	-

National Partnership payments for the environment

National Partnership on bioremediation and revegetation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	4.7	-	-	-	4.7
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on bioremediation and revegetation* for trials in suitable sites in and around South Australia's lower lakes. The trials will continue to engage and involve local communities.

National Partnership on Caring for our Country

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	35.3	27.5	23.0	24.1	17.3	11.1	1.4	3.7	143.4
2011-12	35.3	27.5	23.0	24.1	17.3	11.1	1.4	3.7	143.4
2012-13	35.3	27.5	23.0	24.1	17.3	11.1	1.4	3.7	143.4
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on Caring for our Country*. Caring for our Country is the Commonwealth's natural resource management initiative, and aims to integrate delivery of the Commonwealth's natural resource management activities.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	1.2	1.2
2011-12	-	-	-	-	-	-	-	2.4	2.4
2012-13	-	-	-	-	-	-	-	1.5	1.5
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on the environmental management of the former Rum Jungle mine site*. This National Partnership was established to improve the daily management of the site. It is also supporting studies and environmental monitoring to inform ongoing site management and rehabilitation strategies. These strategies are being developed in partnership with stakeholders, including the site's traditional owners.

National Partnership on the Exotic Disease Preparedness Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.1	0.1	7.6	0.1	..	..	..	..	7.9
2011-12	0.2	..	..	..	..	..	..	..	0.4
2012-13	0.2	..	..	..	..	..	..	..	0.4
2013-14	0.3	..	..	..	..	..	..	..	0.4
2014-15	0.3	..	..	..	..	..	..	..	0.4

The Commonwealth is providing funding for the *National Partnership on the Exotic Disease Preparedness Program*. The Exotic Disease Preparedness Program was established to improve Australia's preparedness for emergency and emerging diseases through funding to support the development of technologies and strategies to prevent, control or eradicate emergency and emerging disease specifically in wildlife and feral animals, focusing on those that could threaten Australia's livestock industries.

A new spending measure associated with the Exotic Disease Preparedness Program is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on the Great Artesian Basin Sustainability Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	5.1	-	3.1	-	1.1	-	-	-	9.3
2011-12	10.4	-	19.1	-	0.9	-	-	-	30.4
2012-13	5.5	-	8.6	-	1.0	-	-	-	15.1
2013-14	5.5	-	8.6	-	1.0	-	-	-	15.1
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on the Great Artesian Basin Sustainability Initiative* to continue work on the repair of uncontrolled artesian bores and the replacement of wasteful open earth bore drains with piped water reticulation systems through the Great Artesian Basin.

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

National Partnership on natural disaster recovery and rebuilding relief appeals — Commonwealth contributions

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	1.0	12.1	1.0	-	-	-	-	14.1
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to natural disaster recovery and rebuilding relief appeals to help people affected by natural disasters in Victoria, Queensland and Western Australia.

These relief appeal payments are separate from Commonwealth assistance to the States under the Natural Disaster Relief and Recovery Arrangements outlined in the Contingent Payments section of this Part.

New spending measures associated with natural disaster recovery and rebuilding relief appeals – Commonwealth contributions are discussed in further detail in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on natural disaster resilience

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.6	4.1	5.8	3.0	2.0	3.8	1.3	1.3	27.8
2011-12	6.7	4.1	5.9	3.1	2.1	10.3	1.3	1.3	34.7
2012-13	6.8	4.2	6.0	3.1	2.1	1.3	1.3	1.3	26.2
2013-14	7.0	4.3	6.2	3.2	2.2	1.3	1.3	1.3	26.9
2014-15	7.2	4.4	6.3	3.3	2.2	1.4	1.4	1.4	27.5

The Commonwealth is providing funding for the *National Partnership on natural disaster resilience*. This National Partnership provides funding to the States to strengthen

community resilience to natural disasters through the Natural Disaster Resilience Program (NDRP).

The NDRP replaces a number of programs, combining funds to allow the flexibility to address state-specific priorities. This National Partnership recognises that the Commonwealth and State governments have a mutual interest in reducing the impact of, and increasing resilience to, natural disasters. It formalises their commitment to work together with other parties, such as volunteers, the private and non-government sectors and local government to achieve this outcome.

National Partnership on plant disease and eradication

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.8	0.4	2.5	0.5	-	-	-	-	5.1
2011-12	-	0.4	0.7	0.5	1.3	-	-	-	2.8
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on plant disease and eradication*. Commonwealth funding contributes to ongoing programs to eradicate exotic plant pests and diseases, which if allowed to establish and spread, would have serious economic and environmental impacts.

The Commonwealth is involved due to the potential implications for interstate biodiversity, market access issues for agricultural products and the need to protect nationally significant environmental assets.

A new measure associated with plant disease and eradication is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on renewable remote power generation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.1	..	-	14.7	0.3	0.5	-	1.8	17.3
2011-12	-	-	-	2.7	0.6	-	-	3.1	6.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on renewable remote power generation*. This program provides financial support to increase the use of renewable power generation and water pumping systems in remote parts of Australia to reduce reliance on fossil fuels for electricity supply.

National Partnership on Water for the Future

National Urban Water and Desalination Plan component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	5.5	-	0.4	23.4	-	-	-	29.3
2011-12	-	9.0	-	1.0	203.5	-	-	-	213.5
2012-13	-	9.5	-	1.0	51.6	-	-	-	62.1
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the National Urban Water and Desalination Plan under the *National Partnership on Water for the Future* for four specific urban water management projects in large urban centres. These projects will help secure water supplies and reduce reliance on traditional rainfall-dependent water sources without adding to greenhouse gas emissions.

National Water Security Plan for Cities and Towns component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	1.7	4.0	0.5	2.9	2.3	6.6	-	6.8	24.8
2011-12	35.2	5.0	22.4	20.9	6.4	3.7	-	13.5	107.1
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the National Water Security Plan for Cities and Towns under the *National Partnership on Water for the Future*. Six specific urban water management projects and 18 projects, across 17 remote communities, will assist implementation of the COAG Strategy for Water and Wastewater in Remote (including Indigenous) Communities.

Sustainable Rural Water Use and Infrastructure component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	14.7	78.1	14.7	1.5	26.3	13.8	0.2	0.1	149.5
2011-12	58.9	175.6	23.5	5.2	36.7	39.7	0.2	0.3	340.0
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the Sustainable Rural Water Use and Infrastructure program under the *National Partnership on Water for the Future*. The program is improving the efficiency and productivity of rural water management and usage; delivering substantial and lasting water returns to the environment; and helping secure a long-term sustainable future for irrigated agriculture. The program is delivering projects such as the Supporting More Efficient Irrigation in Tasmania project, the Orange City Pipeline project and the Gascoyne Irrigation Pipeline project.

CONTINGENT PAYMENTS

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

Table 2.10 provides information on contingent payments.

Table 2.10: Contingent payments to the States

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments					
Exceptional Circumstances Assistance	235.4	10.8	-	-	-
Hepatitis C settlement fund	0.4	1.4	-	-	-
Natural disaster recovery and rebuilding	982.6	478.9	1,650.0	3,955.0	1,416.0
Total	1,218.4	491.1	1,650.0	3,955.0	1,416.0

Exceptional Circumstances Assistance^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	149.3	51.4	11.0	-	23.7	-	-	-	235.4
2011-12	2.4	-	-	-	8.4	-	-	-	10.8
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The *Intergovernmental Agreement on Rural Adjustment* provides authority to deliver the Exceptional Circumstances (EC) interest rate subsidy payments to eligible farm and small businesses in EC areas which are viable in the long-term but require short-term support to overcome some of the financial effects of drought. This agreement is the basis for the administration of the program and outlines the respective roles of the Commonwealth and States, and their responsibilities and obligations.

New spending measures associated with Exceptional Circumstances Assistance are discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

Hepatitis C settlement fund^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.3	-	-	-	-	-	..	-	0.4
2011-12	1.1	-	-	..	0.2	-	..	0.1	1.4
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

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

The Commonwealth is contributing to the States' schemes for out-of-court settlement costs for eligible individuals who contracted Hepatitis C through the blood supply service between 1985 and 1991.

Natural disaster recovery and rebuilding^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	24.1	104.5	830.6	7.6	2.7	0.4	-	12.5	982.6
2011-12	24.1	1.4	430.2	7.6	2.7	0.4	-	12.5	478.9
2012-13	141.1	275.4	1,187.3	25.6	2.7	5.4	-	12.5	1,650.0
2013-14	79.1	424.4	3,257.3	173.6	2.7	5.4	-	12.5	3,955.0
2014-15	24.1	6.4	1,349.3	20.6	2.7	0.4	-	12.5	1,416.0

(a) The cash payment in 2010-11 for Victoria will be \$604.5 million, of which \$500.0 million will be recognised as a prepayment. The cash payment in 2010-11 for Queensland will be \$2,880.6 million, of which \$2,050.0 million will be recognised as a prepayment.

The Commonwealth is providing funding under the Natural Disaster Relief and Recovery Arrangements, to assist the States with relief and recovery assistance following eligible natural disasters. This includes advance payments of \$2,050.0 million in 2010-11 and an expected \$500.0 million in 2011-12 to the Queensland Government in response to the November 2010 to February 2011 floods and Tropical Cyclone Yasi, and an advance payment of \$500.0 million to the Victorian Government for the floods over the summer period.

New spending measures associated with natural disaster recovery and rebuilding are discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

A discussion of Natural disaster relief arrangements is provided in Part 1.

OTHER NATIONAL PARTNERSHIP PAYMENTS

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

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

Table 2.11 provides information on payments to support other state services.

Table 2.11: Payments to support other services

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
National Partnership payments					
Centenary of Canberra 2013 - joint national program	-	2.6	2.0	1.0	-
Commonwealth Heads of Government Meeting 2011	-	nfp	-	-	-
CrimTrac police reference system	-	3.7	2.2	-	-
Digital Regions Initiative	19.6	21.0	10.4	-	-
Improving policing in very remote areas	1.0	-	-	-	-
Legal assistance services	190.8	194.8	198.3	201.5	205.8
Local Government and Regional Development					
Local Government Reform Fund	8.1	9.8	3.3	-	-
Native title	6.0	-	-	-	-
Pilot of drought reform measures in Western Australia	1.1	16.8	7.8	1.2	-
Remote Indigenous public internet access	2.3	2.0	2.1	2.1	2.2
Seamless national economy	-	200.0	250.0	-	-
Sinking fund on State debt	0.1	0.1	0.1	0.1	0.1
Standard Business Reporting Program	5.9	-	-	-	-
Tasmanian forest contractors financial support program	5.6	-	-	-	-
World sailing championships	2.0	3.6	-	-	-
Total	242.5	454.4	476.2	205.9	208.0
<i>Memorandum item - payments direct to local governments included in payments above</i>					
Digital Regions Initiative	0.4	..	..	-	-
Total	0.4	..	..	-	-

National Partnership for the Centenary of Canberra 2013 — joint national program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	2.6	-	2.6
2012-13	-	-	-	-	-	-	2.0	-	2.0
2013-14	-	-	-	-	-	-	1.0	-	1.0
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding for the *National Partnership for the Centenary of Canberra 2013 – joint national program*. This National Partnership will fund a joint program of activities with the Australian Capital Territory Government to celebrate the Centenary of Canberra in 2013. These activities include cultural, sporting and civics awareness events and will engage communities across Australia to celebrate the centenary of the role of Canberra as the nation's capital.

Funding for the Centenary of Canberra 2013 is a new spending measure in the 2011-12 Budget. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

A related *National Partnership for the Centenary of Canberra 2013 – a gift to the national capital* is described in the Infrastructure section of this Part.

National Partnership on Commonwealth Heads of Government Meeting 2011

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	nfp	-	-	-	-	nfp
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding under the *National Partnership on Commonwealth Heads of Government Meeting 2011* to Western Australia in relation to security for the Commonwealth Heads of Government Meeting to be held in Perth in November 2011.

National Partnership on CrimTrac police reference system

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	0.4	0.2	0.5	0.5	0.8	0.4	0.4	0.6	3.7
2012-13	0.2	0.1	0.3	0.3	0.5	0.2	0.2	0.3	2.2
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding under the *National Partnership on CrimTrac police reference system* for a national information-sharing solution.

National Partnership on the Digital Regions Initiative^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	6.3	2.6	-	1.1	2.4	0.9	-	6.4	19.6
2011-12	7.8	1.2	4.1	0.9	2.9	2.3	-	1.9	21.0
2012-13	4.1	0.2	1.4	0.4	1.4	1.8	-	1.2	10.4
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) These figures include payments direct to local governments.

The Commonwealth is providing funding for the *National Partnership on the Digital Regions Initiative*. This National Partnership has been established to co-fund innovative digital enablement projects to support improved education, health and emergency services in regional, rural and remote communities.

National Partnership on improving policing in very remote areas

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	1.0	-	-	-	-	1.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth has provided funding under the *National Partnership on improving policing in very remote areas* to complete the construction of police stations and related infrastructure, including police housing in Western Australia. This National Partnership was part of the July 2006 COAG package addressing violence and child abuse in Indigenous communities.

National Partnership on legal assistance services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	60.3	42.4	40.1	19.2	14.9	5.7	4.3	3.9	190.8
2011-12	61.6	43.6	40.5	19.6	15.4	5.8	4.4	3.9	194.8
2012-13	62.7	44.4	41.2	19.9	15.7	5.9	4.4	3.9	198.3
2013-14	63.7	45.2	41.9	20.3	16.0	6.0	4.5	4.0	201.5
2014-15	65.1	46.1	42.8	20.7	16.3	6.2	4.6	4.1	205.8

The Commonwealth is providing funding under the *National Partnership on legal assistance services* to the States for legal aid commissions so that they can provide legal assistance to disadvantaged persons in accordance with Commonwealth policy priorities.

National Partnership on Local Government and Regional Development

Local Government Reform Fund component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.8	1.5	1.9	1.4	1.7	0.4	0.1	0.3	8.1
2011-12	2.4	0.9	1.1	1.0	1.7	1.2	0.3	1.2	9.8
2012-13	-	1.3	..	1.1	0.1	..	0.7	..	3.3
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to the States for projects that support the implementation of nationally consistent frameworks for local government asset and financial management and/or improve collaboration in the local government sector. The Local Government Reform Fund is encouraging collaboration between councils and helping to improve their capacity to serve local communities.

Further details of funding provided under the *National Partnership on Local Government and Regional Development* can be found in the Infrastructure section of this Part.

National Partnership on native title

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	6.0	-	-	-	-	-	-	6.0
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth has provided funding for the *National Partnership on native title settlements in Victoria*. This National Partnership will contribute to resolving two native title claims under the Victorian Traditional Owners Settlement Framework in Victoria and improved native title outcomes for all parties.

National Partnership on the pilot of drought reform measures in Western Australia

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	1.1	-	-	-	-	1.1
2011-12	-	-	-	16.8	-	-	-	-	16.8
2012-13	-	-	-	7.8	-	-	-	-	7.8
2013-14	-	-	-	1.2	-	-	-	-	1.2
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the *National Partnership on the pilot of drought reform measures in Western Australia*. This National Partnership was established to test a package of new measures developed in response to the national review of drought policy, including assistance for farm business planning, on-farm projects and capacity building and community activities, as well as support for farm households and communities. The program aims to increase the resilience and capacity of farmers,

farming families and their communities to prepare for and self-manage drought, climate variability and reduced water allocation.

The pilot is currently being conducted in a region of Western Australia that covers a broad range of farming enterprises and climatic conditions. The pilot will be extended for one year to 30 June 2012, and the pilot region expanded to include the south-west region of Western Australia, subject to agreement with the Western Australian Government.

Additional funding for this National Partnership is a new spending measure in the 2011-12 Budget. This measure is detailed in *Drought policy reform – pilot of new measures in Western Australia – extension and expansion* in Budget Paper No. 2: *Budget Measures 2011-12*.

National Partnership on remote Indigenous public internet access

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.2	-	0.4	0.8	0.2	-	-	0.8	2.3
2011-12	0.1	-	0.3	0.7	0.1	-	-	0.7	2.0
2012-13	0.1	-	0.4	0.7	0.1	-	-	0.7	2.1
2013-14	0.2	-	0.4	0.7	0.2	-	-	0.7	2.1
2014-15	0.2	-	0.4	0.7	0.2	-	-	0.7	2.2

The Commonwealth is providing funding for the *National Partnership on remote Indigenous public internet access*. This National Partnership was established to improve public internet access facilities and provide related computer training in remote Indigenous communities. This funding also covers maintenance of facilities installed in previous years under this arrangement.

National Partnership to deliver a seamless national economy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	-	-	-
2011-12	64.2	49.6	41.0	20.7	14.7	4.5	3.2	2.1	200.0
2012-13	79.9	61.9	51.6	26.0	18.3	5.6	4.0	2.6	250.0
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding for the *National Partnership to deliver a seamless national economy*. This National Partnership will reward States that work with the Commonwealth to deliver reforms reducing unnecessary and inconsistent regulation across jurisdictions and improve processes for regulatory design and review. Facilitation payments were provided to the States as part of this National Partnership in 2008-09.

Sinking fund on State debt

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	..	-	-	-	0.1
2011-12	-	-	..	-	-	-	0.1
2012-13	-	-	..	-	-	-	0.1
2013-14	-	-	..	-	-	-	0.1
2014-15	-	-	..	-	-	-	0.1

The Commonwealth is contributing to the Debt Retirement Reserve Trust Account on behalf of New South Wales, Victoria and South Australia in accordance with the *Financial Agreement Act 1994*.

National Partnership on the Standard Business Reporting Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	0.8	0.5	0.8	0.8	0.9	0.8	0.8	0.5	5.9
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

(a) Yearly profiles and State splits are indicative distributions only and have been allocated on an equal per capita basis to all States. This distribution may change subject to negotiation with States on a National Partnership agreement and State participation in a competitive tendering process (where applicable). This indicative distribution does not entitle a State to the funds allocated against it.

The Commonwealth is providing funding to the States in 2010-11 for residual development activities and to operate and maintain the Standard Business Reporting Program. This program is a multi-agency initiative that is simplifying business-to-government reporting by:

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

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

National Partnership on Tasmanian forest contractors financial support program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	5.6	-	-	5.6
2011-12	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth has provided funding to Tasmania for the *National Partnership on Tasmanian forest contractors financial support program*.

The Commonwealth, together with the Tasmanian Government, assisted Tasmanian forest contractors to respond to the challenges facing the Tasmanian native forest industry. The funding provided financial support in the form of grants to eligible contracting businesses.

World sailing championships

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	2.0	-	-	-	-	2.0
2011-12	-	-	-	3.6	-	-	-	-	3.6
2012-13	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to contribute to the staging of the International Sailing Federation World Championships in Western Australia in December 2011.

FINANCIAL ASSISTANCE GRANTS TO LOCAL GOVERNMENT

The Commonwealth is providing a financial contribution through State governments for the provision of local government services to the community. In 2011-12, payments for local government services will total \$1.6 billion, which includes a decision by the Commonwealth for \$536.6 million to be brought forward from 2011-12 to be paid in 2010-11. The Commonwealth will conduct a review into the equity and efficiency of the current funding provided through the Financial Assistance Grants program. This review is to be completed in 2012-13.

Table 2.12 provides information on payments to support local government.

Table 2.12: Payments to support local government

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
Financial assistance grants					
General purpose financial assistance	1,442.3	1,115.0	1,553.1	1,616.1	1,681.4
Untied local roads grants	640.0	494.7	689.1	717.1	746.1
Other assistance					
Supplementary funding to South Australia for local roads	15.6	16.2	17.0	17.7	-
Total	2,097.8	1,626.0	2,259.2	2,350.9	2,427.5

Financial assistance grants

The Commonwealth has provided general purpose assistance to local governments since 1974-75.

Current arrangements for financial assistance grants are made up of general purpose assistance and untied local roads grants. General purpose assistance is the larger of the two components of the financial assistance grants and is distributed between the States on a per capita basis, while untied local roads grants are paid on the basis of 1991-92 interstate road shares.

The financial assistance grants are adjusted annually, based on an escalation factor that the Treasurer determines with reference to population growth and the consumer price index.

These grants are paid to State governments, after which State grants commissions determine the intrastate distribution of the financial assistance grants between local governments. Both forms of funding are untied and can be spent according to each local government's own priorities.

The Commonwealth delivered funding to Queensland for the financial assistance grants earlier than scheduled in 2010-11 to assist regional and remote local governments in employing people to perform important clean-up and repair work

following the Queensland floods and Tropical Cyclone Yasi. Similar flood related payments were made to Victoria.

Furthermore, the Commonwealth will pay the first quarter instalment of the expected 2011-12 allocation in 2010-11 so that local governments have immediate use of the funds. This will provide local governments with additional flexibility and assist them in responding to the widespread natural disasters in 2010-11 and other pressures. This measure is discussed in *Local government payments – accelerating payments* as part of Budget Paper No. 2: *Budget Measures 2011-12*.

Additionally, since 2004-05 the Commonwealth has been providing supplementary funding direct to local governments in South Australia for local roads. South Australia will receive \$16.2 million for this purpose in 2011-12.

The continuation of supplementary funding to South Australia is part of the new spending measure *Supplementary funding for South Australian local roads – continuation* taken in the 2011-12 Budget. This measure is discussed in Budget Paper No. 2: *Budget Measures 2011-12*.

Distribution of financial assistance grants to local government^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11									
General purpose assistance	474.9	362.1	294.2	149.2	107.7	33.3	15.0	23.4	1,459.8
Untied local roads grants	187.9	133.5	121.4	99.0	35.6	34.3	15.2	20.8	647.8
Total(b)	662.9	495.6	415.6	248.2	143.3	67.7	30.2	44.2	2,107.6
2011-12									
General purpose assistance	360.9	277.0	225.7	114.9	81.9	25.3	11.5	17.9	1,115.0
Untied local road funding	143.5	102.0	92.7	75.6	27.2	26.2	11.6	15.9	494.7
Total(c)	504.4	379.0	318.4	190.5	109.1	51.5	23.0	33.8	1,609.7

(a) This table does not include the supplementary funding to South Australia included in table 2.12.

(b) The 2010-11 estimate takes into account an underpayment of \$25.4 million in 2009-10. A cash adjustment for any overpayment or underpayment will be made to payments for the 2011-12 financial year when the Treasurer determines the final 2010-11 escalation factor in June 2011. This ensures that local governments receive their correct entitlement for each financial year in accordance with the final escalation factor.

(c) Financial assistance grants in 2011-12 are calculated on the basis of an estimated escalation factor prior to the Treasurer determining the final factor in June 2012.

PART 3: GENERAL REVENUE ASSISTANCE

General revenue assistance is a broad category of payments. This assistance is provided to the States without conditions, to spend according to their own budget priorities. The main form of general revenue assistance is Goods and Services Tax (GST). Other general revenue assistance includes payments to the Australian Capital Territory for municipal services, royalties, and Snowy Hydro Limited tax compensation. These payments are discussed in this Part.

OVERVIEW OF PAYMENTS

In 2011-12, the States will receive \$49.5 billion from the Commonwealth in total general revenue assistance – \$48.4 billion for GST and \$1.1 billion for other general revenue assistance. This represents a 6.4 per cent increase in GST entitlement compared to the \$45.5 billion the States will receive in 2010-11 and a 3.3 per cent increase in other general revenue assistance. In 2011-12, total general revenue assistance to the States will represent 13.5 per cent of total Commonwealth expenditure. Total general revenue assistance the Commonwealth provides to the States is shown in Table 3.1 and in Table 3.2 by State.

Table 3.1: General revenue assistance

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
GST entitlement	45,450.0	48,350.0	51,750.0	54,700.0	57,400.0
Other Payments					
ACT municipal services	35.4	36.1	36.8	37.5	38.2
Reduced royalties	60.8	78.4	74.2	71.3	71.6
Royalties	948.9	937.2	935.4	946.0	931.4
Snowy Hydro Ltd tax compensation	28.4	57.0	57.0	57.0	57.0
Total	46,523.5	49,458.8	52,853.4	55,811.8	58,498.2

Table 3.2: General revenue assistance by State^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	14,042.3	10,638.9	8,413.6	3,262.9	4,296.1	1,671.7	877.2	2,372.0	46,523.5
2011-12	14,987.8	10,907.5	9,138.9	3,676.9	4,492.6	1,743.0	902.7	2,672.1	49,458.8
2012-13	16,216.2	11,690.3	9,883.3	3,722.8	4,718.7	1,845.0	958.5	2,883.2	52,853.4
2013-14	17,270.4	12,202.1	10,992.5	3,705.3	4,906.5	1,865.1	960.4	2,963.4	55,811.8
2014-15	18,090.1	12,845.2	11,577.7	3,983.3	5,097.5	1,928.0	1,005.4	3,039.5	58,498.2

(a) State splits for royalties are not published due to commercial sensitivities; therefore total general revenue assistance will not equal the sum of the state splits above.

GST PAYMENTS TO STATES

Under the *Intergovernmental Agreement on Federal Financial Relations*, States are entitled to receive payments from the Commonwealth equivalent to the revenue received from

the GST. GST revenue refers to the amount of GST collected by the Australian Taxation Office (ATO), less revenue not recognised as at 30 June of each financial year, because the revenues will not be remitted to the ATO until the following financial year. GST entitlement refers to the amount of GST which is entitled to be distributed to the States. GST payments reflect the GST entitlement which is distributed to the States adjusted for any balancing amount from the prior financial year.

Table 3.3 provides a reconciliation of the GST revenue estimates since the 2010-11 Budget and 2010-11 MYEFO. The reconciliation accounts for policy decisions and parameter and other variations. GST revenue in 2011-12 has been revised down by \$1.6 billion since the 2010-11 MYEFO, largely reflecting the weaker outlook for consumption and dwelling investment. The weaker outlook for consumption reflects an ongoing trend of households consolidating their balance sheets (particularly in the aftermath of the global financial crisis). Exacerbating this are signs that consumers are spending relatively more of their income on GST exempt goods and services.

Table 3.3: Reconciliation of GST revenue estimates since the 2010-11 Budget and 2010-11 MYEFO

\$million	2010-11	2011-12	2012-13	2013-14
GST revenue at 2010-11 Budget	50,000.0	53,410.0	56,670.0	59,870.0
<i>Changes between 2010-11 Budget and MYEFO</i>				
Effect of policy decisions	-	-	-16.0	-31.0
Effect of parameter and other variations	-870.0	-1,210.0	-1,364.0	-1,329.0
Total variations	-870.0	-1,210.0	-1,380.0	-1,360.0
GST revenue at 2010-11 MYEFO	49,130.0	52,200.0	55,290.0	58,510.0
<i>Changes between 2010-11 MYEFO and Budget</i>				
Effect of policy decisions	15.0	30.9	80.6	137.1
Effect of parameter and other variations	-965.0	-1,600.9	-1,140.6	-1,327.1
Total variations	-950.0	-1,570.0	-1,060.0	-1,190.0
GST revenue at 2011-12 Budget	48,180.0	50,630.0	54,230.0	57,320.0

Specific policy decisions taken since MYEFO that affect GST revenue are shown in Table 3.4. These decisions increase the amount of GST revenue by \$30.9 million in 2011-12 and \$452.5 million over five years to 2014-15. The total impact of GST revenue policy decisions since MYEFO is also included in Table 3.3.

Detailed information on policy decisions since the 2010-11 MYEFO are included in Budget Paper No. 2, *Budget Measures 2011-12*.

Table 3.4: Policy decisions since MYEFO that affect GST revenue

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
Migration Program – allocation of places for 2011-12	-	15.9	52.7	95.6	141.7
GST treatment of new residential premises	15.0	10.0	10.0	10.0	10.0
Fringe benefits tax – reform of the car fringe benefit rules	-	5.0	10.0	15.0	20.0
Tax compliance – reporting taxable payments	-	-	7.9	16.5	17.2
GST – Government response to Board of Taxation report: minor changes	-	*	*	*	*
GST – providing businesses in a net refund position with access to the GST instalment system	-	-	*	*	*
Total GST revenue policy decisions	15.0	30.9	80.6	137.1	188.9

GST revenue for a financial year varies from the amount of GST paid to the States for that year because of:

- GST revenues which are recognised on a Commonwealth whole-of-government basis, but not recognised as at 30 June of each financial year, because the revenues will not be remitted to the ATO until the following financial year;
- penalties, other than general interest charge (GIC) penalties, which are not included in the definition in the *Federal Financial Relations Act 2009* of GST to be paid to the States;
- the GST component of sales by Commonwealth agencies which has been collected by those agencies but which, as at 30 June in each year, has not been remitted to the ATO, because it is not due to be paid until the next Business Activity Statement is lodged; and
- adjustments to account for any variation in the previous financial year between the Treasurer's determination, and GST payment advances made during that financial year.

States receive monthly advances of GST throughout the year based on the Commonwealth estimate of the GST entitlement. The Treasurer makes a determination of the amount of GST revenue collected in the financial year upon receipt of the final outcome after the close of the financial year. Any variation between GST advances and final outcome as determined by the Treasurer is settled in the following financial year.

In 2010-11, an amount of \$487.3 million was deducted from the States' 2010-11 GST entitlement as a balancing adjustment for the difference between the final amount determined by the Treasurer and advances made during the 2009-10 financial year.

A reconciliation of GST revenue, GST entitlement and GST payments to the States is provided in Table 3.5.

Table 3.5: Reconciling GST revenue, GST entitlement and GST payments to the States

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
GST revenue	48,180.0	50,630.0	54,230.0	57,320.0	60,150.0
less change in GST receivables(a)	2,401.2	2,148.1	2,340.5	2,470.5	2,589.9
GST receipts	45,778.8	48,481.9	51,889.5	54,849.5	57,560.1
less non-GIC penalties collected(b)	120.0	130.0	140.0	150.0	160.0
less GST collected by Commonwealth agencies but not yet remitted to the ATO(c)	208.8	1.9	-0.5	-0.5	0.1
GST entitlement	45,450.0	48,350.0	51,750.0	54,700.0	57,400.0
plus prior year balancing adjustment(d)	-487.3				
GST payments to the States	44,962.7	48,350.0	51,750.0	54,700.0	57,400.0

(a) GST revenue which is recognised on a Commonwealth whole-of-government basis, but not recognised as at 30 June of each financial year, because the revenue will not be remitted to the Australian Tax Office (ATO) until the following financial year.

(b) While GST related non-GIC penalties are recognised in the Commonwealth's GST revenue, non-GIC penalties are not defined in the *Federal Financial Relations Act 2009* as being a part of the GST revenue that is paid to the States.

(c) 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).

(d) Advance GST payments made in 2009-10 were \$487.3 million higher than the final outcome determined by the Treasurer. This amount was deducted from payments in 2010-11.

Distribution of GST entitlement among the States

The Commonwealth distributes GST among the States in accordance with the principle of horizontal fiscal equalisation and having regard to the recommendations of the Commonwealth Grants Commission (the Commission).

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

This does not necessarily result in the same standard of government services – just the equalisation of each State's capacity to provide the same standard of services. In calculating the GST relativities, the Commission takes into account differences in the State's capacity to raise revenues and differences in the costs the States would incur in providing the same standard of government services, including through acquiring the infrastructure used to deliver those services.

Horizontal fiscal equalisation provides the necessary budget support so that all States have the capacity to provide services at a comparable standard, while ensuring that the interstate transfers are not so large that they would significantly distort economic behaviour and reduce productivity growth.

The Commonwealth has commissioned a Review into the distribution of GST to the States. Further information on the Review can be found in Part 1.

Table 3.6 identifies the relativities recommended by the Commonwealth Grants Commission for 2010-11 and 2011-12, and projected revenue sharing relativities for distributing GST over the forward estimates.

The Commonwealth's projections of GST relativities for 2012-13 to 2014-15 assume that the States' fiscal capacities will be broadly consistent with the Commission's assessment of their relative fiscal assessed differences in 2007-08, 2008-09, and 2009-10. The projections include adjustments to account for estimated changes in the size of the GST pool, State population shares and the distribution of the National SPPs.

Table 3.6: GST relativities

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2010-11	0.95205	0.93995	0.91322	0.68298	1.28497	1.62091	1.15295	5.07383
2011-12	0.95776	0.90476	0.92861	0.71729	1.27070	1.59942	1.11647	5.35708
2012-13(a)	0.97137	0.90508	0.93389	0.67510	1.25339	1.59147	1.10956	5.38098
2013-14(a)	0.98251	0.89344	0.97890	0.63254	1.24010	1.53220	1.05197	5.21688
2014-15(a)	0.98395	0.89556	0.97839	0.64497	1.23411	1.51872	1.05077	5.08175

(a) Treasury projection.

Distribution of the GST entitlement pool

The GST relativities will be applied to estimated state populations in order to determine an adjusted population for each State. Each State will receive its adjusted population share of the GST entitlement. The detailed calculation for the distribution of the GST in 2010-11 and 2011-12 is shown in Table 3.7, Table 3.9 and Chart 3.1 below.

Table 3.7: Calculation of the GST entitlement pool^(a)

	Estimated 31 December population (1)	GST relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population % (4)	Share of GST pool \$million (5)
2010-11					
NSW	7,277,478	0.95205	6,928,523	30.9%	14,023.4
VIC	5,587,207	0.93995	5,251,695	23.4%	10,629.5
QLD	4,551,906	0.91322	4,156,892	18.5%	8,413.6
WA	2,316,385	0.68298	1,582,045	7.0%	3,202.1
SA	1,651,847	1.28497	2,122,574	9.5%	4,296.1
TAS	509,548	1.62091	825,931	3.7%	1,671.7
ACT	360,720	1.15295	415,892	1.9%	841.8
NT	230,975	5.07383	1,171,928	5.2%	2,372.0
Total	22,486,066	na	22,455,480	100.0%	45,450.0
2011-12					
NSW	7,360,346	0.95776	7,049,445	30.9%	14,949.8
VIC	5,674,844	0.90476	5,134,372	22.5%	10,888.5
QLD	4,640,631	0.92861	4,309,336	18.9%	9,138.9
WA	2,365,603	0.71729	1,696,823	7.4%	3,598.5
SA	1,667,161	1.27070	2,118,461	9.3%	4,492.6
TAS	513,875	1.59942	821,902	3.6%	1,743.0
ACT	365,984	1.11647	408,610	1.8%	866.5
NT	235,207	5.35708	1,260,023	5.5%	2,672.1
Total	22,823,651	na	22,798,973	100.0%	48,350.0

(a) Amounts shown in 2010-11 are based on estimates of each jurisdictions GST entitlement based on the estimated total GST pool. These amounts do not take into account the prior year balancing adjustment in 2009-10, totalling \$487.3 million.

Table 3.8 below shows the distribution of the prior year balancing adjustment made to the 2010-11 GST entitlement. The balancing adjustment is distributed in accordance with the relativities used in 2009-10 as this is the basis on which the States were overpaid.

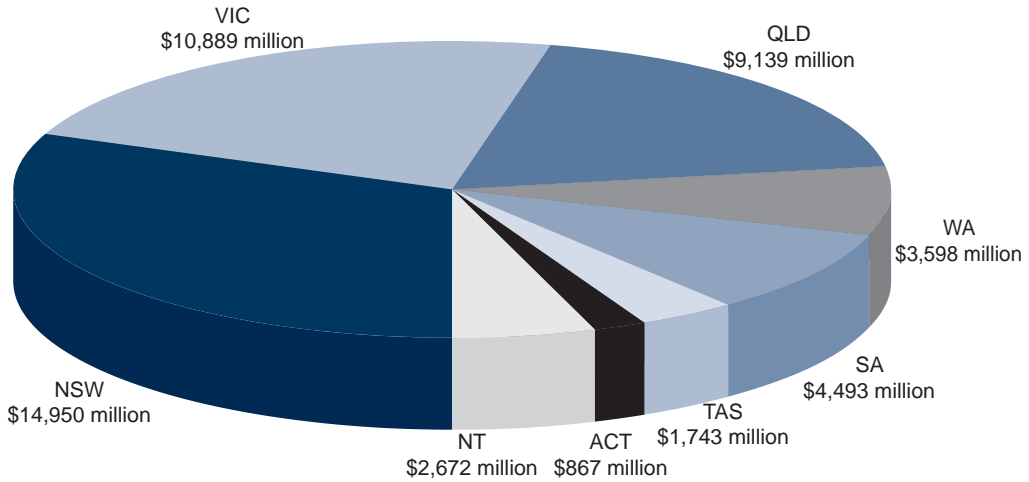
Table 3.8: Distribution of the prior year balancing adjustment

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-142.2	-109.8	-92.8	-43.7	-44.6	-18.5	-8.6	-27.1	-487.3

Table 3.9: Distribution of the GST entitlement pool over budget year and forward estimates^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	14,023.4	10,629.5	8,413.6	3,202.1	4,296.1	1,671.7	841.8	2,372.0	45,450.0
2011-12	14,949.8	10,888.5	9,138.9	3,598.5	4,492.6	1,743.0	866.5	2,672.1	48,350.0
2012-13	16,178.2	11,671.3	9,883.3	3,648.6	4,718.7	1,845.0	921.7	2,883.2	51,750.0
2013-14	17,232.4	12,183.1	10,992.5	3,634.0	4,906.5	1,865.1	923.0	2,963.4	54,700.0
2014-15	18,052.1	12,826.2	11,577.7	3,911.7	5,097.5	1,928.0	967.2	3,039.5	57,400.0

(a) Amounts shown in 2010-11 are based on estimates of each jurisdictions GST entitlement based on the estimated total GST pool. These amounts do not take into account the prior year balancing adjustment for overpayments made in 2009-10, totalling \$487.3 million.

Chart 3.1: State shares of GST entitlement, 2011-12

GST administration

States compensate the Commonwealth for the agreed costs incurred by the ATO in administering the GST, including costs incurred by the Australian Customs Service. On 7 April 2011, the Ministerial Council for Federal Financial Relations endorsed the GST administration budget for the ATO of \$695.4 million for 2011-12, as shown in Table 3.10.

Table 3.10: Reconciliation of the GST administration budget

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
Administration budget at 2010-11 Budget	662.6	684.5	693.1	698.2	na
<i>Changes from 2010-11 Budget to MYEFO</i>					
Parameter variations	-	-	-	-	-
Total variations	-	-	-	-	-
Administration budget at 2010-11 MYEFO	662.6	684.5	693.1	698.2	na
<i>Changes from MYEFO to 2011-12 Budget</i>					
Other variations	-	3.7	2.1	0.4	-
Parameter variations	4.0	7.2	4.1	1.1	-
Total variations	4.0	10.9	6.2	1.5	-
Administration budget at 2011-12 Budget	666.6	695.4	699.3	699.7	607.1

During 2009-10, States paid \$590.1 million in GST administration costs to the Commonwealth. Following the conclusion of the 2009-10 financial year, the final audited GST administration cost was \$598.3 million requiring the States to pay an additional \$8.2 million in 2010-11. Following a reconciliation, it was found that the prior year adjustment (relating to, 2008-09) used in 2009-10 had been understated by \$1.4 million. As a result, the States will be required to reimburse only \$6.8 million in 2010-11.

Table 3.11: GST administration payments

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
GST administration budget	666.6	695.4	699.3	699.7	607.1
less prior year adjustment	-8.2	-	-	-	-
net State reimbursement	6.8	-	-	-	-
2009-10 understatement	1.4	-	-	-	-
Total administration payments	674.8	695.4	699.3	699.7	607.1

OTHER GENERAL REVENUE ASSISTANCE

The Commonwealth makes payments of other general revenue assistance to the States, including:

- payments to the Australian Capital Territory for municipal services;
- reduced royalties;
- royalties; and
- Snowy Hydro Ltd tax compensation.

Similar to GST, other general revenue assistance is provided to the States without conditions, to spend according to their own budget priorities.

Table 3.12: Other general revenue assistance

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
ACT municipal services	35.4	36.1	36.8	37.5	38.2
Reduced royalties	60.8	78.4	74.2	71.3	71.6
Royalties	948.9	937.2	935.4	946.0	931.4
Snowy Hydro Ltd tax compensation	28.4	57.0	57.0	57.0	57.0
Total other general revenue assistance	1,073.5	1,108.8	1,103.4	1,111.8	1,098.2

Payments in respect of ACT municipal services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	-	-	-	35.4	-	35.4
2011-12	-	-	-	-	-	-	36.1	-	36.1
2012-13	-	-	-	-	-	-	36.8	-	36.8
2013-14	-	-	-	-	-	-	37.5	-	37.5
2014-15	-	-	-	-	-	-	38.2	-	38.2

The Commonwealth provides general revenue assistance to the Australian Capital Territory to:

- assist in meeting the additional municipal costs which arise from Canberra's role as the national capital; and

- compensate the Australian Capital Territory for additional costs resulting from the national capital planning influences on the provision of water and sewerage services.

The level of funding is based upon the findings of the Commonwealth Grants Commission, in its second and third reports on financing for the Australian Capital Territory, prior to the move to self-government in 1989.

Reduced royalties

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	60.8	-	-	-	-	60.8
2011-12	-	-	-	78.4	-	-	-	-	78.4
2012-13	-	-	-	74.2	-	-	-	-	74.2
2013-14	-	-	-	71.3	-	-	-	-	71.3
2014-15	-	-	-	71.6	-	-	-	-	71.6

The Commonwealth provides general revenue assistance to compensate Western Australia for the loss of royalty revenue resulting from the removal of the exemption of condensate from crude oil excise in the 2009-10 Budget.

Royalties^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	-	-	-	~	-	-	-	~	948.9
2011-12	-	-	-	~	-	-	-	~	937.2
2012-13	-	-	-	~	-	-	-	~	935.4
2013-14	-	-	-	~	-	-	-	~	946.0
2014-15	-	-	-	~	-	-	-	~	931.4

(a) State splits for royalties are not published due to commercial sensitivities.

Royalty payments to Western Australia

The Commonwealth provides general revenue assistance to Western Australia from royalties collected under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia. The Commonwealth collects these royalties because it has jurisdiction over offshore areas.

These royalties are shared between the Commonwealth (approximately one-third) and Western Australia (approximately two-thirds). These payment arrangements are in accordance with the revenue sharing arrangements in section 75 of the *Offshore Petroleum and Greenhouse Gas Act 2006*.

Royalty payments to the Northern Territory

The Commonwealth provides general revenue assistance to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory.

General revenue assistance is payable biannually at the royalty rate of 1.25 per cent of the net proceeds of sales. These royalties are paid under a continuing agreement, established under the 1978 Memorandum of Understanding between the Commonwealth and the Northern Territory.

Snowy Hydro Limited tax compensation^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11	18.9	9.5	-	-	-	-	-	-	28.4
2011-12	38.0	19.0	-	-	-	-	-	-	57.0
2012-13	38.0	19.0	-	-	-	-	-	-	57.0
2013-14	38.0	19.0	-	-	-	-	-	-	57.0
2014-15	38.0	19.0	-	-	-	-	-	-	57.0

(a) Payments in 2010-11 were reduced, to recover previous Commonwealth overpayments associated with changes in the value of the Snowy Hydro Limited.

On 28 June 2002, the Snowy Mountains Hydro Electric Authority was corporatised. The assets and business of the Authority were transferred to Snowy Hydro Limited, a company jointly-owned by the Commonwealth, New South Wales and Victoria (with 13 per cent, 58 per cent and 29 per cent shareholdings respectively).

The Commonwealth provides compensation payments to New South Wales and Victoria, in the form of general revenue assistance, for Commonwealth taxes paid by Snowy Hydro Limited in proportion to the States' shareholdings.

Payments are made in accordance with the Snowy Hydro Tax Compensation Deed between the Commonwealth, New South Wales and Victoria. These taxes would have previously been payable to the States through tax equivalence regime payments.

MIRROR TAX ARRANGEMENTS

The Commonwealth introduced mirror tax arrangements in 1998 to ensure that the States were not financially disadvantaged by the High Court decision in *Allders International Pty Ltd v Commissioner of State Revenue (Victoria)*, which invalidated state taxes on Commonwealth places. These arrangements mirror certain state taxes, including payroll taxes, land taxes and stamp duties, with respect to Commonwealth places. The States collect these mirror taxes on behalf of the Commonwealth and bear the administrative costs of collection. All mirror tax revenues are credited to the Commonwealth and simultaneously appropriated to the States. Hence, mirror taxes are recorded as both a Commonwealth revenue and expense, with no net impact on the Commonwealth's budget position.

Table 3.13: Mirror taxes accrued on behalf of the States

\$million	2010-11	2011-12	2012-13	2013-14	2014-15
Mirror taxes	424.3	450.8	479.5	509.6	521.2
Payments to State governments	-424.3	-450.8	-479.5	-509.6	-521.2
Commonwealth Budget impact	-	-	-	-	-

PART 4: DEVELOPMENTS IN THE CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR

The fiscal and cash balances of both levels of government are expected to remain in deficit in 2011-12 but improve over the forward estimates.

The improvement in the fiscal indicators reflects the withdrawal of economic stimulus spending and, in future years, the expected recovery in revenue collections from the effects of the global recession.

The Commonwealth is estimated to return to a surplus in 2012-13 but continued deficits in some States result in consolidated fiscal deficits continuing though to 2013-14.

INTRODUCTION

This Part provides a framework in which to consider developments in the Commonwealth's Budget through consideration of the fiscal position of all Australian governments.

It discusses trends in key fiscal indicators including net operating balance, fiscal balance, cash balance, net debt and net interest payments, at the Commonwealth and State and local levels, and together at the consolidated level.

The Part focuses on trends in the non-financial public sector (NFPS) which is comprised of the general government sector and the public non-financial corporations (PNFC) sector. The general government sector provides non-market goods and services such as policing, health and education. The PNFC sector comprises government-controlled corporations engaged in providing market goods such as electricity and public transport, but not financial services.

For further information on the fiscal indicators and the institutional structure of the public sectors see Budget Paper No. 1, Statement 9.

The state estimates in this part come from 2010-11 mid-year financial reports with the exception of Victoria, the Australian Capital Territory and the Northern Territory, which are drawn from 2011-12 Budgets.

Additional data tables can be found in Appendix E.

NET OPERATING BALANCE

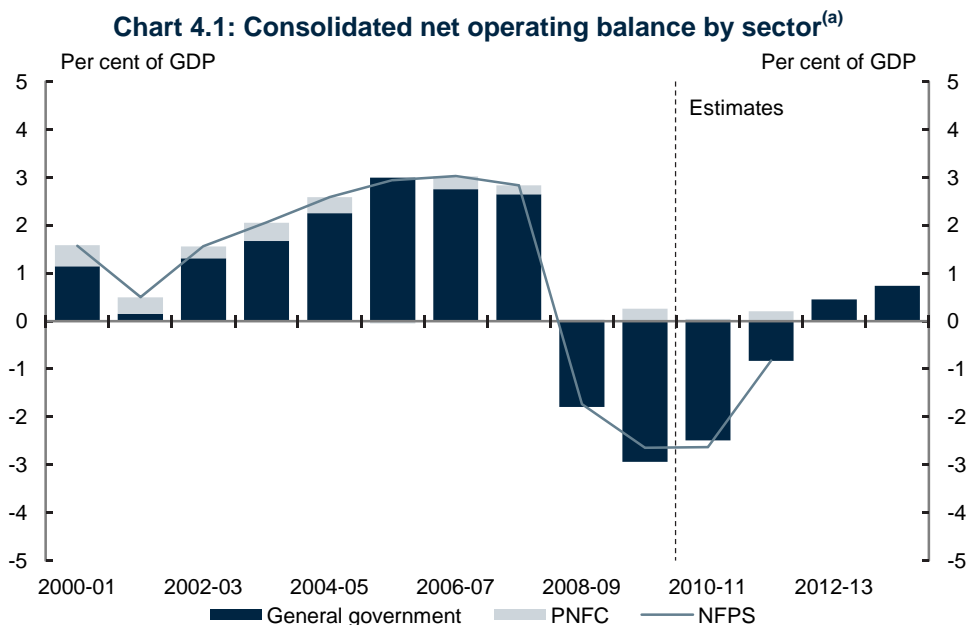
The net operating balance measures, in accrual terms, the gap between recurrent expenses and revenue for a given period. This is the headline measure used by most States and provides an indication of the medium-term sustainability of the existing level of government services. The Commonwealth does not use net operating balance as a headline fiscal indicator.

In aggregate, the states are estimating operating deficits in 2011-12 and the forward years, with the size of the operating deficits decreasing over time. However, while in aggregate the States are in operating deficit, the circumstances in individual states vary.

New South Wales, Victoria, Western Australia, South Australia and the Northern Territory are estimating operating surpluses in 2011-12. These states, with the exception of the Northern Territory, are also forecasting operating surpluses through to 2013-14.

Queensland, Tasmania and the Australian Capital Territory are estimating operating deficits in 2011-12. The deficits are expected to continue to 2013-14. Queensland's deficit is partly due to expenditure associated with the recent natural disasters.

As shown in Chart 4.1, the consolidated general government net operating position is estimated to be in deficit in 2011-12, returning to a surplus of 0.5 per cent of GDP in 2012-13.



(a) Data for the PNFC sector (and therefore NFPS) are not available beyond 2011-12.

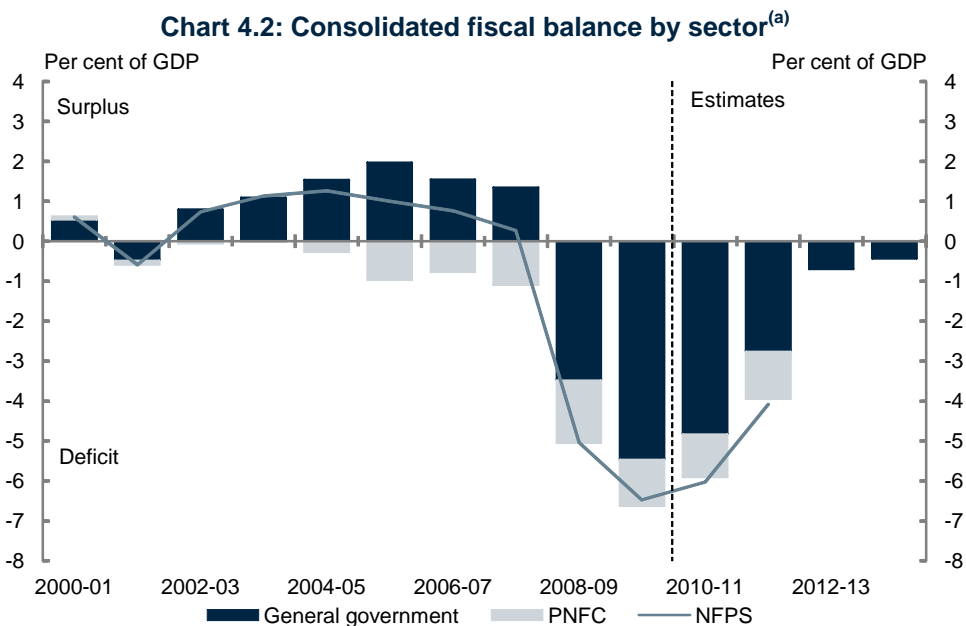
FISCAL AND CASH BALANCES

A fiscal surplus indicates that a government is saving more than enough to finance all of its investment spending and is therefore not contributing directly to the current account deficit. A fiscal deficit indicates that a government needs to borrow or liquidate financial assets in order to fund its capital and/or recurrent expenditures.

As the fiscal balance includes capital transfers and investment in non-financial assets, which are not included in the net operating balance, the difference between the fiscal balance and the net operating balance is the effect of investment in infrastructure.

The fiscal balances of both the Commonwealth and state/local general government sectors are expected to improve as economic stimulus spending is withdrawn and, in future years, revenue collections recover from the effects of the global recession. The Commonwealth general government sector is expected to return to a surplus in 2012-13 but continued deficits in some States result in consolidated general government fiscal deficits over the forward years.

As shown in Chart 4.2, the consolidated general government sector fiscal balance is expected to be a deficit of 4.8 per cent of GDP in 2010-11 and 2.8 per cent of GDP in 2011-12. Fiscal deficits are also expected in the PNFC sector, leading to an NFPS deficit of 6.0 per cent of GDP in 2010-11 and 4.1 per cent of GDP in 2011-12.

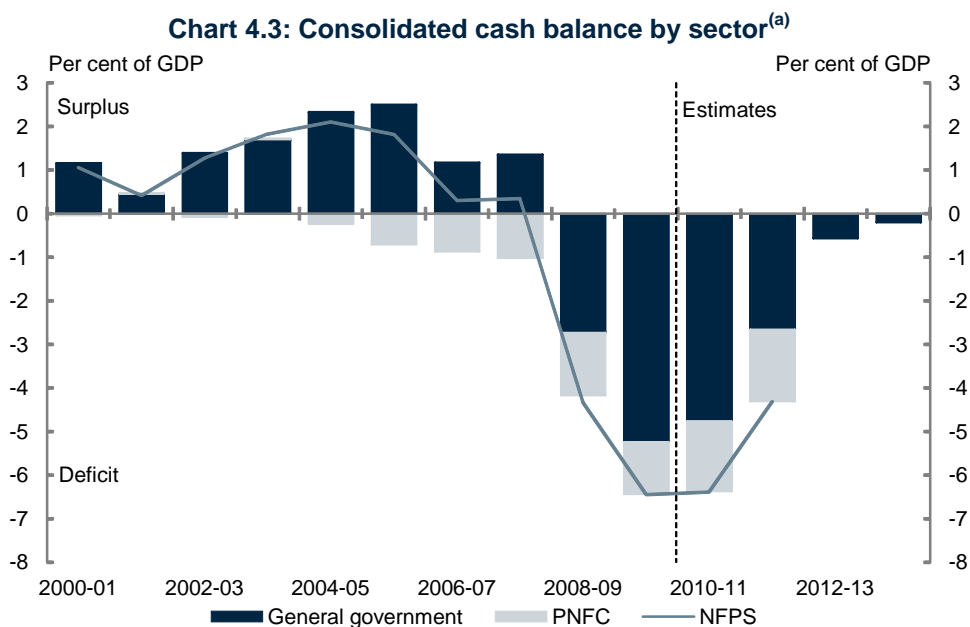


(a) Data for the PNFC sector (and therefore NFPS) are not available beyond 2011-12.

The cash balance is the equivalent of a fiscal balance measured on a non-accrual basis, that is, capturing payments and receipts as they occur. It therefore reflects the extent to which cash is available to a government.

The same trends discussed above in relation to the fiscal balance are also affecting the cash balances of both the Commonwealth and state/local governments.

As shown in Chart 4.3, the consolidated general government sector cash balance is expected to be a deficit of 4.8 per cent of GDP in 2010-11 and 2.7 per cent of GDP in 2011-12. Cash deficits are also expected in the PNFC sector, leading to an NFPS deficit of 6.4 per cent of GDP in 2010-11 and 4.3 per cent of GDP in 2011-12.



(a) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2011-12.

NET DEBT

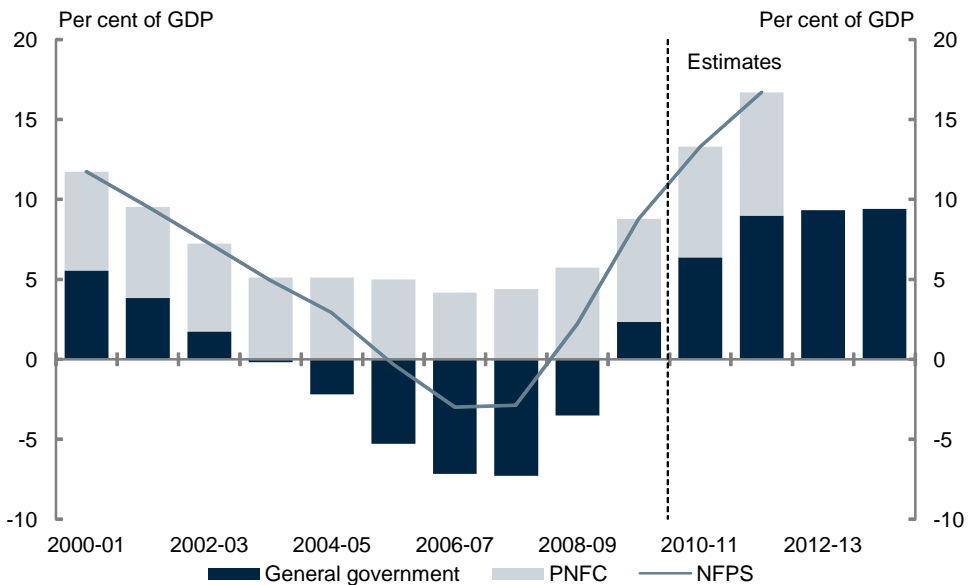
Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets (cash and deposits, advances paid, investments, loans and placements). Net debt does not include superannuation-related liabilities.

General government sector net debt is expected to be 9.0 per cent of GDP in 2011-12.

General government sector net debt for the Commonwealth is forecast to peak in 2011-12, and decline over the forward years as the fiscal surpluses from 2012-13 allow the repayment of debt. State/local sector net debt is expected to increase in 2011-12 reflecting the aggregate net operating balance deficits of the states and their investment in infrastructure.

In the NFPS sector, net debt is expected to be 16.7 per cent of GDP in 2011-12 (Chart 4.4).

**Chart 4.4: Consolidated net debt by sector
(as at end of financial year)^(a)**



(b) Data for the PNFC sector (and therefore the NFPS) are not available beyond 2011-12.

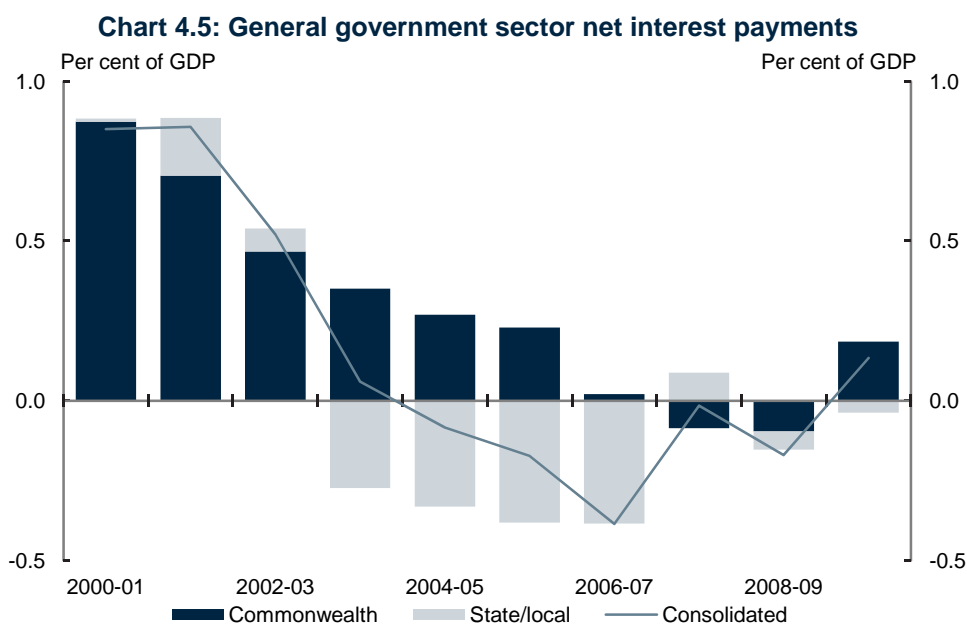
While the States estimate net debt in the PNFC sector over the forward years, the Commonwealth does not. A majority of the States are projecting PNFC net debt (and therefore the NFPS) to continue to increase over the forward years, with NFPS net debt of the States reaching 10.5 per cent of GDP in 2013-14.

NET INTEREST PAYMENTS

Net interest payments reflect the cost of servicing debt. The higher the net debt of a government, the greater the call that will be imposed on a government’s future revenue flows to service that debt.

Consolidated general government sector net interest payments have declined since 2001-02 and reached a low in 2006-07, as the Commonwealth and state/local general government sectors experienced sustained budget surpluses, which were used, in part, to pay down debt.

In 2009-10, consolidated general government sector net interest payments rose by 0.3 percentage points of GDP, reflecting increased net debt as a result of the global recession.



THE AUSTRALIAN LOAN COUNCIL

The Australian Loan Council is a Commonwealth-State ministerial council that coordinates public sector borrowing. The Loan Council consists of the Prime Minister of Australia and the Premier/Chief Minister of each State and Territory. In practice, each member is represented by a nominee, usually the Treasurer of that jurisdiction, with the Commonwealth Treasurer as Chair.

Current Loan Council arrangements operate on a voluntary basis and emphasise transparency of public sector financing rather than adherence to strict borrowing limits. These arrangements are designed to enhance financial market scrutiny of public sector borrowing and facilitate informed judgments about each government's financial performance.

The Loan Council traditionally meets annually around March or April to consider jurisdictions' nominated borrowings for the forthcoming year. As part of the agreed arrangements, the Loan Council considers these nominations, having regard to each jurisdiction's fiscal position and the macroeconomic implications of the aggregate figure.

Since 2009-10, the role of the Loan Council has expanded to include reporting on the macroeconomic implications of proposed expenditure from the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund.

The Loan Council also provides an additional level of scrutiny regarding the use of the Guarantee of State and Territory Borrowing introduced during the global financial crisis and which closed to new issuance on 31 December 2010.

Outcome of the 2011 Loan Council meeting

The Loan Council met on 7 April 2011 to consider Loan Council Allocation nominations for 2011-12. The Loan Council approved each jurisdiction's nominated allocation. In aggregate, the nominations represent a deficit of \$46.7 billion (Table 4.1). The States nominated a deficit of \$32.5 billion and the Commonwealth nominated a deficit of \$14.2 billion.

The Commonwealth's 2011-12 Loan Council Allocation budget update is available in Budget Paper No. 1, Statement 9, Appendix B.

State 2011-12 Loan Council Allocation budget updates will be available in the States' 2011-12 Budgets.

The Loan Council considered the macroeconomic implications of infrastructure spending and found that the Government's fiscal stimulus packages have continued to support the level of economic activity in 2010 and beyond. However, they are detracting from growth as the level of stimulus declines over time. Given the size and

likely timing profile of any spending on new projects, the Loan Council determined that the drawdown of the remaining balances in the Nation Building Funds is not likely to have a material impact on aggregate demand and on the level of spare capacity in the economy.

The Loan Council determined that the Guarantee was being used to support state infrastructure investment and was not being used inappropriately to finance lending to non-government entities or to purchase other financial assets.

As at 31 March 2011, the face value of state and territory borrowings covered by the Guarantee was \$50.8 billion, down from \$62.0 billion at 30 September 2010.

Table 4.1: Loan Council Allocation nominations for 2011-12^(a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	C ^(b)	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Nominated 2011-12 LCAs										
General government sector cash surplus(-)/deficit(+)	1,474	607	7,406	1,126	909	235	48	334	9,501	
PNFC sector cash surplus(-)/deficit(+)	3,362	2,692	3,096	1,834	-366	331	233	217	-101	
Non-financial public sector cash surplus(-)/deficit(+)(b)	4,836	3,319	10,503	2,959	543	566	280	551	9,400	
Acquisitions under finance leases and similar arrangements	848	5,279	82	8	0	0	0	0	17	
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	5,684	8,598	10,585	2,967	543	566	280	551	9,417	
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(c)	-163	5	-87	0	10	-4	-7	0	-5,577	
<i>plus</i> Memorandum items(d)	56	666	2,176	75	-566	34	-8	0	-761	
Loan Council Allocations	5,903	9,260	12,848	3,043	-33	603	279	551	14,233	46,687
2011-12 tolerance limit(e)	1,544	1,019	1,011	802	333	157	93	105	7,077	

(a) Loan Council Allocation (LCA) nominations for 2011-12 reflect best estimates of cash surpluses/deficits. Nominations have been provided on the basis of policies announced up to and included in jurisdictions' mid-year financial reports and the Commonwealth's *Mid-Year Economic and Fiscal Outlook 2010-11*. Each jurisdiction will publish an updated LCA estimate as part of its budget documentation.

(b) The sum of the deficits of the general government and PNFC sectors may not directly equal the non-financial public sector surplus due to intersectoral transfers. (c) Net cash flows from investments in financial assets for policy purposes comprise net lending by governments with the aim of achieving government policy as well as net equity sales and net lending to other sectors or jurisdictions. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. However, these flows have implications for a government's call on financial markets. Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as reported in cash flow statements.

(d) Memorandum items are used to adjust the NFPS surplus/deficit to include in LCAs certain transactions — such as operating leases — that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the NFPS surplus/deficit certain transactions that the Loan Council has agreed should not be included in LCAs, for example, the funding of more than employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities. Where relevant, memorandum items include an amount for gross new borrowings of government home finance schemes.

(e) Tolerance limits are designed, inter alia, to accommodate changes to LCAs resulting from changes in policy. Tolerance limits apply between jurisdictions' LCA nominations and budget estimates, and again between budget estimates and outcomes. They are calculated as 2 per cent of NFPS cash receipts from operating activities in each jurisdiction.

APPENDIX A: AN OVERVIEW OF AUSTRALIA'S FEDERAL RELATIONS

OVERVIEW

On 29 November 2008, the Council of Australian Governments (COAG) reached an historic *Intergovernmental Agreement on Federal Financial Relations* (Intergovernmental Agreement) which establishes the overarching framework for the Commonwealth's financial relations with the States and Territories. The framework represents the most significant reform to Australia's federal financial relations in decades.

The framework commenced on 1 January 2009 and provides a strong foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and wellbeing into the future. It also provides clearer specification of the roles and responsibilities of each level of government so that the appropriate government is accountable to the community.

THE STRUCTURE OF AUSTRALIA'S FEDERAL RELATIONS

Australia has a federal system of government, consisting of three different levels of government: the Commonwealth Government; State and Territory governments; and local councils.

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

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

Vertical fiscal imbalance

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

Commonwealth financial assistance to the States comprises all GST revenue, plus an amount of other general revenue assistance, and payments for specific purposes.

The level of vertical fiscal imbalance can be measured as the revenue transferred from the Commonwealth to the States as a proportion of the State's total revenue. In 2009-10, the Commonwealth transferred approximately \$97.2 billion to the States in the form of general revenue assistance and payments for specific purposes, accounting for around 50.0 per cent of total state revenue.

Horizontal fiscal equalisation

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

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

Horizontal fiscal equalisation does not guarantee that the States will provide a uniform standard of service: its aim is to equalise the capacity of each State to do so, while leaving each State free to determine the standard of service provision.

Box A.1: The effect of horizontal fiscal equalisation

One way to view the effect of horizontal fiscal equalisation is to compare each State's share of the GST payments using the GST relativities, with a notional distribution on an equal per capita basis. In 2011-12, around \$3.9 billion (or 8.0 per cent) of the GST payments will be redistributed among the States, compared with an equal per capita distribution (Table A).

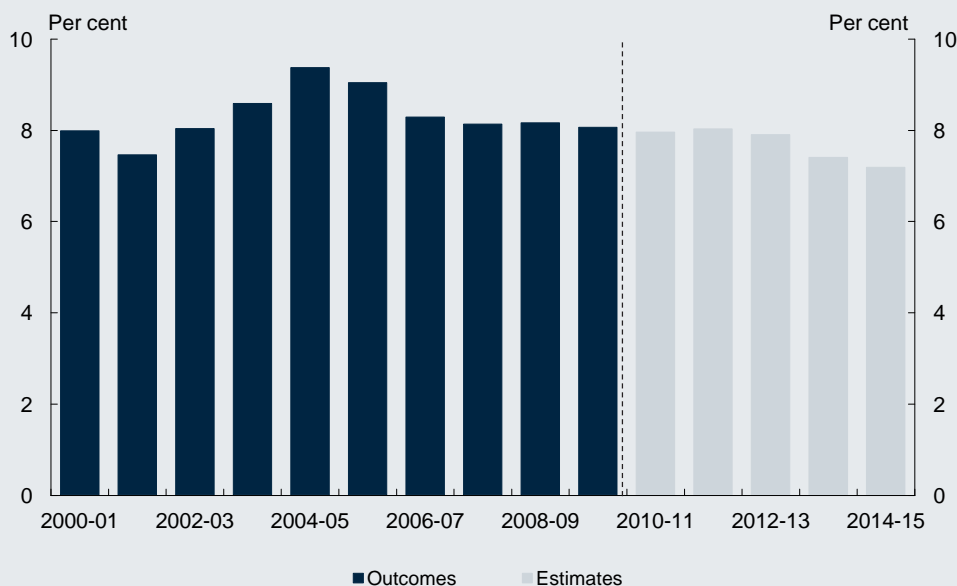
Table A.1: Difference from equal per capita distribution, 2011-12

	GST distributed using adjusted population \$million	Equal per capita distribution of GST \$million	Redistribution(a) \$million	Projected population '000	Per capita redistribution \$
NSW	14,949.8	15,592.3	-642.5	7,360.3	-87.3
VIC	10,888.5	12,021.7	-1,133.2	5,674.8	-199.7
QLD	9,138.9	9,830.8	-691.9	4,640.6	-149.1
WA	3,598.5	5,011.3	-1,412.9	2,365.6	-597.3
SA	4,492.6	3,531.7	960.9	1,667.2	576.4
TAS	1,743.0	1,088.6	654.4	513.9	1,273.5
ACT	866.5	775.3	91.2	366.0	249.3
NT	2,672.1	498.3	2,173.9	235.2	9,242.4
Total	48,350.0	48,350.0	3,880.4	22,823.7	

(a) The total redistribution of \$3,880.4 million is the sum of positive items in that column.

The proportion of the GST payments being redistributed in 2011-12 is broadly consistent with the average redistribution since the commencement of the GST.

Chart A.1: GST redistributed as a proportion of the GST payments



Note: From 2000-01 to 2008-09 the Commission was asked to recommend relativities to distribute a pool of GST payments plus health care grants. This methodology is conceptually equivalent, when expressed in proportions of GST payments, with the current relativities recommended by the Commission. As such, Chart A is a comparison of the proportion of GST payments rather than the proportion of the GST pool estimated to be redistributed for this period.

Roles and responsibilities

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

THE FRAMEWORK FOR FEDERAL FINANCIAL RELATIONS

The objective of the federal financial relations framework is to improve the quality and effectiveness of government services. It seeks to do so by providing clarity about who is responsible for the delivery of those services, flexibility in the delivery of services and increased accountability to the public, as well as by providing incentives for reform.

Intergovernmental Agreement on Federal Financial Relations

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

All financial relations between the Commonwealth and the States are governed by the provisions of the Intergovernmental Agreement. The Commonwealth's financial relations with the States come under the umbrella of one piece of legislation, the *Federal Financial Relations Act 2009*.

Federal Financial Relations Act 2009

The *Federal Financial Relations Act 2009* implements the payment arrangements of the framework. The Act provides a standing appropriation for the Commonwealth to make ongoing financial contributions to the States through five National SPPs, and for the Treasurer to determine GST payments to the States. The Act also provides for the Treasurer, through a written determination, to credit amounts to the COAG Reform Fund for the purpose of making grants of National Partnership payments and general revenue assistance to the States. For the first time in decades, the complexity of all the Commonwealth's financial relations with the States is contained in one piece of legislation. This improves the public transparency of these payments and the ability of the Parliament to scrutinise the payment arrangements.

Key features of the framework

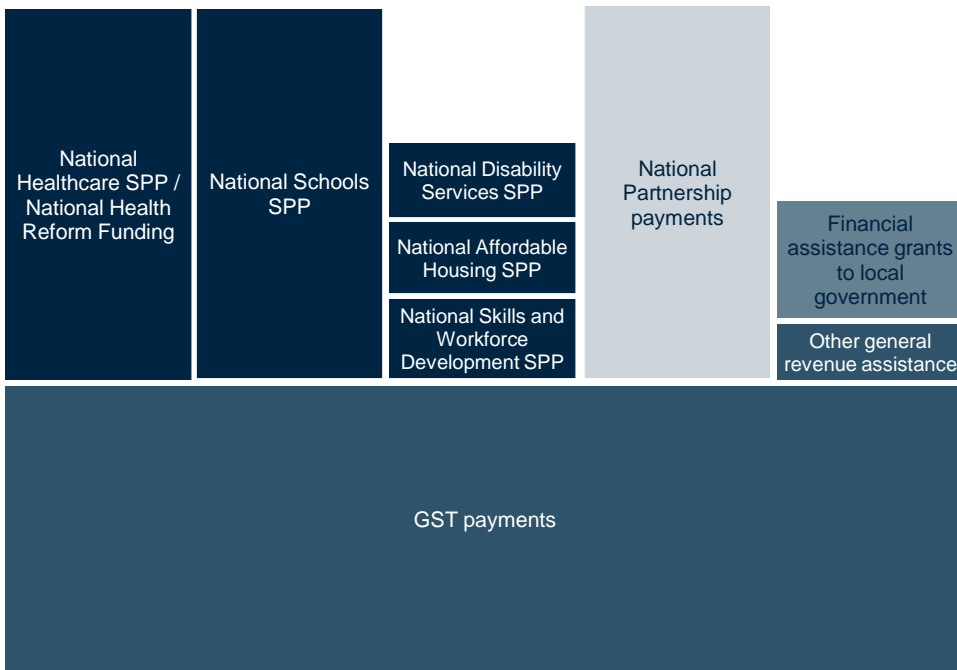
Funding

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

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

The framework rationalised a number of payments made to the States, centralised payment arrangements and provides greater funding certainty and flexibility to the States. The payment structure of the framework is shown schematically in Chart A.2.

Chart A.2: Schematic of payments to the States under the federal financial relations framework



Greater flexibility

The federal financial relations framework gives the States greater flexibility to direct resources to areas where they will produce the best results in each State. In the Intergovernmental Agreement, the Commonwealth has committed to move away from

prescriptions on service delivery in the form of financial or other input controls, which inhibit state service delivery and priority setting. Rather than dictating how things should be done, the framework focuses on the achievement of mutually agreed outcomes, providing the States with increased flexibility in the way they deliver services to the Australian people.

Under the framework, the States are required to spend each National SPP in the relevant sector – for example, the States are required to spend the National Schools SPP in the schools sector – but they have budget flexibility to allocate funds within that sector in a way that ensures they achieve the mutually agreed objectives for that sector.

Improved public accountability

While the States have increased budget flexibility under the federal financial relations framework, they are also subject to greater accountability, through new reporting arrangements. Commonwealth and State governments have committed to improving service delivery, by ensuring that the appropriate government is accountable to the community, not just for its expenditure in delivering services, but more importantly, for the quality and efficiency of the services it delivers and the outcomes it achieves.

Under the Intergovernmental Agreement, National Agreements aim to establish what the Commonwealth and the States expect to achieve from their co-operation, the role of each jurisdiction and the responsibilities for which they undertake to be accountable, and performance indicators and benchmarks which will inform the Australian public on progress towards achieving the outcomes and objectives of the agreement.

Opportunities to drive reforms

A central element of the framework is National Partnership payments, which are a mechanism to drive reforms or improve service delivery standards. National Partnership payments are provided to the States to:

- support the delivery of specified outputs or projects;
- facilitate reforms; or
- reward those jurisdictions that deliver on nationally significant reforms.

Each National Partnership payment is supported by a National Partnership agreement which defines the mutually agreed objectives, outputs and performance benchmarks or milestones.

As part of the Heads of Treasuries Review of National Agreements, National Partnerships and Implementation Plans outlined in Part 1, a new form of National

Partnership agreement called a Project Agreement will be used to implement projects that are considered low value or low risk.

National Partnership project payments are a financial contribution to the States to deliver specific projects, including improving the quality or quantity of service delivery, or projects that support national objectives.

The Government also recognises the need to support States to undertake priority reforms. Consequently, in areas that are a national priority – for example, implementing the seamless national economy – National Partnership facilitation payments may be paid to the States in advance of progressing or achieving nationally significant reform, in recognition of administrative and other costs of initiating those reforms or pursuing continuous improvement in service delivery.

National Partnership reward payments are provided to States that deliver nationally significant reform. Reward payments are structured in a way that encourages achievement of ambitious performance benchmarks detailed in a National Partnership agreement. Reward payments are contingent on the achievement of performance benchmarks, with achievement for each jurisdiction assessed by the independent COAG Reform Council.

Centralised payment arrangements

A key feature of the framework is centralised payment arrangements which simplify payments to the States, aid transparency and improve the States' budget processes.

Previously, payments to the States were made by Commonwealth portfolio departments to the relevant state agencies, and each payment had its own administrative arrangements. Under the current arrangements, all payments are processed centrally by the Commonwealth Treasury and paid directly to each state treasury. State treasuries are responsible for distributing the funding within their jurisdiction.

In the Commonwealth, the Treasurer is accountable for the appropriations, estimates and payments under the framework. These arrangements are implemented through the *Federal Financial Relations Act 2009*.

Having state treasuries distribute Commonwealth sourced funding to state portfolio agencies helps reinforce that state agencies are primarily accountable to their respective parliaments and public for their service delivery performance, including their delivery of programs for which the Commonwealth provides a financial contribution.

Policy and payment accountability arrangements

Under the framework, policy outcomes and objectives have been separated from funding arrangements to ensure that the policy focus is on achieving better services for all Australians and addressing social inclusion.

National Agreements establish the policy objectives in the key service sectors and are not funding agreements. Funding is provided separately in National SPPs, which are specified in the Intergovernmental Agreement. The provision of funding under National SPPs is not contingent on achieving the outcomes or performance benchmarks outlined in National Agreements. The only condition on National SPPs is that the funding be spent in the sector for which it is provided.

National Agreements may be associated with a National SPP, but this is not a requirement. For example, the *National Indigenous Reform Agreement* outlines the mutually agreed objectives for Indigenous reform, with the Commonwealth and the States each having flexibility in funding the achievement of those reforms. There is no associated National SPP.

National Partnership agreements also outline the mutually agreed policy objectives to deliver specific projects, achieve service delivery improvements, or nationally significant reform.

For both National Agreements and National Partnership agreements, the primary responsibility for policy is with the relevant portfolio minister. The Treasurer is responsible for ensuring that National Agreements align with the design principles described in *Schedule E – National Policy and Reform Objectives* of the Intergovernmental Agreement.

NATIONAL AGREEMENTS

National Agreements define the objectives, outcomes, outputs and performance indicators, and clarify the roles and responsibilities that will guide the Commonwealth and the States in the delivery of services across a particular sector.

There are currently six National Agreements in place across healthcare, education, skills and workforce development, disability services, affordable housing and Indigenous reform.

National Healthcare Agreement

The *National Healthcare Agreement* affirms the commitment of the Commonwealth and the States to:

- ensuring that there is a focus of health policy on the prevention of disease and injury and the maintenance of health, not simply the treatment of illness;

- meeting the primary healthcare needs of all Australians efficiently through timely and quality care;
- ensuring people with complex care needs can access comprehensive, integrated and coordinated services;
- providing timely and appropriate high quality hospital and hospital related care to all Australians;
- meeting the needs of older Australians through high quality, affordable health and aged care services that are appropriate to their needs, as well as enabling choice and seamless, timely transition within and across the different sectors;
- ensuring all Australians experience best practice care that is suited to their needs and circumstances;
- achieving health outcomes for Indigenous Australians which are comparable to the broader population and those living in rural and remote areas; and
- a sustainable health system that can respond and adapt to future needs.

Further reforms to national health care arrangements are envisaged with the negotiating and signing of a new *National Health Reform Agreement* by July 2011. Further detail of the new National Health Reform arrangements is set out in Part 1 of this Budget Paper.

National Education Agreement

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

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

The agreement will contribute to shared outcomes, including:

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

National Agreement for Skills and Workforce Development

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

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

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

On 13 February 2011, COAG agreed to review the *National Agreement for Skills and Workforce Development*, to ensure that the agreement supports an effective Vocational Education and Training system that is responsive to contemporary economic conditions, as well as the needs of students and the economy.

National Disability Agreement

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

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

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

National Affordable Housing Agreement

Through the *National Affordable Housing Agreement*, the Commonwealth and the States have committed to the aspirational objective that all Australians have access to

affordable, safe and sustainable housing which will assist them to participate in the labour force and more broadly in the community.

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

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

National Indigenous Reform Agreement

The *National Indigenous Reform Agreement* sets out the objectives, outcomes and outputs needed to close the gap in Indigenous disadvantage. COAG has agreed to 'closing the gap' goals, including to:

- close the current life expectancy gap within a generation;
- halve the gap in mortality rates between Indigenous and non-Indigenous children under five within a decade;
- halve the gap in reading, writing and numeracy achievement between Indigenous and non-Indigenous students within a decade;
- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade;
- in the year before formal schooling, provide all Indigenous children in remote communities with access to early childhood education within five years; and
- halve the gap for Indigenous students aged 20 to 24 years old in Year 12, or equivalent, attainment rates by 2020.

A new *National Indigenous Reform Agreement* commenced on 13 February 2011, superseding the original *National Indigenous Reform Agreement*. The new agreement introduced improvements to performance monitoring and established a list of agreed actions to be taken by jurisdictions to improve performance indicator data.

NATIONAL SPPs

National SPPs are Commonwealth financial contributions to support State delivery of services in a particular sector. The Commonwealth supports the States' efforts in delivering services in the major delivery sectors through five National SPPs in healthcare, schools, skills and workforce development, disability services and affordable housing.

The provision of funding under National SPPs is not contingent on achieving the outcomes or performance benchmarks outlined in National Agreements. The only condition on National SPPs is that the funding be spent in the sector for which it is provided. National Agreements may be associated with a National SPP, but this is not a requirement.

The *Federal Financial Relations Act 2009* provides a standing appropriation for the Commonwealth to make ongoing financial contributions to the States through these National SPPs. The Act sets the amount of base funding for each National SPP for 2009-10 and provides for the funding to be indexed annually by a growth factor determined by the Treasurer. A State's share of a National SPP in a financial year is also determined by the Treasurer. *Schedule D – Payment Arrangements* of the Intergovernmental Agreement describes the detailed arrangements.

For National SPPs, the Treasurer is accountable for:

- negotiation of the funding levels and growth factors;
- the appropriations and the efficient processing of payments;
- estimates of payments;
- reporting in respect of payments; and
- ensuring that the States spend each National SPP within the relevant sector.

National SPPs — expenditure benchmarking

National SPPs are provided under the *Federal Financial Relations Act 2009*. Under the Act, the States are required to spend National SPPs in the sector for which they are paid. For example, the States are required to spend the National Affordable Housing SPP in the housing sector, but they have budget flexibility to allocate funds within that sector in a way that ensures that they achieve the mutually agreed objectives for that sector as outlined in the relevant National Agreement.

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

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

To ensure this condition is met, the Heads of Treasuries monitor state expenditure in each sector relevant to the National SPPs.

Each State Treasurer provided this report to the Ministerial Council for Federal Financial Relations for the 2009-10 year. These reports showed that each State met the requirements for funding provided by the Commonwealth.

NATIONAL PARTNERSHIPS

National Partnership agreements define the objectives, outputs and performance benchmarks related to the delivery of specific projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

Portfolio ministers are responsible for policy relating to National Partnership agreements and for proposing new specific projects and reforms which could be implemented by a National Partnership agreement.

For Commonwealth Own Purpose Expenses, which can be provided to assist in the achievement of objectives under a National Partnership agreement, payment and policy are the responsibility of the relevant portfolio minister.

The *Federal Financial Relations Act 2009* provides for the Treasurer, through a written determination, to credit amounts to the COAG Reform Fund for the purpose of making grants of National Partnership payments and general revenue assistance to the States. Under these arrangements, payments are transparent to the public and subject to parliamentary scrutiny. The Treasurer's determinations are legislative instruments and are registered on the Federal Register of Legislative Instruments. Parliamentary scrutiny is also provided by requiring that the Treasurer gain approval for the maximum amount that he may credit to the COAG Reform Fund for the purpose of making these payments to the States.

While the annual Appropriation Acts no longer provide the appropriation for these types of payments, the maximum amount that the Treasurer may credit to the COAG Reform Fund in a particular financial year is legislated. A general drawing rights limit restricts the total amount that may be covered by drawing rights under the *Financial Management and Accountability Act 1997* (the FMA Act) and, hence, the amount that can be paid out from the Fund in a financial year. Limiting the ability to issue drawing rights is an effective mechanism because the FMA Act does not permit expenditure without the person making the payment having been issued with a valid drawing right. This ensures that the Parliament's role in approving Commonwealth expenditure is preserved.

Under the Intergovernmental Agreement, each State Treasurer is required to provide a report to the Ministerial Council for Federal Financial Relations within six months of the end of each financial year on expenditure under National Partnership agreements. The report includes total expenditure under the relevant National Partnership agreement, expenditure of Commonwealth project and facilitation funding, and where these are required by the National Partnership agreement, State co-contributions. Each State Treasurer provided this report for the 2009-10 year.

GENERAL REVENUE ASSISTANCE

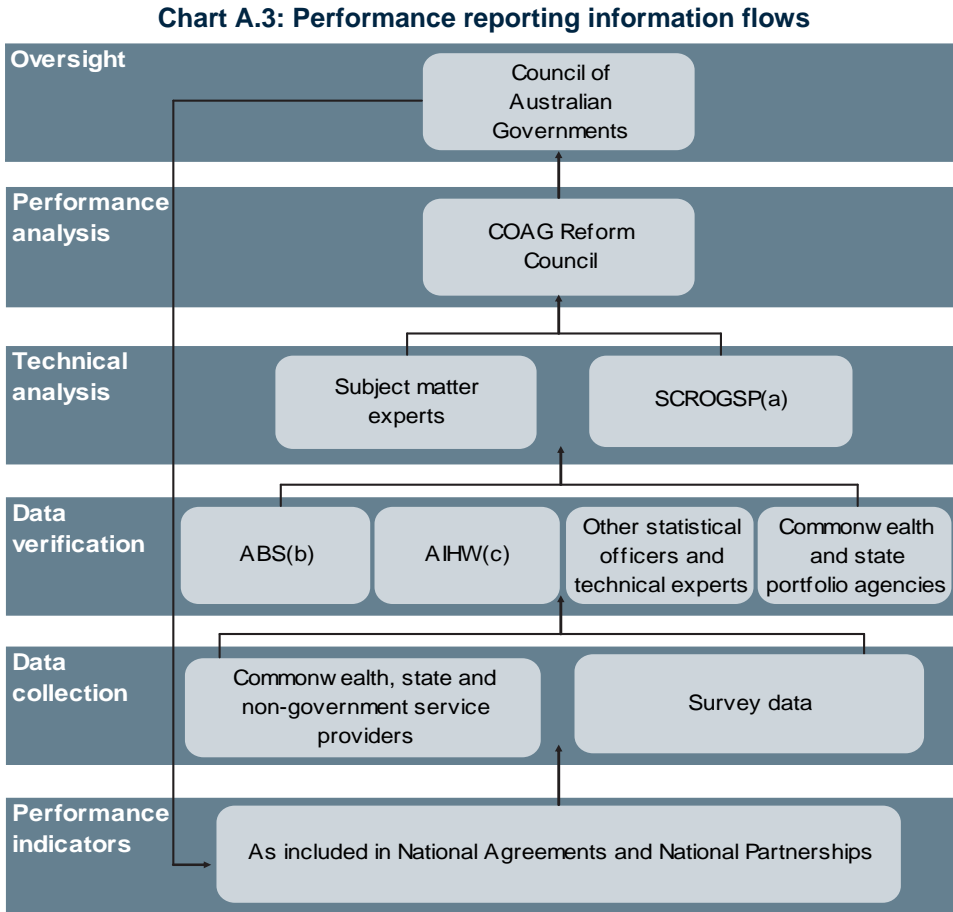
The Treasurer has accountability for the estimates of, appropriations for, and efficient payment of, GST payments and other general revenue assistance. The terms and conditions upon which payments are made are set out in *Schedule D – Payment Arrangements* of the Intergovernmental Agreement. The *Federal Financial Relations Act 2009* provides a standing appropriation for the Treasurer to make GST payments to the States and provides for the Treasurer to determine the distribution between the States, based on the recommendations of the Commonwealth Grants Commission. The *Federal Financial Relations Act 2009* also provides for the Treasurer to credit amounts to the COAG Reform Fund for payments of general purpose financial assistance other than GST payments. *Schedule D – Payment Arrangements* of the Intergovernmental Agreement describes the detailed arrangements.

Where there is policy or legislation associated with general revenue assistance, for example, revenue sharing arrangements of royalties in the *Offshore Petroleum and Greenhouse Gas Act 2006*, policy responsibility rests with the relevant portfolio minister, and the Treasurer is accountable for payments.

PERFORMANCE REPORTING FRAMEWORK

The performance reporting framework focuses on the achievement of objectives and outcomes, efficient service delivery and timely public reporting.

Chart A.3 outlines the progression of information within the performance reporting framework.



- (a) Steering Committee for the Review of Government Service Provision.
- (b) Australian Bureau of Statistics.
- (c) Australian Institute of Health and Welfare.

Determining achievement against outcomes and benchmarks

The performance of the Commonwealth and the States in achieving mutually agreed outcomes and performance benchmarks specified in National Agreements is monitored and assessed by the COAG Reform Council. Specifically, the COAG Reform Council:

- publishes performance information for all jurisdictions against National Agreement outcomes and performance benchmarks;

- produces an analytical overview of performance information for each National Agreement, and National Partnerships to the extent they support the objectives in a National Agreement;
- independently assesses whether predetermined performance benchmarks have been achieved before a reward payment is made to reward nationally significant reforms under National Partnership agreements;
- highlights examples of good practice and performance so that, over time, innovative reforms or methods of service delivery may be adopted by other jurisdictions; and
- monitors the aggregate pace of activity in progressing COAG's agreed reform agenda.

In preparing its performance reports, the COAG Reform Council may draw upon other data collection agencies and subject experts it considers relevant to its work.

The Steering Committee for the Review of Government Service Provision is responsible for collecting and providing the agreed performance information to the COAG Reform Council. The Commonwealth and the States provide the COAG Reform Council with any additional information necessary for it to fulfil its role.

In relation to the performance reporting framework, the Ministerial Council for Federal Financial Relations is responsible for:

- progressing the implementation of the performance reporting framework, including continually improving the quality and timeliness of data, and development and oversight of a national performance reporting system; and
- maintaining a register of the National Minimum Data Sets required to allow comparative reporting of governments' achievements against agreed objectives and outcomes (which is publicly available on the Ministerial Council for Federal Financial Relations website).

The Ministerial Council for Federal Financial Relations consults with other relevant Ministerial Councils and data collection agencies in undertaking its roles.

The development of the performance reporting framework provides the opportunity to move, as far as possible, to a single, integrated, national reporting system that will reduce collection costs and confusion in interpreting performance.

Implementing the performance reporting framework

The COAG Reform Council has published baseline performance reports for all six National Agreements. These reports provide baseline data against the performance indicators in the agreements.

The COAG Reform Council has begun the next cycle of performance reports for each of the National Agreements. These reports focus on reporting progress against targets and performance indicators compared to the baseline data.

In September 2010, the COAG Reform Council published the second performance reports for the *National Education Agreement*, and the *National Agreement on Skills and Workforce Development*. The performance reports on the *National Healthcare Agreement*, *National Disability Agreement*, *National Affordable Housing Agreement*, and the *National Indigenous Reform Agreement* are expected to be publicly available in June 2011.

In its reports on National Agreements, the COAG Reform Council provides advice to COAG on potential improvements to performance reporting. COAG has agreed to implement a number of changes to performance reporting measures in line with COAG Reform Council recommendations in the baseline reports.

In addition, on 13 February 2011, COAG agreed to review the performance frameworks of each of the National Agreements to ensure that progress is measured and that all jurisdictions are clearly accountable to the public and COAG for their efforts. These reviews are being conducted during 2011 and 2012.

HEADS OF TREASURIES REVIEW OF NATIONAL AGREEMENTS, NATIONAL PARTNERSHIPS AND IMPLEMENTATION PLANS UNDER THE INTERGOVERNMENTAL AGREEMENT

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

- have clear objectives, outcomes and outputs;
- clearly specify roles and responsibilities, particularly in National Agreements;
- constitute the appropriate form for implementing a policy proposal;

- have the appropriate quantity and quality of performance indicators and benchmarks, including whether they meet the requirement that performance reporting contributes to public transparency; and
- are consistent with the Intergovernmental Agreement, in particular the extent to which they are aligned with the design principles set out in *Schedule D –Payment Arrangements* and *Schedule E – National Policy and Reform Objectives* of the Intergovernmental Agreement.

In accordance with the Terms of Reference for the review, Heads of Treasuries reported to the Ministerial Council for Federal Financial Relations in December 2010. The review was considered by COAG at its February 2011 meeting.

The report found that the underlying principles of the Intergovernmental Agreement provide a strong foundation for pursuing the COAG reform agenda and that, while implementation has generally progressed well, some challenges remain. The recommendations of the review provide a basis for addressing these challenges to ensure that the federal financial relations framework remains sustainable and mutually beneficial.

COAG agreed that, through a joint Steering Committee, State and Territory first ministers' departments and treasuries will be responsible for overseeing implementation of the review. The Steering Committee will also oversee reviews of the performance reporting frameworks of the six National Agreements, as well as responding to recommendations of the COAG Reform Council.

APPENDIX B: PARAMETERS AND FURTHER INFORMATION

This appendix provides information on the parameters used in producing this Budget Paper.

Budget Paper No. 1: *Budget Strategy and Outlook 2011-12*, Statement 2: *Economic Outlook*, provides information on the forecasting approach used in the 2011-12 Budget as well as estimates and projections of GDP and CPI.

POPULATION

Population data is used to distribute funding between the States and in the calculation of annual growth factors.

Estimates of state populations

Table B.1 sets out the state population series used in this Budget Paper.

Table B.1: Population by State, at 31 December

million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010	7.277	5.587	4.552	2.316	1.652	0.510	0.361	0.231	22.486
2011 (a)	7.360	5.675	4.641	2.366	1.667	0.514	0.366	0.235	22.824
2012 (a)	7.445	5.764	4.731	2.416	1.683	0.518	0.371	0.240	23.168
2013 (a)	7.530	5.855	4.821	2.467	1.699	0.523	0.377	0.244	23.515
2014 (a)	7.616	5.945	4.912	2.518	1.715	0.527	0.382	0.248	23.864

(a) Treasury estimates.

The state populations for 2010-11 to 2014-15 are estimates of the population of each State on 31 December in the respective year. They are constructed using the latest demographic data available from the Australian Bureau of Statistics (ABS) and Treasury assumptions. These assumptions are in respect of fertility, mortality, net overseas migration and interstate migration.

Fertility

Treasury's assumptions about the total fertility rate (TFR) are based on those used in the *2010 Intergenerational Report*. The TFR is assumed to fall slightly to 1.9 from the 1.921 TFR for 2009-10 (as reported by ABS in *Demographic Statistics, Australia, September Quarter 2010*) and stay at that level for the remainder of the projection period.

Mortality

Treasury's estimates are based on the medium assumption used in the *ABS Population Projections, 2006-2101* (ABS cat. no. 3222.0), and assume a continuing decline in mortality rates across Australia, with state differentials persisting. Overall, mortality is

assumed to decline to the year 2013, at the rate observed over the period 1971-2005, from the level observed in the latest death registration data for 2009-10.

Net overseas migration

Net overseas migration is the difference between permanent and long-term arrivals, and permanent and long-term departures.

Increased volumes of international movements across Australia’s borders, changes to the composition of international visitors and their duration of stay behaviour and international travel patterns of Australian residents (including duration of absence and frequency of travel) make estimates of net overseas migration difficult.

In the *2010 Intergenerational Report* net overseas migration was assumed to fall relatively sharply from an average of around 244,000 a year over the three years to June 2009 to 180,000 a year from 2012. The decline in net overseas migration has been larger than expected at the time the Intergenerational Report was released. Net overseas migration is now expected to dip below the long term Intergenerational Report assumption of 180,000 per annum in the years ending December 2010 and 2011, before returning to the long term assumption.

Table B.2 shows the net overseas migration assumptions used in this Budget Paper.

Table B.2: Net overseas migration

	2010	2011	2012	2013	2014
Net overseas migration, Australia	177,000	175,000	180,000	180,000	180,000

State and territory shares of net overseas migration are estimated by using a weighted average of the three most recent observed years – 2008, 2009 and 2010 – with weights of 1, 2 and 4 respectively.

Interstate migration

Treasury’s estimates of net interstate migration are based on a weighted average of the three most recent observed years – 2008, 2009 and 2010 – with weights of 1, 2 and 4 respectively.

Table B.3: Net interstate migration

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2011	-18,400	200	17,200	4,700	-4,400	500	-100	300	0
2012	-18,400	200	17,200	4,700	-4,400	500	-100	300	0
2013	-18,400	200	17,200	4,700	-4,400	500	-100	300	0
2014	-18,400	200	17,200	4,700	-4,400	500	-100	300	0

AGE/GENDER-WEIGHTED POPULATIONS

Treasury's estimates of state population have been used to calculate the population weighted for hospital utilisation for different age/gender cohorts. The weighted hospital utilisation forms part of the growth factor for the National Healthcare Specific Purpose Payment (SPP).

Table B.4: Age/gender-weighted population

million	2010	2011	2012	2013	2014
Weighted population, Australia	22.755	23.253	23.757	24.259	24.769

SCHOOL ENROLMENTS

Student enrolment projections are based on a 99 per cent grade progression ratio model and take into account movements between government and non-government sectors. Student enrolment data do not take into account future economic, migration or policy changes. They are used in calculating estimates of the growth factor for the National Schools SPP.

Table B.5: School enrolments

million	2010	2011	2012	2013	2014
FTE enrolments, government schools	2.282	2.289	2.300	2.321	2.352

WAGE AND COST INDICES

Table B.6 shows the wage and cost indices used in this Budget Paper, rounded to the nearest quarter.

Table B.6: Wage and cost indices

per cent	2010-11	2011-12	2012-13	2013-14	2014-15
Average government schools					
recurrent costs	7 3/4	6	6	6	6
Health specific price index	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Health technology index	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Wage cost index - 1	1 1/2	1 3/4	2	1 3/4	2
Wage cost index - 6	1 3/4	2 1/4	2 1/2	2 1/2	2 1/4

DATA SOURCES

The information in Part 4 and Appendix E of this Budget Paper is consistent with the ABS Government Finance Statistics reporting framework for the public sector.

Commonwealth data are sourced from the Commonwealth Government Final Budget Outcomes, ABS, and Commonwealth Government Consolidated Financial Statements. See Budget Paper No. 1: *Budget Strategy and Outlook 2011-12, Statement 10: Historical Australian Government Data*, for more information.

State data for 2010-11 onwards are sourced from States' 2010-11 mid-year financial reports, with the exception of Victoria, the Australian Capital Territory and the Northern Territory which are sourced from 2011-12 Budgets.

Commonwealth Government budget aggregates have been backcast to 1999-2000 (where applicable) for recent accounting clarification changes that require revisions to the historic series, ensuring that data are consistent across the accrual period from 1999-2000.

The 2011-12 Budget also includes revisions to Commonwealth Government budget aggregates that improve the accuracy and comparability of the data through time. See Budget Paper No. 1: *Budget Strategy and Outlook 2011-12, Statement 10: Historical Australian Government Data*, for more information on these revisions.

FURTHER INFORMATION

Several publications of the ABS also provide information that is relevant to analysing federal financial relations, including:

- *Australian Demographic Statistics* (cat. no. 3101.0);
- *Population Projections, 2006-2101* (cat. no. 3222.0);
- *Taxation Revenue, Australia* (cat. no. 5506.0);
- *Government Finance Statistics, Australia* (cat. no. 5512. 0);
- *Australian System of Government Finance Statistics – Concepts, Sources and Methods* (cat. no. 5514.0);
- *Information Paper: Developments in Government Finance Statistics* (cat. no. 5516.0); and
- *Information Paper: Accruals-Based Government Finance Statistics* (cat. no. 5517.0).

Several publications by the Commonwealth Grants Commission can also provide information relevant to the analysis of federal financial relations relating to the distribution of GST revenue. In relation to the 2011-12 financial year, the relevant publication is:

- *Report on GST Revenue Sharing Relativities – 2011 Review*.

APPENDIX C: DEBT TRANSACTIONS

The Commonwealth holds a stock of around \$3.5 billion in loans advanced to the States. The States make interest payments and repayments to the Commonwealth in respect of these loans.

The Commonwealth advances the States loans under a range of agreements. These advances have often been over very long repayment periods (some in excess of 50 years), although the terms of each agreement vary considerably.

Most of the interest payments and repayments relate to housing, including Loan Council housing nominations; Commonwealth-State Housing Agreement loans; and the War Services Land Settlement Scheme. Repayments are also made against loans under agreements for infrastructure, natural disasters and other purposes administered by various Commonwealth agencies.

Total advances, interest and repayments from the States to the Commonwealth are shown in Table C.1.

Table C.1: Summary of advances, interest and repayments, by year and State

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Outstanding loans at 30 June 2010									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	2,271	-	41,205	-	-	-	-	48	43,525
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	9,726	9,726
Housing									
Commonwealth-State Housing Agreement loans	777,805	-	220,799	207,563	338,441	108,235	-	29,301	1,682,144
Housing for service personnel	48,570	-	27,446	5,381	2,117	-	-	-	83,514
Other housing	-	-	-	-	-	-	185,082	61,158	246,240
Infrastructure									
Railway projects	103	103	-	2,721	-	-	-	-	2,927
Sewerage	29,522	-	7,431	-	6,234	-	-	9,726	52,913
War service land settlement scheme	591	578	-	-	-	-	-	-	1,169
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	8,464	-	8,464
Loan Council - housing nominations	433,700	-	155,981	266,668	262,480	115,054	-	151,278	1,385,161

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11									
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	12,500	-	-	-	-	-	-	-	12,500
Natural disaster relief	1,500	-	53,515	-	-	-	-	500	55,515
Repayments									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	-1,078	-	-6,518	-	-	-	-	-9	-7,605
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-163	-163
Housing									
Commonwealth-State Housing Agreement loans	-35,290	-	-9,459	-8,933	-12,955	-4,739	-	-664	-72,040
Housing for service personnel	-1,186	-	-721	-210	-35	-	-	-	-2,152
Other housing	-	-	-	-	-	-	-7,368	-2,654	-10,022
Infrastructure									
Railway projects	-61	-61	-	-389	-	-	-	-	-511
Sewerage	-33,887	-	-8,222	-	-838	-	-	-	-42,947
War service land settlement scheme	-292	-328	-	-	-	-	-	-	-620
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-1,813	-	-1,813
Loan Council - housing nominations	-7,195	-	-2,647	-4,590	-4,309	-1,929	-	-2,395	-23,065

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2010-11									
Interest									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-160	-	-	-	-	-	-	-	-160
Natural disaster relief	-459	-	-4,304	-	-	-	-	-73	-4,836
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-589	-589
Housing									
Commonwealth-State Housing Agreement loans	-40,822	-	-11,490	-10,849	-17,739	-5,650	-	-1,503	-88,053
Housing for service personnel	-2,175	-	-1,227	-239	-95	-	-	-	-3,736
Other housing	-	-	-	-	-	-	-8,329	-3,509	-11,838
Infrastructure									
Railway projects	-5	-5	-	-158	-	-	-	-	-168
Sewerage	-3,048	-	-799	-	-653	-	-	-	-4,500
War service land settlement scheme	-33	-33	-	-	-	-	-	-	-66
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-977	-	-977
Loan Council - housing nominations	-21,949	-	-7,869	-13,464	-13,216	-5,799	-	-7,602	-69,899
Net financial flow	-133,640	-427	259	-38,832	-49,840	-18,117	-18,487	-18,661	-277,745

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2011-12									
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	50,000	-	-	-	-	-	-	-	50,000
Natural disaster relief	1,500	-	55,447	-	-	-	-	500	57,447
Repayments									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	-1,024	-	-7,288	-	-	-	-	-9	-8,321
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-163	-163
Housing									
Commonwealth-State Housing Agreement loans	-35,810	-	-9,578	-9,047	-13,527	-4,796	-	-694	-73,452
Housing for service personnel	-1,254	-	-767	-221	-39	-	-	-	-2,281
Other housing	-	-	-	-	-	-	-7,592	-2,651	-10,243
Infrastructure									
Railway projects	-33	-33	-	-365	-	-	-	-	-431
Sewerage	-5,792	-	-1,445	-	-935	-	-	-	-8,172
War service land settlement scheme	-153	-165	-	-	-	-	-	-	-318
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-554	-	-554
Loan Council - housing nominations	-7,519	-	-2,766	-4,796	-4,502	-2,016	-	-2,503	-24,102

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2011-12									
Interest									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-2,248	-	-	-	-	-	-	-	-2,248
Natural disaster relief	-437	-	-6,474	-	-	-	-	-73	-6,984
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-582	-582
Housing									
Commonwealth-State Housing Agreement loans	-39,122	-	-11,043	-10,421	-17,133	-5,425	-	-1,475	-84,619
Housing for service personnel	-2,124	-	-1,195	-203	-94	-	-	-	-3,616
Other housing	-	-	-	-	-	-	-7,997	-3,402	-11,399
Infrastructure									
Railway projects	-2	-2	-	-136	-	-	-	-	-140
Sewerage	-2,515	-	-664	-	-556	-	-	-	-3,735
War service land settlement scheme	-17	-14	-	-	-	-	-	-	-31
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-836	-	-836
Loan Council - housing nominations	-21,667	-	-7,763	-13,280	-13,046	-5,723	-	-7,508	-68,987
Net financial flow	-68,217	-214	6,464	-38,469	-49,832	-17,960	-16,979	-18,560	-203,767

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2012-13									
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	50,000	-	-	-	-	-	-	-	50,000
Natural disaster relief	1,500	-	6,951	-	-	-	-	500	8,951
Repayments									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	-145	-	-15,016	-	-	-	-	-9	-15,170
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-163	-163
Housing									
Commonwealth-State Housing Agreement loans	-36,264	-	-9,689	-9,167	-14,123	-4,861	-	-725	-74,829
Housing for service personnel	-1,330	-	-819	-227	-42	-	-	-	-2,418
Other housing	-	-	-	-	-	-	-7,629	-2,763	-10,392
Infrastructure									
Railway projects	-9	-9	-	-365	-	-	-	-	-383
Sewerage	-6,370	-	-1,588	-	-1,042	-	-	-	-9,000
War service land settlement scheme	-147	-84	-	-	-	-	-	-	-231
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-554	-	-554
Loan Council - housing nominations	-7,858	-	-2,891	-5,012	-4,705	-2,107	-	-2,616	-25,189

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2012-13									
Interest									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-4,921	-	-	-	-	-	-	-	-4,921
Natural disaster relief	-391	-	-8,685	-	-	-	-	-74	-9,150
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-576	-576
Housing									
Commonwealth-State Housing Agreement loans	-37,364	-	-10,586	-9,986	-16,494	-5,195	-	-1,445	-81,070
Housing for service personnel	-2,068	-	-1,162	-221	-92	-	-	-	-3,543
Other housing	-	-	-	-	-	-	-7,655	-3,290	-10,945
Infrastructure									
Railway projects	-	-	-	-116	-	-	-	-	-116
Sewerage	-1,928	-	-515	-	-447	-	-	-	-2,890
War service land settlement scheme	-9	-5	-	-	-	-	-	-	-14
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-766	-	-766
Loan Council - housing nominations	-21,390	-	-7,651	-13,085	-12,865	-5,641	-	-7,407	-68,039
Net financial flow	-68,694	-98	-51,651	-38,179	-49,810	-17,804	-16,604	-18,568	-261,408

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2013-14									
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	47,500	-	-	-	-	-	-	-	47,500
Natural disaster relief	1,500	-	6,807	-	-	-	-	500	8,807
Repayments									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	-102	-	-22,749	-	-	-	-	-9	-22,860
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-136	-136
Housing									
Commonwealth-State Housing Agreement loans	-36,710	-	-9,790	-9,294	-14,747	-4,945	-	-758	-76,244
Housing for service personnel	-1,413	-	-874	-238	-47	-	-	-	-2,572
Other housing	-	-	-	-	-	-	-7,619	-2,880	-10,499
Infrastructure									
Railway projects	-	-	-	-350	-	-	-	-	-350
Sewerage	-7,004	-	-1,746	-	-1,165	-	-	-	-9,915
War service land settlement scheme	-	-	-	-	-	-	-	-	-
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-554	-	-554
Loan Council - housing nominations	-8,211	-	-3,021	-5,237	-4,917	-2,202	-	-2,733	-26,321

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2013-14									
Interest									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-7,699	-	-	-	-	-	-	-	-7,699
Natural disaster relief	-385	-	-8,832	-	-	-	-	-74	-9,291
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-569	-569
Housing									
Commonwealth-State Housing Agreement loans	-35,608	-	-10,118	-9,540	-15,815	-4,961	-	-1,414	-77,456
Housing for service personnel	-2,010	-	-1,125	-211	-90	-	-	-	-3,436
Other housing	-	-	-	-	-	-	-7,312	-3,172	-10,484
Infrastructure									
Railway projects	-	-	-	-96	-	-	-	-	-96
Sewerage	-1,282	-	-351	-	-326	-	-	-	-1,959
War service land settlement scheme	-	-	-	-	-	-	-	-	-
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-697	-	-697
Loan Council - housing nominations	-21,054	-	-7,532	-12,879	-12,673	-5,555	-	-7,301	-66,994
Net financial flow	-72,478	-	-59,331	-37,845	-49,780	-17,663	-16,182	-18,546	-271,825

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2014-15									
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	1,500	-	6,358	-	-	-	-	500	8,358
Repayments									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the									
Asbestos Injuries Compensation Fund	-	-	-	-	-	-	-	-	-
Natural disaster relief	-19	-	-22,748	-	-	-	-	-9	-22,776
Environment									
Northern Territory - water and sewerage									
assistance	-	-	-	-	-	-	-	-136	-136
Housing									
Commonwealth-State Housing Agreement loans	-37,096	-	-9,920	-9,424	-15,398	-5,028	-	-792	-77,658
Housing for service personnel	-1,503	-	-915	-248	-52	-	-	-	-2,718
Other housing	-	-	-	-	-	-	-7,755	-2,880	-10,635
Infrastructure									
Railway projects	-	-	-	-324	-	-	-	-	-324
Sewerage	-7,703	-	-1,919	-	-1,037	-	-	-	-10,659
War service land settlement scheme	-	-	-	-	-	-	-	-	-
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-555	-	-555
Loan Council - housing nominations	-8,581	-	-3,157	-5,473	-5,138	-2,301	-	-2,856	-27,506

Table C.1: Summary of advances, interest and repayments, by year and State (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2014-15									
Interest									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	-8,955	-	-	-	-	-	-	-	-8,955
Natural disaster relief	-385	-	-8,388	-	-	-	-	-74	-8,847
Environment									
Northern Territory - water and sewerage assistance	-	-	-	-	-	-	-	-569	-569
Housing									
Commonwealth-State Housing Agreement loans	-33,794	-	-9,643	-9,084	-15,097	-4,720	-	-1,381	-73,719
Housing for service personnel	-1,947	-	-1,087	-200	-88	-	-	-	-3,322
Other housing	-	-	-	-	-	-	-6,969	-3,172	-10,141
Infrastructure									
Railway projects	-	-	-	-76	-	-	-	-	-76
Sewerage	-571	-	-171	-	-189	-	-	-	-931
War service land settlement scheme	-	-	-	-	-	-	-	-	-
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-627	-	-627
Loan Council - housing nominations	-20,720	-	-7,407	-12,661	-12,471	-5,464	-	-7,189	-65,912
Net financial flow	-119,774	-	-58,997	-37,490	-49,470	-17,513	-15,906	-18,558	-317,708

**APPENDIX D: TOTAL PAYMENTS TO THE STATES BY
GOVERNMENT FINANCE STATISTICS (GFS) FUNCTION**

Table D.1: Total payments to the States by GFS function

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2010-11									
General public services	819	527	811	751	876	771	809	543	5,907
Public order and safety	63,115	44,784	40,764	20,859	15,006	5,736	4,572	53,955	248,791
Education	5,997,847	4,431,264	3,722,190	2,014,977	1,556,644	466,557	317,816	328,528	18,835,823
Health	4,522,859	3,453,895	2,781,659	1,579,519	1,133,148	434,186	213,821	212,820	14,331,908
Social security and welfare	869,386	652,122	594,497	261,292	245,008	76,672	38,798	47,575	2,785,350
Housing and community amenities	1,000,765	632,936	697,944	471,617	247,731	91,465	61,873	533,755	3,738,086
Recreation and culture	2,400	-	-	2,000	-	-	-	-	4,400
Fuel and energy	5,880	3,098	2,663	16,004	1,445	860	300	1,985	32,235
Agriculture, forestry and fishing	172,651	139,517	39,430	6,398	76,832	26,070	224	6,903	468,025
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,341,542	668,308	644,375	315,439	301,809	141,379	26,821	69,725	3,509,398
Other economic affairs	10,698	-	-	11,000	-	-	-	-	21,698
Other purposes	14,807,639	11,320,077	9,710,291	3,547,248	4,476,838	1,745,128	922,396	2,419,879	49,898,374
Total payments to the States	28,795,601	21,346,528	18,234,624	8,247,104	8,055,337	2,988,824	1,587,430	3,675,668	93,879,995
less payments 'through' the States	2,843,535	2,404,068	1,875,313	975,623	762,784	198,341	189,016	122,305	9,370,985
less financial assistance grants for local government	653,508	489,914	411,308	245,854	141,432	66,758	43,634	29,814	2,082,222
less payments direct 'to' local government	194,133	167,163	184,559	99,652	49,639	27,827	1,690	11,375	736,038
equals total payments 'to' the States for own-purpose expenses	25,104,425	18,285,383	15,763,444	6,925,975	7,101,482	2,695,898	1,353,090	3,512,174	81,690,750

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

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

Table D.1: Total payments to the States by GFS function (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2011-12									
General public services	64,213	49,554	41,010	20,683	14,725	4,533	3,220	2,062	200,000
Public order and safety	63,830	45,287	42,102	20,699	16,638	6,353	4,831	64,548	264,287
Education	4,906,381	3,643,911	3,127,138	1,596,577	1,150,939	357,834	255,507	268,874	15,307,161
Health	4,820,128	3,701,209	3,123,781	1,677,250	1,241,537	352,406	233,225	246,901	15,396,437
Social security and welfare	1,069,488	789,956	725,018	305,246	334,795	99,070	42,783	59,802	3,426,158
Housing and community amenities	504,747	425,215	489,507	302,865	179,840	74,642	59,035	322,279	2,388,130
Recreation and culture	-	-	-	3,600	-	-	2,600	-	6,200
Fuel and energy	15,168	14,672	12,209	11,254	6,225	2,169	1,378	5,312	68,387
Agriculture, forestry and fishing	107,137	189,991	65,745	44,361	257,100	43,434	197	13,788	721,753
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	2,185,501	1,002,078	1,128,194	501,225	548,268	89,095	21,720	81,205	5,557,286
Other economic affairs	11,687	-	-	13,190	-	-	-	-	24,877
Other purposes	15,531,182	11,301,402	9,894,609	3,879,702	4,625,332	1,797,012	937,113	2,709,925	51,613,478
Total payments to the States	29,279,462	21,163,275	18,649,313	8,376,652	8,375,399	2,826,547	1,561,608	3,774,696	94,974,154
less payments 'through' the States	2,541,673	2,066,896	1,701,230	867,758	656,384	184,401	161,368	114,112	8,293,821
less financial assistance grants for local government	504,393	379,040	318,404	190,506	109,097	51,485	33,750	23,042	1,609,717
less payments direct 'to' local government	159,746	95,180	181,788	75,155	35,199	16,842	695	8,035	602,640
equals total payments 'to' the States for own-purpose expenses	26,073,650	18,622,159	16,447,891	7,243,233	7,574,719	2,573,820	1,365,796	3,629,507	84,467,976

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

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

Table D.1: Total payments to the States by GFS function (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2012-13									
General public services	79,911	61,943	51,582	26,021	18,316	5,621	4,026	2,580	250,000
Public order and safety	64,550	45,808	42,507	20,770	16,543	6,284	4,734	4,301	205,497
Education	4,795,152	3,740,213	3,112,736	1,567,709	1,158,989	356,217	259,618	229,956	15,458,941
Health	5,028,851	4,017,626	3,242,404	1,664,232	1,242,684	379,600	229,267	225,939	16,030,602
Social security and welfare	598,483	829,245	343,021	320,984	185,986	50,300	24,001	26,226	2,378,246
Housing and community amenities	514,379	366,620	478,401	307,422	154,458	49,279	53,295	179,144	2,422,998
Recreation and culture	-	-	-	-	-	-	2,040	-	2,040
Fuel and energy	6,885	5,178	5,360	3,727	1,956	699	442	546	24,793
Agriculture, forestry and fishing	5,748	9,538	8,627	8,809	52,615	10	10	15	85,372
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,784,857	1,238,555	1,342,218	647,084	361,292	87,762	7,740	66,354	5,835,863
Other economic affairs	3,769	-	-	-	-	-	-	-	3,769
Other purposes	17,058,192	12,495,231	11,515,489	4,015,808	4,889,756	1,921,994	1,006,191	2,927,919	56,766,028
Total payments to the States	29,940,776	22,809,957	20,142,345	8,582,566	8,082,595	2,857,766	1,591,364	3,662,980	99,464,149
less payments 'through' the States	2,699,722	2,235,073	1,835,033	934,857	706,437	190,824	171,155	124,616	8,897,717
less financial assistance grants for local government	700,792	528,233	444,902	266,344	151,318	71,488	47,002	32,148	2,242,227
less payments direct 'to' local government	108,435	77,378	86,342	59,914	33,283	12,257	286	7,028	419,923
equals total payments 'to' the States for own-purpose expenses	26,431,828	19,969,273	17,776,068	7,321,451	7,191,557	2,583,197	1,372,921	3,499,188	87,904,282

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

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

Table D.1: Total payments to the States by GFS function (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2013-14									
General public services	65,346	46,410	42,919	20,789	16,332	6,150	4,571	-	206,540
Public order and safety	4,940,605	3,907,024	3,303,634	1,657,404	1,194,719	361,704	273,251	220,354	16,097,046
Education	5,347,016	4,131,159	3,439,399	1,820,674	1,191,273	411,328	260,326	233,846	16,835,021
Health	615,283	881,665	350,847	347,858	185,258	50,071	25,513	26,889	2,483,384
Social security and welfare	465,270	320,524	455,421	329,464	133,411	34,512	28,474	101,674	2,191,750
Housing and community amenities	-	-	-	-	-	-	991	-	991
Recreation and culture	-	-	-	-	-	-	-	-	-
Fuel and energy	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishing	5,756	38	8,627	1,194	1,015	10	10	15	16,665
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	1,390,011	1,570,297	1,138,466	600,591	132,211	59,457	5,241	97,028	5,361,402
Other economic affairs	-	-	-	-	-	-	-	-	-
Other purposes	18,076,988	13,176,419	14,714,180	4,157,105	5,083,718	1,944,674	1,009,331	3,009,416	62,117,828
Total payments to the States	30,906,276	24,033,536	23,453,493	8,935,080	7,937,937	2,867,906	1,607,708	3,693,244	105,310,627
less payments 'through' the States	2,866,637	2,396,405	1,983,859	1,015,529	754,398	202,849	181,156	134,782	9,535,616
less financial assistance grants for local governments	727,407	549,953	464,364	278,176	156,804	74,154	48,898	33,507	2,333,263
less payments direct 'to' local government	102,908	71,950	81,200	54,784	24,140	11,400	-	5,600	386,982
equals total payments 'to' the States for own-purpose expenses	27,209,323	21,015,228	20,924,070	7,586,590	7,002,595	2,579,503	1,377,654	3,519,355	93,054,766

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

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

Table D.1: Total payments to the States by GFS function (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2014-15									
General public services	65,084	46,114	42,774	20,690	16,306	6,166	4,585	4,053	205,772
Public order and safety	5,181,922	4,120,439	3,529,469	1,764,126	1,249,939	375,281	289,640	227,892	16,977,059
Education	5,523,695	4,265,810	3,539,382	1,865,852	1,190,086	421,983	269,588	237,711	17,314,106
Health	628,172	939,494	367,000	368,229	179,698	47,785	26,261	22,391	2,579,030
Social security and welfare	487,422	334,468	442,568	307,665	124,435	32,876	27,428	92,399	1,849,261
Housing and community amenities	-	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-	-
Fuel and energy	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishing	264	32	37	37	16	10	20	15	431
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	193,393	565,158	145,581	4,466	11,503	469	469	1,211	1,587,750
Other economic affairs	-	-	-	-	-	-	-	-	-
Other purposes	18,869,228	13,424,077	13,411,517	4,294,364	5,262,647	2,005,391	1,056,225	3,086,968	62,341,828
Total payments to the States	30,949,180	23,695,592	21,478,328	8,625,429	8,034,630	2,889,961	1,674,216	3,672,640	102,855,237
less payments 'through' the States	3,070,429	2,568,631	2,127,216	1,088,612	782,402	217,388	191,052	139,866	10,185,596
less financial assistance grants for local government	754,925	572,453	484,540	290,456	162,471	76,908	50,860	34,916	2,427,529
less payments direct 'to' local government	-	-	10,000	-	-	-	-	-	10,000
equals total payments 'to' the States for own-purpose expenses	27,123,826	20,554,508	18,856,572	7,246,361	7,089,757	2,595,665	1,432,304	3,497,858	90,232,112

Note: The data in this table have been amended from the published Budget Papers to correct for a misallocation of expenses between the education and housing and community amenities functions.

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

APPENDIX E: SUPPLEMENTARY TABLES

The tables in this Appendix provide information on key fiscal indicators at the Commonwealth and State and local levels, and together at the consolidated level.

As at 4 May 2011, 2009-10 ABS Government Finance Statistics (cat. no. 5512.0) data are not available for all indicators discussed in this Appendix. Footnotes have been used to indicate data sourced from the 2008-09 ABS Government Finance Statistics..

Table E.1: General government cash balance by level of government as a per cent of GDP

	Commonwealth(a)			State/local			Consolidated(b)		
	Receipts	Payments	Cash balance(c)	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance(c)
2000-01	25.8	25.0	0.8	16.5	16.1	0.5	36.1	35.0	1.2
2001-02	24.7	24.9	-0.1	16.4	15.8	0.6	34.7	34.2	0.4
2002-03	25.4	24.5	0.9	16.6	15.9	0.6	35.8	34.4	1.4
2003-04	25.2	24.2	0.9	16.7	16.0	0.8	35.9	34.2	1.7
2004-05	25.5	24.0	1.5	16.8	15.9	0.9	36.3	33.9	2.3
2005-06	25.6	24.0	1.6	17.0	16.0	1.0	36.5	34.0	2.5
2006-07	25.0	23.2	1.6	16.5	16.8	-0.3	35.7	34.4	1.2
2007-08	24.9	22.9	1.7	16.0	16.3	-0.3	35.1	33.5	1.4
2008-09	23.3	25.2	-2.2	16.4	16.9	-0.5	33.6	36.1	-2.7
2009-10	22.2	26.2	-4.3	17.7	18.7	-1.0	32.9	37.9	-5.2
2010-11(e)	21.9	25.2	-3.6	16.7	17.9	-1.2	32.4	36.9	-4.8
2011-12(e)	23.2	24.5	-1.5	16.3	17.4	-1.1	33.7	36.1	-2.7
2012-13(e)	24.3	23.9	0.2	15.9	16.7	-0.8	34.5	34.8	-0.5
2013-14(p)	24.1	23.7	0.2	15.6	16.0	-0.4	33.9	33.9	-0.2

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The consolidated sector comprises the Australian, State, Territory and local governments.

(c) The cash balance is equal to receipts less payments less Future Fund earnings. Future Fund earnings are not shown in the table.

(e) Estimates.

(p) Projections.

Table E.2: Public non-financial corporations sector cash balance by level of government as a per cent of GDP

	Commonwealth(a)			State/local(b)			Consolidated(b)(c)		
	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance	Receipts	Payments	Cash balance
2000-01	na	na	0.1	5.7	5.8	-0.1	na	na	0.0
2001-02	na	na	0.2	5.1	5.2	-0.1	na	na	0.0
2002-03	3.4	3.2	0.2	4.9	5.2	-0.3	8.4	8.5	-0.1
2003-04	3.2	3.0	0.2	4.8	5.0	-0.2	8.1	8.1	0.0
2004-05	3.2	3.0	0.2	4.7	5.1	-0.4	7.9	8.2	-0.2
2005-06	3.1	3.2	-0.1	4.8	5.4	-0.6	8.0	8.7	-0.7
2006-07	1.5	1.7	-0.2	4.8	5.5	-0.7	6.4	7.3	-0.9
2007-08	0.7	0.7	0.0	4.7	5.7	-1.0	5.5	6.5	-1.0
2008-09	0.6	0.7	-0.1	4.8	6.1	-1.4	5.5	6.9	-1.5
2009-10	0.7	0.7	-0.1	5.5	6.5	-1.0	6.1	7.3	-1.2
2010-11(e)	0.6	0.8	-0.2	4.9	6.2	-1.3	5.4	7.1	-1.6
2011-12(e)	0.6	0.9	-0.3	4.9	6.1	-1.2	5.4	7.1	-1.7
2012-13(e)	na	na	na	4.9	5.5	-0.6	na	na	na
2013-14(p)	na	na	na	4.9	5.4	-0.6	na	na	na

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) Based on 2008-09 ABS Government Finance Statistics (cat. no. 5512.0). As at 4 May 2011, 2009-10 ABS Government Finance Statistics data are not available for State/local and the consolidated levels.

(c) The consolidated sector comprises the Australian, State, Territory and local governments.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table E.3: Non-financial public sector cash balance by level of government as a per cent of GDP

	Commonwealth(a)				State/local(b)				Consolidated(b)(c)			
	Receipts	Payments	Cash balance(d)		Receipts	Payments	Cash balance		Receipts	Payments	Cash balance(d)	
2000-01	na	na	0.9		20.4	20.1	0.4		na	na	na	1.0
2001-02	na	na	0.0		19.9	19.4	0.5		na	na	na	0.4
2002-03	na	na	1.1		19.9	19.6	0.4		na	na	na	1.3
2003-04	27.5	26.2	1.1		20.1	19.3	0.8		41.7	39.7	1.8	1.8
2004-05	27.8	26.1	1.6		19.9	19.4	0.5		41.8	39.6	2.1	2.1
2005-06	27.8	26.3	1.5		20.2	19.8	0.4		41.9	40.1	1.8	1.8
2006-07	26.1	24.5	1.4		19.6	20.6	-1.0		40.0	39.6	0.3	0.3
2007-08	25.3	23.4	1.6		19.2	20.5	-1.2		38.8	38.2	0.3	0.3
2008-09	23.7	25.6	-2.2		19.4	21.3	-1.9		37.1	41.2	-4.3	-4.3
2009-10	22.6	26.8	-4.3		21.2	23.2	-2.0		37.6	43.9	-6.5	-6.5
2010-11(e)	22.4	25.8	-3.7		19.8	22.3	-2.5		36.4	42.5	-6.4	-6.4
2011-12(e)	23.6	25.3	-1.8		19.3	21.7	-2.3		37.1	41.2	-4.3	-4.3
2012-13(e)	na	na	na		19.0	20.5	-1.4		na	na	na	na
2013-14(p)	na	na	na		18.7	19.7	-1.0		na	na	na	na

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) Based on 2008-09 ABS Government Finance Statistics (cat. no. 5512.0). As at 4 May 2011, 2009-10 ABS Government Finance Statistics data are not available for State/local and the consolidated levels.

(c) The consolidated sector comprises the Australian, State, Territory and local governments.

(d) The cash balance is equal to receipts less payments less Future Fund earnings. Future Fund earnings are not shown in this table.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table E.4: General government fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)			Consolidated(b)(c)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
2000-01	26.3	25.4	0.9	16.2	15.9	-0.2	36.3	35.1	0.5
2001-02	25.1	25.4	-0.4	16.1	15.6	-0.1	34.7	34.5	-0.5
2002-03	25.7	25.0	0.7	16.1	15.4	0.2	35.6	34.3	0.8
2003-04	25.7	24.9	0.7	16.3	15.3	0.5	35.9	34.3	1.1
2004-05	26.2	24.7	1.3	16.2	15.3	0.4	36.3	34.0	1.5
2005-06	26.1	24.2	1.7	16.2	15.2	0.4	36.4	33.4	2.0
2006-07	25.5	23.7	1.5	16.1	15.1	0.1	35.9	33.1	1.5
2007-08	25.6	23.6	1.8	15.6	14.9	-0.3	35.4	32.7	1.3
2008-09	23.8	25.9	-2.4	15.9	15.5	-0.8	33.5	35.3	-3.5
2009-10	22.8	26.4	-4.1	17.2	16.6	-1.2	33.0	35.8	-5.5
2010-11(e)	22.4	25.3	-3.3	16.1	15.8	-1.4	32.4	34.8	-4.8
2011-12(e)	23.7	24.8	-1.4	15.8	15.6	-1.3	33.6	34.4	-2.8
2012-13(e)	24.6	24.4	0.3	15.5	15.3	-0.8	34.3	33.7	-0.7
2013-14(p)	24.7	24.3	0.2	15.1	14.8	-0.5	34.0	33.2	-0.4

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(c) The consolidated sector comprises the Australian, State, Territory and local governments.

(e) Estimates.

(p) Projections.

Table E.5: Public non-financial corporations sector fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)(c)			Consolidated(b)(c)(d)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
2000-01	3.6	3.5	-0.1	5.4	5.1	0.2	9.1	8.6	0.1
2001-02	3.5	3.3	0.1	4.6	4.5	-0.2	8.2	7.8	-0.1
2002-03	3.0	2.8	0.2	4.4	4.4	-0.3	7.5	7.3	-0.1
2003-04	2.9	2.7	0.2	4.4	4.3	-0.3	7.4	7.0	0.0
2004-05	2.9	2.7	0.2	4.3	4.1	-0.4	7.2	6.9	-0.3
2005-06	2.8	2.9	-0.2	4.3	4.2	-0.7	7.2	7.2	-1.0
2006-07	1.4	1.5	-0.2	4.4	4.1	-0.6	5.9	5.7	-0.8
2007-08	0.6	0.6	0.0	4.2	4.0	-1.1	4.8	4.6	-1.1
2008-09	0.6	0.6	-0.1	4.3	4.2	-1.5	4.9	4.9	-1.6
2009-10	0.6	0.6	-0.1	5.0	4.7	-1.1	5.6	5.4	-1.2
2010-11(e)	0.5	0.5	-0.2	4.5	4.5	-0.9	5.1	5.1	-1.1
2011-12(e)	0.5	0.6	-0.3	4.4	4.2	-0.9	5.0	4.8	-1.2
2012-13(e)	na	na	na	4.5	4.2	-0.4	na	na	na
2013-14(p)	na	na	na	4.5	4.2	-0.3	na	na	na

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(c) Based on 2008-09 ABS Government Finance Statistics (cat. no. 5512.0). As at 4 May 2011, 2009-10 ABS Government Finance Statistics data are not available for State/local and the consolidated levels.

(d) The consolidated sector comprises the Australian, State, Territory and local governments.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table E.6: Non-financial public sector fiscal balance by level of government as a per cent of GDP

	Commonwealth(a)(b)			State/local(b)(c)			Consolidated(b)(c)(d)		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
2000-01	29.3	28.2	0.7	19.8	19.2	0.0	42.8	41.3	0.6
2001-02	28.0	28.2	-0.3	19.0	18.4	-0.3	40.5	40.0	-0.6
2002-03	28.1	27.2	0.9	19.0	18.3	-0.1	40.9	39.3	0.7
2003-04	28.0	26.9	1.0	19.0	17.9	0.3	40.9	38.9	1.1
2004-05	28.5	26.8	1.5	18.9	17.8	-0.1	41.3	38.7	1.3
2005-06	28.2	26.5	1.4	18.9	17.7	-0.3	41.1	38.2	1.0
2006-07	26.6	24.9	1.4	18.9	17.5	-0.5	39.8	36.7	0.8
2007-08	26.1	24.1	1.7	18.2	17.4	-1.4	38.5	35.6	0.3
2008-09	24.2	26.3	-2.5	18.5	18.1	-2.4	36.6	38.3	-5.0
2009-10	23.2	26.8	-4.2	20.2	19.4	-2.2	37.5	40.1	-6.5
2010-11(e)	22.8	25.7	-3.5	19.0	18.8	-2.5	35.8	38.5	-6.0
2011-12(e)	24.1	25.2	-1.7	18.5	18.3	-2.4	36.6	37.5	-4.1
2012-13(e)	na	na	na	18.2	18.0	-1.4	na	na	na
2013-14(p)	na	na	na	18.0	17.6	-1.0	na	na	na

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(b) The fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

(c) Based on 2008-09 ABS Government Finance Statistics (cat. no. 5512.0). As at 4 May 2011, 2009-10 ABS Government Finance Statistics data are not available for State/local and the consolidated levels.

(d) The consolidated sector comprises the Australian, State, Territory and local governments.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table E.7: Gross fixed capital formation by sector

	General Government						PNFCs				NFPS					
	Commonwealth		State(a)		Per cent of GDP		Commonwealth(b)		State(a)		Per cent of GDP		Commonwealth(b)		State(a)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2000-01	3,535	0.5	7,927	1.1	3,413	0.5	5,311	0.7	6,949	1.0	13,238	1.9	6,949	1.0	13,238	1.9
2001-02	3,832	0.5	8,671	1.1	3,015	0.4	6,808	0.9	6,846	0.9	15,479	2.0	6,846	0.9	15,479	2.0
2002-03	5,224	0.6	8,070	1.0	2,530	0.3	7,936	1.0	7,755	1.0	16,015	2.0	7,755	1.0	16,015	2.0
2003-04	4,144	0.5	8,150	0.9	2,941	0.3	8,764	1.0	7,086	0.8	16,506	1.9	7,086	0.8	16,506	1.9
2004-05	5,085	0.5	9,064	1.0	3,658	0.4	10,009	1.1	8,743	0.9	19,028	2.1	8,743	0.9	19,028	2.1
2005-06	6,440	0.6	10,656	1.1	4,411	0.4	12,894	1.3	10,851	1.1	23,321	2.3	10,851	1.1	23,321	2.3
2006-07	6,879	0.6	13,157	1.2	2,774	0.3	16,056	1.5	9,654	0.9	29,160	2.7	9,654	0.9	29,160	2.7
2007-08	7,040	0.6	14,951	1.3	1,011	0.1	19,717	1.7	8,051	0.7	34,432	2.9	8,051	0.7	34,432	2.9
2008-09	8,956	0.7	18,347	1.5	1,298	0.1	25,033	2.0	10,254	0.8	43,330	3.5	10,254	0.8	43,330	3.5
2009-10	10,080	0.8	25,553	2.0	1,454	0.1	24,781	1.9	12,819	1.0	50,265	3.9	12,819	1.0	50,265	3.9
2010-11(e)	10,173	0.7	26,660	1.9	2,836	0.2	23,678	1.7	13,009	0.9	50,723	3.7	13,009	0.9	50,723	3.7
2011-12(e)	9,199	0.6	24,179	1.6	4,668	0.3	22,127	1.5	13,867	0.9	46,348	3.1	13,867	0.9	46,348	3.1
2012-13(e)	4,230	0.3	20,217	1.3	na	na	20,208	1.3	na	na	40,275	2.6	na	na	40,275	2.6
2013-14(p)	8,545	0.5	17,347	1.1	na	na	19,144	1.2	na	na	36,261	2.2	na	na	36,261	2.2

(a) This table excludes local government gross fixed capital formation.

(b) Based on 2008-09 ABS Government Finance Statistics (cat. no. 5512.0). As at 4 May 2011, 2009-10 ABS Government Finance Statistics data are not available for the Commonwealth PNFC and NFPS sectors.

(e) Estimates.

(p) Projections.

na Comparable data are not available.

Table E.8: Net debt by sector (as at end of financial year)

	General Government						PNFCs		NFPS	
	Commonwealth(a)		State/local		Consolidated		Consolidated		Consolidated	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
2000-01	42,719	6.0	1,362	0.2	39,322	5.5	43,883	6.2	83,205	11.7
2001-02	38,180	5.0	-4,990	-0.7	29,100	3.8	43,195	5.7	72,294	9.5
2002-03	29,047	3.6	-10,295	-1.3	14,051	1.7	44,099	5.5	58,150	7.2
2003-04	22,639	2.6	-17,444	-2.0	-1,658	-0.2	44,244	5.1	42,587	4.9
2004-05	10,741	1.2	-24,905	-2.7	-20,364	-2.2	47,308	5.1	26,945	2.9
2005-06	-4,531	-0.5	-35,867	-3.6	-52,896	-5.3	49,952	5.0	-2,944	-0.3
2006-07	-29,150	-2.7	-31,968	-2.9	-78,163	-7.2	45,517	4.2	-32,646	-3.0
2007-08	-44,820	-3.8	-26,533	-2.2	-86,247	-7.3	52,098	4.4	-34,149	-2.9
2008-09	-16,148	-1.3	-17,828	-1.4	-44,124	-3.5	72,038	5.7	27,914	2.2
2009-10	42,283	3.3	-4,611	-0.4	30,148	2.3	82,730	6.4	112,878	8.8
2010-11(e)	82,381	5.9	13,780	1.0	88,551	6.4	96,175	6.9	184,718	13.3
2011-12(e)	106,646	7.2	33,776	2.3	132,431	9.0	113,895	7.7	246,323	16.7
2012-13(e)	104,642	6.7	49,142	3.2	145,389	9.3	na	na	na	na
2013-14(p)	105,313	6.4	57,866	3.5	154,359	9.4	na	na	na	na

(a) Commonwealth data have been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.

Table E.9: General government sector net financial worth by level of government (as at end of financial year)

	Commonwealth(a)		State/local		Consolidated	
	\$b	Per cent of GDP	\$b	Per cent of GDP	\$b	Per cent of GDP
2000-01	-72.8	-10.3	61.4	8.7	-9.0	-1.3
2001-02	-78.6	-10.4	61.1	8.1	-16.6	-2.2
2002-03	-84.3	-10.5	78.2	9.7	-5.1	-0.6
2003-04	-73.8	-8.5	96.6	11.2	24.3	2.8
2004-05	-59.9	-6.5	110.8	12.0	52.5	5.7
2005-06	-63.1	-6.3	109.9	11.0	48.3	4.8
2006-07	-39.7	-3.6	129.3	11.8	92.1	8.4
2007-08	-17.8	-1.5	132.5	11.2	117.6	9.9
2008-09	-73.8	-5.9	124.0	9.9	51.4	4.1
2009-10	-146.1	-11.4	114.5	8.9	-27.7	-2.2
2010-11(e)	-176.6	-12.7	98.0	7.1	-74.5	-5.4
2011-12(e)	-200.6	-13.6	86.3	5.8	-109.9	-7.4
2012-13(e)	-198.5	-12.7	80.3	5.1	-113.4	-7.3
2013-14(p)	-195.4	-11.9	79.1	4.8	-111.3	-6.8

(a) Commonwealth data have been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

**Table E.10: General government sector net worth by level of government
(as at end of financial year)**

	Commonwealth(a)		State/local		Consolidated	
		Per cent		Per cent		Per cent
	\$b	of GDP	\$b	of GDP	\$b	of GDP
2000-01	-6.3	-0.9	405.2	57.2	419.0	59.1
2001-02	-11.3	-1.5	428.2	56.4	438.1	57.7
2002-03	-15.0	-1.9	470.2	58.5	477.2	59.3
2003-04	-0.8	-0.1	515.2	59.5	537.7	62.1
2004-05	14.9	1.6	572.8	61.8	612.7	66.1
2005-06	18.3	1.8	608.9	60.8	653.5	65.3
2006-07	46.7	4.3	677.8	62.1	753.7	69.0
2007-08	71.2	6.0	785.5	66.2	888.6	74.9
2008-09	19.7	1.6	877.7	69.9	930.1	74.1
2009-10	-44.8	-3.5	938.2	73.0	929.3	72.3
2010-11(e)	-68.3	-4.9	981.3	70.7	951.8	68.5
2011-12(e)	-87.5	-5.9	1,019.9	69.1	973.6	66.0
2012-13(e)	-83.4	-5.3	1,055.8	67.7	1,016.0	65.1
2013-14(p)	-80.0	-4.9	1,096.6	66.8	1,062.5	64.7

(a) Commonwealth data have been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

Table E.11: General government sector net interest payments by level of government

	Commonwealth(a)		State/local		Consolidated	
	\$m	Per cent	\$m	Per cent	\$m	Per cent
		of GDP		of GDP		of GDP
2000-01	6,195	0.9	70	0.0	6,026	0.8
2001-02	5,352	0.7	1,369	0.2	6,508	0.9
2002-03	3,758	0.5	582	0.1	4,184	0.5
2003-04	3,040	0.4	-2,364	-0.3	521	0.1
2004-05	2,502	0.3	-3,069	-0.3	-773	-0.1
2005-06	2,303	0.2	-3,822	-0.4	-1,730	-0.2
2006-07	228	0.0	-4,198	-0.4	-4,209	-0.4
2007-08	-1,015	-0.1	1,047	0.1	-174	0.0
2008-09	-1,196	-0.1	-719	-0.1	-2,134	-0.2
2009-10	2,386	0.2	-480	0.0	1,726	0.1
2010-11(e)	4,567	0.3	na	na	na	na
2011-12(e)	5,536	0.4	na	na	na	na
2012-13(e)	6,741	0.4	na	na	na	na
2013-14(p)	6,808	0.4	na	na	na	na

(a) Commonwealth data has been revised in the 2011-12 Budget to improve accuracy and comparability through time. See Budget Paper No. 1, Statement 10.

(e) Estimates.

(p) Projections.

na Data are not available.