

## CONTINGENT PAYMENTS

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

**Table 2.11: Contingent payments to the states**

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
<b>National Partnership payments</b>					
Hepatitis C settlement fund	0.2	0.2	0.2	0.2	-
Natural Disaster Relief and Recovery Arrangements	82.4	9.4	1.5	-	-
<b>Total</b>	<b>82.6</b>	<b>9.6</b>	<b>1.7</b>	<b>0.2</b>	<b>-</b>

### Hepatitis C Settlement Fund

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.2	-	-	-	-	-	-	-	0.2
2017-18	0.2	-	-	-	-	-	-	-	0.2
2018-19	0.2	-	-	-	-	-	-	-	0.2
2019-20	0.2	-	-	-	-	-	-	-	0.2
2020-21	-	-	-	-	-	-	-	-	-

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

### Natural Disaster Relief and Recovery Arrangements (NDRRA)

#### NDRRA expense estimates

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	4.6	9.0	38.6	19.0	7.7	1.0	-	2.5	82.4
2017-18	0.2	2.4	4.4	0.6	0.2	1.1	-	0.6	9.4
2018-19	..	-	1.0	0.4	..	0.1	-	0.1	1.5
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding under the NDRRA to assist the States in relief and recovery efforts following natural disasters.

The Commonwealth recognises a liability equal to the present value of future payments expected to be made to the States under the NDRRA. This is regardless of whether a State has completed relevant reconstruction work or submitted a claim to the Commonwealth.

The estimated expenses in the table above reflect expected Commonwealth costs associated with disasters that have occurred in 2016-17, the unwinding of the discount on the provision, and any change in the discount rate.

They include payments to the States in response to recent natural disasters including the floods in New South Wales and Victoria in July 2016, Queensland in September 2016, Northern Territory in December 2016 and Western Australia in January 2017. Payments are also being made for the storms in Queensland in July 2016, Victoria in September 2016 and South Australia in September 2016 and the bushfires in New South Wales in November 2016.

While current estimates for the NDRRA are based on information available at the time of preparation, preliminary estimates of the cost of a disaster and the timing of expenditure are subject to change and the total cost of relief and recovery from these events may not be completely realised for some years. This includes Tropical Cyclone Debbie and associated storms and flooding, which affected Queensland and New South Wales in March and April 2017. It is expected that this event will generate significant costs for the Commonwealth under the NDRRA, though these costs are not yet quantifiable. Estimates of all natural disasters are regularly reviewed and revised by the States as new information becomes available, and this, or the occurrence of future natural disasters, can in turn significantly affect the estimated NDRRA liability and payments. More information is available in Budget Paper No. 1, Statement 9.

Estimated cash payments are presented in the table below, illustrating when the Commonwealth expects to reimburse the States for costs incurred in relation to past disasters.

**NDRRA cash estimates**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	112.2	0.1	1,103.0	3.4	0.4	-	-	22.3	1,241.5
2017-18	9.8	130.9	187.4	11.8	12.4	57.3	-	28.9	438.5
2018-19	0.3	-	54.6	20.8	..	5.3	-	2.9	84.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-