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Budget 2017-18

Federal Financial Relations
Budget Paper No. 3
2017-18

Circulated by

The Honourable Scott Morrison MP
Treasurer of the Commonwealth of Australia

and

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Minister for Finance of the Commonwealth of Australia

For the information of honourable members
on the occasion of the Budget 2017-18

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FOREWORD

This Budget Paper presents information on the Commonwealth's financial relations with State, Territory and Local Governments. This includes an overview of major Australian Government reforms and new developments, as well as information on payments to the States and analysis of fiscal developments in the public sector.

NOTES

- (a) The following definitions are used in this Budget Paper:
- Budget year refers to 2017-18, while the forward years refer to 2018-19, 2019-20 and 2020-21; and
 - one billion is equal to one thousand million.
- (b) Except where otherwise indicated, payments to the States in this Budget Paper are reported in expense terms, not cash terms.
- (c) Figures in tables and the text have generally been rounded. Discrepancies in tables between totals and sums of components reflect rounding unless otherwise noted.
- Estimates of \$100,000 and over are generally rounded to the nearest tenth of a million.
 - Estimates midway between rounding points are rounded up.
 - Percentage changes in tables are based on the underlying unrounded amounts.
- (d) Tables use the following notations:
- | | |
|-----|-------------------------------|
| - | nil |
| na | not applicable |
| \$m | millions of dollars |
| \$b | billions of dollars |
| nfp | not for publication |
| 0 | zero |
| * | unquantifiable |
| .. | not zero, but rounded to zero |
| ~ | allocation not yet determined |

Budget Paper No. 3

- (e) This Budget Paper uses the following 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 State Governments and Territory Governments.
 - 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.
 - 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

- (f) 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.

Appendix B, *Total Payments to the States by Government Finance Statistics Function*; Appendix C, *Supplementary Tables*; Appendix D, *Debt Transactions*; and Appendix E, *Appropriations and Conditions* are available online at: www.budget.gov.au.

Budget Paper No. 3, *Federal Financial Relations 2017-18*, 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.

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PART 1: AUSTRALIA'S FEDERAL RELATIONS

OVERVIEW

The 2017-18 Budget is the next stage in the Government's economic plan, building on commitments from the 2016-17 Budget and the 2016 election.

In 2017-18, the Commonwealth will provide the States with \$119.0 billion in total payments, including payments of \$55.9 billion for specific purposes like schools and hospitals and general revenue assistance of \$63.1 billion.

The Commonwealth will:

- provide fairer funding for school students, including an increase of \$18.6 billion over the period 2018 to 2027. The Commonwealth is committed to a long-term schools funding package which is needs-based, simple and transparent and will require reform and accountability improvements from the States to lift education outcomes;
- increase the supply of affordable housing by negotiating a new National Housing and Homelessness Agreement (NHHA) with State governments that incorporates existing funding from the National Affordable Housing Specific Purpose Payment (NAHSPP) and new funding for homelessness. The Commonwealth will contribute \$4.6 billion to the NHHA over the forward estimates period;
- make available \$300 million to remove unnecessary barriers to competition and regulations that hold back small businesses through targeted payments under a National Partnership on Regulatory Reform;
- introduce a new ongoing *Skilling Australians Fund*, with an estimated \$1.5 billion over the budget and forward estimates period, to train Australians for future skills needs; and
- support public hospitals through increased funding of \$3.3 billion between 2016-17 and 2019-20.

COMMONWEALTH FUNDING TO THE STATES

The Commonwealth provides substantial levels of funding to the States in key sectors such as health, education, community services and infrastructure and continues to support important productivity-enhancing projects and reforms. In addition, the Commonwealth provides general revenue assistance which can be spent according to States' own budget priorities.

In aggregate, the States are estimated to receive Commonwealth payments of \$119.0 billion in 2017-18 for specific purposes and general revenue assistance. This represents a \$3.2 billion increase compared to 2016-17. Total payments to the States from 2016-17 to 2019-20 have increased by \$5.8 billion since the *Mid-Year Economic and Fiscal Outlook 2016-17*.

Total payments to the States in 2017-18 are estimated to be 25.6 per cent of total Commonwealth expenditure and account for around 46 per cent of total State revenue. Commonwealth payments effectively support around 45 per cent of State expenditure, as shown in Table 1.3.

Payments for specific purposes

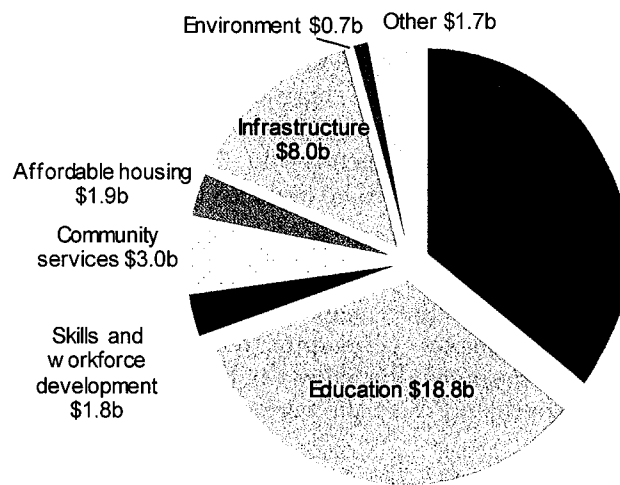
In 2017-18, the Commonwealth will provide the States with \$55.9 billion in payments for specific purposes, an increase of \$66 million compared with \$55.8 billion in 2016-17. Payments for specific purposes are estimated to be 12.0 per cent of total Commonwealth expenditure in 2017-18.

National Specific Purpose Payments (National SPPs), National Health Reform and Quality Schools funding are expected to total \$42.2 billion in 2017-18, an increase of \$2.3 billion from 2016-17.

National Partnership payments are expected to be \$13.7 billion in 2017-18. This includes new National Partnerships for Regulatory Reform and the Skilling Australians Fund.

Part 2 of this Budget Paper provides further information on payments to the States for specific purposes. Chart 1.1 illustrates estimated specific purpose payments to the States for 2017-18 by function.

Chart 1.1: Payments for specific purposes 2017-18, by function^(a)



(a) Total payments for specific purposes in 2017-18 are \$55.9b.

General revenue assistance

General revenue assistance, which principally comprises the GST entitlement, provides untied funding to support the delivery of State services.

In 2017-18, the States are expected to receive \$63.1 billion in general revenue assistance, comprising \$62.3 billion for the GST entitlement and \$731 million for other general revenue assistance. This is an increase of \$3.1 billion from \$60.0 billion in 2016-17. General revenue assistance to the States is estimated to represent 13.6 per cent of total Commonwealth expenditure in 2017-18.

Box 1.1 of this Budget Paper provides information on Australia's system for distributing the GST among the States. Part 3 contains further details of general revenue assistance to the States.

Box 1.1: Australia's system for distributing the GST

The GST is distributed to the States so that each State has the capacity to provide its citizens with a comparable level of government services — such as schools, hospitals, transport, housing and infrastructure. This method of distribution, known as horizontal fiscal equalisation (HFE), is based upon the principle that no Australian should be materially disadvantaged — in terms of their access to government services — simply because of the State in which they live.

GST distribution is based on the GST sharing relativities recommended by the Commonwealth Grants Commission after assessing the States' relative fiscal capacities. This takes into account the many natural differences between jurisdictions — such as their population, geography, resource endowments and demographics. These differences mean that the States can face very different costs in providing services to their citizens, and can have very different capacities to raise their own revenues.

In 2017-18, the Northern Territory continues to be the major beneficiary of the GST distribution process. The high costs it faces in delivering services to a remote population, coupled with its relatively low ability to raise its own revenue, means it needs a relatively high level of GST per person to have the capacity to deliver services at a comparable standard to other States.

In contrast, Western Australia will continue to receive the lowest share of GST per person in 2017-18. Whilst the Commission's calculations recognise that Western Australia also faces high costs in delivering services across a very large State, this is more than offset by the very high level of revenue it can collect, particularly from mining royalties.

In response to ongoing suggestions that the current approach to HFE does not sufficiently recognise differences between States' individual circumstances, the Government has tasked the Productivity Commission with conducting an inquiry on the impacts of the current methodology used to determine GST relativities on national productivity, efficiency and economic growth. The Productivity Commission will report by 31 January 2018.

The Government has also said it will consider a GST relativity floor to provide more certainty on the minimum share of GST that a State can receive in any year. The Government will explore a floor once relativities return to more normal levels — this is not expected for several years.

Total payments to the States

Total Commonwealth payments to the States are shown in Table 1.1.

Estimates of GST entitlements for 2018-19 and later years reflect a technical assumption that each State's 2017-18 GST relativity is held constant for those years. The estimates do not reflect any attempt to project future GST relativities or GST entitlements.

Table 1.1: Commonwealth payments to the States, 2016-17 to 2020-21

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17									
Payments for specific purposes(a)	17,948	12,246	11,666	5,873	3,922	1,957	897	1,209	55,831
GST entitlement	17,216	13,632	13,955	1,950	5,934	2,259	1,129	3,165	59,240
Other general revenue assistance(c)	50	25	0	34	0	0	39	0	736
Total payments to the States	35,214	25,903	25,622	7,857	9,856	4,216	2,065	4,375	115,807
2017-18									
Payments for specific purposes(a)	17,544	12,472	11,916	5,979	4,274	1,237	872	1,285	55,898
GST entitlement	17,554	14,765	14,871	2,327	6,303	2,387	1,225	2,908	62,340
Other general revenue assistance(c)	50	25	0	28	0	0	40	0	731
Total payments to the States	35,148	27,262	26,787	8,334	10,576	3,625	2,136	4,193	118,968
2018-19									
Payments for specific purposes(a)	17,838	13,800	13,004	6,279	3,877	1,307	889	1,049	58,465
GST entitlement(b)	18,488	15,618	15,637	2,449	6,593	2,486	1,287	3,033	65,590
Other general revenue assistance(c)	50	25	0	27	0	0	40	0	670
Total payments to the States	36,376	29,443	28,641	8,755	10,471	3,793	2,216	4,081	124,725
2019-20									
Payments for specific purposes(a)	16,680	13,050	12,455	7,012	3,670	1,133	900	1,019	56,306
GST entitlement(b)	19,095	16,200	16,121	2,526	6,763	2,537	1,325	3,101	67,670
Other general revenue assistance(c)	50	25	0	29	0	0	41	0	655
Total payments to the States	35,826	29,276	28,576	9,567	10,433	3,670	2,266	4,120	124,631
2020-21									
Payments for specific purposes(a)	16,793	13,250	12,659	6,332	3,532	1,160	936	943	56,200
GST entitlement(b)	20,212	17,219	17,027	2,670	7,109	2,653	1,399	3,250	71,540
Other general revenue assistance(c)	50	25	0	31	0	0	41	0	662
Total payments to the States	37,055	30,494	29,687	9,032	10,641	3,813	2,375	4,192	128,401

(a) State allocations for a small number of programs have yet to be determined. These payments are not reflected in State totals. In some instances, total payments for specific purposes may not equal the sum of State totals.

(b) Estimates of GST entitlements for 2018-19 and later years reflect a technical assumption that each State's 2017-18 GST relativity is held constant for those years. The estimates do not reflect any attempt to project future GST relativities or GST entitlements.

(c) As State allocations for royalties are not published due to commercial sensitivities, these payments are not reflected in State totals. Total general revenue assistance does not therefore equal the sum of State totals.

For 2017-18, total payments to the States are estimated to be 6.5 per cent of GDP. Payments for specific purposes are estimated to be 3.1 per cent of GDP and general revenue assistance is estimated to be 3.5 per cent of GDP.

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

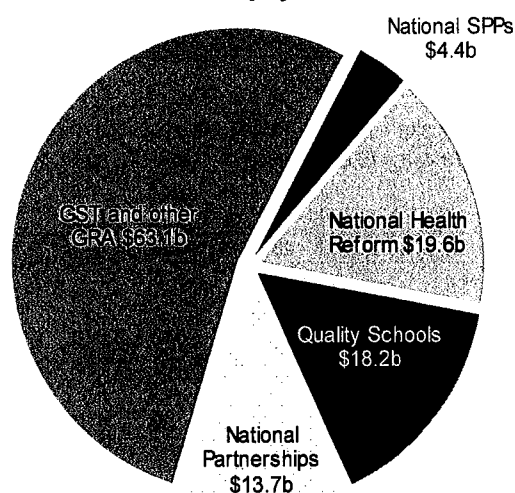
\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National SPPs	4,309	4,375	2,468	1,721	1,563
National Health Reform funding(a)	18,460	19,563	20,639	21,769	22,677
Quality Schools funding(b)	17,095	18,218	19,266	20,457	21,707
National Housing and Homelessness funding	-	-	1,500	1,525	1,548
National Partnership payments(c)	15,967	13,742	14,593	10,834	8,704
GST entitlement	59,240	62,340	65,590	67,670	71,540
Other general revenue assistance	736	731	670	655	662
Total	115,807	118,968	124,725	124,631	128,401
Per cent change from previous year	-	2.7	4.8	0.1	3.0
Per cent of GDP	6.6	6.5	6.6	6.3	6.2

(a) New arrangements for public hospital funding will apply from 1 July 2017.

(b) New indexation arrangements for schools funding will apply from 1 January 2018.

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

Chart 1.2: Total Commonwealth payments to the States, 2017-18^(a)



(a) Total Commonwealth payments to the States in 2017-18 are \$119.0b.

Table 1.3 provides information on the Commonwealth's financial contributions to State expenditure in key sectors in 2015-16. It shows that Commonwealth financial assistance in 2015-16 effectively supported 45 per cent of the States' expenditure.

Table 1.3: Commonwealth's contribution to State expenditure^(a)

	Commonwealth tied payments \$million	State spending supported by general revenue assistance (c) \$million	Total State spending \$million	State spending supported by Commonwealth revenue per cent
2015-16				
Education	18,027	12,337	58,229	52.1
Health	17,844	15,268	67,600	49.0
Social security and welfare	2,691	4,816	18,385	40.8
Housing and community amenities	2,106	2,624	10,657	44.4
Agriculture, forestry and fishing	263	717	2,600	37.7
Transport and communication	5,495	5,192	22,415	47.7
Other functions(b)	1,753	17,061	57,351	32.8
Payments for specific purposes	48,180			
General revenue assistance		58,016		
Total			237,237	44.8

(a) Functional data is consistent with Government Financial Statistics and sourced from the Australian Bureau of Statistics and the Commonwealth's 2015-16 Final Budget Outcome.

(b) 'Other functions' includes additional functions not elsewhere itemised but does not include general revenue assistance.

(c) General revenue assistance (GRA) is provided to the States without conditions, to spend according to their own budget priorities. For illustrative purposes GRA is allocated to expense functions based on the ratio of discretionary spending in each function as a share of States' total discretionary spending.

MEASURES AFFECTING PAYMENTS TO THE STATES

Table 1.4 lists all measures in the 2017-18 Budget that impact payments to the States. Details of the measures are available in Budget Paper No. 2, *Budget Measures*, arranged by portfolio. Information on the payments affected is available in Parts 2 and 3 of this Budget Paper.

Table 1.4: Measures affecting payments to the States

Payment	Section of Budget Paper 3	Measure title	Section of Budget Paper 2
Hospital Services	Part 2 — Health	Immigration Reform — changes to Australia's visa processing arrangements	Expenses — Immigration and Border Protection
Hospital Services	Part 2 — Health	Improved Access to Health Care for Australian Participants of British Nuclear Tests And Veterans of the British Commonwealth Occupation Force	Expenses — Veterans' Affairs
Expansion of the BreastScreen Australia program	Part 2 — Health	BreastScreen Australia Program — additional support	Expenses — Health
Mersey Community Hospital	Part 2 — Health	Support for Health Services in Tasmania	Expenses — Health
Victorian cytology services	Part 2 — Health	Cancer Screening — Victorian Cytology Service — continuation	Expenses — Health
Essential vaccines	Part 2 — Health	Supporting No Jab No Pay — National Immunisation Program — expansion	Expenses — Health
Proton beam facility	Part 2 — Health	Proton Beam Facility South Australia	Expenses — Health
Rheumatic Fever Strategy	Part 2 — Health	National Partnership Agreement on Rheumatic Fever Strategy — continuation and expansion	Expenses — Health
Suicide prevention	Part 2 — Health	Prioritising Mental Health — suicide prevention support programs	Expenses — Health
Quality Schools funding	Part 2 — Education	Quality Schools — true needs-based funding for Australia's schools	Expenses — Education and Training
Schools Security program	Part 2 — Education	Schools Security Programme— extension	Expenses — Attorney General's
Universal access to early childhood education	Part 2 — Education	National Partnership Agreement on Universal Access to Early Childhood Education — extension	Expenses — Education and Training
Skilling Australians Fund	Part 2 — Skills and workforce development	<i>Skilling Australians Fund</i>	Expenses — Education and Training
Skilling Australians Fund	Part 2 — Skills and workforce development	<i>Skilling Australians Fund</i> levy	Revenue — Immigration and Border Protection
Transition to NDIS in Western Australia	Part 2 — Community Services	National Disability Insurance Scheme — finalisation of transition arrangements	Expenses — Social Services

Part 1: Australia's Federal Relations

Payment	Section of Budget Paper 3	Measure title	Section of Budget Paper 2
Social impact investments	Part 2 — Community services	Social Impact Investing Market — trials	Expenses — Social Services
National Housing and Homelessness agreement	Part 2 — Affordable housing	Reducing Pressure on Housing Affordability — reform of the National Affordable Housing Agreement	Expenses — Social Services
Infrastructure Investment Program	Part 2 — Infrastructure	Infrastructure Investment Programme — National Rail Program	Expenses — Infrastructure and Regional Development
Infrastructure Investment Program	Part 2 — Infrastructure	Infrastructure Investment Programme — Victorian Infrastructure Investments	Expenses — Infrastructure and Regional Development
Infrastructure Investment Program	Part 2 — Infrastructure	Infrastructure Investment Programme — new investments	Expenses — Infrastructure and Regional Development
Infrastructure Investment Program	Part 2 — Infrastructure	Infrastructure Investment Programme — offsets	Expenses — Infrastructure and Regional Development
Asset Recycling — Energy Infrastructure	Part 2 — Infrastructure	Energy for the Future — bilateral Asset Recycling agreement with South Australia	Expenses — Treasury
Infrastructure projects in Western Australia	Part 2 — Infrastructure	WA Infrastructure and GST Top-Up payment	Expenses — Treasury
National fire danger rating system	Part 2 — Environment	National Fire Danger Rating System	Expenses — Attorney-General
Natural disaster resilience	Part 2 — Environment	Disaster Resilience Program — extension	Expenses — Attorney-General
South Australia for local roads component	Part 2 — Other	Supplementary Local Roads Funding for South Australia	Expenses — Infrastructure and Regional Development
Legal assistance services	Part 2 — Other	Legal Assistance Services — additional funding	Expenses — Attorney-General
Regulatory Reform	Part 2 — Other	National Partnership on Regulatory Reform — establishment	Expenses — Treasury
Tourism demand-driver infrastructure recovery package	Part 2 — Other	Queensland Tourism Cyclone Debbie Recovery Package	Expenses — Foreign Affairs and Trade
GST entitlement	Part 3 — GST Payments	Aligning the tax treatment of roll your own tobacco and cigarettes	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Better targeting skilled visas	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	GST — removing the double taxation of digital currency	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Indirect Tax Concession Scheme — diplomatic and consular concessions	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Tax Integrity Package — Black Economy Taskforce: extension of the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries	Revenue — Treasury

Budget Paper No. 3

Payment	Section of Budget Paper 3	Measure title	Section of Budget Paper 2
GST entitlement	Part 3 — GST Payments	Tax Integrity Package — Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Tax Integrity Package — Black Economy Taskforce: prohibition on sales suppression technology and software	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Tax Integrity Package — combating fraud in the precious metals industry	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Tax Integrity Package — improving the integrity of GST on property transactions	Revenue — Treasury
GST entitlement	Part 3 — GST Payments	Temporary sponsored parent visa — establishment	Revenue — Treasury

PART 2: PAYMENTS FOR SPECIFIC PURPOSES

OVERVIEW

The Commonwealth provides payments to the States for specific purposes in policy areas for which the States have primary responsibility. These payments cover most areas of State and local government activity, including health, education, skills and workforce development, community services, housing, Indigenous affairs, infrastructure and the environment.

Funding for public hospitals under the National Health Reform Agreement is the largest single specific purpose payment, estimated at \$19.6 billion in 2017-18.

Schools funding under the *Australian Education Act 2013* is estimated to be \$18.2 billion in 2017-18, comprising funding for government schools of \$6.9 billion and non-government schools of \$11.1 billion.

In 2016-17, the Commonwealth supports the States in three service delivery sectors through National Specific Purpose Payments (National SPPs) — Skills and Workforce Development, Disability Services and Affordable Housing. The States are required to spend each National SPP in the relevant sector. From 2018-19, the National Affordable Housing SPP will be combined with new funding for homelessness and provided under the National Housing and Homelessness Agreement.

The National SPPs are indexed each year by growth factors specified in the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement). Funding is distributed among the States by share of population. National SPPs are estimated to be \$4.4 billion in 2017-18.

Under the Intergovernmental Agreement, National Partnership payments to the States are the key vehicle to facilitate reforms or support the delivery of particular projects and services. National Partnerships are typically entered into for a fixed period of time, reflecting the nature of the project or reform involved.

To the fullest extent possible, payments under National Partnerships are aligned with the achievement of milestones and are made after the States have achieved the outcomes or outputs specified in the relevant agreement. National Partnership payments are estimated to be \$13.7 billion in 2017-18.

National Partnerships and other Commonwealth-State agreements are publicly available on the Federal Financial Relations website at: www.federalfinancialrelations.gov.au. Details of the appropriation mechanisms for all payments to the States and the terms and conditions applying to them are set out in Appendix E, available online.

Total payments for specific purposes by category are shown in Table 2.1.

Table 2.1: Total payments for specific purposes by category, 2016-17 to 2020-21

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2016-17									
National Specific Purpose									
Payments	1,381	1,087	865	466	304	92	71	43	4,309
National Health Reform funding	5,653	4,667	3,891	2,042	1,268	370	341	228	18,460
National Housing and Homelessness funding	-	-	-	-	-	-	-	-	-
Quality Schools funding	5,295	4,260	3,659	1,682	1,187	399	280	331	17,095
National Partnership payments(b)	5,620	2,232	3,252	1,682	1,163	1,096	205	606	15,967
Total payments for specific purposes	17,948	12,246	11,666	5,873	3,922	1,957	897	1,209	55,831
2017-18									
National Specific Purpose									
Payments	1,410	1,115	882	476	308	93	47	44	4,375
National Health Reform funding	6,020	4,967	4,127	2,120	1,306	394	375	255	19,563
National Housing and Homelessness funding	-	-	-	-	-	-	-	-	-
Quality Schools funding	5,685	4,517	3,901	1,785	1,244	421	290	360	18,218
National Partnership payments(b)	4,429	1,872	3,006	1,598	1,415	330	161	627	13,742
Total payments for specific purposes	17,544	12,472	11,916	5,979	4,274	1,237	872	1,285	55,898
2018-19									
National Specific Purpose									
Payments	486	794	624	337	106	65	25	31	2,468
National Health Reform funding	6,350	5,214	4,372	2,253	1,364	408	399	279	20,639
National Housing and Homelessness funding	473	375	306	165	105	32	24	19	1,500
Quality Schools funding	5,984	4,789	4,123	1,909	1,309	439	302	382	19,266
National Partnership payments(b)	4,545	2,627	3,579	1,616	994	362	139	338	14,593
Total payments for specific purposes	17,838	13,800	13,004	6,279	3,877	1,307	889	1,049	58,465
2019-20									
National Specific Purpose									
Payments	494	394	308	347	106	32	25	15	1,721
National Health Reform funding	6,695	5,473	4,630	2,394	1,424	424	426	304	21,769
National Housing and Homelessness funding	480	383	311	168	106	32	25	19	1,525
Quality Schools funding	6,313	5,096	4,411	2,046	1,381	458	316	406	20,457
National Partnership payments(b)	2,698	1,705	2,796	2,058	653	187	108	274	10,834
Total payments for specific purposes	16,680	13,050	12,455	7,012	3,670	1,133	900	1,019	56,306

Table 2.1: Total payments for specific purposes by category, 2016-17 to 2020-21 (continued)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
2020-21									
National Specific Purpose									
Payments	501	401	312	169	107	32	25	15	1,563
National Health Reform funding	6,975	5,701	4,823	2,494	1,483	441	444	317	22,677
National Housing and									
Homelessness funding	488	390	316	171	107	32	25	20	1,548
Quality Schools funding	6,656	5,423	4,706	2,192	1,455	478	331	433	21,707
National Partnership									
payments(b)	2,173	1,335	2,503	1,307	379	177	110	158	8,704
Total payments for specific purposes	16,793	13,250	12,659	6,332	3,532	1,160	936	943	56,200

(a) As State allocations for a small number of programs have yet to be determined, these payments are not included in State totals. As a result, total payments may not equal the sum of State totals.

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

Total payments for specific purposes by sector are shown in Table 2.2.

Table 2.2: Total payments for specific purposes by sector, 2016-17 to 2020-21

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Health	19,661	20,031	21,003	21,984	22,871
Education	17,678	18,784	19,611	20,502	21,740
Skills and workforce development	2,003	1,845	1,877	1,930	1,933
Community services	2,664	3,007	4,798	2,153	1,100
Affordable housing	1,898	1,914	1,504	1,529	1,553
Infrastructure	7,562	7,961	6,220	5,103	4,202
Environment	493	657	469	225	180
Contingent	83	10	2	..	-
Other(a)	3,790	1,689	2,983	2,878	2,620
Total payments for specific purposes	55,831	55,898	58,465	56,306	56,200

(a) Includes financial assistance grants for local government.

Total payments for specific purposes by sector and category are shown in Table 2.3.

Table 2.3: Total payments for specific purposes by sector and category, 2016-17 to 2020-21

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Health</i>					
National Health Reform funding	18,460	19,563	20,639	21,769	22,677
National Partnerships	1,201	469	364	215	195
Total health payments	19,661	20,031	21,003	21,984	22,871
<i>Education</i>					
Quality Schools funding	17,095	18,218	19,266	20,457	21,707
National Partnerships	583	566	345	45	33
Total education payments	17,678	18,784	19,611	20,502	21,740
<i>Skills and workforce development</i>					
National Skills and Workforce Development SPP	1,476	1,495	1,517	1,540	1,563
National Partnerships	527	350	360	390	370
Total skills and workforce development payments	2,003	1,845	1,877	1,930	1,933
<i>Community services</i>					
National Disability SPP	1,490	1,520	951	180	-
National Partnerships	1,173	1,487	3,847	1,973	1,100
Total community services payments	2,664	3,007	4,798	2,153	1,100
<i>Affordable housing</i>					
National Affordable Housing SPP	1,343	1,360	-	-	-
National Housing and Homelessness funding	-	-	1,500	1,525	1,548
National Partnerships	555	554	4	5	5
Total affordable housing payments	1,898	1,914	1,504	1,529	1,553
<i>Infrastructure</i>					
National Partnerships	7,562	7,961	6,220	5,103	4,202
<i>Environment</i>					
National Partnerships	493	657	469	225	180
<i>Contingent payments</i>					
National Partnerships	83	10	2	..	-
<i>Other</i>					
National Partnerships(a)	3,790	1,689	2,983	2,878	2,620
Total payments for specific purposes	55,831	55,898	58,465	56,306	56,200

(a) Includes financial assistance grants for local government.

Further information on each of these payments is contained in this Part. Total payments to the States for specific purposes, categorised by Government Finance Statistics functions, are set out in Appendix B, which is available online.

HEALTH

In 2017-18, the Commonwealth will provide funding of \$20.0 billion to support State health services, including \$19.6 billion in National Health Reform funding and \$468.7 million in National Partnership payments, as detailed in Table 2.4.

Table 2.4: Payments to support State health services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Health Reform funding	18,459.8	19,562.6	20,638.6	21,768.6	22,676.7
National Partnership payments					
Health services	805.8	68.2	57.9	37.2	26.8
Health infrastructure	123.2	127.8	32.5	10.0	-
Indigenous health	17.4	15.5	15.9	16.3	15.6
Other health payments	254.7	257.2	258.0	151.6	152.3
Total	19,660.9	20,031.3	21,002.9	21,983.7	22,871.4

National Health Reform funding

In 2017-18, National Health Reform funding is estimated to be \$19.6 billion. This is an increase of \$1.1 billion, or 6.0 per cent, from 2016-17.

National Health Reform funding^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17									
Hospital services	5,534.7	4,574.4	3,817.2	2,001.9	1,242.4	362.1	334.7	224.5	18,091.8
Public health	117.9	92.8	73.8	39.8	25.9	7.9	6.0	3.7	368.0
Total	5,652.6	4,667.2	3,891.0	2,041.7	1,268.3	370.0	340.8	228.2	18,459.8
2017-18									
Hospital services	5,895.7	4,869.4	4,049.3	2,078.1	1,278.9	385.5	368.2	250.7	19,175.8
Public health	124.0	98.0	77.5	41.8	27.1	8.2	6.3	3.9	386.8
Total	6,019.6	4,967.5	4,126.8	2,120.0	1,306.0	393.6	374.5	254.5	19,562.6
2018-19									
Hospital services	6,219.4	5,110.9	4,290.2	2,209.0	1,335.4	399.8	392.7	274.6	20,231.9
Public health	130.4	103.5	81.4	44.0	28.3	8.5	6.7	4.0	406.7
Total	6,349.7	5,214.4	4,371.6	2,253.0	1,363.7	408.3	399.3	278.6	20,638.6
2019-20									
Hospital services	6,558.3	5,363.4	4,544.1	2,347.6	1,393.9	414.6	418.8	300.0	21,340.7
Public health	137.2	109.4	85.5	46.2	29.6	8.9	7.0	4.2	427.9
Total	6,695.5	5,472.8	4,629.6	2,393.8	1,423.5	423.5	425.8	304.2	21,768.6
2020-21									
Public hospitals funding	6,974.8	5,701.1	4,822.7	2,493.7	1,482.9	441.2	443.5	316.9	22,676.7
Total(b)	6,974.8	5,701.1	4,822.7	2,493.7	1,482.9	441.2	443.5	316.9	22,676.7

(a) Estimates are indicative and are based on estimates of additional activity, efficient price, population growth and the consumer price index. The distribution of efficient growth funding from 2017-18 to 2019-20 will be determined by the actual efficient growth in activity in each of the States, up to a cap of 6.5 per cent growth per year in the total Commonwealth contribution.

(b) Estimates of funding in 2020-21 are based on 2019-20 funding for each State indexed by CPI and population growth. Actual total and state funding in 2020-21 will be subject to the outcome of negotiations on a longer-term funding agreement.

Budget Paper No. 3

From 2016-17 to 2019-20, National Health Reform funding is linked to the level of services delivered by public hospitals, in accordance with the National Health Reform Agreement. During this period, each State's entitlement is directly linked to the growth in public hospital activity delivered in that State and the national efficient price determined by the Independent Hospital Pricing Authority. From 2017-18 to 2019-20, annual growth in Commonwealth funding is capped at 6.5 per cent per year. Funding for 2020-21 and later years will be determined once longer-term arrangements have been agreed.

The estimates above deliver average annual growth of 5.6 per cent from 2016-17 to 2019-20 and an increase of \$2.8 billion for the period 2016-17 to 2020-21 compared to the *Mid-Year Economic and Fiscal Outlook 2016-17*. This means an additional \$7.7 billion will be provided to States and Territories since the Heads of Agreement on Public hospital funding was signed by the Council of Australian Governments on 1 April 2016.

New measures associated with National Health Reform funding are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership payments for health

A total of \$468.7 million will be provided to the States in 2017-18 under the following categories:

- health services;
- health infrastructure;
- Indigenous health; and
- other health payments.

Health services

In 2017-18, the Commonwealth is estimated to provide \$68.2 million to support the delivery of health services in the States.

2.4.1 Health services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Additional assistance for public hospitals	-	-	0.3	0.4	-
Expansion of the BreastScreen					
Australia program	15.9	14.7	14.9	15.2	15.4
Hummingbird House	0.8	0.8	0.8	0.8	-
Management of Torres Strait / Papua New					
Guinea cross-border health issues	4.7	4.7	4.8	4.9	-
Mersey Community Hospital	730.4	1.8	1.8	1.8	0.8
Mosquito control and cross border liaison					
in the Torres Strait	1.0	1.0	1.0	1.0	-
National Bowel Cancer Screening					
Program – participant follow-up function	4.7	6.4	-	-	-
OzFoodNet	1.7	1.8	1.8	1.8	-
Royal Darwin Hospital – equipped,					
prepared and ready	15.7	16.0	16.3	-	-
Vaccine-preventable diseases					
surveillance	0.8	0.8	0.9	0.9	-
Victorian Cytology Service	9.8	10.2	10.3	10.5	10.6
Improving Health Services in Tasmania					
Improving patient pathways through					
clinical and system redesign	1.1	-	-	-	-
Reducing elective surgery waiting					
lists in Tasmania	8.5	-	-	-	-
Subacute and acute projects	10.7	10.0	5.0	-	-
Total	805.8	68.2	57.9	37.2	26.8

National Partnership on additional assistance for public hospitals^(a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	0.3	-	-	0.3
2019-20	-	-	-	-	-	0.4	-	-	0.4
2020-21	-	-	-	-	-	-	-	-	-

(a) Funding is indicative only and will depend on final entitlements to National Health Reform funding from 2017-18 to 2019-20.

The Commonwealth will provide funding to Tasmania and the Australian Capital Territory if growth in National Health Reform funding is lower than growth in CPI and population in a given year.

National Partnership on expansion of the BreastScreen Australia program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	5.4	4.3	1.6	2.3	1.3	0.5	0.3	0.2	15.9
2017-18	~	~	~	~	~	~	~	~	14.7
2018-19	~	~	~	~	~	~	~	~	14.9
2019-20	~	~	~	~	~	~	~	~	15.2
2020-21	~	~	~	~	~	~	~	~	15.4

(a) State allocations from 2017-18 have not yet been determined.

The Commonwealth is providing funding to improve the early detection of breast cancer by expanding the target age range of the BreastScreen Australia program from women 50 to 69 years of age to women 50 to 74 years of age. This builds on the existing BreastScreen Australia program, which commenced in 1991.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Hummingbird House

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	0.8	-	-	-	-	-	0.8
2017-18	-	-	0.8	-	-	-	-	-	0.8
2018-19	-	-	0.8	-	-	-	-	-	0.8
2019-20	-	-	0.8	-	-	-	-	-	0.8
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the operation of a dedicated respite and hospice care facility for children with life-limiting conditions and their families and carers.

National Partnership on management of Torres Strait/Papua New Guinea cross-border health issues

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	4.7	-	-	-	-	-	4.7
2017-18	-	-	4.7	-	-	-	-	-	4.7
2018-19	-	-	4.8	-	-	-	-	-	4.8
2019-20	-	-	4.9	-	-	-	-	-	4.9
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is contributing to the costs of treating Papua New Guinean nationals who travel through the Torres Strait Treaty zone and access healthcare facilities in the Queensland health and hospitals network.

National Partnership on Mersey Community Hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	730.4	-	-	730.4
2017-18	-	-	-	-	-	1.8	-	-	1.8
2018-19	-	-	-	-	-	1.8	-	-	1.8
2019-20	-	-	-	-	-	1.8	-	-	1.8
2020-21	-	-	-	-	-	0.8	-	-	0.8

The Commonwealth will provide funding to support the transfer and operation of the Mersey Community Hospital for the next ten years. Funding will also support the delivery of rehabilitation and palliative care services.

New measures associated with this National Partnership are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on mosquito control and cross border liaison in the Torres Strait

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	1.0	-	-	-	-	-	1.0
2017-18	-	-	1.0	-	-	-	-	-	1.0
2018-19	-	-	1.0	-	-	-	-	-	1.0
2019-20	-	-	1.0	-	-	-	-	-	1.0
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to assist in mosquito detection and elimination in the Torres Strait. Funding also supports employment of a communication officer to improve communication and coordination between Australia and Papua New Guinea and reduce the spread of communicable diseases in the Torres Strait.

National Partnership on the National Bowel Cancer Screening Program — participant follow-up function

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.5	1.1	0.9	0.5	0.3	0.2	0.2	0.1	4.7
2017-18	2.0	1.5	1.2	0.6	0.4	0.2	0.2	0.1	6.4
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This initiative funds the follow-up of participants who return a positive test result and are not recorded as having attended a consultation with a health professional. The program will be expanded to provide access to biennial screening for all Australians aged 50 to 74 by 2019-20.

National Partnership on OzFoodNet

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.1	1.7
2017-18	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.1	1.8
2018-19	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.2	1.8
2019-20	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.2	1.8
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for a collaborative initiative with State health authorities to undertake enhanced surveillance of foodborne disease. The initiative aims to develop a better understanding of the causes and incidence of foodborne disease in the community and to build an evidence base for policy

formulation. OzFoodNet coordinates investigations into foodborne disease outbreaks, particularly those that cross State and country borders.

National Partnership on Royal Darwin Hospital — equipped, prepared and ready

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	15.7	15.7
2017-18	-	-	-	-	-	-	-	16.0	16.0
2018-19	-	-	-	-	-	-	-	16.3	16.3
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

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.

National Partnership on vaccine-preventable diseases surveillance

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
2017-18	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
2018-19	0.2	0.2	0.2	0.1	0.1	..	..	0.1	0.9
2019-20	0.2	0.2	0.2	0.1	0.1	..	..	0.1	0.9
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to improve surveillance reporting of nationally notifiable vaccine-preventable diseases. The program facilitates national monitoring, analysis and timely reporting of data to provide an evidence base for policy formulation.

National Partnership on the Victorian Cytology Service

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	9.8	-	-	-	-	-	-	9.8
2017-18	-	10.2	-	-	-	-	-	-	10.2
2018-19	-	10.3	-	-	-	-	-	-	10.3
2019-20	-	10.5	-	-	-	-	-	-	10.5
2020-21	-	10.6	-	-	-	-	-	-	10.6

The Commonwealth is providing funding to the Victorian Cytology Service which supports the early detection of pre-cancerous cervical conditions by processing cervical screening tests undertaken by general practitioners and other health professionals.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Improving Health Services in Tasmania

The Commonwealth is providing funding for a package of measures to address pressures on the Tasmanian health system and improve healthcare outcomes for Tasmanians.

Part 2: Payments for specific purposes

Improving patient pathways through clinical and system redesign component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	1.1	-	-	1.1
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to support clinical system redesign at the Royal Hobart Hospital and the Launceston General Hospital to alleviate pressure on emergency departments.

Reducing elective surgery waiting lists in Tasmania component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	8.5	-	-	8.5
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to increase Tasmania's capacity to perform elective surgery procedures and increase efficiency and productivity through better elective surgery management practices. This will ensure that patients receive their surgery in priority of clinical need and will help Tasmania manage its elective surgery waiting list.

Subacute and acute projects component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	10.7	-	-	10.7
2017-18	-	-	-	-	-	10.0	-	-	10.0
2018-19	-	-	-	-	-	5.0	-	-	5.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to Tasmania to improve the whole-of-system approach to subacute and acute services models. The funding also provides for continued services at the John L. Grove Rehabilitation Centre.

Health infrastructure

In 2017-18, the Commonwealth is estimated to provide \$127.8 million to support the development of health-related infrastructure.

Table 2.4.2 Health infrastructure

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Hospital infrastructure					
National cancer system	2.0	5.0	1.6	-	-
Regional priority round	93.6	54.3	29.9	10.0	-
Albury-Wodonga Cardiac Catheterisation Laboratory	3.0	0.5	1.0	-	-
Construction of the Palmerston Hospital	20.0	-	-	-	-
Improving local access to health care on Phillip Island	2.0	-	-	-	-
Proton Beam Therapy Facility	-	68.0	-	-	-
Upgrade of Ballina Hospital	2.6	-	-	-	-
Total	123.2	127.8	32.5	10.0	-

National cancer system

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	2.0	-	-	-	-	2.0
2017-18	-	0.5	-	4.5	-	-	-	-	5.0
2018-19	-	-	-	1.6	-	-	-	-	1.6
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

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

Regional priority round

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	15.7	11.9	3.4	10.4	0.5	4.5	-	47.2	93.6
2017-18	-	0.5	12.5	10.0	-	18.0	-	13.3	54.3
2018-19	-	-	4.0	8.4	-	17.5	-	-	29.9
2019-20	-	-	-	-	-	10.0	-	-	10.0
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing priority funding to improve access to essential health services for Australians living in rural, regional and remote areas.

National Partnership on the Albury-Wodonga Cardiac Catheterisation Laboratory

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	3.0	-	-	-	-	-	-	3.0
2017-18	-	0.5	-	-	-	-	-	-	0.5
2018-19	-	1.0	-	-	-	-	-	-	1.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for a new laboratory that will enable local residents suffering from heart conditions to access quality care, without the need to travel long distances to capital cities.

National Partnership on construction of the Palmerston Hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	20.0	20.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the construction of Palmerston Hospital, which will include surgical services, an emergency department and a paediatric ward.

National Partnership on improving local access to health care on Phillip Island

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	2.0	-	-	-	-	-	-	2.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to construct a new Health and Medical Hub on Phillip Island. This will include facilities to accommodate specialist consultants, physiotherapists, occupational therapists, psychiatrists, counsellors and clinical nurses.

National Partnership on the Proton Beam Therapy Facility

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	68.0	-	-	-	68.0
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to support the establishment of a Proton Beam Therapy Facility in Adelaide. The technology will be used as an alternative to conventional radiotherapy to treat people with certain types of cancer.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on upgrade of Ballina Hospital

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	2.6	-	-	-	-	-	-	-	2.6
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the construction of a second operating theatre and an upgrade of the medical imaging department at Ballina Hospital. This will improve the delivery of services in the hospital and increase operating theatre capacity.

Indigenous health

In 2017-18, the Commonwealth is estimated to provide \$15.5 million to the States for programs to improve the health of Indigenous people.

2.4.3 Indigenous health

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory	3.0	-	-	-	-
Addressing blood borne viruses and sexually transmissible infections in the Torres Strait	1.1	1.1	1.1	1.1	-
Improving trachoma control services for Indigenous Australians	4.3	5.1	5.1	5.2	5.3
Northern Territory remote Aboriginal investment - Health component	5.9	6.2	6.4	6.7	7.0
Rheumatic fever strategy	3.1	3.1	3.2	3.2	3.3
Total	17.4	15.5	15.9	16.3	15.6

National Partnership on accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	3.0	3.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the construction and refurbishment of renal accommodation and dialysis facilities.

National Partnership on addressing blood borne viruses and sexually transmissible infections in the Torres Strait

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	1.1	-	-	-	-	-	1.1
2017-18	-	-	1.1	-	-	-	-	-	1.1
2018-19	-	-	1.1	-	-	-	-	-	1.1
2019-20	-	-	1.1	-	-	-	-	-	1.1
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to undertake disease prevention activities, testing and treatment, and sexual health checks, and to deliver a culturally appropriate sexual health education campaign.

National Partnership on improving trachoma control services for Indigenous Australians^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.3	-	0.1	1.4	1.0	-	-	1.6	4.3
2017-18	~	~	~	~	~	~	~	~	5.1
2018-19	~	~	~	~	~	~	~	~	5.1
2019-20	~	~	~	~	~	~	~	~	5.2
2020-21	~	~	~	~	~	~	~	~	5.3

(a) State allocations from 2017-18 have not yet been determined.

The Commonwealth is providing funding for the continuation of trachoma control activities in jurisdictions where trachoma, an infectious disease which can lead to blindness, is endemic.

National Partnership on Northern Territory remote Aboriginal investment

This National Partnership supports the Northern Territory to improve outcomes in schooling, health, community safety and job creation for Indigenous Australians.

Other elements of the National Partnership are discussed in the Community Services, Education and Affordable Housing sections of this Part.

Northern Territory remote Aboriginal investment — health component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	5.9	5.9
2017-18	-	-	-	-	-	-	-	6.2	6.2
2018-19	-	-	-	-	-	-	-	6.4	6.4
2019-20	-	-	-	-	-	-	-	6.7	6.7
2020-21	-	-	-	-	-	-	-	7.0	7.0

The Commonwealth is providing funding to supplement primary health care services in remote Northern Territory communities and position the Northern Territory for the long-term sustainability of its services to Aboriginal people. The funding includes support for the provision of integrated oral and hearing health services to children in remote communities.

Budget Paper No. 3

National Partnership on rheumatic fever strategy

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	0.9	0.9	0.4	-	-	0.9	3.1
2017-18	-	-	0.9	0.9	0.4	-	-	0.9	3.1
2018-19	-	-	0.9	0.9	0.4	-	-	0.9	3.2
2019-20	-	-	0.9	0.9	0.4	-	-	0.9	3.2
2020-21	-	-	1.0	1.0	0.4	-	-	1.0	3.3

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

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Other health

In 2017-18 the Commonwealth is estimated to provide \$257.2 million to the States for other health related National Partnerships.

2.4.4 Other Health National Partnership payments

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Encouraging more clinical trials in Australia	-	2.5	1.5	1.5	1.5
Essential vaccines	142.2	143.6	145.3	146.7	150.8
National Coronial Information System	0.8	0.4	0.4	0.4	-
Public dental services for adults	104.5	107.8	107.8	-	-
Suicide prevention	-	3.0	3.0	3.0	-
Supporting National Mental Health Reform	7.2	-	-	-	-
Total	254.7	257.2	258.0	151.6	152.3

National Partnership on encouraging more clinical trials in Australia^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	~	~	~	~	~	~	~	~	2.5
2018-19	~	~	~	~	~	~	~	~	1.5
2019-20	~	~	~	~	~	~	~	~	1.5
2020-21	~	~	~	~	~	~	~	~	1.5

(a) State allocations from 2017-18 have not yet been determined.

The Commonwealth will provide funding to increase the number and value of clinical trials to deliver health benefits, provide jobs and improve the nation's innovative capacity.

National Partnership on essential vaccines

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	44.1	33.9	30.4	17.0	9.1	2.8	2.4	2.6	142.2
2017-18	44.3	34.2	30.8	17.4	9.2	2.8	2.4	2.6	143.6
2018-19	44.6	34.6	31.2	17.8	9.2	2.8	2.5	2.6	145.3
2019-20	44.9	34.9	31.6	18.2	9.2	2.8	2.5	2.6	146.7
2020-21	45.9	35.8	32.6	18.9	9.4	2.9	2.5	2.6	150.8

Part 2: Payments for specific purposes

The Commonwealth is providing funding to improve the health of Australians through the cost-effective delivery of the National Immunisation Program. This National Partnership provides funding to the States for the purchase of essential vaccines that have not yet transitioned to centralised purchasing arrangements.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on the National Coronial Information System

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	0.8	-	-	-	-	-	-	0.8
2017-18	-	0.4	-	-	-	-	-	-	0.4
2018-19	-	0.4	-	-	-	-	-	-	0.4
2019-20	-	0.4	-	-	-	-	-	-	0.4
2020-21	-	-	-	-	-	-	-	-	-

This National Partnership is providing funding to support the administration, maintenance and improvement of Australia's national coronial data base.

National Partnership on public dental services for adults^{(a)(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	~	~	~	~	~	~	~	~	104.5
2017-18	~	~	~	~	~	~	~	~	107.8
2018-19	~	~	~	~	~	~	~	~	107.8
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

(a) State allocations from 2016-17 have not yet been determined.

(b) The previous National Partnership on Adult Public Dental Services was extended for the 1 July to 31 December 2016 period by written agreement of all the Parties. The Commonwealth allocated \$77.5 million for the purposes of the extension.

The Commonwealth is providing funding to support the improved oral health of patients who rely on the public dental system.

National Partnership on suicide prevention^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	~	~	~	~	~	~	~	~	3.0
2018-19	~	~	~	~	~	~	~	~	3.0
2019-20	~	~	~	~	~	~	~	~	3.0
2020-21	-	-	-	-	-	-	-	-	-

(a) State allocations from 2017-18 have not yet been determined.

The Commonwealth will provide funding to assist in reducing the risk of suicide by funding infrastructure projects, such as barriers, fencing and lighting, at identified locations.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on supporting National Mental Health Reform

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	6.8	-	-	-	-	-	-	0.4	7.2
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to deliver improved health, social, economic and housing outcomes for people with severe and persistent mental illness by addressing service gaps and preventing ongoing cycling through State mental health systems.

EDUCATION

In 2017-18, the Commonwealth will provide funding of \$18.8 billion to support State education services, including \$18.2 billion in Quality Schools funding and \$566.0 million through National Partnership payments, as detailed in Table 2.5.

Table 2.5: Payments to support State education services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Quality Schools funding	17,094.9	18,217.5	19,265.8	20,457.0	21,707.5
National Partnership payments					
Independent Public Schools initiative	22.2	-	-	-	-
MoneySmart Teaching	1.3	nfp	nfp	nfp	nfp
National quality agenda for early childhood education and care	21.6	20.3	nfp	nfp	nfp
National School Chaplaincy Program	60.6	60.6	-	-	-
Northern Territory remote Aboriginal investment(a)					
Children and schooling component	46.1	46.6	39.6	39.6	32.5
Online safety program in schools	2.9	3.8	-	-	-
School Pathways Program	1.2	-	-	-	-
Schools Security Program	8.8	8.9	5.7	5.7	-
Trade training centres in schools	0.7	-	-	-	-
Universal access to early childhood education	418.0	425.8	299.5	-	-
Total	17,678.4	18,783.5	19,610.7	20,502.3	21,740.0
<i>Memorandum item – payments for non-government schools included in payments above</i>					
Quality Schools funding	10,596.6	11,136.2	11,689.9	12,308.6	12,964.5
National Partnership payments					
Online safety program in schools	0.8	1.1	-	-	-
Schools Security Program	7.2	3.2	-	-	-
Total	10,604.7	11,140.5	11,689.9	12,308.6	12,964.5

(a) Includes payments for government and non-government schools. However, the non-government schools component is not included in the Memorandum item.

Quality Schools funding

The Commonwealth's Quality Schools policy aims to improve the educational outcomes of Australian students and their schools.

In 2017-18, the Commonwealth will provide \$18.2 billion in Quality Schools funding to government and non-government schools in all States. This includes recurrent funding, capital funding, special circumstances funding for non-government schools, funding for non-government representative bodies, and other prescribed purpose funding.

Budget Paper No. 3

Quality Schools funding

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17(a)									
Government schools	2,036.4	1,503.7	1,482.4	598.0	432.2	176.7	88.0	180.8	6,498.3
Non-government schools(c)(d)(e)	3,258.9	2,756.3	2,176.4	1,084.4	754.8	221.9	191.8	150.5	10,596.6
Total	5,295.3	4,260.0	3,658.8	1,682.4	1,187.0	398.6	279.8	331.4	17,094.9
2017-18(a)									
Government schools(b)	2,261.1	1,608.6	1,622.1	647.9	463.1	186.4	96.1	196.1	7,081.3
Non-government schools(c)(d)	3,424.2	2,908.7	2,279.2	1,136.9	780.9	234.3	193.6	163.8	11,136.2
Total	5,685.3	4,517.3	3,901.2	1,784.7	1,244.0	420.7	289.7	359.9	18,217.5
2018-19									
Government schools(b)	2,402.5	1,724.1	1,736.7	710.5	497.9	193.2	106.3	204.6	7,575.9
Non-government schools(c)(d)	3,581.6	3,065.0	2,386.0	1,198.1	811.4	246.1	195.8	177.3	11,689.9
Total	5,984.2	4,789.1	4,122.7	1,908.5	1,309.4	439.3	302.2	381.9	19,265.8
2019-20									
Government schools(b)	2,556.6	1,860.3	1,883.2	780.3	535.2	200.7	117.9	214.2	8,148.4
Non-government schools(c)(d)	3,756.1	3,235.6	2,527.4	1,265.5	845.3	257.5	198.4	192.2	12,308.6
Total	6,312.7	5,095.9	4,410.6	2,045.8	1,380.6	458.2	316.3	406.4	20,457.0
2020-21									
Government schools(b)	2,716.1	2,001.9	2,032.3	854.9	573.9	208.6	130.2	225.0	8,743.0
Non-government schools(c)(d)	3,940.1	3,421.0	2,674.2	1,336.7	880.8	268.9	201.2	208.3	12,964.5
Total	6,656.2	5,422.9	4,706.5	2,191.5	1,454.7	477.5	331.4	433.3	21,707.5

(a) Includes additional funding for students with disability.

(b) Includes funding for the NT to accelerate evidence based reforms to improve student outcomes for some of our most vulnerable children.

(c) Includes capital funding.

(d) Includes special circumstances funding, other prescribed purpose funding, targeted adjustment assistance for schools currently funded above 80 per cent of their schooling resource standard with negative growth during transition, non-government school reform support. As State allocations cannot yet be determined, this funding is included in the total for each year only. As a result, the total for each year does not equal the sum of State totals.

(e) Includes funding for non-government representative bodies.

The Government will implement a new needs-based funding model for schools which delivers a consistent Commonwealth approach for all schools in all States.

A new measure associated with Quality Schools funding is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership payments for education

In addition to Quality Schools funding, the Commonwealth will provide funding for State education services through National Partnerships, as detailed below.

National Partnership on the Independent Public Schools Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	6.5	4.5	3.7	4.6	1.6	0.6	0.3	0.5	22.2
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This initiative supports increased autonomy in government schools across Australia by encouraging greater engagement of parents and local communities in school decision making, and by providing professional development for principals, school leaders and school communities.

National Partnership on MoneySmart Teaching^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.3	0.3	0.2	0.2	0.2	-	-	0.1	1.3
2017-18	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2018-19	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2019-20	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2020-21	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp

(a) Funding amounts are not published for 2017-18 and beyond as negotiations are yet to be finalised.

The Commonwealth supports the delivery of professional learning to teachers in primary and secondary schools and the development of materials to improve financial literacy in schools.

National Partnership on the national quality agenda for early childhood education and care^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	7.4	5.8	4.0	1.6	1.7	0.3	0.5	0.3	21.6
2017-18	6.9	5.4	3.8	1.5	1.6	0.3	0.5	0.3	20.3
2018-19	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2019-20	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2020-21	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp

(a) Funding amounts are not published for 2018-19 and beyond as negotiations are yet to be finalised.

The Commonwealth is investing in the National Quality Framework which supports an integrated national regulatory system for early childhood education and care services, as well as outside school hours care services.

National Partnership on the National School Chaplaincy Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	11.1	12.6	18.1	7.6	7.5	2.2	1.0	0.5	60.6
2017-18	11.1	12.6	18.1	7.6	7.5	2.2	1.0	0.5	60.6
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program supports the emotional wellbeing of students through the provision of pastoral care services in participating schools.

National Partnership on Northern Territory remote Aboriginal investment

This National Partnership supports the Northern Territory to improve outcomes in schooling, health, community safety and job creation for Indigenous Australians.

Other elements of this National Partnership are discussed in the Health, Community Services and Affordable Housing sections of this Part.

Northern Territory remote Aboriginal investment — children and schooling component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	46.1	46.1
2017-18	-	-	-	-	-	-	-	46.6	46.6
2018-19	-	-	-	-	-	-	-	39.6	39.6
2019-20	-	-	-	-	-	-	-	39.6	39.6
2020-21	-	-	-	-	-	-	-	32.5	32.5

The Commonwealth will provide funding to improve student attendance, educational attainment, Indigenous workforce development and teacher housing in remote and very remote schools.

National Partnership on online safety programs in schools^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.8	0.9	0.5	0.3	0.3	0.1	..	0.1	2.9
2017-18	1.2	0.9	0.7	0.4	0.3	0.1	0.1	0.1	3.8
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

(a) Includes government and non-government schools. State allocations are indicative estimates only.

The Commonwealth is funding the delivery of online safety programs in schools by providers that have been certified, approved or recognised by the Children's e-Safety Commissioner.

National Partnership on the School Pathways Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	0.6	0.6	-	-	-	1.2
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program assists in providing a career path for young people to enter the defence industry. It focuses on increasing the number of students undertaking subjects relevant to the defence industry in participating schools.

National Partnership on the Schools Security Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	5.2	2.6	0.3	0.6	0.1	-	-	0.1	8.8
2017-18	2.0	0.9	-	0.2	..	-	-	-	8.9
2018-19	~	~	~	~	~	~	~	~	5.7
2019-20	~	~	~	~	~	~	~	~	5.7
2020-21	-	-	-	-	-	-	-	-	-

(a) Includes government and non-government schools. State allocations from 2018-19 have not yet been determined. As State allocations for the new measure have yet to be determined, these payments are not included in State totals in 2017-18. As a result, total payments in 2017-18 may not equal the sum of State totals.

The Commonwealth is assisting schools that face a risk of violence, harassment and property damage, to meet the costs of security guards and/or security infrastructure such as fencing, lighting and CCTV cameras.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	0.7	-	0.7
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

(a) Includes government schools only.

This program funded the creation, upgrade and refurbishment of trade training centres and trades skill centres, and the purchase of industry standard equipment.

National Partnership on universal access to early childhood education

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	133.9	101.6	87.5	46.6	27.6	8.6	7.2	5.1	418.0
2017-18	132.2	108.2	88.6	47.0	28.0	8.9	7.8	5.1	425.8
2018-19	86.3	83.7	61.5	32.2	19.7	6.5	6.3	3.3	299.5
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting preschool participation for all Australian children in the year before full-time school for 600 hours per year, or 15 hours per week. The funding is designed to top up arrangements States already have in place for preschool provision. The funding supports increased participation for Indigenous and disadvantaged children, and also aims to ensure national consistency in terms of quality and the availability of hours per week.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

SKILLS AND WORKFORCE DEVELOPMENT

In 2017-18, the Commonwealth will provide funding of \$1.8 billion to support State skills and workforce development services, including \$1.5 billion through the National Skills and Workforce Development SPP and \$350 million through National Partnership payments, as detailed in Table 2.6.

Table 2.6: Payments to support State skills and workforce development services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Skills and Workforce Development SPP	1,476.1	1,495.5	1,516.9	1,540.3	1,562.6
National Partnership payments					
Building Australia's Future Workforce — skills reform	526.9	-	-	-	-
Skilling Australians Fund	-	350.0	360.0	390.0	370.0
Total	2,003.0	1,845.5	1,876.9	1,930.3	1,932.6

National Agreement for Skills and Workforce Development

The *National Agreement for Skills and Workforce Development* identifies the long-term objectives of the Commonwealth and the States in the areas of skills and workforce development.

The Agreement seeks to deliver a vocational education and training (VET) system with improved quality and greater transparency for students, employers and governments, greater access to training opportunities, improved outcomes for disadvantaged students, and greater efficiency. It also aims to achieve a more demand-driven and client-focused system, and to drive the next wave of innovation and productivity.

National Skills and Workforce Development SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	472.8	372.7	296.3	159.6	104.0	31.6	24.2	14.9	1,476.1
2017-18	479.2	379.0	299.7	161.8	104.8	31.7	24.5	14.9	1,495.5
2018-19	486.1	386.2	303.5	163.9	105.6	31.8	24.8	15.0	1,516.9
2019-20	493.8	393.9	307.7	166.3	106.5	31.9	25.1	15.1	1,540.3
2020-21	501.1	401.4	311.6	168.5	107.3	32.0	25.4	15.2	1,562.6

The National Skills and Workforce Development SPP is the funding associated with the *National Agreement for Skills and Workforce Development*. The Intergovernmental Agreement defines the annual growth factor for the National Skills and Workforce Development SPP as:

$$(0.85 \times \text{Wage Cost Index 1}) + (0.15 \times \text{Wage Cost Index 6}).$$

The growth factor is estimated to be 1.32 per cent in 2017-18.

National Partnership payments for skills and workforce development

In addition to the National Skills and Workforce Development SPP, the Commonwealth will provide funding through National Partnerships, as detailed below.

Building Australia's Future Workforce — National Partnership on skills reform

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	165.9	128.5	112.7	53.8	37.5	13.8	8.3	6.4	526.9
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This National Partnership progresses reform of the VET sector. The agreed reforms aim to create accessible training for working age Australians, and a more transparent and efficient VET sector, which is responsive to the needs of students, employers and industry.

From 1 July 2017, this National Partnership will be replaced by the National Partnership for the Skilling Australians Fund.

National Partnership on the Skilling Australians Fund^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	112.2	88.7	70.1	37.9	24.5	7.4	5.7	3.5	350.0
2018-19	115.4	91.6	72.0	38.9	25.1	7.5	5.9	3.6	360.0
2019-20	125.0	99.7	77.9	42.1	27.0	8.1	6.4	3.8	390.0
2020-21	118.7	95.1	73.8	39.9	25.4	7.6	6.0	3.6	370.0

(a) State allocations are indicative estimates only.

The Commonwealth will support the training of Australians through a range of projects focused on skills priorities. These include training in occupations in high demand that currently rely on skilled migration, future growth industries, and rural and regional areas. There will also be a strong focus on apprenticeships and traineeships.

From 2018-19, amounts available to the States from the *Skilling Australians Fund* will be determined by the revenue paid into the Fund. States' access to the Fund will be dependent on meeting eligibility criteria defined by the Commonwealth, including matching Commonwealth funding, achieving outcomes, and providing up to date data on performance and spending.

This revenue will be drawn from a levy which will be paid by businesses employing foreign workers on certain skilled visas. Levy revenue estimates are reflected in the table above.

New measures associated with this National Partnership are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017 18*.

COMMUNITY SERVICES

In 2017-18, the Commonwealth will provide funding of \$3.0 billion to support State community services, including \$1.5 billion through the National Disability SPP and \$1.5 billion through National Partnership payments, as detailed in Table 2.7.

Table 2.7: Payments to support State community services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Disability SPP	1,490.4	1,519.7	950.8	180.4	-
National Partnership payments					
Family advocacy and support services	4.2	7.0	7.0	-	-
Home and Community Care	190.9	202.8	-	-	-
National Occasional Care Program	1.5	1.5	-	-	-
National outcome standards for perpetrator interventions	1.8	-	-	-	-
Northern Territory remote Aboriginal investment					
Community safety component	67.4	63.0	53.6	44.4	34.6
Pay equity for the social and community services sector	184.8	181.0	164.4	74.8	47.6
Payments from the DisabilityCare Australia Fund	340.2	538.0	3,180.8	1,344.9	1,014.1
Specialist disability services	313.1	321.9	167.8	28.2	-
Transition to independent living allowance	-	-	3.5	3.5	3.5
Transition to NDIS in Western Australia	-	169.7	267.6	474.8	nfp
Trial of Western Australia NDIS sites	68.0	-	-	-	-
Women's Safety Package-Technology Trials	1.3	2.0	2.2	2.0	-
Total	2,663.7	3,006.5	4,797.8	2,153.1	1,099.9

National Disability Agreement

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

The Commonwealth is also working with the States to implement the National Disability Insurance Scheme (NDIS) which will fundamentally change the nature of disability care and support in Australia. When the NDIS reaches full scheme in a State, the National Disability SPP will be redirected to the National Disability Insurance Agency (NDIA). The NDIA will be responsible for administering the NDIS in every State except Western Australia, where it will be administered by a state-run disability agency.

From 2020-21, the National Disability SPP funding for Western Australia will be redirected to support a full scheme NDIS, subject to ongoing negotiations with the Western Australian Government.

National Disability SPP^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	477.5	376.0	299.0	161.3	105.1	31.9	24.5	15.0	1,490.4
2017-18	495.1	391.6	309.6	167.1	108.2	32.7	-	15.4	1,519.7
2018-19	-	407.8	320.5	173.1	-	33.5	-	15.8	950.8
2019-20	-	-	-	180.4	-	-	-	-	180.4
2020-21	-	-	-	-	-	-	-	-	-

(a) A zero entitlement to National Disability SPP funding indicates that the NDIS has been fully rolled out in that State.

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

The Intergovernmental Agreement defines the annual growth factor for the National Disability SPP as the rolling five year average of year-on-year growth in nominal Gross Domestic Product. The growth factor is estimated to be 3.7 per cent in 2017-18.

National Partnership payments for community services

In addition to the National Disability SPP, the Commonwealth will provide funding through National Partnerships as detailed below.

National Partnership on Family Advocacy and Support Services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.0	0.7	0.7	0.4	0.4	0.4	0.3	0.3	4.2
2017-18	1.7	1.2	1.1	0.7	0.6	0.6	0.6	0.5	7.0
2018-19	1.7	1.2	1.1	0.7	0.6	0.6	0.6	0.5	7.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will support the establishment and operation of Family Advocacy and Support Services by Legal Aid Commissions. They will provide integrated duty lawyer and family violence support services at locations across Australia.

National Partnership on Home and Community Care

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	190.9	-	-	-	-	190.9
2017-18	-	-	-	202.8	-	-	-	-	202.8
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program provides Western Australia with funding for basic community care services that support older people, younger people with a disability, and their carers to remain living in their own homes and communities. The Commonwealth and Western Australia are transitioning Home and Community Care responsibilities for older people to the Commonwealth.

National Partnership on the National Occasional Care Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	1.2	-	-	0.3	-	-	-	1.5
2017-18	-	1.2	-	-	0.3	-	-	-	1.5
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will support occasional child care providers who are not approved for the purposes of Child Care Benefit, particularly in rural, regional and remote areas. This National Partnership will cease on 30 June 2018 with the implementation of the *Jobs for Families* Child Care Package.

National Partnership on National Outcome Standards for Perpetrator Interventions

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.3	0.9	0.2	0.1	0.1	0.1	..	..	1.8
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will support the development and implementation of a national reporting and accountability framework for interventions directed at the perpetrators of family violence.

National Partnership on Northern Territory remote Aboriginal investment

The National Partnership will support the Northern Territory to improve outcomes in schooling, health, community safety and job creation for Indigenous Australians.

Other elements of this National Partnership are discussed in the Health, Education and Affordable Housing sections of this Part.

Northern Territory remote Aboriginal investment — community safety component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	67.4	67.4
2017-18	-	-	-	-	-	-	-	63.0	63.0
2018-19	-	-	-	-	-	-	-	53.6	53.6
2019-20	-	-	-	-	-	-	-	44.4	44.4
2020-21	-	-	-	-	-	-	-	34.6	34.6

The Commonwealth will provide funding to the Northern Territory to make communities safer, improve child safety and address alcohol related harm.

National Partnership on Pay Equity for the Social and Community Services sector

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	27.9	44.2	44.1	43.7	12.1	5.1	5.5	2.2	184.8
2017-18	31.9	48.3	48.0	32.3	12.3	5.2	0.9	2.1	181.0
2018-19	4.7	59.6	55.4	32.0	2.7	6.4	1.1	2.5	164.4
2019-20	5.5	16.1	7.7	38.9	3.2	1.4	1.4	0.7	74.8
2020-21	6.3	18.6	8.5	6.4	3.7	1.6	1.6	0.8	47.6

This Commonwealth is funding its share of the wage increases arising from Fair Work Australia's 2012 decision to grant an Equal Remuneration Order in the Social and Community Services sector.

The Commonwealth's commitment includes funding for its share of the wage increases for in-scope programs funded through existing National SPPs and National Partnerships.

National Partnership on Payments from the DisabilityCare Australia Fund^{(a)(b)}

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	140.5	65.3	30.5	nfp	33.0	6.4	42.5	1.6	340.2
2017-18	241.9	110.7	63.6	nfp	55.1	9.8	15.2	2.3	538.0
2018-19	1,040.8	925.6	797.4	nfp	240.1	85.6	15.7	7.1	3,180.8
2019-20	315.2	244.0	197.4	nfp	72.7	22.5	16.3	42.5	1,344.9
2020-21	326.2	252.5	204.3	nfp	75.2	23.3	16.8	10.0	1,014.1

(a) Funding amounts are indicative estimates only. Negotiations are continuing with the States on drawdown arrangements.

(b) Funding amounts are not published as negotiations continue with Western Australia on implementation of the NDIS beyond a three-year transition.

This program will reimburse the States for their NDIS expenditure.

Under the *DisabilityCare Australia Fund Act 2013*, a proportion of the funding held in the DisabilityCare Australia Fund has been allocated to the States over a 10 year period. The amount set aside for the States in 2017-18 is \$915 million. This will grow in future years by 3.5 per cent per year.

National Partnership on Specialist Disability Services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	148.6	71.5	42.4	-	31.3	11.5	2.1	5.9	313.1
2017-18	153.8	74.0	43.8	-	32.4	11.9	-	6.1	321.9
2018-19	-	76.6	45.4	27.3	-	12.3	-	6.3	167.8
2019-20	-	-	-	28.2	-	-	-	-	28.2
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is funding specialist disability services for people aged 65 years and over (50 years and over for Indigenous Australians), in participating States. This funding is delivered under individual *Bilateral Agreements for the transition to a National Disability Insurance Scheme*.

Budget Paper No. 3

Once the NDIS reaches full scheme in a State, funding will be redirected to the Commonwealth Department of Health through the implementation of a new Commonwealth Continuity of Support program.

National Partnership on the Transition to Independent Living Allowance^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	~	~	~	~	~	~	~	~	3.5
2019-20	~	~	~	~	~	~	~	~	3.5
2020-21	~	~	~	~	~	~	~	~	3.5

(a) State allocations are yet to be finalised.

The Commonwealth is helping young people make the transition from formal out-of-home care to independent living.

National Partnership on the Transition to NDIS in Western Australia^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	169.7	-	-	-	-	169.7
2018-19	-	-	-	267.6	-	-	-	-	267.6
2019-20	-	-	-	474.8	-	-	-	-	474.8
2020-21	-	-	-	nfp	-	-	-	-	nfp

(a) Funding amounts are not published for 2020-21 as negotiations are yet to be finalised.

The Commonwealth will support Western Australia to make progressive changes to roles, responsibilities and governance in delivering disability services from 1 July 2017. Funding from 2020-21 is subject to ongoing negotiations with the Western Australian government on full scheme NDIS.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No.2, *Budget Measures 2017-18*.

National Partnership on the Trial of Western Australia NDIS Sites

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	68.0	-	-	-	-	68.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth assisted Western Australia with a trial of NDIS sites which ran in parallel with NDIA trial sites in Western Australia.

From 1 July 2018, Western Australia is transitioning to full scheme NDIS. Payments will be made under the *National Partnership on the Transition to NDIS in Western Australia*.

National Partnership on the Women's Safety Package — Technology Trials^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	~	~	~	~	~	~	~	~	1.3
2017-18	~	~	~	~	~	~	~	~	2.0
2018-19	~	~	~	~	~	~	~	~	2.2
2019-20	~	~	~	~	~	~	~	~	2.0
2020-21	-	-	-	-	-	-	-	-	-

(a) State allocations are yet to be finalised.

This program will support a series of trials to test new technologies or innovative uses of existing technologies to improve the safety of women and children affected by family and domestic violence.

AFFORDABLE HOUSING

In 2017-18, the Commonwealth will provide funding of \$1.9 billion to support State affordable housing services, including \$1.4 billion through the National Affordable Housing SPP and \$553.6 million through National Partnerships, as detailed in Table 2.8.

Table 2.8: Payments to support State affordable housing services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Affordable Housing SPP	1,342.6	1,360.0	-	-	-
National Housing and Homelessness funding(a)	-	-	1,500.2	1,524.9	1,548.5
National Partnership payments					
First Home Owners Boost	-0.3	-	-	-	-
Homelessness	115.0	117.2	-	-	-
Northern Territory remote Aboriginal investment					
Remote Australia strategies component	49.7	50.9	3.5	3.5	3.7
Remote housing	391.0	385.4	-	-	-
Social Impact Investments	-	-	-	1.1	1.1
Total	1,898.0	1,913.6	1,503.7	1,529.5	1,553.2

(a) Funding includes \$116.6 million in 2018-19, \$118.4 million in 2019-20 and \$120.0 million in 2020-21 for homelessness.

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. From 1 July 2018; the National Affordable Housing SPP will be replaced by the National Affordable Housing and Homelessness Agreement (see below).

National Affordable Housing SPP

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	430.2	338.7	269.4	145.3	94.7	28.7	22.1	13.5	1,342.6
2017-18	435.8	344.7	272.5	147.1	95.3	28.8	22.3	13.6	1,360.0
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The National Affordable Housing SPP is the funding associated with the *National Affordable Housing Agreement*. This funding supports 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.

From 2018-19, funding from the National Affordable Housing SPP will be combined with new funding for homelessness under the National Housing and Homelessness Agreement.

National Housing and Homelessness Agreement^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	473.0	375.0	306.5	165.1	105.3	31.8	24.2	19.2	1,500.2
2019-20	480.5	382.7	311.4	167.9	106.4	32.0	24.5	19.5	1,524.9
2020-21	487.7	390.1	315.9	170.5	107.5	32.2	24.8	19.7	1,548.5

(a) Funding includes \$116.6 million in 2018-19, \$118.4 million in 2019-20 and \$120.0 million in 2020-21 for homelessness.

The *National Housing and Homelessness Agreement* (NHHA) will target jurisdiction-specific priorities including supply targets, planning and zoning reforms and renewal of public housing stock while also supporting the delivery of frontline homelessness services. The Commonwealth wants to achieve better outcomes for housing and homelessness funding than the National Affordable Housing SPP which has not met several agreed performance benchmarks.

The NHHA includes, but separately identifies, funding from the National Affordable Housing SPP and new funding for homelessness. For the first time, funding for both the housing and homelessness sectors is ongoing and indexed by Wage Cost Index 1. The Commonwealth's contribution to homelessness funding will be matched by the States, providing even greater certainty for the sector. Commonwealth funding also includes supplementation to assist with increases in wage costs arising from Fair Work Australia's 2012 Equal Remuneration Order in the Social and Community Sector.

A new measure associated with NHHA is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership payments for affordable housing

In addition to the National Affordable Housing SPP funding, the Commonwealth will provide a total of \$553.6 million in 2017-18 through National Partnerships to support State affordable housing services. Further details on these National Partnerships are provided below.

National Partnership on the First Home Owners Boost

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	..	-0.2	..	..	..	-	-	-	-0.3
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth introduced the First Home Owners Boost in 2008 to stimulate housing activity, support the construction industry and assist first home buyers to enter the housing market. The First Home Owners Boost closed to new applicants in December 2009. Negative expenditure for some States reflects an estimate of funds returned to the Commonwealth following recovery from applicants later found to be ineligible.

National Partnership on homelessness

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	30.0	22.8	28.7	15.0	8.9	2.8	1.5	5.3	115.0
2017-18	30.3	23.2	29.4	15.4	9.0	2.9	1.6	5.4	117.2
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The program prioritises funding to frontline homelessness services, focusing on women and children experiencing domestic violence, and homeless youth. From 1 July 2018, new funding for homelessness and the National Affordable Housing SPP will be combined under the National Housing and Homelessness Agreement.

In 2017-18, supplementation of \$2.2 million will be provided in relation to the Equal Remunerations Order for Social and Community Services workers.

National Partnership on Northern Territory remote Aboriginal investment

The National Partnership supports the Northern Territory to improve outcomes in schooling, health, community safety and job creation for Indigenous Australians.

Other elements of this National Partnership are discussed in the Health, Education and Community Services sections of this Part.

Northern Territory Remote Aboriginal investment — Remote Australia Strategies Component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	49.7	49.7
2017-18	-	-	-	-	-	-	-	50.9	50.9
2018-19	-	-	-	-	-	-	-	3.5	3.5
2019-20	-	-	-	-	-	-	-	3.5	3.5
2020-21	-	-	-	-	-	-	-	3.7	3.7

The Commonwealth will provide funding to improve public housing in remote communities by investing in housing works and removing asbestos from community buildings. This funding will also support a sustainable, professional and accredited Aboriginal interpreter service.

This funding complements the funding to be provided under the *National Partnership on Remote Housing*.

National Partnership on Remote Housing

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	133.5	92.3	12.0	-	-	153.2	391.0
2017-18	-	-	111.7	121.8	14.8	-	-	137.1	385.4
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

Part 2: Payments for specific purposes

The Commonwealth is supporting significant reform in the provision of housing for Indigenous people in remote communities and addresses overcrowding, homelessness, poor housing conditions and severe housing shortages.

This funding supports the delivery of new houses, housing refurbishments and housing related infrastructure. It also provides incentives to States for progress against agreed outcomes that establish more sustainable housing systems in remote Indigenous communities.

National Partnership on Social Impact Investments^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	~	~	~	~	~	~	~	~	1.1
2020-21	~	~	~	~	~	~	~	~	1.1

(a) State splits are yet to be finalised.

The Commonwealth will provide funding to trial social impact investments which will aim to improve housing and social welfare outcomes in communities.

New measures associated with this National Partnership are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

INFRASTRUCTURE

In 2017-18, the Commonwealth will provide funding of \$8.0 billion to support State infrastructure projects, as detailed in Table 2.9.

Table 2.9: Payments to support State infrastructure services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Infrastructure Investment Program					
Black Spot projects	25.0	85.0	85.0	85.0	60.0
Bridges Renewal program	64.3	90.0	85.0	85.0	60.0
Developing Northern Australia					
Improving cattle supply chains	1.7	45.4	42.3	10.6	-
Northern Australia Roads	12.0	188.5	220.2	179.3	-
Heavy Vehicle Safety and Productivity program	50.2	60.0	60.0	70.0	40.0
Improving the national network(a)	-	-	-	-	-
National Rail Program	-	-	-	200.0	400.0
Rail component	207.9	438.1	415.6	345.0	658.0
Road component	4,231.5	4,158.4	3,916.1	3,458.4	2,083.5
Roads to Recovery	815.1	699.6	364.5	399.7	399.7
Infrastructure Growth Package					
Asset Recycling Initiative	1,018.9	898.3	369.4	-	-
New Investments	515.5	473.8	74.6	6.7	-
Western Sydney Infrastructure Plan	278.8	725.0	488.1	190.0	430.0
Asset Recycling – Energy Infrastructure	-	18.3	18.3	-	-
Infrastructure projects in Western Australia	226.0	-	-	-	-
Interstate road transport	71.0	71.0	71.0	71.0	71.0
Murray-Darling Basin regional economic diversification program	22.7	-	-	-	-
Supporting drought-affected communities program	21.3	5.0	5.0	-	-
WiFi and mobile coverage on trains	-	5.0	5.0	2.0	-
Total	7,561.8	7,961.4	6,220.1	5,102.7	4,202.1
<i>Memorandum item – funding in the Contingency Reserve not included above</i>					
Victorian Infrastructure projects	-	-	201.5	110.7	149.0
<i>Memorandum item – payments direct to local governments included in payments above</i>					
Infrastructure Investment Program					
Roads to Recovery	771.6	664.7	350.2	378.8	378.8
Supporting drought-affected communities program	21.3	5.0	5.0	-	-
Total	792.9	669.7	355.2	378.8	378.8

(a) These figures represent expenses against prepayments made to the States in prior years.

National Partnership payments for infrastructure

Infrastructure Investment Program

The Commonwealth is providing funding for road and rail infrastructure through the Infrastructure Investment Program under the *National Partnership on Land Transport Infrastructure Projects*. The Commonwealth is establishing a ten-year funding allocation for this program.

The program assists economic and social development regionally and nationally by providing funding to improve the performance of land transport infrastructure.

Funding of \$461.2 million across the forward estimates has also been set aside in the Contingency Reserve for future Victorian infrastructure projects. This amount has been included as a memorandum item Table 2.9 above.

A portion of Commonwealth funding for road infrastructure is sourced from the additional net revenue received from the reintroduction of fuel excise indexation, announced in the 2014-15 Budget.

The Infrastructure Investment Program includes several components that involve payments to the States, detailed in the tables below.

Black Spot Projects

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	7.8	6.5	5.8	1.7	1.4	0.7	0.4	0.8	25.0
2017-18	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2018-19	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2019-20	27.0	20.2	17.9	8.2	6.2	2.3	1.4	1.8	85.0
2020-21	19.2	13.7	12.2	6.6	4.8	1.6	1.0	1.0	60.0

These projects improve the safety of road sites which have been identified as high risk areas for serious crashes. Funding is aimed at improving sites that have a record of at least three accidents involving casualties over a five year period, and can demonstrate a benefit to cost ratio greater than two.

Bridges Renewal Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	15.4	8.0	31.5	2.9	0.9	2.4	0.7	2.5	64.3
2017-18	34.4	12.3	26.9	6.1	4.6	1.1	0.5	4.1	90.0
2018-19	32.0	17.2	20.9	6.8	4.1	1.7	1.1	1.1	85.0
2019-20	25.2	18.2	24.3	7.8	4.6	2.1	1.3	1.6	85.0
2020-21	19.2	15.2	12.0	6.7	4.2	1.2	1.0	0.6	60.0

(a) Some amounts in each year remain unallocated. These amounts have been notionally allocated to all States on an equal per capita basis.

The Commonwealth is providing funding to upgrade bridges across the nation. This program renews and replaces bridges serving local communities, and facilitates higher productivity vehicle access.

Developing Northern Australia — Improving Cattle Supply Chains^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	1.7	-	-	-	-	-	1.7
2017-18	-	-	26.2	6.1	-	-	-	13.0	45.4
2018-19	-	-	28.8	6.5	-	-	-	7.0	42.3
2019-20	-	-	0.5	0.1	-	-	-	10.0	10.6
2020-21	-	-	-	-	-	-	-	-	-

(a) Some amounts in each year remain unallocated. These amounts have been notionally allocated to all participating States on an equal per capita basis.

The Commonwealth will provide funding to Queensland, Western Australia and the Northern Territory for road infrastructure projects that will improve the resilience and productivity of the northern cattle supply chains.

Developing Northern Australia — Northern Australia Roads^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	12.0	-	-	-	-	-	12.0
2017-18	-	-	37.3	56.3	-	-	-	94.9	188.5
2018-19	-	-	86.8	64.2	-	-	-	69.2	220.2
2019-20	-	-	95.4	55.5	-	-	-	28.4	179.3
2020-21	-	-	-	-	-	-	-	-	-

(a) Some amounts in each year remain unallocated. These have been notionally allocated to all participating States on an equal per capita basis.

The Commonwealth will provide funding to Queensland, Western Australia and the Northern Territory for infrastructure projects that are essential to the movement of people and freight, in order to support economic development in the region. Projects include links to roads connecting communities and regional towns to ports and airports.

Heavy Vehicle Safety and Productivity Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	21.8	1.3	10.7	4.5	3.4	0.7	-	7.8	50.2
2017-18	16.7	11.0	15.1	5.7	6.3	2.3	0.3	2.7	60.0
2018-19	23.6	9.3	14.5	4.8	5.0	0.7	0.4	1.7	60.0
2019-20	28.4	10.6	8.1	6.9	5.1	1.1	0.2	9.5	70.0
2020-21	12.8	10.1	8.0	4.4	2.8	0.8	0.7	0.4	40.0

(a) Some amounts in each year remain unallocated. These have been notionally allocated to all States on an equal per capita basis.

The Commonwealth is contributing to the safety and productivity of heavy vehicles by funding projects that improve the safety of the road environment, enhance the capacity of existing roads and improve connections to freight networks.

Improving the National Network^(a)

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

(a) Figures in this table represent expenses against prepayments made to the States in prior years.

The Commonwealth provided a one-off supplementary payment of \$1.8 billion to the States in 2005-06 to complete major works packages. Works included the Sturt Highway in South Australia. South Australia is now spending the last of the money it received in 2005-06.

National Rail Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	~	~	~	~	~	~	~	~	200.0
2020-21	~	~	~	~	~	~	~	~	400.0

(a) State allocations have not yet been finalised.

The Commonwealth is establishing a \$10 billion National Rail Program over 10 years to improve urban and regional services and upgrade critical freight rail infrastructure. Funding will be allocated to projects only after key conditions have been met, including positive assessment of a business case.

A new measure associated with this component of the Infrastructure Investment Program is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Rail Component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	25.0	0.1	160.4	-	2.0	20.4	-	-	207.9
2017-18	-	149.4	91.3	9.5	175.1	12.9	-	-	438.1
2018-19	-	235.0	85.0	25.0	55.3	15.3	-	-	415.6
2019-20	-	218.0	27.0	100.0	-	-	-	-	345.0
2020-21	-	-	-	658.0	-	-	-	-	658.0

The rail investment component of the Infrastructure Investment Program delivers the Commonwealth's rail investment outside the National Rail Program. It funds projects across Australia, including the Regional Rail program.

A new measure associated with this component of the Infrastructure Investment Program is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Road component^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1,941.7	351.0	1,211.8	228.5	369.9	91.3	0.8	36.4	4,231.5
2017-18	1,149.3	428.7	1,430.0	495.4	483.0	129.8	2.8	39.3	4,158.4
2018-19	1,179.9	190.8	1,522.6	602.8	303.6	83.5	2.7	30.1	3,916.1
2019-20	845.9	238.9	1,604.8	430.6	284.7	34.5	1.2	17.7	3,458.4
2020-21	234.5	141.3	1,532.3	75.9	38.9	44.6	9.1	6.8	2,083.5

(a) Some amounts in 2017-18 and beyond remain unallocated. These amounts have been notionally allocated to all States on an equal per capita basis.

The road investment component of the Infrastructure Investment Program delivers the majority of the Commonwealth's investment in road infrastructure. It targets nationally significant projects which will improve the efficiency and safety of Australia's road network. Funding is provided for road construction projects and network maintenance, as well as transport development, innovation projects and grants to land transport research bodies.

New measures associated with this component of the Infrastructure Investment Program are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Roads to Recovery^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	233.2	163.8	163.7	117.8	72.4	26.2	14.5	23.5	815.1
2017-18	196.6	142.4	142.4	102.4	63.0	22.8	9.7	20.4	699.6
2018-19	85.4	75.5	85.8	63.3	32.6	11.2	1.5	9.3	364.5
2019-20	111.5	81.4	81.4	58.5	35.9	13.0	6.4	11.6	399.7
2020-21	111.5	81.4	81.4	58.5	35.9	13.0	6.4	11.6	399.7

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

The Commonwealth is providing funding for the Roads to Recovery program for road construction and maintenance projects at a local level. Decisions on projects to be funded are made locally and reported to the Commonwealth.

Infrastructure Growth Package

The Commonwealth announced the Infrastructure Growth Package, comprising the Asset Recycling Initiative, New Investments and the Western Sydney Infrastructure Plan, in the 2014-15 Budget.

Asset Recycling Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1,007.9	-	-	-	-	-	11.0	-	1,018.9
2017-18	848.0	-	-	-	-	-	30.1	20.2	898.3
2018-19	335.0	-	-	-	-	-	14.2	20.2	369.4
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

Part 2: Payments for specific purposes

Under the Asset Recycling Initiative, the Commonwealth is providing funding to encourage States to divest assets and reinvest the proceeds into new productive infrastructure. Funding was allocated to specific projects on a first come, first served basis, as projects were agreed between the Commonwealth and individual States. The time period for states to sign new agreements with the Commonwealth expired on 30 June 2016.

New Investments

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	35.3	40.4	218.0	31.8	160.6	3.4	1.0	25.1	515.5
2017-18	23.0	8.2	252.8	4.3	156.3	2.2	-	27.1	473.8
2018-19	30.0	1.0	3.3	-	40.3	-	-	-	74.6
2019-20	1.8	-	0.5	-	4.4	-	-	-	6.7
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing additional funding to expedite investment in high quality economic infrastructure. This includes additional funding for significant road projects, the National Highway Upgrade Program, as well as Black Spot projects in 2016-17.

Western Sydney Infrastructure Plan

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	278.8	-	-	-	-	-	-	-	278.8
2017-18	725.0	-	-	-	-	-	-	-	725.0
2018-19	488.1	-	-	-	-	-	-	-	488.1
2019-20	190.0	-	-	-	-	-	-	-	190.0
2020-21	430.0	-	-	-	-	-	-	-	430.0

The Commonwealth is providing \$2.9 billion in additional funding over ten years to enhance capacity and improve transport infrastructure in Sydney's western suburbs. This includes infrastructure to support the new airport at Badgerys Creek.

Other National Partnership payments

National Partnership on Asset Recycling — Energy Infrastructure

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	18.3	-	-	-	18.3
2018-19	-	-	-	-	18.3	-	-	-	18.3
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding of up to \$36.6 million to target energy infrastructure in South Australia. Funding will be provided for agreed energy infrastructure projects under a bilateral Asset Recycling agreement. This forms part of the Government's *Energy for the Future Package*.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Infrastructure Projects in Western Australia

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	226.0	-	-	-	-	226.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

Funding in 2016-17 will be allocated to infrastructure projects agreed with the Western Australian Government. This funding is in recognition of Western Australia's low share of GST revenue.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Interstate Road Transport

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	32.7	19.0	6.7	2.8	8.6	0.4	0.4	0.4	71.0
2017-18	32.7	19.0	6.7	2.8	8.6	0.4	0.4	0.4	71.0
2018-19	32.7	19.0	6.7	2.8	8.6	0.4	0.4	0.4	71.0
2019-20	32.7	19.0	6.7	2.8	8.6	0.4	0.4	0.4	71.0
2020-21	32.7	19.0	6.7	2.8	8.6	0.4	0.4	0.4	71.0

The Commonwealth provides funding under the *Interstate Road Transport Act 1985* equal to the total revenue received from heavy vehicle registrations under the Federal Interstate Registration Scheme. This funding is spent by the States on the maintenance and upkeep of roads that are used by heavy vehicles.

National Partnership for the Murray-Darling Basin Regional Economic Diversification Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	12.6	6.3	3.8	-	-	-	-	-	22.7
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding to Basin States to support economic diversification in regional communities likely to be affected by the implementation of the Murray Darling Basin Plan. Relevant projects seek to encourage sustainable economic development through joint government, private and community sector investment.

Part 2: Payments for specific purposes

Supporting Drought-affected Communities Program^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	4.3	3.0	14.1	-	-	-	-	-	21.3
2017-18	1.0	1.5	2.5	-	-	-	-	-	5.0
2018-19	1.9	0.5	2.6	-	-	-	-	-	5.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

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

The Commonwealth is supporting local infrastructure projects that provide employment for people whose work opportunities have been affected by drought. Funding will be provided to drought-declared local government areas for projects that stimulate local community spending, use local resources, businesses and suppliers, and provide long-lasting benefits to communities and the agricultural industries on which they depend.

National Partnership on WiFi and Mobile Coverage on Trains

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	5.0	-	-	-	-	-	-	-	5.0
2018-19	5.0	-	-	-	-	-	-	-	5.0
2019-20	2.0	-	-	-	-	-	-	-	2.0
2020-21	-	-	-	-	-	-	-	-	-

This program will establish mobile and internet connectivity along the train route between Hornsby and Wyong.

ENVIRONMENT

In 2017-18, the Commonwealth will provide funding of \$656.7 million to support State environment projects, as detailed in Table 2.10.

Table 2.10: Payments to support State environment services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Assistance for pest animal and weed management in drought-affected areas	4.0	4.0	2.0	-	-
Bushfire mitigation	5.3	-	-	-	-
Development of business cases for constraints measures	5.1	10.0	20.0	30.0	60.0
Environmental management of the former Rum Jungle Mine site	-	6.1	4.0	-	-
Established Pest and Weed Management	5.0	5.0	5.0	-	-
Great Artesian Basin Sustainability Initiative	10.3	0.4	-	-	-
Implementation of the National Insurance Affordability Initiative	7.0	5.0	-	-	-
Implementing water reform in the Murray-Darling Basin	20.0	20.0	20.0	20.0	-
Management of the World Heritage values of the Tasmanian Wilderness	1.8	1.7	-	-	-
Mechanical fuel load reduction trials	-	0.5	-	-	-
National fire danger rating system	-	0.5	0.2	-	-
Natural disaster resilience(a)	15.0	63.3	nfp	nfp	nfp
Pest and disease preparedness and response programs	21.3	19.9	19.8	20.2	20.5
South Australian River Murray Sustainability Program					
Irrigation efficiency and water purchase	10.5	21.5	-	-	-
Irrigation industry assistance	39.5	25.0	10.0	-	-
Regional economic development	2.5	-	-	-	-
Sustainable Rural Water Use and Infrastructure Program	329.9	434.0	336.5	75.3	19.5
Water Infrastructure Development Fund					
Feasibility studies	13.3	24.9	6.3	-	-
Capital component	-	15.0	45.0	80.0	80.0
Water Reform Programs	2.1	-	-	-	-
Whale and dolphin entanglements	0.2	-	-	-	-
Total	492.8	656.7	468.8	225.4	180.0
<i>Memorandum item – payments direct to local governments included in payments above</i>					
Water Reform Programs	2.1	-	-	-	-
Total	2.1	-	-	-	-

(a) Funding amounts are not published for 2018-19 onwards as negotiations are yet to be finalised.

National Partnership payments for the environment**National Partnership on Assistance for Pest Animal and Weed Management in Drought-affected Areas^(a)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.5	0.5	2.0	0.5	0.5	-	-	-	4.0
2017-18	~	~	~	~	~	~	~	~	4.0
2018-19	~	~	~	~	~	~	~	~	2.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

(a) State allocations from 2017-18 have not yet been determined and are subject to the extent of drought-affected areas.

The Commonwealth is assisting drought-affected farm businesses with installing water-related infrastructure and with managing the impacts of pest animals and weeds.

National Partnership on Bushfire Mitigation

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	2.3	0.9	0.3	0.3	0.4	0.4	0.3	0.3	5.3
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is funding State implementation of long-term bushfire mitigation strategies and improved fuel reduction activities.

National Partnership on the Development of Business Cases for Constraints Measures^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	~	~	~	~	~	~	~	~	5.1
2017-18	~	~	~	~	~	~	~	~	10.0
2018-19	~	~	~	~	~	~	~	~	20.0
2019-20	~	~	~	~	~	~	~	~	30.0
2020-21	~	~	~	~	~	~	~	~	60.0

(a) State allocations have not yet been finalised.

This program supports the development of business cases for proposals to ease or remove constraints to the delivery of water to the environmental assets of the Murray-Darling Basin.

National Partnership on the Environmental Management of the Former Rum Jungle Mine site

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	6.1	6.1
2018-19	-	-	-	-	-	-	-	4.0	4.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is continuing to fund the program of work established to improve the management of the Rum Jungle Mine site and to further develop a rehabilitation strategy, in partnership with stakeholders, including the site's traditional owners.

National Partnership on the Management of Established Pests and Weeds

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.1	1.0	1.0	1.0	0.5	0.1	..	0.3	5.0
2017-18	1.1	1.0	1.0	1.0	0.5	0.1	..	0.3	5.0
2018-19	1.1	1.0	1.0	1.0	0.5	0.1	..	0.3	5.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program builds the skills and capacity of landholders, the community and industry to manage established pest animals and weeds.

National Partnership on the Great Artesian Basin Sustainability Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	3.2	-	2.7	-	4.4	-	-	-	10.3
2017-18	-	-	0.4	-	-	-	-	-	0.4
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This National Partnership continues the capping of uncontrolled bores and piping open bore drains to reduce water loss and recover groundwater pressure. It also funds the maintenance of critical infrastructure and other activities.

National Partnership on the Implementation of the National Insurance Affordability Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	7.0	-	-	-	-	-	7.0
2017-18	-	-	5.0	-	-	-	-	-	5.0
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is funding the construction of a flood levee in Roma and improving flood defences in Ipswich to reduce flood risk and insurance premiums.

National Partnership on Implementing Water Reform in the Murray-Darling Basin

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2017-18	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2018-19	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2019-20	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the cooperative implementation of the *Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin*.

The agreement aims to ensure continuing progress in restoring the Basin's rivers to health and securing strong regional communities, as well as sustainable food and fibre production.

National Partnership on Management of the World Heritage Values of the Tasmanian Wilderness

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	1.8	-	-	1.8
2017-18	-	-	-	-	-	1.7	-	-	1.7
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the management of the World Heritage values of the areas added to the Tasmanian Wilderness in 2013 and the development of cultural heritage evaluations.

National Partnership on Mechanical Fuel Load Reduction Trials

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	0.5	-	-	-	-	-	-	-	0.5
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program supports research into the effectiveness of mechanical fuel removal in forests where conservation values could be compromised by burning.

National Partnership on a National Fire Danger Rating System

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	0.5	-	-	-	-	-	-	-	0.5
2018-19	-	-	-	-	0.2	-	-	-	0.2
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding to develop a prototype national fire danger rating system and associated social research to assist the States in communicating fire danger information to the public.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Natural Disaster Resilience^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	3.4	2.1	3.0	1.6	1.0	1.3	1.3	1.3	15.0
2017-18	17.0	10.4	15.0	7.8	5.2	2.6	2.6	2.6	63.3
2018-19	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2019-20	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp
2020-21	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp	nfp

(a) Funding amounts are not published for 2018-19 to 2020-21 as negotiations are yet to be finalised.

The Commonwealth is providing the States with funding to strengthen community resilience and minimise the impact of a range of natural disasters in Australia.

The National Partnership is a joint funding arrangement that provides the flexibility for States to address their specific natural disaster risk priorities. This arrangement recognises that the Commonwealth and the States have a mutual interest in reducing the impact of, and increasing resilience to, natural disasters.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Pest and Disease Preparedness and Response Programs^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.3	0.5	17.3	-	0.6	-	-	2.6	21.3
2017-18	0.3	0.4	17.0	-	0.1	-	-	2.2	19.9
2018-19	0.3	0.4	17.1	-	0.1	-	-	2.0	19.8
2019-20	0.3	0.4	17.4	-	0.1	-	-	2.0	20.2
2020-21	0.3	0.4	17.7	-	0.1	-	-	2.0	20.5

(a) State allocations are indicative estimates only. Funding is conditional on agreed national responses to pest or disease incursions.

This program contributes to the eradication of exotic animal and plant pests and diseases which, if allowed to establish and spread, would have serious economic and environmental impacts. The Commonwealth is involved owing to the potential implications for biodiversity, market access issues for agricultural products and the need to protect nationally significant environmental assets.

National Partnership on the South Australian River Murray Sustainability Program

The four components of this National Partnership support the Murray-Darling Basin water reforms by contributing to a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.

Part 2: Payments for specific purposes

Irrigation Efficiency and Water Purchase Components

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	10.5	-	-	-	10.5
2017-18	-	-	-	-	21.5	-	-	-	21.5
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for South Australia to deliver a grants program to support more efficient delivery and use of water by irrigation water providers and irrigators. The program also enables South Australian irrigators to sell their water entitlements to the South Australian Government for return to the environment. In total, these two components aim to return 36 gigalitres (the long-term average annual yield) of 'gap bridging' water to the Commonwealth.

Irrigation Industry Assistance Component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	39.5	-	-	-	39.5
2017-18	-	-	-	-	25.0	-	-	-	25.0
2018-19	-	-	-	-	10.0	-	-	-	10.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for South Australia to deliver a grants program to improve the productivity of the South Australian River Murray irrigation industry.

Regional Economic Development Component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	2.5	-	-	-	2.5
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the redevelopment of the Loxton Research Centre, a program of industry-led research, and a Regional Development and Innovation program. This component aims to create opportunities for economic diversification and regional development for Basin communities in South Australia.

Sustainable Rural Water Use and Infrastructure Program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	56.5	191.1	20.0	-	28.7	17.6	16.0	-	329.9
2017-18	109.3	187.7	18.1	-	55.6	22.8	40.5	-	434.0
2018-19	144.8	120.5	28.2	-	7.7	17.3	18.2	-	336.5
2019-20	45.3	10.0	20.0	-	-	-	-	-	75.3
2020-21	-	19.5	-	-	-	-	-	-	19.5

The Commonwealth is providing funding for the Sustainable Rural Water Use and Infrastructure Program. This funding is provided under a number of arrangements, such as the *National Partnership on Water for the Future* and Water Management Partnership Agreements under the *Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin*.

The program funds most of the water recovery to 'bridge the gap' under the Murray-Darling Basin Plan. It also aims to improve the efficiency and productivity of rural water management and usage, deliver substantial and lasting water returns to the environment, secure a long-term sustainable future for irrigated agriculture, and improve the health of wetlands and freshwater ecosystems.

National Partnership on the Water Infrastructure Development Fund

This program facilitates long-term economic and regional development by enhancing the knowledge base underpinning water infrastructure planning and decision making, undertaking the detailed planning required to inform water infrastructure investment decisions and expediting the construction of water infrastructure.

Feasibility Studies Component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	0.1	2.0	4.2	2.5	3.2	-	-	1.3	13.3
2017-18	1.3	1.8	15.6	3.8	0.5	-	-	2.0	24.9
2018-19	1.0	0.1	5.0	-	-	-	-	0.2	6.3
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth will provide funding to support delivery of feasibility studies that inform investment decisions on water infrastructure.

Capital Component^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	~	~	~	~	~	~	~	~	15.0
2018-19	~	~	~	~	~	~	~	~	45.0
2019-20	~	~	~	~	~	~	~	~	80.0
2020-21	~	~	~	~	~	~	~	~	80.0

(a) State allocations from 2017-18 have not yet been determined.

Part 2: Payments for specific purposes

The Commonwealth will provide funding of up to \$220 million to partially fund the capital construction costs of a small number of high-priority water infrastructure projects.

National Partnership on Water Reform Programs

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	2.1	-	-	-	2.1
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the Water Proofing Eastern Adelaide Project as part of the National Urban Water and Desalination Plan. This project will help secure water supplies by reducing the use of potable water.

National Partnership on Whale and Dolphin Entanglements

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

The Commonwealth is providing funding to purchase equipment and deliver training to improve responses to whale and dolphin strandings and entanglements. This funding forms part of the Commonwealth's broader Whale and Dolphin Protection Plan.

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
National Partnership payments					
Hepatitis C settlement fund	0.2	0.2	0.2	0.2	-
Natural Disaster Relief and Recovery Arrangements	82.4	9.4	1.5	-	-
Total	82.6	9.6	1.7	0.2	-

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.

Part 2: Payments for specific purposes

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	-	-	-	-	-	-	-	-	-

OTHER NATIONAL PARTNERSHIP PAYMENTS

The Commonwealth makes payments to the States to support a range of other services, as detailed in Table 2.12.

Table 2.12: Payments to support other State services

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
National Partnership payments					
Developing demand-driver infrastructure for the tourism industry	10.4	19.0	-	-	-
Financial assistance to local governments – Financial Assistance Grant program	3,472.2	1,183.5	2,455.9	2,576.3	2,592.0
Supplementary road funding to South Australia for local roads component	-	20.0	20.0	-	-
Financial assistance for New South Wales police	-	0.1	2.9	4.6	5.1
Heffron Park Centre of Excellence	1.0	3.0	6.0	-	-
Legal assistance services	257.1	261.5	265.9	270.0	-
National Register of Foreign Ownership of Land Titles	8.0	-	-	-	-
North Queensland Stadium	10.0	50.0	35.0	5.0	-
North Queensland Strata Title Inspection Scheme	6.3	6.3	-	-	-
Provision of fire services	20.3	21.1	21.8	22.6	23.3
Regulatory reform	-	125.0	175.0	-	-
Sinking fund on State debt	..	..	..	..	..
Tasmanian tourism growth package	1.1	-	-	-	-
Tourism demand driver infrastructure recovery package	3.5	-	-	-	-
Total	3,789.9	1,689.4	2,982.5	2,878.5	2,620.4

National Partnership on Developing Demand-driver Infrastructure for the Tourism Industry

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.9	1.8	2.9	1.4	1.0	0.1	0.6	0.8	10.4
2017-18	7.3	3.7	2.0	1.8	1.0	1.4	0.9	0.8	19.0
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is funding projects that create and encourage tourism and assist the tourism industry to meet the national tourism strategy, *Tourism 2020*.

Financial assistance to local governments — Financial Assistance Grant program

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17									
General purpose component	770.6	602.8	483.0	262.1	170.8	51.8	39.5	24.5	2,405.0
Local road component	309.6	220.0	199.9	163.2	58.6	56.6	34.2	25.0	1,067.2
Total financial assistance to local governments	1,080.3	822.8	682.9	425.3	229.4	108.3	73.7	49.5	3,472.2
2017-18									
General purpose component	262.6	205.7	164.5	89.7	58.0	17.5	13.4	8.3	819.7
Local road component	105.5	75.0	68.2	55.6	20.0	19.3	11.7	8.5	363.7
Total financial assistance to local governments	368.2	280.6	232.6	145.3	78.0	36.8	25.1	16.8	1,183.5
2018-19									
General purpose component	544.8	427.8	341.1	187.0	119.7	35.8	27.9	17.2	1,701.1
Local road component	219.0	155.6	141.4	115.4	41.5	40.0	24.2	17.7	754.8
Total financial assistance to local governments	763.8	583.4	482.5	302.4	161.1	75.8	52.1	34.8	2,455.9
2019-20									
General purpose component	571.3	449.8	357.5	197.0	124.8	37.1	29.2	17.9	1,784.5
Local road component	229.7	163.2	148.4	121.1	43.5	42.0	25.4	18.5	791.8
Total financial assistance to local governments	801.0	613.0	505.9	318.1	168.3	79.0	54.5	36.5	2,576.3
2020-21									
General purpose component	574.6	453.6	359.3	199.1	124.8	36.8	29.3	17.9	1,795.4
Local road component	231.1	164.2	149.3	121.8	43.8	42.2	25.5	18.7	796.7
Total financial assistance to local governments	805.7	617.8	508.6	320.9	168.6	79.0	54.8	36.6	2,592.0

This program provides untied financial contributions to local governments to be spent according to local priorities. In 2016-17, these financial contributions will total \$3.5 billion, recognising that \$1.2 billion will be brought forward from 2017-18 to be paid in 2016-17.

The Financial Assistance Grant program consists of two components: a general purpose component and a local road component. The general purpose component is the larger component and is distributed between the States on a per capita basis, while the local road component is distributed between the States according to fixed historical shares.

Funding under the Financial Assistance Grant program is paid through State governments to local governments. State grants commissions determine the intrastate distribution of the grants between local governments. Both funding components are untied and can be spent according to each local government's own priorities.

Supplementary road funding to South Australia for local roads component

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	20.0	-	-	-	20.0
2018-19	-	-	-	-	20.0	-	-	-	20.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing supplementary funding to South Australia for local roads. South Australia will receive \$20.0 million for this purpose in both 2017-18 and 2018-19.

A new measure associated with this program is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on Financial Assistance for New South Wales Police

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	0.1	-	-	-	-	-	-	-	0.1
2018-19	2.9	-	-	-	-	-	-	-	2.9
2019-20	4.6	-	-	-	-	-	-	-	4.6
2020-21	5.1	-	-	-	-	-	-	-	5.1

The Commonwealth will provide four years of transitional funding for the equal sharing of the costs of reimbursing New South Wales police officers who incur an additional tax liability from making voluntary superannuation contributions that exceed the concessional contributions cap. The funding will also contribute to the cost-sharing of any fringe benefits tax that results from reimbursing police officers in these situations.

National Partnership on the Heffron Park Centre of Excellence

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.0	-	-	-	-	-	-	-	1.0
2017-18	3.0	-	-	-	-	-	-	-	3.0
2018-19	6.0	-	-	-	-	-	-	-	6.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program supports the Centre of Excellence, which houses a community and administration centre, as well as a football development department with elite facilities.

National Partnership on Legal Assistance Services^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	76.6	59.2	51.4	29.9	19.8	7.3	5.8	7.2	257.1
2017-18	74.5	57.1	50.1	28.8	18.8	6.9	5.6	6.9	261.5
2018-19	75.5	58.0	51.0	29.5	19.1	7.0	5.7	7.0	265.9
2019-20	76.4	58.9	51.9	30.3	19.3	7.1	5.8	7.1	270.0
2020-21	-	-	-	-	-	-	-	-	-

(a) As State allocations for the new measure have yet to be determined, these payments are not included in State figures. As a result, total payments may not equal the sum of State figures.

The Commonwealth is providing funds to allow the States to provide legal assistance services to disadvantaged persons through legal aid commissions and community legal centres in accordance with Commonwealth policy priorities.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

National Partnership on the National Register of Foreign Ownership of Land Titles

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	1.5	1.0	1.5	1.8	1.5	0.4	0.4	-	8.0
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the delivery of the National Register of Foreign Ownership of Land Titles by helping the States develop systems to provide the Australian Taxation Office with data on sales and transfers of real property involving foreign owners.

National Partnership on the North Queensland Stadium

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	10.0	-	-	-	-	-	10.0
2017-18	-	-	50.0	-	-	-	-	-	50.0
2018-19	-	-	35.0	-	-	-	-	-	35.0
2019-20	-	-	5.0	-	-	-	-	-	5.0
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the delivery of the North Queensland Stadium, including site master planning and services infrastructure within the stadium site to allow for a future entertainment centre. This project is included in the Townsville City Deal.

National Partnership on the North Queensland Strata Title Inspection Scheme

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	6.3	-	-	-	-	-	6.3
2017-18	-	-	6.3	-	-	-	-	-	6.3
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This scheme improves the information available to owners of strata title properties about a property's susceptibility to weather damage and ways to make properties more resilient. The Queensland Government will develop and administer the assessment program for strata properties in North Queensland.

National Partnership on Provision of Fire Services

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	4.4	3.1	3.1	1.4	1.0	0.3	5.3	1.7	20.3
2017-18	4.7	3.3	3.2	1.4	1.1	0.3	5.0	2.1	21.1
2018-19	4.8	3.4	3.3	1.5	1.2	0.3	5.2	2.2	21.8
2019-20	5.0	3.5	3.4	1.6	1.2	0.3	5.3	2.3	22.6
2020-21	5.2	3.6	3.5	1.6	1.2	0.3	5.5	2.3	23.3

The Commonwealth is providing funding for standard fire services to Commonwealth-owned property in the States.

National Partnership on Regulatory Reform^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	~	~	~	~	~	~	~	~	125.0
2018-19	~	~	~	~	~	~	~	~	175.0
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

(a) State allocations are yet to be finalised.

The Commonwealth will provide funding to deliver reforms that drive Australia's economic performance, including reforms that reduce the regulatory burden on small businesses.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

Sinking fund on State debt

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

Part 2: Payments for specific purposes

The Commonwealth is contributing to the Debt Retirement Reserve Trust Account on behalf of New South Wales and Victoria in accordance with the *Financial Agreement Act 1994*. Monies standing to the credit of the Account are applied to repurchase State debt that is governed by this legislation.

National Partnership on the Tasmanian Tourism Growth Package

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	1.1	-	-	1.1
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the delivery of feasibility studies for three tourism ventures to boost Tasmania's tourism industry.

National Partnership on the Tourism Demand-driver Infrastructure Recovery Package

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	3.5	-	-	-	-	-	3.5
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This program will support projects that deliver additional tourism demand-driver infrastructure in affected tourism regions of Queensland as part of a recovery package to address the impacts of Tropical Cyclone Debbie.

A new measure associated with this National Partnership is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017-18*.

PART 3: GENERAL REVENUE ASSISTANCE

OVERVIEW

General revenue assistance is provided to the States without conditions, to spend according to their own budget priorities. The main form of general revenue assistance is the GST entitlement. Other general revenue assistance includes payments in relation to municipal services in the Australian Capital Territory, royalties, and Snowy Hydro Limited tax compensation.

In 2017-18, the States are expected to receive \$63.1 billion from the Commonwealth in total general revenue assistance – \$62.3 billion for the GST entitlement and \$731 million for other general revenue assistance. The GST entitlement represents a 5.2 per cent increase on the \$59.2 billion the States are expected to receive in 2016-17. Total general revenue assistance to the States is estimated to represent 13.6 per cent of total Commonwealth expenditure in 2017-18.

The Government has introduced measures that have increased the GST entitlement by \$1.8 billion over the five years to 2020-21.

Estimated total general revenue assistance provided to the States by the Commonwealth is shown in Table 3.1. Table 3.2 shows a breakdown by State for 2016-17 and 2017-18.

Table 3.1: General revenue assistance

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
GST entitlement	59,240.0	62,340.0	65,590.0	67,670.0	71,540.0
Other payments					
ACT municipal services	39.1	39.6	40.1	40.7	41.3
Compensation for reduced royalties	34.4	28.3	26.5	28.8	30.5
Royalty payments	587.7	587.8	528.7	511.0	515.0
Snowy Hydro Limited tax compensation	75.0	75.0	75.0	75.0	75.0
Total other payments	736.1	730.6	670.4	655.5	661.8
Total	59,976.1	63,070.6	66,260.4	68,325.5	72,201.8

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	17,265.9	13,656.7	13,955.1	1,984.4	5,933.9	2,259.2	1,168.1	3,165.2	59,976.1
2017-18	17,604.1	14,790.4	14,870.7	2,355.6	6,302.6	2,387.4	1,264.2	2,908.0	63,070.6

(a) State splits for royalty payments are not published due to commercial sensitivities. Therefore, total general revenue assistance will not equal the sum of the State splits above.

(b) Estimates of State splits of general revenue assistance for 2018-19 and later years are published in Part 1, Table 1.1 of this Budget paper.

GST PAYMENTS

Under the *Intergovernmental Agreement on Federal Financial Relations*, the States are entitled to receive payments from the Commonwealth equivalent to the revenue raised from the GST in any given financial year subject to some minor adjustments, as discussed below.

The Commonwealth makes monthly payments (advances) to the States throughout the year based on GST estimates for that year. Estimates of the GST are used, as the actual amount of GST revenue for the financial year is unknown until after the end of the financial year. Once the amount of GST revenue is known, the Treasurer makes a determination of the GST entitlement for that year. A balancing adjustment payment is then made to each State to ensure the States receive the GST to which they are entitled. These balancing adjustments (referred to as the 'prior year balancing adjustment') are made in the following financial year.

States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office (ATO) in administering the GST. In practice, this is achieved by the Commonwealth reducing the monthly GST payments to the States by the GST administration costs.

Calculating the GST payments

Some additional adjustments are made to GST revenue in order to calculate the amount of GST paid to the States in any given year, described below.

- Some GST revenue accrued during a financial year is not remitted to the ATO by 30 June of that year because it is not due to be paid until Business Activity Statements (BAS) are lodged the following financial year.
- Penalties owed to the ATO, other than general interest charge (GIC) penalties, are not included in the GST to be paid to the States, as defined in the *Federal Financial Relations Act 2009*.
- Some GST collected by Commonwealth agencies is not remitted to the ATO by 30 June in each financial year because it is not due to be paid until the next BAS is lodged.

In 2015-16, the States' GST entitlement was \$98.4 million lower than the advances paid during that year. A prior year balancing adjustment has been made to States' GST payments in 2016-17 to reflect this.

A reconciliation of GST revenue, GST entitlement and GST payments to the States is provided in Table 3.3.

Table 3.3: Reconciling GST revenue, GST entitlement and GST payments to the States

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
GST revenue	62,220	65,710	68,460	71,030	75,230
less Change in GST receivables	2,766	3,152	2,629	3,105	3,417
GST receipts	59,454	62,558	65,831	67,925	71,813
less Non-GIC penalties collected	200	220	240	250	270
less GST collected by Commonwealth agencies but not yet remitted to the ATO	14	-2	1	5	3
GST entitlement	59,240	62,340	65,590	67,670	71,540
plus Prior year balancing adjustment	-98				
GST payments to the States(a)	59,142	62,340	65,590	67,670	71,540

(a) These GST payment estimates do not take into account the ATO's GST administration costs, which will be deducted from GST payments to the States throughout the year on a monthly basis.

Table 3.4 provides a reconciliation of the GST entitlement estimates since the 2016-17 Budget and the *Mid-Year Economic and Fiscal Outlook 2016-17* (2016-17 MYEFO). The reconciliation accounts for policy decisions and parameter and other variations. The GST entitlement in 2017-18 has been revised down by \$400 million since the 2016-17 MYEFO.

Table 3.4: Reconciliation of the GST entitlement estimates since the 2016-17 Budget and 2016-17 MYEFO

\$million	2016-17	2017-18	2018-19	2019-20
GST entitlement at 2016-17 Budget	60,660	63,940	67,350	70,370
Changes between 2016-17 Budget and MYEFO				
Effect of policy decisions	-	15	5	5
Effect of parameter and other variations	-920	-1,215	-1,415	-1,455
Total variations	-920	-1,200	-1,410	-1,450
GST entitlement at 2016-17 MYEFO	59,740	62,740	65,940	68,920
Changes between 2016-17 MYEFO and Budget				
Effect of policy decisions	-	60	989	333
Effect of parameter and other variations	-500	-460	-1,339	-1,583
Total variations	-500	-400	-350	-1,250
GST entitlement at 2017-18 Budget	59,240	62,340	65,590	67,670

Specific policy decisions taken since the 2016-17 MYEFO that affect the GST entitlement are shown in Table 3.5. These decisions increase the amount of the GST entitlement by \$1.8 billion over the five years to 2020-21.

Detailed information on policy decisions since the 2016-17 MYEFO is included in Budget Paper No. 2, *Budget Measures 2017-18*.

Table 3.5: Policy decisions since the 2016-17 MYEFO that affect the GST entitlement

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Aligning the tax treatment of roll your own tobacco and cigarettes	-	5.0	10.0	10.0	10.0
Better targeting skilled visas	-	5.0	-25.0	-45.0	-25.0
GST - removing the double taxation of digital currency	-	*	*	*	*
Indirect Tax Concession Scheme - diplomatic and consular concessions
Tax Integrity Package - Black Economy					
Taskforce: extension of the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries	-	-	32.0	47.0	51.0
Tax Integrity Package - Black Economy					
Taskforce: one year extension of funding for ATO audit and compliance activities	-	49.6	31.6	18.4	10.2
Tax Integrity Package - Black Economy					
Taskforce: prohibition on sales suppression technology and software	-	*	*	*	*
Tax Integrity Package - combating fraud in the precious metals industry	*	*	*	*	*
Tax Integrity Package - improving the integrity of GST on property transactions	-	-	940.0	300.0	330.0
Temporary parent visa - establishment	-	-	..	3.0	8.0
Total	*	59.6	988.6	333.4	384.2

Distribution of the GST among the States

The Commonwealth Grants Commission (the Commission) recommends GST revenue sharing relativities to be used to calculate each State's GST share. More information on the system for distributing the GST is included in Box 1.1 in Part 1 of this Budget Paper.

The detailed calculation for the distribution of the GST entitlement in 2016-17 and 2017-18 is shown in Table 3.6. This method of calculation is prescribed in legislation in the *Federal Financial Relations Act 2009*.

Table 3.6: Calculation of GST entitlements^(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)
2016-17					
NSW	7,783,143	0.90464	7,040,942	29.1%	17,215.9
VIC	6,128,689	0.90967	5,575,085	23.0%	13,631.7
QLD	4,873,561	1.17109	5,707,379	23.6%	13,955.1
WA	2,629,495	0.30330	797,526	3.3%	1,950.0
SA	1,712,732	1.41695	2,426,856	10.0%	5,933.9
TAS	519,981	1.77693	923,970	3.8%	2,259.2
ACT	399,268	1.15648	461,745	1.9%	1,129.0
NT	244,959	5.28450	1,294,486	5.3%	3,165.2
Total	24,291,828	n/a	24,227,988	100.0%	59,240.0
2017-18					
NSW	7,902,664	0.87672	6,928,424	28.2%	17,554.1
VIC	6,250,329	0.93239	5,827,744	23.7%	14,765.4
QLD	4,941,791	1.18769	5,869,316	23.9%	14,870.7
WA	2,667,621	0.34434	918,569	3.7%	2,327.3
SA	1,727,517	1.43997	2,487,573	10.1%	6,302.6
TAS	522,100	1.80477	942,270	3.8%	2,387.4
ACT	404,485	1.19496	483,343	2.0%	1,224.6
NT	246,285	4.66024	1,147,747	4.7%	2,908.0
Total	24,662,792	n/a	24,604,986	100.0%	62,340.0

(a) Amounts shown are estimates of each State's GST entitlement based on the estimated total GST pool. The 2016-17 estimates do not take into account the 2015-16 balancing adjustment of -\$98.4 million which was made in 2016-17.

Table 3.7 shows the GST relativities recommended by the Commission and determined by the Treasurer for 2016-17 and 2017-18. Table 3.8 shows the distribution of the GST entitlement based on the GST relativities in Table 3.7.

Table 3.7: GST relativities recommended by the Commission

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2016-17	0.90464	0.90967	1.17109	0.30330	1.41695	1.77693	1.15648	5.28450
2017-18	0.87672	0.93239	1.18769	0.34434	1.43997	1.80477	1.19496	4.66024

Table 3.8: Distribution of the GST entitlement^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17(b)	17,215.9	13,631.7	13,955.1	1,950.0	5,933.9	2,259.2	1,129.0	3,165.2	59,240.0
2017-18	17,554.1	14,765.4	14,870.7	2,327.3	6,302.6	2,387.4	1,224.6	2,908.0	62,340.0

(a) Amounts shown are estimates of each State's GST entitlement based on the total GST pool estimates, population estimates and GST relativities as shown in Table 3.7.

(b) The 2016-17 estimates do not take into account the 2015-16 balancing adjustment of -\$98.4 million which was made in 2016-17.

GST administration

States compensate the Commonwealth for the agreed costs incurred by the ATO in administering the GST, including costs incurred by the Department of Immigration and Border Protection. The GST administration budget for the ATO is estimated to be \$631.1 million for 2017-18, as shown in Table 3.9.

Table 3.9: Reconciliation of the GST administration budget

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Administration budget at 2016-17 Budget	682.4	636.7	619.0	598.3	na
Total parameter variations from 2016-17 Budget to MYEFO	-	-	-	-	-
Administration budget at 2016-17 MYEFO	682.4	636.7	619.0	598.3	na
Changes from MYEFO to 2017-18 Budget					
Combatting fraud in the precious metals industry(a)	-	0.3	-3.1	-3.8	-4.2
Improving the collection of GST on property transactions(a)	-	2.8	-2.6	-4.6	-4.8
Parameter variations	-	-8.7	-14.1	-12.7	2.8
GST Compliance Programme - three year extension variation	-	-	-	-84.6	-
Other variations	-	-	-	-20.3	-
Total variations	-	-5.6	-19.8	-126.0	-6.2
Administration budget at 2017-18 Budget	682.4	631.1	599.2	472.2	474.4
less Prior year adjustment	-	-	-	-	-
equals State government payments	682.4	631.1	599.2	472.2	474.4

(a) Further information on the measures: 'Combatting fraud in the precious metals industry' and 'Improving the collection of GST on property transactions' can be found in Budget Paper No. 2, *Budget Measures 2017-18*.

The GST administration estimates published at the 2016-17 Budget and the 2016-17 MYEFO included costs in 2019-20 relating to the terminating measure from the 2015-16 Budget 'GST Compliance Programme – three year extension' and other variations associated with the ATO's indirect costs (such as property, infrastructure and corporate services overheads). Adjustments to remove these costs are reflected in 'GST Compliance Programme – three year extension variation' and 'other variations' in Table 3.9.

OTHER GENERAL REVENUE ASSISTANCE

Like GST, other general revenue assistance is provided to the States without conditions, to spend according to their own budget priorities. These payments are detailed below.

Table 3.10: Other general revenue assistance

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
ACT municipal services	39.1	39.6	40.1	40.7	41.3
Compensation for reduced royalties	34.4	28.3	26.5	28.8	30.5
Royalty payments(a)	587.7	587.8	528.7	511.0	515.0
Snowy Hydro Limited tax compensation	75.0	75.0	75.0	75.0	75.0
Total other general revenue assistance	736.1	730.6	670.4	655.5	661.8

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

Australian Capital Territory municipal services

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

Compensation for reduced royalties

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.

Royalty payments

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.

Royalties are shared between the Commonwealth (approximately one third) and Western Australia (approximately two thirds). These revenue sharing arrangements are set out in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

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.

Payments are made at a royalty rate of 1.25 per cent of the net proceeds of sales under a continuing agreement established under the 1978 Memorandum of Understanding between the Commonwealth and the Northern Territory.

Snowy Hydro Limited tax compensation

The Commonwealth provides compensation payments to New South Wales and Victoria, in the form of general revenue assistance, for Commonwealth income taxes paid by Snowy Hydro Limited. Snowy Hydro Limited is jointly owned by the Commonwealth, New South Wales and Victoria (with shareholdings of 13 per cent, 58 per cent and 29 per cent respectively). Under the Snowy Hydro Tax Compensation Deed between the shareholders, payments are made in proportion to each State's shareholding.

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, with no net impact on the Commonwealth's budget position, as shown in Table 3.11.

Table 3.11: Mirror taxes accrued on behalf of the States

\$million	2016-17	2017-18	2018-19	2019-20	2020-21
Mirror taxes	530.2	558.7	581.9	612.4	629.9
less Transfers to State Governments	530.2	558.7	581.9	612.4	629.9
Commonwealth Budget impact	-	-	-	-	-

PART 4: DEVELOPMENTS IN THE CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR

INTRODUCTION

This Part provides a perspective on the financial position of all levels of government in Australia.

It discusses trends in key fiscal indicators including the net operating balance, fiscal balance, cash balance and net debt, at the Commonwealth level, State level and the consolidated level. The consolidated level includes Commonwealth, State and Local Governments, and the multi-jurisdictional sector (primarily public universities).

This Part focuses on trends in the non-financial public sector (NFPS) which comprises the general government sector and the public non-financial corporations (PNFC) sector.¹ The general government sector (GGS) 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, *Budget Strategy and Outlook 2017-18*, Statement 10: *Australian Government Budget Financial Statements*.

State estimates in this Part come from the most recent publicly-available State financial reports. Estimates for Victoria and the Northern Territory are based on their 2017-18 budgets. Western Australia's estimates are from its 2016-17 Pre-election financial report. The remaining States' estimates are drawn from their 2016-17 mid-year financial reports.

Aggregate State data are only available to 2019-20, so references to the forward estimates in this Part relate to the period 2017-18 to 2019-20.

Additional data tables can be found in Appendix C (available online).

NET OPERATING BALANCE

The net operating balance measures, in accrual terms, the difference between recurrent expenses and revenue for a given period. It is a measure of the sustainability of the government's fiscal position over time and indicates the sustainability of the existing level of government services. For further information on the net operating balance as a

¹ Due to inter-sectoral transfers, NFPS does not always equal the sum of the general government and PNFC sectors.

budget measure see Budget Paper No. 1, *Budget Strategy and Outlook 2017-18*, Statement 4: Recurrent and Capital Budget.

The Commonwealth is expecting the NFPS to record a net operating deficit of 1.5 per cent of GDP in 2017-18.

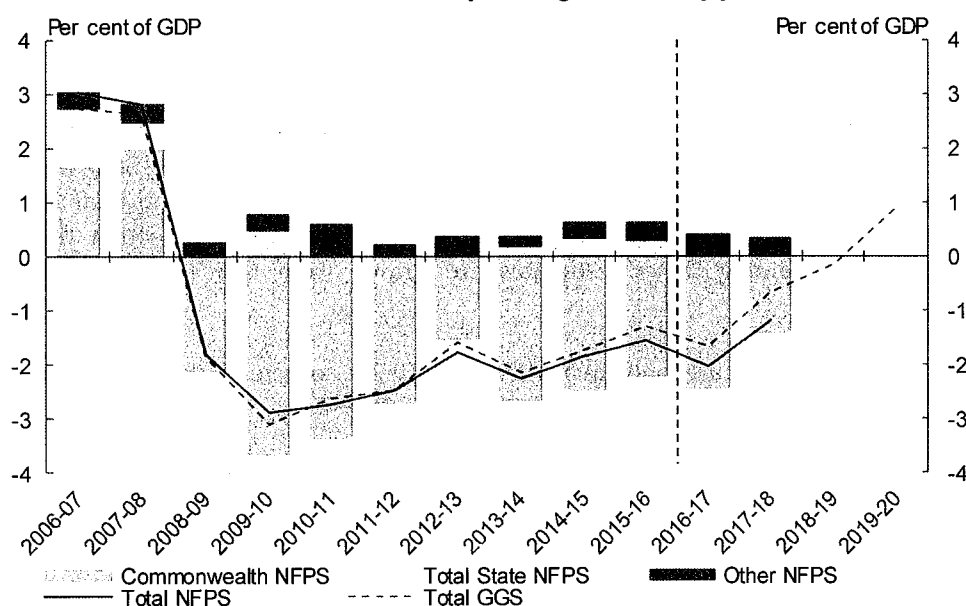
In aggregate, the States are expecting the NFPS to record a net operating deficit of 0.1 per cent of GDP in 2017-18. The States are expecting NFPS revenue as a proportion of GDP to be 16.4 per cent in 2017-18.

The consolidated NFPS net operating balance is expected to improve from a deficit of 2.0 per cent of GDP in 2016-17 to a deficit of 1.2 per cent of GDP in 2017-18.

The consolidated general government sector is expected to record a net operating deficit of 0.7 per cent of GDP in 2017-18, improving to a surplus of 0.9 per cent of GDP in 2019-20.

A breakdown of the consolidated NFPS net operating balance by jurisdiction is shown in Chart 4.1.

Chart 4.1: Consolidated net operating balance by jurisdiction



Note: Consolidated NFPS numbers beyond 2017-18 have not been calculated as Commonwealth data is not available for the PNFC sector. 'Other NFPS' includes Local Governments, the multi-jurisdictional sector and adjustments for transfers between jurisdictions.

Source: ABS cat. no. 5512.0, most recent State estimates and Treasury.

FISCAL AND CASH BALANCES

The fiscal balance is an accrual term that measures the difference between a government's revenue and its capital and recurrent expenditure. The difference between the fiscal balance and the net operating balance is the effect of investment in non-financial assets, including infrastructure.

The fiscal balance of the Commonwealth NFPS is expected to remain in deficit at 1.9 per cent of GDP in 2017-18.

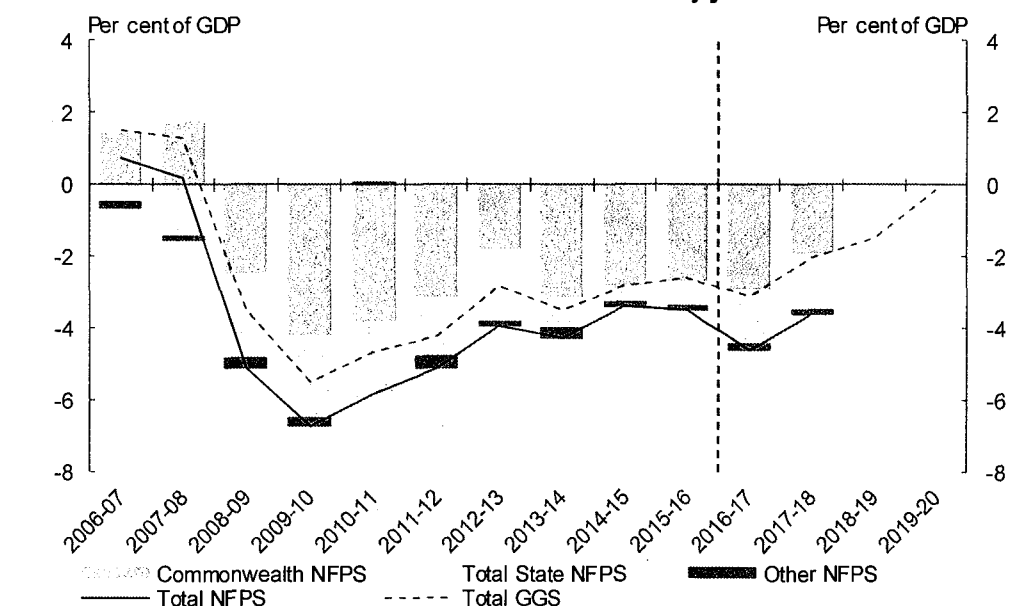
In aggregate, States' fiscal balance for the NFPS is expected to decline to a deficit of 1.6 per cent of GDP in 2017-18.

A fiscal deficit of 3.6 per cent of GDP is expected in the consolidated NFPS sector for 2017-18.

The consolidated general government sector fiscal balance is expected to remain in deficit across the forward estimates, although the deficit is expected to narrow from 2.1 per cent of GDP in 2017-18 to 0.1 per cent of GDP by 2019-20.

A breakdown of the consolidated NFPS fiscal balance by jurisdiction is shown in Chart 4.2.

Chart 4.2: Consolidated fiscal balance by jurisdiction



Note: Consolidated NFPS numbers beyond 2017-18 have not been calculated as Commonwealth data is not available for the PNFC sector. 'Other NFPS' includes Local Governments, the multi-jurisdictional sector and adjustments for transfers between jurisdictions.

Source: ABS cat. no. 5512.0, most recent State estimates and Treasury.

The cash balance is the equivalent of the fiscal balance but measured on a non-accrual basis, capturing both recurrent and capital payments and receipts as they occur.

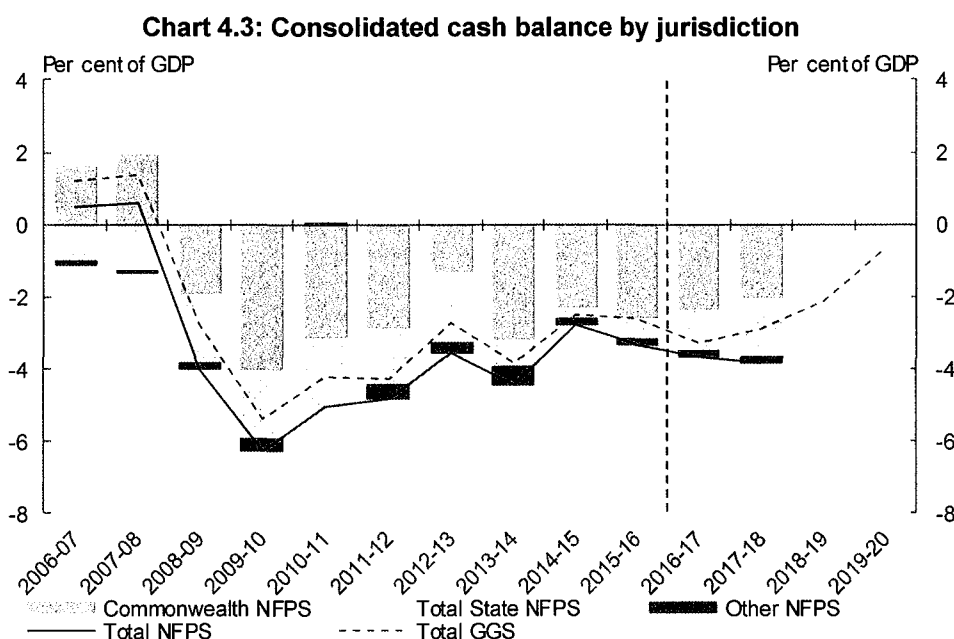
The underlying cash balance of the Commonwealth NFPS is expected to remain in deficit in 2017-18 at 2.1 per cent of GDP.

The aggregate State NFPS cash balance is expected to be a deficit of 1.6 per cent of GDP in 2017-18.

The consolidated NFPS cash deficit is expected to increase to 3.9 per cent of GDP in 2017-18.

The consolidated general government sector cash balance is expected to be a deficit of 2.9 per cent of GDP in 2017-18, before improving to a deficit of 0.7 per cent of GDP in 2019-20.

A breakdown of the consolidated NFPS cash balance by jurisdiction is shown in Chart 4.3.



Note: Consolidated NFPS numbers beyond 2017-18 have not been calculated as Commonwealth data is not available for the PNFC sector. 'Other NFPS' includes Local Governments, the multi-jurisdictional sector and adjustments for transfers between jurisdictions.

Source: ABS cat. no. 5512.0, most recent State estimates and Treasury.

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.

Commonwealth NFPS net debt as a proportion of GDP is expected to increase to 20.4 per cent in 2017-18.

Aggregate State NFPS net debt as a proportion of GDP is expected to reach 9.8 per cent in 2017-18.

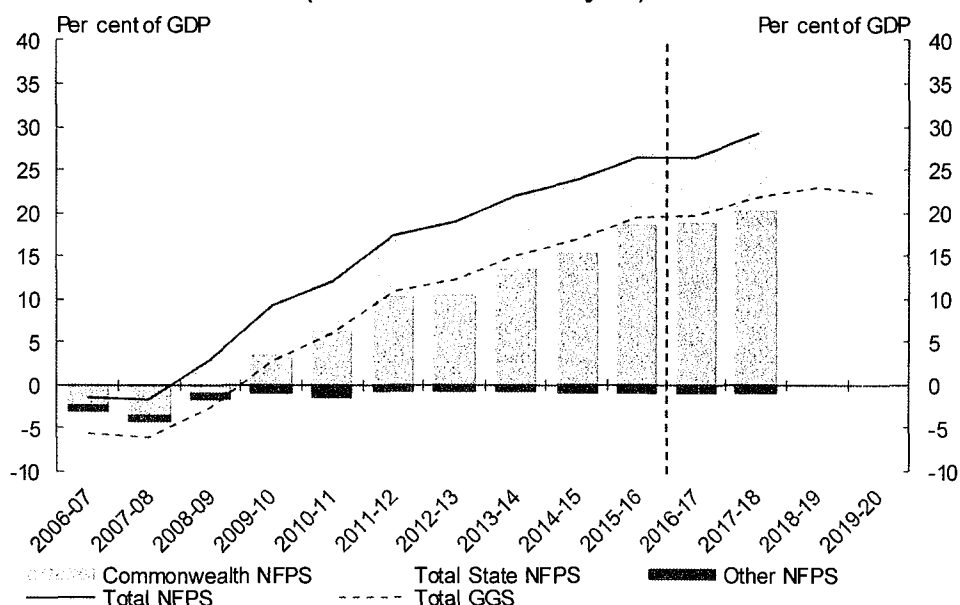
Consolidated NFPS net debt is expected to increase to 29.2 per cent of GDP in 2017-18.

Consolidated general government sector net debt is expected to increase from 21.8 per cent of GDP in 2017-18 to 22.8 per cent in 2018-19 before declining to 22.2 per cent of GDP in 2019-20.

Commonwealth net debt is expected to continue to make up the bulk of consolidated net debt.

A breakdown of consolidated NFPS net debt by jurisdiction is shown by Chart 4.4.

**Chart 4.4: Consolidated net debt by jurisdiction
(as at end of financial year)**



Note: Consolidated NFPS numbers beyond 2017-18 have not been calculated as Commonwealth data is not available for the PNFC sector. 'Other NFPS' includes Local Governments, the multi-jurisdictional sector and adjustments for transfers between jurisdictions.

Source: ABS cat. no. 5512.0, most recent State estimates and Treasury.

THE AUSTRALIAN LOAN COUNCIL

The Australian Loan Council (Loan Council) is a Commonwealth-State council that monitors public sector borrowing. It consists of the Prime Minister and the Premier/Chief Minister of each State. 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 considers jurisdictions' nominated borrowings for the forthcoming year, having regard to each jurisdiction's fiscal position and infrastructure requirements, as well as to the macroeconomic implications of the aggregate figure.

The Loan Council considered Loan Council Allocation (LCA) nominations for 2017-18 in March 2017. The Loan Council approved each jurisdiction's nominated allocation. In aggregate, the nominations represent a deficit of \$80.2 billion (Table 4.1). The States nominated a deficit of \$28.7 billion and the Commonwealth nominated a deficit of \$51.5 billion.

As part of the Loan Council arrangements, all jurisdictions are required to update their LCA to reflect their budget and provide an explanation to the Loan Council if they are likely to exceed the tolerance limit.

State 2017-18 LCA budget updates will be available in the States' 2017-18 budgets. The Commonwealth's 2017-18 LCA budget update is available in Budget Paper No. 1, *Budget Strategy and Outlook 2017-18, Statement 10: Australian Government Budget Financial Statements, Appendix B*.

Table 4.1: Loan Council Allocation nominations for 2017-18^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	C'wlth	Total
General government sector cash surplus(-)/deficit(+)	5,917	3,412	2,088	2,964	485	8	193	400	25,273	
PNFC sector cash surplus(-)/deficit(+)	5,563	1,395	538	960	97	159	14	18	7,571	
NFPS cash surplus(-)/deficit(+)(b)	11,480	4,802	2,626	3,924	582	166	207	418	32,844	
<i>plus</i> Acquisitions under finance leases and similar arrangements	291	646	682	469	0	0	5	0	0	
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	11,771	5,448	3,307	4,393	582	166	212	418	32,844	
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(c)	-331	733	0	0	162	-4	3	14	-19,947	
<i>plus</i> Memorandum items(d)	2,066	291	944	-347	-66	63	-4	0	-1,277	
Loan Council Allocations	14,168	5,006	4,251	4,046	354	234	205	404	51,514	80,181
2017-18 tolerance limit(e)	1,751	1,305	1,294	937	401	175	113	132	8,831	

(a) LCA nominations for 2017-18 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. Each jurisdiction will publish an updated LCA estimate as part of its budget documentation.

(b) The sum of the general government and PNFC sector balances may not equal the NFPS balance due to inter-sectoral 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 certain transactions in LCAs — 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 two per cent of NFPS cash receipts from operating activities in each jurisdiction.

APPENDIX A: 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 2017-18, Statement 2: Economic Outlook*, provides information on the forecasting approach used in the 2017-18 Budget.

POPULATION

Population data are used to distribute funding between the States and in the calculation of annual growth factors.

Estimates of State populations

Table A.1 sets out the State population series used in this Budget Paper.

Table A.1: Population by State, at 31 December

million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016	7.783	6.129	4.874	2.629	1.713	0.520	0.399	0.245	24.292
2017	7.903	6.250	4.942	2.668	1.728	0.522	0.404	0.246	24.663
2018	8.027	6.377	5.012	2.707	1.743	0.524	0.410	0.248	25.047
2019	8.158	6.508	5.084	2.748	1.759	0.527	0.415	0.249	25.448
2020	8.294	6.644	5.158	2.789	1.776	0.529	0.421	0.251	25.863

The State populations for 2016 to 2020 are Treasury estimates as at 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 on fertility, mortality, net overseas migration and interstate migration.

Fertility

For the 2017-18 Budget, the Treasury fertility assumption is that the Total Fertility Rate will equal 1.830 babies per woman in 2016, and is assumed to rise to 1.900 babies by 2019 and remain stable for the remainder of the projection period. This assumption is consistent with that in the *2015 Intergenerational Report*.

Mortality

The mortality assumptions are based on the medium assumptions used in the ABS *Population Projections, 2012-2101* (cat. no. 3222.0). In these assumptions, a continuing decline in mortality rates across Australia, with State differentials persisting, is assumed. Overall, life expectancy is assumed to improve to the year 2019 at the rate observed over the period 1982 to 2011.

Net overseas migration

Table A.2 shows the net overseas migration assumptions used in this Budget Paper.

Table A.2: Net overseas migration

	2016	2017	2018	2019	2020
Net overseas migration, Australia	194,058	209,018	216,447	226,184	235,379

State shares of net overseas migration are estimated by using a weighted average of the three most recent observed years – 2012, 2013 and 2014 – with weights of one, two and four respectively.

Interstate migration

Table A.3 shows the net interstate migration assumptions used in this Budget Paper.

Table A.3: Net interstate migration

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2017	-8,200	11,200	7,300	-1,900	-4,200	-600	-800	-2,800	-
2018	-8,200	11,200	7,300	-1,900	-4,200	-600	-800	-2,800	-
2019	-8,200	11,200	7,300	-1,900	-4,200	-600	-800	-2,800	-
2020	-8,200	11,200	7,300	-1,900	-4,200	-600	-800	-2,800	-

Similar to State shares of net overseas migration, the Treasury's estimates of net interstate migration are based on a weighted average of the three most recent observed years – 2013, 2014 and 2015 – with weights of one, two and four respectively. Due to data lags, the 2016 observation includes an assumption for the December quarter based on weighted averages of arrivals and departures for December quarters 2013 to 2015.

WAGE COST INDICES

Table A.4 shows the wage cost indices used in this Budget Paper, rounded to the nearest quarter of a per cent.

Table A.4: Wage cost indices

per cent	2016-17	2017-18	2018-19	2019-20	2020-21
Wage cost index - 1	1 1/2	1 1/4	1 1/2	1 1/2	1 1/2
Wage cost index - 6	1 1/2	1 1/2	1 1/2	1 3/4	1 3/4

DATA SOURCES

The information in Part 4, Appendix B and Appendix C 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.

Appendix A: Parameters and further information

See Budget Paper No. 1, *Budget Strategy and Outlook 2017-18, Statement 11: Historical Australian Government Data*, for more information.

State data for 2016-17 onwards are from the most recent publicly available State financial reports. Estimates for Victoria and the Northern Territory are based on their 2017-18 budgets. Western Australia's estimates are from its 2016-17 Pre-election financial report. The remaining States' estimates are drawn from their 2016-17 mid-year financial reports. State data for years prior to 2016–17 are sourced from the ABS.

The 2017-18 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 2017-18, Statement 11: 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 data, including:

- *Australian Demographic Statistics* (cat. no. 3101.0);
- *Population Projections, 2012-2101* (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).

Commonwealth Grants Commission publications also provide information relevant to the analysis of federal financial relations relating to the distribution of GST revenue. In relation to the 2017-18 financial year, the relevant publication is the *Report on GST Revenue Sharing Relativities – 2017 Update*.

