

# **TREATMENT OF AUSTRALIAN GOVERNMENT REVENUE PAYMENTS**

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# TREATMENT OF AUSTRALIAN GOVERNMENT REVENUE PAYMENTS

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## WHAT ARE THE AUSTRALIAN GOVERNMENT REVENUE PAYMENTS?

### General revenue assistance

- 1 The pool of general revenue assistance for the GST relativities includes:
  - GST revenue; and
  - unquarantined health care grants<sup>1</sup>.

### Other Australian Government revenue payments

- 2 These comprise:
  - specific purpose payments shown in Australian Government budget papers; and
  - other payments by Australian Government departments or agencies to the States for the provision of services that are normally the responsibility of State governments.

For convenience, the Commission refers to, and treats, all such payments as specific purpose payments (SPPs).

- 3 In the 2004 Review, the scope of the adjusted budget was restricted to transactions that had a direct impact on State budgets. Payments through the States or to non-government organisations were outside the scope of equalisation (referred to as 'out of scope').
- 4 In that review, the Commission expanded the scope of the adjusted budget to include capital SPPs. Table 1 summarises the coverage of SPPs.

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<sup>1</sup> The terms of reference asked the Commission to quarantine some components of the health care grants. Details see the following section on *Treatment of Specific Purpose Payments in the 2008 Update* of this working paper.

**Table 1 Coverage of specific purpose payments**

	Included	Excluded
SPPs shown in Commonwealth of Australia <i>Final Budget Outcome</i> (FBO).	Recurrent and capital payments paid to the States for State type services.	Recurrent and capital payments paid through the States for State type services. Payments for services normally provided by the Australian Government or local governments.
Australian Government payments not shown in Commonwealth of Australia <i>Final Budget Outcome</i> .	Recurrent and capital payments paid to the States for State type services.	Recurrent and capital payments paid through the States or direct to non-government organisations for State type services. Payments for services normally provided by the Australian Government or local governments.

## TREATMENT OF SPECIFIC PURPOSE PAYMENTS

5 The Commission applied the SPP guidelines to decide the treatment of each SPP, unless the terms of reference directed otherwise. Figure 1 shows the SPP guidelines.

### Out of Scope

6 This treatment was used if the payment:

- financed services that were not part of the adjusted budget, for example a service normally provided by the Australian Government; and/or
- did not have a direct impact on State budgets, for example payments made by the Australian Government through the States.

7 Using this treatment, the Commission excluded the payment from its SPP revenue and removed the expense financed by the SPP from its related expense category. Neither the payment nor the expense it financed was subject to equalisation.

### Exclusion

8 This treatment was used if:

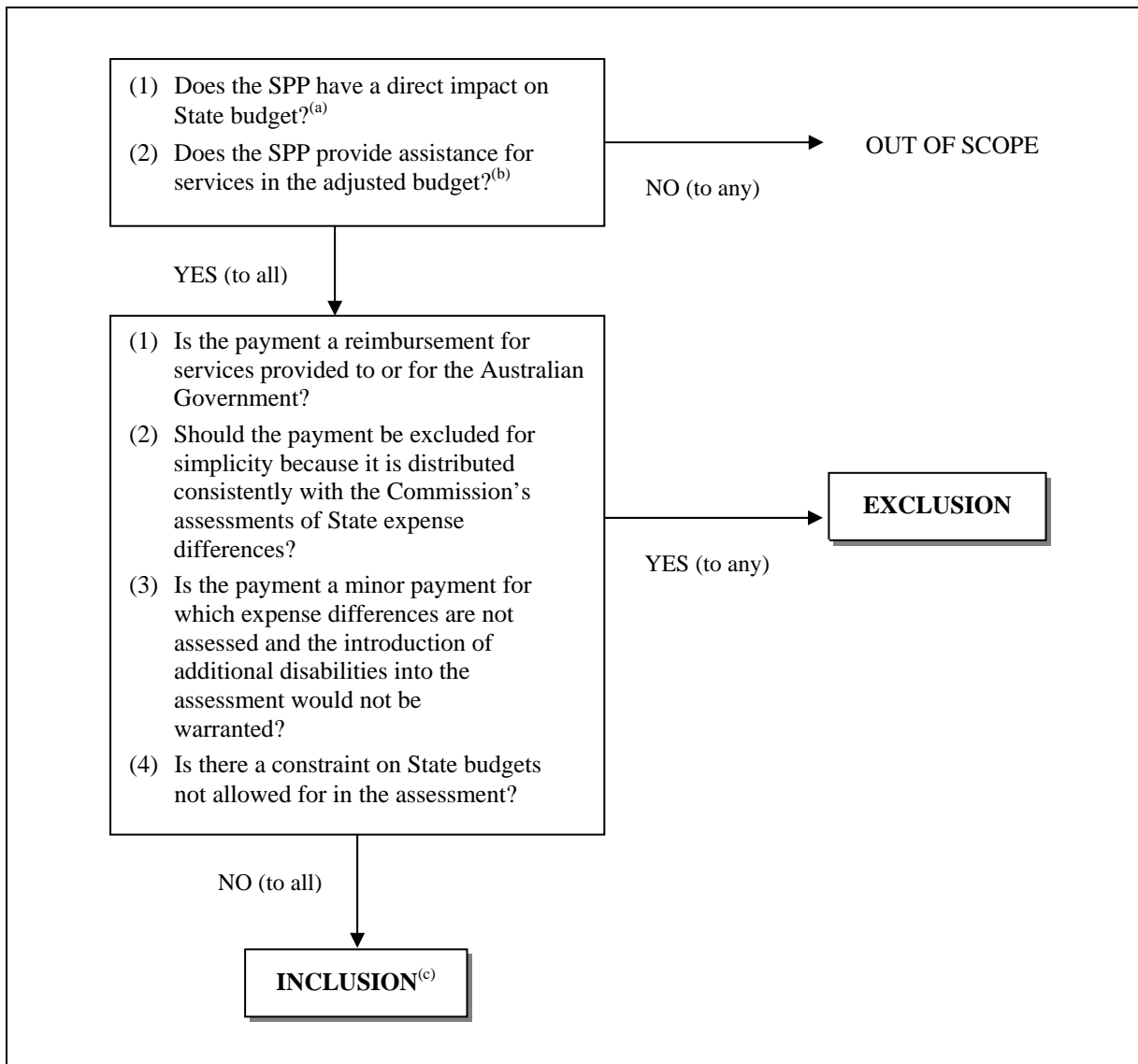
- the payment was reimbursement for services provided for the Australian Government;
- the payment was distributed consistently with the Commission's assessment of States' needs and it was simpler to exclude it;
- the payment was minor<sup>2</sup> and it was simpler to exclude it rather than introduce additional factors into the relevant assessment; and

<sup>2</sup> For the purpose of testing whether an SPP was a minor payment, the upper limit was set at around \$5 per capita for any State receiving the payment.

- the use of inclusion would impose a constraint on States budgets that was not allowed for in the relevant assessment.

9 Under this treatment, the Commission excluded the payment from its SPP revenue and removed the expense financed by the SPP from its related expense category. The practical effect of exclusion and out of scope in State relativities was the same.

**Figure 1 SPP Guidelines, 2008 Update**



Note: (a) Under this criterion, other Australian Government payments made to non-government organisations and SPPs paid through the States were treated as out of scope because they did not have a direct impact on State budgets.  
 (b) Under this criterion, payments made for services which are the responsibilities of the Australian Government and local governments were treated as out of scope.  
 (c) When inclusion was used, the expense financed by the SPP was included in the adjusted budget and needs assessed in the relevant expense category. The SPP was treated as revenue, available to the recipient State to meet part of its assessed differences.

### **Inclusion**

- 10 This treatment was applied if the payment was made to the States for a function within the adjusted budget for which needs were assessed.
- 11 Under this treatment, the Commission included the payment in its SPP revenue and the expense financed by the SPP in its related expense category. In this way, the expense financed from the payment was equalised in the relevant expense category and the payment was treated as revenue available to finance those services.

### **Backcasting**

- 12 Where there is a major change in the Commonwealth-State financial arrangements, the conditions likely to apply in the application year could be significantly different from those applying in the assessment years. In these circumstances, the Commission backcasts the new arrangement into its assessments. It does this by adjusting the assessment year expenses and revenues to reflect what they would have been had the new arrangements been in place in those years. Backcasting produces relativities that better reflect States' requirements for Australian Government assistance in the year of application.
- 13 The Commission has reviewed the SPPs that will commence in 2007-08 and 2008-09. Although these payments will affect the year in which the 2008 Update relativities will be applied, the Commission decided not to backcast them. Annually, they are relatively small programs and do not represent a major change in Commonwealth-State relations.

### **SOURCE OF SPP DATA**

- 14 The Commission sourced its SPP data from the Commonwealth of Australia *Final Budget Outcome* (FBO) and information collected from Australian Government agencies.

### **TREATMENT OF SPECIFIC PURPOSE PAYMENTS IN THE 2008 UPDATE**

#### **Treatment required by the terms of reference**

- 15 *Quarantine components of the Australian Health Care Grants.* The 2008 Update terms of reference asked the Commission to prepare its assessments on a basis consistent with the Australian Government's intention that the following components of the Australian Health Care Agreements between the Australian Government and a State should not directly influence the per capita relativities. Accordingly, the Commission quarantined the following components:
  - payments in relation to mental health;
  - payments in relation to the National health development fund;
  - payments in relation to the Pathways home initiative;

- all payments under an adjustment module, including those related to the Critical and urgent treatment (CUT) waiting list initiative;
- compliance payment arrangements (in this case including the maximum available compliance payments in the assessments);
- payments to South Australia for the administration and management of the hospital at Woomera; and
- payments to Queensland in recognition of the cost associated with the movement of Papua New Guinea's citizens across the Torres Strait.

16 The Commission applied the exclusion method to all components, except the compliance payment. It included the full amount of the compliance payment in its assessments. Table 2 shows the quarantined amounts.

**Table 2 Quarantined Australian health care agreements payments 2002–03 to 2006–07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	20.130	37.676	27.297	28.662	11.029	4.794	2.310	1.168
2003-04	31.045	19.694	14.381	6.450	5.869	1.479	2.387	1.219
2004-05	38.582	39.577	30.098	26.640	8.937	4.489	3.877	1.806
2005-06	46.819	19.474	35.916	6.491	10.761	2.786	1.326	1.624
2006-07	39.930	34.085	24.128	8.503	16.327	3.087	3.983	1.688

Source: The Commonwealth of Australia *Final Budget Outcome*, supplemented by data from the Department of Health and Aged Care.

17 **Quarantine some SPPs.** Clause 5 of the terms of reference asked the Commission to apply the same treatment of SPPs as in the 2007 Update. Accordingly, the Commission continued to quarantine the following payments:

- national competition payments;
- payments to the States to reimburse them for revenue lost as a result of the establishment of a national scheme of companies, securities and future regulation;
- payments which are funded from the Natural Heritage Trust of Australia and the regional telecommunications infrastructure fund;
- payments for the fringe benefit tax transitional grants for the public and not-for-profit hospitals;
- payments for the extension of the first home owners scheme;
- payments for the roads to recovery program;
- Australian Government payments made to the sinking fund on State debt; and
- payments for the Victorian cytology service made under the *Public Health Outcome Funding Agreements*;
- residual adjustment amounts;

- payments to Tasmania under the supplementary Tasmanian *Regional Forestry Agreement*;
- payments to the Northern Territory for Royal Darwin Hospital: equipped, prepared and ready;
- the National Aboriginal health strategy component of the payment to the Northern Territory under the agreement for the provision of housing and infrastructure for Indigenous people in the Northern Territory, 2005 to 2008;
- the Commonwealth's purchase of the Mersey Campus of the North West Regional Hospital from Tasmania; and
- the Commonwealth funding to deliver the Northern Territory emergency response to address the Indigenous crisis in the Northern Territory.

18 These payments have been treated by exclusion for all assessment years.

19 ***Non-compliance with SPP conditions.*** Clause 8 of the 2007 Update terms of reference instructed the Commission to ensure that the reduction of an SPP due to non-compliance with the conditions of the SPP, should not influence a State's assessed relativity. It also stated that additional guidance in relation to any actual reductions for non-compliance would be provided to the Commission if and when the need arose. No guidance was provided to the Commission in the 2008 Update.

#### **Treatment of other Australian Government payments**

20 The Commission also included some Australian Government payments not shown in Commonwealth of Australia's *Final Budget Outcome*, paid to the States for State type services. Australian Government own purpose payments are referred to as (COPOs).

21 They were:

- payments for Indigenous purposes;
- payments for emergency services; and
- payments for national action plan on salinity and water quality.

22 ***Payments for Indigenous purposes.*** The Commission included in its assessments Australian Government payments to the States for Indigenous purposes. These included:

- payments to the States administered by the former Aboriginal and Torres Strait Islander Services (ATSIS). After the closure of ATSIS, the programs were disseminated across various Australian Government departments or agencies. In the 2008 Update, we only included the payments for the Community Housing and Infrastructure Program<sup>3</sup> (CHIP).

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<sup>3</sup> The National Aboriginal Health Strategy component of the CHIP payment to the Northern Territory was quarantined by the terms of reference. The Commission also decided to treat a similar payment to Western Australia by exclusion.

These payments are now administered by the Department of Families, Community Services and Indigenous Affairs (FACSA); and

- payments to the States for the Indigenous Health and Substance Abuse Program administered by Office of Aboriginal and Torres Strait Islander Health (OATSIH).

23 Table 3 shows the amounts.

**Table 3 Payments for Indigenous purposes treated by inclusion**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Community housing and infrastructure program (CHIP)								
2002-03	12.635	0.000	0.150	13.414	8.045	0.000	0.000	17.135
2003-04	20.290	1.155	7.701	28.106	12.710	0.000	0.000	31.279
2004-05	13.250	0.000	0.038	45.568	12.185	0.000	0.000	17.369
2005-06	18.452	0.950	33.662	46.529	8.826	0.000	0.050	22.092
2006-07	16.006	0.000	3.046	23.919	10.263	0.180	0.439	24.830
Indigenous health and substance abuse program								
2002-03	2.388	0.331	3.719	0.849	0.438	0.000	0.005	2.663
2003-04	1.948	0.346	2.653	1.388	0.957	0.159	0.099	6.481
2004-05	1.915	0.001	3.188	1.316	0.158	0.000	0.000	5.613
2005-06	6.791	1.006	4.529	4.904	2.137	0.123	0.028	9.451
2006-07	7.509	0.776	12.436	6.695	2.520	0.051	0.000	11.769

Source: Information provided by ATSIH, FACSA and OATSIH.

24 **Payments for Emergency Services.** The Commission included in its assessments payments made by Emergency Management Australia (EMA) for emergency services. Table 4 shows the amounts.

**Table 4 Payments by Emergency Management Australia (EMA) for emergency services treated by inclusion**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	1.989	1.434	1.853	1.249	0.902	0.440	0.023	0.329
2003-04	2.201	1.587	2.050	1.382	0.998	0.486	0.025	0.364
2004-05	1.203	0.868	1.121	0.756	0.545	0.266	0.014	0.199
2005-06	2.076	1.497	1.934	1.304	0.941	0.459	0.024	0.343
2006-07	1.131	0.815	1.053	0.710	0.513	0.250	0.013	0.187

Source: Information provided by EMA.

25 **Payments for national action plan on salinity and water quality (NAPSWQ).** The Commission included in its assessments payments made to the States to implement the

NAPSWQ Program. These payments were made as Australian Government own-purpose outlays (COPOs) in 2002-03, and as a SPP from 2003-04 onwards. Table 5 shows the payments for 2002-03 by the Department of Agriculture, Fisheries and Forestry.

**Table 5 Payments for national action plan for salinity and water quality treated by inclusion, 2002-03**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	10.521	20.383	5.418	0.000	19.045	0.054	0.000	0.000

Source: Information provided by the Department of Agriculture, Fisheries and Forestry.

### INFORMATION ON THE PAYMENTS RELEVANT TO THE 2008 UPDATE

26 The following section provides information on the Australian Government revenue payments of relevance to the 2008 Update:

- Table 6 shows the total amounts of SPPs under each treatment — part of the pool, inclusion, exclusion and out of scope — and whether their treatment has been directed by the terms of reference or decided by the Commission.
- Table 7 shows the per capita SPPs treated by inclusion in each year of the 2008 Update. It also shows each State's per capita receipts relative to the average. Figure 2 illustrates the per capita receipts for the last assessment year (2006-07).
- Table 8 provides a summary of the treatment accorded each SPP in this update. Those payments with treatments prescribed by the terms of reference are marked with an asterisk.
- Table 9 provides details of each SPP program paid for recurrent purposes, its treatment, and reasons for the treatment where it is not inclusion.
- Table 10 provides details of each SPP program paid for capital purposes, its treatment, and reasons for the treatment where it is not inclusion.

This chapter was prepared by the Budget Analysis and Relativities section of the Commonwealth Grants Commission. If you have any questions about its content please contact Priscilla Kan on (02) 6229 8849 or priscilla.kan@cgc.gov.au.



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**Table 6** Specific purpose payments<sup>(a)</sup> 2002-03 to 2006-07 — method of treatment

	2002-03	2003-04	2004-05	2005-06	2006-07	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	%	%	%	%	%
<b>Methods required by the terms of reference</b>										
Part of pool	7 076.543	7 410.275	7 800.654	8 199.467	8 687.744	33.5	33.2	32.4	31.5	31.4
Inclusion	0.000	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0
Exclusion	394.015	243.718	347.652	287.888	319.019	1.9	1.1	1.4	1.1	1.2
Out of scope	151.753	155.852	159.748	163.742	170.292	0.7	0.7	0.7	0.6	0.6
Total	7 622.311	7 809.845	8 308.054	8 651.097	9 177.055	36.1	35.0	34.5	33.2	33.2
<b>Methods decided by the Commission</b>										
Part of pool	0.000	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0
Inclusion	7 413.263	7 479.745	8 181.775	8 969.492	9 799.979	35.1	33.6	34.0	34.4	35.4
Exclusion	700.668	985.495	993.028	1 490.966	1 424.782	3.3	4.4	4.1	5.7	5.2
Out of scope	5 385.031	6 018.606	6 580.558	6 926.707	7 244.334	25.5	27.0	27.3	26.6	26.2
Total	13 498.962	14 483.846	15 755.361	17 387.165	18 469.094	63.9	65.0	65.5	66.8	66.8
<b>Total</b>										
Part of pool	7 076.543	7 410.275	7 800.654	8 199.467	8 687.744	33.5	33.2	32.4	31.5	31.4
Inclusion	7 413.263	7 479.745	8 181.775	8 969.492	9 799.979	35.1	33.6	34.0	34.4	35.4
Exclusion	1 094.683	1 229.213	1 340.680	1 778.854	1 743.801	5.2	5.5	5.6	6.8	6.3
Out of scope	5 536.784	6 174.458	6 740.306	7 090.449	7 414.626	26.2	27.7	28.0	27.2	26.8
Total	21 121.273	22 293.690	24 063.415	26 038.262	27 646.149	100.0	100.0	100.0	100.0	100.0

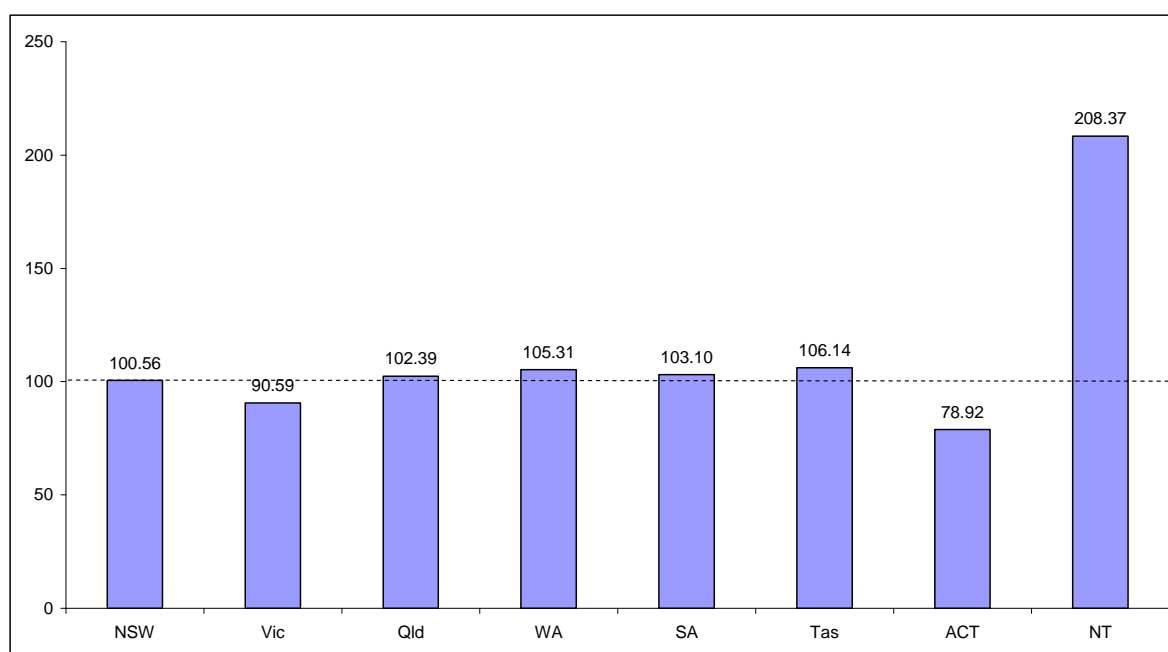
(a) Excludes SPPs treated as State revenue

**Table 7 Specific purpose payments treated by inclusion – average per capita and States’ relative receipts, 2002-03 to 2006-07**

Year	Average per capita receipts \$pc	Per capita receipts relative to average <sup>(a)</sup>							
		NSW	Vic	Qld	WA	SA	Tas	ACT	NT
2002-03	374.80	0.9772	0.9254	1.0254	0.9788	1.0665	1.1525	0.9245	2.5701
2003-04	373.55	1.0280	0.8818	1.0115	0.9710	1.0616	1.0771	0.8605	2.6183
2004-05	403.59	1.0263	0.9090	0.9845	0.9913	1.0574	1.1363	0.8717	2.2028
2005-06	436.32	1.0215	0.9086	0.9921	1.0534	0.9892	1.1287	0.8472	2.1840
2006-07	469.83	1.0056	0.9059	1.0239	1.0531	1.0310	1.0614	0.7892	2.0837

(a) Calculated as the State’s per capita receipts divided by average per capita receipts.

**Figure 2 States’ relative receipt of specific purpose payments treated by inclusion, 2006-07**



**Table 8** Treatment of specific purpose payments<sup>(a)</sup>

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b>General revenue funds — recurrent purposes</b>						
Financial assistance grants						Part of the pool for FAG relativities
GST revenue	x	x	x	x	x	Part of the pool for GST relativities
<b>Specific purpose payments — recurrent</b>						
<b>Public order and safety</b>						
Legal aid	x	x	x	x	x	Out of scope
Gun buyback scheme		x	x			Exclusion
Film and literature classifications	x	x	x	x	x	Exclusion
Improving policing in very remote areas						x Inclusion
CrimTrac reference system						x Exclusion
<b>Education</b>						
Government schools	x	x	x	x	x	Inclusion
Non-government schools <sup>(b)</sup>	x	x	x	x	x	Out of scope
Vocational education and training	x	x	x			Inclusion
Targeted programs government schools	x	x	x	x	x	Inclusion
Targeted programs non-government schools <sup>(b)</sup>	x	x	x	x	x	Out of scope
Indigenous education strategic initiatives program — government	x	x	x	x	x	Inclusion
Indigenous education strategic initiatives program — non-government <sup>(b)</sup>	x	x				x Out of scope
Skilling Australia's workforce				x	x	Inclusion
Australian technical colleges				x	x	Inclusion — payments to government colleges; Out of scope — payments to non-government colleges
<b>Health</b>						
Blood transfusion services	x					Inclusion
Health program grants	x	x	x	x	x	Exclusion
Health care grants	x	x	x	x	x	Mental Health, Critical and Urgent Treatment Waiting Lists Initiative and Pathway Home Initiative — Exclusion*; others — Part of the pool*
National health development fund	x					Exclusion*
Highly specialised drugs	x	x	x	x	x	Out of scope
Youth health services	x	x	x	x	x	Inclusion
National public health	x	x	x	x	x	Victorian Cytology Service — Exclusion*; other — Inclusion

**Table 8 Treatment of specific purpose payments<sup>(a)</sup> (continued)**

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b><i>Health (continued)</i></b>						
Repatriation general hospitals	x	x	x	x	x	Exclusion
Fringe benefit tax transitional grants for public and not-for-profit hospitals	x					Exclusion*
Assistance for Bali victims		x				Exclusion
Hepatitis C settlement fund		x	x	x	x	Out of scope
Supporting Western Sydney — positron emission tomography scanner Westmead			x	x	x	Inclusion
Strengthening cancer care — Royal Children's Hospital in Melbourne			x			Inclusion
Royal Darwin Hospital — Equipped, prepared and ready			x	x	x	Exclusion*
Essential vaccines	x	x	x	x	x	Inclusion
Assistance to tsunami victims			x			Exclusion
Organ transplantation services				x	x	Inclusion
<b><i>Social security and welfare</i></b>						
Aged care assessment	x	x	x	x	x	Inclusion
Home and community care	x	x	x	x	x	Inclusion
Disabilities services	x	x	x	x	x	Inclusion
Children's services	x	x	x	x	x	Exclusion
Supported accommodation assistance	x	x	x	x	x	Inclusion
Unaccompanied humanitarian minors	x	x	x	x	x	Exclusion
Exceptional circumstances administration	x					Exclusion
Extension of fringe benefits	x	x	x	x	x	Inclusion
National illicit drugs strategy	x					Inclusion
Assistance to Solomon Island evacuees				x		Exclusion
National action plan to build on social cohesion, harmony and security					x	Inclusion
Young people with disabilities					x	Inclusion
<b><i>Housing and community amenities</i></b>						
Assistance for water and sewerage	x	x	x	x	x	Out of scope
Natural Heritage Trust of Australia (NHTA) — Bushcare	x	x	x	x		Exclusion*
NHTA — Coastcare	x	x	x	x		Exclusion*
NHTA — Rivercare	x	x	x	x		Exclusion*
NHTA — Air pollution in major cities	x					Exclusion*
NHTA — Landcare		x	x	x		Exclusion*
National water initiative - living Murray				x	x	Inclusion

**Table 8 Treatment of specific purpose payments<sup>(a)</sup> (continued)**

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b>Recreation and culture</b>						
Melbourne Commonwealth Games 2006		x		x		Exclusion
NHTA — Bushcare		x	x			Exclusion*
NHTA — Coastcare		x	x			Exclusion*
NHTA — Landcare		x				Exclusion*
NHTA — Rivercare		x				Exclusion*
2004 Oylmpic/Paralympic welcome home parade			x			Exclusion
Strengthening Tasmania				x	x	Inclusion
<b>Agriculture, forestry and fishing</b>						
Tasmanian wheat freight subsidy	x	x				Out of scope
Exotic diseases eradication	x	x	x	x	x	Exclusion
National landcare program	x	x	x	x	x	Exclusion
Plant disease and eradication	x	x	x	x	x	Inclusion
NHTA — Waste management awareness	x					Exclusion*
Great Artesian Basin sustainability initiative					x	Exclusion
Forest industry structural adjustment package	x	x	x			Out of scope
Skilling farmers for the future	x	x	x	x		Inclusion
War service land settlement scheme	x	x				Out of scope
Eradication of red imported fire ant	x	x	x	x	x	Exclusion
Regional assistance		x	x		x	Inclusion
NHTA — Bushcare		x	x		x	Exclusion*
NHTA — Coastcare		x	x		x	Exclusion*
NHTA — Landcare		x	x		x	Exclusion*
NHTA — Rivercare		x	x		x	Exclusion*
National action plan for salinity and water quality		x	x	x	x	Inclusion
Agricultural development partnership		x	x			Inclusion
Exceptional circumstances assistance		x	x	x	x	Exclusion
Tasmanian forests package				x	x	Out of scope
Agriculture - Advancing Australia - FarmBis					x	Inclusion
<b>Fuel and energy</b>						
Snowy Hydro Ltd — company tax compensation		x	x	x	x	Exclusion

**Table 8 Treatment of specific purpose payments<sup>(a)</sup> (continued)**

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b><i>Transport and communication</i></b>						
Interstate road transport	x	x	x	x	x	State revenue
Petroleum products freight subsidy scheme <sup>(b)</sup>	x	x	x	x	x	Out of scope
Roads to recovery — unincorporated areas	x	x				Exclusion*
Gold Coast light rail		x	x			Inclusion
Supplementary funding to SA councils for local roads			x	x	x	Out of scope
Upgrade to Eyre Peninsula rail system			x			Out of scope
<b><i>Other purposes</i></b>						
Debt redemption assistance	x	x	x	x		Interest Costs — Inclusion; Contribution to Sinking fund — Exclusion
Financial assistance — local government <sup>(b)</sup>						
— General assistance	x	x	x	x	x	Out of scope
— Identified local roads	x	x	x	x	x	Out of scope
Compensation — companies regulation	x	x	x	x	x	Out of scope
Natural disaster relief	x	x	x	x	x	Exclusion
Natural disaster risk management studies <sup>(b)</sup>	x					Out of scope
Royalties						
— Payment to NT	x	x	x	x	x	Revenue
— Payment to WA	x	x	x	x	x	Exclusion for payment under Section 130 of the Petroleum (Submerged Lands) Act 1967; State revenue for other components
ACT national capital influences	x	x	x	x	x	Out of scope
National aerial fire fighting strategy	x					Inclusion
Bushfire recovery appeals	x					Exclusion
Assistance to ACT softwood sawmill		x				Exclusion
Special revenue assistance to the ACT		x	x			Exclusion
The Prime Minister's and Premier's Cyclone Larry relief appeal				x		Exclusion
<b>Specific purpose payments — capital purposes</b>						
<b><i>Education</i></b>						
Government schools	x	x	x	x	x	Inclusion
Non-government schools <sup>(b)</sup>	x	x	x	x	x	Out of scope

**Table 8 Treatment of specific purpose payments<sup>(a)</sup> (continued)**

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b>Health</b>						
Blood transfusion services	x					Out of scope
Organ transplantation services				x	x	Out of scope
<b>Social security and welfare</b>						
Home and community care	x	x				Inclusion
Crisis accommodation assistance	x	x	x	x	x	Inclusion
<b>Housing and community amenities</b>						
Housing assistance for Indigenous people	x	x	x	x	x	Inclusion
Community housing	x	x	x	x	x	Inclusion
Commonwealth–State housing agreement block assistance/Base funding	x	x	x	x	x	Inclusion
Social housing subsidy program	x	x	x	x	x	Inclusion
Federal flood mitigation program <sup>(b)</sup>	x	x	x			Out of scope
Disaster mitigation package <sup>(b)</sup>		x	x	x	x	Out of scope
Additional first home owners scheme <sup>(b)</sup>	x	x	x	x		Out of scope
Bushfire mitigation package			x	x	x	Out of scope
<b>Fuel and Energy</b>						
Photovoltaic rebate program <sup>(b)</sup>	x	x	x	x	x	Out of scope
Renewable remote power generation	x	x	x	x	x	Out of scope
<b>Agriculture, Forestry and Fishing</b>						
NHTA — National landcare program	x		x			Exclusion*
Great Artesian Basin sustainability initiative	x	x	x	x		Out of scope
NHTA — Rivercare	x					Exclusion*
Tasmanian water infrastructure				x		Out of scope
<b>Transport and Communications</b>						
Alice Springs Darwin railway	x		x			Out of scope
Road program	x	x				Inclusion
Road safety blackspots	x	x				Local roads — Out of scope; State roads — Inclusion
AusLink			x	x	x	Rail — Out of scope; National highways and State roads — Inclusion; Roads to Recovery — Exclusion; Road Safety Blackspots - Inclusion for State roads and Out of scope for local roads.
Federation fund projects - Tasmania	x					Out of scope*
Federation fund projects - New South Wales/Victoria		x	x			Out of scope*

**Table 8 Treatment of specific purpose payments <sup>(a)</sup> (continued)**

Payment	Year Payments Made					Treatment
	02-03	03-04	04-05	05-06	06-07	
<b>Other Purposes</b>						
Sinking fund on State debt	x	x	x	x	x	Exclusion*
<b>Australian government subsidy of State type services (capital and recurrent)</b>						
State grants for Indigenous purposes (formerly paid by the Aboriginal and Torres Strait Islander Commission)	x	x	x	x	x	Inclusion for payments to State; Out of scope for payments to non-government organisations, WA's Horizon Power and Aboriginal Remote Communities Power supply program
National Aboriginal Health Strategy component of CHIP program paid to the Northern Territory.						Exclusion* (Required by terms of reference)
Payments by Department of Health for Indigenous health purposes	x	x	x	x	x	Inclusion for payments to State; Out of scope for payments to non-
Payments by Emergency Management Australia	x	x	x	x	x	Inclusion

(a) Including SPPs and other Australian government revenue payments not published in FBO.

(b) Payments through the States.

(c) These payments were paid as other Australian government revenue payments for 2002-03 and paid as SPPs from 2003-04.

\* Method adopted as required by the terms of reference.

(a) Including SPPs and other Australian Government revenue payments not published in FBO.

(b) Payments through the States.

(c) These payments were paid as other Australian Government revenue payments for 2002-03 and paid as SPPs from 2003-04.

\* Method adopted as required by the terms of reference.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Public order and safety</b>						
Legal Aid	To provide funding to State legal aid commission for the provision of legal assistance on the Australian Government matters.	Distributed according to needs planning model on an analysis of relevant demographics, and risk and cost factors.	Specified service levels and units included in the agreements.	2002-03 to 2006-07	Out of scope	Australian Government matter.
Gun Buyback Scheme	In accordance with the Handgun Buyback Act 2003, to compensate eligible persons for the surrender of handguns, parts and accessories and for money expended in direct connection with administration and awareness raising of the Council of Australian Government reforms.	Funding provided to States on a reimbursement basis.	No matching conditions.	2003-04 and 2004-05	Exclusion	States act as agents for the Australian Government.
Film and Literature Classifications	Payments to States for participation in the new national cooperative censorship scheme as per the inter-governmental agreement signed on 28 November 1995.	In first year of operation all jurisdictions received same base amount and adjusted by CPI movement in later years.	N/A	2002-03 to 2006-07	Exclusion	Minor payment where the introduction of additional factors into the assessment would not be warranted.
Improving policing in very remote areas	To address violence and child abuse in Indigenous communities, the Australian Government is providing assistance to the States and the Northern Territory for the construction of police stations and related infrastructure including police housing, and for additional sniffer dog teams to reduce the use of illicit substances in some Indigenous communities.	Allocation of resources under this program is based on gaps in current remote area policing facilities as established by the <i>Valentin Review of Remote Policing, 2007</i> . The review assessed available data from States and the Northern Territory, and made subsequent recommendations for each jurisdiction.	This SPP does not have any association with the recent action taken by the Commonwealth to address social problems within Indigenous Communities in the Northern Territory	2006-07	Inclusion	

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Public order and safety (cont)</b>						
CrimTrac Police reference system	The payment is for the installation of IT infrastructure to connect to the Minimum Nationwide Person Profile which is part of the CrimTrac Police Reference System.	Payments to the State and Territories for their contribution toward a national information sharing solution through the development of the CrimTrac Police Reference System.		2006-07	Exclusion	This payment is a reimbursement from the Australian Government.
<b>Education</b>						
Government Schools	To provide supplementary assistance to State education authorities through per capita general recurrent grants which can be applied to staff salaries, teacher professional development, curriculum development and maintenance and general operation provisions.	Calculated on per student basis and adjusted based on movements in average government school recurrent costs.	No matching conditions.	2002-03 to 2006-07	Inclusion	
Non-Government Schools (payment through the States)	To provide supplementary assistance to non-government schools and systems through per capita general recurrent grants which can be applied to staff salaries, teacher professional development, curriculum development and maintenance and general operation provisions.	Funding to non-government schools depends on number of eligible students enrolled in non-government schools, their distribution among schools with varying funding levels and adjusted based on movements in average government school recurrent costs. Establishment grants are available in respect of newly commencing schools. From 2001, funding is available to distance education student in non-government schools.	No input conditions. General recurrent funds payable in accordance with the objectives of the program and in the particular year for which funds have been allocated.	2002-03 to 2006-07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Education (cont)</b>						
Vocational Education and Training Funding Act	To provide a nationally identifiable and consistent vocational education and training system.  The funds are paid to Australian National Training Authority (ANTA) for allocation to the States.	The recurrent funding allocations are based on ANTA's recommendations in the annual 'Directors and Recourse Allocation' report to the Ministerial Council each year. The allocations are based on a population share (mix of historical and current).	Each State receives funding if it gives a commitment to increase the number of new apprentices.  A State will receive additional funding if it gives a commitment to match the additional Australian Government funding in the year.	2002–03 to 2004–05	Inclusion	
Targeted Programs – Government Schools and Joint Initiatives (school programs – government schools)	To provide assistance to for the improvement of literacy, numeracy and educational outcomes for educationally disadvantaged students, to promote the study of other languages, and to assist in the transition from school to work.	N/A	No input conditions. Funds may be used at the discretion of the education authority.	2002–03 to 2006–07	Inclusion	
Targeted Programs – Non-Government Schools (joint school programs – non-govt schools) (payment through States)	To provide assistance to non-government schools and systems for the improvement of literacy, numeracy and education outcomes for educationally disadvantaged students, to promote the study of other languages, and to assist in the transition from school to work.	N/A	No input conditions. Funds may be used at the discretion of the education authority.	2002–03 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
Indigenous Education Strategic Initiatives Program – Government	To provide supplementary recurrent funding to State education providers in the pre-school, school and vocational education and training sectors, as well as project based funding aimed at improving indigenous education outcomes.	N/A	No input conditions. Recipients to use their best endeavours to reach performance targets annually.	2002–03 to 2006–07	Inclusion	

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Education (cont)</b>						
Indigenous education strategic initiatives program – non-government (payment through the States)	To provide supplementary recurrent funding to non-government education providers in the pre-school, school and vocational education and training sectors, as well as project based funding aimed at improving indigenous education outcomes.	N/A	No input conditions. Recipients to use their best endeavours to reach performance targets annually.	2002–03 and 2003–04 and 2006-07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
Skilling Australia’s Workforce	Funds are used to promote a national vocational education and training system.		The arrangements were previously set out and reported under the Vocational Education and Training Funding Act 1992. The Act has since been repealed and funding and reporting arrangements are not set out in the Skilling Australia’s Workforce Act 2005 and subsequent agreements with the States and Territories.	2005-06 and 2006-07	Inclusion	
Australian Technical Colleges	The Australian Government is establishing 24 Australian Technical Colleges over four years. Students will combine academic courses leading to Year 12 certificate with a School-based New Apprenticeship in a trade, leading to a nationally endorsed Training Package qualification.	It is expected that the States will provide recurrent funding to each College at current per-student rates.	Most of the funding is classified as Australian Government own purpose expenses (COPOs) and paid by private consortia. In addition to this funding, the Australian Government will fund each student at a College at the same rate as existing government and non-government secondary school students.	2005-06 and 2006-07	Inclusion for SPPs and COPOs paid to State government colleges; and  Out of scope for SPPs and COPOs paid to non-government colleges	The payment is for on passing to private consortia and does not have a direct impact on State budgets.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health</b>						
Blood Transfusion Services	To provide funds for the Australian Red Cross Service towards its recurrent costs in providing a national blood transfusion services.	Per annum each State and Territory provides an estimate (operating and capital grants) that they propose to pay the Aust Red Cross, this is used to determine the Australian Government contribution.	The Australian Government pays 40% of operating costs, the Red Cross contribute a small amount and State/Territory paying the balance.	2002–03	Inclusion	
Health Program Grants	To provide alternative funding to Medicare benefits, with the aim of improving access to approved health services and/or where fee for service is inappropriate, by reimbursing service costs to State government organisations for two types of services: pathology and medical/general practitioner services.	Organisations are funded at the discretion of the Minister (or delegate). Payments are made to give effect to specific health policy objectives and on the basis of how many services are provided in the years.	Program based on a financial year basis.	2002–03 to 2006–07	Exclusion	States act as Australian Government agents.
Health Care Grants	Grants under the Australian Health Care Agreements to assist States to provide public hospital services free of charge to eligible persons.	Distributed accordance with the Agreements and are subject to a determination by Minister of Health and Aged Care.	No matching requirements, however States and Territories are required to at least maintain a level of public patient services.	2002–03 to 2006–07	Exclusion and part of the pool <sup>4</sup>	As required by the terms of reference.
National Health Development Fund	Grants under the Australian Health Care Agreements to assist States to improve health system performance.	Allocations in accordance with the Agreements and are subject to a determination by Minister of Health and Aged Care.	N/A	2002–03	Exclusion	As required by the terms of reference.

<sup>4</sup> Payments in relation to Mental Health, Critical Urgent Treatment Waiting Lists Initiative, Pathway Home Initiative, compliance payment arrangements, payments to South Australia for the administration and management of the hospital at Woomera; and payments to Queensland in recognition of the costs associated with the movement of Papua New Guinea's citizens across the Torres Strait – Exclusion; others – part of the Pool.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health (cont)</b>						
Highly Specialised Drugs	To provide access to certain drugs under the Pharmaceutical Benefits Scheme which must be supplied through hospitals to outpatients, because of special need in clinical administration or monitoring.	The Australian Government funds all usage of highly specialised drugs by hospital outpatients.	States and Territories provide funding to in-patient usage of specialised high cost medicine and Australian Government subsidises access for outpatients.	2002–03 to 2006–07	Out of scope	Australian Government responsibility.
Youth health services	To fund community based organisations to enable them to develop and implement innovative primary health care services for homeless and at-risk youth.	Based on State and Territory population distributions with ACT and NT receiving a minimum percentage of the overall funding allocation.	States match the Australian Government contribution on a dollar for dollar basis.	2002–03 to 2006–07	Inclusion	
National public health	Payments to the States, under the new broad banded arrangements for public health, for subsidies for health promotion and disease prevention. Agreement has five categories: Public Health Outcome Funding Agreement (PHOFAs), COAG Diversion Initiative, the (NGO) Non Government Treatment Grants (NSW only) for funding to NGOs for the purpose of expanding and upgrading existing NGO treatment services, Hepatitis C Education and Prevention Budget Initiative and COAG Illicit Drug Diversion Package.	PHOFAs based on a resource allocation formula, COAG Diversion and Illicit Drugs and Hepatitis C are based on weighted predicted population estimates each year. NSW is the only jurisdiction that received NGO treatment grant funds, outside of the PHOFA.	No matching requirements.	2002–03 to 2006–07	Payments for the Victorian Cytology Service (VCS) made under this SPP arrangement – Exclusion; Remainder of the SPP - Inclusion	Exclusion of VCS — as required by the terms of reference.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health (cont)</b>						
Essential vaccines	To provide funds for essential vaccines for immunisation under the Public Health Outcome Funding Agreements and for selected new vaccines recommended by the National Health and Medical Research Council for inclusion in the Standard Vaccination Schedule.	Fund to States and Territories is based on a resource allocation formula of population across jurisdictions, together with other relevant health indicators and determinants includes socio-economic status, mortality rates, remoteness and program specific usage factors.	Although no incentive procedures are currently in place the present PHOFAs include provisions for their adoption following the review now in progress of vaccine leakage and wastage in the National Immunisation Program.	2002–03 to 2006–07	Inclusion	
Repatriation General Hospitals	To provide funds for payments of a non-treatment nature, for example, staff transfer costs such as accrued leave credits, income maintenance, superannuation differential, etc to State governments in accordance with agreements reached on integration of repatriation general hospitals.	Payments to each State (NSW, Vic SA and Tas) are provided under a separate Australian Government-State arrangement.	States to provide list of personnel before payment is made. The Australian Government reimburses the State for the difference between what the former Australian Government Employees were entitled to and the equivalent for State employees where the State entitlement is lower.	2002–03 to 2006–07	Exclusion	States act as agents for the Australian Government.
Hepatitis C Settlement Fund	The fund is designed to provide financial assistance to those who have been infected with Hepatitis C via blood transfusions.	The funding is provided through the States to legal entities acting on behalf of individuals.		2003–04 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
Fringe Benefit Tax Transitional Grants for Public and Not-for-Profit Hospitals	The FBT cap to apply to public and not-for-profit hospitals will be \$17 000 of grossed up taxable value per employee. To assist with the transition to this cap, grants are to be provided to public and not-for-profit hospitals from 2000-01, reducing to zero in 2003-04.	Based on information provided to the Department of Health and Aged Care by each jurisdiction and assessed by Australian Taxation Office.	Distribution and frequency will be assessed on information provided to the Department of Health and Aged Care by each jurisdiction and assessed by Australian Taxation Office.	2002–03	Exclusion	As required by the terms of reference.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health (cont)</b>						
Assistance for Bali victims	Provide one-off assistance to most State governments for the public hospital costs incurred in the initial treatment of victims of the bombing in Bali on 12 October 2002.			2003–04	Exclusion	Allocation reflects needs.
Supporting Western Sydney – Positron Emission Tomography (PET) Scanner Westmead	Contributions to the purchase and installation of a new PET scanner at Westmead Hospital (NSW) and annual grant towards running costs.	Payment to New South Wales only.		2004–05 to 2006–07	Inclusion	
Strengthening Cancer Care – Royal Children’s Hospital in Melbourne	One-off assistance to Royal Children’s Hospital in Melbourne for the completion of a world class children’s cancer centre, which will be a model for similar centres.	Payment to Victoria only.		2004–05	Inclusion	
Royal Darwin Hospital – Equipped, Prepared and Ready	Funding to ensure that it can operate as a National Critical Care and Trauma Response Centre and ensure that in the event of a major incident, it has the capacity to receive and treat as many people as possible.	Payment to the Northern Territory only.		2004–05 to 2006–07	Exclusion	As required by the terms of reference.
Assistance to Tsunami Victims	One-off assistance to most States for the costs incurred in providing medical teams and other support as part of Australia’s assistance to the victims of the December 2004 tsunami.	Payment to all States except Tasmania.		2004–05	Exclusion	Allocation reflects needs.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health (cont)</b>						
Organ and tissue donation	To fund initiatives that will assist improving rates of organ and tissue donation in Australia.			2006-07	Inclusion	
<b>Social security and welfare</b>						
Home and Community Care	Funds are provided on a matched basis for the provision of appropriate community care services to help frail aged people and people with a disability live independently in their homes as long as possible.	Distribution is being reviewed, with the view of moving away from historic program based allocation.	The Australian Government provides approximately 60% of funding and the States the remainder.	2002-03 to 2006-07	Inclusion	
Aged Care Assessment	To conduct holistic assessments of frail aged clients to determine their care needs and to refer them to appropriate residential or community care services. This program has two components Aged Care Assessment Teams (ACATs) and Psycho geriatric Care Units (PCUs).	ACATs – take into account the number of Aboriginal and Torres Strait Islanders aged 50 to 69 and population dispersion weighted for rural and remote factors. PCUs - The States and NT Governments submit proposals.	Funding is directed towards costs of salaries of assessment staff, overheads and some operating costs. States and NT provide some funding to cover accommodations and infrastructure services e.g. pays and personnel.	2002-03 to 2006-07	Inclusion	

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Social security and welfare (cont)</b>						
Disabilities Services	Under the terms of the renegotiated Commonwealth-State Disability Agreement 1997, the Australian Government continues to provide funds to the States to assist in the provision of accommodation support and other services for people with disabilities.	Percentage split NSW: 33.0; Vic: 22.2; QLD: 19.4; WA: 7.7; SA: 11.8; Tas: 3.6; NT: 1.0; ACT: 1.3.	No matching requirements although there is an expectation that State expenditure be maintained in real terms. Recent bilateral agreements contained a condition requiring States to provide significant additional funds which at least met the level of new Australian Government funding.	2002–03 to 2006–07	Inclusion	
Unaccompanied Humanitarian Minors	To assist humanitarian minors without parents in Australia and families providing their care through early intervention, counselling and assistance by State welfare agencies.	Number of refugee minors receiving supervision and care in each location.	This agreement is non-discretionary and demand driven and is to provide supervision and welfare support to minors as expressed in a MOU and cost share agreement.	2002–03 to 2006–07	Exclusion	Minor payments where the introduction of additional factors into the assessment would not be warranted.
Children's Services	To ensure access to affordable, quality childcare in programs administered by State governments on behalf of the Australian Government.	As negotiated with each State/Territory Government for Occasional Care Neighbourhood Model. Balance of Support for Child Care is generally dependent upon the numbers and amounts of grants in respect of individual services in each State.	Australian Government contributions paid up-front with State Governments providing the remainder. Conditions for neighbourhood model occasional care places were not specified.	2002–03 to 2006–07	Exclusion	States act as agents for the Australian Government.
Supported Accommodation Assistance Program (SAAP)	This is a jointly funded Australian Govt.-State program to assist people who are homeless and in crisis. The States are responsible for the day-to-day administration of the program. Services are provided by community organisations and local governments under contracts to State government welfare departments.	Distribution of total funding largely historically based on amalgamation of Australian Government and Government recurrent funding on support services for the homeless in 1985. Subsequent additional funding allocated with an adjustment for Tasmania and the Territories.	Continuation of joint Australian Government (60%) and State (40%) base grant and indexed by CPI.	2002–03 to 2006–07	Inclusion	

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Social security and welfare (cont)</b>						
Exceptional Circumstances (EC) Administration	To support the administrative costs of the State rural assistance authorities, including the issuing of EC certificates under the Farm Household Support Act 1992 to eligible farmers to access the exceptional circumstances relief payment (ECRP).	Distribution is related simply to the existence of EC areas (if any) and Rural Partnership Programs (RPPs) in individual States.	N/A	2002–03	Exclusion	Minor payments where the introduction of additional factors into the assessment would not be warranted.
Extension of fringe benefits	To compensate the States for extra costs resulting from the liberalisation of access to the Australian Government's Pensioner Concession card in 1993. In return the States agree to provide a core group of concessions for utilities, municipal and water rates, public transport and motor vehicle registration to all holders.	The split between the States and Territories is based on the percentage of total pensioners in each State/Territory, agreed in 1993.	States/Territories are obligated to confirm annually, that they will continue to provide the core group of concessions to PCC holders with no discrimination between full and part-rate pensioners.	2002–03 to 2006–07	Inclusion	
National illicit drugs strategy	Funding to State and Territory Governments to provide services to families where the young person is suffering from the effect of illicit drug use. In most cases, the governments purchase services from community based organisations.	Based on a funding model including a range of weighting factors.	The Australian Government solely funds the initiative. States manage the program.	2002–03	Inclusion	
Assistance to Solomon Island Evacuees	To reimburse Queensland government for meeting the livings costs of Solomon Island evacuees evacuated from the Solomon Islands in April 2006.			2005–06	Exclusion	Allocation reflects needs.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Social security and welfare (cont)</b>						
Young people with disabilities	For the purpose of reducing the number of younger people with a disability in residential aged care, with priority given to people aged less than 50 years.	Provides funding to the States on a matched basis.		2006-07	Inclusion	
National action plan to build on social cohesion, harmony and security	Commonwealth contribution to partnership projects with State and Territory governments aimed at further integrating the Muslim community into broader Australian society.			2006-07	Inclusion	
<b>Housing and community amenities</b>						
Assistance for water and sewerage	To compensate the ACT Government for additional costs resulting from the national capital planning influences on the provision of water and sewerage services.	The level of funding is in accordance with the CGC's Third Report on ACT Finances in 1988 and adjusted annually for inflation.	N/A	2002-03 to 2006-07	Out of scope	Payments relating to Public Trading Enterprises (PTEs) are assumed to be for on passing and do not have a direct impact on State budgets.
Natural Heritage Trust of Australia – Bushcare <sup>5</sup>	To reserve the long term decline in the quality and extent of Australia's native vegetation cover.	Annual bid for funding and following Ministerial approval, funding is released by Financial Agreements. Agencies in each State and Territory are responsible on disbursement to recipients.	A State to match funding dollar for dollar. Projects must comply with a range of general Natural Heritage Trust requirements.	2002-03 to 2006-07	Exclusion	As required by the terms of reference.

<sup>5</sup> The payment for NTHA — Bushcare is also paid under Recreation and Culture and Agriculture, Forestry and Fishing (current purposes).

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Housing and community amenities (cont)</b>						
Natural Heritage Trust of Australia – Coasts and Clean seas Initiative (changed name to Coastcare) <sup>6</sup>	To help achieve the repair of Australia's aquatic environment and assist in the conservation and sustainable use of resources in freshwater, estuarine and marine environments.	National competitive process.	Coasts and Clean Seas – proponents are required to provide matching contributions. Coastcare – States contribute the total funding.	2002–03 to 2006–07	Exclusion	As required by the terms of reference.
Natural Heritage Trust of Australia – National Rivercare Program (changed name to Rivercare) <sup>7</sup>	To ensure progress towards the sustainable management, rehabilitation and conservation of rivers outside the Murray-Darling Basin.	Distribution is based on assessments of projects against program priorities.	Matching of funds requested from the program.	2002–03 to 2006–07	Exclusion	As required by the terms of reference.
Natural Heritage Trust of Australia – Air Pollution in Major Cities	To reduce the impact of air pollution in urban areas and, in doing so, to contribute to the development of sustainable urban environments.	Funds are provided on the basis of achieving planned milestones.	N/A	2002–03	Exclusion	As required by the terms of reference.
Natural Heritage Trust of Australia – Landcare <sup>8</sup>	To develop and implement resource management practices which enhance our soil, water and biological resources and which are efficient, sustainable, equitable, and consistent with the principles of ecologically sustainable management.	State and the Australian Government agreement at commencement of program with yearly adjustments based on NRM priorities.	Payments to the States will be in accordance with a signed financial agreement, with specific outputs, outcomes and reports.	2002–03 to 2006–07	Exclusion	As required by the terms of reference.

<sup>6</sup> The payment for NHTA — Coastcare is also made under Recreation and Culture and Agriculture, Forestry and Fishing (current purposes).

<sup>7</sup> The payment for NHTA — Rivercare is also made under Recreation and Culture and Agriculture, Forestry and Fishing (current purposes).

<sup>8</sup> The payment for NHTA — Landcare is also made under Recreation and Culture and Agriculture, Forestry and Fishing (current purposes).

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Housing and community amenities (cont)</b>						
National Water Initiative - Living Murray	To implement a package of water recovery and water use efficiency activities to address water over-allocation to improve the health of the Murray Darling Basin.	N/A	Payment to Victoria.	2005–06 and 2006-07	Inclusion	
<b>Recreation and culture</b>						
2004 Olympic / Paralympic Welcome Home Parade	Contribution towards the hosting of national welcome home parades for Australia’s 2004 Olympic and Paralympic Teams.	Payment to New South Wales.		2004–05	Exclusion	States act as agents for the Australian Government.
Melbourne Commonwealth Games 2006	Provide funding to the Victorian Government to assist in the upgrading of the Melbourne Cricket Ground, one of the major facilities to be used during the Commonwealth Games.	Funding to be provided over two years as agreed milestones are achieved.	The Australian Government contribution to the capital works represent less than a quarter of the expected costs and the balance will be met by the Victorian Government.	2003–04 and 2005–06	Exclusion	States act as agents for the Australian Government.
Strengthening Tasmania	To undertake refurbishment of buildings in the Low Head Historic Precinct to promote increased visitation, and economic viability and long-term sustainability to the precinct through the generation of sufficient revenue to provide for adequate management and maintenance of the site’s heritage assets as a public facility.			2005–06 and 2006-07	Inclusion	
<b>Agriculture, forestry and fishing</b>						
Tasmania Wheat Freight - Shipping	To assist cereal processor users and consumers for the cost of shipping wheat to Tasmania (limited to the shipping across Bass Strait).	(To help Tasmania to adjust to changes in wheat marketing which have occurred since 1989 and to the new tax regime from July 2000).	Payment to Tasmania only (\$1.2m each year).	2002–03 and 2003–04	Out of scope	Australian Government function.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Agriculture, forestry and fishing (cont)</b>						
Exotic Disease Preparedness Program	Supports investigations into the role of wildlife species in the maintenance and spread of emerging animal diseases and incursions of major exotic diseases of animals.	Depends on projects received from various States and judgments about their quality and relevance.	Dollar for dollar input from the States.	2002–03 to 2006–07	Exclusion	Minor payments where the introduction of additional factors into the assessment would not be warranted.
National Landcare Program	Aims to achieve efficient, sustainable and equitable management of natural resources in Australia. Payments mainly assist community landcare group activities and projects which support community landcare, although some State agency projects are also supported.	Agreement at commencement of program, with yearly adjustments based on National Resources Management priorities.	Projects shall be agreed on a case by case basis, taking into account of the potential for contributions from all beneficiaries. States are responsible for achieving outcomes for each project.	2002–03 to 2006–07	Exclusion	Forerunner of Natural Heritage Trust program which was quarantined by the terms of reference.
Plant disease and eradication	N/A	Payment to Victoria, Queensland and South Australia.	N/A	2002–03 to 2006–07	Inclusion	
Natural Heritage Trust of Australia – Waste Management Awareness	To promote benefits and practicalities entailed in effective waste management and recycling, with the emphasis on community based activities.	The project involves field trails in several States coordinated by the Institute of Horticulture in Victoria.	\$110 000 is being provided from the States (total Australian Government funding is \$240 000).	2001–02 and 2002–03	Exclusion	As required by the terms of reference.
Great Artesian Basin Sustainability Initiative	To assist with the implementation of Great Artesian Basin Management Plan. Grants will be made to States and Territories to assist bore rehabilitation. Supplementary incentives will also be made available for the replacement of open drains with piping.	Initial distribution of funds across the Basin was assessed for each Management Zone defined by hydro-geologic, bio-physical and industry characteristics. The available funds were then partitioned up to each zone in proportion to the results of the need analysis.		2002–03	Exclusion	Minor payments where the introduction of additional factors into the assessment would not be warranted.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Agriculture, forestry and fishing (cont)</b>						
Forest Industry Structural Adjustment Package	To assist the native forest timber industry become more efficient, sustainable and internationally competitive. It also provides structural adjustment assistance to eligible forest industry workers and businesses who have been adversely affected by the Regional Forest Agreement process.	A MOU has been signed with each of the States with whom a joint FISAP is operating. The MOU specifies the amount of funding for individual States and the amount contributed by States.	Payments are subject to decisions made by advisory committees made up of representatives from State and the Australian Government.	2002–03 to 2004-05	Out of scope	Payments relating to PTEs are assumed to be for on passing and do not have a direct impact on State budgets.
Skilling Farmers for the Future	To integrate and enhance the existing successful FarmBis and Property Management Planning Programs and incorporate the wild catch fishing industry. It will facilitate farmer self reliance and promote a positive approach to change and a culture of continuous improvement by providing financial assistance to improve skills in business and resource management.	Before the commencement of the program State/NT were asked what funds they would commit to the program. The Australian Government then matched their commitment on a 50:50 basis.	Each State/NT has an agreement for set amounts over the three years of the program.	2002–03 to 2005–06	Inclusion	
Agriculture – Advancing Australia – FarmBis (was Skilling Farmers for the Future)	To facilitate farmer self reliance and promote a positive approach to change and a culture of continuous improvement by providing financial assistance to improve skills in business and resource management.	Before the commencement of the program State/NT were asked what funds they would commit to the program. The Australian Government then matched their commitment on a 50:50 basis.	Each State/NT has an agreement for set amounts over the three years of the program.	2006-07	Inclusion	
War Service Land Settlement Scheme	To reimburse SA for the operation and maintenance of the Loxton Irrigation Scheme, to meet the Australian Government obligations.	The major element of the funding is in South Australia as it relates to the Loxton Irrigation Scheme.	\$10.5m committed refurbishment of the Loxton Irrigation Scheme, with full responsibility for the scheme transferred to South Australia.	2002–03 and 2003–04	Out of scope	Australian Government responsibility.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Agriculture, forestry and fishing (cont)</b>						
Eradication of Red Imported Fire Ant	To provide funding for the eradication of Red Imported Fire Ant infestations detected in Australia.	The Australian Government and State/Territory governments provide funding on agreed basis of expenditure.	The Australian Government to contribute 50% on cost sharing formula.	2002–03 to 2006–07	Exclusion	Allocation reflects needs.
Regional Assistance	To provide support to farm business enterprises to improve farm productivity, profitability and sustainability.			2002–03 to 2004–05 and 2006-07	Inclusion	
Exceptional Circumstances Assistance <sup>9</sup>	To support eligible farm business enterprise where incomes have been adversely affected by exceptional circumstances such as drought and to support admin costs of State and territory rural assistance authorities for the issuing of certificates and the delivery of interest rate subsidies.	Distribution is related simply to the existence of EC areas (if any) and Rural Partnership Programs (RPPs) in individual States.	N/A	2003–04 to 2006-07	Exclusion	Minor payments where the introduction of additional factors into the assessment would not be warranted.
National Action Plan for Salinity and Water Quality (NAPSWQ) <sup>10</sup>	Aims to motivate and enable regional communities to use coordinated and targeted action to: (a) to prevent, stabilise and reverse trends in dry land salinity; (b) to improve water quality and secure reliable allocations for human uses.	Payments mainly assist designated regional bodies to prepare Natural Resource Management plans and invest in priority actions.	Funding is matched with additional cash by State and territory governments which have signed bilateral agreements.	2002–03 to 2006–07	Inclusion	
Agricultural Development Partnerships	This program provides assistance for structural adjustment, targeted to agricultural industries and regions experiencing significant problems affecting farm profitability and sustainability.			2003–04 and 2004–05	Inclusion	

<sup>9</sup> The payment was previously in Social Security and Welfare (current purposes).

<sup>10</sup> NAPSWQ paid as a COPO in 2002–03 and a SPP from 2003–04 onwards.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Agriculture, forestry and fishing (cont)</b>						
Tasmanian Forests package	To fund additional plantation establishment and productivity improvements to existing plantations and native forests, with the aim of ensuring long-term supply of sawlogs and veneer logs.	Payment to Tasmania only.		2005–06 and 2006–07	Out of scope	As required by the terms of reference.
<b>Fuels and energy</b>						
Snowy Hydro Ltd-Co — Tax Compensation	To compensate Victoria and New South Wales for company tax payments by Snowy Hydro Ltd. Snowy Hydro is jointly owned by the Australian, New South Wales and Victorian Governments.	N/A	N/A	2002–03 to 2006–07	Exclusion	Allocation reflects needs.
<b>Transport and communication</b>						
Interstate Road Transport	Payments to the States of funds received through the Federal Interstate Registration Scheme that provides an alternative to State registration for vehicles engaged in inter-State trade. The intention is to provide funds for the maintenance and upkeep of roads used by these vehicles. Also includes payments of amounts equal to penalties arising from prosecutions under the Act.	Funding is allocated according to a formula based on road usage from ABS surveys (with the exception that under a Ministerial agreement of 1986, ACT, Tas and NT receive a fixed 0.5% of funds collected for expenditure on road maintenance.	N/A	2002–03 to 2006–07	State revenue	Australian Government acts as collection agent.
Petroleum Products Freight Subsidy Scheme (payment through the States)	The States Grants (Petroleum Products) Act 1965 provides for grants to be made to the States and the Northern Territory to enable them to subsidise the cost of transporting eligible petroleum products to remote areas of Australia.	Amount is set by the Australian Government and is normally indexed each year.	Each State/NT are provided with an initial pool of funds to pay subsidies to distributors. These amounts are topped up throughout the year as claims are paid.	2002–03 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.

**Table 9** Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Transport and communication (cont)</b>						
Roads to Recovery – Unincorporated Areas	Funding for the construction, upgrade and maintenance of roads in Christmas and Cocos (Keeling) Islands and unincorporated areas of SA, NSW and Vic not governed by local government authorities.	The Australian Government responsible for providing funding on agreed basis, with bilateral agreements with individual States. States deliver the service.	State road expenditure to be maintained.	2002–03 and 2003–04	Exclusion	As required by the terms of reference.
Supplementary Funding to SA Councils for Local Roads (payment through States)	Supplementary funding to local government in South Australia for local roads to address the State’s current disadvantage in local road funding under the FAG arrangement.	Payment to South Australia.		2004–05 to 2006–07	Out of scope	Local Government functions are outside the scope of framework budget.
Upgrade to Eyre Peninsula Rail System	As part of its land transport infrastructure funding the Australian Government provides funding to upgrade South Australia’s Eyre Peninsula rail system.	Payment to South Australia. The project is for an integrated rail, road and grain handling infrastructure upgrade. The rail line is owned and operated by the Australian Railroad Group and is used exclusively for transport of grain.	The payment is conditional upon State government, industry and local councils providing a matching contribution.	2004–05	Out of scope	This SPP is treated in the same way as the rail component of Auslink, that is Out of scope. Rail is a PTE activity where the Commission assesses the net impact of the PTE on State budgets. The payment is paid through the State government to the Australian Railroad Group. It does not have direct impact on the State’s budget.
Gold Coast Light Rail	One-off contribution towards a feasibility study into a light rail system from Helensvale to Broadbeach on the Gold Coast.	Payments to Queensland only.		2002–03 to 2004–05	Inclusion	

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Other purposes</b>						
Debt Redemption Assistance	To compensate the States and NT under the Financial Agreement Act 1994 for the additional interest cost of replacing maturing Australian Government debt with their own borrowings. Also for the lower Australian Government sinking fund contributions, that has resulted from the debt redemption arrangement.	Distribution is based on maturing debt levels and debt outstanding for each of the States and NT.	N/A	2002–03 to 2005–06	Interest Cost – Inclusion;  Contribution to Sinking Fund – Exclusion	Contribution to sinking fund component excluded as required by the terms of reference.
Financial Assistance Grants for Local Govt - General Assistance	To enable councils to provide a wider range of services to promote equity by providing councils which suffer high costs and/or poor revenue sources a greater share of the grant through the States.	Interstate allocation is on a per capita basis. Payment through States.	N/A	2002–03 to 2006–07	Out of scope	Local government function.
Financial Assistance Grants for Local Govt – Untied Local Roads Grants	To provide untied assistance to local government authorities in place of Specific Purpose Payments formerly passed on to local government by the States for expenditure on local roads.	Level of funding to each States originated from historical relative local road needs and indexed every year. Payment through States.	N/A	2002–03 to 2006–07	Out of scope	Local government function.
Compensation - Companies Regulation	Under the terms of the Corporate Agreement, the Australian Government is obliged to compensate the six States and the Northern Territory for revenue forgone following the commencement of the national scheme for the regulation of companies and securities.	Monthly instalments to the States and NT in accordance with percentages set out in the agreement.	N/A	2002–03 to 2006–07	Out of scope	As required by the terms of reference.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Other purposes (cont)</b>						
Natural Disaster Relief	Reimbursement of part of the expenditure incurred by the States on personal hardship and distress payments made to persons adversely affected by natural disaster.	Is 'demand driven' based on the level and frequency of State/Territory claims.	Requirement to match the Australian Government funding dollar for dollar, or for State sourced expenditure to be maintained in real terms.	2002–03 to 2006–07	Exclusion	Allocation reflects needs.
Natural Disaster Risk Management Studies (a sub-program of natural disaster relief agreement)	To encourage States to undertake risk assessment and/or studies to identify, analyse and evaluate the risks from natural disasters. To stimulate the introduction of preventative strategies and measures to reduce unacceptable risks identified by any studies.	Payment through the States.	The Australian Government funds of up to \$3m per annum are available for approved studies. Match funding by State and Local Government, to a total funding pool of \$9m per annum.	2002–03	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
ACT National Capital influences	To meet the additional municipal type costs the ACT bears flowing from Canberra's role as the national capital. Funding is based upon the findings of the CGC.	Payment to ACT only.	N/A	2002–03 to 2006–07	Out of scope	Australian Government function
Special Revenue Assistance to the ACT <sup>11</sup>	Payments to the ACT that recognise that Australian-State government financial relations differ from Australian-ACT financial relations in certain specific respects.			2002–03 to 2004–05	Exclusion	Allocation reflects needs.

<sup>11</sup> It was not paid as an SPP prior to 2002-03.

**Table 9 Specific purpose payments shown in Commonwealth of Australia *Final Budget Outcomes* – Current Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Other purposes (cont)</b>						
Royalties	There are two components for this payment: 1) reimbursement to the Western Australian Government for royalties under the Petroleum (Submerged Lands) Act 1967 (PSLA); and 2) payment to the Northern Territory Government in lieu of uranium royalties from the Ranger project.	Payment to WA and NT are made only after receipt of royalty payment by the producers.	1) Royalties in excess of 4% are passed to WA. 2) 1.25% of net sales processed are paid to NT.	2002–03 to 2006–07	Exclusion for WA payment under Section 130 of the Petroleum (Submerged Lands) Act 1967; State Revenue for other components	Exclusion for the payment to Western Australia under Section 130 of the Petroleum (Submerged Lands) Act 1967 because this is a compensation for the State’s complying with contract conditions relating to natural gas sales.
National Aerial Fire Fighting Strategy	Australian Government contribution to the direct costs of leasing and locating the three heli-tankers to meet anticipated national demand in 2002-03.			2002–03	Inclusion	
Bushfire Recovery Appeals	Australian Government contributions to public appeals for cash donations to be applied to relief and recovery measures for victims of bushfires. Funds to be applied to measures not covered by existing relief programs.			2002–03	Exclusion	Allocation reflects needs.
Assistance to ACT Softwood Sawmill	Payment to the ACT Softwood Sawmill for assistance after the 2003 bushfire.			2003–04	Exclusion	Allocation reflects needs.
The Prime Minister’s and Premier’s Cyclone Larry Relief Appeal	Australian Government contribution to the Queensland Government’s Tropical Cyclone Larry Relief Appeal.	Payment to Queensland only.		2005–06	Exclusion	Allocation reflects needs.

**Table 10** Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Education</b>						
Government Schools	To provide supplementary assistance to State education authorities for the provision, maintenance and upgrading of school facilities, which can include, amongst other things, land or building purchases, capital works or the provision of equipment.	Capital grants to government schools are provided as block grants and funds for each State are allocated on the basis of total school enrolments.	50% of funds has to be allocated in a year towards facilities for existing school students.	2002–03 to 2006–07	Inclusion	
Non-Government Schools (payment through the States)	To provide supplementary assistance to non-government schools and systems as well as hostels for rural students, for the provision, maintenance and upgrading of school facilities, which can include, amongst other things, land or building purchases, capital works or the provision of equipment.	Capital grants are committed on a project by project basis. Payments are made according to a schedule approved by the Minister each program year.	50% of funds has to be allocated in a triennium towards facilities for existing school students.	2002–03 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
<b>Health</b>						
Blood Transfusion Services	To provide funds for the Australian Red Cross Society towards the costs of its approved capital program in providing a national blood transfusion services.	Every year each State and Territory provides an estimate (operating and capital grants) that they propose to pay the Aust Red Cross towards running the Services, this is used to determine the Australian Government contribution.	The capital component is a 50/50 split between the Australian Government and State/Territory. Payment is made once capital work has been completed or progress payment is due.	2002–03	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.

**Table 10** Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Health (cont)</b>						
Organ Transplantation Service	Contribution to certain transplantation costs in New South Wales and South Australia.	The Australian Government is committed to reimburse these States 50 per cent of the cost of certain organ and tissue transplantation-related services that are conducted by the Australian Red Cross Blood Service.		2005–06 and 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
<b>Social security and welfare</b>						
Home and Community Care	Funds are provided on a matched basis for the provision of appropriate community care services to help the frail aged people and people with disability live independently in their homes as long as possible.	Distribution is being reviewed, with the view of moving away from historic program based allocation.	The Australian Government provides approximately 60% of funding and the States the remainder.	2002–03 and 2003–04	Inclusion	
Crisis Accommodation Assistance (an identified program under CSHA)	To provide funds to the States under the Commonwealth-State Housing Agreement (CSHA) for the purchase, construction, renovation, maintenance and lease of dwellings to provide accommodation for use under the Supported Accommodation Assistance Program.	Funding is distributed on a per capita basis.	State matching funds are determined as a set proportion of CSHA Base Funding. There is no specific matching requirement for the Crisis Accommodation Program.	2002–03 to 2006–07	Inclusion	

**Table 10** Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Housing and community amenities</b>						
Housing Assistance for Indigenous people (an identified program under CSHA)	To assist the Indigenous people for low to moderate income earners to have access to affordable, appropriate and secure rental accommodation, including public and community-owned rental housing. States can use the grants for construction, upgrades and house maintenance and other related housing function such as asset management and maintenance training for Indigenous housing workers.	The distribution of new funds (from 2002-03) is based on Indigenous housing needs in rural and remote areas.	State matching funds are assessed as a set proportion of CSHA Base Funding.	2002–03 to 2006–07	Inclusion	
Community Housing (an identified program under CSHA)	To develop community housing which provides appropriate and affordable rental accommodation for low to moderate income earners. States use the funding to subsidise non-government organisations in providing low cost accommodation.	Funding is distributed on a per capita basis.	State matching funds are assessed as a set proportion of CSHA Base Funding.	2002–03 to 2006–07	Inclusion	
Commonwealth - State Housing Agreement (CSHA) Block Assistance / Base Funding	To provide funds to the States primarily for the provision of public rental housing for low to moderate income households. Base funding has two components: (1) housing assistance such as public and community housing, home purchase assistance and private rental assistance; and (2) GST compensation.	Base Funding is distributed across states and territories on a modified per capita basis. GST Compensation is distributed on a basis assessed by the States.	States matching the Australian Government base funding and contribute almost \$1.5 billion over the four years of the 1999 CSHA by way of grant.	2002–03 to 2006–07	Inclusion	

**Table 10 Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Housing and community amenities (cont)</b>						
Social Housing Subsidy Program	Provides matching funds to States for up to twenty years to subsidise the recurrent costs of financial rental accommodation for low to moderate income earners.	Funding is used for the expansion of community housing opportunities in NSW and a private rental leasing scheme in ACT. Funds are committed to NSW and the ACT and funding to other States was removed in the 1996-97 Budget.	Requirement to match the Australian Government funding dollar for dollar.	2002–03 to 2006–07	Inclusion	
Bushfire Mitigation Package	Funding of \$15 million over three years for the construction and maintenance of fire trails and associated accessibility measures such as the provision of access gates.	Payment to all States except the NT in 2004-05.	Funding is contingent on at least a matching contribution from the State for each of its approved projects. Where the project involves a local agency, the Australian government will meet up to one third of the cost of each approved project, with the remaining cost being met by State/local agency arrangements, except for agreed exceptional circumstances.	2004–05 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
Federal Flood Mitigation Program (payment through the States)	Provides funding to the States and Territories to assist in addressing the problem of repeated flooding in rural towns and regional centres. A joint program between the Australian Government, State and local government.	States are given a notional allocation; the percentage split of annual funding was assessed at the commencement of the program on the basis of flood risk and damage assessments for each State.	States matching the Australian Government funding. States also agree to maintain existing expenditure on flood mitigation works and measures.	2002–03 to 2004–05	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
Additional First Home Owners Scheme (payment through the States)	The Australian Government is funding an additional First Home Owners Scheme grant for eligible owners contracting between 9 March 2001 and 30 June 2002 to buy or build a new home.	Based on number of eligible new home owners. The grant is \$7000 for contracts 9 March and 31 December 2001 and \$3000 for contracts from 1 January and 30 June 2002.	The Australian Government fully funds State payment of grants. Deduce.	2002–03 to 2006–07	Out of scope	As required by the terms of reference.

**Table 10** Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Housing and community amenities (cont)</b>						
Disaster mitigation package (payment through States)	Funding for a wide range of mitigation measures to help reduce the threat posed by natural disasters such as bushfires, cyclones, floods and landslides across the nation.			2003–04 to 2006–07	Out of scope	The payment is for on passing and does not have a direct impact on State budgets.
<b>Fuel and energy</b>						
Photovoltaic rebate program (PVRP) (payment through States)	To provide rebates to households and community groups who install photovoltaic equipment to make electricity from sunlight for domestic use.	Distribution of funds is based on draw-downs. The PVRP offers equitable access to consumers.	N/A	2002–03 to 2006–07	Out of scope	This payment is for on passing and does not have a direct impact on State budgets.
Renewable remote power generation	To provide a rebate to the States for the installation of renewable energy generation technologies in areas of Australia currently reliant on diesel for electricity generation.	Based on Diesel Fuel Excise paid by the States for 'public generation'.	N/A	2002–03 to 2006–07	Out of scope	Payments relating to PTEs are assumed to be for on passing and do not have a direct impact on State budgets.
<b>Agriculture, forestry and fishing</b>						
Natural Heritage Trust of Australia – National Landcare Program (changed name to NHTA - Landcare in 2003-04)	To develop and implement resource management practices which enhance our soil, water and biological resources and which are efficient, sustainable, equitable, and consistent with the principles of ecologically sustainable development.	State and the Australian Government agreement at commencement of program, with yearly adjustments based on Natural Resources Management priorities.	N/A	2002–03 and 2004–05	Exclusion	As required by the terms of reference.
Natural Heritage Trust of Australia – Rivercare	To improve water quality and environment conditions in our river systems and wetlands.			2002–03	Exclusion	As required by the terms of reference.

**Table 10 Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Agriculture, forestry and fishing (cont)</b>						
Great Artesian Basin Sustainability Initiative	To promote and facilitate the establishment of sustainable on-going groundwater management systems for the Great Artesian Basin through strategic investments in groundwater infrastructure renewal and related activities in natural resource management.	An objective needs analysis assessed the decline in artesian pressures, the potential for pressure recovery by reduced water waste, the net community value of such pressure recovery, and the likely potential additional demands for water in each Zone. The available funds were then partitioned up to each Zone in proportion to the results of the need analysis.		2002–03 to 2005–06	Out of scope	Payments relating to PTEs are assumed to be for on passing and do not have a direct impact on State budgets.
Tasmanian Water infrastructure	To provide funding to Tasmania for the construction of the Warner Creek Dam and the Northern Midlands Water Project. These projects aim to provide reliable sources of irrigation water in their respective regions.	Payment to Tasmania only.		2005–06	Out of scope	Payments relating to PTEs for on passing and do not have a direct impact on State budgets.
<b>Transport and communication</b>						
Alice Springs to Darwin Railway	The Australian Government has agreed to provide up to an additional \$91.4 million towards the construction of an Alice Springs to Darwin rail link. This is in addition to the \$100 million to be provided under the Federation Funds – Projects – Northern Territory.	All funds expended in Northern Territory.	To provide up to \$191.4m (comprised of \$91.4m for this program and \$100m of Federation Funds) towards the construction of a railway between Alice Springs and Darwin.	2002–03 and 2004–05	Out of scope	Payments relating to PTEs are assumed to be for on passing and do not have a direct impact on State budgets.

**Table 10** Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Transport and communication (cont)</b>						
Auslink	Funding for the development, construction and maintenance of land transport projects on a newly defined National Land Transport Network. The program replaces the Roads, Roads to Recovery and the Road Safety Black Spots SPPs and also includes new funding for railways.	Funding paid to all States.		2004–05 to 2006–07	Rail – Out of scope; National highways and State Roads – Inclusion; Roads to recovery – Exclusion; Road Safety Blackspots – Inclusion for State roads and Out of scope for local roads.	Rail – payments relating to PTEs are assumed to be for on passing and do not have a direct impact on State budgets; Roads to recovery – as required by terms of reference; Payment for local roads – local government function.
Road program	The Australian Government funds the National Highway System and contributes to the capital cost of declared Roads of National Importance. Funds are appropriated under the Australian Land Transport Development Act 1988 and administered through a reserved money fund.	Funding allocations to the States are assessed on the calculated cash flow requirements for approved projects as set out in the program of works approved by the Minister. Allocations between the States are not fixed, they will vary each year, as projects are completed.	Funding contribution by State governments as negotiated on a case by case basis for Roads of National Importance projects. The Australian Government fully fund the construction and maintenance of National Highways. The Australian Government funding for Roads of National Importance is limited to projects jointly funded with the States.	2002–03 and 2003–04	Inclusion	
Road Safety Blackspots (from 2004-05 this programs is part of Auslink)	Funding is available for the treatment of road sites where casualty crashes are occurring. State Transport agencies manage programs of works. Funds are appropriated under the Australian Land Transport Development Act 1988 and administered through a reserved money fund.	Funding to the States is assessed by a formula based on each State's proportion of population and casualty crashes. Funding is available on public roads with a proven history of crashes except for National Highways and Roads of National Importance.	N/A	2002–03 and 2003–04	Inclusion – State Roads; Out of scope – Local Roads	Payment for local roads – local government function.

**Table 10 Specific purpose payments shown in the Commonwealth of Australia *Final Budget Outcome* – Capital Purposes (continued)**

Payment	Program Description	Interstate Distribution	Conditions	Year of Payment in U2008	Treatment in U2008	Reason if the treatment not inclusion in U2008
<b>Transport and communication (cont)</b>						
Federation Funds projects – Tasmania	ABT Railway - the Australian Government has agreed to contribute \$20.45 million from its Centenary of Federation Fund for the re-establishment of the ABT Railway between Queenstown and Strahan on Tasmania's West Coast.	All funds expended in Tasmania.	The Tasmanian Government has an obligation to secure funding for the project above and beyond the Australian Government's \$20.45m.	2002–03	Out of scope	Australian Government responsibility.
Federation Funds projects – Queensland	The Australian Government has agreed to contribute \$40 million from its Centenary of Federation Fund towards the widening of the Caboolture Motorway and \$5 million towards heritage aspects of the Beaudesert Shire Railway project.	All funds expended in Queensland.	Beaudesert — Beaudesert Shire Railway Support Group Inc responsible for managing the project; Caboolture — Qld Main Roads responsible for administration.	2002–03 to 2004–05	Out of scope	Australian Government responsibility.
Federation Funds projects – New South Wales/ Victoria	The Australian Government has agreed to fund \$22 million each to both Vic and NSW for the replacement of three key crossing of the Murray River and Echuca, Robinvale and Corowa.	NSW manages the construction of the Corowa (\$12m) and Robinvale (\$17m) bridges. Victoria manages construction of the Echuca Bridge (\$15m).	NSW and VIC are required to fund the cost of the bridges and associated road works, over and above the Australian Government contribution.	2003–04 and 2004–05	Out of scope	Australian Government responsibility.
<b>Other purposes</b>						
Sinking fund on State debt	Contributions to the Debt Retirement Reserve Trust Account on behalf of the six States and the NT in accordance with the Financial Agreement Act 1994.	The Australian Government contribution payable to the States and the NT each year is 0.28 percent of the net public debt of each State and the NT as at the preceding 30 June.	States and the NT are required to make additional contribution to permit them to redeem the Government Securities.	2002–03 to 2006–07	Exclusion	As required by the terms of reference.