

4.1 FEDERAL FINANCIAL RELATIONS

This chapter outlines developments in the ACT's financial relations with the Commonwealth, States and the Northern Territory that occurred in 2012-13, likely flow-on effects into 2013-14 and possible developments in the forward years.

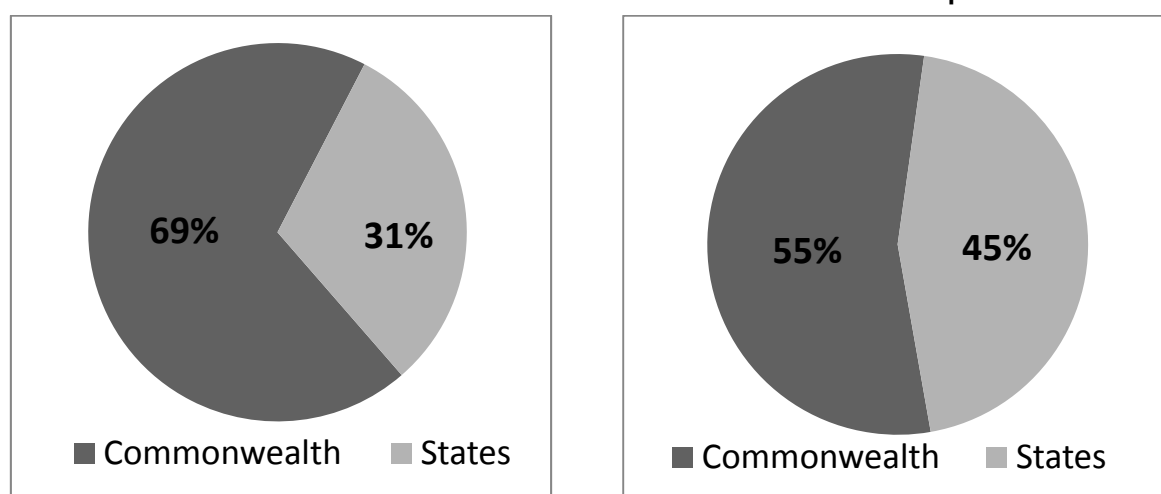
The Structure of Australia's Federal Financial Relations

The Australian federal financial relations system is characterised by two distinct features: a high degree of vertical fiscal imbalance (VFI) remedied by the transfer of revenue under a horizontal fiscal equalisation (HFE) system.

Australia experiences a relatively high degree of VFI, partly on account of Constitutional limitations on States¹ revenue raising powers. The Commonwealth Government has access to a relatively large tax base while having relatively low service delivery responsibilities. In contrast, the States have significant service provision responsibilities but only a relatively small revenue base.

To put the concept of VFI into perspective, presently, the Australian Government collects around 69 per cent of combined Federal and State Government tax revenue (14.4 per cent of Federal revenue being from the GST) but is responsible for only about 55 per cent of total government spending. In contrast, the States collect around 31 per cent of combined tax revenue, but are responsible for around 45 per cent of total government spending. Figure 4.1 below depicts the distribution of Federal-State spending and revenue collection (including the GST).

Figure 4.1
2011-12 Distribution of Federal-State Revenue Collection and Expenditure



Source: ABS, *Government Financial Statistics 2011-12 (5512.0)* and Chief Minister and Treasury Directorate calculations.

Note: Capital expenditure is not included.

¹ The word 'States' refers to the States and Territories unless otherwise indicated.

While VFI necessitates that, for equity and efficiency reasons, the Commonwealth Government distributes a portion of its revenues to the States, the States have differing capacities to raise revenues and deliver services. That is, as the States' economies have evolved, horizontal fiscal imbalances have arisen for historical and geographical reasons. Therefore, to ensure all Australian residents have access to a similar level of services, GST revenues are distributed to each of the States according to HFE principles which are designed to ensure State governments receive funding in proportion to their relative needs. Australia's HFE system engenders stability and confidence in the States' fiscal situations.

It is against this background that the ACT itself has emerged as an independent member of the Federation with all the checks and balances underlining its unique circumstances as a City/State in a National Capital setting.

However, in the longer term, the ACT Government, in conjunction with the other States, is concerned cooperative federal financial relations are at risk without comprehensive national tax reform. Funding adequacy is set to become a more acute problem as the population ages and pressure to increase State spending grows faster than States' ability to raise revenue from their existing taxes. The ACT has undertaken major tax reform to establish a more sustainable revenue base, but this needs to be complemented by significant taxation reform at the national level.

This outlook will only be exacerbated by the increasing costs of, and demand for, State service delivery, in particular in the areas of education and health. Major social reforms are also expected to have a large cost impact, in conjunction with demographic changes.

Intergovernmental Agreement on Federal Financial Relations (IGA-FFR)

The distribution of Commonwealth transfers, including GST revenues, amongst the States is enshrined in the IGA-FFR. The IGA-FFR came into effect on 1 January 2009 and was agreed to by the Federal Government and all State governments; it is ongoing unless and until terminated by all parties.

The IGA-FFR provides the framework under which governments collaborate on policy development and service delivery, and facilitates the implementation of economic and social reforms in areas of national importance.

The IGA-FFR consists of a core agreement and a series of schedules that can be modified only by unanimous agreement of Federal and State Treasurers.

Details of the framework are outlined in the schedules covering: institutional arrangements; taxation reform; public accountability and performance reporting; payment arrangements; funding mechanisms and policy reform objectives.

While the IGA-FFR has been a success to date from an ACT Government perspective, there is a risk of the IGA-FFR's influence being eroded by the recent tendency of new agreements to include provisions such as input controls, maintenance of effort clauses and onerous reporting requirements. In addition, there has been a proliferation of agreements for relatively small amounts of funding with high administration and reporting costs. The ACT Government believes a re-commitment to the general reform objectives is required at all levels of government.

Further details on the IGA-FFR can be found at www.federalfinancialrelations.gov.au.

Intergovernmental Forums

The Commonwealth and State Governments have put in place various forums for progressing issues which may impact on federal financial arrangements. The primary forums are discussed below.

Council of Australian Governments (COAG)

COAG is the peak intergovernmental forum in Australia. Its role is to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments. It comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association.

COAG itself is serviced by a myriad of supporting fora including the [State] Council for the Australian Federation, which acts as a State forum to progress COAG related issues and other State specific matters; the Business Advisory Forum (BAF) Taskforce charged with reviewing progress towards completing a number of key BAF competition and deregulation reforms; and a Senior Officials Group comprised of the Secretaries of First Minister's Departments.

During the course of 2012-13, the Prime Minister and First Ministers reaffirmed their ongoing commitment to a National Disability Insurance Scheme (NDIS) signing an intergovernmental agreement for its first stage. The agreement provides the foundation for all governments to work together to develop and implement the initial phase of the NDIS.

COAG also considered the National Education Reform Agreement (NERA), including the National Plan for School Improvement and amendments to the IGA-FFR and the National Education Agreement. Both reforms are discussed in more detail later in the Chapter.

Other current matters of strategic importance subject to ongoing deliberations include a package of measures to develop a national response to gang violence and organised crime and initiatives drawn from the Australia in the Asian Century White Paper.

The ACT Government supports the COAG process as a model of co-operative federalism. The ACT has played a key role in a number of the policy deliberations, including being one of the first jurisdictions to agree to be a launch site for the NDIS.

Further information on COAG can be found at www.coag.gov.au.

COAG Reform Council (CRC)

The CRC is responsible for reporting to COAG on jurisdictions' performance against National Agreement outcomes and performance benchmarks, and assessing whether predetermined performance benchmarks have been achieved before reward payments are made under National Partnerships (NPs).

The CRC's latest report on progress, released in December 2012, asserted that the federal financial relations framework was still a powerful vehicle for driving change, and noted that significant progress on reform was being made, though some of the reforms were taking longer than expected.

Further information on the CRC can be found at www.coagreformcouncil.gov.au.

Standing Council on Federal Financial Relations (SCFFR)

SCFFR is comprised of Federal and State Treasurers and plays an important supporting role to COAG.

In addition to monitoring economic conditions and coordinating and sharing information to inform fiscal policy settings across jurisdictions, SCFFR is also responsible for monitoring and progressing a range of policy items of interest to COAG. Current agenda issues comprise:

- general oversight of the operation of the IGA-FFR;
- progressing the recommendations in the GST Distribution Review Report;
- Commonwealth Grants Commission (CGC) Annual Reports on GST Revenue Sharing Relativities;
- promoting State tax reforms within the bounds of existing fiscal constraints currently challenging all economies;
- the development of minimum National Injury Insurance Scheme benchmarks for medical, workplace accidents and general injury; and
- reviewing the appropriateness of the low value GST threshold.

SCFFR itself is serviced by the Heads of Treasuries forum and other sub-groups with the ACT Chief Minister and Treasury Directorate fully represented in all major groups including all deliberations with the Commonwealth Grants Commission.

Further information regarding SCFFR can be found at www.federalfinancialrelations.gov.au.

Australian Loan Council

The Australian Loan Council was established under the *Financial Agreement Act 1927 (C'wealth)* to manage the call on national savings by the Australian public sector as a whole and is comprised of Federal and State Treasurers.

Each year, the Commonwealth and States nominate their proposed borrowings for the coming financial year for all general government and public trading entities in their jurisdiction. The estimated Loan Council Allocations (LCA) measure each jurisdiction's call on financial markets.

The Loan Council also considers the macroeconomic implications of proposed expenditure from the nation building funds: the Building Australia Fund; the Health and Hospitals Fund; and the Education Investment Fund. The Loan Council then reports to the Commonwealth to inform the Government's final decision regarding funding of projects from these funds.

At the annual meeting of 3 April 2013 all parties agreed to their nominated borrowings while noting each jurisdiction's fiscal position and infrastructure requirements, and the associated underlying macroeconomic settings.

The 2013-14 LCA Nomination for the ACT was \$427 million based on the 2012-13 Budget Review (a positive allocation indicates a net borrowing position and cash being drawn from financial markets or investments).

The Budget time estimate has been revised to \$642 million reflective of the impact of Government policy decisions and decreased taxation receipts due to a softening housing market.

Federal Financial Relations Update

GST Distribution Review

On 30 March 2011 the Commonwealth Government announced a review of the GST distribution system. Specifically, the GST Distribution Review (the Review) was to consider whether the current form of HFE ensures Australia is best placed to respond to significant structural changes in the economy and maintain public confidence in the federation's financial relationships.

The Review was initiated because of the contention from 'donor' States (NSW, VIC, QLD and WA) that the present HFE system was inequitable and inefficient. In particular, WA and QLD argued for changes to HFE on efficiency grounds, claiming that the mining States were being 'penalised' and the system was broken as a significant proportion of their mining revenues were being redistributed away to other States, through reduced shares of GST funding.

The Review's findings were released in a final report in October 2012 which generally supported the stance taken by the ACT from the outset of the review that the principle of HFE and its current application is not fractured. The Review concluded that many of the concerns about HFE have turned out to be overstated. In the Panel's view, these concerns represented symptoms of the present economic times rather than problems with HFE.

Importantly, the Review considered that mining revenues should continue to be equalised through the HFE system on the same basis as other own source revenue.

The Review's recommendations are relatively modest with no radical changes to the way GST is distributed. Instead the recommendations set out to provide substantive improvements to the HFE system designed to:

- improve understanding of the HFE system in Australia; increase the transparency of the process and strengthen governance arrangements; and
- help simplify the system; improve the assessment of costs related to mining and also increase the stability of States' shares.

The operational, governance and communication recommendations are to be progressed by Commonwealth and State officials in conjunction with the Federal Treasurer to enhance the overall understanding of the HFE system. These are desirable objectives which the ACT Government supports.

At its April 2013 meeting, the SCFFR agreed that the recommendations on assessment methods from the GST Distribution Review would form part of a shortened 18 month CGC Methodology Review, as opposed to a normal five year process. Enhanced reporting will form part of the arrangements with a 12 month interim report to be provided to Treasurers. Consideration of the recommendations as part of a Methodology Review was deemed crucial to ensure there is recognition of the linkages and interactions between the recommendations and to avoid any unintended consequences. It is expected that changed assessment methods as a result of the Methodology Review would be implemented to distribute the 2015-16 GST Pool. The Chief Minister and Treasury Directorate will be fully engaged with the Methodology Review process to ensure a fair and equitable outcome for the Territory.

Arising from the issue raised by the Federal Treasurer of supplementary terms of reference to the Review Panel in November 2011, which asked the Panel to examine the interaction of Commonwealth resource rent taxes and State royalties, discussions about how they might best operate in tandem will continue.

The Panel also laid out a longer term fiscal vision which mooted more significant changes. The Review stated that a longer term vision need not necessarily include the current concept of HFE, although it will still need to recognise and accommodate the needs of fiscally weaker States. This vision is predicated on a number of key changes to fundamental fiscal characteristics such as national tax reform; changes in overall government size; roles and responsibilities; and a reduction in VFI through changes in revenue-raising responsibilities between the levels of government.

The Principle of HFE

The CGC Reports are based on the principle of HFE and recommend a distribution of GST revenue which will give each of the States the fiscal capacity to deliver services and associated infrastructure at the same standard to their population irrespective of where they live.

The assessments take into account existing differences between State economies such as natural resource endowments, population characteristics and remoteness.

State capacities are compared to the Australian average in order to determine whether a jurisdiction needs more or less than its population share of GST.

A State's fiscal capacity is determined by the sum of its assessed needs, relative to an assessed average policy or an average level of activity.

The advice on achieving equal fiscal capacities is provided in terms of 'relativities', which are per capita weights used to calculate the share of the GST revenue a State requires to achieve HFE. A State's GST entitlement is calculated by multiplying a State's population by the respective relativity to derive its weighted population. Its share of the national population is then calculated and applied to the national GST collections to determine its GST entitlement.

The ACT has a lower fiscal capacity than four of the other States and Territories, in part because the Commonwealth Government is exempt from State taxes such as payroll tax. The other specific factors which negatively influence the ACT's fiscal capacity, leading to an above equal per capita amount of GST funding, are:

- below average capacity to raise revenue:
 - mining – the absence of a mining industry in the ACT means it lacks a major revenue source available to other resource rich jurisdictions;
 - land tax – reduced revenue raising capacity stems from the lower than average value of taxable land in the Territory; and
 - motor taxes – low revenue raising capacity is associated with low heavy vehicle ownership, reflective of a low level of manufacturing and the absence of mining.
- a number of expense disabilities, such as:
 - the relatively small population, leading to diseconomies of a small scale;
 - Canberra's status as a regional centre within southeast NSW, which inevitably leads to the provision of services to non-ACT residents; and
 - the role and status of Canberra as the national capital and the unavoidable imposts this place on the Territory, as well as the legacies inherited from the Commonwealth at self-government².
- lower per capita share of Commonwealth payments:
 - of those Specific Purpose Payments (SPPs) included in the CGC's assessments, the ACT received less than an average per capita amount over the three year assessment period:
 - : by 2014-15, the new IGA-FFR requires an equal per capita distribution of the National SPPs to be fully phased in – this will increase the ACT's share of the SPP pool because the Territory currently receives a below population share of the pool, but it will be offset by a reduction in the ACT's per capita relativity.

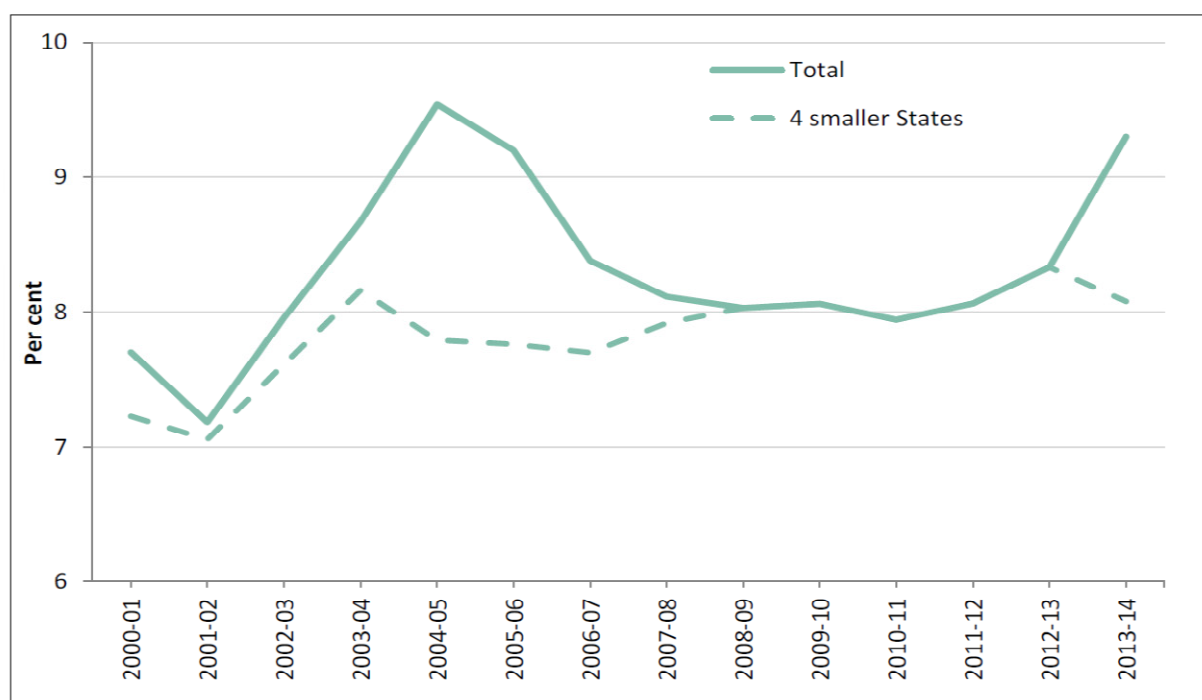
The above effects are partly offset by a below average assessed cost of providing services.

Hence, as explained, HFE is crucial to the smaller States like the ACT and delivers significantly more GST funding than what would be allocated if the GST pool was distributed on a population share basis. The four smaller States (SA, TAS, the ACT and the NT) all strongly support HFE. Allocation of the GST based on population share would lead to either sub-standard government services being provided in some parts of Australia or a significant variation in the extent and effort required of tax regimes in some jurisdictions with significant ramifications for many Australians.

² The low cost of the ACT's relatively young, urbanised, higher socio-economic status population more than offsets these additional costs.

Figure 4.2 below illustrates that the redistribution to the four smaller States has been stable over time and small, within the bounds of 7-8.5 per cent of the pool. The redistribution has increased above this level predominantly when large States have become recipients. For example, when QLD and WA were recipient States together during the period 2004-05 to 2006-07, this added to the redistribution above that of the four smaller States. Despite this, the proportion of the pool redistributed has still remained small.

Figure 4.2
Proportion of the GST redistributed to States with below average fiscal capacities, 2000-01 to 2013-14



Note: The redistribution is derived on the basis of a pool comprising GST revenue only.
 Source: Commission calculation.

Report on GST Revenue Sharing Relativities - 2013 Update

Within the five year methodology cycle, the CGC advises the Commonwealth Government each year on the distribution of the GST pool among the States.

The latest assessments in the *Report on GST Revenue Sharing Relativities – 2013 Update* were calculated on the basis of the latest three years (2009-10 to 2011-12) of socio-economic and demographic data and led to an increase in the ACT’s GST relativity from 1.19757 (2012 Update) to 1.22083 (2013 Update). The relativities were subsequently adopted by the SCFFR at its 3 April 2013 meeting and will be used to distribute the 2013-14 GST pool.

Table 4.1 below illustrates the jurisdictional relativities, implied shares of GST revenue and GST impacts. The updated assessment increases the shares most notably for QLD but also for the ACT, TAS and NSW. It reduces the shares most notably for the NT and WA, but also for SA and VIC.

Importantly, HFE delivers \$191 million to the ACT above what would be delivered if the GST were allocated on a population share basis.

**Table 4.1
Comparison of GST Relativities and Impact on 2013-14 GST Funding**

	2012 Update	2013 Update	2012-13 share of GST %	2013-14 share of GST %	Change 2012-13 to 2013-14 \$m	Change 2012-13 to 2013-14 \$pc	Above / below EPC share \$m
NSW	0.95312	0.96576	30.6	30.9	193	26.13	-495
Vic	0.92106	0.90398	22.9	22.6	-207	-35.90	-1,173
Qld	0.98477	1.05624	19.9	21.5	696	148.12	624
WA	0.55105	0.44581	5.9	4.9	-549	-216.91	-3,075
SA	1.28472	1.26167	9.4	9.1	-82	-49.07	980
Tas	1.58088	1.61454	3.6	3.6	36	69.77	704
ACT	1.19757	1.22083	2.0	2.0	18	46.75	191
NT	5.52818	5.31414	5.7	5.4	-107	-453.39	2,245

Source: CGC Report on GST Revenue Sharing Relativities 2013 Update and Chief Minister and Treasury Directorate calculations. Note that these figures were calculated using the 2012-13 MYEFO GST Pool Estimate.

The major reasons for the increase in the ACT's 2013 Update relativity were the:

- increase in the ACT's population growth relative to other States, increasing its requirement for new infrastructure;
- increased burden on the ACT government to supply community health services as a result of below average Commonwealth and private community health services provision;
- new census data which led to an 18 per cent increase in the national estimate of Indigenous people, resulting in a downward revision to average spending per Indigenous person. The overall impact is a redistribution of GST towards States with relatively small Indigenous populations, such as the ACT; and
- these positive impacts were partially offset by major upward revisions to the ABS estimates of private sector payrolls for the ACT, leading to a higher revenue raising capacity from payroll tax for the Territory.

A further pleasing result in the Update Report was the decision by the CGC to quarantine the \$55.2 million of Centenary Grant Funding paid to the ACT in 2011-12, after a decision by the Commonwealth Government. This decision was made on the basis that it was a gift to the nation, from which all Australians would benefit. Failure to do this would have seen the \$55.2 million redistributed amongst States.

Table 4.2 below based on Table 27 of the Update Report, shows the impact of the components contributing to the ACT's assessed GST funding of \$1,037 million³ and how this results in a figure of \$191 million above an equal per capita share.

³ Based on Commonwealth 2012-13 Mid-Year Economic and Fiscal Outlook using a GST pool of \$51 billion for 2013-14.

Table 4.2
ACT Assessed GST Funding and Above Equal Per Capita funding 2013-14

	\$pc	\$m
Equal per capita share (1.66%)	2,199	846
Expense requirement	-208	-80
Investment ¹	36	-14
Net lending ²	+9	+4
Revenue	+531	+204
Commonwealth payments ³	+201	+77
Assessed GST (2.03%)⁴	2,695	1,037
Total difference from EPC distribution	496	191

Note: Table may not add due to rounding.

1. The investment assessment provides each State with the capacity to acquire the average level of new physical infrastructure. It is the equivalent to 'net acquisition of non-financial assets' that appears in the ABS Government Finance Statistics State operating statement.
2. The net lending assessment provides each State with the capacity to acquire the average level of income from their net financial assets, i.e. the outcome of an operating budget calculated as expenses and expenditures on non-financial assets, change in inventories, etc less State own source revenues and revenues received from the Australian Government.
3. Includes the impact on the revenue side only. The impact on the expense side is incorporated in the expense requirement line.
4. GST = equal per capita share plus sum of needs.

Further information on the CGC 2013 Update Report can be found at www.cgc.gov.au.

Sources of Federal Funding

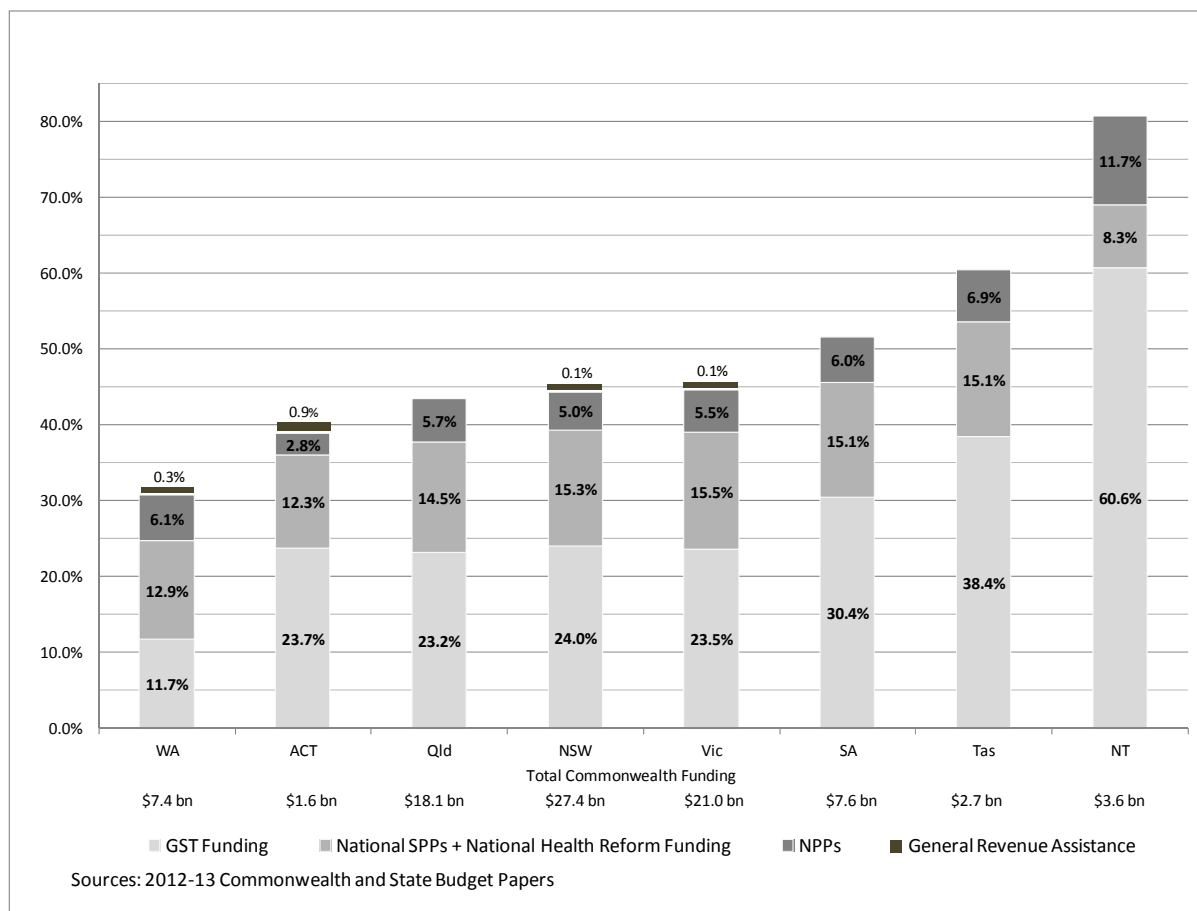
Sources of Federal funding are General Revenue Assistance, inclusive of GST, Financial Assistance Grants, National Specific Purpose Payments (SPPs) and National Partnership Payments (NPPs).

Figure 4.3 below illustrates the sources of Commonwealth revenue payments to the States for 2012-13. On average, the States received 44.5 per cent of their funding from the Commonwealth.

Interestingly, the figure shows that the ACT is less dependent on Commonwealth funding than most other States. The ACT's relatively high GST allocation is offset by relatively lower SPP and NPP funding compared with other States.

An understanding of the aggregate transfer to jurisdictions is particularly important when comparing respective shares of any one individual stream of transfers such as the GST redistribution.

Figure 4.3
State-Territory Revenue Profile from the Commonwealth 2012-13



For 2013-14, the ACT will receive the following receipts from the Federal Government:

- General Revenue Assistance, comprising:
 - GST of \$1,021.8 million; representing an increase of \$51.1 million over 2012-13; and
 - ACT Municipal Services payments of \$37.5 million; representing an increase of \$0.7 million over 2012-13;
- National Specific Purpose Payments of \$534.7 million; representing an increase of \$57.3 million over 2012-13; and
- National Partnership Payments of \$141.9 million; representing an increase of \$51.1 million over 2012-13.

Each of these streams of funding and the movements between the Estimated 2012-13 Outcome and Budget year 2013-14 are discussed below in more detail.

General Revenue Assistance (GRA)

GRA transfers from the Commonwealth Government provide a major source of revenue for the Territory, and will comprise 43 per cent of the ACT's General Government Sector revenues in 2013-14. Table 4.3 below summarises the expected level of GRA funding to the ACT across the Budget and Forward Estimates.

Table 4.3
Commonwealth Government General Revenue Assistance Funding to the ACT

	2012-13	2013-14	Variation		2014-15	2015-16	2016-17
	Est. Out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
General Revenue Assistance							
GST Revenue	970.7	1,021.8	51.1	5.3	1,078.9	1,144.6	1,208.5
ACT Municipal Services	36.8	37.5	0.7	1.9	38.2	38.9	39.6
Total General Revenue Assistance	1,007.5	1,059.3	51.8	5.1	1,117.1	1,183.5	1,248.1

Note: Table may not add due to rounding.

GST Revenues

GST payments to the ACT in any year reflect the total national GST pool; the ACT's GST relativity; and the Australia Bureau of Statistics' estimates of the ACT and national populations.

The GST is distributed to the States as 'untied' payments consistent with the principle of HFE.

For forward estimates, the GST revenue receipts to the ACT are based on the 2013-14 Federal Budget estimates of the GST pool and of the ACT's population as a percentage of the national total. However, the relativity is held constant at the 2013-14 level through the out-years as it is difficult to forecast future relativities with any degree of accuracy.

The overall movement throughout the year since the 2012-13 Budget release is illustrated in Table 4.4 below.

**Table 4.4
Reconciliation of GST Revenue Grants to the ACT**

GST Grants to the ACT		2012-13	2013-14	2014-15	2015-16	2016-17	Total
		\$m	\$m	\$m	\$m	\$m	\$m
2012-13 ACT Budget	5 June 2012	938.1	993.7	1,047.5	1,101.0		4,080.3
	<i>Variation (1)</i>	<i>17.1</i>	<i>14.5</i>	<i>17.2</i>	<i>20.1</i>		<i>68.9</i>
2012-13 ACT PEBU	31 August 2012	955.2	1,008.2	1,064.7	1,121.1	-	4,149.2
	<i>Variation (2)</i>	<i>26.7</i>	<i>9.2</i>	<i>11.2</i>	<i>13.6</i>		<i>60.7</i>
2012-13 MYEFO	22 October 2012*	981.9	1,017.4	1,075.9	1,134.7	-	4,209.9
	<i>Accumulated Variation (1+2)</i>	<i>43.8</i>	<i>23.7</i>	<i>28.4</i>	<i>33.7</i>		<i>129.6</i>
ACT Budget Review	January 2013	981.9	1,017.4	1,075.9	1,134.7		4,209.9
	<i>Variation (3)</i>	<i>0.0</i>	<i>19.7</i>	<i>20.9</i>	<i>22.2</i>	-	<i>62.8</i>
CGC 2013 Update Report	February 2013	981.9	1,037.1	1,096.8	1,156.9	-	-
	<i>Variation (4)</i>	<i>-11.2</i>	<i>-15.3</i>	<i>-17.9</i>	<i>-12.3</i>	-	<i>-56.8</i>
2013-14 Federal Budget	14 May 2013	970.7	1,021.8	1,078.9	1,144.6	1,208.5	-
2013-14 ACT Budget		970.7	1,021.8	1,078.9	1,144.6	1,208.5	
Accumulated variation from 2012-13 Budget to 2013-14 Budget**		32.5	28.2	31.4	43.6	-	135.62

Note: Table may not add due to rounding.

*includes the underpayment of GST revenue in 2011-12

** total does not include 2016-17

Parameter Variations:

1. 2012-13 ACT Pre-Election Budget Update: Revised population estimates.
2. 2012-13 Commonwealth Mid Year Economic and Fiscal Outlook (MYEFO): Revised GST revenue pool and population estimates.
3. CGC 2013 Update Report: Revised GST relativities.
4. 2013-14 Federal Budget: Revised GST revenue pool and population estimates.

ACT Municipal Services

The Commonwealth provides GRA to the ACT to meet the additional municipal costs arising from Canberra's role as the national capital and the national capital planning influences on the provision of water and sewerage services.

This funding is additional to the Financial Assistance Grants to Local Government, which support normal municipal functions in the Territory. (Financial Assistance Grants are discussed later in this chapter).

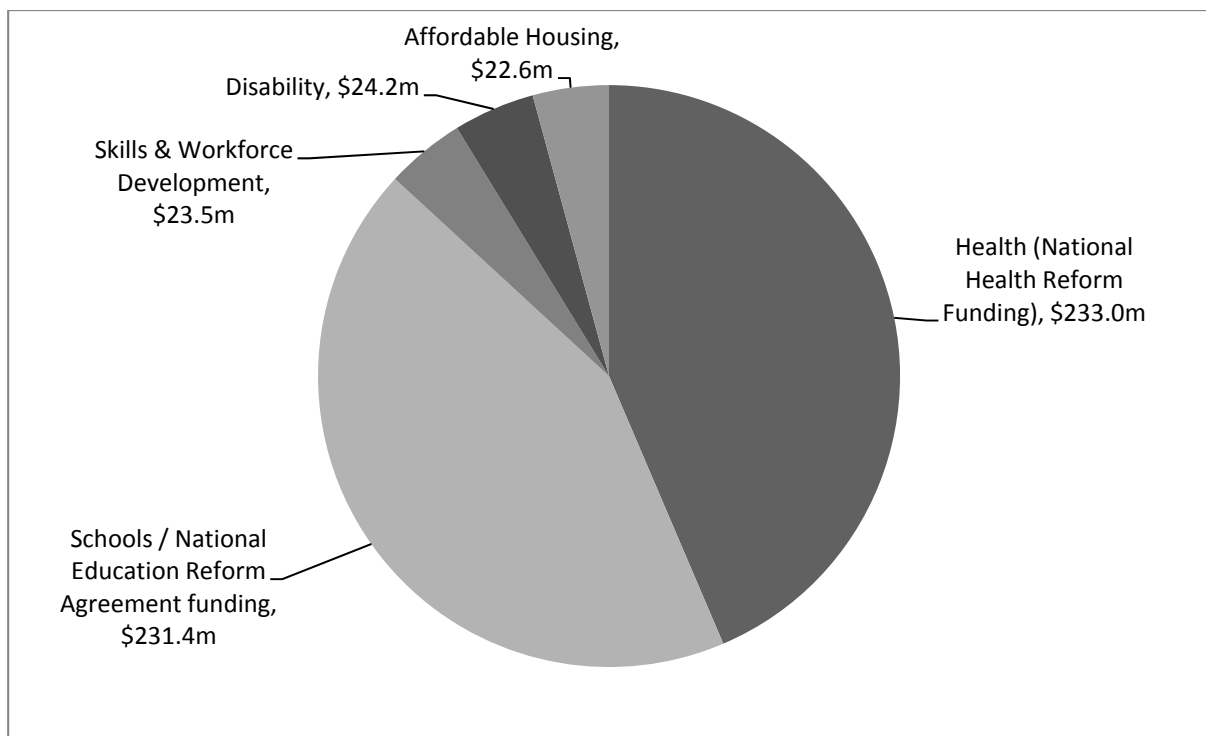
National Specific Purpose Payments

SPPs are paid to the States under five broad categories:

- National Health Reform Funding;
- National Schools SPP;
- National Skills and Workforce Development SPP;
- National Affordable Housing SPP; and
- National Disability SPP.

The relative distribution of these SPPs across sectors is illustrated in the Figure 4.4 below.

Figure 4.4
2013-14 National Specific Purpose Payments to the ACT by sector (\$ millions)



Source: Federal Budget 2013-14 Paper No.3.

The funding received through these National SPPs provides the ACT with the capacity to fund the policy objectives contained in each of the National Agreements to which they relate. The Commonwealth's SPP funding to the ACT is detailed in Table 4.5 below.

**Table 4.5
Commonwealth National Specific Purpose Payments to the ACT**

	2012-13	2013-14	Variation		2014-15	2015-16	2016-17
	Est. Out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
Health Reform	202.5	233.0	30.5	15.1	270.5	311.6	356.8
Schools	208.1	113.3	-94.8	-45.6	-	-	-
National Education Reform Agreement funding	-	118.1	118.1	-	243.7	258.1	273.4
Sub-total Education	208.1	231.4	23.3	11.2	243.7	258.1	273.4
Skills and Workforce Development	23.3	23.5	0.2	0.9	23.9	24.4	25.0
Community Services	20.0	24.2	4.2	21.0	25.6	26.9	28.2
Affordable Housing	23.5	22.6	-0.9	-3.8	21.8	22.2	22.7
Total National Specific Purpose Payments	477.4	534.7	57.3	12.0	585.5	643.2	706.1

Note: Table may not add due to rounding.

The ACT is required to spend the funding it receives under each National SPP in the service sector relevant to the SPP. For example, the National Schools SPP must be expended in the education sector – but the ACT has full budget flexibility to allocate funds within that sector as it sees fit to achieve any mutually agreed objectives for that sector.

Distribution of National SPPs

In accordance with the IGA-FFR, by 2014-15, National SPPs will be fully distributed to States based on their population shares (with the exception of the government schools component of the National Schools SPP, which will be distributed based on a State's proportion of full-time equivalent student enrolments in government schools). In 2013-14, the Health Reform and Disability SPPs will be distributed 100 per cent on a population share basis, with the other SPPs being distributed 80 per cent on population share and 20 per cent on a historical basis. The distribution of the SPPs on an equal per capita basis is aimed at ensuring that all Australians, regardless of their location, receive the same share of Commonwealth funding support for State service delivery.

Further major change to the National SPPs is also expected to occur during the forward estimates period as a result of the proposed introduction of the National Education Reform Agreement (NERA) and associated Schooling Resource Standard (SRS) from 2014, and the transition to the full National Disability Insurance Scheme (NDIS), starting from 2014-15.

These major reforms are based on individual funding for students and people with disabilities, rather than the historical block funding approach which originally determined allocation of SPP funding. Negotiations on State funding contributions to the new schemes have not yet been finalised, and treatment of the State expenditure and associated Commonwealth payments under the HFE arrangements is still under discussion.

The use of national funding pools for both Health and Disability will also replace the SPPs which previously underpinned Commonwealth support for States in these sectors, fundamentally changing the nature of Commonwealth financial support from an outcomes focus to one based primarily on outputs and maintenance of funding. The situation with the SPPs is further complicated by the requirement to undertake a review of funding adequacy and related outcomes under the IGA-FFR, which is due to be conducted in 2013.

National Disability Insurance Scheme (DisabilityCare Australia)

DisabilityCare Australia establishes a national disability insurance scheme which provides lifetime care and support for eligible people who have significant and permanent disabilities. Funding for DisabilityCare will be paid by the Commonwealth and all States into a single national funding pool.

The ACT is participating in trials for the NDIS and will begin the transition to the full scheme in 2014-15, with the full national scheme commencing in 2019-20. Additional Commonwealth and State funding under NDIS will not be subject to equalisation under the HFE process during the Launch period of NDIS, which extends through the Budget and out-years.

Table 4.9 includes the expected National Partnership payments from the Commonwealth supporting preparation for the NDIS Launch, estimated at \$6.4 million in 2013-14.

National Education Reform Agreement (NERA)

Following the release of the Review of Funding for Schooling (the Gonski Review), the Commonwealth embarked on large-scale reform in school education, including fundamental change to funding arrangements. Under the broad framework of NERA, the Schooling Resource Standard (SRS) will establish funding for individual students, with loadings to cover factors such as disability, indigeneity, remoteness, socio-economic disadvantage and lack of proficiency in English. The NERA changes will also include the roll-up of a number of education-related NPPs into the Schooling SPP, which will increase certainty for State budget planning and reduce the administrative and compliance workload imposed by the current large number of education NPs. These changes are to come into effect from the start of 2014.

Under the proposed agreement the Government is expected to increase its contribution to schools by at least three per cent per annum. These estimates have been included in the 2013-14 Budget. Table 4.5 includes the expected National Specific Purpose payments for NERA, which commence in 2013-14 at \$118.1 million for the initial half-year period.

Commonwealth payments under the NERA are expected to be treated by inclusion in HFE, but this is not yet confirmed.

COAG also agreed in April 2013 to extend the National Partnership Agreement on Early Childhood Education for 18 months. This agreement recommits to universal access to pre-school for four year old children. Provision has been made in the 2013-14 Budget for the funding under the new agreement.

Health Reform

New funding arrangements under the National Health Reform Agreement came into operation for all States from July 2012. For 2012-13 and 2013-14, these arrangements include the continued provision of funding by the Commonwealth to the level which would have applied under the previous National Healthcare SPP. From 2014-15 to 2016-17, the Commonwealth will maintain its previous percentage of base funding and fund 45 per cent of volume growth, both at the national efficient price (which is determined annually by an independent authority). From 2017-18, the level of Commonwealth funding for growth will move to 50 per cent.

Under the Health Reform arrangements, the Commonwealth funding contributions flow to the State where a patient receives treatment, rather than solely on the basis of State population shares. This reduces the amounts previously flowing between States for cross-border provision of services.

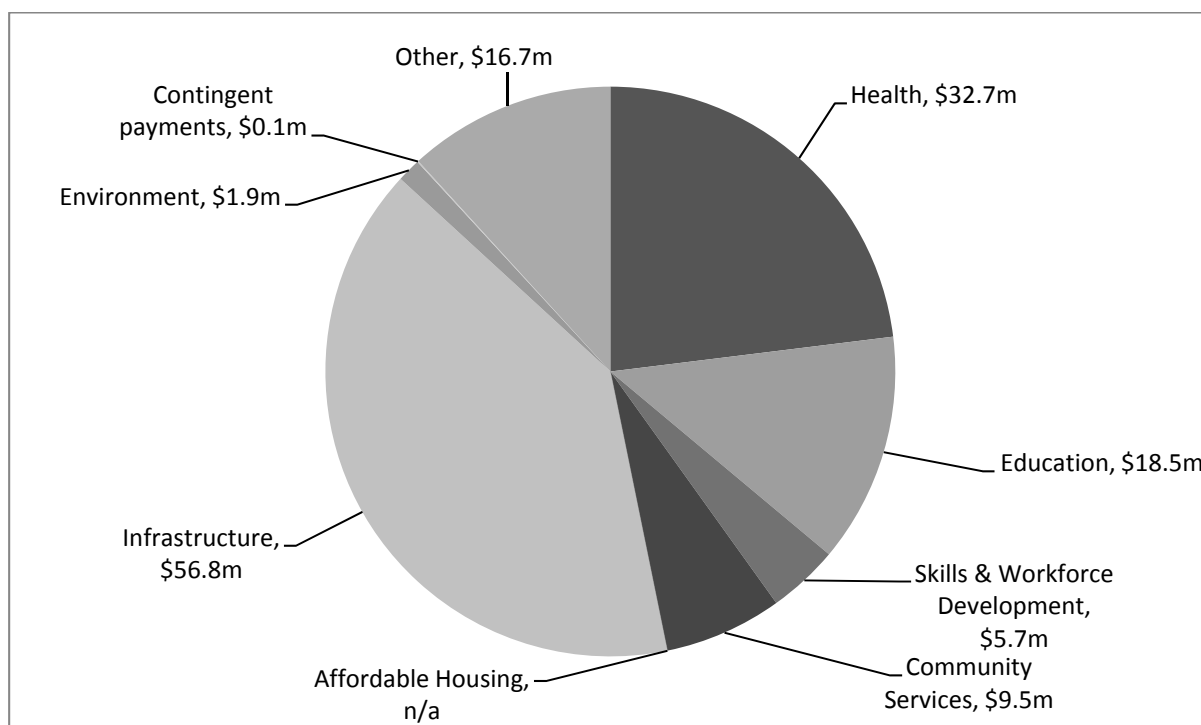
The activity based approach to funding has similarities to other Commonwealth reforms (e.g. Skills Reform, Early Childhood Education) in creating a demand-driven system.

National Partnership Payments

Within the context of the IGA-FFR, the Commonwealth provides NP payments to the States, in addition to GRA and Specific Purpose payments, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

The distribution of these payments for the ACT across sectors is shown in Figure 4.5 below.

Figure 4.5
2013-14 Major NP payments to the ACT by sector (\$ millions)



Source: Federal Budget 2013-14 Paper No.3.

Note: n/a = not available: State allocations of funding for Affordable Housing (Homelessness NP) yet to be finalised at time of publication.

The distribution of NP payments across sectors reflects both major areas of State service delivery, such as Health and Education, and the significant role played by the Commonwealth in funding State infrastructure, such as hospitals, roads and rail. However, because of its small area and relatively compact population, the ACT receives considerably less for infrastructure in proportion to its population than do other States.

All NPs currently delivering funding to the ACT are summarised by sector in Table 4.6 below.

**Table 4.6
Commonwealth NP Payments to the ACT**

	2012-13 [#]	2013-14 [#]	Variation		2014-15	2015-16	2016-17
	Est. Out.	Budget			Estimate	Estimate	Estimate
	\$m	\$m	\$m	%	\$m	\$m	\$m
Health	29.7	32.7	3.0	10.1	26.6	22.2	24.7
Education	24.3	18.5	-5.8	-23.9	8.3	4.3	8.0
Skills and Workforce Development	5.7	5.7	0.0	0.0	6.4	6.1	8.3
Community Services	3.9	9.5	5.6	143.6	7.3	11.4	19.7
Affordable Housing	2.4	n/a*	n/a*	n/a*	-	-	-
Infrastructure	4.3	56.8**	52.5	1,220.9	84.1**	28.5	29.6
Environment	3.7	1.9	-1.8	-48.6	2.3	1.7	1.7
Contingent Payments	0.1	0.1	0.0	0.0	0.1	0.1	-
Other	16.7	16.7	0.0	0.0	9.5	9.8	10.0
Total NP Payments	90.8	141.9	51.1	56.3	144.6	84.1	102.0

Note: Table may not add due to rounding.

* n/a = not available: State allocations for Affordable Housing (Homelessness NP) not finalised at time of publication. Provision has been made for funding in the Federal Budget.

** The large increase in infrastructure funding in 2013-14 and 2014-15 relates to the Majura Parkway project.

\$6.1 million of the 2013-14 Commonwealth payments shown in the table will be brought forward into 2012-13. This comprises: Essential Vaccines \$3.9 million, Preventive Health \$0.9 million, Long Stay Older Patients \$0.8 million and Certain Concessions for Pensioners and Seniors \$0.6 million.

Given the short-term nature of NP payments (average three years) and the ongoing change arising from extensions, absorption into SPPs, bring-forwards between years, and other policy influences, it is only possible to give a snapshot of the totality of NP funding at a point in time. For example, NP payments in some sectors, particularly Education, will be affected over the forward estimates period by the major national reforms described above. This is likely to involve expiry of payments under some existing agreements and the rolling up of others into the SPPs.

As a result, an overall reduction in the number of NPs and associated NP payments funding is expected over the out-years. Allowing for this impact, and the lumpy nature of payments for infrastructure projects, the funding levels for NP payments to the ACT are quite stable across the Budget and out years.

A dissection of some of the major drivers follows.

Expiring National Partnership Agreements

A large number of NPs which were signed in the period immediately after the establishment of the IGA-FFR expired or were due to expire during the period June 2012 to June 2013.

In order to address the need for ongoing funding to support increased service levels achieved through many of the original agreements, the NSW Treasurer, on behalf of all States, wrote to the Federal Treasurer on 28 September 2012 about the future of NPs expiring by June 2014. This issue was also considered by a Senior Officials' Working Group of First Ministers' and Treasury department representatives, which presented a report on Expiring NPs to the December 2012 meeting of COAG.

States generally took the view that, where agreements had achieved ongoing increased levels of service delivery, the relevant payments should be rolled up into SPPs to provide a stable, indexed source of funding, with greater certainty for State budget planning. The Commonwealth took a different view, preferring to retain the option of continuing funding through NPPs, particularly where reform objectives had not been fully realised, and aiming to ensure greater flexibility in its budget considerations.

In negotiations with States during 2012-13, the Commonwealth put forward one-year interim agreements or short extensions to new agreements in key policy areas such as homelessness and literacy and numeracy. These and other new agreements were characterised by a shift away from the outcomes focus and avoidance of input controls originally envisaged in the IGA-FFR by including elements such as maintenance of effort. While these developments clearly reflect Commonwealth concern over achievement of specific objectives, they also create greater uncertainty for States in planning their budgets.

The treatment in the 2013-14 Federal Budget of expiring NPs to which the ACT is a party and where the States sought continuation of funding is detailed in Table 4.7 below.

In total, approximately \$21.6 million of NPs that expired in 2012-13 have been extended or replaced with new NPs totalling \$16.5 million in 2013-14 and further amounts in out-years.

**Table 4.7
Expiring National Partnership Payments to the ACT 2012-13 and 2013-14**

Sector	Title	Funding 2012-13 (\$000)	Funding 2013-14 (\$000)	Federal Budget treatment
Health	Hospital & Health Workforce Reform	610	0	Discontinued from 2013-14.
	Indigenous Early Childhood Development – Health Component	240	250	Funding after 2013-14 not decided.
	Financial Assistance for Long Stay Older Patients	3,100	783	Funding after 2013-14 not decided.
	National Perinatal Depression Initiative	158	281	Funding to continue to 2016-17.
Education	Digital Education Revolution	3,804	0	Discontinued from 2013-14.
	Literacy & Numeracy	1,751	878	New NPA agreed - funding to 2013-14.
	Smarter Schools - Improving Teacher Quality	320	3,128	Funding after 2013-14 not decided.
	Early Childhood Education – Universal Access	7,313	6,444	New NPA being finalised – funding to 2014-15.
	National Quality Agenda for Early Childhood Education & Care	227	212	Funding beyond 2013-14 subject to COAG review.
	Indigenous Early Childhood Development – Family Centres	1,110	1,107	Funding after 2013-14 not decided.
	More Support for Students with Disabilities	1,359	1,406	Funding extended to 2014-15. Intended to roll into NERA from Jan 2015.
	MoneySmart Schools	74	91	New NPA agreed – funding to 2016-17.
Skills	Youth Attainment and Transitions	662	1,135	Funding after 2013-14 not decided.
Community Services	Certain Concessions for Pensioner Concession Card and Seniors Card Holders	2,110	2,180	New NPA agreed – funding to 2016-17.
Housing	Homelessness	2,401	n/a*	New NP proposed – funding for 2013-14 not finalised.
Environment	Natural Disaster Resilience	1,305	1,305	New NP being negotiated – funding to continue to 2016-17.
Other	Legal Assistance Services	4,420	4,486	Funding after 2013-14 not decided.
Total Expiring		30,964	23,686	

* n/a = not available: Funding provided in Federal Budget but State allocations not finalised at time of publication.

New National Partnership Agreements

The 2013-14 Federal Budget also included a number of new National Partnerships which are expected to involve additional funding for the ACT, including:

- Canberra Hospital – Dedicated Paediatric Emergency Care (\$5 million in 2014-15);
- Assisting Preparation Towards the Launch of the National Disability Insurance Scheme (\$10.1 million over two years – 2013-14 and 2014-15);
- Pay Equity for the Social and Community Services Sector (\$6.6 million over four years);
- Implementing Water Reform in the Murray-Darling Basin (\$1.2 million over four years); and
- National Insurance Affordability Initiative (\$0.5 million over two years – 2013-14 and 2014-15).

Two other National Partnerships were announced in the Federal Budget but have not been included in the ACT Budget:

- Early Psychosis Youth Centres (\$35.1 million over four years) – this initiative was included as a National Partnership Payment in the Federal Budget but is now to be funded as a Commonwealth Own Purpose Expense; and
- Assistance to States for DisabilityCare Australia (\$21.8 million over two years – 2015-16 and 2016-17) – this funding will not be paid as a National Partnership Payment but will be drawn from the DisabilityCare Australia Fund.

Negotiations on most of these NPs are still in progress between the ACT and the Commonwealth, however approximately \$13.8 million of new funding has been identified in the 2013-14 Budget.

The Commonwealth has also brought forward funding of \$5.6 million of Health National Partnership Payments and \$0.6 million of Community Services National Partnership Payments from 2013-14 to 2012-13.

These movements in National Partnerships, including existing National Partnerships, are fully reflected in Table 4.9 below – Total Commonwealth Funding to the ACT.

Financial Assistance Grants to Local Government

Financial assistance grants (FAGs) to local governments are outside the federal funding framework and are paid to State governments for on-passing to local governments through the State Grants Commissions. Financial assistance grants to local government are untied and can be spent according to local government priorities.

As the ACT Government has responsibility for both State and municipal functions, the financial assistance grants are paid direct to the Territory to be spent according to its budget priorities, at approximately two per cent of the financial assistance grants pool.

The ACT's FAGs funding is shown in Table 4.8 below.

**Table 4.8
Commonwealth Government Financial Assistance Grants Funding to the ACT**

	2012-13 Est. Out. \$m	2013-14 Budget \$m	Variation		2014-15 Estimate \$m	2015-16 Estimate \$m	2016-17 Estimate \$m
			\$m	%			
Financial Assistance Grants	46.9	24.2	-22.7	-48.4	50.5	52.8	55.2

The ACT will receive \$46.9 million in 2012-13, decreasing to \$24.2 million in 2013-14. The decrease is due to the Commonwealth's 2013-14 Budget decision to bring forward the first two quarterly instalments of the expected 2013-14 grants to 2012-13, amounting to \$24.8 million for the ACT. The bringing forward of these instalments continues the approach followed by the Commonwealth for FAGs in recent Budgets.

Total Commonwealth Funding to the ACT

All estimated and expected revenue transfers from the Commonwealth Government to the ACT over the Budget period are detailed in Table 4.9 below

Table 4.9
Details of Commonwealth Government Grants

2012-13 Budget \$'000	FUNDING CATEGORIES (1)	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
General Revenue Assistance						
938,130	GST Revenue	970,600	1,021,800	1,078,900	1,144,600	1,208,500
36,832	ACT Municipal Services	36,832	37,495	38,208	38,934	39,634
974,962	Total General Revenue Assistance	1,007,432	1,059,295	1,117,108	1,183,534	1,248,134
Health Services						
National Healthcare SPP and Payments under the National Health Reform Agreement						
203,526	National Healthcare SPP	0	0	0	0	0
0	National Health Reform Payment (2)	244,684	279,536	318,438	360,980	407,623
203,526	Total National Healthcare SPP and Payments under the National Health Reform Agreement	244,684	279,536	318,438	360,980	407,623
Health Services NPPs						
548	Health Services NPPs (3)	455	1,113	8,913	5,510	7,018
620	Mental Health (Reform Program) NPP	620	620	620	620	0
1,320	Hospital and Health Workforce Reform NPP	610	0	0	0	0
10,935	Health and Hospital Fund Projects NPP	6,420	4,444	70	0	0
2,563	Preventative Health NPP	2,069	0	894	894	2,181
240	Indigenous Early Childhood Development NPP (Health Component)	240	250	0	0	0
2,568	Essential Vaccines NPP	6,007	106	3,937	3,684	4,000
9,664	National Health Reforms NPPs (4)	12,573	11,383	1,483	1,483	1,483
1,669	National Health Reforms (Emergency Departments) NPP (Capital)	1,669	0	0	0	0
0	Hepatitis C Settlement Fund	33	0	0	0	0
1,102	Treating More Public Dental Patients	1,102	2,471	1,904	0	0
31,229	Total Health Services NPPs	31,798	20,387	17,821	12,191	14,682
234,755	Total Health Services	276,482	299,923	336,259	373,171	422,305
Housing						
23,313	National Affordable Housing SPP	23,536	22,611	21,763	22,222	22,687
Housing NPP's						
325	First Home Owners Boost NPP	38	0	0	0	0
2,401	Homelessness NPP	2,401	0	0	0	0
2,726	Total Housing NPPs	2,439	0	0	0	0
26,039	Total Housing	25,975	22,611	21,763	22,222	22,687

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
	Community Services					
20,269	National Disability Services SPP	19,961	24,166	25,601	26,880	28,201
	Community Services NPPs					
787	Transitioning Responsibilities for Aged Care and Disability Services NPP	787	0	0	0	0
149	Home and Community Care Services for Veterans NPP	149	141	0	0	0
95	Aged Care Assessment NPP	95	0	0	0	0
1,110	Indigenous Early Childhood Development NPP (Family Centres)	1,110	1,107	0	0	0
199	National Reciprocal Transport Concessions NPP (Formerly Concessions for Pensioners)	170	170	170	170	170
1,911	Certain Concessions for Pensioners and Senior Card Holders NPP	2,511	1,376	2,057	2,144	2,233
0	NDIS Readiness and Enhanced Service Officer Project	500	6,424	3,700	0	0
0	Pay Equity for Social and Community Services Sector	280	764	1,329	1,949	2,603
4,251	Total Community Services NPPs	5,602	9,982	7,256	4,263	5,006
24,520	Total Community Services	25,563	34,148	32,857	31,143	33,207
	Education & Early Childhood					
	National Schools SPP's and National Education Reform Agreement Funding					
60,053	National Schools SPP – Government Schools Component	59,577	32,225	0	0	0
154,996	National Schools SPP – Non-Government Schools Component	148,504	81,069	0	0	0
0	National Education Reform – Government	0	35,704	73,050	76,447	80,040
0	National Education Reform – Non-Government	0	82,425	170,606	181,690	193,314
215,049	Total National Schools SPP's and National Education Reform Agreement Funding	208,081	231,423	243,656	258,137	273,354
	Education and Early Childhood NPP's					
2,189	Digital Education Revolution NPP – Government Schools	2,189	0	0	0	0
1,615	Digital Education Revolution NPP – Non-Government Schools	1,615	0	0	0	0
728	Smarter Schools – Low Socio-Economic Status School Communities NPP	728	279	0	0	0
3,448	Smarter Schools - Improving Teacher Quality NPP	320	3,128	0	0	0
0	Smarter Schools - Literacy and Numeracy NPP - Government	1,171	587	0	0	0
0	Smarter Schools - Literacy and Numeracy NPP - Non-Government	580	291	0	0	0
7,080	Early Childhood Education – Universal Access NPP	7,313	6,444	3,728	0	0

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
1,536	Trade Training Centres Schools NPP – Government Schools	4,622	4,027	1,888	2,287	4,442
1,864	Trade Training Centres Schools NPP – Non-Government Schools	1,546	498	1,624	1,928	3,424
0	Industry and Indigenous Skills Centres	181	0	0	0	0
1,530	National Solar Schools Plan NPP – Government Schools	1,194	382	0	0	0
108	National Solar Schools Plan NPP – Non-Government Schools	108	0	0	0	0
662	Youth Attainment and Transitions NPP	662	1,135	0	0	0
74	Money Smart Schools NPP	74	91	86	94	109
1,079	Support for Students with Disability NPP – Government Schools	1,079	1,072	802	0	0
280	Support for Students with Disability NPP – Non Government Schools	280	334	194	0	0
134	Reward for School Improvement NPP – Government Schools					
177	Reward for Great Teachers NPP – Government Schools	143	0	0	0	0
0	Reward for Great Teachers NPP – Non-Government Schools	34	0	0	0	0
186	Training Places for Single and Teen Parents NPP	186	248	248	0	0
3,820	VET Training (Building Australia's Future Workforce – Skills Reform) NPP	3,820	3,820	6,046	6,050	8,276
0	Commonwealth / State and Territory Joint Group Training Program NPP	293	0	0	0	0
227	National Quality Agenda for Early Childhood Education and Care NPP	227	212	0	0	0
26,737	Total Education & Early Childhood NPPs	28,365	22,548	14,616	10,359	16,251
241,786	Total Education & Early Childhood	236,446	253,971	258,272	268,496	289,605
	Vocational Education & Training					
23,026	National Skills and Workforce Development SPP	23,273	23,533	23,913	24,427	24,950
	Vocational Education & Training NPP's					
847	TAFE Fee Waivers for Childcare Qualifications NPP	560	490	155	0	0
23,873	Total Vocational Education & Training	23,833	24,023	24,068	24,427	24,950
	Infrastructure					
	Infrastructure NPP's					
484	Nation Building Program NPP (Roads)	484	442	443	443	443
0	Off Network Projects NPP (Roads)	0	0	300	0	0
463	Interstate Road Transport NPP	389	404	420	437	455
3,427	Roads to Recovery NPP	1,932	0	5,600	5,600	5,600
162	Heavy Vehicle Safety NPP	55	4,887	799	668	668
966	Black Spots Projects NPP	888	876	975	975	975

2012-13 Budget \$'000	FUNDING CATEGORIES	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
0	Centenary of Canberra Gift NPP - Constitution Avenue Redevelopment component	0	0	10,000	0	0
0	Building Australia Fund Roads NPP - Majura Parkway construction	0	50,000	64,500	20,000	0
0	Parliament House Walk	100	0	0	0	0
0	Regional Infrastructure Fund	81	0	696	82	112
5,502	Total Infrastructure NPPs	3,929	56,609	83,733	28,205	8,253
5,502	Total Infrastructure	3,929	56,609	83,733	28,205	8,253
Environmental Services						
Environmental Services NPP's						
1,359	Caring for Our Country NPP	1,359	0	0	0	0
0	Exotic Disease Preparedness NPP	10	10	20	20	20
251	Water for the future NPP - States	883	259	201	70	0
0	Water Reform in the Murray Darling Basin	98	221	327	327	327
0	National Insurance Affordability Initiative	0	133	416	0	0
1,610	Total Environmental Services NPPs	2,350	623	964	417	347
1,610	Total Environmental Services	2,350	623	964	417	347
Other Services						
Other Services NPP's						
4,420	Legal Aid NPP	4,420	4,468	4,558	4,641	4,724
4,026	A Seamless National Economy NPP	1,610	2,416	0	0	0
33	Local Government Reform Fund NPP					
2,040	Centenary of Canberra - Joint National Program NPP	2,040	991	0	0	0
250	Sustainable Australia - Liveable Cities NPP	357	157	0	0	0
1,305	Natural Disaster Resilience Program NPP	1,305	1,305	1,305	1,305	1,305
0	ACT Fire Fighting Assistance for RFS, SES and Emergency Management	4,000	4,000	0	0	0
0	Provision of Fire Fighting Services to Commonwealth Buildings	4,612	4,774	0	0	0
12,074	Total Other Services NPPs	18,344	18,111	5,863	5,946	6,029
23,597	Financial Assistance Grants - Local Government	46,940	24,225	50,540	52,829	55,170
35,671	Total Other Services	65,284	42,336	56,403	58,775	61,199
1,568,718	Total Commonwealth Government Funding	1,667,294	1,793,539	1,931,427	1,990,390	2,110,687

Notes:

1. Funding Categories reflect ACT Government Directorate responsibilities.
2. Includes Commonwealth payments under the Health Reform arrangements for cross-border services provided to residents of other States and Territories – Commonwealth estimates of \$46.3m in 2012-13 and \$46.5m in 2013-14; ACT estimates of \$47.9m in 2014-15, \$49.4m in 2015-16 and \$50.8m in 2016-17
3. Health Services NPPs includes the following NPPs: Breastscreen Australia Program Expansion, National Bowel Cancer Screening Program – Participant Follow-up, National Perinatal Depression Initiative, OzFoodNet, Canberra Hospital – Dedicated Paediatric Emergency Care, Adult Public Dental Services, Vaccine Preventable Diseases Surveillance.
4. National Health Reforms NPPs comprises the following NPPs: Improving Public Hospital Services, Financial Assistance for Long Stay Older Patients.

