

# INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

Council of  
Australian  
Governments

An agreement between

- n the Commonwealth of Australia and
- n the States and Territories, being:
  - t the State of New South Wales;
  - t the State of Victoria;
  - t the State of Queensland;
  - t the State of Western Australia;
  - t the State of South Australia;
  - t the State of Tasmania;
  - t the Australian Capital Territory; and
  - t the Northern Territory of Australia.

This Agreement implements a new framework for federal financial relations which will provide a robust foundation for collaboration on policy development and service delivery and facilitate the implementation of

economic and social reforms in areas of national importance.



# Intergovernmental Agreement on Federal Financial Relations

COUNCIL OF AUSTRALIAN GOVERNMENTS

## PRELIMINARIES

1. This Agreement implements a new framework for federal financial relations which will provide a robust foundation for the Parties to:
  - (a) collaborate on policy development and service delivery; and
  - (b) facilitate the implementation of economic and social reforms;in areas of national importance.
2. In signing this Agreement, the Parties acknowledge that coordinated action is necessary to address many of the economic and social challenges which confront the Australian community.

## PART 1 — TERMS

3. The Parties to this Agreement (the Parties) are:
  - (a) The Commonwealth of Australia (the Commonwealth); and
  - (b) The States and Territories, being:
    - The State of New South Wales;
    - The State of Victoria;
    - The State of Queensland;
    - The State of Western Australia;
    - The State of South Australia;
    - The State of Tasmania;
    - The Australian Capital Territory; and
    - The Northern Territory of Australia.
4. This Agreement will operate indefinitely from 1 January 2009 unless the Parties by unanimous agreement in writing revoke it.

## PART 2 — OBJECTIVES

5. The objective of the framework for federal financial relations is the improvement of the well-being of all Australians through:
  - (a) collaborative working arrangements, including clearly defined roles and responsibilities and fair and sustainable financial arrangements, to facilitate a focus by the Parties on long term policy development and enhanced government service delivery;
  - (b) enhanced public accountability through simpler, standardised and more transparent performance reporting by all jurisdictions, with a focus on the achievement of outcomes, efficient service delivery and timely public reporting;
  - (c) reduced administration and compliance overheads;
  - (d) stronger incentives to implement economic and social reforms;
  - (e) the on-going provision of Goods and Services Tax (GST) payments to the States and Territories equivalent to the revenue received from the GST; and
  - (f) the equalisation of fiscal capacities between States and Territories.

## PART 3 — PRINCIPLES

### *Primary responsibility for service delivery*

6. The Parties recognise that the States and Territories have primary responsibility for many of the service sectors covered by the National Agreements appended as schedules to this Agreement. The primacy of State and Territory responsibility in the delivery of services in these sectors is implicit in the Constitution of the Commonwealth of Australia and it is not the intention of the Parties to alter the Constitutional responsibility or accountability of the Commonwealth, States and Territories.
7. Notwithstanding that, the Parties acknowledge that coordinated action is necessary to address many of the economic and social challenges which confront the Australian community. The intent of the Parties is that the National Agreements should clarify the responsibilities and accountabilities of the Commonwealth and the States and Territories.

### *Focus on improving the well-being of Australians*

8. The intent of the Parties in implementing the financial framework is to improve the well-being of all Australians through improvements in the quality, efficiency and effectiveness of government service delivery by:
  - (a) reducing Commonwealth prescriptions on service delivery by the States and Territories;
  - (b) clarifying the roles and responsibilities of the Parties in the delivery of government services that are the subject of National Agreements set out in schedules to this Agreement; and
  - (c) enhancing accountability to the public for the outcomes achieved or outputs delivered under National Agreements or National Partnerships.

9. The Parties agree that there will be a rigorous focus on the achievement of outcomes — that is, mutual agreement on what objectives, outcomes and outputs improve the well-being of Australians.

### ***Coordinated federal action***

10. The Parties have recorded their mutually agreed objectives, outcomes and outputs and performance indicators for each of the service sectors covered in National Agreements appended as schedules to this Agreement.
11. Federal financial relations will be underpinned by a shared commitment to genuinely cooperative working arrangements.
12. The Council of Australian Governments (COAG) will monitor progress on all aspects of the framework for federal financial relations.
13. The Parties acknowledge the need to pursue on-going reform of federal financial relations.

### ***Accountability***

14. As improved accountability is a key objective to the framework for federal financial relations, the Parties commit to improve service delivery by ensuring that the appropriate government is accountable to its community — not just for its expenditure in delivering services, but more importantly for the quality and efficiency of the services it delivers and the outcomes it achieves.
15. The Parties commit to enhancing the accountability of governments to the community through simpler, standardised and more transparent public performance reporting for all jurisdictions, underpinned by clearer roles and responsibilities.
16. The Parties are committed to on-going performance reporting and to working together to improve performance reporting for the sake of enhanced public accountability.
17. The performance reporting framework will focus on the achievement of results, value for money and timely provision of publicly available performance information.
18. The COAG Reform Council will report to the Prime Minister, as chair of COAG, on National Agreements and National Partnerships, as set out in Schedule A of this Agreement. To assist the COAG Reform Council in its role, the Productivity Commission will also report to COAG on the economic impacts and benefits of COAG's agreed reform agenda every two to three years.

### ***Financial support***

19. The Commonwealth commits to the provision of on-going financial support for the States' and Territories' service delivery efforts, through:
  - (a) general revenue assistance, including the on-going provision of GST payments, to be used by the States and Territories for any purpose;
  - (b) National Specific Purpose Payments (SPPs) to be spent in the key service delivery sectors;
  - (c) National Health Reform (NHR) Funding; and
  - (d) National Partnership payments to support the delivery of specified outputs or projects, to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms.

20. National SPPs may be associated with National Agreements, but there is no provision for National SPPs to be withheld in the case of a jurisdiction not meeting a performance benchmark specified in a National Agreement.
21. National Agreements will not include financial or other input controls imposed on service delivery by the States and Territories.
22. The Parties agree to review periodically, and at least every five years, the level of Commonwealth funding support to ensure its on-going adequacy.
23. All intergovernmental financial transfers other than for Commonwealth own-purpose expenses will be subject to this Agreement. However, Commonwealth own-purpose expenses may form part of National Agreements or National Partnerships where they contribute to mutually agreed objectives.

### ***Greater incentives for economic and social reform***

24. The Commonwealth will provide National Partnership payments to the States and Territories to support the delivery of specified outputs or projects, to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms or service delivery improvements.

## **PART 4 — Provision OF GST REVENUE to the States**

25. The Commonwealth will make GST payments to the States and Territories equivalent to the revenue received from the GST, subject to the arrangements in this Agreement. GST payments will be freely available for use by the States and Territories for any purpose.
26. The Commonwealth will distribute GST payments among the States and Territories in accordance with the principle of horizontal fiscal equalisation.

## **PART 5 — INSTITUTIONAL ARRANGEMENTS**

27. This Agreement replaces the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*.
28. The schedules to this Agreement may be amended or revoked, and new schedules added, by agreement of the Parties. Where noted in this Agreement, some GST policy issues require unanimous agreement.
29. The Ministerial Council for Commonwealth-State Financial Relations will be renamed the Standing Council for Federal Financial Relations and, within the framework established by COAG, will oversee the operation of this Agreement. The Standing Council will comprise the Treasurers of the Commonwealth, the States and Territories (or their designated representatives) and will be chaired by the Commonwealth.

30. The Parties have confirmed their commitment to this agreement as follows:

***Signed for and on behalf of the Commonwealth of Australia by***

---

The Honourable Julia Gillard MP

Prime Minister of the Commonwealth of Australia

July 2011

***Signed for and on behalf of the State of New South Wales by***

---

The Honourable Barry O'Farrell MP

Premier of the State of New South Wales

July 2011

***Signed for and on behalf of the State of Victoria by***

---

The Honourable Ted Baillieu MP

Premier of the State of Victoria

July 2011

***Signed for and on behalf of the State of Queensland by***

---

The Honourable Anna Bligh MP

Premier of the State of Queensland

July 2011

***Signed for and on behalf of the State of Western Australia by***

---

The Honourable Colin Barnett MLA

Premier of the State of Western Australia

July 2011

***Signed for and on behalf of the State of South Australia by***

---

The Honourable Mike Rann MP

Premier of the State of South Australia

July 2011

***Signed for and on behalf of the State of Tasmania by***

---

The Honourable Lara Giddings MP

Premier of the State of Tasmania

July 2011

**Signed for and on behalf of the *Australian  
Capital Territory* by**

---

Katy Gallagher MLA

Chief Minister of the Australian Capital Territory  
July 2011

**Signed for and on behalf of the *Northern  
Territory* by**

---

The Honourable Paul Henderson MLA

Chief Minister of the Northern Territory of Australia  
July 2011



## **SCHEDULES TO THE INTERGOVERNMENTAL AGREEMENT**

***A INSTITUTIONAL ARRANGEMENTS***

***B TAXATION REFORM***

***C PUBLIC ACCOUNTABILITY AND PERFORMANCE REPORTING***

***D PAYMENT ARRANGEMENTS***

***E POLICY AND REFORM OBJECTIVES***

***F NATIONAL AGREEMENTS***

# Definitions and Institutional Arrangements

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

### DEFINITIONS

National Agreement	An agreement defining the objectives, outcomes, outputs and performance indicators, and clarifying the roles and responsibilities, that will guide the Commonwealth and the States and Territories in the delivery of services across a particular sector.
National Health Reform funding	A Commonwealth financial contribution under the National Health Reform Agreement.
National SPP	A Commonwealth financial contribution to support State and Territory delivery of services in a particular sector.
National Partnership agreement	An agreement defining the objectives, outputs and performance benchmarks related to the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.
National Partnership payment	A Commonwealth payment to the States and Territories, in respect of a National Partnership agreement, 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.
Objectives	Describe the mutually-agreed, overarching aspirations for each new National Agreement.
Outcomes	Describe the impact a government activity is expected to have on community well-being. Outcomes should be strategic, high level and observable goals expressed in clear, measurable and achievable terms.
Outputs	Describe the services being delivered by governments to achieve outcomes. Alternatively they may be used as a proxy for outcomes where outcomes are not readily observable. Outputs can also help to define roles and responsibilities. Outputs should be high level, as detailed outputs run the risk of constraining States' responses to changing demand, cost drivers, priorities and service delivery models.
Performance indicator	Data which informs the community about how governments are progressing towards achieving the objectives, outcomes and outputs.

Performance benchmark	A quantifiable change in a performance indicator, usually expressed in respect of a period of time – for example, an X per cent increase in X by 20XX. Where necessary to inform the community, performance benchmarks should be few in number, high-level and reflect the highest order, most challenging goals toward attainment of outcomes.
-----------------------	---

## COUNCIL OF AUSTRALIAN GOVERNMENTS

- A1 The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia. Its role includes initiating, developing, endorsing and monitoring the implementation of policy reforms of national significance which require cooperative action by Australian Governments.
- A2 COAG is the key decision-making body with respect to implementation of the new framework for federal financial relations, and will monitor progress on all aspects of the new framework.

## MINISTERIAL COUNCIL FOR FEDERAL FINANCIAL RELATIONS

- A3 Within the framework determined by COAG, the Ministerial Council is able to determine matters relating to this Agreement, but will refer to COAG matters which:
- (a) have major cross portfolio or whole of government implications; or
  - (b) relate to the operations of the COAG Reform Council.
- A4 The functions of the Ministerial Council include:
- (a) the general oversight of the operation of this Agreement on behalf of COAG;
  - (b) an on-going role in monitoring the maintenance of reforms in this Agreement and in making recommendations to COAG for its consideration and endorsement, particularly in respect of-
    - (i) ensuring to the fullest extent possible that National Agreements and National Partnerships are aligned with the design principles in Schedule E;
    - (ii) ensuring that National Partnerships in a sector covered by a National Agreement are aligned with the objectives of that National Agreement;
    - (iii) ensuring that National Partnerships support the delivery of clearly specified outputs or projects, or facilitate the implementation of, or reward the delivery of, reforms of national significance;
    - (iv) negotiating base funding levels and growth factors for National SPPs, having regard to the objectives and outcomes agreed by the relevant COAG Working Group or Ministerial Council;
    - (v) negotiating the funding levels for reform-based National Partnerships;
    - (vi) developing principles for the funding levels of project-based National Partnerships;
    - (vii) assessing whether expiring National Partnerships should be converted into existing or new National SPPs or general revenue assistance; and

- (viii) maintaining a register of the national minimum data sets required to allow comparative reporting of governments' achievement against agreed objectives and outcomes
  - (c) the oversight of the operation of the Goods and Services Tax (GST), including-
    - (i) approving changes to the GST base and rate;
    - (ii) maintaining a performance agreement with the Australian Taxation Office in respect of its efficient and cost-effective administration of the GST;
    - (iii) considering reports of the GST Administration Sub-Committee on-
      - (1) proposed changes to the GST base;
      - (2) the performance of the Australian Taxation Office in GST administration;
      - (3) other matters of operational significance;
  - (d) discussion of Commonwealth Grants Commission recommendations regarding GST revenue sharing relativities prior to the Commonwealth Treasurer making a determination;
  - (e) development and oversight of a new National Performance Reporting System (Schedule C), in consultation with relevant COAG Working Groups and Ministerial Councils;
  - (f) monitoring compliance with the conditions governing the provision of assistance to first home owners set out below;
  - (g) monitoring compliance with the Commonwealth's undertakings with respect to financial support to the States and Territories;
  - (h) reviewing the operation of the Agreement over time and considering any amendments which may be proposed to COAG as a consequence of such review;
  - (i) reviewing funding adequacy under this Agreement, not less than every five years, with an on-going role of monitoring the reporting of outcomes to identify issues that might trigger earlier consideration of funding adequacy and related outcomes;
  - (j) considering on-going reform of federal financial relations;
  - (k) considering other matters covered in this Agreement; and
  - (l) such other matters as are referred to the Council by COAG.
- A5 The Treasurer of the Commonwealth will be the chair of the Council and will convene the Ministerial Council, in consultation with the other members of the Council, not less than once each financial year. If the Commonwealth Treasurer receives a request from a member of the Council, consultation will occur with the other members concerning convening a meeting. The Council may also conduct its business by correspondence.
- A6 All questions arising in the Ministerial Council will be determined by unanimous agreement unless otherwise specified in this Agreement.

- A7 The Ministerial Council will provide annually a report to the Department of the Prime Minister and Cabinet as set out in the protocols and principles governing Ministerial Council operations and reporting requirements.
- A8 The Ministerial Council will oversee the GST Administration Sub-Committee comprised of Commonwealth, State and Territory officials to monitor the operation of the GST, make recommendations regarding possible changes to the GST base and rate, and to monitor the Australian Taxation Office's performance in GST administration.

## OTHER MINISTERIAL COUNCILS AND COAG WORKING GROUPS

- A9 The role of relevant Ministerial Councils, other than the Ministerial Council for Federal Financial Relations, and relevant COAG Working Groups with respect to this Agreement includes recommending to COAG on:
- (a) development of objectives, outcomes, outputs and performance indicators for National Agreements; and
  - (b) proposing new specific projects and reforms which could be supported by National Partnerships.

## COAG REFORM COUNCIL

- A10 The COAG Reform Council will continue as an independent body, reporting to COAG.
- A11 As set out in this Agreement, or otherwise requested by COAG, the Council will report to the Prime Minister, as Chair of COAG, on:
- (a) the publication of performance information for all jurisdictions against National Agreement outcomes and performance benchmarks;
  - (b) production of an analytical overview of performance information for each National Agreement, and National Partnership to the extent it supports the objectives in a National Agreement, noting that the Council would draw on a range of sources, including existing subject experts;
  - (c) independent assessment of whether predetermined performance benchmarks have been achieved before a reward payment for nationally significant reforms under National Partnerships is made;
  - (d) monitoring the aggregate pace of activity in progressing COAG's agreed reform agenda; and
  - (e) other matters referred by COAG.
- A12 Through the assessment and reporting process, the Council will highlight examples of good practice and performance, but will not have a policy-advising role.

## MANAGEMENT OF THE GST

### Management of the GST rate

A13 A proposal to vary the rate of the GST will require:

- (a) the unanimous support of the State and Territory Governments;
- (b) the endorsement by the Commonwealth Government of the day; and
- (c) the passage of relevant legislation by both Houses of the Commonwealth Parliament.

### Management of the GST base

A14 Subject to Clauses A15, A16 and A17, any proposal to vary the GST base will require:

- (a) the unanimous support of the State and Territory Governments;
- (b) the endorsement by the Commonwealth Government of the day; and
- (c) the passage of relevant legislation by both Houses of the Commonwealth Parliament.

A15 Future changes to the GST base should be consistent with:

- (a) the maintenance of the integrity of the tax base;
- (b) simplicity of administration; and
- (c) minimising compliance costs for taxpayers.

A16 A proposal to vary the GST base by way of a Ministerial determination under the GST Act will require the unanimous agreement of the Ministerial Council.

A17 Changes to the GST base to maintain the integrity of the GST base or to prevent tax avoidance will only require the majority support of the Commonwealth, the States and the Territories.

## ADMINISTRATION OF THE GST

### Australian Taxation Office

A18 The Commissioner of Taxation has the general administration of the GST law.

A19 The Australian Taxation Office will arrange for the Australian Customs Service to assist with the collection of the GST on imports.

A20 The States and Territories will compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST, including costs incurred by the Australian Customs Service.

A21 Accountability and performance arrangements between the Australian Taxation Office and the Ministerial Council will be the subject of a GST Administration Performance Agreement. These arrangements will include administrative transparency and accountability through a range of effectiveness and efficiency measures. The objective is to optimise voluntary compliance by effectively managing the administrative and compliance risks to the GST system.

## GST Administration Sub-Committee

A22 The GST Administration Sub-Committee, will monitor the operation and administration of the GST and make recommendations to the Ministerial Council for Federal Financial Relations regarding modifications to the GST and the administration of the GST.

A23 The GST Administration Sub-Committee will comprise Treasury officials from each Party to the Agreement, as well as representatives from the Australian Taxation Office as required. The Commonwealth Treasury will chair the GST Administration Sub Committee.

A24 The Chair will convene the GST Administration Sub-Committee in consultation with other members of the Sub-Committee as often as may be necessary, and not less than once per year, to conduct its business. If the Chair receives a request from a member of the Sub-Committee, the Chair will consult with the other members concerning convening a meeting.

A25 The functions of the GST Administration Sub-Committee will include:

- (a) monitoring the performance of the Australian Taxation Office in the administration of the GST;
- (b) assessing policy proposals for the modification of the GST rate and base;
- (c) making recommendations to the Ministerial Council on the need for legislation which might significantly affect the GST base; and
- (d) requesting the Australian Taxation Office to produce draft Public Rulings in specified areas.

A26 The States and Territories will be consulted on draft Public Rulings prior to consideration by the Australian Taxation Office Rulings Panel and before public consultation. There will be a representative from the States and Territories on the Australian Taxation Office Rulings Panel in relation to GST matters.

A27 Public rulings will not be referred to the Ministerial Council. However, the GST Administration Sub-Committee will refer a proposed change to an Australian Taxation Office interpretative view to the Ministerial Council for consideration if it is of the view that the change could have a significant impact on GST revenues.

## APPLICATION OF THE GST TO GOVERNMENT

A28 The Parties intend that the Commonwealth, States, Territories and local governments and their statutory corporations and authorities will operate as if they were subject to the GST legislation. They will be entitled to register, pay GST or make voluntary or notional payments where necessary and will be entitled to claim input tax credits in the same way as non-government organisations. All such payments will be included in GST revenue.

## GOVERNMENT TAXES AND CHARGES

A29 The Parties agree that Division 81 of the GST Act will exempt Australian taxes, fees and charges from GST in accordance with the following principles:

- (a) taxes that are in the nature of a compulsory impost for general purposes and compulsory charges by the way of fines or penalties will be exempt from GST;
- (b) regulatory charges that do not relate to particular goods or services will be exempt from GST, including-
  - (i) fees and charges levied on specific industries and used to finance particular regulatory or other activities in the government sector; and
  - (ii) licences, permits and certifications that are required by government prior to undertaking a general activity.

## FIRST HOME OWNERS SCHEME

A30 The States and Territories will assist first home buyers through the funding and administration of a uniform First Home Owners Scheme, consistent with the following principles.

- (a) Eligible applicants will be entitled to \$7,000 assistance (per application) on eligible homes under the First Home Owners Scheme.
- (b) Assistance will be available directly as a one off payment. If the recipient expressly consents, it may be available as an offset against statutory levies and charges or some combination of these.
- (c) Eligible applicants must be natural persons at least 18 years of age who are Australian citizens or permanent residents who are buying or building their first home in Australia. An applicant's spouse (or de facto) must be included on the application. States and Territories will have discretion in allowing applicants to be aged below 18 years of age in genuine cases where applicants are not trying to circumvent the eligibility criteria.
- (d) To qualify for assistance, neither the applicant nor the applicant's spouse (or de facto) must have previously owned a home, either jointly, separately or with some other person.
- (e) Entering into a binding contract, or commencement of building in the case of owner builders, must have occurred on or after 1 July 2000.
- (f) An eligible home will be a new or established house, home unit, flat or other type of self contained fixed dwelling that meets local planning standards. Fixed dwellings will include demountable dwellings where these meet local planning standards.
- (g) An eligible home must be intended to be a principal place of residence and occupied within a reasonable period. The home must be located in the State or Territory in which the application is made. Applicants who have entered into a financing mechanism which involves a shared equity arrangement will be eligible.
- (h) Assistance will not be means tested. From the date of expiry of the Australian Government's First Home Owners' Boost, the States and Territories will be able to set a cap on the value of property purchased in order for an applicant to be eligible for a First Home Owner's Scheme grant. Any cap may not be less than 1.4 times the relevant

jurisdiction's capital city median house price as at the quarter immediately preceding the date of the imposition of the cap. If a jurisdiction sets a cap, it must be reviewed on the anniversary of the imposition of the cap and amended to ensure the cap remains no less than 1.4 times the relevant jurisdiction's capital city median house price as at the quarter immediately preceding the date of review.

- (i) The relevant State and Territory legislation will contain adequate administrative review and appeal mechanisms, along with provision to prevent abuse of the First Home Owners Scheme. The States and Territories will cooperate in the exchange of information to identify eligible first home owners.

A31 Further details concerning eligibility criteria consistent with the above principles are to be agreed between the Commonwealth and each State and Territory.

A32 The States and Territories will not introduce or vary any taxes or charges associated with home purchase with the intention of offsetting the benefits of the First Home Owners Scheme for recipients.

# Payment Arrangements

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

- D1 This Schedule may be amended by the unanimous agreement of the Standing Council for Federal Financial Relations.
- D2 The Parties agree that payment and administrative arrangements will be simplified and centrally administered through monthly payments from the Commonwealth Treasury to each State and Territory Treasury in respect of all intergovernmental financial transfers under this Agreement except National Health Reform (NHR) funding where other payment arrangements have been specifically agreed.
- D3 Payments classified as Commonwealth own-purpose expenses are the only intergovernmental financial transfers which are not covered by these payment arrangements.
- D4 Where Commonwealth own-purpose expenses and State own-purpose expenses directly contribute to the objectives, outcomes and outputs of a National Partnership agreement, estimates should be included in that National Partnership, even if it does not involve financial transfers between the Commonwealth and the States, for example in areas of significant policy collaboration.
- D5 Intergovernmental financial transfers covered by this Schedule comprise four categories of payment:
- (a) National Specific Purpose Payments (SPPs) in respect of key service delivery sectors;
  - (b) three types of National Partnership payments:
    - (i) project payments;
    - (ii) facilitation payments;
    - (iii) reward payments;
  - (c) general revenue assistance, consisting of:
    - (i) Goods and Services Tax (GST) payments; and
    - (ii) other general revenue assistance; and
  - (d) National Health Reform (NHR) funding.
- D6 All intergovernmental financial transfers will be processed through:
- (a) a payment on the 7th day of the month for, to the extent possible, all National SPP and National Partnership payments from the Commonwealth Treasury to each State or Territory Treasury;

- (b) a payment on the 21st day of the month for all general revenue assistance, including GST payments, and other payments as required from the Commonwealth Treasury to each State or Territory Treasury;
  - (c) a payment on the 7th day of the month for NHR payments in accordance with the payment arrangements agreed under the NHR Agreement; and
  - (d) other payments as required.
- D7 Each of these payments will be one twelfth of the estimated annual payment, to simplify administration, unless an alternative payment arrangement is agreed by the Parties — for example, where a National Partnership agreement provides that pre-determined milestones and performance benchmarks be met before a National Partnership payment may be made.
- D8 Overpaid or underpaid National Partnership payments are to be taken to be paid in accordance with this Schedule. However, those overpayments or underpayments will be acquitted in the first available payment following identification and quantification of the overpayment or underpayment.
- D9 An adjustment amount (which may be positive or negative) to account for any difference between the estimated and actual outcome for the items listed in Clause D5 for the previous financial year will be acquitted in the first available payment following advice of the final outcome.
- D10 Where the scheduled payment day is a Saturday, Sunday or public holiday in Canberra, the payment will be made on the next business day of the Reserve Bank of Australia in Canberra.
- D11 The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made. The advice will include, for each payment:
  - (a) the date of payment;
  - (b) a summary of monthly payments by National SPP and National Partnership; and
  - (c) a summary of year to date payments by National SPP and National Partnership.
- D12 The Commonwealth Treasury will provide advice to the States, Territories, and the Administrator of the National Health Funding Pool on the components of each NHR funding payment prior to each payment being made. The advice will include, for each payment:
  - (a) the date of payment;
  - (b) the purposes for which amounts of the payment are made ; and
  - (c) the intended recipient of the payment.
- D13 Where a payment to a State or Territory includes a nominated amount in respect of a third party — for example, non-government schools and local governments — that State or Territory will on-forward that payment to the third party in a timely manner.
- D14 The timing of specific payments, or other administrative arrangements in this schedule, may be varied when necessary by the agreement of the affected Parties.
- D15 Where a State or Territory needs to make a payment to the Commonwealth — for example, the payment of GST administration costs — and where agreed with the States and Territories, these payments will be netted from the monthly payment of general revenue assistance.

## NATIONAL SPPS

### Accountabilities

- D16 The Commonwealth will provide National SPPs to the States and Territories as a financial contribution to support State and Territory service delivery in the areas of:
- (a) healthcare;
  - (b) schools;
  - (c) skills and workforce development;
  - (d) disability services; and
  - (e) affordable housing.
- D17 The States and Territories are required to spend each National SPP and NHR Public Health funding in the service sector relevant to the payment — for example, the National Schools SPP must be expended in the Schools sector — but they will have full budget flexibility to allocate funds within that sector as they see fit to achieve any mutually agreed objectives for that sector.
- D18 While the States and Territories will not be able to redistribute National SPPs and NHR Public Health funding from one sector to another, there will be no conditions attached to the National SPPs in respect of how States or Territories allocate their own funding across or within sectors.
- D19 In order to demonstrate compliance with Clause D17, each State and Territory Treasurer will provide a report to the Standing Council within six months of the end of every financial year, disclosing the following information:
- (a) gross State or Territory expenditure in each sector listed in Clause D16;
  - (b) National SPPs received in respect of each sector listed in Clause D16;
  - (c) of the amount referred to in sub-Clause D19 b), how much was spent in the relevant sector; and
  - (d) detailed explanation for any discrepancy between the amounts specified in sub-Clauses b) and c) above.
- D20 From 1 July 2012 the National Healthcare SPP will be replaced by NHR funding which will be subject to the terms and conditions agreed in the NHR Agreement.

## National SPP base funding

D21 The base funding for each National SPP for 2009-10 is set out in Table D1 below:

Table D1: National SPP base funding, 2009-10

National SPP	Commonwealth financial contribution
Healthcare	\$11,224,185,000
Schools (government schools component)	\$3,286,594,000
Skills and workforce development	\$1,317,877,000
Disability	\$903,686,000
Affordable housing	\$1,202,590,000

D22 The non-government schools component of the National schools SPP will be determined in accordance with the *Schools Assistance Act 2008*.

D23 The base funding for each National SPP will be provided on an on-going basis and indexed on 1 July 2010 and each year thereafter by a growth factor.

## National SPP growth factors

D24 The growth factor for the National healthcare SPP will be the product of:

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

D25 The growth factor for the government schools component of the National schools SPP will be the product of:

- (a) growth in average government schools recurrent cost; and
- (b) growth in full-time equivalent enrolments in government schools.

D26 The growth factor for the non-government schools component of the National schools SPP will be determined in accordance with the *Schools Assistance Act 2008*.

D27 The growth factor for the National skills and workforce development SPP will be the sum of:

- (a) 85 per cent Wage Cost Index 1 (comprising safety net wage adjustment weighted by 75 per cent and all groups CPI weighted by 25 per cent); and
- (b) 15 per cent Wage Cost Index 6 (comprising safety net wage adjustment weighted by 40 per cent and all groups CPI weighted by 60 per cent).

D28 The growth factor for the National disability SPP will be a rolling five year average of nominal GDP year-on-year growth.

D29 The growth factor for the National affordable housing SPP will be Wage Cost Index 1 (comprising safety net wage adjustment weighted by 75 per cent and all groups CPI weighted by 25 per cent).

## Distribution of National SPPs

- D30 A State's or Territory's share of a National SPP in a financial year will be its population share, based on the Australian Statistician's determination of State and Territory population shares as at 31 December for that year. The Australian Statistician will make a determination of State and Territory population shares prior to the Commonwealth publishing its Final Budget Outcome.
- D31 In the case of the government schools component of the National schools SPP, the relevant population will be each State's and Territory's share of full-time equivalent student enrolments in government schools. The distribution of the non-government schools component of the National schools SPP will be determined in accordance with the *Schools Assistance Act 2008*.
- D32 The Parties acknowledge that:
- (a) an equal per capita distribution ensures that all Australians, regardless of the jurisdiction they live in, have the same share of Commonwealth funding support for state service delivery; and
  - (b) the treatment of the National SPPs by 'inclusion' for the purpose of the Commonwealth Grants Commission determining GST revenue sharing relativities provides for State disabilities in respect of service delivery to be incorporated into the calculation of each State's and Territory's share of GST revenue.

## NATIONAL PARTNERSHIP PAYMENTS

- D33 The Commonwealth will provide National Partnership payments to the States and Territories to support the delivery of specified outputs or projects, to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms. Schedule E provides further detail on National Partnerships.
- D34 National Partnerships will clearly set out the payment profile in respect of each State and Territory.
- D35 Where the achievement of pre-determined milestones or performance benchmarks is required before a payment is made to a State or Territory:
- (a) in the case of reward payments that provide an incentive for States and Territories to implement nationally significant reforms or service delivery improvements, and following receipt of a recommendation from the COAG Reform Council as to whether a pre-determined performance benchmark has been achieved, the relevant Commonwealth Minister will make a determination as to whether the reward payment will be paid;
  - (b) the Commonwealth Minister will make the determination with regard to reward payments as soon as possible after receipt of the report from the COAG Reform Council, and such payments will be paid as a single instalment on the first possible payment date after the Minister's determination;
  - (c) in the case of facilitation and project payments, the relevant Commonwealth Minister will make a determination, based upon funding and performance reporting arrangements set out in the National Partnership, as to whether the facilitation or project payment will be paid;
  - (d) the Commonwealth Minister may formally delegate responsibility for making a determination with regard to project payments for individual National Partnerships; and

- (e) payment will be made in accordance with Clause D6 in respect of all such determinations on the next available payment date.

D36 Where the achievement of a performance benchmark is not required before a payment is made to a State or Territory, payments will be scheduled in accordance with the payment profile set out in the National Partnership.

D37 In relation to project and facilitation payments under National Partnerships, each State and Territory Treasurer will provide a report to the Standing Council for Federal Financial Relations within six months of the end of every financial year, reporting total expenditure under the relevant National Partnership agreement, stating both expenditure of Commonwealth project and facilitation funding and State and Territory co-contributions, where these are required by the National Partnership.

## Commonwealth financial contributions to building projects

D38 In accordance with the requirements of the *Building and Construction Industry Improvement Act 2005* and subject to financial thresholds defined under the *Building and Construction Industry (Accreditation Scheme) Regulations 2005*, the Commonwealth will ensure, where it is making a financial contribution to a building project or projects that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted. The Commonwealth will also ensure compliance with the National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry.

D39 For projects that fall within the arrangements described in Clause 38, the States and Territories will provide the necessary assurances to the Commonwealth that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted, and that compliance with the National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry is made a condition of tender for all contractors and subcontractors who tender for the work.

D40 Relevant National Partnerships or their schedules will include provisions to address the roles and responsibilities of the Commonwealth, States and Territories described in Clauses D38 and D39.

D41 Where determinations by Commonwealth Ministers or their delegates are provided to Treasury for the purpose of making payments under National Partnerships that include a Commonwealth financial contribution to a building project or projects, those determinations must include a statement confirming that Commonwealth Ministers and agencies have complied with the arrangements described in Clauses D38.

## Contingent payments

### Natural Disaster Relief and Recovery Arrangements

D42 The Commonwealth may provide financial assistance, usually in the form of partial reimbursement, to the States and Territories for eligible expenditure incurred in relation to a defined disaster.

D43 Payments will be made on the terms and conditions determined in 2011 *Natural Disaster Relief and Recovery Arrangements Determination Terms and Conditions*, as amended from time to time by the Commonwealth.

## GENERAL REVENUE ASSISTANCE

### GST payments

- D44 The Commonwealth will make GST payments to the States and Territories equivalent to the revenue received from the GST. GST payments provide the States and Territories with revenue from a robust tax base that can be expected to grow over time and will be available for use by the States and Territories for any purpose.
- D45 The total amount of GST payments to the States and Territories in a financial year will be defined as:
- (a) the sum of GST collections, voluntary and notional payments made by government bodies, and amounts withheld from any local government authority representing the amount of unpaid voluntary or notional GST;

reduced by:

- (b) the amounts paid or applied under a provision of a Commonwealth law that requires the Commonwealth to refund some or all of an amount of GST that has been paid.
- D46 The total amount of GST revenue to be paid to the States and Territories in a financial year will be determined by the Commonwealth Treasurer in the following way:
- (a) estimated outcomes for the items listed in Clause D45 for the financial year;
- plus:
- (b) an adjustment amount (which may be positive or negative) to account for any difference between the estimated and actual outcome for the items listed in Clause D45 for the previous financial year.

### Other general revenue assistance

- D47 The Commonwealth may make payments of other general revenue assistance to the States and Territories that will be available for use by the States and Territories for any purpose, including:
- (a) revenue sharing arrangements other than GST — for example, offshore petroleum royalty revenues;
  - (b) compensation payments for Commonwealth policy decisions; or
  - (c) payments for national capital influences.

## Royalty payments to Western Australia

- D48 The Commonwealth will provide general purpose financial assistance to Western Australia from royalties payable under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia. The Commonwealth collects these royalties because it has jurisdiction over off-shore areas.
- D49 These royalties will be shared between the Commonwealth (approximately one third) and Western Australia (approximately two thirds). These payment arrangements are in accordance with section 75 of the *Offshore Petroleum and Greenhouse Gas Act 2006*.
- D50 The amount of general purpose financial assistance to be provided will be calculated on a monthly basis by the formula:

$$\left( \begin{array}{c} \text{amount of royalties received} \\ + \\ \text{amount of penalties received} \\ - \\ \text{refunds of royalties} \end{array} \right) \times \left( \frac{\text{royalty rate} - 4 \text{ percentage points}}{\text{royalty rate}} \right)$$

where:

*royalty rate* means the percentage rate at which royalty is payable by the holder under the *Offshore Petroleum (Royalty) Act 2006* in relation to that petroleum.

## Compensation for impact on royalties of excise amendment

- D51 The Commonwealth will provide general purpose financial assistance to compensate Western Australia for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise.

## Royalty payments to the Northern Territory

- D52 The Commonwealth will provide general purpose financial assistance to the Northern Territory in lieu of royalties on uranium mining due to the Commonwealth's ownership of uranium in the Northern Territory.

### Ranger Project Area

- D53 The Commonwealth will provide general purpose finance assistance in-lieu of royalties on uranium mining in the Ranger Project Area. General purpose financial assistance is payable biannually at the royalty rate of 1.25 per cent of net proceeds of sales.
- D54 These royalties are paid under a continuing agreement, as established under the 1978 Memorandum of Understanding between the Commonwealth and the Northern Territory.

### *Uranium Royalty (Northern Territory) Act 2009*

- D55 The *Uranium Royalty (Northern Territory) Act 2009* will apply the Northern Territory's existing profits-based mineral royalty regime under the *Mineral Royalty Act 1982* (NT) as a law of the Commonwealth to new projects containing designated substances, including uranium, in the Northern Territory.

D56 The Northern Territory will administer the royalty regime on behalf of the Commonwealth, retain the royalties collected, and repay any overpayment of royalties on behalf of the Commonwealth.

### Taxation compensation in respect of Snowy Hydro Limited

D57 On 28 June 2002, the Snowy Mountains Hydro-Electric Authority was corporatised. The assets and business of the Authority were transferred to Snowy Hydro Limited, a company jointly owned by the Commonwealth, New South Wales and Victoria (with 13 per cent, 58 per cent and 29 per cent shareholdings respectively).

D58 The Commonwealth provides compensation payments to New South Wales and Victoria, in the form of general purpose financial assistance, for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings. Payments are made in accordance with the Snowy Hydro Tax Compensation Deed between the Commonwealth, New South Wales and Victoria. These taxes would have previously been payable to the States through tax equivalence regime payments.

### Payments in respect of ACT Municipal Services

D59 The Commonwealth will provide general purpose financial assistance to the Australian Capital Territory to:

- (a) assist in meeting the additional municipal costs which arise from Canberra's role as the national capital; and
- (b) compensate the Australian Capital Territory for additional costs resulting from the national capital planning influences on the provision of water and sewerage services.

D60 The level of funding for this general purpose financial assistance is based upon the findings of the Commonwealth Grants Commission, in its second and third reports on financing for the Australian Capital Territory, prior to the move to self-government in 1989.

D61 The base funding for this general purpose financial assistance for 2008-09 is \$34,262,000. This general purpose financial assistance will be provided monthly on an on-going basis and indexed on 1 July 2009 and each year thereafter by a growth factor.

D62 The growth factor will comprise growth in safety net wage adjustment weighted by 75 per cent and growth in all groups CPI weighted by 25 per cent.

### GST revenue sharing relativities

D63 The Commonwealth will distribute GST payments among the States and Territories in accordance with the principle of horizontal fiscal equalisation.

D64 A State or Territory's share of GST payments in a financial year will be based on its adjusted population share, and calculated as

the product of:

- (a) the Commonwealth Treasurer's determination of GST revenue for that year;
- (b) the Australian Statistician's determination of the State's or Territory's population as at 31 December for that year; and

- (c) the Commonwealth Treasurer's determination of the GST revenue sharing relativity for the State or Territory;

divided by:

- (d) the sum of the adjusted population of all of the States and Territories.

D65 The Commonwealth Treasurer will determine the GST revenue sharing relativities, which embody per capita financial needs based on recommendations of the Commonwealth Grants Commission, after consulting with each State and Territory.

D66 For the purpose of the Commonwealth Grants Commission determining GST revenue sharing relativities:

- (a) National SPPs, NHR funding and National Partnership project payments will be treated by 'inclusion', recognising that these payments provide the States and Territories with budget support for providing standard state and territory services;
  - (i) NHR funding and corresponding expenditure relating to the provision of cross-border services will not affect GST relativities.
- (b) National Partnership facilitation and reward payments will be treated by 'exclusion' so that any benefit to a State or Territory from achieving specified outputs sought by the Commonwealth, or through implementing reforms, will not be redistributed to other States or Territories through the horizontal fiscal equalisation process;
- (c) general revenue assistance, excluding GST payments, will be treated by 'inclusion', recognising that these payments are available to provide untied general budget support to a State or Territory, however, the Commonwealth Grants Commission may treat, on a case by case basis, any component of general revenue assistance as 'out of scope' if it considers such treatment is more appropriate;
- (d) changes to the roles and responsibilities for funding and delivering aged care and disability services set out in the NHR Agreement:
  - (i) should not influence the per capita relativities until the issue is considered through a broader methodology review by the Commonwealth Grants Commission,
  - (ii) any methodology review will ensure that, where responsibilities are transferred to the Commonwealth by some States, these responsibilities will continue to be assessed as State services for other States; and
  - (iii) any adjustment to a State's entitlement of National Disability SPP resulting from changes in Commonwealth State roles and responsibilities in the aged and disability care sectors will not affect the GST relativities until the issue is considered through a broader methodology review by the Commonwealth Grants Commission.

D67 Notwithstanding Clause D66, and following consultation involving the Commonwealth and the States and Territories:

- (a) the Commonwealth Grants Commission may treat, on a case by case basis, any National Partnership payment differently if it considers that such treatment is more appropriate; and
- (b) the Commonwealth Treasurer may issue Terms of Reference to the Commonwealth Grants Commission directing the Commission on the treatment of a National Partnership if he considers that such treatment is appropriate.

## GST administration payments

- D68 The Australian Taxation Office administers the GST on behalf of the States and Territories and the States and Territories compensate the Commonwealth for the agreed costs of administration.
- D69 The Parties agree that each State's and Territory's monthly GST administration payment will be deducted from that State's or Territory's monthly payment of general revenue assistance.
- D70 GST administration payments will continue to be calculated and identified separately for reporting and accounting purposes to ensure transparency.
- D71 The cost of administering the GST will be recouped from the States and Territories on an equal per capita basis.

## Reporting of GST revenue

### Annual data

- D72 The Commonwealth will provide the following annual GST revenue data, including customs data where relevant, based on Final Budget Outcomes:
- (a) net GST receipts;
  - (b) net and gross GST revenue on an estimated statement outcomes basis (based on Activity Statement assessable periods for monthly and quarterly taxpayers), and disaggregated by:
    - (i) broad industry group; and
    - (ii) State and Territory;

*N.B. Activity Statement data does not include customs data. Net GST revenue is gross GST revenue less input tax credits.*
  - (c) net GST revenue on a Tax Liability Method (TLM) basis;
  - (d) net GST revenue on an Economic Transactions Method (ETM) basis; and
  - (e) a reconciliation between GST cash, GST revenue on a TLM basis, and GST revenue on an ETM basis.

- D73 Annual data will be provided at the time the Commonwealth publishes its Final Budget Outcome.

### Monthly data

- D74 The Commonwealth will provide the following GST revenue data, including customs data where relevant, on a monthly basis:
- (a) net GST receipts;
  - (b) net GST revenue on TLM basis;
  - (c) year to date net GST receipts and TLM revenue;

- (d) where there is significant variation from the reported net GST cash data and expected net GST cash data in any month, the Australian Taxation Office, through the Commonwealth Treasury, will provide advice on the reason for the variation;
- (e) net and gross GST revenue in respect of monthly statement outcomes;

*N.B. This data would be provided in the month following the due date of the relevant Business Activity Statement (BAS). As an example, the September monthly BAS is due on 28 October, so the statement data would be provided on 20 November.*

- (f) liability amounts for GST refunds processed in the month;
- (g) amounts for net GST > 0 processed in the month; and
- (h) any revisions to previously supplied monthly statement outcome estimates.

D75 Monthly data will be provided by the 20th of the following month, subject to a reliable estimate being available.

#### Quarterly data

D76 The Commonwealth will provide the following GST revenue data, including customs data where relevant, on a quarterly basis:

- (a) estimated stock of GST receivables;
- (b) net and gross GST revenue in respect of quarterly statement outcomes;

*N.B. This data would be provided in the month following the due date of the relevant Business Activity Statement (BAS). As an example, the September quarterly BAS is due on 28 October, so the statement data would be provided on 20 November.*

- (c) net and gross GST revenue in respect of monthly and quarterly statement outcomes disaggregated by:
  - (i) broad industry group;
  - (ii) State and Territory; and
- (d) any revisions to previously supplied quarterly statement outcome estimates.

D77 Quarterly data will be provided by the 20th of the following month, subject to a reliable estimate being available.

#### Estimates updates

D78 The Commonwealth will maintain a schedule of estimates of annual net GST receipts for each published estimates update, including variances of outcomes from each estimate and the change in estimates between estimates updates.

## COMMONWEALTH NATIONAL HEALTH REFORM FUNDING

D79 NHR funding will be subject to the terms and conditions agreed in the National Health Reform Agreement.

## TRANSITIONAL ARRANGEMENTS

### Payment arrangements

- D80 The Parties agree that the payment arrangements in this Schedule will commence from 1 July 2011. The arrangements applying immediately prior to the amendments to this Schedule will continue to apply until this time.
- D81 The Commonwealth will introduce the legislation necessary to implement the changes to this Schedule as a result of the NHR Agreement as soon as practical.

### National Disability SPP Growth factor

- D82 The National Disability SPP incorporates a large component in respect of the Disabilities Assistance Package which, for the 2009-10, 2010-11 and 2011-12 years, already includes a high rate of escalation.
- D83 For the purpose of calculating indexation on the National Disability SPP, the Disabilities Assistance Package will be deducted from the base to calculate 2010-11 and 2011-12 funding.

### Distribution of National SPPs and NHR base funding to 2014-15

- D84 In recognition that the move to distributing National SPPs in accordance with population shares, as provided for in Clauses D30 and D31, may result in a shift in notional payment shares, the Parties agree that the arrangements be phased in over a period of five years.
- D85 For 2009-10, each State and Territory will receive a share of each National SPP as set out in Table D2.

Table D2: National SPP shares for 2009-10

National SPP (per cent share)	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Healthcare	33.0629	24.1502	19.6575	10.1173	8.1986	2.1925	1.3240	1.2970
Schools (government schools component)	33.6074	23.1115	19.4741	10.0159	7.6643	2.7365	1.4915	1.8988
Skills and workforce development	33.2777	24.7597	19.3522	9.9959	7.5215	2.3407	1.7121	1.0402
Disability	33.3933	22.7063	19.1269	8.2845	10.8173	3.2431	1.3924	1.0362
Affordable housing	31.5986	22.1002	19.5017	10.3900	7.8889	2.8640	2.1722	3.4844

- D86 For 2010-11, each State and Territory will receive a share of each National SPP equal to 80 per cent of the amount set out in Table D3 plus 20 per cent of the amount set out in Clauses D30 or D31.

Table D3: National SPP shares for 2010-11

National SPP (per cent share)	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Healthcare	32.9396	24.1306	19.7751	10.1888	8.1550	2.1811	1.3276	1.3022
Schools (government schools component)	33.6121	23.1279	19.4729	10.0094	7.6629	2.7348	1.4925	1.8875
Skills and workforce development	33.2807	24.7597	19.3495	9.9944	7.5223	2.3411	1.7121	1.0402
Disability	33.2266	22.6972	19.2070	8.2502	10.8590	3.3284	1.3757	1.0559
Affordable housing	31.5990	22.0995	19.4985	10.3900	7.8904	2.8653	2.1735	3.4838

D87 For 2011-12, each State and Territory will receive a share of each National SPP equal to 60 per cent of the amount set out in Table D4 plus 40 per cent of the amount set out in Clauses D30 or D31.

Table D4: National SPP shares for 2011-12

National SPP (per cent share)	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Healthcare	32.8176	24.1096	19.8931	10.2594	8.1131	2.1700	1.3312	1.3060
Schools (government schools component)	33.6825	23.2357	19.4501	9.9586	7.6432	2.7333	1.4981	1.7985
Skills and workforce development	33.2839	24.7597	19.3467	9.9930	7.5230	2.3415	1.7121	1.0401
Disability	33.2181	22.6903	19.2001	8.2461	10.8594	3.3283	1.4022	1.0555
Affordable housing	31.6008	22.0980	19.4954	10.3893	7.8920	2.8669	2.1748	3.4828

D88 For 2012-13, each State and Territory will receive a share of each National SPP equal to 40 per cent of the amount set out in Table D5 plus 60 per cent of the amount set out in Clauses D30 or D31. For 2012-13 each State and Territory will receive a share of the NHR base funding equal to 40 per cent of the amount set out in Table D5 plus 60 per cent of the amount set out in Clause D30.

Table D5: National SPP shares for 2012-13 and NHR funding shares for 2012-13

National SPP (per cent share)	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
NHR base funding	32.8169	24.1112	19.8923	10.2592	8.1134	2.1699	1.3312	1.3059
Schools (government schools component)	33.6822	23.2353	19.4505	9.9589	7.6430	2.7333	1.4981	1.7987
Skills and workforce development	33.2869	24.7596	19.3441	9.9916	7.5238	2.3419	1.7120	1.0401
Disability	33.2719	22.8840	19.0195	8.5126	10.5398	3.2652	1.4292	1.0778
Affordable housing	31.6008	22.0980	19.4954	10.3893	7.8920	2.8669	2.1748	3.4828

D89 For 2013-14, with the exception of NHR funding and the National Disability SPP, each State and Territory will receive a share of each National SPP equal to 20 per cent of the amount set out in Table D5 plus 80 per cent of the amount set out in Clauses D30 or D31. For 2013-14, each State and Territory will receive a share of the NHR funding and National Disability SPP equal to 100 per cent of the amount set out in Clause D30.

- D90 Between 1 July 2011 and 30 June 2014, an adjustment will be made to the National Disability SPP to achieve the budget neutral transfer of funding responsibilities for each State and Territory associated with reforms to aged care and disability care related programs as set out in Schedule F of the NHR agreement and the National Partnership on Transitioning Responsibilities for Aged Care and Disability Services.
- D91 From 1 July 2014 an adjustment will continue to be made to the National Disability SPP, grown in accordance with the following formula:
- (i) The adjustment made to each jurisdiction in the preceding year, is converted into a per capita amount based on the State's population in the preceding year.
  - (ii) The total SPP growth over the previous year is converted into a per capita growth rate.
  - (iii) Each State's roles and responsibilities per capita adjustment in the previous year is adjusted by the SPP per capita growth rate. (This amount could be positive or negative.)
  - (iv) The outcome from (iii) multiplied by each State's estimated population.
- D92 The adjustment will be State specific and exclude components of the aged care and disability care reforms where a State elects not to be party.

## Other transitional arrangements

- D93 The payment and financial arrangements specified in this Agreement replace similar provisions in any other agreement that remains in force.
- D94 For the avoidance of doubt, the arrangements in this Agreement take precedence over any conflicting arrangements in other agreements.
- D95 The Parties acknowledge each government's responsibility for funding its election commitments. The Parties agree that acceptance of the financial package which accompanies this agreement extinguishes all claims of the States and Territories in respect of the funding of legitimate and additional costs of the Australian Government's 2007 election commitments. This is not intended to limit review of funding specifically provided for in National Agreements or National Partnerships.