




Australian Government  
Commonwealth Grants Commission

# Discussion Paper

New issues in the 2026 Update

October 2025

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Commission contact officer	Jacob Savage, <a href="mailto:Jacob.savage@cgc.gov.au">Jacob.savage@cgc.gov.au</a>
Submissions sought by	<p>7 November 2025</p> <p>Submissions should be placed in your private state channel in CGC Engagement Teams in GovTEAMS with a post notifying Katrina Baldock.</p> <p>Submissions of more than 10 pages in length should include a summary section.</p>
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# Background

1. In expectation that the Commission will receive terms of reference for a 2026 Update of GST relativities, this paper sets out the new issues and Commonwealth payments identified by the Commission as relevant to the update. The Commission is seeking the views of Commonwealth and state and territory (state) treasuries on its proposals.
2. New issues fall into the following categories:
  - data issues
    - schools: changes in state funding
    - health: community health activity proxy
    - transport: regression re-estimation
  - assessment issue
    - schools: Better and Fairer Schools Agreement
  - treatment of new Commonwealth payments.
3. States are asked to provide comments by 7 November 2025. States should upload their submissions to their private CGC Engagement channel in GovTEAMS. The contact officer for queries is Jacob Savage ([Jacob.Savage@cgc.gov.au](mailto:Jacob.Savage@cgc.gov.au)).

# Summary of Commission's preliminary views

The Commission has the following preliminary views regarding New Issues it has identified for the 2026 Update. No states raised any new issues with the Commission.

- Data issues:
  - Schools, changes in state funding: preliminary view is to use the 2023 Australian Curriculum, Assessment and Reporting Authority (ACARA) data without adjustment.
  - Health, community health activity proxy: preliminary view is to include non-admitted patient (NAP) allied health services relating to violence, abuse and neglect services and genetic counselling in its proxy for community and public health activity, but not to include services relating to long COVID in the 2026 Update.
  - Health, coverage of the emergency department (ED) triage 4 and 5 data: preliminary view is to cease scaling the ED part of the community and public health activity proxy from 2023–24.
  - Transport, regression re-estimation: preliminary view is to retain the 2025 Review regression model coefficients for use in the urban transport assessment. The Commission will continue to investigate the cause of the variation, including through the Data Working Group.
- Assessment issues:
  - Schools, Better and Fairer Schools Agreement: preliminary view is to exclude Commonwealth spending on state schools from all calculations from 2024–25 and continue the existing approach for the 2022–23 and 2023–24 assessment years.
- New Commonwealth payments:
  - Proposed treatment of new Commonwealth payments is outlined in Attachment A.

# Data issues

## Schools – changes in state funding

- Each year, the Commission recalculates the schools regression with the latest available data to determine the relative cost of different groups of students. It also considers whether the regression can be improved by including the proportion of First Nations students in a school or the additional costs of remote First Nations students.
- For the 2026 Update, the updated annual regression used 2023 data from the ACARA. These data produced some larger annual changes in coefficients than had been estimated previously, particularly for the First Nations coefficient.
- After around 10 years of incremental change in regression coefficients, the cost weight for First Nations students increased from \$4,116 per student in 2021 to \$6,148 in 2022 and \$9,100 in 2023.
- Annual testing of the inclusion of a First Nations proportion variable or a remote First Nations student variable has continued to show negative coefficients, which are inconsistent with the conceptual case.

## Analysis

- In the updated state funded government schools regression, there are statistically significant changes to several coefficients. Fixed costs of a school increased, fixed costs of a secondary school increased, outer regional student costs decreased and became insignificant, remote or very remote student costs decreased and First Nations student costs increased (Table 1).

**Table 1 Significance of government schools regression coefficients**

Variable	2021	2022	2023	Significance of change from 2022 to 2023
Base student cost	8,494***	9,232***	9,550***	***
Secondary school student	809***	834***	892***	
Fixed cost of a school	316,370***	357,758***	437,646***	***
Fixed cost of a secondary school	1,364,007***	1,438,830***	1,679,394***	**
Outer regional student	471***	210*	95	
Remote or very remote student	3,550***	2,589***	2,084***	
Socio-educationally disadvantaged student	5,090***	4,936***	4,846***	
First Nations student	4,116***	6,148***	9,100***	***

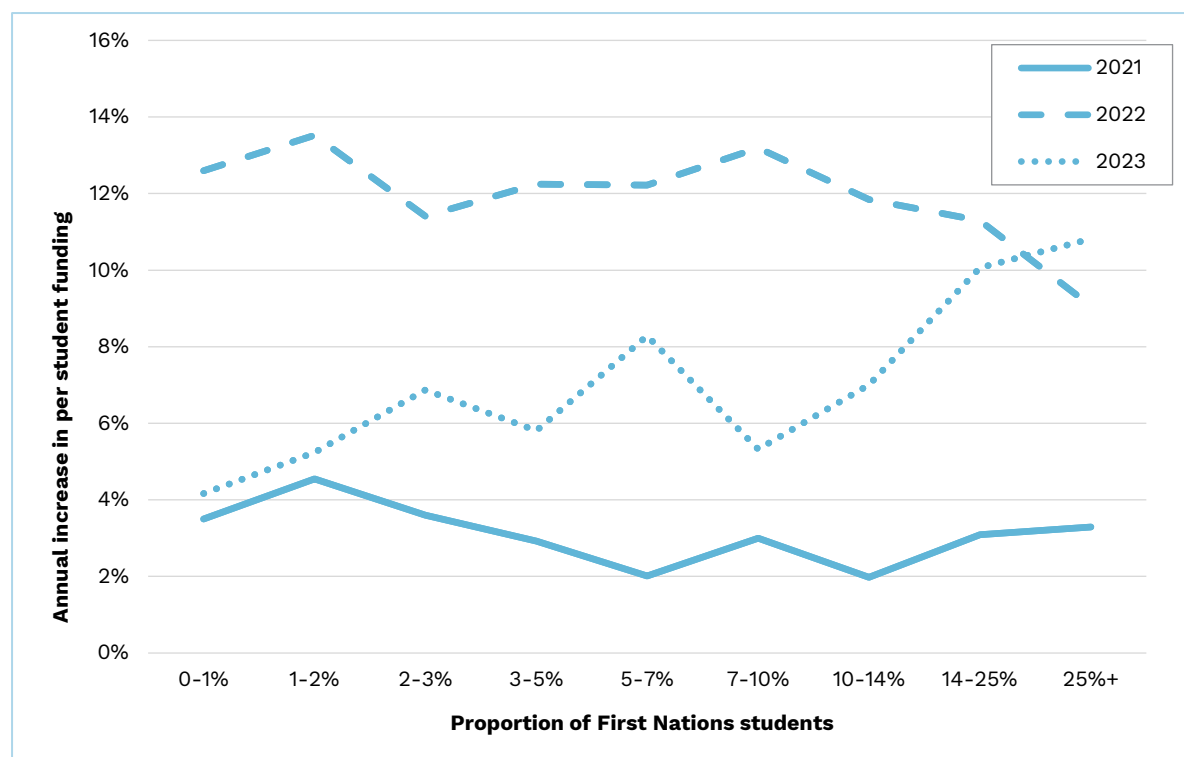
Note: \*\*\* p < 0.001, \*\* p < 0.01, \* p < 0.05, + p < 0.1

**Table 2 Significance of non-government schools regression coefficients**

	2021	2022	2023	Significance of change from 2022 to 2023
Base student cost	1,447***	1,353***	1,324***	
Secondary school student	382***	399***	434***	
Fixed cost of a school	63,912***	74,605***	95,578***	*
Fixed cost of a secondary school	47,766**	43,482**	25,062	
Socio-educationally disadvantaged student	2,715***	3,021***	3,165***	
First Nations student	847***	265	296	

Note: \*\*\* p < 0.001, \*\* p < 0.01, \* p < 0.05, + p < 0.1

9. Profile changes of schools, such as changes in the proportion of First Nations students in each school, made little difference to coefficients. The changes were driven by the funding distribution within states, especially in New South Wales. New South Wales' funding to government schools increased by 4% (nominal) in 2021 and 13% in 2022, with little difference in the percentage funding increase between schools with high or low proportions of First Nations students. However, in 2023, the 8% increase in funding across the state was disproportionately provided to schools with high proportions of First Nations students.
10. Some variables have become insignificant in both the government and non-government schools regressions (Tables 1 and 2). The Commission intends to retain these variables as long as they are positive. If in a future year these variables have negative coefficients, the Commission will consult states on their appropriate treatment.

**Figure 1 Increase in spending on New South Wales government schools by First Nations student proportions**

11. The changes in regression coefficients will make a positive change to the Northern Territory's assessed spending on government schools, although this is expected to be more than offset by the 4% decrease in government school student numbers in the Northern Territory between 2021–22 and 2024–25.
12. Given the significantly smaller state spend on non-government schools, changes in the coefficients in the non-government schools model are small.
13. The Commission considers the changes in the model reflect real world changes in 'what states do'. Therefore, the Commission intends to use the data without adjustment.
14. The negative coefficients for the First Nations proportion and the remote First Nations student variables were inconsistent with the conceptual case. Therefore, they will not be included in the model. The Commission will retest these variables in the 2027 Update.

## **Preliminary view**

The Commission's preliminary view is to use the 2023 ACARA data without adjustment.

## Health – community health activity proxy

15. The community and public health assessment uses a proxy measure of activity based on a combination of ED triage 4 and 5 activity and selected NAP activity.
16. Two issues have arisen with the data used to calculate the proxy:
  - 3 new categories of NAP services
  - coverage of ED triage 4 and 5 activity data.

### Non-admitted patient clinic categories

17. NAP services are included in the proxy if they are similar to community and public health services.<sup>1</sup>
18. The 2023–24 data on NAP activity from the Independent Health and Aged Care Pricing Authority (IHACPA) include 3 new Tier 2 clinic categories for services provided by allied health personnel and/or clinical nurse specialists (Table 3). The Commission needs to decide whether to include these categories in its proxy for community and public health activity.

**Table 3** New allied health non-admitted patient service classifications

Tier 2	Non-admitted patient service
40.65	Violence, abuse and neglect services
40.66	Genetic counselling
40.67	Long COVID

Source: Independent Health and Aged Care Pricing Authority, [Tier 2 non-admitted services 2023–24](#), IHACPA, 2023, accessed 5 August 2025.

19. The 2025 Review methodology specified that COVID-19 NAP services would be excluded from the proxy indicator for the 2025 Review and 2026 Update, given COVID-19 expenses are separately assessed in a temporary health expense component. Consistent with this, the Commission intends to exclude long COVID services provided by an allied health personnel and/or clinical nurse specialists (Tier 2 category 40.67) from the proxy in the 2026 Update.
20. The other new Tier 2 categories (violence, abuse and neglect services, and genetic counselling) are commonly provided in community health settings. Therefore, the Commission intends to include these categories in the proxy.

### Preliminary view

The Commission’s preliminary view is to include NAP allied health services relating to violence, abuse and neglect services and genetic counselling in its proxy for community and public health activity, but not to include services relating to long COVID in the 2026 Update.

<sup>1</sup> For the full list of selected non-admitted patient services see Commonwealth Grants Commission, [2025 Methodology Review](#), Review Outcomes, Health chapter, Attachment A, CGC, 2025, accessed 5 August 2025.

## Coverage of the ED triage 4 and 5 data

21. The community and public health assessment proxy includes ED triage 4 and 5 activity data. The assessment requires patient-level information such as age, Indigenous status and socio-economic status. However, some hospitals, particularly small and medium hospitals in more remote areas, only report aggregate data without patient demographics.
22. To minimise potential urban or non-Indigenous bias, ED activity data have been scaled each year so that presentations from hospitals without demographic information (predominantly block-funded hospitals) are assigned the demographic profile of hospitals in the same remoteness category. NAP activity data used in the proxy were similarly scaled until 2020–21. From 2021–22, state submission of aggregate NAP data to IHACPA became optional, meaning scaling was no longer feasible.
23. Coverage of ED triage 4 and 5 improved markedly in the 2023–24 IHACPA activity data.<sup>2</sup> The share of patient level data in block-funded hospitals increased from 79% in 2022–23 to 92% in 2023–24, reducing the case for scaling.
24. Continuing to scale the ED data used in the proxy but not the NAP data would give disproportionate weight to the ED component. Removing the scaling in 2023–24 would reduce the ED share of total community and public health activity marginally, from 55.6% to 55.0%.

## Preliminary view

The Commission's preliminary view is to cease scaling the ED part of the community and public health activity proxy from 2023–24.

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<sup>2</sup> IHACPA activity data are lagged by one year, since data for the final assessment year arrive too late to be incorporated in an update. 2023–24 activity data will be first used in the assessment in the 2026 Update.

## Transport – regression re-estimation

25. As part of the 2025 Review, the Commission decided to re-estimate the urban transport regression with updated data to reflect post-COVID-19 urban transport spending patterns. As 2020–21 and 2021–22 data were affected by state responses to the COVID-19 pandemic, the Commission decided to use only 2022–23 and 2023–24 data to update the regression.
26. Since only 2022–23 data were available at the time of the 2025 Review, the Commission decided to use a single year of data in the model, which was supported by most states. It considered this provided a more accurate representation of state expense needs than the 2020 Review coefficients. The Commission agreed that the regression would be re-estimated in the 2026 Update once both years of data were available.

## Analysis

27. Analysis of state 2023–24 net expense data showed large and significant variation between state net expense data for urban areas, particularly for smaller areas with populations less than 50,000. These variations were not present in the 2022–23 data. The variation in data raises concerns about the comparability of state data.
28. Table 4 shows average net expenses per capita for urban areas grouped by population size. It shows that net expenses per capita are larger in Queensland than in other states.
29. The Commission was unable to find significant differences in urban transport provision in these areas that would explain this variation between similar sized areas. The Commission considers that this variation reflects changes in states underlying data collection processes or expense allocations, rather than changes in spending needs or policy choices.

**Table 4 Differences in average net urban transport expenses by state**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Population size	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Under 15,000	57	-	635	91	52	100	-	-
15,000 – 20,000	47	-	389	43	27	-	-	-
20,000 – 25,000	21	-	347	-	40	-	-	-
25,000 – 50,000	48	84	347	68	19	124	-	100
50,000 – 100,000	62	89	259	70	-	122	-	-
100,000 – 500,000	428	208	333	-	-	205	529	326
Over 500,000	608	598	635	370	221	-	-	-

Note: Population sizes were selected to ensure that a sufficient number of urban areas with similar urban transport networks were included in each group.

Source: Commission analysis based on state data.

30. The Commission's assessment defines urban transport as transport that operates within an urban area. Applying this definition, analysis indicates that there are generally very low rates of urban transport provision in small urban areas. Instead, school transport services comprise most public transport services in these areas. The majority, if not all, of these school transport services, are provided to transport students from neighbouring regional areas into the urban area. Travel between, into or out of urban centres is considered non-urban transport.

31. The urban centre characteristics model estimates net per capita costs of providing public transport services within an urban area. It does so by attributing net expenses to the characteristics of urban areas including population weighted density, passenger numbers, average slope, distance to work and the presence or absence of a ferry service. The model is unable to estimate costs associated with non-urban transport and therefore states are asked to not include expenses related to non-urban transport.<sup>3</sup>
32. The inclusion of 2023–24 data in the urban transport regression would result in a large change in the coefficients which does not appear to be consistent with changes in state transport provision. The explanatory power of the model would also decline. This is because the high-cost small areas have a low population density and a small distance to work relative to larger areas. They also do not have ferry services. This causes the coefficients for population-weighted density and the ferry dummy to fall and causes the distance to work coefficient to become negative. This would suggest that per capita spending declines as transport complexity (proxied by commuting distances) increases.

**Table 5      Change in urban transport regression coefficients**

Variable	Using 2022–23 data only [2025 Review]	Using both 2022–23 and 2023–24 data
Intercept	-197.22	-115.14
Ferry dummy	40.45	1.54
Heavy rail passengers	9.08	14.57
Bus and light rail passengers	10.74	33.89
Population-weighted density	0.16	0.06
Slope	12.51	20.81
Distance to work	2.08	-7.98
<i>Adjusted R-squared</i>	0.7774	0.4630
<i>Residual standard error</i>	78.07	140.9

33. Given the Commission’s concerns about the comparability of state data for 2023–24, the Commission does not consider the data suitable for use in re-estimating the regression model.
34. The Commission will continue to investigate the cause of the variation in 2023–24 state data and propose this issue be referred to the Data Working Group for further consideration.
35. The Commission notes that in the 2025 Review it committed to monitor non-urban transport assessment including remote school transport. In addition, an external review of the urban transport assessment is included in the Commission’s Forward Work Program.

<sup>3</sup> The state data request notes that ‘To be consistent with the definition used by the CGC only transport within an urban area should be included...services provided between non-urban UCL, or services provided between the urban UCL, and non-urban areas should not be included’.

## Preliminary view

The Commission's preliminary view is to retain the 2025 Review regression model coefficients for use in the urban transport assessment because the 2023–24 data do not appear to be comparable between states. The Commission will continue to investigate the cause of the variation, including through the Data Working Group.

## Assessment issue

### Schools – Better and Fairer Schools Agreement

36. The *Better and Fairer Schools Agreement 2025* (BFSA) commenced on 1 January 2025, replacing the *National Schools Reform Agreement*. The supplementary terms of reference for the 2025 Review directed the Commission on the treatment of this payment (outlined below). The Commission needs to decide how to implement those directions.

### Background

37. Since the 2015 Review, the Commission has used the Commonwealth Department of Education's *Schooling Resource Standard* (SRS) to assess the Commonwealth funded component of government school expenses. The SRS measures the total funding needs of each state and accounts for student educational disadvantage.

38. In line with the 2015 Review (and subsequent) terms of reference, the Commission:

- **does not** unwind differences in educational disadvantage captured in the SRS
- **does** unwind differences in the proportion of the SRS each state receives from the Commonwealth.

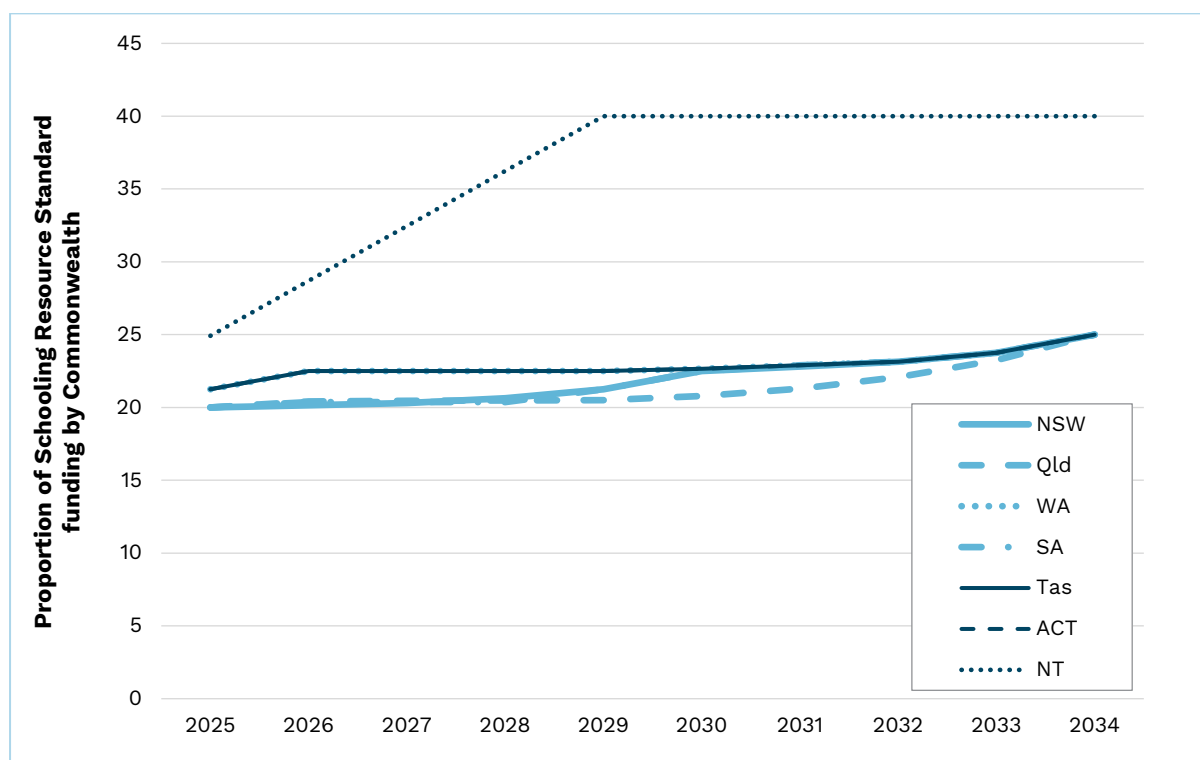
39. The supplementary terms of reference for the 2025 Review stated:

*The Commission will ensure that the GST distribution process will not have the effect of unwinding the recognition of educational disadvantage, or the differential funding proportions, embedded in the Better and Fairer Schools Agreement (BFSA) funding arrangements. The Commission will also ensure that no state receives a windfall gain through the GST distribution from non-participation in BFSA funding arrangements.*

### Implementing the terms of reference

40. Figure 2 shows the Commonwealth's agreed share of funding for states that have signed agreements.

**Figure 2 Agreed Commonwealth share of government school funding**



Note: Victoria has not signed a bilateral agreement.

41. The supplementary terms of reference for the 2025 Review mean the differences in SRS funding proportions should no longer be unwound.<sup>4</sup> The Commission has 2 options to give effect to the terms of reference requirement.
  - It could exclude the Commonwealth funding for government schools and the associated expenses (the standard ‘no impact’ approach to Commonwealth payments).
  - It could include the Commonwealth funding and assess the associated spending on an actual per capita basis. The Commonwealth funding and the assessed expenses would offset each other, and the payment would have no effect on the distribution of the GST. This would have the same effect as the ‘no impact’ approach.
42. Under the second option the spending could be disaggregated, allowing the Commission to clearly identify how it is meeting the 3 requirements of the terms of reference:
  - recognising educational disadvantage (via the SRS)
  - preserving differential funding proportions
  - preventing windfall gains.
43. However, these requirements are also met under the ‘no impact’ approach and the second option increases complexity. On practicality grounds, the Commission’s preliminary view is to treat the payment as no impact and exclude the BFSa funding and the associated spending from its assessments. The Commission notes this will be a significant amount of funding that will be excluded.<sup>5</sup>

<sup>4</sup> By not unwinding the differential funding proportions, no state can receive a windfall gain through non-participation. The Commission will continue to not unwind the recognition of educational disadvantage.

<sup>5</sup> In 2023–24, Commonwealth funding covered about 20% of government school expenses.

## Transitioning

44. The BFSA began in January 2025. Therefore, states received Quality Schools funding in the first half of 2024–25, which was replaced by the BFSA funding in the second half of the year. The 2026 Update will be based on data for 2022–23, 2023–24 and 2024–25.
45. The Commission needs to decide how to implement the treatment of the BFSA funding in the assessment years. It has 3 options:
- apply BFSA treatment in all 3 assessment years ('backcasting')
  - apply the *Quality Schools* treatment (unwind the funding proportions) in 2022–23 and 2023–24, and apply the BFSA treatment in 2024–25 (simple phasing)
  - apply the *Quality Schools* treatment in 2022–23 and 2023–24, and apply BFSA treatment to half of 2024–25 and *Quality Schools* treatment to the other half (complex phasing).
46. If the Commission were to backcast and treat payments in all 3 assessment years as 'no impact' it would be equalising based on conditions in the application year which will have the BFSA payment. If the Commission were to take either of the phased approaches, it would be equalising based on actual conditions of the assessment years (with a lag).
47. Figure 2 shows that the current funding proportions differ from what is expected in the application year. Therefore, applying the BFSA treatment to 2022–23 and 2023–24 would not reflect the conditions of the application year and may not result in the best equalisation outcome. The Commission is not inclined to adopt the backcasting approach.
48. On practicality grounds, the Commission is not inclined to split the 2024–25 funding and apply the *Quality Schools* and BFSA treatments. The Commission's preliminary view is to apply the BFSA treatment to the entire funding for 2024–25.

## Preliminary view

The Commission's preliminary view is to exclude Commonwealth spending on state schools from all calculations from 2024–25 and continue the existing approach for the 2022–23 and 2023–24 assessment years.

## New Commonwealth payments

49. Each year, the Commission considers whether new Commonwealth payments should impact the GST distribution.

### Treatment of Commonwealth payments commenced in 2024–25

50. The Commission has examined new Commonwealth payments commencing in 2024–25, as listed in the Commonwealth Final Budget Outcome 2024–25. The proposals in Table A-1 and Table A-2 are based on the 2025 Review guideline.
- Payments which support state services, and for which expenditure needs are assessed, will impact state fiscal capacities. If needs are not assessed, it will have no impact on state fiscal capacities.
  - If a payment has multiple components, some of which are for state services for which needs are assessed and some of which are not, and the Commission decides that one or more components should not affect state fiscal capacities, it will collect information to split the payment to ensure the appropriate treatment is applied.
51. Under the 2025 Review Commonwealth payments guideline, where there is substantial uncertainty about the payment's purpose or whether relative state expenditure needs are assessed, the default is for the payment to impact the GST distribution. In these cases, it is open to states to provide evidence in support of a no impact treatment.
52. Table A-2 separately lists projects under the City and Regional deals that commenced in 2024–25 and the proposed treatment for each project.

### Terms of reference requirements

53. Several payments beginning in the 2024–25 financial year were quarantined in previous terms of reference.
- Supplementary terms of reference for the 2025 Review
    - National Firearms Register
    - Growing regions
    - Regional Precincts and Partnership Program
    - Urban Precincts and Partnership Program
    - Thriving suburbs program
    - Launceston Northern Heart Centre
  - Terms of reference for the 2025 Review
    - Brisbane 2032 Olympic and Paralympic Games
54. In addition, supplementary terms of reference for the 2025 Review asked the Commission to:
- ...ensure that the GST distribution process will not have the effect of unwinding the recognition of educational disadvantage, or the differential funding proportions embedded in the Better and Fairer Schools Agreement (BFSA) funding arrangements. The Commission will also ensure that no state receives a windfall gain through the GST distribution from non-participation in BFSA funding arrangements.*

55. The BFSA issue is discussed in the previous section.

### **Preliminary view**

The Commission's proposed treatment of new Commonwealth payments is outlined in Attachment A.

## Attachment A: Commonwealth payments commenced in 2024–25

**Table A-1 Proposed treatment of Commonwealth payments commenced in 2024–25, Final Budget Outcome, 2024–25**

Commonwealth payment	Description	2024–25 \$m	Proposed treatment	Reason for treatment
<b>Health</b>				
Bentley Hospital Surgicentre	Funding to deliver a new Bentley Hospital Surgicentre, which will separate non-complex elective surgery from emergency surgery.	15.6	Impact	Investment in hospital infrastructure is a state service and needs are assessed.
Expansion of the Flinders Medical Centre	Funding for an expansion of the Flinders Medical Centre, delivering 160 extra beds for the south of Adelaide.	59.5	Impact	Investment in hospital infrastructure is a state service and needs are assessed.
Health and Medical Research Centre for Launceston	Funding to develop a medical research centre within the Launceston General Hospital.	0.4	Impact	Medical research contributes to community health services. Community health is a state service, and needs are assessed.
Integration and Empowerment Services and Wanneroo Seniors Club	Funding, through the Western Australia Government, to facilitate Integration and Empowerment Services and Wanneroo Senior Citizens Club organisations, to support delivery of services for National Disability Insurance Scheme clients and Senior Australians.	0.2	No impact	Delivery of community social welfare programs is a state service. However, needs are not assessed (other welfare).
Access to Eflornithine	Funding to reimburse the cost of purchasing and transporting the medicine eflornithine for eligible patients.	0.8	No impact	The affordable access to medicines is a service typically provided by the Commonwealth through the Pharmaceutical Benefits Scheme.
Eliminating cervical cancer in Australia	Funding to expand cervical screening services, to improve access to reach under-screened populations.	5.2	Impact	Cervical screening services is a community health service. Community health is a state service, and needs are assessed.
Supporting older Australian patients	Funding to invest in state initiatives that address long stay older patient challenges through: avoiding hospital presentation and admission; where hospital admission is necessary, reducing the length of the hospital stay; supporting earlier discharge; and improving the transition out of hospital to other appropriate care.	168.6	No impact	The payment predominantly funds aged care, which is a Commonwealth responsibility.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Primary Health Care Services in remote Northern Territory	Funding for the delivery of culturally appropriate, comprehensive primary health care for First Nations people in regional and remote Northern Territory communities where there is no Aboriginal Community Controlled Health Organisation.	46.3	Impact	State provided primary care services are a responsibility of the state and needs are assessed.
Yass Maternity Care Centre	Funding for developing a women's and family maternity care centre at Yass.	2.9	Impact	Maternity health services are a state function, and needs are assessed.
Canoe Slalom World Championship 2025	Contribution to a range of event planning activities such as: marketing and promotion, broadcast production, sports presentation, technology/performance systems, venue branding, international Canoe Federation development programme, test events, post event legacy impact and evaluation reports.	0.8	No Impact	While recreational services are a state function, needs for international events are not assessed.
Short-term workforce reforms - Kruk Review Implementation	Removing regulatory and transitional barriers for overseas health professionals to work in Australia.	1.3	No Impact	Regulation of international health professionals is a Commonwealth responsibility.
<b>Education</b>				
Operational Support for Manjali School	Funding to support the operation of the Manjali Studio School, a new secondary boarding school in the Kimberley region of Western Australia for First Nations students, which opened in 2025.	2.7	No impact	Commonwealth funded support for non-government schools is not assessed.
Better and Fairer Schools Funding	Funding, in a joint agreement with states, to support state education services to improve educational outcomes of Australian students. The BFSF will go to government and non-government schools in all states including recurrent funding, capital funding, choice and affordability funding and other prescribed purpose funding.	31,026.7	No impact	See paragraphs 36 to 43 in the main document.  Includes \$19,325.4 million for non-government schools which will be treated out of scope.
<b>Skills and Workforce Development</b>				
Degree Apprenticeship Pilot Program	Support for the delivery of the Degree Apprenticeships Pilot program.	1.0	Impact	Post-secondary education is a state function and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Turbocharging TAFE Centres of Excellence	Funding for TAFE Centres of Excellence to support agreed national skills and training priorities.	14.7	Impact	Demand to meet workforce challenges through further education in each state is a usual state function and needs are assessed.
<b>Community</b>				
Far North Queensland Connect Project	Funding to Queensland to explore a model to integrate care and support services, strengthen local community workforces, and build inclusive communities across Far North Queensland. The initiative aims to increase National Disability Insurance Scheme plan utilisation, workforce capability and efficient integration of resources.	4.6	No Impact	Delivery of community social welfare programs is a state service. However, needs are not assessed (other welfare).
Outcomes Fund	A commitment of \$100 million over 10 years to support social impact investing projects addressing entrenched disadvantage focusing on supporting families and children, people facing concentrated unemployment and people facing or experiencing homelessness.	1.7	No Impact	Delivery of community social welfare programs is a state service. However, needs are not assessed (other welfare).
Port Augusta Safety and Wellbeing Partnership	Funding to support the Port Augusta Safety and Wellbeing Partnership. The Partnership aims to better coordinate investment in community services between the Australian Government and South Australia to improve the safety and wellbeing of people in Port Augusta and Davenport.	3.0	Impact	First Nations community engagement and development is a normal state function and needs are assessed.
<b>Affordable Housing</b>				
Housing Australia Future Fund - Remote Indigenous Housing	Funding for repairs, maintenance and improvements to housing in remote Indigenous communities in Queensland, Western Australia, South Australia and the Northern Territory.	75.0	Impact	The payment supports social housing maintenance. This is a state service, and needs are assessed.
<b>Infrastructure</b>				
Hunter region - supporting clean energy	Funding to support the Hunter region and the Port of Newcastle to become hydrogen ready.	11.9	Impact	Hydrogen business development is a form of business development. This is a state function, and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Active Transport Fund	Funding to encourage an increase in active transport through the upgrade of existing and construction of new bicycle and walking pathways.	0.1	Impact	Community infrastructure is a state service, and needs are assessed.
Safer Local Roads and Infrastructure Program (SLRIP)	<p>The SLRIP program aims to address current and emerging priorities in road infrastructure needs.</p> <p>The SLRIP consolidated the previous Bridges Renewal Program and Heavy Vehicle Safety and Productivity Program into a single funding stream.</p>	147.6	Impact	Investment in bridges and roads is a state service and needs are assessed.
Armstrong Creek Stadium	Funding for the Victorian Government's Regional Sports Infrastructure Program, for a new multi-sport facility in Armstrong Creek.	5.5	Impact	Recreational infrastructure is a state service, and needs are assessed.
Australian Opal Centre - Lightning Ridge	Funding for a national museum being developed at the outback opal mining town of Lightning Ridge, Australia, to house the world's greatest public collection of Australian opal and precious opalised fossils from the Age of Dinosaurs.	2.8	Impact	Tourism development is a state service, and needs are assessed.
Busselton Jetty Village and Marine Discovery Centre	Funding for a marine discovery experience on the Busselton foreshore.	7.4	Impact	Tourism development is a state service, and needs are assessed.
Darwin Cyclone Tracy Memorial	Funding for the construction of a permanent sculpture and a separate permanent memorial in Darwin to honour those who died and those whose lives were irrevocably changed by Cyclone Tracy impacting Darwin in December 1974.	0.6	Impact	Recreational and cultural services is a state function, and needs are assessed.
National Capital Functions Program	The Australian Government is providing funding to the ACT Government for delivery of services that fulfil Commonwealth responsibilities of diplomatic and treaty obligations and relevant legislative provisions. This includes registration of diplomatic vehicles and licences, electronic registration of certain deaths abroad, French teaching under the French-Australian program for the purpose of meeting the Commonwealth's obligations and facilitating International Baccalaureate membership at Narrabundah College.	1.6	No impact	Fulfilling diplomatic and treaty obligations is a responsibility of the Commonwealth.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Regional Roads Australian Mobile Program - Pilot Program	Funding to improve multi-carrier mobile coverage on highways and major roads in regional and remote Australia.	18.5	No Impact	Telecommunications is a Commonwealth responsibility.
Upgrades to the Qtopia Sydney Museum	Funding for the delivery of capital works to upgrade the first of the former Darlinghurst Police Station and expand Qtopia Sydney.	1.5	Impact	Investment in recreational and cultural services is a state function, and needs are assessed.
Warburton Mountain Bike Destination Project	Funding for a world-class mountain bike destination.	3.0	Impact	Tourism and recreational infrastructure are a state service, and needs are assessed.
WA Telecommunication Resilience Program Pilot	Funding for urgent upgrades to telecommunication infrastructure during the bushfire season in priority locations.	2.0	No Impact	Telecommunications is a Commonwealth responsibility.
Whyalla Airport Upgrades	Funding to support delivery of upgrades to strengthen the Whyalla Airport runway to enable larger, heavier aircraft to land safely.	10.0	No impact	While investment in airport infrastructure is a normal state service, the Commission does not assess needs related to airport infrastructure in its non-urban transport assessment.
<b>Environment, energy and water</b>				
Recycling modernisation fund - plastics technology stream	Funding for improved recycling outcomes by addressing critical infrastructure and technology gaps in Australia's waste management and resource recovery system.	23.7	Impact	Business development is a state function, and needs are assessed.
Reef 2050 Plan - Sustainable Fisheries	Funding to decrease risks to threatened and protected species and position reef fisheries at the forefront of best practice and sustainability.	9.0	Impact	Management of the fishing industry is a state service, and needs are assessed.
Water for the environment special account/ - Resilient Rivers Water Infrastructure Program	Funding for projects that contribute to enhancing the environmental outcomes of the Basin Plan. Includes improving the water efficiency of irrigation infrastructure, purchasing water for the environment and addressing detrimental impacts.	40.8	No impact	Environmental protection is a state service, but needs are not assessed.
Boosting HPAI biosecurity responses capability	Financial contributions based on states' co-investment to prepare for an incursion of high pathogenicity avian influenza (HPAI) through development of state response plans.	7.4	Impact	Internal biosecurity monitoring is a state service, and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Critical Minerals National Productivity Initiative	Support for a detailed feasibility study for a common user minerals processing facility to enhance Australia's capacity to process critical minerals and strategic materials.	0.2	Impact	Business development is a state function, and needs are assessed.
Implementation of the live sheep exports by sea phase out	Support to implement the Commonwealth's Phase Out of Live Sheep Exports by Sea transition assistance in Western Australia.	1.0	Impact	Business development is a state function, and needs are assessed.
Investing in Australia's First Nations Culture and World Heritage	Support towards the potential World Heritage listing of Parramatta Female Factory, Trades Hall transnational listing and Flinders Ranges.	0.1	Impact	Needs are assessed for deliberative EPC assessment for service expenses.
Partnering to Implement the National Soil Action Plan	Funding to deliver on-ground activities that help advance the protection and improvement of Australia's soil health.	7.1	Impact	Business development is a state function, and needs are assessed.
Restoring the upper Murrumbidgee River program	Funding to improve the health of the upper Murrumbidgee River. This includes projects that will address the decline in river health, and science and monitoring activities.	5.0	No impact	Environmental protection is a state service, but needs are not assessed.
Water for the environment special account - Sustainable Communities Program	Funding for community adjustment assistance to minimise socio-economic impacts of water purchase towards the Murray-Darling Basin Plan recovery target of 450 gigalitres per year of additional environmental water.	9.1	Impact	This payment is primarily to support basin communities. Community development and planning is a state function, and needs are assessed.
<b>Other purposes</b>				
Indigenous tourism fund	Funding to co-invest with the states on strategic projects that increase the supply of Indigenous tourism experiences and/or create supply chain opportunities for Indigenous tourism businesses.	5.8	Impact	Business development is a state function, and needs are assessed.
Assistance for the Whyalla steel Industry	Funding towards the administration, including ongoing operations, of the Whyalla Steelworks and to support eligible business creditors that remain out-of-pocket for debts owed during the administration period.	162.3	Impact	Business support is a state function, and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Commonwealth Community Safety Order Scheme (CSO)	This Schedule will support the delivery of services for the Community Safety Order Scheme, which involves Community Safety Detention Orders and Community Safety Supervision Orders.	2.8	No -impact	This payment is related to the provision of Continuing Detention Orders and Extended Supervision Orders under the Community Safety Order scheme administered by the Commonwealth. This represents a Commonwealth function and is not a state service.
Delivering high priority RFIs under CSO scheme	This Schedule will support states to respond to the high-priority Requests for Information (RFIs) from the Commonwealth by the Immigration Minister and the Department of Home Affairs.	0.6	No impact	This payment relates to information requested by the Commonwealth under the Community Safety Order scheme administered by the Commonwealth. This represents a Commonwealth function and is not a state service.
National Labour Hire	Funding to progress a harmonised approach to national labour hire reform.	2.6	Impact	Industry regulation is a state function, and need are assessed.
Support to Host Giant Pandas in South Australia	Funding to host 2 giant pandas in the Adelaide Zoo.	0.8	Impact	Recreational and cultural services is a state function, and needs are assessed.

**Table A-2 Proposed treatment of city and regional deals commenced in 2024–25**

Commonwealth payment	Description	2024–25 \$m	Proposed treatment	Reason for treatment
<b>Adelaide</b>				
Australian Defence Technologies Academy	Contribution to a \$60 million Australian Defence Technologies Academy to drive sovereign research and development of defence capabilities in South Australia.	2.0	No impact	Universities and defence are a Commonwealth responsibility.
<b>Albury-Wodonga</b>				
Stage 3 Splash Park development, Oddies Creek	Funding for a splash park that will offer families an alternative to risky river activities and meet community aspirations for accessible and vibrant recreational spaces.	2.0	Impact	Investment in recreational and cultural services is a state function, and needs are assessed.
Detailed design for an Aboriginal Aged Care Facility	Detailed design for proposed facility to include low medium and high care option for First Nations community members with a focus on holistic and culturally safe care.	0.5	No Impact	Aged care, including residential aged care, is a Commonwealth responsibility.
Enabling & other infrastructure to support the Albury Wodonga Regional Hospital Development	Funding for a major new regional hospital and improved health services for the Albury, Wodonga and border communities.	6.5	Impact	Investment in hospital infrastructure and health services are a state function, and needs are assessed.
Wodonga Creek Precinct development	Funding for the Wodonga Creek precinct development, linking the Wodonga central business area, Belvoir Park and Gateway Island through to Albury by connecting to the existing Wodonga pathways network.	2.0	Impact	Investment in recreational and cultural services (cycle track) is a state function, and needs are assessed.
Essential health worker housing	The funding will secure approximately 120 dwellings across regional New South Wales to support the recruitment and retention of more than 500 health workers and their families by providing a range of accommodation options.	3.5	Impact	The recruitment and retention of health-related staff is a function of state health services, and needs are assessed.
<b>Barkly</b>				
Social and Affordable Housing Private-Public Partnership	This project will deliver new dwellings in Tennant Creek, a portion of which available as affordable rental prioritised for eligible local people. The remaining dwellings will be provided as social housing aimed at women and children fleeing family violence and older women experiencing homelessness.	1.0	Impact	Social housing provision is a state function, and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
<b>Geelong</b>				
City Arrivals	This project aims to make Geelong a greener, more pedestrian and bike-oriented city with new facilities and improved access.	0.2	Impact	Investment in recreational and cultural services is a state function, and needs are assessed.
Twelve Apostles	Investment in improved infrastructure, services and amenities to provide a better, safer and more connected visitor experience on the Shipwreck Coast.	29.3	Impact	Investment in the tourism industry is a state function, and needs assessed.
<b>South East Queensland (SEQ)</b>				
SEQ Innovation Economy Fund	Investment in capital projects that promote and grow SEQ's innovation economy with the aim to deliver more high value, knowledge-intensive jobs.	10.0	Impact	Investment in business development is a state function, and needs are assessed.
SEQ Rail Corridor Digital Connectivity	Delivering improved digital connectivity on selected commuter rail corridors.	2.5	Impact	Urban transport investment is a state function, and needs are assessed.
Dunwich Ferry Terminal Upgrade	Upgrade of the Ferry Terminal at Junner Street, Dunwich.	1.0	No Impact	Non-urban transport investment is a state function, but needs are not assessed.
SEQ Liveability Fund	Projects to improve community facilities including playgrounds, community amenities, sports fields, aquatic centre and open space recreation.	35.0	Impact	Investment in recreational and cultural services is a state function, and needs are assessed.
Resource Recovery Infrastructure	Developing waste processing infrastructure in SEQ that will increase resource recovery rates, facilitate organics recycling and progress the region towards a circular economy.	7.0	No Impact	Sanitation is a local government responsibility.
Resilient Rivers Initiative	This partnership-based project will invest in capital works to improve the health of the region's rivers and waterways.	2.5	No Impact	Environmental protection is a state service, but needs are not assessed.
Blue Heart Sunshine Coast	This partnership-based project is committed to sustainable and adaptive floodplain management in the Maroochy River catchment.	2.0	No Impact	Environmental protection is a state service, but needs are not assessed.
Bromelton State Development Area Business Case	Developing a Business Case to determine what infrastructure planning, sequencing, prioritisation and capital investment is required to activate the 15,610ha State Development Area.	0.8	Impact	Investment in business development is a state function, and needs are assessed.

Commonwealth payment	Description	2024-25 \$m	Proposed treatment	Reason for treatment
Planning for Future Region-Shaping Infrastructure	Funding to identify infrastructure and land use planning needed to meet population growth.	1.2	Impact	Road infrastructure investment and maintenance is a state function, and needs are assessed.

Source: Department of Infrastructure