

7 Intergovernmental financial relations

Features

- Australian Government payments comprise approximately 49.7% of all of Queensland's General Government revenue. Of these payments, Queensland's share of GST is especially important to funding services to Queenslanders. But it is a volatile revenue source. For example, Queensland received \$15.032 billion in 2017-18, which is expected to fall to \$12.701 billion in 2020-21.
- The Australian Government's broad revenue base, whereby they collect some 70% of all government revenue in the nation, means they are relatively well positioned to undertake and fund economic stimulus measures.
- The Australian Government estimates it will provide the Queensland Government with \$27.969 billion in 2020-21 (\$1.557 billion more than in 2019-20), comprising:
 - \$15.268⁴ billion in payments for specific purposes (\$1.617 billion more than 2019-20)
 - \$12.701 billion in payments for general purposes (\$60 million less than 2019-20).
- Payments for specific purposes in 2020-21 comprise:
 - \$5.469 billion for National Health Reform funding
 - \$5.102 billion for Quality Schools funding⁵
 - \$4.055 billion for National Partnership payments (Infrastructure Investment Program, Disaster Recovery Funding Arrangements and COVID-19 response payments)
 - \$328 million for National Housing and Homelessness funding
 - \$315 million for National Specific Purpose Payments (National Skills and Workforce Development).
- Several Commonwealth payments require matched funding or significant State Government contributions, which reduces budget flexibility for all states⁶.
- Payments to Queensland for specific purposes will be higher in 2020-21 primarily due to:
 - Coronavirus (COVID-19) management and economic response initiatives (COVID-19 public health response, legal assistance and infection control training)
 - Additional funding for priority road projects
 - Back payment of DisabilityCare Australia Fund
 - Additional funding for Remote Indigenous Housing
 - New funding for skills and workforce training (JobTrainer Fund)

⁴ Total payments for specific purposes may not add due to rounding.

⁵ Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

⁶ Australian Government payments for specific purposes may not fully fund all underlying programs. Some require States to provide matched contributions (e.g. Improving Great Artesian Basin Drought Resilience) or other, significant financial or in-kind contributions (e.g. Disaster Risk Reduction).

- Queensland matches the Australian Government's contributions for some COVID-19 initiatives, including the COVID-19 public health response, JobTrainer Fund and the National Infection Control Training Fund.
- Payments for general purposes only include GST revenue. In 2020-21, Queensland expects to receive \$12.701 billion of GST revenue, \$60 million (0.5%) less than in 2019-20.
- Queensland currently has 11 non-infrastructure funding agreements due to expire in 2020-21. The Australian Government has not provided any early indication of extending these agreements beyond 2020-21, except for Essential Vaccines. Longer term funding commitments are preferable, as they allow for more effective planning and service delivery.
- The Queensland Government provides considerable assistance to local governments, recognising the important services they provide to the community. A number of grant programs are specific to Indigenous councils, recognising the higher cost of providing services in remote locations.
- The government has increased funding for the Works for Queensland program, from \$600 million to \$800 million over eight years. In addition, to assist councils respond to the effects of COVID-19, the government introduced a COVID Works for Queensland program of \$200 million for all councils in Queensland, plus \$100 million for a similar program to Southeast Queensland councils, which are not eligible for Works for Queensland funding.

7.1 Federal financial arrangements

National governance

In May 2020, the Australian Government and state and territory governments agreed to new national governance arrangements, including reforming the Council of Australian Governments as a new National Federation Reform Council (NFRC).

First Ministers will continue meeting as a National Cabinet and Treasurers will continue to meet as the Council on Federal Financial Relations (CFFR). Under the new arrangements, CFFR is confirmed as having responsibility for federal financial relations and has an expanded role in overseeing all funding agreements (see Box 7.1 Federation funding agreements).

Vertical fiscal imbalance

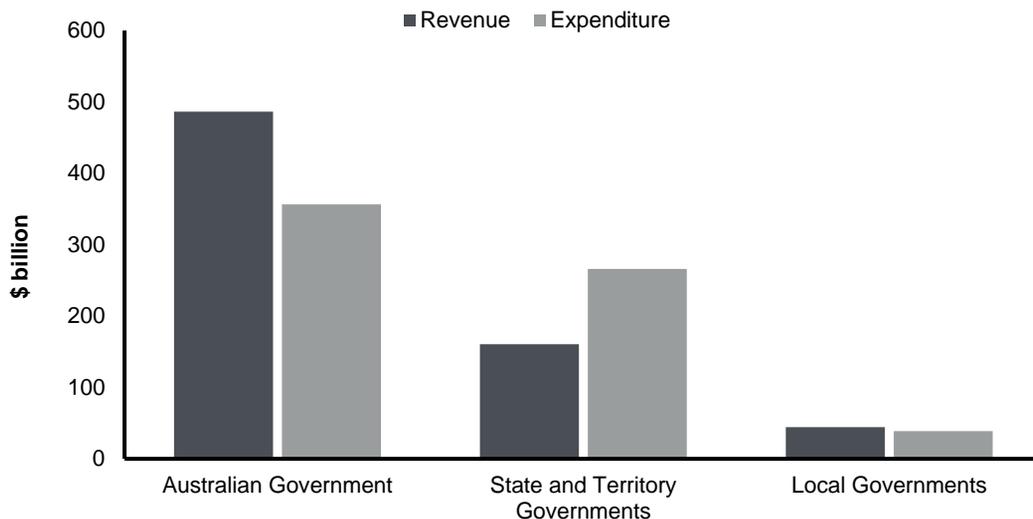
Federal financial relations in Australia are characterised by different levels of government sharing responsibility for raising revenue and delivering services to communities.

The Australian Government raises more revenue than is required to meet its service delivery responsibilities. Conversely, state and territory governments' (states)⁷ ability to raise revenue is less than required to meet their service delivery and infrastructure responsibilities. This is called vertical fiscal imbalance (VFI) and requires the sharing of revenue between the Australian Government and states.

⁷ States refers to states and territories unless otherwise specified.

In 2018-19, the Australian Government collected the majority of revenues (70.4%), while states collected 23.2% and local governments the remaining 6.4%. Chart 7.1 illustrates the revenue and expense disparity between the different levels of government.

Chart 7.1 Own-source revenue and expenses by levels of government, 2018-19^{1,2}



Notes:

1. Revenue calculated as total revenue minus grant revenue.
2. Expenses calculated as total expenses minus grant expenses.

Source: ABS Government Finance Statistics.

In Australia, VFI is addressed through a system of intergovernmental payments from the Australian Government to the states which allows them to meet their service delivery and infrastructure responsibilities. The Australian Government makes two types of payments:

- general revenue assistance payments (largely GST revenue) which can be used by states for any purpose ('untied' funding), and
- payments for specific purposes ('tied' funding) such as National Specific Purpose Payments (SPPs), which are a contribution toward states' service delivery priorities, and National Partnership (NP) payments which represent funding to support the delivery of specific outputs or projects and to facilitate or incentivise reforms.

Given the Australian Government's significant revenue raising capability, states are overly reliant on intergovernmental transfers to provide essential services and infrastructure to their communities.

Horizontal fiscal imbalance and horizontal fiscal equalisation

Another feature of Australian federalism is horizontal fiscal imbalance (HFI). HFI arises from disparities between the states' capacity to raise revenue and deliver services. Some states can raise higher revenue and/or deliver services at a lower cost compared to other states, providing the capacity to offer higher levels of services. Over time, absent equalisation, this would distort capital and labour mobility towards states providing a higher level of services.

To address HFI, GST revenue collected by the Australian Government is distributed to states with the objective of ensuring all Australians can expect to receive a comparable level of services and infrastructure, regardless of the state they reside in. This is known as horizontal fiscal equalisation (HFE). The Commonwealth Grants Commission uses the principle of HFE in recommending to the Australian Government how GST revenue should be distributed to the states.

7.2 Australian Government funding to the states

The Australian Government estimates that it will provide states with \$131.375 billion in 2020-21, \$5.580 billion (4.4%) more than in 2019-20, comprising:

- \$59.920 billion in payments as shares of GST revenue (\$315.9 million less than 2019-20)
- \$69.449 billion in payments for specific purposes (\$5.683 billion more than in 2019-20) including:
 - \$25.418 billion in National Health Reform funding, including \$1.811 billion in COVID-19 public health response funding
 - \$21.914 billion in Quality Schools funding
 - \$1.595 billion in National Housing and Homelessness funding
 - \$18.961 billion in National Partnership payments (e.g. Infrastructure Investment Program, Disaster Recovery Funding Arrangements (DRFA), and DisabilityCare Australia Fund) and also some COVID-19 initiatives⁸ such as:
 - \$500 million in JobTrainer Fund
 - \$97.5 million in COVID-19 Domestic Violence Support
 - \$32.7 million in COVID-19 World and National Heritage
 - \$31.6 million in National Infection Control Training Fund
 - \$31.1 million in COVID-19 Legal Assistance Funding
 - \$3.6 million in COVID-19 Self-Isolation for Remote Communities
 - \$1.561 billion in National Specific Purpose Payments
- \$2.006 billion in other payments to states, including:
 - \$1.547 billion for GST top-up payments to Western Australia
 - \$418 million for certain royalty payments to Western Australian
 - \$41 million for municipal services to Australian Capital Territory

Australian Government payments for specific purposes may not fully fund all underlying programs. Some require states to provide matched contributions (e.g. Improving Great Artesian Basin Drought Resilience) or other, significant financial or in-kind contributions (e.g. Disaster Risk Reduction). This reduces budget flexibility for states.

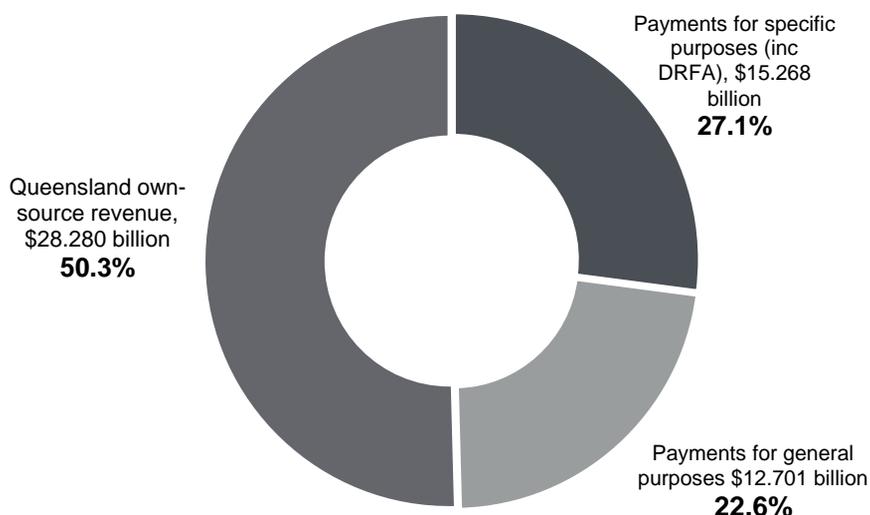
⁸ Queensland contributes to COVID-19 initiatives, including the COVID-19 public health response, JobTrainer Fund and National Infection Control Fund.

7.3 Australian Government funding to Queensland

The Australian Government estimates it will provide the Queensland Government with \$27.969 billion in 2020-21, \$1.557 billion (5.9%) more than in 2019-20.

Australian Government funding is estimated to account for 49.7% of Queensland's total General Government Sector revenue sources in 2020-21 (shown in Chart 7.2). The proportion of Queensland's revenue derived from Australian Government funding has grown significantly from 35.0%⁹ at the introduction of the GST in 2000.

Chart 7.2 General Government Sector revenue sources, Queensland 2020-21^{1,2,3}



Notes:

1. Percentage may not add to 100% due to rounding.
2. Queensland own-source revenue figure includes direct Australian Government payments to Queensland departments for Commonwealth own-purpose expenditure.
3. Queensland own-source revenue includes \$14.330 billion in taxation revenue, \$5.975 billion in sales of goods and services and \$2.631 billion in royalties and land rents. Additional information is provided in Chapter 4.

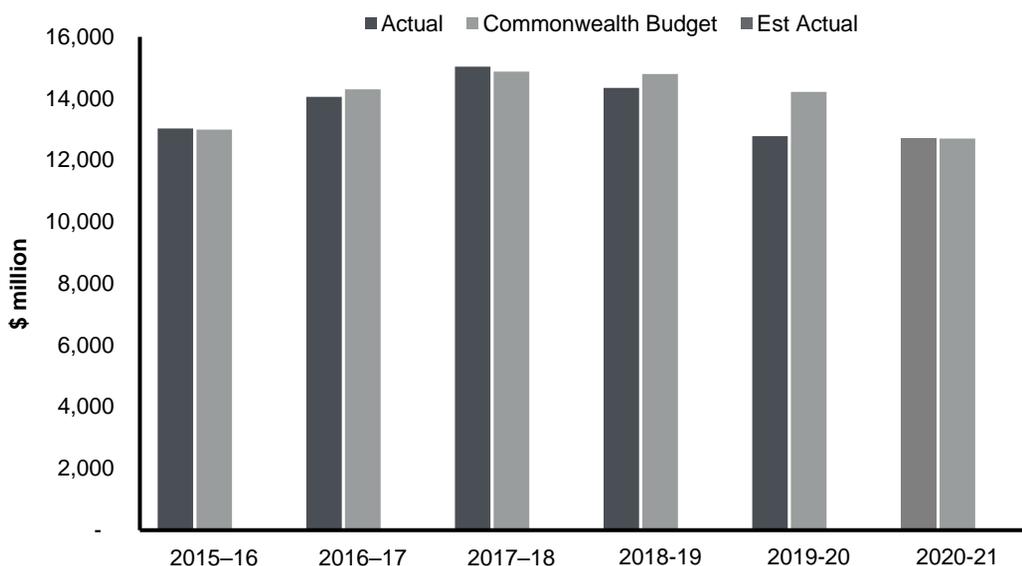
Source: 2020-21 Federal Budget Paper No. 3 and Queensland Treasury estimates.

⁹ Per cent of Queensland's revenue derived from Australian Government Funding in 1999-00.

7.4 GST revenue

GST revenue accounts for all general revenue assistance payments that Queensland receives. In 2020-21, Queensland expects to receive \$12.701 billion of GST revenue, \$60 million (0.5%) less than in 2019-20, and \$2.331 billion (15.5%) less than the peak in 2017-18.

Chart 7.3 Estimated GST payments to Queensland, 2015-16 to 2020-21



Source: Federal Budget 2020-21: Budget Paper No. 3 and 2019-20 Final Budget Outcomes.

The decrease in Queensland's estimated GST revenue in 2020-21, compared to 2019-20, is primarily due to the Australian Government revising down its estimated GST collections in 2020-21 by approximately \$316 million, as a result of the ongoing impacts of the COVID-19 pandemic on national consumption of goods and services.

In addition, the Commonwealth Grants Commission (CGC) has successively revised down Queensland's GST revenue sharing relativity from a high of 1.18769 (or approximately 23.8%) in 2017-18 to 1.04907 (or approximately 21.1%) in 2020-21. This is primarily due to Queensland improving its fiscal capacity over time relative to all other states, which is partially offset by positive methodology changes arising from the CGC's 2020 Methodology Review.

Change in Queensland's relative circumstances since 2017-18 update

Queensland's GST share has been reduced by changing circumstances in Queensland and all other states. Since 2017-18, Queensland's relative fiscal capacity has improved, thus reducing its GST share. This improvement in fiscal capacity is primarily due to:

- significant reductions in natural disaster expenditure due to fewer large disasters over recent years compared with previous periods
- higher than average growth in the value of coal production compared to other states
- increased value of Commonwealth payments for specific purposes compared to other states.

However, this is partially offset by Queensland's:

- below average growth in taxable land values compared to other states
- below average growth in the value of property transfers compared to other states.

Queensland's GST share has also been adversely affected by the Australian Treasurer quarantining Commonwealth payments from the CGC's calculations. These decisions have heavily favoured other states (especially Western Australia) in recent years. The Australian Treasurer has not quarantined any new Commonwealth payments specific to Queensland since 2015, despite multiple requests. The adverse effect of this inequality will continue to impact Queensland's GST share for several years.

2020 Methodology Review

In February 2020, the CGC finalised its five-yearly review of its methodologies for determining states' shares of GST revenue. Unfortunately, this review was not as comprehensive as previous reviews, as the Australian Government prohibited any changes to the CGC methodology for assessing states' mining revenue.

Nevertheless, the CGC's updated methodologies resulted in Queensland's GST share increasing due to:

- an increased investment need for rural roads
- revised scope of property transfers included in the CGC's assessment
- revised scope of the national disaster assessment to include state-funded local government national disaster relief expenditure.

However, this is partially offset by downward revision of assessed urban and rural transport expenditure.

Changes from the 2020 Methodology Review positively impacted Queensland's share of GST revenue from 2020-21, subject to any future methodology review or a significant change in states' circumstances.

COVID-19 implications for GST revenue shares

The COVID-19 pandemic has impacted almost every aspect of Australian lives and all levels of government policy decisions to support individuals, businesses and communities in response to the pandemic.

As part of its work in determining states' shares of GST for 2021-22, the CGC is considering how the COVID-19 pandemic is impacting states' relative fiscal capacities and ultimately their share of GST. This includes reviewing:

- state government policies resulting in waivers, deferrals and rebates on some tax liabilities
- Commonwealth-state funding arrangements for the COVID-19 public health response
- state government spending measures providing support to businesses and industries.

There will continue to be uncertainty in Queensland's estimates of GST revenue until this is resolved. The CGC will advise of its determination in the 2021 Update Report, expected to be released in the first quarter of 2021.

7.5 Payments to Queensland for specific purposes

In 2020-21, Queensland expects to receive \$15.268 billion in payments for specific purposes, \$1.617 billion (11.8%) more than in the 2019-20 Outcome.

Table 7.1 Estimated payments to Queensland for specific purposes¹

	2019-20 Budget \$ million	2019-20 Outcome ² \$ million	2020-21 Budget \$ million
Skills and Workforce Development National Specific Purpose Payment	308	309	315
National Health Reform funding ³	4,902	5,392	5,469
Quality Schools funding ⁴	4,771	5,017	5,102
National Housing and Homelessness funding	320	321	328
National Partnership Payments (incl. DRFA)	2,388	2,612	4,055
Total payments for specific purposes	12,688	13,651	15,268
Notes:			
1. Numbers may not add due to rounding.			
2. The 2019-20 Outcome is based on actual Commonwealth payments received by Queensland in 2019-20.			
3. Includes funding for the COVID-19 public health response of \$345 million in the 2019-20 Outcome and \$174 million in 2020-21.			
4. Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).			
<i>Sources: Federal Budget 2020-21: Budget Paper No. 3, 2019-20 Queensland Budget Paper No. 2 and Queensland Treasury estimates.</i>			

Payments for specific purposes comprise funding for National Health Reform, Quality Schools, National Housing and Homelessness, Skills and Workforce Development National Specific Purpose Payment (SPP) and National Partnership (NP) payments.

In 2020-21, National Health Reform funding, which accounts for 35.8% of the total payments for specific purposes, is estimated to increase by \$77 million (1.4%) from the 2019-20 Outcome.

National Health Reform funding in 2019-20 Outcome and 2020-21 includes funding for the COVID-19 public health response (\$345.3 million in 2019-20 and \$174 million in 2020-21). The COVID-19 public health response funding in 2019-20 included contracted payments made to private hospitals, which were covered 100% by the Australian Government.

Queensland projections of National Health Reform funding differ from the projections contained in the Federal Budget 2020-21. Australian Government projections assume higher activity growth than projected in service agreements between the Queensland Department of Health and Hospital and Health Services. Actual National Health Reform payments vary from estimates provided in budget papers as they are based on actual public hospital activity delivered each year.

Quality Schools funding, which accounts for 33.4% of the total payments for specific purposes, is estimated to increase by \$85 million (1.7%) in 2020-21 to \$5.102 billion, compared to the 2019-20 Outcome. The lower rate of increase from 2019-20 to 2020-21 (compared to the previous year's growth of 6.7%) reflects the Australian Government's decision to bring forward funding to non-government schools from 2020-21 to 2019-20.

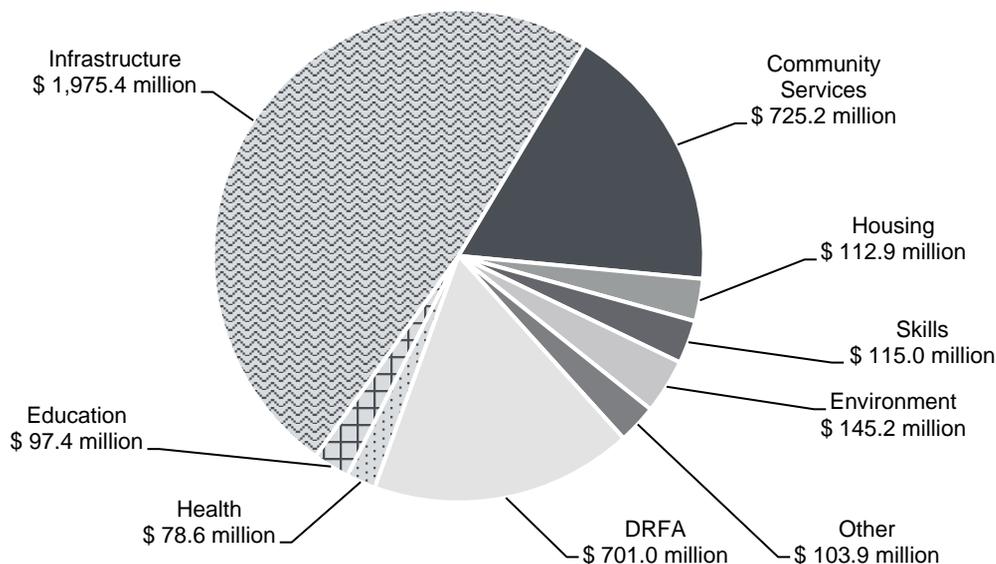
National Housing and Homelessness funding and the Skills and Workforce Development SPP are expected to increase by \$7 million (2.1%) and \$6 million (1.8%) respectively in 2020-21 compared to the 2019-20 Outcome.

NP payments (including DRFA), which accounts for 26.6% of the total payments for specific purposes, is estimated to increase by \$1.443 billion (55.2%) in 2020-21 compared to the 2019-20 Outcome. A significant proportion of NP payments is allocated to infrastructure, DRFA and community services (refer to Chart 7.4).

The increase in payments for specific purposes between 2019-20 Outcome and 2020-21 is mainly due to:

- Additional funding from 2020-21 for priority road projects in Queensland to support economic recovery and jobs. Key projects include:
 - Coomera Connector Stage 1 (Coomera to Nerang)
 - Bruce Highway upgrade program, including: Caloundra Road to Sunshine Motorway; Rockhampton Northern Access upgrade; Burdekin Bridge upgrade; and Cairns Southern access corridor – Stage 4
 - Centenary Bridge upgrade
 - Riverway Drive Stage 2 (Allambie Lane – Dunlop Street).
- New funding to support the COVID-19 response. Initiatives include:
 - \$100.5 million for the JobTrainer Fund to provide additional low or no fee training places for jobseekers and young people in areas of identified skills needs and employment growth, to support them into employment as Australia emerges from the COVID-19 pandemic.
 - \$19.7 million for domestic violence support to ensure the safety of women and their children experiencing, or at risk of experiencing, domestic, family and sexual violence during the COVID-19 pandemic.
 - \$8 million for the National Infection Control Training Fund to provide nationally accredited infection control short course training places to frontline workers.
 - \$6.9 million for legal assistance funding for services provided by legal aid commissions, community legal centres, Aboriginal and Torres Strait Islander Legal Services and Family Violence Prevention Legal Services to respond to increased demand due to COVID-19.
- Additional funding in 2020-21 to Queensland to assist with costs associated with the provision of remote housing.
- Additional back payment in 2020-21 from the DisabilityCare Australia Fund for reimbursement of state expenditure on the National Disability Insurance Scheme in previous years.
- New funding to revitalise TAFE campuses across Australia.

Chart 7.4 National Partnership Payments by sector, 2020-21¹



Note:

1. Excludes Australian Government funding to local government.

Sources: 2020-21 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

7.5.1 Projections of payments for specific purposes to Queensland

Across the forward estimates, total payments for specific purposes are expected to steadily increase, with average growth of approximately 3% between 2020-21 and 2023-24.

While increases in overall funding are welcome, those payments tied to specific purposes and Australian Government criteria does impact State Governments' capacity to respond to local needs, reduces states' budget flexibility, adds administrative costs and impacts the achievement of state policy outcomes and priorities. This negative impact is amplified when funding is conditional on states' matching Australian Government funding, unrealistic timeframes, national price benchmarks and competing priorities.

National Health Reform funding for Queensland is expected to increase by an average of 5.3% per annum from 2020-21. Under the Addendum to the National Health Reform Agreement, the Australian Government will fund 45% of efficient growth in hospital activity subject to a national growth cap of 6.5% per annum. Current estimates are based on this methodology.

Growth in Quality Schools funding for Queensland is expected to average 6.6% between 2020-21 and 2023-24 as a result of enrolment growth and increased funding per student. Under the National Schools Reform Agreement, Queensland is expecting to receive \$8.926 billion for state schools and \$13.864 billion (including GST) for non-government schools from 2020-21 to 2023-24.

7.5.2 Expiring agreements

Under the Intergovernmental Agreement on Federal Financial Relations, the Australian Government provides time-limited funding to states and territories through NP payments to support the delivery of specific projects, facilitate reforms or reward states that deliver on reforms or achieve service delivery improvements.

However, over time, some NPs have been extended well beyond their intended time-limited purpose. NPs were never intended, and are not the optimal way, to fund ongoing community service needs.

Conversely, when NP agreements expire, states have been left with limited opportunities to deal with the expiring NP as the final decision on continued funding is made through the Australian Government's budget process. The expiry of many large NPs over the last few years, such as the National Partnership on Remote Housing, has highlighted this risk.

Unilateral termination by the Australian Government of funding for essential programs, with little or no notice, impacts on states' ability to plan, budget and continue delivering essential services to communities. Early indication as to the continuation, lapse or other treatment of funding for an expiring agreement is necessary to enable states to effectively manage their service delivery responsibilities.

There are 11 non-infrastructure NPs expected to expire in 2020-21:

- Essential vaccines
- Improving trachoma control services for Indigenous Australians
- Encouraging more clinical trials in Australia
- Expansion of the BreastScreen Australia program
- Rheumatic fever strategy
- Public dental services for adults
- National Infection Control Training Fund
- North Queensland strata title inspection scheme
- COVID-19 domestic and family violence responses
- On-farm emergency water infrastructure rebate
- Small business regulatory reform.

Multiple funding agreements will also expire in 2021-22. Of particular note, funding under the National Partnership on Universal Access to Early Childhood Education will cease at the end of 2021. This NP was only recently extended by the Australian Government and is the seventh short-term extension since it was originally agreed in 2008. Short-term extensions create significant uncertainty for the sector and for Queenslanders who use these services. With each extension, the Queensland Government has sought a longer-term commitment from the Australian Government.

The Australian Government, in its 2020-21 Budget, has not allocated any funding beyond 2020-21 for Queensland's expiring agreements, except for Essential Vaccines. The Australian

Government has allocated approximately \$15 million to Queensland for essential vaccines over the years from 2020-21 to 2023-24, which indicates broad support for the program's continuation.

National Cabinet has confirmed that the Council on Federal Financial Relations (CFFR) (made up of Australian and state and territory treasurers) has taken on responsibility for coordination of all Commonwealth-state funding agreements, including NP Agreements (discussed in Box 7.1). In that context, CFFR will have a greater role in decision-making as expiration dates for these agreements approach, or where they are identified as no longer fit for purpose, providing a platform for more appropriate state input.

Box 7.1 Federation funding agreements

On 13 March 2020, the First Ministers of the Australian and state and territory governments resolved to form a National Cabinet, to ensure a coordinated response across the country to the management of COVID-19.

On 29 May 2020, the Prime Minister announced that the Council of Australian Government (COAG) would cease and a new National Federation Reform Council (NFRC) would be formed, with National Cabinet at its centre.

It was also confirmed that the CFFR would be responsible for overseeing the financial relationship between the Commonwealth and the states and territories. This includes CFFR taking responsibility for all funding agreements, including National Partnership Agreements, complementing its existing responsibility for overseeing the Intergovernmental Agreement on Federal Financial Relations.

On 12 June, National Cabinet further elaborated upon CFFR's central role in the new system, supporting the work of National Cabinet. Specifically:

- National Cabinet asked CFFR to progress targeted reforms in areas such as tax, deregulation and housing.
- In addition, CFFR would take on responsibility for coordination of all Commonwealth/state funding agreements, including National Partnership Agreements. This includes a review of existing agreements with a view to consolidation and rationalisation.
- As new Commonwealth-state National Partnership Agreements are developed, CFFR will be responsible to negotiate funding elements, in consultation with relevant portfolio ministers.

CFFR reports to National Cabinet on its progress with these responsibilities.

On 28 August 2020, CFFR established the new Federation Funding Agreements (FFAs) framework. The new FFA framework is designed to deliver strong economic and fiscal outcomes, provide funding certainty and budget autonomy, increase transparency and ensure CFFR retains oversight of funding agreements. While payments made to the states are according to the IGA FFR, payments will now be facilitated through schedules to the FFAs. Schedules sit within one of the five sector-based FFAs, including Health; Infrastructure; Education and Skills; Environment; and Affordable Housing, Community Services and Other.

7.6 State-local government financial relations

The Queensland Government allocates considerable funding in the State Budget to support local governments across the state. The Queensland Government acknowledges the shared responsibilities in serving the people of Queensland and the important role local governments play.

In 2020-21, the Queensland Government will provide a total of \$1.935 billion in grants to local governments, compared to \$1.766 billion in 2019-20.

This includes current, capital and asset grants to local government authorities and Indigenous councils, as well as Australian Government grants paid through the state to local governments. Grants to local governments are delivered through numerous Queensland Government departments and agencies for a variety of purposes, including through the programs discussed below.

Contributing to higher grants to local governments in 2020-21 relative to 2019-20, and in recognition of the increased fiscal pressures faced by local governments, is the significant stimulus delivered in response to the COVID-19 pandemic. The Queensland Government is providing additional assistance through the new \$200 million COVID Works for Queensland program (\$180 million in 2020-21) and \$100 million SEQ Community Stimulus Package (\$45 million in 2020-21).

As described in Chapter 5, grants to local government are also higher due to disaster-related grants to local councils and payments to local councils for the Queensland waste levy.

Some of this variance is also due to the impact of COVID-19 on the timing of project delivery, which in some cases has resulted in grant expenditure being deferred from 2019-20 to 2020-21.

Of budgeted grants to local governments in 2020-21, key expenditures include around \$700 million in infrastructure and economic development-related grants, \$531.4 million in grants administered by the Queensland Reconstruction Authority (QRA), \$240.6 million in transport- and roads-related grants, and \$68.5 million for public and community housing-related grants.

To provide further support to local governments, the government has also provided increased funding for the Works for Queensland program, taking total program funding from \$600 million to \$800 million over eight years.

The government also announced the Local Government Debt Refinancing Program to allow councils to refinance and extend the loan term on some or all of their existing fixed-interest debt with Queensland Treasury Corporation (QTC) to take advantage of historically low interest rates. This will provide councils with an opportunity to free up additional cashflow through reduced loan repayments during challenging economic circumstances to fund essential infrastructure and other economic recovery priorities.

A summary of grant programs that are exclusively available to local governments are listed in Table 7.2.

Table 7.2 Grant programs exclusively available to local government

Program Name	Description	Total Funding (from 2015-16 to 2023-24)
Works for Queensland	Supports local governments in regional areas to undertake job-creating maintenance and minor infrastructure works.	\$800 million
COVID Works for Queensland	Supports all local governments to respond to and recover from the COVID-19 pandemic to deliver job creating new infrastructure, maintenance or minor works projects.	\$200 million
SEQ Community Stimulus Package	Supports SEQ local governments to respond to and recover from the COVID-19 pandemic by fast-tracking investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	\$100 million
Transport Infrastructure Development Scheme	Provides targeted investment in regional local government transport infrastructure.	\$630 million
Building our Regions	Provides funding for critical infrastructure in regional areas to support economic development, including generating jobs.	\$356.3 million
Local Government Grants and Subsidies Program	Provides funding for priority infrastructure projects that will enhance sustainable and liveable communities.	\$257.6 million ¹
Coastal Hazard Adaptation Program - QCoast ₂₁₀₀	Assists coastal local governments to prepare plans and strategies for addressing the impact of climate change.	\$15 million
Queensland Water Regional Alliances Program from	Assists regional councils to collaborate and improve the efficiency and administration of water infrastructure.	\$6 million
Note:		
1. Funding is ongoing. Figure is based on current projections.		

In addition to the above grant programs, the Queensland Government has signed the National Partnership on Disaster Risk Reduction, which is a five-year partnership between the Commonwealth and states to support resilience and risk reduction projects. Over the five years from 2020, annual available funding has increased from \$9.5 million to \$13.1 million per year by replacing Queensland Disaster Resilience funding with Commonwealth-State Disaster Risk Reduction Funding of \$9.6 million per year, supplemented by additional Queensland Government funding of \$3.5 million per year. This fund, administered by the QRA, will be available to a range of organisations including local governments, to deliver mitigation and resilience projects.

The QRA also administers the DRFA which is a joint funding initiative of the state and Australian Governments to provide disaster relief and recovery payments to help communities recover following the effects of natural disasters. Under these arrangements the state administers significant funding (over \$900 million) to provide disaster relief and assist with reconstruction of local government infrastructure damaged during natural disasters. The amount will be dependent on the final number and value of claims submitted.

The government also understands there are added challenges faced by Indigenous local governments, which are often located in very remote areas of the state, to ensure their communities have access to essential services and critical infrastructure. To address these challenges, the government has allocated substantial funding to specifically support Indigenous councils and their communities.

A summary of grant programs available to Indigenous councils and their communities are listed in Table 7.3.

Table 7.3 Grant programs to support Indigenous councils and their communities

Program Name	Description	Total Funding (from 2015-16 to 2023-24)
Indigenous Councils Critical Infrastructure Program	Contributes to the cost of water, wastewater and solid waste infrastructure in Indigenous communities.	\$120 million
Major Infrastructure Program	Deliver environmental health and other infrastructure upgrades within the Torres Strait Island Regional Council, Torres Shire Council and Northern Peninsula Area Regional Council areas.	\$15 million
State Government Financial Aid	A financial contribution (in lieu of rates) to meet the costs incurred by Indigenous councils in the provision of local government services.	\$315.4 million ¹
Indigenous Local Government Sustainability Program (2016-18)	Assists Indigenous councils to increase their capacity, capability and sustainability.	\$8.2 million
Note:		
1. Funding is ongoing. Figure is based on current projections.		