

## EXECUTIVE SUMMARY

- The 2016-17 Budget is a national economic plan for growth and jobs. Australia's future depends on how well we grow and shape our economy as we move from the unprecedented boom in mining investment to a stronger, broader based economy.
- The Commonwealth is committed to providing financial assistance to State Governments so that they can deliver the services Australians need. The Commonwealth funds around 47 per cent of the States' general government spending through the provision of financial assistance. The States also have access to their own revenue sources to fund State expenditure.
- In 2016-17, the Commonwealth will provide the States with \$116.5 billion in total payments, including payments for specific purposes of \$55.3 billion and general revenue assistance of \$61.3 billion. This contribution represents approximately 25.9 per cent of total Commonwealth expenditure in 2016-17. Total payments to the States from 2015-16 to 2018-19 have increased by \$10.6 billion since the *Mid-Year Economic and Fiscal Outlook 2015-16*.
- The 2016-17 Budget contains new funding arrangements between the Commonwealth and the States, including:
  - An estimated additional \$2.9 billion over three years for public hospital services, preserving important parts of the existing system, including activity based funding and the national efficient price.
  - A further \$1.2 billion in additional funding for government and non-government schools between 2018 and 2020. This funding will be contingent on reform efforts by the States and the non-government schools sector to improve education outcomes.
- The Commonwealth will undertake a policy review, in consultation with all relevant stakeholders, to deliver long-term funding arrangements for hospitals and schools that are both efficient and sustainable.
- The Government is investing a record \$50 billion from 2013-14 to 2019-20 to deliver critical road and rail infrastructure projects. The 2016-17 Budget includes new commitments to allocate funding to significant infrastructure projects including the Forrestfield-Airport Link, the Perth Freight Link and the Ipswich Motorway. The Government is also reallocating \$1.5 billion — originally for Melbourne's East West Link — to help upgrade other priority transport infrastructure in Victoria.

- The 2016-17 Budget also includes funding of \$1.7 billion over four years for a new Child and Adult Public Dental Scheme.
- The GST entitlement to the States is projected to increase by over \$3 billion in each year over the forward estimates. The Government has introduced measures impacting GST which include applying GST to low value goods imported by consumers and tobacco excise measures to improve health outcomes and combat illicit tobacco. Measures have increased the GST entitlement by \$700 million over the forward estimates period.
- All Australian Governments are facing fiscal pressures and must live within their means. The Commonwealth will work with the States to ensure that efficient and sustainable services can be delivered into the future.