

## Contingent payments

Contingent payments arise where the Australian Government has committed to provide compensation when an event occurs or has otherwise guaranteed a state's financial position. Payments to the states will only arise if the relevant event occurs.

**Table 2.10: Contingent payments to the states**

| \$million                              | 2021-22        | 2022-23     | 2023-24    | 2024-25    | 2025-26    |
|----------------------------------------|----------------|-------------|------------|------------|------------|
| <b>National Partnership payments</b>   |                |             |            |            |            |
| Disaster Recovery Funding Arrangements | 1,719.3        | 41.6        | 6.5        | 0.8        | -          |
| Hepatitis C settlement fund            | 0.1            | 0.1         | 0.1        | 0.1        | 0.1        |
| <b>Total</b>                           | <b>1,719.4</b> | <b>41.7</b> | <b>6.6</b> | <b>0.8</b> | <b>0.1</b> |

### Disaster Recovery Funding Arrangements – expense estimates

| \$million    | NSW            | VIC        | QLD          | WA          | SA         | TAS        | ACT      | NT       | Total          |
|--------------|----------------|------------|--------------|-------------|------------|------------|----------|----------|----------------|
| 2021-22      | 1,405.6        | 1.6        | 281.3        | 30.1        | 0.7        | 0.1        | -        | -        | 1,719.3        |
| 2022-23      | 27.3           | 1.7        | 10.5         | 1.5         | 0.5        | ..         | -        | -        | 41.6           |
| 2023-24      | 5.9            | ..         | 0.1          | 0.4         | ..         | -          | -        | -        | 6.5            |
| 2024-25      | 0.8            | -          | -            | -           | -          | -          | -        | -        | 0.8            |
| 2025-26      | -              | -          | -            | -           | -          | -          | -        | -        | -              |
| <b>Total</b> | <b>1,439.6</b> | <b>3.3</b> | <b>291.9</b> | <b>32.0</b> | <b>1.2</b> | <b>0.1</b> | <b>-</b> | <b>-</b> | <b>1,768.1</b> |

The Australian Government provides funding under the Disaster Recovery Funding Arrangements (DRFA) to assist the states in relief and recovery efforts following natural disasters. The Government recognises a liability equal to the present value of future payments expected to be made to the states under the DRFA. The liability is based on estimated data provided by the states. It includes both known and future estimated expenditure for relief and recovery measures prior to states submitting a claim to the Australian Government.

Current estimates for the DRFA are based on the information available at the time of preparation. This includes initial assistance to the states in response to the recent floods in parts of New South Wales and Queensland under Category D of the DRFA. These estimates do not include other as yet unquantifiable support in relation to these events that will be provided through the DRFA (including funding that has been provisioned for in the aggregate budget estimates). Further information on the Australian Government's response to the floods can be found in Budget Paper No. 1, *Budget Strategy and Outlook 2022-23, Statement 3: Fiscal Strategy and Outlook*.

Estimates of the cost of a disaster and the timing of expenditure are subject to change. The total cost of relief and recovery from these events may not be completely realised for some years. Estimates of all natural disasters are regularly reviewed and revised by the states as new information becomes available, and this, or the occurrence of future natural disasters, can significantly affect the estimated DRFA liability and payments.

More information is available in Budget Paper No. 1, *Budget Strategy and Outlook 2022-23, Statement 8: Statement of Risks*.

#### Disaster Recovery Funding Arrangements – cash estimates

| \$million    | NSW            | VIC          | QLD            | WA           | SA          | TAS        | ACT        | NT          | Total          |
|--------------|----------------|--------------|----------------|--------------|-------------|------------|------------|-------------|----------------|
| 2021-22      | 364.1          | 48.0         | 484.5          | 176.8        | 26.4        | 6.9        | 2.5        | 20.9        | 1,130.1        |
| 2022-23      | 1,505.5        | 118.4        | 730.8          | 77.7         | 34.7        | 1.6        | -          | -           | 2,468.7        |
| 2023-24      | 365.6          | 1.9          | 6.8            | 30.4         | 1.0         | ..         | -          | -           | 405.6          |
| 2024-25      | 52.9           | -            | -              | -            | -           | -          | -          | -           | 52.9           |
| 2025-26      | -              | -            | -              | -            | -           | -          | -          | -           | -              |
| <b>Total</b> | <b>2,288.1</b> | <b>168.3</b> | <b>1,222.1</b> | <b>284.9</b> | <b>62.0</b> | <b>8.4</b> | <b>2.5</b> | <b>20.9</b> | <b>4,057.2</b> |

Estimated cash payments for the DRFA illustrate when the Australian Government expects to reimburse the states for costs incurred in relation to past disasters.

A new measure associated with this funding agreement is listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2022-23*.

#### Hepatitis C settlement fund<sup>(a)</sup>

| \$million    | NSW      | VIC      | QLD      | WA       | SA       | TAS      | ACT      | NT       | Total      |
|--------------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| 2021-22      | ~        | ~        | ~        | ~        | ~        | ~        | ~        | ~        | 0.1        |
| 2022-23      | ~        | ~        | ~        | ~        | ~        | ~        | ~        | ~        | 0.1        |
| 2023-24      | ~        | ~        | ~        | ~        | ~        | ~        | ~        | ~        | 0.1        |
| 2024-25      | ~        | ~        | ~        | ~        | ~        | ~        | ~        | ~        | 0.1        |
| 2025-26      | ~        | ~        | ~        | ~        | ~        | ~        | ~        | ~        | 0.1        |
| <b>Total</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>~</b> | <b>0.5</b> |

(a) State allocations have not yet been determined.

The Australian Government is contributing to out of court settlement costs for eligible people who contracted Hepatitis C as a result of blood transfusions in Australia between 1985 and 1991.