

## 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	2024-25	2025-26	2026-27	2027-28	2028-29
<b>National Partnership payments</b>					
Disaster Recovery Funding Arrangements	558.4	-	-	-	-
Hepatitis C settlement fund	0.1	0.1	0.1	0.1	0.1
<b>Total</b>	<b>558.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

### National Partnership payments for contingent services

#### Disaster Recovery Funding Arrangements – expense estimates<sup>(a)</sup>

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2024-25	7.0	20.5	82.1	-	-	29.1	-	-	558.4
2025-26	-	-	-	-	-	-	-	-	-
2026-27	-	-	-	-	-	-	-	-	-
2027-28	-	-	-	-	-	-	-	-	-
2028-29	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7.0</b>	<b>20.5</b>	<b>82.1</b>	<b>-</b>	<b>-</b>	<b>29.1</b>	<b>-</b>	<b>-</b>	<b>558.4</b>

a) Totals include funding yet to be allocated.

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 state data estimates. It includes both known and future estimated expenditure for relief and recovery measures prior to states submitting a claim to the Australian Government.

The total cost of relief and recovery from disaster events may not be completely realised for some years. The Government has provisioned \$1.2 billion in the Contingency Reserve to fund these future costs.

Current estimates for the DRFA are based on the information available about past events, at the time of preparation of this Budget. These estimates do not include other, as yet unquantifiable, disaster support payments that will be provided through the DRFA. More information on the economic impact of ex-Tropical Cyclone Alfred is available in Budget Paper No. 1, *Budget Strategy and Outlook 2025–26, Statement 1: Budget Overview*.

Estimated expenditure related to all natural disasters is 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 2025–26, Statement 8: Statement of Risks*.

#### Disaster Recovery Funding Arrangements – cash estimates<sup>(a)</sup>

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2024-25	390.7	371.3	1,330.9	11.7	54.7	18.5	-	-	2,177.9
2025-26	375.3	262.5	1,869.8	24.6	22.7	4.3	0.2	49.3	2,608.7
2026-27	5,242.6	111.1	339.6	501.0	199.2	32.9	-	6.3	6,885.2
2027-28	268.5	1.5	71.9	8.1	9.8	-	-	-	359.8
2028-29	185.1	-	-	-	-	-	-	-	185.1
<b>Total</b>	<b>6,462.3</b>	<b>746.3</b>	<b>3,612.2</b>	<b>545.3</b>	<b>286.5</b>	<b>55.7</b>	<b>0.2</b>	<b>55.6</b>	<b>12,216.6</b>

a) The total 2026-27 and 5-year estimates include funding yet to be allocated.

Estimated cash payments for the DRFA illustrate when the Australian Government expects to reimburse the states for costs incurred in relation to past disasters. Revisions to the estimates since MYEFO are based on updated data received from the states.

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

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2024-25	~	~	~	~	~	~	~	~	0.1
2025-26	~	~	~	~	~	~	~	~	0.1
2026-27	~	~	~	~	~	~	~	~	0.1
2027-28	~	~	~	~	~	~	~	~	0.1
2028-29	~	~	~	~	~	~	~	~	0.1
<b>Total</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.