

CHAPTER 7

ANALYSIS OF RELATIVITIES AND ANALYSIS OF CHANGE

INTRODUCTION

1. This chapter presents an analysis of the relativities the Commission has assessed in the 2004 Review. It also contains an analysis of the changes between the relativities assessed in the 2003 Update and those assessed in the 2004 Review.

2. The relativities the Commission assesses are intended to produce a distribution of the GST revenue and Health Care Grant (HCG) pool that gives each State the capacity to provide the same standard of services — that is, a distribution that achieves equalisation. The assessed relativities reflect the Commission's assessments of States' relative revenue raising capacities and their relative costs of providing services. The relative revenue raising capacities and relative costs of providing services differ for most taxes and charges States impose and for most services they provide. As a result, a distribution of the GST revenue and HCGs based on the relativities differs from a population (Equal Per Capita) distribution.

ANALYSIS OF RELATIVITIES

3. The analysis of relativities aims to show the effects of the Commission's assessments on the distribution of the GST revenue and HCG pool. It does so by comparing the effects of the total assessments (or parts of them) with a benchmark distribution¹. The benchmark that has been used in the analysis is the equal per capita (EPC) distribution — that is a distribution that would arise if each State had the same revenue raising capacity and the same costs of providing services.

4. The analysis in this chapter has been done using the 2003-04 GST revenue and HCG pool of \$38 825 million and the December 2003 populations shown in the Australian Government's *Budget Paper No. 3* for 2003-04.

¹ Differences in those two distributions reflect the underlying differences in Commission assessed relativities from one.

5. The analysis of relativities can be done at various levels of disaggregation. It usually starts with an estimate of total effect of the Commission's assessments — the total difference between the distribution of the pool based on the assessed relativities and the equal per capita distribution of the same pool. The analysis then disaggregates that effect to show the contribution of the major elements of the assessments (the effects of the total assessed revenue raising capacities, costs of providing services and relative SPP revenues). A further disaggregation is then done to show the contribution of each revenue category to total revenue raising capacity, each expense category to total costs of service provision and each SPP to the total difference in SPP revenues².

6. For some purposes, it is useful to identify the effects of each disability (or revenue base) the Commission assesses. Consequently, alternative dissections of the total effects of the revenue and expense assessments are made to estimate the contribution to the difference from the EPC distribution attributable to each underlying revenue base and disability assessed across all categories³.

7. Table 7-1 shows the difference between the equalisation and EPC distributions.

8. The total difference between the two distributions shown in Table 7-1 stems from three sources:

- (i) differences in **revenue** raising capacities (**revenue** assessments);
- (ii) differences in costs of service provision (**expense** assessments); and
- (iii) differences in the distribution of Specific Purpose Payments (**SPPs**) included in the Commission's analysis⁴.

9. The contribution of each of these sources to the total difference is shown in Table 7-2.

10. Table 7-3 shows the contribution of each revenue category, Table 7-4 shows the contribution of each expense category and Table 7-5 shows the contribution of each SPP.

² The dissection of the total difference between an equalisation distribution and an EPC distribution to identify the effects of each category (and each disability), is done by calculating the average of the needs assessed for each State in the five assessments years and scaling the result by the growth in the GST and HCG pool between those years and 2003-04.

³ The analysis of the effects of disability factors can be done in several ways. In this report the effects of each disability are measured as the difference between a distribution of the pool that would arise from the total assessed relativities and an alternative distribution when that disability is not assessed (but all other disabilities are assessed).

⁴ For SPPs, we have shown only the effect of the difference between the actual distribution and an EPC distribution of the amounts received by the States. An SPP-expenditure effect also arises because expenditure disabilities are applied to the expenditure financed by each SPP. This effect has been included with the other expenditure effects.

11. Table 7-6 provides an alternative dissection of the contribution of the expense assessments to the difference between an equalisation distribution and an EPC distribution that identifies the major underlying influences on relative costs of providing services (the disabilities) assessed by the Commission.

Table 7-1 COMPARISON OF EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS OF THE 2003-04 GST AND HCG POOL

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Equalisation distribution ^(a)	11 339.6	8 334.6	7 837.6	3 936.5	3 581.5	1 437.2	714.5	1 643.6	38 825.2(b)
EPC distribution	13 057.9	9 621.5	7 420.9	3 815.8	2 971.4	920.7	632.0	384.9	38 825.2(b)
Difference	-1 718.3	-1 286.9	416.7	120.7	610.1	516.5	82.5	1 258.7	0.0
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Equalisation distribution	1 683.44	1 679.26	2 047.39	1 999.84	2 336.60	3 026.12	2 191.49	8 277.29	1 938.54
EPC distribution	1 938.54	1 938.54	1 938.54	1 938.54	1 938.54	1 938.54	1 938.54	1 938.54	1 938.54
Difference	- 255.10	- 259.28	108.86	61.30	398.06	1 087.59	252.95	6 338.75	0.00

(a) Based on the application of the 2004 Review GST relativities to the GST and HCG pool for 2003-04 and ABS estimates of State populations as at December 2003.

(b) Australian Government, *Budget Paper No.3, Federal Financial Relations 2003-04*, p10.

Table 7-2 DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS DISSECTED BY CAUSE

Difference in	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue raising capacity	-1 159.6	488.6	262.6	- 721.2	668.8	327.5	102.1	31.1	1 880.7
Expense requirements	- 626.5	-1 871.9	132.4	840.8	- 9.4	226.3	- 13.7	1 321.9	2 521.4
SPPs	69.6	97.9	21.2	0.6	- 49.9	- 37.8	- 6.0	- 95.6	189.4
Total difference from EPC	-1 718.3	-1 286.9	416.7	120.7	610.1	516.5	82.5	1 258.7	3 005.2

(a) Each item is the total amount redistributed divided by the Australian population.

Table 7-3 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, REVENUE CATEGORIES

Contribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Payroll Taxation	-323.0	-318.1	296.6	20.7	176.3	87.9	45.8	13.8	641.1
Land Revenue	-364.0	52.5	109.2	5.3	125.8	51.6	13.1	6.6	364.0
Stamp Duty on Conveyances	-774.6	334.7	-7.1	66.2	235.5	102.5	8.0	34.9	781.8
Financial Transaction Taxes	-88.0	-37.4	64.8	16.3	25.2	17.3	-1.1	3.0	126.6
Stamp Duty on Shares and Marketable Securities	-28.9	12.8	12.5	4.2	2.6	2.6	-6.9	1.1	35.8
Gambling Taxation	-37.4	-20.5	45.3	4.0	15.1	9.1	-14.6	-1.0	73.5
Insurance Taxation	-128.1	-9.1	66.3	31.7	11.5	13.4	9.1	5.1	137.2
Heavy Vehicle Registration Fees and Taxes	48.7	-4.4	-13.9	-25.5	-9.9	-0.3	6.4	-1.0	55.0
Light Vehicle Registration Fees and Taxes	98.3	-38.6	-10.0	-31.5	-19.3	-5.8	1.4	5.6	105.3
Stamp Duty on Motor Vehicle Registrations and Transfers	13.9	-28.3	-3.5	-17.5	24.9	5.7	3.5	1.3	49.3
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining Revenue	423.5	545.0	-297.6	-794.9	81.1	43.4	37.6	-38.1	1130.6
Contributions from Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-1159.6	488.6	262.6	-721.2	668.8	327.5	102.1	31.1	1880.7

(a) Total movement from EPC.

Table 7-4 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, EXPENSE CATEGORIES AND USER CHARGES

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Preschools Education	0.2	-8.7	3.2	1.6	-2.9	0.7	-0.5	6.4	12.1
Preschools Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government Primary School Education	15.6	-143.5	37.5	18.9	-58.0	26.4	-3.6	106.6	205.1
Government Primary School Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government Primary School Education	5.8	16.5	-21.5	-5.3	-2.5	-1.3	5.4	2.9	30.6
Government Secondary School Education	-66.1	-235.7	107.0	134.8	-15.6	15.6	5.2	54.9	317.5
Government Secondary School Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government Secondary School Education	-21.9	-2.5	9.6	13.9	-3.7	-3.4	5.8	2.3	31.6
VET	-64.5	-65.1	60.7	19.3	-7.8	12.3	12.6	32.4	137.4
VET (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transport of Rural School Children	-26.4	-38.5	49.3	-1.5	7.2	15.5	-12.0	6.4	78.4
Education	-157.4	-477.4	245.9	181.7	-83.3	65.7	12.8	212.0	718.1
Inpatient Services	-45.0	-136.6	-14.6	5.2	114.9	26.4	-58.5	108.3	254.7
Inpatient Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hospital Patient Fees	-3.0	1.3	-1.7	3.1	-3.6	-1.8	3.1	2.6	10.1
Non-Inpatient and Community Health Services	-47.6	-110.5	43.2	39.3	-12.9	12.6	-11.5	87.4	182.5
Non-Inpatient and Community Health Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Population and Preventive Health	-5.2	-25.1	0.9	0.6	-0.1	3.1	2.1	23.7	30.3

Table 7-4 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, EXPENSE CATEGORIES AND USER CHARGES (continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Population and Preventive Health (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health	-100.8	-270.9	27.9	48.2	98.3	40.2	-64.9	222.0	436.6
Family and Child Services	-26.9	-96.7	29.5	25.7	-14.4	5.0	-5.1	82.9	143.1
Family and Child Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aged and Disabled Services	19.7	-13.2	-26.8	-11.5	11.2	6.1	0.1	14.4	51.5
Aged and Disabled Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Homeless and General Welfare	-32.9	-65.4	32.6	17.3	-0.2	9.0	-3.7	43.4	102.3
Homeless and General Welfare (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing	-41.9	-114.9	16.6	38.3	11.0	5.1	-6.3	92.1	163.1
Housing (UC)	13.9	45.8	-14.9	-16.2	-14.2	-1.2	5.4	-18.5	65.1
First Home Owners Scheme	-55.2	13.3	19.0	26.4	-5.9	-0.8	3.8	-0.6	62.5
Services to Indigenous Communities	-45.5	-37.5	-12.2	3.6	-7.8	-2.7	-2.5	104.7	108.3
Community services	-168.9	-268.6	43.7	83.5	-20.3	20.5	-8.3	318.5	466.1
Police	7.5	-62.9	-22.1	14.4	-27.5	-1.0	9.0	82.7	113.6
Police (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration of Justice	-17.6	-65.3	4.6	19.0	-15.4	4.7	7.1	62.9	98.4
Fees and Fines	-4.6	-3.7	4.5	0.7	2.2	0.4	0.2	0.2	8.3
Property Titles	-2.8	6.9	-11.4	2.2	2.6	1.2	-0.2	1.4	14.3
Corrective Services	15.1	-63.1	-14.3	10.4	-22.6	-0.7	3.9	71.4	100.8
Corrective Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7-4 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, EXPENSE CATEGORIES AND USER CHARGES (continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Public Safety	56.5	-47.3	0.8	-0.8	-20.4	-4.6	5.1	10.7	73.1
Public Safety (UC)	-71.6	-8.0	41.5	11.8	4.8	7.4	7.2	6.9	79.6
Law, Order and Public Safety	-17.5	-243.6	3.6	57.8	-76.2	7.3	32.4	236.2	337.2
Culture and Recreation	-13.8	-20.2	-22.2	4.0	2.6	9.6	21.7	18.3	56.3
Culture and Recreation (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Parks and Wildlife Services	8.2	-59.9	-45.3	30.0	-11.5	10.8	21.7	46.0	116.7
National Parks and Wildlife Services (UC)	4.1	3.0	-4.4	-0.4	2.6	-1.4	-1.0	-2.5	9.7
Culture and Recreation	-1.5	-77.2	-71.9	33.7	-6.2	19.1	42.3	61.7	156.8
Electricity and Gas	-22.3	-27.9	21.2	17.0	3.7	5.3	-4.2	7.2	54.4
Water Sanitation and Protection of the Environment	-14.7	-75.8	-10.2	50.3	47.1	-1.3	-9.5	14.2	111.5
Non-urban Transport	7.6	-9.4	3.2	0.6	0.1	4.1	-9.6	3.4	19.0
Primary Industry	-99.5	-28.2	35.3	36.4	54.4	13.0	-18.8	7.5	146.6
Primary Industry (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining, Fuel and Energy	-51.7	-42.7	-5.9	90.8	-7.2	1.1	-2.2	17.8	109.7
Mining, Fuel and Energy (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism	-9.4	-8.0	-1.3	1.4	1.2	3.8	4.5	7.7	18.7
Tourism (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7-4 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, EXPENSE CATEGORIES AND USER CHARGES (continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Manufacturing and Other Industry	-6.0	-3.6	-3.9	0.8	0.7	3.2	4.3	4.5	13.6
Manufacturing and Other Industry (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies - Petroleum Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies - Alcohol Products	-4.1	-0.3	-4.8	1.9	7.8	0.1	-0.4	-0.2	9.8
Concessions, Other Payments and Services to Industry	-200.2	-196.0	33.6	199.3	107.8	29.3	-35.9	62.1	432.0
Roads	29.5	-140.7	-51.1	146.3	-25.1	0.7	-12.4	52.9	229.4
Roads (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Urban Transit	119.4	51.2	-46.6	-25.3	-34.3	-41.5	-4.4	-18.5	170.6
Transport	148.9	-89.5	-97.7	121.0	-59.4	-40.8	-16.9	34.5	304.4
Superannuation	-45.4	-134.4	1.5	71.8	25.9	36.7	-36.0	79.8	215.8
GST Administration Costs	-0.4	0.4	-0.1	0.2	0.0	0.0	-0.1	0.0	0.6
General Public Services	-66.8	-74.7	-79.0	23.1	2.2	41.5	65.2	88.6	220.5
General Public Services (UC)	-11.7	-5.8	9.9	-6.2	7.7	4.2	1.8	0.2	23.8
General Public Services	-124.3	-214.5	-67.8	88.8	35.8	82.4	30.9	168.7	406.7
Debt Charges	14.0	-4.7	1.0	18.5	-2.4	-6.5	-6.8	-13.1	33.5
Depreciation	-18.9	-29.5	14.1	8.3	-3.2	9.1	0.6	19.5	51.6
Debt Charges and Depreciation	-4.8	-34.2	15.1	26.8	-5.7	2.6	-6.2	6.4	50.9
Total Expenses	-626.5	-1871.9	132.4	840.8	-9.4	226.3	-13.7	1321.9	2521.4

(a) UC indicates user charges.

(b) Total movement from EPC.

Table 7-5 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, SPPS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Debt Redemption Assistance	-3.8	7.5	4.0	-1.2	-1.1	-3.6	-0.1	-1.8	11.5
Vocational Education and Training	-5.6	-0.8	18.0	4.5	-4.4	-5.1	-3.8	-2.8	22.5
Advanced English for Migrants	-0.3	-0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.4
Government Schools	6.4	17.8	-8.1	-1.3	0.3	-7.9	0.4	-7.6	24.9
Blood Transfusion Services	0.4	0.7	1.2	-1.3	-1.0	0.2	-0.2	0.1	2.6
Youth Health Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
National Public Health	0.4	4.2	4.3	0.6	-1.5	-2.7	-1.4	-3.9	9.5
Magnetic Resonance Imaging	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Home and Community Care	19.7	-19.5	0.9	0.4	-6.6	-1.1	3.6	2.5	27.2
Aged Care Assessment Service	0.2	-0.3	1.1	0.0	-0.7	-0.3	0.4	-0.4	1.7
Supported Accommodation Assistance	2.3	5.8	4.4	-0.4	-3.2	-3.2	-2.6	-3.1	12.6
Disabilities Services	4.9	12.4	-3.9	10.9	-19.9	-6.0	1.5	0.0	29.8
Commonwealth State Housing Agreement	27.2	31.6	-7.8	-6.7	-1.9	-3.0	-7.0	-32.3	58.8
Extension of Fringe Benefits	-1.9	-0.2	2.6	2.0	-4.0	-1.4	1.8	1.0	7.5
Social Housing Subsidy Program	-1.5	0.6	0.5	0.2	0.2	0.1	-0.1	0.0	1.6
Assistance for Housing	0.0	0.0	0.5	-0.1	-0.4	-0.2	0.1	0.0	0.7
Grants for Indigenous Purposes	17.7	34.4	3.8	-6.6	-4.4	0.7	1.4	-47.0	58.0

Table 7-5 CONTRIBUTION TO DIFFERENCE BETWEEN EQUALISATION AND EQUAL PER CAPITA DISTRIBUTIONS, SPPS (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Emergency Services	1.4	-0.3	-0.1	-0.4	-0.2	-0.3	0.2	-0.3	1.6
Plant Disease and Eradication	0.6	0.3	-0.7	0.1	-0.3	0.0	0.0	-0.1	1.1
Queensland Sugar Coast Environmental Rescue Package	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1
Sugar Restructuring Package	-0.2	0.2	-0.1	0.1	0.1	0.0	0.0	0.0	0.4
Employment Training - Aboriginal	-0.1	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.2
Skilling Farmers for the Future	-0.6	0.5	0.4	-0.1	-0.4	0.0	0.1	0.0	1.0
Farm Assistance	0.8	0.4	-0.5	0.2	-1.1	0.1	0.1	0.0	1.6
Gold Coast Light Rail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inveresk Redevelopment	0.1	0.1	0.1	0.0	0.0	-0.4	0.0	0.0	0.4
Upgrade Tasmanian Sporting Facilities	0.8	0.6	0.5	0.2	0.2	-2.4	0.0	0.0	2.4
Regional Minerals Program	0.4	0.3	0.2	0.1	0.1	-1.2	0.0	0.0	1.2
Enterprise Development	0.2	0.2	0.0	0.0	0.0	-0.1	-0.3	0.0	0.4
National Business Information Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Road Safety Blackspots	-0.3	1.1	-0.3	-0.7	0.4	-0.1	0.0	-0.1	1.4
Road Program ^(b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NAPSWQ Payment ^(c)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	69.6	97.9	21.2	0.6	-49.9	-37.8	-6.0	-95.6	189.4

(a) Total movement from EPC. It is calculated by dividing the total redistribution by the Australian population.

(b) Effects are included in the roads expense category.

(c) Effects are included in the primary industry expense category.

Table 7-6 CONTRIBUTION OF EXPENSE DISABILITIES TO REDISTRIBUTION

Contribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Indigeneity ^(b)	-287.0	-664.8	246.3	188.2	-96.7	15.1	-25.6	624.6	1074.2
Other socio-demographic composition influences ^(c)	-422.5	-527.4	398.7	190.5	188.3	158.8	-133.2	146.8	1083.0
Wage levels	631.4	-13.0	-403.1	-104.5	-140.9	-55.7	26.5	59.3	717.2
Input costs (excluding wages) ^(d)	46.8	-21.6	-80.0	0.1	-23.7	-18.7	10.2	87.0	144.0
Scale of service provision ^(e)	-387.3	-222.6	-91.2	55.9	85.8	160.8	156.4	242.3	701.1
Urban influences	159.9	108.9	-71.4	-56.6	-54.9	-48.1	-9.6	-28.3	268.8
Population dispersion ^(f)	-229.9	-292.2	122.4	199.5	-15.8	-36.4	-30.4	282.8	604.7
Economic environment ^(g)	-142.7	-61.2	1.5	144.3	19.0	18.5	-16.4	37.1	220.4
Physical environment ^(h)	100.9	-358.8	-1.4	183.6	-8.3	9.4	-7.1	81.8	375.7
Expenditure – others ⁽ⁱ⁾	-96.1	180.9	10.7	39.9	37.8	22.6	15.5	-211.3	307.4
Total expenditure	-626.5	-1871.9	132.4	840.8	-9.4	226.3	-13.7	1321.9	2521.4
Total effect of SPPs	69.6	97.9	21.2	0.6	-49.9	-37.8	-6.0	-95.6	189.4
Total effect of SPPs and expenses	-556.9	-1774.0	153.6	841.4	-59.3	188.5	-19.7	1226.3	2409.8

- (a) Total movement from EPC. It is calculated by dividing the total redistribution by the Australian population.
- (b) Includes the effects of above average use of services by Indigenous people and higher costs of servicing them, including the effects of land rights and native title legislation.
- (c) Includes the effects of age, sex, cultural and linguistic diversity, income and the cross-border use of services.
- (d) Includes costs of office rent and electricity, interest rates and the isolation of some States from major sources of supply in south-east Australia.
- (e) Includes diseconomies of small scale in administration and in provision of services from many small centres.
- (f) Includes the net effects of urbanisation, of population dispersion and of geographic location on hospital costs and patient transport.
- (g) Includes effects of structure and nature of State economies, road use, availability of private medical services, and the ACT's status as the national capital.
- (h) Includes the effects of climate, natural hazards, conservation task, water availability, other aspects of the physical environment, and road and bridge length.
- (i) Includes some miscellaneous small factors and interactions between factors.

ANALYSIS OF CHANGE

12. Analysis of change is designed to identify the reasons for the changes between the relativities assessed in this review and the relativities assessed in the previous inquiry.

13. The analysis uses changes in notional grants to illustrate the size and direction of changes. The analysis proceeds by applying the GST relativities from the 2004 Review and the GST relativities from the 2003 Update to a common pool of GST revenue and HCG and uses the same population data. In this report we have used the 2003-04 GST revenue and HCG pool and December 2003 population as shown in the Australian Government's *Budget Paper No. 3* for 2003-04.

14. Between the 2003 Update and the 2004 Review, changes in relativities have arisen for following reasons:

- changes in assessment methods;
- changes in State revenue and expenses in the assessment years that are common to the 2003 Update and the 2004 Review (1998-99 to 2001-02);
- revisions to and updating of data used to measure revenue bases and expenses disabilities (including replacing 1996 Census data used in the 2003 Update with 2001 Census data, revised ABS data on gross State product from Australian National Accounts, and using the most recent data on use of State services or revenue bases); and
- updating the calculations by deleting data for 1997-98 and including data for 2002-03. This can have effects through changes in expenses and revenue standards and by including the latest information on State circumstances (which is particularly important for revenue assessments).

15. As with analysis of relativities, analysis of change is done in increasing levels of detail to identify the effects of:

- changes in the aggregate relativities;
- the contribution to the total change in relativities attributable to changes in the revenue assessments, the expense assessments and in SPP receipts; and
- the contribution of changes in individual revenue and expense assessments (or groups of assessments).

16. The analysis can also be done to identify the effects of changes in disabilities across all categories.

17. The analysis of changes is done in two stages. It identifies the effects of:

- (i) revisions in the data on State revenues and expenses (the standards) and changes in the assessments of revenue bases or disabilities in the years of the 2003 Update (1997-98 to 2001-02)⁵ — the effects of changes in methods made during this review would be included in this stage; and
- (ii) changes in standards and assessed revenue bases and disabilities caused by updating the assessment years (deleting 1997-98 assessments and including 2002-03 assessments).

18. Box 7-1 provides a schematic illustration of the directional impact on the notional distribution of the GST revenue and HCG pool of changes in the Commission's assessments of revenue raising capacity and costs of service provision (changes that can be caused by changes in methods and changes in data on revenue bases, the use of services or the costs of servicing particular groups of people) and changes in revenue and expense standards.

⁵ This analysis itself is done in several steps. The effects of revisions in the revenue and expense standards are estimated by comparing the 2003 Update results with revised results obtained by applying the 2003 Update disabilities to the revised standard budget. The effects of changes in assessment methods and changes in data used to measure revenue bases and expense disabilities are estimated by comparing the 2003 Update results with revised results obtained by applying the new assessments to the 2003 Update revenue and expense standards. The remaining difference between the 2003 Update distribution and the distribution obtained by applying the 2004 Review assessments based on the years 1997-98 to 2001-02 represents the interaction of the revised standards and the new assessment methods.

Box 7-1 EFFECTS ON THE NOTIONAL DISTRIBUTION OF GST REVENUE AND HCGs OF VARIOUS CHANGES⁶

Changes in revenue raising capacity		
Increase in relative revenue raising capacity	(Assuming no change in the financial standard)	Decrease in grant share
Decrease in relative revenue raising capacity	(Assuming no change in the financial standard)	Increase in grant share
Changes in costs of service provision		
Increase in relative cost of service provision	(Assuming no change in the financial standard)	Increase in grant share
Decrease in relative cost of service provision	(Assuming no change in the financial standard)	Decrease in grant share
Changes in revenue standards		
Increase in revenue standard	State assessed to have high revenue raising capacity	Decreased grant share
	State assessed to have low revenue raising capacity	Increased grant share
Decrease in revenue standard	State assessed to have high revenue raising capacity	Increased grant share
	State assessed to have low revenue raising capacity	Decreased grant share
Changes in expenditure standards		
Increase in expenditure standard	State assessed to have a low cost of service provision	Decreased grant share
	State assessed to have a high cost of service provision	Increased grant share
Decrease in expenditure standard	State assessed to have a low cost of service provision	Increased grant share
	State assessed to have a high cost of service provision	Decreased grant share

19. Table 7-7 compares the notional distribution of the 2003-04 GST revenue and HCG pool based on the 2003 Update GST relativities with the notional distribution of the same pool based on the 2004 Review relativities.

⁶ The effects of changes in SPPs on grant shares are similar to those of changes in revenue raising capacities, including those of changes in standards.

20. Table 7-8 shows the contribution to those changes of changes in the revenue assessments, the expense assessments and the SPP revenues.

21. Table 7-9 shows the contribution of changes in individual revenue assessments. Table 7-10 shows the contribution of changes in individual expense categories and Table 7-11 shows the contribution of changes in individual SPPs.

22. Table 7-12 dissects the total change in expense assessments into the contribution of changes in the major disabilities assessed by the Commission.

Table 7-7 CHANGE IN THE DISTRIBUTION RESULTING FROM THE 2003 UPDATE AND 2004 REVIEW GST RELATIVITIES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2003 Update ^(a)	11 656.7	8 385.9	7 574.9	3 705.6	3 607.9	1 475.1	727.9	1 691.3	38 825.2
2004 Review ^(b)	11 339.6	8 334.6	7 837.6	3 936.5	3 581.5	1 437.2	714.5	1 643.6	38 825.2
Change	- 317.0	- 51.2	262.7	230.9	- 26.3	- 37.9	- 13.4	- 47.7	0.0

(a) The 2003 Update distribution is sourced from *2003-04 Budget Paper No. 3*.

(b) The 2004 Review distribution is calculated using the 2004 Review GST relativities, *2003-04 Budget Paper No. 3*, GST revenue and HCGs pool, and December 2003 population.

Source: *Federal Financial Relations 2003-04, Budget Paper No. 3*, and Commission calculations.

Table 7-8 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW^(a)

Contribution of	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue assessments	-103.5	21.3	-85.2	131.6	41.3	5.9	1.7	-13.1	201.8
Expense assessments	-197.6	-45.1	343.3	49.6	-66.6	-33.1	-3.6	-47.0	393.0
SPPs	-16.7	-28.2	4.6	49.6	-0.6	-10.3	-11.5	13.2	67.4
Total difference	-317.0	-51.2	262.7	230.9	-26.3	-37.9	-13.4	-47.7	493.7

(a) Change in the distribution of the 2003-04 GST/HCG pool of \$38.825 billion caused by applying the GST relativities assessed in the 2004 Review instead of those assessed in the 2003 Update.

Table 7-9 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, REVENUE CATEGORIES

Contribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Payroll Taxation	-30.8	-9.2	58.6	-24.4	6.0	3.6	0.0	-3.8	68.2
Land Revenue	32.6	-0.3	-34.7	-1.2	1.4	-0.1	1.0	1.3	36.3
Stamp Duty on Conveyances	-59.0	9.9	-38.0	37.8	38.7	6.7	-3.2	7.0	100.1
Financial Transaction Taxes	62.0	-11.4	-21.5	-6.3	-13.9	-5.4	-1.1	-2.4	62.0
Stamp Duty on Shares and Marketable Securities	-3.8	0.4	-0.7	0.8	-1.4	0.0	4.7	0.1	6.0
Gambling Taxation	5.9	5.2	-1.0	-4.2	0.3	-0.3	-0.4	-5.6	11.4
Insurance Taxation	-14.3	-4.1	6.5	10.9	-0.4	1.0	0.4	0.1	18.9
Heavy Vehicle Registration Fees and Taxes	7.5	-2.5	-7.6	3.2	-1.8	1.3	0.2	-0.2	12.1
Light Vehicle Registration Fees and Taxes	-10.8	7.1	-2.1	3.7	1.1	0.7	0.6	-0.4	13.3
Stamp Duty on Motor Vehicle Registrations and Transfers	-4.8	13.5	-4.3	-3.0	-0.8	-0.4	-0.3	0.2	13.6
Drivers' Licence Fees ^(a)	-0.5	0.8	-0.2	0.1	0.0	-0.1	0.0	-0.1	0.9
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining Revenue	-87.6	11.9	-40.3	114.2	12.2	-1.2	-0.1	-9.2	138.4
Contributions from Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-103.5	21.3	-85.2	131.6	41.3	5.9	1.7	-13.1	201.8

(a) Assessed separately in 2003 Update and assessed as part of Roads user charges in 2004 Review.

Table 7-10 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, EXPENSE CATEGORIES AND USER CHARGES

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Preschools Education	1.2	-1.8	0.8	-0.2	-1.0	-0.5	-0.2	1.8	3.7
Preschools Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government Primary School Education	35.5	15.7	-4.0	-27.4	-14.1	-9.8	-2.3	6.5	57.7
Government Primary School Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government Primary School Education	-11.3	-41.4	25.2	12.2	16.6	-3.4	-2.3	4.4	58.4
Government Secondary School Education	29.3	5.0	-15.8	-20.5	8.3	-11.5	-0.4	5.5	48.2
Government Secondary School Education (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government Secondary School Education	51.1	69.9	-79.6	-31.0	-16.7	3.9	5.0	-2.6	129.9
VET	-16.4	-35.3	53.6	-5.4	9.1	9.0	-5.7	-9.0	71.8
VET (UC)	1.8	1.0	-1.5	-0.1	-0.3	-0.4	0.1	-0.7	3.0
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transport of Rural School Children	13.6	-5.6	-13.5	-3.7	5.8	4.1	-0.4	-0.2	23.5
Total Education	104.9	7.5	-34.8	-76.1	7.7	-8.6	-6.2	5.7	125.7
Inpatient Services	-37.6	-4.1	41.1	-32.3	48.2	-3.1	-10.7	-1.4	89.3
Inpatient Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hospital Patient Fees	-2.5	4.9	-3.7	2.6	-3.3	-1.9	2.8	1.1	11.4
Non-Inpatient and Community Health Services	18.2	8.0	12.4	-10.1	1.4	7.7	-0.2	-37.5	47.9
Non-Inpatient and Community Health Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Population and Preventive Health	-9.3	-12.6	15.0	-3.0	0.8	-0.3	-3.7	13.2	28.9

Table 7-10 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, EXPENSE CATEGORIES AND USER CHARGES (continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Population and Preventive Health (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health	-31.2	-3.8	64.8	-42.8	47.1	2.4	-11.8	-24.7	114.3
Family and Child Services	-8.1	-35.8	10.9	8.3	-4.1	-2.4	-2.3	33.6	52.8
Family and Child Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aged and Disabled Services	-19.8	-18.4	28.3	1.9	-13.3	0.6	10.4	10.3	51.5
Aged and Disabled Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Homeless and General Welfare	-19.7	-39.8	21.1	12.3	-1.9	5.3	-2.1	24.8	63.5
Homeless and General Welfare (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing	-59.9	8.2	-40.2	51.7	-7.4	-7.6	-7.0	62.0	121.9
Housing (UC)	27.8	-19.3	37.4	-38.5	4.3	2.1	3.1	-16.9	74.7
First Home Owners Scheme	-4.6	2.9	5.5	-8.6	1.8	2.6	0.5	-0.1	13.3
Services to Indigenous Communities	14.9	19.6	-19.4	-8.2	1.4	1.4	1.4	-11.2	38.7
Community services	-69.4	-82.6	43.6	19.1	-19.2	2.1	4.0	102.4	171.2
Police	35.0	8.2	-15.5	-29.5	2.6	-1.7	-4.4	5.2	51.1
Police (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration of Justice	14.8	-8.7	-6.3	-2.1	-8.2	-2.0	-2.9	15.4	30.2
Fees and Fines	-4.5	-3.2	4.2	1.4	2.2	0.0	-0.1	0.0	7.8
Property Titles	1.1	-1.5	-2.2	3.2	0.1	-0.7	-0.2	0.2	4.6
Corrective Services	-6.7	20.6	-12.0	-7.5	-8.4	-4.6	3.1	15.5	39.2
Corrective Services (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7-10 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, EXPENSE CATEGORIES AND USER CHARGES
(continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Public Safety	0.2	-56.4	36.1	4.6	3.5	1.4	5.1	5.7	56.4
Public Safety (UC)	-37.5	14.6	18.6	18.3	-18.3	-4.9	5.8	3.5	60.7
Law, Order and Public Safety	2.3	-26.4	22.8	-11.6	-26.4	-12.5	6.4	45.4	76.9
Culture and Recreation	19.9	10.1	-5.2	-9.6	-2.7	-4.9	1.8	-9.5	31.9
Culture and Recreation (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Parks and Wildlife Services	49.2	14.1	-39.9	-13.0	-18.6	6.8	11.5	-10.2	81.6
National Parks and Wildlife Services (UC)	1.2	1.4	-1.8	0.7	0.7	-0.6	-0.4	-1.3	4.1
Culture and Recreation	70.3	25.6	-46.9	-21.9	-20.6	1.4	12.9	-21.0	110.3
Electricity and Gas	-15.6	-20.7	15.4	13.4	-0.5	3.5	-1.5	6.0	38.3
Water Sanitation and Protection of the Environment	-3.4	-56.6	4.5	49.3	-2.2	-1.2	-4.5	14.0	67.8
Non-urban Transport	4.8	-1.6	-7.1	3.8	2.4	1.9	-7.3	3.1	16.0
Concessions Other Trading ^(b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Concessions Other ^(b)	0.0	0.4	-0.3	5.0	-7.1	-3.2	3.0	2.3	10.6
Primary Industry	10.3	2.1	-2.1	-9.2	15.5	-1.0	1.3	-16.8	29.2
Primary Industry (UC)	-32.8	-0.6	16.5	7.1	14.7	3.8	-7.3	-1.3	42.1
Mining, Fuel and Energy	-4.9	-4.7	-5.4	18.0	-2.3	-1.0	0.2	0.1	18.3
Mining, Fuel and Energy (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism	2.2	-0.7	2.9	-1.1	-0.5	-0.8	-0.6	-1.5	5.2
Tourism (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7-10 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, EXPENSE CATEGORIES AND USER CHARGES (continued)

Contribution ^(a)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Manufacturing and Other Industry	-2.1	-1.7	0.6	-0.2	0.8	0.8	0.9	0.8	3.9
Manufacturing and Other Industry (UC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies - Petroleum Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies - Alcohol Products	4.5	3.7	-8.3	-3.7	3.2	0.4	0.2	0.0	12.0
Concessions, Other Payments and Services to Industry	-36.9	-80.4	16.7	82.5	24.0	3.2	-15.6	6.5	132.9
Roads	5.5	-28.6	-6.8	80.2	-22.3	-11.9	-3.6	-12.5	85.7
Roads (UC)	22.5	16.6	-14.7	-7.5	-5.9	-5.2	-3.6	-2.2	39.1
Urban Transit	168.6	40.2	-62.5	-34.1	-71.1	-22.4	-13.2	-5.5	208.8
Transport	196.6	28.1	-84.0	38.5	-99.2	-39.5	-20.4	-20.2	263.2
Superannuation	16.2	25.9	6.2	-17.0	-6.1	-10.4	6.9	-21.8	55.2
GST Administration Costs	-0.4	0.4	-0.1	0.2	0.0	0.0	-0.1	0.0	0.6
General Public Services	76.7	24.2	-19.1	-21.5	-13.5	-18.4	-11.1	-17.3	100.8
General Public Services (UC)	-9.3	-3.1	6.9	-3.4	5.0	3.2	0.7	0.0	15.9
General Public Services	83.1	47.4	-6.1	-41.7	-14.6	-25.5	-3.5	-39.0	130.4
Debt Charges	-284.6	58.3	226.1	50.1	14.3	12.1	16.2	-92.5	377.1
Depreciation	-232.8	-18.9	141.0	53.6	20.3	31.8	14.5	-9.6	261.3
Debt Charges and Depreciation	-517.4	39.4	367.1	103.7	34.6	43.9	30.7	-102.1	619.5
Total Expenses	-197.6	-45.1	343.3	49.6	-66.6	-33.1	-3.6	-47.0	393.0

(a) UC indicates user charges.

(b) Assessed as separate category in 2003 Update and components combined with several categories in 2004 Review.

Table 7-11 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, SPPS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Debt Redemption									
Assistance	1.4	-2.3	-1.5	0.8	0.1	1.0	-0.1	0.6	3.9
Vocational Education and Training	1.2	0.5	5.8	1.8	-4.0	-1.9	-0.8	-2.5	9.3
Access Program ^(a)	-0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.2
Advanced English for Migrants	0.1	0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.2
Government Schools	5.7	-4.0	-4.9	4.0	0.7	-0.5	0.0	-1.1	10.5
Non-government Schools ^{(a)(b)}	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dental Program ^(a)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Blood Transfusion Services	0.1	0.1	-0.2	-0.1	0.1	0.0	0.0	0.0	0.3
Youth Health Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Public Health	1.2	0.3	0.0	0.0	-0.2	-0.2	0.0	-1.1	1.5
Magnetic Resonance Imaging	-0.3	-0.1	-0.1	0.1	0.2	0.2	0.2	-0.1	0.6
Home and Community Care	0.3	1.9	-2.5	0.3	0.2	0.0	-0.2	-0.1	2.8
Aged Care Assessment Service	-0.2	-0.1	-0.1	0.1	0.1	0.1	-0.1	0.0	0.4
Supported Accommodation Assistance	0.7	0.6	-0.4	-0.7	0.2	0.0	-0.2	-0.1	1.4
Disabilities Services	0.8	-0.8	0.8	-0.6	0.2	-0.1	-0.1	-0.1	1.8
Commonwealth State Housing Agreement	25.2	29.3	-7.2	-6.2	-1.8	-2.7	-6.6	-30.0	54.6
Extension of Fringe Benefits	-0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.3
Social Housing Subsidy Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assistance for Housing	0.0	0.0	-0.2	0.0	0.1	0.0	0.0	0.0	0.2
Grants for Indigenous Purposes	-55.4	-54.3	14.8	49.9	4.5	-2.3	-3.4	46.2	115.4
National Estate Grants Program ^(a)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7-11 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, SPPS (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Emergency Services	0.5	-1.0	0.3	0.1	0.1	0.0	0.0	0.0	1.0
Regional Flood Mitigation ^(a)	0.3	-0.7	0.7	0.0	-0.2	0.0	-0.1	0.0	1.0
Legal Aid - Payments for State law matters ^(a)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plant Disease and Eradication	0.6	0.3	-0.7	0.1	-0.3	0.0	0.0	-0.1	1.1
Bovine Brucellosis and Tuberculosis ^(a)	-0.8	-0.6	0.0	0.1	-0.2	-0.1	0.0	1.6	1.7
Queensland Sugar Coast Environmental Rescue Package	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sugar Restructuring Package	-0.2	0.2	-0.1	0.1	0.1	0.0	0.0	0.0	0.4
Entry Level Training ^(a)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment Training - Aboriginal	0.1	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.4
Skilling Farmers for the Future	0.1	0.0	0.3	-0.1	-0.3	0.0	0.0	0.0	0.4
Farm Assistance	0.7	0.3	-0.6	0.2	-0.8	0.1	0.1	0.0	1.4
Gold Coast Light Rail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inveresk Redevelopment	0.1	0.1	0.1	0.0	0.0	-0.4	0.0	0.0	0.4
Upgrade Tasmanian Sporting Facilities	0.8	0.6	0.5	0.2	0.2	-2.4	0.0	0.0	2.4
Regional Minerals Program	0.4	0.3	0.2	0.1	0.1	-1.2	0.0	0.0	1.2
Enterprise Development Program	0.2	0.2	0.0	0.0	0.0	-0.1	-0.3	0.0	0.4
National Business Information Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Road Safety Blackspots Road Program ^(c)	-0.3	1.1	-0.3	-0.7	0.4	-0.1	0.0	-0.1	1.4
NAPSWQ Payment ^(d)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-16.7	-28.2	4.6	49.6	-0.6	-10.3	-11.5	13.2	67.4

- (a) Treated by Inclusion in 2003 Update and excluded in the 2004 Review.
- (b) Effects are included in the non-government school expense categories.
- (c) Effects are included in the roads expense category.
- (d) Effects are included in the primary industry expense category.

Table 7-12 CONTRIBUTION TO THE CHANGE IN DISTRIBUTION, 2003 UPDATE TO 2004 REVIEW, DISABILITIES

Contribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Socio-demographic composition influences ^(b)	-332.4	-458.3	257.4	241.9	92.0	71.0	-93.3	221.7	884.0
Input costs ^(c)	315.0	65.2	-89.0	-201.9	-26.0	-52.9	20.7	-31.0	400.9
Scale of service provision ^(d)	57.3	69.5	-1.0	-37.4	-11.5	-17.7	-4.3	-55.0	126.9
Urban influences ^(e)	-43.6	51.0	72.7	-6.9	-42.4	-21.2	-5.0	-4.5	123.7
Population dispersion ^(f)	-92.4	-79.1	38.0	48.7	20.8	-27.9	-10.2	102.0	209.5
Economic environment ^(g)	22.0	2.8	-38.0	45.0	5.9	-3.4	-18.8	-15.5	75.7
Physical environment ^(h)	165.0	-205.5	16.4	90.3	-71.9	5.1	4.8	-4.2	281.6
Expenditure – others ⁽ⁱ⁾	-288.6	509.3	86.8	-130.1	-33.5	14.0	102.6	-260.4	712.7
Total expenditure	-197.6	-45.1	343.3	49.6	-66.6	-33.1	-3.6	-47.0	393.0
Total effect of SPPs	-16.7	-28.2	4.6	49.6	-0.6	-10.3	-11.5	13.2	67.4
Total effect of SPPs and expenses	-214.4	-73.3	347.9	99.3	-67.2	-43.4	-15.1	-33.8	447.2

(a) Change in redistribution.

(b) Includes the effects of above average use of services by Indigenous people and higher costs of servicing them, and the effects of age, sex, cultural and linguistic diversity, income and the cross-border use of services and the effects of land rights and native title legislation.

(c) Includes the effect of wage differences and costs of office rent and electricity, interest rates and the isolation of some States from major sources of supply in south-east Australia.

(d) Includes diseconomies of small scale in administration and in provision of services from many small centres.

(e) Includes the net effects of urban influences, urban complexity, urban traffic management, capital and pricing subsidies.

(f) Includes the net effects of population dispersion and of geographic location on hospital costs and patient transport.

(g) Includes effects of structure and nature of State economies, road use, availability of private medical services, and the ACT's status as the national capital.

(h) Includes the effects of climate, natural hazards, conservation task, water availability, other aspects of the physical environment, and road and bridge length.

(i) Includes some miscellaneous small factors and interactions between factors.

