

ADMINISTRATION OF JUSTICE – ASSESSMENT RESULTS

- 1 This working paper describes the expenses assessment for administration of justice and provides information on its impact on the GST revenue distribution for the 2008 Update. The assessment method is discussed in Volume 6 of the 2004 Review Working Papers.

DESCRIPTION OF THE CATEGORY

- 2 The Administration of Justice category comprised expenses on administration, support, operation and review of law courts, the judicial system and legal aid programs. More specifically, the category included expenses on legal representation and advice on behalf of the government and others; costs of crown prosecutions; trusteeship services; and law reform and registration of legal titles to property.
- 3 The category also included expenses on the registration of births, deaths and marriages, regulation of the sale and supply of liquor; industrial law; prisons and corrective services; and tribunals and appeals boards classified to other categories.
- 4 Because the Special Purpose Payments for legal aid is paid for Australian Government matters only, it was not included in the category. Also excluded from the category are the following SPPs: Gun Buyback Scheme, Special Revenue Assistance to the ACT, Legal Aid, and State Grants for Indigenous purposes. The SPP for native title are included.
- 5 Table 1 shows the average expenses for the last six financial years. In 2006-07, the Australian average expense for this category was \$128.95 per capita, which represented 2.00 per cent of average expenses.

Table 1 Administration of justice, average expenses, 2000-01 to 2006-07

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average expenses (\$pc)	96.32	103.59	102.33	110.02	116.49	128.95
% of total State average expenses	1.87	1.94	1.88	1.93	1.94	2.00

Source: Calculation from 4450 E Average expenses, CGC Assessment system.

ASSESSMENT METHOD

Description of the assessment

- 6 The Administration of Justice assessment was undertaken using seven components: fixed costs, criminal courts, civil courts, other services, isolation, land rights and native title.
- 7 The expenses assessment method for the 2008 Update is the same as was used for the 2007 Update. It is as follows.
- the expenses for fixed costs, isolation, land rights and native title were assessed using general methods.
 - the expenses for criminal courts were assessed using a mix of common factors and a factor that accounted for the socio-demographic composition of populations who use criminal courts. Under the socio-demographic composition factor, assessed numbers of criminal court users were calculated using total criminal court appearances data from the ABS. The ABS data were disaggregated by age, sex and Indigeneity using State provided information. Remote Indigenous users were cost weighted by 1.1 and those with low English fluency by 1.5. Higher court users were cost weighted by 2.0. An adjustment was made to the assessed calculations for the costs of prisoners that were prosecuted against Australian government law.
 - the expenses for civil courts were assessed using a mix of common factors and a factor which accounted for the economic environment in which the civil court services were provided. The economic environment factor was based on civil court lodgements data¹ weighted by 40 per cent, and general population data weighted by 60 per cent. These economic environment factors were also used to measure the revenue capacities in the Fees and Fines category.
 - the expenses for other services were assessed using a mix of common factors.

Changes since the 2007 Update

- 8 The Commission decided that, from the 2006 Update onwards, the national average use rates would be based on new and more reliable ABS data on the number of finalised defendants in each State (sourced from ABS catalogue *4513.0 Criminal Courts*). The ABS data were then disaggregated by Indigenous status, age, and sex of defendants using the State provided data on court appearances.

Assessment structure

- 9 Table 2 summarises the assessment structure for the 2008 Update.

¹ Productivity Commission, *Report on Government Services*.

Table 2 Administration of justice, assessment structure for the 2008 update, 2006-07

Expense component	Component weight	Factors	Basis of calculation
	%		
Fixed costs	1.94	Administrative scale Fixed costs input costs	General method. General method with weights of 80% for wages, 2% for accommodation and 0.5% for electricity.
Criminal courts	54.3	Socio-demographic composition Cross-border Dispersion Input costs	Indigenous and non-Indigenous age-sex use weights applied to population. Cost weights applied to remote Indigenous people (1.1) and those with low English fluency (1.5). A cost weight of 2.0 applied for higher court appearances. Adjustment was made for court appearances of Australian Government offenders. General method. General method. General method with weights of 60% for wages, 2% for accommodation and 0.5% for electricity.
Civil courts	36.2	Economic environment Dispersion Input costs	Based on weighted civil court lodgements (40%) and population data (60%). General method. General method with weights of 60% for wages, 2% for accommodation and 0.5% for electricity.
Other services	6.00	Dispersion Input costs	General method. General method with weights of 60% for wages, 2% for accommodation and 0.5% for electricity.
Land rights	0.02	Land rights	The additional costs in the Northern Territory arising from the Australian Government Aboriginal Land Rights (Northern Territory) Act 1976 weighted by 20%.
Native title	1.28	Native title	The costs associated with the administration and compensation resulting from the Australian Government Native Title Act 1993.
Isolation	0.27	Isolation	General method.

Source calculation: 4450 E Derivation of category factor – Final year, CGC Assessment system.

- 10 The proportions of expenses affected by fixed costs and isolation were calculated using the general methods.
- 11 Component weights for land rights and native title were calculated by dividing the expenses on land rights and native title by total category expenses.
- 12 Component weights for the other services component, which includes expenses on trusteeship services, law reform, and registration of legal titles property, were assessed at 6 per cent of the States' average expenses, based on past State financial data.

- 13 Component weights for the criminal courts and civil courts components were set at 60 per cent and 40 per cent respectively of the remaining expenses in the category.
- 14 Table 3 summarises the components, component weights and factors assessed for this category for the 2008 Update. It shows the calculation of the category factor for 2006-07.

Table 3 Administration of justice, derivation of category factor, 2008 Update, 2006-07

Factors	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Fixed costs (component weight = 1.94 %)								
Administrative scale	0.38031	0.50456	0.63046	1.25230	1.65373	5.30328	7.74403	12.25245
Input costs	1.02528	0.99212	0.98387	0.99199	0.97579	0.95664	1.01939	1.01769
Component factor	0.38993	0.50059	0.62029	1.24227	1.61369	5.07334	7.89420	12.46916
A Wgtd comp factor	0.00759	0.00974	0.01207	0.02417	0.03139	0.09870	0.15358	0.24258
Criminal courts (component weight = 54.3 %)								
Socio-demographic composition	0.96183	0.86256	1.07260	1.11233	0.91546	1.00503	1.03466	3.61724
Cross border	0.99126	1.00000	1.00000	1.00000	1.00000	1.00000	1.17627	1.00000
Dispersion	0.99937	0.99388	1.00733	1.00470	0.99477	0.99423	0.98011	1.06408
Input costs	1.01919	0.99309	0.98935	0.99482	0.98016	0.96490	1.01447	1.01260
Component factor	0.97112	0.85132	1.06903	1.11180	0.89252	0.96395	1.21045	3.89461
B Wgtd comp factor	0.52598	0.46110	0.57901	0.60218	0.48341	0.52210	0.65561	2.10942
Civil courts (component weight = 36.2 %)								
Economic environment	1.03189	1.09022	0.91651	0.93775	0.90892	0.92814	0.90540	1.00373
Dispersion	0.99937	0.99388	1.00733	1.00470	0.99477	0.99423	0.98011	1.06408
Input costs	1.01919	0.99309	0.98935	0.99482	0.98016	0.96490	1.01447	1.01260
Component factor	1.05105	1.07601	0.91346	0.93730	0.88614	0.89020	0.90050	1.08069
C Wgtd comp factor	0.38037	0.38941	0.33058	0.33921	0.32069	0.32216	0.32589	0.39110
Other services (component weight = 6 %)								
Dispersion	0.99937	0.99388	1.00733	1.00470	0.99477	0.99423	0.98011	1.06408
Input costs	1.01919	0.99309	0.98935	0.99482	0.98016	0.96490	1.01447	1.01260
Component factor	1.01856	0.98696	0.99667	0.99952	0.97493	0.95913	0.99458	1.07668
D Wgtd comp factor	0.06111	0.05922	0.05980	0.05997	0.05850	0.05755	0.05967	0.06460
Land rights (component weight = 0.02 %)								
Land rights	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	98.01962
Component factor	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	98.01962
E Wgtd comp factor	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02423
Native title (component weight = 1.28 %)								
Native title	0.08492	0.38721	0.00000	6.22857	2.59761	0.00000	0.00000	5.69546
Component factor	0.08492	0.38721	0.00000	6.22857	2.59761	0.00000	0.00000	5.69546
F Wgtd comp factor	0.00109	0.00495	0.00000	0.07966	0.03322	0.00000	0.00000	0.07284
Isolation (component weight = 0.27 %)								
Isolation	0.04081	0.06917	0.11309	1.80761	1.09363	2.75060	1.22840	58.74083
Component factor	0.04081	0.06917	0.11309	1.80761	1.09363	2.75060	1.22840	58.74083
G Wgtd comp factor	0.00011	0.00018	0.00030	0.00480	0.00291	0.00731	0.00327	0.15614
Category factor	0.97625	0.92460	0.98176	1.10999	0.93012	1.00782	1.19802	3.06092

Source calculation: 4450 E Derivation of category factor – Final Year

Note: For each component, the component factor is calculated using the formula in the following paragraph. The weighted component factor is the component factor multiplied by the component weight. This is then population weighted to

ensure that the sum of assessed expenses equals average expenses. Component factor rebased so that the average is 1.00000. Category factor = (A + B + C + D +E + F + G).

15 The category factor was calculated as follows:

$$\begin{aligned} \text{Category factor} &= \text{Fixed costs + criminal courts + civil} \\ &\quad \text{courts + other services + isolation +} \\ &\quad \text{land rights + native title} \end{aligned}$$

Where

$$\text{fixed costs} = 0.0194[\text{administrative scale * input costs}]$$

$$\begin{aligned} \text{Criminal courts} &= 0.543 [\text{socio-demographic composition *} \\ &\quad \text{cross-border * (dispersion + input costs} \\ &\quad \text{other - 1)}] \end{aligned}$$

$$\begin{aligned} \text{civil courts} &= 0.3620 [\text{economic environment *} \\ &\quad \text{(dispersion + input costs other - 1)}] \end{aligned}$$

$$\text{other services} = 0.0600 [(\text{dispersion + input costs other} - 1)]$$

$$\text{land rights} = 0.0002 [\text{land rights}]$$

$$\text{native title} = 0.0128 [\text{native title}]$$

$$\text{Isolation} = 0.0027 [\text{isolation}]$$

16 In each case, the contributions to the category factor were calculated as the expense component weight (the percentages in the table) multiplied by the factors (the bracketed terms in the formulas). Each contribution to the category factor was then re-scaled to ensure that the sum of assessed expenses equalled the sum of actual expenses.

RESULTS FOR 2006-07

17 Table 10 at the end of this working paper summarises the results of the assessment. It shows the average, actual and assessed expenses for each State for all years of the 2008 Update.

18 Table 4 shows actual, average and assessed expenses per capita and the assessed cost of providing services ratios for the assessment in 2006-07. The assessed cost of providing services ratio is equivalent to the category factor shown in Table 3.

Table 4 Administration of justice, assessment results, 2006-07

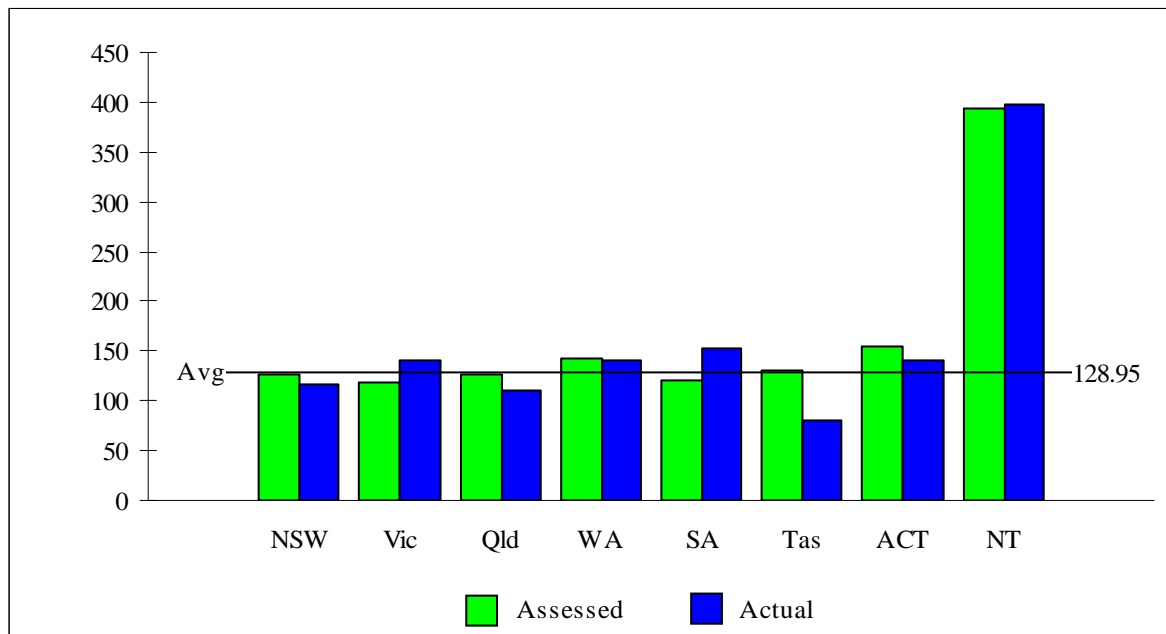
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual expenses	116.40	140.96	110.53	140.91	153.08	80.57	140.33	397.54	128.95
Assessed expenses	125.89	119.23	126.60	143.13	119.94	129.96	154.48	394.70	128.95
	%	%	%	%	%	%	%	%	%
(a) Assessed cost of providing services ratio	97.62	92.46	98.18	111.00	93.01	100.78	119.80	306.09	100.00

Source calculation: 4450 E Assessment results

(a) The assessed cost of providing services ratio is the ratio of standardised to standard gross expenses per capita.

19 Figure 1 illustrates the per capita assessed, actual and average expenses for administration of justice for 2006-07.

Figure 1 Administration of justice, gross expenses per capita – assessed, actual and average, 2006-07



Source calculation: 4450 E Expenses per capita – assessed, actual and average.

CONTRIBUTION TO GST REVENUE DISTRIBUTION

20 Table 5 shows the category’s contribution to the distribution of GST revenue and health care grants (hereafter GST revenue). It also shows the contribution of each factor and component to the GST revenue distribution.

Table 5 Administration of justice, contribution of assessment to GST revenue distribution, 2008 Update

Factor	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Fixed costs									
Administrative scale	-11.7	-7.0	-4.1	1.5	2.7	5.7	6.2	6.6	22.8
Input costs	0.6	-0.1	-0.3	-0.1	-0.1	-0.1	0.0	0.0	0.6
Component factor	-11.4	-7.0	-4.2	1.4	2.6	5.4	6.4	6.9	22.7
Criminal courts									
Socio-demographic composition	-16.6	-42.8	18.2	14.6	-8.2	-0.1	0.8	34.1	67.6
Cross-border	-4.1	0.0	0.0	0.0	0.0	0.0	4.1	0.0	4.1
Dispersion	-0.3	-2.2	2.1	0.7	-0.6	-0.2	-0.5	1.0	3.8
Input costs	11.4	-1.2	-5.8	-1.7	-2.2	-1.1	0.4	0.3	12.1
Component factor	-10.8	-46.4	13.7	13.2	-11.0	-1.4	4.9	38.0	69.7
Civil courts									
Economic environment	9.3	19.5	-15.3	-3.6	-7.2	-1.4	-1.2	0.0	28.8
Dispersion	-0.2	-1.5	1.4	0.5	-0.4	-0.1	-0.3	0.6	2.5
Input costs	7.6	-0.8	-3.9	-1.1	-1.5	-0.7	0.3	0.2	8.0
Component factor	16.7	16.9	-17.6	-4.3	-8.9	-2.2	-1.3	0.8	34.4
Other services									
Dispersion	0.0	-0.2	0.2	0.1	-0.1	0.0	-0.1	0.1	0.4
Input costs	1.3	-0.1	-0.6	-0.2	-0.2	-0.1	0.0	0.0	1.3
Component factor	1.2	-0.4	-0.4	-0.1	-0.3	-0.1	0.0	0.1	1.4
Land rights									
Land rights	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.8	0.8
Component factor	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.8	0.8
Native title									
Native title	-8.5	-4.1	-4.3	9.9	5.9	-0.7	-0.5	2.3	18.1
Component factor	-8.5	-4.1	-4.3	9.9	5.9	-0.7	-0.5	2.3	18.1
Isolation									
Isolation	-2.5	-1.9	-1.4	0.7	0.1	0.3	0.0	4.7	5.8
Component factor	-2.5	-1.9	-1.4	0.7	0.1	0.3	0.0	4.7	5.8
Redistribution from EPC resulting from the 2008 Update assessment									
	-15.6	-43.1	-14.5	20.7	-11.7	1.2	9.5	53.5	84.9

Source calculation: 4450 E Contribution of assessment to GST revenue distribution.

Differences from an equal per capita assessment

- 21 Table 5 indicates that the disabilities that had the largest impact on the assessment were:
- socio-demographic composition — it recognises the differences between States in the characteristics of populations subject to criminal courts proceedings;
 - economic environment — it recognises the differences between States in per capita use of civil court services;
 - input costs — it recognises the differences between States in the prices of labour, accommodation and electricity faced, for reasons beyond the control of individual States;
 - administrative scale — it recognises the unavoidable costs each State incurred to have the policy and administrative infrastructure necessary to provide the service, regardless of the size of the task;
 - native title — it recognises the additional costs incurred by the States due to the operation of the Australian Government’s *Native Title Act 1993*. and
 - dispersion — it recognises the differences in per capita costs of service provision associated with the spread of population.
- 22 The category factors reflected the following on a State by State basis:
- 23 *New South Wales* and *Victoria* — their positive GST revenue redistributions were primarily due the combination of their lower per capita costs of providing policy and administrative infrastructure and lower than average proportions of Indigenous people, who are higher users of criminal courts. These were partly offset by their higher than average civil court lodgements as a result of a relatively higher proportion of large businesses.
- 24 *Queensland* — its negative GST revenue redistribution reflected its lower than average civil court activity and significantly lower than average wages. These were offset partly by higher than average proportions of Indigenous people, who are higher users of criminal courts.
- 25 *Western Australia* — its positive GST revenue distribution reflects its higher than average proportion of Indigenous people, who are higher users of criminal courts and its significant per capita native title claims, which are assessed actual per capita.
- 26 *South Australia* — its negative GST revenue distribution was due to a lower than average proportion of Indigenous people, lower than average wages and it has lower than average civil court lodgements.
- 27 *Tasmania* and *ACT* — both had positive GST revenue distribution largely due to the relatively high per capita costs of providing the policy and administrative infrastructure necessary for administration of justice services. The ACT also faced extra costs associated with the cross-border use of criminal courts.

- 28 *Northern Territory* — the relatively large positive GST revenue distribution reflects higher than average proportion of Indigenous people, who are higher users of criminal courts and its significant per capita native title claims, which are assessed actual per capita.

CHANGES SINCE THE 2007 UPDATE

Major changes in this update

- 29 The main reasons for change in the amount redistributed by this assessment were revisions due to civil court lodgements and the introduction of the 2006 Census. In addition, increases in the wage component of input costs for Queensland and Western Australia have also affected the redistribution of GST revenue shares amongst the States.

Effect of assessment on the distribution of GST revenue

- 30 Table 6 shows the distribution of GST revenue resulting from the assessments in the 2007 Update and the 2008 Update. It also shows the sources of the changes.
- 31 Changes in the distribution of GST revenue between the 2007 Update and the 2008 Update were brought about because the Commission:
- used revised financial data in the average expenses and other revised data in factor calculations for the years 2001-02 to 2005-06;
 - replaced 2001-02 average expenses and factors with those of 2006-07 to move forward the five-year period on which GST revenue distribution was based. Moving the five-year period forward in this way ensures the assessments reflect recent trends in State priorities on the services provided and recent trends in State demographic, and economic circumstances on the relative costs of those services; and
 - replaced 2001 Census population data with 2006 Census data from 2004-05.

Table 6 Administration of justice, effect of assessment on GST revenue distribution, 2007 Update to 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Redistribution from EPC resulting from the 2007 Update assessment (a)									
	-13.7	-45.7	-15.3	18.7	-11.1	2.4	9.7	55.0	85.8
Effect of revising category averages and factors for 2001-02 to 2005-06									
Category average	0.1	0.2	0.0	-0.1	0.0	0.0	0.0	-0.2	0.3
Category factors	1.5	3.7	-1.5	-0.8	-0.1	-0.6	0.2	-2.5	5.4
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.6	3.9	-1.5	-0.9	0.0	-0.6	0.2	-2.7	5.6
Effect of replacing 2001-02 category averages and factors with those for 2006-07									
Category average	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.1
Category factors	-3.6	-1.4	2.2	2.9	-0.5	-0.6	-0.4	1.3	6.5
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-3.6	-1.3	2.3	2.9	-0.5	-0.6	-0.4	1.2	6.3
Redistribution from EPC resulting from the 2008 Update assessment (a)									
	-15.6	-43.1	-14.5	20.7	-11.7	1.2	9.5	53.5	84.9
Total effect of revisions and updating (b)									
	-2.0	2.6	0.8	2.0	-0.5	-1.1	-0.2	-1.5	5.3

(a) Assuming same pool and a constant population.

(b) This figure shows the change in the amount redistributed among the States between the 2007 Update and the 2008 Update. It does not necessarily equal the difference in the total redistribution from EPC between the two enquiries.

32 Compared with an equal per capita (EPC) assessment, the 2008 Update redistributed \$84.9 million away from New South Wales, Victoria, Queensland and South Australia to the other States.

33 Table 7 shows the changes in GST revenue attributable to changes in each factor arising from both revisions over the period 2001-02 to 2005-06 and replacing 2001-02 data with 2006-07 data.

Table 7 Administration of justice, effect of assessment on GST revenue distribution by factor, 2007 Update to 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Fixed costs									
Administrative scale	0.7	0.2	0.0	-0.1	-0.1	-0.3	-0.2	-0.3	1.0
Input costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Criminal courts									
Socio-demographic composition	0.6	0.9	-0.4	0.1	-0.9	-0.6	0.3	0.0	1.9
Cross-border	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Dispersion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Input costs	-1.2	-0.4	1.2	0.4	0.2	0.0	0.0	-0.1	1.8
Civil courts									
Economic environment	-1.1	2.3	-0.1	-1.1	0.5	-0.3	-0.1	0.0	2.8
Dispersion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Input costs	-0.8	-0.2	0.7	0.3	0.1	0.0	0.0	0.0	1.1
Other services									
Dispersion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Input costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land rights									
Land rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Native title									
Native title	-0.3	-0.4	-1.0	2.5	-0.5	-0.1	-0.1	-0.1	2.5
Isolation									
Isolation	0.2	0.1	0.1	-0.1	0.0	0.0	0.0	-0.2	0.3

Source calculation: 4450 E Contribution of assessment to GST revenue distribution, previous enquiry to current enquiry.

34 The main reasons for the changes in GST revenue distribution were as follows.

Changes due to revising average expenses and factors for years 2001-02 to 2005-06

35 **Revising average expenses.** Average expenses were revised slightly downwards for the years 2001-02 and 2005-06 and the impact on the redistribution of GST shares was minor.

36 Table 8 shows the average expenses for the six financial years of this update and those of the previous update.

Table 8 Average expenses used in the 2007 and 2008 Updates

	2000-2001	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2008 Update		96.32	103.59	102.33	110.02	116.49	128.95
2007 Update	90.12	96.62	103.59	102.33	110.02	118.18	
Difference	-	-0.3	0.0	0.0	0.0	-1.7	-

37 **Revising category factors.** Civil court lodgements for 2005-06 were revised downwards for most States with the exception of South Australia and the Northern Territory.

38 Relative to the Australian average, civil court lodgements have fallen the least in Victoria compared to the other States (Victoria has the highest civil court lodgements per capita amongst the States) resulting in an increased redistribution of GST shares to Victoria. Victoria also benefited slightly from the 2006 Census changes although the impact on the redistribution of GST revenue for the other States was minimal.

Changes in State circumstances — replacing 2001-02 with 2006-07 data

39 Table 9 shows the actual expenses and implied costs of service provision for 2001-02, the year that drops out of the assessment period, and 2006-07, the year that comes in, for the 2008 Update assessment.

Table 9 Administration of justice, actual expenses and assessed cost of providing services, 2001-02 and 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual expenses									
2001-02	79.59	85.48	91.58	122.78	158.06	97.41	123.57	231.15	96.32
2006-07	116.40	140.96	110.53	140.91	153.08	80.57	140.33	397.54	128.95
	%	%	%	%	%	%	%	%	%
Changes between 2001-02 and 2006-07									
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Assessed expenses									
2001-02	95.85	89.97	92.64	101.99	90.74	101.30	119.21	273.51	96.32
2006-07	125.89	119.23	126.60	143.13	119.94	129.96	154.48	394.70	128.95
	%	%	%	%	%	%	%	%	%
Assessed cost of providing services ratio									
2001-02	99.52	93.41	96.18	105.89	94.20	105.17	123.76	283.97	100.00
2006-07	97.62	92.46	98.18	111.00	93.01	100.78	119.80	306.09	100.00

40 **Replacing average expenses.** Since 2001-02, State spending has increased by 42.9 per cent, which is marginally less than the growth in the GST pool of 43.9 per cent resulting in a reduction in the amount of GST the category redistributes (\$ 0.1m).

- 41 **Replacing category factors.** An increase in input costs due to rising wages in Queensland and Western Australia increased the cost of providing justice services to those States and resulted in a corresponding increase in their GST revenue shares.

This chapter was prepared by the Expense — Law and Order section of the Commonwealth Grants Commission. If you have any questions about its content, please contact Daniel Dwyer on (02) 6229 8856 or daniel.dwyer@cgc.gov.au.

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Table 10 Assessment of expenses – Administration of justice

	2002-03		2003-04		2004-05		2005-06		2006-07	
	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
	\$m	\$	\$m	\$	\$m	\$	\$m	\$	\$m	\$
Average Expenses		103.59		102.33		110.02		116.49		128.95
New South Wales										
Assessed difference	- 7.041	- 1.06	- 13.296	- 1.99	- 10.904	- 1.62	- 14.973	- 2.21	- 20.998	- 3.06
Expenses - Assessed	682.133	102.53	671.528	100.34	729.820	108.40	775.851	114.28	863.055	125.89
Actual	587.918	88.37	607.141	90.72	702.405	104.33	734.000	108.12	798.000	116.40
Victoria										
Assessed difference	- 32.196	- 6.58	- 28.855	- 5.82	- 27.405	- 5.46	- 44.089	- 8.66	- 50.245	- 9.72
Expenses - Assessed	474.914	97.01	478.284	96.50	524.826	104.56	548.941	107.83	616.103	119.23
Actual	489.000	99.89	463.244	93.47	530.876	105.76	606.000	119.03	728.417	140.96
Queensland										
Assessed difference	- 11.119	- 2.95	- 12.626	- 3.27	- 15.375	- 3.89	- 9.476	- 2.34	- 9.727	- 2.35
Expenses - Assessed	379.149	100.64	382.630	99.06	419.904	106.13	462.160	114.15	523.559	126.60
Actual	348.000	92.37	372.376	96.40	418.859	105.87	412.000	101.76	457.116	110.53
Western Australia										
Assessed difference	13.143	6.78	13.194	6.70	13.936	6.97	18.009	8.83	29.530	14.18
Expenses - Assessed	213.952	110.37	214.595	109.03	233.973	116.99	255.478	125.32	298.008	143.13
Actual	212.081	109.40	217.925	110.72	249.588	124.79	264.404	129.70	293.386	140.91
South Australia										
Assessed difference	- 8.922	- 5.85	- 5.475	- 3.56	- 9.905	- 6.40	- 11.809	- 7.57	- 14.207	- 9.01
Expenses - Assessed	149.191	97.74	151.728	98.76	160.254	103.61	169.966	108.92	189.101	119.94
Actual	282.443	185.05	253.043	164.71	186.826	120.79	205.323	131.58	241.350	153.08
Tasmania										
Assessed difference	1.580	3.33	1.412	2.94	0.526	1.08	1.173	2.40	0.496	1.01
Expenses - Assessed	50.790	106.92	50.599	105.26	53.864	111.10	58.073	118.89	63.894	129.96
Actual	43.839	92.28	44.550	92.68	51.121	105.45	47.096	96.42	39.613	80.57
Australian Capital Territory										
Assessed difference	7.683	23.70	7.978	24.46	8.231	25.05	7.826	23.56	8.597	25.53
Expenses - Assessed	41.261	127.29	41.358	126.78	44.376	135.07	46.527	140.04	52.013	154.48
Actual	44.779	138.14	48.664	149.18	43.971	133.84	45.188	136.01	47.247	140.33
Northern Territory										
Assessed difference	36.872	184.88	37.668	187.49	40.897	200.21	53.339	255.55	56.553	265.75
Expenses - Assessed	57.532	288.47	58.226	289.81	63.371	310.23	77.653	372.04	83.994	394.70
Actual	40.861	204.88	42.003	209.07	46.741	228.82	80.638	386.34	84.598	397.54

Source calculation: 4450 E Assessment of expenses

Note: Refer to Attachment A of the 2008 Update, *Relative Fiscal Capacity of States* for how these figures are compiled