

ATTACHMENT A

ILLUSTRATIVE POOLS AND POPULATIONS AND HOW THE COMMISSION'S RELATIVITIES ARE USED

1. This attachment summarises the population and financial data we have used to illustrate possible State GST revenue and HCGs outcomes. It also uses the data for 2005–06 to show how the Australian Government Treasury uses Commission relativities to calculate these outcomes.

Projected populations and illustrative pools

2. Table A–1 shows the projected State populations as at December 2004 and December 2005 prepared by the ABS. Table A–2 shows the combined pool of GST revenue and HCGs for 2004–05. The figures for State populations at December 2004 and the GST and HCGs pool are from the *Mid-year Economic and Fiscal Outlook 2004–05* (MYEFO).

3. The December 2004 population and the 2004–05 GST and HCGs pool are used in the report to illustrate the potential effects of the 2005 Update relativities on State revenues, which are estimated as the difference between:

- (i) what the States are estimated to receive in 2004–05 — estimated by applying the 2004 Review relativities to the 2004–05 GST and HCGs pool and December 2004 populations; and
- (ii) what the States would have received if the 2005 Update relativities had applied — estimated by applying the 2005 Update relativities to the 2004–05 GST and HCGs pool and December 2004 populations.

4. In the report, the Commission has also used the December 2005 population and the estimated 2005–06 total GST and HCGs pool from MYEFO to illustrate the 2005–06 financial outcomes for the States, if the 2005 Update relativities were applied. The estimated GST collections for 2005–06 are \$37 160.0 million and the estimated HCGs are \$7902.0 million (a total estimated GST and HCGs pool of \$45 062.0 million).

5. The Commission is aware that the pool and populations to which the relativities will apply in 2005–06 will differ from these estimates. The figures are used for illustrative purposes only.

Table A–1 ESTIMATED RESIDENT POPULATIONS, DECEMBER 2004 AND 2005

	31 December 2004		31 December 2005	
	'000	%	'000	%
New South Wales	6 775	33.45	6 834	33.35
Victoria	5 004	24.71	5 056	24.68
Queensland	3 927	19.39	4 009	19.57
Western Australia	1 999	9.87	2 029	9.90
South Australia	1 539	7.60	1 545	7.54
Tasmania	485	2.40	490	2.39
Australian Capital Territory	324	1.60	325	1.59
Northern Territory	199	0.98	201	0.98
Australia	20 253	100.00	20 488	100.00

Sources: Data used in the *Mid-Year Economic and Fiscal Outlook 2003–04*, December 2004, provided to the Commission by the Australian Treasury.

Table A–2 2004–05 GST AND HCGS POOL — ESTIMATED MYEFO DISTRIBUTION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
GST revenue provision	9 870.3	7 321.3	7 314.7	3 613.4	3 282.0	1 434.6	676.6	1 712.1	35 225.0
HCGs	2 535.9	1 820.3	1 432.2	735.6	629.2	163.3	95.2	82.0	7 493.7
GST and HCGs pool	12 406.2	9 141.6	8 746.9	4 349.0	3 911.2	1 597.9	771.8	1 794.2	42 718.7

Source: Australian Treasury, from *Mid-year Economic and Fiscal Outlook, 2004–05*, December 2004.

How the Australian Treasury uses the Commission's relativities

6. The per capita relativities the Commission calculates are used in sharing the GST revenue and HCGs pool among the States. The process is:

- (i) weighted populations are calculated by applying the per capita relativities to ABS estimates of State populations as at 31 December;
- (ii) each State's share of the weighted population is calculated by dividing its weighted population by the Australian weighted population; and
- (iii) each State receives a share of the GST revenue and HCGs pool equal to its share of the weighted population.

7. Table A-3 uses the MYEFO estimates of population for 31 December 2005 shown in Table A–1 and the combined GST and HCGs pool for 2005–06 described in paragraph 4 to illustrate how the GST revenue provision for each State is calculated.

8. Each State's GST revenue provision is equal to its revenue from the GST and HCGs pool (derived using the Commission's relativities) less the actual HCGs it receives as part of their Health Care Agreements.

Table A-3 APPLYING THE COMMISSION'S RELATIVITIES, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Projected populations ^(a) ('000)	6 834	5 056	4 009	2 029	1 545	490	325	201	20488
Per capita relativities ^(b)	0.86846	0.87552	1.04389	1.02500	1.20325	1.55299	1.14300	4.26682	1.00000
Weighted populations ^(c) ('000)	5 935	4 427	4 185	2 079	1 859	761	372	856	20 474
Share of weighted population ^(d) (%)	29.0	21.6	20.4	10.2	9.1	3.7	1.8	4.2	100.0
Distribution of GST and HCGs pool ^(e) (\$m)	13 062.0	9 743.3	9 210.3	4 576.9	4 092.1	1 674.2	818.4	1 884.8	45 062.0
Less HCGs (\$m)	2 665.7	1 916.9	1 523.1	778.8	659.4	171.8	100.2	86.1	7 902.0
GST revenue provision (\$m)	10 396.3	7 826.4	7 687.2	3 798.1	3 432.7	1 502.4	718.2	1 798.6	37 160.0

- (a) Projected populations in thousands as at 31 December 2005, prepared by ABS (for MYEFO).
 (b) The per capita relativities for 2005-06 recommended in this report.
 (c) The product of the first and second rows.
 (d) State weighted population as a percentage of total Australian weighted population. Although shown to one decimal place, unrounded percentages are used in the calculation.
 (e) The application of each State's unrounded share of weighted populations to the GST and HCGs pool.