# ATTACHMENT 1

## POPULATION DATA SUPPORTING THE ASSESSMENTS

* 1. This attachment provides details of the main population data used in Commission calculations. It also explains how we have used them.

### Estimated resident population

* 1. For all its assessments, and its overall relativities, the Commission requires population level estimates. For many assessments it requires population data on a range of population groups disaggregated by various characteristics related to differential use or cost of services, for example, age, gender, Indigenous status, socio-economic status (SES) and remoteness.
  2. All estimated resident population (ERP) data we use come from the Australian Bureau of Statistics (ABS). Most of these data are received through a special data request.

#### Population level estimates

* 1. For assessments that require estimates of the size of total State populations, we use estimates as at 31 December. This is the middle of the financial year. This is the population series used for calculating:
* equal per capita (EPC) distributions
* factors
* per capita relativities.
  1. Table 1 shows the State ERPs for each assessment year.

Table  Estimated resident population, by State, at 31 December

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| 2010-11 | 7 180 | 5 496 | 4 437 | 2 319 | 1 632 | 510 | 365 | 230 | 22 169 |
| 2011-12 | 7 262 | 5 583 | 4 519 | 2 392 | 1 647 | 512 | 371 | 233 | 22 517 |
| 2012-13 | 7 357 | 5 681 | 4 609 | 2 480 | 1 662 | 512 | 378 | 239 | 22 918 |
| 2013-14 | 7 465 | 5 787 | 4 687 | 2 549 | 1 677 | 514 | 384 | 244 | 23 308 |
|  | % | % | % | % | % | % | % | % | % |
| 2010-11 | 32.4 | 24.8 | 20.0 | 10.5 | 7.4 | 2.3 | 1.6 | 1.0 | 100.0 |
| 2011-12 | 32.2 | 24.8 | 20.1 | 10.6 | 7.3 | 2.3 | 1.6 | 1.0 | 100.0 |
| 2012-13 | 32.1 | 24.8 | 20.1 | 10.8 | 7.3 | 2.2 | 1.6 | 1.0 | 100.0 |
| 2013-14 | 32.0 | 24.8 | 20.1 | 10.9 | 7.2 | 2.2 | 1.6 | 1.0 | 100.0 |

Source: Australian Bureau of Statistics. ABS Cat. No. 3101.0, *Australian Demographic Statistics*, Table 4 Estimated Resident Population States and Territories.

#### Disaggregated data

* 1. The Commission receives administrative data on the use and cost of services from States and other third parties. These data are used to identify the characteristics of higher (or lower) cost population groups in the provision of State services. Population data are required so that national costs for these population groups can be distributed across States on the basis of their share of that population group.
  2. For disaggregated ERPs, conceptually we require populations as at 31 December, being the mid-point of the financial year. These populations are not available from the ABS, so we scale 30 June disaggregated population data to State total populations of 31 December of each year, to obtain an estimated disaggregated ERP as at 31 December. The ABS provides these 30 June population data annually, disaggregated by age, sex, and geography (providing remoteness and SES).
  3. Apart from the Census year, the ABS does not provide these data disaggregated by Indigenous status. As a result, Indigenous disaggregations are imputed by the Commission for subsequent years. This is done by applying the Indigenous proportion of the total population within each disaggregated population group (in the Census year) then adjusting this to match the ABS estimated Indigenous population projections at 30 June each year, by age and State. The resulting estimated numbers of Indigenous people in each disaggregated group are subtracted from the group’s total to give the number of non-Indigenous people in the group.

##### Use of SA1 based classifications

* 1. The most accurate disaggregation of population by remoteness and SES is that based on classifications at Statistical Area Level 1 (SA1) geography. While it would be ideal if administrative data could also be provided at the SA1 level, this is rarely possible. In practice, the Commission receives administrative data on the use and cost of services from States and other third parties reflecting varying geographies.
  2. National use and cost rates calculated from these geographies are generally applied to State populations based on SA1 classifications. Utilising SA1 classifications for disaggregated ERP is important, as this approach ensures diversity is recognised in the distribution of use and costs. It avoids instances where pockets of relative advantage, or disadvantage, are subsumed into broader geographical classifications. Details of the administrative data used and the populations to which they are applied are contained in each expense category chapter.

#### Population growth estimates

* 1. For capital assessments, conceptually, we require population growth across financial years; that is, from 30 June to 30 June. In the 2010 Review, we used calendar year growth as a proxy for financial year growth. In this review, we considered changing to financial year growth to better reflect the conceptual need in capital assessments.
  2. New South Wales, Victoria, Queensland, South Australia, Tasmania and the ACT expressed their support for this approach. Queensland and Tasmania noted this approach was a better conceptual fit with the structure of the capital assessments than calendar year growth.
  3. Western Australia said using June populations instead of December populations would add complexity, without being likely to have a material impact over time. It also considered that growth between December and June in the year the switch occurred would not be recognised. It considered that if this were an atypical year for population growth there could be a material transitional impact. However, we consider transitional effects are inevitable, and accepted aspects of the review process when assessment methods and data sources change.
  4. Given the GST distribution is based on a three year average, we are not, at this stage, convinced changing to financial year population growth would materially improve the equalisation outcomes. We have, therefore, continued to measure population growth on the basis of December to December movements. These growth rates are in Table 2.

Table  State population growth rates

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | % | % | % | % | % | % | % | % | % |
| 2011-12 | 1.1 | 1.6 | 1.8 | 3.1 | 0.9 | 0.3 | 1.7 | 1.0 | 1.6 |
| 2012-13 | 1.3 | 1.8 | 2.0 | 3.7 | 0.9 | 0.1 | 1.8 | 2.8 | 1.8 |
| 2013-14 | 1.5 | 1.9 | 1.7 | 2.8 | 0.9 | 0.3 | 1.6 | 1.9 | 1.7 |

Source: Commission calculation using December ERP.

#### Service populations

* 1. We use ERP data (that is, populations reflecting place of usual residence rather than place of enumeration) as the basis of our estimates of potential service use. Tourists, itinerant and fly in fly out (FIFO) worker populations and mobile Indigenous populations may affect service delivery requirements differently for different States and services. However we were not able to identify, or measure, any such effects.
  2. The ABS says that no reliable method of estimating service populations has been developed nationally, or internationally, because service populations are not discrete or mutually exclusive. States have not been able to provide data on how different service populations affect State service provision requirements and State budgets.
  3. As addressed in the discussion of mining expenditure in Volume 1, Chapter 2 – Main issues, we do not consider that a measure of the population distribution that reflects service populations will produce a better equalisation outcome, because we have no data on the service use patterns of transient populations.
  4. Victoria noted some associated issues, such as people in regional areas receiving more complex medical treatments in capital cities, but it does not support the use of population data based on place of enumeration. It said it has not been demonstrated that this would provide a better indication of the location of service delivery.
  5. Queensland and Western Australia raised issues with their FIFO populations. Queensland observed that while FIFO workers will not be measured through place of residence, alternatives may not be reliable or practical. The possible effects of FIFO populations are discussed in more detail in Volume 1, Chapter 2 – Main issues.
  6. There remains no reliable national data on the population distribution other than the Australian Bureau of Statistics (ABS) Estimated Resident Population. As such, we use ERP as our measure of all populations.

### Population characteristics used in assessments

* 1. The main population characteristics used in our assessments are Indigenous status, age, remoteness and socio-economic status. The major way in which these attributes affect the GST is where States have different shares of different groups. Therefore, in selecting classifications, it is more important to consider how State populations differ, than how service use rates differ. We have achieved this by using a common structure for the classification of population characteristics. Where use rates do differ, it may be material to use different levels of detail within the common structure. For example, it is material to further disaggregate the 65+ age group in the Health assessment and to disaggregate the 15-44 year age group in the Justice assessment.
  2. As an additional benefit, having a common structure, with fewer unique categories, reduces the size of the datasets required, thus simplifying assessments and reducing the risk of errors. It also enhances the analysis that can be undertaken.

#### Age

* 1. The reason why that we aim to have common structures to our classifications is best demonstrated with age, but is valid in other classifications. As our primary focus is on the difference in the distribution of populations between States, we have been guided in selecting common structures by the patterns in Figure 1. South Australia and Tasmania have considerably below average shares of 15-44 year olds, and above average shares of 45-64 year olds, because many among the younger populations leave these States.

Figure 1 Age structure of State populations, June 2014

This figure shows the distribution of population by age for each State.

Source: ABS 3101.0, *Australian Demographic Statistics, June 2014*.

* 1. In the 2015 Review, the major age groups used are 0-14, 15-64 and 65+. This structure is used in a range of social and economic statistics, and has been generally adopted within our classifications. Within these major groups, further disaggregation has been applied where there is a conceptual case and it has been material to do so. Table 3 shows the details of State estimated resident populations for December 2013 dissected by the three major age groups.

Table  Estimated resident population by age and State, December 2013

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| 0 - 14 years | 1 409 | 1 060 | 930 | 488 | 296 | 95 | 71 | 54 | 4 405 |
| 15 - 64 years | 4 924 | 3 881 | 3 119 | 1 743 | 1 100 | 330 | 269 | 174 | 15 540 |
| 65+ years | 1 132 | 846 | 638 | 318 | 281 | 89 | 44 | 15 | 3 363 |
| Total | 7 465 | 5 787 | 4 687 | 2 549 | 1 677 | 514 | 384 | 244 | 23 308 |
|  | % | % | % | % | % | % | % | % | % |
| 0 - 14 years | 32.0 | 24.1 | 21.1 | 11.1 | 6.7 | 2.2 | 1.6 | 1.2 | 100.0 |
| 15 - 64 years | 31.7 | 25.0 | 20.1 | 11.2 | 7.1 | 2.1 | 1.7 | 1.1 | 100.0 |
| 65+ years | 33.7 | 25.2 | 19.0 | 9.5 | 8.3 | 2.6 | 1.3 | 0.5 | 100.0 |
| Total | 32.0 | 24.8 | 20.1 | 10.9 | 7.2 | 2.2 | 1.6 | 1.0 | 100.0 |

Source: Commission calculation using ABS data.

* 1. An assessment of the different impacts State age profiles have on State spending is material across all categories. As a result, where there is a conceptual case for assessing the impact of age in a category, we have done so, using our standard age groups shown in Table 3. Where it is material to split this further within a category, we have done so.

#### Remoteness

* 1. An attribute used throughout many assessments is a measure of the population living in areas of varying remoteness.
  2. The ABS remoteness areas based on the Accessibility/Remoteness Index of Australia (ARIA) are now used as the standard classification of remoteness. States were consulted and their views relating to this decision are discussed in more detail in Volume 2 and Chapter 23 — Regional costs.
  3. Table 4 provides details of State estimated resident populations for December 2013 dissected by five remoteness areas.

Table  Estimated resident population by location and State, December 2013

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| Major cities | 5 537 | 4 430 | 2 908 | 1 956 | 1 231 | 0 | 383 | 0 | 16 445 |
| Inner regional | 1 440 | 1 105 | 950 | 231 | 182 | 337 | 1 | 0 | 4 246 |
| Outer regional | 448 | 247 | 689 | 190 | 203 | 166 | 0 | 138 | 2 082 |
| Remote | 31 | 5 | 80 | 105 | 46 | 8 | 0 | 50 | 326 |
| Very remote | 9 | 0 | 60 | 68 | 15 | 2 | 0 | 56 | 209 |
| Total | 7 465 | 5 787 | 4 687 | 2 549 | 1 677 | 514 | 384 | 244 | 23 308 |
|  | % | % | % | % | % | % | % | % | % |
| Major cities | 33.7 | 26.9 | 17.7 | 11.9 | 7.5 | 0.0 | 2.3 | 0.0 | 100.0 |
| Inner regional | 33.9 | 26.0 | 22.4 | 5.4 | 4.3 | 7.9 | 0.0 | 0.0 | 100.0 |
| Outer regional | 21.5 | 11.9 | 33.1 | 9.1 | 9.7 | 8.0 | 0.0 | 6.6 | 100.0 |
| Remote | 9.5 | 1.4 | 24.7 | 32.3 | 14.1 | 2.5 | 0.0 | 15.5 | 100.0 |
| Very remote | 4.1 | 0.0 | 28.6 | 32.4 | 7.2 | 1.1 | 0.0 | 26.6 | 100.0 |
| Total | 32.0 | 24.8 | 20.1 | 10.9 | 7.2 | 2.2 | 1.6 | 1.0 | 100.0 |

Note: Under the Australian Statistical Geography Standard (ASGS), Tasmania and the Northern Territory are considered to have no major cities, as neither have cities with a population of more than 250 000 people.

Source: ABS data request.

* 1. Category assessments use either the five remoteness areas, or an aggregation of these into groups, depending on the materiality of each disaggregation or the quality of the data.

#### Indigenous and socio-economic status

* 1. One of the attributes of the population that we use in our assessments is SES. In this review we have used a separate measure of SES for the Indigenous and non‑Indigenous populations. The Non-Indigenous Socio-Economic Index for Areas (NISEIFA) was developed for the Commission by the ABS. This index uses the same indicators as the Socio-Economic Index for Areas (SEIFA) Index of relative socio‑economic disadvantage.[[1]](#footnote-1) We use this index to classify the non-Indigenous population into SES quintiles, each with 20% of the national non-Indigenous population. The Indigenous Relative Socio-economic Outcome (IRSEO) index was developed at the Australian National University.[[2]](#footnote-2) We use this index to classify the Indigenous population into SES quintiles, each quintile containing 20% of the national Indigenous population.
  2. These indexes are area based measures, similar to SEIFA. The indexes and their use are discussed in more detail in Volume 1, Chapter 2 – Main issues.
  3. Table 5 and Table 6 provide details of State Indigenous and non-Indigenous ERPs for December 2013 respectively, dissected by socio-economic quintiles.

Table  Indigenous ERP by IRSEO quintiles and State, December 2013

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| Least disadvantaged | 48 | 26 | 43 | 4 | 3 | 9 | 7 | 4 | 145 |
| 2nd least disadvantaged | 60 | 6 | 38 | 9 | 9 | 14 | 0 | 8 | 144 |
| Middle quintile | 33 | 12 | 56 | 25 | 5 | 1 | 0 | 6 | 139 |
| 2nd most disadvantaged | 54 | 6 | 38 | 25 | 12 | 1 | 0 | 1 | 138 |
| Most disadvantaged | 23 | 0 | 23 | 30 | 10 | 0 | 0 | 52 | 139 |
| Total | 218 | 50 | 200 | 93 | 39 | 25 | 7 | 72 | 704 |
|  | % | % | % | % | % | % | % | % | % |
| Least disadvantaged | 33.5 | 18.0 | 29.8 | 2.5 | 2.3 | 6.4 | 4.5 | 3.1 | 100.0 |
| 2nd least disadvantaged | 41.4 | 4.5 | 26.6 | 6.3 | 6.4 | 9.5 | 0.0 | 5.4 | 100.0 |
| Middle quintile | 23.9 | 8.7 | 40.6 | 18.1 | 3.3 | 1.0 | 0.0 | 4.4 | 100.0 |
| 2nd most disadvantaged | 38.9 | 4.1 | 27.8 | 18.5 | 9.0 | 0.8 | 0.0 | 1.0 | 100.0 |
| Most disadvantaged | 16.9 | 0.0 | 16.9 | 21.4 | 7.0 | 0.0 | 0.0 | 37.8 | 100.0 |
| Total | 31.0 | 7.1 | 28.3 | 13.2 | 5.6 | 3.6 | 0.9 | 10.2 | 100.0 |

Source: Commission calculation using ABS data request and IRSEO index.

Table  Non-Indigenous ERP by NISEIFA quintiles and State, December 2013

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| Least disadvantaged | 1 571 | 1 121 | 767 | 607 | 200 | 36 | 199 | 46 | 4 547 |
| 2nd least disadvantaged | 1 244 | 1 247 | 924 | 596 | 297 | 65 | 102 | 61 | 4 536 |
| Middle quintile | 1 274 | 1 217 | 1 005 | 513 | 321 | 107 | 45 | 39 | 4 519 |
| 2nd most disadvantaged | 1 453 | 1 071 | 966 | 458 | 403 | 119 | 24 | 20 | 4 513 |
| Most disadvantaged | 1 705 | 1 082 | 826 | 282 | 417 | 162 | 8 | 6 | 4 488 |
| Total | 7 247 | 5 737 | 4 488 | 2 456 | 1 638 | 489 | 377 | 172 | 22 603 |
|  | % | % | % | % | % | % | % | % | % |
| Least disadvantaged | 34.5 | 24.7 | 16.9 | 13.4 | 4.4 | 0.8 | 4.4 | 1.0 | 100.0 |
| 2nd least disadvantaged | 27.4 | 27.5 | 20.4 | 13.1 | 6.6 | 1.4 | 2.3 | 1.3 | 100.0 |
| Middle quintile | 28.2 | 26.9 | 22.2 | 11.3 | 7.1 | 2.4 | 1.0 | 0.9 | 100.0 |
| 2nd most disadvantaged | 32.2 | 23.7 | 21.4 | 10.1 | 8.9 | 2.6 | 0.5 | 0.4 | 100.0 |
| Most disadvantaged | 38.0 | 24.1 | 18.4 | 6.3 | 9.3 | 3.6 | 0.2 | 0.1 | 100.0 |
| Total | 32.1 | 25.4 | 19.9 | 10.9 | 7.2 | 2.2 | 1.7 | 0.8 | 100.0 |

Source: Commission calculation using ABS data request and NISEIFA index.

#### Urban centres/localities (UCLs)

* 1. In this review, UCLs have been used as the primary geography measure in assessments that relate to urban form. However, in certain instances we need to make adjustments to better reflect what States do.
* Urban transport is often provided as an integrated network across closely neighbouring UCLs. Therefore, in the Transport category, all UCLs within a Significant Urban Area (SUA) are aggregated and treated as a single UCL. We consider that this generally better reflects how States deliver this service.
* In the Services to communities category, we consider that subsidies for electricity and water are provided in remote and very remote towns of 50 to 1 000 people. Because UCLs are not defined for towns of below 200, we have defined these using aggregations of mesh blocks using criteria similar to that used by the ABS to define urban areas.
  1. These adjustments and the other category specific criteria relating to how UCLs are used in each category are discussed in the relevant chapters:
* Roads — Volume 2 and Chapter 17
* Transport — Volume 2 and Chapter 18
* Services to communities — Volume 2 and Chapter 15.
  1. We no longer:
* make adjustments to UCLs included in Hobart and Darwin for the Transport assessment
* use different definitions of urban areas for different aspects of the Roads assessment.
  1. Table 7 shows the differences between States in where their populations are located in terms of various UCL size cut-offs applied in different categories.

Table  Estimated resident population by urban centre/locality and State, December 2011

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|  | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| Remote and very remote communities of 50 - 1 000 | 6 | 2 | 30 | 28 | 14 | 5 | 0 | 22 | 107 |
| UCLs of 40 000+ | 5 342 | 4 313 | 3 339 | 1 823 | 1 145 | 253 | 370 | 111 | 16 697 |
| UCLs within SUAs > 20 000 | 5 478 | 4 436 | 3 516 | 1 845 | 1 223 | 275 | 370 | 112 | 17 255 |
|  | % | % | % | % | % | % | % | % | % |
| Remote and very remote communities of 50 - 1 000 | 5.6 | 1.8 | 28.4 | 25.9 | 13.3 | 4.6 | 0.0 | 20.5 | 100.0 |
| UCLs of 40 000+ | 32.0 | 25.8 | 20.0 | 10.9 | 6.9 | 1.5 | 2.2 | 0.7 | 100.0 |
| UCLs within SUAs > 20 000 | 31.7 | 25.7 | 20.4 | 10.7 | 7.1 | 1.6 | 2.1 | 0.6 | 100.0 |

Source: Commission calculation based on ERP from ABS data request.

# ATTACHMENT 2

## TREATMENT OF COMMONWEALTH PAYMENTS

* 1. The Commission has been guided by the horizontal equalisation objective and has adopted a single guideline to decide the treatment of all payments on a case by case basis:

payments which support State services, and for which expenditure needs are assessed, will impact the relativities.

* 1. Assessed expenditure needs are differences among the States which affect the cost of delivering services. In some cases, on conceptual grounds, we conclude that there are no differences in per capita service delivery costs and assess expenditure equal per capita. Spending reflects population shares alone (a deliberative equal per capita assessment). Where such an assessment is made, related payments would affect the GST distribution. However, where needs have not been assessed because they are not material, or because we have been unable to assess them, these are not a deliberative equal per capita assessment and any associated payments should not affect the GST distribution.
  2. Adopting the guideline and applying it on a case by case basis to Commonwealth payments therefore results in some payments having an impact on the relativities and others not. The decision is made purely on the basis of whether the payment is available to support State services and whether needs have been assessed.

### Terms of reference

* 1. The terms of reference provide guidance to the Commission on the treatment of Commonwealth payments. They ask the Commission:
* to ensure that some specified payments (usually referred to as quarantined payments), including all reward payments, have no impact on the Goods and Services Tax (GST) distribution
* to treat national specific purpose payments (SPPs), national health reform funding, national partnership project payments and general revenue assistance (GRA), other than the GST, so that they would affect GST shares, but treat national partnership facilitation payments so that they would not.

However, the Commission is given discretion to vary the treatment of the second group of payments where it is appropriate, reflecting the nature of the payment and the role of State governments in providing services.

* 1. These instructions, which are consistent with the Intergovernmental Agreement on Federal Financial Relations (as amended) (IGA), make it clear that where it has discretion, the Commission should exercise that discretion in deciding if and how payments should affect the GST distribution.
  2. The terms of reference require the Commission to treat some payments so they have no direct impact on the relativities. They include payments nominated in previous terms of reference. Those payments relevant to the assessment years of this review are listed below. We have treated them as not impacting on the relativities.
* reward payments made under National Partnership Agreements
* Assistance for Tasmania to implement national policy reforms
* Assisting preparation towards the launch of the National disability insurance scheme
* Caring for our Country
* Centenary of Canberra 2013 — A gift to the national capital
* Closing the Gap and Stronger Futures in the Northern Territory
* Health care grants for the Torres Strait
* Improving health services in Tasmania
* Macquarie Point Railyards precinct remediation
* National Health Reform funding – reward payments components
* Pilot of drought reform measures in Western Australia
* Royal Darwin Hospital – equipped, prepared and ready
* Sinking fund on State debt
* South Australian River Murray Sustainability Program
* Tasmanian Forests Intergovernmental Agreement
* Victorian cytology service.
  1. The 2014 Update terms of reference asked the Commission to treat the forgiveness of South Australian housing debt on 30 June 2013 not directly influence the relativities. We have continued treating the debt forgone as not impacting the relativities[[3]](#footnote-3).
  2. The supplementary terms of reference for the 2015 Review further require the Commission to treat 50% of the following payments for major roads as having no impact on relativities. Most of these payments are made from 2014-15, which is outside the assessment period of the 2015 Review. For those payments that were paid in 2013-14, we have treated 50% of them as not affecting the relativities.
* $1.5 billion for WestConnex
* $3 billion for the East-West link
* $2.9 billion for the Western Sydney Infrastructure plan
* $0.6 billion for the Toowoomba Second Range Crossing
* $0.9 billion for the Perth Freight Link/Roe Highway
* $0.4 billion for the North-South Road Corridor
* $0.1 billion for the Northern Territory Roads Package.
  1. The supplementary terms of reference also ask that the following future payments not impact on the relativities. We will treat them accordingly when they are paid.
* payments under the $5 billion Asset Recycling Initiative (from 2014‑15)
* States’ drawdowns from DisabilityCare Australia Fund during the transition phase for the National Disability Insurance Scheme (from 2015‑16).

### Backcasting

* 1. If there are major changes in the Commonwealth-State financial relations between the historical years used in the Commission’s assessments and in the year the relativities would be applied, the new arrangements are generally ‘backcast’ into these assessment years to improve the contemporaneity of the relativities. Backcasting is only done when the application year changes are reliably known and data needed for calculating the backcast amounts are reliable.
  2. The 2011 Intergovernmental Agreement on Federal Financial Arrangements (IGA 2011) noted that the distribution of the Schools, Skilled workforce development and Affordable housing SPPs would be equal per capita (EPC) (student enrolments for schools) in 2014-15. The National Health Reform base funding and the Disability SPP moved to an equal per capita (EPC) distribution in 2013-14.
  3. Since then, there have been further changes in funding arrangements for health and education that result in the distribution of these payments moving away from EPC.
  4. In this review, we have applied backcasting to the following payments:
* National Skills and workforce development, Affordable Housing, Disability SPPs — we have distributed these payment based on population shares.
* National health reform (NHR) funding — we have backcast the 2013-14 distribution published in the Commonwealth’s Final Budget Outcome, adjusted for cross border services[[4]](#footnote-4) into the three assessment years. We have used this distribution because the forecast data for 2014-15 and 2015-16 are not reliable.
* National education reform funding — we have used the 2015-16 distribution of Students First funding for all assessment years to reflect changed funding arrangements and the expense assessment approach.
  1. We do not consider any new payments commencing in 2014-15 and 2015-16 published in the *Federal Financial Relations, Budget Paper No. 3, 2014-15* require backcasting. They are not made as a result of major changes in Commonwealth-State financial arrangements. Treatment of these new payments will be considered when they appear in the data in the assessment period. Table 3 shows those payments.

### Treatment of payments made in 2011-12 to 2013-14

* 1. Table 1 shows all payments made in 2011‑12 to 2013‑14 and the Commission’s decision on the treatment of each payment. Payments with treatments prescribed by the terms of reference are marked with an asterisk in the table.
  2. Table 2 provides a summary of selected Commonwealth own-purpose expenses (COPEs) and their treatment. The payments are only those the Commission considered might have an impact on State fiscal capacities and on which information could be collected.
  3. The treatment of some payments has changed since the 2014 Update. These are marked in the tables and include the following.
* Change in Commonwealth-State responsibilities for aged care — the 2015 Review terms of reference no longer require the Commission to treat the transfer of aged care services from the States to the Commonwealth as not impacting on the relativities. To reflect the change in responsibilities and our EPC assessment of aged care, we have reversed the 2014 Update treatment of the following payments.
* Changed roles and responsibilities – adjustment to achieve budget neutrality — the Commonwealth payment has been excluded, States’ reimbursement to Commonwealth for the notional costs of delivering Community Packages Care and Residential Care services to the younger people (it was excluded in the 2014 Update) is included.
* Basic community care maintenance and support services — payment to all States changed from impact to no impact.
* Aged care assessment – payment to all States changed from impact to no impact.
* Remote Indigenous housing – treatment changed from no impact in all years to no impact for 2011-12 and 2012-13, and impact for 2013-14.
* Infrastructure investment payments for National rail network, including payments under Building Australia Fund – rail, and Nation Building Program – Investment rail payments – treatment changed from impact to 50% impact and 50% no impact.
* Australian Capital Territory emergency services – treatment changed from impact to no impact.
* COPE for National emergency management projects – treatment changed from impact to no impact.
  1. South Australia asked us to reconsider the treatment of the Sustainable rural water use and infrastructure program (SRWUIP). It argued a number of significant SRWUIP projects were for protection of the environment and should not impact on the relativities because related needs are not assessed. We reviewed the projects covered by the SRWUIP and found that the majority of the payments were for agriculture and urban water supply, which are assessed differentially. For this reason, we decided to continue treating SRWUIP payment as impacting on the relativities.

Table Payments listed in the Commonwealth’s final budget outcome documents

| Payment | Program description | Years paid in R2015 | Treatment in R2015 | Reason for change from U2014 | Reason for ‘No impact’ |
| --- | --- | --- | --- | --- | --- |
| **GENERAL REVENUE ASSISTANCE** | | | | | |
| GST Payments |  | 2011-12 to 2013-14 | Pool for relativities |  |  |
| ACT municipal services | Payments to assist the ACT to meet the additional municipal costs which arise from Canberra’s role as the national capital, and to compensate the ACT for additional costs resulting from the national capital planning influences on the provision of water and sewerage services. | 2011-12 to 2013-14 | No impact |  | Local – needs not assessed |
| Reduced royalties | Payment to Western Australia for the loss of shared offshore petroleum royalty revenue resulting from imposing the crude oil excise on condensate. This arises because crude oil excise payments are a deductible expense for calculating the offshore petroleum royalty. | 2011-12 to 2013-14 | Mining revenue and assessed APC |  |  |
| Royalties | Includes the transfer of two-thirds of the Commonwealth Government’s petroleum royalties from North West Shelf Project to Western Australia; and payment to the Northern Territory in lieu of uranium royalties. | 2011-12 to 2013-14 | Mining revenue and assessed APC |  |  |
| Snowy Hydro Ltd — company tax compensation | To compensate Victoria and New South Wales for company tax payments by Snowy Hydro Ltd. | 2011-12 to 2013-14 | Other revenue and assessed EPC |  |  |
| **HEALTH** | | | | | |
| National healthcare SPP | Funding to support State healthcare services. | 2011-12 | Impact |  |  |
| National health reform funding | This funding replaces the National Healthcare SPP. The majority of the Commonwealth funding for public hospital services is provided as activity based funding, based on an efficient price for hospital services determined by the Independent Hospital Pricing Authority. The funding also includes an explicit component for public health. | 2012-13 to 2013-14 | Impact |  |  |
| **National Partnership Payments** | | | | | |
| ***National Health Reform*** | | | | | |
| Supporting National Health Reform Arrangements – Public hospital system – additional funding | Funding to offset downward adjustments in National Health Reform funding during 2013-14. This funding will increase certainty to Local Hospital Networks from these within-year adjustments. | 2013-14 | Impact |  |  |
| Improving public hospital services (IPHS) - Flexible funding for emergency departments, elective surgery and subacute care | Funding to increase hospital capacity and improve services to patients through a flexible funding pool. The funding pool gives the States additional capacity to respond to capital and recurrent cost needs in the public hospital system in relation to emergency departments, elective surgery and subacute care. | 2011-12 to 2013-14 | Impact |  |  |
| IPHS – National emergency access target | Funding to reduce the time taken to treat, admit or discharge patients in public hospital emergency departments as part of a reform to introduce a four hour national emergency access target for emergency department treatment.  Capital funding — funding for the expansion of emergency departments and associated facilities.  Facilitation funding — funding to achieve the national emergency access target.  Reward funding — funding to reward jurisdictions based on their achievement against the national emergency access target as assessed by the COAG Reform Council. | 2011-12 to 2013-14 | Capital and facilitation funding — impact; Reward payment — no impact |  | Reward payment — no impact as required by terms of reference |
| IPHS – National elective surgery target | Funding to ensure elective surgery patients are seen within clinically recommended times.  Capital funding — funding for the expansion of elective surgery facilities to ensure that, by the end of 2016, 100% of public hospital elective surgery patients in all urgent categories are treated within the clinically recommended times.  Facilitation funding — funding to achieve the national elective surgery targets.  Reward funding — funding to reward jurisdictions based on their achievement against the national target as assed by the COAG Reform Council. | 2011-12 and 2013-14 | Capital and facilitation funding — impact; Reward payment — no impact |  | Reward payment — no impact as required by terms of reference |
| IPHS – New subacute beds guarantee funding | Funding for over 1 300 additional beds for subacute services. The States will deliver an agreed number of new subacute beds or equivalent services each year in public hospitals or in community settings. Funding will provide beds and services for palliative care, rehabilitation, psychogeriatric care, geriatric evaluation and management, and subacute mental health care. | 2011-12 to 2013-14 | Impact |  |  |
| Financial assistance for long stay older patients | Funding over three years to care for people aged 65 or over in public hospitals, who have finished acute and post-acute care and are waiting for a Commonwealth aged care placement. | 2011-12 to 2013-14 | Impact |  |  |
| ***Health infrastructure*** |  |  |  |  |  |
| Health and Hospitals Fund (HHF) — Hospital infrastructure and other projects of national significance | Funding to expand and modernise key public hospitals across Australia to improve hospital care. | 2011-12 to 2013-14 | Impact |  |  |
| HHF — National cancer system | Funding to support infrastructure to deliver a world class cancer care system in Australia. | 2011-12 to 2013-14 | Impact |  |  |
| HHF — Regional priority round | The Commonwealth is delivering the $1.8 billion commitment to Health and Hospitals Fund investment in Regional Australia. Regional Priority funding will improve access to essential health services for Australians living in rural, regional and remote areas. The Commonwealth will also work in partnership with the States to expand and modernise key health infrastructure, including hospitals, across Australia. | 2011-12 to 2013-14 | Impact |  |  |
| Other Health infrastructure projects | Funding for the following infrastructure projects:   * PET scanners for Royal Hobart Hospital * Westmead Hospital, Sydney * Children’s cancer centre, Adelaide * Cairns Base Hospital chemotherapy cancer initiative * Cairns integrated cancer centre * Women’s and Children’s Hospital in Hobart * Grafton Hospital * radiation oncology services in north/north-west Tasmania. | 2011-12 to 2012-13 | Impact |  |  |
| ***Health services (HS)*** |  |  |  |  |  |
| HS — Early intervention pilot program | Funding under the National Binge Drinking Strategy. The program is implemented by the New South Wales Police Force based on their existing Your Choice model. It provides early intervention and diversion programs for people under 18 who are at risk of developing alcohol-related problems.  Funding was made directly from the Commonwealth Department of Health and Ageing (DoHA) to individual States, other than New South Wales. In 2010-11, a National partnership payment was introduced for New South Wales because they were late in signing up to the program. | 2011-12 to 2012-13 | No impact |  | We would usually treat the payments to all States as impacting on relativities. We could bring these payments in for all States. However, because they are relatively small, it is simpler to treat the payment to New South Wales as having no impact on relativities. |
| HS — National antimicrobial utilisation surveillance program (NAUSP) | The NAUSP collects, analyses and reports on the inpatient antimicrobial usage data in Australian hospitals to support the development of strategies to minimise antimicrobial resistance. Since its inception in 2004 the program has been fully funded by the Commonwealth DoHA directly from its own discretionary funds on a contract basis with SA Health. In 2010-11 NAUSP was introduced to replace the funding provided directly by DoHA. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| HS — Improving health services in Tasmania\* | To address pressures on the Tasmanian health system and improve healthcare outcomes for Tasmanians. Includes the following components:   * Better access to community based palliative care services * Cradle Coast connected care clinical repository * Improving patient pathways through clinical and system redesign * Innovative flexible funding for mental health * Reducing elective surgery waiting list * Walk-in centres in Hobart and Launceston. | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| HS — Other health services | Consist of payments for:   * BreastScreen Australia radiography workforce initiatives * COAG long stay older patients initiative * Expansion of the BreastScreen Australia program * Healthcare grants for the Torres Strait\* * Healthy kids health checks# * Northern Territory medical school — funding contribution * National bowel cancer screening program * National perinatal depression initiative * National public health – Human quarantine services. * OzFoodNet * Royal Darwin Hospital — equipped, prepared and ready\* * Torres Strait Islander health protection strategy — mosquito control * Vaccine-preventable diseases surveillance * Victorian cytology service\*. | 2011-12 to 2013-14 | Healthcare grants for the Torres Strait, Royal Darwin Hospital — equipped, prepared and ready and Victorian cytology services, Human quarantine — no impact. Others – impact |  | No impact for Healthcare grants for the Torres Strait, Royal Darwin Hospital — equipped, prepared and ready and Victorian cytology services as required by terms of reference. No impact for Human quarantine – Commonwealth purchase and needs not assessed. |
| ***Indigenous health (IH)*** | | | | | |
| IH — Closing the Gap in the NT — Indigenous health and related services\* | Funding to improve access to effective primary health care services in partnership with the NT Government, Aboriginal Medical Services Alliance NT, and through consultation with other key stakeholders. | 2011-12 to 2012-13 | No impact |  | Terms of reference requirement |
| IH — Stronger futures in the Northern Territory — health components\* | Payments include:   * Hearing health services — for integrated hearing health services with the capacity to reach children in remote communities in the NT. * Mobile Outreach service plus — to ensure Aboriginal children and their families living in remote areas of the NT who are affected by trauma associated with child abuse and neglect are provided with counselling and support. * Oral health services — for integrated oral health programs for Aboriginal children in communities in the NT. | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| IH — Health infrastructure — Indigenous mobile dental program | Payments under the Indigenous mobile dental program in remote NT communities. | 2011-12 | Impact |  |  |
| IH — Health services — sexual assault counselling in remote NT areas | Funding as part of the Mobile Outreach Service Plus. This program provides culturally safe counselling and other support to Aboriginal children and their families and communities in remote areas of the NT, who are experiencing trauma related to any form of child abuse, including sexual assault. | 2011-12 to 2012-13 | Impact |  |  |
| IH — Improving ear health services for Indigenous children | Funding to support the delivery of additional surgical services, clinical leadership programs and ear health services for some States. | 2011-12 to 2013-14 | Impact |  |  |
| IH — Improving trachoma control services for Indigenous Australians | Funding for the continued expansion of trachoma control activities in jurisdictions where trachoma, an infectious disease which can lead to blindness, is endemic. Funding is also being provided to jurisdictions where trachoma has been funded previously, to determine whether full trachoma control programs are required for those jurisdictions. | 2011-12 to 2013-14 | Impact |  |  |
| IH — Indigenous early childhood development — antenatal and reproductive health | Funding to improve antenatal care, teenage sexual and reproductive health, and pre-pregnancy care, as well as building linkages with existing child and maternal health programs to increase the uptake of these services. | 2011-12 to 2013-14 | Impact |  |  |
| IH — Reducing acute rheumatic heart fever among Indigenous children | Funding to support register and control programs for acute rheumatic fever and rheumatic heart disease in Indigenous children. | 2011-12 to 2013-14 | Impact |  |  |
| IH — Renal dialysis services in Central Australia | To contribute to the delivery of renal dialysis and support service in Central Australia to improve access to renal services to Indigenous Australians. | 2012-13 to 2013-14 | Impact |  |  |
| IH —Satellite renal dialysis facilities in remote Northern Territory communities | Funding for satellite renal dialysis facilities in remote NT communities. | 2011-12 | Impact |  |  |
| IH — Torres Strait health protection strategy — Saibai Island health clinic | Funding to provide additional staff for the treatment of communicable diseases at the health care clinic on Saibai Island, and development and implementation of a culturally appropriate sexual health education campaign for people in the Torres Strait. | 2011-12 to 2013-14 | Impact |  |  |
| ***Mental health (MH)*** | | | | | |
| MH — Supporting national mental health reform | Funding to deliver improved health, social, economic and housing outcome for people with severe and persistent mental illness by addressing service gaps and preventing ongoing cycling through State mental health systems. | 2011-12 to 2013-14 | Impact |  |  |
| ***Preventative* *health (PH)*** | | | | | |
| PH — Enabling infrastructure | Funding is provided for State based surveillance activities covering nutrition and physical activity measures consistent with national protocols. | 2011-12 to 2012-13 | Impact |  |  |
| PH – Healthy children | Facilitation funding for children under 16 to increase levels of physical activity and improve the intake of fruit and vegetables in settings such as child centres, preschools and schools.  Reward funding will be provided upon the achievement of agreed performance benchmarks. | 2011-12 to 2013-14 | Reward payments — no impact; Others — impact |  | Reward payment — no impact as required by terms of reference |
| PH – healthy communities## | Payment direct to local governments to support 92 local areas nationally for community based healthy life-style programs to improve physical activity and healthy eating and healthy weight activities for people not in the workforce in socially and economically disadvantaged areas, as well as those looking for employment and carers. | 2011-12 to 2013-14 | No impact |  | Local — needs not assessed |
| PH – healthy workers | Funding to support workplace health programs that focus on decreasing rates of overweightness and obesity, increasing levels of physical activity and intake of fruit and vegetables, smoking cessation and reducing harmful levels of alcohol consumption. Reward funding will be provided to States upon the achievement of agreed performance benchmarks. | 2011-12 to 2013-14 | Reward payments — no impact; Others — impact |  | Reward payment — no impact as required by terms of reference |
| PH — Social marketing | Funding to develop social marketing campaigns that extend and complement the Australian Better Health Initiative and reinforce local activities on preventive health. | 2011-12 to 2012-13 | Impact |  |  |
| **Other Health National partnership payments** | | | | | |
| East Kimberley development package – health related projects | Funding for health infrastructure projects. Priorities under the package include primary and preventive health care, drug and alcohol services, short term patient accommodation, housing for health service providers, improvements to remote clinics, aged care facilities and environmental health measures. | 2011-12 to 2012-13 | Payments for environment health measures and aged care facilities - No impact |  | Commonwealth purchase — needs not assessed |
| Elective surgery waiting list reduction plan | To provide for systemic improvements such as the construction of additional operating theatres and the purchase of new surgical equipment to improve long-term elective surgery performance. | 2011-12 | Impact |  |  |
| Essential vaccines (vaccine purchase) | Funding for the purchase of essential vaccines, which have not yet transitioned to centralised purchasing arrangements, for eligible individuals under the National Immunisation Program.  Reward funding will be provided to the States for achieving performance benchmarks that maintain or increase vaccine coverage amongst Indigenous Australians and four year olds as well as in low coverage areas, and maintain or decrease vaccine wastage and leakage. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Hospital and health workforce reform — activity based funding | Funding to support the implementation of activity based funding for Australia’s public hospital system, enhance health workforce capability and supply, increase the volume and quality of subacute care services, and improve the operations of emergency departments. | 2011-12 to 2012-13 | Impact |  |  |
| National coronial information system | Funding to support the ongoing administration, maintenance and improvement of Australia’s national database of coronial data. | 2012-13 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Treating more public dental patients | Funding to assist in the treatment of up to 400 000 people on public dental waiting lists, with a particular focus on Indigenous patients, high risk patients and those from rural areas. | 2012-13 to 2013-14 | Impact |  |  |
| **EDUCATION** | | | | | |
| National Schools SPP | Funding to support government and non-government schools education. The SPP finished in December 2013 and will be replaced by the Students First program from January 2014. | 2011-12 to 2013-14 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| Students First funding | Students First funding replaced the National Schools SPP and various schools-related NPPs (Rewards for great teachers, Smarter schools – low socio-economic status school communities, Empowering local schools) from January 2014.  It includes recurrent funding for government and non-government schools, capital funding and special circumstances funding for non-government schools and funding for non-government representative bodies. | 2013-14 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
|  | Rewards for great teachers   * Funding to support education authorities to align their current approaches to performance management with the Australian Teacher Performance and Development Framework and enable the payment of bonuses to teachers who achieve certification at the highest levels of standards. Ceased on 31 December 2013 and was redirected to Students First funding. | 2011-12 to 2012-13 |  |  |  |
|  | Empowering local schools   * Funding to empower participating schools to make decisions at a local level to better respond to the needs of students and the local school community. Ceased and was redirected to Students First funding. | 2011-12 |  |  |  |
|  | Smarter schools - low socio-economic status school communities   * Funding to improve education outcomes in low socio economic status (SES) communities. The NP contributes to COAG's social inclusion and Indigenous disadvantage agendas through the identification of reforms and models of service delivery that achieve improved educational outcomes for low SES school communities. Ceased on 31 December 2013 and was redirected to Student First funding. | 2011-12 to 2012-13 |  |  |  |
| **National Partnership Payments** | | | | | |
| Closing the Gap in the NT - Indigenous education\* | Funding to support the construction of up to 22 additional teacher houses in NT Emergency Response (NTER) communities, improve teacher quality and foster better outcomes and support remote schools. | 2011-12 | No impact |  | Terms of reference requirement |
| Stronger futures in the Northern Territory —education components\* | Payments include:   * Building a quality school workforce — supports urgent improvement of schooling outcomes to Indigenous children and comprises three components: additional teachers, quality teaching and teacher housing. * Expansion of the school enrolment and attendance measure — to use the income support payment system as a way to connect schools and families where children are not enrolled in or attending school. | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| Digital Education Revolution | Funding to prepare students for education, training and to live and work in a digital world. The National Secondary School Computer Fund (NSSCF) and associated on-costs are the major funding elements under the NP. The NSSCF helps schools to provide new computers and other information and communication technology (ICT) equipment for students in Years 9 to 12, and necessary infrastructure to support the installation and maintenance of the additional ICT. | 2011-12 to 2012-13 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| Early childhood education – universal access to early education# | Funding with the objective that children have access to affordable, quality early childhood education in the year before formal schooling, with a focus on Indigenous communities. This program is delivered by degree-qualified early childhood teachers for at least 600 hours a year. | 2011-12 to 2013-14 | Impact |  |  |
| East Kimberley development package – education related payments | Payment for education and training infrastructure projects. Priorities include early childhood development, primary and secondary schooling, post-secondary education and training, and community meeting facilities in remote locations. | 2011-12 to 2012-13 | Impact |  |  |
| Fort Street High school – noise insulation | Payment to New South Wales to provide aircraft noise insulation works at the Fort Street High School in the State. The work is managed by New South Wales and will be done in conjunction with on-campus works associated with Building the Education Revolution Program. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Helping our kids understand finances –professional learning MoneySmartSchool MoneySmart teaching | Funding to support the delivery of face-to-face professional learning to teachers in primary and secondary schools and the development of teacher support materials, to improve financial literacy in schools. | 2011-12 to 2013-14 | Impact |  |  |
| Improving literacy and numeracy | Funding to improve literacy and numeracy, with a priority focus on primary-aged students at risk of falling behind, including Indigenous students and students from disadvantaged backgrounds.  The NP aims to sustain the momentum of the NP on Smarter Schools – Literacy and Numeracy, which concluded in Dec 2012. | 2011-12 to 2013-14 | Government – Impact  Government reward payments and Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed;  Reward payments —terms of reference requirement |
| Independent public schools | Funding to support increased autonomy in around 1 500 government schools, including through greater engagement of parents and local communities in school decision making and the provision of professional development for principals, school leaders and school communities. | 2013-14 | Impact |  |  |
| Indigenous early childhood development — education – children and family centres | Funding to reduce the gap in development between Indigenous and non-Indigenous children by improving access to early childhood education.  Includes the establishment of 38 children and family centres across Australia by 2014, which will deliver integrated services, including early learning, children and family support programs. | 2011-12 to 2013-14 | Impact |  |  |
| Investing in focus schools | Funding to support government and non-government education providers to accelerate their implementation of agreed actions in some 200 selected Focus schools that have previously received little or no benefit through other Australian government funded initiatives and reforms. | 2011-12 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| More support for students with disabilities | Provision of targeted assistance to teachers and schools to support students with disabilities. | 2011-12 to 2013-14 | No impact |  | Needs not assessed |
| Nation building and jobs plan — Building the education revolution | Funding to provide economic stimulus through the rapid construction and refurbishment of school infrastructure, and build learning environments to help children, families and communities participate in activities that support achievement, develop learning potential and bring communities together. | 2011-12 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| National quality agenda for early childhood education and care | Funding to deliver an integrated and unified national regulatory system for early childhood education and care, and reduce the regulatory burden on service providers. | 2011-12 to 2013-14 | Impact |  |  |
| National solar schools program | Payment to install solar and other renewable power systems, solar hot water systems, rainwater tanks and a range of energy efficiency measures in schools. | 2011-12 to 2013-14 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| School pathways program | Payment to South Australia and Western Australia with a focus on providing a career path for young people wanting to enter the defence industry. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Secure schools program | To assist government and non-government schools at-risk of social, religious or ethnically motivated crimes to meet their particular security needs by providing security-related infrastructure such as fencing, lighting and CCTV. | 2011-12 to 2013-14 | No impact |  | Needs not assessed |
| Smarter schools - Improving teacher quality | To facilitate and reward ambitious, national significant and sustainable reforms to attract, train, place, develop and retain quality teachers and leaders in schools. These reforms provide a platform for raising student performance and support other school reforms targeting low SES school communities and literacy and numeracy outcomes. | 2011-12 to 2013-14 | Government – Impact  Reward payments and Non-government – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed Reward payments —terms of reference requirement |
| Trade training centres in schools | Funding for the provision of facilities to enhance vocational education opportunities for students in years 9 to 12 in every school. Funds are available for major capital works, upgrade or refurbishment of existing facilities and/or industry standard equipment. | 2011-12 to 2013-14 | Government – Impact  Non-government# – No impact |  | Non-government schools — States act as an intermediary and needs are not assessed |
| **SKILLS SERVICES** |  |  |  |  |  |
| National skills and workforce development SPP | To work towards increasing the skill levels of all Australians, including Indigenous Australians. | 2011-12 to 2013-14 | Impact |  |  |
| **National Partnership Payments** | | | | | |
| ***Building Australia’s future workforce (BAFW)*** | | | | | |
| BAFW — Skills reform | Funding for reforms of the vocational education training (VET) sector. Aims to create:   * accessible training for working-age Australians and in particular, a more equitable training system, which provides greater opportunities for participating in education and training * a transparent VET sector, which enables better understanding of the VET activity in each State * a higher quality VET sector, which delivers learning experience and qualifications that are relevant to individuals, employers and industry * a more efficient VET sector which is responsive to the needs of students, employers and industry. | 2012-13 to 2013-14 | Impact |  |  |
| BAFW — training places for single and teen parents | Funding for the provision of training places at the Certificate II level or above, for single or teen parents affected by changes to parenting payment that comes in effect on 1 January 2013. | 2011-12 to 2013-14 | Impact |  |  |
| Commonwealth/ State and Territory joint group training | To support group training organisations to deliver strategies and initiatives to improve Australian apprenticeship commencements and completions. | 2011-12 to 2013-14 | Impact |  |  |
| Education investment fund | Payments to New South Wales and Western Australia to support the development of infrastructure for higher education, research and VET institutions to improve Australia’s tertiary education, research and skills capacities.  VET providers must be a registered training organisation (RTO) to be eligible for the funding. The administrative arrangements in New South Wales and Western Australia are such that the State is a RTO and is eligible to receive funding. In other States, payments go directly to RTOs. | 2011-12 to 2012-13 | No impact |  | For the majority of States, payments are made directly to service providers which do not reduce or increase State needs. The administrative arrangements in NSW and WA should not affect their relativities |
| Industry and Indigenous skills centre | To support industry and/or Indigenous community organisations for the purchase, construction, fit out or refurbishment of facilities intended for the delivery of vocational education and training. The funding is not intended to be available to Technical and Further Education (TAFE) institutions. | 2011-12 to 2013-14 | No impact |  | Industry and/or Indigenous community organisations — needs not assessed |
| Natural Disaster Queensland – community work placements | To provide jobs for local displaced residents for up to six months to assist with the reconstruction of public and community infrastructure. Projects are in flood and cyclone affected areas throughout Queensland with a focus on areas of greatest need. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Productivity places program | To reduce skills shortages and increase the productivity of industry and enterprises. The Commonwealth provides data to Skills Australia to assist in identifying industries, occupations and regions with skill shortages. 50/40/10 cost sharing across Commonwealth, States and private sources. | 2011-12 | Impact |  |  |
| TAFE fee waivers for childcare qualifications | Funding to remove course fees for child care diplomas and advanced diplomas, delivered by a TAFE institute or other training providers. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Youth attainment and transitions | Funding to support the achievement of a national Year 12 /equivalent rate of 90% by 2015, and to halve the gap in Indigenous Year 12/equivalent by 2020. It has:   * maximising engagement, attainment and successful transitions * Year 12 attainment and transitions.   Reward payments will be made to the States based on achievements assessed by the COAG Reform Council. | 2011-12 to 2013-14 | Reward payment — no impact; other — impact |  | No impact for reward payment as required by terms of reference |
| **COMMUNITY SERVICES** | |  |  |  |  |
| National disability SPP | Funding associated with the National Disability Agreement, which commits the Commonwealth and the States to strive, through the provision of disability support services, to help people with disabilities and their carers achieve an enhanced quality of life and participate as value members of the community.  Disability services for ‘Older people’ (people aged 65 years and over (50 years and over for Indigenous Australians)) became a Commonwealth responsibility from July 2011.  Treasury advised the SPP is not provided to States on the basis that any proportion of it should be directed towards ‘older people’. | 2011-12 to 2013-14 | Impact |  |  |
| \*\*Changed roles and responsibilities – adjustment to achieve budget neutrality | Since 1 July 2011 (through to June 2014), the Commonwealth makes an adjustment to the National Disability SPP payment to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services are budget neutral. No adjustment is made for Victoria and Western Australia because they do not participate in the new arrangements. | 2011-12 to 2013-14 | Impact  Exclude the payment, include State payments to the Commonwealth for notional costs of delivering service to younger people | U2014 ToR requirement that change of aged care responsibilities not impact on relativities is not applicable for R2015. Treatment now based on HFE. |  |
| \*\*Transitioning responsibilities to aged care and disability services (TRACADS) — Basic community care maintenance and support services | Commenced in 2010-11 and provides basic community care maintenance and support services for people aged 65 years and over (50 years and over for Indigenous Australians). It replaces the Home and Community Care program for participating States (other than Victoria and WA). From July 2012, funding for these services for participating States was provided by the Commonwealth directly to service providers. Funding to Victoria and WA will continue under the joint Home and Community Care Program Review Agreement. Arrangements for Victoria will change due to its recent agreement to implement changes to roles and responsibilities in relation to aged care and disability services. | 2011-12 to 2012-13 | All States — no impact | U2014 ToR requirement that change of aged care responsibilities not impact on relativities is not applicable for R2015. Treatment now based on HFE. | Aged care services for ‘Older people’ are Commonwealth responsibilities and needs are not assessed |
| TRACADS — Specialist disability services | Funding for specialist disability services for people aged 65 years and over (50 years and over for Indigenous Australians), in participating States. | 2011-12 to 2013-14 | All States — no impact |  | Disability services for ‘Older people’ are Commonwealth responsibilities and needs are not assessed |
| \*\*Aged care assessment | To enable Aged Care Assessment Teams to comprehensively assess the care needs of frail older people and to establish their eligibility for appropriate residential aged care, transitional care and community care services. Funding to the States in 2012-13 reflects the final amounts payable for 2011-12. | 2011-12 to 2012-13 | All States — no impact | U2014 ToR requirement that change of aged care responsibilities not impact on relativities is not applicable for R2015. Treatment now based on HFE. | Aged care services for ‘Older people’ are Commonwealth responsibilities and needs are not assessed |
| Assisting preparation towards the launch of the National Disability Insurance Scheme\* | Funding to assist Tasmania and the ACT in the transition to the new operating environment under DisabilityCare Australia and to support the ACT to expand services ahead of the launch of the National Disability Insurance Scheme (NDIS). | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| CCPSCH — Certain concessions for pensioners | To assist the States with the cost of funding concessions, for all pension concession card holders without discrimination, in relation to council land and water rates, utilities including energy and sewerage, motor vehicle registration and public transport. In its 2014-15 budget, the Commonwealth announced it will terminate this payment from 1 July 2014. | 2011-12 to 2013-14 | Impact |  |  |
| CCPSCH — National reciprocal transport concessions | Funding for public transport concessions to enable senior card holders to access public transport concessions when they travel outside their home State. | 2011-12 to 2013-14 | Impact |  |  |
| Home and Community care (HACC) | Funding to Victoria and Western to continue the joint Commonwealth-State HACC program for the provision of basic community care maintenance and support services such as domestic assistance and personal care to older people.  The Commonwealth and Victoria are working on transitioning HACC responsibilities for older people to the Commonwealth from 1 July 2015. | 2013-14 | No impact |  | Needs not assessed |
| Home and Community Care — services for veterans | To support Home and Community Care program provision of community care services to veterans. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Municipal and essential services | To support the delivery of municipal and essential services to outstations and homelands, such as access to power, water as well as sewerage and road maintenance. | 2013-14 | No impact |  | Needs not assessed |
| Pay equity for the social and community services sector | The Commonwealth’s share of the wage increases arising from Fair Work Australia’s decision on 1 February 2012 to grant an Equal Remuneration Order in the social and community services sector. The Commonwealth’s commitment includes providing funding for its share of the wage increases for in-scope programs funded through existing SPPs and(National Partnership Payments) NPPs. | 2013-14 | Impact |  |  |
| Social and community services — Queensland pay equity regulation - back pay | To assist Queensland social and community services sector employers meet their obligations under the new Australian Government regulation for back pay to employees in the sector who were employed between 27 March 2011 and 29 February 2012. | 2011-12 to 2012-13 | No impact |  | Needs not assessed |
| Closing the Gap in the Northern Territory — community services\* | To continue and strengthen the measures initiated under the NTER for community services.  Includes payments for community safety – family support, field operations, food security, remote policing and substance abuse. | 2011-12 | No impact |  | Terms of reference requirement |
| Stronger futures in the Northern Territory\* —community services components | Payments include:   * Alice Springs transformation plan — improve delivery, accessibility and coordination of services, facilitate land tenure reforms and improve the safety and wellbeing of Aboriginal people in Alice Springs. * Child, youth, family and community wellbeing — funding for playgroups, home and parenting support services, youth workers and safe houses; expansion of the number of Stronger Communities for Children sites; Remote Aboriginal Family and Community Workers and the continuation of Mobile Child Protection Teams. * Community safety and justice — funding for remote policing, community night patrols and legal assistance services. * Municipal and essential services — to support the delivery of municipal and essential services to outstations and homeland, such as access to power, water, sewerage and road maintenance, garbage collection and dog control. * Remote engagement and coordination — to support more effective engagement with communities through continued support for the NT Aboriginal Interpreter Services and the NT coordination effort of the Stronger Futures in the NT initiative. * Tackling alcohol abuse — To continue alcohol restrictions, licensing compliance and the development of alcohol management plans in communities. | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| **AFFORDABLE HOUSING** | | | | | |
| National Affordable Housing SPP | The Commonwealth and the States have committed to the objective that all Australians have access to affordable, safe and sustainable housing which assist them to participate in the labour force and more broadly in the community. | 2011-12 to 2013-14 | Impact |  |  |
| **National Partnership Payments** | | | | | |
| Building better regional cities## | To invest in local housing infrastructure projects that is helping to build more affordable homes in high growth regional cities. | 2011-12 to 2013-14 | No impact |  | Local — needs not assessed |
| East Kimberley development package – social and transitional housing projects | Funding to Western Australia for Indigenous housing projects as part of the NP on the East Kimberley development package. Investment priorities under the package focus on improving the provision of social and transitional housing, where noticeable gaps exist in the region. | 2011-12 | Impact |  |  |
| First Home Owners Boost# | As part of the Economic Security Strategy, to stimulate housing activity, support the construction industry and assist first homebuyers to enter the housing market. The Boost has now ceased. The payment in 2012-13 reflects the final 12 month application period and the timeframes allowed for the construction of new homes. Negative expenditure for some States reflects funds recovered from applicants later found to be ineligible returned to the Commonwealth. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Nation Building and Jobs Plan — Social housing | To invest in additional public and community housing to meet priority social housing needs. The Commonwealth had committed funding of $6.4 billion over the years 2008-09 to 2011-12 to build around 20 000 additional social housing dwellings and to refurbish around 2 500 existing public housing dwellings. Funding is allocated to States generally on a per capita basis. Payments were mainly for construction. | 2011-12 and 2013-14 | Impact |  |  |
| Homelessness | To support homelessness initiatives consistent with the priorities identified in the Commonwealth Government’s White Paper on Homelessness: The Road Home, with a focus on prevention, early intervention and breaking the cycle of homelessness through a better connected service system. Outputs include:   * implementation of the A Place Called Home initiative (building new homes for individuals and families experiencing homelessness) * street to home initiatives for chronic homeless people (rough sleepers) * support to private and public tenants to help sustain their tenancies, including through tenancy support, advocacy, case management, financial counselling and referred services * assistance for people leaving child protection services, correctional and health facilities, to access and maintain stable, affordable housing.   Funding is allocated between the States based on their shares of the homeless population as estimated by the ABS in the 2006 Census of Population and Housing. This agreement finished in 2012-13 and a new one-year agreement was signed in 2013-14. | 2011-12 to 2013-14 | Impact |  |  |
| \*\*Remote Indigenous Housing | To facilitate significant reform in the provision of housing for Indigenous people in remote communities and to address overcrowding, homelessness, poor housing conditions and severe housing shortages in remote Indigenous communities. | 2011-12 to 2013-14 | No impact for 2011‑12 and 2012‑13; and impact for 2013‑14 | States have now greater control over the management of dwellings funded by the payments. Needs are assessed. |  |
| Stronger futures in the Northern Territory\*— Housing | To support the provision of safe and healthy houses for Indigenous Australians. This includes funding towards asbestos removal in homes and other buildings. | 2012-13 to 2013-14 | No impact |  | Terms of reference requirement |
| **INFRASTRUCTURE** |  |  |  |  |  |
| **National Partnership Payments** | | | | | |
| Abt Railway | Payment to Tasmania to support capital works on the Abt Railway, including restoring the line to an appropriate safety standard. The funding is contingent on the Tasmanian Government funding an operator for the line and underwriting its ongoing operational costs for the next four years. | 2012-13 | Impact |  |  |
| Adelaide Oval redevelopment and precinct works | Payment to South Australia for the construction of two underground car parks and the creation of new wetlands and other enhancements around the Riverbank precinct. | 2011-12 | Impact |  |  |
| Centenary of Canberra 2013 – a gift to the national capital\* | Payment to the ACT to commemorate the Centenary of Canberra in 2013. Payments are for the redevelopment of Constitution Avenue and the development of the National Arboretum Canberra. | 2011-12 | No impact |  | Terms of reference requirement |
| Cloncurry community precinct ## | Payment to local government in Queensland to help establish a multi-use community hub in Cloncurry. | 2011-12 | No impact |  | Local — needs not assessed |
| Community Infrastructure Grants — Glenbrook precinct upgrade | Payment to New South Wales to improve facilities for visitors in the Glenbrook precinct of the Blue Mountains National Park, which is a major gateway to the Greater Blue Mountains World Heritage Area. | 2012-13 to 2013-14 | No impact |  | Needs not assessed |
| East Kimberley Development Package – Other infrastructure projects## | Funding for investment in transport and community infrastructure projects to help building a ‘sense of place’ within the community as well as improving liveability and economic growth in the East Kimberly region. Part of the payments is made direct to local government. | 2011-12 to 2012-13 | Payments to States – Impact Payments to local government – No impact |  | Local — needs not assessed |
| Interstate road transport | Payments of funds received through the Federal Interstate Registration Scheme that provides an alternative to State registration for vehicles engaged in interstate trade. | 2011-12 to 2013-14 | Assessed as motor tax revenue |  |  |
| King George V sports and community precinct## | One-off payment to local government to support the redevelopment of the King George V sports and community precinct in Glenorchy, Tasmania. | 2011-12 | No impact |  | Local — needs not assessed |
| Latrobe Valley economic diversification## (partial paid direct to Local government (LG() | The programme will provide up to $10.85 million to two infrastructure projects to support economic diversification in the Latrobe Valley.   * Warragul Station Precinct Upgrade * Moe Rail Precinct Revitalisation Project | 2013-14 | Warragul Station – Impact Moe Rail Precinct – No impact |  | Local — needs not assessed |
| Liveable cities /communities## (partial paid direct to LG) | Funding to help improve the planning and design of capital cities and major regional centres that are experiencing population growth pressures and housing and transport affordability cost pressures. | 2011-12 to 2013-14 | Payments to States – Impact  Payments to local government – No impact |  | Local — needs not assessed |
| Local Government and Regional Development —infrastructure employment projects## (partial paid direct to LG) | Funding to generate jobs and increase skills by supporting key infrastructure projects in areas of need in local communities. | 2011-12 to 2013-14 | Payments to States – Impact  Payments to local government – No impact |  | Local — needs not assessed |
| Macquarie Point Railyards precinct remediation\* | Payment to Tasmania to support the remediation of the Macquarie Point Railyards site to allow for residential and/or commercial development, and the redevelopment of Brooke Street Pier infrastructure to support vessel berthing and accommodate construction of commercial development to cater for the continued operation of local ferry and cruise services. | 2011-12 | No impact |  | Terms of reference requirement |
| Managed motorways | Funding over four years for smart infrastructure technologies to reduce congestion and improve both traffic demand management and the overall efficiency of the transport network in major cities. | 2011-12 to 2013-14 | Impact |  |  |
| Manuka Oval lighting upgrade | Payment to the ACT for the installation of lighting at Manuka Oval (a municipal asset) to meet high-definition broadcast standards to provide Canberra with an appropriate facility to host AFL matches and elite and international cricket matches. | 2011-12 | No impact |  | Local — needs not assessed |
| Mission Beach safe anchorage | Funding for a scoping study for a safe harbour at Mission Beach for community consideration and if funds are left, to construct the harbour. | 2011-12 | Impact |  |  |
| Murray – Darling Basin regional economic diversification program | Funding to support regional communities in adjusting to the changes brought about by the implementation of the Murray – Darling Basin Plan for water reform. | 2013-14 | Impact |  |  |
| Nation building plan for the future | Funding to support future economic growth by improving the quality and efficiency of Australia’s transport networks. There are three components. |  |  |  |  |
|  | \*\*Building Australia Fund — rail | 2011-12 to 2013-14 | Two components – National Rail network (NRN) payments - 50% impact; 50% no impact. Non-NRN payments – 100% impact | R2015 ToR requires the Commission to review the treatment of nationally significant transport infrastructure projects. The Commission decided the NRN should be treated the same way as NNR. | 50% NRN investment —assessment may not capture all non-policy influences |
|  | Building Australia Fund — National network road (NNR) investment | 2011-12 to 2013-14 | 50% impact; 50% no impact |  | 50% NNR investment —assessment may not capture all non-policy influences. NNRs include those treated as 50% no impact as required by terms of reference |
|  | Major Cities — rail | 2011-12 to 2013-14 | Impact (not national projects) |  |  |
| Nation building program (Infrastructure investment program 2013-14) | To assist national and regional economic and social development by the provision of funding aimed at improving the performance of land and rail infrastructure. It has several components. |  |  |  |  |
|  | Black spot projects — To improve the safety of road sites which have been identified as high risk areas for serious crashes. | 2011-12 to 2013-14 | Impact |  |  |
|  | Heavy vehicle and productivity — To address the safety of drivers of heavy vehicles through the construction of rest stops and parking bays, upgrading the capacity of roads (including bridges) and technology trials which will improve heavy vehicle productivity. | 2011-12 to 2013-14 | Impact |  |  |
|  | Improving local roads — To supplement the Roads to Recovery program. | 2011-12 to 2012-13 | No impact |  | Supplements the Roads to Recovery payment which is quarantined by terms of reference |
|  | Improving the national network — A one-off supplementary payment of $1.8 billion was made in 2005-06 to the States to complete major works packages. | 2011-12 to 2013-14 | NNRs – 50% impact; 50% no impact |  | 50% NNR investment —assessment may not capture all non-policy influences |
|  | Investment —Targets nationally significant projects that will improve the efficiency and safety of the national land transport network. Funding is provided for road and rail construction projects and network maintenance, including transport development, innovation projects and grants to land transport research entities. |  |  |  |  |
|  | \*\*Investment – rail | 2011-12 to 2013-14 | NRN - 50% impact; 50% no impact | R2015 ToR requires the Commission to review the treatment of nationally significant transport infrastructure projects. The Commission decided the NRN should be treated the same way as NNR. | 50% NRN investment —assessment may not capture all non-policy influences |
|  | Investment – road | 2011-12 to 2013-14 | NNRs – 50% impact; 50% no impact |  | 50% NNR investment —assessment may not capture all non-policy influences |
|  | Off-network projects — To improve rail and road infrastructure not included on the national land and transport network. It improves safety, assists industry development and supports job creation in local communities. |  |  |  |  |
|  | * rail##   (some payments were made to local government) | 2011-12 to 2013-14 | States – Impact; local government — no impact |  | Local — needs not assessed |
|  | * road## * supplementary (road investment)   (some payments were made to local government) | 2011-12 to 2013-14 | States – Impact; local government — no impact |  | Local — needs not assessed |
|  | Roads to recovery\*#,##  (paid either through the States or direct to LG) | 2011-12 to 2013-14 | No impact |  | Terms of reference requirement |
| National transport regulator reforms | In August 2011, COAG committed to the implementation of national safety regulatory systems through the signing of new Intergovernmental Agreement on heavy vehicles, rail and maritime safety. |  |  |  |  |
|  | * Transitional assistance — Funding to Tasmania, ACT and the NT to assist them with the implementation of national transport regulation reforms for heavy vehicles, rail and maritime safety. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
|  | * National Heavy Vehicles Regulator – Funding for the establishment of the National Heavy Vehicle Regulator established in Queensland in January 2013 and the project implementation team. | 2011-12 to 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
|  | * National Rail Safety Regulator — Funding for the establishment of the National Rail Safety Regulator established in South Australia and the project implementation team. | 2011-12 to 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
| North Penrith Thornton Park Car Park## | Funding made direct to the local government towards construction and landscaping costs associated with the construction of a multi-level car park in the North Penrith Thornton Park. | 2011-12 | No impact |  | Local — needs not assessed |
| Parliament House Walk | Funding to the ACT for the construction of the Parliament House Walk between the Civic Centre and Parliament House in Canberra. The Walk will become an Australian Government asset on completion. | 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
| Regional and Local Community Infrastructure Program## | Payment direct to local governments to build and modernise community infrastructure. | 2011-12 | No impact |  | Local — needs not assessed |
| Regional Infrastructure Fund | Funding to support the infrastructure needs of Australia’s regions through the Regional Infrastructure Fund (RIF), which runs for 11 years to 2020-21.  Projects from the RIF are delivered in three streams. Streams 1 and 2 are payments to the States. Stream 3 provides funding for the Regional Development Australia Fund, which is made direct to eligible local governments and not-for-profit organisations for local projects. Stream 3 is a Commonwealth own-purpose expense.  Stream 1 — To support projects committed in the 2010 infrastructure and transport portfolio.  Stream 2 — To support ongoing investment in economic infrastructure. Eligible infrastructure includes rail, roads, ports, airports, energy, communication, water and other critical infrastructure and development work. | 2011-12 to 2012-13 | NNRs – 50% impact and 50% no impact;  Other projects – Impact |  | 50% NNR investment —assessment may not capture all non-policy influences |
| Sydney Cricket Ground redevelopment | Funding to replace the Noble, Bradman and Dally Messenger stands in the Sydney Cricket Ground. This project will be jointly funded by the Commonwealth government, the NSW government and the Sydney Cricket and Sports Ground Trust (a Government trading enterprise) and the work was due for completion in 2013-14. | 2011-12 | Impact |  |  |
| Upgrade of Parramatta Stadium | Funding for the upgrade of Parramatta Stadium, which includes upgrades to the Eastern Grandstand, modernised food and beverage outlets and new player facilities. Parramatta Stadium is run by Venues NSW, a government owned entity that reports to the Minister for Sport and Recreation. | 2012-13 | Impact |  |  |
| **ENVIRONMENT** | | | | | |
| **National Partnership Payments** | | | | | |
| Assistance for water infrastructure and pest management in drought-affected areas | To assist drought-affected farm businesses with installing water‑related infrastructure and with managing the impacts of pest animals in drought-affected areas, with the pest management component contingent upon equal contribution from the States. | 2013-14 | No impact |  | Needs not assessed |
| Assistance to farm businesses for water-related infrastructure | Funding to New South Wales and Queensland to supplement these States’ existing emergency water infrastructure rebate programs. | 2013-14 | No impact |  | Needs not assessed |
| Caring for our Country\* | Funding to integrate delivery of previous natural resource management programs: Natural Heritage Trust; National Action Plan for Salinity and Water Quality; National Landcare; Environmental Stewardship and Working on Country Indigenous land and environment. Payments are made to regional bodies through the States. | 2011-12 to 2012-13 | No impact |  | Terms of reference requirement |
| Coal seam gas and large coal mining development | Funding to strengthen the regulation of coal seam gas and large coal mining development by ensuring future decisions are informed by improved science and independent expert advice. | 2011-12 to 2013-14 | Impact |  |  |
| Environmental management of the former Rum Jungle mine site | Payment to the Northern Territory to support the ongoing management of the former Rum Jungle mine site. | 2011-12 to 2013-14 | No impact |  | Needs not assessed |
| Great Artesian Basin Sustainability Initiative | Funding for the repair of uncontrolled artesian bores and the replacement of wasteful open earth bore drains with piped water reticulation systems through the Great Artesian Basin. This initiative is delivered through States and jointly funded by Commonwealth, States and private bore owners. | 2011-12 to 2013-14 | Impact |  |  |
| Implementing water reform in the Murray-Darling Basin | Funding for implementation of the Agreement on Implementing Water Reform in the Murray-Darling Basin. The Agreement will ensure continuing progress in restoring the Basin’s rivers to health and securing strong regional communities and sustainable food and fibre production. | 2012-13 to 2013-14 | No impact |  | Needs not assessed |
| Natural disaster resilience# | Funding to reduce the impact of the increasing resilience to natural disaster. The Commonwealth and States will work with other parties, such as volunteers, private and non-government sectors and local government to achieve this outcome. | 2011-12 to 2013-14 | No impact |  | Local and non-government organisations — needs not assessed |
| Natural disaster recovery and rebuilding – donation to Queensland flood appeal# | The Commonwealth contribution to the Queensland Premier’s Disaster Relief Appeal to help people affected by natural disasters. | 2011-12 to 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
| Northern Australia sustainable futures | Funding to Queensland and the Northern Territory to build the capacity of local government and communities in Northern Australia to effectively manage water infrastructure maintenance and engage communities to appropriately manage community and household demand for water. | 2011-12 to 2012-13 | Impact |  |  |
| **Pest and disease preparedness and response programs (PDPRP)** | | | | | |
| PDPRP — Animal and plant pest disease eradication | Funding to eradicate exotic animal and plant pests and diseases, which if allowed to establish and spread, would have serious economic and environmental impacts. | 2011-12 to 2013-14 | No impact |  | Part of the Caring for our Country program which was quarantined by terms of reference |
| PDPRP — Exotic Disease Preparedness | Funding to support the development of technologies and strategies to prevent, control or eradicate disease specifically in wildlife and feral animals, focusing on those that could threaten Australia’s livestock industries. | 2011-12 to 2013-14 | No impact |  | Needs not assessed |
| Renewable Remote Power Generation | To provide a rebate to the States for the installation of renewable energy generation technologies in areas of Australia currently reliant on diesel for electricity generation. | 2011-12 | Impact |  |  |
| **South Australian River Murray Sustainability program (SARMSP)** | | | | | |
| SARMSP – Irrigation efficiency and water purchase | Funding to support more efficient delivery and use of water by irrigation water providers and irrigators. | 2013-14 | No impact |  | Terms of reference requirement |
| SARMSP – Irrigation industry assistance | Funding to help improve productivity of the South Australian River Murray industry. | 2013-14 | No impact |  | Terms of reference requirement |
| SARMSP – Regional economic development | This program provides funding for the redevelopment of the Loxton Research Centre, a program of industry-led research, and a regional development and innovation program. | 2013-14 | No impact |  | Terms of reference requirement |
| Sustainable Australia — sustainable regional development## | Funding to support selected local government authorities for capacity building and other activities associated with the development and/or implementation of regional sustainability planning. This planning will help to ensure that future population change is compatible with the economic, environmental and social wellbeing of Australia. | 2012-13 to 2013-14 | No impact |  | Local — needs not assessed |
| Tasmania Forests Inter-governmental Agreement\* | Signed in August 2011, the aim of the agreement is to support the forest industry to progressively transition to a more sustainable and diversified footing, to protect additional areas of high conservation value native forest, and to build economic diversity and community resilience. |  |  |  |  |
|  | Implementation — to support the implementation of the Agreement, and ongoing management of additional native forest reserves. | 2011-12 to 2013-14 | No impact |  | Terms of reference requirement |
|  | Economic diversification projects — funding for regional development projects to support diversification of the Tasmanian economy. | 2011-12 to 2012-13 | No impact |  | Terms of reference requirement |
| **Water for the Future (WFF)** | | | | | |
| WFF — National Urban Water and Desalination Plan## (partial paid direct to LG) | To fund four specific urban water management projects in large urban centres as part of the National Urban Water and Desalination Plan. These projects will help secure water supplies and reduce reliance on traditional rainfall dependent water sources. | 2011-12 to 2013-14 | Payments to States — Impact;  payments to local government – no impact |  | Local — needs not assessed |
| WFF — National Water Security Plan for Cities and Towns## (partial paid direct to LG) | To fund six specific urban water management projects and 18 projects, across 17 remote communities to assist implementation of COAG Strategy for Water and Wastewater in remote (including Indigenous) communities. | 2011-12 to 2013-14 | Payments to States — Impact;  payments to local government – no impact |  | Local — needs not assessed |
| WFF — Sustainable Rural Water Use and infrastructure program## (partial paid direct to LG) | This funding is provided under numerous arrangements, such as the National Partnership (NP) on Water for the Future and Water Management Partnership Agreements relating to the Intergovernmental Agreement on Murray-Darling Basin Reform. Aims to improve the efficiency and productivity of rural water management and usage; delivers substantial and lasting water returns to the environment; and helps secure a long-term sustainable future for irrigated agriculture. | 2011-12 to 2013-14 | Payments to States — Impact;  payments to local government – no impact |  | Local — needs not assessed |
| **CONTINGENT PAYMENTS** | | | | | |
| Exceptional circumstances assistance | The Intergovernmental Agreement on Rural Adjustment provides authority to deliver the Exceptional Circumstances (EC) interest rate subsidy payments to eligible farm and small businesses in EC areas which are viable in the long-term but require short-term support to overcome some of the financial effects of drought. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Hepatitis C settlement fund | Contribution to the participating States’ schemes for out-of-court settlement costs for eligible individuals who contracted Hepatitis C through the blood supply service between 1985 and 1991. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Natural Disaster Relief and Recovery Arrangements (NDRRA) | Funding to assist the States with relief and recovery assistance following eligible natural disasters. This includes payments to the States in response to recent and past natural disasters including the January 2013 flood and Tropical Cyclone Oswald, November 2010 to February 2011 floods, bushfires and Tropical Cyclone Yasi. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| **OTHER STATE SERVICES** | | | | | |
| 2014 G20 leaders’ summit security | Funding to upgrade Queensland's policing capacity to support the G20 leaders' summit in Brisbane and the finance ministers' and central bank governors' meeting in Cairns. | 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| 2018 Gold Coast Commonwealth Games | Funding to support the delivery of critical sports infrastructure for the 2018 Commonwealth Games that will boost economic activity in Southeast Queensland and leave a lasting legacy for Queensland and Australia. | 2013-14 | No impact |  | Needs not assessed |
| Assistance to Tasmania to implement national policy reforms\* | Funding to assist Tasmania with budget flexibility in the case of expected challenges arising from the implementation of national policy reforms. This payment was to allow Tasmania to implement Schools reforms. | 2013-14 | No impact |  | Terms of reference requirement |
| \*\*Australian Capital Territory emergency services | Funding to assist in the operation of the ACT Rural Fire Service, as well as to support the ACT State Emergency Services and the Emergency Management, Risk and Spatial Services program. | 2012-13 to 2013-14 | No impact | Change from impact to no impact because special ACT needs relating to the protection of Commonwealth buildings are not assessed | Needs not assessed |
| Centenary of Canberra 2013 – joint national program | Funding to the ACT over three years to celebrate the Centenary of Canberra in 2013. These activities include cultural, sporting and civic awareness events and will engage communities across Australia to celebrate the centenary of the role of Canberra as the Nation’s capital. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Commonwealth Heads of Government meeting 2011 | Payment to Western Australia in relation to security for the Commonwealth Head of Government meeting that was held in Perth in November 2011. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Digital regions initiative# | To co-fund innovative digital enablement projects to support improved education, health and emergency services in regional, rural and remote communities. | 2011-12 to 2012-13 | Payments to States — Impact; payments to local and non-government organisations - no impact |  | Local and non-government organisations — needs not assessed |
| Financial assistance grants to local government# | To provide financial contribution through State governments for the provision of local government services to the community. Payment is made up of general purpose assistance and untied local roads grants. General purpose assistance is distributed between the States on a per capita basis, while untied local roads grants are paid on the basis of 1991-92 interstate road shares. | 2011-12 to 2013-14 | No impact |  | Local — needs not assessed |
| Supplementary road funding to SA for local roads# | Supplementary funding to South Australia to address the State’s disadvantage under the current distribution of the untied local roads grants. | 2011-12 to 2013-14 | No impact |  | Local — needs not assessed |
| Legal assistance services | To provide funding to the State Legal Aid Commission for the provision of legal assistance to disadvantaged persons in accordance with Commonwealth policy priorities. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Local Government and Regional Development – Local Government Reform Fund | Funding to the States for projects that support the implementation of nationally consistent frameworks for local government asset and financial management and/or improve collaboration in the local government sector. | 2011-12 to 2012-13 | Impact |  |  |
| Location-based mobile telephone emergency warning capability | Payment to Victoria to meet the establishment costs incurred in the development of the national emergency warning system that enables the delivery of warnings to mobile telephones based on the location and handset at the time of an emergency. Victoria is responsible for investigating the capability of a system and negotiating with telephone networks on behalf of all jurisdictions. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Pilot of drought reform measures in Western Australia\* | Funding to trial a package of new measures developed in response to the national review of drought policy, including assistance for farm business planning, on farm projects and capacity building and community activities, as well as support for farm households and communities. | 2011-12 to 2013-14 | No impact |  | Terms of reference requirement |
| Protection and promotion of the Melbourne Royal Exhibition Building world heritage property | Payment to Victoria for the conservation of the fabric of the Melbourne Royal Exhibition Building and its world and national heritage values. The building is a State asset – the State government of Victoria owns the building and Museum Victoria manages it. | 2011-12 | Impact |  |  |
| Provision of fire services | Funding to provide the States with equitable payment arrangements for the fire protection of Commonwealth-owned buildings. | 2012-13 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Remote Indigenous public internet access | Funding to improve public internet access facilities and provide related computer training to remote Indigenous communities. | 2011-12 to 2013-14 | Impact |  |  |
| Seamless national economy | Reward funding for the delivery by the States of regulatory reforms aimed at reducing inefficient and costly regulation. The Commonwealth has redirected $55.1 million in payments from Victoria’s allocation of reward funding in 2013-14 to provide funding direct to Victorian Local Hospital Networks in 2012-13. | 2011-12 to 2013-14 | No impact |  | Reward payment —No impact as required by terms of reference. |
| Sinking fund on State debt\* | Contributions to the Debt Retirement Reserve Trust Account on behalf of the six States and the Northern Territory in accordance with the Financial Agreement Act 1994. | 2011-12 to 2013-14 | No impact |  | Terms of reference requirement |
| Standard business reporting program | Funding to simplify business-to-government reporting by making forms easier to understand, using accounting or record-keeping software to automatically pre-fill government forms and introduce a single secure way to interact online with participating agencies. | 2011-12 | No impact |  | Commonwealth purchase – needs not assessed |
| Temporary assistance for Tasmanian exporters | Funding to Tasmania to support the delivery of direct shipping transition assistance for exporters, Burnie Port improvements and an industry-led freight logistics coordination team, in response to the cessation of direct international container shipping service to Tasmania. | 2011-12 | Payments to exporters – no impact; Others – impact |  | Payments to exporters — Needs not assessed |
| Victorian local hospital networks | Payment directly to Victorian Local Hospital Networks to support the ongoing provision of public hospital services. | 2012-13 | Impact |  |  |
| World sailing championships# | Contribution to the staging of the International Sailing Federation World Championships in Western Australia in December 2011. | 2011-12 | No impact |  | Needs not assessed |

\* Treatment prescribed by the terms of reference.

\*\* Treatment change from 2014 Update

# Payments made through the States.

## Payments (full or partial) made direct to local governments.

Table Treatment of Commonwealth own-purpose expenses payments (COPEs)

| Payment | Program description | Years paid in R2015 | Treatment in R2015 | Reason for change from U2014 | Reason for ‘No impact’ |
| --- | --- | --- | --- | --- | --- |
| \*\* National Emergency Management Projects (NEMP) | Funding for emergency management projects of national significance. The projects are designed to improve the ability to prevent, prepare, respond to and recover from disasters across social, economic, environmental and governance elements. Organisations eligible to apply for the grants include Commonwealth, State/Territory and Local Governments and non-government agencies responsible for emergency management. | 2011-12 to 2013-14 | No impact | Change from Impact to No impact because information shows the payments are for national programs | Commonwealth purchase – needs not assessed |
| Highly Specialised Drugs | To provide access to certain drugs under the PBS which must be supplied through hospitals to Outpatients because of special needs in clinical administration or monitoring. The Commonwealth funds all usage of highly specialised drugs by hospital outpatients. The payments only cover the cost of the drugs themselves by reimbursing the amount spent by public and private hospitals for these pharmaceutical benefits. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |
| Commonwealth grants to Indigenous community health organisations | Funding to improve access for Indigenous people to effective health care services essential to improving health, life expectancy and reducing child mortality. Payments are made to national and State agencies and non-government organisations (NGOs). | 2011-12 to 2013-14 | Payment to State general government sector —Impact |  |  |
| Indigenous Culture Support program | Indigenous Culture Support — to support the maintenance and continued development of Indigenous culture at the community level.  Indigenous Visual Arts Industry Support— funding to Indigenous art centres and allied industry organisations, with the objective of building a stronger Indigenous visual arts industry. Indigenous Language Support — to support the maintenance, transmission and revival of Indigenous languages.  Indigenous Repatriation (domestic) — to return Aboriginal and Torres Strait Islander ancestral remains and secret sacred objects held in major Australian museums to their communities of origin. | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed (support Indigenous culture and arts is a Commonwealth responsibility) |
| Indigenous Justice program | Indigenous Justice program— to fund projects that seek to reduce adverse contact of Indigenous Australians with the criminal justice system. The objective is to support safer communities by reducing offending, victimisation and incarceration of Indigenous people.  Northern Territory Aboriginal interpreter service — to help Indigenous Australians access basic community services by alleviating language barriers. | 2011-12 to 2013-14 | Payment to State general government sector for Indigenous Justice program — impact; NT Aboriginal interpreter service — no impact |  | NT Aboriginal interpreter service — needs not assessed |
| Other Indigenous programs | Family violence partnerships —to develop a sustainable reduction in, and prevention of, Indigenous family violence and child abuse through the enhancement of existing, or establishment of new services/initiatives, in partnership with States and Territories throughout Australia. Ceased at the end of 2011-12 and was merged with the Indigenous Family Safety program. | 2011-12 to 2013-14 | Payment to State general government sector — Impact |  |  |
|  | Aboriginals Benefit Account — An account established under law to receive and distribute royalty equivalent monies generated from mining on Aboriginal land in the Northern Territory. The money is used for the benefit of Aboriginal people living in the Territory, such as distribution to traditional land owners who are affected by mining operations and support for the administration of the Northern Territory Land Councils. | 2011-12 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Remote Indigenous Energy Program— to assist remote Indigenous communities to access reliable power through the installation of renewable energy systems. Also to educate community members to help make sure that people don’t waste power and train community members on how to look after the renewable energy systems. | 2012-13 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Army Aboriginal Community Assistance Program — a collaborative partnership with the Australian Army targeting remote Indigenous communities. Aims to improve remote Indigenous communities by providing housing, road upgrades, sewerage systems, community buildings, health services and training to help local Indigenous people get jobs. | 2012-13 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Municipal and essential services — to maintain community power, water and sewerage services, garbage collection, internal road maintenance, dog health and control programs and operation costs associated with the running of organisations that provide these services to communities. | 2011-12 to 2012-13 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Housing and infrastructure projects — to provide housing for Indigenous people in remote communities and to address overcrowding, homelessness, poor housing conditions and severe housing shortages in these communities. | 2011-12 to 2012-13 | Payment to State general government sector — Impact |  |  |
|  | Breaking the cycle of alcohol and drug abuse in Indigenous communities — to assist Indigenous communities to develop and implement Alcohol and substance abuse management plans (AMP), support community groups and not-for-profit organisations work at a local level in order to drive the AMP and support the community, and provide prevention programs to tackle youth substance abuse. | 2011-12 to 2012-13 | Payment to State general government sector — Impact |  |  |
|  | Combatting Petrol Sniffing Strategy — Aims to reduce the incidence and impact of petrol sniffing and other forms of substance abuse among Indigenous youth and communities in specific areas. | 2012-13 | Payment to State general government sector — Impact |  |  |
|  | Indigenous Boarding Hostel's Partnership — to provide Indigenous secondary school students from remote areas the opportunity to live at boarding facilities in major regional centres in order to access educational opportunities not otherwise available to them. | 2011-12 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Indigenous Leadership — to develop effective leadership capacity for Indigenous individuals and communities to improve their wellbeing and engagement with government, with a focus on leadership. | 2012-13 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Indigenous Women's Grants — provide funding for activities that respond to the particular needs and circumstances of local Indigenous women, such as to support more women to undertake leadership, representative and management roles; and to increase Indigenous women’s awareness of, access to, and role in local priority setting and Government funding activities. | 2012-13 | No impact |  | Commonwealth purchase - needs not assessed |
|  | Indigenous Community Strategic Investment (ICSI) — to provide the opportunity to create sustainable improvements for Indigenous Australians through a range of flexible funding and strategic initiatives in Indigenous communities. | 2011-12 to 2012-13 | No impact |  | Majority of projects is specific to the communities and needs are not assessed |
|  | Indigenous Remote Service Delivery — to improve the delivery of services to 29 priority remote locations across New South Wales, Queensland, Western Australia, South Australia and the Northern Territory. | 2011-12 to 2012-13 | Payment to State general government sector — Impact |  |  |
|  | Community Development Employment Project (CDEP) — to strengthen Indigenous communities and support Indigenous people in remote areas through community development and participation opportunities that develop skills, improve capacity, work readiness and employability and link with local priorities.  From 1 July 2013, the Australian Government’s new Remote Jobs and Communities Program provides a more streamlined and flexible approach to employment, participation and community-development services in 60 remote regions. The new program builds on the strengths of four existing programs: Job Services Australia, Disability Employment Services, the Indigenous Employment Program and the CDEP program. | 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
|  | National Job Creation Package (Municipal and Essential Services) —targeted jobs at CDEP participants engaged in activities that delivered municipal and essential services to Indigenous communities. Indigenous Australians employed in the jobs created were expected to receive the full benefits of employment. | 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
|  | Public Awareness Program — to fund initiatives that raise public awareness in the wider community of Aboriginal and Torres Strait Islander issues and culture. The program has two elements. Public awareness grants — payments to selected activities that are capable of reaching a significant audience of non-Indigenous people. National Aborigines and Islanders Day Observance Committee (NAIDOC) activities — payment to community-based organisations or other bodies to assist with the cost of their NAIDOC activities (NAIDOC celebrations are held annually). | 2011-12 to 2012-13 | No impact |  | Commonwealth purchase – needs not assessed |
| All other COPE payments (a) |  | 2011-12 to 2013-14 | No impact |  | Commonwealth purchase – needs not assessed |

(a) The Commission does not have information on all COPE payments and therefore would not be able to consider the treatment of each payment.

\*\* Treatment changed from 2014 Update.

Table Commonwealth payments commenced in 2014-15 and 2015-16

| Commonwealth payment | Description | New in 2014-15 | New in 2015-16 |
| --- | --- | --- | --- |
| $m | $m |
| **Health infrastructure** |  |  |  |
| Albury-Wodonga Cardiac Catheterisation Laboratory | One-off payment to Victoria for the new laboratory which will enable local residents suffering from heart conditions to access quality care without the need to travel long distances to capital cities. | 5.0 |  |
| Bright Hospital - feasibility study | Payment to Victoria for the study which will examine the feasibility of redeveloping the Bright Hospital. | 0.1 |  |
| Cancer Support Clinic in Katherine | One-off payment to the Northern Territory to support the purchase and installation of a chemotherapy chair and associated minor building modification to improve delivery of cancer support services in Katherine Hospital. | 0.5 |  |
| Construction of Palmerston Hospital | Funding to the Northern Territory for the construction of the Palmerston Hospital which will provide a full emergency department, a paediatric ward, and medical and surgical services. | 20.0 |  |
| Improving local access to health care on Phillip Island | One-off payment to Victoria for the upgrade of healthcare infrastructure on Phillip Island. | 2.5 |  |
| Oncology Day Treatment Centre at Frankston Hospital | Payment to Victoria for the expansion and enhancement of the Oncology Day Treatment Centre at Frankston Hospital. | 0.4 |  |
| Redevelopment of the Royal Victorian Eye and Ear Hospital | Payment to Victoria for the completion of the development of the Royal Victorian Eye and Ear Hospital. | 50.0 |  |
| Upgrade of Ballina Hospital | Payment to New South Wales for the construction of a second operating theatre and upgrade of the medical imaging department at Ballina Hospital. | 1.9 |  |
| Upgrade of Casino and District Memorial Hospital | One-off payment to New South Wales for the upgrade of the emergency department at the Casino and District Memorial Hospital. | 3.0 |  |
| Warrnambool Integrated Cancer Care Centre | One-off payment to Victoria for the construction of the Regional Cancer Centre in Warrnambool to provide cancer services to people in southwest Victoria. | 10.0 |  |
| **Health services** |  |  |  |
| Canberra Hospital - dedicated paediatric emergency care | One-off payment to the ACT for the development of a dedicated service for children within the emergency department of the Canberra Hospital. | 5.0 |  |
| **Other Health payments** |  |  |  |
| Adult public dental services | Funding to support the provision of dental services to adults who rely on the public dental system. This initiative will contribute to long-term improvement in dental health by assisting low-income adults to receive treatment. |  | 200.0 |
| **Community Services** |  |  |  |
| National Occasional Care program | Funding to support non-Child Care Benefit approved child care service providers, particularly in rural, regional and remote areas. | 3.1 |  |
| Payments from the DisabilityCare Australia Fund | Funding to assist the States with their contribution to the National Disability Insurance Scheme (NDIS) for 10 years by allocating some of the payments going into the DisabilityCare Australia Fund, which comes into effect on 1 July 2014. The States will be able to draw down from the Fund when they meet key conditions such as agreement to fully roll out the NDIS and milestones relating to the participation of people with significant and permanent disability in the scheme. |  | 73.9 |
| Trial of My Way sites | This Agreement builds on the Agreement between the Commonwealth and Western Australia for disability reform in the State signed on 5 August 2013, which provides for a two-year trial of two service delivery models.  It supports the trial of the My Way model implemented by the WA Disability Services Commission (DSC) under State legislation in two sites: the Lower South West region from July 2014 and the Cockburn/Kwinana DSC region from July 2015. It will run in parallel with the NDIS trial site in the Perth Hills region.  The trial will allow for the assessment and comparison of the merits of the My Way model with the NDIS model and allow the lessons learned to inform the national roll-out of disability reform. | 11.8 |  |
| **Infrastructure** |  |  |  |
| Infrastructure Investment program (former Nation Building program) —  Bridges renewal component | Payments direct to local governments for the upgrade of bridges across the nation to deliver on a commitment made as part of the 2013 election. The program will renew and replace bridges to improve productivity and community access. | 60.0 |  |
| Infrastructure Growth Package —  Asset Recycling Fund  Asset Recycling Initiative  New investments  Western Sydney Infrastructure Plan  (State allocations have not been determined for Asset Recycling Initiative and New investments) | The Commonwealth will establish an Asset Recycling Fund to provide funding for additional investment in high quality economic infrastructure.  Asset Recycling Initiative — financial incentive to States that sell assets and reinvest the sale proceeds into new productive infrastructure. Funding will be allocated to specific projects as agreed between the Commonwealth and States.  New investment — funding for high quality, high priority infrastructure projects and upgrades that support economic growth and employment.  Western Sydney Infrastructure Plan — funding to enhance capacity and improve transport infrastructure, including the development of an airport at Badgerys Creek. | 335.0  201.7  103.0 |  |
| **Environment** |  |  |  |
| Bushfire mitigation | Funding to implement long-term bushfire mitigation strategies and improved fuel reduction activities. | 5.0 |  |
| Whale and dolphin entanglements | Funding to support the purchase of equipment and training aimed at improving responses to whale and dolphin entanglements. The funding forms part of the Commonwealth’s broader Whale and Dolphin Protection Plan. | 0.3 |  |
| **Payments to support other State services** |  |  |  |
| Addressing insurance costs in North Queensland | Funding for a grants program for engineering inspections of North Queensland strata title properties. The assessments will provide better information to insurers which will enable them to set premiums that more accurately reflect individual property risks, and help residents of strata title properties to be fully aware of the risks to their properties from natural disasters. | 3.1 |  |
| Developing demand-driver infrastructure for the tourism industry | Funding for projects that create and encourage tourism, and assist the tourism industry to meet the national tourism strategy, *Tourism 2020*. | 11.0 |  |
| Port Arthur penitentiary restoration | Funding to support conservation works on the Port Arthur Historic Site’s Penitentiary ruin in Tasmania. | 1.5 |  |

Source: *Federal Financial Relations, Budget Paper No. 3*, 2014‑15.

# ATTACHMENT 3

## THE ADJUSTED BUDGET

### Introduction

* 1. The adjusted budget is a comprehensive representation of State budgets. It is used to calculate average per capita State revenues and expenditures used in assessing State fiscal capacities.
  2. We start with data from the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS). They are supplemented by data from the States and other sources to allow the most recently completed financial year to be included, to improve comparability between States and to ensure the composition of each revenue and expense category is consistent with our requirements.

### Scope of the adjusted budget

* 1. The GST distribution provides financial support to State governments for operating expenses as well as for the acquisition of new assets. In the 2010 Review, we included all transactions of the State general government sector that are in whole or part financed by GST revenue.
  2. In this review, we have changed our coverage of State activities to include the operation of public non-financial corporations (PNFCs) providing social housing and urban transport. This is because we concluded housing and urban transport services provided by PNFCs have strong similarities to the services provided by general government agencies. They are not fully commercial and depend on government funds to meet recurrent expenses and investment, the services stem from social policy objectives, and governments make the major policies on service delivery and charges.
  3. The scope of the adjusted budget now covers all transactions recorded in the GFS State general government (GG) operating statement and the transactions of State PNFCs that provide social housing and urban transport services.
  4. The relevant transactions are:
* State GG sector revenue
* own-source revenues (taxation, fees and charges, other revenue)
* GST, recurrent and capital payments from the Commonwealth
* State GG sector operating expenses consolidated with housing and urban transport PNFCs operating expenses
* State GG sector net acquisition of assets consolidated with housing and urban transport PNFCs net acquisition of assets.
  1. Other direct spending or revenue raised by the Commonwealth, local government, most State PNFCs and non-government bodies on State-type services and infrastructure are excluded.
  2. GFS includes ACT municipal transactions with the State transactions. Normally, we would remove these transactions from the adjusted budget so that only ‘State-type’ expenses are reflected in the financial averages. Because the effect of including ACT municipal transactions on the relativities is immaterial, we followed the GFS process and left these transactions in the relevant categories for simplicity. We treated ACT rate revenue as ‘Other revenue’ which is assessed equal per capita (EPC) and does not affect the relativities.

#### Adjustments to GFS GG operating statement

* 1. We used the published ABS GFS Operating statement for the GG sector as the starting point of the adjusted budget. Then we made the following adjustments.
* We added on housing and urban transport PNFC operating revenue, expenses, net acquisition of assets and increases in liabilities. (Transfers between the GG and PNFC sectors for these services are excluded.)
* We added on the cross-subsidies between electricity PNFCs in Western Australia. (We consider these are equivalent to the dividends received and subsidies paid in other States but are presented in a non-standard way by Western Australia.)
  1. Because of these and other small adjustments, the outcome of the adjusted budget does not equal the outcome of State GG budgets as published in GFS. The difference between these two budgets is included as a ‘net balancing transaction’ in the Other revenue category.

### Structure of the adjusted budget

* 1. Our starting position for the 2015 Review was the category structure from the 2010 Review. Some changes have been made where we considered it necessary to properly assess disabilities and/or improve transparency.
  2. Seven categories of State revenue and 13 categories of State expenditure have been assessed in this review. Table 1 shows the adjusted budget structure and the average amount for each category for 2011‑12 to 2013‑14. More detailed definitions of each category are in Appendix A to this attachment.

Table Adjusted budget categories for the 2015 Review

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2011-12 | | 2012-13 | | 2013-14 | |
|  | $m | $pc | $m | $pc | $m | $pc |
| **Revenue from Commonwealth** |  |  |  |  |  |  |
| GST revenue | 46 040 | 2 045 | 48 061 | 2 097 | 51 090 | 2 192 |
| Payments impact on relativities (a) | 37 367 | 1 659 | 35 252 | 1 538 | 38 511 | 1 652 |
| **State own-source revenue** |  |  |  |  |  |  |
| Payroll tax | 19 639 | 872 | 20 647 | 901 | 21 230 | 911 |
| Land tax | 6 760 | 300 | 6 904 | 301 | 7 988 | 343 |
| Stamp duty | 14 566 | 647 | 15 789 | 689 | 18 957 | 813 |
| Insurance tax | 4 888 | 217 | 5 093 | 222 | 4 841 | 208 |
| Motor taxes | 5 870 | 261 | 6 347 | 277 | 6 672 | 286 |
| Mining revenue | 10 039 | 446 | 9 368 | 409 | 11 427 | 490 |
| Other revenue (b) | 41 568 | 1 846 | 39 497 | 1 723 | 47 295 | 2 029 |
| **Operating expenses (c)** |  |  |  |  |  |  |
| Schools education (a) | 41 742 | 1 854 | 43 619 | 1 903 | 45 660 | 1 959 |
| Post-secondary education (d) | 5 748 | 255 | 5 707 | 249 | 5 733 | 246 |
| Health (d) | 45 355 | 2 014 | 48 239 | 2 105 | 50 505 | 2 167 |
| Housing (d) | 3 098 | 138 | 2 872 | 125 | 3 163 | 136 |
| Welfare | 13 901 | 617 | 14 179 | 619 | 15 258 | 655 |
| Services to communities (d) | 6 308 | 280 | 5 863 | 256 | 6 257 | 268 |
| Justice | 16 005 | 711 | 16 200 | 707 | 17 108 | 734 |
| Roads | 6 519 | 289 | 6 739 | 294 | 6 981 | 300 |
| Transport (d) | 9 532 | 423 | 10 220 | 446 | 11 156 | 479 |
| Services to Industry | 5 565 | 247 | 5 439 | 237 | 5 929 | 254 |
| Depreciation (e) | 10 759 | 478 | 12 000 | 524 | 12 655 | 543 |
| Other expenses | 24 727 | 1 098 | 24 241 | 1 058 | 27 003 | 1 159 |
| **Capital expenditure** |  |  |  |  |  |  |
| Investment | 17 428 | 774 | 14 129 | 617 | 11 970 | 514 |
| Net borrowing (f) | 19 952 | 886 | 22 488 | 981 | 11 368 | 488 |

(a) Includes the non-government schools SPP (Students First funding). Both the revenue and related expenditure of this payment to non-government schools are assessed using the same distribution. In effect, these payments do not impact on the relativities.

(b) Includes a net budget balancing transaction.

(c) Relevant superannuation expenses are included in each expense category.

(d) Net categories – user charges (all or part) are removed from the expenses.

(e) Excludes depreciation expenses for urban transport services. They are assessed in Transport.

(f) Net borrowing is shown without a negative sign. It reduces net financial worth.

Source: Commission calculation using GFS data, data from Australia’s *Final Budget Outcome*, and data collected from Commonwealth departments and States.

* 1. Table 2 shows the changes in category structure from the 2010 Review.

Table Changes to categories between the 2010 and 2015 Reviews

|  |  |
| --- | --- |
| 2015 Review category | Changes since 2010 Review |
| Payroll tax | No change. |
| Land tax | Fire and emergency levies collected from landholder included. |
| Stamp duty | Was Stamp duty on conveyances. Vehicle transfer duty included. |
| Insurance tax | Fire and emergency levies collected from insurance policy holders included. |
| Motor taxes | Vehicle transfer duty removed and placed in Stamp duty category. Fire and emergency levies collected from vehicle owners included. |
| Mining revenue | No change. |
| Other revenue | Fire and emergency service levies moved to land tax, insurance tax and motor taxes categories.  Net budget balancing transaction included. |
| Schools education | Administrative scale expenses moved to Other expenses. |
| Post-secondary education | Vocational training included. Administrative scale expenses moved to Other expenses. |
| Health | New category combining Admitted patients category and Community and other health services category. Administrative scale expenses moved to Other expenses. |
| Welfare | New category created by splitting welfare expenses from the Welfare and housing category. Administrative scale expenses moved to Other expenses. |
| Housing | New category created by splitting housing expenses from the Welfare and housing category. Housing PNFC transactions included. Administrative scale expenses, native title and land rights expenses moved to Other expenses. |
| Services to communities | Capital grants to local governments for community development moved to Other expenses. Administrative scale, native title and land rights expenses moved to Other expenses. |
| Justice | Administrative scale expenses, native title and land rights expenses moved to Other expenses. |
| Roads | Administrative scale expenses, native title and land rights and national capital allowance moved to Other expenses. |
| Transport | Urban transport PNFC transactions included. GG and PNFC Urban transport depreciation expenses included. Administrative scale expenses moved to Other expenses. |
| Services to industry | Vocational training moved to Post-secondary education. Administrative scale expenses, native title and land rights expenses moved to Other expenses. |
| Depreciation | All deprecation expenses, except Urban transport, included. |
| Other expenses | All administrative scale expenses, native title and land rights expenses and national capital allowance for Roads included. |
| Investment | All investment including investment of urban transport and social housing PNFCs included. |
| Net borrowing | Non-financial assets of urban transport and social housing PNFCs (including land) moved to Investment (in the 2010 Review, these assets affect State net financial worth). |

Source: Commission decisions.

### Data sources

* 1. Where possible, we use GFS data from the ABS to compile the adjusted budget. GFS data are compiled using standard definitions, classifications and treatment of government financial transactions and are available for the general government sector of all States. While they sometimes reflect interstate differences in the administrative and accounting arrangements and are not always compiled on a consistent basis across States, the quality of the data are improving and adjustments can be made for known differences. In addition, the ABS is committed to maintaining and further improving the quality of these data. We concluded that GFS data are fit for our purpose.
  2. There are two cases where we are unable to use GFS data.
* GFS data for the last assessment year are not available in sufficient time. Therefore, for the final year, we use data from the States. We replace these data with GFS data in the next update of the relativities. We work with States each year to improve the data and maximise comparability between States.
* GFS data do not contain detailed accounts for PNFCs but we require such data since we now consolidate the transactions of urban transport and social housing PNFCs with GG transactions in the adjusted budget. States provide those PNFC data for all assessment years.
  1. GFS data cannot be used to compile data on Commonwealth payments for any assessment year because they do not contain the necessary level of detail. Commonwealth budget outcome data are available and have been used because they are reliable and fit for purpose.
  2. Table 3 summarises the data sources used in compiling the adjusted budget for the 2015 Review.

Table Data sources for compiling the adjusted budget for the 2015 Review

|  |  |  |
| --- | --- | --- |
|  | Prior to last assessment year | Last assessment year |
| Commonwealth payments (including COPEs) | Commonwealth Final Budget Outcome and extra information from Commonwealth agencies | Commonwealth *Final Budget Outcome* and extra information from Commonwealth agencies |
| Own-source revenue | GFS and extra information from States | Information from States, replaced by GFS in following year |
| Expenses, user charges, investment and net borrowing | GFS and extra information from States | State financial reports or data from States, replaced by GFS in following year |
| PNFC data (urban transport and social housing) | States | States |

### Data adjustments

* 1. Adjustments are applied to State revenue and expenses to improve interstate comparability where GFS data are not comparable across States or where the treatment of the transaction in GFS differs from what our assessments require.
  2. Major adjustments undertaken for the 2015 Review are summarised in Table 4. They are based on analysis of GFS unit records and information collected from the States.

Table Major adjustments to State GG revenue and expenses for 2015 Review

|  |  |
| --- | --- |
| Affected categories | Adjustments (for some or all States) |
| Insurance tax, Other revenue, Health | Reclassification of contributions to workers compensation funds from Insurance tax to Other revenue and offset health insurance and ambulance levies against Health expenses. |
| Motor taxes, Other revenue | Reclassification of number plate fees classified as user charges in GFS from Other revenue to Motor taxes. |
| Housing, Transport, Depreciation, Investment | Consolidation of housing and urban transport GG and PNFCs operating revenue, expenses, investment and increases in liabilities. Urban transport depreciation assessed in Depreciation. |
| Welfare, Transport, Services to communities, Health | Reclassification of concessions for water and electricity from Services to communities to Welfare. Also reclassify concessions for transport from Welfare to Transport. |
| Welfare, Services to communities, Services to industry, Other expenses | Reclassification of subsidies for the provision of electricity and water services to PNFCs and local government from Welfare, Services to industry and Other expenses to Services to communities. |
| Services to communities | Addition of Western Australia’s cross-subsidies between its electricity PNFCs. |
| Roads, Transport | Reclassification of bus service expenses from Roads to Transport. |

### Update process and further information

* 1. We will use up-to-date figures from the following sources to compile the adjusted budget annually:
* Commonwealth payments — Commonwealth Final Budget Outcome and extra information from Commonwealth agencies for all assessment years
* own-source revenue, user charges, expenses, investment and net borrowing — GFS and extra information from States for years prior to last assessment year and information from States for last assessment year.

### Appendix A: Category definitions for the 2015 Review

Table A- Category definitions for the 2015 Review, Revenue

| Category code | Definition | ABS Taxes classification (TC) or Economic transaction framework (ETF) codes |
| --- | --- | --- |
| 210 Payroll tax | This category includes taxes levied on the payrolls of employers. More specifically, the category includes:   * net payroll tax collections, including the surcharges imposed on large employers by some States, less the tax paid by those government departments and authorities covered by the Commission’s expense comparisons.   Payroll tax collected from public non-financial corporations, except those that provide social housing and urban transport services, is included in this category. | TC 211 ‑ Payroll taxes  TC 221 ‑ Stevedoring industry charges |
| 220 Land tax | This category includes taxes on the ownership of land based on the assessed value of land. More specifically, the category includes:   * levies on property owners intended specifically for financing the planning and development of land within the metropolitan region * land tax on some rural land.   The category also includes revenue from fire and emergency service levies where they are levied on property and that part of ACT general rates that is a replacement for conveyance duty. | TC 311 ‑ Land taxes  TC 313 ‑ Metropolitan improvement rates  TC 314 ‑ Property owner’s contributions to fire brigades |
| 230 Stamp duty | This category includes stamp duties raised upon the transfer of ownership of property and motor vehicles. More specifically, the category includes:   * stamp duties on the transfer of real estate, business and other property, including those from the sale of major government assets and corporate reconstructions * stamp duties imposed on motor vehicle registration and transfers. | TC 334 ‑ Stamp duties on conveyances  TC 512 ‑ Stamp duty on vehicle registration |
| 240 Insurance tax | This category includes taxes levied on the premiums of a range of insurance products (such as life, general and compulsory third party motor vehicle insurance) and emergency service levies collected from policy holders by some States.  The category excludes ambulance levies (offset against Health expenses). | TC 451 - Insurance companies’ contributions to fire brigades  TC 452 - Third party insurance taxes  TC 459 - Taxes on insurance not elsewhere classified (n.e.c.) |
| 250 Motor taxes | This category includes annual motor vehicle registration, fire and emergency levies imposed on motor vehicles, traffic improvement and number plate fees, and revenues raised by the Commonwealth under its Federal Interstate Registration Scheme (FIRS).  It excludes stamp duty on motor vehicle transfers, duty collected on compulsory third party insurance premiums, driver licence and permit fees. | TC 514 - Road transport and maintenance taxes  TC 515 - Heavy vehicle registration fees and taxes  TC 516 - Other vehicle registration fees and taxes |
| 260 Mining revenue | This category includes royalties levied on mining production. Royalties represent a payment to the owners of a resource for the right to sell, dispose of, or use the resource.  It also includes grants in lieu of royalties payments from the Commonwealth under revenue sharing arrangements. Western Australia receives a payment in relation to royalties from the offshore oil and gas product (predominantly from the North-West Shelf) and the Northern Territory receives a payment in relation to royalties on uranium. | ETF 1136 - Royalty income |
| 270 Other revenue | This category covers the revenues not separately assessed in other revenue categories. More specifically, the category includes:   * gambling taxation * fees and fines * user charges other than those from the provision of services for post-secondary education, health, housing, mining and minerals other than fuels, water supply, sanitation and protection of the environment, electricity and public transport * interest and dividend income * contributions by trading enterprises * other (such as minor taxes, capital revenue not elsewhere classified (n.e.c.), revenue from assets acquired below fair value).   The category also includes the net budget balancing transaction, which is the difference between the adjusted budget and the ABS GFS general government outcomes. | Gambling taxes - TC 441 government lotteries, 442 private lotteries, 443 gambling devices, 444 casino taxes, 445 race betting, 449 gambling n.e.c.  Other user charges - ETF1120 Sales of goods and services, all GPCs except for Post-secondary education (GPC 0421, 0422, 0429, 1331), Health (GPC 0511, 0512, 0520, 0530, 0541, 0542, 0549, 0550, 0560, 0570, 0590), Housing (GPC 0711), Electricity, water, sanitation and environment (GPC 0721, 0729, 0731, 0739, 0921, 0922, 0929), Transport (GPC 1221, 1222, 1223, 1231, 1232, 1233, 1241, 1249, 1281, 1289).  ETF 1131 - Interest income  ETF 1132 - Dividend income  Other taxes - TC312 municipal rates, 319 taxes on immovable property n.e.c., 332 financial institutions transactions taxes, 333 Government borrowing guarantee levies, 335 Stamp duty on shares and marketable securities, 336 Other stamp duty on financial and capital transactions, 427 levies on statutory corporations, 521 Gas franchise fees, 522 Petroleum products franchise fees, 523 Tobacco franchise fees, 524 Liquor franchise fees, 539 Other taxes on the use of goods and performance of activities n.e.c.  Other income - ETF 1133 Income from public enterprises as income tax equivalent, 1134 Income from public enterprises as wholesale sales tax equivalent, 1135 Land rent income, 1146 Fines, 1149 Current revenue n.e.c., 1152 Assets acquired below fair value, 1159 Capital revenue n.e.c. |

Note: Names of these GPCs can be found in their related expense category definition in Table A-2.

Source: ABS GFS definitions.

Table A- Category definitions for the 2015 Review, Expenses

| Category code | Definition | ABS Government purpose classification (GPC) Codes |
| --- | --- | --- |
| 310 Schools education | This category includes State general government recurrent spending on government and non-government pre-schools, primary and secondary schools and student transport services.  More specifically, the category includes:   * education programs in preschool and kindergarten (excludes play centres, crèches, day-care centres), primary schools and secondary schools * special education programs provided by special schools or integrated into mainstream preschool, primary or secondary education, and * transport services to students living in urban and non-urban areas, including contract bus services, conveyance allowances to parents and reimbursement of public trading enterprises and private sector bus operators for concessional fares offered to these students.   Includes superannuation, excludes depreciation, administrative scale expenses.  Associated user charges are included in Other revenue. | 0411 - Primary education  0412 - Secondary education  0419 - Primary and secondary education n.e.c.  0431 - Preschool education  0432 - Special education  0439 - Other education not definable by level  0441 - Transportation of non-urban school students  0449 - Transportation of other students  0490 - Education n.e.c. |
| 320 Post-secondary education | This category includes State general government recurrent spending on vocational education training (VET) and higher education.  More specifically, the category includes:   * VET services provided by public technical and further education (TAFE) institutes and privately run registered training organisations (RTOs) * higher education services provided by universities.   Includes superannuation, excludes depreciation, administrative scale expenses.  Associated user charges are deducted from the expenses. | 0421 - University education  0422 - Technical and further education  0429 - Tertiary education n.e.c.  1331 - Vocational training |
| 415 Health | This category includes State general government recurrent spending on public hospitals and community and public health services.  More specifically, the category includes:   * admitted patient services — acute and non-acute medical care and treatment for public patients admitted in public hospitals and public patients treated in private hospitals * emergency departments – all emergency care delivered to patients at public hospitals * other non-admitted patient services – all outpatient type services provided at public hospitals such as obstetrics, gynaecology, cardiology, pathology, and radiology and imaging services * non-hospital patient transport – aero-medical ambulance services and the reimbursement of costs through Patient Assisted Travel Schemes * community health centre services –health services provided in a community setting such as domiciliary nursing services, well baby clinics, mental health services, home nursing services, family planning, and alcohol and drug rehabilitation * public health services – activities for the protection and promotion of health and the prevention of disease, illness or injury. These include organised immunisation, health promotion, screening programs, communicable disease control, and prevention of hazardous and harmful drug use.   Includes superannuation, excludes depreciation, administrative scale expenses.  Associated user charges are deducted from the expenses. | 0511 ‑ Admitted patient services in acute care institutions  0512 ‑ Non admitted patients in acute care institutions  0520 ‑ Mental health institutions  0530 ‑ Nursing homes for the aged  0541 ‑ Community mental health services  0542 ‑ Patient transport  0549 ‑ Other community health services  0550 ‑ Public health services  0560 ‑ Pharmaceuticals, medical aids and appliances  0570 ‑ Health research  0590 ‑ Health administration n.e.c. |
| 511 Housing | This category includes State general government and public non-financial corporations (PNFCs) recurrent spending on social housing.  More specifically, the category includes:   * consolidated expenses on social housing provided by general government and PNFCs, and subsidies to community housing providers * private rental assistance to assist low income households for bonds and rent payments, and * home loans and other forms of home purchase assistance including interest rate assistance, grants and concessional stamp duty on conveyances to first home buyers.   The category excludes:   * the provision of accommodation to State employees, such as teachers and police officers in remote areas, which is included and assessed in the relevant functional categories * residential institutions mainly providing living quarters for people with special needs such as the young or the disabled * homeless persons assistance.   Includes superannuation, excludes depreciation, administrative scale, native title and land rights expenses.  Associated user charges are assessed differentially, then netted off expenses. | 0711 ‑ Housing |
| 512 Welfare | This category includes State general government recurrent spending on the provision of welfare services.  More specifically, the category includes:   * Family and child services — include family support, child protection and out of home care, child care and after school care. * Aged care services — From July 2011, the Commonwealth government assumed responsibility for basic community care and specialist disability services for older people (those aged over 65; over 50 for Indigenous people) in most States. Victoria agreed to the new arrangements with effect from July 2015 and (as of February 2015) Western Australian has not agreed.   Aged care spending by States (Victoria from July 2015) other than Western Australia, will be very small. These States’ expenses on the provision of Home and Community Care (HACC) services for older people on the Commonwealth’s behalf will be reimbursed by the Commonwealth.  For Western Australia, pre-existing policy and funding arrangements for aged care services will continue to apply. In particular, basic community care services will continue to be provided by Western Australia under the HACC program, with a continuing funding contribution from the Commonwealth.   * Disability services — include State spending and contribution to the trial, transition and full implementation of the National Disability Insurance Scheme (NDIS), and Specialist disability services which include accommodation support, community support, community access, respite, advocacy and information services. * General welfare services — include concessions, homeless persons assistance, prisoners aid, care of refugees, Indigenous welfare services, women’s shelters, and information, advice and referral services.   Includes superannuation, excludes depreciation, administrative scale expenses.  Associated user charges are included in Other revenue. | 0610 ‑ Social security  0621 ‑ Family and child welfare services  0622 ‑ Welfare services for the aged  0623 ‑ Welfare services for people with a disability  0629 ‑ Welfare services n.e.c.  0690 ‑ Social welfare services n.e.c. |
| 520 Services to communities | This category includes State general government recurrent spending on the provision of electricity, water and wastewater services and the administration of communities, community amenities and environmental services.  More specifically, the category includes:   * subsidies to enterprises providing electricity, water and wastewater services * administration and support of communities (including Indigenous communities) * environment protection.   Includes superannuation, excludes depreciation, administrative scale, native title and land rights expenses. Also excludes capital grants to local governments for community development.  User charges relating to the provision of electricity, water supply, waste water and environment protection are deducted from the expenses. User charges relating to community development and community amenities are included in the Other revenue category. | 0712 ‑ Aboriginal community development  0719 ‑ Other community development  0721 ‑ Aboriginal community water supply  0729 ‑ Other water supply  0731 ‑ Aboriginal community sanitation  0739 ‑ Other sanitation and protection of the environment  0791 ‑ Aboriginal community amenities  0799 ‑ Other community amenities  0921 ‑ Aboriginal community electricity  0922 ‑ Other electricity  0929 ‑ Other energy |
| 610 Justice | This category includes State general government recurrent spending on justice services.  More specifically, the category includes:   * police services * law courts and legal services, including crown prosecutions, trusteeship services and law reform, registration of legal titles to property and registration of births, deaths and marriages; and * prison and corrective services, including detention for juveniles and child offenders, youth training centres and juvenile corrective institutions.   Includes superannuation, excludes depreciation, administrative scale, native title and land rights expenses.  Associated user charges are included in Other revenue. | 0311 ‑ Police services  0320 ‑ Law courts and legal services  0330 ‑ Prisons and corrective services |
| 710 Roads | This category includes State general government recurrent spending on the maintenance of roads, bridges (including tunnels) and other related services.  More specifically, the category includes:   * road maintenance, including road pavement and shoulder maintenance * road rehabilitation, including reinstating failed road pavements to existing standards to improve the ride quality without improving the design standard * administration expenses on road construction affairs * road safety and traffic improvements, and miscellaneous road transport activities, including driver licensing, motor vehicle registration and regulation.   Includes superannuation, excludes depreciation, administrative scale, native title and land rights expenses, and national capital allowance calculated by the Commission.  Associated user charges are included in Other revenue. | 1211 ‑ Aboriginal community road transport services  1212 ‑ Road maintenance  1213 ‑ Road rehabilitation  1214 ‑ Road construction  1219 ‑ Road transport n.e.c. |
| 725 Transport | This category includes State general government and public non-financial corporations (PNFCs) recurrent spending on the provision of transport services. These services include bus, rail (passenger and freight), ferries, ports and other maritime related services, and air transport. It also include passenger concessions not relating to student transport.  More specifically, the category include:   * Urban transport — consolidated expenses (including depreciation) for the general government and PNFCs sectors on passenger transport within urban centres, net of user charges, and subsidies to private providers and local governments * Non-urban transport — general government’s capital and operating subsidies for passenger and freight transport between urban centres, and subsidies to port corporations.   Includes superannuation and urban transport depreciation, excludes non-urban transport depreciation and administrative scale expenses.  Associated user charges are removed from the expenses. | 1221 ‑ Aboriginal community water transport  1222 ‑ Urban water transport  1223 ‑ Non urban water transport  1231 ‑ Urban rail transport  1232 ‑ Non urban rail transport freight  1233 ‑ Non urban rail transport passenger  1241 ‑ Aboriginal community air transport  1249 ‑ Other air transport  1281 ‑ Multi mode urban transport  1289 ‑ Other transport n.e.c. |
| 810 Services to Industry | This category includes State general government recurrent spending on the regulation and development of businesses and industries, and other economic affairs. These industries include:   * fuels such as natural gas, liquefied petroleum gases and refinery gases, coal, petroleum and alternative fuels * management of agricultural land and water resources * forestry, fishing and hunting * mining and mineral resources * manufacturing * building and construction * storage and warehousing * tourism and area promotion.   Also includes consumer affairs, such as licensing, sales practices, labelling of package food, price control and shop inspection.  Includes superannuation and depreciation, excludes administrative scale, native title and land rights expenses.  User charges relating to mining and minerals including gas and fuels are deducted from the expenses. User charges relating to other industries are included in Other revenue. | 0911 ‑ Gas  0919 - Fuel affairs and services n.e.c.  0990 - Fuel and energy n.e.c.  1010 - Agriculture  1020 - Forestry, fishing and hunting  1110 - Mining and mineral resources, other than fuels  1120 - Manufacturing  1130 - Construction  1310 - Storage, saleyards and markets  1320 - Tourism and area promotion  1339 - Other labour and employment affairs  1390 - Other economic affairs n.e.c. |
| 820 Other expenses | This category includes State general government recurrent expenses not separately assessed in other expense categories. More specifically, the category includes:   * centrally provided services, including State legislatures and central administrative agencies that support State service delivery agencies and supervision of local government, general research and other administrative functions including GST administration * recreation, culture and community amenities, such as libraries, public halls, arts and sport facilities, national parks * public safety services other than those provided by police, such as emergency services and fire protection * communication services such as postal, telephone, telegraph, cable and wireless communications and satellites * administration, regulation and operation of pipelines for the transportation of petroleum and natural gas * public debt transactions, including interest charges on unfunded superannuation * general purpose inter-government transactions (grants, advances or other inter-government transactions that cannot be allocated to other purposes) * natural disaster relief * capital grants to local governments for community amenities * all administrative scale, native title and land rights expenses, and national capital allowance for Roads   Associated user charges are included in Other revenue. | GFS expenses less the sum of expenses for the other operating expense categories that the Commission assessed. |
| 850 Depreciation | Nominal expenses reflecting the loss in value of capital stock.  This category excludes urban transport depreciation. | ETF 1231 ‑ Depreciation of fixed assets (non‑defence) |

Source: ABS GFS definitions.

Table A- Category definitions for the 2015 Review, Investment and net borrowing

|  |  |  |
| --- | --- | --- |
| Category code | Definition | ABS Code |
| 910 Investment | This category includes State investment in the acquisition of extra infrastructure and land for assessment purposes.  More specifically, the category includes:   * general government investment in assets * investment in assets by PNFCs that provide social housing and urban transport services. | **Produced assets (infrastructure except land):**  For type of asset classification (TAC) 1:  ETF 222 - Expenditure on non-financial assets (net)  plus  ETF 1152 - Assets acquired below fair value  plus  ETF 1252 - Assets donated; plus  ETF 4101 - Assets acquired under finance leases  less  ETF 1231 - Depreciation of fixed assets  plus  ETF 3210 - Change in inventory.  **Non-produced assets (majority is land):**  For TAC 2:  ETF 222 - Expenditure on non-financial assets (net) plus  ETF 1152 - Assets acquired below fair value  plus  ETF 1252 - Assets donated. |
| 920 Net Borrowing | The financial requirement of State general government and PNFCs providing social housing and urban transport services. It is calculated as the GFS net operating balance (GFS revenue minus GFS expenses) less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position. |  |

# ATTACHMENT 4

## THE ASSESSED BUDGET

* 1. This attachment provides assessed revenue and expenses by category and total assessed Commonwealth payments (other than the GST). For each State, they reflect what revenue could be raised at average policy, what would need to be spent to deliver average services and the actual revenue from Commonwealth payments, which support State budgets. These assessed amounts are used in Attachment 5 to derive the relativities.
* Table 1 shows the assessed budget for 2011‑12.
* Table 2 shows the assessed budget for 2012‑13.
* Table 3 shows the assessed budget for 2013‑14.
  1. Additional information used in the calculation of relativities is available on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/).

Table 1 Assessed revenue, expenses and Commonwealth payments, 2011-12

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed revenue |  |  |  |  |  |  |  |  |  |
| Payroll tax | 893 | 823 | 838 | 1 188 | 669 | 559 | 985 | 754 | 872 |
| Land tax | 300 | 312 | 311 | 392 | 176 | 168 | 195 | 223 | 300 |
| Stamp duty | 683 | 670 | 644 | 720 | 422 | 365 | 649 | 489 | 647 |
| Insurance tax | 236 | 206 | 210 | 208 | 234 | 171 | 180 | 186 | 217 |
| Motor taxes | 231 | 270 | 271 | 301 | 274 | 293 | 223 | 228 | 261 |
| Mining revenue | 213 | 19 | 594 | 2 210 | 159 | 109 | 0 | 408 | 446 |
| Other revenue | 1 846 | 1 846 | 1 846 | 1 846 | 1 846 | 1 846 | 1 846 | 1 846 | 1 846 |
| Total | 4 402 | 4 147 | 4 714 | 6 865 | 3 780 | 3 510 | 4 078 | 4 134 | 4 589 |
| Assessed expenses |  |  |  |  |  |  |  |  |  |
| Schools education | 1 826 | 1 720 | 1 946 | 1 922 | 1 882 | 2 015 | 1 703 | 3 140 | 1 854 |
| Post-secondary education | 254 | 245 | 257 | 265 | 254 | 259 | 279 | 370 | 255 |
| Health | 1 952 | 1 878 | 2 029 | 2 191 | 2 093 | 2 435 | 1 884 | 3 861 | 2 014 |
| Housing | 134 | 122 | 141 | 149 | 148 | 153 | 103 | 408 | 138 |
| Welfare | 620 | 557 | 651 | 596 | 635 | 743 | 437 | 1 433 | 617 |
| Services to communities | 235 | 225 | 301 | 353 | 301 | 302 | 225 | 1 758 | 280 |
| Justice | 690 | 619 | 745 | 787 | 700 | 755 | 621 | 2 261 | 711 |
| Roads | 257 | 253 | 316 | 380 | 325 | 264 | 182 | 715 | 289 |
| Transport | 455 | 467 | 387 | 425 | 364 | 207 | 285 | 199 | 423 |
| Services to industry | 230 | 231 | 255 | 312 | 254 | 260 | 212 | 312 | 247 |
| Depreciation | 455 | 417 | 485 | 565 | 509 | 514 | 422 | 1 393 | 478 |
| Other expenses | 1 045 | 1 043 | 1 062 | 1 187 | 1 110 | 1 355 | 1 755 | 2 187 | 1 098 |
| Total | 8 152 | 7 776 | 8 575 | 9 132 | 8 574 | 9 261 | 8 108 | 18 037 | 8 405 |
| Investment | 710 | 753 | 791 | 1 131 | 620 | 518 | 715 | 1 036 | 774 |
| Net borrowing | 874 | 886 | 894 | 930 | 866 | 850 | 890 | 871 | 886 |
| Commonwealth payments | 1 574 | 1 596 | 1 710 | 1 672 | 1 990 | 1 633 | 1 485 | 2 729 | 1 659 |

(a) Other revenue includes the net balancing transactions.

(b) Totals include the actual per capita assessment of the non-government schools SPP.

Source: Commission calculation.

Table Assessed revenue, expenses and Commonwealth payments, 2012-13

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed revenue |  |  |  |  |  |  |  |  |  |
| Payroll tax | 906 | 840 | 873 | 1 288 | 701 | 537 | 948 | 800 | 901 |
| Land tax | 295 | 323 | 307 | 399 | 173 | 163 | 183 | 224 | 301 |
| Stamp duty | 742 | 676 | 652 | 862 | 448 | 399 | 669 | 599 | 689 |
| Insurance tax | 241 | 203 | 223 | 217 | 236 | 178 | 192 | 195 | 222 |
| Motor taxes | 246 | 286 | 290 | 318 | 290 | 312 | 236 | 246 | 277 |
| Mining revenue | 183 | 13 | 452 | 2 196 | 168 | 83 | 0 | 413 | 409 |
| Other revenue | 1 723 | 1 723 | 1 723 | 1 723 | 1 723 | 1 723 | 1 723 | 1 723 | 1 723 |
| Total | 4 337 | 4 064 | 4 520 | 7 005 | 3 740 | 3 396 | 3 953 | 4 199 | 4 522 |
| Assessed expenses |  |  |  |  |  |  |  |  |  |
| Schools education | 1 873 | 1 764 | 2 004 | 1 969 | 1 936 | 2 060 | 1 743 | 3 185 | 1 903 |
| Post-secondary education | 248 | 240 | 250 | 259 | 249 | 252 | 265 | 336 | 249 |
| Health | 2 040 | 1 951 | 2 121 | 2 302 | 2 190 | 2 579 | 1 933 | 4 042 | 2 105 |
| Housing | 120 | 109 | 129 | 138 | 136 | 142 | 89 | 421 | 125 |
| Welfare | 621 | 553 | 656 | 595 | 638 | 754 | 432 | 1 497 | 619 |
| Services to communities | 210 | 201 | 276 | 329 | 281 | 282 | 201 | 1 654 | 256 |
| Justice | 685 | 615 | 741 | 785 | 697 | 751 | 599 | 2 246 | 707 |
| Roads | 257 | 248 | 323 | 396 | 340 | 266 | 176 | 816 | 294 |
| Transport | 478 | 496 | 402 | 455 | 385 | 204 | 308 | 195 | 446 |
| Services to Industry | 223 | 218 | 245 | 298 | 242 | 247 | 200 | 368 | 237 |
| Depreciation | 495 | 455 | 538 | 620 | 559 | 560 | 455 | 1 554 | 524 |
| Other expenses | 983 | 987 | 1 095 | 1 123 | 1 048 | 1 345 | 1 691 | 2 076 | 1 058 |
| Total | 8 235 | 7 839 | 8 780 | 9 268 | 8 700 | 9 444 | 8 090 | 18 389 | 8 523 |
| Investment | 529 | 575 | 622 | 1 051 | 431 | 246 | 489 | 1 959 | 617 |
| Net borrowing | 972 | 981 | 986 | 1 018 | 964 | 948 | 982 | 1 002 | 981 |
| Commonwealth payments | 1 499 | 1 514 | 1 568 | 1 548 | 1 569 | 1 636 | 1 494 | 2 309 | 1 538 |

(a) Other revenue includes the net balancing transactions.

(b) Totals include the actual per capita assessment of the non-government schools SPP.

Source: Commission calculation.

Table Assessed revenue, expenses and Commonwealth payments, 2013-14

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed revenue |  |  |  |  |  |  |  |  |  |
| Payroll tax | 941 | 823 | 866 | 1 310 | 718 | 521 | 869 | 976 | 911 |
| Land tax | 339 | 366 | 346 | 419 | 242 | 200 | 213 | 258 | 343 |
| Stamp duty | 952 | 809 | 746 | 877 | 477 | 404 | 710 | 625 | 813 |
| Insurance tax | 221 | 194 | 208 | 199 | 234 | 164 | 181 | 183 | 208 |
| Motor taxes | 254 | 294 | 300 | 331 | 301 | 323 | 243 | 255 | 286 |
| Mining revenue | 191 | 14 | 473 | 2 787 | 223 | 105 | 0 | 691 | 490 |
| Other revenue | 2 029 | 2 029 | 2 029 | 2 029 | 2 029 | 2 029 | 2 029 | 2 029 | 2 029 |
| Total | 4 928 | 4 528 | 4 967 | 7 953 | 4 224 | 3 746 | 4 245 | 5 018 | 5 080 |
| Assessed expenses |  |  |  |  |  |  |  |  |  |
| Schools education | 1 925 | 1 816 | 2 066 | 2 031 | 1 992 | 2 092 | 1 821 | 3 304 | 1 959 |
| Post-secondary education | 245 | 238 | 246 | 254 | 247 | 250 | 263 | 321 | 246 |
| Health | 2 111 | 2 021 | 2 175 | 2 341 | 2 275 | 2 645 | 2 017 | 3 828 | 2 167 |
| Housing | 130 | 117 | 140 | 149 | 150 | 154 | 93 | 467 | 136 |
| Welfare | 658 | 583 | 696 | 628 | 676 | 801 | 451 | 1 605 | 655 |
| Services to communities | 220 | 211 | 290 | 347 | 298 | 298 | 210 | 1 704 | 268 |
| Justice | 711 | 638 | 770 | 815 | 727 | 777 | 620 | 2 323 | 734 |
| Roads | 266 | 257 | 327 | 392 | 343 | 273 | 183 | 780 | 300 |
| Transport | 512 | 539 | 422 | 494 | 416 | 198 | 341 | 186 | 479 |
| Services to industry | 236 | 237 | 259 | 323 | 263 | 266 | 213 | 394 | 254 |
| Depreciation | 512 | 470 | 560 | 644 | 582 | 580 | 466 | 1 616 | 543 |
| Other expenses | 1 016 | 984 | 1 432 | 1 226 | 1 166 | 1 403 | 1 798 | 2 144 | 1 159 |
| Total | 8 541 | 8 113 | 9 383 | 9 644 | 9 136 | 9 736 | 8 475 | 18 671 | 8 899 |
| Investment | 487 | 554 | 484 | 745 | 335 | 160 | 364 | 735 | 514 |
| Net borrowing | 481 | 493 | 488 | 520 | 464 | 445 | 484 | 493 | 488 |
| Commonwealth payments | 1 591 | 1 753 | 1 627 | 1 579 | 1 577 | 1 680 | 1 664 | 2 837 | 1 652 |

(a) Other revenue includes the net balancing transactions.

(b) Totals include the actual per capita assessment of the non-government schools SPP.

Source: Commission calculation.

# ATTACHMENT 5

## MAIN REASONS FOR DIFFERENCE FROM EPC — STATE ANALYSIS

* 1. The following tables illustrate for each State the major reasons they are assessed as requiring an above or below average share of GST.

Table Major drivers of difference from EPC, New South Wales

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Mining production | New South Wales has a lower than average revenue per capita across most minerals. | 294 | 2 262 |
| Remoteness | New South Wales has a high proportion of its population in the low cost major cities of Sydney, Newcastle and Wollongong. | -174 | -1 336 |
| Property sales | New South Wales has an above average per capita value of property conveyances, particularly during its current property boom. | -99 | -762 |
| Population growth | With a slow growing population, New South Wales requires less than average investment in infrastructure per capita. | -96 | -737 |
| Administrative scale | The fixed costs of running a State can be share across a large population. | -58 | -443 |
| Commonwealth payments | New South Wales receives less than its population share of Commonwealth payments. | 57 | 438 |
| Socio-economic status | New South Wales has a high proportion of low socio-economic status people. | 49 | 376 |
| Wage costs | New South Wales has above average wage costs. | 45 | 348 |
| Non-State sector | New South Wales has above average non-State sector provision of health services, alleviating the State of the need to provide some health services. | -43 | -332 |
| Other |  | -92 | -703 |
| Total |  | -116 | -889 |

Source: Commission calculation

Table Major drivers of difference from EPC, Victoria

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Mining production | Victoria has a lower than average revenue per capita across all minerals. | 498 | 2 993 |
| Indigenous status | Victoria has the smallest proportion of Indigenous people. | -216 | -1 298 |
| Remoteness | With a high proportion of its population in a major city, Victoria has low use and cost of services. | -185 | -1 113 |
| Urban centre size | With a high proportion of the population in one large city, Victoria has significant public transport needs. | 124 | 744 |
| Wage costs | Victoria has below average wage costs. | -105 | -629 |
| Payrolls paid | Victoria has a below average value of taxable payrolls. | 77 | 460 |
| Administrative scale | The fixed costs of running a State can be shared across a large population. | -47 | -280 |
| Small communities | Victoria has few small communities to receive subsidies for electricity and water. | -46 | -274 |
| Natural disaster relief | Victoria's natural disaster expenses, relating mostly to the 2009 bushfires, were mostly offset by Commonwealth natural disaster funding, resulting in low net expenses. | -39 | -236 |
| Other |  | -307 | -1 845 |
| Total |  | -246 | -1 479 |

Source: Commission calculation

Table Major drivers of difference from EPC, Queensland

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Remoteness | As a relatively decentralised State, Queensland has higher use and cost of services. | 143 | 696 |
| Natural disaster relief | Queensland had high expenses following the flood and cyclone events of 2011 and 2012. | 136 | 661 |
| Indigenous status | Queensland has a large proportion of Indigenous people. | 122 | 594 |
| Urban centre size | Despite Brisbane being a moderately large city, the high proportion of the population outside Brisbane, means Queensland has low urban transport needs. | -116 | -563 |
| Wage costs | Queensland has below average wage costs. | -95 | -464 |
| Mining production | Queensland has a higher than average revenue per capita, due to its capacity to raise coal royalties. | -56 | -274 |
| Property sales | Queensland has a below average per capita value of property conveyances. | 51 | 247 |
| Payrolls paid | Queensland has a below average value of taxable payrolls. | 42 | 205 |
| Age | Queensland has a young age structure, in particular a large number of children of school age. | 37 | 181 |
| Other |  | 49 | 238 |
| Total |  | 313 | 1 521 |

Source: Commission calculation

Table Major drivers of difference from EPC, Western Australia

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Mining production | Western Australia has a higher than average revenue per capita, particularly for iron ore royalties. | -2 180 | -5 911 |
| Payrolls paid | Western Australia has an above average value of taxable payrolls. | -411 | -1 114 |
| Population growth | With the fastest growing population, Western Australia requires more than average infrastructure. | 373 | 1011 |
| Wage costs | Western Australia has above average wage costs. | 311 | 842 |
| Remoteness | Western Australia has a relatively large population in remote areas, and Perth is assessed to have higher than average costs. | 187 | 508 |
| Non-State sector | Western Australia has below average non-State sector provision of health services, so the State has to provide more than average. | 158 | 428 |
| Socio-economic status | Western Australia has a below average proportion of low socio-economic status people among its non-Indigenous population. The high levels of disadvantage in the Indigenous population mitigate this slightly. | -108 | -293 |
| Land values | With high land values, Western Australia has a high capacity to raise land tax. | -99 | -269 |
| Economic activity | Western Australia has high levels of construction activity, which are subject to regulation. | 76 | 206 |
| Other |  | 38 | 102 |
| Total |  | -1 656 | -4 490 |

Source: Commission calculation

Table Major drivers of difference from EPC, South Australia

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Mining production | South Australia has a lower than average revenue per capita across most minerals. | 310 | 529 |
| Property sales | South Australia has a below average per capita value of property conveyances. | 283 | 483 |
| Payrolls paid | South Australia has a below average value of taxable payrolls. | 227 | 387 |
| Socio-economic status | South Australia has a high proportion of low socio-economic status people. | 181 | 310 |
| Population growth | With a slow growing population, South Australia requires less than average investment in infrastructure per capita. | -157 | -268 |
| Land values | With low land values, South Australia has a low capacity to raise land tax. | 134 | 229 |
| Wage costs | South Australia has below average wage costs. | -96 | -164 |
| Urban centre size | With Adelaide being a relatively small city, South Australia has below average public transport needs. | -89 | -152 |
| Commonwealth payments | South Australia receives more than its population share of Commonwealth payments. | -77 | -132 |
| Other |  | 147 | 251 |
| Total |  | 863 | 1 475 |

Source: Commission calculation

Table Major drivers of difference from EPC, Tasmania

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Remoteness | With no major cities, all Tasmanians live in areas assessed as having slightly higher than average cost. | 729 | 377 |
| Administrative scale | The fixed costs of running a State must be shared across a small population. | 436 | 225 |
| Urban centre size | With no large cities, Tasmania requires considerably less than average public transport spending. | -408 | -211 |
| Mining production | Tasmania has lower than average revenue per capita across most minerals. | 404 | 209 |
| Payrolls paid | Tasmania has a below average value of taxable payrolls. | 403 | 208 |
| Property sales | Tasmania has a below average per capita value of property conveyances. | 342 | 177 |
| Population growth | With the slowest growing population, Tasmania requires less than average investment in infrastructure per capita. | -303 | -156 |
| Wage costs | Tasmania has below average wage costs. | -214 | -111 |
| Indigenous status | Tasmania has a large proportion of Indigenous people, although this is largely offset by the high socio-economic status of its Indigenous population. | 163 | 84 |
| Other |  | 405 | 209 |
| Total |  | 1 958 | 1 012 |

Source: Commission calculation

Table Major drivers of difference from EPC, ACT

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Administrative scale | The fixed costs of running a State must be shared across a small population. | 596 | 237 |
| Socio-economic status | The ACT has a very low proportion of low socio-economic status people. | -528 | -210 |
| Mining production | The ACT has no mining revenue capacity. | 516 | 205 |
| Remoteness | The ACT has no population in regional or remote areas. | -384 | -153 |
| Wage costs | The ACT has above average wage costs. | 212 | 84 |
| Non-State sector | The ACT has below average non-State provision of health services, so the State has to provide more than average. This is somewhat offset by an above average level of non-State schools. | 149 | 59 |
| Indigenous status | The ACT has a small proportion of Indigenous people. | -139 | -55 |
| Urban centre size | With Canberra being a relatively small city, the ACT has below average public transport needs. | -137 | -54 |
| Land values | With an inability to tax the Commonwealth's land holdings, the ACT has a low capacity to raise land tax. | 133 | 53 |
| Other |  | -171 | -68 |
| Total |  | 248 | 98 |

Source: Commission calculation

Table Major drivers of difference from EPC, Northern Territory

|  |  |  |  |
| --- | --- | --- | --- |
| Driver | Explanation | $pc | $m |
| Remoteness | With no major cities, and large remote population, the Northern Territory has a high cost of service delivery. | 3 519 | 890 |
| Indigenous status | The Northern Territory has the largest proportion of Indigenous people. | 2 857 | 722 |
| Commonwealth payments | The Northern Territory receives more than its population share of Commonwealth payments. | -1 115 | -282 |
| Administrative scale | The fixed costs of running a State must be shared across a small population. | 1 079 | 273 |
| Small communities | The Northern Territory has a large population in small communities which receive subsidies for electricity and water. | 943 | 238 |
| Population growth | With high expense needs each new person requires an above average standard of infrastructure. With above average population growth, the Northern Territory has significant needs for infrastructure. | 717 | 181 |
| Urban centre size | With no large cities, The Northern Territory requires considerably less than average public transport spending. | -442 | -112 |
| Road length | With a very dispersed population, the Northern Territory requires an above average length of rural and local roads. | 436 | 110 |
| Wage costs | The Northern Territory has above average wage costs. | 370 | 93 |
| Other |  | 2 519 | 637 |
| Total |  | 10 883 | 2 752 |

Source: Commission calculation

# ATTACHMENT 6

## CALCULATION OF GST RELATIVITIES

* 1. This attachment shows the calculation of the recommended per capita GST relativities.
  2. A State’s GST allocation (its equalising requirement) is the difference between its assessed spending on service provision and asset acquisition and its assessed revenues.
  3. Table 1, Table 3 and Table 5 show the GST each State would require, calculated as:
* the expenses it would incur to provide the average services (its assessed expenses) plus
* the investment it would make to have the infrastructure required to provide the average services (its assessed investment) less
* the net borrowing it would make to finish the year with the average per capita net financial worth (its assessed net borrowing) less
* the revenue it would raise if it made the average revenue raising effort (its assessed revenue) less
* the revenue from Commonwealth payments which are available to fund its spending requirements.
  1. A per capita relativity is derived for each State by expressing its per capita GST allocation as a ratio of the national average per capita GST distributed in the year.
  2. This calculation is undertaken for each of the three years in an inquiry (the assessment or reference years). The per capita relativities recommended for use in 2015‑ 16 (the application year for this review) are the average of the annual relativities for the 3 assessment years 2011‑12 to 2013‑14 (see Table 7).
  3. Table 2, Table 4 and Table 6 show an alternative presentation of the derivation of each State’s equalising requirement. In these tables, the equalising requirements are calculated as the average per capita GST paid during each year plus the State’s:
* per capita expense assessed difference (the State’s per capita assessed expenses less the average State per capita expenses)
* per capita investment assessed difference (the State’s per capita assessed investment less the average State per capita investment)
* per capita net borrowing assessed difference (the State’s per capita assessed net borrowing less the average State per capita net borrowing)
* per capita revenue assessed difference (the average State per capita revenue less the State’s per capita assessed revenue)
* per capita assessed difference for Commonwealth payments (the average State per capita Commonwealth payments less the State’s per capita Commonwealth payments).
  1. For more information about what a relativity is, see Box 4 in Volume 2, Chapter 1 — Implementing equalisation.

Table 1 Per capita relativities, 2011‑12

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed expenses | 8 152 | 7 776 | 8 575 | 9 132 | 8 574 | 9 261 | 8 108 | 18 037 | 8 405 |
| *plus:* Assessed investment | 710 | 753 | 791 | 1131 | 620 | 518 | 715 | 1 036 | 774 |
| Assessed expenditure | 8 861 | 8 529 | 9 366 | 10 263 | 9 193 | 9 779 | 8 823 | 19 072 | 9 179 |
| *less:* Assessed net borrowing (a) | 874 | 886 | 894 | 930 | 866 | 850 | 890 | 871 | 886 |
| *less:* Assessed revenue (a) | 4 402 | 4 147 | 4 714 | 6 865 | 3 780 | 3 510 | 4 078 | 4 134 | 4 589 |
| Total requirement for assistance | 3 586 | 3 496 | 3 759 | 2 468 | 4 547 | 5 419 | 3 855 | 14 067 | 3 704 |
| *less:* Commonwealth payments | 1 574 | 1 596 | 1 710 | 1 672 | 1 990 | 1 633 | 1 485 | 2 729 | 1 659 |
| GST requirement | 2 012 | 1 900 | 2 048 | 795 | 2 558 | 3 786 | 2 370 | 11 338 | 2 045 |
| Per capita relativity (c) | 0.984 | 0.929 | 1.002 | 0.389 | 1.251 | 1.851 | 1.159 | 5.545 | 1.000 |

(a) Net borrowing is shown without a minus sign. It is another source of funds to meet a State’s expenditure requirement.

(b) Assessed revenue includes the net balancing transactions.

(c) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Per capita relativities, alternative presentation, 2011‑12

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Average GST | 2 045 | 2 045 | 2 045 | 2 045 | 2 045 | 2 045 | 2 045 | 2 045 | 2 045 |
| *plus* Assessed differences in |  |  |  |  |  |  |  |  |  |
| Expenses | -254 | -630 | 170 | 727 | 169 | 856 | -297 | 9 632 | 0 |
| Investment | -64 | -21 | 17 | 357 | -155 | -256 | -59 | 262 | 0 |
| Net borrowing | 13 | 0 | -8 | -44 | 20 | 36 | -4 | 15 | 0 |
| Revenue | 187 | 442 | -125 | -2 276 | 809 | 1 079 | 511 | 454 | 0 |
| Commonwealth payments | 85 | 64 | -51 | -13 | -330 | 26 | 174 | -1 070 | 0 |
| Total assessed differences | -33 | -145 | 4 | -1 249 | 513 | 1 741 | 325 | 9 293 | 0 |
| GST requirement | 2 012 | 1 900 | 2 048 | 795 | 2 558 | 3 786 | 2 370 | 11 338 | 2 045 |
| Per capita relativity (a) | 0.984 | 0.929 | 1.002 | 0.389 | 1.251 | 1.851 | 1.159 | 5.545 | 1.000 |

(a) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Per capita relativities, 2012‑13

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed expenses | 8 235 | 7 839 | 8 780 | 9 268 | 8 700 | 9 444 | 8 090 | 18 389 | 8 523 |
| plus: Assessed investment | 529 | 575 | 622 | 1 051 | 431 | 246 | 489 | 1 959 | 617 |
| Assessed expenditure | 8 764 | 8 414 | 9 402 | 10 320 | 9 131 | 9 690 | 8 580 | 20 348 | 9 139 |
| less: Assessed net borrowing (a) | 972 | 981 | 986 | 1 018 | 964 | 948 | 982 | 1 002 | 981 |
| less: Assessed revenue (a) | 4 337 | 4 064 | 4 520 | 7 005 | 3 740 | 3 396 | 3 953 | 4 199 | 4 522 |
| Total requirement for assistance | 3 455 | 3 369 | 3 896 | 2 297 | 4 426 | 5 346 | 3 645 | 15 147 | 3 635 |
| less: Commonwealth payments | 1 499 | 1 514 | 1 568 | 1 548 | 1 569 | 1 636 | 1 494 | 2 309 | 1 538 |
| GST requirement | 1 957 | 1 856 | 2 329 | 749 | 2 857 | 3 710 | 2 151 | 12 838 | 2 097 |
| Per capita relativity (c) | 0.933 | 0.885 | 1.110 | 0.357 | 1.363 | 1.769 | 1.025 | 6.122 | 1.000 |

(a) Net borrowing is shown without a minus sign. It is another source of funds to meet a State’s expenditure requirement.

(b) Assessed revenue includes the net balancing transactions.

(c) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Per capita relativities, alternative presentation, 2012‑13

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Average GST | 2 097 | 2 097 | 2 097 | 2 097 | 2 097 | 2 097 | 2 097 | 2 097 | 2 097 |
| plus Assessed differences in |  |  |  |  |  |  |  |  |  |
| Expenses | -288 | -684 | 258 | 746 | 177 | 921 | -432 | 9 867 | 0 |
| Investment | - 87 | -41 | 5 | 435 | -186 | -370 | -127 | 1 342 | 0 |
| Net borrowing | 9 | 1 | -4 | -37 | 17 | 33 | -1 | -21 | 0 |
| Revenue | 186 | 459 | 2 | -2 482 | 782 | 1 126 | 570 | 323 | 0 |
| Commonwealth payments | 40 | 24 | -30 | -10 | -31 | -98 | 44 | -771 | 0 |
| Total assessed differences | -140 | -241 | 231 | -1 348 | 760 | 1 613 | 53 | 10 741 | 0 |
| GST requirement | 1 957 | 1 856 | 2 329 | 749 | 2 857 | 3 710 | 2 151 | 12 838 | 2 097 |
| Per capita relativity (a) | 0.933 | 0.885 | 1.110 | 0.357 | 1.363 | 1.769 | 1.025 | 6.122 | 1.000 |

(a) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Per capita relativities, 2013‑14

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Assessed expenses | 8 541 | 8 113 | 9 383 | 9 644 | 9 136 | 9 736 | 8 475 | 18 671 | 8 899 |
| plus: Assessed investment | 487 | 554 | 484 | 745 | 335 | 160 | 364 | 735 | 514 |
| Assessed expenditure | 9 028 | 8 667 | 9 866 | 10 390 | 9 471 | 9 896 | 8 839 | 19 406 | 9 412 |
| less: Assessed net borrowing (a) | 481 | 493 | 488 | 520 | 464 | 445 | 484 | 493 | 488 |
| less: Assessed revenue (b) | 4 928 | 4 528 | 4 967 | 7 953 | 4 224 | 3 746 | 4 245 | 5 018 | 5 080 |
| Total requirement for assistance | 3 619 | 3 646 | 4 411 | 1 916 | 4 784 | 5 706 | 4 110 | 13 894 | 3 844 |
| less: Commonwealth payments | 1 591 | 1 753 | 1 627 | 1 579 | 1 577 | 1 680 | 1 664 | 2 837 | 1 652 |
| GST requirement | 2 028 | 1 893 | 2 785 | 337 | 3 207 | 4 026 | 2 446 | 11 058 | 2 192 |
| Per capita relativity (c) | 0.925 | 0.864 | 1.270 | 0.154 | 1.463 | 1.837 | 1.116 | 5.045 | 1.000 |

(a) Net borrowing is shown without a minus sign. It is another source of funds to meet a State’s expenditure requirement.

(b) Assessed revenue includes the net balancing transactions.

(c) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Per capita relativities, alternative presentation, 2013‑14

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
|  | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc | $pc |
| Average GST | 2 192 | 2 192 | 2 192 | 2 192 | 2 192 | 2 192 | 2 192 | 2 192 | 2 192 |
| plus Assessed differences in |  |  |  |  |  |  |  |  |  |
| Expenses | -358 | -786 | 484 | 745 | 238 | 838 | -424 | 9 772 | 0 |
| Investment | -27 | 40 | -30 | 232 | -178 | -353 | -150 | 221 | 0 |
| Net borrowing | 7 | -5 | 0 | -32 | 24 | 42 | 4 | -5 | 0 |
| Revenue | 152 | 553 | 113 | -2 873 | 856 | 1 335 | 835 | 62 | 0 |
| Commonwealth payments | 61 | -101 | 26 | 73 | 76 | -27 | -11 | -1 184 | 0 |
| Total assessed differences | -164 | -299 | 593 | -1 855 | 1 015 | 1 834 | 254 | 8 866 | 0 |
| GST requirement | 2 028 | 1 893 | 2 785 | 337 | 3 207 | 4 026 | 2 446 | 11 058 | 2 192 |
| Per capita relativity (a) | 0.925 | 0.864 | 1.270 | 0.154 | 1.463 | 1.837 | 1.116 | 5.045 | 1.000 |

(a) Per capita relativities are equal to each State's GST requirement divided by the average GST.

Source: Commission calculation.

Table Assessed relativities, 2011-12 to 2013-14

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Ave |
| 2011-12 | 0.984 | 0.929 | 1.002 | 0.389 | 1.251 | 1.851 | 1.159 | 5.545 | 1.000 |
| 2012-13 | 0.933 | 0.885 | 1.110 | 0.357 | 1.363 | 1.769 | 1.025 | 6.122 | 1.000 |
| 2013-14 | 0.925 | 0.864 | 1.270 | 0.154 | 1.463 | 1.837 | 1.116 | 5.045 | 1.000 |
| Average (a) | 0.947 | 0.893 | 1.128 | 0.300 | 1.359 | 1.819 | 1.100 | 5.571 | 1.000 |

(a) Average of three years. These are the recommended relativities.

Source: Commission calculation.

# ATTACHMENT 7

## CONSULTATIONS

### Consultation process

* 1. On 21 June 2013, we received terms of reference from the Commonwealth Treasurer for a review of the methods used to derive the relativities for distributing the Goods and Services Tax (GST) revenue among the States and Territories. Supplementary terms of reference for the review were issued on 19 December 2014.
  2. The terms of reference asked the Commission to consult regularly with the Commonwealth and States as it considered the matters outlined in the terms of reference.
  3. The Commission has consulted extensively during the course of this review. Table 1 outlines the main stages of the consultation process. All Commission discussion papers and State submissions are available on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/).

Table 1 2015 Review consultation process

|  |  |
| --- | --- |
| Consultation | Date |
| Data working party (DWP) consultation | 2011 to 2012 |
| Terms of reference issued by the Treasurer | 21 June 2013 |
| Request for State submissions | 24 June 2013 |
| State submissions on terms of reference including priority issues | July and August 2013 |
| Commission consultation with State Treasurers (bilateral meetings) | August and September 2013 |
| Staff consultation with State treasury officers (multilateral meeting) | September 2013 |
| Commission position paper on *Equalisation objectives and supporting principles* (CGC 2013-05) and staff discussion papers on *Implementation and Methodological Issues* (CGC 2013-06S) and *Proposed assessments* (CGC 2013-07S) | October 2013 |
| Staff consultation with State treasury officers (bilateral meetings) | November 2013 |
| State submissions in response to Commission position paper and staff discussion papers | January and February 2014 |
| Staff consultation with State treasury officers (multilateral meeting) | April 2014 |
| Draft report | June 2014 |
| Update and supplementary issues for the 2015 Review released for comment | August 2014 |
| Staff consultation with State treasury officers (bilateral meetings) | August and September 2014 |
| State submissions in response to Draft report (a) | October 2014 |
| Commission position paper on *Significant Changes Since the Draft Report* | November 2014 |
| Commission consultation with State Under Treasurers (bilateral meetings) | October to December 2014 |
| State submissions in response to *Significant Changes Since the Draft Report* (a) | December 2014 |
| Supplementary terms of reference issued | 19 December 2014 |
| Final report to Treasurer | 27 February 2015 |

(a) All State submissions are available on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/).

* 1. Consultation is an important aspect of Commission processes. During the shortened review period, the Commission held bilateral meetings with State Treasurers in August and September 2013 after the Commission had received opening State submissions. Records of these meetings are available on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). The Commission conducted a further round of bilateral meetings with State Under Treasurers between October and December 2014 following the release of the draft report.
  2. In addition to the formal consultation process, Commission staff consulted States on a range of technical issues and responded to State queries as required.

### Discussion papers

* 1. During the review, the Commission circulated several discussion papers to help facilitate consultation. These papers are listed in Table 2.

Table Position papers and discussion papers

|  |  |
| --- | --- |
| **Commission position papers** |  |
| CGC 2013-05 | Equalisation objectives and supporting principles |
| Draft report |  |
| CGC 2014-04 | Significant changes since the draft report |
| Final report |  |
| **Staff discussion papers** |  |
| CGC 2011-01 to CGC 2011-17 | Data working party discussion papers |
| CGC 2012-01 | Data working party discussion paper — progress and proposals |
| CGC 2012-03 | Measuring socio-economic status |
| CGC 2012-04 | Relative Indigenous disadvantage |
| CGC 2013-01 | Remoteness Classification |
| CGC 2013-06S | Implementation and Methodological Issues |
| CGC 2013-07S | Proposed assessments |
| CGC 2013-08-S | Draft quality assurance strategic plan |
| CGC 2014-01-S | Simplifying the Interstate wages regression model |
| CGC 2014-02-S | A capital cost index |
| CGC 2014-03-S | Update and supplementary issues for the 2015 Review |
| - | Health substitutability |

### State submissions

* 1. Written submissions are the main means by which States present their views to the Commission. All submissions have been placed on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/).

#### State submissions on terms of reference[[5]](#footnote-5)

* New South Wales Submission to the CGC 2015 Methodology Review, July 2013
* Victorian Government Submission, Commonwealth Grants Commission 2015 Methodology Review, July 2013
* Queensland Treasury Response to Terms of Reference for Commonwealth Grants Commission 2015 Methodology Review, July 2013
* Western Australia’s submission to the Commonwealth Grants Commission’s 2015 Methodology Review, July 2013
* Submission by South Australian Department of Treasury and Finance, 2015 Review, First Submission, July 2013
* *Horizontal Fiscal Equalisation: Modelling the welfare and efficiency effects*, Report was prepared for the South Australian Department of Treasury and Finance, 16 February 2012
* Tasmanian Government Submission, Commonwealth Grants Commission 2015 Methodology Review, July 2013
* Australian Capital Territory, Opening Submission to the Commonwealth Grants Commission 2015 Methodology Review, July 2013
* Northern Territory Submission on Architecture of Horizontal Fiscal Equalisation: Principles and Interpretations; and Priority Issues for States, July 2013

#### State submissions on initial Commission discussion papers[[6]](#footnote-6)

* New South Wales, Second Submission to the CGC 2015 Methodology Review, January 2014
* Victorian Response to 2015 Methodology Review Discussion Papers, Department of Treasury and Finance, January 2014
* Victorian Response to CGC Draft Quality Assurance Strategic Plan for the 2015 Review, January 2014
* Queensland Treasury Response to Commonwealth Grants Commission 2015 Methodology Review Staff Discussion Paper CGC 2013-07S Proposed Assessments, January 2014
* Queensland Treasury Response to Commonwealth Grants Commission 2015 Methodology Review Commission Position Paper CGC 2013-05 — Equalisation Objectives, Supporting Principles and Staff Discussion Paper CGC 2013-06S — Implementation and Methodological Issues, and Staff Discussion Paper CGC 2013-08S — Draft Quality Assurance Strategic Plan, January 2014
* Queensland Government Statistician’s Office, Feedback on CGC Staff Assessment Proposals for Transport (Urban Public Transport Subsidies) and Interstate Wages, March 2014
* Western Australia’s Submission to the Commonwealth Grants Commission’s 2015 Methodology Review, February 2014
* South Australian Submission on CGC discussion papers prepared for the 2015 Review, CGC 2013-05, CGC 2013-06S, CGC2013-07S and CGC2013-08S, South Australian Department of Treasury and Finance, January 2014
* Tasmanian Government Submission in Response to Staff Discussion Paper CGC 2013-07S, January 2014
* Tasmanian Government Submission in Response to Staff Discussion Paper CGC 2013-06S, January 2014
* Australian Capital Territory, Chief Minister & Treasury Directorate, Rejoinder Submission to the Commonwealth Grants Commission 2015 Methodology Review: Equalisation Objectives and Supporting Principles, Implementation and Methodological Issues; Proposed Assessments; and Review Draft Quality Assurance Strategic Plan, January 2014
* Northern Territory Second Submission to the Commonwealth Grants Commission – 2015 Methodology Review, February 2014

#### State submissions on 2015 Review Update and supplementary issues[[7]](#footnote-7)

* New South Wales Treasury, Comments on Commonwealth Grants Commission 2015 Methodology Review, Update and Supplementary Issues for the 2015 Review, staff discussion paper 2014-03-S, October 2014
* Queensland Treasury Response to Staff Discussion Paper 2014-03-S — Update and Supplementary Issues for the 2015 Review, September 2014
* Western Australian Government Submission, Response to the Commonwealth Grants Commission’s (CGC’s) discussion paper CGC 2014 03 S — Update and Supplementary Issues for the 2015 Review, October 2015
* Submission by South Australian Department of Treasury and Finance, Response to Staff Discussion Paper 2014-03-S — Update and Supplementary Issues for the 2015 Review, September 2014
* Tasmanian Government Submission, Update and Supplementary Issues for the 2015 Review, September 2014
* Australian Capital Territory response to 2015 Review Update and Supplementary Issues for the 2015 Review, October 2014

#### Submissions on the Draft Report[[8]](#footnote-8)

* New South Wales Government, Third Submission to the CGC 2015 Methodology Review, September 2014
* Victorian Response to 2015 Methodology Review Draft Report, Department of Treasury and Finance, September 2014
* Queensland Treasury, Response to the Draft Report on State Revenue Sharing Relativities, 2015 Methodology Review, September 2014
* Queensland Public Service Commission, Response to Commonwealth Grants Commission 2015 Methodology Review: Interstate Wages Assessment, September 2014
* Western Australian Government Submission to the Commonwealth Grants Commission’s 2015 Methodology Review, September 2014
* Submission by South Australian Department of Treasury and Finance on the Draft Report on State Revenue Sharing Relativities. 2015 Review, September 2014
* Australian Capital Territory, Final Submission to the Commonwealth Grants Commission 2015 Methodology Review, September 2014
* Australian Capital Territory, Commonwealth payments for Infrastructure, October 2014
* Tasmanian Government Submission in Response to the Draft Report on State Revenue Sharing Relativities 2015 Review, September 2014
* Tasmanian Government Supplementary Submission on Mining Revenue in Response to the Draft Report on State Revenue Sharing Relativities 2015 Review, September 2014
* The Northern Territory’s Submission to the Commonwealth Grants Commission - 2015 Draft Report, September 2014

#### Submissions on Significant changes since the Draft Report[[9]](#footnote-9)

* New South Wales Treasury, Comments on Significant changes since the Draft Report, Commission position paper CGC 2014-04, December 2014
* Victorian Response to Significant Changes Since the Draft Report, Department of Treasury and Finance, January 2015
* Queensland Treasury Response to Commission Position Paper CGC 2014-04 Significant changes since the Draft Report, January 2015
* Queensland Government Statistician’s Office, CGC urban transport – 2015 QGSO review, January 2015
* Western Australian Submission to the Commonwealth Grants Commission 2015 Methodology Review, Response to the *Significant Changes since the Draft Report* Commission Position Paper (CGC 2014‑04), December 2014
* South Australian Submission on Significant Changes since the Draft Report —2015 Review, South Australian Department of Treasury and Finance, December 2014
* Tasmanian Government Submission in Response to the Commission Position Paper (CGC 2014-04) – Significant Changes since the Draft Report, December 2014
* Australian Capital Territory Response to 2015 Review: Significant Changes since the Draft Report – Commission Position Paper CGC 2014-04, December 2014
* Northern Territory Response to Commission Position Paper CGC 2014-04 – Significant Changes Since The Draft Report, December 2014

### Consultants’ reports

* 1. The Commission engaged a number of consultants to provide expert advice on a number of issues. Consultant reports prepared for the Commission for the 2015 Review are listed below. The reports are available on the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/).
* *Impact of environmental characteristics on asset costs*, Pottinger and AECOM, 27 June 2013
* *Report on econometric work conducted by CGC*, Xiaodong Gong, IGPA, University of Canberra, July 2014
* *Advice on the Commonwealth Grant Commission’s proposed health assessment for the 2015 Review*, Elizabeth Savage, November 2014
* *Conceptual Review of the Commonwealth Grants Commission Methodology for Health Assessment for the 2015 Review*, James Downie, November 2014
* *Consultant's Advice on CGC's Decision Making Processes in the 2015 Review*, Glenn Poole, 15 January 2015
* *Audit of Staff Compliance with Quality Assurance Processes, 2015 Review,* Lace Wang, January 2015

# ATTACHMENT 8

## COMMISSION TERMINOLOGY

* 1. The Commission aims to keep the language it uses as simple as possible to make its reports and other documents more accessible. That said, there will always be a need for special terms to describe some concepts. This attachment provides a list of the main terms that have a meaning specific to the Commission.
  2. Note, the term ‘State(s)’ includes the Australian Capital Territory and the Northern Territory. The term ‘average’ refers to the average of all the States as defined. Where a defined term is used in a definition of another term, it is shown in italics.

### Terms

actual per capita assessment method

The assessed expense or revenue for each State is set equal to its actual expense or revenue. It is used when, in the Commission’s judgment, the policies of all States are the same and any differences in expenses or revenue per capita are due to differences in State circumstances.

adjusted budget

A representation of State budgets used by the Commission to calculate the average per capita revenue and expenditures. The scope of the adjusted budget covers all transactions of the State general government sector and urban transport and social housing public non‑financial corporations, which are in whole or part financed by GST revenue. For more information on the adjusted budget see Attachment 3.

administrative scale disability

A disability that measures differences in costs which States incur in providing the minimum level of administration and policy development required to deliver services. It relates to core head office functions and to specialised State-wide services provided centrally.

application year

The year in which the relativities assessed are to be used to distribute the GST revenue. In this review, the year of application is 2015-16.

assessed capital requirements ratio

A ratio of a State’s assessed capital requirements per capita to the Australian average capital requirement per capita. The assessed capital requirements are what a State would have needed to invest or lend/borrow (net) to have the Australian average level of capital.

assessed differences (also known as needs)

The financial impact on a State’s budget of its disabilities. They are measured, for example, as the difference between assessed expenses and average expenses, average revenue and assessed revenue. Assessed differences can be either positive or negative.

assessed expenses

The expenses a State would incur if it were to follow average expense policies, allowing for the disabilities it faces in providing services, and assuming it provides services at the average level of efficiency. Assessed expenses equal assessed service use multiplied by assessed unit cost. Assessed expenses exclude differences from the average due to policy choices under the control of a State.

assessed GST requirement

A State’s requirement for funds from GST revenue. It is measured as its assessed expenses, plus its assessed investment, less its assessed revenue, less assessed Commonwealth payments plus its assessed investment less assessed net borrowing.

assessed investment

The expenditure on new infrastructure a State would incur if it were to follow average policies, allowing for disabilities it faces in providing infrastructure, and assuming it requires the average level of infrastructure to deliver the average level of services. Assessed investment excludes differences from the average due to policy choices under the control of that State.

assessed net lending/borrowing

The transaction-based change in net financial worth that a State would require to achieve the average net financial worth at the end of each year. The Commission’s method for calculating assessed net lending/borrowing assumes that each State has the average net financial worth at the start of each year.

assessed revenue

The revenue a State would raise if it were to apply the average policies to its revenue base, and raised revenue at the average level of efficiency. Assessed revenue excludes differences from the average due to policy choices under the control of that State, for example a higher or lower tax rate applied by a State compared to the average.

assessed service use

The use assessed by the Commission for a State to achieve average service delivery to its population. Assessed service use can be influenced by many things especially the demographics of the State's population (for example, percentage of low income people, percentage in remote communities) and geography (which influences, for example, length of roads).

assessed unit cost (of a service)

The cost per unit of service assessed by the Commission for a State to deliver a particular service to a particular segment of the population at the average standard (for example, cost per student of State primary education). The assessed unit cost can differ for different population groups.

assessment years

The financial years used in a review or an update to calculate relativities. The Commission uses data for three financial years. For example, the relativities recommended in the 2015 Review are based on the average of three annual relativities calculated for the most recent completed financial years at the time the relativities are released (2011‑12 to 2013‑14).

average (or Australian average)

The benchmark against which the performance or characteristics of a State are assessed.

It is an average derived from the policies or financial data of all States, and hence may be a financial average or a policy average.

average expenses

The average per capita expense, in a category, a group of categories or in total. It is calculated as the sum of expenses of all States, divided by the Australian population.

average revenue

The average per capita revenue, in a category, a group of categories or in total. It is calculated as the sum of State revenues, divided by the Australian population.

backcasting

Changes made to figures for assessment years to reflect current or future Commonwealth or State policies. Backcasting is mainly used to reflect major changes in federal financial arrangements. Where required by the Commission's terms of reference, it has also been used to reflect other changes, such as the replacement of one tax with another tax or the abolition of a tax. In effect, backcasting produces notional financial data that simulate a changed distribution of a Commonwealth payment or State revenue collection before they may have actually changed. Actual figures for the assessment period are adjusted to reflect what is reliably known to be happening in the application year.

Backcasting is also used to refer to estimating population for periods before June 2011, using the 2011 Census based estimates, and independent estimates of births, deaths and net migration.

capital assessments

In this report, the term capital refers to the Investment, Depreciation and Net borrowing assessments.

category

A classification of in-scope transactions relating to distinct services or revenue sources, used for analytical purposes. In this review, the adjusted budget is divided into Commonwealth payments, six specific revenue categories, twelve specific expenditure categories, net borrowing and two residual (or other) categories — one for revenue and one for expenditure.

category factor

The combined result of all the disability factors in a category, or where the category is made up of multiple components, the combined disability factors for all of those components.

Commonwealth payments

Payments to States made by the Australian Government, including general revenue grants, National specific purpose payments (SPPs), National partnership payments (NPPs) and Commonwealth own purpose expenses. The Commission examines the purpose of each payment using established guidelines to decide whether the payment has an impact on State fiscal capacities.

component

A part of an expense or revenue category that is separated from others in the category because different disability factors apply to it.

cost of service ratio

A State’s per capita cost of providing services at average standards, relative to the average per capita cost. It is calculated by dividing per capita assessed expenses by per capita average expenses.

cross-border factor

A disability factor that measures the net effects on a State’s costs of the use of its services by residents of other States and vice versa.

disability

An influence beyond a State’s control that requires it:

* to spend more (or less) per capita than the average to provide the average level of service, or
* to make a greater (or lesser) effort than the average to raise the average amount of revenue per capita.

disability factor

A measure of a State’s use, cost or revenue raising disability, expressed as a ratio of the State's use, assessed cost or assessed revenue over the corresponding average figure. Policy differences between States are specifically excluded when calculating disability factors. The population weighted average of a disability factor is 1.0.

discounting

Where a case for including a disability in a category is established by the Commission, but the measure of that disability is affected by imperfect data or methods, the Commission may decide to discount. When an assessment is to be discounted, a uniform set of discounts is used (12.5%, 25% or 50%), with higher discounts being applied where there is less confidence in the outcome of the assessment or more concern attached to the information.

distribution

State shares of GST as determined by the relativities.

distribution model

A formulation, mathematical or otherwise, of the way in which relativities are calculated.

equal per capita assessment method (EPC)

Each State’s assessed expense or assessed revenue in a category is set equal to the Australian average per capita amount. It is typically used when there are judged to be no material disabilities between the States and any differences between the States in the cost of providing services or raising revenue reflect differences in State policies, or no reliable assessments could be developed due to data or other limitations. Such an assessment means that no needs are assessed for any State and that there is no impact on the relativities.

equalisation

See horizontal fiscal equalisation.

expenditure

This term is used to refer to expenses and capital expenditure.

expenses

Operating outlays under an accrual budgeting framework.

expense assessment framework

The general approach used to assess expenses. Under the current framework, an expense category is divided into expense components, separate disabilities which move average expenses away from an equal per capita distribution are recognised in each component and the final category assessment is achieved by summing the component assessed expenses.

financial averages

The weighted average per capita expenses and revenues for each category in the adjusted budget. These are calculated by dividing the sum of expense or revenue for all States by the Australian population.

fiscal capacity

The fiscal capacity of a State is a measure of its ability to provide average services, including infrastructure, to its population if it raised revenue from its own revenue bases at average rates and received its actual Commonwealth payments, excluding the GST. Once the GST has been distributed using the Commission’s relativities, State fiscal capacities should be equal.

The relative capacity of each State is a comparison of its fiscal capacity with the average capacity. In this update, the Commission has chosen to equalise the net financial worth position of States in deciding the distribution of the GST.

Goods and Services Tax (GST) revenue/GST pool

The funds made available by the Australian Government for transfer to the States as untied financial assistance.

grant design inefficiency

A flaw in a method of assessment which would allow a State to influence its relativity by changing its expense or revenue policies (apart from any effect of these policies on the average).

horizontal fiscal equalisation (equalisation)

A distribution of GST revenue to State governments such that, after allowing for material factors affecting revenues and expenditures, each would have the fiscal capacity to provide services and their associated infrastructure at the same standard, if each made the same effort to raise revenue from its own sources, operated at the same level of efficiency and maintained the average per capita net financial worth.

impact on relativities (see also no impact on relativities)

Treatment applied to a Commonwealth payment that provides budget support for State services for which expenditure needs are assessed. The expenses funded by payments that impact on the relativities are assessed differentially in relevant categories and the revenue is assessed on an actual per capita basis.

infrastructure

Infrastructure refers to the stock of physical assets owned by a State’s general government sector and its urban public transport and housing PNFCs for the purpose of delivering services. It includes buildings, non-building construction (such as roads) and plant and equipment for economic and social purposes.

investment

Investment refers to acquisition of new infrastructure. It is conceptually equivalent to ‘net acquisition of non-financial assets’ that appears in the Australian Bureau of Statistics Government Finance Statistics State operating statement.

joint disability assessment

A disability assessment in which more than one disability is calculated simultaneously. Joint disability assessments are most frequently used for the calculation of socio-demographic composition disability factors.

level of capital provision ratio

A ratio that reflects how a State’s policies on the level of capital provided varies from the average policies. It is measured by dividing actual per capita expense by assessed expense per capita.

level of service ratio

A ratio that reflects how a State’s policies on the level of services provided and the relative efficiency with which they are provided vary from the average policies. It is measured by dividing actual per capita expense by assessed expense per capita.

material, materiality

A test used to assist decisions on when a separate assessment of disabilities should be undertaken or when data should be adjusted. The materiality levels are defined in terms of the amount of GST redistributed per capita for any State. Different thresholds are used for each. An assessment or adjustment is said to be material if it exceeds the threshold set for it. (see the Assessment Guidelines, Chapter 1 of the 2015 Review Report, Volume 2)

model

See distribution model.

national capital disability

A disability that measures the additional costs that the ACT incurs because of Canberra’s status as the national capital.

national partnership payments (NPPs)

Commonwealth payments to States that support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on nationally-significant reforms.

native title and land rights disability

A disability that measures differences in costs that States incur because of the operation of the Australian Government’s Native Title Act 1993 or the additional and unique costs that the Northern Territory incurs because of the operation of the Australian Government’s Aboriginal Land Rights (Northern Territory) Act 1976.

needs

See assessed differences.

net financial worth

Net financial worth is the sum of financial assets minus the sum of liabilities.

net balancing transactions

An accounting entry ensuring the sum of total State expenditure and total State revenue including the GST are equal. Net balancing transactions are included in the adjusted budget but they have no impact on the assessment of State fiscal capacities. They generally appear in adjusted budget and assessed budget in the Other revenue category.

net borrowing

The outcome of an operating budget calculated as expenses and expenditure on non‑financial assets less State own source revenues and revenues received from the Australian Government.

no impact on relativities (previously called exclusion or out of scope)

Treatment applied to a Commonwealth payment that does not provide budget support for State services or for which expenditure needs are not assessed. Both the payment and the expenses relating to it have no impact on a State’s fiscal capacity. Occasionally the terms of reference instruct the Commission to ensure a particular payment has no impact on relativities. (see quarantine)

policy averages

The average policies as reflected in the practices of the States in the collection of revenue and the provision of services. These averages are usually weighted according to the size of the user or revenue bases in each State.

policy neutral assessment

An assessment in which the policy average is applied to every State. The resultant assessment is therefore unaffected by the policies of individual States, other than through the influence of those policies on the averages.

quarantine

The treatment of a Commonwealth payment, and where possible the expense for which it is used, in such a way as to have no impact on the relativities. Quarantining always results from instructions given directly to the Commission in its terms of reference and the term is used only in this context.

redistribution

The difference between an EPC share of the GST and the distribution determined by the relativities.

regional costs disability

A disability that measures cost differences within a State due to differences in the wages paid and in the price and quantity of other inputs to State services.

relativity

A per capita weight assessed by the Commission for use by Treasury in calculating the share of the GST revenue a State requires to achieve horizontal fiscal equalisation.

revenue base

A measure of the transactions, activities, or assets that are taxed by the States. Differences between the revenue bases of each State are used by the Commission to determine the relative capacities of each to raise a particular type of revenue.

revenue effort

The intensity of use of a revenue base (the implied tax rate) measured as actual revenue divided by the assessed revenue. It is influenced by the rate of tax or charge, the exemptions, and concessions provided, actual scope of the revenue base in a State, and the effort put into ensuring compliance.

revenue raising capacity ratio

A ratio which indicates the capacity of a State to raise revenue relative to the average. It reflects the size of a State’s revenue base per capita relative to the average and is measured by dividing assessed revenue per capita by average revenue per capita.

revenue raising effort ratio

A ratio which indicates the actual effort made by a State to raise revenue relative to the average effort. It is primarily a measure of the deviation of a State's tax rates and efficiency in ensuring compliance from the average rates and compliance efficiency. It is measured by dividing actual per capita revenue by assessed revenue per capita.

review

The process in which the Commission reconsiders the methods used to calculate State relativities, according to terms of reference given to it. From 1988 onwards, reviews have usually been done every five years. By contrast, an update is conducted every year other than a review year and updates the relativities using the methods determined in the last review and the latest financial data.

service delivery scale disability

A disability that measures the additional costs of providing a service where it needs to be delivered but where the delivery is of less than economic size because the population served is small and remote from other points of service delivery.

socio-demographic composition disability

A disability that measures the budgetary impact, due to differences in both the average use and cost of providing services, that results from differences between States in the relative size of socio-demographic groups. It can reflect differences between States in some or all population characteristics such as age-sex structure, socio-economic status, Indigenous status and location of residence.

Specific purpose payments (SPPs)

Commonwealth payments to States for specific purposes which enable national policy objectives to be achieved in areas that may be administered by States.

State(s)

Unless the context indicates otherwise, the term ‘State(s)’ includes the Australian Capital Territory and the Northern Territory.

tax base

See revenue base.

update

The annual assessment of State relativities undertaken by the Commission between reviews. Update assessments incorporate new budgetary developments and the most recent available data. In general, the methods used to calculate the relativities are those adopted in the most recent review.

user charges

Fees and charges raised by States through the provision of goods or services. In the adjusted budget, user charges for health, post-secondary education, electricity, water and protection of the environment, mining regulation and public transport are deducted from related expenses. Housing user charges are assessed in a separate component in the Housing category. Other user charges are included in the Other revenue category.

wage costs disability

Recognises that otherwise comparable public sector employees in different States are paid different wages, partly due to differences in labour markets beyond the control of State governments.

# ATTACHMENT 9

## ACRONYMS

|  |  |
| --- | --- |
| ABS | Australian Bureau of Statistics |
| ACARA | Australian Curriculum, Assessment and Reporting Authority |
| AIHW | Australian Institute of Health and Welfare |
| APC | Actual per capita |
| APRA | Australian Prudential Regulation Authority |
| ARIA | Accessibility/Remoteness Index of Australia |
| BCCS | Basic Community Care Services |
| BITRE | Bureau of Infrastructure, Transport and Regional Economics |
| CALD | Cultural and linguistic diversity |
| CGC | Commonwealth Grants Commission |
| DoE | Department of Education |
| DoF | Department of Finance |
| DoHA | Department of Health and Ageing |
| ED | Emergency department |
| EPC | Equal per capita |
| ERP | Estimated Resident Population |
| GFS | Government finance statistics |
| GP | General practitioner |
| GST | Goods and Services Tax |
| HACC | Home and Community Care |
| HFE | Horizontal fiscal equalisation |
| IGA | Intergovernmental Agreement on Federal Financial Relations |
| IHPA | Independent Hospital Pricing Authority |
| IRHD | Indigenous and Rural Health Division |
| IRSEO | Indigenous relative socio-economic outcomes (index) |
| LBOTE | Language background other than English |
| LHN | Local Hospital Network |
| MYEFO | Mid-Year Economic and Fiscal Outlook |
| NCVER | National Centre for Vocational Education Research |
| NDA | National Disability Agreement |
| NDIS | National Disability Insurance Scheme |
| NDRRA | Natural Disaster Relief and Recovery Arrangements |
| NERA | National Education Reform Agreement |
| NHR | National Health Reform |
| NISEIFA | Non-Indigenous socio‑economic index for areas |
| NNR | National network roads |
| NPP | National partnership payment |
| NTC | National Transport Commission |
| NWAU | National Weighted Activity Unit |
| PNFC | Public non-financial corporation |
| PTE | Public trading enterprise |
| RTO | Registered training organisation |
| SA1 | Statistical Area 1 |
| SET | Survey of Education and Training |
| SDC | Socio-demographic composition |
| SDS | Service delivery scale |
| SEIFA | Socio-Economic Index for Areas |
| SES | Socio-economic status |
| SPP | Specific purpose payment |
| SRS | Student Resource Standard |
| TAFE | Technical and further education |
| ToR | Terms of Reference |
| UCL | Urban Centres and Localities |

1. Australian Bureau of Statistics. 2033.0.55.001 - *Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia*, 2011. [↑](#footnote-ref-1)
2. IRSEO was developed by the Centre for Aboriginal Economic and Policy Research (CAEPR), located at the ANU. The IRSEO data is available for download from the [CAEPR website](http://caepr.anu.edu.au/Publications/census-papers/2013CP13.php) (http://caepr.anu.edu.au/Publications/census-papers/2013CP13.php). [↑](#footnote-ref-2)
3. The Commission would normally treat Commonwealth’s waiving of State debt as a capital grant to the relevant State, and if needs are assessed, the amount of debt foregone would impact the relativities. [↑](#footnote-ref-3)
4. The terms of reference requires that the NHR funding and corresponding expenditure relating to the provision of cross-border services to the residents of other States should be allocated to States on the basis of residence. [↑](#footnote-ref-4)
5. See the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). [↑](#footnote-ref-5)
6. See the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). [↑](#footnote-ref-6)
7. See the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). Victoria and the Northern Territory provided comments on the 2015 Review Update and supplementary issues paper in their submissions on the draft report. [↑](#footnote-ref-7)
8. See the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). [↑](#footnote-ref-8)
9. See the [Commission’s website](https://cgc.gov.au/) (https://cgc.gov.au/). [↑](#footnote-ref-9)