

# **COMMONWEALTH GRANTS COMMISSION**

**DISCUSSION PAPER CGC 2002/45**

## **WELFARE PART 2: FAMILY AND CHILD SERVICES**

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## **INTRODUCTION**

1. This paper sets out the issues raised by the States in relation to the Family and Child Services assessment for the 2004 Review. It provides the preliminary views of Commission staff on how these might be resolved.

2. The Family and Child Services category comprises expenses for welfare services which support families and children. More specifically, the category covers: children's services; institutions for children and adolescents; children's boarding homes, hostels, and residential nurseries; youth refuges; child day care centres; crèches and play centres. It also includes expenses on child protective services, occasional care, foster care and other services to support children, youth and their families.

3. The standard expenditure in 2000-01 was \$83.08 per capita or 1.74 per cent of total gross standard expenses. Compared to an equal per capita assessment, the 2002 Update Family and Child Services assessment redistributed \$73.5 million away from New South Wales, Victoria and the ACT to Queensland, Western Australia, South Australia, Tasmania and the Northern Territory.

## **1999 REVIEW ASSESSMENT APPROACH**

4. In the 1999 Review, this category was made up of five components:

- (i) scale-affected expenditure;
- (ii) juvenile detention;
- (iii) residential care/other services;
- (iv) children services; and
- (v) isolation.

5. The components, weights and factors used in the assessment are shown in Table 1.

6. Revenue for this category, which was relatively minor and consisted of miscellaneous fees and charges, was assessed by the equal per capita method.

**Table 1** 1999 REVIEW ASSESSMENT STRUCTURE

Expenditure Component	Component weight %	Factors	Basis of calculation
Scale-affected expenditure	2.42	Administrative scale	General method.
		Input costs	General method with weights of 80% for wages, 2% for accommodation and 1% for electricity.
Juvenile detention	19.48	Socio-demographic composition	Derived by applying weights to population sub-sets for age, Aboriginality, low English fluency, remote indigenous and low income status.
		Dispersion	General method.
		Input costs	General method with weights of 70% for wages, 2% for accommodation and 1% for electricity.
		Cross-border	Assessed for New South Wales and the ACT by the general method.
Residential care / other services	69.92	Socio-demographic composition	Derived by applying weights to population sub-sets for age, Aboriginality, low English fluency, remote indigenous and low-income status.
		Dispersion	General method.
		Input costs	General method with weights of 70% for wages, 2% for accommodation and 1% for electricity.
Children's services	7.99	Socio-demographic composition	Based on proportion of the population aged 0-12 years.
		Dispersion	General method.
		Input costs	General method with weights of 70% for wages, 2% for accommodation and 1% for electricity.
		Cross-border	Assessed for New South Wales and the ACT by the general method.
Isolation	0.19	Isolation	General method.

## 2004 REVIEW ASSESSMENT

7. Attachment A provides a brief summary of States' service provision responsibilities included in this category and changes in individual States' policies since the 1999 Review.

### *Scope of the Category*

8. **Reallocation of juvenile detention.** In Discussion Paper CGC 2001/12, *Scope and Structure of the Standard Budget*, the Commission proposed a reallocation of juvenile detention expenses to the Corrective Service category. This change was proposed so that the assessment category structure would better match the GFS classification.

9. The Northern Territory supported the transfer of the juvenile detention component to Corrective Services as long as disabilities associated with juvenile detention continued to be assessed — in particular, that the socio-demographic weights continued to be applied and component weights in Corrective Services were recalculated.

10. In Discussion Paper CGC 2002/3 *Scope and Structure of the Equalisation Budget*, the Commission confirmed that State expenditure on juvenile detention services would be included in the Corrective Services category.

### *Assessment Structure*

11. New South Wales argued that the Commission's assessment structure for Family and Child Services did not fit the program structure used by community services agencies. It described its approach to delivering community services as being based on a 'continuum of care' model which classified the activities and expenditure according to the degree of intervention. It said that the Commission should revise its framework to better reflect the New South Wales community services program structure and needs.

12. **Discussion.** In the 1999 Review, the three components of family and children services were defined as:

- (i) Juvenile Detention – now in the Corrective Services category;
- (ii) Residential Care and Other Services – covering all services (other than juvenile and children services) provided to children and families, including early intervention and residential services, child protection, out-of-home care and adoption services; and
- (iii) Children's Services – covering the provision and subsidisation of child care services.

13. Commission staff consider that the 1999 Review structure represented a 'continuum of care', with juvenile detention being the highest level of intervention and child care being the lowest.

14. We think it is important to distinguish between childcare and other services which provide varying degrees of intervention. Although childcare expenses represented only about 6 per cent of the total family and child services expenses in 1999-2000 (see Attachment A), the nature and cost of these services are quite different from the intervention services.

15. New South Wales is asking for a disaggregation of the services included in the Residential Care and Other Services component so that more accurate demand and cost weights can be applied to the relevant population groups, and the assessment becomes more transparent.

16. Staff intend to recommend that the 'Residential Care and Other Services' component be, renamed 'Child and Youth Support Services' to make clear that it covers a range of activities designed to support children — not just those in residential care. Staff are not inclined to recommend further disaggregation of the category unless it can be clearly demonstrated that the cost and demand weights applied to the target population are producing the wrong results and the extra complexity that further disaggregation would introduce into the assessment could be justified. In 2000-01, this component was just over one per cent of total standard expenses.

17. Staff intend to recommend that a separate component be retained for expenditure on child care and that its title be changed from Children's Services to Child Care.

## ASSESSMENT ISSUES

18. This section discusses the range of disability factors required in each component and how they should be measured. General issues concerning the common factors, on which there were no issues raised in relation to this category, are covered in the separate discussion papers:

- (i) CGC 2002/20, *Input Costs*;
- (ii) CGC 2002/22, *Dispersion*;
- (iii) CGC 2000/23, *Administrative Scale Factor*; and
- (iv) CGC 2002/5, *Cross Border Disabilities and Special Circumstances of the Australian Capital Territory*.

### *Scale Affected Expenditure*

19. In the 1999 Review, administrative scale and input costs factors were assessed for this component. Staff intend to recommend no change.

### *Child and Youth Support Services*

20. The child and youth support services component covers services provided to support children, youths and families at risk and in need of protection. In particular, it covers child protection services, out-of-home care (including residential care) and adoption services.

### *Range of Factors*

21. The factors assessed in the 1999 Review were dispersion, input costs and socio-demographic composition.

22. Tasmania argued that an economic environment factor should be included to reflect the relative levels of activity of philanthropic agencies in the States. However, it recognised that data to measure the extent to which expenditure by these agencies relieved the States of the need to provide welfare services would be difficult to obtain and judgement might be required.

23. In previous reviews (1993 and 1999) the Commission decided that it would be more appropriate to measure the impact of inherent differences between the States. It did not include an economic environment factor for this category (to take account of different levels of private sector activity) because of the difficulty in measuring:

- (i) the government policy influences on the levels of non-State provision;  
and
- (ii) the combined effects of low household incomes, population distribution, economic climate and the number of small businesses on the provision of family and child welfare services in each State.

24. Because these difficulties remain, staff intend to recommend that the same range of factors used in the 1999 Review be continued for the 2004 Review for this component, and that no economic environment factor be assessed.

### *Socio-demographic Composition*

25. In the 1999 Review, the socio-demographic composition factor took account of the cost and use of these services by different population groups. The target population for this component was defined as those aged 0-17 years, divided into the age ranges 0-14 years and 15-17 years. Different weights were applied to each of the population sub-groups.

- (i) A weight of 1.75 was applied to the 0-14 age band and a weight of 1 to 15 to 17 age band, based on child abuse and neglect data obtained from the AIHW report: *Australia's Welfare 1997*.
- (ii) A weight of 1.4 was applied to the Indigenous population aged 0-17.
- (iii) A weight of 4 was applied to the population aged 0-17 living in families with annual income of \$26 000 or less, and a weight of one was applied to people aged 0-17 living in families with incomes above \$26 000.
- (iv) A weight of 1.5 was applied to persons aged 0-17 of non-English speaking background and who spoke English 'not well' or 'not at all'.
- (v) An additional weight of 1.5 was applied to the Indigenous people aged 0-17 living in remote areas (areas defined as 'remote centres' and 'other remote' in the RRMA classification).

26. The weights applied were all use weights, except for the low English fluency one which reflected higher cost associated with providing services to those people.

27. The main issues raised by the States were:

- (i) the need to revise the weight assigned to low income status;
- (ii) using SEIFA or an alternative purpose-built index as an indicator of demand, rather than income status; and
- (iii) the need to revise the weight assigned to the 0-14 age group.

28. **Low income status.** Victoria argued that the weight of four applied in the 1999 Review for people with low-income status overestimated the need of this population group. Based on its Department of Human Services (DHS) data on clients in care, it said that the actual level of use by this sub-population was about 2.5 times that of other users.

29. Staff seek information from other States similar to that provided by Victoria so that the appropriateness of the weight of four can be evaluated.

30. **Alternative measures.** Tasmania considered the ABS SEIFA would be a better indicator than income status. It said that SEIFA would more comprehensively reflect the range of influences on the demand and cost of welfare services because these indexes combine a number of factors that define the relative socio-economic status of each State's population.

31. New South Wales suggested that the Commission should use a purpose built index along the lines of the socio-economic index of relative disadvantage specifically developed by the ABS for use by the New South Wales Department of Community Services in its Resource Allocation Model (RAM). The ABS constructed the special index (a variation of SEIFA) using variables chosen by New South Wales, based on its experience of providing child welfare services. The variables were:



- (i) 'percentage of dependent children aged 0-17 in households with dependent children aged 0-17 years;
- (ii) families in poverty;
- (iii) households with no motor car;
- (iv) households with a parent who never went to school;
- (v) households which are one parent families; and
- (vi) households containing offspring aged 0-17 years with 2 or more families'<sup>1</sup>.

32. **Discussion.** Discussion Paper CGC 2002/21 *Socio-Demographic Composition* explained that Commission staff do not consider SEIFA to be the most appropriate measure of socio-economic status for the Commission's assessments. SEIFA, as carefully constructed summary indicators of socio-economic status encompassing a number of apparently relevant variables, might appear tailor-made for the Commission's purposes. However, there are some telling reasons why SEIFA are generally not the most appropriate measures for the Commission's assessments.

- (i) Data which link service use and cost to SEIFA values are not as frequently available as data which link use and cost to specific population characteristics.
- (ii) SEIFA are area-based (rather than people-based) which makes them inconsistent with other socio-demographic data used in assessments.
- (iii) SEIFA ranks areas but there is no simple way to relate intervals in this ranking to degrees of demand for government services.
- (iv) If SEIFA were used along with other variables such as age-sex, Indigeneity and place of residence, careful and possibly complex adjustments would need to be made to the measurement of those variables to avoid double counting. The ABS does not publish the comprehensive information about the construction of the indexes which might be needed if such adjustments were to be accurately calculated.

33. A SEIFA specifically designed for child welfare services partially addresses the first issue although the link between service use and the variables chosen for inclusion in the measure appears to be based on judgement rather than empirical analysis. The other issues are intrinsic to using SEIFA-style measures in the Commission's assessments. Using the purpose-built SEIFA would also make it difficult to integrate additional weights for Indigenous people in remote areas and people with low English fluency into the assessment. Staff consider that having a purpose-built ABS index for each State would only be justified

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<sup>1</sup> New South Wales Main Submission May 2002, Attachment B, p246.

if the case for including such an index were strong and there were no viable alternatives. We are inclined not to pursue this option but seek views on this proposal.

34. The Discussion Paper 2002/21 *Socio-Demographic Composition* also said that using income status as a proxy for socio-economic status had the advantages that:

- (i) it was a clear, easily defined and widely recognised measure of socio-economic status;
- (ii) it was strongly correlated with 'poverty' and schooling achievements;
- (iii) it was consistent with the use of other Census based data such as age, Indigeneity and place of residence and, more generally, with the broad approach the Commission had taken for assessing socio-demographic composition disabilities;
- (iv) the number of people with low income could be derived from the Census and cross-tabulated with other characteristics; and
- (v) the influence of income status could be separated from the influences of age-sex, Indigeneity and place of residence (avoiding double counting).

35. Staff intend to recommend that the approach taken for socio-economic status assessments in 1999 be retained for the 2004 Review.

36. ***Weight for the 0-14 age group.*** Victoria opposed the additional cost weight of 1.75 applied for children aged 0-14. Its data showed that the number of children in out-of-home care (per thousand children) was greater for children aged 15-17 years than for the 0-14 age group.

37. ***Discussion.*** In the previous review, a higher use weight was applied for children aged 0-14 years because of the higher rate of abuse and neglect notifications for this age group. Table 2 details the rates per 1 000 children 0-17 years in substantiated notifications of abuse and neglect in 1995-96.

**Table 2** RATES OF SUBSTANTIATED NOTIFICATIONS OF ABUSE AND NEGLECT, 1995-96

Age group	Physical abuse	Emotional abuse	Sexual abuse	Neglect	Total (0-14)	Weight with 15-17 age band set to 1
Rates per 1000 persons aged						
0-4	1.5	2.3	0.5	2.0	6.3	1.85
5-9	1.6	1.7	1.1	1.3	5.7	1.68
10-14	2.1	1.7	1.4	1.0	6.2	1.82
Weights for 0-14(a)						1.75
15-17	1.3	0.8	0.9	0.4	3.4	1.00

(a) Weight for 0-14 years was calculated by averaging the weights for age bands 0-14 and was rounded to 1.75.  
Source: AIHW, *Australia's Welfare 97*, Table 6.3, p 199.

38. Victoria used the rate of out-of-home care by the age groups 0-14 and 15-17 years, whereas the Commission's calculation was based on a broader measure of the rate of substantiated notifications of child abuse and neglect, obtained from the AIHW Report *Australia's Welfare 1997*.

39. Staff consider that use of out-of-home care is not a suitable summary indicator of demand for the range of services covered by this Child and Youth Support component. Notifications of child abuse and neglect give an indication of the cause of the various types of intervention States undertake. For this reason, staff intend to recommend that the 1999 approach be retained for measuring the age specific use weights. Since the latest edition of *Australia's Welfare* does not include more recent data on the rate of child abuse and neglect by age bands, we ask States to provide up to date data.

### *Child Care*

40. The child care component includes the provision and subsidisation of child care services for children aged 0-12 years. While the Commonwealth is the main funder of child care services, the States are also involved in funding (and sometimes providing) home and community based long day care centres, occasional care, play schools and outside school hours care.

### *Range of Factors*

41. In the 1999 Review, the factors assessed for this component were dispersion, input costs, socio-demographic composition and cross-border.

42. Staff intend to recommend that the same range of factors be assessed for the 2004 Review.

### *Socio-demographic Composition*

43. In the 1999 Review, the socio-demographic composition factor was based on the population aged 0-12 years.

44. States expressed concern about measuring socio-demographic composition influences by using the 0-12 year old population as a whole. They indicated that their expenses were also influenced by the demand and costs of providing child care services to different population sub-groups. The issues raised were:

- (i) that single-parent family status would be a better measure of demand for these services;
- (ii) the introduction of a weighting for people with language and cultural differences, and;
- (iii) the use of SEIFA index as the measure of demand.

45. ***Sole-parent status.*** Victoria argued that single-parent status was a more reliable measure of demand for child care than low-income status because sole parents were more likely to have low incomes and thus be financially stressed; more likely to suffer from social isolation; and have less support from immediate family. Victoria presented data, which showed that 65 per cent of all clients receiving Commonwealth income support came from single parent families. It said that the number of sole parent families would be a better measure of the need for children's services and that a cost weight of 2 should be applied.

46. ***Discussion.*** Staff will investigate whether a socio-economic element should be introduced into this assessment. Table 3 shows that sole parent families are over-representation in Commonwealth income support, but that this may be the result of their over-representation in low-income population.

**Table 3** SOLE PARENT FAMILIES USE OF CHILD CARE SERVICES AND GOVERNMENT INCOME SUPPORT 2000-01

Sole parent family (SPF)	Per cent
Proportion of sole parent families with children under 14 years of age	21.0
Proportion of children using child care services who are from sole parent families	28.2
Sole parent families with a gross weekly income of less than \$500	67.2
Sole parent families with a gross weekly income of over \$500	39.0
Sole parent families in receipt of government income support	64.3

Source: *Report on Government Services 2002*, Table 14.3, p 769, *Australia's Welfare 2001*, Table 5.2, 5.12, p 144 and 165. ABS: Income Distribution, 6253.0, Table 14 and 16.

47. Table 3 shows that in 2000-01, sole parent families represented 21 per cent of all families with children aged under 14 years and that 28 per cent of the children in child care services came from sole parent families. Over 67 per cent of sole parent families had an average gross weekly income of less than \$500 and most (over 64 per cent) were recipients of government income support.

48. Both sole parent and low income could be included in the assessment although care would need to be taken to avoid double counting because of the strong correlation between the two variables.

49. If staff investigations show that a socio-economic element is justified, we will recommend that the assessment be based on low income status because it is a broader measure of demand for child care than number of sole parent families. However, what is not clear to Commission staff is the primary role of the States in child care services. If States have responsibility for providing subsidies or services directly, then a socio-economic disability could be important. If the main role of the States is to licence, regulate and maintain standards of child care, rather than providing operating subsidies, then a size of industry factor would be more relevant. If States primarily provide capital grants, a more appropriate assessment would be a factor based only on Australian average numbers of child care users, with cost weights applied to different age groups (if capital use were shown to be more extensive for some ages than for others — for example, for those in full-time care, 0-5 years).

50. **NESB weight.** New South Wales argued that no weight was applied for low English fluency for children's services in the 1999 Review assessment, and that a NESB weight would be relevant for this component. It made the case that agencies involved with children's services needed to develop and provide culturally appropriate services when caring for children with different language and cultural backgrounds — this increased the costs of service delivery and needs to be addressed in the assessments.

51. **Discussion.** As stated in Discussion Paper CGC 2002/21 *Socio-Demographic Composition*, the Commission accepts that States can experience differences in demand and unit cost in providing services:

- (i) to population groups with low English fluency — because of the need for interpreters and the extra time taken in providing the service;
- (ii) to culturally diverse populations because:
  - developing culturally appropriate services and ensuring access to them as well as to mainstream services costs more per client than the standard service; and
  - special programs are needed to deal with the alienation experienced by some CALD groups — for example, to manage behaviour in schools or deal with gang-based crime.

The questions are which of these influences are relevant to the services provided under this category and how could they be measured.

52. Table 4 shows that, across the States, representation of children from non-English speaking backgrounds in Commonwealth approved child care services in 1999-2000 was greater than their overall representation in the community. It indicates a use weight of 1.25 for NESB children, although this would need to be adjusted for the effects of income status on demand to get a true picture of the demand due to NESB status.

**Table 4 CHILDREN FROM A NON-ENGLISH SPEAKING BACKGROUND ATTENDING COMMONWEALTH APPROVED CHILD CARE SERVICES<sup>(a)</sup>, 1999-2000.**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
	%	%	%	%	%	%	%	%	%
Attendees of child care services from NESB	15.3	12.2	6.2	7.7	6.0	2.2	10.6	7.5	10.7
Representation of NESB children in the community	11.5	11.0	4.0	4.7	6.1	0.9	9.5	5.7	8.5

(a) Children living in situations where the main language spoken is not English.

Source: *Report on Government Services 2001*, Vol 2, Table 14A.16.

53. Commonwealth and State governments fund special child care programs and services for children with additional needs, and provide culturally and developmentally appropriate services for children between the ages of 0 and 12 years. The priority groups for the program are children from minority cultural backgrounds, children with a disability and children from Indigenous background.

**Table 5 CHILDREN WITH ADDITIONAL NEEDS AS A PROPORTION OF TOTAL CHILDREN USING CHILD CARE, 1996-97<sup>(a)</sup>**

Type of service	Child with disability	Parent with disability	Child at risk of abuse and neglect	Indigenous Origin	Non-English speaking background	Total children attending
	%	%	%	%	%	no.
Long day care centre	1.8	0.8	0.4	1.3	12.6	294 702
Family day care	2.9	0.4	0.4	1.0	7.3	84 971
Before/after school care	1.9	0.2	0.1	0.9	11.0	99 518
Vacation care	2.3	0.2	0.2	1.1	7.0	30 972
Occasional care <sup>(b)</sup>	2.2	1.3	1.2	3.3	13.5	26 588
Multifunctional children's services	2.5	0.1	0.4	7.1	1.4	1 020
MACS <sup>(c)</sup>	4.8	0.8	1.5	78.0	1.5	1 715

(a) Commonwealth funded.

(b) Including neighbourhood model occasional care.

(c) Multifunctional Aboriginal Children Services.

Source: AIHW, *Australia's Welfare 1999*, Table 4.13, p 115.

54. Table 5 shows the proportion of children with additional needs, based on Commonwealth funded childcare services. It shows that the children from a NESB background had higher rates of use for almost all types of services (except for

Multifunctional children's services and MACS) compared with other groups of children who access these services.

55. Unfortunately, there were no similar data available on the number of children from NESB groups who access State funded child care services. Staff are also uncertain about the additional services that States provide to NESB children. We seek information from States about the representation of NESB children in State provided child care services and any services that are specifically designed to meet the needs of those children.

56. Following the receipt of information from States, staff will consider whether an additional use or cost weight needs to be introduced into the socio-demographic composition factor for the child care component. One consideration will be the materiality of the change given the small relative size of this category.

57. *ABS SIEFA.* Tasmania considered the ABS SEIFA would be a better indicator than income status. It said that SEIFA would more comprehensively reflect the range of influences on the demand and cost of welfare services because these indexes combine a number of factors that define the relative socio-economic status of each State's population.

58. *Discussion.* This issue is discussed above under the child and youth support services component. Consistent with the conclusion of that discussion, staff intend to recommend that SEIFA not be used as the measure of socio-economic status.

### *User Charges*

59. User Charges are very small when compared with total expenses for this category. No issues were raised by the States concerning the present treatment of this item. Staff intend to recommend that the revenue for this category continue to be treated by the equal per capita method as in previous Review.

## CONCLUSIONS

60. A summary of the assessment proposed for the 2004 Review is shown in Table 6. The component weights shown in the table are indicative only.

**Table 6** FAMILY AND CHILD WELFARE — PROPOSED ASSESSMENT, 2004 REVIEW

Component	Component weight %	Factors	Basis of calculation
Scale-affected expenditure	2.42	Administrative scale	General method.
		Input costs	General method.
Children and Youth Support Services (CAYSS)	91.39	Socio-demographic composition	Derived by applying weights to population sub-sets for age, Aboriginality, low English fluency, remote indigenous and low-income status.
		Dispersion	General method.
		Input costs	General method
Child Care	6.0	Socio-demographic composition	Based on proportion of the population aged 0-12 years (possible inclusion of weight for children in low income families and children from NESB).
		Dispersion	General method.
		Input costs	General method
		Cross-border	Assessed for New South Wales and the ACT by the general method.
Isolation	0.19	Isolation	General method.
User Charges		Nil	Equal Per Capita



## INFORMATION TO BE COLLECTED FROM STATES

61. Areas in which additional information from the States would assist the assessment include:

- (i) the number of children using Children and Youth Support Services from families with annual incomes of less than and greater than \$26 000;
- (ii) the rate of child abuse and neglect by age bands 0-4, 5-9, 10-14 and 15-17 years;
- (iii) the number of children from non-English speaking background using State funded child care services; and,
- (iv) details of any additional services provided to NESB children.

**MAJOR CHANGES IN THE STATES SERVICE PROVISIONS AND POLICIES  
SINCE THE 1999 REVIEW**

62. The family and children's services function covers services for the protection and care of children and for the improvement of individual and family wellbeing. Across the States, community service departments fund and provide a wide range of services for children and for their families. The services include;

- (i) child care and pre-school service;
- (ii) parent education and advice;
- (iii) family support and early intervention services; and,
- (iv) child protection and out-of-home care services.

63. Over the years, the increasing demand for family and children's services has caused the States to put increasing emphasis on family support services. Many States have introduced cross-departmental strategies such as *Families First* in New South Wales and *Strengthening Families* in Victoria. These strategies aim to assist families in a more holistic way, by co-ordinated service delivery and giving better access to different types of children's and family services. There has also been an increasing focus on early intervention services which are seen to be effective in reducing the need for more intrusive child protection interventions at later stages.

64. *New South Wales.* The new *Children and Young Persons (Care and Protection) Act 1998* was proclaimed in December 2000. The Act creates new responsibilities for the Department of Community Services and other community agencies to reduce the risk of harm to children and young people and to provide for their care and support. It also supports greater participation by Indigenous families and communities in decision-making regarding the care of Indigenous children and young people.

65. *Victoria.* A wide-ranging examination of child protection and supported placements commented in 2000-01. This has helped to guide the development of a long-term integrated strategy for the management of demand for child protection and placement services, including an examination of alternative service delivery models. A major focus of these services is to reduce the demand for child protection services by strengthening family support and other services. There was also an extensive examination and report on the quality of services provided to children in residential care. This led to the adoption of new minimum service standards, the development of regional service improvement plans and an enhanced monitoring framework.

66. *Queensland.* Queensland's *Child Protection Act 1999* (proclaimed in March 2000) introduced a new range of time-limited protection orders. The Act shifts the emphasis from determining abuse or neglect to determining whether a child or young person

has suffered harm or is likely to suffer harm. This has enabled a more inclusive and child focused approach.

67. **Western Australia.** The Western Australia Police and the Department for Community Development have established a joint response program in the metropolitan area for the investigation of child abuse. The aim is to improve services and outcomes for children. The latter department is also conducting a high-level review of its out-of-home care services to ensure they continue to meet the changing needs of the community and are based on the most recent research and examples of best practice.

68. **South Australia.** Inter-agency collaboration concerning children assessed as being in danger has been strengthened through joint family and youth services, police and child protection services training. The Department of Human Services has commissioned a review of South Australia's Alternative Care System with the final report due later this year. Review findings will inform new directions in management, review and monitoring of the alternative care program, as well as the development of a range of alternative care and support services.

69. **Tasmania.** The *Children, Young Persons and their Families Act 1997* was proclaimed in July 2000. The Act promotes support for families in preference to the removal of children, encourages involvement of the wider family and community in making decisions about children, and introduces family group conferencing.

70. **Australian Capital Territory.** The *Children and Young People Act* commenced in May 2002. The Act reflects increased emphasis on family support and prevention services. An Indigenous unit was established to work with families and to provide a consultancy to other staff on Indigenous matters. A major activity that bridges the gap between protection and support is the *Schools as Communities* program. It uses a model of prevention and early intervention to provide support services from the familiar base of the local school. A major reform in the area of out-of-home care was the introduction of the *Looking After Children* system of guided practice.

71. **Northern Territory.** Child protection reforms introduced during 2000-01 were:

- (i) the adoption of screening tools to improve the quality and consistency of decision making at intake;
- (ii) a risk assessment framework for case practice;
- (iii) case auditing and an overhaul of existing quality assurance arrangements; and,
- (iv) improvements in the marketing of the services, including installation of a toll-free reporting phone line and new information and promotion materials for consumers.

72. State governments fund only a small proportion of child care services. The Commonwealth is the major government funder of these services, mainly through fee reduction payments to users. Most States provide funds for occasional care, centre-based

long day care, family day care and outside school hours care services. Some States also provide fee relief for parents using child care services, special programs and services for children and parents with additional needs, such as services for Indigenous children, children from culturally diverse backgrounds or children with a disability. In addition, States are responsible for licensing, regulating and implementing the national standards for child care services. Table A-1 shows the States expenditure on child care services in 1999-2000.

**Table A-1 STATES EXPENDITURE ON CHILD CARE SERVICES, 1999-2000**

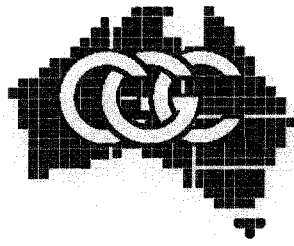
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
State expenditure on child care (\$000)	31 895	7 085	13 689	1 854	13 051	1 454	1 895	2 195	72 846
Per capita expenditure (\$)	4.96	1.51	3.87	0.99	8.73	3.09	6.11	11.31	3.85
Family and children services per capita expenditure (a) (\$)	63.0	91.7	31.4	72.9	49.6	42.2	108.9	61.3	63.5
Child care as proportion of total category exp.(%)	7.87	1.65	12.31	1.36	17.59	7.32	5.61	18.45	6.07

(a) Adjusted to remove juvenile detention expenditure.

Source: *Report on Government Services 2001*, CGC, 2002 Update Report, *Supporting Information*.

73. Table A-1 shows that in 1999-2000, the child care expenditure comprised about 6 per cent of the total family and child services expenditure. In the 1999 Review, the comparable proportion was 9 per cent.

74. There have been no major changes in the States' policies and in the provision of child care by States since the last Review.



# **COMMONWEALTH GRANTS COMMISSION**

**DISCUSSION PAPER CGC 2001/13**

## **THE RELATIVITIES — WHAT ASSESSMENTS ARE IMPORTANT?**

NOVEMBER 2001

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## INTRODUCTION

1. Discussions between the Commission, the States<sup>1</sup> and the Commonwealth since the 1999 Review have indicated that there is a demand for information that explains what influences affect State shares of FAG/GST revenue and health care grants, and how and why State shares change over time. The Commission is responding to this demand by preparing and releasing a series of discussions papers including:

- (i) Discussion Paper CGC 2001/5, *Trends in Equalisation*, August 2001, which contained information for the last twenty years on changes in State grants and changes in the extent to which the equalisation distribution of untied assistance differed from an equal per capita distribution;
- (ii) Discussion Paper CGC 2001/14 *Why Relativities Change Over Time*, November 2001, which contained information on why relativities change over time and examined how well the relativities and changes in them reflect indicators of State economic performance and demography;
- (iii) this paper, which identifies the main areas of assessment that result in the States not receiving an equal per capita (EPC) amount of untied assistance — that is, why their relativities differ from the Australian average of one<sup>2</sup>; and
- (iv) a future paper (to be distributed in May 2002) to examine in more detail how and why the socio-demographic influences (including Aboriginality) affect the relativities (and hence the grant shares) of each State.

2. Under the terms of reference the Commission receives from the Commonwealth Government, it is required to base the relativities on the principle of horizontal equalisation. That is that:

State governments should receive funding from the Commonwealth such that, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each would have the capacity to provide services at the same standard.

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<sup>1</sup> In this paper, the word 'States' includes the Australian Capital Territory and the Northern Territory unless the context indicates otherwise.

<sup>2</sup> A State with a relativity below one gets less than its population share of the untied revenue and a State with a relativity above one gets more than its population share of the untied revenue.

3. The application of that principle implies in general that a State will receive untied assistance above (or below) the equal per capita amount if factors beyond its control mean that:

- applying the average tax rates to its own revenue bases raises less (or more) than the average revenue per head — which implies that its revenue bases per capita are smaller (or larger) than the average; and/or
- providing the average level of services to its population requires it to spend more (or less) than the average amount per capita — which implies that the demand for services and/or the cost of each unit of service is above (or below) the average; and/or
- it receives less (or more) than the Australian average per capita revenue from specific purpose payments (SPPs).

4. Each State's relativity reflects the sum of these three effects. For any one State, these effects may move in opposite directions — for example, States may have revenue raising advantages and expenditure disadvantages. Moreover, States can and do have advantages in one area and disadvantages in another. For this reason the Commission examines each revenue source and each service separately.

5. This paper examines the 2001 Update FAG relativities<sup>3</sup> to:

- (i) identify the overall importance of the revenue, expenditure and SPP assessments in shaping the relativities;
- (ii) examine which sources of revenue, services and SPPs have the greatest effects on the relativities of each State; and
- (iii) examine which aspects of economic activity, State population characteristics, physical environment and other factors<sup>4</sup> have the greatest effects on the relativities of each State.

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<sup>3</sup> The terms of reference in the 2001 Update asked the Commission to calculate two sets of relativities – FAG relativities and GST relativities. The FAG relativities are those that would have been calculated if the Commonwealth-State financial arrangements that applied before the introduction of the new tax system had remained in place. As such, the FAG relativities are applied to a notional pool of financial assistance and health care grants that would have been available for distribution had the tax reforms not taken place. FAG relativities are used in this paper because they are the relativities used in our research on why relativities change over time, and they are expected to be the main influences on State revenues for the next few years.

<sup>4</sup> Some of the Commission's assessments reflect the combined effect of several influences. In particular, the socio-demographic composition (SDC) disability combines the effects of differences between States in the age, sex, Aboriginality and income of their populations. The current assessment processes do not allow ready estimation of the effects of these components — many extra calculations are required to derive the effects of each component. Consequently, only the effects of Aboriginality have been estimated for this paper. Effects of the other components of the SDC disability are combined as 'Other socio-demographic composition influences'.



6. In this paper, the difference between equalisation and equal per capita grants is used to illustrate the findings. All the calculations have been based on a total pool of untied revenue in 2000-01 (\$24 084 million) and the estimated State populations as at 31 December 2000. If this pool had been distributed on an EPC basis, it would have resulted in per capita grants of \$1 248 for each State.

### INFLUENCE OF AGGREGATE REVENUE, EXPENDITURE AND SPPS

7. This section examines the impact on the relativities of the three major elements of State budgets — total own-source revenue, total expenditure and revenue from SPPs.

8. Table 1 shows the contribution of revenue, expenditure and SPP assessments to the overall difference between each State's equalisation grant and an equal per capita distribution.

**Table 1** CONTRIBUTIONS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

Caused by assessments for	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Revenue	-141.7	80.4	61.8	-236.3	310.6	478.3	253.2	-19.6	71.4
Expenditure	-29.4	-293.7	-62.5	270.3	37.2	407.8	-0.2	5383.5	94.5
SPPs	25.8	21.4	25.0	-127.8	-5.8	-27.9	-16.0	-454.5	18.7
Total difference from EPC	-145.4	-192.0	24.3	-93.8	341.9	858.2	237.1	4909.4	106.1

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

9. Table 1 shows that the movements from an EPC distribution of the untied assistance reflect effects that often go in different directions. In some States, revenue and expenditure needs move in different directions. In all States, expenditure and SPP needs move in opposite directions — this indicates that where the assessments indicate States need to spend more than the average per capita amount to provide the standard level of services (have positive expenditure needs), part of that extra expenditure is met by above average receipts of SPPs<sup>5</sup>.

10. Table 1 also indicates that the differences between the equalisation distribution of the untied assistance and an EPC distribution are primarily explained by:

- (i) an above average revenue raising capacity in New South Wales and by below average revenue raising capacities in South Australia and the ACT;

<sup>5</sup> The negative expenditure needs of other States are also partly reflected in below average receipts of SPPs.

- (ii) a below average cost of providing services in Victoria (which is partly offset by below average capacity to raise revenue) and a substantially above average cost of providing services in the Northern Territory;
- (iii) both a below average revenue raising capacity and above average costs of providing services in Tasmania;
- (iv) an offsetting mix of below average revenue raising capacity and below average costs of providing services in Queensland, and above average revenue raising capacity and above average costs of service provision in Western Australia; and
- (v) the role of SPPs being small relative to those of revenue and expenditure for most States, except Western Australia and the Northern Territory.

11. The rest of this paper identifies the main revenue sources and services, and the main features of State economies, populations and physical environments (as indicated in revenue capacities and disability factors) which cause these results.

### **WHAT REVENUES AND SERVICES HAVE THE GREATEST EFFECTS?**

12. The Commission classifies State revenues and services to categories which group similar types of revenues and expenditures on similar services (or functions). In the 2001 Update, there were 18 revenue categories and 40 expenditure and related user charges categories<sup>6</sup>.

13. This section identifies the contribution to the differences between the equalisation and EPC distributions of major groups of revenues and services, and the larger SPPs<sup>7</sup>.

#### ***Revenue Assessments***

14. The main task in each of the 18 revenue assessments is to measure the revenue base each State would tax if it applied the average State taxation policy. The revenue base for a tax is generally taken to be the level of economic activity that is actually taxed by the States.

15. Assessments work on the basis that if the level of taxable activity in a State was above average, it would raise more revenue from applying average tax rates and so

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<sup>6</sup> This was the number of categories used for the calculation of the FAGs relativities. For GST relativities, there were four additional expenditure categories and three fewer revenue categories.

<sup>7</sup> The analysis could identify the contribution to the relativities of each of the 18 revenue and 40 expenditure categories, but for this paper it has been reported at the level of major groups of broadly similar revenue and expenditure categories to focus on the major effects and to make the analysis more manageable.

need a lower share of untied assistance in order to have the financial capacity to provide the standard level of services.

16. Table 2 shows the contribution of the major groups of revenue assessments to the movement from an EPC distribution.

**Table 2** CONTRIBUTION OF REVENUES TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Mining revenue	39.3	63.3	-58.3	-201.2	15.6	48.5	69.8	-174.0	32.5
Stamp duty on conveyances	-62.7	54.4	-13.6	-8.1	83.3	134.1	36.7	65.0	24.5
Payroll tax	-36.3	-43.8	50.6	11.9	79.9	137.8	119.6	100.3	23.1
Land revenue	-45.0	7.9	29.5	4.5	60.0	82.3	18.7	29.4	15.2
Revenue replacement payments	8.7	27.7	-15.8	-43.3	-1.2	-46.3	23.6	-171.1	10.2
Financial transaction taxes	-24.3	-5.3	23.4	6.3	35.5	59.6	4.3	27.0	9.5
Stamp duties on shares and marketable securities	-21.4	-7.0	25.7	18.1	24.3	29.6	-29.5	27.5	9.5
Motor taxes <sup>(b)</sup>	20.1	-13.7	-2.2	-33.2	-1.6	-8.9	27.5	20.0	7.4
Insurance taxation	-12.7	0.6	10.7	4.9	7.4	20.9	19.4	25.9	4.3
Gambling taxation	-7.2	-3.7	11.7	3.9	7.4	20.7	-36.9	30.4	4.0
<b>Total</b>	<b>-141.7</b>	<b>80.4</b>	<b>61.8</b>	<b>-236.3</b>	<b>310.6</b>	<b>478.3</b>	<b>253.2</b>	<b>-19.6</b>	<b>71.4</b>

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

(b) This group includes Heavy Vehicle Registration Fees and Taxes, Other Vehicle Registration Fees and Taxes, Stamp Duty on Motor Vehicle Registrations and Transfers, and Drivers' Licence Fees.

17. The groups in Table 2 are:

- (i) Mining Revenue — the assessment reflects the differences in States' capacities to raise revenue from royalties or rental equivalents levied on minerals (the revenue base is considered to be a broad estimate of the profitability of the mining industry);
- (ii) Stamp Duty on Conveyances — the assessment reflects the differences in States' capacities to raise revenue from taxes levied on the transfer of real estate, business and other property (the revenue base is the value of property transferred);
- (iii) Payroll Tax — the assessment reflects the differences in States' capacities to raise revenue from taxes levied on employers' payrolls (the revenue base is an estimate of the value of payrolls subject to tax

— the value of payrolls of government trading enterprises and private sector employers with more than about 20 employees<sup>8</sup>);

- (iv) Land Revenue — the assessment reflects the differences in States' capacities to raise revenue from taxes levied on the ownership of land (the estimated site value of rateable commercial and industrial land is the revenue base);
- (v) Revenue Replacement Payments (RRPs) — the assessment reflects the differences in States' capacities to raise revenue from payments that compensate States for revenue previously collected from taxes on sales of alcohol, tobacco and petroleum products (the revenue bases are the RRPs less subsidies paid by the States);
- (vi) Financial Transaction Taxes — the assessment reflects the differences in States' capacities to raise revenue from taxes collected from various forms of financial transactions (the Commission measures the revenue bases using private final consumption expenditure of households and private gross fixed capital formation);
- (vii) Stamp Duty on Shares and Marketable Securities — the assessment reflects the differences in States' capacities to raise revenue from taxes levied from the transfers of shares and marketable securities (the value of shares and securities transferred is the revenue base);
- (viii) Motor Taxes — this group contains all taxes levied on drivers' licences and the registration and transfer of vehicles (the revenue bases may be the number of vehicles on the register<sup>9</sup>, the value of vehicles sold and the population in the driving age group);
- (ix) Insurance Taxation — the assessment reflects the differences in States' capacities to raise revenue from taxes levied on general insurance and life insurance (the revenue base is the premium revenue of the general insurance industry); and
- (x) Gambling taxation — the assessment reflects the differences in States' capacities to raise revenue from revenues collected from the licensing and taxing of activity of gambling operators (the Commission measures the revenue bases using concepts closely related to income — gross household disposable income).

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<sup>8</sup> Payrolls of the small business sector are excluded because no State taxes them. Similarly, Commonwealth government payrolls are excluded because State governments currently cannot tax them.

<sup>9</sup> Commonwealth, diplomatic and consular vehicles are excluded because States cannot tax them.

18. The impact of each group of taxes differs among the States<sup>10</sup>. Table 3 shows the ranking of each group in the assessments for each State. The rankings are based on the absolute value of the effect of each group. The signs on the ranking indicate the direction of the effect — a positive sign means that the State's revenue raising capacity is below average and the assessment increases the grants of the State (increases its relativity).

**Table 3** CONTRIBUTION OF REVENUES TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION — RANKING OF CONTRIBUTION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Mining revenue	3	1	-1	-1	6	5	2	-1	1
Stamp duty on conveyances	-1	2	-7	-6	1	2	4	4	2
Payroll tax	-4	-3	2	5	2	1	1	3	3
Land revenue	-2	6	3	9	3	3	9	6	4
Revenue replacement payments	9	4	-6	-2	-10	-6	7	-2	5
Financial transaction taxes	-5	-8	5	7	4	4	10	8	6
Stamp duties on shares and marketable securities	-6	-7	4	4	5	7	-5	7	7
Motor taxes	7	-5	-10	-3	-9	-10	6	10	8
Insurance taxation	-8	10	9	8	8	8	8	9	9
Gambling taxation	-10	-9	8	10	7	9	-3	5	10

Note: Positive signs means the assessment moves grants towards the State, and negative signs means the assessment moves grants away from the State.

19. Table 3 shows that mining revenue is the most important revenue group for four of the eight States. It has a large downward effect on the grants for Queensland, Western Australia and the Northern Territory and large positive effects for Victoria. It is also an important assessment for the ACT. These effects arise because of the large differences between States in the importance of their mining industries — Western Australia has a high revenue raising capacity (about 390 per cent of the average) compared with the negligible revenue raising capacity in Victoria (about 10 per cent) and the ACT (about 1 per cent).

20. Stamp duties on conveyances has important negative effects on the grant for New South Wales, reflecting its relative importance in national property markets. Conversely, these taxes have large positive effects on the grants of South Australia, reflecting the relatively small per capita size of its market.

<sup>10</sup> The relative importance of a group depends on two factors:

- the degree of differences in the revenue raising capacity in the group between States — the larger the degree, the greater the importance of the group; and
- the size of the group — the larger the group, the greater its impact.

21. Payroll tax has important impacts on grant shares for most States (especially Tasmania and the ACT). This tax is the most important in State budgets (it represents 23 per cent of State own source revenue) and there are substantial differences among the States in revenue raising capacity (reflecting the differences in the per capita value of taxable payrolls). Revenue raising capacities range from 106 per cent of average in New South Wales to 67 per cent of average in Tasmania.

22. Land revenue has important negative impacts on the grant for New South Wales, reflecting its high per capita value of commercial/industrial land compared to the Australian average. On the other hand, this tax has large positive impact on the grants of Queensland, South Australia and Tasmania, reflecting the relatively lower value of commercial/industrial land for these States.

23. Revenue replacement payments for petroleum, tobacco and alcohol products have important negative impacts for Western Australia and the Northern Territory, reflecting the high consumption of these products in these States. Although Tasmania has the second highest per capita grant redistribution due to the assessment of this group, the group's importance ranks sixth for that State.

### *Expenditure Assessments*

24. Table 4 shows the contribution of the major groups of expenditure assessments to the movement from an EPC grants distribution. Table 5 shows the ranking of each service group for each State. (A positive sign indicates that the State's costs of providing the standard level of services are higher than the average which increases its grant (and the relativity), and vice versa).

25. The tables show:

- (i) Education has the largest impact on grant shares for Western Australia (positive), Victoria and South Australia (both negative);
- (ii) Debt Charges and Depreciation are most significant for New South Wales (positive) and Queensland (negative);
- (iii) Health is most important for the ACT (negative) and the Northern Territory (positive); and.
- (iv) General Public Services (which includes Superannuation) is the most important for Tasmania (positive).

**Table 4** CONTRIBUTION OF EXPENDITURES TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Education	-31.2	-73.3	49.8	106.1	-49.0	110.6	105.5	820.1	32.6
Debt Charges and Depreciation	69.4	-23.7	-77.3	-35.3	-24.9	-72.0	-136.8	609.6	29.7
Health	-9.0	-39.3	-10.5	28.2	32.8	66.5	-139.0	985.3	17.0
General Public Services	-15.8	-33.0	-9.9	34.7	18.7	127.6	55.5	635.6	15.4
Law, Order and Public Safety	-0.9	-32.1	-7.5	20.7	-21.2	43.6	67.4	698.3	11.3
Services to Industry	-16.4	-14.1	1.8	51.0	9.9	32.0	-16.1	234.3	9.3
Transport	-6.3	-21.0	0.3	33.2	19.8	-1.7	14.9	223.1	7.4
Culture and Recreation	-6.3	-16.5	-3.0	17.1	6.9	24.3	62.5	287.2	6.8
Welfare	0.5	-19.6	-5.1	6.6	6.0	39.4	-15.2	373.1	6.1
Aboriginal Community Services	-6.0	-7.5	1.1	3.6	-4.1	-5.8	-7.9	385.0	4.5
Concessions and Other Payments	-2.3	-8.7	1.2	-1.3	41.3	15.9	-47.8	1.6	3.8
Regulatory and Other Services	-5.1	-4.9	-3.3	5.7	1.1	27.5	56.7	130.4	3.6
<b>Total</b>	<b>-29.4</b>	<b>-293.7</b>	<b>-62.5</b>	<b>270.3</b>	<b>37.2</b>	<b>407.8</b>	<b>-0.2</b>	<b>5383.5</b>	<b>94.5</b>

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

26. Overall, the important categories for most States (the top three rankings) are Education, Debt Charges and Depreciation, and Health. This reflects the size of the expenditures on those services (together they are 59 per cent of State expenditures) and the differences between the States in the costs of providing services.<sup>11</sup>

27. There are, however, some exceptions – General Public Services is the most important group of services for Tasmania and third most important for Victoria; Law, Order and Public Safety is the third most important group for the Northern Territory; Services to Industry is second most important for Western Australia and third most important for New South Wales; and Concessions and Other Payments is the second most important for South Australia. These exceptions reflect particular aspects of State economies, population or physical environment that lead to expenditures that are significantly different from the average.

<sup>11</sup> The range in average costs of providing services is between:

- in Education – 177 per cent of standard in the Northern Territory and 93 per cent in Victoria;
- in Debt Charges and Depreciation – 207 per cent of standard in the Northern Territory and 83 per cent in the ACT; and
- in Health – 210 per cent of standard in the Northern Territory and 85 per cent of standard in the ACT.

**Table 5** CONTRIBUTION OF EXPENDITURES TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION — RANKING OF CONTRIBUTION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Education	-2	-1	2	1	-1	2	3	2	1
Debt Charges and Depreciation	1	-5	-1	-3	-4	-3	-2	5	2
Health	-5	-2	-3	6	3	4	-1	1	3
General Public Services	-4	-3	-4	4	7	1	7	4	4
Law, Order and Public Safety	-11	-4	-5	7	-5	5	4	3	5
Services to Industry	-3	-9	9	2	8	7	-9	9	6
Transport	-6	-6	12	5	6	-12	11	10	7
Culture and Recreation	-7	-8	-8	8	9	9	5	8	8
Welfare	12	-7	-6	9	10	6	-10	7	9
Aboriginal Community Services	-8	-11	11	11	-11	-11	-12	6	10
Concessions and Other Payments	-10	-10	10	-12	2	10	-8	12	11
Regulatory and Other Services	-9	-12	-7	10	12	8	6	11	12

Note: Positive signs means the assessment moves grants towards the State, and negative signs means the assessment moves grants away from the State.

### *Specific Purpose Payments*

28. Table 6 shows that the SPPs which contribute most to the movement away from an EPC distribution are Grants in Lieu of Royalties, Grants for Aboriginal Purposes and Non-Government Schools Grants.

- The Grants in Lieu of Royalties received by Western Australia greatly exceed the Australian average amount and thereby reduce its requirement for untied assistance.
- Grants for Aboriginal Purposes have the most important impact for Victoria, Western Australia and the Northern Territory — the Indigenous proportion of the population in the Northern Territory (28.5 per cent) is well above the Australian average (2.1 per cent) resulting in its grants for Aboriginal purposes per head of total population being above average which meet some of its expenditure needs and reduce its requirement for untied assistance. The opposite occurs in Victoria where Indigenous people are 0.5 per cent of the population.
- A high proportion of students attend non-government schools in Victoria and the ACT, with the result that some of the expenditure needs in those States are met by their above average per capita SPPs for non-government schools, thereby reducing their requirement for untied assistance.



- The other SPPs have a major impact on Tasmania and the Northern Territory. Details of the impact of each SPP are listed in Tables A-1 and A-2 in Attachment A.

**Table 6** CONTRIBUTION OF SPPs TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Grants in Lieu of Royalties	12.0	12.0	12.0	-108.9	12.0	12.0	12.0	3.1	10.8
Grants for Aboriginal Purposes	9.2	14.8	-1.1	-22.9	-8.2	6.0	11.5	-390.4	7.1
Non-government Schools	3.2	-10.5	4.4	1.2	9.0	20.1	-45.3	15.9	3.4
Other SPPs	1.4	5.1	9.7	2.8	-18.7	-66.0	5.8	-83.2	3.9
<b>Total</b>	<b>25.8</b>	<b>21.4</b>	<b>25.0</b>	<b>-127.8</b>	<b>-5.8</b>	<b>-27.9</b>	<b>-16.0</b>	<b>-454.5</b>	<b>18.7</b>

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

### WHAT ECONOMIC, DEMOGRAPHIC AND ENVIRONMENTAL FACTORS HAVE THE GREATEST EFFECTS

29. The Commission's revenue and expenditure assessments aim to identify and measure the effects of those aspects of State economies, populations and physical environment that affect their capacity to raise revenue or the expenses they must incur to provide the standard range and level of services.

30. The revenue each State would raise if it applied the average revenue raising policies is assessed separately for each source of revenue. The assessments for each revenue source generally involve measuring the differences between States in the level of economic activity (or the size of the revenue base) which they would tax under the standard revenue raising practice or policy<sup>12</sup>. For example, the revenue base for payroll tax is, as stated earlier, the estimated value of payrolls of government trading enterprises and private sector employers with more than about 20 employees.

31. The expenses States would incur in providing the average level of services are assessed separately for each service. The assessments for each service generally involve identifying and measuring the effects of influences beyond the control of individual States that result in its demand for services or its cost of providing each unit of the standard service being above or below the Australian average level. These influences include:

- population and demographic characteristics (including the age and sex composition of the population, the proportion of the population that

<sup>12</sup> The standard revenue policy reflects the definitions of the revenue base and exemptions adopted by all States.

are of Aboriginal or Torres Strait Islander background and the income levels of the population);

- where people live in the State;
- the scale of State operations and service provision;
- the price of the main inputs to government services (labour, accommodation, electricity and construction costs);
- the proximity of the State to the east coast centres that are the source of many goods and services used in providing services; and
- the physical and economic environment.

32. The Commission includes SPPs in its assessments to the extent that they are a source of funds that are used to provide normal State-type services. The assessments for SPPs are made by comparing each State's actual receipts per capita to the Australian average receipts per capita (above average per capita receipts of SPPs reduce a State's requirement for untied assistance, and vice versa).

33. Table 7 shows the contribution to the overall movement from an EPC distribution of untied revenue of:

- (i) the level of broadly similar types of economic activities that are subject to State taxes; and
- (ii) groups of broadly similar influences on service costs (disability factors<sup>13</sup>) assessed by the Commission.

34. Attachment A shows the contribution of each SPP, revenue, expenditure and disability factor to the distribution of grant shares.

35. Some of the disability factors the Commission assesses combine the effects of many individual influences on the costs of providing services — this is particularly so for the socio-demographic composition and input costs factors. However, because there is a widespread interest in better understanding the effects of some individual influences, this paper has shown the effects of Aboriginality separately from the effects of other socio-demographic characteristics and isolated the effects of wage levels from other elements of the input costs factor. Because of the complex interactions among population characteristics and the steps the Commission takes to avoid double counting in its assessments, this analysis is not straight forward, and has necessitated some judgement and estimation. As such, the results are indicative only.

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<sup>13</sup> The group 'Expenditure – Other' in Tables 7 and 8 includes a factor called 'expenditure relativities'. This factor is used in the Superannuation and Debt Charges assessments and reflects the combined effects of many of the other disability factors. Ideally, these effects should be allocated to the other disability factors, but doing so would require large amounts of data manipulation and has not been done.

**Table 7** IMPACT OF REVENUE BASES AND EXPENDITURE DISABILITY FACTORS ON MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
<b>Revenue</b>									
Mining revenue and grants in lieu of royalties	51.3	75.4	-46.3	-310.1	27.7	60.5	81.8	-170.8	41.0
Taxes on transfers of assets <sup>(b)</sup>	-84.2	47.3	12.1	10.0	107.6	163.8	7.3	92.5	28.4
Taxes on payrolls	-36.3	-43.8	50.6	11.9	79.9	137.8	119.6	100.3	23.1
Taxes on asset holdings <sup>(c)</sup>	-57.7	8.6	40.3	9.4	67.4	103.1	38.0	55.3	19.5
Income related taxes <sup>(d)</sup>	-31.5	-9.0	35.1	10.2	42.9	80.3	-32.6	57.4	13.4
Consumption of alcohol, tobacco and petroleum	8.7	27.7	-15.8	-43.3	-1.2	-46.3	23.6	-171.1	10.2
Motor taxes	20.1	-13.7	-2.2	-33.2	-1.6	-8.9	27.5	20.0	7.4
<b>Total revenue</b>	<b>-129.7</b>	<b>92.4</b>	<b>73.8</b>	<b>-345.1</b>	<b>322.6</b>	<b>490.3</b>	<b>265.2</b>	<b>-16.5</b>	<b>78.1</b>
<b>Expenditure</b>									
Scale of service provision <sup>(e)</sup>	-49.8	-44.2	-17.9	35.1	47.6	278.4	369.4	1095.8	31.2
Other socio-demographic composition influences <sup>(f)</sup>	-12.0	-68.2	50.9	16.9	41.7	176.8	-142.7	452.3	23.3
Expenditure – others <sup>(g)</sup>	41.8	-45.3	-21.1	37.4	5.4	-84.7	-173.2	176.7	20.1
Aboriginality <sup>(h)</sup>	-11.8	-41.0	21.7	5.9	-36.8	25.0	-34.7	1208.9	17.6
Geographical location of population	8.5	-23.3	-13.9	39.0	-26.1	-58.7	-63.3	600.7	12.9
Wage levels	29.4	-2.6	-45.3	10.0	-38.9	-18.6	59.1	65.2	12.6
Input and construction costs (excludes wages) <sup>(i)</sup>	7.3	-18.2	-29.5	28.5	-23.9	1.8	-12.9	663.4	12.1
Economic environment <sup>(j)</sup>	-22.1	-17.4	11.1	43.3	11.2	47.5	0.3	334.0	11.8
Physical environment <sup>(k)</sup>	-7.0	-24.2	-5.5	35.2	39.1	0.5	-30.2	328.7	9.9
<b>Total expenditure</b>	<b>-15.6</b>	<b>-284.4</b>	<b>-49.5</b>	<b>251.4</b>	<b>19.3</b>	<b>367.9</b>	<b>-28.2</b>	<b>4925.9</b>	<b>94.5</b>
<b>Total revenue and expenditure</b>	<b>-145.4</b>	<b>-192.0</b>	<b>24.3</b>	<b>-93.8</b>	<b>341.9</b>	<b>858.2</b>	<b>237.1</b>	<b>4909.4</b>	<b>106.1</b>

Note: The impact of differences in the receipts of SPPs has been combined with the expenditure disability to which they apply

- (a) Total movement from EPC. It is calculated by dividing the total redistribution by the Australian population.
- (b) This group includes Stamp Duty on Conveyances and Stamp Duty on Shares and Marketable Securities.
- (c) This group includes Land Revenue and Insurance Taxation.
- (d) This group includes Financial Transaction Taxes and Gambling Taxation.
- (e) This group includes the administrative scale and service delivery scale factors.
- (f) This group includes the socio-demographic composition factor (excluding Aboriginality), cross border factor, and SPPs for non-government schools.
- (g) This group has two components. It includes the 'expenditure relativities' factor and the less important factors such as interest rates, non-government schools cost, grade cost, hospital costs, cost of patient transport, hospital patient revenue, urban transit demand and user charges.
- (h) This group includes the Aboriginality part of the socio-demographic composition factor, the land rights and native title factors and the Grants for Aboriginal Purposes.
- (i) This group includes costs on accommodation and electricity, construction costs and isolation.
- (j) This group includes economic environment and national capital.
- (k) This group includes physical environment and road stock.

36. In Table 7, the effects on State expenditure attributable to:
- (i) 'Scale of service provision' reflects the combined effects of the administrative scale and service delivery scale disabilities.
    - Administrative scale reflects the needs of some States to spend more per capita than other States to provide the basic structure of government administration, including head office policy and administration costs of agencies. Smaller States incur higher per capita costs in these areas due to diseconomies of small scale.
    - Service delivery scale reflects the higher costs incurred by States that must provide a relatively larger proportion of services from outlets of an uneconomic size — States with many small centres in rural and remote areas would have an above average number of very small schools, where per student costs are above average.
  - (ii) 'Aboriginality' reflects the different impacts on State expenditures that arise because, on average across Australia, Indigenous people use services more frequently than non-Indigenous people and the average costs incurred by States in providing a unit of service to Indigenous people are higher than the costs of providing services to non-Indigenous people. Consequently, per capita grants will be above average for States where an above average proportion of the population is Indigenous. It also reflects the additional costs incurred by the Northern Territory arising from the operation of the Commonwealth *Aboriginal Land Rights (Northern Territory) Act 1976* and the per capita differences in administration costs incurred by all States arising from the operation of the Commonwealth *Native Title Act 1993*.
  - (iii) 'Other socio-demographic composition influences' reflects the differences in demand for services or the costs of each unit of service arising from the characteristics of State populations, such as age and gender composition, income level and non-English speaking background. Aged people, for example, generally require more health care services and a State with a high proportion of aged people in its population would incur higher per capita costs in providing the standard level of health services than a State with a smaller proportion of aged people.
  - (iv) 'Geographical location of population' reflects the different per capita costs States experience due both to the dispersion of the population and to urbanisation. Dispersion reflects higher costs of communication, travel, freight and some allowances paid to staff working in sparsely populated centres. Urbanisation measures higher costs of providing services in densely populated centres as a result of influences such as very high volumes of traffic, higher crime rates and pressures on infrastructure.

- (v) 'Wages levels' reflects the different effects on per capita costs of interstate differences in the wage levels State governments must pay their employees.
- (vi) 'Input and construction costs' reflects the impact of interstate differences in costs of inputs to service provision. In this paper, it includes differences in the costs of office accommodation, electricity and construction. It also includes differences in costs incurred because some States (Western Australia and the Northern Territory) are relatively isolated from the south east corner which is a major source of supply for goods and services used in providing government services.
- (vii) 'Economic environment' reflects the different impacts of the structure and nature of State economies on the costs of providing certain services. For example, the health assessments allow for the greater need for States to provide services in regions where there are fewer private sector alternatives (there are fewer general practitioners). It also includes the additional costs incurred by the ACT in the provision of some services because of its status as the nation's capital.
- (viii) 'Physical environment' reflects the different effects of environmental conditions on the costs of providing services. For example, higher depreciation costs are incurred in some areas because climatic effects reduce asset lives.
- (ix) 'Expenditure - other' reflects the different impacts of the superannuation and debt charges costs, as well as the influences of other less important disability factors. Differences between States in superannuation costs arise because the higher demand for services (arising from other disabilities) means an above average number of employees is required to provide the standard level of services (and vice versa).

37. Table 8 ranks the groups of revenue bases and expenditure disability factors in terms of their importance to the grants of each State.

38. Tables 7 and 8 show that various economic activities and cost influences have different impacts among States. Overall, the groups of revenue bases and expenditure disabilities with the largest effects (top five rankings) are mining activity, scale of services, value of assets transferred, other socio-demographic composition (age, sex, low income status, non-English speaking background) influences and taxable payrolls. However, the importance of factors differs among States. For example, the value of assets transferred, which is the third most important factor overall, is relatively unimportant for Queensland, Western Australia, the ACT and the Northern Territory.

**Table 8** IMPACT OF REVENUE BASES AND EXPENDITURE DISABILITY FACTORS ON MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION – RANKING OF CONTRIBUTION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Mining revenue and grants in lieu of royalties	3	1	-3	-1	10	8	5	-10	1
Scale of service provision	-4	-5	-10	7	4	1	1	2	2
Taxes on transfer of assets	-1	3	13	13	1	3	15	12	3
Other socio-demographic composition influences	-11	-2	1	10	6	2	-3	5	4
Taxable payrolls	-6	-6	2	11	2	4	4	11	5
Expenditure - other	5	-4	-9	5	14	-6	-2	8	6
Taxes on asset holdings	-2	15	5	15	3	5	8	15	7
Aboriginality	-12	-7	8	16	-9	12	-9	1	8
Income related taxes	-7	-14	6	12	5	7	-10	14	9
Geographical location of population	14	-10	-12	4	-11	-9	-6	4	10
Wage levels	8	-16	-4	14	-8	-13	7	13	11
Input and construction costs (excludes wages)	15	-11	-7	9	-12	15	-14	3	12
Economic environment	-9	-12	14	3	13	10	16	6	13
Consumption of alcohol, tobacco and petroleum	13	8	-11	-2	-16	-11	13	-9	14
Physical environment	-16	-9	-15	6	7	16	-11	7	15
Motor taxes	10	-13	-16	-8	-15	-14	12	16	16

Note: Positive signs means the assessment moves grants towards the State, and negative signs means the assessment moves grants away from the State.

## SUMMARY

39. This paper shows that the main influences on relativities differ between the States. The previous sections show that revenue raising capacity is the main influence on grant shares for New South Wales, South Australia, Tasmania and the ACT, and that factors that affect the costs of services are the main influences for Victoria and the Northern Territory. Both revenue and service cost influences are important for Queensland and Western Australia.

40. *New South Wales.* The most important influences are the relatively high levels of economic activities that are subject to State taxes, which result in above average revenue capacity. Revenue raising capacities for New South Wales are above average because:

- above average values of assets transferred and of asset holdings (primarily a reflection of high land values, especially for commercial and industrial land), result in higher stamp duties on conveyances and land taxes;
- above average payrolls (primarily a reflection of the large volume of wages and salaries paid by medium and large employers) generate higher payroll tax revenue; and
- larger volume of financial transactions due to higher income levels (reflecting the above average household disposable income) generate above average revenues from financial transactions and gambling taxes.

41. However, those effects are partly offset by below average revenue capacity from:

- mining production (reflecting the relatively low contribution of the New South Wales mining industry to the national picture); and
- revenue replacement payments and motor taxes.

42. Overall, the costs of providing services in New South Wales are below average. The cost disadvantages stemming from higher wage rates and higher costs in superannuation, debt charges and depreciation are more than offset by advantages which stem from economies of scale, the relatively small proportion of the population which is Indigenous and other socio-demographic influences.

43. *Victoria.* The main reasons for Victoria's low grant share are the below average costs of providing the standard level of services for virtually all services. This stems from:

- the low proportion of Indigenous people in the population, which reduces the demand for and the average unit cost of many services;
- other population characteristics, especially the relatively low enrolments in government schools where the costs incurred by State governments are higher than those incurred for non-government schools;
- economies of scale;
- the relative compactness of the State, which means many of the higher costs incurred by other States in servicing remote and dispersed populations are not incurred; and
- the above effects which have flow on effects that result in below average superannuation costs.

44. On the revenue side, Victoria's overall revenue raising capacity is below average, mainly due to:

- relatively small mining production (reflecting the very small contribution of the Victorian mining industry to the national picture); and
- below average level of activity in asset transfers — primarily due to transfers of real property where activity in New South Wales and to a much lesser extent Queensland and Western Australia make the dominant contributions to the national market.

45. *Queensland.* The main reason for Queensland having a relativity that is above one is its below average capacity to raise revenue from economic activities. While the State has an advantage from its strong mining industry, this is more than offset by:

- below average volume of wages and salaries paid by medium and large employers (partly the result of low wage rates), which results in lower revenue from payroll tax;
- lower household disposable income, generating less income related taxes (such as financial transactions taxes and gambling taxes); and
- lower values of commercial and industrial land, meaning below average revenue from land tax.

46. Overall, Queensland has below average costs of providing services. The above average costs due to the above average proportion of Indigenous people in the population and the relatively high proportion of government school enrolments are more than offset by advantages attributable to its:

- economies of scale in relation to policy making and central administration;
- relatively low wages levels and prices of other inputs (such as office accommodation, electricity and building construction);
- population location, where the higher costs of servicing the relatively dispersed population are more than offset by advantages arising from comparatively lower urbanisation costs; and
- the above effects which have flow on effects that result in below average superannuation and debt charge costs.

47. *Western Australia.* The very high level of mining activity in Western Australia is the main reason for its relativity being below one. Western Australia has a very large capacity to raise revenue from royalties on onshore mining activity and, through its payment from the Commonwealth in lieu of royalties, from offshore activity.

48. The effects of this high revenue raising capacity are largely offset by high costs of service provision. Costs of providing services are higher than average due to:

- the structure and nature of its economy, including the impact of the large mining industry on the need for regulation and research;
- the dispersed population that results in higher costs of communication, freight and staff allowances for working in remote areas;



- the price of major inputs to State services, including above average wage rates, office accommodation costs, electricity costs, construction costs and the higher costs of other goods and services which have to be imported from the eastern States;
- diseconomies of scale; and
- Aboriginality and other population characteristics.

49. *South Australia.* The main reason why South Australia receives more than an equal per capita share of untied assistance is its relatively low level of economic activities subject to State taxes, which results in below average revenue capacity. Revenue raising capacities are below average for all the major State taxes, especially:

- taxes on transfers of assets and taxes on asset holdings — primarily a reflection of low land values, especially for commercial and industrial land;
- payroll tax — a reflection of both the below average volume of wages and salaries paid by medium and large employers, and low wage rates; and
- income related taxes — reflecting the below average household disposable income.

50. Overall, South Australia's costs of providing services are slightly above average because:

- disadvantages stemming from diseconomies of scale, population characteristics (other than Aboriginality), and the structure and nature of the economy are largely offset by:
- advantages stemming from the low proportion of the population which is Indigenous, low wage rates and other input costs, and the location of its population (both the relatively low proportion of its population resident in remote areas and the comparatively small size of its major metropolitan area).

51. *Tasmania.* Tasmania's share of untied assistance is above an equal per capita share because of both its:

- relatively low level of economic activities subject to State taxes, which results in below average capacity to raise revenue from most State taxes; and
- costs of providing services are above average due to diseconomies of scale, population characteristics (including a relatively high proportion of the population who are Indigenous), isolation from the main sources of supply of goods and services used in providing services, and Tasmania's economic environment (largely due to a lack of private sector service providers in health, culture and recreation).

52. *ACT.* The reason why the ACT receives more than the equal per capita untied assistance (its relativity is above one) is its relatively low level of economic activities

subject to State taxes, although these disadvantages are partly offset by an above average capacity to raise revenue from taxes related to income (primarily gambling taxes). This is mainly due to:

- the below average volume of wages and salaries paid by medium and large employers who are subject to payroll tax (the largest employer in the ACT, the Commonwealth, is not subject to State taxes);
- the absence of a mining industry; and
- the below average value of assets subject to tax (primarily commercial and industrial land).

53. Overall, the ACT's costs of providing services are close to the average because:

- the disadvantages attributable to diseconomies of scale and above average wage rates are offset by the low proportion of the population which is Indigenous and other population characteristics (including the below average proportion of students attending government schools);
- the ACT has a compact geographical nature; and
- the short period since self-government results in superannuation and debt charge costs not yet needing to be at the average levels of the other States.

54. *Northern Territory*. The Northern Territory's per capita untied assistance is well above the equal per capita level because of its very high costs of providing services. It experiences disadvantages from virtually every cause. The most significant ones are:

- their large diseconomies of scale in relation to policy formulation and central administration, and in the need to provide a high proportion of services from uneconomic sized facilities;
- the very high proportion of Indigenous people in the population which increases demand and unit costs of many services;
- the population is dispersed over large remote areas;
- wage levels and costs of other inputs are high; and
- there are relatively few private sector service providers (especially in health services) and the physical environment increases costs.

## ATTACHMENT A

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### **CONTRIBUTION OF EACH SPP, REVENUE, EXPENDITURE AND DISABILITY FACTOR TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION**

1. This attachment shows the contribution of each SPP, revenue, expenditure and disability factor to the movement from an equal per capita distribution of untied revenue. As mentioned in the paper, an combined pool of \$24 084 million for 2000-01 has been used for illustration. For each group, the amounts are shown in \$ million and \$ per capita.

**Table A-1 CONTRIBUTION OF SPECIFIC PURPOSE PAYMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Grants in Lieu of Royalties	78.4	57.7	43.3	-207.5	18.1	5.6	3.8	0.6	207.5
Grants for Aboriginal Purposes	59.7	70.8	-4.0	-43.7	-12.3	2.8	3.6	-77.0	137.0
Non-government Schools	20.6	-50.5	15.8	2.3	13.5	9.4	-14.3	3.1	64.7
Home and Community Care	11.5	-17.3	7.9	-1.0	-5.4	-1.0	3.3	2.2	24.8
Government Schools	-6.3	18.0	4.1	-6.9	2.0	-4.9	-0.5	-5.4	24.1
Disabilities Services	2.6	9.7	-2.3	9.8	-16.6	-4.7	1.4	0.2	23.6
Vocational Education and Training	-4.6	0.3	9.6	2.2	-1.3	-2.6	-2.7	-1.0	12.1
Supported Accommodation Assistance	-2.6	4.8	5.7	0.6	-2.2	-2.6	-1.7	-2.1	11.1
Debt Redemption Assistance	5.4	-3.6	1.8	0.7	1.0	-3.4	1.1	-2.9	9.9
National Public Health	-1.9	3.8	2.3	0.6	-0.2	-1.6	-0.8	-2.1	6.7
Extension of Fringe Benefits	-1.6	0.0	1.7	1.6	-3.0	-1.0	1.5	0.9	5.6
Bovine Brucellosis and Tuberculosis	2.1	1.5	-0.3	-0.5	0.4	0.1	0.1	-3.4	4.2
Building IT Strengths - Tasmania "Intelligent Island"	1.4	1.0	0.8	0.4	0.3	-4.0	0.1	0.0	4.0
Housing - notional SPP	1.4	1.9	-0.5	-0.4	0.1	-0.3	-0.3	-2.0	3.5
Connecting Tasmanian Schools	1.0	0.8	0.6	0.3	0.2	-3.0	0.1	0.0	3.0
Legal Aid - Payments for State law matters	-0.4	0.8	1.2	-1.3	0.0	-0.3	0.2	-0.2	2.2
Aged Care Assessment Service	0.5	-0.2	1.2	-0.3	-0.8	-0.4	0.4	-0.5	2.1
Blood Transfusion Services	0.3	0.2	1.1	-0.7	-0.7	0.0	-0.1	-0.1	1.5
Magnetic Resonance Imaging	0.5	0.4	0.4	-0.2	-0.4	-0.4	-0.5	0.1	1.5
Social Housing Subsidy Program	-1.1	0.5	0.4	0.2	0.1	0.0	-0.1	0.0	1.2
Emergency Services	0.5	0.5	-0.2	-0.3	-0.2	-0.2	0.1	-0.2	1.1
Employment Training - Aboriginal	-0.3	0.8	-0.1	0.2	-0.5	-0.3	0.1	0.0	1.1
Dental Program	0.0	0.2	-0.1	0.3	-0.5	-0.2	0.2	0.1	0.8
Assistance for Housing	0.0	0.0	0.7	-0.1	-0.5	-0.2	0.1	0.1	0.8
Queensland Sugar Coast Environment Rescue Package	0.3	0.3	-0.8	0.1	0.1	0.0	0.0	0.0	0.8
Advanced English for Migrants	-0.3	-0.3	0.5	0.1	0.0	0.1	0.0	0.0	0.7
Entry Level Training	0.3	0.2	-0.6	0.1	0.0	0.0	0.0	0.0	0.6
National Estate Grants Program	0.3	0.2	0.0	-0.1	-0.1	-0.2	0.0	-0.1	0.4
Access Program	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.2
Regional Flood Mitigation	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1
Youth Health Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Total</b>	<b>168.0</b>	<b>102.4</b>	<b>89.8</b>	<b>-243.6</b>	<b>-8.8</b>	<b>-13.1</b>	<b>-5.0</b>	<b>-89.7</b>	<b>360.2</b>

(a) Total movement from EPC.

**Table A-2** CONTRIBUTION OF SPECIFIC PURPOSE PAYMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Grants in Lieu of Royalties	12.0	12.0	12.0	-108.9	12.0	12.0	12.0	3.1	10.8
Grants for Aboriginal Purposes	9.2	14.8	-1.1	-22.9	-8.2	6.0	11.5	-390.4	7.1
Non-government Schools	3.2	-10.5	4.4	1.2	9.0	20.1	-45.3	15.9	3.4
Home and Community Care	1.8	-3.6	2.2	-0.6	-3.6	-2.1	10.4	11.0	1.3
Government Schools	-1.0	3.8	1.1	-3.6	1.3	-10.4	-1.7	-27.6	1.2
Disabilities Services	0.4	2.0	-0.7	5.1	-11.0	-9.9	4.5	0.8	1.2
Vocational Education and Training	-0.7	0.1	2.7	1.2	-0.9	-5.6	-8.4	-5.1	0.6
Supported Accommodation Assistance	-0.4	1.0	1.6	0.3	-1.4	-5.5	-5.4	-10.7	0.6
Debt Redemption Assistance	0.8	-0.8	0.5	0.4	0.6	-7.2	3.3	-14.7	0.5
National Public Health	-0.3	0.8	0.7	0.3	-0.2	-3.4	-2.6	-10.9	0.3
Extension of Fringe Benefits	-0.2	0.0	0.5	0.8	-2.0	-2.1	4.8	4.3	0.3
Bovine Brucellosis and Tuberculosis	0.3	0.3	-0.1	-0.3	0.3	0.3	0.3	-17.2	0.2
Building IT Strengths - Tasmania "Intelligent Island"	0.2	0.2	0.2	0.2	0.2	-8.5	0.2	0.2	0.2
Housing - notional SPP	0.2	0.4	-0.1	-0.2	0.1	-0.6	-0.9	-10.0	0.2
Connecting Tasmanian Schools	0.2	0.2	0.2	0.2	0.2	-6.4	0.2	0.2	0.2
Legal Aid - Payments for State law matters	-0.1	0.2	0.3	-0.7	0.0	-0.6	0.6	-0.9	0.1
Aged Care Assessment Service	0.1	0.0	0.3	-0.1	-0.5	-0.9	1.2	-2.3	0.1
Blood Transfusion Services	0.0	0.0	0.3	-0.4	-0.5	0.0	-0.4	-0.3	0.1
Magnetic Resonance Imaging	0.1	0.1	0.1	-0.1	-0.3	-0.9	-1.4	0.8	0.1
Social Housing Subsidy Program	-0.2	0.1	0.1	0.1	0.1	0.1	-0.3	0.1	0.1
Emergency Services	0.1	0.1	-0.1	-0.2	-0.2	-0.4	0.2	-0.9	0.1
Employment Training - Aboriginal	0.0	0.2	0.0	0.1	-0.3	-0.6	0.2	0.1	0.1
Dental Program	0.0	0.0	0.0	0.2	-0.3	-0.4	0.8	0.3	0.0
Assistance for Housing	0.0	0.0	0.2	-0.1	-0.4	-0.4	0.3	0.3	0.0
Queensland Sugar Coast Environment Rescue Package	0.1	0.1	-0.2	0.1	0.1	0.1	0.1	0.1	0.0
Advanced English for Migrants	-0.1	-0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Entry Level Training	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
National Estate Grants Program	0.0	0.0	0.0	0.0	-0.1	-0.4	0.0	-0.4	0.0
Access Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Regional Flood Mitigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth Health Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
<b>Total</b>	<b>25.8</b>	<b>21.4</b>	<b>25.0</b>	<b>-127.8</b>	<b>-5.8</b>	<b>-27.9</b>	<b>-16.0</b>	<b>-454.5</b>	<b>18.7</b>

(a) Total movement from EPC.

**Table A-3** CONTRIBUTION OF REVENUE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Mining Revenue	255.9	303.6	-209.7	-383.6	23.5	22.7	21.9	-34.3	627.7
Stamp Duty on Conveyances	-408.9	260.7	-48.9	-15.4	125.2	62.9	11.5	12.8	473.2
Payroll Tax	-236.7	-210.0	182.0	22.6	120.1	64.7	37.6	19.8	446.7
Land Revenue	-293.2	38.0	106.2	8.6	90.2	38.6	5.9	5.8	293.2
Financial Transaction Taxes	-158.6	-25.5	84.2	11.9	53.3	28.0	1.4	5.3	184.1
Stamp Duties on Shares and Marketable Securities	-139.8	-33.7	92.4	34.5	36.5	13.9	-9.3	5.4	182.8
Revenue Replacement Payments - Tobacco	40.9	82.4	-58.5	-25.6	-7.9	-18.0	6.7	-20.1	130.1
Other Vehicle Registration Fees and Taxes	83.9	-34.2	-3.2	-27.6	-17.9	-6.1	0.3	4.7	88.9
Insurance Taxation	-83.1	3.1	38.7	9.3	11.1	9.8	6.1	5.1	83.1
Gambling Taxation	-46.8	-17.9	42.0	7.5	11.1	9.7	-11.6	6.0	76.3
Revenue Replacement Payments - Petroleum	22.2	27.3	12.3	-49.6	0.0	-4.0	0.6	-8.6	62.3
Stamp Duty on Motor Vehicle Registrations and Transfers	15.0	-29.8	1.5	-15.5	21.4	3.5	3.7	0.1	45.3
Heavy Vehicle Registration Fees and Taxes	31.9	-1.3	-6.4	-20.3	-5.8	-1.8	4.7	-1.0	36.5
Revenue Replacement Payments - Alcohol	-6.7	23.1	-10.5	-7.4	6.1	0.3	0.1	-5.0	29.6
Drivers' Licence Fees	0.0	-0.4	0.3	0.1	-0.1	0.1	-0.1	0.1	0.6
Interest Earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributions by Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-924.0</b>	<b>385.2</b>	<b>222.3</b>	<b>-450.4</b>	<b>466.8</b>	<b>224.4</b>	<b>79.6</b>	<b>-3.9</b>	<b>1378.3</b>

(a) Total movement from EPC.

**Table A-4 CONTRIBUTION OF REVENUE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Mining Revenue	39.3	63.3	-58.3	-201.2	15.6	48.5	69.8	-174.0	32.5
Stamp Duty on Conveyances	-62.7	54.4	-13.6	-8.1	83.3	134.1	36.7	65.0	24.5
Payroll Tax	-36.3	-43.8	50.6	11.9	79.9	137.8	119.6	100.3	23.1
Land Revenue	-45.0	7.9	29.5	4.5	60.0	82.3	18.7	29.4	15.2
Financial Transaction Taxes	-24.3	-5.3	23.4	6.3	35.5	59.6	4.3	27.0	9.5
Stamp Duties on Shares and Marketable Securities	-21.4	-7.0	25.7	18.1	24.3	29.6	-29.5	27.5	9.5
Revenue Replacement Payments - Tobacco	6.3	17.2	-16.3	-13.4	-5.2	-38.4	21.4	-102.1	6.7
Other Vehicle Registration Fees and Taxes	12.9	-7.1	-0.9	-14.5	-11.9	-12.9	1.0	23.8	4.6
Insurance Taxation	-12.7	0.6	10.7	4.9	7.4	20.9	19.4	25.9	4.3
Gambling Taxation	-7.2	-3.7	11.7	3.9	7.4	20.7	-36.9	30.4	4.0
Revenue Replacement Payments - Petroleum	3.4	5.7	3.4	-26.0	0.0	-8.5	1.9	-43.8	3.2
Stamp Duty on Motor Vehicle Registrations and Transfers	2.3	-6.2	0.4	-8.1	14.2	7.5	11.9	0.6	2.3
Heavy Vehicle Registration Fees and Taxes	4.9	-0.3	-1.8	-10.7	-3.9	-3.8	14.9	-4.9	1.9
Revenue Replacement Payments - Alcohol	-1.0	4.8	-2.9	-3.9	4.1	0.6	0.3	-25.2	1.5
Drivers' Licence Fees	0.0	-0.1	0.1	0.1	-0.1	0.2	-0.3	0.4	0.0
Interest Earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributions by Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>-141.7</b>	<b>80.4</b>	<b>61.8</b>	<b>-236.3</b>	<b>310.6</b>	<b>478.3</b>	<b>253.2</b>	<b>-19.6</b>	<b>71.4</b>

(a) Total movement from EPC.

**Table A-5 CONTRIBUTION OF EXPENDITURE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Education</b>									
Government Secondary Education	-59.9	-189.6	84.9	114.0	-19.5	24.2	6.2	39.8	269.0
Government Primary Education	-6.3	-144.9	23.9	45.6	-24.9	25.6	1.7	79.3	176.1
Non-government Secondary Education	-61.6	-17.3	58.9	28.6	-9.0	-8.3	9.0	-0.4	96.5
Vocational Education and Training	-41.5	-22.8	5.6	19.7	-12.5	2.8	14.2	34.6	76.9
Non-government Primary Education	-1.4	55.3	-44.1	-8.6	-8.1	-3.2	11.3	-1.3	66.6
Transport of Rural School Children	-30.1	-25.6	46.8	2.0	1.3	9.3	-8.9	5.3	64.6
Pre-school Education	-0.8	-5.5	1.7	1.1	-1.3	1.2	-0.2	3.8	7.8
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Health</b>									
Community Health	-61.4	-95.3	26.5	38.8	-9.8	4.9	-9.7	106.1	176.2
Hospitals	0.4	-83.4	-48.3	16.9	54.7	22.0	-36.9	74.6	168.6
Public Health	2.5	-8.9	-8.8	2.3	-0.5	2.3	3.8	7.2	18.1
Mental Health	-0.3	-5.3	-5.3	2.9	0.6	0.7	0.3	6.5	10.9
Nursing Homes	4.9	0.8	-4.0	-2.6	2.7	0.4	-1.4	-0.8	8.8
<b>Law, Order &amp; Public Safety</b>									
Police	-23.3	-55.2	-3.5	32.6	-22.0	1.0	10.0	60.5	104.1
Corrective Services	16.1	-65.3	0.1	13.6	-11.1	2.5	0.7	43.4	76.4
Administration of Justice	-15.1	-31.6	4.2	8.6	-4.4	5.9	8.2	24.2	51.1
Public Safety and Emergency Services	41.7	-3.3	-28.3	0.4	-15.1	-1.3	0.2	5.8	48.1
<b>Welfare</b>									
Housing	18.4	-102.4	31.3	-5.5	14.5	10.1	2.5	31.2	107.9
Family and Child Welfare	-12.8	-39.3	11.7	10.9	-6.3	5.0	-1.7	32.6	60.2
Aged and Disabled Welfare	20.6	1.3	-32.0	-6.9	15.1	3.9	-5.8	3.9	44.7
Other Welfare	-9.6	-18.1	7.9	3.4	1.3	2.7	-1.1	13.6	28.9
<b>Concessions and other payments</b>									
Water Supply and Sewerage	-12.2	-21.1	-14.9	0.7	53.0	-0.3	-5.5	0.2	53.9
Electricity and Gas	-7.8	-10.8	7.7	4.4	6.6	2.8	-4.4	1.5	23.1
Non-urban Passenger Transport	3.8	-9.1	11.7	-3.9	-2.7	2.6	-2.6	0.3	18.4
Other Concessions	1.3	-0.6	-0.1	-3.7	5.1	2.3	-2.5	-1.8	8.7
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(a) Total movement from EPC.



**Table A-5** CONTRIBUTION OF EXPENDITURE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01 (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Other Services</b>									
Debt Charges	281.9	-91.4	-181.2	-32.9	-18.2	-16.0	-33.7	91.4	373.3
Depreciation	170.6	-22.1	-96.7	-34.4	-19.2	-17.8	-9.3	28.8	199.5
Superannuation	-29.0	-105.5	-7.1	49.3	15.9	27.1	-20.7	70.1	162.3
<b>Other General Public Services</b>									
Roads	-73.7	-52.9	-28.7	16.9	12.2	32.8	38.1	55.3	155.3
Primary Industry	18.5	-88.1	-29.2	48.7	-3.9	8.8	-6.5	51.7	127.7
Aboriginal Community Services	-78.5	-32.8	24.7	43.7	28.3	9.4	-15.4	20.5	126.7
National Parks and Wildlife Services	-40.1	-37.9	4.4	7.5	-6.3	-2.8	-2.6	77.9	89.7
Mining, Fuel and Energy	-18.7	-62.8	2.6	24.3	5.6	2.2	7.4	39.4	81.4
Regulatory and Other Services	-37.2	-30.6	-1.0	59.2	-4.3	1.9	-1.9	13.9	75.0
Urban Transit	-32.0	-21.7	-13.6	12.4	-0.1	12.3	17.2	25.6	67.4
Culture and Recreation	-35.0	5.5	14.6	6.2	27.2	-15.4	7.2	-10.2	60.6
Tourism	-22.6	-19.7	-10.8	8.5	3.7	9.7	12.8	18.4	53.1
Manufacturing and Other Industry	-9.1	-5.7	-3.2	1.9	1.3	3.6	3.9	7.3	18.0
<b>User charges</b>									
Roads	-3.5	-2.3	-3.8	0.7	0.0	2.3	3.1	3.5	9.6
Public Safety and Emergency Services	-24.7	-18.1	15.7	8.3	6.6	5.9	3.9	2.5	42.8
Primary Industry	-24.1	-11.9	12	-6.5	17.5	9.3	1.1	2.7	42.6
Property Titles	21.2	3.5	-10.2	-8.1	-10.4	-2.2	5.3	1	31
Hospital Patient Fees	-1	13.9	-11.7	-8.7	3	2.7	0.8	1	21.4
National Parks and Wildlife Services	-4.8	3.5	2.1	-4.4	1.6	0.9	0.3	0.8	9.2
Regulatory and Other Services	0.3	3.5	-2.6	-0.2	1	-0.4	-0.6	-1.1	4.9
Aboriginal Community Services	-1.5	-1.7	1.6	-1.5	1.7	0.6	0.7	0.1	4.8
Vocational Education and Training	0.9	1.9	-0.5	-0.5	0.1	0.1	0.1	-2	3
Law and Order Fees and Fines	-1.6	-0.9	1.5	-0.1	0.3	0.3	-0.1	0.7	2.8
<b>Total</b>	-0.2	-0.3	0.1	-0.6	0.2	0.3	0.2	0.2	1.1
<b>Total</b>	<b>-191.5</b>	<b>-1408.1</b>	<b>-224.8</b>	<b>515.3</b>	<b>55.9</b>	<b>191.3</b>	<b>0.0</b>	<b>1061.9</b>	<b>1824.5</b>

(a) Total movement from EPC.

**Table A-6** CONTRIBUTION OF EXPENDITURE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
<b>Education</b>									
Government Secondary Education	-9.2	-39.5	23.6	59.8	-13.0	51.6	19.6	201.7	13.9
Government Primary Education	-1.0	-30.2	6.6	23.9	-16.6	54.5	5.4	401.8	9.1
Non-government Secondary Education	-9.4	-3.6	16.4	15.0	-6.0	-17.6	28.6	-2.1	5.0
Vocational Education and Training	-6.4	-4.8	1.5	10.3	-8.3	5.9	45.3	175.5	4.0
Non-government Primary Education	-0.2	11.5	-12.3	-4.5	-5.4	-6.9	35.9	-6.4	3.5
Transport of Rural School Children	-4.6	-5.3	13.0	1.0	0.8	19.8	-28.4	26.7	3.3
Pre-school Education	-0.1	-1.2	0.5	0.6	-0.9	2.5	-0.6	19.5	0.4
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Health</b>									
Community Health	-9.4	-19.9	7.4	20.3	-6.5	10.3	-30.9	537.7	9.1
Hospitals	0.1	-17.4	-13.4	8.8	36.4	47.0	-117.5	378.1	8.7
Public Health	0.4	-1.8	-2.4	1.2	-0.3	5.0	12.2	36.6	0.9
Mental Health	0.0	-1.1	-1.5	1.5	0.4	1.4	0.8	33.1	0.6
Nursing Homes	0.8	0.2	-1.1	-1.4	1.8	0.8	-4.3	-4.3	0.5
<b>Law, Order &amp; Public Safety</b>									
Police	-3.6	-11.5	-1.0	17.1	-14.6	2.2	31.8	306.5	5.4
Corrective Services	2.5	-13.6	0.0	7.2	-7.4	5.4	2.3	220.0	4.0
Administration of Justice	-2.3	-6.6	1.2	4.5	-2.9	12.6	26.0	122.7	2.6
Public Safety and Emergency Services	6.4	-0.7	-7.9	0.2	-10.1	-2.8	0.6	29.5	2.5
<b>Welfare</b>									
Housing	2.8	-21.4	8.7	-2.9	9.7	21.4	8.1	158.0	5.6
Family and Child Welfare	-2.0	-8.2	3.3	5.7	-4.2	10.6	-5.5	165.4	3.1
Aged and Disabled Welfare	3.2	0.3	-8.9	-3.6	10.0	8.2	-18.4	19.8	2.3
Other Welfare	-1.5	-3.8	2.2	1.8	0.9	5.8	-3.6	68.7	1.5
<b>Concessions and other payments</b>									
Water Supply and Sewerage	-1.9	-4.4	-4.2	0.4	35.3	-0.6	-17.3	1.0	2.8
Electricity and Gas	-1.2	-2.2	2.1	2.3	4.4	5.9	-14.2	7.9	1.2
Non-urban Passenger Transport	0.6	-1.9	3.3	-2.1	-1.8	5.6	-8.4	1.7	1.0
Other Concessions	0.2	-0.1	0.0	-2.0	3.4	4.9	-7.9	-8.9	0.4
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Trading Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(a) Total movement from EPC.

**Table A-6** CONTRIBUTION OF EXPENDITURE ASSESSMENTS TO THE MOVEMENT FROM AN EQUAL PER CAPITA DISTRIBUTION, 2000-01 (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
<b>Other Services</b>									
Debt Charges	43.2	-19.1	-50.4	-17.3	-12.1	-34.1	-107.3	463.4	19.3
Depreciation	26.2	-4.6	-26.9	-18.0	-12.8	-37.9	-29.5	146.2	10.3
Superannuation	-4.5	-22.0	-2.0	25.9	10.6	57.7	-65.8	355.2	8.4
<b>Other General Public Services</b>									
Primary Industry	-11.3	-11.0	-8.0	8.8	8.1	70.0	121.3	280.4	8.0
Roads	-12.0	-6.8	6.9	22.9	18.8	20.1	-49.0	104.0	6.6
Aboriginal Community Services	2.8	-18.4	-8.1	25.6	-2.6	18.7	-20.6	262.1	6.6
National Parks and Wildlife Services	-6.2	-7.9	1.2	3.9	-4.2	-6.0	-8.3	395.0	4.6
Mining, Fuel and Energy	-2.9	-13.1	0.7	12.8	3.7	4.6	23.5	199.6	4.2
Regulatory and Other Services	-5.7	-6.4	-0.3	31.1	-2.8	4.1	-6.1	70.3	3.9
Urban Transit	-4.9	-4.5	-3.8	6.5	-0.1	26.1	54.6	129.7	3.5
Culture and Recreation	-5.4	1.1	4.1	3.2	18.1	-32.9	23.0	-51.5	3.1
Tourism	-3.5	-4.1	-3.0	4.5	2.5	20.6	40.8	93.0	2.7
Manufacturing and Other Industry	-1.4	-1.2	-0.9	1.0	0.9	7.7	12.3	37.0	0.9
<b>User charges</b>									
Public Safety and Emergency Services	-0.5	-0.5	-1.1	0.4	0.0	4.8	9.8	18.0	0.5
Roads	-3.7	-2.5	3.4	-3.4	11.6	19.8	3.5	13.6	2.2
Primary Industry	-3.8	-3.8	4.4	4.4	4.4	12.5	12.5	12.5	2.2
Property Titles	3.3	0.7	-2.8	-4.3	-6.9	-4.7	16.9	5.0	1.6
Hospital Patient Fees	-0.1	2.9	-3.3	-4.6	2.0	5.7	2.6	5.0	1.1
National Parks and Wildlife Services	-0.7	0.7	0.6	-2.3	1.1	2.0	0.8	4.1	0.5
Aboriginal Community Services	0.1	0.7	-0.7	-0.1	0.7	-0.9	-1.8	-5.4	0.3
Regulatory and Other Services	0.1	0.4	-0.1	-0.3	0.1	0.1	0.4	-10.0	0.2
Vocational Education and Training	-0.2	-0.4	0.4	-0.8	1.1	1.4	2.1	0.6	0.2
Law and Order Fees and Fines	-0.3	-0.2	0.4	-0.1	0.2	0.7	-0.4	3.4	0.1
<b>Total</b>	0.0	-0.1	0.0	-0.3	0.2	0.6	0.7	1.1	0.1
<b>Total</b>	-29.4	-293.7	-62.5	270.3	37.2	407.8	-0.2	5383.5	94.5

(a) Total movement from EPC.

**Table A-7** MOVEMENT FROM EQUAL PER CAPITA: IMPACT OF EXPENDITURE DISABILITY FACTORS, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Socio-demographic									
Composition	-182.0	-548.1	244.8	81.0	6.1	85.0	-73.2	386.4	803.3
Administrative Scale	-273.4	-158.7	-78.1	43.8	61.1	116.0	127.2	162.1	510.2
Expenditure Relativities <sup>(b)</sup>	253.0	-197.1	-189.1	16.4	-2.3	10.9	-54.2	162.3	442.7
Input Costs	247.3	-50.8	-191.6	46.9	-76.0	-16.1	18.3	22.1	334.6
Dispersion	-105.8	-158.8	63.5	115.7	-27.5	-6.9	-16.0	135.7	314.9
Economic Environment	-139.9	-80.4	42.0	83.7	17.8	22.6	-11.7	66.0	232.1
Urbanisation	161.4	46.9	-113.4	-41.4	-11.8	-20.6	-3.9	-17.2	208.3
Other <sup>(c)</sup>	10.6	-44.3	78.5	49.7	38.5	-19.7	-2.1	-111.1	177.7
Isolation	-64.3	-46.5	-33.1	29.5	-11.4	12.1	0.0	113.8	155.3
Physical Environment	-69.8	-46.7	6.7	27.8	58.4	-3.7	-0.1	27.3	120.3
Service Delivery Scale	-51.4	-53.3	13.6	23.1	10.4	14.6	-11.1	54.0	115.8
Road stock	24.1	-69.3	-26.5	39.3	0.3	3.9	-9.4	37.5	105.1
Construction Costs	56.4	-2.4	-44.3	-2.9	-7.0	-3.8	-3.7	7.8	64.2
Cross Border	-40.8	12.9	-0.4	0.0	0.9	-1.5	28.8	0.2	42.8
Land Rights and Native									
Title	-12.9	-8.6	5.0	4.1	-0.9	-1.1	-0.7	15.0	24.1
National Capital	-4.1	-3.0	-2.2	-1.2	-0.9	-0.3	11.8	-0.1	11.8
<b>Total</b>	<b>-191.5</b>	<b>-1408.1</b>	<b>-224.8</b>	<b>515.3</b>	<b>55.9</b>	<b>191.3</b>	<b>0.0</b>	<b>1061.9</b>	<b>1824.5</b>

(a) Total movement from EPC.

(b) These factors relate to the Superannuation and Debt Charges assessments.

(c) This includes interest rates, non-government schools cost, grade cost, hospital costs, cost of patient transport, hospital patient revenue, building maintenance, urban transit demand and user charges. This element also includes the movement from equal per capita due to the new assessment of Subsidies – Alcohol Products but excludes the actual per capita assessment of First Home Owners' Scheme.

**Table A-8** MOVEMENT FROM EQUAL PER CAPITA: IMPACT OF EXPENDITURE DISABILITY FACTORS, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total <sup>(a)</sup>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Socio-demographic									
Composition	-27.9	-114.3	68.1	42.5	4.1	181.2	-232.9	1959.1	41.6
Administrative Scale	-41.9	-33.1	-21.7	23.0	40.7	247.2	404.7	822.0	26.4
Expenditure Relativities <sup>(b)</sup>	38.8	-41.1	-52.6	8.6	-1.5	23.3	-172.5	823.1	22.9
Input Costs	37.9	-10.6	-53.3	24.6	-50.6	-34.4	58.1	112.3	17.3
Dispersion	-16.2	-33.1	17.7	60.7	-18.3	-14.8	-50.9	687.9	16.3
Economic Environment	-21.5	-16.8	11.7	43.9	11.8	48.1	-37.2	334.6	12.0
Urbanisation	24.8	9.8	-31.5	-21.7	-7.8	-44.0	-12.4	-87.2	10.8
Other <sup>(c)</sup>	1.6	-9.2	21.8	26.0	25.6	-42.0	-6.6	-563.2	9.2
Isolation	-9.9	-9.7	-9.2	15.5	-7.6	25.7	-0.1	576.8	8.0
Physical Environment	-10.7	-9.7	1.9	14.6	38.9	-7.8	-0.4	138.6	6.2
Service Delivery Scale	-7.9	-11.1	3.8	12.1	6.9	31.2	-35.4	273.8	6.0
Road Stock	3.7	-14.4	-7.4	20.6	0.2	8.3	-29.8	190.1	5.4
Construction Costs	8.6	-0.5	-12.3	-1.5	-4.6	-8.1	-11.8	39.6	3.3
Cross Border	-6.3	2.7	-0.1	0.0	0.6	-3.2	91.7	0.8	2.2
Land Rights and Native									
Title	-2.0	-1.8	1.4	2.1	-0.6	-2.2	-2.2	75.9	1.2
National Capital	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	37.5	-0.6	0.6
<b>Total</b>	<b>-29.4</b>	<b>-293.7</b>	<b>-62.5</b>	<b>270.3</b>	<b>37.2</b>	<b>407.8</b>	<b>-0.2</b>	<b>5383.5</b>	<b>94.5</b>

(a) Total movement from EPC.

(b) These factors relate to the Superannuation and Debt Charges assessments.

(c) This includes interest rates, non-government schools cost, grade cost, hospital costs, cost of patient transport, hospital patient revenue, building maintenance, urban transit demand and user charges. This element also includes the movement from equal per capita due to the new assessment of Subsidies – Alcohol Products but excludes the actual per capita assessment of First Home Owners' Scheme.