

Preface

This Budget Paper presents information on the Commonwealth Government's financial relations with State, Territory and local governments.

Figures for 1999-2000 and 2000-01 are estimates.

Relationship with Other Budget Papers and Terminology

Chapter 4 of this Paper examines trends in the States' cash underlying budget positions. This measure approximates the national accounts net lending measure and hence provides an estimate of the savings-investment gap for the relevant sector. Data on the Commonwealth's underlying cash position is provided in Statement 1 of *Budget Paper No. 1*.

Appendix A to this Paper provides general information on the goods and services tax (GST) and gives a summary of the GST revenue measures introduced since the 1999-2000 Budget. For major policy changes since the 1999-2000 Budget, a detailed description is also provided.

Appendix B to this Paper provides information on the level and interstate distribution of Specific Purpose Payments, repayments of advances, advances and interest payments. Information on the level and interstate distribution of Commonwealth payments to local government authorities is also included.

Parameter Estimates Used in this Paper

Table 1 sets out the population series and index factors used in this Budget Paper.

Table 1: Parameters

	Index Factors (per cent)			Population by State ('000s)								
	CPI	Popu- lation	Real Per Capita	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
1999-00	1 3/4	1 1/4	3	6,448	4,740	3,539	1,876	1,496	470	311	194	19,074
2000-01(a)	5 1/2	1 1/4	6 3/4	6,519	4,794	3,596	1,906	1,503	469	314	197	19,300
2000-01(b)	2 3/4	1 1/4	4	6,519	4,794	3,596	1,906	1,503	469	314	197	19,300

(a) Estimated CPI unadjusted for the estimated impact of indirect tax reform.

(b) Estimated CPI adjusted to remove the estimated impact of indirect tax reform.

The population series that underlie per capita estimates in this Budget Paper for 1999-2000 and 2000-01 are projections at 31 December 1999 and 31 December 2000 respectively. These projections were prepared by the Australian Bureau of Statistics

(ABS) and are on the basis of assumptions agreed to by Treasury. The index factors for population in 1999-2000 and 2000-01 are based on the estimated annual growth in the Australian population to 31 December 1999 and 31 December 2000 respectively.

The index factor for prices in 1999-2000 is based on estimated year-average growth in the headline consumer price index (CPI) in the year to the March 2000 quarter. For 2000-01, the first price index factor listed is based on estimated year-average growth in the headline CPI in the year to the March quarter 2001 *including* the estimated impact of indirect tax reform. The second is based on the estimated year-average growth in the headline CPI in the year to the March quarter 2001 *excluding* the estimated impact of indirect tax reform. The choice of price index to be used in calculating payments that are subject to indexation is determined by legislation or other arrangements and is reported in the description that accompanies the relevant payment in this Budget Paper.

Further Information

A number of ABS publications also provide information that is relevant to analysing Commonwealth financial relations with other levels of Government, including:

- *Government Financial Estimates, Australia* (Cat. No. 5501.0);
- *Taxation Revenue, Australia* (Cat. No. 5506.0);
- *Government Finance Statistics, Australia* (Cat. No. 5512.0);
- *Government Finance Statistics — Concepts, Sources and Methods* (Cat. No. 5514.0);
- *Information Paper: Developments in Government Finance Statistics, Australia* (Cat. No. 5516.0); and
- *Information Paper: Accruals Based Government Finance Statistics, Australia* (Cat. No. 5517.0).

Some of the data presented in this Paper are drawn from ABS government finance statistics (preliminary) data and the Commonwealth Grants Commission's *Report on General Revenue Grant Relativities Update 2000*.

Style Conventions

The following style conventions are employed in this Paper.

- The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the Territories.
- The State and local government sector is denoted as the 'State/local sector'. References to the 'State/local sector' include the Australian Capital Territory and the Northern Territory unless otherwise stated.

- Figures in tables, and generally in the text, have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage changes in all tables are based on the underlying unrounded amounts and not the rounded amounts.

- The following notations are used in the tables.

na not applicable

0 zero

.. not zero, but rounded to zero

- nil

* the nature of this measure is such that a reliable estimate cannot be provided

- The following abbreviations are used for the names of the States, where appropriate, in tables.

NSW New South Wales

VIC Victoria

QLD Queensland

WA Western Australia

SA South Australia

TAS Tasmania

ACT Australian Capital Territory

NT Northern Territory

Budget Paper No. 3 is one of a series of Budget Papers, the purpose of which is to provide information supplementary to that in the Budget Speech. A full list of the series is printed on the inside cover of this Paper.

