

STATEMENT OF ESTIMATED PAYMENTS TO THE STATES AND TERRITORIES**PROVIDED TO THE****MINISTERIAL COUNCIL FOR COMMONWEALTH-STATE FINANCIAL RELATIONS****23 MARCH 2005**

Under the terms of the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act), the states and territories (the states) will receive all of the revenue raised by the goods and service tax (GST) from 1 July 2000. GST revenue will be distributed amongst the states on the basis of horizontal fiscal equalisation (HFE) principles.

Chart 1 shows each jurisdiction's share of GST revenue in 2005-06. Table A shows each state's share of GST revenue since the introduction of The New Tax System in 2000-01. This table also shows the increase in GST revenue to each state over the six years, reflecting the fact that the GST is a stable and growing source of revenue for the states. Total GST revenue estimates are as at the Australian Government's *Mid-Year Economic and Fiscal Outlook 2004-05* (MYEFO), although state shares have been revised due to updated population estimates and the recommended Commonwealth Grants Commission (CGC) relativities for 2005-06.

Tables 1 and 2 show the latest available estimates of the Guaranteed Minimum Amount (GMA), GST revenue entitlement, Budget Balancing Assistance (BBA) and states' gains from tax reform for 2004-05 and 2005-06 respectively. These estimates will be subject to revision to account for parameter or estimate changes in the 2005-06 Australian Government Budget and state data. In June 2005, the Australian Government Treasurer will determine the GMA for 2004-05 and the Commissioner of Taxation will determine GST revenue for 2004-05.

On the basis of the estimates provided in this report, no state will require BBA in 2004-05 or 2005-06 as each state's share of GST revenue will exceed its GMA. The states' gains from tax reform are estimated at \$1.9 billion in 2004-05 and \$1.5 billion in 2005-06.

Tables 3 and 4 provide further detail on the estimation of the GMA for each state in 2004-05 and 2005-06 respectively.

Table 5 provides details of GST revenue and General Revenue Assistance to the states in 2004-05 and 2005-06, including National Competition Policy Payments.

Tables 6 and 7 provide further details of the distribution of GST revenue. The incorporation of the relativities recommended by the CGC should not be interpreted as an endorsement of those relativities by the Australian Government Treasurer. In accordance with the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the final relativity factors for each state and territory will be determined by the Australian Government Treasurer after consultation with each state and territory.

Tables 8 and 9 show MYEFO-consistent estimates of Specific Purpose Payments (SPPs) for 2004-05 and 2005-06 on a no-policy change basis. Detailed estimates of the proposed level of SPPs and their distribution amongst the states in 2004-05 and 2005-06 will be included in the Australian Government's 2005-06 Budget Papers.

Table 10 provides a summary of the states' total payments for 2004-05 and 2005-06.

Attachment A shows the latest available estimates of the GMA, GST revenue entitlement, BBA and states' gains from tax reform for 2004-05, 2005-06, 2006-07 and 2007-08. On the basis of these estimates, no state will require BBA in any year as each state's share of GST revenue will exceed its GMA, with a total gain from tax reform of approximately \$2.2 billion in 2006-07 and approximately \$3.1 billion in 2007-08.

Note: numbers in the tables in this report may not add due to rounding.

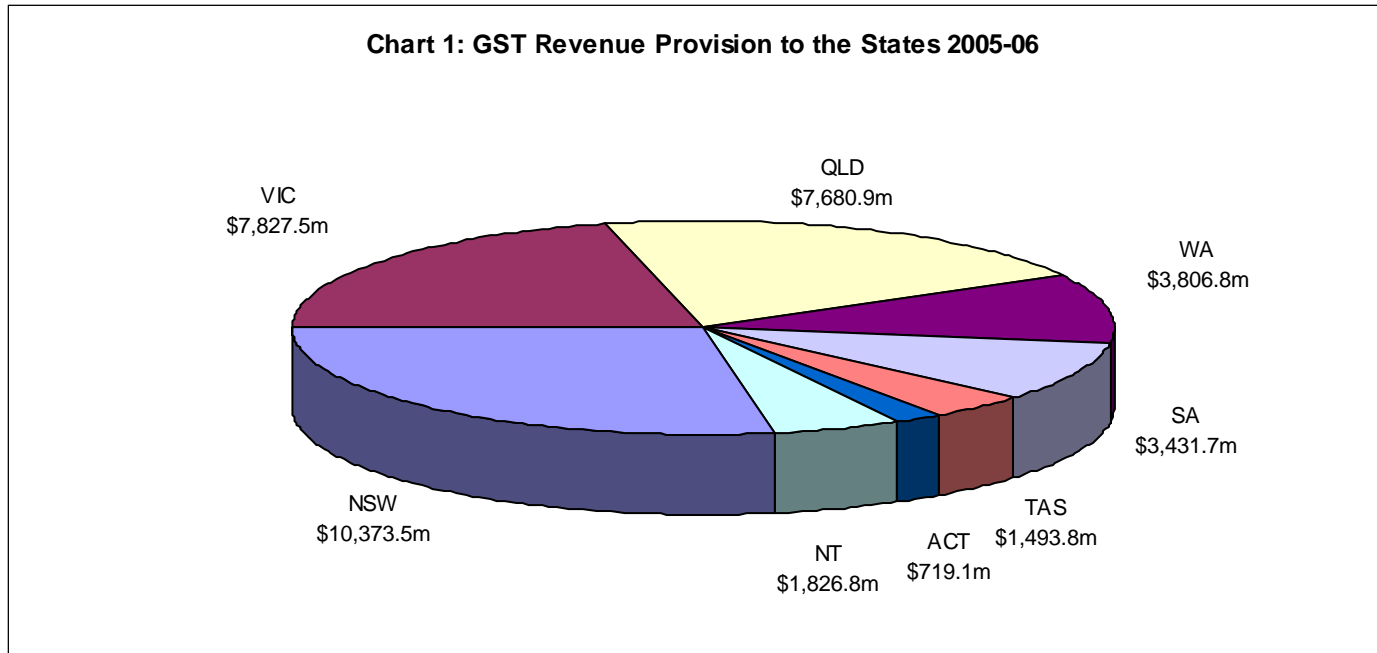


Table A: GST Revenue Provision to the States (\$m)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Increase from 2000-01 to 2005-06	% Increase	Average annual % increase
NSW	7,257.6	8,132.0	9,080.2	9,667.1	9,856.1	10,373.5	3,116.0	42.9	7.5
VIC	5,099.3	5,593.1	6,365.1	6,961.0	7,315.4	7,827.5	2,728.2	53.5	9.0
QLD	4,658.2	5,018.6	5,887.6	6,552.8	7,313.9	7,680.9	3,022.6	64.9	10.6
WA	2,374.6	2,518.1	2,910.2	3,157.9	3,617.2	3,806.8	1,432.1	60.3	10.0
SA	2,278.9	2,476.6	2,859.1	3,146.4	3,281.2	3,431.7	1,152.8	50.6	8.6
TAS	988.1	1,059.8	1,246.7	1,394.5	1,430.4	1,493.8	505.6	51.2	8.7
ACT	472.6	543.9	615.7	658.1	678.0	719.1	246.5	52.2	8.9
NT	1,225.6	1,289.8	1,514.5	1,680.9	1,732.7	1,826.8	601.3	49.1	8.4
Total	24,354.9	26,632.0	30,479.1	33,218.7	35,225.0	37,160.0	12,805.1	52.6	8.9

Table 1: Estimates of the Guaranteed Minimum Amount, GST Revenue Entitlement, Budget Balancing Assistance and states' gains from tax reform 2004-05 (\$m)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount	9,745.3	7,090.9	6,623.0	3,387.9	3,141.6	1,338.1	628.6	1,604.9	33,560.3
(2) GST Revenue	9,856.1	7,315.4	7,313.9	3,617.2	3,281.2	1,430.4	678.0	1,732.7	35,225.0
(3) Budget Balancing Assistance (1) - (2) *	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) GST in excess of GMA (2) - (1) *	110.8	224.5	690.8	229.3	139.6	92.3	49.4	127.8	1,664.7
(5) Compensation for GST deferral	63.7	47.0	44.9	22.3	20.1	8.2	4.0	9.2	219.4
(6) State gains from tax reform (4) + (5)	174.6	271.5	735.8	251.6	159.7	100.5	53.4	137.0	1,884.1

* Where the difference between the Guaranteed Minimum Amount and GST Revenue (and vice versa) is less than zero, the reported amount is zero.

Table 2: Estimates of the Guaranteed Minimum Amount, GST Revenue Entitlement, Budget Balancing Assistance and states' gains from tax reform 2005-06 (\$m)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount	10,369.7	7,657.0	7,128.3	3,585.8	3,282.9	1,403.2	667.6	1,695.2	35,789.7
(2) GST Revenue	10,373.5	7,827.5	7,680.9	3,806.8	3,431.7	1,493.8	719.1	1,826.8	37,160.0
(3) Budget Balancing Assistance (1) - (2) *	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) GST in excess of GMA (2) - (1) *	3.8	170.5	552.6	220.9	148.8	90.6	51.5	131.6	1,370.3
(5) Compensation for GST deferral	36.7	27.5	25.9	12.9	11.5	4.7	2.3	5.4	127.0
(6) State gains from tax reform (4) + (5)	40.6	198.0	578.5	233.8	160.3	95.3	53.8	137.0	1,497.3

* Where the difference between the Guaranteed Minimum Amount and GST Revenue (and vice versa) is less than zero, the reported amount is zero.

Table 3: Calculation of the Guaranteed Minimum Amount 2004-05 (\$m)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
State Revenues Forgone									
Financial Assistance Grants	5,183.1	4,105.8	4,705.1	2,126.7	2,218.5	1,038.7	441.3	1,413.4	21,232.5
Revenue Replacement Payments	2,644.4	1,769.3	1,602.8	1,102.3	686.9	233.0	117.7	148.9	8,305.4
Financial Institutions Duty	737.0	410.2	na	155.8	103.7	24.8	20.5	18.2	1,470.2
Marketable Securities Duty	483.0	250.7	28.0	31.1	16.5	0.8	25.4	1.1	836.6
Marketable Securities Duty Needs	-29.1	12.4	13.8	3.9	2.4	2.8	-7.5	1.1	0.0
Accommodation Taxes	88.0	na	na	na	na	na	na	9.5	97.5
plus Reduced Revenues									
Gambling Taxes	621.0	416.7	277.0	64.7	104.7	28.9	24.6	20.4	1,558.0
plus Interest Costs									
Interest Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
plus Additional Expenditures									
First Home Owners Scheme	282.8	252.1	176.9	120.3	69.8	20.3	13.1	9.7	945.1
GST Administration Costs	196.6	145.3	114.1	58.1	44.7	14.1	9.4	5.9	588.3
plus Other Items									
WST Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
minus Reduced Expenditures									
Off-road Diesel Subsidies	143.7	60.1	141.9	182.6	38.2	2.3	0.0	4.1	572.9
Savings from Tax Reform	191.2	131.5	108.4	64.6	47.1	15.9	10.7	15.7	585.0
Low Alcohol Beer Subsidies	25.9	17.9	5.0	8.2	4.8	1.8	1.0	1.3	66.0
minus Growth Dividend									
Remaining State Taxes	122.9	79.3	41.5	24.7	19.9	5.1	3.9	2.7	300.0
Plus Adjustments									
2003-04 GMA Adjustment	21.9	17.1	2.0	5.2	4.4	-0.2	-0.3	0.6	50.7
Total Guaranteed Minimum Amount	9,745.3	7,090.9	6,623.0	3,387.9	3,141.6	1,338.1	628.6	1,604.9	33,560.3

Table 4: Calculation of the Guaranteed Minimum Amount 2005-06 (\$m)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
State Revenues Forgone									
Financial Assistance Grants	5,344.8	4,331.4	4,811.7	2,180.7	2,278.0	1,073.1	459.1	1,490.1	21,968.9
Revenue Replacement Payments	2,727.6	1,824.8	1,652.3	1,134.6	708.0	239.9	121.4	153.4	8,561.9
Financial Institutions Duty	772.0	422.6	na	161.0	107.4	25.4	21.0	19.8	1,529.2
Debits Tax	323.6	257.8	330.2	114.0	57.7	21.7	17.7	7.7	1,130.3
Marketable Securities Duty	513.0	265.8	29.0	32.9	17.5	0.8	26.0	1.2	886.2
Marketable Securities Duty Needs	-28.2	14.3	13.9	2.6	3.1	2.9	-9.4	0.9	0.0
Accommodation Taxes	96.0	na	na	na	na	na	na	10.0	106.0
plus Reduced Revenues									
Gambling Taxes	643.3	438.3	301.3	66.1	109.2	30.5	25.2	21.3	1,635.2
plus Interest Costs									
Interest Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
plus Additional Expenditures									
First Home Owners Scheme	302.2	269.3	189.0	128.5	74.6	21.7	14.0	10.3	1,009.8
GST Administration Costs	201.1	149.0	118.1	59.9	45.5	14.4	9.6	6.0	603.6
plus Other Items									
WST Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
minus Reduced Expenditures									
Off-road Diesel Subsidies	146.1	61.3	146.1	187.2	38.7	2.3	0.0	4.2	585.9
Savings from Tax Reform	203.9	140.5	115.6	68.9	50.2	16.9	11.3	16.6	624.0
Low Alcohol Beer Subsidies	26.5	18.3	5.1	8.4	4.9	1.8	1.1	1.3	67.5
minus Growth Dividend									
Remaining State Taxes	149.1	96.2	50.4	30.0	24.2	6.1	4.7	3.3	364.0
Total Guaranteed Minimum Amount	10,369.7	7,657.0	7,128.3	3,585.8	3,282.9	1,403.2	667.6	1,695.2	35,789.7

Table 5: GST Entitlement and General Revenue Assistance (\$m)

	GST Entitlement	Compensation for GST deferral	Budget Balancing Assistance	Residual Adjustment Amounts	National Competition Policy Payments	Total			
						Level	Change \$m	%	
2004-05									
New South Wales	9,856.1	63.7	0.0	35.0	233.6	10,188.4	-	-	-
Victoria	7,315.4	47.0	0.0	11.1	201.6	7,575.1	-	-	-
Queensland	7,313.9	44.9	0.0	38.8	143.3	7,540.9	-	-	-
Western Australia	3,617.2	22.3	0.0	-0.5	53.5	3,692.6	-	-	-
South Australia	3,281.2	20.1	0.0	1.4	50.4	3,353.1	-	-	-
Tasmania	1,430.4	8.2	0.0	2.9	19.8	1,461.3	-	-	-
Australian Capital Territory	678.0	4.0	0.0	0.7	13.6	696.2	-	-	-
Northern Territory	1,732.7	9.2	0.0	11.0	8.4	1,761.3	-	-	-
Total	35,225.0	219.4	0.0	100.3	724.1	36,268.8	-	-	-
2005-06									
New South Wales	10,373.5	36.7	0.0	0.0	264.9	10,675.2	486.8	4.8	4.8
Victoria	7,827.5	27.5	0.0	0.0	196.4	8,051.3	476.2	6.3	6.3
Queensland	7,680.9	25.9	0.0	0.0	155.6	7,862.3	321.5	4.3	4.3
Western Australia	3,806.8	12.9	0.0	0.0	78.9	3,898.6	206.0	5.6	5.6
South Australia	3,431.7	11.5	0.0	0.0	60.0	3,503.2	150.1	4.5	4.5
Tasmania	1,493.8	4.7	0.0	0.0	18.9	1,517.4	56.1	3.8	3.8
Australian Capital Territory	719.1	2.3	0.0	0.0	12.6	734.0	37.8	5.4	5.4
Northern Territory	1,826.8	5.4	0.0	0.0	7.9	1,840.1	78.8	4.5	4.5
Total	37,160.0	127.0	0.0	0.0	795.2	38,082.2	1,813.4	5.0	5.0

Table 6: Distribution of GST Revenue 2004-05

	Projected Population as at 31 December 2004	Per capita relativities	Weighted Populations (1) x (2)	Share of Weighted Population (%)	GST revenue/HCGs pool according to (4) (\$m)	Unquarantined Health Care Grants (\$m)	Distribution of GST Revenue (5) - (6) (\$m)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
New South Wales	6,766,613	0.86750	5,870,037	29.0	12,392.0	2,535.9	9,856.1
Victoria	5,000,970	0.86534	4,327,539	21.4	9,135.7	1,820.3	7,315.4
Queensland	3,926,824	1.05504	4,142,956	20.5	8,746.0	1,432.2	7,313.9
Western Australia	2,000,810	1.03054	2,061,915	10.2	4,352.8	735.6	3,617.2
South Australia	1,538,402	1.20407	1,852,344	9.2	3,910.4	629.2	3,281.2
Tasmania	484,122	1.55939	754,935	3.7	1,593.7	163.3	1,430.4
Australian Capital Territory	324,345	1.12930	366,283	1.8	773.2	95.2	678.0
Northern Territory	201,540	4.26538	859,645	4.2	1,814.8	82.0	1,732.7
Total	20,243,626	na	20,235,653	100.0	42,718.7	7,493.7	35,225.0

Table 7: Distribution of GST Revenue 2005-06

	Projected Population as at 31 December 2005	Per capita relativities	Weighted Populations (1) x (2)	Share of Weighted Population (%)	GST revenue/HCGs pool according to (4) (\$m)	Unquarantined Health Care Grants (\$m)	Distribution of GST Revenue (5) - (6) (\$m)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
New South Wales	6,823,074	0.86846	5,925,567	28.9	13,039.2	2,665.7	10,373.5
Victoria	5,057,845	0.87552	4,428,244	21.6	9,744.4	1,916.9	7,827.5
Queensland	4,006,784	1.04389	4,182,642	20.4	9,203.9	1,523.1	7,680.9
Western Australia	2,033,048	1.02500	2,083,874	10.2	4,585.6	778.8	3,806.8
South Australia	1,545,119	1.20325	1,859,164	9.1	4,091.1	659.4	3,431.7
Tasmania	487,377	1.55299	756,892	3.7	1,665.5	171.8	1,493.8
Australian Capital Territory	325,748	1.14300	372,330	1.8	819.3	100.2	719.1
Northern Territory	203,744	4.26682	869,339	4.2	1,913.0	86.1	1,826.8
Total	20,482,739	na	20,478,052	100.0	45,062.0	7,902.0	37,160.0

Table 8: Estimates of Specific Purpose Payments (\$m)

	"To" the States	"Through" the States			Direct to Local Government	Total (including Direct to Local Government)
		Local Gov. FAGs	Other	Total		
2004-05						
New South Wales	6,083.0	499.7	1,661.2	2,160.9	104.5	8,348.5
Victoria	4,166.9	364.0	1,303.8	1,667.8	76.2	5,910.8
Queensland	3,394.8	296.5	937.5	1,234.0	63.4	4,692.2
Western Australia	2,245.2	178.9	488.5	667.3	43.6	2,956.1
South Australia	1,439.2	108.6	400.4	509.1	24.8	1,973.1
Tasmania	438.2	51.1	103.1	154.3	19.5	611.9
Australian Capital Territory (a)	279.0	32.7	99.6	132.3	4.7	416.0
Northern Territory	319.7	21.9	43.0	64.9	6.7	391.3
Total	18,366.0	1,553.4	5,037.2	6,590.5	343.4	25,299.9
2005-06						
New South Wales	6,254.7	519.8	1,771.5	2,291.3	123.7	8,669.7
Victoria	4,418.5	379.8	1,377.6	1,757.3	92.0	6,267.8
Queensland	3,491.6	310.8	1,012.5	1,323.4	79.5	4,894.5
Western Australia	2,287.8	186.7	521.3	708.0	55.6	3,051.4
South Australia	1,520.5	112.6	434.7	547.3	35.0	2,102.9
Tasmania	467.3	53.3	109.3	162.6	15.8	645.7
Australian Capital Territory	274.6	33.9	105.5	139.4	10.0	424.0
Northern Territory	331.1	22.7	45.5	68.2	13.6	412.8
Total	19,046.1	1,619.6	5,377.9	6,997.6	425.1	26,468.9

(a) Specific Purpose Payments 'to' the Australian Capital Territory include the Commonwealth Grants Commission's recommended amount of Special Revenue Assistance.

Table 9: Estimates of Selected Specific Purpose Payments (\$m) (a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2004-05									
Health Care Grants	2,667.8	1,927.1	1,524.1	792.1	666.9	179.8	104.9	97.3	7,960.0
Government Schools	672.5	481.9	407.3	202.0	146.8	55.6	33.4	24.9	2,024.4
CSHA Block Assistance	242.9	178.5	133.2	70.5	56.3	21.9	17.0	13.4	733.8
Roads (b)	506.1	317.4	281.9	141.3	89.2	30.1	3.0	42.0	1,410.9
HACC & SAAP (c)	304.1	238.6	190.2	96.0	84.2	27.7	15.2	10.4	966.5
Disabilities Services	189.0	129.2	109.6	45.7	63.6	19.8	7.9	5.9	570.7
Debt Redemption Assistance	9.6	5.0	6.3	3.1	3.7	2.8	0.0	1.4	31.9
2005-06									
Health Care Grants	2,803.9	2,023.2	1,624.8	818.2	699.8	187.7	110.2	102.4	8,370.2
Government Schools	739.5	529.6	447.1	222.4	161.6	61.2	36.7	27.4	2,225.4
CSHA Block Assistance	246.2	181.0	135.1	71.5	57.1	22.2	17.2	13.6	743.9
Roads (b)	517.3	329.4	254.3	102.0	94.0	24.6	1.2	21.2	1,343.9
HACC & SAAP (c)	326.8	252.1	208.4	103.5	89.6	29.6	16.3	11.0	1,037.2
Disabilities Services	198.4	135.6	114.9	48.1	66.6	20.7	8.3	6.2	598.8
Debt Redemption Assistance	74.0	34.9	24.7	23.6	29.8	22.4	0.0	10.6	220.0

(a) These accrual based estimates provide a guide to the major components of Specific Purpose Payments and should not be taken as Australian Government commitments.

There are further Australian Government budget processes and various parameter changes that could affect program totals and the interstate distribution.

(b) Auslink and Road Safety Blackspots Programme

(c) Home and Community Care and Supported Accommodation Assistance Programme

Table 10: Total Payments (\$m)

	GST Entitlement	General Revenue Assistance	Specific Purpose Payments "To"	Total Payments "To" the States			Other Specific Purpose Payments		Total Payments		
				Change		Direct to Local Government	Change				
				\$m	%		Through	\$m	%		
2004-05											
New South Wales	9,856.1	332.3	6,083.0	16,271.4	-	-	2,160.9	104.5	18,536.9	-	-
Victoria	7,315.4	259.7	4,166.9	11,742.0	-	-	1,667.8	76.2	13,485.9	-	-
Queensland	7,313.9	227.0	3,394.8	10,935.6	-	-	1,234.0	63.4	12,233.1	-	-
Western Australia	3,617.2	75.4	2,245.2	5,937.8	-	-	667.3	43.6	6,648.7	-	-
South Australia	3,281.2	71.8	1,439.2	4,792.3	-	-	509.1	24.8	5,326.2	-	-
Tasmania	1,430.4	30.9	438.2	1,899.4	-	-	154.3	19.5	2,073.2	-	-
Australian Capital Territory	678.0	18.2	279.0	975.3	-	-	132.3	4.7	1,112.2	-	-
Northern Territory	1,732.7	28.6	319.7	2,081.0	-	-	64.9	6.7	2,152.6	-	-
Total	35,225.0	1,043.8	18,366.0	54,634.8	-	-	6,590.5	343.4	61,568.7	-	-
2005-06											
New South Wales	10,373.5	301.6	6,254.7	16,929.8	658.4	4.0	2,291.3	123.7	19,344.9	808.0	4.4
Victoria	7,827.5	223.8	4,418.5	12,469.8	727.8	6.2	1,757.3	92.0	14,319.1	833.2	6.2
Queensland	7,680.9	181.5	3,491.6	11,354.0	418.3	3.8	1,323.4	79.5	12,756.8	523.8	4.3
Western Australia	3,806.8	91.9	2,287.8	6,186.5	248.7	4.2	708.0	55.6	6,950.0	301.3	4.5
South Australia	3,431.7	71.5	1,520.5	5,023.7	231.4	4.8	547.3	35.0	5,606.1	279.9	5.3
Tasmania	1,493.8	23.6	467.3	1,984.7	85.3	4.5	162.6	15.8	2,163.1	89.9	4.3
Australian Capital Territory	719.1	15.0	274.6	1,008.7	33.4	3.4	139.4	10.0	1,158.1	45.9	4.1
Northern Territory	1,826.8	13.3	331.1	2,171.2	90.2	4.3	68.2	13.6	2,253.0	100.4	4.7
Total	37,160.0	922.2	19,046.1	57,128.4	2,493.6	4.6	6,997.6	425.1	64,551.1	2,982.4	4.8

Attachment A: Forward Estimates of Budget Balancing Assistance and state and territory gains from tax reform^(a)

2004-05 (\$m)									
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount	9,745.3	7,090.9	6,623.0	3,387.9	3,141.6	1,338.1	628.6	1,604.9	33,560.3
(2) GST Revenue	9,856.1	7,315.4	7,313.9	3,617.2	3,281.2	1,430.4	678.0	1,732.7	35,225.0
(3) Budget Balancing Assistance (1) - (2)(b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) Compensation for GST deferral	63.7	47.0	44.9	22.3	20.1	8.2	4.0	9.2	219.4
(5) State and territory gains from tax reform (2) + (4) - (1)	174.6	271.5	735.8	251.6	159.7	100.5	53.4	137.0	1,884.1
2005-06 (\$m)									
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount(c)	10,369.7	7,657.0	7,128.3	3,585.8	3,282.9	1,403.2	667.6	1,695.2	35,789.7
(2) GST Revenue	10,373.5	7,827.5	7,680.9	3,806.8	3,431.7	1,493.8	719.1	1,826.8	37,160.0
(3) Budget Balancing Assistance (1) - (2)(b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) Compensation for GST deferral(d)	36.7	27.5	25.9	12.9	11.5	4.7	2.3	5.4	127.0
(5) State and territory gains from tax reform (2) + (4) - (1)	40.6	198.0	578.5	233.8	160.3	95.3	53.8	137.0	1,497.3
2006-07 (\$m)(e)									
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount	10,749.4	7,984.4	7,348.3	3,657.6	3,385.2	1,442.2	680.7	1,791.3	37,039.1
(2) GST Revenue	11,007.3	8,354.2	8,070.9	3,970.7	3,600.8	1,554.3	747.0	1,924.9	39,230.0
(3) Compensation for GST deferral(f)	4.8	3.7	3.5	1.7	1.6	0.7	0.3	0.8	17.2
(4) State gains from tax reform (2) + (3) - (1)	262.8	373.5	726.1	314.8	217.1	112.8	66.6	134.5	2,208.1
2007-08 (\$m)									
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
(1) Guaranteed Minimum Amount	11,020.5	8,247.7	7,603.8	3,789.4	3,479.7	1,476.8	697.0	1,889.2	38,204.1
(2) GST Revenue	11,572.3	8,865.5	8,505.4	4,218.3	3,760.2	1,604.3	781.4	2,022.6	41,330.0
(3) Compensation for GST deferral(f)	5.1	3.9	3.7	1.9	1.7	0.7	0.3	0.9	18.2
(4) State gains from tax reform (2) + (3) - (1)	557.0	621.6	905.4	430.8	282.2	128.3	84.7	134.3	3,144.1

(a) Projections from 2004-05 will be affected by variations in Guaranteed Minimum Amount (GMA) components and GST revenue growth. In addition to these factors, projections from 2006-07 will be affected by recommendations by the Commonwealth Grants Commission on the distribution of GST to each of the states and territories (the states). See Budget Paper No. 3, *Federal Financial Relations 2004-05* for details of the GMA and the distribution of GST revenue among the states and territories.

(b) Where the difference between GMA and GST Revenue is less than zero, the reported amount is zero.

(c) As agreed at the 26 March 2004 meeting of the Ministerial Council for Commonwealth-State Financial Relations, bank account debits tax is to be abolished by 1 July 2005. The revenue forgone by the states and territories is included in their Guaranteed Minimum Amounts from 2005-06 to ensure the states are no worse off. Accordingly, state and territory gains from tax reform decrease in 2005-06 compared to 2004-05. However, the estimates of Guaranteed Minimum Amounts do not contain reductions in the following state taxes: non-residential conveyances; non-quotable marketable securities; leases; mortgages, bonds, debentures and other loan securities; credit arrangements, instalment purchase arrangements and rental arrangements; cheques, bills of exchange and promissory notes, which are the subject of review by the Ministerial Council in 2005.

(d) Under arrangements to compensate the states for the annual payment of GST measure in 2004-05, \$219.4 million of 2005-06 GST revenue is to be advanced to the states in 2004-05. This advance will be recovered from the states, in accordance with the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999, by lowering payments to the states under the Act in 2005-06. The states will then receive an additional payment of \$219.4 million to ensure that the total amount equating to 2005-06 GST revenue is paid to the states in 2005-06.

(e) The transition period in which the Australian Government guarantees that no state or territory will be worse off due to tax reform expires on 30 June 2006.

(f) Compensation payments to the states in future years will be reviewed at a later stage, with the possibility of this future compensation being paid as an upfront lump-sum.