



COMMONWEALTH GRANTS COMMISSION

DRAFT ASSESSMENT PAPER CGC 2003/50

TOURISM

Prepared for the Commission's 2003 Conferences on Draft Assessments

AUGUST 2003

NOTE

Included in this paper are the results of preliminary calculations based on the methods proposed throughout the paper and using the data currently available. Those results are indicative only and should be seen as work in progress. Ongoing changes are being made to standards and factor calculations as new data come to hand. Moreover, the calculations have been done using a prototype assessment system and are subject to ongoing revision as checking processes proceed.

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INTRODUCTION

1. This paper presents a draft assessment for the Tourism category for the 2004 Review. It builds on staff proposals set out in *Discussion Paper CGC 2002/38 Services to Industry*, and State comments on them provided in the 2003 Rejoinder Submissions.

2. The proposed assessment structure for this category in the 2004 Review is shown in Table 11.

THE 1999 REVIEW ASSESSMENT

Category definition

3. In the 1999 Review, the Tourism category comprised expenses on administration, regulation, planning, development, research and support of tourism and area promotion to attract tourists. More specifically, the category included expenses on:

- (i) tourist bureaus, in Australia and overseas;
- (ii) information offices;
- (iii) caravan parks and camping areas; and
- (iv) liaison activities with transportation establishments and other industries benefiting from the presence of tourists.

4. There were no Specific Purpose Payments from the Commonwealth relating to this category in the 1999 Review.

Importance of the category

5. Table 1 shows the gross expenses standards for this category for the 2003 Update. In 2001-02, this expenses category represented 0.35 per cent of total gross standard expenses. In 2001-02, user charges recovered 6.4 per cent of category gross standard expenses.

Table 1 TOURISM — GROSS STANDARD EXPENSES AND USER CHARGES

	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
Gross standard expenses (\$pc)	13.31	13.96	19.26	17.74	17.72	17.52
% of total gross standard expenses	0.36	0.36	0.42	0.38	0.36	0.35
Gross standard user charges (\$pc)	0.83	0.79	0.84	1.19	1.20	1.12
% of category gross standard expenses	6.2	5.7	4.4	6.7	6.8	6.4

6. Table 2 shows that, compared with a equal per capita assessment, the 2003 Update assessment redistributed \$21.9 million in grants from New South Wales, Victoria and Queensland to the other States.

Table 2 TOURISM — EFFECT OF ASSESSMENT ON GRANT DISTRIBUTION, GST RELATIVITIES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Contribution to 2003 Update relativities	-11.0	-6.9	-4.0	2.4	1.6	4.4	4.7	8.8	21.9

(a) Total redistribution.

7. The factor which had the largest impact on grant shares was the administrative scale factor. Compared with an equal per capita assessment, it redistributed \$17.0 million in the 2003 Update assessment. The redistribution reduced the grants of New South Wales, Victoria and Queensland.

Expenses assessment

8. Table 3 shows the expenses assessment structure that was used in the 1999 Review.

Table 3 1999 REVIEW ASSESSMENT STRUCTURE — TOURISM

Expenses component	Component weight	Factors	Basis of calculation
Scale-affected expenses	17.76	Input costs	General method, with weights of 80% for wages, 2% for accommodation and 1% for electricity.
		Administrative scale	General method.
Isolation	1.52	Isolation	General method.
Other services	80.72	None	Equal per capita

User charges assessment

9. User charges for this category were assessed by the equal per capita method.

**PROPOSED CATEGORY DEFINITION AND ASSESSMENT STRUCTURE
2004 REVIEW**

10. States made no specific comment on the scope and structure of the assessment.

Category scope — National Capital assessment

11. *Discussion Paper CGC 2002/38 Services to Industry* outlined an ACT proposal for an assessment of a national capital allowance of \$5.7 million. This was to recognise the impact of Commonwealth regulations and obligations imposed on the Canberra Tourism and Events Corporation (CTEC) regarding the staging of events within the Parliamentary triangle. The issue for consideration was whether the Commission should regard such outlays as unavoidable expenses incurred by the ACT.

12. ***State views.*** Queensland and the Northern Territory opposed the assessment of a national capital allowance for tourism.

13. ***Commission decision.*** In the Discussion Paper, staff indicated that they were inclined to regard the events in question as being the product of the ACT government's policy decisions, and of a commercially motivated nature; accordingly, they could be regarded as being economic development expenses (refer *Discussion Paper CGC 2002/6 Economic Development*). Noting that similar promotional expenses were presently assessed by the equal per capita method, staff proposed to recommend to the Commission that the ACT's claim for a national capital allowance for expenses incurred by CTEC not be assessed differentially.

14. The Commission does not intend to assess a national capital allowance for Tourism in the 2004 Review because CTEC expenditure is of a commercial (economic development) nature, which is more appropriately assessed by the equal per capita method.

Category structure and component weights

15. The Commission intends to adopt a new classification of expenses in this category following decisions made in relation to administrative scale (*Draft Assessment Paper CGC 2003/60 Administrative Scale*) and the treatment of economic development expenses (*Draft Assessment Paper CGC 2003/05 Treatment of Economic Development Assistance*).

16. A fixed costs component will be introduced, replacing the 1999 Review scale-affected expenses component. Minimum fixed costs of \$3 million per State were assessed for this category. This represented 7.15 per cent of the category standard in 2001-02. The minimum fixed costs will not be updated annually.

17. The *Discussion Paper CGC 2003/05 Treatment of Economic Development Assistance* set out the Commission's proposed treatment of economic development expenses. These decisions have implications for this category.

18. The 1999 Review other services component will be replaced by two new components: regulation, and economic development.

19. The regulation component will comprise administration expenses (other than the minimum fixed costs) and regulation expenses. It will include expenses on:

- ensuring the welfare of industry employees and consumers of its products; and
- ensuring the industry and its producers adhere to standards and protect State environments and natural resources for (broadly defined) future users.

20. The economic development component will comprise assistance targeted to specific firms or regions. It will include State expenses whose purpose is improve the market position and/or the financial circumstances of specific firms or regions, including expenses on:

- delivering training designed to provide information to industry producers — including the provision of extension programs, and the production and distribution of industry publications — to increase their use of improved production techniques and the quality of their products;
- undertaking pure and applied research, including market research, which supports the mining industry as a whole;

- grants and subsidies paid to encourage firms to establish, expand or move from other States or nations;
- infrastructure for the specific benefit of firms or a region;
- price support and marketing schemes directly aimed at firms or a region;
- schemes to encourage or restrict output of particular products so that the market position of firms or a region are improved; and
- advertising and other promotional programs which directly support a firm, the whole industry or a region.

21. The size of these components has been estimated using expense information provided by the States in the previous review, known changes to the contents of each component, and judgement.

22. The regulation component will comprise all non-fixed head office expenses and regulation expenses. We estimate that this component to comprise approximately 10 per cent of the category balance after fixed costs and isolation expenses have been deducted.

23. The economic development component is the balance of the category expenses, derived after the components for fixed costs, isolation and regulation have been set.

24. The Commission's decisions relating to the definition of the category, assessment structure and component weights are summarised in Table 4.

Table 4 COMMISSION DECISIONS — TOURISM CATEGORY DEFINITION, ASSESSMENT STRUCTURE AND COMPONENT WEIGHTS

Decision	Reason
Definition. Unchanged from 2003 Update	Reflects Commission decisions in Draft Assessment Papers on SPPs and the scope of the equalisation budget.
Treatment of SPPs	There are no SPPs applicable to this category.
Assessment structure and component weights	
<small>(a):</small>	
<ul style="list-style-type: none"> • Fixed costs: 7.15% 	This component weight has decreased because the assessment of administrative scale is based on fixed costs only. The discontinuation of the Regulatory and Other Services category has not resulted in an allocation of scale affected expenses formerly included in that category among the services to industry categories, because all of those regulatory type expenses have been allocated to the General Public Services category. Refer below for further detail.
<ul style="list-style-type: none"> • Regulation: 9.22 % 	Expenses component derived by splitting the balance of category expenses 10/90 per cent between regulation and economic development, after the proportions of category expenses on fixed costs and isolation have been determined.
<ul style="list-style-type: none"> • Economic development: 82.96 % 	See above.
<ul style="list-style-type: none"> • Isolation: 0.67 % 	Component derived by the general method.
<small>(a)</small> Component weights for 2001-02.	

FIXED COSTS COMPONENT

25. As in the 1999 Review, the Commission has decided to assess administrative scale and input costs factors for this component.

Administrative scale — fixed costs component

26. **1999 Review.** The administrative scale factor was assessed to account for differences in per capita costs of providing central office functions and whole of State services. Scale-affected expenses for this category were assessed as \$5 million, of which \$2 million was considered as fixed cost and \$3 million as variable cost. The scale-affected expenses component represented 17.76 per cent of expenses in this category.

27. **2004 Review.** *Draft Assessment Paper CGC 2003/60 Administrative Scale* discusses the issues raised by the States regarding the assessment of this factor. The paper

sets out the Commission’s decisions on the general method of assessment adopted for the 2004 Review and on the size of the fixed costs component in each category. The States did not raise issues specific to this category.

28. The Commission has decided that administrative scale will be assessed for this category to recognise the unavoidable costs each State would incur to have the policy and administrative infrastructure necessary to provide the service regardless of the size of the task.

29. The administrative scale factors for this category, shown in Table 5, have been calculated using the 2004 Review general method. Fixed costs for this category have been estimated to be \$3 million per State, and represent 7.15 per cent of the category standard.

Table 5 ADMINISTRATIVE SCALE FACTORS — FIXED COSTS COMPONENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
1997-98	0.36858	0.50382	0.68027	1.28668	1.56812	4.92560	7.52310	12.32319
1998-99	0.36853	0.50445	0.67767	1.28097	1.57795	4.99478	7.55742	12.25346
1999-2000	0.36854	0.50478	0.67478	1.27836	1.58830	5.05782	7.57230	12.19839
2000-01	0.36846	0.50489	0.67161	1.27768	1.60144	5.12202	7.57722	12.18130
2001-02	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311

30. The factor is based on estimated resident populations, and it and the component weight will be updated annually.

Input costs — fixed costs component

31. **1999 Review.** The input costs factor was assessed to recognise differences between States in per capita costs of labour, office accommodation and electricity. A separate factor was calculated for each of those inputs. For the scale-affected costs component, those factors were applied to the following proportions of standard expenses:

- wages and salaries 80 per cent;
- accommodation 2 per cent; and
- electricity 1 per cent.

32. **2004 Review.** *Discussion Paper CGC 2003/04 Input Costs* discusses the issues raised by the States regarding the assessment of wages and salaries costs. The paper sets out details of the general method of assessment to be adopted for the 2004 Review and on the size of the standard expense proportions in each category for wages and salaries. *Draft Assessment Paper CGC 2003/79 Input Costs — Electricity and Accommodation*

discusses the issues raised by the States regarding the assessment of input costs relating to accommodation and electricity. The paper sets out the Commission's decisions on the general method of assessment to be adopted for the 2004 Review and on the size of the standard expense proportions in each category for accommodation costs and electricity costs. The States did not raise issues specific to this category.

33. The Commission considered that the prices of labour, accommodation and electricity relating to fixed costs in providing services differ across States for reasons beyond the control of individual States. It has therefore decided that input costs would be assessed for this component.

34. The input costs factors for the fixed cost component of this category, shown in Table 6, have been calculated according to the 2004 Review general methods. The standard expense proportions applied were 80 per cent for wages and salaries, 2 per cent for accommodation and 1 per cent for electricity.

Table 6 INPUT COSTS FACTORS — FIXED COSTS COMPONENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
1997-98	1.03086	0.98776	0.98243	0.98229	0.97405	0.93225	1.00817	1.11439
1998-99	1.03267	0.98876	0.98050	0.97883	0.97213	0.92981	1.01243	1.10979
1999-2000	1.03546	0.98791	0.97763	0.98082	0.96857	0.92317	1.01680	1.10513
2000-01	1.03603	0.98930	0.97573	0.98076	0.96738	0.92031	1.01603	1.10244
2001-02	1.03498	0.99044	0.97446	0.98186	0.97135	0.92001	1.01306	1.09897

35. The factors will be updated annually. The proportions represented by wages and salaries, accommodation and electricity will not be re-examined until the next review.

REGULATION

36. This is a new component resulting from the restructuring of the Tourism category. The component comprises the non-fixed costs elements of the former scale-affected costs component assessed in the 1999 Review, plus expenses incurred on the regulation of the Tourism industry. The Commission considers input costs and economic environment factors are appropriate for this component.

Input costs — regulation component

37. **1999 Review.** As the equivalent of this component did not exist in the 1999 Review, input costs factors were not assessed for it.

38. **2004 Review.** The input costs factors for the regulation component of this category, shown in Table 7, have been calculated according to the general method outlined in *Discussion Paper CGC 2003/04 Input Costs* and in *Draft Assessment Paper CGC 2003/79 Input Costs — Electricity and Accommodation*. The standard expense proportions applied were 60 per cent for wages and salaries, 2 per cent for accommodation and 1 per cent for electricity.

Table 7 INPUT COSTS FACTORS — REGULATION COMPONENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
1997-98	1.02347	0.99051	0.98643	0.98734	0.98043	0.94629	1.00588	1.09164
1998-99	1.02483	0.99126	0.98499	0.98475	0.97899	0.94446	1.00907	1.08820
1999-2000	1.02692	0.99063	0.98283	0.98624	0.97632	0.93948	1.01235	1.08470
2000-01	1.02735	0.99167	0.98141	0.98620	0.97543	0.93734	1.01177	1.08268
2001-02	1.02656	0.99252	0.98046	0.98702	0.97840	0.93711	1.00954	1.08008

39. The factors will be updated annually. The proportions represented by wages and salaries, accommodation and electricity will not be re-examined until the next review.

Economic environment — regulation component

40. **1999 Review** As the equivalent of this component did not exist in the 1999 Review, economic environment factors were not assessed for it.

41. **Staff proposals** No assessment proposals were made by staff for this component.

42. **State views** No comments were made by the States in their submissions, because the component did not exist in the 1999 Review and was not proposed in the discussion paper.

43. **Commission decisions.** The Commission accepts that a conceptual case for assessing influences on the costs of providing regulatory services to Tourism exists. It recognises that the smaller States of necessity incur higher expenses per capita in providing the basic structure of industry regulatory services than do the larger States.

44. The Commission is satisfied that the level of per capita visitor nights (domestic and international tourists) for each of the States provides an appropriate measure of the requirement for the States to provide regulatory services to the tourism industry. The Commission's decision is summarised in Table 8.

Table 8 COMMISSION DECISION — REGULATION COMPONENT, ECONOMIC ENVIRONMENT FACTORS

Decision	Reason
An economic environment factor will be assessed for the regulation component.	Gives States the capacity to provide the average level of services by assessing the additional costs that States face in providing regulation because of differences in their Tourism activity.

45. **Method and results.** The economic environment factors for this component, shown in Table 9, have been based on per capita visitor nights (domestic and international tourists) for each State and Australia.

Table 9 ECONOMIC ENVIRONMENT FACTORS — REGULATION COMPONENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
1997-98	0.99226	0.75599	1.30119	1.02469	0.77953	1.10742	1.47964	2.21356	1.00000
1998-99	0.96853	0.78981	1.30439	1.04124	0.79918	1.10944	1.20197	2.21776	1.00000
1999-2000	0.96783	0.77828	1.27981	1.08381	0.79908	1.11705	1.11377	2.64598	1.00000
2000-01	1.00652	0.89222	1.09493	1.03879	0.85703	0.96362	1.37440	1.87219	1.00000
2001-02	0.98200	0.74319	1.29096	1.05800	0.83687	1.00395	1.27283	2.73060	1.00000

46. **Reality check.** The economic environment factors meet expectations in terms of size and direction. The Northern Territory, Queensland and the ACT, being big tourist destinations, have high factors.

47. **Updateability.** Data are available to update the factor annually.

ECONOMIC DEVELOPMENT COMPONENT

48. In accordance with *Draft Assessment Paper CGC 2003/05 Treatment of Economic Development Assistance*, the Commission has decided to assess this component by the equal per capita method. This is because States have not demonstrated a conceptual case for the differential assessment of expenses incurred on economic development. The Commission has concluded that State expenses on economic development appear to be driven by their individual policies. The Commission's role does not extend to making judgments on the merits of those actions.

ISOLATION COMPONENT

Isolation — isolation component

49. **1999 Review.** The isolation factor was assessed to account for differences in per capita costs of service provision for some States because of their economic and geographical isolation from the main interstate sources of supply in South Eastern Australia. It reflected the combined effect of isolation on labour-related costs, interstate freight costs, professional infrastructure costs, commercial goods costs, airfares, travel allowances and other travel-related subsidies. The isolation-affected expenses component represented 1.52 per cent of expenses in this category.

50. **2004 Review.** *Draft Assessment Paper CGC 2003/65 Isolation* discusses the issues raised by the States regarding the assessment of isolation. The paper sets out the Commission's decisions on the general method of assessment adopted for the 2004 Review and on the size of the isolation-affected expenses component for relevant categories. The States did not raise issues specific to this category.

51. The isolation factors for the isolation component, shown in Table 10, have been calculated according to the 2004 Review general method. Isolation-affected expenses for this category have been estimated to be 0.67 per cent of the category standard.

Table 10 ISOLATION FACTORS — ISOLATION COMPONENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
All years	0.05107	0.10737	0.17783	0.74776	0.56469	3.49490	1.51842	68.27218

52. The factor and component weight will not be updated until the next review. This means that isolation-affected expenses will grow at the same rate as category expenses.

SUMMARY OF RESULTS

53. Table 11 summarises the proposed assessment for the 2004 Review.

Table 11 TOURISM — ASSESSMENT STRUCTURE FOR THE 2004 REVIEW, 2001-02

Component	Component Weight	Factors	Basis of calculation
Fixed costs	7.15	Administrative scale	General method
		Input costs	General method, with weights of 80% for wages, 2% for accommodation and 1% for electricity.
Regulation	9.22	Input costs	General method
		Economic environment	Based on per capita tourists for each State.
Economic development	82.96	None	Equal per capita
Isolation	0.67	Isolation	General method.

Calculating the category factor

54. Table 12 summarises the components, component weights and disability factors assessed for this category for 2001-02. It shows the calculation of the category factor.

Table 12 TOURISM — DERIVATION OF THE CATEGORY FACTOR, 2001-02

Factors	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Fixed costs (FC) (component weight = 7.15%)								
Administrative scale (s)	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311
Input costs (ic_fc)	1.03498	0.99044	0.97446	0.98186	0.97135	0.92001	1.01306	1.09897
Component factor	0.38252	0.50072	0.65162	1.25634	1.56990	4.77221	7.70596	13.49087
Cont. to category factor	0.02735	0.03580	0.04659	0.08983	0.11225	0.34121	0.55098	0.96460
Regulation (REG) (component weight = 9.22%)								
Input costs (ic_oth)	1.02656	0.99252	0.98046	0.98702	0.97840	0.93711	1.00954	1.08008
Economic environment (e)	0.98200	0.74319	1.29096	1.05800	0.83687	1.00395	1.27283	2.73060
Component factor	1.00713	0.73693	1.26453	1.04328	0.81802	0.93991	1.28376	2.94646
Cont. to category factor	0.09284	0.06793	0.11656	0.09617	0.07540	0.08664	0.11834	0.27160
Economic development (ED) (component weight =82.96%)								
Component factor	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cont. to category factor	0.82962	0.82962	0.82962	0.82962	0.82962	0.82962	0.82962	0.82962
Isolation (ISO) (component weight = 0.67%)								
Isolation	0.05107	0.10737	0.17783	0.74776	0.56469	3.49490	1.51842	68.27218
Component factor	0.05107	0.10737	0.17783	0.74776	0.56469	3.49490	1.51842	68.27218
Cont. to category factor	0.00034	0.00072	0.00119	0.00501	0.00378	0.02342	0.01017	0.45742
CATEGORY FACTOR	0.95015	0.93407	0.99397	1.02063	1.02106	1.28089	1.50911	2.52325

Calculation formula

55. The following formulas were used to calculate the contribution of each expenses component to the overall category factor. In each case, the contributions are calculated as the expenses component weight multiplied by the component factor (the bracketed terms in the formulas). Each contribution to category factor was rescaled to ensure that the sum of standardised equals the sum of actual expenses.

$$\begin{aligned}
 \text{FC} &= 0.0715 (s * ic_fc) \\
 \text{REG} &= 0.0922 (e * ic_OTH) \\
 \text{ED} &= 0.8296 \\
 \text{ISO} &= 0.0067 (iso) \\
 \text{Category Factor} &= \text{SAE} + \text{REG} + \text{ED} + \text{ISO}
 \end{aligned}$$

Standardised expenses

56. Table 13 compares the category factors derived for the 2004 draft assessment with the 2003 Update.

Table 13 TOURISM — CATEGORY FACTORS, 2004 REVIEW AND 2003 UPDATE

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
2004 Review draft assessment	0.95015	0.93407	0.99397	1.02063	1.02106	1.28089	1.50911	2.52325
2003 Update	0.91636	0.92910	0.94545	1.06039	1.05294	1.46658	1.75265	3.20080

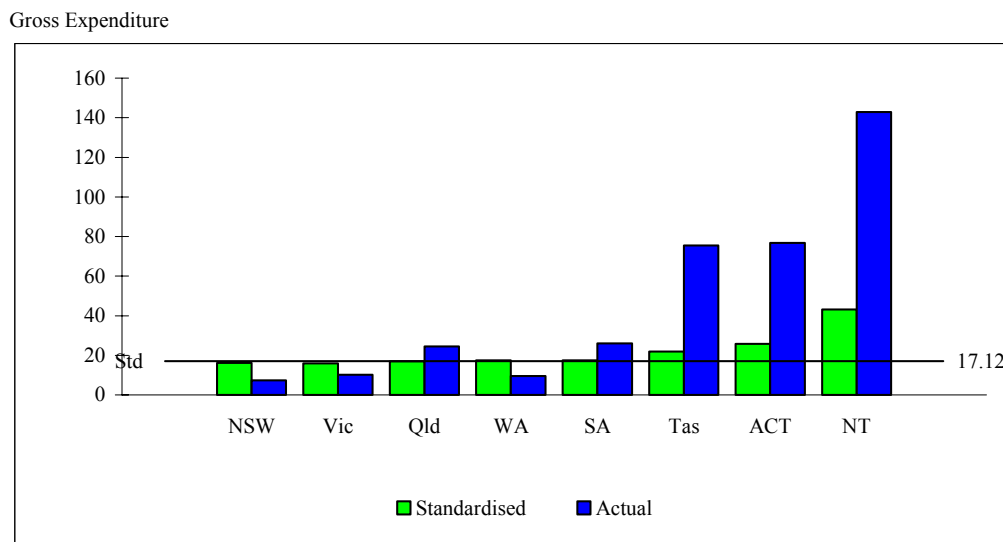
57. Table 14 shows the standardised expenses assessed for this category for 2001-02 in the draft assessment compared with that assessed in the 2003 Update.

Table 14 ACTUAL AND STANDARDISED EXPENSES, 2001-02

	Standard	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Actual Expenses									
\$ per capita	17.12	7.38	10.19	24.49	9.63	26.10	75.43	76.73	142.87
2003 Update - Standardised Expenses									
\$'000		106 626	79 035	60 804	35 639	28 018	12 159	9 909	11 213
\$ per capita	17.52	16.06	16.28	16.57	18.58	18.45	25.70	30.71	56.08
2004 Review Draft Assessment - Standardised Expenses									
\$'000		108 013	77 629	62 452	33 513	26 544	10 375	8 336	8 636
\$ per capita	17.12	16.26	15.99	17.01	17.47	17.48	21.93	25.83	43.19

58. Figure 1 shows the gross expenses per capita for 2001-02 in terms of standardised, estimated and gross standard expenses.

Figure 1 TOURISM — GROSS EXPENSES PER CAPITA —
STANDARDISED, ESTIMATED AND STANDARD, 2001-02



ANALYSIS

59. Table 15 shows the redistribution of grants resulting from the assessment in the 2003 Update and the Draft Assessment. It also shows the sources of change.

60. Compared with an equal per capita assessment, the Draft Assessment redistributed \$13.3 million away from New South Wales, Victoria and Queensland, \$8.6 million more than in the 2003 Update.

61. The main reasons for the change in grants were changes to assessment methods and data, including changes to the component weights — and in particular the inclusion of a regulation component, which is assessed differentially. This assessment effect has been one of the main causes of the increase in notional grants for those States which had an advantage in providing regulation services to tourism — notably New South Wales and Queensland.

62. Reducing the impact of the administrative scale assessment (by reducing the size of the component to which it applies) also had some impact on the assessment. The changes in the input costs factors also had substantial effects and led to increases in the redistribution towards New South Wales and mitigated the reduction for the Northern Territory.

Table 15 EFFECT OF ASSESSMENT ON GRANT DISTRIBUTION — TOURISM

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Contribution to 2003 Update relativities^(b)	-11.0	-6.9	-4.0	2.4	1.6	4.4	4.7	8.8	21.9
Composition	-0.3	-0.2	-0.1	0.1	0.0	0.1	0.1	0.2	0.6
Assessment	4.5	1.0	3.4	-1.6	-1.1	-1.8	-1.5	-2.9	8.9
Interactions	0.1	0.0	0.1	0.0	0.0	-0.1	-0.1	-0.1	0.3
Contribution to 2004 Review Draft Assessments relativities^(b)	-6.7	-6.1	-0.6	0.8	0.5	2.7	3.3	6.1	13.3
Total Change	4.3	0.8	3.4	-1.6	-1.1	-1.7	-1.5	-2.7	8.5

(a) Total redistribution.

(b) Assuming same pool and a constant population

USER CHARGES

63. The quantum of user charges for this category is small and remains policy influenced. No States made any comment on the user charges assessment for this category.

64. The Commission has decided that user charges for this category should continue to be assessed by the equal per capita method.