



COMMONWEALTH GRANTS COMMISSION

DRAFT ASSESSMENT PAPER CGC 2003/18

REVENUE REPLACEMENT PAYMENTS — PETROLEUM, TOBACCO AND ALCOHOL (FAG RELATIVITIES)

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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 draft assessments for the three Revenue Replacement Payments (RRPs) categories — petroleum RRP, tobacco RRP and alcohol RRP. These categories were designated as no change categories and discussion papers were not released for them. This paper responds to State comments provided in submissions and at the 2002 conferences.

THE 1999 REVIEW ASSESSMENT METHOD

Description of the categories

2. The three RRP categories comprised:
- business franchise fees for the years up to and including 1996–97;
 - ‘Section 90 safety net’ RRP for 1997–98 to 1999–2000; and
 - estimates of RRP provided by the Australian Government Treasury since 2000–01.

Implications of tax reform

3. As part of the tax reforms associated with the introduction of the Goods and Service Tax (GST), the Australian and State Governments signed the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA)* in June 1999. Under the IGA, the Australian Government ceased paying States RRP from 1 July 2001. Under the transitional arrangements of the IGA, update terms of reference since the 1999 Review have asked for two sets of relativities:

- (i) a set to distribute a combined pool of GST revenue and health care grants — hereafter called *the GST relativities*; and
- (ii) a set to distribute a combined pool of Financial Assistance Grants (FAG) and health care grants (based on the assumption of a continuation of the Australian—State Government financial arrangements which applied in 1999–2000) — hereafter called *the FAG relativities*.

4. For GST relativities there was no assessment of RRP categories. In their place, the equalisation budget included two new expenditure categories (petroleum subsidies and alcohol subsidies). These categories comprise the subsidy components of the petroleum RRP and alcohol RRP categories. There were no subsidies for tobacco products. Separate draft assessment papers have been prepared for the two subsidy categories.

5. Table 1 shows the standard revenue for each of the three categories for the five years of the 2003 Update period. In 2001–02:

- petroleum RRPs totalled \$2 299.9 million (or \$117.35 per capita) for the FAG relativities. This represented 4.72 per cent of State own source revenue;
- tobacco RRPs totalled \$3 533.7 million (or \$180.30 per capita) for the FAG relativities. This represented 7.24 per cent of State own source revenue; and
- alcohol RRPs totalled \$1 066.1 million (or \$54.39 per capita) for the FAG relativities. This represented 2.19 per cent of State own source revenue.

Table 1 REVENUE REPLACEMENT PAYMENTS – STANDARD REVENUE, 2003 UPDATE

	1997–98	1998–99	1999–2000	2000–01	2001–02
Standard revenue (\$pc)					
Petroleum	71.03	81.20	78.78	96.34	117.35
Tobacco	146.25	170.26	174.40	172.73	180.30
Alcohol	29.25	46.18	47.64	45.51	54.39
Total Revenue Replacement Payments	246.54	297.65	300.82	314.57	352.04
Percentage total State own-source standard revenue (%)					
Petroleum	3.42	3.44	3.25	3.96	4.72
Tobacco	7.05	7.21	7.21	7.10	7.24
Alcohol	1.41	1.95	1.97	1.87	2.19
Total Revenue Replacement Payments	11.88	12.60	12.43	12.93	14.15

Revenue base

6. The revenue base was:

- for years up to and including 1996–97, the 1998 Update assessment;
- for 1997–98 to 1999–2000, the actual amount of RRP's a State received less its standardised cost of subsidies; and
- since 2000–01, a State's estimated amount of RRP's less its standardised cost of subsidies. The estimated amounts of RRP's were provided by the Australian Government Treasury.

7. ***Petroleum RRP's.*** The Commission decided that the policy to provide subsidies for off-road diesel was standard policy. So, the petroleum RRP's revenue base was calculated as:

- actual receipts of petroleum RRP's (estimated from 2000–01 onwards);
- less standardised off-road diesel subsidies.

8. Six States (New South Wales, Victoria, Queensland, Western Australia, South Australia and the ACT) provided the same rate of subsidy and the Commission used this common rate as the standard rate. The standard rate of subsidy was 8.1 cents per litre in 1997–98, 8.2 cents per litre in 1998–99 and 8.4 cents per litre in 1999–2000.

9. Where a State's actual rate of subsidy differed from the standard rate, its standardised subsidy was set equal to its actual subsidy grossed up (or down) by the ratio of its actual rate of subsidy to the standard rate. For other States, their standardised subsidy was set equal to their actual subsidy.

10. From 1 July 2000, as part of the tax reform arrangements, the Australian Government took responsibility for providing subsidies for off-road diesel. The Australian Government has supplied data on the cost of this subsidy since 2000–01.

11. ***Tobacco RRP's.*** As part of the tax reform arrangements, the Australian and State Governments agreed to maintain the 1997–98 relative State distribution of tobacco RRP's. The 1997–98 payment had three components:

- (i) a base payment;
- (ii) an additional payment to compensate some States for their previous above standard taxes on petroleum and liquor franchise fees; and
- (iii) a special payment to Western Australia and Tasmania.

12. In accordance with an agreement between the Australian and State Governments, the Commission apportioned total actual payment of tobacco RRP's (estimated from 2000–01 onwards) into the three components using their 1997–98 shares.

13. The tobacco RRP's revenue base was calculated as:

- base payments — distributed in accordance with capacities agreed between the Australian and State Governments;
- additional payments — distributed using the equal per capita (EPC) method;
- special payments to Western Australia and Tasmania — distributed in accordance with their 1997–98 shares.

14. The Commission decided that there were no standard subsidies for tobacco.

15. *Alcohol RRP's.* The Commission decided that the policy to provide subsidies for cellar door sales and low alcohol products was standard policy. So, the alcohol RRP's revenue base was calculated as:

- actual (or notional from 2000–01 onwards) receipts of alcohol RRP's;
- less standardised subsidies for cellar door sales;
- less standardised subsidies for low alcohol products.

16. Five States (New South Wales, Victoria, Western Australia, South Australia and Tasmania) provided the same rate of subsidy for cellar door sales and six States (New South Wales, Victoria, South Australia, Tasmania, the ACT and the Northern Territory) provided the same rate of subsidy for low alcohol products. In each case, the Commission used the common rate as the standard rate. The standard rate of subsidy for cellar door sales was 15.0 cents per litre in 1997–98, 1998–99 and 1999–2000. The standard rate of subsidy for cellar door sales was 15.0 cents per litre in 1997–98, 15.0 cents per litre in 1998–99 and 12.0 cents per litre in 1999–2000.

17. Where a State's actual rate of subsidy differed from the standard rate, its standardised subsidy was set equal to its actual subsidy grossed up (or down) by the ratio of its actual rate of subsidy to the standard rate. For other States, their standardised subsidy was set equal to their actual subsidy.

Importance of the category

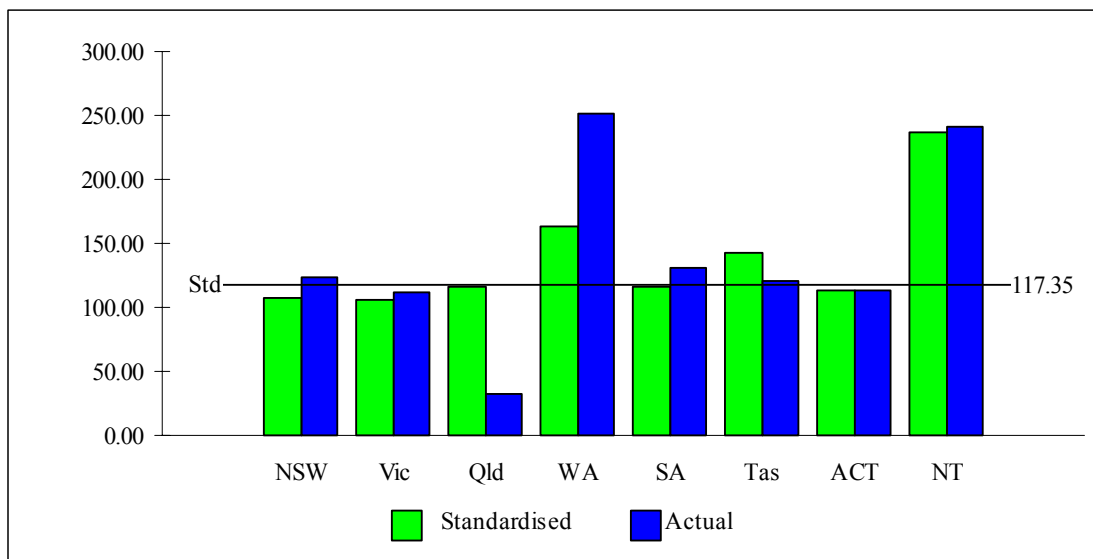
18. Table 2 shows the grant share effects of the three RRP assessments for the FAG relativities in the 2003 Update. Compared with an equal per capita distribution, the petroleum RRP's assessment redistributed \$100.5 million, the tobacco RRP's assessment \$133.2 million and the alcohol RRP's assessment \$29.3 million.

Table 2 GRANT SHARE EFFECT OF REVENUE REPLACEMENT PAYMENTS
FAG ASSESSMENTS, 2003 UPDATE

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Petroleum RRP	42.1	39.9	16.5	-77.9	1.4	-8.5	0.7	-14.1	100.5
Tobacco RRP	39.6	86.6	-37.7	-30.3	-18.8	-24.1	7.0	-22.3	133.2
Alcohol RRP	-6.2	23.3	-12.2	-5.4	5.7	0.3	0.0	-5.5	29.3
Total RRP	75.5	149.8	-33.4	-113.6	-11.7	-32.3	7.6	-41.9	232.9

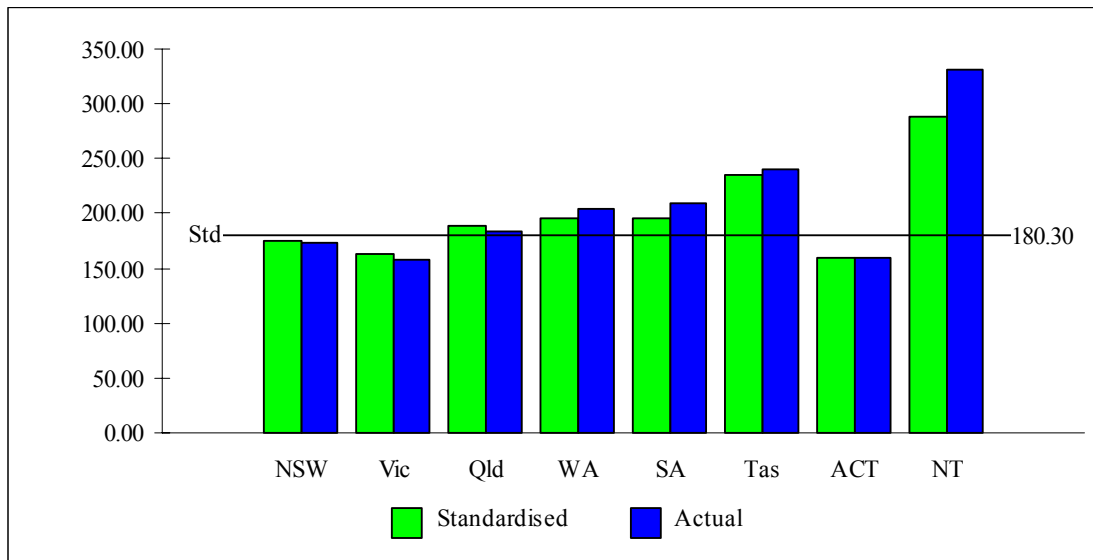
19. Figure 1 shows the assessment for petroleum RRP for the FAG relativities for the 2003 Update.

Figure 1 PETROLEUM REVENUE REPLACEMENT PAYMENTS, FAG ASSESSMENT: STANDARDISED, ACTUAL, AND STANDARD REVENUES PER CAPITA, 2001-02



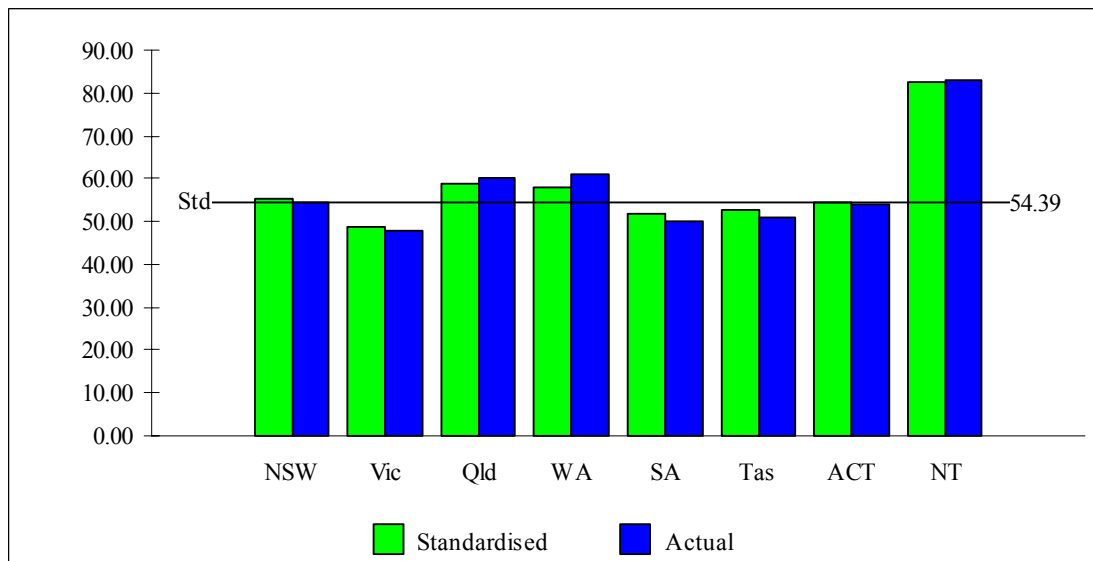
20. Figure 2 shows the assessment for tobacco RRP for the FAG relativities for the 2003 Update.

Figure 2 TOBACCO REVENUE REPLACEMENT PAYMENTS, FAG ASSESSMENT: STANDARDISED, ACTUAL, AND STANDARD REVENUES PER CAPITA, 2001-02



21. Figure 3 shows the assessment for alcohol RRs for the FAG relativities for the 2003 Update.

Figure 3 ALCOHOL REVENUE REPLACEMENT PAYMENTS, FAG ASSESSMENT: STANDARDISED, ACTUAL, AND STANDARD REVENUES PER CAPITA, 2001-02



MAJOR DEVELOPMENTS SINCE THE 1999 REVIEW

22. The major developments have been:
- the introduction of the IGA and the agreement for the Australian Government to cease making revenue replacement payments from 1 July 2001; and
 - the introduction of a National Excise Scheme for low alcohol beer from 1 July 2002.

CATEGORY DEFINITION FOR THE 2004 REVIEW

23. No State commented on the category definitions and the Commission has found no reason to change them. The three revenue replacement categories will continue to comprise:

- business franchise fees for the years up to and including 1996–97;
- ‘Section 90 safety net’ RRP’s for the years 1997–98 to 1999–2000; and
- estimates of RRP’s provided by the Australian Government Treasury since 2000–01.

ISSUES FOR THE 2004 REVIEW

Calculation of the standard rate of subsidy

24. **Preliminary State views.** Only *Victoria* commented on this issue. It said that to be consistent with other revenue assessments, the standard rate of subsidy used by the Commission to calculate the standardised cost of off-road diesel subsidies should be the average of the rates used by States rather than the common rate used by most States (the modal rate).

25. **Analysis and evaluation.** The standardised cost of the off-road diesel subsidies are currently calculated using a modal rate of subsidy. The Commission used the modal rate because it was the rate used by six of the eight States (the exceptions being Tasmania and the Northern Territory). This approach had the advantage of simplicity.

26. The Victorian proposal to use an average rate is consistent with the Commission’s general approach to using internal standards.

27. Table 3 shows the off-road diesel subsidy rates by State, the modal rate used by the Commission in the 2003 Update, the (simple) average rate and the weighted average (standard) rate proposed by Victoria. Figures are not shown for 2000–01 or 2001–02 because, as part of the tax reform arrangements, the Australian Government took responsibility for providing off-road diesel subsidies from 1 July 2000. From that time, the modal, average and standard rates of subsidy were the same.

Table 3 OFF ROAD DIESEL SUBSIDY RATES

	NSW	Vic	Qld ^(a)	WA	SA	Tas	ACT	NT	Modal rate of subsidy	Average rate of subsidy	Standard rate of subsidy
	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl
1997–98	8.100	8.100	8.100	8.100	8.100	4.990	8.100	3.100	8.100	7.086	8.032
1998–99	8.206	8.206	8.206	8.206	8.206	3.000	8.206	3.100	8.206	6.917	8.131
1999–2000	8.354	8.354	8.354	8.353	8.354	4.990	8.354	3.100	8.354	7.277	8.276

Source: State data returns.

28. Although Victoria raised this issue in relation to petroleum RRPs, it is also relevant to alcohol RRPs. The same cellar door sales rate of subsidy was applied in each State, so an adjustment is not required there, but it is for low alcohol products.

29. Table 4 shows the low alcohol product subsidy rates by State, the modal rate used by the Commission in the 2003 Update, the (simple) average rate and the weighted average (standard) rate proposed by Victoria.¹

Table 4 LOW ALCOHOL PRODUCTS SUBSIDY RATES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Modal rate of subsidy	Average rate of subsidy	Standard rate of subsidy
	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl	cpl
1997–98	15.00	15.00	2.80	6.46	15.00	15.00	15.00	15.00	15.00	12.41	13.224
1998–99	15.00	15.00	2.80	6.46	15.00	15.00	15.00	15.00	15.00	12.41	13.156
1999–2000	15.00	15.00	2.80	6.46	15.00	15.00	15.00	15.00	15.00	12.41	13.259
2000–01	12.00	12.00	2.80	5.20	12.00	13.00	12.00	8.00	12.00	9.63	10.979
2001–02	12.00	12.00	2.90	5.20	12.00	13.00	12.00	8.00	12.00	9.64	10.859

Source: State data returns.

30. **Commission decision.** The Commission accepts that calculating standardised costs of subsidies using standard rates of subsidy rate is consistent with the use of internal standards. The Commission is satisfied comparable and reasonable data are available to provide an adequate basis for calculating standard rates of subsidy. While data indicate that the impact of assessing standard rates of subsidy would be small, the change would improve equalisation by making the approach consistent with other revenue assessments. The Commission has, therefore, decided that it will:

- (i) calculate the standard rate of subsidy (for petroleum and alcohol RRP) as a weighted average of each State's actual rate of subsidy.

Calculation of the 'additional payments' component of tobacco RRP

31. **Preliminary State views.** Only *Victoria* commented on this issue.

32. Victoria said the additional payments made to some States should not be assessed by the Commission as being distributed on an EPC basis to all States. Apportioning these payments to States that did not receive them distorted the outcomes in a way that EPC did not overcome. It proposed including the additional payments in the implied revenue base for those States that actually receive such payments.

¹ The Ministerial Council agreed that a National Excise Scheme for low alcohol beer would replace State subsidy scheme from 1 July 2002. This change means States will no longer operate their own subsidy schemes from 2002–03. However, the notional costs of those schemes will continue to be a cost to them through adjustments to the Guaranteed Minimum Amount calculations for the GST assessments. Therefore, the Commission will continue to deduct each State's standardised cost of low alcohol subsidies from its estimated RRP as part of the FAG assessments. Both sets of data will be provided by the Australian Government.

33. **Analysis and evaluation.** The additional payment was made to compensate some States for their previous above standard taxes on petroleum and liquor business franchise fees. One of the consequences of introducing revenue replacement payments was that these States could no longer impose higher rates of tax on those franchise fees. Despite being related to petroleum and liquor business franchise fees, the Australian and State Governments agreed to make an adjustment for this influence within tobacco revenue replacement payments.

34. Six States received an additional share of tobacco revenue replacement payments. Table 5 shows the amounts they received in 1997–98.

Table 5 DISTRIBUTION OF THE ADDITIONAL PAYMENTS AMOUNTS IN 1997–98

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Additional payments	16.0	0.0	0.0	23.0	24.0	4.2	1.2	8.0	76.4

Source: Commonwealth Grants Commission, 1999 Working Papers, p214.

35. The Commission’s understanding of the Australian—State Government agreement was that these States should retain these amounts. During the 1999 Review, the State Heads of Treasury told the Commission that its assessment should not override their agreed distribution for this component. So for its assessments, the Commission assessed this component by the EPC method.

36. The proposal by Victoria would override the Australian—State Government agreed distribution. It would do so by increasing the assessed capacities of States which received a payment and reducing their shares of equalisation grants.

37. **Commission decision.** The Commission does not consider that a case has been established for changing the assessment of the ‘additional payments’ for tobacco RRs. In the absence of evidence demonstrating a change to Heads of Treasury agreement, the Commission is not inclined to change its assessment. The Commission has decided to:

- (i) continue to assess the ‘additional component’ of the tobacco revenue replacement payment assessment by the equal per capita method.

PROPOSED ASSESSMENT METHOD FOR THE 2004 REVIEW

38. **Petroleum RRs.** The assessment method proposed for the 2004 Review is an actual per capita assessment based on revenues for each States calculated as:

- (i) actual receipts of RRs (estimated from 2000–01 onwards);

- (ii) less the standardised cost of the subsidy for off-road diesel use. For the years prior to 2000–01, the standardised cost of the subsidy will be calculated using a weighted average of each State’s rate of subsidy.

39. Table 6 shows the calculation of the revenue base for RRP’s — Petroleum.

Table 6 REVENUE BASE FOR REVENUE REPLACEMENTS PAYMENTS — PETROLEUM

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
A: Revenue replacement payments — Petroleum									
1997–98	586.0	393.1	382.2	333.9	147.3	47.9	25.2	35.2	1950.8
1998–99	765.2	513.4	499.1	436.1	192.3	62.5	32.9	46.0	2547.4
1999–2000	771.8	517.8	503.4	439.8	194.0	63.0	33.2	46.4	2569.4
2000–01	725.1	486.5	473.0	413.2	182.2	59.2	31.2	43.5	2413.9
2001–02	854.7	573.4	557.5	487.0	214.8	69.8	36.7	51.3	2845.2
B: Standardised cost of the off-road diesel subsidy									
1997–98	90.0	40.8	133.4	130.3	28.0	1.3	0.3	13.9	438.0
1998–99	110.7	49.3	146.6	146.0	33.7	4.6	0.0	14.6	505.5
1999–2000	123.6	51.5	155.0	154.5	33.6	6.0	0.0	14.8	539.1
2000–01	118.5	49.5	106.7	148.7	32.0	1.9	0.0	3.4	460.7
2001–02	138.8	57.4	130.5	172.3	37.1	2.2	0.0	4.0	542.3
C: Revenue base = A - B									
1997–98	496.0	352.4	248.8	203.6	119.2	46.6	24.9	21.3	1512.8
1998–99	654.6	464.1	352.5	290.1	158.6	57.9	32.9	31.4	2041.9
1999–2000	648.2	466.3	348.4	285.4	160.3	57.0	33.1	31.5	2030.3
2000–01	606.6	437.0	366.2	264.5	150.2	57.3	31.2	40.1	1953.2
2001–02	715.9	516.0	427.0	314.7	177.7	67.6	36.7	47.3	2302.9

40. **Tobacco RRP’s.** The assessment method proposed for the 2004 Review has not changed. Consequently, draft assessment results are not shown for this category as they remain the same as those in the 2003 Update.

41. **Alcohol RRP’s.** The assessment method proposed for the 2004 Review is an actual per capita assessment based on revenues for each States calculated as:

- (i) actual receipts of RRP’s (estimated from 2000–01 onwards);
- (ii) less the standardised cost of the subsidy for cellar door sales;

- (iii) less the standardised cost of the subsidy for low alcohol products. For the years prior to 2002–03, the standardised cost of the subsidy will be calculated using a weighted average of each State’s rate of subsidy.

42. Table 7 shows the calculation of the revenue base for RRP — Alcohol.

Table 7 REVENUE BASE FOR REVENUE REPLACEMENTS PAYMENTS — ALCOHOL

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
A: Revenue replacement payments — Alcohol									
1997–98	260.3	172.0	148.7	85.8	60.5	18.6	12.1	12.1	770.1
1998–99	334.9	221.3	191.4	110.5	77.9	23.9	15.5	15.5	990.9
1999–2000	347.3	229.5	198.5	114.6	80.8	24.8	16.1	16.1	1027.7
2000–01	324.1	214.2	185.2	106.9	75.4	23.2	15.0	15.0	959.0
2001–02	389.6	257.4	222.6	128.5	90.6	27.8	18.1	18.1	1152.7
B: Standard cost of the subsidy for cellar door sales									
1997–98	1.8	3.9	0.0	1.4	6.8	0.2	0.0	0.0	14.2
1998–99	2.8	4.6	0.0	2.1	10.0	0.4	0.0	0.0	19.8
1999–2000	3.2	4.5	0.0	2.6	8.8	0.4	0.0	0.0	19.6
2000–01	4.0	4.4	0.7	2.3	6.3	0.4	0.0	0.0	18.2
2001–02	4.8	5.5	0.0	3.8	7.5	0.6	0.0	0.0	22.3
C: Standardised cost of the subsidy for low alcohol products									
1997–98	15.2	11.7	12.7	11.9	3.8	1.1	0.6	1.0	58.0
1998–99	19.8	14.4	19.0	14.1	4.6	1.3	0.9	1.1	75.2
1999–2000	22.2	15.3	19.0	14.2	4.6	1.3	0.7	0.9	78.2
2000–01	24.5	15.2	5.1	14.8	4.7	1.7	0.6	1.4	67.9
2001–02	20.5	17.9	8.1	15.3	5.2	2.6	0.6	1.8	72.0
D: Revenue base = A – B – C									
1997–98	243.2	156.4	136.0	72.5	49.9	17.3	11.5	11.1	697.9
1998–99	312.3	202.3	172.4	94.2	63.3	22.3	14.7	14.4	895.9
1999–2000	322.0	209.7	179.5	97.8	67.3	23.1	15.4	15.2	930.0
2000–01	295.7	194.5	179.5	89.8	64.3	21.0	14.5	13.6	872.9
2001–02	364.3	234.0	214.5	109.4	77.9	24.5	17.5	16.3	1058.5

2004 REVIEW DRAFT CALCULATIONS

Grant share effects

43. ***Petroleum RRP*s.** Table 8 compares the assessments for the 2003 Update and the 2004 Review draft assessment.

Table 8 GRANT SHARE EFFECT OF THE PROPOSED METHOD OF ASSESSMENT, PETROLEUM RRPS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2003 Update	42.1	39.9	16.5	-77.9	1.4	-8.5	0.7	-14.1	100.5
2004 Review Draft Assessment	42.4	40.2	16.1	-78.3	1.4	-8.4	0.7	-14.2	100.9
Change	0.3	0.3	-0.3	-0.4	0.0	0.1	0.0	0.0	0.4

44. The change is due to the change in the method of calculating the standard subsidy rate. In the 2003 Update the Commission used a modal rate, in the 2004 Review it will use a weighted average rate.

45. ***Tobacco RRP*s.** The assessment method proposed for the 2004 Review has not changed. Consequently, there are no grant share implications for this category.

46. ***Alcohol RRP*s.** Table 9 compares the assessments for the 2003 Update and the 2004 Review draft assessment.

Table 9 GRANT SHARE EFFECT OF THE PROPOSED METHOD OF ASSESSMENT, ALCOHOL RRPS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2003 Update	-6.2	23.3	-12.2	-5.4	5.7	0.3	0.0	-5.5	29.3
2004 Review Draft Assessment	-5.7	23.4	-12.2	-6.3	5.8	0.4	0.0	-5.5	29.6
Change	0.6	0.1	0.0	-0.9	0.1	0.0	0.1	0.0	0.3

47. The change is due to the change in the method of calculating the standard subsidy rate. In the 2003 Update the Commission used a modal rate, in the 2004 Review it will use a weighted average rate.

Revenue raising capacity ratios

48. Table 10 compares the revenue raising capacity ratios for 2001–02 for the 2003 Update with the 2004 Review draft assessment for each of the three RRP categories.

Table 10 REVENUE RAISING CAPACITY RATIOS, 2001–02

	Standard	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Petroleum RRP									
2003 Update	0.9174	0.9046	0.9900	1.3963	0.9958	1.2159	0.9680	2.0134	1.0000
2004 Review Draft	0.9174	0.9046	0.9900	1.3963	0.9958	1.2159	0.9680	2.0134	1.0000
Tobacco RRP									
2003 Update	0.9688	0.9059	1.0437	1.0808	1.0814	1.3033	0.8858	1.5952	1.0000
2004 Review Draft	0.9688	0.9059	1.0437	1.0808	1.0814	1.3033	0.8858	1.5952	1.0000
Alcohol RRP									
2003 Update	1.0171	0.8919	1.0859	1.0484	0.9502	0.9561	1.0072	1.4981	1.0000
2004 Review Draft	1.0158	0.8926	1.0824	1.0564	0.9500	0.9601	1.0037	1.5054	1.0000

Standardised revenue

49. **Petroleum RRPs.** Table 11 compares the assessments in per capita terms for 2001–02 for the 2003 Update with the 2004 Review draft assessment. There are no differences because the change to the method of calculating standard rates of subsidies does not affect the 2001–02 year.

Table 11 ACTUAL AND STANDARDISED REVENUE 2001–02 (FAG)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Standard
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenue									
2003 Update	123.04	111.45	32.22	251.71	130.80	120.97	113.74	240.45	117.35
2004 Review Draft	123.04	111.45	32.22	251.71	130.80	120.97	113.74	240.45	117.35
Standardised revenue									
2003 Update	107.66	106.15	116.18	163.85	116.86	142.68	113.59	236.27	117.35
2004 Review Draft	107.66	106.15	116.18	163.85	116.86	142.68	113.59	236.27	117.35

50. **Tobacco RRPs.** Table 12 compares the assessments in per capita terms for 2001–02 for the 2003 Update with the 2004 Review draft assessment. There are no differences because the assessment method proposed for the 2004 Review has not changed.

Table 12 ACTUAL AND STANDARDISED REVENUE 2001–02 (FAG)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT Standard	
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenue									
2003 Update	172.90	158.68	183.55	204.46	209.13	240.92	159.61	330.60	180.30
2004 Review Draft	172.90	158.68	183.55	204.46	209.13	240.92	159.61	330.60	180.30
Standardised revenue									
2003 Update	174.67	163.33	188.18	194.86	194.98	234.98	159.71	287.61	180.30
2004 Review Draft	174.67	163.33	188.18	194.86	194.98	234.98	159.71	287.61	180.30

51. *Alcohol RRP*s. Table 13 compares the assessments in per capita terms for 2001–02 for the 2003 Update with the 2004 Review draft assessment for both the FAG and GST relativities. The differences are due to the change in the method of calculating the standard rate of subsidy.

Table 13 ACTUAL AND STANDARDISED REVENUE 2001–02 (FAG)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT Standard	
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenue									
2003 Update	54.53	47.82	60.06	61.20	49.99	50.75	54.00	82.82	54.39
2004 Review Draft	54.53	47.82	60.06	61.20	49.99	50.75	54.00	82.82	54.39
Standardised revenue									
2003 Update	55.32	48.51	59.06	57.02	51.68	52.00	54.78	81.48	54.39
2004 Review Draft	55.25	48.55	58.87	57.46	51.67	52.22	54.59	81.88	54.39

Reality check

52. Other than the change in the method of calculating the standard subsidy, there has been no change to the assessments.

Updateability

53. The proposed revenue base for the three RRP's uses the Australian Government Treasury data for both estimates of RRP's and estimates of the level of subsidy for off road diesel use and low alcohol products. Data on the subsidy for cellar door sales will be sought from the States.