




Australian Government
Commonwealth Grants Commission

2025 Methodology Review

Commission's position on approach
and work program

April 2023

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2025 Methodology Review

Overview of proposed phases and consultation

Phase 1 (February 2023–early June 2023)

- discussion paper on the proposed approach and draft work program
- online meeting between states and territories (states) and the Commission to launch the review
- position paper on approach and work program (this paper)
- discussion paper on fiscal equalisation, supporting principles and assessment guidelines

Phase 2 (mid-June 2023–October 2023)

- progressive release of first tranche of consultation papers on assessment methods
- the Commission meets with each state on the case for changes in methods between reviews

Phase 3 (October 2023–May 2024)

- progressive release of second tranche of consultation papers on assessment methods
- consultation paper on changes in methods between reviews

Phase 4 (June 2024–September 2024)

- release of Draft Report

Phase 5 (October 2024–February 2025)

- paper on new issues for the 2025–26 GST relativities, in particular to consider the treatment of new Commonwealth payments
- paper on changes since Draft Report
- release of Final Report to the Commonwealth and states

Post-Review

- release of Final Report to the public
- evaluation of the review process

States are welcome to meet with the Commission at any point during the review.

Background

- 1 On 14 February 2023, the Commonwealth Grants Commission (the Commission) distributed a discussion paper outlining its proposed approach and work program for the 2025 Methodology Review (the 2025 Review) to the states and territories (states) and the Commonwealth Treasury. This was in response to the terms of reference (refer to [Attachment A](#)) released to the Commission on 9 February 2023.
- 2 Commissioners held a multilateral meeting with states on 15 March 2023 to launch the 2025 Review and discuss the way forward.
- 3 The Commission received submissions on the proposed approach and work program from seven of eight states. It published submissions on its website on 21 April 2023.
- 4 The Commission has finalised its approach and work program for the 2025 Review, carefully considering state views.
- 5 A summary of key issues raised by states, and Commission positions are at [Attachment B](#).

Approach to the 2025 Methodology Review

- 6 On 9 February 2023, the Commonwealth Treasurer issued [terms of reference](#) (refer [Attachment A](#)) for the Commission to:
 - Review and report on the methodological approach used to calculate the GST revenue sharing relativities from 2025–26 (the 2025 Review).
 - Report on the recommended GST revenue sharing relativities to be used to distribute GST revenue among the states in 2025–26.
 - Consider if there is a case for the Commission to be given the flexibility to consider alternative methods in cases where there is a significant unanticipated shock (such as a pandemic) or where major policy reforms are enacted in between reviews.
- 7 The Commission’s 2 key objectives for the 2025 Review are:
 - close consultation with states, so that they can:
 - provide their views on the appropriateness of assessment methods
 - make the case for changes they consider necessary, and
 - have input into, and understand, Commission decisions.
 - both the Commonwealth and the states having confidence that following the 2025 Review, the overall approach to measuring state fiscal capacities is sound, and all assessment methods are appropriate, rigorous, and draw upon high quality, fit for purpose data.

Scope of the review

- 8 Noting the 5 yearly cycle of methodology reviews, the 2025 Review will consider the appropriateness of all the Commission’s assessment methods, rather than only considering a limited set.

- 9 The terms of reference state that the 2025 Review does not include examining the arrangements for GST distribution legislated by the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of the GST) Act 2018*.
- 10 Alternative approaches to GST distribution that are inconsistent with the objective of horizontal fiscal equalisation are outside the scope of the review. For example, a proposal for the GST pool to be distributed entirely on an equal per capita basis, with fiscal equalisation being achieved through other means, would be outside the review's terms of reference.
- 11 The definition of horizontal fiscal equalisation is discussed in the Commission's paper on fiscal equalisation, supporting principles and assessment guidelines.

Framework

- 12 The Commission will use the 2020 Review as the starting point for the 2025 Review. This is predicated on the shared understanding between the Commission and states that, due to the 24 month timeframe, this review will need to be focused and efficient. Furthermore, the Commission will have to explain any change in assessment methods compared with those coming from the 2020 Review. This will invariably require a focus on developments since the 2020 Review that has led to a change in assessment methods.
- 13 As noted above, the Commission is looking to ensure that all assessment methods are appropriate, rigorous, and draw upon high quality fit for purpose data. This includes:
 - responding to changes in the environment in which states operate
 - taking advantage of new sources of data or improved analytical methods, and
 - consideration of new proposals and ideas for improvements in assessment methods.
- 14 However, the Commission is mindful of using the time available for the review as efficiently as possible.
- 15 With these considerations in mind, the Commission will apply a consistent framework when reviewing supporting principles and assessment methods. The framework will be the basis for assessing whether there is a case for change that requires further examination through the review process.
- 16 The framework starts with the question 'what has changed since the 2020 Review, and what is an appropriate response?' The thrust of the framework is to identify if experience with the application of assessment methods or other developments since the 2020 Review have:
 - brought into question the suitability of the existing principles or assessment methods, or
 - identified potential improvements to the existing supporting principles or assessment methods.
- 17 The Commission's intention is that this approach will allow the review to be comprehensive, responsive, efficient, consistent and rigorous.
- 18 The following are some ways in which relevant circumstances may have changed since the 2020 Review, such that a change to a supporting principle or assessment method may be warranted:
 - changes in what states do

- changes in data availability or quality, or new statistical methods
 - the experience of an assessment method’s implementation since the 2020 Review (if a state considers an assessment method from the 2020 Review could be improved, then it should be able to provide recent evidence to support this, along with outlining a more suitable assessment method)
 - relevant changes to the review terms of reference, for example, the 2025 Review terms of reference allow consideration of the mining assessment, and
 - the proposal of new ideas or approaches that the Commission has not previously considered.
- 19 The Commission will also meet commitments made during the 2020 Review where the examination of a specific issue was deferred to the 2025 Review.

Applying the framework to supporting principles

- 20 Since the 2015 Review, the Commission has used 4 supporting principles to guide its approach to designing methods for assessing the fiscal capacities of states. These are:
- what states do
 - policy neutrality
 - practicality, and
 - contemporaneity.
- 21 The 2025 Review will consider if experience or developments since the 2020 Review suggest that a change to the supporting principles is warranted. Example questions that are relevant to making a case for a change to the supporting principles include:
- Are rapid changes in state circumstances becoming more common? Would this raise new challenges for achieving contemporaneity?
 - Are the right settings in place to ensure revenue assessments are policy neutral in the context of potential reforms to states’ revenue bases?
- 22 Similarly, the Commission will also consider developments that might indicate that the assessment guidelines should be changed, including new ideas and proposals raised by the states. For example, it may be appropriate to adjust materiality thresholds to ensure simplicity benefits are not eroded.
- 23 The Commission will clarify its views on the supporting principles and assessment guidelines before states make submissions on assessment methods. However, it may be appropriate to revisit these issues as assessment methods are considered throughout the course of the review. Any subsequent changes in the Commission’s approach to the supporting principles and guidelines will be incorporated in the Draft Report.

Applying the framework to assessment methods

- 24 The Commission intends to review all assessment methods. If experience or developments since the 2020 Review call into question the appropriateness of an assessment method, the Commission will explore this thoroughly and determine whether the method can be improved. This might include:
- incorporating different analytical techniques or underlying drivers

- using alternative datasets, or
 - revising the number of components within a method.
- 25 Similarly, if states identify developments that suggest an assessment method is no longer appropriate, they should also identify an alternative approach or ways the existing method could be improved.
- 26 Alternative approaches would be tested against the assessment guidelines, which currently consider whether:
- a conceptual case for the driver exists and is supported by evidence
 - a reliable method can be devised that is conceptually rigorous and implementable
 - the method can be supported by data that are fit for purpose and of suitable quality. The new assessment method outcome would also need to be material.¹
- 27 The Commission will also examine whether current methods meet materiality guidelines, and that the most up-to-date data are being used. Examples of possible changes to existing assessment methods include:
- combining expenses/revenues into a single component where it is not material to assess them separately, and
 - updating data to inform cost and/or use rates that were calculated in the 2020 Review and fixed for the period of that review.
- 28 Identifying a case for changing an assessment method does not mean that the method will be changed. If a better alternative approach cannot be identified, the Commission may decide to maintain or adjust its current approach.

Work Program for the 2025 Review

- 29 The Commission aims to conduct a comprehensive, efficient, and consistent review of its supporting principles and all assessment methods in close consultation with the states.

State engagement

- 30 The Commission is committed to ensuring all states have sufficient opportunity to engage with the review. The aim is to enable states to convey their views comprehensively, and better understand the basis for the Commission's decisions.
- 31 The Commission welcomes opportunities to meet with each state during the Review. Meetings with the Commission would be in addition to the ongoing discussions states have with Commission staff. While most bilateral meetings with the Commission and staff will be conducted online, the Commission plans to visit each state once, and will endeavour to align each visit with that state's preferred timing.

¹ Materiality thresholds represent a minimum change to the redistribution from an equal per capita assessment of a revenue or expense before the Commission will recognise a driver. In the 2020 Review, a driver was considered material if it redistributed more than \$35 per capita for any state, across all categories (noting that the appropriateness of existing materiality thresholds will be considered in the Review).

Timing and composition of tranches

- 32 To spread the workload, the Commission has allocated all assessments to one of two tranches ([Attachment C](#)), with consultation papers to be released progressively in June 2023 (tranche 1) and October 2023 (tranche 2). The majority of complex assessments have been included in tranche 1, ensuring that their consideration can commence as early as possible.
- 33 In response to state comments, the Commission has increased the time available to states to respond to consultation papers in each tranche. The Commission is aware that the timing is still tight but has sought to balance time for states to comment with time for the Commission to consider the issues and state comments, along with preparing the Draft Report. The Commission notes the importance of states meeting the due dates for comments on assessment papers. This provides sufficient time for the Commission to thoroughly consider and incorporate state views in the Draft Report.
- 34 Given the time available for the review, the Commission is not planning to commission a consultancy into tax elasticities. The Commission may revisit the benefits of a consultancy if a state was to introduce a policy change that has a material effect on its tax base.
- 35 In response to state comments, the Commission has moved consultation on the payroll assessment from tranche 1 to tranche 2. This will give states more time to consider the remaining tranche 1 assessments. It will also allow for consultation with the Australian Bureau of Statistics on the suitability of data from the Business Longitudinal Analysis Data Environment (BLADE), which is an important input to the Commission's measure of states' capacities to raise payroll tax. These changes are reflected in [Attachment C](#).

Considering changes in method between reviews

- 36 The terms of reference ask the Commission to consider if there is a case for it to be given the flexibility to consider changes to assessment methods between reviews in cases where there is a significant, unanticipated shock (such as a pandemic) or where major policy reforms are enacted.
- 37 The Commission will hold bilateral meetings with states in the second half of 2023, which will provide an opportunity for a general discussion on the purpose, benefits and risks of method changes between reviews.
- 38 The Commission will issue a consultation paper drawing on the views raised in the meetings with the states, alongside the tranche 2 consultation papers.
- 39 The revised 2025 Review work program follows.

2025 Review: work program

Shading in the work program below represents the review's phases

Date	Event
2023	
9 February	Terms of reference received.
14 February	Commission issues a paper seeking views from the states and Commonwealth Treasury on its proposed approach and work program.
15 March	Online multilateral meeting between the Commission and the states to launch the review.
22 March	State submissions on the proposed approach and work program are due.
21 April	Commission finalises and releases the approach and work program. Commission issues a paper seeking state views on fiscal equalisation, supporting principles and assessment guidelines.
19 May	State submissions on fiscal equalisation, supporting principles and assessment guidelines paper are due. Each state is invited to advise its timing preference for a Commission visit for a bilateral meeting in either 2023 or 2024.*
9 June	Commission releases its view on fiscal equalisation, supporting principles and assessment guidelines.
13 to 30 June	Commission progressively issues tranche 1 of assessment consultation papers to states with all papers released by 30 June.
July to September	Commission holds bilateral online meetings with states on the case for changes in method between reviews
13 October	State submissions on tranche 1 papers are due.
6 to 31 October	Commission progressively issues tranche 2 of assessment consultation papers to states with all papers released by 31 October 2023. Commission issues a consultation paper on the case for changes in method between reviews.
2024	
March	State submissions due on tranche 2 papers, and the case for changes in method between reviews.
June	Commission issues Draft Report to states.
August	State submissions on Draft Report are due.
October	Commission issues a paper on New Issues for 2025–26 GST relativities, in particular to consider treatment of new Commonwealth payments.
November	State submissions on New Issues paper are due. Commission issues a paper seeking state views on changes since the Draft Report.
December	State submissions on changes since the Draft Report are due.
2025	
28 February	Release of Final Report (and supporting information) to the Commonwealth and states.
14 March	Public release of Final Report.
May	Commission issues a paper seeking state views on the review process.
June	State submissions on the review process are due.

Notes:

- This table does not include discussions between Commission staff and state treasury officers. These will be ongoing and scheduled to accommodate state preferences. Similarly, bilateral training for state treasury officers on current principles and methods will continue to be available. They will be scheduled and tailored according to state needs.
- Timing of the proposed work program is indicative, and subject to change if required.

*States will be invited to nominate a preference for the timing of the Commission in-person visit during the review process.

Conclusion

- 40 The Commission has focused on the importance of facilitating effective consultation with states and ensuring the supporting principles and resulting assessment methods are rigorous, by:
- leveraging technology to allow multiple direct conversations with the Commission
 - leveraging state expertise
 - allocating sufficient time to all aspects of the review (consultation, analysis, explanation, assessment design and build, and calculation), and
 - using current supporting principles and assessment methods as the starting point, with the focus on those assessments where developments since the 2020 Review indicate there is a case for change.

Attachment A – Terms of Reference



THE HON JIM CHALMERS MP
TREASURER

09 FEB 2023

Ref: MS23-000149

Mr Michael Callaghan AM PSM
Chairperson
Commonwealth Grants Commission
GPO Box 1899
CANBERRA ACT 2601

Dear Mr Callaghan

I am writing to you to convey the enclosed terms of reference for the Commonwealth Grants Commission's *2023 Update of GST Revenue Sharing Relativities (2023 Update)* and *Report on GST Revenue Sharing Relativities 2025 Review (2025 Methodology Review)*.

The terms of reference for the 2023 Update require the Commission to report by 14 March 2023, with an embargoed copy of the report to be provided to the Commonwealth and the states and territories by 28 February 2023.

The terms of reference for the 2025 Methodology Review require the Commission to undertake a review of the methodologies underpinning its calculation of the GST relativities, with a draft report due in 2024. The final report for the review should be provided to the Commonwealth and the states and territories by 28 February 2025 and be released publicly on 14 March 2025.

Yours sincerely

A blue ink handwritten signature, appearing to be 'J. Chalmers', written in a cursive style.

The Hon Jim Chalmers MP

Enc Terms of references for the 2023 Update and the 2025 Methodology Review

Terms of Reference for the 2025 Methodology Review
COMMONWEALTH GRANTS COMMISSION ACT 1973

I, Jim Chalmers, Treasurer, pursuant to sections 16, 16A, 16AA and 16 AB of the *Commonwealth Grants Commission Act 1973*, refer to the Commission for inquiry into and report upon:

- a) the methodological approach used to calculate the GST revenue sharing relativities to distribute GST revenue among the states, the Northern Territory and the Australian Capital Territory (the states) from 2025-26 (*Methodology Review*); and
- b) the recommended GST revenue sharing relativities to be used to distribute GST revenue among the states in 2025-26.

Methodology Review

2. The Commission should undertake a review of the methods that underlie its assessments to calculate the GST revenue sharing relativities used to distribute GST revenue among the states.
3. The Commission will consult with the Commonwealth and the states on:
 - a) the development of a work program for the methodology review, including the provision of a draft report in 2024; and
 - b) any substantive changes to the revised methodology following the draft report.
4. The outcome of the review will be a revised methodology for calculating the GST revenue sharing relativities, which the Commission will apply to its assessments of GST relativities from 2025-26. The revised methodology should be described in the final report for this inquiry.
5. In undertaking the review, the Commission should take into account the *Intergovernmental Agreement* as defined under the *Federal Financial Relations Act 2009*, which provides that GST revenue will be distributed among the states in accordance with the principle of horizontal fiscal equalisation.
6. The Commission should also consider if there is a case for the Commission to be given the flexibility to consider alternative methods in cases where there is a significant unanticipated shock (such as a pandemic) or where major policy reforms are enacted in between reviews.
7. The scope of this inquiry does not include examining the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of the GST) Act 2018*.
8. In reviewing the methodology underlying its assessments, the Commission should:
 - a) aim to have assessments that are simple and consistent with the quality and fitness for purpose of the available data;
 - b) use the latest available data consistent with this; and
 - c) ensure robust quality assurance processes.

9. In reviewing the methodology underlying its assessments, the Commission should treat Commonwealth payments to the states as follows:
- a) National Specific Purpose Payments (NSPPs), National Health Reform (NHR) funding, National Housing and Homelessness funding, Quality Schools funding (for government schools) and National Partnership project payments should affect the relativities, recognising that these payments provide the state with budget support for providing standard state services.
 - (i) NHR funding and corresponding expenditure relating to the provision of cross border services to the residents of other states should be allocated to states on the basis of residence.
 - b) National Partnership facilitation and reward payments should not affect the relativities, so that any benefit to a state from achieving specified outputs sought by the Commonwealth, or through implementing reforms, will not be redistributed to other states through the horizontal fiscal equalisation process.
 - c) General revenue assistance, excluding GST payments, will affect the relativities, recognising that these payments are available to provide untied general budget support to a state.
 - d) Notwithstanding subparagraphs 9(a) – (c), the Commission may determine that it is appropriate for particular payments to be treated differently, reflecting the nature of the particular payment and the role of the state governments in providing particular services.
 - e) Those payments which, prior to its assessment of the 2025-26 relativities, the Commission had been directed to treat as having no direct influence on the relativities, including payments for which the Commission has been directed to apply a 50 per cent discount, should continue to be treated in that way. Where those payments are replaced, the treatment of the new payment should be guided by subparagraphs 9(a) – (d), unless otherwise directed.

GST relativities for 2025-26

10. The Commission should undertake an assessment of the GST revenue sharing relativities recommended to be used to distribute GST revenue among the states in 2025-26, consistent with the objective in subsection 16AB(2) of the Act, the transitional proportions in subsection 16AB(3) of the Act, the GST revenue sharing relativity factor in subsection 8(2B) of the *Federal Financial Relations Act 2009* and the pool top-ups for a payment year as outlined in section 8A of the *Federal Financial Relations Act 2009*.
- a) The Commission's assessment should be based on the assessment years 2021-22 to 2023-24 inclusive.
 - b) To assist in ensuring that each state and territory will get the better of the current or the former GST distribution, the Commission should also provide relativities that would have applied if the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of the GST) Act 2018* had not been enacted.
11. This assessment should be made on the basis of the revised methodology from the Commission's review of its methodological approach.

12. The Commission will provide the final report for this inquiry, including both the revised methodology and the recommended GST revenue sharing relativities for 2025-26, under embargo, to the Commonwealth and the states by 28 February 2025. The Commission should release the report publicly on 14 March 2025.
13. The Commission will consult regularly with the Commonwealth and the states as it considers these terms of reference.
14. Supplementary terms of reference may be provided prior to finalisation of the inquiry outcomes.



DR JIM CHALMERS

9 / 2 / 2023

Attachment B – Summary of state responses

Proposed approach

New South Wales, Tasmania, the ACT and the Northern Territory generally supported the Commission’s proposal to use the 2020 Review as the starting point and look to developments since then to identify whether changes to supporting principles and assessment methods are warranted.

New South Wales strongly supported the framework, noting that it provides a consistent starting point and focuses attention on new evidence. Tasmania and the ACT supported the efficiency of the proposed approach, noting the available time for the review. The Northern Territory was broadly supportive of the framework.

Victoria, Queensland and Western Australia did not support the framework.

Victoria said that limiting the scope to changes since the 2020 Review would restrict states from raising inherent issues with parts of the methodology due to a timing issue or lack of change since the 2020 Review. Queensland expressed a similar view, articulating that other circumstances could justify changing an assessment.

Western Australia said that methodology reviews should be comprehensive and that unresolved issues from a previous review need to be reassessed. It noted that the Commission had indicated at the end of the 2020 Review that it would reconsider some assessments in the next review.

Commission position

The Commission notes that 4 of the 7 states responding to the consultation paper support the proposed approach to the review. The Commission has clarified that the appropriateness of all assessment methods will be covered in the review, and this will include considering the experience with the application of a supporting principle or assessment method since the 2020 Review. The 2020 Review will also consider whether there are new analytical tools, data and/or proposals that will improve principles or methods. This is relevant since the Commission will have to explain what has led to any change in assessment method coming from the 2020 Review. The Commission has clarified that it will meet commitments made in the 2020 Review to reconsider issues in the 2025 Review.

Work Program

Timing and composition of tranches

Western Australia was generally comfortable with the timing and allocation to tranches for the 2025 Review. Tasmania and the ACT were broadly supportive but also open to altering the work program.

Several states expressed concern about the timing and composition of tranches, particularly that tranche 1 was shorter than tranche 2. States further noted that tranche 1 included more assessments, and more complex assessments, despite the shorter timeframe.

New South Wales was supportive of the staged release of consultation papers but noted that tranche 1 includes the most substantial assessments, although is shorter than tranche 2. New South Wales suggested tranche 1 could be extended by one month, and tranche 2 reduced by one month. Queensland also suggested tranche 1 be extended by one month.

Victoria suggested the duration of both tranches be extended to at least 6 months and states consulted to rebalance complex topics between the tranches. Alternatively, Victoria proposed to split categories into multiple tranches to assist states to smooth workloads across the 2025 Review.

The Northern Territory said that tranche 1 timing is compressed and that tranche 1 contains more complex assessments. The Northern Territory suggested moving some categories from tranche 1 to tranche 2 or creating additional tranches.

Commission position

The Commission notes that the review work program and timeline aim to achieve a balance between providing sufficient time for states to consider the issues and prepare submissions, with the time the Commission will require to consider the issues, state views and prepare the Draft Report.

In response to state views, the Commission has adjusted the work program to give states more time to respond to tranches 1 and 2. These adjustments include *progressively* issuing consultation papers within each tranche and extending the due date for state submissions on tranche 1 papers by 2 weeks.

Supplementary or late submissions

Four states suggested flexibility in relation to supplementary or late submissions.

New South Wales requested the Commission allow adjustments to tranche 1 submissions after they are submitted, up until tranche 2 submissions are made, to allow for a cohesive narrative across all assessments.

Victoria suggested allowances for states to make supplementary submissions on assessment categories, as well as the opportunity for extensions and renegotiation of timelines for submissions.

The ACT suggested supplementary papers be allowed following the in-person meetings with states for issues that arise in these discussions.

The Northern Territory requested an extension on tranche 1 submissions to accommodate the timing of 2021 Census sociodemographic First Nations population data (expected release 31 August 2023).

Commission position

As noted, the work program and timeline seek to balance sufficient time for the states to provide comments with the time the Commission requires to consider state views in preparing the Draft Report.

While state submissions received after due dates (but prior to the Draft Report) will be accepted, the opportunity to influence the Commission's consideration of an issue, including follow up consultations with the state, will diminish.

Consultation on 'changes in method between reviews'

Some states raised concerns about the timing of the bilateral meetings on the case for changes in methods between reviews and the release of the consultation paper on the issue, noting they occur at the same time as the states are preparing submissions on tranche 1 assessments.

Victoria requested the consultation paper be delayed until all the assessment papers have been reviewed. The ACT supported the proposed bilateral meetings, however noted that the proposed timing would overlap with the period states will be compiling tranche 1 responses. The ACT requested the Commission move the bilateral meetings in July 2023 to September/October 2023.

New South Wales requested the Commission include the due date for responses to the 'changes in method between reviews' consultation paper. Queensland welcomed the opportunity to share its views on this issue and requested the date for state submissions to the paper be added to the work program.

Commission position

The Commission has adjusted the work program to allow for bilateral meetings on the case for changes in methods between reviews to take place between July and September 2023. The consultation paper will be released in October 2023, at the same time as tranche 2 papers. Relevant dates have been added to the work program.

Other issues

All states welcomed the opportunity to host visits from the Commission and several states provided their preferred timing. Commission staff will engage directly with states in relation to the timing of these visits.

States made several other suggestions related to the proposed approach and work program. These include but are not limited to:

- suggestions for a response template for state submissions,
- a request for training on current assessment methods,
- a request to identify areas where the Commission believes change is likely,
- and a request for information on how innovative data and analytical tools will be used.

Commission staff will respond to these suggestions through discussions with state counterparts.

Attachment C: Allocation of assessment methods to tranches

Tranche 1		
Revenue	Expenses	Other
Land tax	Schools	Commonwealth payments
Stamp duty on conveyances	Post-secondary education	Wages
Insurance tax	Health	Socio-economic status
Motor tax	Services to communities	
Mining revenue	Justice	
	Transport	
	Native title and land rights	

Note: 'Other' column includes Commonwealth payments, capital, common factors and revenue/ expense projects.

Tranche 2		
Revenue	Expenses	Other
Other revenue	Housing	Investment
Payroll tax	Welfare	Net borrowing
	Roads	Regional costs/remoteness
	Services to industry	Adjusted budget
	Other expenses – service expenses	
	Natural disaster relief	
	Administrative scale	
	National capital	

Note: 'Other' column includes Commonwealth payments, capital, common factors and revenue/ expense projects.