

Appendix A Payments to States and Territories under the National Competition Policy 1999-2000

Under the Agreement to Implement the National Competition Policy and Related Reforms, the Commonwealth is to provide payments to States and Territories that make satisfactory progress with the implementation of National Competition Policy and the related reforms in electricity, gas, water and road transport.

There are two components to the payments. The per capita growth in the Financial Assistance Grants (FAGs) pool available to each State and Territory is an indexed amount, based on weighted population shares, as determined by the per capita relativities recommended by the Commonwealth Grants Commission. The other component is the Competition Payment. The payments are made in three tranches, commencing in 1997-98, 1999-2000 and 2001-02. The annual Competition Payment under each tranche will be, in total, \$200 million, \$400 million and \$600 million (in 1994-95 prices) per year in the tranches, respectively. The Competition Payment is indexed annually to maintain its real value over time.

Total payments available to States and Territories in 1999-2000 for satisfactorily progressing competition reform obligations are estimated to be around \$641 million, comprising a per capita growth in FAGs element of some \$439 million and Competition Payments of almost \$202 million. The estimated maximum amount which could be received by each State and Territory is shown below.

Table A1 Maximum payments to States and Territories under the National Competition Policy, 1999-2000 (\$ million)

	Competition Payment	Per capita growth in FAGs pool	Total
New South Wales	148.4	61.2	209.7
Victoria	109.1	43.1	152.2
Queensland	81.4	37.6	119.1
Western Australia	43.3	18.8	62.1
South Australia	34.5	19.1	53.6
Tasmania	10.8	8.0	18.8
ACT	7.2	3.6	10.8
Northern Territory	4.5	10.0	14.5
Total	439.1	201.5	640.6

Note columns and rows may not total due to rounding.

Source: Commonwealth Treasury