



**NORTHERN TERRITORY VIEWS ON
STAFF DISCUSSION PAPER CGC 2008/19-S**

NEW ISSUES FOR THE 2009 UPDATE

SEPTEMBER 2008

**COMMONWEALTH GRANTS COMMISSION
GENERAL REVENUE GRANT RELATIVITIES
2009 UPDATE**

The following submission represents the Northern Territory's views on those issues raised in the Staff Discussion Paper *New Issues for the 2009 Update*.

Reform in Commonwealth State Financial Relations

Given that these issues remain subject to consideration by the Council of Australian Governments (COAG), the Territory is unable to comment on this matter at this time. The Territory will make a supplementary submission once arrangements have been clarified if needed.

Treatment of New Specific Purpose Payments Commenced in 2007-08

The Territory agrees with the Commission's proposed treatment of each Specific Purpose Payment (SPP) outlined in the discussion paper. The proposed treatments are consistent with the 2004 Review SPP guidelines outlined in Attachment A.

The Territory supports the treatment by inclusion of the first two tranches of the elective surgery election commitment funding as it is for core state services and has a direct impact on state budgets.

Northern Territory Emergency Response

The Northern Territory supports the recommendations that, if required by the TOR, the Commission:

- exclude any Australian Government payments relating to the Northern Territory Emergency Response (NTER) from the Northern Territory's revenue; and
- exclude the expenses funded by the Australian Government payment for NTER from the Northern Territory's expenses; but
- not adjust any assessments to reflect any changes in the costs of providing services to Indigenous people because collecting the information to quantify the additional use or costs of services as a result of the NTER is not possible.

Detailed financial information on the NTER funding to the Territory in 2007-08 is provided in Table 1 below.

Table 1: Funding received by the Territory Government for the NTER

Northern Territory Government Agency	Actual 2007-08 \$000
NT Police, Fire and Emergency Services	24 813
Department of Planning and Infrastructure	11 459
Department Employment, Education and Training	10 073
Department of Health and Families	27 304
Department of Justice	2 180
Department of Local Government, Housing and Sport	25 783
NTG TOTAL	101 612

Mersey Hospital

The Territory notes that the proposed treatment of the Mersey Hospital will have an impact on state relativities, albeit small, due to the inclusion of expenses and separations.

Payroll tax and ABS public sector wages and salaries data

The Territory supports the recommendation that if ABS public sector earnings data for 2007-08 are not available in time for the finalisation of the 2009 Update relativities, public sector earnings be estimated using the trend increase in public sector earnings over the previous five years.

The Territory supports the replacement of any estimated data when actual ABS data becomes available.

Updating Wage input costs

The Territory supports the recommendation that the 2006-07 and 2007-08 wage input cost relativities use the labour price index to update the 2005-06 Survey of Education and Training (SET) data.

The Territory supports the continued use of SET as the primary data source for wage input costs, recognising that this data is only updated every four years, and that where valid, adjustments should be made to ensure that information remains contemporaneous.

The Territory notes the advice received by Commission staff that use of the Labour Price Index (LPI) is a valid indexation tool and that it may provide a more contemporaneous assessment of wage input costs.

Abolition of stamp duty on non-real business transactions in the ACT

The Territory supports the recommendation that a 1 per cent adjustment be introduced for the ACT's revenue base from 2007-08 to account for its decision to abolish duty on non-residential conveyances other than real property transactions.

This recommendation appears consistent with the available data and the Commission's precedent of adjusting revenue data to reflect average policy.