Commonwealth Grants Commission

STATE FINANCES DIVISION

12.00 — 1.15 pm 19 January 2016

Teleconference held at the Commission's offices, Canberra

Present:	Chairperson	Mr G J Smith
	Members by Phone	Ms P Faulkner AO
		Ms J Menzies
		Prof J Petchey

MINUTES

1. The minutes of the State Finances meeting held 18 November 2015 were accepted.

Actions arising

- The Commission noted they had received the staff presentation on HFE and tax reform.
- The Commission confirmed the decisions it had made in relation to Agenda paper 2015-48 Outstanding New Issues and 2015- 49 Material for the Website that it had considered out of session.
  - 25% of the (National Partnership Agreement on Remote Indigenous Housing (NPARIH) funding will be excluded from State investment spending and from the NPP treated as impacting on the GST distribution to recognise that part of NPARIH funding is being used to overcome differences among the States in the levels of remote Indigenous housing stock provided by the Commonwealth.
  - The Roads assessments will be updated using the trend AGM data and the urban-rural split of vehicle use data provided by the National Transport Commission for 2014.
  - The assessment of family and child services in the Welfare assessment will be updated using 2014-15 data from the Australian Institute of Health and Welfare on substantiations for seven States. The use weights derived from the data will be used in all three years as they are more

representative of national average use rates than the data for previous years.

- The Tasmanian Wilderness and World Heritage Area Payment will have no impact on the GST distribution because it assists Tasmania to fulfil Commonwealth responsibilities as a party to the World Heritage Convention. Needs are not been assessed for this activity.
- The Water Reform — Constraint measures payment will have no impact on the GST distribution because it relates to the Intergovernmental Agreement on Implementing Water Reform in the Murray−Darling Basin and is for protection of the environment. Needs are not been assessed for this activity.
- COPEs paid to the State general government sector for Indigenous purposes, except those for the Jobs, Land and Economy and Cultural and Capability programs, and the part of the Remote Australia Strategy program targeted at municipal and essential services, for the three assessment years, based on data provided by the Department of Prime Minister and Cabinet will impact on the GST distribution, including payments for Indigenous education only for 2014-15.
- COPEs paid to State non-government organisations for Indigenous purposes will have no impact on the GST distribution because there is not enough information available to decide on the treatment of these payments.
- The Commission confirmed the information papers contained in Agenda Paper 2015-49 – Material for the Website (Commonwealth-State Financial Relations, Update Processes and 2015 Review Distribution Model) should be placed on the web at the same time the 2016 Update report is made public.

2016 UPDATE

2. AP 2016-01 Western Australian submission on land value data

The Commission accepted the paper's analysis and conclusion that SRO land value data were reasonable. It decided not to change the assessment's already significant 25% discount as requested by Western Australia but to re-examine the alternative sources of land value data in the future.

3. AP 2016-03 Wage costs assessment draft chapter

The Commission decided to make no further adjustments to the wage costs assessment. It accepted the chapter subject to editorial comments, and asked that text be included on whether the relationship between the private and public sectors is one to one.

OTHER MATTERS

The Commission noted the following.

- The terms of reference has not been received but is under active consideration by the Treasurer's office at present.
- Preliminary relativities are available but some data, such as for the health and natural disasters assessments, are outstanding. The Commission was briefed on likely outcomes.
- A secure draft of the 2016 Update report would be made available to Members by 2 February 2016. Revised or new text would marked in yellow in the chapters the Commission have already seen.
- The Mavromaras et al final report on interstate wages would be provided to the Commission and the States before the Update report is signed off.
- A new Secretary, Mr Michael Willcock, has been appointed and will commence on 8 February 2016.

FUTURE MEETINGS

The next Commission meeting will be held on 9 February 2016, probably by teleconference if required. If not, editorial comments and other suggestions could be provided to staff by secure email.

The meeting on 23 February would be held at the Commission offices for the purpose of signing the report.

The Chairperson closed the meeting at 1.15 pm on 19 January 2016.

Read and confirmed

G J Smith
Chairperson