



ACT
Government

Chief Minister, Treasury and
Economic Development

Mr Michael Willcock
Secretary
Commonwealth Grants Commission
Level 2, Phoenix House
86-88 Northbourne Avenue
BRADDON ACT 2612

Dear Mr. Willcock

ACT Response to New Issues for the 2018 Update

I am pleased to forward to you the attached submission to the Commonwealth Grants Commission on Staff Discussion Paper CGC 2017-20-S, titled *New Issues for the 2018 Update*, as requested by the Commission by email dated 15 August 2017.

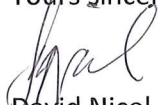
The submission provides the ACT's views on each of the CGC staff recommendations to the Commission, captured in the discussion paper. The ACT notes that the unavailability of formal Terms of Reference (ToR) from the Commonwealth Treasurer has in various places rendered the CGC staff's analysis to be unnecessarily complex and laden with assumptions and hypotheses. While the lack of formal ToR seems to be the new 'normal' for every Update, the ACT contends that such a status quo is suboptimal for all participants in the Update process.

Broadly, the ACT supports the majority of the CGC staff recommendations to the Commission. At the same time, there are some differences in the ACT's perspective regarding the Quality Schools payment and the schools assessment and on the treatment of mining royalties where bans have been introduced. The ACT's submission also points out that there is no reference to a proposed major new agreement in the discussion paper – the National Housing and Homelessness Agreement (NHHA) - which will come into play from 2018-19, the application year for the 2018 Update.

The ACT notes that NHHA has very similar funding arrangements to the Quality Schools payment. While the Agreement is still being negotiated between the Commonwealth and the States, the ACT considers that it would have been helpful if the discussion paper had given some indication on how the Commission proposes that this major change in Commonwealth-State funding arrangements would be treated, even if only as part of a later Update or Review.

Nevertheless, I trust that the commentary in the ACT's submission is informative and assists the Commission in framing the *Report on GST Sharing Relativities 2018 Update*.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'David Nicol', written in black ink.

David Nicol
Under Treasurer

13 October 2017