
NSW Treasury Comments on New Issues for the 2018 Update

Thank you for the opportunity to provide comments on the New Issues for the 2018 Update.

Use of New Census Data

- In general New South Wales supports using the latest Census data available, and does not support using judgement to create a new non-public population series.
- Although using the new population estimates may have a significant impact for Western Australia, this benefit is derived at the expense of Victoria.

Wage Costs Assessment — Commonwealth Superannuation Scheme Adjustments

- Unless the Australian Capital Territory or Northern Territory can show data to prove their case, the status quo should continue.

National Disability Insurance Scheme (NDIS) Related Payments

- New South Wales supports the staff recommendations.

Health Assessment

- New South Wales supports the staff recommendations.

Treatment of the Commonwealth payment for the transfer of the Mersey Community Hospital from the Commonwealth to Tasmania

- New South Wales supports the staff recommendations.

Quality Schools Payment and the Schools Assessment

- New South Wales believes that the Commonwealth Grants Commission (CGC) should continue the current assessment approach. There is no compelling reason for change, and the alternative approaches entail greater levels of uncertainty and risk associated with backcasting.
- On the question of needs based funding (SRS): on what basis does CGC staff consider the difference between the two measures to be relatively minor?

New South Wales is concerned that in continuing to use the figures from the previous assessment period, the CGC are in effect undermining or diluting the policy intent of the NERA. If there is no continuing trend or relationship between historical and current disadvantage, this will lead to an unwinding of funding intent to take into account disadvantage.

- The consideration of penalties appears somewhat premature given the new funding agreement and terms (in particular penalties) have not been agreed by states and territories.
- New South Wales does not support the CGC staff recommendation on conditional payments. The CGC staff proposal would unwind or dilute the purpose for which the Commonwealth attaches conditions to the provision of funding. In addition, this approach creates a moral hazard whereby those states that underperform claw back funding under HFE. In addition, it means that the cost burden of failing to meet those conditions is effectively borne by those states that do meet the Commonwealth funding conditions. This is unacceptable cost shifting and unfairly penalises those states that meet applicable payment conditions.

Rescaling in the Investment Assessment

- New South Wales supports the staff recommendations.

Treatment of Mining Royalties Where Bans Have Been Introduced

- New South Wales supports the staff recommendations.
- To be clear, New South Wales is working to increase gas supply. We do not have a moratorium on gas exploration and production. The NSW Gas Plan sets out a clear, strategic framework to deliver best practice regulation of the gas industry while securing vital energy supplies for the State.

Treatment of the New Commonwealth Payments Commencing In 2016-17

- New South Wales supports the staff recommendations.

Commonwealth Payments Commencing in 2017-18 or 2018-19

- New South Wales supports the staff recommendations.

Further Information and Contacts

For further Information or clarification on issues raised in the discussion paper, please contact:

Intergovernmental Relations Branch, New South Wales Treasury

Telephone: 02 9228 3566

Email: New South Wales.Intergovernmental@treasury.nsw.gov.au