



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 Secretary

ACT Response to New Issues for the 2018 Update – Further Consultations

I am pleased to forward to you the attached submission to the Commonwealth Grants Commission (Commission) on Staff Discussion Paper CGC 2017-23-S, titled *New Issues for the 2018 Update: Further Consultations*, as requested by the Commission by email dated 24 November 2017. The submission provides the ACT's views on each of the Commission staff recommendations to the Commission, captured in the discussion paper.

Although the ACT supports the majority of the Commission staff recommendations, there are some areas of difference. Significantly, the ACT takes issue with the Commission staff proposal not to recommend the reinstatement of the wage costs disability for the Commonwealth Superannuation Scheme and its extension to include the Public Sector Superannuation Scheme. We have presented substantial additional information in this submission on the two key issues of cost divergence and policy choice which underpin our proposal.

Ultimately, in the context of policy neutrality, the ACT is calling on the Commission to apply a 'broad judgement' element to its final deliberations on this claim. The merits of the cost implications have been clearly defined, as has the inability of past ACT Governments to alter superannuation arrangements in a highly volatile political environment in play at the time.

The ACT also differs with Commission staff on the proposed treatment of the new National Housing and Homelessness Agreement (NHHA), which is to come into force from July 2018. Our view is that this agreement constitutes a major change to federal financial relations and therefore that the Commonwealth payments to States and Territories under the NHHA should be backcast for assessment purposes.

I trust that the commentary in the ACT's submission is informative and assists the Commission in framing the *2018 Update of GST Revenue Sharing Relativities*.

Yours sincerely

Nicole Marsteed

Dr

David Nicol
Under Treasurer

15th December 2017