ACT Government

Andrew Barr MLA

Chief Minister
Treasurer
Minister for Social Inclusion and Equality
Minister for Tertiary Education
Minister for Tourism and Special Events
Minister for Trade, Industry and Investment
Member for Kurrajong

Mr Greg Smith
Chairman
Commonwealth Grants Commission
Phoenix House
86-88 Northbourne Avenue
BRADDON ACT 2612

Dear ~~Chairman~~ Greg

I am writing in regards to the 2020 Methodology Review of GST Revenue Sharing Relativity (2020 Review).

The 2020 Review to date implies a major downward revision in the ACT's GST relativity as a result of assessed lower relative expense needs under the proposed new methodologies. Although we expected some downward revision, the magnitude of the implied change as the Commission's thinking has evolved over the course of the Review and when all draft assessments are combined is much greater than we had anticipated. If the assessment is not changed significantly in the final report, I request the Commission consider recommending a phased transition to the new methodology.

Calculations by ACT Treasury suggest a potential reduction in the ACT's GST receipts of approximately $170 million from methodology changes alone if the new approach had been applied in the 2019 Update, or nearly $400 per capita. This will be further exacerbated by the significant reduction in the GST pool forecasts in the Commonwealth's Mid-Year Economic and Fiscal Outlook.

A potential reduction of this size places extreme pressure on the Territory's capability to deliver essential services to the community, particularly with the ACT's rapidly growing population. In addition, the lower GST share and the uncertainty around future GST revenue constrains the Territory Government, particularly anything that requires a longer-term or an ongoing commitment for budget funding and could cause delays in the commencement of programs and projects. It also affects the Territory's financial capacity to respond to any emerging issues or unavoidable cost pressures without negatively impacting on the delivery of other services.

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In this context, I welcome the Commission's statement that it intends, at a late stage in the Review, to re-examine all assessments to ensure they pass a reality test and are internally consistent. The ACT's potential reduction is far greater than that of any other jurisdiction, being more than $200 per capita greater than that of the second worst affected jurisdiction (Victoria). Additionally, the potential reduction does not reflect fundamental changes in the Territory's relative fiscal capacity over the last 5 years. A loss of in the order of $400 per capita in general revenue assistance is unsustainable for any government. If the same order of adjustment was applied to NSW, this would result in a loss of $3.2 billion in GST payments.

The ACT Government's final submission prepared by the ACT Treasury (attached) identifies some technical issues with aspects of the draft assessments, however, these are unlikely to significantly change the outcome for the Territory.

If following the Commission's re-examination of all of the assessments against the 'reality test', the reduction in the ACT's GST share as a result of methodological changes remains as significant as currently envisaged, I ask that the Commission recommend transitional arrangements to phase in the impact of the changes. I understand the Commission has previously acknowledged that there could be a case for phasing in new relativities over a period when relativities are generally accepted as appropriate, but practical issues such as budget management suggest the need for some transitional approach. Further justification for taking such an approach is outlined in our submission.

The ACT Government submission also addresses the continuing trend in the volatility of the 5-yearly review outcomes and suggests some more systemic changes that would avoid the need for transitional arrangements in the future.

If you would like to discuss the approach to any transitional arrangements for the ACT, please contact Sue Vroombout, Executive Group Manager of the Economic and Financial Branch within with Chief Minister, Treasury and Economic Development Directorate on 6205 3216. I look forward to the release of the Commission's final report and recommendations in February 2020.

Yours sincerely

Andrew Barr

Andrew Barr MLA
Treasurer

COMMONWEALTH GRANTS COMMISSION 2020 METHODOLOGY REVIEW OF GST REVENUE SHARING RELATIVITIES

SIGNIFICANT CHANGES SINCE THE DRAFT REPORT

ACT GOVERNMENT SUBMISSION

DECEMBER 2019

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CONTENT

SUBSTANTIVE METHOD CHANGES

DISASTER RECOVERY EXPENSES

The ACT is broadly supportive of the changes proposed for the Disaster Recovery Expenses assessment. However, we consider the current level of detail available for determining assessed local government expenses is not enough and further detail should have been provided in the *Significant Changes Since the Draft Report* paper for state and territory comments.

The ACT notes the Commonwealth Grants Commission's (CGC) arguments in their position paper and the arguments and information Queensland (QLD) provided in their submission on this assessment. Based on the information and analysis provided in these papers, we agree with the conceptual case that most local governments in general and most local governments in QLD are unable to fund natural disaster expenses without the support of the state government. However, as we have previously noted, there remain issues in relation to the availability of insurance cover and natural disaster mitigation.

The Insurance Guideline issued under the Disaster Recovery Funding Arrangements (DRFA) says that states and territories "have a responsibility to put in place insurance arrangements which are cost effective for the state and the Commonwealth". It recommends a qualitative benchmark process which involves testing of the insurance market and making fully informed insurance decisions. However, there is little evidence that states and territories are undertaking such a process. Moreover, there appears to be no agreed definition of the term "cost effective", though the implication of its use is that any insurance arrangements, or the lack of them, should not create shifting of costs between the Commonwealth and the states and territories. We have seen no evidence that QLD has addressed other options such as self-insurance, which would reduce the impact of natural disasters on the taxpayers of other states and territories.

We also consider that natural disaster mitigation should have more focus. The 2015 Northern Australia Insurance Premiums Taskforce (NAIPT), which examined government intervention in the insurance market, determined that mitigation "should be the central focus as a sustainable long-term way of reducing premiums"[1]. The Commonwealth Government accepted the NAIPT's findings in December 2017, including the finding on mitigation being the central focus for reducing premiums. However, while a national strategy for disaster resilience does exist[2], the extent to which it has been put into practice by all levels of governments is not clear.

The ACT has previously advocated for the differential assessment of natural disaster mitigation costs in the CGC's assessment of disaster recovery expenses as an offsetting adjustment. Since natural disaster mitigation costs are currently assessed equal per capita while natural disaster recovery costs are assessed actual per capita, horizontal fiscal equalisation (HFE) reduces the incentive for states and territories to invest in disaster mitigation. The CGC did not take up this proposal in the *2020 Methodology Review of* [*Goods and Services Tax* (GST)] *Revenue Sharing Relativities* (Review) *Draft Report* on the grounds that both the quantum of mitigation expenditure and an appropriate driver of need were not able to be identified.

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[1] Refer https://financialservices.royalcommission.gov.au/publications/Documents/natural-disaster-insurance-background-paper-20.DOCX, p. 5.

[2] Refer https://www.homeaffairs.gov.au/emergency/files/national-strategy-disaster-resilience.pdf

While we appreciate these challenges, the ACT nevertheless considers the CGC should continue to examine this issue and attempt to identify suitable data and an appropriate methodology to assess mitigation expenses on a differential basis.

Discussions with CGC staff indicate confidence that all states and territories are now reporting their natural disaster expenses on the same basis, and that this reporting conforms with the requirements of the DRFA. We understand that further assurance on this issue will be obtained through cross-checking of state and territory data with data held by Emergency Management Australia. This would give greater credibility to the expenses being reported by local government and to the CGC's proposed approach to assessing local government contributions to natural disaster expenses.

We note the commentary at paragraph 12 of the paper about how the CGC would deal with attribution of local government type expenses in the event of a natural disaster in the ACT. Although it is not critical to the general methodology proposed, we would expect CGC staff to consult with the ACT about the best approach to measuring local government type expenses in this scenario.

The ACT has considered whether the assessment of local government natural disaster expenses should involve assessment of the impact at a local council level, considering the relative financial capacities of local councils, as documented in attachments to the QLD submission in response to the Draft Report. However, this would clearly take the CGC beyond the formal scope of its responsibilities into an area which is the role of State Grants Commissions. We consider that the paper's proposed approach of averaging local government contributions at the state and territory level is to be preferred.

MINOR METHOD CHANGES

MINING REVENUE

The ACT has no concerns with the CGC's proposal to reverse its earlier proposed change to include Commonwealth payments in lieu of royalties in the Commonwealth Payments assessment, noting that this is a presentational change with no impact on the distribution of the GST.

WELFARE

The ACT has no major concerns with the CGC's proposed changes to the Welfare assessment and welcomes its decision to include a cross-border allowance for welfare expenses. However, we consider that presenting the Welfare cross-border allowance in the Health assessment is not appropriate, as the allowance does not relate to the provision of healthcare services; community health or otherwise.

For transparency and consistency in the treatment of this allowance vis-à-vis other cross-border allowances, we consider that the cross-border allowance for Welfare services should be presented in the Welfare assessment.

ELECTRICITY AND WATER SUBSIDIES

The ACT supports most of the proposed changes to the CGC's assessment of electricity and water subsidies. However, we have concerns with the proposal to remove the 50 per cent discount applied to the regional cost weight for small community water subsidies. The CGC is proposing to remove this discount on the grounds that the weights were derived using category-specific data and because the regional cost weight was derived using conservative assumptions.

The ACT notes however that, as per the CGC's Draft Report, the regional cost weight, while derived from category data from Western Australia (WA) and the Northern Territory (NT) (with some supplementary information from QLD), the data that were used were not sourced from all states and territories. ABS data show between New South Wales (NSW), Victoria (VIC), South Australia (SA) and Tasmania, approximately 21 per cent of Australia's remote and very remote population is not being captured by the data provided to the CGC for the development of the cost gradient.

The absence of data from SA, which contains approximately 12 per cent of Australia's remote and very remote population, is a particularly significant omission. Further, as noted above, the CGC only received supplementary information from QLD, in which approximately 26 per cent of Australia's remote and very remote population resides.[3]

Taken together, the CGC's regional cost weight for small community water subsidies is based on reliable data only from WA and NT. While these two jurisdictions do have a large proportion of Australia's total remote and very remote population, they only represent approximately 53 per cent of the total. The ACT considers that this gap is sufficiently significant to raise concerns with the accuracy of the regional cost weight, thus we consider that it is appropriate that the weight be discounted.

That said, we note that the CGC's established policy of using discounts to account for data reliability concerns is for the use of medium discounts (25 per cent) in such instances, not high discounts (50 per cent). We note that to date, the only assessment to which the CGC applies a high discount is to Commonwealth payments relating to National Network Roads and Rail (and associated expenses). Consequently, we consider that a high discount may not be appropriate in this instance. Therefore, we suggest that the CGC apply a medium discount to the regional cost weight for small community water subsidies, in line with its use of discounts in other assessments when addressing data reliability concerns.

INVESTMENT

Negative Assessed Investment

The ACT has no concerns with the CGC's proposal to not apply capital cost factors to negative assessed investment, agreeing with the NT and CGC that there is no conceptual basis for proposing that factors influencing the cost of building new infrastructure are the same as those influencing the value of assets in the event of sale.

Capital Cost Disabilities

The ACT has no concerns with the CGC's proposal to apply only the Rawlinson's measure of regional costs in the capital cost component of the investment assessment, rather than a hybrid of the Rawlinson's measure and a general recurrent regional cost gradient.

[3] Data taken from ABS 3218.0

REVENUE BASE ADJUSTMENTS

STAMP DUTY ON CONVEYANCES

Off-The-Plan Adjustment

The ACT has no concerns with the CGC's proposal to remove the off-the-plan adjustment from the Stamp Duty on Conveyances assessment, noting that the provision of new data by VIC makes this adjustment unnecessary.

Unit Trusts Adjustment

The ACT has no concerns with the CGC's proposal to remove the unit trusts adjustment from the Stamp Duty on Conveyances assessment, noting that the reduction in policy differences between states and territories reduces the need for the continuation of the allowance.

Land Rich Adjustment

The ACT has no concerns with the CGC's proposal to amend the land rich adjustment to include only 10 per cent of relevant transaction values in the Stamp Duty on Conveyances assessment, noting that the proposal more accurately reflects what states and territories do.

LAND TAX

Australian Capital Territory Adjustment

The ACT does not support increasing the adjustment to our Land Tax revenue base from 2 per cent to 10 per cent to compensate for our lack of aggregation of the tax base.

Based on discussions with CGC officers, the purpose of the adjustment is to increase the ACT's actual tax base such that when our actual effective land tax rate is applied to it, the implied revenue is equal to the amount we would receive if we aggregated land holdings by taxpayer. As noted by the CGC, aggregation, all other things being equal, increases the amount of revenue that a state or territory can generate due to the progressivity of land taxes. By levying land tax on taxpayers by the total value of property that they hold, rather than the value of each property individually, taxpayers with several properties tend to move into taxable value ranges with higher tax rates.

The ACT considers that the adjustment is reasonable in principle. However, aggregation is only one aspect in which our land tax policies differ significantly from other jurisdictions. As outlined in the NSW Treasury's Interstate Comparison of Taxes 2017-18, the ACT is the only jurisdiction to levy an explicit fixed charge on taxable land. While this difference is addressed through the CGC's use of effective tax rates, the treatment of the fixed charge has flow-through effects on the impact of aggregation on the ACT's land tax revenue capacity that have not been addressed by the CGC.

Because aggregation amalgamates individual land holdings by taxpayer, there is a significant difference in the impact that aggregation would have on the ACT's anticipated revenue depending on whether the fixed charge is still levied on each property (as is currently the case) or whether each taxpayer is levied a single fixed charge for all properties. Analysis by ACT Treasury based on 2017-18 data suggests that if the ACT were to implement aggregation but make no change to our treatment of fixed charges (i.e. levy the fixed charge on each property), our expected revenue from land tax would increase by approximately 6 per cent. Conversely, if the ACT were to implement aggregation and levy the fixed charge by taxpayer, our expected revenue would decrease by approximately 2 per cent.

Table 2: Estimated Impacts of Land Tax Aggregation, 2017-18

Treatment of Aggregation	Treatment of Fixed Charge	Tax Base (Total Value of Taxable Properties) ($m)	Estimated Revenue ($m)	Effective Tax Rate (Per Cent)	Required Base to Maintain Actual Effective Tax Rate ($m)	Required Increase to the Base (Per Cent)
No Aggregation	Per Property	9,472.5	126.9	1.34	N/A	N/A
Aggregation	Per Property	9,472.5	134.6	1.42	10,046	6.1
Aggregation	Per Taxpayer	9,472.5	124.3	1.31	9,280	-2.0

Source: ACT Chief Minister, Treasury and Economic Development Directorate calculations

If average policy is not to levy a fixed charge and therefore that the aggregation adjustment should assume no other policy change, a 6 per cent upward adjustment seems to be appropriate. In any case, the ACT's analysis is based on actual data and is more accurate than the approach outlined in the paper, which uses a broad approximation based on data for other states and territories. However, we consider that the Final Report should clearly outline the CGC's treatment of the fixed charge component of the ACT's land tax with respect to aggregation.

Northern Territory Adjustment

The ACT has no concerns with the CGC's proposal to increase the NT's estimated taxable land holdings from 0.6 per cent of the total land value of the states and the ACT to 0.8 per cent, noting that this more accurately reflects ABS data and that as the NT does not levy land tax, there are no apparent extenuating circumstances which may complicate the analysis.

VALUE RANGES

The ACT notes and supports the CGC's ongoing investigation into expanding the number of value ranges for the Land Tax and Stamp Duty on Conveyances assessments and looks forward to the results of the CGC's analysis.

ISSUES IN HORIZONTAL FISCAL EQUALISATION

INTRODUCTION

In response to the CGC's 2020 Review Draft Report, the ACT argued that the CGC, once the consultation phase had been completed, should review the assessments after their finalisation to ensure that the principles of HFE are being consistently applied across them. In the latest paper, the CGC has indicated that it intends, at a later stage in the 2020 Review, to re-examine all assessments to ensure they pass a 'reality test' and are internally consistent. The ACT welcomes this commitment.

We also indicated that, in reviewing the outcome of all the assessments, the CGC should take into consideration the impact of the revised methodology on the budgetary positions of the states and territories. In addition, we sought consideration of a five-year rolling review program.

REASONS FOR CHANGE IN THE AUSTRALIAN CAPITAL TERRITORY'S GST SHARE

At this stage, the 2020 Review implies a major downward revision in the ACT's GST relativity as a result of assessed lower relative expense needs under the proposed new methodologies. Although a downward revision was expected, the magnitude of the implied change has evolved over the course of the 2020 Review and when all the assessments are combined is much greater than anticipated.

As stated in our response to the draft assessment papers, the ACT viewed the 2020 Review as one of 'evolution, not revolution', premised on well-grounded principles and a more settled assessment framework unlike previous Reviews. However, the draft assessments imply a very large reduction in ACT GST entitlements in the Infrastructure and Health assessments, with smaller but significant reductions in the Justice, Roads, Transport and Other Expenses (through Disaster Recovery Expenses) assessments.

It appears the major drivers of change in expenses are the availability of improved data on the influence of geography (socio-economic status and remoteness in particular) on the usage and cost of services, and improved approaches applied by the CGC to measure these influences. While we recognise the validity of methodology changes and associated data improvements which better recognise the influence of socio-demographic factors on the usage and cost of services, this more rigorous and data-driven approach has not necessarily been fully applied across all the assessments.

The greater use of sophisticated regression analysis in assessments such as Justice and Transport has also been crucial. These changes in the assessment of recurrent expenses then flow through to the assessment of investment needs through category cost factors.

Offsetting these outcomes is the ACT's gain in the Schools assessment, which also reflected improvements in the measurement of geographic influences on costs from the adoption of a household-based measure of socio-economic status, replacing the previous area-based measures. From an ACT perspective, this new approach to measuring the costs of school education is better able to capture the dispersed pattern of disadvantage in the ACT and thus more accurately reflects the ACT's expense needs in this category.

For consistency in the application of the HFE framework, this type of measurement of socio-economic status should theoretically be equally applied to other expense assessments, something the ACT has consistently argued for to overcome the masked prevalence of disadvantage in the Territory. The key obstacle to such a development has been the lack of administrative data relating to individual incomes, which are not currently collected in most service delivery processes. The ACT proposes that CGC staff work bilaterally with our officials during the coming year to identify workable options to address this deficiency.

The ACT considers that the CGC's 'reality check' should consider the inequitable disbursement of federal infrastructure funding between jurisdictions, which is exacerbated by the application of quarantining provisions and the CGC's discounting methodology. These concerns were raised in the ACT submission on the Draft Report and we ask that the CGC review the arguments we presented there.

Similarly, in the case of the National Capital allowances, as stated in our submission on the Draft Report, we argue that the additional costs totalling approximately $24 million per annum which the CGC does not propose to allow in its assessment are real costs faced by the territory in performing its role as the National Capital. Further consideration of the merits of the ACT's claims would be appreciated.

IMPLIED RESULTS OF THE 2020 REVIEW

The ACT submission on the Draft Report indicated a hypothetical reduction in the ACT's GST entitlement of approximately $145 million if the new methods had been applied in the 2019 Update of GST Revenue Sharing Relativities (Update). We emphasised that this was a hypothetical loss as the CGC did not provide indicative relativities in its Draft Report. The changes indicated by the CGC in the Significant Changes Since the Draft Report paper, are expected to result in an additional reduction of approximately $25 million.

Consequently, the new methods imply that the ACT's average relativity over the three years of the 2019 Update would have reduced from 1.23759 to approximately 1.085764, reducing our GST entitlement in 2019-20 by approximately $170 million, from $1,398.5 million to $1,228.7 million, or nearly $400 per capita. This estimated loss does not consider data revisions and changes in state and territory circumstances (replacing the 2015-16 assessment year with 2018-19). These changes will be reflected in the CGC's Final Report to be released on 28 February 2020 under embargo to the Commonwealth and the states and territories.

The ACT's expectation, based on various 2018-19 data sources, is that the ACT's GST share is likely to reduce further due to changes in relative circumstances. At this stage the potential amount of change cannot be quantified reliably. The ACTs GST payments will also be adversely affected by the reduction to forecasts of the GST pool in the recently released Commonwealth 2019-20 MYEFO.

A reduction of the implied magnitude of $400 per capita (due to the methodology changes only) has significant implications for the ACT's fiscal position. The ACT's implied reduction is far greater than that of any other jurisdiction, being more than $200 per capita greater than that of the second worst affected jurisdiction (VIC). If the same per capita impact was applied to NSW, this would result in a loss of approximately $3.2 billion in GST.

A likely reduction in funding of this size makes it extremely difficult to formulate a four-year budgetary framework for any government, let alone a territory government with a narrower revenue base compared with other jurisdictions. Such a reduction has long-term implications for the ACT, with reduced revenue placing pressure on the ACT Government's capability to deliver essential services to the community, particularly given the ACT's growing population. Furthermore, lower GST share and greater uncertainty around future revenue constrains the ACT Government in terms of new policy decisions, particularly those requiring longer-term or ongoing budget funding. This could cause delays in the commencement of projects and programs. It also affects the ACT Government's financial capability to respond to any emerging issues or unavoidable cost pressures without risking negative impacts on the delivery of other services.

TRANSITIONAL IMPLEMENTATION OF THE RECOMMENDED RELATIVITIES

If following the CGC's re-examination of all of the assessments against the 'reality test', the reduction in the ACT's GST share as a result of methodological changes remains as significant as currently envisaged, we seek consideration by the CGC of a gradual transition for the ACT to the new relativity over the five years to which the 2020 Review methodology will apply.

The ACT considers that whether transitional arrangements should be employed is not a question of principle, but of practicality. Consideration should be given to the impact on individual states and territories of any large changes in GST share occurring in a single year. This is not a new concept and was first raised in the 2004 Review:

"From time to time [states and territories] have expressed concerns about the extent to which relativities and grant shares change over time.

These concerns relate to the changes that flow from one review to the next, and to the sometimes quite sizeable changes that flow through in annual updates. The changes are sometimes said to demonstrate that the current approach is unreliable, and particularly that the data on which they are based are not reflecting accurately or realistically the actual changes on the ground in the relative circumstances of the [states and territories].

At a more practical level, [states and territories] have expressed concerns that unanticipated changes in their grant shares create severe problems of budget management, particularly in relation to commitments that are embedded in their forward estimates.

From this perspective, stability and predictability in results are assigned some importance by the [states and territories].

A question that then arises is whether the outcomes of reviews and updates should be applied as they result, or whether, particularly when changes in grants are large, they should be moderated in some way.

We accept that [states and territories] face practical budget management difficulties if confronted with large changes against the assumptions they have made about revenue. We are less convinced that variations in relativities and grant shares from year to year and review to review are evidence that the equalisation process is flawed.

They might equally be seen as evidence that equalisation is working; that is, it is reflecting the changing circumstances of the [states and territories]. It is also the case that basing the relativities on the average of five years of data provides some moderation of short-term fluctuations. On the other hand, we acknowledge the possibility that, because of data problems, our process may be picking up changes that are not reflecting actual changes in [states' and territories'] circumstances. The greater the level of disaggregation and complexity in the assessments, the greater this risk might be.

There are several ways in which changes in relativities could be moderated further. The simplest would be for new relativities recommended by the [CGC] to be phased in over a period. This approach could be relevant when the relativities are generally accepted as appropriate, but practical issues such as budget management suggest the need for some transitional approach."[4]

This matter arose again in the 2015 Review from a request by the then-Commonwealth Treasurer, the Hon. Joe Hockey MP, seeking advice on the treatment in assessments of revenue sources which are a large and volatile proportion of a state or territory's revenue base. This advice was to include a set of GST relativities which would mitigate the negative effects of revenue volatility and ensure that states' and territories' GST share in any given year would be appropriate to their fiscal circumstances in that year, with particular reference to the fiscal position of WA at the time.

The ACT supported the use of transitional arrangements, such as phasing in new relativities, in appropriate circumstances, while also noting that the CGC had indicated support for that view in the 2004 Review Final Report.

The ACT considers the phase-in could be done by progressively adjusting the ACT's base relativity downwards in equal shares across the five years that the 2020 Review methodology will apply to, from the current 1.23759 to the relativity determined by the new distribution methodology.

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[4] CGC 2004 Review Final Report, Chapter 7

The ACT's GST relativity would still be subject to the CGC's annual Updates over the five-year period. Whether the implied change in the ACT's GST grant relative to other jurisdictions warrants transitional arrangements is a matter of broad judgement by the CGC. Consideration of this proposal in the Final Report would be welcomed.

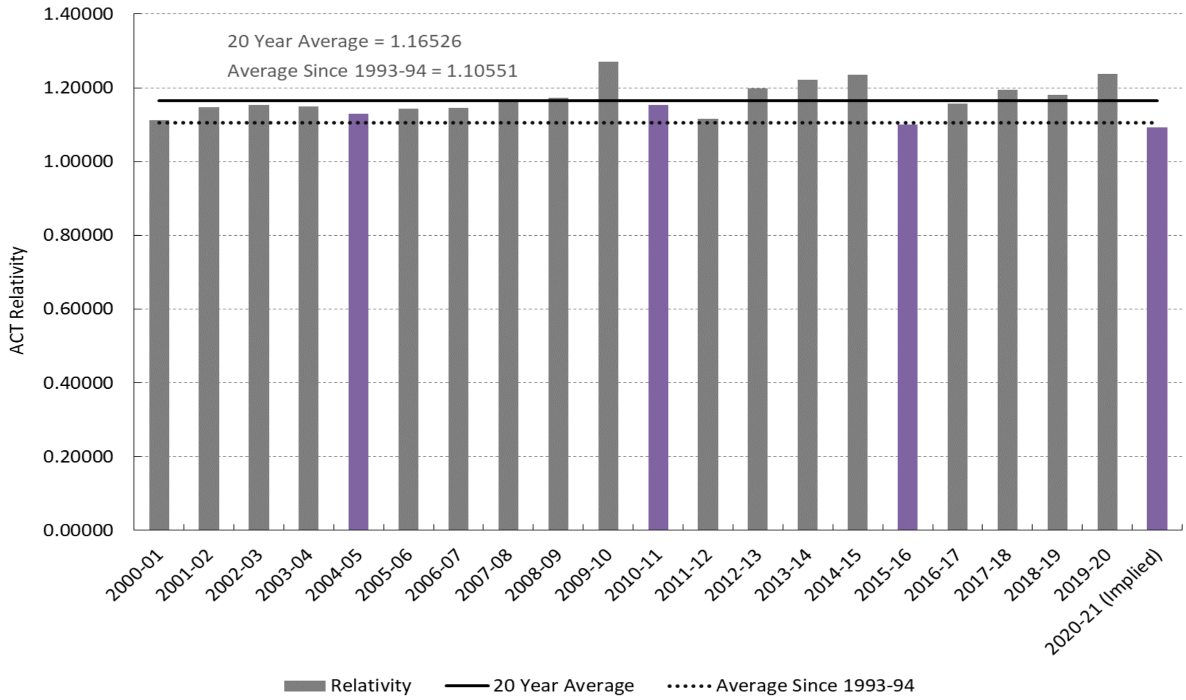
ROLLING REVIEW

The magnitude of downward change in the ACT's GST entitlement repeats that of all reviews since 1999 and more recently, in the 2010 and 2015 Reviews, involving a reduction of 10-11 per cent in the ACT's assessed relativity, bringing it down from around 1.24 to around 1.09. Chart 1 (below) of the ACT's GST relativities since 2000-01 illustrates this phenomenon.

Furthermore, comparison with other states and territories (see Attachment) shows that the ACT has experienced the greatest level of change in relativities of any jurisdiction at reviews compared with change over the inter-review periods.

The considerable fiscal adjustment task faced by the ACT in successive five-yearly reviews warrants further consideration. In our submission on the Draft Report we put forward a proposal for a five-year rolling review program. We again encourage the CGC to consider this issue in the Final Report.

Chart 1: Australian Capital Territory GST Revenue Sharing Relativities, 2000-01 to 2020-21



Source: CGC Review and Update Reports, 2020 Review Draft Report and 2020 Review Significant Changes Since the Draft Report paper

Highlighted years indicate application years of Reviews.

ATTACHMENT

Variation in GST Relativities by Jurisdiction Since 2000

Relativities

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01	0.90913	0.87049	1.01830	0.98365	1.18258	1.51091	1.11289	4.16385
2001-02	0.92032	0.87539	1.00269	0.97516	1.17941	1.50095	1.14633	4.02166
2002-03	0.90631	0.86824	1.01174	0.97592	1.19447	1.55419	1.15216	4.24484
2003-04	0.89117	0.87010	1.01902	0.96946	1.21215	1.59948	1.14979	4.38638
2004-05	0.86750	0.86534	1.05504	1.03054	1.20407	1.55939	1.12930	4.26538
2005-06	0.86846	0.87552	1.04390	1.02500	1.20325	1.55299	1.14300	4.26682
2006-07	0.87332	0.89559	1.02387	1.00480	1.18862	1.54931	1.14575	4.32755
2007-08	0.89079	0.90096	1.00607	0.94747	1.20791	1.54465	1.16293	4.36824
2008-09	0.91060	0.92540	0.96508	0.88288	1.20856	1.52994	1.17205	4.51835
2009-10	0.93186	0.91875	0.91556	0.78485	1.24724	1.62040	1.27051	5.25073
2010-11	0.95205	0.93995	0.91322	0.68298	1.28497	1.62091	1.15295	5.07383
2011-12	0.95776	0.90476	0.92861	0.71729	1.27070	1.59942	1.11647	5.35708
2012-13	0.95312	0.92106	0.98477	0.55105	1.28472	1.58088	1.19757	5.52818
2013-14	0.96576	0.90398	1.05624	0.44581	1.26167	1.61454	1.22083	5.31414
2014-15	0.97500	0.88282	1.07876	0.37627	1.28803	1.63485	1.23600	5.66061
2015-16	0.94737	0.89254	1.12753	0.29999	1.35883	1.81906	1.10012	5.57053
2016-17	0.90464	0.90967	1.17109	0.30330	1.41695	1.77693	1.15648	5.28450
2017-18	0.87672	0.93239	1.18769	0.34434	1.43997	1.80477	1.19496	4.66024
2018-19	0.85517	0.98670	1.09584	0.47287	1.47727	1.76706	1.18070	4.25816
2019-20	0.87013	0.98273	1.05370	0.51842	1.46552	1.75576	1.23759	4.26735

Percentage Change in Relativities

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001-02	1.23%	0.56%	-1.53%	-0.86%	-0.27%	-0.66%	3.00%	-3.41%
2002-03	-1.52%	-0.82%	0.90%	0.08%	1.28%	3.55%	0.51%	5.55%
2003-04	-1.67%	0.21%	0.72%	-0.66%	1.48%	2.91%	-0.21%	3.33%
2004-05	-2.66%	-0.55%	3.54%	6.30%	-0.67%	-2.51%	-1.78%	-2.76%
2005-06	0.11%	1.18%	-1.06%	-0.54%	-0.07%	-0.41%	1.21%	0.03%
2006-07	0.56%	2.29%	-1.92%	-1.97%	-1.22%	-0.24%	0.24%	1.42%
2007-08	2.00%	0.60%	-1.74%	-5.71%	1.62%	-0.30%	1.50%	0.94%
2008-09	2.22%	2.71%	-4.07%	-6.82%	0.05%	-0.95%	0.78%	3.44%
2009-10	2.33%	-0.72%	-5.13%	-11.10%	3.20%	5.91%	8.40%	16.21%
2010-11	2.17%	2.31%	-0.26%	-12.98%	3.03%	0.03%	-9.25%	-3.37%
2011-12	0.60%	-3.74%	1.69%	5.02%	-1.11%	-1.33%	-3.16%	5.58%
2012-13	-0.48%	1.80%	6.05%	-23.18%	1.10%	-1.16%	7.26%	3.19%
2013-14	1.33%	-1.85%	7.26%	-19.10%	-1.79%	2.13%	1.94%	-3.87%
2014-15	0.96%	-2.34%	2.13%	-15.60%	2.09%	1.26%	1.24%	6.52%
2015-16	-2.83%	1.10%	4.52%	-20.27%	5.50%	11.27%	-10.99%	-1.59%
2016-17	-4.51%	1.92%	3.86%	1.10%	4.28%	-2.32%	5.12%	-5.13%
2017-18	-3.09%	2.50%	1.42%	13.53%	1.62%	1.57%	3.33%	-11.81%
2018-19	-2.46%	5.82%	-7.73%	37.33%	2.59%	-2.09%	-1.19%	-8.63%
2019-20	1.75%	-0.40%	-3.85%	9.63%	-0.80%	-0.64%	4.82%	0.22%

Change in Relativity from Review Against Prior Inter-Review Period

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2000-01 to 2003-04 Average	-0.65%	-0.01%	0.03%	-0.48%	0.83%	1.93%	1.10%	1.82%
2004-05	-2.66%	-0.55%	3.54%	6.30%	-0.67%	-2.51%	-1.78%	-2.76%
Difference	-2.00%	-0.53%	3.51%	6.78%	-1.50%	-4.44%	-2.89%	-4.58%
2005-05 to 2009-10 Average	1.45%	1.21%	-2.78%	-5.23%	0.72%	0.80%	2.43%	4.41%
2010-11	2.17%	2.31%	-0.26%	-12.98%	3.03%	0.03%	-9.25%	-3.37%
Difference	0.72%	1.10%	2.53%	-7.75%	2.31%	-0.77%	-11.68%	-7.78%
2011-12 to 2014-15 Average	0.60%	-1.53%	4.28%	-13.21%	0.07%	0.23%	1.82%	2.86%
2015-16	-2.83%	1.10%	4.52%	-20.27%	5.50%	11.27%	-10.99%	-1.59%
Difference	-3.43%	2.64%	0.24%	-7.06%	5.42%	11.04%	-12.81%	-4.45%
Average Difference	-0.44%	-1.47%	2.97%	-4.87%	0.21%	3.73%	-10.55%	1.17%
Absolute Average Difference	2.05%	1.42%	2.09%	7.20%	3.08%	5.42%	9.13%	5.60%

ACT Government

Chief Minister, Treasury and Economic Development Directorate

December 2019