

GST Relativities 2025-26 NSW Response

New Issues Consultation

8 November 2024

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

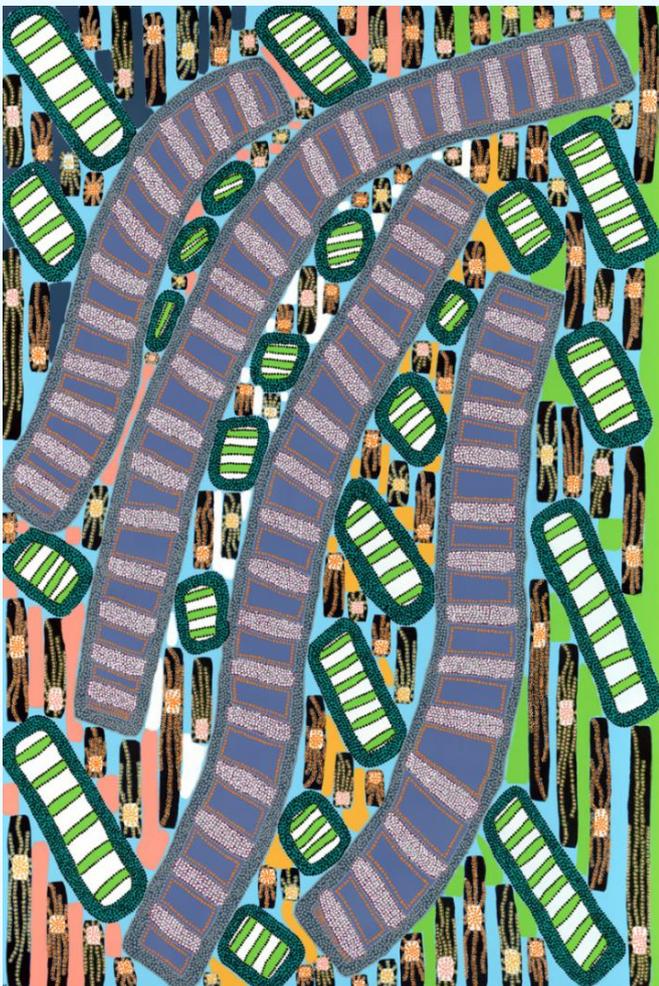
We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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1 2025-26 GST Relativities – New Issues Paper

1.1 Overview of new issues

- The new issues paper includes data and assessment issues for consideration:
 - Update to estimated resident population for the welfare assessment.
 - Missing data for the September quarter 2023 for the insurance tax assessment.
 - Continued separate assessment of nickel royalties in the mining assessment.
- The new issues paper includes Commonwealth payment items for consideration:
 - State budget treatment of selected Commonwealth payments.
 - Updated treatment of existing Commonwealth payments, where impacted by method changes proposed in the 2025 Methodology Review Draft Report.
 - Treatment of new Commonwealth payments.

1.2 Issues for consideration

The Commission proposes:

- To update the estimated resident population (ERP) used in the child protection and family services assessment to include people aged 15-17.
- NSW Treasury supports the Commission’s position to update this assessment’s ERP to include all people aged 0-17. We note improved data availability from the Australian Bureau of Statistics (ABS) means the Commission is now able to identify ERP for people between 15-17 and ensure consistency in ages used for child protection substantiations and ERP.

The Commission proposes:

- For insurance tax, to impute data for the September quarter 2023 using the September quarter proportion of taxable premiums in each state on average over the previous five years.
- NSW Treasury supports the Commission’s proposal to impute data based on the previous five-year average proportion of September taxable premiums, considering it reasonable and simple based on available data.
- However, while most of the data under the new Australian Prudential Regulation Authority (APRA) framework appears broadly reasonable, the Commission should undertake a review of certain data points to make sure they are fit for purpose.
- We note NSW mortgage premiums jump significantly when comparing all 2023-24 quarters to 2022-23, with December 2023 showing a 167 per cent increase. In contrast, every other state drops in every 2023-24 quarter compared to 2022-23. We understand that there is a reporting issue that should be corrected in APRA’s December 2024 quarterly data release.

The Commission proposes:

- To test the materiality of a separate nickel assessment before determining whether a separate assessment will continue or if nickel royalties will be assessed as part of other minerals.
- NSW Treasury maintains our position from the 2024 Update – if a separate assessment of nickel, or any mineral, proves material then it should be separately assessed. If the assessment is not material, then it should be included in other minerals. We support the Commission undertaking materiality testing on a separate nickel assessment.
- As part of this, we again reiterate that the Commission’s judgement in this matter is unnecessary. We do not believe the Commission needs to make a later judgement, after the results of materiality testing are known, on whether a separate assessment should be undertaken. The outcome from materiality testing should be sufficient to determine whether a mineral is assessed separately or in the aggregate other minerals component.
- We acknowledge that it is not ideal for a mineral to drop in and out of being separately assessed, particularly if driven by the Commission developing a unique design of the assessment. In this instance, the treatment and testing of a separate nickel assessment is in line with the Commission’s approach to most other mineral assessments.

The Commission proposes:

- To revise treatment of certain Commonwealth payments listed in Table 1 of the New Issues paper to reflect proposed method changes in the 2025 Methodology Review Draft Report.
- In line with the Commission’s position to treat remaining COVID-19 health and services to industry expenditure as actual per capita, NSW Treasury supports the treatment of associated revenues as impact. This ensures consistent treatment of COVID-related revenues and expenses.
- As the Commission is establishing a separate assessment component for homelessness, it is necessary for relevant homelessness payments to be assessed as impact. The Commission should ensure it has captured all relevant payments from 2021-22 to 2023-24.

The Commission proposes:

- To treat new 2023-24 Commonwealth payments as per Tables 2 and 3 of its New Issues paper.
- We have no comments on the proposed treatment of new 2023-24 Commonwealth payments, including the *Protecting Our Communities (Disaster Resilience) Program* later identified by the Commission.

The Commission seeks:

- State information on the treatment of expense data provided to the Commission for:
 - Private hospital viability payments made under the National Partnership on COVID-19 Response.
 - Disadvantaged independent schools payments.
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- Private hospital viability payments are included in state expenditure data provided to the Commission and will require an expense adjustment.
 - Disadvantaged independent schools payments are not included in state expenditure data provided to the Commission and will not require an expense adjustment.

Sydney NSW 2000

GPO Box 5469
Sydney NSW 2001

W: treasury.nsw.gov.au

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