



Australian Government

Commonwealth Grants Commission

2021 Update
New Issues:
Commonwealth Payments

Staff Discussion Paper
CGC 2020-2-S

October 2020

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Submissions sought by	20 November 2020 Please upload submission to your State's CGC engagement channel. Submissions of more than 10 pages in length should include a summary section.
Confidential material	It is the Commission's normal practice to make State submissions available on its website under the CC BY licence, allowing free use of content by third parties.  Further information on the CC BY licence can be found on the Creative Commons website (http://creativecommons.org). Confidential material contained in submissions must be clearly identified or included in separate attachment/s, and details provided in the covering email. Identified confidential material will not be published on the Commission's website.

Background

- 1 This paper sets out new Commonwealth payments identified by Commission staff as relevant to the 2021 Update. Staff seek State and Commonwealth treasuries' views on proposed treatments.
- 2 Please provide comments by 20 November 2020 by uploading to your State's CGC engagement channel in CGC Teams. The contact officer for queries is Naomi Elliott (Naomi.Elliott@cgc.gov.au or 02 6218 5725).

Issues

Treatment of Commonwealth payments commenced in 2019-20

- 3 Staff have examined the Commonwealth payments that commenced in 2019-20, as listed in the Commonwealth's Final Budget Outcome 2019-20, and propose to treat them as set out in Attachment A, Table A-1. The proposals are based on the following guidelines adopted in the 2020 Review:
 - payments which support State services, and for which expenditure needs are assessed, will impact on State fiscal capacities.
 - if a payment has multiple components, and the Commission decides that one or more component should not affect State fiscal capacities, Commission staff will collect information to split the payment to ensure the appropriate treatment is applied.

Terms of reference requirements

- 4 The Commission is yet to receive terms of reference for the 2021 Update. The proposed treatment of some new Commonwealth payments could change, if directed by terms of reference. However, the following payments that commenced in 2019-20 were quarantined by the 2020 Review terms of reference:
 - up to \$10 million of the proceeds from the sale of water under the Water for Fodder program.

Treatment of Commonwealth payments commencing in 2020-21

- 5 Table A-2 of Attachment A provides a list of new payments that will commence in 2020-21. Although some of those payments shown will also affect the year in which the 2021 Update relativities will apply, staff do not propose to backcast any of them because they do not represent a major change in federal financial arrangements. Staff will consider their treatment in the relevant future updates.

Seeking State views

State views are sought on:

- Proposed treatments of Commonwealth payments which commenced in 2019-20.

Attachment A

Proposed treatment of Commonwealth payments commenced in 2019-20

Table A-1 Proposed treatment of Commonwealth payments commenced in 2019-20, *Final Budget Outcome, 2019-20*

Commonwealth payment	Description	2019-20 \$m	Proposed treatment	Reason for treatment
Health				
COVID-19 public health response	Funding to provide financial assistance for the additional costs incurred by State health services in responding to the COVID-19 outbreak, including as a result of the diagnosis and treatment of patients with COVID-19 or suspected of having COVID-19, and efforts to minimise the spread of COVID-19 in the Australian community.			
	Hospital Services and State Public Health payments	1,799	No Impact	Payment supports State services. However, the drivers of Commonwealth funding under this agreement (Covid-19) may be influenced by factors not assessed in the Commission's Health category assessment.
	Private hospital financial viability payment	1,156	No Impact	This is a payment from the Commonwealth to private hospitals via the states.
Achieving better health outcomes	Funding for NSW for the refurbishment of Deniliquin Hospital and to establish a nurse-driven pilot program at Heart Centre for Children at Westmead Hospital.	0.3	Impact	Payment supports State services for which needs are assessed.
Additional assistance for public hospitals	Funding to Tasmania and the Australian Capital Territory if growth in National Health Reform funding is lower than growth in CPI and population in a given year.	4	Impact	Payment supports State services for which needs are assessed.
Adult Mental Health Centres	Funding to establish an Adult Mental Health centre in Adelaide, SA. The centre will provide a range of mental health support services. The South Australian centre is one of eight centres which are being established as part of a Commonwealth trial designed to improve accessibility to appropriate mental health services for adults.	2	No impact	Payment supports State services for which needs are assessed. However, the adult mental health centre is one of eight centres across the country which are being established as part of a Commonwealth trial. The trials in other states are being funded through Commonwealth Own Purpose Expenditure. All payments should be treated consistently.
Comprehensive palliative care across the life course	Funding for new and innovative approaches to improve palliative and end-of-life care coordination for older Australians living in residential aged care.	4	No impact	Aged care, including residential aged care, is a Commonwealth responsibility. Needs are not assessed for aged care.

Commonwealth payment	Description	2019-20 \$m	Proposed treatment	Reason for treatment
Grace's Place	Funding provided to New South Wales to assist with the construction of Grace's Place, a residential trauma recovery centre for children and young people aged between 3 and 18 years impacted by homicide.	4	No Impact	This is a payment to a third party. NSW will disperse the funds to the Homicide Victims Support Group (an NGO) through a grant.
CCTV trial in aged care facilities	Funding to support the delivery of a 12-month trial of installation of camera surveillance and monitoring systems across a number of Local Health Networks' residential facilities in South Australia.	0.5	No impact	Aged care, including residential aged care, is a Commonwealth responsibility. Needs are not assessed for aged care services.
Lymphoedema garments and allied health therapy	This Agreement will contribute to improving access to compression garments by eligible patients.	2	Impact	Payment supports State services for which needs are assessed.
Veteran Wellbeing Centre Program	Funding to develop Veterans' Wellbeing Centres in partnership with ex-service organisations and State governments. The centres in Queensland and South Australia will be established in areas with significant numbers of veterans and transitioning members by the relevant State government or ex-service organisation. The centres will facilitate the provision of wellbeing services including employment support, health and housing initiatives	5	No impact	Services for veterans are a Commonwealth responsibility. Needs are not assessed for veterans' services.
Education				
Local Schools Community Fund	Funding directly to local schools via applications. Government, Catholic and Independent are all eligible.	30	No impact	Payments are through States to private schools.
Skills and workforce development				
National Infection Control Training Fund	Funding to provide fee-free or low fee training on infection control, delivered through ASIC endorsed training packages. Primary recipients will be workers in industry including retail, tourism, hospitality cleaning, security, transport and logistics.	8	No impact	Payment supports State services. However, the drivers of Commonwealth funding under this agreement (Covid-19) may be influenced by factors not assessed in the Commission's Post-secondary category assessment.
Skills for Tasmania	Funding to provide fee-free training and support for training materials to encourage Tasmanians to train in areas of priority skills needs.	2	Impact	Vocational education training is a normal State-type function and needs are assessed.
Community services				
COVID-19 Domestic violence support	This Agreement will support the States to respond immediately to increases in domestic, family and sexual violence as a result of COVID-19, and to ensure services can continue to support those who need it most.	33	No impact	Payment supports State services. However, the drivers of Commonwealth funding under this agreement (Covid-19) may be influenced by factors not assessed in the Commission's Welfare category assessment.
NDIS Strategic Investment in Queensland	This Agreement will support the delivery of the NDIS in Queensland through increasing the number of NDIS participants in Queensland.	3.5	No Impact	NDIS payments have previously been excluded, under ToR. NDIS transition payments historically have been treated as no impact, even without ToR.
Infrastructure				

Commonwealth payment	Description	2019-20 \$m	Proposed treatment	Reason for treatment
Major projects Business Case Fund	Funding for the development of business cases for road and rail infrastructure projects.	13.5	Impact	Business case development for road and rail infrastructure projects are a normal State-type functions and needs are assessed.
Urban congestion fund	\$4 billion over the next 10 years through the Urban Congestion Fund, to reduce congestion in urban areas. The fund is complementary to the Roads of Strategic Importance Initiative.	148	Split	Infrastructure spending on the National Network are treated as 50% 'no impact' (as per the 2020 Review Commission decision). Off network payments are treated as impact on the relativities. Budget Analysis team will seek advice from the Department of Infrastructure on the list of projects funded under this NPP, and whether they are on or off network.
Adelaide City Deal	Funding of \$64 million over four years to support projects under the Adelaide City Deal, including the development of a new innovation and cultural precinct in the city centre.	3	Impact	Payments support areas of State government responsibility and needs are captured in the relevant category investment assessment.
Barkly Regional Deal	Funding of \$22.4 million over three years to support projects that boost economic and social development in the Barkly region.	1	Impact	Payments support areas of State government responsibility and needs are captured in the relevant category investment assessment.
Darwin City Deal	Funding of \$32.3 million over four years to support projects under the Darwin City Deal.	25	No impact	Payments primarily relate to support for Charles Darwin University, which is Commonwealth responsibility.
Geelong City Deal	Funding of \$183.8 million over five years to support projects under the Geelong City Deal, including the Shipwreck Coast Master Plan, Great Ocean Road projects and projects in the Geelong city centre.	1.5	Impact	Payments primarily support areas of State government responsibility and needs are captured in the relevant category investment assessment.
Launceston City Deal	Funding of \$42.1 million over four years towards projects under the Launceston city deal including relocating the University of Tasmania campus and projects to reduce pollution and improve the health of the Tamar River in Launceston.	2.5	No impact	Payments primarily relate to support for University of Tasmania, which is Commonwealth responsibility, or for environmental infrastructure, where needs are not assessed.
Environment				
Bushfire Wildlife and Habitat Recovery	Post-disaster funding for wildlife and habitat recovery.	13	No impact	Payment is for environmental protection. Needs for environmental protection are not assessed.
Lindenow Valley water security scheme	This Agreement will support the delivery of grants to eligible Irrigators within the Lindenow Valley of East Gippsland Victoria for the construction of on-farm water storage facilities, or bores and pumping facilities, to increase water security and improve resilience to drought.	1	No impact	Payment supports State services but expenses for drought assistance are not differentially assessed.
Water efficiency program	The Australian Government will provide funding for State-led efficiency measures in the Murray-Darling Basin under the Water for the Environment Special Account.	0.3	No impact	Payment supports State services, but expenses (environmental protection) are not differentially assessed.

Commonwealth payment	Description	2019-20 \$m	Proposed treatment	Reason for treatment
Water for fodder program	This is part of the Australian Government's Drought Response, Resilience and Preparedness Plan. Funding for South Australia to produce 40 gigalitres of water from the Adelaide Desalination Plant at the actual marginal cost of production and to transfer water allocations from entitlements held by the State to irrigators in the Southern Murray Darling Basin under the Water for Fodder program.	28	No impact	Payment supports State services but expenses for drought assistance are not differentially assessed. Commonwealth purchasing a service.
Yellow crazy ant control	Funding to ensure a more concerted approach to yellow crazy ant control activities in and adjacent to the wet tropics of Queensland World Heritage Area.	3	No impact	Environmental protection expenses are not assessed.
Other purposes				
Bushfire legal assistance funding	Additional funding for legal assistance services to help address the impact of the bushfires of 2019 20. Funding is being provided to individuals, small businesses and primary producers through the States most severely affected by the bushfires.	3	No impact	Payment supports State services. However, the drivers of Commonwealth funding under this agreement (bushfires) may be influenced by factors not assessed in the Commission's Justice category assessment.
COVID-19 legal assistance funding	Additional funding for legal assistance services provided by legal aid commissions, community legal centres, Aboriginal and Torres Strait Islander Legal Services and Family Violence Prevention Legal Services to help address the impact of COVID-19.	28	No impact	Payment supports State services. However, the drivers of Commonwealth funding under this agreement (Covid-19) may be influenced by factors not assessed in the Commission's Justice category assessment.
Family advocacy and support services	The Australian Government is supporting the operation of family advocacy and support services by legal aid commissions. They are providing integrated duty lawyer and family violence support services at locations across Australia.	10	No impact	This payment primarily supports family law court services, a Commonwealth function.
Family law information sharing	Funding to support safety officials to facilitate information sharing between the family law, child protection and family violence legal systems. They will also foster a more coordinated response to safety issues, to promote the safety and wellbeing of families and children.	3	No impact	Funding is for a trial placement to support collaboration between the federal family law system and State agencies; the funding predominantly supports a Commonwealth function.
Household resilience program	The Household Resilience Program provides grants to eligible homeowners in coastal parts of Queensland improve the resilience of their homes against cyclones.	10	No Impact	This is a payment from the Commonwealth to third parties via the State. The State is administering the program on behalf of the Commonwealth.
National tourism icons package	Supports the delivery of funding for sustainable visitor infrastructure to enhance tourist attractions. The projects will provide a catalyst for developing tourism within each region, create jobs and help to diversify local economies. Projects are the Wangetti Trail in Queensland, Rottnest Island in Western Australia and Freycinet in Tasmania.	5	Impact	Payment supports State services for which needs are assessed.

Commonwealth payments commencing in 2020-21

Table A-2 Commonwealth payments commencing in 2020-21, *Federal Financial Relations, Budget Paper No. 3, 2020-21*

Commonwealth payment	Description	New in 2020-21 \$m
Proton Beam Facility	Funding for the establishment of a proton beam therapy facility in Adelaide. (Payment quarantined in the 2019 Update terms of reference.) The payment (\$40.7 million) was expected in 2018-19 but does not appear FBO 2018-19 or 2019--20.	41
Energising Tasmania	Fee-free training and support for training materials to encourage Tasmanians to train in area of priority skills needs to support the Battery of the Nation initiative.	5
Job Trainer Fund	The JobTrainer Fund will provide approximately 340,700 training places to help school leavers and job seekers access courses to develop new skills in growth sectors and support them into employment.	500
Revitalising TAFE campuses across Australia	Funding to expand, upgrade or refurbish vocational education infrastructure, ensuring TAFEs are equipped to deliver training to expected standards.	25
HomeBuilder	Grant to eligible owner-occupiers to build a new home or rebuild an existing home to support residential construction sector jobs.	680
Social Impact Investments - Vulnerable priority groups	Funding to State governments to trial social impact investments which aim to assist vulnerable priority groups.	0.5
Social Impact Investments - Youth at risk of homelessness	Funding to State governments to trial social impact investments which aim to help young people at risk of homelessness.	0.5
Albury Wodonga regional deal	Funding to initiate the Albury Wodonga Regional Deal which will support projects that boost economic and social development in the region. The payment was expected to begin in 2019-20 but does not appear in FBO 2019-20.	3
Hinkler Regional Deal	Funding of \$71 million over four years to support community and transport infrastructure projects that boost economic and social development in the Bundaberg and Hervey Bay regions. The payment was expected to begin in 2019-20 but does not appear in FBO 2019-20.	11
Local Roads and Community Infrastructure	The Australian Government is providing \$1.5 billion over two years to support local councils to deliver priority local road and community infrastructure projects across Australia, supporting jobs and the resilience of local economies to help communities bounce back from the COVID-19 pandemic.	924
Perth City Deal	The Australian Government is providing \$237.3 million from 2020-21 to 2023-24 to support projects under the Perth City Deal, including the Edith Cowan University Cultural and Creative Industries Education CBD Campus, the Perth Cultural Centre Rejuvenation, Perth Concert Hall Redevelopment, Homelessness Housing Projects and the Perth CBD Transport Plan. The Australian Government will provide a total of \$327.5 million over 11 years from 2020-21 to support these projects.	37

Commonwealth payment	Description	New in 2020-21 \$m
Public Safety Mobile Broadband	The Australian Government is providing \$8 million in 2020-21 to support the delivery of a proof of concept trial for a Public Safety Mobile Broadband (PSMB). The PSMB is an important part of Australia's ability to prepare for and respond to natural disasters and emergencies at the national scale.	8
Townsville city deal	A 15-year funding deal to support a collective program of planning, reform and investment under the Townsville City Deal. The payment was expected to begin in 2019-20 but does not appear in FBO 2019-20.	175
COVID-19 World and National Heritage	Funding to support the domestic tourism industry and regional communities by funding on-ground projects to improve World and National Heritage sites and providing an economic boost through job creation.	33
Environmental assessment systems upgrade	Funding to support activities to establish new and interoperable environmental assessment systems including an online environmental assessment portal, an environmental assessment system and a biodiversity data repository.	4
Environment Restoration Fund	Funding to protect Australia's water, soil, plants and animals and support their productive and sustainable use.	4
Fishing and Camping Facilities Program	Funding for local councils to improve, maintain or build new boating, marine rescue, fishing and camping facilities (such as boat ramps).	10
Forestry Industries Bushfire Salvage Transport Assistance	Funding for grants which will be provided to cover the additional costs of salvage log haulage to processing mills and/or storage facilities to forestry entities impacted by the 2019-20 bushfires and COVID 19 pandemic (for storage assistance).	15
Future Drought Fund/Farm Business Resilience	Funding to provide farm businesses with training to develop strategic management skills and support the development of a Farm Business Plan. Participants will develop a plan, tailored to their business and situation, and have the opportunity for professional assessment and feedback on the plan. Funding will be provided from the Future Drought Fund.	20
Future Drought Fund/Regional Drought Resilience Planning	Funding to support group partnerships with local councils and regional stakeholders to develop Regional Drought Resilience Plans for agriculture — identifying and guiding innovative actions to build resilience to future droughts. Funding will be provided from the Future Drought Fund.	10
Horticulture Netting Trial Scheme	Horticultural Netting Infrastructure grants help primary producers in the Riverland and Adelaide Hills/Greater Adelaide region fund the purchase and installation of new netting or the replacement of any damaged netting over land used to grow horticulture crops.	24
National forestry industry plan	Funding to support the States to offer advice on the establishment of new farm forestry assets, private native forestry and Indigenous forestry areas' suitability for sustainable harvesting of forest products.	2
Recycling Infrastructure	Funding for improved recycling outcomes by addressing critical infrastructure gaps in Australia's waste management and resource recovery systems.	60
Securing Forestry Resources for Economic Security	Funding for State-based grants that will support storage of unprocessed and processed wood products sourced from forests affected by the 2019-20 bushfires. This supports forestry industries during the COVID-19 pandemic.	10
Bushfire response package	Additional funding for legal assistance services provided by legal aid resources to help address the impact of the bushfires of 2019-20. Funding is being provided to individuals, small businesses and primary producers through the States most severely affected by the bushfires.	6

Commonwealth payment	Description	New in 2020-21 \$m
COVID-19 Self-Isolation for Remote Communities	Funding to reimburse State for some of the costs incurred in the provision of government funded self-isolation facilities for the duration of the Remote Travel Restrictions in NT, WA, SA and Qld.	4
National Legal Assistance Partnership	Through the Legal Assistance Package, the Australian Government intends to create a new, single National Mechanism for Commonwealth Legal Assistance Funding from 1 July 2020. The National Mechanism will integrate new and existing Commonwealth legal assistance funding currently allocated across the Attorney General's, Treasury and Social Services portfolios.	388
Small business regulatory reform	Funding to deliver reforms that drive Australia's economic performance, including reforms that reduce the regulatory burden on small businesses.	261