



Treasury

Submission to the Commonwealth Grants Commission

New Issues for the 2020 Review

NSW Treasury

November 2019

Introduction

The Commonwealth Grants Commission (CGC) has circulated the 'New Issues for the 2020 Review – Staff Discussion Paper – CGC 2019-01-S' (Discussion Paper) setting out new issues that the CGC considers relevant to the 2020 Review.

NSW Treasury thanks the CGC for the opportunity to provide input on its proposed approach to issues identified.

Two issues were identified in the Discussion Paper:

- Welfare assessment – treatment of the National Disability Specific Purpose payment (NDSPP) following full transition to the National Disability Insurance Scheme (NDIS), and
- treatment of new Commonwealth Payments.

This submission to the Discussion Paper sets out the views of NSW Treasury and not the NSW Government.

Welfare assessment – treatment of National Disability SPP

The CGC proposes to assess the NDSPP as having no effect on the GST distribution from 2020-21 (the application year of the 2020 Review) on the basis that all states will have largely completed their transition to the NDIS and the NDSPP will cease. NSW Treasury agrees this approach will ensure consistent treatment of the payment and associated expenses.

This approach was foreshadowed by the CGC in the 2015 Review.

NSW Treasury notes the NDSPP will drop out of the assessment window in the 2024 Update with the final payment being made to Western Australia in 2019-20 (in accordance with the Commonwealth 2019-20).

NSW Treasury requests the CGC monitor this transition in following Updates to ensure that transition across all states occurs as expected.

Treatment of Commonwealth payments commencing in 2018-19

NSW Treasury notes the proposed treatment of Commonwealth payments commencing in 2018-19 as outlined in Attachment A - Table A-1.

The CGC's proposed 'No impact' treatment of the following agreements is supported:

- Fussell House accommodation
- Health Innovation Fund
- National Regulatory System for Community Housing
- Western Sydney City Deal (Payments to Local Governments)

- Preparing Australia package.

The proposed treatment of the Western Sydney City Deal was previously addressed in the NSW Treasury Submission to the 2020 Methodology Review Draft Report.

Whilst not in scope for new payments in 2018-19, NSW Treasury has made extensive representations regarding the treatment of the National Partnership on the Skilling Australians Fund sign-on bonus. The 2017-18 sign-on bonus should be treated as a reward payment (the same as the Health Innovation Fund) and be assessed as having 'No impact' on NSW fiscal capacities for the 2019-20 and 2020-21 assessments.

Terms of Reference requirements

NSW Treasury notes the proposed treatment of those payments commencing in 2018-19 that were quarantined by Terms of Reference to the 2019 Update will continue to be treated as having 'No impact' in the absence of any further direction by the Commonwealth Treasurer in the Terms of Reference to the 2020 Review.

Treatment of Commonwealth payments commencing in 2019-2020 or 2020-21

NSW Treasury notes that the CGC proposes no backcasting for those new Commonwealth payments commencing in 2019-20 or 2020-21 listed in Table A-2, Attachment A of the Discussion Paper on the basis that they do not represent a major change in federal financial relations.

NSW Treasury notes the CGC will consider their treatment in future Updates.

NSW Treasury Contact

Further information and questions regarding any aspect of this submission may be directed to: Ms Andrée Wheeler, Director, Federal Financial Relations, NSW Treasury (e. ffr@treasury.nsw.gov.au).