

Commonwealth Grants Commission 2020 Methodology Review

Tasmanian Government Submission in response to:
Staff Discussion Paper CGC 2019-01-S (*New Issues for the 2020 Review*)

22 November 2019



Tasmania
Explore the possibilities

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Welfare assessment - treatment of the National Disability SPP

Staff propose to recommend that the Commission:

- Assess the National Disability Specific Purpose Payment (SPP) on an EPC basis because, in the application year, all States will have largely completed their transition to the NDIS.

Tasmania notes that, from 2020-21, Commonwealth National Disability SPPs to the States will cease, as the transition to the National Disability Insurance Scheme (NDIS) will be complete.

However, up until 2020-21, States are transitioning to full scheme at different rates. As States reach full scheme, their SPP ceases, while for those still in transition, it continues. The National Disability SPP has been provided to the States on a per capita basis. As States transition to full scheme, the remaining States effectively receive greater than their per capita share because there is a decline in total funds paid to the remaining States.

As transition to the NDIS will be complete by 2020-21, the Commission will no longer assess disability expenses¹ as part of its Welfare category assessment for the 2020-21 application year. It is therefore reasonable, and ensures symmetry of treatment, that the associated Commonwealth payments are not assessed, but treated on an EPC basis. To continue to treat disability-related Commonwealth payments as having an impact on the GST distribution could lead to some States being negatively affected as they receive a greater than EPC share of the decreasing SPP funding pool while their expenses are assessed on an EPC basis.

Treatment of Commonwealth Payments commenced in 2018-19

Based on the Commission's 2015 Methodology Review guidelines, Tasmania agrees with the proposed treatment of payments commenced in 2018-19 as listed in Table A-1 of Attachment A of the New Issues Paper.

Tasmania notes that, of the 17 Commonwealth payments commenced in 2018-19, the 2019 Update Terms of Reference have quarantined four, and Tasmania's Marinus Link is expected to be quarantined in supplementary 2020 Terms of reference. Seven payments are classified as being payments for which expenditure needs are not assessed, and three will be assessed as having an impact on relativities.

The National Network Roads (NNR) will continue to be assessed as 50 per cent no impact and Off-NNR as 100 per cent impact.

The Commission has advised that the Western Sydney City Deal will be assessed as having no impact where payments are made direct to local government, and as having an impact where payments are made to the New South Wales State Government.

In the case of payments made to local government as part of the Western Sydney City Deal, Tasmania notes that the Commission will need to exercise judgement as to whether the payments substitute for State provided services, and, if needs are assessed, whether they should impact on the GST distribution.

¹ Tasmania has raised an issue in its response to the Commission's Draft Report for the 2020 Methodology Review that, at NDIS full scheme, there will still be some people who require disability services funded by the State. It is appropriate to continue to assess disability expenses, if material, for those persons who are not participants in the NDIS.

Treatment of New Commonwealth Payments commenced in 2019-20 or 2020-21

Tasmania agrees with the recommendation not to backcast the payments commencing in 2019-20 and 2020-21 listed in Table A-2 of Attachment A, as they do not represent a major change in federal financial arrangements.