



Northern
Territory
Government

COMMONWEALTH GRANTS COMMISSION 2016 UPDATE

Northern Territory Response to Staff
Discussion Paper CGC 2015-04-S

September 2015

Introduction

The Territory welcomes the opportunity to respond to Staff Discussion Paper 2015-04-S on the proposed treatment of new issues in the 2016 Update. The issues identified in the Discussion Paper relate to the Mining Revenue, Roads, Welfare, Schools Education, Health and Housing categories, as well as the treatment of Commonwealth payments commencing between 2014-15 and 2016-17. The Territory is largely comfortable with the Commission staff's proposed approach to these issues.

We note that the Commission is separately consulting with states and territories regarding the treatment of the National Partnership Agreement on Remote Indigenous Housing and will provide the Territory's views on this issue in a separate submission.

New Issues for the 2016 Update

The Territory supports:

- Commission staff's decisions regarding issues identified in the 2015 Review for monitoring and/or re-examination following the Review;
- the use of updated average gross mass and distance travelled data from the National Transport Commission in the Roads category;
- the proposed treatment of Commonwealth payments commencing in 2014-15; and
- Commission staff's decision not to backcast Commonwealth payments commencing in 2015-16 and 2016-17.

The Territory will address the treatment of the National Partnership Agreement on Remote Indigenous Housing in detail in a separate submission.

Issues arising from the 2015 Review

1.1 Commission staff have decided to:

- make no changes to the mineral-by-mineral assessment used in the Mining Revenue category, as there has been no change in state policies since the 2015 Review;
- review the road and rail projects that are part of the national network when advice from the Commonwealth Department of Infrastructure and Regional Development on this issue becomes available;
- consider if any changes are required to the assessment of natural disaster relief expenses after the Commonwealth responds to the Productivity Commission's report on the efficacy of current national natural disaster funding arrangements;
- retain the 2006 Census-based socioeconomic index for individuals (SEIFI) in the Welfare assessment, as a 2011 Census-based SEIFI will not be available for the 2016 Update;
- implement dual assessments of state expenses on disability and National Disability Insurance Scheme (NDIS) contributions during the transition period of the NDIS, based on state proportions of the total number of people eligible in a year to be covered by the NDIS when fully operational;

- backcast the 2016-17 Students First payments and related expenses to the assessment years; and
 - use backcast health reform funding figures for 2012-13 and 2013-14 and Commonwealth Final Budget Outcome figures for 2014-15 in the Health assessment.
- 1.2 The Territory is comfortable with Commission staff's decisions on the above issues and looks forward to consultations with the Commission should there be developments necessitating a review of the relevant assessments.

Roads data

- 1.3 Commission staff propose to update the assessment of heavy vehicle road use using new average gross mass (AGM) data provided by the National Transport Commission (NTC). The new AGM data will be based on the Australian Bureau of Statistics' 2014 Survey of Motor Vehicle Use (SMVU), which is scheduled for release in October 2015.
- 1.4 Commission staff have also asked the NTC to provide updated distance travelled data to be used in assessing road use in urban and rural areas in the 2016 Update once the 2014 SMVU is released.
- 1.5 The Territory supports the use of the most recent available data in the Commission's assessment and notes that the data being requested from the NTC is an update of data previously used in the 2015 Review.

Treatment of Commonwealth payments commencing between 2014-15 and 2016-17

- 1.6 The Discussion Paper provides Commission staff's proposed treatment of Commonwealth payments commencing in 2014-15 such that they either impact or do not impact GST relativities in the 2016 Update. The Territory has no objections to the proposed treatment of these payments.
- 1.7 The Discussion Paper also lists Commonwealth payments scheduled to commence in 2015-16 and 2016-17. Commission staff propose not to backcast these payments to the assessment years for the 2016 Update, as they do not represent a significant change in federal financial arrangements. The Territory has no objections to this approach.

Treatment of the National Partnership Agreement on Remote Indigenous Housing (NPARIH)

- 1.8 Commission staff are reconsidering the treatment of NPARIH, reflecting concerns that the approach adopted in the 2015 Review may not be capturing some disabilities that the agreement seeks to address.

- 1.9 The Territory welcomes the reconsideration of the assessment of NPARIH and will provide a detailed submission on this issue separately.