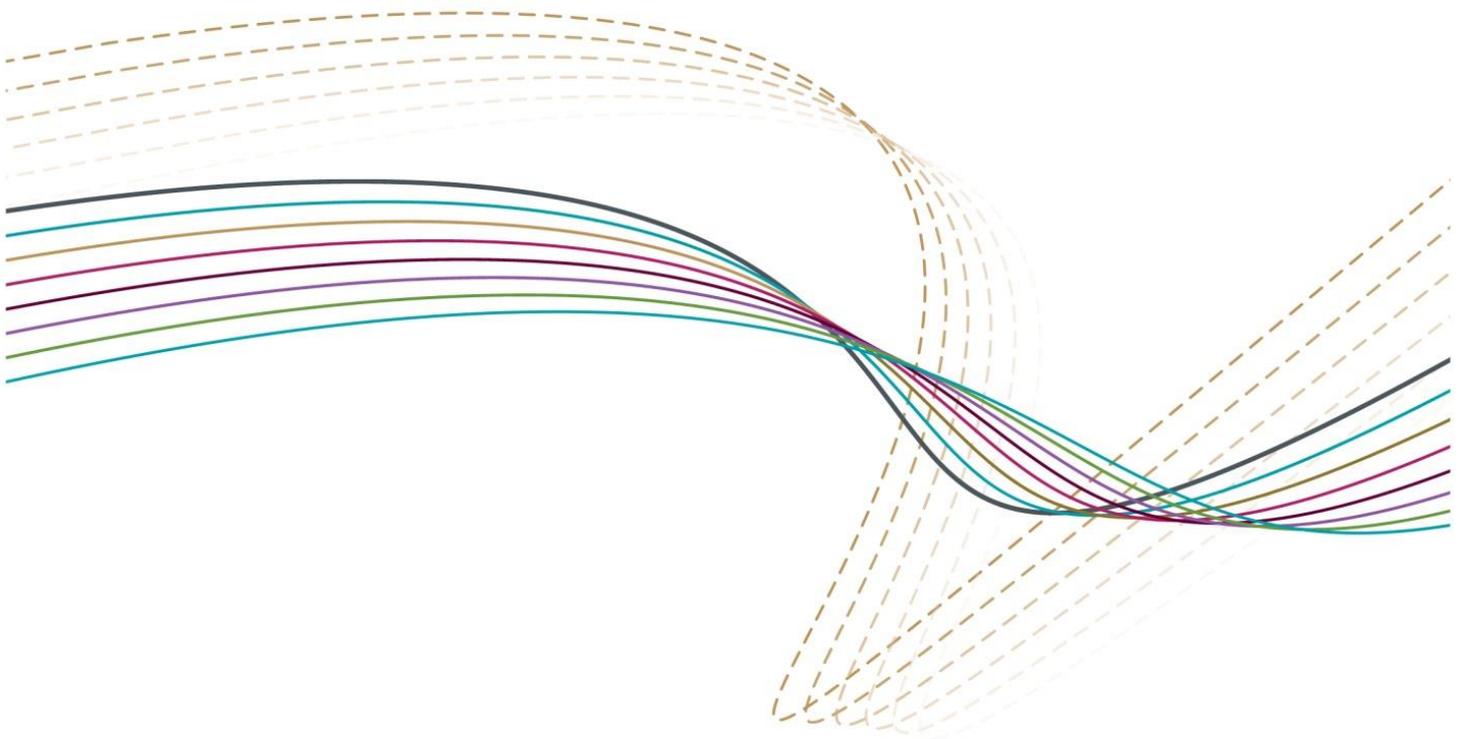


QUEENSLAND TREASURY

New Issues for the 2016 Update

Response to Commonwealth Grants Commission
Staff Discussion Paper CGC 2015-04S

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Contact Officer:

Matthew Nalder

Intergovernmental Relations Branch

Queensland Treasury

(07) 3035 1818

matthew.nalder@treasury.qld.gov.au



Queensland's Position

- Queensland notes the issues arising from the 2015 Review report and:
 - Supports consideration of the impacts of any changes to NDRRA, when these become known; and
 - Supports continuing to adjust the 2006 Census Socio-economic Index for Individuals (SEIFI) in the 2016 Update, but revisiting this issue if an updated SEIFI does not become available in time for the next update.
 - Queensland will provide further comments on the treatment of revenue and expenses relating to the National Partnership for Remote Indigenous Housing in its response to the discussion paper on this issue.
 - Queensland supports the treatment of the Commonwealth payments outlined in Attachment A of the New Issues paper with the exceptions of Hummingbird House and the National School Chaplaincy Programme.
 - Queensland supports not backcasting Commonwealth payments commencing in 2015-16 and 2016-17.

1.0 Issues arising from the 2015 Review Report

1.1 Natural Disaster Relief and Recovery Arrangements (NDRRA)

Queensland supports the Commission considering the implications of the Commonwealth's final response to the Productivity Commission's report on NDRRA arrangements and resultant agreements with the states, once these are finalised. It seems unlikely that Commonwealth and Commission timeframes will allow for this issue to be considered in time for the 2016 Update report.

1.2 Welfare assessment – Socio-economic Index for Individuals (SEIFI)

If a SEIFI based on the 2011 Census is not available in time for the 2016 Update, Queensland supports continuing to adjust the 2006 Census based index for changes in states' proportions of health care or pensioner concession card holders, as was done in the 2015 Review. However, if the ABS does not produce an updated SEIFI in the near future (before the 2017 Update), the Commission should consider whether there are alternative methods or data sources that may give more accurate results.

1.3 Welfare assessment – NDIS

Queensland notes that expected shares of state expenses on disability services and NDIS contributions are to be backcast using state data on projected expenses.

At the time of providing these comments, Queensland is still in the process of negotiating with the Commonwealth the NDIS funding arrangements for 2016-17. The funding arrangements will determine how many clients will transition into the NDIS in 2016-17 and thereby the expected NDIS costs. Queensland will endeavour to provide this information as soon as it becomes available.

2.0 Roads data – National Transport Commission trend data

Queensland notes the NTC are to provide updated trend average gross mass data (which are applied to data on kilometres travelled by each class of heavy vehicle in each state). This will incorporate data from the 2014 ABS Survey of Motor Vehicle Use, due to be released in mid-October.

3.0 National Partnership payment for Remote Indigenous Housing (NPARIH)

Queensland notes the CGC are reconsidering the treatment of expenses and Commonwealth payments relating to the NPARIH and a separate discussion paper is being progressed on this issue. Queensland will provide comments on this issue in its response to the discussion paper.

4.0 Commonwealth Payments that commenced in 2014-15

Queensland acknowledges and supports the treatment of the Commonwealth payments outlined in Attachment A of the New Issues paper with the following exceptions.

4.1 Hummingbird House

Queensland disagrees with the CGC's treatment of the Commonwealth payment for Hummingbird House. Payments through this program are made to support a third party (not-for-profit) organisation and Queensland does not control the funding. A significant proportion of the Commonwealth payment is for the construction of a children's hospice facility, with ongoing operating costs being borne by the not-for-profit organisation. The payment does not increase state fiscal capacity and should be treated as to have no impact on relativities.

4.2 National School Chaplaincy Programme

Queensland does not agree with the CGC's treatment of the National School Chaplaincy Program on the basis the payment funds a purchase of services by the Commonwealth. The program directly funds chaplaincy services in Australian schools - schools voluntarily apply to participate in the program and are selected through a panel process consisting of government and non-government representatives. The state has limited control over the funding and it should be treated as not impacting on relativities.

5.0 Commonwealth Payments commencing in 2015-16 and 2016-17

Queensland supports not backcasting Commonwealth payments commencing in 2015-16 and 2016-17 listed in Table A-2 of Attachment A as they are not the result of a major change in federal financial relations.

