Australian Government

Commonwealth Grants Commission

2019 UPDATE

NEW ISSUES FOR THE 2019 UPDATE

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BACKGROUND

1 In expectation that the Commission will receive terms of reference (ToR) for a 2019 Update, this paper sets out new issues identified by Commission staff as relevant to the update. We are seeking State and Commonwealth treasuries' views on staff proposals.

2 Please provide comments by 23 November 2018 to secretary@cgc.gov.au. States are encouraged to raise any other issues relevant to the Update. The contact officer for queries is Yuhua Shi (Yuhua.shi@cgc.gov.au or 02 6229 8852).

ISSUES FOR THE 2019 UPDATE

3 The issues for the 2019 Update include:

- Mining revenue assessment
  - treatment of lithium royalties
  - transfer pricing of minerals
- use of final 2016 Census data
- Natural disaster relief expenses assessment
- treatment of National Disability Insurance Scheme (NDIS) related payments
- treatment of the transfer of ownership of Snowy Hydro Limited from States to the Commonwealth
- changes in the adjusted budget
  - use of the new Government Finance Statistics classification data
  - cease sending the preliminary adjusted budget to the States for comments
- treatment of new Commonwealth payments for specific purposes.

MINING REVENUE ASSESSMENT — TREATMENT OF LITHIUM ROYALTIES

4 In its 2015 Review, the Commission decided to assess Mining revenue capacity using a mineral by mineral assessment. In its report the Commission said:

> Our intention is to keep this structure until the next review. However, if there is a major change in circumstances, such that another mineral becomes material or one of the material minerals becomes immaterial,

the Commission will exercise its judgment on whether HFE would be improved by changing the structure of the assessment.[1]

5 In its 2018-19 Budget Papers, Western Australia forecasts its lithium royalties to exceed $100 million by 2018-19.[2] It also forecasts lithium royalties to exceed nickel royalties in the same year. Currently, lithium royalties are not separately assessed, but are assessed as part of the Other minerals component.

Table 1 Royalty income

	2016-17 Actual	2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate
	$m	$m	$m	$m	$m	$m
Nickel	43	65	71	71	70	63
Lithium	24	89	131	131	109	117

Source: Western Australia, State Budget 2018-19, Budget Paper No 2, Economic and Fiscal Outlook, table 7, page 85.

6 While Western Australia is the main producer of lithium, there is some production in New South Wales. Currently, the Commission does not collect data on lithium royalties or value of production by State.

7 The issue is whether, as a result of the forecast increases in lithium royalties, the Commission should:

- change the structure of the Mining revenue assessment by removing lithium royalties from Other minerals and separately assessing them, or
- leave the structure of the Mining revenue assessment unchanged by continuing assessing lithium royalties as part of Other minerals.

8 Based on the information in Table 1, a separate assessment of lithium was not material in the 2018 Update.[3] The 2017-18 increase in lithium royalties would not make a separate assessment material in the 2019 Update. However, a separate assessment is likely to be material once the 2018-19 increase enters the assessment period (in the 2020 Review).

9 Given that a separate assessment of lithium is not yet material, consistent with the 2015 Review Commission position, we do not propose changing the structure of the existing assessment. Future treatment of lithium royalties will be considered as part of the 2020 Review.

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1 Commonwealth Grants Commission, *Report on GST revenue sharing relativities, 2015 Review, Volume 2 Assessment of State fiscal capacities*, page 106, paragraph 14.

2 Western Australia, State Budget 2018-19, Budget Paper No 2, Economic and Fiscal Outlook, Table 7, page 85.

3 Compared with the existing assessment, a separate assessment of lithium royalties would not exceed $30 per capita for any State.

Recommendation

Staff propose to recommend that the Commission:

- continue to assess lithium royalties in the Other minerals component in the 2019 Update because it is not material to assess this revenue in a separate component.

MINING REVENUE ASSESSMENT — TRANSFER PRICING OF MINERALS

10 In May this year, Queensland settled a case against BHP in relation to the company paying royalties on the price it sold coal to its Singapore trading subsidiary (BHP Billiton Marketing), which on sold to an end-user at a higher price. The case related to a tax bill covering the period 1 July 2005 to 31 December 2012. BHP paid royalties of around $2.4 billion to the Queensland Government during this period. The tax reassessment comprised royalties of $186 million and interest of $102 million.

11 The issue is how should the Commission assess these revenues? Should it assess them:

- as coal royalties, or
- equal per capita?

12 Generally, contested revenues are included in the relevant category. If a court subsequently rules against the State, the transaction (the value of the transaction and the revenue collected) is subsequently removed from the assessment.

13 The circumstances of this case are different:

- BHP paid royalties during this period, albeit on a lower price
- the settlement is subject to a confidentiality agreement and the details of the transactions are unlikely to be released
- the period to which the revenues relate is well outside the 2019 Update assessment years.

14 The confidentiality agreement means that the Commission is unlikely to obtain the revenue and value data it would require if it is to assess these revenues as coal royalties. Also, the case relates to assessments for the period July 2005 to December 2012, which means they relate to 10 successive inquiries — 2007 Update to the 2016 Update.

Recommendation

Staff propose to recommend that the Commission:

- assess the royalty revenue received by Queensland from BHP in relation to a royalties reassessment equal per capita because they relate to years prior to the assessment years and an assessment of the revenue would not be material.

USE OF 2016 CENSUS DATA

15 Final 2016 Census data from the Australian Bureau of Statistics (ABS) became available in March 2018. Following this, a number of disaggregated population datasets in our assessments will be updated, including:

- SEIFA
- remoteness
- service delivery scale
- measures of local roads in unincorporated areas
- small isolated communities
- discrete Indigenous communities
- social housing use
- client base for Services to industry regional costs.

16 As a result, the data used for the 2019 Update will fully incorporate 2016 Census data and classifications.

17 The ABS has not yet produced projections of the Indigenous population based on the 2016 Census. In this update, the Commission will continue to use the approach for Indigenous population estimates used in the 2018 Update.

Recommendation

Staff propose to recommend that the Commission:

- use 2016 Census based data for all category assessments.

NATURAL DISASTER RELIEF EXPENSES ASSESSMENT

Local government expenses

18 The natural disaster relief expenses assessment recognises the net costs States incur due to natural disaster events under Natural Disaster Relief and Recovery

Arrangements (NDRRA). Staff recently became aware that some States are reporting local government net NDRRA expenses, in addition to State net expenses. The assessment should not recognise local government out of pocket expenses.

19 A revised data request for the 2019 Update asked States to report revenue and expenses for local government separately, because staff wish to understand the extent to which States may be including local government expenses.

20 However, since sending the revised request, staff have decided to retain the 2015 Review approach for the 2019 Update, and investigate the nature of natural disaster relief expenses for local government as part of the 2020 Review.

Recommendation

Staff propose to recommend that the Commission:

- retain the 2015 Review method for calculating natural disaster relief expenses for the 2019 Update and investigate the nature of natural disaster relief expenses for local government as part of the 2020 Review.

WELFARE ASSESSMENT — TREATMENT OF NATIONAL DISABILITY INSURANCE SCHEME (NDIS) RELATED PAYMENTS

Background

21 Seven States are scheduled to have reached full implementation of the NDIS by July 2019 and to fund it on a full implementation basis in 2019-20, which is the application year of the 2019 Update. This means that the Commission needs to review its assessment of disability services, which is currently based on NDIS transition arrangements.

22 A complication is that many States are experiencing a degree of slippage and, therefore, are not expecting to meet the full implementation date of July 2019.

Analysis

23 In the 2015 Review report, the Commission set out its intended treatment of disability services expenses during transition to NDIS and after full implementation.

24 During transition, NDIS and existing disability services (non-NDIS) expenses would be assessed based on a State's proportion of the total number of younger people (those aged under 65/ under 50 for Indigenous) eligible in a year to be covered by NDIS when fully operational. This approach reflected that during transition States would contribute a share (59.4%) of the care and support package costs for an agreed

number of eligible participants each year. In addition, the non-NDIS expenses assessment recognised needs for cross-border, wage and regional costs.

25 After full implementation, States would fund NDIS disability services through contributions to the National Disability Insurance Agency (NDIA), on the basis of their population shares at the most recent Census (initially, the 2011 Census), with offsets for in-kind supports provided by States (up to an agreed maximum amount and subject to their being phased out).[4] The Commission decided to assess the contributions to NDIA on an actual per capita (APC) basis, rather than on an equal per capita basis. This was because the State contribution shares would remain unchanged between censuses and, therefore, be out of sync with actual population change. This means that States with below average population growth would end up with an above average population share of contributions to the NDIS, and vice-versa. An APC assessment would also be appropriate because all States would be operating under the same policies.[5] The non-NDIS expenses assessment would continue until it was no longer material.

26 We understand that New South Wales and South Australia moved to full scheme funding in July 2018, but some clients had yet to transition to NDIS at that date. Full scheme bilateral agreements have been negotiated for New South Wales and South Australia.[6] Schedule A and Schedule B of these two agreements set out each State's full scheme financial contributions each year through to 2022-23.[7] The agreements include a temporary reduction based on the number of clients of State specialist disability programs yet to be transitioned to NDIS. For New South Wales, this transitional arrangement will be for a maximum of six months until 31 December 2018; for South Australia, it will be a maximum of nine months until 31 March 2019.

27 The agreements also contain a clause to limit the level of cash the NDIA can hold for the package costs for participants. If this maximum level is reached, the remaining funding contributions from the Commonwealth and the States for 2018-19 would be reduced.

28 We understand that negotiations are in process for similar agreements with the other States, which should be in place before July 2019.

29 The full scheme has been implemented in the ACT since 1 July 2017 but the ACT will not be contributing financially on a full scheme funding basis until 2019-20. The other States, except Western Australia, are scheduled to be at full scheme from July 2019, but some slippages are already anticipated by some States. Western Australia is

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4 The in-kind contributions will be offset against agreed cash contributions.

5 The APC assessment would effectively capture the difference between the 2011 Census population shares and those of the assessment years.

6 These agreements can be accessed at https://www.coag.gov.au/agreements.

7 We are aware that the National Partnership on DisabilityCare Australia Fund is being renegotiated as part of the negotiations of the full implementation agreements.

expected to be at full scheme in 2020-21 but it will not be contributing financially on a full scheme funding basis until 2023-24.

30 In summary, our understanding is that in 2019-20 (the application year of the 2019 Update):

- New South Wales, South Australia and the ACT would be contributing on full scheme basis without any adjustments for slippages required.
- Victoria, Queensland, Tasmania and the Northern Territory would also be contributing on a full scheme basis, but with some adjustments for slippages. Based on New South Wales and South Australia's experience, we would expect these slippages to be small and addressed within the 2019-20 financial year.
- Western Australia would be contributing on a transition basis.

31 ***Staff views.*** Most States will be contributing to NDIS services on a full scheme basis in 2019-20, although by a discounted amount for some States. Therefore, staff consider that the Commission's assessments should reflect this change.

32 Since some States will be contributing less than the full scheme scheduled amounts for 2019-20, staff consider that the APC assessment cannot be implemented because the State contributions will no longer be policy neutral. They will be influenced by the size of the discounts, which will vary across States. In addition, some States assign some NDIS expenses to health, education and transport functions and these expenses will therefore not be covered by our disability services assessment. These would appear to relate to in-kind services, which are scheduled to be phased out.

33 To overcome this difficulty but still recognising a need for an adjustment for the impact of differential population growth, staff propose to assess States' actual NDIS expenses on an EPC basis using the 2011 Census populations (including for Western Australia). This approach could apply in future inquiries on the basis that census populations will continue to determine State contributions.[8] This proposed assessment will deliver the same intended outcome as the APC assessment proposed in the 2015 Review and reflect State circumstances.

34 Non-NDIS expenses would continue to be assessed based on each State's share of total number of people eligible in a year to be covered by NDIS when fully operational, together with cross-border, wage costs and regional costs factors. Staff propose to retain this assessment for the 2019 Update whether or not it becomes immaterial. The assessment of non-NDIS expenses are being reviewed as part of the 2020 Review.

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8 2021 Census data will be available in June 2023. The December 2021 population will be used to determine State funding contributions from 2023-24 to 2027-28.

35 As part of the 2019 Update, staff are collecting data on projected NDIS and non-NDIS expenses for 2019-20, which we will use to split State disability expenses in the assessment years.

36 Because all States other than Western Australia will be funding disability services under full scheme conditions, the imputation of notional national disability Specific Purpose Payments to derive the proportions of NDIS and non-NDIS expenses projected for the application year will no longer be required.

37 We seek State comments on our proposal for the treatment of NDIS and non-NDIS expenses.

Recommendations

Staff propose to recommend that the Commission:

- assess NDIS expenses EPC using 2011 Census population numbers
- retain the current non-NDIS expense assessment.

SALE OF SNOWY HYDRO LIMITED TO THE COMMONWEALTH

38 In March 2018, New South Wales and Victoria agreed to sell their shares of Snowy Hydro Limited (Ltd) to the Commonwealth Government for $4.154 billion and $2.077 billion respectively. The transaction was completed in 2017-18. The Treasurer has foreshadowed an intention to direct the Commission to ensure the sale does not affect the relativities.

39 ***Analysis.*** Even if the Commission does not receive instructions in the ToR about the treatment of the sale, the Commission would consider the transaction as an exchange of one financial asset (equity in Snow Hydro Ltd) for another (cash), with no change to States' net financial worth or fiscal capacities. Victoria's 2017-18 financial statements indicate that the proceeds from the sale do not affect its revenue or net financial worth. We expect New South Wales to have a similar treatment.

40 The sale has come with the condition that States use the proceeds to acquire 'productive infrastructure'. When States spend an additional $6 billion on State infrastructure, the investment will affect State expenditure and consequently GST shares. These second round effects will depend on the type of assets States acquire and the timing. Staff consider it will be impractical to remove this expenditure from the adjusted budget to avoid the second round effects.

41 ***Staff views.*** The sale of Snowy Hydro Ltd will not directly affect States' net financial worth or fiscal capacities. Staff consider that any ToR instruction to ensure the sale does not affect the relativities does not extend to second round effects, which would be difficult to implement.

Recommendation

Staff propose to recommend that the Commission:

- does not need to take any action to ensure the sale of Snowy Hydro Ltd by New South Wales and Victoria to the Commonwealth Government because the transaction will have no direct effect on State revenue or net financial worth
- not make any adjustments to State expenditure to eliminate second round effects because it will be impractical to remove the spending from the adjusted budget.

CHANGES IN THE ADJUSTED BUDGET

Use of new Government Finance Statistics classification data

42 For compiling States' actual revenue, expense and investment, the Commission uses the ABS Government Finance Statistics (GFS) for the first two assessment years and State provided data for the last assessment year.

43 In July 2017, the ABS moved to a new GFS framework — the Australian System of Government Finance Statistics 2015 (AGFS15).[9] The new framework includes changes to the classification of some revenue, expenses and type of assets and liabilities.

- There are no substantial changes in the classification of revenue transactions.
- For expenses, the ABS has renamed the Government Purpose Classification (GPC)[10] to Classification of Functions of Government Australia (COFOG-A), to align more closely with the corresponding international classification (COFOG). New codes have been created:
  - to enable more detailed classification, for example, new codes for expenses on research and development
  - to separate some functions, for example, new codes for bus transport expenses and for protection of the environment expenses.

44 The assessment years for the 2019 Update are 2015-16 to 2017-18. For the first two years, GFS data are prepared under AGFS05, which we have received from the ABS. For the last year, we will need to collect the data from the States (because GFS data are not available) and they will be classified under the AGFS15 framework.

45 Ideally, we should use AGFS15 data for all assessments years. However, the ABS has advised us to continue using GPC based data for the 2019 Update because there are

9 The previous framework is GFS05, developed in 2005.

10 GPC or COFOG-A codes are GFS codes used to classify transactions according to their government purpose (for example, health, education).

likely to be material changes to the preliminary remapped AGFS15 data. Final remapped data will not be available until April 2019.

46 Because the preliminary remapped AGFS15 data for 2015-16 to 2016-17 are not reliable, staff propose to use the data compiled using the AGFS05 framework for those years.

Recommendation

Staff propose to recommend that the Commission:

- for the compilation of the adjusted budget in the 2019 Update
  - use AGFS05 data provided by the ABS for 2015-16 to 2016-17
  - use AGFS15 data provided by the States for 2017-18.

Cease sending the preliminary adjusted budget to the States for comments

47 Commission staff send the preliminary adjusted budget to the States each year for comments. This usually occurs around the first week of December and State comments are due back by mid-January.

48 Most States usually provide comments and in some cases, data are revised as a result of States' comments. However, the revisions are typically small. For this reason, staff propose to cease sending the preliminary adjusted budget to the States from the 2019 Update. Staff will send questions to the States on specific datasets if needed.

Recommendation

Staff propose to recommend that the Commission:

- cease sending the preliminary adjusted budget to the States for comments from the 2019 Update onwards.

TREATMENT OF NEW COMMONWEALTH PAYMENTS COMMENCED IN 2017-18

49 Staff have examined the Commonwealth payments that commenced in 2017-18, as listed in *Final Budget Outcome 2017-18,* and propose to treat them as set out in Attachment A, Table A-1. The proposals are based on the following guideline developed in the 2015 Review:

payments which support State services, and for which expenditure needs (including a deliberative equal per capita assessment) are assessed, will impact on the relativities.

50 We have received preliminary advice from Commonwealth Treasury that the Western Australian Hospital Infrastructure Package payment, commenced in 2017-18, is likely to be quarantined by the 2019 Update terms of reference.

51 Staff propose to treat this payment as not having an impact on the relativities unless the ToR advise otherwise.

52 In addition, the 2018 Update ToR asked us to quarantine the following 2017-18 payments:

- VIC — $1.42 billion to Victoria relating to the Regional Rail Revival program
- WA — $1.2 billion to Western Australia relating to the re-allocated Perth Freight Link infrastructure funding.

TREATMENT OF NEW COMMONWEALTH PAYMENTS COMMENCING IN 2018-19 OR 2019-20

53 Table A-2 of Attachment A provides a list of new payments that will commence in 2018-19 or 2019-20. Although the payments shown will affect the year in which the 2019 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 next inquiry.

54 Staff note that we have received preliminary advice from Commonwealth Treasury that the following payments due to commence in 2018-19 or 2019-20 are likely to be quarantined by the 2019 Update ToR:

- Proton Beam Therapy Facility
- Biosecurity Emergency Response and Research Fund
- Health Innovation Fund
- Comprehensive palliative care across the life course.

ATTACHMENT A

Table A- 1 Proposed treatment of Commonwealth payments commenced in 2017-18, *Final Budget Outcome, 2017-18*

Commonwealth payment	Description	2017-18 $m	Proposed treatment	Reason for No impact treatment
HEALTH				
Health infrastructure				
Western Australia Hospitals Infrastructure package	This is a GST top-up payment to Western Australia. The payment is provided to support hospital expansions and refurbishment, to improve access and patient care by supporting the following hospital projects: • $158.0 million for Joondalup Health Campus expansion • $10.6 million for the Osborne Parks Hospital expansion • $20.3 million for the Royal Perth Hospital refurbishment.	188.9	No impact	Expected U2019 Terms of Reference requirement
Other health				
Electronic recording and reporting of controlled drugs	The payment will support the incorporation of State system enhancements into the national electronic recording and reporting of controlled drugs system.	0.8	Impact	
Encouraging more clinical trials in Australia	The Commonwealth will provide funding to increase the number and value of clinical trials to deliver health benefits, provide jobs and improve the nation's innovative capacity.	2.5	Impact	
SKILLS AND WORKFORCE DEVELOPMENT				
Skilling Australians fund	The Commonwealth will support the training of Australians through a range of projects focused on skills priorities. These include training in occupations in high demand that currently rely on skilled migration, future growth industries, and rural and regional areas. There will also be a strong focus on apprenticeships and traineeships. States will provide matching funding.	237.3	Impact	

Table A- 1 Proposed treatment of Commonwealth payments commenced in 2017-18, *Final Budget Outcome, 2017-18 (Continued)*

Commonwealth payment	Description	2017-18 $m	Proposed treatment	Reason for No impact treatment
COMMUNITY SERVICES				
Payment from the DisabilityCare Australia Fund	The Commonwealth will provide funding to assist the States transition to the full scheme of NDIS in July 2019, through the payments from the DisabilityCare Australia Fund. The States will be able to draw down from the Fund when they meet key conditions such as agreement to fully roll out the NDIS and milestones relating to the participation of people with significant and permanent disability in the scheme.	129.9	No impact	R2015 Terms of Reference requirement
Transition to NDIS in Western Australia	From 1 July 2018, Western Australia is transitioning to full scheme NDIS. The Commonwealth will support Western Australia to make progressive changes to roles, responsibilities and governance in delivering disability services from 1 July 2017.	63.8	No impact	R2015 Terms of Reference requirement
INFRASTRUCTURE				
Infrastructure Investment program — Developing Northern Australia — Improving cattle supply chains	Funding of $101.3 million over four years to improve cattle supply chains in the north, with a particular focus on road infrastructure. This funding will seek to improve the productivity and resilience of cattle supply chains in northern Australia.	4.5	Impact	
Infrastructure Investment program — Rail investment component — Victorian Regional Rail Revival program	The program (total payment of $1.42 billion) will upgrade every regional rail line across Victoria. The works include: new and updated stations, track duplication, level and pedestrian crossings and signalling upgrades.	33.4[11]	No impact	U2018 Terms of Reference requirement

[11] The figure is provided by Department of Infrastructure, Regional Development and Cities.

Table A- 1 Proposed treatment of Commonwealth payments commenced in 2017-18, *Final Budget Outcome, 2017-18 (Continued)*

Commonwealth payment	Description	2017-18 $m	Proposed treatment	Reason for No impact treatment
Infrastructure Investment program — Road and Rail investment component — Perth Freight Link infrastructure funding	Perth Freight Link will significantly reduce transport costs for heavy vehicle users, boost freight efficiency and improve freight access to the Port of Fremantle. This project will complement existing road projects such as Gateway WA, the Tonkin Highway Grade Separations, and the Swan Valley Bypass. Note: of the $1.2 billion total funding, $792 million is allocated to Metronet in the Rail component and $498.7 million is allocated to the Road component of the Infrastructure investment program.	Rail 509.0 Road 66.2[12]	No impact	U2018 Terms of Reference requirement
WiFi and mobile coverage on trains	The program will establish mobile and internet connectivity along the train route between Hornsby and Wyong.	2.0	Impact	
ENVIRONMENT				
Hydrogen energy supply chain (HESC) pilot program	The payment (total of $50 million) will fund a HESC pilot project to demonstrate the feasibility of a HESC involving preparation and gasification of brown coal, refining and liquefaction of hydrogen and the transport of liquid hydrogen to Japan. The project involves the construction of a gas refining plant in the Latrobe Valley and hydrogen liquefaction and loading facilities at the Port of Hastings. The pilot project will inform the commercial viability of a long-term HESC from Australia to Japan. The Victorian Government will match the Commonwealth's contribution.	10.0	No impact	Needs not assessed
Kamay 250th anniversary project	Funding for the construction of a new commemorative monument and upgrade of infrastructure as part of the Kamay Botany Bay National Park, Kurnell Master Plan, to commemorate the 250th anniversary of Captain James Cook's landing at Kurnell.	25.0	Impact	

12 Figures provided by Department of Infrastructure, Regional Development and Cities. The payment for Perth Freight Link – rail component in 2017-18 was $513.3m, the figure shown in the table includes offset by a $4.3m reallocation (return) from a rail project.

Table A- 1 Proposed treatment of Commonwealth payments commenced in 2017-18, *Final Budget Outcome, 2017-18 (Continued)*

Commonwealth payment	Description	2017-18 $m	Proposed treatment	Reason for No impact treatment
National fire danger rating system	The Government will provide $0.7 million over two years from 2017-18 to the New South Wales and South Australian Governments to develop a National Fire Danger Rating System (NFDRS). The NFDRS will deliver nationally consistent fire danger ratings that use the best and latest available modelling and fire science. The funding is to develop the prototype of the NFDRS and to conduct social research regarding communicating fire danger information to the public.	0.5	No impact	Needs not assessed
Water Infrastructure Development Fund — Capital component	Funding to build or augment existing water infrastructure, including dams, pipelines or managed aquifer recharge. This will help secure the nation's water supplies and deliver regional economic development benefits. This payment has two components — feasibility studies and capital components. The feasibility studies component is treated as having impact on relativities.	26.5	Impact	
OTHER PURPOSES				
South Sydney Rabbitohs' Centre of Excellence	Funding of $10.0 million over three years to support the Centre of Excellence, which houses a community and administration centre, as well as a football development department with elite facilities. The Randwick City Council and the South Sydney Members Rugby League Football Club Limited will contribute $7.0 million over three years to this program, in addition to the contribution from the Commonwealth.	4.0	Impact	
GENERAL REVENUE ASSISTANCE				
Commonwealth Assistance to the Northern Territory	The Commonwealth is providing general revenue assistance to the Northern Territory to offset the reduction in the Territory's GST share.	259.6	No impact	Similar to WA's GST top-up, expected U2019 Terms of Reference requirement

Table A- 2 Commonwealth payments commencing in 2018-19 or 2019-20, *Federal Financial Relations, Budget Paper No. 3, 2018-19*

Commonwealth payment	Description	New in 2018-19 $m	New in 2019-20 $m
Comprehensive palliative care across the life course	The payment will provide funding for new and innovative approaches to improve palliative and end-of-life care coordination for older Australians living in residential aged care.		9.9
Health innovation fund	The payment will provide funding to support the delivery of projects in health prevention and the better use of health data.	50.0	
Major projects business case fund	The payment of $75.0 million over four years will provide funding to support the development of business cases for road and rail infrastructure projects. Funding will support a range of scenarios relating to business case development, including supporting joint State, Territory and Commonwealth planning processes. This measure includes initial contributions of $10.0 million for a business case for the Orange Route in Western Australia and $15.0 million for a business case for the Toowoomba to Brisbane Passenger Rail.	10.0	
Roads of strategic importance	The payment will provide $3.5 billion over 10 years to establish the Roads of Strategic Importance initiative to support the upgrade of key regional road corridors to improve access for business and communities to essential services, markets and employment opportunities. The initial investments include: • $1.5 billion for Northern Australia (Queensland, Northern Territory and Western Australia) • $400.0 million for Tasmanian road corridors, including the Bass Highway • $220.0 million for the Bindoon Bypass in Western Australia • $100.0 million for further upgrades of the Barton Highway corridor linking the Australian Capital Territory and New South Wales.	25.0	

Table A- 2 Commonwealth payments commencing in 2018-19 or 2019-20, *Federal Financial Relations, Budget Paper No. 3, 2018-19 (Continued)*

Commonwealth payment	Description	New in 2018-19 $m	New in 2019-20 $m
Western Sydney City Deal	The Western Sydney City Deal is a 20 year partnership agreement between the Australian Government, New South Wales Government and local governments of the Blue Mountains. It aims to improve the connectivity through North South Rail Link, and improve the liveability and sustainability through creation of the Western Parkland Liveability Program. It also aims to create jobs and improve access to education and skill training, to restore and protect the South Creek corridor and a Strategic Assessment under the Environment Protection and Biodiversity Conservation Act 1999. The payment of $125.0 million over five years from 2018-19 will support infrastructure projects and liveability initiatives under the Western Sydney City Deal, including: • up to $50.0 million towards the development case for Western Sydney Rail, including an investigation of integrated transport and deliver options for a full North South Rail Link from Schofields to Macarthur, funded on a 50:50 basis with the NSW Government • $60.0 million to improve community infrastructure in Western Sydney • $15.0 million to accelerate planning and zoning reforms to support housing supply in Western Sydney.	18.5	
World heritage sites	The Commonwealth will provide funding to assist addressing critical threats such as feral animals and weeds, and changed fire regimes, to conserve and restore the biodiversity of World Heritage properties.	9.5	