

ANSWERS TO QUESTIONS ON NOTICE

TREASURY PORTFOLIO

15 December 2010

Question no: 2

Topic: Dedicated GST

Hansard Page: E6

Senator asked:

Senator CORMANN—I accept your evidence there, but let's just observe there that that is an unanswered question so far which I do not think has been adequately addressed by the government. When the state and territory leaders signed up to the NHHN deal at COAG back in April 2010—that is, all other than Western Australia—did they know the actual percentages that would be clawed back from each of their states and territories when they agreed in principle?

Ms Vroombout—They had seen estimates of.

Senator CORMANN—Did the Premier of Queensland know that her state would have to hand over up to 44 per cent of their GST?

Ms Vroombout—As I say, they saw estimates of.

Senator CORMANN—How do the estimates compare with the percentages that are contained in MYEFO?

Mr Robinson—I think we would have to take on notice the absolute differences.

Senator CORMANN—I would be very interested because for a very long time we heard, interchangeably, 30 per cent and a third. There was obviously an understanding that there would be some variation between individual jurisdictions, but variation ranges from about 14 per cent in the Northern Territory to 51 per cent in the ACT. I would be very interested in how that compares with the information that was before state and territory leaders back in April 2010.

Answer:

States and territories were provided with unpublished estimates of dedicated GST prior to the conclusion of the COAG agreement in April 2010. These estimates were subject to very minor revision for updated parameter estimates (such as for GST revenue) prior to being published in the 2010-11 Budget. The Budget estimates were subsequently updated for revised parameter estimates prior to being published in the 2010-11 MYEFO.

			NSW	VIC	QLD	WA*	SA	TAS	ACT**	NT	TOTAL
Dedicated GST (percentage of state/territory GST pool)	2011-12	<i>Budget</i>	30%	24%	39%	59%	27%	20%	49%	14%	31%
		<i>MYEFO</i>	30%	25%	40%	60%	26%	20%	50%	14%	31%
	2012-13	<i>Budget</i>	30%	24%	42%	60%	27%	20%	49%	14%	32%
		<i>MYEFO</i>	31%	25%	43%	62%	27%	20%	50%	15%	32%
	2013-14	<i>Budget</i>	31%	25%	43%	61%	28%	21%	51%	15%	33%
		<i>MYEFO</i>	31%	25%	44%	63%	27%	21%	51%	16%	33%

* The WA estimates were not published in the 2010-11 Budget or 2010-11 MYEFO on account of the state not being a signatory to the NHHN Agreement.

** The higher levels of dedicated GST in the ACT reflect, in part, the significant numbers of NSW residents who are treated in ACT hospitals. The Commonwealth and affected States are currently considering the appropriate GST dedication arrangements for these cross-border patients.

It should be noted that once the effect of horizontal fiscal equalization is taken into account, the proportion of total state revenue (undedicated GST and own-source revenue) dedicated to healthcare becomes more similar across the states and territories.

The table below shows Treasury's estimates of GST dedicated as a proportion of remaining GST and own source revenue in each State in 2013-14.

NSW	Vic	Qld	WA	SA	Tas	ACT*	NT	Average
15%	13%	20%	17%	16%	16%	29%	15%	16%

(Source: Treasury estimates)

* The higher levels of dedicated GST in the ACT reflect, in part, the significant numbers of NSW residents who are treated in ACT hospitals. The Commonwealth and affected States are currently considering the appropriate GST dedication arrangements for these cross-border patients.