



Queensland Government
Treasury

Queensland Treasury Response to
Commonwealth Grants Commission
Position Paper 2008/30

The Adjusted Budget

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SUMMARY OF QUEENSLAND'S POSITION

Queensland is generally supportive of the Commission's proposed scope and structure of the adjusted budget, and believes that the proposed resolutions to the technical issues outlined are largely appropriate.

This submission provides further information about, Queensland's:

- treatment of Local Government grants in the Government Finance Statistics (GFS);
- cross-subsides for electricity, water and transport; and
- the classification of school transportation expenses in the GFS.

Queensland believes that the fire services levy should be included in the land tax or insurance tax assessments, rather than in miscellaneous revenue. This is in line with Queensland's proposed method of assessing the fire services levy differentially, as described in Queensland's response to the miscellaneous revenue position paper.

The portion of superannuation benefits that are administered by a central agency have been spread across the appropriate Government Purpose Classifications (GPCs) in Queensland's GFS data and do not require adjustment.

ISSUES

Specific purpose payments

Queensland supports the Commission's principle of including Specific Purpose Payments (SPPs) in the adjusted budget where these payments have a direct impact on State Budgets. As the new SPP arrangements may affect the appropriate treatment of particular SPPs, Queensland will address these issues in response to the Commission's Position Paper 2009-1, *Treatment of Commonwealth payments to the states*.

Classification of Local Government grants in the GFS

The Commission intends to include subsidies, grants and general revenue assistance provided by States to Local Government in the adjusted budget, and requires information about where such payments are classified in the GFS by states.

Queensland generally allocates local government funding to GPC 1420 (General purpose inter-government transactions). Some local government grants may be allocated by purpose into different GPCs.

Cross-subsidies between GBEs

Electricity and water cross-subsidies are not used in Queensland. Although the level of subsidy provided for transport services in Queensland varies between different population centres, Queensland does not consider these differences to be cross-subsidies and does not separately identify any cross-subsidy component of Transport expenses. Transport subsidies will be included in GFS data regardless of whether they are considered cross-subsidies, so it is unnecessary to make any adjustment to Queensland's data.

Structure of the adjusted budget - Fire services levy

The Commission's current adjusted budget structure includes the fire services levy in the miscellaneous revenue category. Queensland considers that the most appropriate treatment for the fire services levy is to include it in the insurance tax category rather than in miscellaneous revenue, as this allows for a simple and robust assessment, as outlined in Queensland's response to the miscellaneous revenue position paper. Alternatively, the fire services levy could be simply assessed in the land tax category. Options have also been suggested by Queensland for assessing the fire services levy differentially in miscellaneous revenue, but Queensland believes this would add unnecessary complexity to this category.

Transportation of school students

The Commission has noted that expenses relating to the transport of urban and non-urban students are not treated in a comparable way across states in their GFS data. To ensure that state data is comparable, the Commission is seeking information on states' progress in improving the quality of school transportation data, and whether they are classified to education or to transport GPCs.

Queensland's GFS data appear to classify all school transportation expenses from the School Transport Assistance Scheme (STAS) to the education GPC 0441, Transportation of non-urban school students. The urban school transport GPC (0449) is not used. Concessions for students, urban or non-urban, are reported in the Transport GPCs.

Superannuation

As a small proportion of Queensland's superannuation expenses are controlled by a central agency under the defined benefits scheme, the Commission has proposed to allocate these expenses to agencies based on agency held superannuation expenses. However, since 2006-07, Queensland has re-classified centrally held superannuation benefits across GPCs based on the proportion of General Government expenses in each GPC. The Commission does not need to make further adjustments for Queensland in the 2010 Review.