



New issues for the 2020 Update

Queensland response



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Table of Contents

1.0	Queensland’s position	2
2.0	Treatment of National Disability SPP following full transition to the NDIS.....	2
3.0	Treatment of new Commonwealth payments for specific purpose.....	4

1.0 Queensland's position

Queensland supports:

- Queensland continues to recommend that the Commonwealth Grants Commission (Commission) assess states' and territories' (states) disability service expenses based on their share of population eligible for the NDIS until all states have fully transitioned to the new scheme.
- Queensland supports an equal per capita assessment of National Disability SPP only if the Commission insists on adopting an actual per capita assessment of states' and territories' disability expenses based on their fixed annual contribution to the NDIA.
- Queensland supports the proposed treatments of Commonwealth payments.

2.0 Treatment of National Disability SPP following full transition to the NDIS

Background

The National Disability Specific Purpose Payments (SPP) currently provides financial assistance to states and territories (states) to deliver disability services. These payments are being wound back as states transition to the National Disability Insurance Scheme (NDIS), and are expected to cease once all states have fully transitioned to new scheme in 2020-21. At this point, federal and state governments will support disability services by making payments directly to the National Disability Insurance Agency (NDIA) who administers the NDIS.

Rollout of the NDIS is not uniform among states. While New South Wales, South Australia and the Australian Capital Territory have fully transitioned to the NDIS by 30 June 2019, Victoria, Queensland, Western Australia, Tasmania and the Northern Territory have only partially transitioned to the new scheme. As at 30 June 2019, only 57% of people with disability eligible for NDIS in Queensland has signed up to the new scheme. In Western Australian and the Northern Territory, the proportions are 35% and 35.5% respectively. States that are yet to fully transition to the NDIS continue to provide disability services and consequently they also continue to receive National Disability SPP.

Issue

Prior to the 2019 Update, the Commonwealth Grants Commission (CGC) had assessed states' GST requirement from providing disability services based on states' share of people who are eligible for the NDIS. It also assessed National Disability SPP based on the actual amount of payments each state received. These assessments recognised higher expenses in states with greater proportion of people with a disability, but they also recognised higher revenue for states that received a larger share of National Disability SPP.

However, this method of assessing disability expenses is becoming less appropriate as more people with disabilities transition to the NDIS which reduces the burden of delivering disability services on states. This is further complicated by an uneven transition among states which meant some continue to incur significant service delivery expenses while others only pay fixed contributions to the NDIA.

CGC's position

In the 2020 Review, the CGC has proposed to assess states' disability service expenses based on their actual contribution to the NDIA. The rationale behind this proposal is once all states have fully transitioned to the new scheme, their disability expense will consist mostly of their fixed contributions to the NDIA. To mirror this approach in the assessment of Commonwealth payments, the CGC has proposed to assess the National Disability SPP on an equal per capita basis from the 2019 Update onwards.

Queensland's position

Queensland has previously expressed strong concerns for the CGC's proposed methodology to assess states' disability service expenses based on their actual contribution to the NDIA from the 2020 Update. This is because slower than expected transition to the NDIS in Queensland and other states mean these states continue to incur significant disability service expenses above their fixed contribution to the NDIA. An assessment based solely on states' NDIS contribution will therefore understate the GST requirement for these states because it will not account of the additional disability service expenses they incur. Instead, Queensland has proposed to continue with the methodology of assessing states' disability service expenses based on states' share of population eligible for the NDIS until all states have fully transitioned to the NDIS. As a result, National Disability SPP should also continue to be assessed based on the actual payment amount states receive.

However, if the CGC insists on continuing to assess states' disability service expenses based on states' actual fixed contributions to the NDIA for the 2020 Update, despite strong evidence that several states will not be able fully transition to the NDIS in 2019-20, Queensland supports its proposal to assess National Disability SPP on an equal per capita basis. This would at least ensure states that are yet to fully transition to the NDIS are not penalised twice – once through lower recognition of their total disability service expenses and again through higher recognition of their Commonwealth payments.

3.0 Treatment of new Commonwealth payments for specific purpose

Queensland's positions on the treatment of Commonwealth payments that Commenced in 2018-19 are set out in the table below. In summary, Queensland acknowledges and supports most of the CGC staff's proposed treatment of the Commonwealth payments outlines in Attachment A of the New Issues paper, which are either reasonable on a conceptual basis or are governed by the terms of reference.

Table 1 Treatment of Commonwealth payments commenced in 2018-19

Commonwealth payment	Description	2018-19 \$M	CGC proposed treatment	Reason for no impact treatment	Qld proposal
HEALTH					
Health services					
Specialist dementia care	Funding for a program that delivers intensive and specialised care for people with very severe behavioural and psychological symptoms of dementia.	0.2	Impact		agree
Health infrastructure					
Expansion of Clare Holland House	Funding for the expansion of Clare Holland House in the ACT to increase palliative care facilities in the territory.	4	No impact	U2019 Terms of Reference requirement.	accept
Fussell House accommodation	Funding for the development of the Fussell House accommodation facility in New South Wales to house veterans and their families who receive treatment at the National Centre for Veterans' Healthcare.	4	No impact	Needs not assessed. Treatment of veterans is a Commonwealth responsibility.	agree
Redevelopment of Strathalbyn residential aged care facility	Funding for additional residential aged care services in Strathalbyn, South Australia by undertaking capital works at the Strathalbyn and District Aged Care Facility. A new 36-bed residential aged care building will be constructed.	2.5	No impact	Needs not assessed. Aged care services are Commonwealth responsibility.	agree
Other health					
Community Health, Hospitals and Infrastructure projects	Funding to all States for health infrastructure and services to improve access to care. Some of the payments are made through the Guaranteeing Medicare project.	100.8	Impact		agree
Health Innovation Fund	Funding to support the delivery of new projects that support health prevention and the better use of health data, consistent with reforms at clauses 7(c)(v) and (vi) of the Heads of Agreement on Public Hospital Funding and Health Reform agreed in February 2018.	50	No impact	U2019 Terms of Reference requirement.	accept

Commonwealth payment	Description	2018-19 \$M	CGC proposed treatment	Reason for no impact treatment	Qld proposal
SKILLS AND WORKFORCE DEVELOPMENT					
Job Ready Generation Package – North-West Tasmania	Funding to support the delivery of training, workforce planning and job matching initiatives in north-west Tasmania that are focused on meeting the skill needs of industries in the region.	3.2	Impact		agree
AFFORDABLE HOUSING					
National Regulatory System for Community Housing (NRSCH)	Funding to support the delivery of a range of papers to review the effectiveness of the NRSCH in accordance with terms agreed between the Commonwealth and States. New South Wales is responsible for delivering project outputs. The Commonwealth will provide an estimated total financial contribution to New South Wales of up to \$1.1 million. The States will contribute matched funding or in-kind contributions.	0.8	No impact	The Commonwealth is purchasing the services from New South Wales for a national project and needs are not assessed.	agree
Remote housing – payments to the Northern Territory commencing in 2018-19	Funding of up to \$550 million over five years to the Northern Territory to improve remote housing in the Territory by reducing overcrowding for Aboriginal people in 73 remote Northern Territory communities and the 17 Alice Springs town camps.	35	No impact	U2019 Terms of Reference requirement. (ToR only apply to the Remote housing payments to the Northern Territory commencing in 2018-19).	accept
INFRASTRUCTURE					
Infrastructure investment program – Roads of Strategic Importance	Funding of \$4.5 billion over 12 years to upgrade key routes to improve access for businesses and communities to essential services, markets and employment opportunities. Initial investments of \$2.2 million to Tasmania.	2.2	National network roads (NNR) – 50% no impact; Off NNR – 100% impact	50% no impact for NNR investment because roads assessment may not capture all non-policy influences.	agree

Commonwealth payment	Description	2018-19 \$M	CGC proposed treatment	Reason for no impact treatment	Qld proposal
Western Sydney City Deal	<p>Funding over 20 years to deliver improved community facilities and urban amenities, and to cut development costs and boost housing supply in Western Sydney. It aims to:</p> <ul style="list-style-type: none"> · improve connectivity through North South rail link, rapid bus services and exploring 5G network and smart digital technology · create new jobs through the building of Badgerys Creek Aerotropolis, Western Sydney Investment Attraction Fund and Western Sydney Investment Attraction Office, establishment of the NDIS Quality and Safeguards Commission, releasing government land to drive economic growth and Indigenous employment, social employment and procurement · improve access to education and skill training opportunities through the creation of Aerospace Institute, STEM (Science, technology, engineering and mathematics) University, Aerotropolis VET facility, secondary school and TAFE skills exchange · improve liveability and sustainability through creation of the Western Parkland Liveability Program, restoring and protecting the South Creek corridor and a Strategic Assessment under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) · plan to deliver housing to ensure sustainable growth while maintaining character of the Western Parkland City. 	7.8	No impact – payments direct to local governments; Impact – payments to States	Payments to local government are out of scope.	accept
ENVIRONMENT					
Grants assistance to primary producers impacted by the north Queensland floods	Funding to assist primary producers affected by the north and far north Queensland monsoon trough to rebuild their farm enterprises through grants to purchase on-farm infrastructure and to restock or replant.	300	No impact	States act as an intermediaries and needs are not assessed.	agree
Marinus Link	<p>Funding to Tasmania to support progress towards the delivery and approvals phase of a second electricity transmission interconnector from Tasmania to the mainland, the Marinus Link. The payment is for project planning, scoping and project delivery strategy only. The project is estimated to cost a further \$1.3 to 3.1 billion to build. TasNetworks, the electricity network operator in Tasmania, has also received funding from the Australian Renewable Energy Agency (ARENA).</p>	56	No impact	Project aims to improve security of the National Energy Market. Needs are not assessed. (Expecting the R2020 Terms of Reference (supplementary) will direct the Commission to exclude this payment from its calculation of State fiscal capacities.)	agree

Commonwealth payment	Description	2018-19 \$M	CGC proposed treatment	Reason for no impact treatment	Qld proposal
On-farm emergency water infrastructure rebate	Funding for one-off rebates to eligible primary producers to improve water infrastructure that addresses animal welfare and improves drought resilience for primary producers.	6.7	No impact	States act as an intermediaries and needs are not assessed.	agree
Prepared communities	Funding to deliver on high priority State initiatives to improve community preparedness for, and resilience to, disasters. The project forms part of the broader Preparing Australia Package of initiatives, which targets investment in key national emergency management and resilience activities that address urgent or critical priorities, or which are of strategic national importance.	5	No impact	Needs are not assessed for disaster mitigation.	agree
Preparing Australia package	Funding to invest in critical emergency management capabilities to enhance Australia's natural disaster preparedness and community resilience. The outputs of the national partnership agreement are: <ul style="list-style-type: none"> • New South Wales, on behalf of all States and Territories: <ul style="list-style-type: none"> - commence the implementation of a 3-year program for the next generation National Fire Danger Rating System - expand the trial of Public Safety Mobile Broadband to additional locations, and establish a national project management office in the NSW Telco Authority to implement this capability. • Victoria, on behalf of all States and Territories, extend the contracts for and undertake capital upgrades to ensure the continued operation of Emergency Alert (Australia's national telephony-based warning system) until June 2020. 	9.4	No impact	The Commonwealth purchase the services from New South Wales for a national project and needs are not assessed (There is a payment in 2017-18 for the development of a national fire danger rating system. This payment does not affect State fiscal capacities.)	agree
General revenue assistance					
Transitional GST top-up payments — payment to Western Australia	The Commonwealth paid Western Australia \$434 million of its 2019-20 top-up payments in 2018-19.	434	No impact	U2019 Terms of Reference requirement.	accept