

GST Relativities 2025 26 New Issues Discussion Paper

Northern Territory Department of Treasury and Finance
Submission



Contents

1. Welfare - Estimated Resident Population	3
2. Insurance Tax	3
3. Mining revenue - nickel royalties.....	3
4. Commonwealth payments - Data.....	3
5. Commonwealth payments - 2023-24 Agreements	3

1. Welfare – Estimated Resident Population

The Northern Department of Treasury and Finance (Department) supports the proposed change, noting the use of the full under-18 population is consistent with the Commonwealth Grants Commission's (Commission) intended method rather than the under-14 population which was only historically used as a proxy due to lack of sufficiently granular data.

2. Insurance Tax

The Department supports the proposed change, which is a reasonable approach to estimating one quarter's data given seasonality and inflation. Alternatively, a 3-year average would be supported, though it is expected that alternative estimation methods are unlikely to be materially different from the Commission's proposed approach.

3. Mining revenue – nickel royalties

Consistent with past submissions, the Department of Treasury and Finance supports a mineral-by-mineral approach and the approach of periodic testing for materiality, and immateriality in the corollary, including the Commission exercising judgement as required.

4. Commonwealth payments - Data

The Territory has recorded, as grant payments, expenses for both COVID-19 public health responses - private hospital financial viability payment (historic), and disadvantaged independent schools payments.

5. Commonwealth payments – 2023-24 Agreements

The Department broadly supports the Commission's proposed treatments, other than as set out below.

Alcohol Treatment Services in the Northern Territory, also known as the *Community-led Alcohol Harm Reduction federation funding agreement schedule* (no impact – needs not assessed). It is submitted that the measure is for entrenched structural disadvantage of a type which needs are not ordinarily assessed. As supporting context, while community health is assessed, alcohol policy in the Territory was specifically impacted during this period by the cessation of the *Stronger Futures in the Northern Territory Act 2012* (Cth) legislation in 2022-23. As such, it is submitted that this agreement is a special measure which differs from the national-average community health contexts, and in a manner that is not ordinarily assessed.

Digital Connectivity – Mobile connectivity services in the Northern Territory federation funding agreement schedule (no impact - not a usual state function). It is submitted that this agreement is for services performed on behalf of the Commonwealth. The agreement is a one-off for baseline telecommunications network infrastructure, which are ordinarily a Commonwealth function. The grant is being provided to the Territory for practical reasons to facilitate project delivery, i.e. to utilise the Territory public sector's on-the-ground footprint, including relationships with stakeholders and contractors, due to the complexities in delivering services in remote indigenous communities, rather than being for a Territory responsibility. The Department of Treasury and Finance is advised the project does not offset Territory costs and is not for Territory projects. That is, the agreement is in practical effect a payment 'through' the Territory to the private sector on behalf of the Commonwealth, noting it requires engagement of a Licensed Telecommunications carrier in the performance milestones.