LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2023-2024
Mr Mark Parton MLA (Chair), Ms Jo Clay MLA (Deputy Chair),
Mr Michael Pettersson MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Parton on 26 July 2023: Mr Barr took on notice the following question(s):

[Ref: Uncorrected Hansard Transcript 26 July 2023 [PAGE 44-45]]

In relation to:

THE CHAIR: I asked a question about whether modelling had been done using the low or middle range population growth scenario, and I guess a specific question for you is this, how much would GST revenue fall in 26-27 if the mid-range population was the actual reality, not the higher end? If you need to take that on notice I am happy so that we can—

Mr Barr: That would be difficult to model because it would depend on a number of other variables beyond population, as in what our GST relativity is and what—you have got to remember that this has also been reflective—was one-third—well, in theory a significant component of this is driven by the commonwealth government's decision on international migration that would affect if they, for example, reduced that. So if the reason population growth was not as strong, it was because the international migration program was wound back, that would affect all jurisdictions not just the ACT, and so it would not shift our relativity.

THE CHAIR: Is it possible to take that question on notice or is it not?

Mr Barr: Well, I can—I will take it on notice. I do not think we will be able to provide you with an answer to within a dollar because there are so many factors that impact. What I would point out of course is that there are both revenue and expense implications from increased population.

THE CHAIR: Yes, and indeed if you have been able to model it at the higher end, surely we can model at the mid-range.

Mr Barr: Yes, sure, and I have been advised that the GST revenue calculations use the Centre for Population's forecasts since we need populations of all jurisdictions to make that forecast.

THE CHAIR: Of course. All right, thank you.

Treasurer: The answer to the Member's question is as follows: –

To estimate GST revenue for the ACT, population projections for all jurisdictions are needed to develop an estimate of the distribution of the national GST pool across all states and territories.

As part of this process, the ACT Treasury relies on the Centre of Population for forecasts of all other jurisdictions' population growth, but independently produces its own forecasts of the ACT's population growth.

ACT Treasury has been working closely with the Australian Bureau of Statistics, to address a persistent undercounting of net interstate migration to the ACT, between Census periods. The Centre for Population does not correct for the likely undercounting of the ACT's population over the forecast period.

ACT Treasury applies its own forecasts for the ACT's population – which address the ABS' undercounting of our population – to calculations of the distribution of the national GST pool over the forecast period, in conjunction with the Commonwealth's published GST relativities.

If the mid-range of the Centre for Population's estimates for the ACT were instead applied to the Commonwealth's published GST relativities, this would under-estimate the ACT's GST share for 2026-27 by approximately $2.7 million, in comparison to 2023-24 Budget forecasts.

Approved for circulation to the Select Committee on Estimates 2023-2024

Signature: Andrew Barr   Date: 14.8.23

By the Treasurer, Mr Barr MLA