LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 35

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA, SUZANNE ORR MLA

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ACT LA
COMMITTEE SUPPORT

Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by MR COE MLA:

Chief Minister, Treasury and Economic Development Directorate 2016/17 Annual Report, Economic Management, Output 4.1

In relation to Federal Funding:

1. In relation to the statement outlined on page 48 of the Annual Report that 'In 2017 the Government will manage the flow of federal funding to the ACT estimated at $2.2 billion':
    a. Please provide a breakdown of where this funding is allocated by the ACT Government and;
    b. What does the Directorate do to maximise federal funding?

2. The Annual Report also states that approximately 40% of ACT general government sector revenue in 2016-17 came from federal funding:
    a. How does this compare with other jurisdictions?

3. The Annual Report further states that ACT estimated funding in the future will be $2.2 billion, down from $2.9 million:
    a. What does this mean for the future state of ACT finances?
    b. How will the ACT Government make up for the $700 million difference?

Mr BARR MLA: The answer to the Member's question is as follows:–

1. a. Table 7.2.7 Total Commonwealth Funding to the ACT on page 266 of the *2017-18 Budget Paper 3: Budget Outlook* provides a breakdown of Commonwealth funding included in the ACT Budget.

   b. The Directorate is responsible for managing the ACT Government's relationship with the Commonwealth Grants Commission (CGC) and the Commonwealth Treasury in relation to the distribution of GST revenue. This task includes the production of major submissions to the CGC on its annual Updates of the GST distribution, as well as to its five-yearly reviews of methodology for the GST distribution.

   In 2017-18 the ACT expects to receive around $1.2 billion in GST payments, comprising about 23 per cent of total general government sector revenue.

   The Directorate also supports the Chief Minister and Treasurer's participation in the Council of Australian Governments (COAG) and Council on Federal Financial Relations (CFFR) forums, through which States and Territories work cooperatively to maximise other federal funding for key service sectors, including health, education, housing and vocational education and training.

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2. a. The ACT is the second least dependent of all jurisdictions on federal funding. The least dependent is Western Australia, which receives about 31 per cent of its funding from the Commonwealth government; and the most dependent is the Northern Territory, with around 72 per cent of its funding coming from the Commonwealth government. The other States fall in a range between 43 per cent and 64 per cent of their funding coming from the Commonwealth government.

3. a. & b. The figure of $2.9 billion for 2016-17 is an error which occurred during the editing process for the Annual Report. The correct figure is $2.0 billion, as reported in Table 7.2.7 Total Commonwealth Funding to the ACT on page 269 of the *2017-18 Budget Paper 3: Budget Outlook*.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature: Andrew Barr

Date: 28.11.2017

By the Treasurer, Andrew Barr MLA

Civic Square, London Circuit (GPO Box 1020) Canberra ACT 2601
T (02) 6205 0127 **E** committees@parliament.act.gov.au **W** www.parliament.act.gov.au