QON No. 126

Legislative Assembly for the Australian Capital Territory

Select Committee on Estimates 2026–2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question on notice

Asked by: Thomas Emerson MLA

Addressed to: Treasurer

Reference: Taxation and revenue policy

Hearing: 27/07/2026
In relation to: Commonwealth funding for infrastructure projects & GST
Question received: 27/07/2026
Answer Due: 11/08/2026

(1) When the ACT receives Commonwealth contributions towards infrastructure projects, how exactly is that accounted for in the GST distribution process?

(2) Is there a consistent amount or ratio by which Commonwealth funding for infrastructure projects reduces the ACT's GST share (e.g. a one-to-one ratio) or is this determined on a project-by-project basis?

(3) Can you please provide this ratio, an approximation of it or your understanding of it?

Chris Steel MLA: The answer to the Member's question is as follows:

(1) The Commonwealth Grants Commission's (CGC) treatment of Commonwealth payments, including infrastructure funding, is guided by the Commonwealth Treasurer's terms of reference and the CGC's principles-based assessment framework.

In general, the CGC includes Commonwealth infrastructure payments when assessing each state's fiscal capacity for GST distribution purposes. In some cases, infrastructure funding for national priorities may be excluded from assessment.

If a payment is assessed, the impact on a jurisdiction's GST share depends on how its share of Commonwealth funding compares with its assessed infrastructure and service delivery needs relative to other jurisdictions. As a result, receiving a Commonwealth infrastructure contribution does not automatically lead to an equivalent reduction in GST payments.

The CGC's methodology is designed to support horizontal fiscal equalisation, ensuring all states and territories have a broadly similar capacity to provide services and infrastructure.

Further information on the CGC's methodology is available on the Commonwealth Grants Commission website.

(2) There is no consistent amount or ratio by which Commonwealth funding for infrastructure projects reduces the ACT's GST share. The CGC assesses Commonwealth funding for infrastructure projects, which affects the ACT's GST share, consistent with the methodology outlined in the response to Question 1.

(3) See answer to Question 2 above.

Approved for circulation to the Select Committee on Estimates 2026–2027

Signature:

Date: 12/8/26

By the Treasurer. Chris Steel MLA