

Andrew Barr MLA

Chief Minister

Treasurer

Minister for Climate Action

Minister for Economic Development

Minister for Tourism

Member for Kurrajong

RESPONSE TO QUESTION ON NOTICE

Questions on Notice Paper No 29

Friday, 12 May 2023

Question No. 1141

MS CLAY MLA: To ask the Treasurer

- (1) In relation to the Commonwealth 2023-24 budget, what is the difference in anticipated GST revenue for the ACT compared to the 2022-23 ACT Budget Review.
- (2) What changes to payments for specific purposes are expected for the ACT.

MR BARR MLA - The answer to the Member's question is as follows:

- (1) The Commonwealth has upgraded the GST pool forecasts by \$2.9 billion over the four years to 2025-26, compared to the 2022-23 ACT Budget Review. This includes a downgrade of \$776 million for 2022-23.
 - a. The upgrade to the pool is from increased compliance that is to be undertaken.
 - b. In addition, the Commonwealth expects to pay \$19.4 billion in Horizontal Fiscal Equalisation (HFE) transition payments (tied to the no worse off guarantee) from 2023-24 to 2026-27. The ACT's share is estimated to be \$377 million.

Table 1 compares the ACT GST grants from the 2023-24 Commonwealth Budget and the 2022-23 ACT Budget Review:

TABLE 1: GST GRANTS TO THE ACT (\$ million)

| GST estimates at (\$'000) | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total (2022-23 to 2025-26) |
|---|------------|------------|------------|------------|------------|----------------------------|
| 2023-24 Commonwealth Budget (latest) | 1,747 | 1,922 | 2,005 | 2,135 | 2,276 | 7,810 |
| 2022-23 ACT Budget Review | 1,777 | 1,757 | 1,815 | 1,911 | n/a | 7,260 |
| <i>Change from 2022-23 ACT Budget Review)</i> | <i>-29</i> | <i>165</i> | <i>190</i> | <i>224</i> | <i>n/a</i> | <i>550</i> |

- (2) The 2023-24 Commonwealth Budget includes the following new or recently announced funding announcements for the ACT, noting that some of these allocations are on a notional basis and/or subject to agreement of projects/funding applications:

Energy Bill Relief

Funding of \$11.175 million in 2023-24 and \$3.725 million in 2024-25 for the ACT has been announced. This is a new Commonwealth grant, that has net zero impact on the Headline Net Operating Balance (HNOB) as revenue comes in and then is passed on.

Household Energy Upgrades Fund – Social Housing Upgrades

Funding of \$300 million nationally over four years to support upgrades to social housing that save energy has been announced. This will be in collaboration with states and territories, but no indicative state or territory allocations have been provided and so the potential funding (and any matched funding requirements) are not included in the summary financial impacts in this brief.

Food Waste for Healthy Soils Fund

Funding of \$8 million in 2023-24 and \$5 million in 2024-25 for the ACT has been announced. Funding is to support infrastructure that will increase Australia's processing capacity and diversion of organic waste from landfill for productive use on Australia's soils. This is a new Commonwealth grant that relates to the FOGO facility, which was a Transport Canberra and City Services (TCCS) business case supported by Expenditure Review Committee (ERC).

ACT Sustainable Household Scheme

Funding of \$7.5 million in 2023-24 has been announced to support the ACT's Sustainable Household Scheme.

Education

Funding of \$4.885 million over five years from 2022-23 for the National Student Wellbeing Program (replacing the previous National School Chaplaincy Program) and \$2.7 million in 2022-23 for the Student Wellbeing Boost, and \$2.961 million over 2022-23 and 2023-24 for the School Upgrade Fund. Funding for the Student Wellbeing Program replaces the National School Chaplaincy Program at a 1:1 ratio, so there is no change to overall funding there. The Student Wellbeing Boost and the School Upgrade Fund relate to new grants funding.

Family, Domestic and Sexual Violence Responses

Additional funding of \$5.619 million over five years from 2022-23 for community sector and frontline workers and innovative perpetrator responses.

Transforming Digital Environmental Assessments

Funding of \$1.5 million over three years from 2022-23 to implement programs, tools and mechanisms to harmonise and share biodiversity data among Commonwealth and state governments.

Health services

- Medicare Urgent Care Clinics – \$7.097 million over four years to 2025-26.
- Primary Care Pilots - \$7.740 million over two years to 2023-24.

- World-class newborn bloodspot screening program - \$440,000 over four years to 2025-26; and
- Surge Capacity for BreastScreen Australia - \$145,000 over two years to 2023-24.
- These are all new Commonwealth Grants that the ACT will receive.

The 2023-24 Commonwealth Budget also includes changes for the following items:

- *Infrastructure Investment Program -/ Road Investment Component* – decreases in 2022-23 and 2023-24, largely offset by increases in 2024-25 and 2025-26 (net decrease of \$3.210 million over four years from 2022-23);
- *Quality Schools funding* – Government schools received a decrease of \$23.675 million over four years from 2022-23 and non-government schools received a decrease of \$18.564 million over the same period;
- *National Housing and Homelessness Agreement* – an increase of \$2.8 million over four years from 2022-23;
- *Financial Assistance Grants* – an increase of \$4.695 million over four years; and
- *Family Law Information Sharing* – an increase of \$1.469 million over three years.

Approved for circulation to the Member and incorporation into Hansard.



Andrew Barr MLA
Treasurer

Date: 25-6-23

This response required 305 mins to complete, at an approximate cost of \$601.