

## **FOREWORD**

This ACT submission has been prepared in response to the Commonwealth Grants Commission's (the Commission) request for the ACT to address any matters it so wishes as part of the 2004 Review of the Commission's methodology.

The ACT, in turn, has implemented a whole-of-government strategy in preparing the submission. All 40 expenditure and 20 revenue category assessments used by the Commission to derive each State's relative share of the GST pool have been systematically reviewed by the Treasury in conjunction with relevant ACT Departments and Agencies.

This submission builds on these analyses and presents a number of suggestions to the Commission for consideration. The recommendations have implications, in many instances, not only for the ACT, but also for other jurisdictions.

A number of the recommendations range in sophistication from the very simple requests for socio-demographic re-weightings based on statistical data, to more extensive change based on detailed modelling techniques. For example, the submission provides comments on the proposed Urban Transit assessment and the better identification of government policy and non-policy influences driving participation rates for year 11 and year 12 students in secondary education.

Principally, amongst the suggestions, is a request for the Commission to consider a number of claims from the ACT relating to the Territory Government operating as a city-state within a land locked Territory with a dual role as the national capital.

As ACT Government Departments have continued to develop more streamlined management and accounting practices since the Commission's last review, the Territory's capacity to measure the impact of these special attributes on the demand for, and cost of services has also matured. This submission outlines both new and old claims to the Commission based on new evidence or alternative treatment strategies.

The ACT will be allocating further resources during the review timeframe to enhance several of the claims outlined in this submission as well as responding to the many other issues expected to arise from other State submissions. I view this task as a priority of the ACT Treasury over the next year or so.

Finally, it would be remiss of me in this submission not to state that the ACT is wholly committed to the progression and development of the practice of fiscal equalisation as the basis for distributing the GST between all States and Territories. The recent calls by some jurisdictions for its dismantling, unprovoked criticisms targeting the ACT, and most importantly, criticism of the Commission and its methods and practices have, in my view, no, substance.

The ACT has full confidence in the Commission and its ability to respond to the many challenges facing fiscal federalism in the new millennium. The application of the horizontal fiscal equalisation principle for distributing general funds to the States and Territories has served this nation well in the past and I am confident it will continue to do so in the future.

As you would no doubt be aware, the role of the Commission, while occasionally misunderstood, is widely acknowledged within the ACT Community. I have therefore taken the unprecedented step of formally releasing this submission publicly on the ACT Treasury website and distributing copies to all members of the ACT Legislative Assembly, ACT Federal representatives and Commonwealth Agencies with responsibilities in the ACT. In the interests of greater transparency for the Commission's processes and deliberations, I would encourage other jurisdictions to also involve their communities.

I commend the Submission to the Commission and express my appreciation for the efforts of all ACT Government officials concerned.

Howard Ronaldson  
Under Treasurer  
Department of Treasury  
Australian Capital Territory Government  
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