



**Government
of South Australia**

Treasurer

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TRS18D1240

Hon Stephen Mullighan MP
Member for Lee
Unit 1, 62 Semaphore Road
SEMAPHORE SA 5019


Dear Mr Mullighan

APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 11 July 2018.

Your application seeks access to:

"All minutes, briefings, notes, emails and correspondence from the Federal Treasurer, the Hon Scott Morrison or Federal Treasurer's Office to the South Australian Treasurer, the Hon Rob Lucas MLC or South Australian Treasurer's Office regarding the GST (Goods and Services Tax) from 1/1/18 to 11/7/18."

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 3 documents were identified as answering the terms of your application and I have determined to release all three documents in full.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), The Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars> Please visit the website for further information.

No fees and charges are payable for this application.

If you are dissatisfied with this determination you have a legal right of review and appeal.

Yours sincerely



Hon Rob Lucas MLC
Principal Officer

10 August 2018

Schedule of Documents

TRS18D1240 - MULLIGHAN - "FEDERAL TREASURER REGARDING GST."

Doc. No.	Date	Description of Document	# of pages	Determination Recommendation	Exemption Clause	Reason
1	26/03/2018	Letter from Federal Treasurer	3	Released in full		
2	19/06/2018	Letter from Federal Treasurer	1	Released in full		
3	4/07/2018	Letter from Federal Treasurer	2	Released in full		



TREASURER

27/3/18
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The Hon Rob Lucas MP
 Treasurer of South Australia
 Parliament House
 ADELAIDE SA 5001

Dear Treasurer *Rob*

I am writing to share with you the final terms of reference for the Commonwealth Grants Commission's *2018 Update of GST Revenue Sharing Relativities* (2018 Update).

The enclosed terms of reference direct the Commission to provide the 2018 Update report, under embargo, to the Commonwealth and all States and Territories by 28 March 2018. I anticipate making the report publicly available following a short embargo period.

You will note that the enclosed Terms of Reference do not include a direction regarding the GST treatment of the Commonwealth's funding to support the establishment of a Proton Beam Therapy Facility in South Australia. On 7 December 2017, I wrote to the Commonwealth Minister for Health (copied to the former South Australian Treasurer) confirming my decision that the Commonwealth's funding for this project should not have an impact on the GST distribution. As noted in that letter, I will direct the Commission to exclude this payment from its GST calculations once I have received confirmation that a business case has been accepted by the Commonwealth and the funding arrangements finalised between the relevant parties.

The 2018 Update report will include the Commission's recommended GST revenue sharing relativities for 2018-19. I will formally consult with you on the 2018-19 GST relativities ahead of the release of the 2018-19 Commonwealth Budget.

I have written in similar terms to all State and Territory Treasurers.

Yours sincerely

The Hon Scott Morrison MP

26/3/2018

*Re: Copy to be sent to Rob. Please
 See for to be done as needed.*

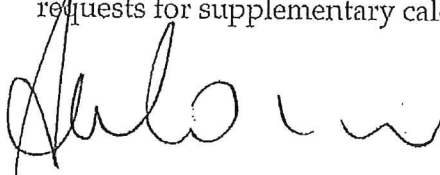
Terms of Reference for the 2018 Update of GST Revenue Sharing Relativities

COMMONWEALTH GRANTS COMMISSION ACT 1973

I, Scott John Morrison, Treasurer, pursuant to sections 16, 16A and 16AA of the *Commonwealth Grants Commission Act 1973*, refer to the Commission for inquiry into and report upon the recommended per capita relativities to be used to distribute GST revenue among the States, the Northern Territory and the Australian Capital Territory (collectively referred to as the States) in 2018-19. The Commission should provide a copy of its report, under embargo, to the Commonwealth and the State Treasuries by 28 March 2018.

2. The Commission should undertake an assessment of the per capita relativities recommended to be used to distribute GST revenue among the States in 2018-19 (the GST relativities).
3. The Commission's assessment should take into account the *Intergovernmental Agreement on Federal Financial Relations* (as amended), which provides that GST revenue will be distributed among the States in accordance with the principle of horizontal fiscal equalisation.
4. The Commission's assessment should be based on the review period 2014-15 to 2016-17 inclusive. Where possible, the Commission should use the latest available data.
5. Subject to paragraphs 6 – 8, the Commission's assessment should be based on the application of the same principles, categories and methods of assessment that the Commission used to calculate the per capita relativities in its *Report on GST Revenue Sharing Relativities – 2017 Update*.
6. The Commission's assessment should treat Commonwealth payments to the States as follows:
 - (a) National Specific Purpose Payments (NSPPs), National Health Reform (NHR) funding, Quality Schools funding (for government schools) and National Partnership project payments should affect the relativities, recognising that these payments provide the States with budget support for providing standard state services.
 - i. NHR funding and corresponding expenditure relating to the provision of cross-border services to the residents of other States should be allocated to States on the basis of residence.
 - (b) National Partnership facilitation and reward payments should not affect the relativities, so that any benefit to a State from achieving specified outputs sought by the Commonwealth, or through implementing reforms, will not be redistributed to other States through the horizontal fiscal equalisation process.
 - (c) General revenue assistance, excluding GST payments, will affect the relativities, recognising that these payments are available to provide untied general budget support to a State.

- (d) Notwithstanding subparagraphs 6(a) – (c), the Commission may determine that it is appropriate for particular payments to be treated differently, reflecting the nature of the particular payment and the role of State governments in providing particular services.
 - (e) Those payments which the Commission has previously been directed to treat as having no direct influence on the relativities, including payments for which the Commission has been directed to apply a 50 per cent discount, should continue to be treated in that way. Where those payments are replaced, the treatment of the new payment should be guided by subparagraphs 6(a) – (d), unless otherwise directed.
7. The Commission should prepare its assessment on a basis consistent with the Commonwealth's intention that the following Commonwealth payments should not directly influence the per capita relativities:
- (a) \$730.4 million to Tasmania relating to the transfer of ownership of the Mersey Community Hospital;
 - (b) \$1.42 billion to Victoria relating to the Regional Rail Revival program; and
 - (c) \$1.2 billion to Western Australia relating to the re-allocated Perth Freight Link infrastructure funding.
8. If data problems necessitate changes, the Commission should proceed on the basis that:
- (a) new, more reliable data would be used in the first possible update, if method changes were not required; or
 - (b) if overcoming the data problems necessitated method changes, revised methods would be used in the first possible update, subject to consultation with the States during that update.
9. The Commission should consult the Commonwealth and the States before deciding on any changes in methods that arise as a result of a significant change in arrangements which govern Commonwealth-State relations and which are considered appropriate for the Commission to fulfil its obligations in respect of these terms of reference.
10. To the extent possible, the Commission should, upon reporting, provide all parties with details underpinning its calculations and assessments, and endeavour to meet requests for supplementary calculations.



SCOTT JOHN MORRISON



22/06/18
1022
TRS18D1065

TREASURER

The Hon Rob Lucas MLA
Treasurer of South Australia
GPO Box 2264
Adelaide SA 5001

Dear Treasurer *Rob*

I write to remind you that in June 2015, former Treasurer, Joe Hockey, wrote to all State and Territory Treasurers raising the issue of the removal of GST on feminine hygiene products. The matter was discussed at the Council on Federal Financial Relations (CFFR) Tax Reform Workshop on 21 August 2015.

As you know, our intergovernmental agreement on Federal Financial Relations requires unanimous support of all States and Territories to make any change to the base or rate of the GST.

On the last occasion when this matter was considered at the suggestion of the Commonwealth, there was no unanimous agreement. As a result no change to the existing GST arrangements for feminine hygiene products was progressed at the time.

Since that time I have received no request from any State or Territory for this matter to be reconsidered. In the absence of such a request and given the continued community interest, I propose to place this issue of GST treatment of feminine hygiene products on the agenda for the next meeting of CFFR.

It is appropriate that this issue be raised first through the CFFR rather than the Commonwealth Parliament. To do otherwise would be to act in a way that was inconsistent with our intergovernmental agreement. The Turnbull Government remains committed to working within the requirements of this agreement and to respect the views of all States and Territories.

I look forward to discussing this issue with you at that time. If you would like to make an earlier submission on this issue to assist our discussion this would also be welcome.

Yours sincerely

The Hon Scott Morrison MP

19/6 /2018



9/7/18
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TRJ/801216

TREASURER

The Hon Rob Lucas MLA
Treasurer of South Australia
GPO Box 2264
ADELAIDE SA 5001

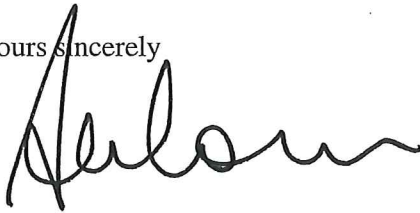
Dear Treasurer

Rob

I am writing to inform you that I have decided to accept the relativities recommended by the Commonwealth Grants Commission (CGC) in the *Report on GST Revenue Sharing Relativities – 2018 Update*. These relativities will be used to calculate State and Territory GST entitlements for 2018-19 in a manner that is consistent with the principle of horizontal fiscal equalisation.

I have attached a copy of the *Determination of the GST revenue sharing relativities for 2018-19* for your reference.

Yours sincerely



The Hon Scott Morrison MP

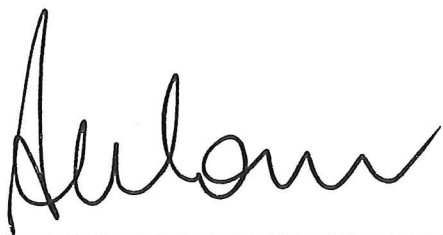
4 / 7 / 2018

*Federal Financial Relations Act 2009***DETERMINATION OF THE GST REVENUE SHARING RELATIVITIES FOR 2018-19 IN ACCORDANCE WITH THE *FEDERAL FINANCIAL RELATIONS ACT 2009***

WHEREAS Section 8 of the *Federal Financial Relations Act 2009* allows the Treasurer to make a determination of the GST revenue sharing relativity for a State, for a payment year,

NOW THEREFORE I, **SCOTT JOHN MORRISON**, Treasurer, hereby **DETERMINE** that the GST revenue sharing relativity for each State for the 2018-19 payment year is as follows:

State	GST Revenue Sharing Relativity Factor 2018-19
New South Wales	0.85517
Victoria	0.98670
Queensland	1.09584
Western Australia	0.47287
South Australia	1.47727
Tasmania	1.76706
Australian Capital Territory	1.18070
Northern Territory	4.25816



SCOTT JOHN MORRISON

Dated: 4/7/ 2018