

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates
2014 - 2015

Department/Agency: Commonwealth Grants Commission

Question: BET 27

Topic: Minimum size for a capital city

Reference: Hansard page no. 91 - 01 June 2015

Senator: Ketter, Chris

Question:

Senator KETTER: How was the population of 250,000 set as the minimum size for a capital city?

Mr Spasojevic: I would have to take that on notice.

Answer:

BET 27 - The Commission uses the ABS standard classification of remoteness areas, based on the Accessibility/Remoteness Index of Australia (ARIA), in its methodology. ARIA was developed by the ABS in conjunction with other agencies such as the then Department of Health and Aged Care. That process included the adoption of a population threshold of 250 000 to define a major city.

The available documentation says

Analysis showed that there was a relationship between population size and the availability of many commercial services. There was also a relatively strong relationship between population size and the availability of services where government had a role in provision, funding or planning (for example, health and education). Additionally, there appeared to be distinct categories of centres clustered in particular population ranges, with natural breaks in the population distribution. The results of this analysis helped inform the breakpoints used to categorise service centres in 5 categories.¹

In using the national standard classification of remoteness, we have implicitly accepted the professional advice of the ABS and other agencies involved in the development of ARIA on this issue.

¹ GISCA, 2008. *State Accessibility/Remoteness Index of Australia Plus (SARIA+)*, p. 9. Available on the [Commission's website](https://cgc.gov.au/attachments/article/27/2008_-_SARIA_2006.pdf) (https://cgc.gov.au/attachments/article/27/2008_-_SARIA_2006.pdf).