

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Commonwealth Grants Commission

Question No: 153

Topic: Remoteness Allowance

Reference: Hansard page 64 (31 May 2017)

Senator: Ketter, Chris

Question:

Senator KETTER: Has anyone from the CGC ever visited a school or medical facility in southern Tasmania?

Mr Nichols: State visits are a routine part of the commission's methodology reviews with the exception of the 2015 review, which was a shortened review. I would have to take on notice whether anyone has actually visited a Tasmanian school, but it would be likely in a previous review.

[...]

Senator KETTER: What effect did the 2015 change in the formula have on the allocation of GST to Western Australia?

Mr Nichols: There is some published material at the time of the 2015 review. Some areas of Western Australia previously considered to be very remote and are considered to be remote, so on balance there may have been a slight decline, but I would have to check that.

Senator KETTER: Could you take that on notice?

Mr Willcock: Just to clarify, are you looking for the counterfactual: the outcome for WA under the 2015 methodology and what would have been the outcome for WA if the commission had not changed its methodology in 2015 away from SARIA to ARIA?

Senator KETTER: Yes, and could you also give that change in respect of the other states?

Mr Willcock: We will take that on notice.

Answer:

The most recent visits to States by the Commission occurred in 2008, as part of the 2010 Review of the Commission's methodology.

In Tasmania a separate briefing session for the Commission was conducted by Tasmanian officials on social economic disadvantage and schooling. The session took place on 29 April 2008 in the Brighton Council Chambers. The issues addressed included:

- Tasmania's education performance — socio-economic disadvantage and learning outcomes.
- Bridgewater-Gagebrook — case study of the education challenge in a low SES environment.
- The government / non-government education system divide and the resourcing challenge in Tasmania.
- Tasmania's decentralised population and location of schools — the need for rural schools.

In Western Australia a separate session was conducted by Western Australian officials on education provision in the Pilbara. The session took place on 25 June 2008 in the Port Hedland Hospital, Sutherland Street, Port Hedland. The issues addressed included:

- General overview of school education provision in the Pilbara
- High costs due to remoteness and the resources boom
- High level of Indigenous need in the Pilbara.

In the 2015 Review, the Commission changed how it assessed remoteness for the purposes of the geography it used for its regional costs assessment, from SARIA to ABS remoteness areas (ARIA). Generally speaking, this change increased the relative remoteness of Tasmania and the Northern Territory in the Commission's assessments. This is mainly because, in terms of the cost of providing services and the pattern of service use by residents, Hobart and Darwin are more like regional cities of comparable size than they are like other State capital cities. As a consequence, the GST shares for Tasmania and the Northern Territory increased. The States which were now classified as relatively less remote (New South Wales and Victoria) had their GST shares decreased. A full discussion of this change can be found in the Commission's *2015 Report on GST Revenue Sharing Relativities*, Volume 2, Chapter 23, pages 482-496.

Table 1 shows the overall difference in redistributions when comparing an ABS remoteness approach and a SARIA approach.

Table 1 GST impact of Regional costs assessment, alternative remoteness definitions, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redist
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
SARIA approach	-276	-510	216	329	18	17	-34	242	821
ABS remoteness areas approach	-534	-532	281	361	87	69	-23	291	1 089
Difference (from SARIA to ARIA)	-258	-22	66	32	70	52	11	49	269
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
SARIA approach	-36	-85	44	121	10	32	-86	957	34
ABS remoteness areas approach	-69	-89	58	133	51	134	-58	1 150	45
Difference (from SARIA to ARIA)	-34	-4	13	12	41	102	28	193	11

Source: *2015 Report on GST Revenue Sharing Relativities*, Volume 2, Table 5, page 495.