

CROSS BORDER — ASSESSMENT RESULTS

- 1 This working paper provides information on the overall impact of the cross-border disability on State GST revenue distribution in the 2008 Update. The assessment method is discussed in Volume 7 of the 2004 Review Working Papers.

DESCRIPTION OF THE DISABILITY

- 2 The cross-border assessment takes into account the additional costs incurred by the ACT because it provides services to residents of New South Wales without direct reimbursement.

ASSESSMENT METHOD

- 3 The cross-border factor increases the number of people deemed to receive services from the ACT and reduces the number deemed to receive services from New South Wales.
- 4 Where data on the number of people receiving cross border services were not available, they were estimated using a general model.¹ A general model assessment was made for Health, Law and Order, Welfare, and Culture and Recreation categories. Cross-border factors were not assessed for expenses on services provided in hospitals because States and Territories reimbursed each other for hospital services provided to non-residents under the Australian Health Care Agreements.
- 5 Categories that assessed cross-border by other than the general method were:

¹ The general model divided south-eastern New South Wales into two catchments. Group 1 comprised Queanbeyan, Yass, Yarrowlumla and Gunning. Group 2 comprised Bega Valley, Bombala, Boorowa, Cooma-Monaro, Crookwell, Eurobodalla, Goulburn, Harden, Mulwaree, Snowy River, Tallanganda and Young. The general model presumed a specified percentage of the population in each group used ACT services. The percentage differed for different services. Since the 2007 Update the New South Wales Government changed the Local Government Area boundaries. For this Update, the ABS made estimated resident population figures available for the newly defined areas and provided comparable figures back to 2001. In this 2008 Update Group 1 comprised population of Queanbeyan City, Yass Valley, Palerang, Part A and one third of Upper Lachlan. Group 2 comprised Bega Valley, Bombala, Booroowa, Cooma-Monaro, Eurobodalla, Goulburn- Mulwaree, two- thirds of Upper Lachlan, Harden, Palerang Part B, Snowy River and Young.

- Government Secondary School Education;
- Non-Government Secondary School Education; and
- Vocational Education and Training.

CONTRIBUTION TO GST REVENUE DISTRIBUTION

6 Table 1 shows the redistribution of GST revenue and Health Care Grants (hereafter described as GST revenue) caused by the cross-border assessment in the 2007 and 2008 Updates.

Table 1 Cross border, effect of assessment on GST revenue distribution, 2007 Update and 2008 Update

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total redist'd |
|--|-------|------|------|------|------|-----|------|-----|-------------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Redistribution from EPC resulting from the 2007 Update assessment (a) | -65.9 | 1.6 | 1.5 | 0.8 | 0.5 | 0.2 | 61.1 | 0.2 | 65.9 |
| Redistribution from EPC resulting from the 2008 Update assessment (a) | -66.8 | 1.4 | 1.3 | 0.7 | 0.4 | 0.1 | 62.8 | 0.2 | 66.8 |
| Total effect of revisions and updating^(b) | -0.9 | -0.3 | -0.3 | -0.1 | -0.1 | 0.0 | 1.8 | 0.0 | 1.8 |

(a) Assuming the same pool and a constant population.

(b) The total redistributed amount shows the change in the amount redistributed among the States between the 2007 and 2008 Updates. It does not necessarily equal the difference in the total redistribution from EPC between the two inquiries.

7 Compared with an equal per capita assessment, the 2008 Update redistributed \$66.8 million, \$0.9 million more than in the 2007 Update.

8 Total population growth in the combined catchments exceeded ACT population growth, implying an increase in the provision of cross border services. This led to an increase in the redistribution of GST revenue between the 2006 and 2007 Updates.

This chapter was prepared by the Expense — Education section of the Commonwealth Grants Commission. If you have any questions about its content please contact Nick Reddan on (02) 6229 8869 or Nick.Reddan@cgc.gov.au.



Date: 29/02/08