



**COMMONWEALTH GRANTS
COMMISSION 2020 METHODOLOGY
REVIEW OF GST REVENUE SHARING
RELATIVITIES**

***CROSS BORDER AND NATIONAL CAPITAL
ISSUES***

ACT Government submission

ACT GOVERNMENT SUBMISSION

MARCH 2019

CGC 2020 METHODOLOGY REVIEW

SUPPLEMENTARY TO REJOINDER SUBMISSION TO WORKPLACE DISCUSSIONS

CROSS BORDER USE OF COMMUNITY HEALTH SERVICES

Background

The ACT's Rejoinder Submission to Workplace Discussions for the CGC's 2020 Methodology Review (November 2018) presented the case for compensation for services provided to non-ACT residents in a number of categories, including Community Health.

The Community Health claim applies to services which are not eligible for Commonwealth funding and thus are not covered by the bilateral agreement with NSW Health, which provides direct reimbursement to the ACT for the cost of providing Health services to NSW residents.

In previous reviews the CGC adopted an assessment approach known as the General Method for services such as Community Health, for which residency data on individual service users was not available. This approach was based on partial usage data provided during the 2010 Review which indicated a net usage rate of ACT services by NSW residents of about 7-10%. This factor was applied to the ACT population to derive a notional increase in population for the ACT, and an equivalent decrease in the NSW population, which were applied in assessing needs in this service component.

The truncated nature of the 2015 Review meant that the CGC did not re-examine the General Method, and simply updated the cross-border adjustment factors for Community Health, Welfare, and Cultural and Recreational Services in subsequent Updates, based on the latest available population data.

Rejoinder Submission and Follow-up

The ACT's Rejoinder Submission of November 2018 put forward a case for cross-border compensation in relation to a range of community health services provided by ACT Health directly or through contracted Non-Government Organisations (NGOs). This claim was based on actual usage data for the ACT Health-provided services, with an assumption of an equivalent usage rate for the NGO-delivered services.

In the submission we also flagged (footnote to Table 6, p.4) that we were continuing to assess service data to determine a final claim. The focus of this work was on community health services for which National Weighted Activity Units (NWAUs) were recorded and on community mental health services block funded under the NHRA. We have since established that the ACT receives Commonwealth funding for these services and that they are covered by the bilateral agreement with NSW Health. Consequently, we will not pursue a cross-border claim for these services.

The ACT's claim therefore rests on the remaining community health services for which Commonwealth funding is not received. Table 13 (p.54) of the ACT's Rejoinder Submission provided detailed data on cross-border usage of community nursing, mental health counselling and breast screening services. The average cross-border usage rate of these services in terms of occasions of service was about 5.3% in 2017-18. We have also collected data on the cost of these services (Attachment A), which shows that, over the three years from 2014-15 to 2016-17, NSW usage averaged \$2.1 million or 5.2% of total usage, in dollar terms. Uplifting this to 2018-19 terms at a

growth rate of 6.5% per annum (the growth rate of the ACT's actual expenditure on community health over the period 2013-14 to 2016-17) gives an estimate of about \$2.5 million.

Attachment E (pp.101-107) of the Rejoinder Submission detailed community health services provided by NGOs in the ACT. We contended that it was reasonable to expect a similar NSW resident usage rate for these services as for the three large categories of services (above) delivered directly by ACT Health. The estimated total cost of the NGO delivered services is \$40.5 million in 2018-19, which would indicate a cost of about \$2.1 million for NSW usage.

Taken together, the ACT Health-direct and NGO-delivered components of community health services provided to NSW residents total around \$4.6 million in 2018-19 terms. The ACT submits this amount as our final claim for a cross-border allowance for community health, as foreshadowed in Table 6 (p.42) of our Rejoinder Submission.

There are known quality issues with non-admitted health data which is likely resulting in the under reporting of community health activity. Taking this into account, the ACT recommends the CGC assess the cross-border usage rate of 5.3 per cent as a baseline and apply judgement in determining the final cross border usage rate to be applied. The ACT requests the right to resubmit cross border usage rates as community health data collection and quality improves.

NATIONAL CAPITAL FACTOR – URBAN/BUSH INTERFACE

Background

The ACT's Rejoinder Submission to Workplace Discussions on the 2020 Review also presented the case for compensation for the above average costs of bushfire preparedness arising from the requirements set by the National Capital Plan (NCP). The "bush capital" requirements of the NCP indicate that Canberra's urban/bush interface is likely to be considerably longer than for other urban areas of similar populations. As pointed out in that submission, three quarters of the ACT is held as national parks and forested lands, with greater exposure also due to the extent of open spaces within the city.

An allowance for this additional cost was first granted by the CGC in the 2004 Review, partially offsetting the costs associated with managing the ACT's Bushfire Abatement Zone (BAZ), which totally surrounds Canberra and extends west towards the Murrumbidgee River.

Follow-up

In our Rejoinder Submission we commented that the ACT's investment in bushfire preparedness accounts for 9 percent of the emergency services budget, which we considered to be significantly higher than in other jurisdictions. The submission stated that we would seek to obtain comparable data from other jurisdictions as soon as possible.

However, enquiries by the ACT's Emergency Services Agency have been unable to identify reliable data which would enable comparison of bushfire preparedness expenses across States and Territories. Even if data on expenditure on bushfire preparedness by other States were obtained, its comparability would be questionable, because there is no commonly agreed definition of bushfire preparedness activities.

The ACT continues to uphold the view that the Territory has a unique set of circumstances requiring the application of a degree of broad judgement as to the validity of the claim. Indeed the ACT would be interested to know if the CGC staff have independently explored any other data sources relevant to this claim.

Attachment A

| Year | Tier2_grouped | Description | Services delivered | NSW count | NSW usage rate | NSW cost (\$) | NSW cost % | cost per unit (\$) | total cost (\$) |
|-----------------|---------------|---------------------------|--------------------|---------------|----------------|------------------|--------------|--------------------|-------------------|
| 2014-15 | 30.07 | Breastscreening | 7,272 | 157 | 2.16% | 147,145 | | 937.23 | 6,815,547 |
| 2014-15 | 20.06 & 40.08 | Community nursing | 183,421 | 8,975 | 4.89% | 2,070,437 | | 230.69 | 42,313,263 |
| 2014-15 | 40.33 | Mental health counselling | 2,816 | 113 | 4.01% | 263,297 | | 2,330.06 | 6,561,448 |
| 2014-15 | | Sub-total | 193,509 | 9,245 | 4.78% | 2,480,879 | 4.45% | | 55,690,258 |
| 2015-16 | 30.07 | Breastscreening | 17,927 | 414 | 2.31% | 145,965 | | 352.57 | 6,320,575 |
| 2015-16 | 20.06 & 40.08 | Community nursing | 146,059 | 9,488 | 6.50% | 1,465,045 | | 154.41 | 22,553,008 |
| 2015-16 | 40.33 | Mental health counselling | 5,389 | 292 | 5.42% | 497,108 | | 1,702.42 | 9,174,367 |
| 2015-16 | | Sub-total | 169,375 | 10,194 | 6.02% | 2,108,118 | 5.54% | | 38,047,950 |
| 2016-17 | 30.07 | Breastscreening | 17,176 | 465 | 2.71% | 121,501 | | 261.29 | 4,487,948 |
| 2016-17 | 20.06 & 40.08 | Community nursing | 149,761 | 10,743 | 7.17% | 1,015,169 | | 94.50 | 14,151,795 |
| 2016-17 | 40.33 | Mental health counselling | 5,863 | 402 | 6.86% | 632,834 | | 1,574.21 | 9,229,614 |
| 2016-17 | | Sub-total | 172,800 | 11,610 | 6.72% | 1,769,504 | 6.35% | | 27,869,357 |
| 2017-18 | 30.07 | Breastscreening | 18,123 | 476 | 2.63% | na | | | |
| 2017-18 | 20.06 & 40.08 | Community nursing | 161,343 | 12,477 | 7.73% | na | | | |
| 2017-18 | 40.33 | Mental health counselling | 4,642 | 263 | 5.67% | na | | | |
| 2017-18 | | Sub-total | 184,108 | 13,216 | 7.18% | | | | |
| Averages | | | 179,948 | 11,066 | 6.15% | 2,119,500 | 5.23% | | 40,535,855 |



Chief Minister, Treasury and Economic Development Directorate

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