SOUTH AUSTRALIAN SUBMISSION ON THE DRAFT REPORT ON STATE REVENUE SHARING RELATIVITIES - 2015 REVIEW

SOUTH AUSTRALIAN DEPARTMENT OF TREASURY AND FINANCE

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SUPPORTING PRINCIPLES

Simplified and integrated assessment framework

South Australia supports steps taken in the draft 2015 Report to integrate housing and urban public transport PNFC operations into the equalisation framework. We note that both housing and urban public transport are partly user funded but still heavily subsidised.

We also welcome the simplification from retaining a functionalised approach to urban public transport. South Australia recommends that a similar approach be adopted for public housing.

The draft Report however falls short, in South Australia's view, of the simplification and integration possible with an operating statement (depreciation plus holding cost) approach. The comparison between approaches is set out in Attachment 1 (see Future issues).

What states collectively do

South Australia supports continuation of the use of revenue and expense standards that are based on internal standards derived from what states do in aggregate.

Determining average policy

South Australia is supportive of the new approach to deciding what States do. If even one State does something (raises a revenue or provides a service), that becomes part of what states do collectively, subject to the application of materiality thresholds. This approach is conceptually simpler than the current approach which requires a majority of states to impose a tax or provide a service. It is acknowledged that the approach still requires a construction of tax base capacity for States which do not levy a tax.

Equalisation of interstate wage costs on a "spend gradient" basis

South Australia accepts the Commission's position not to equalise costs on a "spend gradient" basis on the assumption that there are indeed intrinsic differential wage costs across states (which the Commission currently considers is the case). South Australia notes that fully equalising interstate input costs is the one area of equalisation where locational efficiency issues arise. Whereas fixed costs of state governments can't be economised (save for merger of states) some unit costs can in theory be economised by interstate outsourcing. It is accepted that the majority of expenses are for face to face service delivery which are incompatible with interstate outsourcing.

This comment is aside from whether relevant intrinsic wage differences exist across states. This is discussed in the wages section below.

Policy neutrality

South Australia supports the Commission's proposed position to retain the average policy approach as it generally prevents each state's own policies from having an undue influence on GST distribution outcomes.

Elasticity adjustments

South Australia agrees with the proposal not to reintroduce elasticity adjustments in the 2015 Review and concurs that this is an issue which should be monitored regularly, or in the event of major new changes to the composition of state taxes that are occurring non-uniformly.

Materiality thresholds

South Australia does not support the three-fold increase in materiality thresholds on the basis that such a large arbitrary increase has limited conceptual basis, creates winners and losers and potentially undermines the achievement of equalisation objectives.

As a general principle, South Australia supports adjustments to materiality thresholds to maintain values in real terms. We are not convinced that the Commission introduced materiality thresholds at conservative levels in the 2010 Review and that the proposed increase is simply a move to a less conservative level.

An increase from $10 per capita to $30 per capita in the disability factor threshold is higher than general price movements.

South Australia is also concerned with the application of disability factor thresholds to within factor refinements of an assessment. For example, the application of the new materiality thresholds to the number of age-groups in the Health assessment has resulted in the over 85 age group being combined with the 75-84 age group into a single over 75 age group. The extent of disaggregation plus the increase in materiality thresholds has resulted in a high usage and high cost age cohort being aggregated with a lower cost cohort.

The quantum of materiality for a disability factor should not apply to a decision on the degree of age stratification in an assessment. The motivation for materiality thresholds is simplification or the reduction in the number of factor assessments. There should be no goal of conservative bias *per se*. An assessment with 10 age groups should be equally as deliverable as one with 5 age groups. An age stratification needs to be fit for purpose, often by ensuring appropriate disaggregation at the extremes of an age distribution.

South Australia encourages the Commission to apply its discretion on these matters.

Rounding of relativities

South Australia supports the Commission position that rounding of relativities to two decimal places would produce negligible simplification benefits and has the potential to produce material impacts on a jurisdiction's GST entitlement.

Discounting

South Australia is generally comfortable with the Commission's discounting guidelines that propose 12.5%, 25% and 50% discounts in assessments where there is uncertainty in the supporting data or information.

However, South Australia does have concerns about the application of the guidelines to the location-wages assessment. This assessment only has a 12.5% discount applied. Given the uncertainty about the conceptual validity of whether there are discrete jurisdictional labour markets for public-sector type occupations and concerns about the reliability of the results of the econometric analysis, a higher discount of 50% is warranted.

South Australia supports continuation of the 50% placeholder discount in the assessment of urban transport asset stocks.

As stated in our earlier submission, the Commission often uses survey data with large confidence intervals in its assessments. Typically, the Commission would take the midpoint of the confidence interval as the data point. Under the criteria set out above, the assessment would be discounted by 50%, *"if an effect on States is known to be large and there is confidence about its direction but there is limited confidence in the measurement of its size due to a high level of uncertainty in the information"*.

There may be merit in a more sophisticated approach to the use of problematic data in some situations (such as the sample survey data for private sector wages for comparable employees by region). An alternative would be to choose the end point of the 95% or appropriate confidence interval in the direction of the null hypothesis, rather than the mid-point.

Contemporaneity

South Australia supports the Commission's position of retaining the current approach of basing assessments on the average of the last three years data as a practical way of balancing contemporaneity and reducing volativity.

Use of non-annual and lagged data

South Australia supports the Commission's proposal to continue to use data which best reflects States' likely circumstances in the year of application. The use of updated data in one assessment year but not in the other assessment years would result in data that is not aligned and inconsistent across all assessment years. It is also not consistent with the general contemporaneity principle and may restrict the Commission from correcting known data errors or issues.

Backcasting

As a general principle South Australia is generally supportive of backcasting major changes in Commonwealth-State relations. However, we reiterate our view that backcasting should only be undertaken when the Commission is satisfied that reliable estimates of all relevant factors (including costs, activity levels, participation rates) are available, and a genuine step change is occurring in the application year in respect of the roles and responsibilities of Commonwealth and State Governments.

TREATMENT OF COMMONWEALTH PAYMENTS

The Commission is proposing a single guideline to decide the treatment of all Commonwealth payments on a case-by-case basis. This guideline is *payments which support State services, and for which expenditure needs are assessed, will impact the relativities*. South Australia supports the single guideline.

In relation to Commonwealth Own Purpose Expense (COPE) payments to the states, we believe that if the Commonwealth has correctly considered and classified these payments, COPEs should not impact on the distribution of the GST.

COPEs by their definition are for the delivery of Commonwealth services or programs and not for funding state services. We are concerned that as there is no consolidated list of COPE payments, the inclusion of such payments is reliant on the knowledge of Commission staff. As such, the inclusion or non-inclusion of COPE payments in assessments could be "hit and miss".

It may be better to simply exclude all COPEs unless there is clear evidence that a COPE payment has been incorrectly classified by the Commonwealth and should have been structured as a National Partnership payment.

PRIORITY ISSUES

Mining revenue assessment

South Australia accepts the Commission's decision to adopt a mineral-by-mineral assessment on the basis that it most accurately captures differences in States' mining revenue capacities.

It is acknowledged that this approach does have policy neutrality issues but, from South Australian experience and observations of other jurisdictions, we have not observed any instances where States have acted in a manner motivated by relativity effects.

South Australia supports the Commission decision not to discount the mining revenue assessment since data quality and the assessment of fiscal capacity is adequate.

In relation to iron ore fines, South Australia does not support further phasing-in of Western Australia's decision to increase royalty rates on iron ore fines. Iron ore fines have effectively been given concessional treatment, via Update Terms of Reference for a number of years. The proposal to phase in the full impact of the Western Australian increase in iron ore fine royalties is effectively a further extension of previous phase-in arrangements and terms of reference.

Mining related expenditure

South Australia notes the Commission finding that states with significant mining sectors face no higher expenses per capita than states with a different industrial composition.

South Australia also notes the Commission position that communities with large fly-in-fly-out (FIFO) communities do not give rise to duplication of infrastructure and service provision.

National Education Reform Agreement (NERA)

South Australia supports the Commission's interpretation of the no-unwinding requirement in the Terms of Reference for the 2015 Review.

National Disability Insurance Scheme (NDIS)

As discussed in our earlier submission, South Australia believes that the current methodology and population base used for assessing disability services needs should be retained until the time of full implementation of Disability Care Australia. Accordingly, we supported the "switch" approach with the switch point being fixed at the year in which most jurisdictions fully transition to the NDIS. It is our expectation that based on experiences from the NDIS trials, the transition to full scheme NDIS will be the subject of further review, which could potentially result in a delay beyond 1 July 2019, the date that most jurisdictions had expected to have fully transitioned to the NDIS. The Disability Reform Council may issue information about transition arrangements after their meeting on 19 September 2014.

South Australia continues to support the 'switch' approach. We believe this position is appropriate given the unreliability of current NDIS eligibility projections.

The existing methodology should be retained until at least the 2019 Update using disability support pensioners as the relevant population base.

The National Disability Insurance Agency *Report on the sustainability of the scheme – 1 July 2013 to 31 March 2014,* prepared by the Scheme Actuary, states that in its Disability Care and Support Inquiry (August 2011), the Productivity Commission estimated that the number participants (Tier 3) was 411,250. This estimate was adjusted to 419,516 in 2013-14.

The Scheme Actuary noted that "*it is possible that the number of Tier 3 participants will be lower than expected under the current eligibility rules – say by 100,000*". This would reduce the number of expected participants from 419,516 to 319,516. This is a potential 24% adjustment to ultimate participation in the scheme.

South Australia believes that these estimates will continue to vary until full implementation.

Hence, these estimates should not be used as a basis for assessing the provision of state-funded disability services in the period leading up to full implementation and should not be used as the basis for backcasting the introduction of the NDIS.

If the Commission does decide to proceed with its "dual" assessment approach and backcast the introduction of the NDIS, the provision of state-funded disability services should continue to be based on the number of Disability Support Pensioners in each jurisdiction as a way of mitigating the risk of unreliable NDIS eligibility.

Transport infrastructure

Urban transport assessment

South Australia supports the Commission's decision to integrate urban transport PNFC operations into the equalisation framework.

South Australia also supports taking a functionalised approach to the urban public transport infrastructure assessment. It is appropriate, nevertheless, to seek consistency in approach across expenditure assessments to the extent feasible. There should be a consistent definition of urban centres for road and urban public transport.

Treatment of Commonwealth payments

South Australia supports the Commission's conclusions about the concept of payments for 'projects of national significance'.

South Australia also accepts the Commission's view that 50% of National Network Roads payments should continue to be non-impacting. However, we believe there is a follow on consequence for the infrastructure and net borrowing assessment which is dealt with in those sections.

Consistent with our views about enhancing transparency, South Australia considers all Commonwealth payments, such as Regional Rail link funding, should be explicitly allocated to their functional expense assessment category. This would be consistent with the Commission's view that the crucial issue is whether funding is directed to meeting differential State infrastructure requirements which are also captured in the assessment methodology (pg 77, draft Report). It is noted that there are four transport categories – urban roads, rural roads, urban public transport, and non-urban (intercity and inter-town) public transport.

Indigeneity

South Australia supports replacing ABS Socio-Economic Indexes for Areas (SEIFA) with the Indigenous Relative Socio-Economic Outcomes (IRSEO) Index, in relevant assessments, to capture the costs of providing services to Indigenous people.

Use of the IRSEO index more appropriately captures the characteristics of Indigenous communities and reflects the differing use of government services within the Indigenous population.

Revenue Assessments

South Australia supports the Commission's position to not adopt a global assessment of revenue.

The use of global indicators cannot produce an outcome that is consistent with the "what states do" principle. States do not levy taxes on a global basis, they levy individual taxes.

Payroll tax

South Australia supports continuation of the assessment method adopted in the 2010 Review. The adjustment for the tax free threshold and the exclusion of public sector remuneration reflects the way jurisdictions tax payrolls.

Land tax

South Australia supports the Commission's position in the Draft Report to retain the existing methodology for land taxes levied on a landholder basis and the addition of a second stream for the property component of fire and emergency services levies (and metropolitan improvement levies). The latter 'all property' stream should be based on improved property values; and it should be assigned that component of ACT rates which replace conveyance duty in that jurisdiction.

Stamp duty on conveyances

South Australia supports the Commission's position to largely continue the assessment method adopted in the 2010 Review with the addition of stamp duties on the transfer of motor vehicles and the movement of expenses and stamp duty concessions relating to first home owners to the housing category.

In respect of non-real property and those states which have never had or have recently abolished non real conveyance duty, South Australia observes that the best indicator of what states can do in the range of circumstances including intergovernmental expectations, is what some states do. One possibility is a separate assessment at a lower tax rate because Vic revenue would not be present.

Insurance tax

South Australia supports the Commission's position to retain the existing assessment methodology with the addition of insurance company duties on fire and emergency services into the category.

Motor taxes

South Australia supports the Commission's position to move stamp duties on the transfer of motor vehicles to the conveyance duty category and the movement of revenue from fire and emergency services levies on motor vehicles to this category from other revenue.

Other revenue

South Australia supports the movement of revenue from fire and emergency services levies on motor vehicles from this category to the land tax, insurance tax and motor taxes categories.

South Australia acknowledges the work undertaken by Commission staff to investigate the case for a differential assessment of gambling revenue and notes the outcome is to continue not to assess differential capacity.

Expense Assessments

Schools education

South Australia supports the use of actual enrolments as the broad measure of use for all age groups and the use of Australian Curriculum and Reporting Authority (ACARA) data as a primary data source.

South Australia supports the Commission's position that fiscal equalisation is not fully achieved through the NERA as a significant proportion of schools funding is provided by the states with differing policies governing the amount of state funding allocated.

Post secondary education

South Australia supports the Commission position to move all vocational education and training (VET) expenses from the Services to industry category to the Post-Secondary education category. South Australia also supports no longer assessing the differential use and cost of people who do not speak English at home.

Health

The Commission has asked if they should proceed with the "direct method" of assessment for all health components or retain the "subtraction method" adopted in the 2010 Review. The Commission has noted that some of the data used to construct its direct health assessment may not be available or will change due to the recent Commonwealth Budget changes.

As discussed in our earlier submission, South Australia has reservations about the robustness of some of the IPHA data sets. It is our understanding that the AIHW and IPHA use the same data for admitted patients but that the data sets for outpatients, emergency departments and community health are still immature as unit record level data is not collected for many of these services.

It continues to be our view that this data will be problematic for some time, assuming it is still available. We note that data for outpatient services is the least developed of all data sets with inconsistencies across jurisdictions.

Admitted patients -Expenses per capita

South Australia re-iterates its concerns about the disaggregation of age into 5 groups instead of 7 groups. In the health sector, spending against age has a very steep gradient for those over 80 years of age.

People 85 years of age and over have different service delivery needs to people under 85 years of age. Note that only 23% of people aged 85 years and over in Australia live in residential aged care (24% for SA), meaning that over three quarters of these age groups still live at home.[1] Residential aged care provides 'home care' services and is not a substitute for health services provided at a public hospital.

With healthier lifestyles and improvements in medical care, the elderly tend to experience poor health at older ages. If 5 groups are preferred over 7, and uniformity across expenditure categories is required, South Australia suggests amalgamating the 25-50 year age group in all cases.

The South Australian Department of Health has provided information on acute and subacute hospital care by age group.

[1] Residential aged care and aged care packages in the community 2012-13

Table 1: Acute and Sub Acute – All hospitals

Age Group	Episodes (In Scope)	National Weighted Activity Unit	National Weighted Activity Unit per Separation
0-2	15,528	21,887	1.41
3-14	18,800	14,914	0.79
15-44	103,816	111,543	1.07
45-64	100,454	105,397	1.05
65-74	59,050	67,522	1.14
75-84	67,848	81,741	1.20
85+	25,793	43,159	1.67
Total	**391,289**	**446,162**	**1.14**

Table 2: Acute and Sub Acute – ABF hospitals only

Age Group	Episodes (In Scope)	National Weighted Activity Unit	National Weighted Activity Unit per Separation
0-2	14,734	21,457	1.46
3-14	17,428	14,276	0.82
15-44	94,158	105,598	1.12
45-64	90,613	98,972	1.09
65-74	51,313	61,086	1.19
75-84	61,005	71,289	1.17
85+	22,563	34,199	1.52
Total	**351,814**	**406,876**	**1.16**

The NHRA has population weights that show that people aged 85 years and over are extremely resource intensive. These weights are based on actual data submitted by the States.

Table 3: Hospital Utilisation weights

Age	Male	Female
0	0.8272	0.6859
5	0.20757	0.1773
15	0.34615	0.42516
20	0.42168	0.83981
40	0.83601	0.82388
60	1.65475	1.31905
65	2.20498	1.73265
70	2.91951	2.33196
75	3.74426	2.90877
80	4.57529	3.58465
85	5.45392	4.22336

Impact of the non-state sector

Paragraph 49 of the draft Report states '*Both the ABS survey and AIHW clinical assessment indicate that approximately 38% of ED visits are potentially substitutable. While we understand the argument that these may tend to be lower cost presentations, we are unsure if this is the case in reality, and if so, the impact.*'

The CGC has asked for States views on whether 40% would be a reasonable estimate of the substitutability of ED and GP services.

The price weights for emergency departments used by IHPA can be found at: http://www.ihpa.gov.au/internet/ihpa/publishing.nsf/Content/nep-determination-2014-15-html~appendix~appendix-j

This reference provides an evidence base to demonstrate that triage 4 and 5 emergency department presentations are significantly less costly than triage 1 to 3 presentations. The cost weights indicate that a triage 1 presentation (admitted for injury) costs nine times that of a triage 5 presentation (non-admitted for injury).

The cost differential between triage 1 to 3 emergency department presentations and triage 4 and 5 presentations demonstrates the need for cost-weighted data to be used in calculations in the Health expenses assessment.

Calculating an economic environment factor – emergency departments, community health and outpatients

In the Health expenses assessment chapter the CGC states that '*if a State has more non-State providers than another it should be able to provide the average standard of service to its population at a lower cost*' (para 41, pg 194). This statement implicitly assumes that each State has the same 'need' for total health services (State and non-State providers – private sector and the Commonwealth Government) per 100,000 population.

South Australia has concerns about this assumption and the resulting methodology the CGC proposes to use to calculate an 'economic environment factor' for emergency departments, community health and outpatients.

South Australia does not agree that the measure of bulk billed GP throughput is an appropriate assessment to calculate an 'economic environment factor' for emergency departments and that the use of 'bulk billed GP benefits paid' (unstandardised for socio-economic status) can be used as an indicator for throughput to the Emergency Department. In particular we consider that an 'economic environment factor' of 1.470 for ACT in table 10 is counterintuitive.

Data available on the website of the Public Health Information Development Unit at the University of Adelaide: http://www.adelaide.edu.au/phidu/ helps illustrate our concerns. It also provides the data to standardise the measure for socio-economic status (see para 53, pg 197, Draft Report).

The Public Health Information Development Unit at the University of Adelaide has developed an interactive website with a Social Health Atlas for Australia, uni-variate (correlation) regression capability for health-related data, inequality and remoteness graphing function and comprehensive data bank with the latest available datasets.

Using the GIS mapping tools available on the website, the standardised ratio of total GP services (MBS and DVA) can be mapped by locality. The ratio for the ACT is 81 compared to 100 for Australia as a whole. This indicates that the ACT uses significantly less GP services (bulk billed and non-bulk billed) than Australia as a whole.

The reason for the relatively low use of GP services in the ACT is because the ACT is an area of relatively high socio-economic status and poor health is highly correlated with social disadvantage.

Using the tools on the Public Health Information Development Unit website we have graphed the rate of use of GP services (MBS and DVA) by quintile of socio-economic disadvantage of area. A selection of graphs is provided in Attachment 2.

The graph for the ACT shows that the usage rate of total GP services for the most disadvantaged quintile in the ACT (470,709 per 100,000 population) is considerably less than the usage rate of total GP services for the most disadvantaged quintile in South Australia (about 600,000 per 100,000 population) and the most disadvantaged in Australia as a whole (about 570,000 per 100,000 population).

This indicates that people in the ACT have less 'need' for bulk billed GP services per capita than people in Australia as a whole.

Hence an 'economic environment factor' of 1.470 for the ACT cannot be correct and indicates that the methodology for the 'economic environment factor' for emergency departments is not appropriate and should be reviewed. At the very least, the 'economic environment factor' for the ACT needs to be modified.

The 'need' for specialty and pathology services is directly related to the 'need' for GP services. Using the same logic as our argument for an 'economic environment factor' for emergency departments, the 'economic environment factor' for outpatients based on bulk billed specialty and pathology services (unstandardised for socio-economic status) is not appropriate and should be reviewed. An 'economic environment factor' of 1.186 for the ACT in table 12 is counterintuitive and cannot be correct.

South Australia does not agree with the Commission that there are similarities in the services provided by GPs and those provided in community health centres.

Community health includes dental health, home nursing, domiciliary care, alcohol and drug rehabilitation, as well as baby and child health clinics.

There are data and definition inconsistences between the different types of community health services. There is often a lack of definition of what constitutes a service event and states do not fund community health services on activity or episodes of care.

However, should GP-type services be used as a measure for an 'economic environment factor' for community health state provided services, the measure would need to be standardised for socio-economic status.

Welfare

Comments on the NDIS are provided in the section on priority issues.

Family and child services

South Australia supports the use of Australian Institute of Health and Welfare (AIHW) child protection data unit record data to derive a location breakdown of service users and linking this data to ABS SEIFA data to estimate an SES breakdown of family and child service use.

Aged care services

South Australia supports the Commission's assessment approach and the position to assess Western Australia's aged care expenses and related Commonwealth payments equal per capita.

General welfare services

South Australia supports an assessment of concessions based on concession card holder numbers.

South Australia does not support the Commission's proposal, as discussed in the *Update and Supplementary Issues for 2015 Review paper* (New Issues paper), to base the non-concessions component of general welfare services on proportion of one parent families with dependants.

South Australia believes that this measure is too narrow and would be less representative of the user population than the other measures considered by Commission staff.

It is understood that the Australian Bureau of Statistics (ABS) is not intending to update their socio-economic index for individuals (SEIFI) to reflect 2011 Census data and that the ABS has no plans to release a family level index. It is also recognised that the ABS's constructed household level index will probably not be available in time for the 2015 Review. However, the Commission must adopt a sufficiently broad measure that is reflective of the user population.

The Commission's proposed measure does not recognise users of welfare services who do not have a dependant child. This represents a significant change from using a broader-based socio-economic index that is inclusive of all actual and potential users of general welfare services.

South Australia believes that the Commission should continue to base this part of the assessment on the 2006 Census-based SEIFI numbers until the ABS has fully constructed its household level index. It is acknowledged that the 2006 SEIFI is dated but it would still appear to be a better interim measure until the new data source is available.

Housing

Consistent with the treatment proposed for urban public transport PNFCs, South Australia considers that the depreciation expense of public housing should be retained in the housing category along with other operating costs and relevant user charges (rental revenue). This would achieve comparable transparency to the urban public transport assessment. It is also simpler than deleting depreciation from the GFS functional category and inserting it into an aggregate depreciation assessment with other infrastructure such as schools and hospitals.

Economic environment assessment in respect of Commonwealth rental assistance.

It is acknowledged that the Commission has considered South Australia's proposition that CRA has implications for the need for public housing provision analogous to the role of Medicare funded GPs in the health assessment. South Australia accepts the Commission's analysis that there is less State government policy influence over the numbers and location of GP services, and accepts its rebuttal of the South Australian proposal outlined in a note supplementary to the draft Report.

Commonwealth payments.

South Australia does not support the phasing in of the Remote Indigenous Housing National Partnership. If the Commission believes that it is now average policy for states to have control over the management of Indigenous community housing organisations, this should be fully reflected in the 2015-16 application year. Accordingly, Remote Indigenous Housing National Partnership receipts in 2011-12 and 2012-13 should be impacting.

Services to communities

As stated in our previous submission, South Australia is comfortable with water and electricity subsidies being part of the same broad assessment category, but we do not support combining the water and electricity subsidy assessments into one assessment as the water assessment should also reflect water availability and water quality.

South Australia does not support the staff recommendation to no longer recognise water availability and quality as having an impact on water subsidies. Distance from water source is a significant cost factor due to the requirement to operate an extensive pipe network.

South Australia is heavily reliant on the River Murray for water which is problematic from a cost and supply security perspective because the Murray is slow flowing, saline, turbid and subject to shortages created by upstream water use. The reliance on the Murray for country supplies leads to considerable investment in an extensive network of pipelines and the poor quality of the raw water necessitates significant investment in water treatment plant. Due to the South Australian topography all systems require pumping as gravity-feed cannot be relied upon. South Australian soils are typically reactive clay, which experiences significant movement depending on the weather conditions. As the majority of pipe is vitrified clay, there is a high rate of breaks as a result of this movement.

Analysis by Marsden and Pickering (2006)[2] compared water supply systems across Sydney, Adelaide, Perth and Newcastle and found that the direct cost of using groundwater for supply varied between $0.20 /KL and $1.58 /KL, using dams and surface water varied between $0.15 /KL and $3.00 /KL, and long distance pipelines varied between $1.30 /KL and $9.30 /KL.

The cost of supplying water is influenced by the:

- distance and lift between the water source and the consumption point,
- type of water source, including soil conditions and groundwater levels
- level of treatment, and
- density of development.

Although it is difficult to precisely quantify these costs, there is sufficient evidence that states that have to pump water long distances from the source incur higher per capita subsidies (Table 3 in Attachment 15 of the Draft Report). The three jurisdictions with high subsidy costs (Western Australia, South Australia and the Northern Territory) have extensive water pipe networks and pump water long distances from the source. The Northern Territory also has to use electronic bores in some regional centres which are expensive to operate compared to costs of obtaining water from other sources.

Justice

South Australia supports continuation of the assessment method adopted in the 2010 Review.

South Australia supports the proposal to continue to assess 50% of police expenses on the basis of State population (community policing) and 50% on the basis of population influences linked to the increased occurrence of crime (specialised policing) due to the lack of nationally consistent data on police activity resourcing.

South Australia supports continuation of the 25% discount to the socio-demographic composition use weights given the uncertainty in how well policy custody incidents measure relative police workloads.

Roads

South Australia supports the Commission's proposed assessment approach subject to concerns about the absence of allowance for fixed cost in urban roads provision taken up in the Infrastructure section.

South Australia also favours a consistent definition of urban centre of 20,000, the same population as urban public transport, rather than 40,000.

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[2] Marsden, John and Phil Pickering (2006) *Securing Australia's Urban Water Supplies: Opportunities and Impediments.* A discussion paper prepared for the Department of the Prime Minister and Cabinet, Marsden Jacob Associates, November 2006.

Transport

South Australia supports the integration of urban public transport PNFCs net operating deficits, including retaining depreciation and fare revenue, into the category assessment.

South Australia, however, continues to favour separate identification and assessment of revenues, operating expenses and depreciation. This way the consistency of the depreciation assessment with the investment assessment could be assured, and the contribution of fare revenue to investment could be explicitly considered. It is not true that subsidies to private providers would be treated inconsistently as a result (Para 23, p332 Draft Report). The inconsistency arises because of the depreciation plus investment approach adopted by the Commission rather than depreciation plus holding cost (net of fares) which is imbedded in subsidies to private providers.

South Australia also has reservations about the application of the wages cost disability in this assessment.

Services to industry

South Australia is broadly supportive of the assessment approach adopted by the Commission.

South Australia supports the inclusion of a separate assessment of expenses for net mining industry regulation provided that materiality thresholds are met.

Other expenses

Cultural and linguistic diversity (CALD)

South Australia supports the Commission's recommendation to no longer assess CALD populations in any assessment. No conclusive evidence has been presented that demonstrates that having a large CALD population either increases or decreases the overall cost of delivering state services.

Administrative Scale

South Australia supports the Commission's position to continue to recognise that states with smaller populations have intrinsically higher per capita costs because the minimum functions of government have to be spread over a smaller number of residents.

The Administrative Scale assessment attempts to capture this cost, however, South Australia continues to hold the view that the quantum used as a basis for this assessment is too low. There a number of fixed costs to consider.

South Australia acknowledges that updating or renewing the existing quantum is problematic due to the difficulty in defining minimum functions and the different organisational structures that exist in each jurisdiction.

However, South Australia believes that there is sufficient data to support an upward adjustment to the current quantum.

In the Draft Report, the Commission has dismissed their regression of GFS expense data for schools education administrative costs as being "too high to be realistic"

($189 million per state). Although this is considerably higher than the current schools education administrative cost estimate of $16 million per state, it provides a strong indication that the current quantum is significantly understated.

South Australia is concerned that the results of this analysis have been dismissed on the basis of a simple comparison with the current quantum - a quantum that is based on dated data and assumptions. This analysis appears to provide a strong case for an upward adjustment to the administrative scale quantum and appears to be based on a reliable and appropriate data source.

As discussed in our previous submission, there is other Commission analysis that supports an increase in the quantum. In the Data Working Party - Administrative Scale paper (CGC 2011-05, page 7), total State GFS expenses were plotted against state populations to derive a cost curve where the intercept can be interpreted as representing the total quantum of administrative scale costs.

This analysis supports an administrative scale quantum, per state, of around $1.7 billion. Fixed costs in urban roads provisions could be contributing to this. Although this figure is high, it supports the view that the proposed administrative scale amounts, which range from $231 million to $260 million per state, are too low and are not capturing all relevant costs.

South Australia continues to hold the view that the administrative scale quantum requires a "step" increase to reflect current circumstances. We have demonstrated that there is sufficient evidence to support an increase.

South Australia notes that the Commission has been prepared to use comparable statistical analysis in some assessments (urban public transport) in respect of an observed regression relationship of expenditure to scale of population.

Infrastructure assessments

There are essentially three ways State governments acquire asset or infrastructure services:

1. Own provision (including on balance sheet PPPs)
2. Lease
3. Lease net of third party user charges (including fares)

There are three elements involved whichever of the methods of acquisition are used.

a. Depreciation/amortisation, and maintenance costs,
b. time value of capital outlays/ holding cost, and
c. user charges

Item (b) is not visible or reported in accounting statements in the case of own provision (1), but is incorporated in the lease payments for scenarios (2) and (3).

For the health function, which is mainly own provision (scenario 1), current operating costs, depreciation, user charges and capital expenditure will be reported in financial statements. The Commission assessment approach is to assess operating costs (wages and medical consumables) net of user charges; and incorporate depreciation (usage of hospitals and multi-year life equipment) into a component of an aggregate infrastructure assessment, together with an 'investment' assessment in lieu of (and possibly equivalent over time to) a holding cost item.

To the extent there are leased asset services (2), these are included in operating costs. There are probably only limited instances of (3) in health.

In the case of urban public transport there are significant instances of all three ways of acquiring asset services across and within states. Unlike health, there are significant instances of scenario 3, that is, subsidised private operations after retention of fare revenue.

The possibility arises of adopting a holding cost approach for urban public transport as a way of avoiding issues associated with the mix of 1, 2 and 3 in this area. However there are disadvantages in adopting a holding cost approach for only some functions.

Gross capital spending approach

So long as the Commission does not wish to adopt the 'depreciation plus holding cost' approach, South Australia considers that there would be advantages in adapting the standard cash flow statement to facilitate an assessment of capital expenditure needs. This would dispel the 'double counting' issue of having a 'depreciation plus investment' assessment which is of concern to some states and commentators (pg 369, Draft Report).

The gross capital spending approach is outlined in Attachment 1.

Housing

South Australia proposes that housing be given a functionalised treatment in the infrastructure assessment comparable to urban public transport, the other PNFC operation now being brought fully into scope of the equalisation model. Further, we consider that the case for taking an integrated approach to the cost of housing assets (including depreciation) and the role of user charges (rents), is particularly strong.

A functionalised approach would make the nature of the Commission's investment assessment more transparent – the direction and impact of which is considerably affected by the current phase of disinvestment (sales of public housing). In an earlier phase of investment, decades earlier, public housing investment needs were not comparably recognised, and yet the ongoing holding cost of public housing assets is now also not recognised.

Urban public transport

South Australia is concerned about the validity and reliability of the asset value gradient as against urban population proposed to be used in the 'investment' assessment, constructed with relatively few, non-standardised data points for larger centres like Sydney. South Australia considers it essential, failing dispensing with the asset gradient completely, until time permits further examination, that the 50% discount contained in the draft Review should remain.

South Australia observes that the asset value gradient against urban population obtained from regression of state provided data appears to be much steeper than for depreciation expense.

With a steep disability gradient in play for the investment assessment, a surge in capital expenditure in excess of depreciation, potentially in intermediate size capital cities of Adelaide, Perth and Brisbane would produce a surge in needs for NSW and

Victoria. A subsequent period of capital expenditure less than depreciation would see a surge in needs for the smaller states.

This could give rise to at least short run policy neutrality concerns, even if the view is taken that in the very long run the depreciation plus investment approach achieves a similar result as depreciation plus holding cost.

SA proposes that the annual volatility of the proposed urban public transport investment assessment be examined and appropriate steps taken.

Urban road transport

This assessment at present lacks, but requires, recognition of a fixed cost element and a decreasing cost curve for urban populations - that is, the opposite gradient to urban public transport. This is a very large category and recognition of even a slight downward gradient would bring a consistency to the combined road and public transport assessment outcome.

The non- impacting treatment of National network roads grants requires a follow on upward adjustment to the accumulated borrowings standard – see Net borrowing section.

Rawlinson's cost index.

South Australia is open to the application of a capital cost index in the infrastructure assessments based on the use of Rawlinsons indices.

It is acknowledged that Rawlinsons Capital City Index may be more applicable to the construction of major buildings rather than road and bridge construction. As a consequence, the Commission should give consideration to using Rawlinsons indices in respect of all non-road infrastructure and select an alternative, specific index for road and road-related infrastructure.

Wages costs

South Australia supports the Commission's decision that the wages costs assessment be reviewed when new ABS Characteristics of Employees data become available, including reconsidering whether the disability continues to exist (page 417 of the Draft Report).

Some preliminary thoughts about a review of the wages costs assessment are provided in Attachment 1.

Regional costs

South Australia supports regional costs being based on ABS remoteness areas rather than the State-based Accessibility/ Remoteness Index of Australia (SARIA).

Impact of Population growth on fiscal capacities

Western Australia noted the assessments only give it capacity to provide its new people with the depreciated value of infrastructure. It said a weighting should be applied to recognise the infrastructure provided to the new population is unavoidably less depreciated (and more expensive) than the average stock (Para 21, Pg 479, Draft Report).

The Commission states that further consultation with the States is required on this issue.

South Australia disagrees with the Western Australian proposition.

From South Australia's perspective, annual capital expenditure is for the purpose of delivery of services to *total* populations employing long life durables many years into the future, (not for the incremental acquisition of collectibles for new and old populations); and the total amount of capital expenditure for that purpose is indeed being assessed under the CGC model.

In what follows we first seek to draw on the representation of the infrastructure assessment contained in the previous South Australian submission, to observe that there is no real substance in dividing and recombining the assessment in various ways.

The CGC capital assessment in substance comprises:

1. an assessment of capital expenditure based on current period disability factors and current period population shares, plus
2. an annual adjustment factor in respect of the current fair value of assets acquired in previous periods but still providing services in the current period, as and when population shares and disability factors change from those previously applied in capital expenditure assessments.

The CGC presentation is to divide 1 into two notional components viz. 1(a) an amount equal to depreciation expense recorded in the operating statement plus 1(b) a residual amount equal to capital expenditure *less* depreciation. A narrative is then developed which ties the stock adjustment factor (2) just to capital expenditure in excess of depreciation expense (1 (b)), and relates the combination of those elements (2 and 1(b)) to a concept of 'new population'.[3]

SA's perspective is that whatever the divisions and re-combinations that are involved,[4] the stock related adjustment component is properly seen as a correction to the equalisation assessments for total capital expenditure which have been occurring with now out of date population shares and relativities.

If it were possible to undertake a direct assessment of capital expenditure - that is to know in advance what future population shares and future relativities will be - states would have higher or lower assessed capital expenditure needs than using current period relativities in an overall model benchmarked to current population shares, and the stock related correction factor would not be required.

Imagine a simple thought experiment. Each State acquires an asset with a 10 year life. For 5 years (relativity weighted) population shares are unchanged – correction factor is nil. At the end of year 5 population shares change – a correction factor is

[3]Note that 1(b) could be of any sign. Further 1 (b) can be decomposed to a capital deepening component and a new population component, with the stock adjustment factor strictly linking only to the latter within the terms of the CGC narrative.

[4] There are some by- product interaction effects from the complicated CGC formula combining 2 and 1(b).

required but only in respect of the remaining life and service potential of the asset acquired 10 years ago.

Within the terms of the CGC's Western Australia narrative, South Australia observes that Western Australia may expend more on new assets than low growth states, but at the same time Western Australia is acquiring additional value for money in that its stock of assets has a longer future life and service potential than lower growth states. If the physical asset balance in the 'investment' assessment were enlarged then lower growth states would be short-changed in that they would not receive funding to permit the use of assets with an appropriate time profile for replacement.

It should also be noted that low growth states are already being short-changed from the use of end of year revalued asset balances in the CGC formula rather than lower average over the year asset balances.

Positive link between population growth and fiscal capacity

Commission staff appear to have misunderstood the South Australian argument on this point (pg 481, Draft Report). It is a proposal in respect of net worth over the long term. Basically there are three sources of net worth: accumulated operating surplus, revaluations (and liquidation) of land and franchises, erosion of real value of debt from unexpected inflation. This seems uncontroversial, as does the proposal that it is population growth which generates land and franchise value. A leading position of Western Australia in terms of net worth per capita comes from its economic and population development not the size of its landmass.[5]

The application of net worth could occur in any combination of its components -- physical assets, equity in PNFCs, other financial assets and (negative) debt. A comparison of any one of those components with population growth as reported in the Draft Report (pg 481) will not test the thesis.[6]

The possibility that lack of population growth *doesn't* create a fiscal *advantage* is quite intuitive and apparent in state net worth per capita comparisons. The conceptual case is reinforced by evidence from the local government sector. Consultation with stakeholders regarding applying the Commission's population growth disability assessment in the local government equalisation area, apart from complexity concerns, immediately throws up examples where low and negative population growth undermines local land and franchise values. *Low* population growth is mostly never seen as a route to increasing net wealth per capita for local governments.

It is acknowledged that land values held by urban public transport and housing PNFCs are now (appropriately) removed from the population growth assessment, but it remains the case that Crown land value that has been liquidated significantly drives lower State debt levels (and higher net worth).

The impact of any allowance for the negative relationship between population growth and net worth per capita by discounting the population growth dilution assessment

[5] Lack of contemporaneity in equalisation of mining revenue may also have contributed.

[6] Also regard has to be had of evidence of policy effort in respect of the contribution from net operating surplus. Accumulated operating surplus data relates back only to the introduction of public sector accrual accounting.

would be substantial. A 'discount' can be achieved by enlargement of the negative net debt balance incorporated in the Net financial worth assessment.

Other disabilities

No comment

Net borrowing

South Australia considers that the 25% 'discount' in the 2010 Review should be retained in the form of an equivalent enlargement of the net debt /liabilities balance in the 2015 Review.

Net financial worth (NFW) comprises two large numbers - negative net liabilities and positive Equity in PNFCs. The nature of the assessment is obscured by these two large numbers which offset each other in the NFW balance. This is recognised by the Commission retaining the assessment - notwithstanding the apparent immateriality of the population dilution assessment of NFW. That decision is based on the substance of the assessment not the (net) appearance of things. The same approach should be taken to the question of the 25% 'uncertainty' discount.

Aside from the uncertainty discount, there is a strong case for a population growth assessment 'discount', also implemented by enlargement of the net liabilities balance. This is because of the negative effects of slow population growth on net worth, outlined in the section 'Impact of Population growth on disabilities' in the Draft Report.

The proposed privatisation of NSW electricity businesses will convert NSW electricity sector net assets and franchise values into cash which will reduce both of the net debt and Equity components, but also increase State government NFW by the premium or franchise value.

On a technical point, the Net debt balance needs to be further enlarged as the flow through of accumulated non impacting Commonwealth capital payments. The receipt of Commonwealth payments reduces the borrowing requirement of states, which is relevant to the treatment of National Network Roads (NNRs). The adjustment amount should be 25% of NNR road asset balances (comprising 50% of the normal Commonwealth 50% contribution to NNR.)

Contact Officers:

Katrina Ball
Director, Intergovernmental Relations
08 8226 9698
Katrina.Ball@sa.gov.au

Mark Collins
Principal Economic Analyst, Intergovernmental Relations
08 8226 3833
Mark.Collins@sa.gov.au

Robert Schwarz
Advisor, Intergovernmental Relations and Revenue
08 8226 9433
Rob.Schwarz@sa.gov.au

1. Adapted cash flow statement for gross capital spending assessment

Standard budget (total capex)	Assessment status
1 Net operating result (before interest and depreciation)	Components (primary expenses and revenues) assessed separately
2 Net interest and dividends	Not required given assessment of investment and financing activities (7 and 8) below
3 *Equals* NOB before depreciation	Components assessed separately
4 Purchases less sales of non - financial assets (non land)	Assessed as per current period expenses relativities plus relativity weighted population growth adjustment re physical assets balance
5 Net cash flows re investments in land	Not differentially assessed
6 *Equals* Net lending	Components assessed separately as above
7 Net cash flows re investments in financial assets for policy purposes (includes privatisations)	Assessed as per (unweighted) population growth dilution of Equity in PNFCs
8 Net cash flows from financing activities and investments for liquidity purposes	Assessed as per (unweighted) population growth dilution of net financial liabilities
9 *Equals* application of Net Lending	Components assessed separately as per 7 and 8 above

The text at paragraph 13 of the Draft Report (page 370) suggests there may have been a misunderstanding of South Australia's proposal for a gross capital spending assessment. Most of the narrative elements of the Commission's current depreciation plus investment model referred to in that paragraph fall away with the gross approach.

It is much simpler than the current formula and readily facilitates a functionalised approach.

No subdivisions are required. Gross capital spending is assessed in the normal way using current period relativities together with an asset stock adjustment factor which corrects for the out of datedness of last year's (relativity weighted) population share.

The asset stock adjustment factor would be calculated using average values for the period which would avoid the overstatement of population growth needs arising from the use of end of year price level values in the current approach. Further the calculation would be free of certain interaction effects which the current complex formula produces.

As well as dispelling the 'double counting' problem, this approach (cf.items 7 and 8) facilitates greater transparency in respect of the separate treatment of the two large and opposite signed components of Net financial worth viz. Net Debt and Equity in (out of scope) Public Non-Financial Corporations (PNFCs).

2. Future issues

The depreciation plus holding cost approach

The depreciation plus holding cost approach has the following elements:

1. Operating statement accounting framework.
2. Depreciation plus holding cost integrated into functionalised expense assessments.
3. Relevant user charges assessed as offset to or adjacent to operating expenses (incl depreciation plus holding cost).
4. Net worth (excluding land) population growth dilution assessment.

We accept that the Commission's approach likely achieves much the same result over time[7], it's just that certain features of the Commission's approach we consider are challenging in terms of transparency and accessibility (including the investment plus depreciation assessment 'double counting' issue, and the obscure asset valuation for 'new populations' issue). Features of the Commission's approach are as follows:

1. Reconciliation table accounting framework (Operating to Net Lending).
2. Partly functionalised depreciation and net investment assessment - complex aggregation of residual infrastructure stock.
3. Non - integrated treatment of user charges in respect of infrastructure costs.
4. Outsourced asset services treated differently (effectively depreciation and holding cost).

However South Australia accepts the view of the GST Distribution Review that despite its complex formulation the Commission's capital assessment, adopted in 2010, was a positive step forward in recognising the needs of States such as Western Australia, Queensland and Victoria which are growing faster than other states.

The Commission did not respond to South Australia's suggestion that engagement on the design and quantification of the Simplified and Integrated assessment framework was a threshold issue for the 2015 Review – the time frame may not have permitted that approach. South Australia suggests that if resources permit, the Commission carries out an alternative relativities calculation based on the holding

[7] Note that there is no reason to think that the depreciation plus holding cost approach necessarily involves a time pattern of distribution more delayed than the depreciation plus investment approach as might be thought to be implied by the statement at para 7 p 476 of the draft Review. The redistribution will be more stable but not more delayed.

cost model as an ongoing research project post the 2015 Review and makes the results available to the States

<u>Urban public transport – holding cost approach</u>

South Australia has particular concerns with the 'depreciation plus investment' accounting framework in this context. Accounting involves the smoothing or amortising of intermittent outlays which create long life service potential.

In the holding cost model, the depreciation expense relates to deterioration of service potential of earlier outlays which have created long life structures, while the holding interest cost relates to the time value of earlier outlays including on depreciable and non- depreciable produced (non-land) assets. The latter may involve substantial maintenance expense rather than depreciation expense.

Asset life may increase, or the rate of deterioration of service potential may systematically diminish with capital intensity, particularly as maintenance spending may well be increasing. For example, tunnels cost money but if maintained, the voids created don't diminish in service potential thereafter – depreciation expense may be nil while maintenance is substantial.

The maintenance, depreciation and holding cost approach seems to cope well with such factors.

With the CGC model it seems fraught to try and recreate a cash flow basis of expenditure from depreciation plus investment. It is hard to see how such a hybrid methodology could be successful. The excess of capex over depreciation (so called investment) is very volatile on a year to year basis, while capital expenditure itself is driven by anticipated future population service requirements perhaps 20 years into the future. There is no reason to think there are any regular urban rail cash expenditures corresponding to annual depreciation expense.

3. Wages costs

South Australia believes the Commission should re-examine this assessment – it is a powerful source of redistribution that warrants the utmost statistical rigour, but also the application of the Commission's judgement in the context of a trend to a highly integrated (ideally seamless) national economy.

South Australia welcomes the conceptual explanation provided for the assessment by the Commission, namely that *employers pay different wages for comparable employees in different states, due to differences in the cost of living, the attractiveness or otherwise of the location, or competition for labour* (pg 400, Draft Report).

It is not sufficient that different wages are observed across states if it is not also established that differences apply to genuinely comparable employees; nor is it sufficient for a statistical result to be mechanically applied without a convincing rationale for the economic and observational basis for wage differences and relevance to state public sector employment.

This submission responds under the relevant headings obtained from the Commission's statement.

Comparable employees

It is noted that the Commission is attracted to the use of capital city wages data in preference to whole of state. South Australia points out that the SET data set for capitals still contains the influence of remote area, mining and FIFO workers, particularly for Perth, which are not relevant to employees with a capital city or non- harsh, non-FIFO work location.

The Commission should seek to obtain a dataset for capital city place of work rather than place of residence, or appropriately adjust available data to achieve that result.

South Australia reiterates the point that Sydney and Melbourne are the financial and head office centres for Australia and the high wages that are paid to highly skilled commercial employees in these locations are not paid to public sector teachers, nurses or police officers.

South Australia reiterates previous submissions that the residual state regression coefficients are substantially affected by omitted variable bias particularly that obtained for Sydney/NSW. It cannot be concluded that an analysis of *truly comparable* employees has been achieved merely by controlling for industry and occupation, and other available variables in the SET data set.

Cost of living and attractiveness or otherwise of locations

Empirical evidence is not provided in the Draft Report but South Australia welcomes the opportunity to engage explicitly on this topic. It is only Darwin, as a capital city that has a relevant disability. Land values and land rents are high in Sydney but that is a reflection of the attractiveness and concentration of high remuneration and agglomeration business advantages and is not something to be compensated for. There is no evidence of teachers, police or nurses being paid more for working or residing in high land cost localities. However, there is evidence that comparable employees are paid more in low land value locations.

Competition for labour

There is not any statistical evidence that the boom in labour demand for mining construction fed into public sector wage outcomes in Western Australia.

State governments are the dominant employer for teachers, nurses, police occupations. There have been some public sector labour shortages in recent years met by international recruitment, this is not evidence of state regionalised labour markets.

The Commission states that to avoid policy contamination, private wages are used as a policy neutral measure for public sector wages. *This assumption is based on theory that private sector wage levels are freely determined by market driven influences and that public sector wages face these same pressure.*

Market driven influences may include national public sector influences not just regional private sector influences.

Also, in an earlier submission, South Australia provided evidence that for public sector occupations it is the public sector that is the wage setter and private sector wages must be, therefore, be 'policy contaminated'.

Attachment 2

Selected graphs of rate of use of GP services (MBS and DVA) by quintile of socio-economic disadvantage of area

Monitoring Inequality in Australia: Australia

Public Health Information Development Unit

Choose an Area

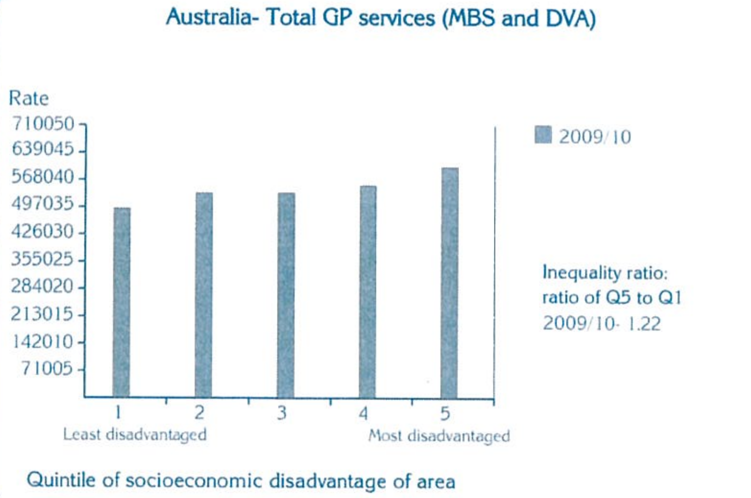
Australia

Choose a Topic

Services under the Medical Benefits Schedule (incl. DVA-funded se

Choose an Indicator

Total GP services (MBS and DVA)



Quintile 1: Least disadvantaged (N = 21,699,542, Rate per 1,000 = 493601.2); Quintile 2 (N = 22,923,035, Rate per 1,000 = 533343.7); Quintile 3 (N = 22,947,982, Rate per 1,000 = 534440.7); Quintile 4 (N = 24,829,502, Rate per 1,000 = 554055); Quintile 5: Most disadvantaged (N = 26,824,169, Rate per 1,000 = 602439.3). Ratio of the rate in the most disadvantaged areas to that in the least disadvantaged areas is 1.22. Indicator shown is the number of GP services (MBS and DVA), expressed as a rate per 100,000 population.

Source: Public Health Information Development Unit, University of Adelaide, South Australia

Monitoring Inequality in Australia: Australian Capital Territory

Public Health Information Development Unit

Choose an Area

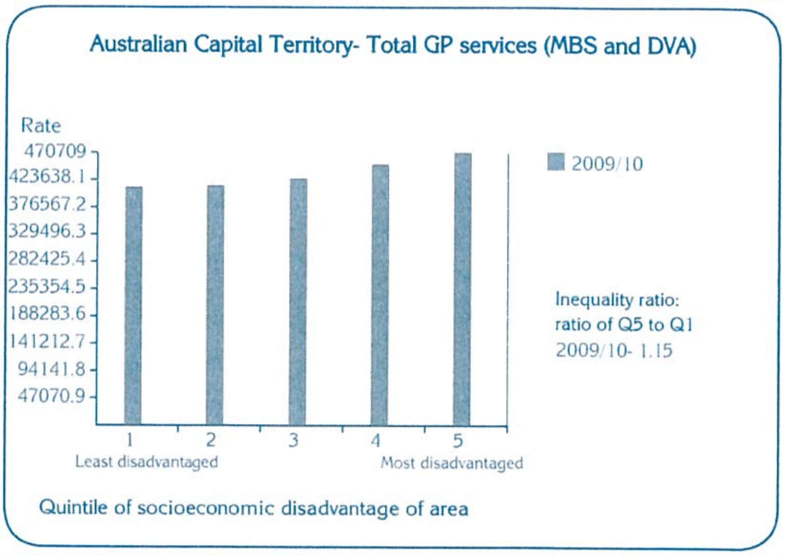
Australian Capital Territory

Choose a Topic

Services under the Medical Benefits Schedule (incl. DVA-funded se

Choose an Indicator

Total GP services (MBS and DVA)



Quintile 1: Least disadvantaged (N = 234,987, Rate per 100,000 = 411007.9); Quintile 2 (N = 311,940, Rate per 100,000 = 413880.2); Quintile 3 (N = 294,130, Rate per 100,000 = 426582.3); Quintile 4 (N = 323,487, Rate per 100,000 = 450460.8); Quintile 5: Most disadvantaged (N = 314,889, Rate per 100,000 = 470708.4). Ratio of the rate in the most disadvantaged areas to that in the least disadvantaged areas is 1.15. Indicator shown is the number o services (MBS and DVA), expressed as a rate per 100,000 population.

Source: Public Health Information Development Unit, University of Adelaide, South Australia

Monitoring Inequality in Australia: Australian Capital Territory

Public Health Information Development Unit

Choose an Area

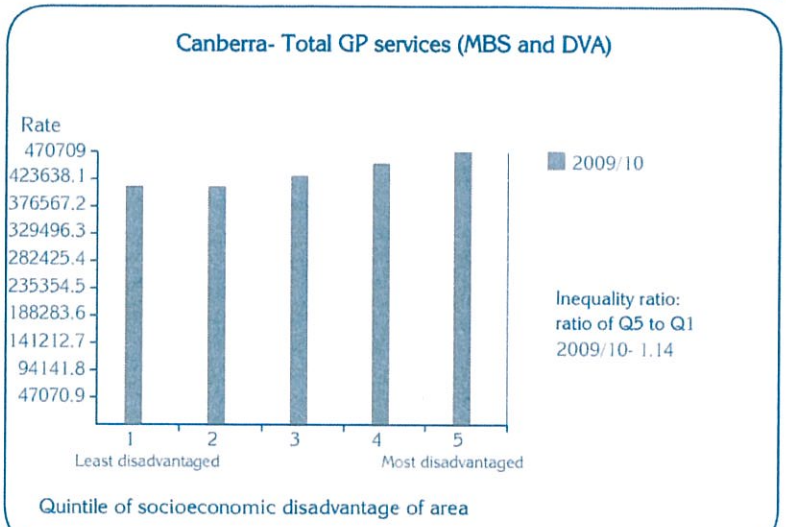
Canberra

Choose a Topic

Services under the Medical Benefits Schedule (incl. DVA-funded se

Choose an Indicator

Total GP services (MBS and DVA)



Quintile 1: Least disadvantaged (N = 234,987, Rate per 100,000 = 411007.9); Quintile 2 (N = 283,950, Rate per 100,000 = 410227.8); Quintile 3 (N = 322,120, Rate per 100,000 = 428908); Quintile 4 (N = 323,487, Rate per 100,000 = 450460.8); Quintile 5: Most disadvantaged (N = 313,037, Rate per 100,000 = 470262.6). Ratio of the rate in the most disadvantaged areas to that in the least disadvantaged areas is 1.14. Indicator shown is the number of GP services (MBS and DVA), expressed as a rate per 100,000 population.

Source: Public Health Information Development Unit, University of Adelaide, South Australia

Monitoring Inequality in Australia: South Australia

Public Health Information Development Unit

Choose an Area

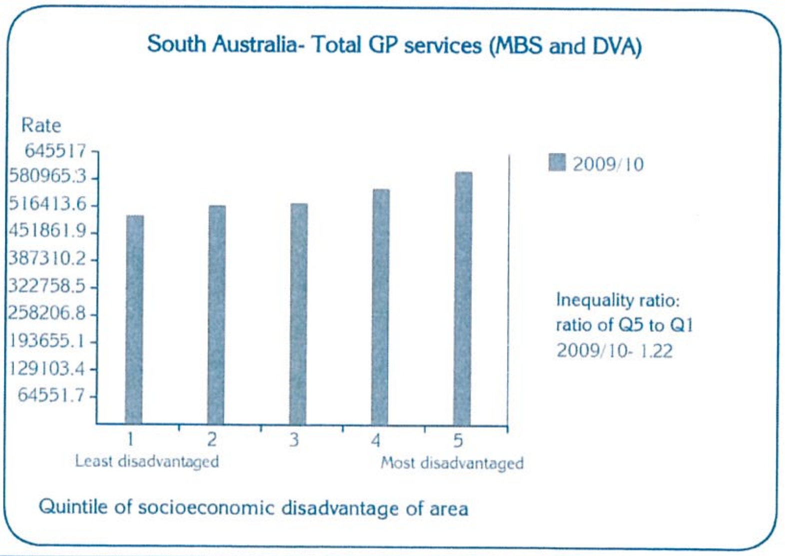
South Australia

Choose a Topic

Services under the Medical Benefits Schedule (incl. DVA-funded se

Choose an Indicator

Total GP services (MBS and DVA)



Quintile 1: Least disadvantaged (N = 1,666,058, Rate per 100,000 = 494250.8); Quintile 2 (N = 1,750,796, Rate per 100,000 = 519191.7); Quintile 3 (N = 1,771,769, Rate per 100,000 = 525830.8); Quintile 4 (N = 1,905,054, Rate per 100,000 = 559959.7); Quintile 5: Most disadvantaged (N = 1,968,173, Rat per 100,000 = 601536.5). Ratio of the rate in the most disadvantaged areas to that in the least disadvantaged areas is 1.22. Indicator shown is the numbei of GP services (MBS and DVA), expressed as a rate per 100,000 population.

Source: Public Health Information Development Unit, University of Adelaide, South Australia

Monitoring Inequality in Australia: South Australia

Public Health Information Development Unit

Choose an Area

Adelaide

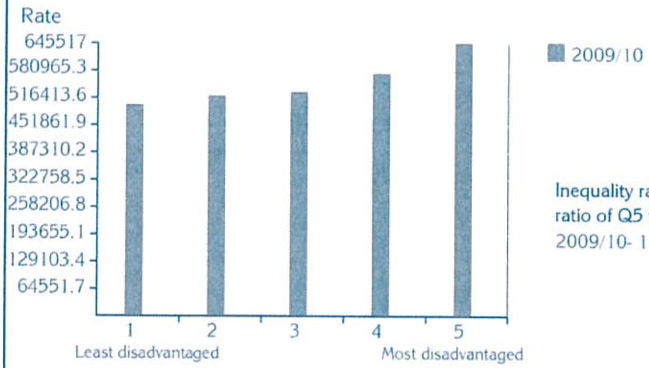
Choose a Topic

Services under the Medical Benefits Schedule (incl. DVA-funded se

Choose an Indicator

Total GP services (MBS and DVA)

Adelaide- Total GP services (MBS and DVA)



Inequality ratio: ratio of Q5 to Q1 2009/10- 1.29

Quintile of socioeconomic disadvantage of area

Quintile 1: Least disadvantaged (N = 1,231,401, Rate per 100,000 = 500009.1); Quintile 2 (N = 1,283,233, Rate per 100,000 = 520482.4); Quintile 3 (N = 1,350,387, Rate per 100,000 = 529752.7); Quintile 4 (N = 1,384,342, Rate per 100,000 = 573273.6); Quintile 5: Most disadvantaged (N = 1,530,974, Rate per 100,000 = 645515.6). Ratio of the rate in the most disadvantaged areas to that in the least disadvantaged areas is 1.29. Indicator shown is the number of GP services (MBS and DVA), expressed as a rate per 100,000 population.

Source: Public Health Information Development Unit, University of Adelaide, South Australia