Queensland response to the Draft Report on the 2020 Methodology Review

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ATTACHMENTS TO THE QUEENSLAND SUBMISSION

Queensland’s submission includes a number of attachments that appear at the end of this document.

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1.0 Preface

Queensland Treasury acknowledges the extensive work of the Commonwealth Grants Commission in preparing the draft Report on the 2020 Methodology Review.

This response captures Queensland's understanding of the Commission's changes and their impact, as well as the State's responses. Noting that the Commission continues to deliberate changes, we would welcome further discussion on either to ensure that all positions are properly understood. This is most critical for the following assessments and factors:

- Disaster expenses
- Transport expenses
- Schools expenses.

While outside the scope of the Review, Queensland also comments on the continued interference of the Australian Government. Their unwarranted interference in the review process (particularly directing the Commission to not review the Mining revenue assessment), the delay in releasing the draft report, and unequal quarantining of Commonwealth payments will all lead to poor horizontal fiscal equalisation outcomes.

Finally, following the release of the final report, it would be useful for the Commission to discuss future review processes to improve communication and transparency.

2.0 Priority Assessments

Other Expenses: Disaster recovery expenditure for local governments

- Queensland strongly opposes excluding state net expenses used for local government disaster recovery from the Commission's determination of states' GST share.

Transport

- Queensland does not support:
  - the proposed urban characteristics model, specifically the density and passenger number variables
  - the determination of satellite cities using sufficiency index
  - assessing non-urban transport expenses on an EPC basis. Queensland proposes the Commission consider other alternatives to measuring non-urban transport task.

Schools Education

- Queensland does not support:
  - using the Index of Community Socio-Educational Advantage in the re-specification of the school's regression model
  - netting off user chargers from total national expenditure for schools
  - student transport expenses being assessed in the *Transport* (Urban Transport) assessment.

2.1 Disaster recovery expenditure for local governments

Methodology and 2019 Update change

The Commission assesses natural disaster recovery expenses to determine a state's GST revenue requirement. This is determined by the amount of disaster recovery expenses that the state incurs after netting off any contributions from the Australian Government ("state net expenses"), and recognises that all states are impacted by natural disasters differently. Those states that have greater expenses require greater GST revenue.

The Commission only assesses disaster recovery expenses that are eligible under the Disaster Recover Funding Arrangements (DRFA; formerly the Natural Disaster Relief and Recovery Arrangements (NDRRA)). Using the national framework ensures that the assessment aligns with the principles that underpin horizontal fiscal equalisation: what states do (the common approach among states), policy neutral, contemporaneous, and practical.

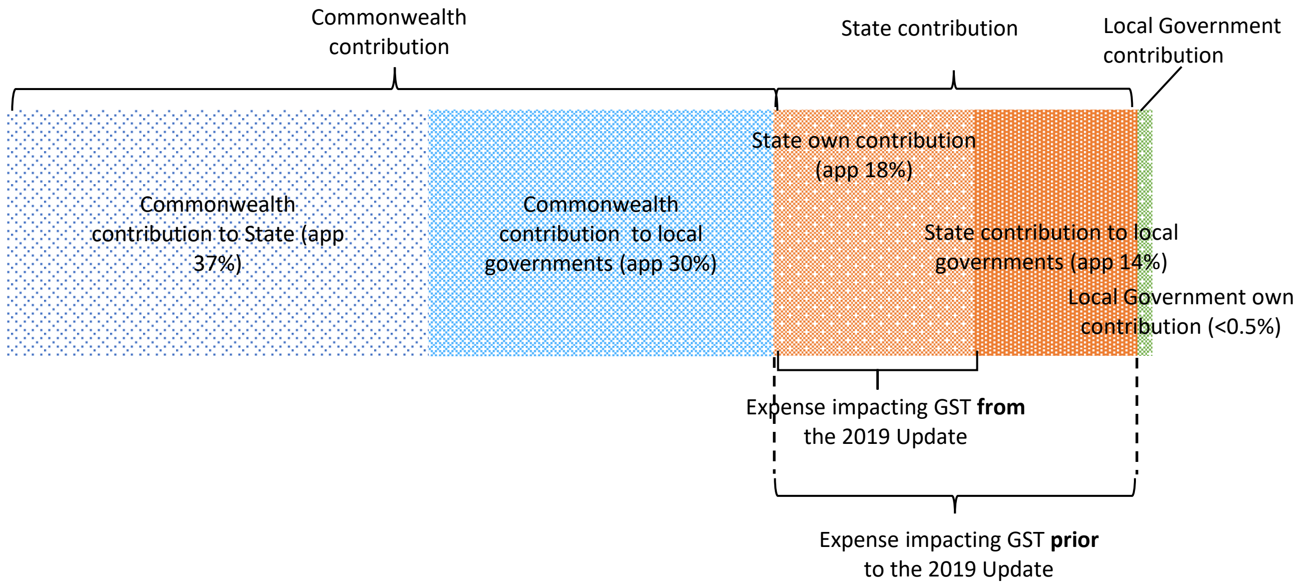
Recently, the Commission has changed its interpretation of 'what states do' in relation to disaster recovery, and therefore revisited which expenses are unavoidable for states and must be included in this assessment. The Commission now considers that states exercise discretion in funding local governments for their disaster recovery. However, Queensland contends that these expenses are unavoidable and all states bear a similar responsibility negating any issue with policy neutrality.

Prior to the 2019 Update, the Commission did not differentiate between net expenses incurred for recovery of local government assets from those incurred for recovery of state government assets. However, in the 2019 Update (that impacts GST revenue for 2019-20 and beyond), the Commission decided:

> "In the 2015 Review, the Commission's intention was to recognise State out of pocket costs. To continue to include local government expenses, now that the Commission is aware they are being included, would be inconsistent with the 2015 Review methodology. As such, in this update, the Commission has excluded local government out of pocket expenses from the natural disaster relief expenses assessment for all assessment years."[1]

[1] CGC, 2019 Update Report, p. 41

Figure 2.1.1 Components of Queensland's total disaster recovery expense



This decision has had a significant negative impact on Queensland's GST revenue. Figure 2.1.1 above shows that excluding states net expenses used for local government disaster recovery removes 14% of Queensland's total disaster recovery expense from the equalisation task, and will reduce GST revenue by approximately $268 million in 2019-20 compared to 2018-19. The difference between what Queensland receives and should have received will be even greater in the future when Queensland experiences more major disasters.

Queensland response

Queensland strongly opposes excluding state net expenses for local government disaster recovery from its equalisation task. This severely understates Queensland's disaster recovery expenses and is inconsistent with the principles underpinning Australia's system of horizontal fiscal equalisation.

The Commission should differentially assess state net expenses on an actual per capita basis, and make an appropriate adjustment in the 2020 Update to ensure Queensland recovers the GST revenue it has forgone because of the Commission's decision in the 2019 Update.

The Commission needs to recognise state expenses for local government disaster recovery are non-discretionary:

- the cost of recovery in disaster-prone states like Queensland is too high for local governments to bear through own-source revenue and there are no financially viable alternatives (e.g. borrowing or insurance)
- state governments are responsible if local governments cannot afford disaster recovery because they are state statutory bodies, and federal funding is contingent on state contributions under the DRFA
- a speedy recovery is necessary to minimise the impact of disasters and that requires significant capital injection from all levels of government.

Queensland is prone to destructive natural disasters and recovery is expensive

Queensland is susceptible to destructive natural disasters which are expensive to recover from. A significant proportion of the expense is for local government recovery—almost half of the Queensland total.

Over the last decade, Queensland was affected by 86 natural disasters and is Australia's most disaster-prone state. The prevalence of floods (64 of 86), which are the most damaging form of natural disasters, is driving the cost of recovery in the State.

Over the last decade, the total disaster recovery cost in Queensland approved through the NDRRA/DRFA was $15.7 billion. Of this, $7.0 billion relates to local governments disaster recovery.

To fund disaster recovery in Queensland, the Australian Government will contribute $10.6 billion (68%) and the Queensland Government will contribute $5.1 billion (32%). Queensland local governments will contribute $76.12 million[2] (<0.5%).

Without assistance from the Queensland Government and the Australian Government, local governments would need to find $7 billion additional revenue to meet their disaster recovery expenses. While not to the same extent, this would be a similar challenge in all states.

Local governments are generally not in strong financial positions and cannot meet the cost of disaster recovery

Local governments do not have the fiscal strength to independently manage recovery from most natural disasters from their own-source revenue, and there are no financially viable alternatives (borrowing or insurance).

Own-source revenue

Local governments primarily raise revenue from rates and utility charges but, in most regional and remote areas, this revenue base can be insufficient to even meet the cost of regular service delivery. For the remainder, they rely on contributions from the Australian and state governments.

In 2017-18, nine indigenous local governments in Queensland did not raise any rates or utility charges and half of all Queensland local governments raised 50% or less of their revenue from rates and utility. In the same year, there were 39 local governments that operated at a loss, despite receiving financial assistance from other tiers of government. These losses ranged from $12,000 to $47 million. Details on the financial positions of Queensland local governments in 2017-18 will be provided separately.

In 2016-17, the Queensland Audit Office's (QAO) found[3] that:

> "long-term financial sustainability is a major risk for local governments due to their relatively large asset bases and limited ability to raise revenue. The common conclusion from state and national based studies into local government financial sustainability over the last 10 years is that the sector is financially stressed."

[2] Estimates by the Queensland Reconstruction Authority. This amount is <u>NOT</u> included in Queensland's disaster recovery expense reported to the Australian Government.

[3] Queensland Audit Office, 2016, Forecasting long-term sustainability of local government Report 2, The State of Queensland, p.12

Borrowing

Low capacity of local governments to generate own-source revenue also limits their capacity to borrow. Most local governments either pay higher interest charges, or are denied from borrowing because the risk of insolvency is high. They are further constrained by their status as state statutory bodies and any additional debt they take on is considered to be state government debt by credit rating agencies.

Insurance

Insuring public assets against natural disaster damages can help reduce the cost of disaster recovery. However, there are very few insurance options available for significant government assets, particularly in areas prone to severe disasters. For local governments, insurance for assets is often not available or it is not cost-effective, and they have to rely on state and/or the Australian governments to pay for the cost of disaster recovery.

The lack of viable insurance options for public assets is a problem for Queensland local governments. An Australian Government review of insurance arrangements in state and territory governments[4] in 2011 found that "insurers declined to provide quotations for Queensland" on its road assets. Damage to roads is the largest cost driver. Consistent with this finding, the Local Government Association of Queensland noted[5] that "expecting local governments to takeout disaster insurance for roads would result in most councils being subjected to crippling premiums".

The lack of insurance options on public assets is not unique to Queensland. Table 2.1.1 below shows that most states cannot insure their road assets. This issue was acknowledged by the Australian Government in 2017 when it removed a three-year insurance review requirement for the DRFA. In doing so, the Australian Government accepted that this issue is unlikely to change without reform to the insurance market.

Table 2.1.1: Natural disaster insurance arrangement on public assets

State	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Road assets								
State asset	No	Yes	No (bridges and tunnels are covered)	No	No	No	Yes ($100m sublimit applies)	No
Local Government asset	No	No	No (bridges and tunnels are covered)	No (some bridges are covered)	No (some bridges are covered)	No	N/A	No
Non-road assets								
State asset	Yes	Yes	Yes	Yes	Yes	No	Yes ($100m flood and $50m stormwater asset sublimit applies)	No
Local Government asset	Yes ($10m flood sublimit applies)	Yes (sublimit for flood)	Yes (sublimit for flood)	Yes (sublimit for flood)	Yes (including flood)	Yes (sublimit may apply to some perils)	N/A	Yes (flood cover optional with lower sublimit)

Source: Review of the Insurance Arrangements of State and Territory Governments under the NDRRA determination 2011

[4] Department of Finance and Deregulation, 2011, Review of Insurance Arrangements of State and Territory Governments under the Natural Disaster Relief and Recovery Arrangements Determination, p.26

[5] Local Government Association of Queensland, 2014, Submission to the PC Inquiry on natural disaster funding arrangements on the draft report, p.2

State expenditure on local government recovery is necessary and non-discretionary

Queensland's disaster recovery arrangements require local governments to provide the first response, but also recognise their limited fiscal capacity and that Queensland Government contributions are critical to a successful recovery. Queensland Government contributions are necessary from not only a financial perspective but are also a prerequisite for activating Australian Government assistance.

Fiscal capacity and first response

In recognising their limited fiscal capacity to meet the cost of disaster recovery, the Queensland Government requires local governments to contribute a proportion of their annual rate base to disaster recovery (provided separately). This is illustrated in Figure 2.1.1 (page 4 above) as "Local government contribution" and related data was not included in Queensland's data return for the 2019 Update as it is out of scope. While the amount of local government contribution has been far from sufficient to meet the cost of recovery, it represents the maximum amount of disaster recovery expense that local governments can bear before they require assistance. Beyond this, states are ultimately responsible for any local government unmet liabilities, including damages from natural disasters, because they are state statutory bodies.

Federal funding for local government disaster recovery is contingent on state contributions under the DRFA

State contributions are essential for securing federal funding for local government disaster recovery under the DRFA. This national agreement dictates funding and expenditure of all states—it is what states do and is policy neutral. Under the DRFA, states have primary responsibility for disaster recovery, including for local governments. In this agreement, state expenditure is defined as:

> "Total state expenditure for eligible measures in relation to eligible disasters that have occurred within a financial year that a state—or body established by or under state legislation for public purposes (for example, a local government)—is claiming for Commonwealth reimbursement under these arrangements."[6]

The Australian Government has a facilitating role:

> "The Commonwealth's assistance is intended to support certain relief and recovery measures delivered by the states in relation to eligible disasters which complement other state-based strategies, such as insurance and natural disaster mitigation planning and implementation."[7]

The Australian Government is responsible for reimbursing states for a proportion of their eligible disaster recovery expense, including expenses used for local government recovery.

Local governments cannot claim disaster recovery expenses directly from the Australian Government. They rely on state government contributions after a disaster event to meet recovery expenses beyond their fiscal capacity. States subsequently report these expenses along with other disaster recovery expenses for reimbursement.

If a state withdraws its disaster recovery assistance to a local government, the Australian Government will no longer reimburse the state or the local government for this proportion of local government recovery expense. This would leave the local government to independently manage its recovery, which it cannot do.

[6] Department of Home Affairs, 2018, Disaster Recovery Funding Arrangements, p.10

[7] Department of Home Affairs, 2018, Disaster Recovery Funding Arrangements, p.14

Fast and significant capital injections are required from all levels of government to aid recovery

When post-disaster reconstruction is slow, the economic pain and deprivation for families and communities is deep and long-lasting. It can also lead to other perverse social and health issues[8].

A vital ingredient for a fast recovery is access to capital. After most disasters, governments pay for clean-up and rebuilding but also a broad range of other recovery and resilience building activity (e.g. financial assistance to individuals and businesses). Depending on the magnitude of a disaster, this can create considerable financial and administrative burden on the public sector, for which no local government is adequately resourced to bear independently. The severity and scale of some disasters mean a fast recovery is only possible in local governments with financial and administrative support from state governments and the Australian Government.

Case study

In 2018-19, eleven separate natural disaster events struck Queensland and caused $1.37 billion damages to public infrastructure in the State.

The most devastating of the disaster event was the North and Far North Queensland Monsoon Trough that affected 39 council areas which occurred between 25 January and 14 February 2019 and had a catastrophic impact on communities, businesses and primary producers from the Torres Strait in the far north to the South Australian border in the south west.

This monsoon trough produced exceptional rainfall that initially caused disruption and damage to communities in Far North Queensland. Over subsequent days, and as the rain continued to fall, the system centred in North Queensland with the populated areas of that city, Ingham and surrounds inundated. Heavy rainfall then continued throughout the previously drought affected North West Queensland, resulting in major flooding across large areas.

The record-breaking rainfall cut off communities, devastated the livestock industry, left the freight industry at a standstill and destroyed infrastructure, homes and businesses. Over 56 per cent of the state's land mass was impacted, with 39 Local Government Areas (LGAs) activated for joint State and DRFA assistance.

The extraordinary scale of damage to critical infrastructure included impacts to 6,420km of state roads, 307km of Mount Isa rail line, 1000km of water pipelines, 15,000km of on-farm roads and 10,000km of fencing, bringing ongoing financial hardship to individuals, small business and industry until repairs can be undertaken across some of the most remote and challenging terrain in the country.

In total, 39 of Queensland's 77 LGAs have been activated for disaster assistance for this event and more than 116,667 people identified as experiencing hardship. The economic and social recovery from this large-scale disaster is beyond the capacity of local communities to facilitate and will be a long-term effort requiring collaboration and cooperation by all levels of government.

In particular, local governments in western Queensland affected by the 2018-19 disaster events have limited capacity to drive their own recovery with little to no revenue-generating capacity. The impacted local governments include the 10 lowest rates-bases in the state and nine Indigenous communities with no rates base.

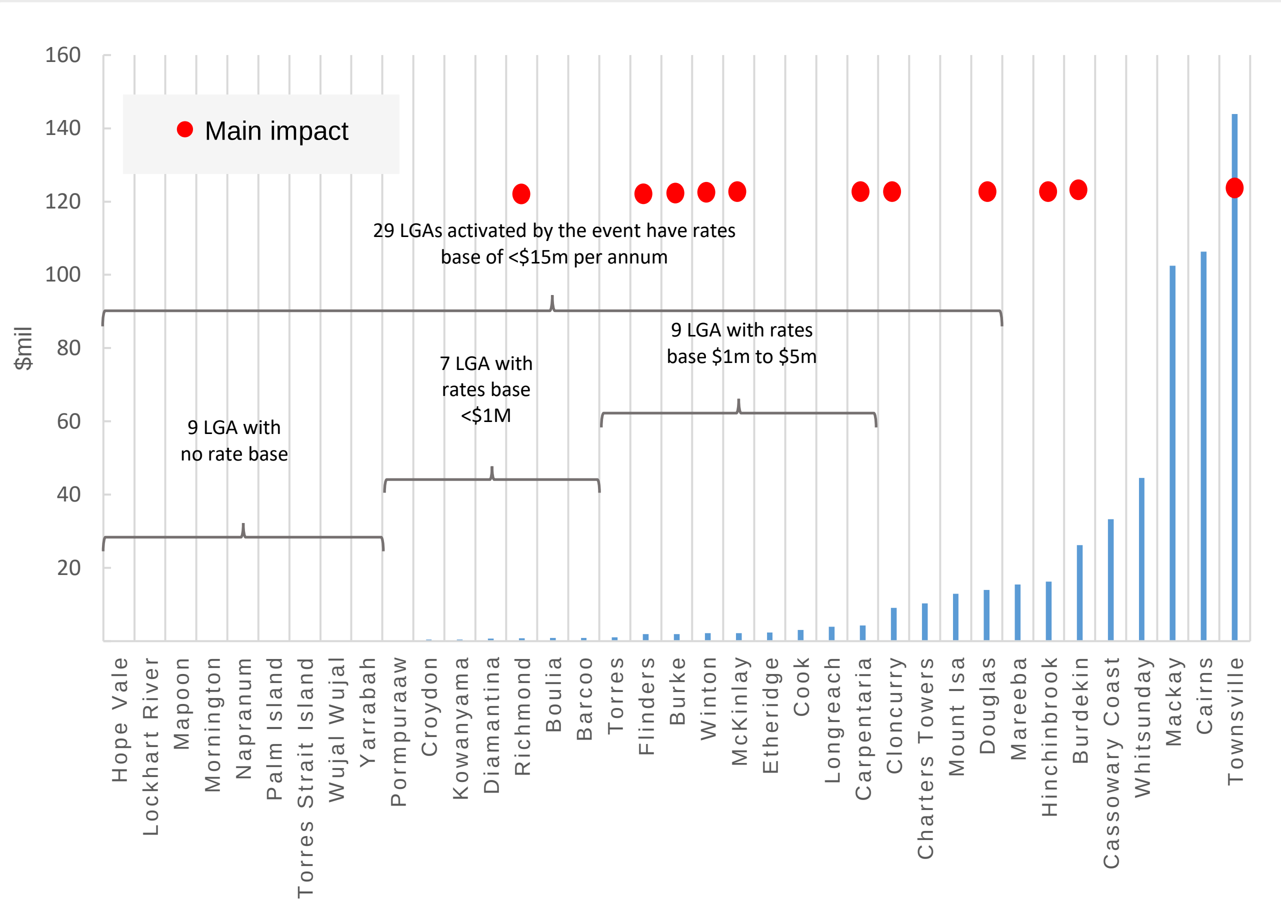
[8] S. Deraniyagala, 2016, Economic Recovery after Natural Disasters, UN Chronicle Vol. LIII No.1 2016

Sixteen local governments have either no rates revenue or rates bases of less than $1 million per annum and a further nine local governments generate rates revenue of between $1 million and $5 million per annum (see Figure 2.1.2).

Nine of the 11 hardest hit local governments and 21 of the 39 activated local government areas for this event, have experienced a decline in population since 2012. This has meant a further decline in its rates base, making disaster recovery even more challenging for these struggling communities.

Further, these communities are also still recovering from the impacts of other recent disasters. All 39 LGAs activated for disaster measures in 2018-19 have been affected by disasters at least once in the past 12 months, and have been impacted by at least five disaster events since 2011. Eleven local governments have been activated for ten or more different disaster events since 2011. The constant exposure to disasters results in 'disaster fatigue' and social and economic fragility.

Figure 2.1.2 Rate base per activated LGA



Source: QRA data, based on 2016-17 Net General Rates

The extent of this disaster and the characteristics of the local governments affected highlight the importance of state and federal contribution to disaster recovery in these regions. Without this assistance, these local governments will not be able to meet the exorbitant financial cost of rebuilding vital public infrastructure with their deteriorating revenue base and it is unlikely that communities in these regions will ever recover.

2.2 Transport

Proposed changes

Urban transport

The Commission proposes a new model for assessing urban transport expenses. The new model introduces urban centre characteristics as a factor in the model with a weighting of 75%, and combines this with each state's share of urban population with a weighting of 25%. Therefore, cities of the same size but greater urban transport challenges (e.g. geography or congestion) will attract more GST revenue.

The urban characteristics model accounts for population density, distance to work, topography, passenger numbers, and the presence of a ferry service in each SUA. The urban centre characteristics model is specified as:

$$exp_i = \beta_0 + \beta_1 dense_i + \beta_2 dist_i + \beta_3 slope_i + \beta_4 \ln(pax_{i,train}) + \beta_5 \ln(pax_{i,bus+tram}) + \beta_6 D_{i,ferry}$$

Where:

- *i is all SUAs*
- *dense is the population weighted density*
- *dist is distance to work*
- *slope is the mean land slope*
- *pax is the passenger numbers for either train or bus and tram*
- *D is a dummy variable which indicates the presence or absence of a ferry service*

The Commission has noted that passenger numbers are not policy neutral (ie. can be influenced by government policies to increase public transport), and instead intends to derive passenger numbers using a regression model. In the draft report, the Commission proposes to base the regression model on remoteness areas within each SUA. This is designed to mitigate policy influences.

After the draft report's release, the Commission shared a second model with states based on transport usage, the presence of heavy rail, and population size. The second model places greater emphasis on passenger usage for certain modes of transport. The Commission has not yet decided if this will be incorporated and this is discussed below. In this model, transport usage measures usage rates of three categories:

- heavy rail passenger numbers
- bus and light rail passenger numbers for urban centres with heavy rail
- bus and light rail passenger numbers for urban centres without heavy rail.

Non-urban transport

The Commission proposes to assess non-urban transport on an EPC basis rather than basing it on each state's population residing outside of the capital city. The Commission considers the previous measure for non-urban transport (that is, population situated outside the capital city) was not a conceptually sound measure for non-urban transport need, and can lead to perverse outcomes when compared to actual state spending (e.g. overstating Tasmania's and the Northern Territory's expenses, or understating Victoria's expenses). The Commission has been unable to identify alternative measures for non-urban transport and, as such, have decided that an EPC assessment is warranted.

Student transport

The Commission proposes to move student transport expenses from the *Schools Education* assessment to the *Transport* assessment. Some states have difficulty in separating student transport expenses and other transport expenses, and urban and non-urban student transport. The Commission has decided that most student transport spending relates to urban students, and should therefore be assessed in this assessment.

Queensland's positions

Urban transport

Queensland does not support the new assessment for urban transport expenses. The urban characteristics model is not suitable as a measure of assessing urban transport need under horizontal fiscal equalisation. Australia has too few major cities to develop a practical regression model that captures the fiscal capacity of each state with certainty. Therefore, outcomes would be disproportionally driven by only a small number of large cities (ie. Sydney and Melbourne). This approach is fundamentally flawed and would too heavily reflect policy choices in those large cities.

Further, density and passenger numbers are inextricably linked and their combined use in the model could be problematic. It could overstate the need of large, dense populations and inflate revenue for related states. A derived estimate for passenger numbers is required. While the Commission has accepted this, their options either retain a high correlation with population density, or can be influenced by policy. This is expanded upon below (see *Urban centre characteristics model – passenger numbers*).

In responding to the consultant's stage 2 paper, Queensland provided an alternative model which would still capture urban centre characteristics. Upon consideration, Queensland believes that a better alternative can be reflected by including a ferry presence dummy variable, and is presented below:

$$exp_i = \beta_0 + \beta_1 \ln(dense_i) + \beta_2\, dist_i + \beta_3\, slope_i + \beta_4\, D_{i,train} + \beta_5\, D_{i,ferry}$$

Where:

- *i is all SUAs*
- *dense is the population weighted density*
- *dist is distance to work*
- *slope is the mean land slope*
- *D is a dummy variable which indicates the presence or absence of a train or ferry service*

Queensland's proposed model captures all the drivers proposed by Commission apart from passenger numbers. The model removes passenger numbers to avoid the use of policy influenced indicators, as well as any complexities arising for an attempt at estimating this. The model also reduces the impact of significant variances in population density and also considers that as populations increase, cities are able to recuperate some expenses through user charges. Queensland supports the use of distance to work, slope and presence of ferry services variables, but to include a dummy variable to indicate the presence of heavy rail in a city (see *Urban centre characteristics model – other indicators in the regression model* below).

Urban centre characteristics model – passenger numbers

Queensland does not support incorporating the urban centre characteristics model as the proposed inputs for light and heavy transport passenger numbers are influenced by individual state policies. The Commission should develop a policy neutral factor to replace these components.

Also, while the Commission has attempted to mitigate this influence through a regression model, this creates problems of its own, particularly regarding passenger numbers.

The Commission has provided details of two regression models for determining passenger numbers:

- A model which was used as the basis of the 2020 draft report (the 'remoteness area model'), and
- A model provided to states after the draft report's release (the 'average use rates model')

If a new model is to be adopted, Queensland supports the use of the first model – the passenger number regression model based on remoteness areas that was provided in the Commission's draft report.

The remoteness area model is superior to the average use rates model as it better addresses policy neutrality concerns. While the Commission states that capturing transport use by remoteness area creates additional complexity in assessing urban transport expenses, simplicity does not outweigh policy neutrality in terms of importance.

The average use rates model differentiates between heavy rail passenger use rates and bus and light rail passenger use rates. This still does not account for policy differences where one state may have a greater propensity to provide heavy rail transport options over bus or light trail transport options. The 'average use rates model' simply substitutes actual passenger numbers with a policy-influenced estimate of actual passenger numbers. As a result, this more closely approximates actual passenger numbers. Comparing regression results to actual results should serve as an important sense check in the validity of outputs, but should not solely form the basis of regression models to estimate policy neutral state fiscal capacities.

Urban centre characteristics model – satellite cities

If the new model must be adopted, Queensland does not support the proposed measure for determining satellite cities. Employment self-sufficiency is too simplistic a measure to determine satellite cities. The hard threshold of 50% is arbitrary, and does not take into account differing levels of urban network integration between cities. For example, SUAs with a 0% capital city sufficiency are treated exactly the same as SUAs with a 49% sufficiency, while an SUA with 50% sufficiency is treated differently, which is unrealistic. Queensland's Department of Transport and Main Roads data shows that more than 10% of public transport journeys commenced in both the Gold Coast and Sunshine Coast end in Brisbane, and this transport task should not be ignored in the determination of satellite cities, or the broader assessment of a city's urban transport task. The Commission should consider alternatives, such as criteria proposed in the consultant's stage 1 report to include cities that are 120 minutes apart and/or where inter-city commute trips are greater than 5 per cent of satellite intra-city commute trips.

Urban centre characteristics model – other indicators in the regression model

If the new model must be adopted, Queensland supports the Commission's assessment that there are certain drivers of urban transport costs as identified previously: population, distance to work and topography. Queensland also considers that a dummy variable representing the presence of certain transport services, such as heavy rail and ferry services, are less sensitive to policy influences, and are more illustrative of that fact that cities exceed certain population threshold (in the case of heavy rail) or are required to navigate through complex topographical features (in the case of ferry services).

Weighting of the urban transport model between urban population and urban centre characteristics

If the new model must be adopted, Queensland supports blending urban population with the urban centre characteristics model. However, the available reliable indicators for both are influenced by state policies. Therefore, as per other Commission assessments (e.g. urban roads), a greater weighting should be put on the urban population component or a discount applied to the urban characteristics model.

Inclusion of all ABS Significant Urban Areas

Queensland does not oppose the Commission's proposal to include all ABS SUAs rather than just SUAs with population above 20,000. As noted by the Commission, a majority of SUAs with a population above 10,000 have public transport services.

<u>Non-urban transport</u>

Queensland does not support assessing non-urban transport on an EPC basis. By simply comparing states such as Queensland and the Australian Capital Territory, it is a clear that states with a centralised, urban population do not face the same challenges when delivering non-urban transport services as more decentralised states. The Commission should consider alternatives to assessing non-urban transport expenses.

At the very least, the Commission should consider incorporating additional disabilities into the model:

- non-urban or non-capital city population to represent the user population
- self-sufficiency index values by SUA (as provided in Appendix G of the consultant's Stage 2 Final Report) to represent travel outside of an SUA. This could be population adjusted to represent a state's total population travelling outside of an SUA on a regular basis.
- number of SUAs above a certain threshold or within a certain distance from one another to represent the possible number of major connections a non-urban transport service would need to maintain
- presence of bus, rail or water services in adjacent SUAs to determine whether a non-urban network exists between SUAs
- proximity of SUAs to the capital, sufficiently large SUAs, or adjacent SUAs to determine the likely need for states to transport populations between SUAs. Populations from SUAs that are too distant will likely rely on non-public transport methods, such as private vehicles or air travel.

A model that considers some of the aspects above would estimate a more acceptable assessment of non-urban transport need. A model based on these indicators may be significantly more beneficial to some states compared to their actual spend, however, this is true for many of the regression models used by the Commission, and could simply represent the policy choice relating to one state's accounting classifications or provision of services.

Due to timeframes between the draft report's release to states and the submission deadline, Queensland is unable to propose an alternative, however, analysis on three factors have been provided below which would ideally form the basis of an alternative assessment:

- SUA population excluding capital city – estimates the transport task relating to travel from SUA, based on how close each SUA is to another sufficiently large SUA and/or the capital city.
- capital city population – estimates the transport task of population living within the capital city required to travel outside of the capital city SUA.
- non-SUA population – estimates the transport task relating to population outside of an SUA.

For all transport networks, be it urban or non-urban, costs increase as the complexity increases. Queensland's analysis considers adjusted user populations (or adjusted population per capita) to represent the total non-urban transport task and complexity.

Figure 2.2.1 below shows each state's net non-urban transport expenses on a per capita basis. Victoria and Queensland are the only two states with above average spend, while the Australian Capital Territory has no spend on non-urban transport.

Figure 2.2.1. Non-urban transport net expanse, per capita, 2017-18

Source: CGC 2020 Draft report – Attachment 18 – Transport

SUA population excluding capital city

The first component in an alternative model could capture expense related to public transport services between major population centres, excluding the capital city.

While some small population centres may have limited transport services, it only becomes practical for a state to provide public transport once an urban area is sufficiently large. Queensland proposes using SUAs and their SUA populations.

Two population centres close to each other (such as Melbourne and its surrounding SUAs) are more likely to be connected by non-urban transport than two distant population centres (such as Darwin and Alice Springs). Further, non-urban transport networks will also be more centralised towards major cities, such that smaller SUAs are less likely to be connected to an urban network than larger SUAs. Queensland proposes to adjust each SUAs population based on their distance to a capital city and/or a sufficiently large city (100,000 population). City further than 200km away from a capital or sufficiently large city is not assumed to be connected via a public transport network (that is, it is given a population weight of zero)

To adjust the total SUA population of each state, Queensland proposes a proximity index. The index has two components of equal weighting: distance from the capital, and distance from the largest city of at least 100,000 population. While states will be most centralised in their capital city, cities of at least 100,000 population are sufficiently large to maintain their own economic gravity, and would be similar in size to Darwin, the smallest of the capital cities.

Proximity could be accounted for by determining an adjusted population, such that the further an SUA is away from the capital or a sufficiently large SUA, its adjusted population is reduced. Population is adjusted based on distance according to the formula below:

$$Distance\ factor = \frac{\ln(200 - distance)}{\ln(200)}$$

This implies that an SUA of zero distance from a relevant SUA has a distance factor of 1, while any distance greater than 200 has a distance factor of 0. It is unlikely for a state to provide public transport services to a population more than 200km away from a sufficiently large SUA, which is reflected with the above equation.

Expressed algebraically, the proximity adjusted population of a single SUA is:

$$Proximity\ adjusted\ population\ of\ SUA = \frac{Distance\ factor_{Capital} + Distance\ factor_{Nearest.Large.SUA}}{2} \times SUA\ population$$

And the total proximity factor is calculated as:

$$Proximity\ factor\ of\ state = \left(\frac{(\sum Proximity\ adjusted\ population\ of\ SUA) - \ Capital\ SUA\ population}{(\sum SUA\ population) - Capital\ SUA\ population}\right)^2$$

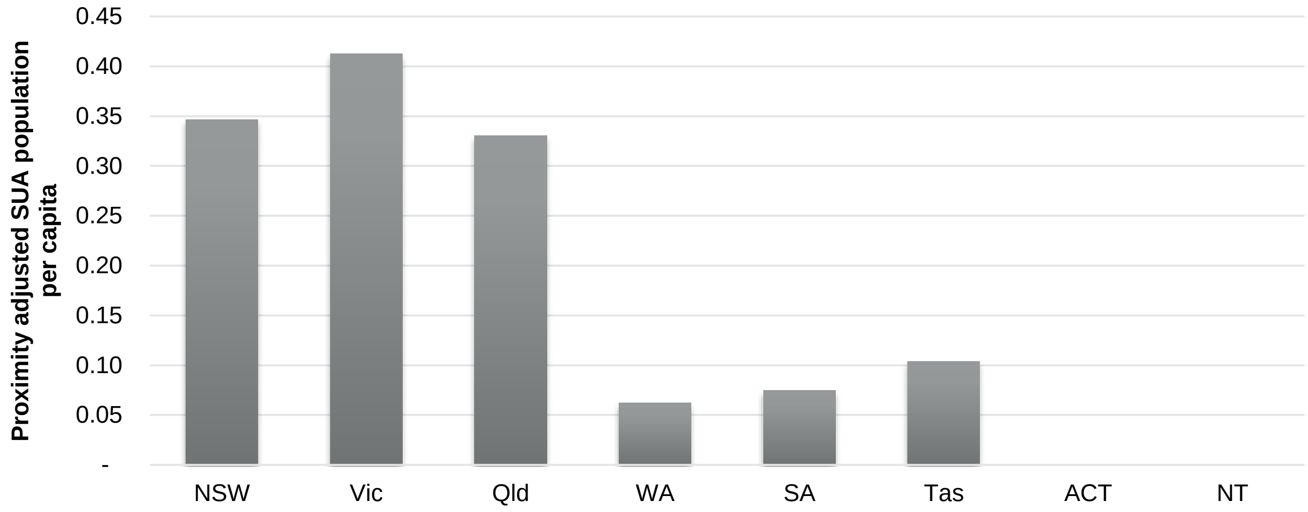
Under the distance factor calculation, all capital cities are excluded, as the capital serve as the primary centre point of the proximity calculation. Queensland's preliminary workings show the following factors:

Table 2.2.1: SUA Proximity factor by state

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
0.42	0.49	0.42	0.07	0.09	0.16	0.00	0.00

This factor may then be applied to the SUA population of each state. Doing so, the adjusted SUA population of each state (per capita) is presented is Figure 2.1.2 below.

Figure 2.2.2. Proximity adjusted SUA population, per capita, 2017-18

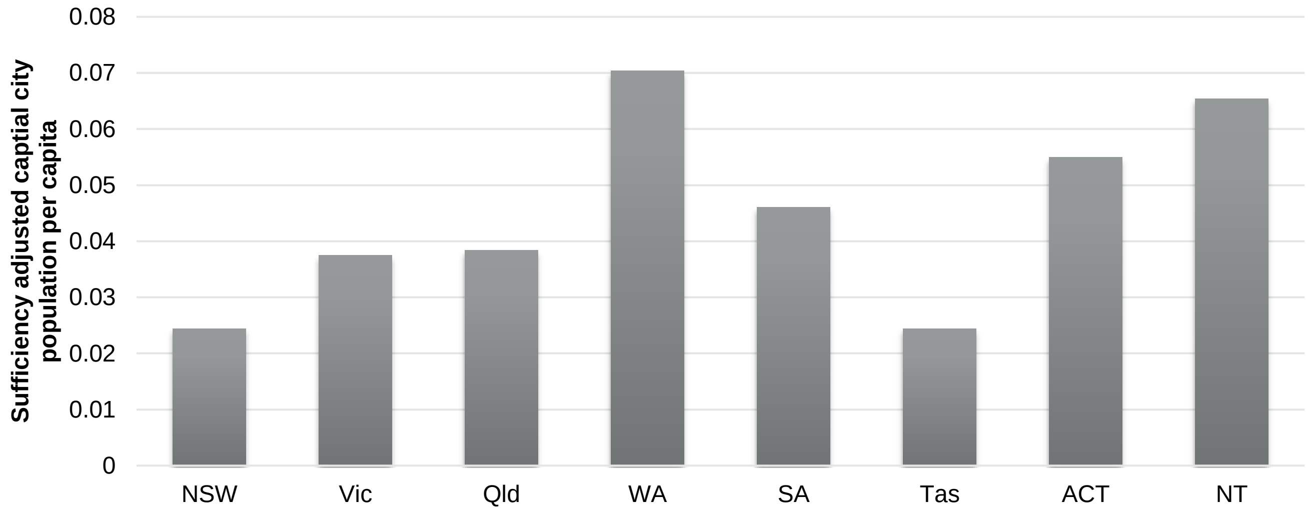


Source: Queensland Treasury calculations

Capital city population

For the second component, there is a considerable non-urban transport task arising from each state's capital city. Queensland notes that the consultant's stage 2 report on urban transport details the sufficiency index, which measures the proportional inter-city reliance of SUAs (e.g. Gold Coast and Brisbane). Queensland proposes that each state's capital city's population should be adjusted by their sufficiency indices, to measure the non-urban transport task originating in a capital city, but connecting to the non-urban transport network. Figure 2.2.3 shows each state's capital city population, adjusted by their respective SUA sufficiency indices.

Figure 2.2.3. Sufficiency adjusted capital city population, per capita, 2017-18

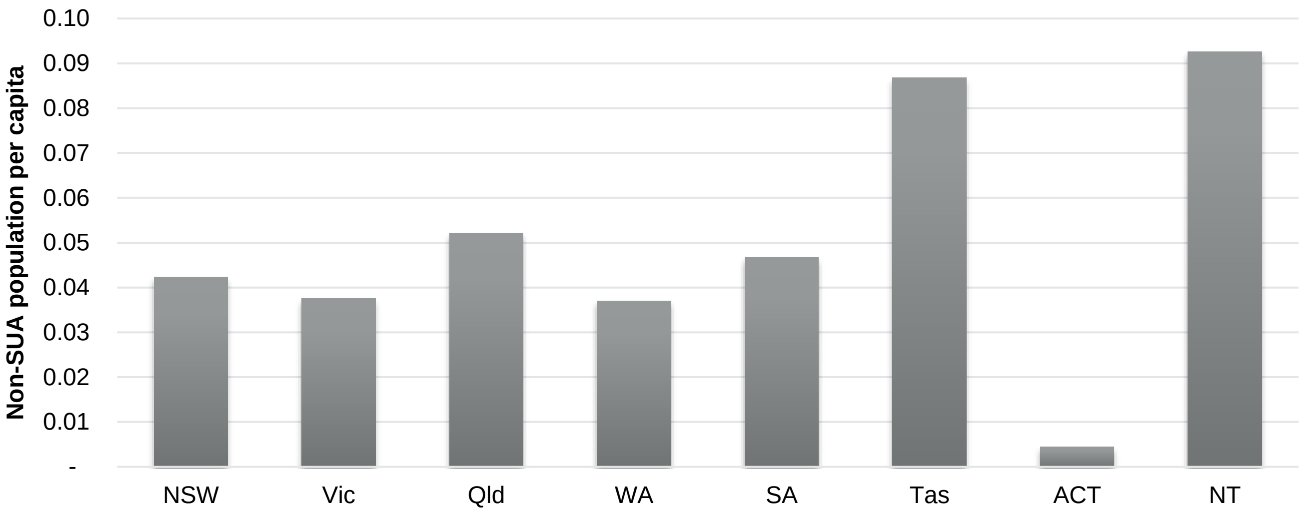


Source: Queensland Treasury calculations

Non-SUA population

The final component that influences non-urban transport expenses is non-SUA population. This represents populations not captured in the steps above. It is unclear what relevant drivers would be but it seems reasonable that a more decentralised population requires less urban transport, and more non-urban transport. As mentioned above, Queensland considers non-urban transport to primarily service populations travelling between major population centres. As such, this component is proposed to be weighted by 25%. Figure 2.2.4 below shows each state's non-SUA population.

Figure 2.2.4. Non-SUA population, per capita (weighted 25%)

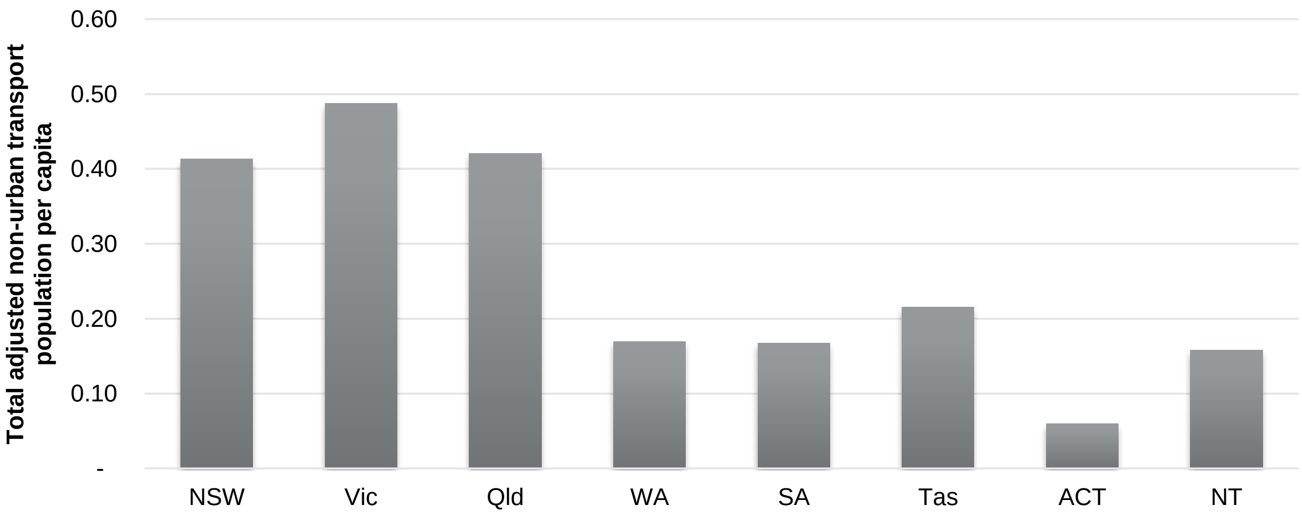


Source: Queensland Treasury calculations

Combining the components

Figure 2.2.5 below shows the addition of all three components.

Figure 2.2.5. Queensland's proposed total adjusted non-urban transport population, per capita.



Source: Queensland Treasury calculations

Overall, the approach produces relatively conservative outcomes, and the above measures are at the very least more suitable than an EPC assessment.

As stated above, this is an illustrative methodology recommendation rather than a formal methodology outline, and calculations do not attempt to balance and readjust totals. The Commission is also better placed to conduct analysis relating to the creation of a proximity index, as it is well versed with its standard distances methods for assessments such as school transport, rural roads, and service delivery scale.

While the steps described above would lead to NSW having a relatively larger estimated cost per capita than its actual spend, this may be due to differences in policy, both in terms of the level of non-urban transport services provided and the categorisation of these expenses. In the 2016 *What States do – Transport* paper, the Commission states that "in New South Wales, services from Sydney to regional centres, such as Wollongong and the Blue mountains are mainly classified as urban transport". Queensland is not aware of any other conceptual reason why NSW actual expense should be so much lower than both Queensland and Victoria. This needs to be considered in any analysis when determining an appropriate disability. This issue may influence the urban transport model – NSW appears to have benefited significantly out of the urban characteristics model, meaning a regression may have attempted to capture NSW's additional urban transport expenses (which perhaps should have been captured in the non-urban component) by assigning higher weightings to factors specific to NSW.

Student Transport

Queensland does not support the inclusion of student transport in the urban transport component. Queensland believes relevant expenses should be assessed on an EPC basis. Further detail is provided in the Schools education section of this submission.

2.3 Schools Education

Proposed changes

Based on information provided in the draft report, the proposed changes are:

- Respecify the regression models used to estimate cost weights for Indigenous status, socio-economic status, service delivery scale and remoteness weightings for school students to incorporate better data. The Commission currently combines Indigenous Relative Socio-Economic Outcomes (IRSEO) and non-Indigenous Socio-economic Index for Areas (NESEIFA) data to determine relative disadvantage of school *locations*, but now proposes to use the Index of Community Socio-Educational Advantage (ICSEA) for individual *schools* in a new regression model. The data shows the socio-economic composition of a school's students, rather than an assessment by school location. The new regression model also assigns a greater weight to Indigenous students and more disadvantaged students, but reduces regional cost weightings.
- Net user charges off the total school expenses component. This aligns with the Commission's treatment of user charges for other expenses.
- Remove assessment of Commonwealth funding of non-government schools. Neither expenses or associated Commonwealth payments will be included in the Commission's assessments. This is a presentational change to make the assessment simpler and align with the Commission's approach to Commonwealth funding for other expenses.
- Move the student transport component to the *Transport* assessment (urban transport category). Some states have difficulty in separating student transport expenses and other transport expenses, and urban and non-urban student transport. The Commission has decided that most student transport spending relates to urban students, and have therefore assessed the entire expense in the urban transport category.
- Total actual enrolments will be used in all components. The Commission originally made an adjustment for pre-year 1 students due to policy differences between states, but South Australia has since adopted national school starting policies, and this is no longer necessary.

Queensland's positions

Re-specification of the regression model

Queensland does not support the use of ICSEA in the school's regression model as this data is not a clear improvement and there has been no change to the conceptual case. The Commission should retain the current method.

ICSEA is a measure of socio-economic status, and in addition to assessing individual socio-education advantage, it assesses Indigenous status and remoteness. As a broader measure of *socio-economic composition*, ICSEA is appropriate, but as a specific measure of relative *socio-economic status* in a regression model, ICSEA is not suitable. The adoption of ICSEA risks producing multicollinearity issues, with Indigeneity and remoteness costs potentially being recognised under socio-economic status costs. The current method does not have these issues.

Such an outcome is contrary to the 2015 Review Terms of Reference that directed the Commission to appropriately capture the changing characteristics of the Indigenous population. Using ICSEA could misrepresent costs associated with Indigeneity. Further, miscalculation of the regional cost gradient will have consequences for other assessments, as the general regional cost gradient is derived from the Schools education assessment.

Net school user charges off total expenses

Queensland does not support netting user charges off the total school expenses component. The Commission should explore the capacity of schools to raise funds from user charges, and what they are used for.

States with higher relative socio-economic advantage can raise more funds from user charges than states with lower relative socio-economic advantage. It is also possible that some of these funds are being used for expenses outside of the assessment. Netting off user charges in these instances would not be appropriate.

Removal of Commonwealth funding of non-government schools

Queensland supports the removal of both the expenses and associated Commonwealth funding of non-government schools as it will simplify the assessment, and will not impact GST revenue.

Moving assessment of student transport to the Transport assessment

Queensland does not support moving student transport expenses to the *Transport* assessment. The Commission should assess student transport on an EPC basis.

Student transport is conceptually different from the urban transport category, which is based on irrelevant Census data about the journey to work (method and distance). It does not consider important factors such as remoteness, population demographics, and students with a disability, nor differences in student populations between states.

Use of actual enrolments

Queensland does not oppose the use of actual enrolments as there will be less judgement required of the Commission and is a better reflection of what states do.

3.0 Expense Assessments

Queensland's positions for key Expense assessments

Priority assessments

- Refer to 'Priority Assessments' section for Queensland's position and detail discussion on:
    - Treatment of natural disaster recovery expenditure for local governments
    - *Transport* assessment
    - *Schools Education* assessment

Health

- Queensland supports:
    - reducing the non-state sector substitution level for non-admitted patients and community health services
    - the grouping of pharmaceuticals, medical aids and appliances expenditure with admitted patients
    - including block funded hospital loadings based on National Weighted Activity Unit data
    - using Australian Institute of Health and Welfare data instead of proxy triage 4 and 5 data to assess Indigenous grants used for community health services

Justice

- Queensland does not support:
    - Revising the current expenditure split for criminal and civil court expenditure from 60/40 to 49/51.
- Queensland supports:
    - assessing speciality and community policing expenditure together
    - removing the discount applied to speciality policing
    - specific regional cost adjustments for police, courts and prisons

Roads

- Queensland supports:
    - using bridge and tunnel length as the basis for assessing bridges and tunnels expenses
    - the re-estimation of rural road length
    - the reallocation of other services to rural roads, urban roads and bridges and tunnels
    - continued investigation into the drivers of expenditure relating to bridges and tunnels

3.1 Housing

Proposed changes

Based on information provided in the draft report, the proposed changes below are:

- update Indigenous cost weights based on new state data to ensure contemporaneity
- implement new regional cost gradient that is specific to this assessment to more accurately measure costs for these services
- separate recurrent expenditure into costs associated with maintenance activities and those associate with general service delivery. (e.g. apply Rawlinson's Construction Factor to maintenance and not general service delivery)
- move first home buyer's property transfer duty concession expenditure from the *Housing* assessment to the *Stamp Duty on Conveyance* assessment to ensure that average national policy is consistently applied to all property transfers.

Queensland's positions

Updating Indigenous cost weightings

Queensland supports the conceptual case for updating Indigenous costs. Updating data ensures that assessments are as current as possible.

Implementing a new regional cost gradient

Queensland supports the conceptual case for regional costs to be measured assessment by assessment, rather than the Commission using one general regional cost gradient. Previously applying a general regional cost gradient, rather than assessment-specific, may have understated the real additional costs experienced by states with highly dispersed populations.

Including an expenditure split between capital and other expenditure

Queensland supports the conceptual case for identifying the difference in maintenance and other expenditure. This, in an ideal system, would ensure that cost adjustments are only applied to the appropriate share of expenditure. However, if states are unable to provide appropriate data to support this change in approach, the current method should be retained.

Removing first home buyer property transfer duty concession

Queensland does not oppose moving first home buyers' transfer duty concessions into the Stamp duty assessment. This will impact the effective rates of taxation for relevant property value groupings, which is necessary in states where the concession is potentially larger due to higher house prices.

3.2 Health

Proposed changes

Based on information provided in the draft report, the proposed changes below are:

The Commission proposes to recognise higher cost in delivering health services in regional and remote areas by:

- Appling a loading to block funded hospitals assessed in the admitted patients, emergency departments and community health components to better reflect how states fund lower-activity regional hospitals compared to high-activity inner city hospitals.
- Applying a regional cost factor for the NAP assessment using the Independent Hospital Pricing Authority's (IHPA) data and including a service delivery scale factor based on emergence department data.

The Commission proposes the following changes to reflect improvements in data quality and availability.

- Remove the 25% discounts applied to the socio-demographic composition (SDC) assessment and non-state sector adjustment for community health.
- Disaggregate remote and very remote populations in all social demographic assessments (except non-hospital patient transport).
- Use Australian Institute of Health and Welfare (AIHW) data instead of proxy data to assess Indigenous grants under community health services
- Use annual expenditure data for emergency department and NAP services from the National Hospital Cost Data Collection to split outpatient expenses. This replaces the previous 50:50 split.
- Reduce the non-state sector substitutability levels for NAP (40% to 35%) and community health (70% to 60%) to reflect data from the Independent Hospital Pricing Authority.
  - Determine the non-state sector indicator for NAP based Commission staff judgment and not bulk billed medical operations and specialist services. The Commission has not provided the rationale for this change in the draft report.
- Reduce the Australian Capital Territory cross-border allowance for community health to reflect recent data.

The Commission also reconsidered the conceptual case for several components and proposes to:

- Apply a cross-border capital stock factor to the health infrastructure assessment as this issue has a material impact on the Australian Capital Territory.
- Assess expenses for pharmaceuticals, medical aids and appliances and health administration that are not classified elsewhere in the admitted patient component as most of these are incurred for admitted patients.

Queensland's positions on proposed changes

Block funded hospital loading

Queensland supports including a block funded hospital loading to National Weighted Activity Unit (NWAU) data. Adopting this change recognises higher service delivery costs of health services, and higher usage of public health services, in regional and remote areas. Queensland has previously argued for similar adjustments to fully reflect the costs of regional and remote service delivery.

Regional costs factor for non-admitted patient services

Queensland supports using a specific regional cost factor derived from the Independent Hospital Pricing Authority's data. This will provide a more accurate estimate of regional costs than a general cost gradient. Queensland also supports the inclusion of a service delivery scale factor based on emergency department data as the conceptual case has been clearly established, and it can reliably be derived from the Independent Hospital Pricing Authority's data.

The 25% discounts applied to the socio-demographic composition (SDC) assessment and non-state sector adjustment for community health have been removed.

Queensland supports the removal of the 25% discount applied to the socio-demographic composition assessment and non-state sector adjustment for community health. The increased demand from the differences in socio-demographic population groups is well-established and a 25% discount only diminishes these influences. Also, the data used to estimate state differences has significantly improved since the 2015 Review and the assessment no longer warrants the discount.

The socio-demographic composition assessments for all components (except non-hospital patient transport) disaggregate remote and very remote populations.

Queensland supports the disaggregation of remote and very remote population for the Socio-demographic composition assessment for all components. NWAU data shows a clear difference between the cost of delivering health services in remote and very remote areas. Assessing these regions together undermines the inherent cost difference and, in turn, understates the assessed health expenses in more decentralised states.

The assessment of Indigenous grants uses Australian Institute of Health and Welfare (AIHW) data instead of proxy data. A regional costs factor based on IHPA data is applied.

Queensland supports the use of Australian Institute of Health and Welfare (AIHW) data instead of proxy data. The distribution of triage category 4 and 5 emergency department separations among states is a poor reflection of the states needs of Indigenous grants used to promote community health services among Indigenous communities. The availability of a more fit-for-purpose data set means there is no reason to continue using this poor proxy.

Annual expenditure data for emergency departments and non-admitted patient services from the National Hospital Cost Data Collection have been used to split outpatient expenses. This replaces the previous 50:50 split.

Given there are no known data quality issues and the data set appears to be fit-for-purpose, Queensland supports using expenditure data from the National Hospital Cost Data Collection to split outpatient expenses. This approach better reflects how states deliver health services and removes the need for judgement in developing assessment methodologies.

The non-state sector substitutability levels for NAP and community health are 35% and 60% respectively.

Queensland supports a proposal to reduce the private sector substitutability level of community health from 70% to 60%, but recommends reducing the substitutability level of NAP from 40% to 25% instead of 35%. This is consistent with the Commission's proposal in its discussion paper released in September 2018.

The Commission's approach to determine community health substitutability level in its review of substitutability level for the health category in September 2018 is robust. Given community health consists of a wide range of services, it is reasonable for the Commission's to examine the accessibility and cost comparability of each service to determine their substitutability. In the absence of other more in-depth analysis on the substitution of community health services, Queensland supports the Commission's conclusion that 60% of community health services are substitutable by the private health sector.

Queensland also recommends the Commission use the bulk-billing rate as a basis for estimating the level of substitutability for NAP services. This approach has a stronger conceptual foundation and more evidence than the proposal presented in the draft report.

The non-state sector indicator for NAP is based on bulk billed medical operations and specialist services.

Queensland does not oppose the non-state sector indicator for NAP being based on bulk billed medical operations and specialist services. However, the Commission has not provided adequate information to support its judgment regarding the 50% service substitution rates. Queensland considers that the Commission should use the bulk billing rate rather than relying on its judgment.

The Australian Capital Territory's cross-border allowance for community health has been reduced.

Queensland does not oppose the reduction of the Australian Capital Territory's cross-border allowance based on the Commission's assessment that data provided by the Australian Capital Territory is not comprehensive.

A cross-border capital stock factor has been included in the health infrastructure assessment.

Queensland does not oppose the inclusion of a cross-border capital stock factor in the infrastructure assessment. This proposal is consistent with the conceptual case of cross-border disability which captures higher cost borne by the Australian Capital Territory for servicing NSW residents.

Expenses for pharmaceuticals, medical aids and appliances and health administration not elsewhere classified are included in the admitted patients component.

Queensland supports including these expenses in the admitted patients component as they are most likely to be incurred by admitted patients.

3.3 Justice

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

Police

- Implement a new model for the Police assessment because of states advice on how police services are delivered and the data supporting the old model is significantly dated[9]:
- Assess ‘specialised’ and ‘community’ policing expenses together and remove the discount for specialised policing expenses to better reflect how states provide policing services.
- Adopt a new offender measure based on age, SES and Indigenous status and weight costs derived from regression analysis of police data to predict police expenditure per capita. This replaces a measure based on third party data.
- Cease applying a general regional costs gradient[10] because regional costs are implicitly captured within the new model’s data. This is to better reflect actual regional costs incurred by policing services.
- Assess expenditure relating to non-Indigenous populations across five socio-economic status groups, rather than three. Data is available to allow this, which should improve the assessment.

Criminal and Civil Courts

- Rename the courts categories from criminal and civil courts to criminal and other legal services. This will better reflect the activities associated with each (e.g. civil court expenses includes marriages and deaths services).
- Allocate Indigenous status to defendants who have not provided this information proportional to each state’s share of the national population, rather than approximating Indigenous status from unreliable data.
- Reduce the assumption about proportional expenditure split between criminal and other legal services to 49:51 rather than 60:40. This proportion is observed in the Government Financial Statistics data.

Other matters

- Determine regional cost weighting for courts and prisons separately from category-specific data rather than applying the general regional cost gradient. This change is expected to better reflect actual regional costs incurred by the states. Unlike the policing assessment, regional costs will continue to be applied to prisons, criminal courts and other legal services.
- Differentially assess offender rates, defendant rates and imprisonment rates for peoples aged 0-14 and 65+ years old because data is available to do so. This will better reflect actual costs incurred by the states.

[9] A key dataset used to determine offender rates was based off 2007 data from the Australian Institute of Criminology. This dataset is longer deemed adequate for the purposes of distributing GST revenue and the dataset will not be updated.

[10] The general regional cost gradient for regional costs is used to estimate regional costs for different services. The Commission currently uses finance data from the states police and education department to estimate a general representation of the extent regional costs impact on government services.

Queensland's positions

Split between specialised and community policing being removed

Queensland supports assessing specialised and community policing together as to do otherwise would not reflect how states provide policing services.

Police costs are assessed using a regression of State data predicting cost per capita and assessed offenders

Queensland does not oppose the new method and notes it is not dissimilar to the conceptual case for the current assessment method. However, it is unclear how the Commission has determined the national average rates for offenders given differences in state policies (e.g. different policies on what constitutes a recordable offence). Discussions with Queensland Police Services also indicate that differences in offence levels between regional and urban communities are in part driven by different levels of police tolerance towards the same offence in these communities.

No separate regional cost factor adjustment for Police, Courts and Prisons assessments

Queensland supports pursuing assessment specific regional cost adjustments rather than relying on the general regional cost gradient. The additional costs incurred by states vary between services and by applying a general regional cost gradient the Commission is, in some cases, understating the real additional costs experienced by states with highly dispersed populations.

Inclusion of people aged 0-14 years and 65 and over years for offender, defendant and imprisonment rates

Queensland does not oppose including offender, defendant and imprisonment rates for peoples aged 0-14 and 65+ years old since this will better reflect what states do. Queensland expects this change will have a negligible impact on states' GST revenue given the small number of offenders, defendant and prisoners that fall into these age groups.

Renaming civil courts to other legal services

Queensland does not oppose renaming civil courts to other legal services. This is a presentational change only and does not impact states' GST revenue.

Revising the split between criminal courts and civil courts from 60/40 to 49/51

Queensland does not support revising the expenditure split between criminal and civil courts because it does not accurately reflect states' actual expenditure split. As the expenditure revised split is estimated solely from Government Financial Statistics data, it does not reflect the differences between how different state record their costs and contrasts the Productivity Commission's (PC) 2019 Report on Government Services (ROGS). Also, most states supported the Commission retaining the 60/40 split suggested by the staff assessment papers in 2018.

TABLE 3.3.1: PC 2019 ROGS - COURTS' RECURRENT EXPENDITURE, 2017-18 ($ MILLION)[11]								
STATE	**NSW**	**Vic**	**Qld**	**WA**	**SA**	**Tas**	**ACT**	**NT**
CIVIL	156.2	182.1	66.6	81.1	31.3	8.3	13.6	13.1
CRIMINAL	252.6	236.7	175.9	135.9	75.7	19.9	19.3	28.5
FAMILY	0.0	0.0	0.0	32.5	0.0	0.0	0.0	0.0
FEDERAL CIRCUIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CORONERS	6.6	16.7	11.3	7.0	4.3	1.4	1.2	1.0
PROBATE-SUPREME	1.2	1.0	0.3	1.0	0.9	0.3	0.0	0.0
TOTAL	416.6	436.5	254.1	257.5	112.2	29.9	34.1	42.6

Source: Productivity Commissions – Report on Government Services 2019 (Table 7.1)

Grouping expenditure into the proposed criminal and other legal services group illustrates that the range of state expenditure on criminal court services is between 52.8% and 69.2%, while other legal services is 30.8% and 47.2%. However, if the Commission was to determine the average policy across all jurisdictions using either a straight average, population weighted or expenditure weighted average the expenditure split is clearly more aligned with the current split of 60/40.

TABLE 3.3.2: CRIMINAL AND OTHER LEGAL SERVICES EXPENDITURE SPLITS								
STATE	**NSW**	**Vic**	**Qld**	**WA**	**SA**	**Tas**	**ACT**	**NT**
CRIMINAL SERVICES ($ MILLION)	252.6	236.7	175.9	135.9	75.7	19.9	19.3	28.5
OTHER LEGAL SERVICES ($ MILLION)	164.0	199.8	78.2	121.6	36.5	10.0	14.8	14.1
SHARE OF CRIMINAL SERVICES	60.6%	54.2%	69.2%	52.8%	67.5 %	66.6 %	56.6 %	66.9 %
SHARE OF OTHER LEGAL SERVICES	39.4%	45.8%	30.8%	47.2%	32.5 %	33.4 %	43.4 %	33.1 %
SHARE OF POPULATION 2017-18	32.0%	25.8%	20.0%	10.4%	7.0%	2.1%	1.7%	1.0%
SHARE OF EXPENDITURE 2017-18	26.3%	27.6%	16.0%	16.3%	7.1%	1.9%	2.2%	2.7%
	Criminal Services		**Other Legal Services**					
STATE RANGES	52.8% - 69.2%		30.8% - 47.2%					
STRAIGHT WEIGHTING	61.8%		38.2%					
POPULATION WEIGHTING	60.5%		39.5%					
EXPENDITURE WEIGHTING	59.6%		40.4%					

Source: Queensland Treasury calculation based on PC 2019 ROGS

[11] Extract from the Productivity Commissions Report on Government Services 2019.

Indigenous status for defendants without assigned Ingenious states (non-response) has been allocated in proportion to population share for criminal court defendant

Queensland does not oppose allocating Indigenous status for non-response defendants as proposed. Queensland notes that currently available data is not adequate to determine an accurate allocation of Indigenous status and population share is a reasonable assumption. However, the Commission should investigate more appropriate data to achieve a more accurate representation of Indigenous status in non-response defendants.

3.4 Roads

Proposed changes

Based on information provided in the draft report, the proposed changes below are:

- The Commission has revisited how it estimates rural road length. Analysis showed that the previous synthetic network specifications did not reflect actual state network connections, and should be revised. New road connections will be added to link significant areas (e.g. mines, ports and national parks) as population centres are not the only factor that states must consider when constructing and maintaining roads. Also, the number of lanes on roads will be added as costs increase with road width increases.
- Local roads expenses will be reallocated proportionately to the urban and rural road components because states are not able to provide consistent data on local roads.
- State-managed bridges and tunnels will be assessed using actual lengths of bridges and tunnels. The Commission recognises that costs of bridges and tunnels differ between states, and that bridge and tunnel length is currently the best proxy for assessing related expenses.
- The number of heavy vehicle classes will be reduced from five to three, and light commercial vehicles will be classified with passenger vehicles as they have similar characteristics. This will not have a material impact on state GST shares.
- Other services expenses will be reallocated proportionately across the rural roads, urban roads and bridges and tunnels components. The Commission recognises that these costs are related to the overall spend on roads, and have been allocated to the other assessed roads components to reflect this.

Other issues still under consideration

- The Commission is seeking further information relating to bridges and tunnels costs to determine if measures other than bridge and tunnel length can be included to assess costs.
- Further analysis is required before including additional roads to significant areas and other connections requested by states.

Queensland's positions

Re-estimation of rural road length

Queensland supports the adjustments made to rural road length. The adjustments to the synthetic network's parameters are a more accurate reflection of how population centres are connected via road networks, and additional costs should be recognised for roads to significant areas and for additional lane kilometres.

Reallocation of local roads expenses

Queensland does not oppose the reallocation of local road expenses across the rural and urban roads components. However, the Commission should continue to investigate how local roads expenses could be assessed and included in future reviews.

Assessing bridges and tunnels on bridge and tunnel length

Queensland supports the measurement of bridge and tunnel length as the basis of assessing expenses, and supports including heavy vehicle use as a disability. There is a well-established conceptual case for the impact of heavy vehicles on maintenance costs and support from robust data. While there are a range of other characteristics that will influence expenses (i.e. environment, location, traffic volume, width, length, height, age and material), it is currently too difficult to measure and compare their scaling costs with available data.

Reclassification of vehicle classes

Queensland does not oppose the reallocation of vehicle classes as this will not have a material impact.

Reallocation of other services to rural roads, urban roads, and bridges and tunnels

Queensland supports the reallocation of other services to the remaining roads categories. As fixed costs are already captured in the administrative scale assessment, it is conceptually sound that the remaining costs are proportional to other road category expenses.

Collection of further information relating to bridges and tunnels costs

Queensland supports the Commission's intention to seek additional data relating to expenses for bridges and tunnels. Bridges and tunnels may vary greatly, and bridge and tunnel costs over similar distances are not homogenous.

Adjustments to include connections to other areas

Queensland does not oppose recognising additional roads to hydro power stations, wind farms, areas of mining exploration and grain bins, and to include the other specific connections requested by states. Road networks exist for purposes other than to connect population centres. However, the Commission should exercise its discretion when considering specific connections so that adjustments reflect what all states do.

3.5 Welfare

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Assess non-NDIS client expenditure on an EPC basis since all states are expected to be in full NDIS scheme and are no longer in transition.
- Introduce the Australian Bureau of Statistics (ABS) Experimental Index of Household Advantage and Disadvantage (2016 Census) to assess low socio-economic status in the general welfare component. The Commission is proposing this change because the current index is based on 2006 census data and out-of-date.
- Remove the service delivery scale adjustment for family and child services. The Commission has not provided a rationale for this change in the draft report.
- Assess the National Redress Scheme for Institutional Child Sexual Abuse with non-NDIS client expenditure on an EPC basis due to the extent of past policy influences.

Queensland positions

Assessment of NDIS client expenditure

Queensland does not support the Commission's changes to its assessment of NDIS expenditure. The Commission should not adopt changes until most states are making their full funding contribution to the scheme.

Most states are not making their full funding contributions. As the Commission identified in its 2018 New Issues paper and in its Draft Assessment Paper, states are experiencing slippage of NDIS client take-up and most states are not providing full scheme funding contributions in line with the original agreement. States have negotiated reductions of their contributions and/ or extensions to the transition period to reflect that not all clients have transitioned to the NDIS scheme and are not expected to in the near future. For example, Western Australia is not expected to provide its full contribution until 2023-24 despite previous expectations that it would be at full scheme by 2019-20. New South Wales has negotiated reduced funding contributions and Queensland has also negotiated an extension.

Non-NDIS client expenditure to become EPC

Queensland does not oppose assessing non-NDIS expenditure on an EPC basis. This component provides limited value to the equalisation process. Disability services expenditure on non-NDIS clients is approximately 6% of total expenditure and assessed as only marginally different from EPC.

Introduction of the ABS Experimental Index of Household Advantage and Disadvantage

Queensland does not oppose using the ABS's Index of Household Advantage and Disadvantage. The Commission's current index is significantly dated, and the experimental index is a reasonable substitute.

Removal of the Service Delivery Scale Adjustment

Queensland does not support removing the service delivery scale adjustment. The conceptual case for a service delivery scale adjustment is still valid and recognises the additional costs of providing service in regional areas. Therefore, retaining this adjustment provides a more accurate equalisation task.

National Redress Scheme expenditure to be assessed EPC

Queensland does not oppose assessing the National Redress Scheme expenditure with non-NDIS client expenditure on an EPC basis. The impact on states' fiscal capacities has been based on 10-year projections from three states and may vary significantly as the scheme moves into full operation. Given the level of uncertainty, in both the estimated claims and average costs per claim, Queensland encourages the Commission to undertake further work to evaluate how these expenses should be assessed and the policy influences that relate to the incurred costs.

3.6 Post-Secondary Education

Proposed Changes

Based on the information provided in the draft report, the proposed changes are:

- Introduce an assessment-specific remoteness gradient rather than use a general cost gradient to better reflect the cost of providing these services in regional and remote areas.
- Update Indigenous cost weightings with new data from states to ensure the assessment is contemporaneous and reflects additional costs.
- Revise the aggregation of socio-economic status to reflect updated user data and capture the impact of socio-economic disadvantage on post-secondary education services.

Queensland's Positions

Regional costs changes

Queensland supports the conceptual case for developing an assessment specific regional cost weighting if there are data available and of sufficient quality to do so. The additional regional costs incurred by states vary between sectors and the general regional costs gradient used by the Commission, in some cases, understates the real impacts experienced by states with highly dispersed populations.

Indigenous cost weighting update

Queensland supports updating the Indigenous cost weightings from 35% to 40%. This change does not reflect a conceptual change but rather ensures contemporaneity is achieved throughout the assessment and the additional costs incurred by states with above average Indigenous population are recognised. Based on information provided by the Commission, a 40% weighting is reasonable.

Aggregation of socio-economic status groupings

Queensland supports updating the level of aggregation of socio-economic groupings for this assessment, noting there are some inconsistencies in the available data. However, the Commission should continue to pursue fit-for-purpose data and information on use rates of post-secondary education services in remote locations.

3.7 Services to Industry

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Assess mining regulation expenses based on sector size and in a separate component. In the 2015 Review, the Commission did not adopt a separate assessment for mining regulation expenses as it was immaterial. In retesting mining regulation expense for the 2020 Review, the Commission determined that a differential assessment would be material, recognising that states with larger mining industries also incur greater mining regulation expenses.
- Discontinue the assessment of major project regulation expenses as states find it difficult to differentiate expenses to meet the Commission's specifications, and therefore the Commission had concerns about the reliability of the data.
- Deduct user charges from regulation expenses for each industry. The Commission determined that user charges largely related to regulation functions rather than business development, but provided no further reasoning behind the removal of user chargers.
- Adopt a single broad indicator (value of production) to assess agriculture and mining regulation respectively. The Commission noted that a study by the Department of Industry, Innovation and Science found that business counts tend to be proportionate to the size of the economy, suggesting that a value of production indicator is appropriate for this purpose.
- Assess other industry regulation using sector size (75%) and population (25%). The Commission has applied the same logic to other industries as it has for agriculture and mining, by using a single broad indicator to measure other industry regulation. However, as some regulations target consumers rather than industry, the Commission intends to use its judgement and weight this by 75%, mixed with population measure weighted by 25%.

Queensland's positions

Separate assessment of mining regulation expenses

Queensland supports the separate assessment of mining regulation expenses. States with greater mining revenue capacities have greater expenses relating to regulation, and both aspects should be captured by the assessment. Queensland notes that the conceptual case for mining regulation expenses and agriculture regulation expenses are the same, and that mining regulation expenses are now material.

Discontinuation of assessing major project regulation expenses

Queensland does not oppose discontinuing the assessment of major project regulation expenses, and notes the complexities in collecting robust and consistent data from all states. However, the Commission should investigate other data or measures for assessing major project expenses.

Deduction of user charges from regulation expenses

Queensland does not oppose deducting all user charges from regulation expenses, noting this is consistent with the Commission's treatment of user charges for other service categories.

Single indicator to assess agriculture and mining regulation

Queensland does not oppose assessing agriculture and mining regulation with a single indicator, noting that it appears to be simpler, more relevant, and supported by findings by the Department of Industry, Innovation and Science.

Assessing other industry regulation 75% based on sector size and 25% on population

Queensland does not oppose assessing other industry regulation based on a sector size weighting of 75% and a population weighting for 25%. However, the Commission should conduct a more robust and detailed analysis to determine the approximate weightings for other industry regulation expenses.

3.8 Services to Communities

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Assess electricity subsidies and water subsidies separately as these subsidies are provided to different population groups for different reasons.
- Change the definition of remote communities to communities with a population level over 50 and population density at least 60 persons per km^2 in remote and very remote areas. This reflects the Commission's findings that these communities face very high costs of electricity generation and require government subsidies.
- Change the definition of small communities to communities with population level between 50 and 1,000 and population density at least 60 persons per km^2 in inner regional, outer regional, remote and very remote areas. This reflects the Commission's findings that these communities face very high costs to access water and require government subsidies.
- Derive regional costs associated with electricity and water subsides from State subsidies data to ensure that regional costs are accurately measured and applied to the assessment.
- Derive Indigenous community development expenses from State provided data because it is more reliable than the Government Financial Statistics dataset.
- Include general revenue grants to Indigenous councils in Indigenous community development expenses.
- Move the assessment of state national parks and wildlife expenses from the *Other Expenses* assessment to the *Services to Communities* assessment to reflect changes to the Government Finance Statistics which now no longer separate these expenses from environmental protection expenditure. These expenses will remain to be assessed on an EPC basis.

Queensland position

Electricity and water subsidies to be assessed separately

Queensland does not oppose splitting expenditure on water and electricity subsidies. While there is a conceptual case for this change, the proposed drivers may not accurately capture state needs and the Commission should continue to develop alternatives.

Changes to the definition of remote communities for the electricity subsidies assessment

Queensland does not oppose updating the definition of remote communities for the electricity subsidies assessment. The definition proposed by the Commission is not dissimilar to that currently used for water subsides and is considered a reasonable measure of population characteristics that drive state expenditure.

Changes to the definition of small communities for the water subsidies assessment

Queensland opposes changing the definition of small communities. The change is based on incomplete data (only Western Australia and the Northern Territory were able to contribute detailed data) and this proposal does not capture states' water subsidy policies better than the current assessment (refer Table 3.8.1 below). The Commission should retain its current assessment methodology for water subsidies until a more comprehensive assessment can be developed.

While not expected to equate, similar patterns should exist between actual expenditure and assessed expenditure. There is some variation with the current assessment, but this is significantly increased by the proposed changes and could lead to perverse outcomes. For example, it is implausible that Victoria spends $6 million and their assessed expenditure increases from $64 million to $93 million (15.5 times greater); and the Northern Territory spends $46 million but their assessed expenditure reduces from $55 million to $19 million.

Table 3.8.1 Water subsidies assessment comparison 2017-18

states	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Actual Expenditure								
Actual Expenditure on water subsidies $m	48	6	58	197	103	0	0	46
Actual Expenditure on water subsidies $pc	6	1	12	76	60	0	0	187
Share of actual expenditure	10%	1%	13%	43%	22%	0%	0%	10%
Current Assessment								
Current assessed expenditure on water subsidies $m	88	64	111	80	43	14	4	55
Current assessed expenditure on water subsidies $pc	11	10	22	31	25	28	10	221
Share of current assessed expenditure	19%	14%	24%	17%	9%	3%	1%	12%
Proposed Assessment								
Proposed assessed expenditure on water subsidies $m	126	93	80	78	38	21	4	19
Proposed assessed expenditure on water subsidies $pc	16	15	16	30	22	40	10	77
Share of proposed assessed expenditure	27%	20%	17%	17%	8%	5%	1%	4%

Source: Commission's calculation

Regional costs for electricity subsidies and water subsidies to be derived from State subsidies data

Queensland supports the of adoption more specific regional costs adjustments rather than relying on the general regional cost gradient. The additional costs incurred by states vary between sectors and services and by applying a general regional gradient the Commission is, in some cases, understating the real additional costs experienced by states with highly dispersed populations.

Indigenous community development expenditure to be derived from State data

Queensland does not oppose deriving Indigenous community development expenditure from state data. In these instances, state data is more reliable than Government Financial Statistics data and should be given preference.

Indigenous community development expenses will include general revenue grants to Indigenous councils

Queensland supports the proposed assessment of general revenue grants to Indigenous councils. These grants provide a reasonably reliable estimate of state needs.

National parks and wildlife expenditure included in the Services to Community assessment

Queensland does not oppose including national park and wildlife expenditure in the *Services to Communities* assessment. The Government Financial Statistics data can no longer be disaggregated and it is reasonable that these expenses are grouped as proposed and assessed on an equal per capita basis.

3.9 Other Expenses

Proposed changes

Based on information provided in the draft report, the proposed changes are:

- Cease assessing capital grants to local governments because the driver of spending is unclear.
- Net off user charges from expenses. These largely relate to fire and emergency service levies. The Commission has not provided reasoning for this, but netting off user charges generally aligns with the Commission's practices.

Queensland positions

Capital grants to local government are no longer being assessed because the driver of spending is unclear

Queensland does not oppose ceasing assessing local government capital grants. Queensland recognises that growth alone is not a sufficient driver for assessing capital grants to local governments, but notes that the states with the most expense contain remote communities dispersed over vast land areas. The Commission should investigate how to change this to a differential assessment.

User Charges are netted off expenses

Queensland does not oppose netting off some user changes in the Other expenses assessment. This appears consistent with the Commission's general approach to user charges.

3.10 Administration Scale

Proposed changes

Based on information provided in the draft report, the proposed changes below are:

- Increase the estimate of total administrative scale expenses for 2017-18 by 27% from $2.2 billion to $2.8 billion. The Commission considers the increase in administrative scale expenses is consistent with greater legislative and reporting requirements, and changes in the nature and use of ICT.
- Remove the Northern Territory dual service delivery adjustment, but include an adjustment of $1.8 million to recognise a difference in its organisational structure requires additional engagement with Indigenous stakeholders for policy development and coordination. The dual service delivery adjustment recognised separate service delivery models for Indigenous and non-Indigenous residents, but the Commission now believes that all states provide services specifically designed to meet Indigenous needs.
- Reduce the wage costs proportion of administrative scale expenses from 80% to 60%. The Commission's re-estimation of wage expenses showed that employee expenses as a percentage of agency total expenses were lower than estimated in the 2015 Review.

Queensland's positions

Increase in total administrative scale expenses

Queensland does not support increasing total administrative scale expenses from $2.2 billion to $2.8 billion. Queensland acknowledges that administrative scale expenses exist but maintains that the scope of expenses considered by the Commission are too broad and account for too many costs not associated with a fixed cost.

Northern Territory adjustments

Queensland does not oppose removing the dual service delivery adjustment, and does not oppose adding the adjustment to recognise its unique organisational structure. Queensland recognises that all states have tailored services for their Indigenous populations, meaning a dual service delivery adjustment for a single state is not appropriate, but notes that Northern Territory's challenges are greater than other states and may require additional resources for policy development and coordination with Indigenous stakeholders.

Wage cost proportion

Queensland supports reducing the wage cost component of administrative scale expenses from 80% to 60%. As noted by the Commission, wage cost expenses are estimated to be between 57.7% and 67.9% and the new setting appears reasonable without access to further information.

3.11 Other Disabilities

Proposed changes

Based on information provided in the draft report, the proposed changes are:

- Revise national capital planning allowances based on new data provided by the Australian Capital Territory
- Cease applying a national capital allowance for wider roads, above average urban space, above average urban/bush interface and bus subsidies based on new data provided by the Australian Capital Territory
- Discontinue the general method of estimating cross-border costs and stop applying a cross-border factor to welfare expenses and recreation and cultural expenses because of insufficient data supporting the existence of these costs.
- Assess land rights expenses for all states (not just the Northern Territory) on an APC basis. Data shows that the average policy of states is to recognise land rights regardless of the presence of Commonwealth legislation
- Assess native title and land rights expenses together because they are similar. This is only a presentational change as both expenses are assessed on an APC basis (which means they do not impact GST share).

Queensland positions

Revision of the national capital planning allowances

Queensland does not oppose revising the national capital planning allowances, and is not aware of any other data to support an alternative approach.

The national capital allowance for wider roads, larger urban spaces, increased urban/bush interface and increase bus subsidies are no longer assessed

Queensland does not oppose discontinuing the national capital allowance for the proposed services, and is not aware of any other data to support an alternative approach.

Discontinuation of general cross-border costs, and cross-border costs for welfare expenses and recreation and cultural expenses.

Queensland does not oppose discontinuing the general cross-border assessment, and believes that expense specific assessments are the best approach where data is available. Also, Queensland also does not oppose discontinuing the cross-border expenses for welfare expenses and recreation and cultural expenses, noting the absence of reliable data.

Assessing all States land rights on an actual per capita basis

Queensland supports assessing all states land rights expenditure as this reflects average policy—most states have implemented land right schemes.

Native title and land rights are assessed together

Queensland supports assessing native title and land rights together. The conceptual case for assessing each expense in similar, and Queensland has noted some difficulty separating the two expenses.

3.12 Investment

Proposed changes

Based on information provided in the draft report, the proposed changes are:

- Assess investment and depreciation expenses together in the Investment assessment. The Commission considers investment and depreciation to be related and have similar drivers. This is a presentational change only.
- Directly measure investment associated with each expense category rather than base it on share of stock value. The Commission considers investment and depreciations expenses are better presented within expense categories. This is a presentational change only.
- Remove three-year averaging of the disabilities factor because it has not reduced volatility in the assessment as the Commission expected.
- Remove administrative scale from the Investment assessment because depreciation expenses associated with fixed administrative functions is now captured in the *Administration Scale* assessment. The Commission considers administrative scale expenses to have different drivers.

Other issues still under consideration

- Due to methodology changes in some recurrent expenses categories, the Commission is now no longer able to determine the impact of regional costs on investment and is considering alternatives.

Queensland's positions

Investment and depreciation expenses are assessed together in the Investment assessment

Queensland does not oppose assessing investment and depreciation together, noting that the change is presentational.

Investment associated with each expense category is measured directly, rather than based on share of stock value

Queensland does not oppose directly measuring investment for each expense category, noting that the change is presentational.

Three-year averaging of disabilities has been removed to ensure consistency of population change and change in disabilities

Queensland supports removing three-year averaging of disabilities, noting that three-year averaging is more complex and is not inherently more robust or less volatile.

Removal of administrative scale from the Investment assessment

Queensland supports removing administrative scale from the investment assessment. Administrative scale represents a fixed expense that is not subsect to growth, and as such, is not appropriate for inclusion.

How best to capture the differences in the cost of investment using available data

Queensland supports the Commission continuing to review its method to determine differences in investment costs between states.

3.13 Net Borrowing

Proposed changes

Based on information provided in the draft report, the proposed changes below are expected to have a **net immaterial impact** on Queensland's GST revenue:

- Remove the discount of 12.5% for total assessed net borrowings. The discount is no longer material and reclassification of some public non-financial corporations (PNFC) financial assets has removed counterintuitive outcomes that may arise if states are net borrowers.

Queensland's positions

Removal of the 12.5% discount

Queensland does not oppose the removal of the discount as it is no longer material.

3.14 Wage Costs

Proposed changes

The Commission proposes to retain the current methodology as there has been no conceptual case for change.

Queensland's position

Retain the current wage cost assessment

Queensland does not oppose retaining the current wage cost assessment methodology.

3.15 Geography

Proposed changes

Based on information provided in the draft report, the proposes changes are:

- Where possible, use an assessment-specific regional cost gradient (e.g. court-specific regional costs) rather than the general cost gradient as this will better capture costs.
- Revise the general cost gradient to be based on the average regional cost gradients for services to schools and health (admitted patients) rather than for schools and police. The police data include other implied weighting factors, such as socio-economic disadvantage and Indigeneity, and capture additional services as remoteness increases, and it may not be suitable for extrapolating to other expense categories.
- Apply the undiscounted general cost gradient to categories where a direct regional cost assessment is not possible. With the general regional cost gradient now impacting fewer assessment, the Commission considers that it has improved the quality of the evidence base for this assessment and removing the 25% discount is warranted.
- Measure service delivery scale by remoteness areas, rather than service delivery scale specific geography (that is, areas more than 50km from a town of 5,000 people). This approach is a simpler and more reliable measure of assessing service delivery scale.
- Discontinue the interstate non-wage cost adjustment because of the lack of data to support a differential assessment. The interstate non-wage cost adjustment does not impact Queensland.

Queensland's positions

Broadening of regional costs

Queensland supports the expansion of specific regional cost assessments to more expense categories. The additional costs incurred by states vary between sectors and services and by applying a general regional gradient the Commission is, in some cases, understating the real additional costs experienced by states with highly dispersed populations.

Non-discounted general regional cost gradient based on schools and admitted patients

Queensland supports the use of the admitted patients regional cost gradient (as opposed to the police gradient) and schools gradient as the basis of the general cost gradient. Queensland agrees that, as a replacement for the police gradient, admitted patients is the most appropriate indicator for regional costs.

Discontinuation of the 25% discount on the general regional cost gradient

Queensland supports the application of the undiscounted regional cost gradient to categories where a direct regional cost assessment is not possible. As stated by the Commission, the expansion of expense specific regional costs has reduced the breadth of the general regional costs gradient's application, meaning an undiscounted regional cost gradient is appropriate.

Measuring service delivery scale using remoteness area

Queensland supports measuring service delivery scale using remoteness area. It is policy neutral and simpler.

Discontinuation of interstate non-wage cost

Queensland does not oppose discontinuing the interstate non-wage cost. If the Commission does not have adequate data that can reliably inform the magnitude or direction of an adjustment to expenses, the Commission should not continue an assessment.

4.0 Revenue Assessments

Queensland's positions for key Revenue assessments

Mining Revenue

- Queensland does not support:
    - the Commission's position on excluding mining royalties from the 2020 Review process
    - the conceptual case for assessing lithium production separately
    - the treatment of banned minerals production
- Queensland supports:
    - the conceptual case for moving nickel into the other minerals component
    - treating non-royalty mining revenue EPC

Commonwealth Payments

- Queensland is concerned with the previous outcomes this assessment achieves for Commonwealth payments which are for service in one state that is largely not supplied in other states.

Stamp Duty on Conveyances

- Queensland supports:
    - excluding motor vehicle transfer from the assessment
    - no longer treating concessional transfer duty rates as an expense
    - an equal per capital assessment for non-real property transactions in *Other Revenue*
    - a differential assessment for conveyance on land rich transactions
    - the conceptual case for adjustments relating to off-the-plan concessions and unit trusts.

Land Tax

- Queensland supports removing the 25% discount from the *Land Tax* assessment.

Insurance Tax

- Queensland does not support:
    - including revenue from workers' compensation duty
    - no longer including premiums paid by private insurance for compulsory third party insurance
- Queensland supports no longer including premiums paid by public insurers

4.1 Mining Revenue

Proposed changes

The Australian Government has directed the Commission to not change the *Mining Revenue* assessment methodology as part of the 2020 Methodology Review.

Based on the information provided in the draft report, the proposed changes are:

- The *Mining Revenue* assessment methodology is unchanged as directed.
- Move Commonwealth payments made to Western Australia and the Northern Territory in lieu of offshore gas royalties from this assessment to the *Commonwealth Payments* assessment. This is only a presentational change and will not impact states GST revenue.
- Move assessment of nickel royalties to the other minerals component as the value of production has reduced, is no longer material and does not warrant a separate assessment.
- Monitor lithium royalties and consider assessing them separately if the value of production becomes material.

Queensland's position

The Mining Revenue assessment's methodology is unchanged

Queensland does not accept this conclusion from the Commission. Even though it has been instructed to not change the methodology of the assessment, the Commission is proposing to make changes regarding nickel and lithium royalties. Therefore, the Commission should make other changes of similar scale to improve the equalisation process, including addressing how coal seam gas is assessed.

Exclusion of Commonwealth payments relating to grants in lieu of royalties

Queensland does not oppose moving Commonwealth payments in lieu of royalties into the *Commonwealth Payments* assessment. All Commonwealth payments should be assessed together to ensure transparency and maintain consistency.

Nickel royalties are assessed in other minerals component

Queensland supports the conceptual case for moving nickel into the other mineral component. The Commission's assessment can mitigate policy neutrality issues by aggregating mineral types.

Lithium royalties will be separately assessed if it becomes material to do so

Queensland does not support the conceptual case for moving lithium out of the other mineral component. The Commission's assessment can mitigate policy neutrality issues by aggregating mineral types.

Additional Queensland comments

Banned mineral

Queensland also recommends the Commission assess all banned mineral on an EPC basis, as similar revenue base anomalies should be assessed the same way.

Horizontal fiscal equalisation is designed to equalise states fiscal capacity, provided that all states provide services with the same level of efficiency and raise revenue with the same level of effort. It is for this reason (that is, that there are irreconcilable differences between states in terms of policy, and therefore differences in effort) that the Commission assesses gambling revenue on an equal per capita basis. Banned mineral are another clear example where states are not raising revenue with the same level of effort and therefore should not be assessed differentially.

Treatment of non-royalty mining revenue

Queensland supports an EPC assessment of non-royalty mining revenue. It is difficult to determine the materiality of revenue raised through user charges and other means outside of mining production. However, given the lack of information currently available and the potential policy difference between states, the Commission should not make any changes in this review.

4.2 Commonwealth Payments

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Include Commonwealth payments for bridges and tunnels because the expenditure need for bridges and tunnels will now be assessed.
- Move Commonwealth payments for grants in lieu of royalties from the Mining revenue assessment to the Commonwealth payments assessment. These grants predominantly relate to royalties that the Australian Government raises from offshore oil and gas production and distributes to Western Australia. Moving these grants will improve transparency and consistency across the assessments. The assessment of these payments (APC) has not changed.
- Separate Commonwealth payments into two categories (‘impacting’ payments and ‘other’ Commonwealth transfers) to improve the transparency of the assessment.

Queensland’s positions

Assess Commonwealth payments for bridges and tunnels

Queensland supports the inclusion of Commonwealth payments for bridges and tunnels as the expenditure need is assessed. This is consistent with all other payments the Commission assesses.

Move assessment of grants in lieu of royalties to the Commonwealth payments assessment

Queensland does not oppose moving Commonwealth payments for grants in lieu into the Commonwealth payments assessment. Queensland considers this change to be presentational only and will not impact GST revenues to the states.

Group Commonwealth payments into two categories— ‘impact’ payments and ‘other’ Commonwealth transfers

Queensland does not oppose grouping Commonwealth payments in the two categories. Based on the information provided by the Commission in the draft report, Queensland understands this is a presentational change and will not impact GST revenues to the states.

Other perverse outcomes of the Commonwealth Payments assessment

This assessment leads to perverse outcomes when the Commission only applies a partial discount to a Commonwealth payment which is for a service that is largely not supplied in other states. For example, Commonwealth payments for remote Indigenous housing have historically been largely redistributed to states who do not have this need. The Commission is effectively unwinding the assessment of need made by the Australian Government for these unique services. Queensland recommends that the Commission treat such Commonwealth payments as not impacting state relativities.

4.3 Stamp Duty on Conveyances

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Move assessment of motor vehicle transfer to the *Other Revenue* assessment and assess it as EPC because the amount is no longer material.
- Move assessment of concessional rates of duty for first home buyers from the Housing assessment to the Stamp Duty on Conveyance assessment. This reflects the Commission's view that first home concessions share more characteristics with duties than housing grants. As a result, its previous adjustments to convert this concession to grants and assessing under the housing expense category is no longer appropriate.
- Move transfers where the Commission has previously determined that they should not affect state revenue capacities (e.g. duties on corporate reconstructions and marketable securities) from the duties category to *Other Revenue* assessment. This will improve transparency of the Commission's methodology.
- Assess duty on non-real property transactions as equal per capita in the *Other Revenue* assessment. It is only taxed by three states and therefore not average policy.
- Differentially assess duty on land rich transactions by listed companies because most states now tax land rich transactions.

Other issues for consideration

- The Commission is considering the size of an adjustment for unit trusts in Queensland, Western Australia and South Australia to account for differences in property transactions.
- The Commission is considering the size of an adjustment for off-the-plan concessions for Victoria to account for differences in concessional rates between Victoria and other states.

Queensland's positions

Excluding motor vehicle transfers from the assessment

Queensland supports assessing revenue raised from motor vehicle transfers as part of the *Other Revenue* assessment as it is no longer material and should be assessed equal per capita.

Concession rates of duty for first home buyers is no longer treated as an expense

Queensland supports no longer treating concession rates as an expense and including the transfer of these properties into this assessment. Most states provide a concessional rate on duty for first home buyers and this should be reflected in the average rate of duty for the relevant property value groupings.

Where the Commission determines a transaction should not impact GST shares it will be assessed on an equal per capita basis in the Other Revenue assessment

Queensland does not oppose assessing this revenue in the *Other Revenue* assessment. This is only a presentational change and will not impact states GST revenues.

Duty on non-real property transactions are assessed equal per capital in Other Revenue

Queensland supports an EPC assessment of non-real property transactions. Duty raised via non-real property transactions was largely abolished as part of the *Intergovernmental Agreement on Federal Financial Relations* (1999) and it is no longer average national policy.

Duty on land rich transactions will be assessed differentially and will no longer be assessed equal per capita

Queensland supports the differential assessment of conveyance on land rich transactions. It is average national policy and should be considered in the process of equalising fiscal capacities.

Size of Unit Trusts Adjustment for Queensland, Western Australia and South Australia

Queensland supports the conceptual case for making an adjustment for unit trusts. In the absence of new data to support a different adjustment, the Commission should continue to reduce the revenue base of Queensland, Western Australia and South Australia by 3%.

Size of the off-the-plan concessions in Victoria

Queensland supports the conceptual case for an equal per capita assessment for off-the-plan concessional rates on duty in Victoria since it is not average national policy.

4.4 Land Tax

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Move other land based taxes[12] to the *Other Revenue* assessment, but continue to assess it on an EPC basis, since there is no discernible difference between the states revenue raising capacity.
- reduce the 25% discount to 12.5% to reflect improved comparability of state data.

Queensland's positions

Other land based taxes to be assessed EPC in Other Revenue assessment

Queensland does not oppose moving other land based taxes to the *Other Revenue* assessment given they are assessed EPC in the Land tax assessment and will be assessed equal per capita in the *Other Revenue* assessment. This is a presentational only and will not impact on GST revenue to the states.

Assessment discount - Reduction of the 25% to 12.5%

Queensland supports the reduction of the applied discount. The Commission introduced the 25% discount due to comparability issues between state data. In recent years the data provided by the states has become more comparable and of higher quality, therefore no longer warranting any discount. However, if the Commission is still observing issues with state data comparability than Queensland considers a 12.5% discount to be reasonable.

[12] Other land based taxes are made up of property based Fire and Emergency Services Levies, and other state specific levies, such as metropolitan, development, planning and parking space levies.

4.5 Payroll Tax

Proposed changes

The Commission proposes to retain the current methodology as it is consistent with the principles of horizontal fiscal equalisation and its supporting principles, and there is no new data that supports an alternative.

Queensland's positions

Queensland supports retaining the current assessment methodology. The current method is achieving an accurate level of equalisation between the states.

4.6 Motor Tax

Proposed changes

Based on the information provided in the draft report, the proposed change is:

- Use updated data to split the assessment of light and heavy vehicles.

Queensland's position

Updating the split between light and heavy vehicle registration

Queensland supports updating the split between heavy and light vehicle registration. This update is part of the general review process to ensure the assessment is accurate.

4.7 Insurance Tax

Proposed changes

Based on the information provided in the draft report, the proposed changes are:

- Move revenue from fire and emergency levies (FESLs) on insurance from this assessment to the *Other Expense* assessment because only two states collect revenue as per the current assessment.
- Include revenue from workers' compensation duty and assess it using the general insurance premiums.
- Remove premiums paid to public insurers, and premiums paid to private insurers for compulsory third party (CTP) motor vehicle insurance from the revenue base.

Queensland's positions

Revenue from fire and emergency levies are to be moved into the Other Expense assessment

Queensland does not oppose moving revenue raised from fire and emergency levies to the *Other Expenses* assessment given this is not average national policy.

Revenue from workers' compensation duty is included with general insurance premiums and therefore are no longer assessed in the Other Revenue assessment

Queensland does not support the conceptual case for workers compensation duty to be assessed with general insurance premiums. It should remain in the *Other Revenue* assessment. Queensland is the only state to raise revenue this way and therefore the average policy is not to tax workers' compensation. The Commission is proposing to remove premiums paid by public insurers from the revenue bases (which Queensland supports), therefore any revenue raised from premiums paid by public insurers should similarly not be taken into account (i.e. it should continue to be assessed equal per capita).

Insurance assessment no longer to include premiums paid by public insurers

Queensland supports removing premiums paid by public insurers. Queensland is the only state to raise revenue from workers' compensation premiums and it is not conceptually sound to assess other states as though they do raise revenue this way. It is not average national policy.

Insurance assessment no longer to include premiums paid by private insurance for compulsory third party motor vehicle insurance

Queensland does not support removing premiums paid by private insurance for compulsory third party motor vehicles while revenue raised from compulsory third party motor vehicle insurance remains in the assessment revenue pool. By assessing revenue, but not the associated revenue base, the Commission will overstate the calculated average duty rate.

4.8 Other Revenue

Proposed changes

Based on information provided in the draft report, the proposed changes are:

- Reallocate assessment of revenue between this and other revenue assessments, including:
    - Other land based taxes,
    - Stamp duties on transfers of motor vehicles
    - Non-real property transactions
    - Conveyance transactions that are not differentially assessed
    - User charges netted off *Other Expenses* assessment
    - User charges netted off *Services to Industry* assessment
    - User charges netted off *Schools Education* assessment

Comment on individual movements is provided in the relevant section.

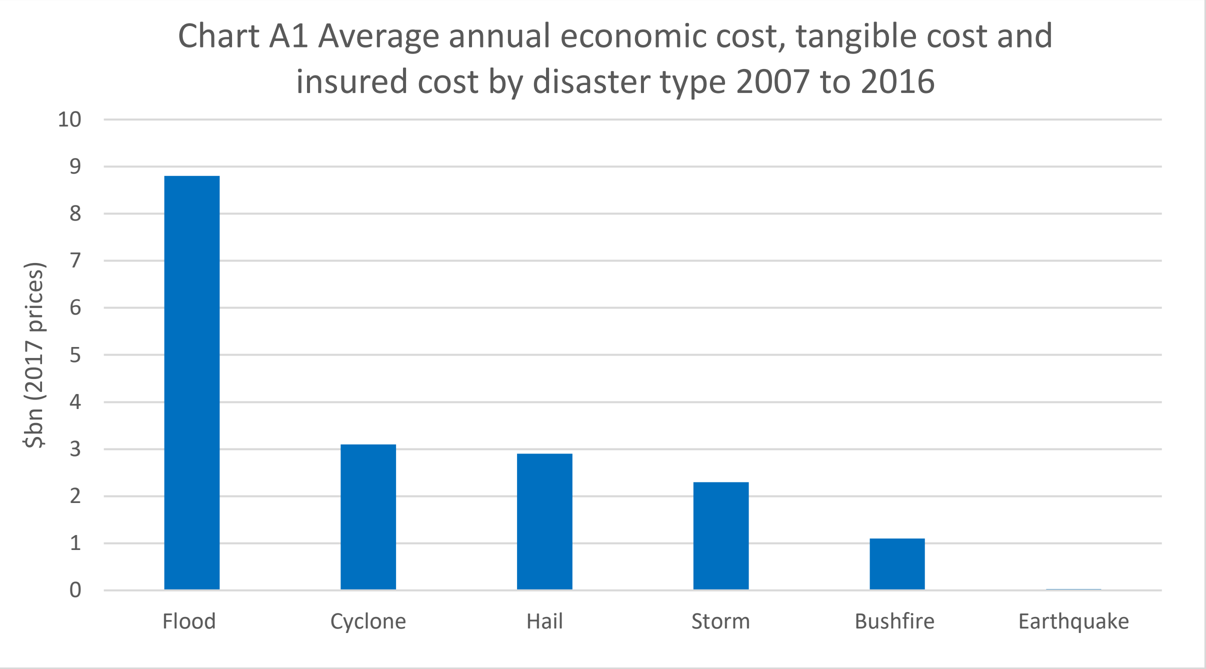
Queensland's position

Only minor changes to the composition of the category

Queensland supports retaining the current methodology and does not oppose moving revenue in and out of this assessment.

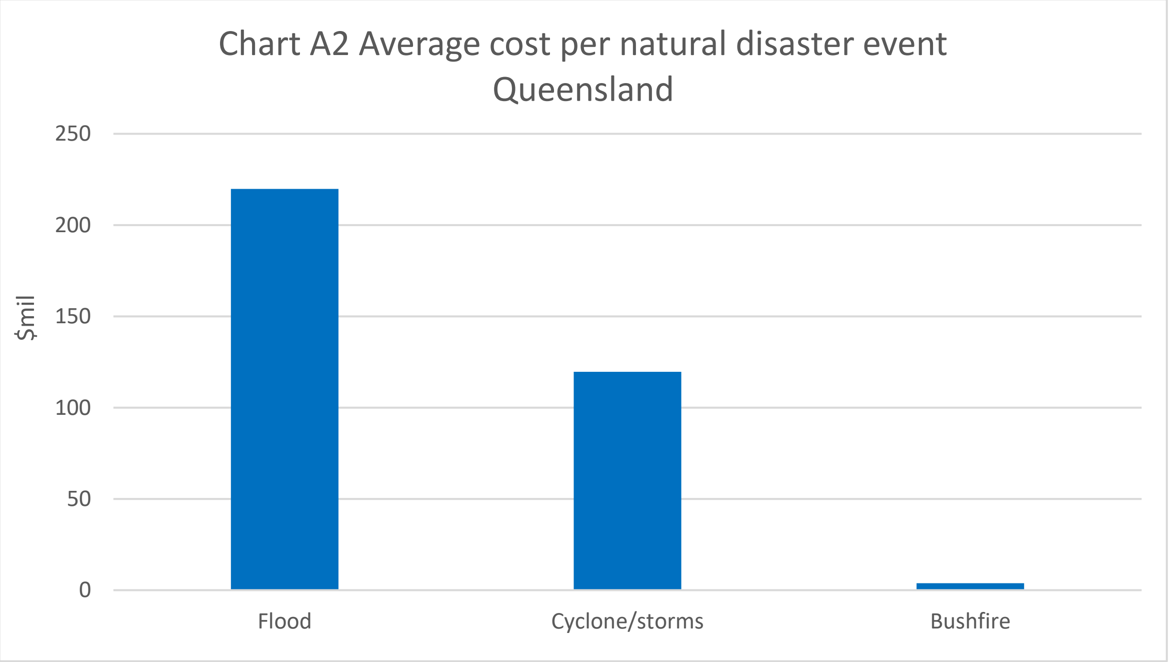
Cost of natural disaster comparison

Australian Business Roundtable for Disaster Resilience & Safer Communities has found that, nationally, floods have an annual cost more than three times higher than hail and storm, and eight times higher than bushfire[1].



Source: ICA (2017), Deloitte Access Economics estimates (2017)

In Queensland over the last decade, the average recovery cost to the Queensland government per flood event was $219.8 million compared to only $3.8 million per bush fire event.



Source: Queensland Treasury calculation based on QRA data

[1] Australian Business Roundtable for Disaster Resilience & Safer Communities, 2017, Building Resilience to natural disasters in our states and territories – key facts, p.20

Local Government Trigger points for NDRRA/DRFA - FY 2018/19

Council Name	Net General Rates FY 2016/17	FY 2017/18 Maximum Trigger Point $	FY 2018/19 Maximum Trigger Point $
Aurukun Shire Council	0	N/A	N/A
Balonne Shire Council	5,776,000	42,773	43,320
Banana Shire Council	20,451,000	146,160	153,383
Barcaldine Regional Council	3,694,000	27,143	27,705
Barcoo Shire Council	872,000	6,360	6,540
Blackall-Tambo Regional Council	2,985,000	21,210	22,388
Boulia Shire Council	848,000	6,075	6,360
Brisbane City Council	788,441,000	2,200,000	2,200,000
Bulloo Shire Council	4,225,000	30,810	31,688
Bundaberg Regional Council	68,491,000	489,480	513,683
Burdekin Shire Council	26,239,000	192,390	196,793
Burke Shire Council	1,910,000	22,590	14,325
Cairns Regional Council	106,290,000	780,315	797,175
Carpentaria Shire Council	4,321,000	29,085	32,408
Cassowary Coast Regional Council	33,258,000	243,675	249,435
Central Highlands Regional Council	53,743,000	375,983	403,073
Charters Towers Regional Council	10,334,000	70,005	77,505
Cherbourg Aboriginal Shire Council	0	N/A	N/A
Cloncurry Shire Council	9,075,000	71,378	68,063
Cook Shire Council	3,067,000	22,553	23,003
Croydon Shire Council	414,000	2,843	3,105
Diamantina Shire Council	657,000	4,508	4,928
Doomadgee Aboriginal Shire Council	0	N/A	N/A
Douglas Shire Council	13,977,000	101,280	104,828
Etheridge Shire Council	2,328,000	16,028	17,460
Flinders Shire Council	1,882,000	13,403	14,115
Fraser Coast Regional Council	70,886,000	523,200	531,645
Gladstone Regional Council	75,001,000	532,463	562,508
Gold Coast City Council	417,618,000	2,200,000	2,200,000
Goondiwindi Regional Council	11,533,000	85,290	86,498
Gympie Regional Council	29,947,000	214,215	224,603
Hinchinbrook Shire Council	16,292,000	119,708	122,190
Hope Vale Aboriginal Shire Council	0	N/A	N/A
Ipswich City Council	149,895,000	1,032,795	1,124,213
Isaac Regional Council	51,957,000	382,185	389,678
Kowanyama Aboriginal Shire Council	429,000	N/A	3,218
Livingstone Shire Council	28,128,000	201,623	210,960
Lockhart River Aboriginal Shire Council	0	N/A	N/A
Lockyer Valley Regional Council	29,750,000	202,245	223,125
Logan City Council	128,854,000	911,528	966,405
Longreach Regional Council	3,956,000	29,183	29,670
Mackay Regional Council	102,485,000	779,918	768,638
Mapoon Aboriginal Shire Council	0	N/A	N/A
Maranoa Regional Council	20,928,000	145,215	156,960

Local Government Trigger points for NDRRA/DRFA - FY 2018/19			
Council Name	**Net General Rates FY 2016/17**	**FY 2017/18 Maximum Trigger Point $**	**FY 2018/19 Maximum Trigger Point $**
Mareeba Shire Council	15,426,000	103,020	115,695
McKinlay Shire Council	2,189,000	16,268	16,418
Moreton Bay Regional Council	224,274,000	1,589,880	1,682,055
Mornington Shire Council	0	N/A	N/A
Mount Isa City Council	12,938,000	90,713	97,035
Murweh Shire Council	3,061,000	24,525	22,958
Napranum Aboriginal Shire Council	0	N/A	N/A
Noosa Shire Council	44,369,000	321,443	332,768
North Burnett Regional Council	8,405,000	60,375	63,038
Northern Peninsula Area Regional Council	0	N/A	N/A
Palm Island Aboriginal Shire Council	0	N/A	N/A
Paroo Shire Council	2,015,000	14,955	15,113
Pormpuraaw Aboriginal Shire Council	162,000	N/A	N/A
Quilpie Shire Council	3,892,000	29,190	29,190
Redland City Council	83,930,000	618,045	629,475
Richmond Shire Council	782,000	5,783	5,865
Rockhampton Regional Council	48,694,000	348,060	365,205
Scenic Rim Regional Council	36,580,000	252,818	274,350
Somerset Regional Council	16,673,000	119,775	125,048
South Burnett Regional Council	22,523,000	161,235	168,923
Southern Downs Regional Council	28,341,000	202,283	212,558
Sunshine Coast Regional Council	205,295,000	1,468,208	1,539,713
Tablelands Regional Council	21,065,000	145,178	157,988
Toowoomba Regional Council	116,249,000	844,583	871,868
Torres Shire Council	1,087,000	N/A	N/A
Torres Strait Island Regional Council	0	N/A	N/A
Townsville City Council	143,900,000	1,074,255	1,079,250
Western Downs Regional Council	59,746,000	385,140	448,095
Whitsunday Regional Council	44,545,000	328,035	334,088
Winton Shire Council	2,167,000	15,908	16,253
Woorabinda Aboriginal Shire Council	0	N/A	N/A
Wujal Wujal Aboriginal Shire Council	0	N/A	N/A
Yarrabah Aboriginal Shire Council	0	N/A	N/A

Queensland Local Government Comparative Information 2017-18

Financial Input

All data is provided by councils and may not have been audited.

Local Government	Net rates and utility charges - 2017-18 $'000	Total operating Income - 2017-18 $'000	Employee expenses - 2017-18 $'000	Depreciation and amortisation expense - 2017-18 $'000	Total operating expenses before interest - 2017-18 $'000	Total operating expenses before Interest (excl depreciation) - 2017-18 $'000	Total Interest paid (borrowing costs) to QTC and other financial institutions - 2017-18 $'000	Interest paid (borrowing costs) - QTC - 2017-18 $'000	Interest paid (borrowing costs) - Other financial institutions - 2017-18 $'000	Repayment of borrowings - QTC - 2017-18 $'000	Repayment of borrowings - Other financial institutions - 2017-18 $'000	Repayments made on finance leases - 2017-18 $'000	Cash at bank, term deposits (up to 12 months) and on hand - 2017-18 $'000	Unspent loan monies drawn down - 2017-18 $'000	Current assets - Receivables - Rate revenue and utility charges - 2017-18 $'000	Current assets - Receivables - Water charges not yet levied - 2017-18 $'000	Total current assets (excl unspent loan monies drawn down and water charges accrued but not yet levied) - 2017-18 $'000	Property, plant and equipment additions at cost - 2017-18 $'000	Capital works in progress - 2017-18 $'000	Current liabilities (interest-bearing) - Loans from QTC - 2017-18 $'000	Current liabilities (interest-bearing) - Loans from other financial institutions - 2017-18 $'000	Current liabilities (interest-bearing) - Finance leases - 2017-18 $'000	Total current liabilities - 2017-18 $'000	Non-current liabilities (interest-bearing) - Loans from QTC - 2017-18 $'000	Non-current liabilities (interest-bearing) - Loans from other financial institutions - 2017-18 $'000	Non-current liabilities (interest-bearing) - Finance leases - 2017-18 $'000	Community equity - Closing balance - 2017-18 $'000	Total borrowings - 2017-18 $'000	Councillor remuneration (net of capitalised expenses) - 2017-18 $'000
Aurukun Shire Council	693	18,991	7,078	3,600	24,106	20,506	48	48		-27		836	12,342		35		15,566		602	29			2,219	633			129,460	662	313
Balonne Shire Council	9,789	20,723	6,126	8,190	23,509	15,319	200	200		-248			25,595		289		28,262		2,415	279			2,472	2,653			284,225	2,932	421
Banana Shire Council	34,665	56,832	20,702	16,398	60,626	44,228	615	615		-1,371			26,418		1,868	1,998	35,662	24,804	15,025	1,450			11,045	8,377			677,022	9,827	424
Barcaldine Regional Council	6,368	25,482	10,239	8,775	31,098	22,323	137	137		-356			21,686		642		25,588	15,812	11,410	439			5,112	2,660			357,983	3,099	482
Barcoo Shire Council	1,107	15,849	5,660	4,214	17,526	13,312	0			-10			9,868		101		13,459		1,184	11			1,783	30				41	194
Blackall-Tambo Regional Council	4,680	19,728	7,778	5,576	22,956	17,380	107	107		-538			13,777		122		15,278	9,248	5,836	557			2,679	1,383			236,794	1,940	298
Boulia Shire Council	1,109	11,917	3,316	3,237	15,860	12,623	0			-47			13,903		144		16,721	221	3,645	15			1,266	1,147			166,839	1,162	296
Brisbane City Council	1,062,567	2,070,666	687,324	313,093	1,843,963	1,530,870	99,191	99,170	21	-75,803		-96	544,565		20,109		763,596	868,655	1,221,019	79,591			599,666	1,773,325		48,501	20,586,309	1,901,417	4,925
Bulloo Shire Council	4,612	15,327	5,135	5,310	14,410	9,100	148	148		-484			19,391		68		20,305		378	483			1,667	2,507			199,721	2,990	316
Bundaberg Regional Council	144,461	186,774	63,891	44,498	165,551	121,053	3,027	3,027		-5,513			124,464	3,649	4,767		145,517	98,154	67,019	6,879			33,349	71,431			2,114,360	78,310	994
Burdekin Shire Council	38,877	49,852	19,868	11,102	46,077	34,975	242	242		-1,668			57,224		1,101	816	60,565		4,130	1,759			9,392	1,675			540,464	3,434	416
Burke Shire Council	2,622	13,614	4,153	4,672	25,117	20,445	0						9,899		164		11,827		2,424				2,279				155,449	0	303
Cairns Regional Council	252,261	295,118	95,211	91,091	291,727	200,636	1,598	1,598		-8,792			18,402		18,221	3,178	55,644		150,948	11,880			61,841	98,838			3,786,118	110,718	1,148
Carpentaria Shire Council	7,628	43,814	9,792	6,913	55,678	48,765	454	454		-519			15,535		731		18,380		11,314	531			5,923	8,334			378,145	8,865	479
Cassowary Coast Regional Council	63,424	77,961	24,592	26,560	79,663	53,103	0						48,706		7,130	1,776	60,094	36,059	22,257				17,911				1,153,357	0	600
Central Highlands Regional Council	80,814	121,626	37,373	34,286	120,262	85,976	3,237	3,237		-3,677			137,159		3,728	6,239	161,518	56,162	53,699	4,178			28,487	58,933			1,485,796	63,111	658
Charters Towers Regional Council	21,851	42,960	19,942	7,630	45,231	37,601	40	40		-131			39,092		1,227		45,227		9,641	137			7,490	1,232			521,770	1,369	397
Cherbourg Aboriginal Shire Council	58	7,243	4,119	2,384	9,422	7,038	0						6,087				7,693		1,719				1,297				124,214	0	314
Cloncurry Shire Council	13,810	27,165	8,311	10,482	28,460	17,979	602	602		-585			24,015		2,010		30,487		4,221	646			3,682	9,125			332,143	9,771	310
Cook Shire Council	7,054	24,234	10,361	10,329	32,113	21,784	263	263		-371			22,114		1,063	416	24,220		3,582	435			6,803	4,657			306,664	5,092	415
Croydon Shire Council	666	11,072	3,614	1,514	10,524	9,010	0						18,375				18,980	3,215	57				955				123,268	0	339
Diamantina Shire Council	1,210	16,493	5,035	4,159	19,026	14,867	116	116		-260			15,747		286		18,615	6,260	561	188			1,676	2,382			154,893	2,570	229
Doomadgee Aboriginal Shire Council [2]																													
Douglas Shire Council	32,310	42,338	12,758	10,852	43,117	32,265	0						23,589		3,373		29,842	27,605	15,385				8,754				369,986	0	353
Etheridge Shire Council	2,608	20,501	6,274	4,364	23,336	18,972	11	11		-50			12,483		685		16,693		509	42			1,695	72			203,534	114	317
Flinders Shire Council	3,834	29,106	7,902	4,673	26,357	21,684	75	75		-265			27,928		451		31,616		2,548	267			3,348	1,919			224,261	2,186	414
Fraser Coast Regional Council	164,148	208,298	54,751	58,763	192,465	133,702	6,640	6,640		-16,333			214,539		27,287		265,000	92,553	35,059	17,382			47,486	89,798			2,525,984	107,180	970
Gladstone Regional Council [2]																													
Gold Coast City Council	1,070,447	1,278,387	330,302	247,031	1,285,008	1,037,977	40,405	40,405		-76,004			936,463		142,066	66,676	1,134,612	387,152	204,467	77,395			257,841	564,126			13,960,235	641,521	2,396
Goondiwindi Regional Council	19,112	36,830	12,897	9,214	36,393	27,179	72	72		-73			35,520		757	596	39,173	14,025	4,984	79			6,328	1,709			465,860	1,788	482
Gympie Regional Council	66,847	84,572	35,223	15,329	85,119	69,790	1,365	1,365		-1,079			42,995		7,094		58,253		64,175	1,204			16,686	18,252			1,149,322	19,456	783
Hinchinbrook Shire Council	24,842	30,332	15,420	8,427	32,656	24,229	0						28,382		1,821	611	32,934	11,959	4,937				4,007				307,465	0	425
Hope Vale Aboriginal Shire Council	0	18,327	4,933	3,018	17,502	14,484	0						18,348				21,159		648				1,194				104,240	0	343
Ipswich City Council	186,233	288,013	86,438	64,982	255,211	190,229	13,226	13,226		-19,240			139,601		4,270		168,828	176,608	110,896	37,907			101,578	195,661			2,546,985	233,568	1,171
Isaac Regional Council	79,966	101,576	36,088	23,272	100,475	77,203	479	479		-1,128			82,186		3,928	1,085	108,056	59,450	16,392	1,183			19,187	23,413			1,151,379	24,595	659
Kowanyama Aboriginal Shire Council	415	17,680	7,747	7,277	24,285	17,008	55	55		-119			8,506				11,409		1,632	122			2,560	1,768			143,150	1,890	305
Livingstone Shire Council	69,975	85,417	31,626	20,974	77,410	56,436	3,964	3,964		-4,177			43,197		4,936		57,390	79,019	32,029	4,911			22,625	80,370			903,367	85,281	658
Lockhart River Aboriginal Shire Council	0	13,892	4,584	2,063	13,088	11,025	0						10,188				12,666		938				2,972				94,830	0	306
Lockyer Valley Regional Council	38,299	61,208	24,110	12,883	55,525	42,642	1,969	1,969		-6,120			25,943		2,422		34,547		5,956	1,390			13,043	24,940			596,397	26,330	592
Logan City Council	418,304	511,157	134,282	109,107	468,726	359,619	12,124	12,124		-12,259			323,304		19,898		397,411	190,472	137,697	13,393			112,126	175,050			5,551,762	188,443	1,843
Longreach Regional Council	9,437	30,677	13,337	6,384	36,529	30,145	891	891		-60			28,306		931		34,201		20,887	559			7,598	20,171			306,395	20,730	360
Mackay Regional Council	212,619	266,865	81,873	76,505	254,862	178,357	10,559	10,559		-12,273	-308		184,873		10,178		212,192		74,969	13,471	308		81,680	145,472	1,232		3,240,771	160,483	1,348
Mapoon Aboriginal Shire Council	146	9,144	3,447	1,914	11,332	9,418	0						7,537		1,617		9,545						1,413				72,499	0	347
Maranoa Regional Council	31,126	73,531	28,924	20,718	77,488	56,770	597	597		-1,543			72,988		3,092		83,631		45,709	1,600			15,819	12,721			830,674	14,321	751
Mareeba Shire Council	29,040	50,605	17,123	9,435	43,743	34,308	274	274		-354		-32	44,837		3,200		54,551		14,053	382		21	6,494	5,791		150	466,426	6,344	493
McKinlay Shire Council	2,908	12,403	4,714	4,403	14,281	9,878	0						12,862		228		15,379		773				1,353				204,801	0	310
Moreton Bay Regional Council	295,462	528,180	121,734	95,939	373,263	277,324	22,367	22,367		-27,554			313,852		7,824		365,070		86,693	31,533			94,897	354,463			6,442,600	385,996	1,835
Mornington Shire Council	1,877	14,323	6,906	5,980	20,371	14,391	0						7,404				10,129		12,935				6,351				122,577	0	313
Mount Isa City Council	40,761	57,932	11,816	12,493	52,955	40,462	1,513	1,513		-1,512			46,175		6,027		58,848		7,938	1,374			6,178	23,624			431,620	24,998	482
Murweh Shire Council	6,332	20,963	6,856	5,213	23,318	18,105	202	194	8	-344			7,206		1,034		11,797		2,194	375			6,126	2,528			370,544	2,903	318
Napranum Aboriginal Shire Council	0	11,225	5,991	2,402	12,299	9,897	0					736	5,235				8,374		1,981		165		2,685				77,882	165	303
Noosa Shire Council	64,011	100,518	30,460	15,120	84,728	69,608	2,104	2,104		-5,165			64,193		4,420		75,511		39,687	3,969			20,995	32,171			1,016,024	36,140	536
North Burnett Regional Council	16,284	35,963	14,521	14,102	41,553	27,451	179	179		-603			31,276		1,173	733	34,156		11,489	633			8,829	2,983				3,616	411
Northern Peninsula Area Regional Council	2,687	36,953	10,664	5,868	42,383	36,515	0			-2,571			12,682				20,656		5,022				3,116				168,383	0	364
Palm Island Aboriginal Shire Council	0	25,718	9,752	3,906	24,463	20,557	0						7,369				10,754	639	1,342				2,327				278,068	0	468
Paroo Shire Council	3,904	14,708	5,479	7,005	19,154	12,149	135	135		-154			7,395		452		10,806		1,986	170			2,771	1,535			245,656	1,705	232
Pormpuraaw Aboriginal Shire Council	280	14,767	3,486	4,633	12,358	7,725	0						22,748				24,420		231				1,243				142,918	0	329
Quilpie Shire Council	4,675	16,501	5,823	5,699	17,717	12,018	0						19,553		158		22,127		1,468				1,214				216,495	0	303
Redland City Council	228,960	264,478	84,504	63,094	276,646	213,552	2,824	2,824		-4,657			138,562		18,916	5,955	187,600	66,992	22,615	7,728			56,324	32,451			2,641,500	40,179	1,422
Richmond Shire Council	1,560	10,285	5,117	5,990	17,649	11,659	0			-478			5,642				8,819		3,421	498			2,322	4,405			195,189	4,903	382
Rockhampton Regional Council	136,097	195,463	73,580	51,641	175,929	124,288	7,372	7,372		-19,262			81,462		7,460	669	101,931	108,081	93,869	20,614			56,049	103,345			2,293,028	123,959	997
Scenic Rim Regional Council	50,517	73,875	28,747	16,101	68,414	52,313	963	963		-1,037			45,862		1,894		58,925	74,284	35,166	1,233			22,793	21,981			801,414	23,214	536
Somerset Regional Council	21,130	39,447	14,041	8,456	38,982	30,526	0						74,519		2,234		79,647	11,795	1,214				6,016				446,026	0	680
South Burnett Regional Council	45,352	64,534	22,632	16,396	62,595	46,199	1,951	1,904	47	-2,528			39,672	3,490	4,895		47,572		14,316	2,624			11,201	39,428			933,254	42,052	706
Southern Downs Regional Council	54,138	72,897	22,171	16,095	65,925	49,830	1,358	1,358		-1,500			50,271		2,678		59,104		28,558	1,470			18,380	20,783			784,906	22,253	679
Sunshine Coast Regional Council	289,183	434,699	138,727	76,342	408,000	331,658	9,065	9,065		-30,351			290,202		3,982		445,374		151,703	22,111	840		141,590	257,416	10,920		4,946,970	291,287	1,765
Tablelands Regional Council	40,911	57,881	23,629	13,076	56,491	43,415	390	390		-653	-61		48,529		2,009		53,465		16,595	683			9,488	6,751			566,980	7,434	567
Toowoomba Regional Council	242,741	313,240	108,536	94,511	292,210	197,699	8,883	8,883		-10,995			139,190		10,200		191,560		178,510	10,485			66,837	151,715			4,072,352	162,200	1,347
Torres Shire Council [2]																													
Torres Strait Island Regional Council	1,404	92,288	22,914	44,953	129,233	84,280	0				-55		60,057				71,842		10,373	60			11,638	168			938,889	228	962
Townsville City Council	326,316	384,879	116,525	114,023	351,140	237,117	21,887	21,888	-1	-23,884			85,979		20,235		134,362	230,750	222,269	26,258			122,267	317,950			4,388,225	344,208	1,396
Western Downs Regional Council	81,238	147,460	45,863	40,948	130,878	89,930	2,217	2,217		-13,074			127,211		8,057		148,570		42,440	354			25,535	4,641			1,669,357	4,995	668
Whitsunday Regional Council	80,311	128,117	33,916	23,975	116,486	92,511	2,766	2,766		-2,572			58,397		9,518		77,299		33,482	2,827			21,717	46,105			984,551	48,932	548
Winton Shire Council	3,796	17,359	7,120	5,580	20,081	14,501	159	159		-200			31,073		324		33,846		26,840	229			6,644	1,945			257,480	2,174	376
Woorabinda Aboriginal Shire Council [2]																													
Wujal Wujal Aboriginal Shire Council [2]																													
Yarrabah Aboriginal Shire Council	150	15,679	5,925	4,745	19,768	15,023	0						8,232		53		9,711	9,954	2,189				2,070				144,972	0	316

NOTES

[1] Data published April 2019

[2] Data has not been received from Gladstone Regional Council, Torres Shire Council and Doomadgee, Woorabinda and Wujal Wujal Aboriginal Shire Councils