



Queensland Treasury Response to Commonwealth Grants Commission

Remoteness Classification

Staff Discussion Paper CGC 2013-01

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Queensland welcomes the opportunity to provide comments on Discussion Paper 2013-01 *Remoteness Classification*. Comments on issues raised in the paper are detailed below.

Treatment of Capital Cities

The ARIA/SARIA indexes are designed to measure the “ease or difficulty with which the residents of non-metropolitan Australia can access a range of basic services”¹. One factor in this measurement is the role of large (or capital) cities in providing services. ARIA/SARIA are based on the premise that the geographical remoteness of population centres can be measured by the distances its residents need to travel to gain access to particular types of services, including those provided in large (or capital) cities.

Any decision as to whether particular adjustments should be applied to the current SARIA methodology needs to be made in the context of this fundamental premise. On that basis, the important question in deciding the treatment of smaller capital cities (or larger non-capital cities) in SARIA are the kinds of services that are available in these cities (affecting not only the residents of the city itself, but the distance regional and remote residents must travel to access services). The extent to which visits from head office staff drive service delivery costs, and similarities between the attributes of residents in different types of cities are far less relevant to SARIA (even though these may be the kinds of issues that would affect the Commission’s decision making more generally).

In any case, attributes and use patterns of residents could easily reflect factors other than remoteness and city size, such as Indigeneity or Socio-Economic Status. Similarly, the level of bulk billing is not useful for this analysis, because it only reflects the willingness of local medical practitioners to offer bulk billing in different regions, which is not relevant to the question of whether different kinds of services are provided in Darwin or Hobart than other capital cities, or whether they are used or offered in different ways.

Hobart and Darwin are currently reclassified in SARIA as Category A service centres on the basis that they provide capital city functions to the residents of those states. If this decision is to be revisited, the analysis should examine whether smaller capital cities provide the same functions for their states as larger capital cities, similar to the examination of private hospital service provision that resulted in Darwin being treated as moderately accessible in the Admitted Patients assessment. Queensland considers it is likely that the availability and level of services is similar between small and large capital cities, but if it is found that larger capital cities provide the kinds of services not available in smaller capitals, it may need to be taken into consideration more broadly for states’ expenditure requirements.

If strong evidence cannot be found that the types of services available in smaller capital cities are not similar to larger capital cities, the current SARIA treatment should apply in the 2011 version.

¹ *Report on the Development of a State Based Accessibility/Remoteness Index for the Commonwealth Grants Commission*, National Centre for Social Applications of Geographical Systems (GISCA) 2008

Impermeable Borders

Queensland considers that there is conceptual merit to removing the impermeability of borders rule from SARIA. It is far more likely that a resident of Tweed Heads would choose to access services in Brisbane or the Gold Coast than in Sydney. However, the removal of the impermeable borders assumption would not be consistent with the current assessment of cross-border costs, which only recognises these influences for Canberra and the surrounding regions of New South Wales. Were the impermeability of borders rule to be removed, the recognition of cross-border disabilities would need to be expanded for consistency.

It may be simpler to continue to apply the impermeability of borders rule in 2011 SARIA, as both its removal and an expanded cross-border assessment are likely to have a minor impact on the Commission's assessments.

Truncation of ratios

There does not appear to be significant reason to move from the current methodology of not truncating SARIA scores. As noted in the GISCA Report, while truncation reduces the effect of very high remoteness scores having a disproportionate influence on the remoteness categories in ARIA, the assumption of impermeable borders as well as the classification of state capitals as category A service centres in SARIA limits this effect.

Truncation may be appropriate if the decision is made to adopt other assumptions of the ARIA index, but Queensland supports continued use of untruncated scores if SARIA is kept. Under SARIA, the untruncated scores better reflect the difference in cost of service provision to very remote population centres, as intended in the remoteness classification.

It should be noted that if Darwin and Hobart were to be no longer classified as capital cities, the truncation of ratios may be necessary.

Population estimates

It is appropriate to base the decision on which population estimates to use on whether the level and range of services provided is similar among communities with similar usual resident populations or similar enumerated populations. Queensland supports further investigation on this issue, as the remoteness framework should reflect the increasing impact of fly-in-fly-out workers on remote communities.

Conclusions

Queensland supports the development of a 2011 version of SARIA that maintains the 2006 criteria, as there do not appear to be compelling reasons to alter the SARIA methodology. If the Commission decides to adopt some of the ARIA assumptions for SARIA, this should ensure that the revised assumptions work well when applied together. Particularly, if small capital cities are to be reclassified as towns of 48,000 to 250,000 and borders are taken to be permeable, it would be preferable to also truncate the impact of distance (to avoid a disproportionate impact of very long distances from population centres to large cities).