

A couple of points:

Service usage levels

- The CGC suggests that Darwin and Hobart have use patterns for some services (bulk billing and year 12 retention) that are more like regional cities than State capital cities. However, the CGC Staff acknowledge that these services do not fully explain the service provision patterns measured in other assessments, nor do they fully control for other differences between cities. In the absence of strong evidence, NSW sees no compelling evidence for changing the current remoteness classification system used by the CGC.

Permeability

- The e-mail suggests that the NSW Treasury staff paper indicates that State borders are impermeable. It is clearly the case that State borders are not impermeable. Cross border use of State services occurs, though the impact of this is captured in the cross border assessments or in bilateral or multilateral agreements between States. NSW considers the main issue is whether the administrative linkage of state service providers in border areas to state capitals or regional centres in the same state rather than towns across the border exerts a sufficient influence on their costs of service provision. This is an empirical question.
- **Population**

The CGC Staff have sought strong evidence from the States that fiscal equalisation mandates a variation from usual ABS census practice on population basis. However, the Commission previously noted in Discussion Paper CGC 2013-01 (Remoteness Classification) that it has little data upon which to make a recommendation. NSW Treasury considers the CGC should continue to use the usual resident census counts. If there is little data on which to make a change, NSW Treasury sees no need for change.