

The following reflects the Northern Territory's response to the Commission staff's position on remoteness as outlined in your email below.

In the Territory's response to *Staff Discussion Paper CGC 2013-01*, we highlighted the strengths of SARIA over ARIA and expressed the Territory's concern over some aspects of ARIA, particularly the truncation of remoteness scores. However, we consider that the key issue for the Territory is the treatment of Darwin as a regional city, rather than a capital city, for the purposes of determining the impacts of remoteness on the cost of delivering government services. As stated in our submission, and demonstrated by Commission staff through analysis of Medicare bulk billing rates and Year 12 completion rates in the discussion paper, Darwin's costs and service use rates are akin to those of other similar-sized cities, rather than other capital cities.

We note that, in this respect, ARIA appears to provide the more appropriate treatment of Darwin and recognition of the difference between Darwin and other capital cities in terms of service delivery costs. In addition, the Territory acknowledges that implicit in the treatment of Darwin as a regional city is the assumption of permeable borders, to allow for a reasonable consideration of Darwin's remoteness from the major population centres in Australia.

While the Territory does not support truncation, as applied in ARIA, it recognises that ARIA provides for a better treatment of Darwin as a regional centre. On this basis the Territory accepts the use of ARIA for remoteness classification.

I trust that the Territory's position will be given due consideration ahead of the Commission staff's recommendation of a suitable geography choice to the Commission later this month.