



# **COMMONWEALTH GRANTS COMMISSION**

**DISCUSSION PAPER CGC 2002/43**

## **ISOLATION**

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## THE 1999 REVIEW ASSESSMENT APPROACH

1. Isolation disabilities relate to unavoidable costs incurred by some States because of the distances of those States from other State capitals and sources of supply. Isolation-related costs are considered to affect most State functions, and include:

- (i) *labour-related costs* such as leave fares, rental subsidies, recruitment expenses, additional recreation leave and fringe benefits tax;
  - (ii) *freight costs* on the movement of goods and materials used in service provision (including construction materials, plant and equipment) due to distances from the sources of supply in other States;
  - (iii) *airfares and travel allowances* relate to attendance by officials at meetings and conferences in other State capital cities;
  - (iv) *travel related subsidies* arising from the need to subsidise travel expenses of artistic performers, sport persons, student and hospital patients treated interstate;
  - (v) *professional infrastructure* isolation costs arising from the need to bring in professional expertise not available locally; and
  - (vi) *commercial isolation* costs which account for higher costs of goods (such as high technology equipment and medical supplies) due to small markets and geographical isolation.
2. The isolation factor is calculated by:
- (i) assessing isolation-related expenditure for each State; and
  - (ii) comparing each State's per capita isolation-related expenditure with the Australian average.

The factor is applied to a separate (small) isolation-affected expenditure component in each relevant category. In this way, unintended interactions between isolation disabilities and other assessed demand and cost disabilities are avoided.

3. The factor is updated annually. The Northern Territory provides new estimates of its labour related and professional infrastructure costs each update. Labour related costs for Western Australia and Tasmania, and freight costs, travel allowances, travel-related subsidies and commercial isolation costs are updated using the consumer price index. Airfares are updated using current Qantas business and economy class airfares.

4. Table 1 summarises the Commission's assessment of isolation-related costs for the 2002 Update, using the methods developed in the 1999 Review.

**Table 1** ISOLATION-RELATED COSTS, 2000-01

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Labour Related Costs				2.127		4.543		38.608	45.278
Freight Allowances				28.379		0.851	0.425	38.175	67.830
Airfares	2.233	2.398	3.392	5.132	3.081	3.427	2.191	5.749	27.602
Travel Allowances	0.134	0.115	0.192	0.613	0.347	0.380	0.115	1.343	3.240
Travel related subsidies				1.117	0.372	0.744	0.319	2.262	4.815
Professional Infrastructure								2.547	2.547
Commercial isolation						4.727		4.727	9.454
Total isolation-related expenditure	2.367	2.513	3.584	37.368	3.800	14.673	3.051	93.410	160.765

Source: State data returns and Commonwealth Grants Commission.

5. Table 2 shows the calculation of the isolation factors in the 2002 Update, based on the assessed isolation-related costs set out Table 1. The factors were used for all the five assessment years of the Update.

**Table 2** CALCULATION OF ISOLATION FACTORS, 2002 UPDATE

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Assessed exp (\$m)	2.367	2.513	3.584	37.368	3.800	14.673	3.051	93.410	160.765
Standardised (\$pc)	0.36	0.52	1.00	19.69	2.53	31.21	9.76	475.50	8.34
Isolation factor	0.04366	0.06276	0.11944	2.36089	0.30373	3.74115	1.17006	57.00380	1.00000

Source: Commonwealth Grants Commission.

6. The isolation factors are set out in Table 2. No other disability factors are applied to that component of the expenditure. For each relevant category, the standard proportion of expenditure due to isolation was calculated by:

- (i) allocating a share of the isolation-related costs to each category on the basis of the category's expenditure as a proportion of total expenditure in all categories affected by isolation; and
- (ii) expressing the per capita isolation-related costs allocated to each category as a percentage of the total standard per capita expenditure for the category in 1997-98.

7. Table 3 shows the estimated standard isolation-related expenditure component weights assessed in each of the relevant categories in the 1999 Review. These component weights have remained unchanged in all subsequent updates.

**Table 3** ISOLATION-RELATED COSTS AND CATEGORY EXPENDITURE COMPONENT WEIGHTS, 1997-98

ACAT	Expenditure category	Isolation-related Expenditure		Expenditure Weight	Rounded weight
		%	\$m		
	<b>Education</b>				
4010	Pre-schools	0.8	1.156	0.003443	0.34
4020	Government Primary Education	9.8	14.913	0.002530	0.25
4040	Government secondary Education	6.5	9.864	0.001957	0.20
4060	VET	5.2	7.869	0.002696	0.27
	<b>Health</b>				
4330	Hospitals	18.8	28.619	0.002888	0.29
4350	Nursing Homes	1.0	1.496	0.002997	0.30
4370	Mental Health	1.8	2.679	0.002170	0.22
4390	Community Health	5.0	7.540	0.002113	0.21
4395	Public Health	1.0	1.553	0.002147	0.21
	<b>Law, Order and Public Safety</b>				
4440	Police	6.2	9.384	0.002943	0.29
4450	Administration of Justice	4.0	6.056	0.004085	0.41
4460	Corrective Services	2.8	4.297	0.004339	0.43
4470	Public Safety & Emergency Services	1.8	2.697	0.003080	0.31
	<b>Welfare</b>				
4535	Family and Child Welfare	1.3	1.929	0.001924	0.19
4545	Aged and Disabled Welfare	1.2	1.758	0.000893	0.09
4560	Housing	2.1	3.143	0.001516	0.15
	<b>Concessions and Other Payments</b>				
4620	Concession – Water Supply	0.7	1.050	0.002310	0.23
	<b>Culture and Recreation</b>				
4710	Culture and Recreation	4.7	7.172	0.008752	0.88
4720	National Parks & Wildlife Services	1.3	1.997	0.005290	0.53
	<b>Aboriginal Community Services</b>				
4830	ACS	2.1	3.242	0.021455	2.15
	<b>General Public Services</b>				
5170	Other General Public Services	8.7	13.176	0.007589	0.76
	<b>Services to Industry</b>				
5410	Primary Industry	3.5	5.344	0.004288	0.43
5450	Mining, Fuel and Energy	1.5	2.207	0.008362	0.84
5455	Tourism	2.5	3.823	0.015248	1.52
	<b>Transport</b>				
5510	Roads	3.1	4.784	0.001892	0.19
	<b>Economic Affairs and Other Purposes</b>				
5590	Regulatory & Other Services	2.8	4.210	0.003813	0.38
		100.0	151.958		

Source: Commonwealth Grants Commission.

## ISSUES

8. The issues to be addressed for the 2004 Review are:
- (i) whether to continue to assess isolation as a single factor component, or to adopt a 'category' approach to the assessment;
  - (ii) whether capital related isolation costs need to be recognised; and
  - (iii) what the new factors and component weights should be, using updated data, if the approach remains unchanged.

9. ***Component or category approach to assessment.*** In the 1993 Review, needs arising from isolation were calculated as dollar amounts in a separate category (which had a zero standard expenditure), rather than under each category where the isolation costs were incurred. In the 1999 Review, the Commission decided that in the interests of transparency and to avoid double counting, isolation-related expenditure would be assessed as a separate component in each expenditure category to which it applied, and that an isolation disability factor would be applied to that component.

10. Some States have been critical of the complexity this has added to the assessments. It has added an additional, usually small, component to many categories and has introduced apparent precision to the frameworks, with categories showing very small isolation components.

11. Although no State has specifically suggested reverting to the 1993 Review approach to isolation, in commenting on the Commission's standard budget proposals, Western Australia suggested that the Commission might consider adopting a broader standard budget structure. This would include the adoption of global measures of revenue and expenditure need, which would more likely result in a State's broader objectives being achieved. Western Australia quoted the Commission's previous (1993 Review) 'lump sum', or category approach to the isolation assessment as a good example of a global expenditure assessment.

12. We do not think that Western Australia is suggesting a change to the isolation assessment unless we were to adopt the global expenditure assessment approach more generally. We therefore do not propose to revert to a lump sum assessment for isolation because we believe that isolation is more correctly assessable as a common disability factor rather than as a function of government.

13. ***Capital related costs.*** Some States have argued strongly that the costs of providing assets for service provision are influenced by their isolation from other States, from other State capitals and sources of supply. This affects both the cost of obtaining building supplies for construction, plant used in construction and equipment used in service provision.

14. ***Data issues.*** In general, the assessment of isolation depends heavily on the accuracy and policy neutrality of isolation-related cost estimates provided by the States, or estimated by the Commission. As part of its review processes, the Commission intends to

verify the isolation-related costs to be assessed in the 2004 Review and will do so through a special data collection.

15. Comments on the draft in the Attachment would be appreciated by Friday 29 November 2002. We will then finalise the request and forward it to the States before Christmas. We ask that the States respond to the data request by Friday 14 March 2003 at the latest. Updating the isolation expenditure component weights in the 2004 Review remains a key issue.

16. On specific data matters, South Australia and the ACT have argued that they incur isolation costs on freight and labour that are not presently reflected in the factor. These matters are addressed below.

### **THE PROPOSED 2004 REVIEW ASSESSMENT APPROACH**

17. We do not propose to change the isolation assessment approach in the 2004 Review, nor do we propose to change the scope of the isolation related costs. We are not inclined to introduce a specific depreciation related isolation factor but would consider this if data supported it. We intend to update the isolation costs and expenditure component weights in all relevant categories.

18. The remainder of this paper considers State arguments on labour-related costs and freight. State views are summarised, issues are identified and analysed, and options for assessment presented. The issues States have raised relate to refinement of the existing assessment approach rather than wholesale change.

19. States have not commented on:

- (i) airfares and travel allowances;
- (ii) travel related subsidies;
- (iii) professional infrastructure costs; or
- (iv) commercial isolation costs.

### **LABOUR RELATED COSTS**

20. In the 1999 Review, various labour-related conditions and benefits were considered necessary for the effective recruitment and retention of staff in the Northern Territory. Costs considered as labour-related were the Territory allowance, leave fares, rental subsidies, recruitment expenses, additional recreation leave, fringe benefits tax and recruitment costs. The amounts were estimated by reference to data provided on actual expenditure on these items. The costs associated with the payment in lieu of additional recreation leave were reduced by 50 per cent to remove double counting with the wages

factor in the input cost assessment. Based on 2000-01 data, that reduction was \$13.863 million in the 2002 Update.

21. The Commission accepted that Western Australia and Tasmania also suffer higher costs in recruiting and retaining professionals. After considering expenditure data provided by the States, it assessed labour-related allowances of \$2 million for Western Australia and \$4 million for Tasmania in the 1999 Review.

### *State Views*

22. The ACT was the only State to comment on this expenditure component. It argued that the Commission should adjust the isolation assessment to reflect the extra costs faced by the ACT in recruiting and retaining specialist medical staff. (The ACT argued for the assessment to be made as part of the Professional Infrastructure element, but the claim was considered to be more applicable to labour-related isolation costs).

### *Issues*

23. The ACT argued that the Commission should introduce an allowance for its labour related costs in the isolation assessment. It claimed that due to its role in the region and the need to provide a comprehensive range of services, the ACT is required to provide a wide range of specialist services. It argued that the ACT's high labour related costs for hospitals stem from the difficult market environment in which it must recruit and retain an effective medical workforce at benchmark costs. It argued that Sydney and Melbourne hospitals are relatively more attractive than those in the ACT as most doctors prefer to work in larger hospitals where there is a wider range of career paths, latest technologies, and better teaching facilities.

24. The ACT supported its claims by noting:

- (i) the large variation in interstate population movement across the States, with the ACT and the Northern Territory having easily the highest rates (that is, mobility of ACT workforce); and
- (ii) the relatively high costs of employing Visiting Medical Officers (VMOs) in the ACT.

25. ***Mobility of ACT Workforce.*** Table 5 shows the variation in interstate population movement across the States, with the ACT and the Northern Territory standing out as having very high levels of population turnover compared to the Australian average. Population turnover in the ACT is three times that of the Australian average. The ACT argued that this demonstrated the difficulties of attracting and retaining medical practitioners in the ACT's hospitals.

**Table 5** INTERSTATE MOVERS, YEARLY AVERAGE FOR PERIOD  
JULY 1996 TO JUNE 2000

Arrivals/ Departures	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total Arrivals
NSW		23 059	37 385	7 634	7 056	2 933	11 475	2 699	<b>92 241</b>
Vic	24 595		18 224	7 379	9 177	4 278	2 637	2 392	<b>68 682</b>
Qld	49 394	20 673		7 167	6 659	4 018	3 586	5 271	<b>96 768</b>
WA	8 777	7 741	7 198		3 862	1 947	1 034	2 811	<b>33 370</b>
SA	6 706	7 577	5 355	3 204		1 026	756	3 307	<b>27 931</b>
Tas	2 636	2 972	2 745	1 574	905		283	328	<b>11 443</b>
ACT	10 851	2 268	2 556	824	899	388		474	<b>18 260</b>
NT	3 137	2 593	4 709	2 586	3 253	419	476		<b>17 173</b>
<b>Total Departures</b>	<b>106 096</b>	<b>66 883</b>	<b>78 172</b>	<b>30 368</b>	<b>31 811</b>	<b>15 009</b>	<b>20 247</b>	<b>17 282</b>	<b>365 868</b>
Gain/Loss	-13 855	1 799	18 596	3 002	-3 880	-3 566	-1 987	-109	
Turnover (arrivals)	92 241	68 682	96 768	33 370	27 931	11 443	18 260	17 173	365 868
Average ERP <sup>(a)</sup> July 1996 to June 2000 (millions)	6.3345	4.6589	3.4526	1.8267	1.4860	0.4472	0.3089	0.1894	18.7287
Turnover per thousand of ERP <sup>(a)</sup>	14.56	14.74	28.03	18.27	18.80	24.24	59.11	90.68	19.54

(a) Estimated resident population.

Source: Australian Bureau of Statistics, Catalogue 3412.0, p.84.

26. *Cost of employing VMOs in the ACT.* The ACT argued that having small numbers of specialists in each clinical area also meant that the ACT health system is especially vulnerable to the demands of particular specialists. It claimed that the shortage of specialists willing to work within a small system has provided the profession with disproportionate bargaining power, and that this power has been largely responsible for the ACT having a VMO cost per casemix-adjusted weighted separation which is 96 per cent above the Australian average over the three year period 1997-98 to 1999-2000 (Table 6).

**Table 6** VMO COST PER CASEMIX-ADJUSTED WEIGHTED SEPARATION,  
PUBLIC ACUTE HOSPITALS, BY STATE, 1997-98 TO 1999-2000

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1997-98	161	70	60	130	140	96	250	74	123
1998-99	165	61	59	153	141	94	208	45	116
1999-2000	160	61	63	141	141	54	224	38	110
3 year average	162	64	61	141	141	81	227	52	116
State average / Aust. average	1.40	0.55	0.53	1.22	1.22	0.70	1.96	0.45	

Source: ACT Submission. Australian Hospital Statistics, 1997-98 to 1999-2000, AIHW.

27. The additional costs faced by the ACT compared to the national average are shown in Table 7.

**Table 7** VMO COST PER CASEMIX-ADJUSTED WEIGHTED SEPARATION, PUBLIC ACUTE HOSPITALS, ACT VERSUS NATIONAL, TOTAL IMPACT OF HIGHER COST TO ACT PUBLIC HOSPITAL SYSTEM, 1997-98 TO 1999-2000

	ACT	National	Difference	Total Additional Cost to ACT Public System
	\$	\$	\$	\$m
1997-98	250	123	+ 127	7.0
1998-99	208	116	+ 92	5.4
1999-2000	224	110	+ 114	6.9

Source: ACT Submission. Australian Hospital Statistics, 1997-98 to 1999-2000, AIHW.

28. In summary, the ACT believes that the high mobility of its population, combined with the lack of non-profit private health services and less attractive facilities and career paths, places additional pressures on the public health system in terms of recruiting and retaining medical staff. In view of this, the ACT requested that these labour-related costs due to isolation be assessed to reflect the above standard costs faced by the Territory in recruiting and retaining staff. It suggested that a factor equivalent to \$3.4 million per annum, based on half of the VMO costs differential (to remove any policy influences) would represent a reasonable proxy for the extra costs faced by the ACT.

### *Commission View*

29. We are not convinced that the statistics presented measure an isolation disability. Is the ACT's high population mobility indicative of the movement of the health work force? To what extent is it influenced by the defence work force? Are the data on VMO cost per casemix (Table 6) actually measuring the effects of isolation, or are they measuring something else — something that is substantially policy influenced?

30. The doubt about whether only isolation costs are being measured (in the data presented in Table 6) arises when the VMO cost per casemix separation for the ACT, as indicated over the period 1997-98 to 1999-2000, is compared to that for Tasmania and the Northern Territory. Both jurisdictions are, by any measure, substantially more isolated than the ACT. That being the case, why is the ACT's VMO cost per casemix separation, on average over the three years studied, 181 per cent higher than that for Tasmania, and 338 per cent higher than for the Northern Territory?

31. The Commission thinks the high VMO cost situation in the ACT is largely policy-driven, rather than caused by the effects of isolation.

32. In view of this, we do not propose to assess a labour-related isolation cost element for the ACT in the 2004 Review.

### *Options for Assessment*

33. The key issue is whether the range and levels of labour-related costs assessed remains appropriate for the 2004 Review. We believe it does because the case for isolation-related expenditure is conceptually strong and data are available to support these assessments. We are inclined to continue the existing assessment method for labour-related costs in the 2004 Review. The cost estimates will be verified and updated before final assessment decisions are taken.

## **FREIGHT ALLOWANCES**

34. In the 1999 Review, freight costs due to isolation were assessed as follows.

- Western Australia's isolation freight allowance was assessed on the assumption that freight costs represented 10 per cent of the value of goods purchased and that half the freight costs were isolation-related (\$26.7 million).
- Tasmania's freight needs were assessed as \$0.8 million, updating data provided for an earlier year.
- Needs for the ACT were assessed as 50 per cent of those for Tasmania (\$0.4 million).
- The Northern Territory's isolation-affected freight costs were estimated as 15 per cent of 50 per cent of non-labour costs (\$35.9 million).

### *State Views*

35. South Australia was the only State to comment on this cost element. It noted that while freight disability costs were currently assessed for four States, the other four also faced isolation costs to differing extents. South Australia argued that the geographical separation of Adelaide from the eastern capitals should be recognised in the freight assessments, and provided the following table in support of its claim. South Australia argued that Adelaide was the next most distance-isolated capital city after Perth and Darwin.

**Table 8** DISTANCE BETWEEN STATE CAPITALS

From/to:	Perth	Adelaide	Hobart	Canberra	Darwin
	kms	kms	kms	kms	kms
Sydney	4 371	<b>1 415</b>	1 185	284	4 404
Melbourne	3 641	<b>945</b>	316	656	5 273
Brisbane	4 753	<b>2 057</b>	1 852	1 267	3 421

Source: Royal Automobile Association.

36. South Australia suggested that the Commission could follow a method similar to that used to estimate Western Australia's isolation-related freight costs for the 1999 Review and attribute 8 per cent of the cost of its goods to freight costs. As previously noted, the Western Australian figure is currently assessed on an assumption that freight costs comprise 10 per cent of the estimated total value of goods purchased, and that 50 per cent of this amount is isolation related.

37. The South Australian State Supply Board (SSB) — the only data source available — estimated that for 2000-01 the value of goods purchased by the South Australian Government under major contracts totalled \$149 million. Advice received from the South Australian Treasury indicated that the SSB can only split purchases into goods, services and consultancies, and that the amount of \$149 million represented goods only. There is very little information available on the type of goods freighted. SSB officers estimated that about 90 per cent of this amount comprises non-capital goods, with capital goods accounting for 10 per cent of the total.

38. The South Australian SSB also indicated that it was unable to provide the Commission with an estimate of the proportion of the freight costs of the goods (included in the \$149 million) which actually came from interstate. Because of this, we have adopted the Western Australian method (refer previously) to estimate South Australia's isolation-related freight costs for 2000-01.

39. Assuming that freight costs comprise 8 per cent of the total value of goods, this produced an estimate of about \$12 million for freight costs. South Australia suggested that the isolation-related cost proportion of this amount be assumed to be 25 per cent (half of that applied to Western Australian freight costs). Adopting this method for the 2002 Update would have produced an estimate of isolation-related freight costs for South Australia of about \$3 million.

### *Commission View*

40. We think South Australia could be considered isolated on the basis of distance, compared with Tasmania and the ACT. While we are sympathetic to the assessment of an isolation-related freight cost disability for South Australia, we consider the estimate of 8 per cent for freight costs (compared with 10 per cent for Western Australia) to be too generous. Road distance data in Table 8 indicate that Perth is about three times more isolated than Adelaide is from Sydney, Melbourne and Brisbane. Given this, a freight cost proportion of about 4 per cent (rather than 8 per cent) of the total value of goods purchased may be more appropriate, assuming some of the freight cost will be a flat fee, and the rest

distance related. Thus an estimate of South Australia's isolation-related freight costs would have been about \$1.5 million in the 2002 Update.

41. For the 2004 Review, we propose to continue assessing isolation cost disabilities in relation to freight. We are inclined to include South Australia as a State with a relative disability if the determined allowance is thought material. We will review the costs attributed to this disability for all States and bring them up to date with the data we plan to collect in 2003.

**DRAFT ATTACHMENT****2004 REVIEW — ISOLATION SPECIAL DATA COLLECTION*****Isolation-related Costs***

The Commission seeks data, comment and supporting information from the States to assist it to review the isolation assessment for the 2004 Review. It is likely that some States will incur few of these costs, in particular New South Wales, Victoria and Queensland. However, if States do incur these costs, the data or whatever evidence they have available should be provided. Please provide data on the following:

- (i) Labour related costs. Relevant costs include the Territory allowance, leave fares, rental subsidies paid to recruits from interstate, interstate recruitment expenses for medical and other professional staff, additional recreation leave and fringe benefits tax (assessed for Western Australia, Tasmania, and the Northern Territory in the 1999 Review).
- (ii) Freight costs arising from the purchase of goods and materials from interstate sources of supply used in State service provision (including capital items such as construction materials, plant and equipment). Where possible, estimates of freight costs should provide a breakdown of the types of goods freighted, especially between capital and recurrent, and place of purchase i.e. in or out of State (assessed for Western Australia, Tasmania, the ACT and the Northern Territory in the 1999 Review).
- (iii) The level of travel allowances paid to officials for each State on interstate trips (assessed for all States in the 1999 Review).
- (iv) Other travel-related subsidies. This element comprises costs arising from subsidies to attract performers and sports people from interstate and to send teams to the other States. It also includes costs incurred when patients are sent interstate because of the absence of suitable medical facilities and/or services in their own States (assessed for Western Australia, South Australia, Tasmania, the ACT and the Northern Territory in the 1999 Review).
- (v) Professional infrastructure costs — costs relating to travel and associated issues incurred in engaging interstate consultants and professional advisors, including those involved in judicial inquiries (assessed for the Northern Territory in the 1999 Review).
- (vi) Commercial isolation costs — in recognition of the higher costs of importing some goods and services due to their small markets and isolated geographical location (assessed for Tasmania and the Northern Territory in the 1999 Review).

**Interstate Conferences and Extra Overnight Stays**

42. The Commission seeks State data and comment on:

- (i) the annual pattern and level of attendances by State officials at interstate conferences since the last review, and the basis of their air fares; and
- (ii) the annual pattern and level of extra overnight stays by State officials at interstate conferences over the same period.

43. To assist in responding to this part of the data collection, the distribution of interstate conference attendees and extra overnight stays currently assumed in the assessment of isolation-related airfares and travel allowance costs, is set out below.

44. **Airfares** In the 1999 Review, the Commission calculated airfares costs for interstate travel on the assumptions that:

- a total of 3470 State officials were required to attend interstate meetings annually;
- meetings were rotated among the State capitals with a concentration in Canberra, Sydney and Melbourne;
- trips were costed using at the Qantas Airlines Business and Economy Class fares; and
- 20 per cent of trips would be made at the business class fare level and 80 per cent of trips would be made at the economy fare level.

45. Table 9 below shows the notional distribution of conference participants adopted by the Commission for the 1999 Review.

**Table 9** NOTIONAL DISTRIBUTION OF CONFERENCE PARTICIPANTS, 1999 REVIEW

Destination	Origin							
	Sydney	Melbourne	Brisbane	Perth	Adelaide	Hobart	Canberra	Darwin
Sydney		850	850	850	850	850	850	850
Melbourne	700		700	700	700	700	700	700
Brisbane	350	350		350	350	350	350	350
Perth	350	350	350		350	350	350	350
Adelaide	350	350	350	350		350	350	350
Hobart	85	85	85	85	85		85	85
Canberra	700	700	700	700	700	700		700
Darwin	85	85	85	85	85	85	85	

Source: Commission decision, 1999 Review.

46. **Travel Allowances** In the 1999 Review, the Commission recognised that as a result of distance and airline schedules, officials from some States must spend additional nights away from home to attend conferences or meetings, or to complete a full day of work at the destination city. The Commission accepted that Western Australian officials incurred an extra night of travel on 70 per cent of their trips and that Northern Territory officials incurred two extra nights on 85 per cent of trips. It also assessed allowances for extra nights of travel for officers from other States when they travel to Western Australia and the Northern Territory.

47. The Commission also accepted the arguments of South Australia and Tasmania and assessed an allowance for an extra night of travel for trips where airline schedules do not allow a full day of work at the destination cities. (South Australia submitted that because of airline schedules its officials incur an extra night of travel when they visit Brisbane, Hobart and Canberra. Tasmania also argued that its officials attract similar extra travel allowances when conferences are held in Sydney and Canberra). Expenditure was then estimated by applying the daily travelling allowance to the relevant number of extra nights.

48. The following table shows the notional distribution of extra overnight stays by conference participants adopted by the Commission for the 1999 Review.

**Table 10** NOTIONAL DISTRIBUTION OF EXTRA OVERNIGHT STAYS BY CONFERENCE PARTICIPANTS, 1999 REVIEW

Destination	Origin							
	Sydney	Melbourne	Brisbane	Perth	Adelaide	Hobart	Canberra	Darwin
Sydney		0	0	850	0	850	0	1700
Melbourne	0		0	700	0	0	0	1400
Brisbane	0	0		350	350	350	0	350
Perth	350	350	350		350	350	350	350
Adelaide	0	0	350	0		0	0	700
Hobart	85	0	85	85	85		0	170
Canberra	0	0	0	700	700	0		1400
Darwin	170	170	85	85	85	170	170	

Source: Commission decision, 1999 Review.

### **Other Information**

49. The Commission also invites comment from the States on the possible impact of developments in information technology on the level of isolation-related costs.