



COMMONWEALTH GRANTS COMMISSION

DRAFT ASSESSMENT PAPER CGC 2003/68

CROSS-BORDER FACTORS

Prepared for the Commission's 2003 Conferences on Draft Assessments

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NOTE

Included in this paper are the results of preliminary calculations based on the methods proposed throughout the paper and using the data currently available. Those results are indicative only and should be seen as work in progress. Ongoing changes are being made to standards and factor calculations as new data come to hand. Moreover, the calculations have been done using a prototype assessment system and are subject to ongoing revision as checking processes proceed.

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INTRODUCTION

1. This paper reviews conceptual issues related to the assessment of cross-border factors and sets out assessment guidelines and a general approach to the assessment of cross-border factors. Category-specific cross-border assessments are considered in the relevant draft assessment papers.

THE 1999 REVIEW ASSESSMENT

Description of Cross-border factor

2. The cross-border phenomenon occurs because Canberra acts as a major regional centre for south-eastern New South Wales. As a result, some residents of New South Wales use ACT services. Conversely, some ACT residents use services in New South Wales. If the incoming and outgoing populations were exactly the same size, the net effect would be zero and both States would incur no additional service delivery costs. However, the use of some ACT services by residents of New South Wales exceeds the flow in the other direction and the ACT incurs additional service delivery costs for which it is not reimbursed by New South Wales. This has a substantial impact on the ACT budget over which the ACT has no control. In undertaking cross-border assessments, it is this net cross-border flow that is relevant.

3. In the 1999 Review, the Commission assessed cross-border factors in a number of categories. The categories for which specific cross-border factors were assessed are set out in Table A-1 of Attachment A. Cross-border adjustments were also included in the education categories. In Vocational Education and Training, cross-border use was recognised for all States. No such adjustments were made in the Hospitals assessment because the Australian Health Care Agreements (AHCA) included arrangements to deal with the cross-border use of hospitals.

Importance of current assessment

4. Compared with an equal per capita assessment, the 2003 Update specific cross-border factors redistributed \$25.8 million in notional grants from New South Wales to the ACT predominantly. Table 1 sets out the redistribution between the States in the 2003 Update. The small amounts redistributed to the other States are due to population rebasing of the factors.

Table 1 EFFECT OF ASSESSMENT ON GRANT DISTRIBUTION — CROSS-BORDER, 2003 UPDATE

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Contribution to U2003 relativities ^(b)	-25.8	0.7	0.6	0.3	0.2	0.1	23.7	0.1	25.8

(a) Total redistribution.

(b) Assuming same pool and a constant population.

CONCEPTUAL ISSUES

Background

5. ***Preliminary State views.*** The ACT's main submission to the 2004 Review provided evidence of the use of ACT services by cross-border residents. It also proposed a *modified* general method of assessment for cross-border cost impacts that included four elements:

- (i) an increase in the cross-border population use proportions (weights) based on hospital separation and community health data;
- (ii) a cost weighting for the different socio-demographic profile of the cross-border population;
- (iii) an enlargement of the cross-border region; and
- (iv) regular revisions to the cross-border population based on cross-border population growth rates.

6. ***Staff proposals.*** In *Discussion Paper CGC 2002/05 Cross-border Disabilities and Special Circumstances of the Australian Capital Territory*, staff considered that the main issue hampering the Commission's ability to make reliable and valid assessments of cross-border service usage and associated costs was the lack of available data on the extent of cross-border use of services.

7. Staff did not favour the ACT's modified general method, which proposed using the proportions of the population in regional LGAs that used ACT hospitals and selected community health facilities (discounted) to estimate use for all services. Staff did not accept that adjustments for socio-demographic composition characteristics or the coverage of regions (number of local government areas or proportions of assumed users) requested by the ACT should be pursued, unless the ACT could provide more relevant data for a range of services. Staff accepted, however, that regional populations should be updated.

8. ***ACT Workplace Discussions.*** During the ACT Workplace Discussions, the ACT advised that there were difficulties in providing quantitative evidence to support its

arguments. It said that cross-border assessments should be based on actual data where available and, where not available, on hospital separation and community health data.

9. ***Special Circumstances Conference agenda.*** In the annotated agenda for the planned staff level conference on ACT Special Circumstances (scheduled for 6 February 2003 but subsequently cancelled due to the impact of the Canberra bushfires), the Commission set out the proposed approach to cross-border assessment, namely that:

- (i) where there is an existing agreement in place between States (for example, the AHCA), the Commission would not act as a referee and no assessment would be made;
- (ii) where robust service utilisation data exist, those data would be used as the basis of the assessment; and
- (iii) where no service utilisation data exist, the Commission would consider whether the existing general method or another approach such as that proposed by the ACT would provide a better estimate of ACT needs. The possibility of using the range of available data to estimate service utilisation for other services would be explored.

10. Also in the annotated agenda, States were invited to respond to the Commission's proposed approach and to other questions regarding cross-border issues.

11. ***Further State views.*** The ACT acknowledged the Commission's proposed assessment approach (in paragraph 9 above) and the Commission staff's proposal to update regional populations (above). However, the ACT expressed concerns regarding the Commission staff's reluctance to accept the ACT's remaining proposals (paragraph 5(i) to 5(iii) above), and continued to develop its existing arguments.

12. New South Wales agreed that no cross border assessment should be made where there are separate arrangements (such as the AHCA) available within which to resolve issues.

13. South Australia suggested that, in the interest of simplicity, the Commission should pursue the use of a single expenditure component, to which a single measure of socio-demographic composition was applied (along with input costs, dispersion and cross border).

14. A discussion of the ACT's remaining concerns, and the Commission's decisions, follows.

Increasing the cross-border population use weights

15. ***Further State views.*** The ACT expressed concern about the Commission's disinclination to increase cross-border population use weights using discounted ACT public hospital separation data and community health data as a proxy for service use where actual data were not available. In its Rejoinder Submission, the ACT continued to pursue its existing line of argument.

16. **Analysis.** The conceptual case for a greater proportion of the cross-border population now using ACT services (compared with the demand of 10 years ago, which is the basis of the existing general method) is made on the basis that the ACT has an increased economic ‘pull’ and significantly improved access routes.

17. Because of the lack of comprehensive service use data, the ACT’s proposed method for recalculating use weights is based on ACT public hospital separation data and community health data. While these data are considered to be of good quality, the key issue is the applicability of these data to other ACT services.

18. We note that the ACT argued similarly in the 1999 Review and that the Commission decided to adopt a general method based on proximity to service of different types, rather than one based on hospital data as a proxy for service use. The rationale for that decision was that these proxy data were not a reliable indicator of the patterns of non-resident demand for other services. This was because there were very specific reasons for non-residents to travel to the ACT to use highly specialised services that were not readily available elsewhere in the region. This would not be the case for services such as primary education and child immunisation clinics.

19. The ACT accepts that there is variability in demand — ‘the use of different types of services by various LGAs can be very different. For example, the population weight for Junee for QE2 and public hospitals are 105.27% and 2.05% [respectively]’ (para 3.122).

20. **Commission decision.** The Commission does not accept that a conceptual case has been made that cross-border population use weights should be increased on the basis of discounted ACT public hospital separation data and community health data. These are not a good proxy for most service use where actual data were not available. The Commission does not consider that there are sufficient data to consider increasing the cross-border population use weights. For this reason, the Commission proposes not to increase the cross-border population weights using the ACT’s hospital separation data and community health data in its proposed modified general method, for the 2004 Review. The Commission considers the present general method provides a reasonable estimate of non-resident ACT service use.

Adjusting for the socio-demographic composition profile of the cross-border population

21. **Further State views.** The ACT argued that the Commission’s disinclination to adjust for the socio-demographic composition profile of the cross-border population — unless the ACT provided more relevant data for a range of services — placed an ‘exceptional burden of proof’ on the ACT. The ACT continued to argue for an adjustment for the socio-demographic composition profile of the cross-border population.

22. **Analysis.** The conceptual case for assessing socio-demographic composition disability factors in general is accepted by the Commission (see *Draft Assessment Paper CGC 2003/59 Socio-demographic Composition*). The ACT provided data to illustrate that the socio-demographic composition profile of the cross-border region is different from that

of the ACT. It has not established whether the socio-demographic composition profile of users of ACT services is different from that of the ACT population.

23. Where we can identify a relevant population group as the principal users of a service, such as people aged 17 years or over, we have used this to identify the relevant cross-border users. Where the cross-border population has higher or lower numbers of these groups, this will be reflected in the general method.

24. **Commission decision.** While the Commission acknowledges that there may be a conceptual case that the socio-demographic profile of cross-border users differs from that of the ACT population, there are insufficient data on which to consider whether and how an adjustment for the socio-demographic composition profile of the cross-border population may be made. For this reason, the Commission proposes not to adjust for the socio-demographic composition profile of the cross-border population for the 2004 Review. However, if the ACT can make a specific case that the relevant population for a particular service can be better captured with reference to particular groups of the cross-border population (for example, students, low income populations), then the Commission would be prepared to adjust its general method.

Enlarging the cross-border region

25. **Further State views.** The ACT was concerned about the Commission's disinclination to enlarge the cross-border region. The ACT presented further information to support its existing argument.

26. The ACT said that its economy has grown substantially over recent years and the ACT has become a hub for servicing the region. It would reasonably follow that this would increase the use of ACT services by non-residents. The ACT presented new evidence in its rejoinder submission to support an enlargement of the existing cross-border region. The evidence included material from an ACT Government report and consultants' reports, prepared as inputs into the ACT Economic White Paper.

27. The ACT emphasised that these reports were important to the 2004 Review because they 'provide a wealth of supportive evidence' (para 3.90) that is 'very pertinent to the ACT's claims for changes to the Commission's current cross border assessment methods' (para 3.95).

28. **Analysis.** The Commission has received copies of the reports¹ and has considered the evidence in them. The discussion paper for the Economic White Paper, a document for public consultation, proposed the Canberra Region Economic Area as an area of future economic development within the broader Australian Capital Region. The consultants' reports defined an ACT Economic Catchment comprising three zones of

¹ Building Canberra's Economy: A Discussion Paper for the Economic White Paper; ACT Economic Catchment: A study to define and map the economic relationship between the ACT and its Region for the ACT Government's Economic White Paper. Mitchell Resource Intelligence, National Institute for Economic and Industry Research, Polmark, and SGS Economics and Planning, October 2002.

economic activity. The ACT acknowledged that the three zones did not align with the current Australian Capital Region.

29. In its rejoinder submission, the ACT argued that there was ‘a parallel between the relationship between the economic zones identified in the various studies and the use of ACT services by non-residents’ (para 3.200). However, no data on cross-border use were presented.

30. **Commission decision.** While the Commission acknowledges the conceptual case, there are insufficient data on which to consider a change to the existing cross-border region. The Commission is unclear about the relationship between the regions proposed in discussion paper for the Economic White Paper and those regions defined in the consultants’ reports (and reproduced in the ACT rejoinder submission). More importantly, the Commission is reluctant to pre-empt the ACT Government’s final position in its Economic White Paper which will not be available until at least December 2003. Accordingly, the Commission has decided not to enlarge the cross-border region and will retain the existing region for the 2004 Review.

Adjusting the cross-border population for population growth rates

31. **Further State views.** The ACT acknowledged the Commission staff’s proposal for regular updating of regional populations.

32. **Analysis.** The conceptual case for regular updating of regional populations is sound. If the non-resident population grows, then more people are likely to use services in the ACT.

33. The ACT has provided ABS population data that demonstrates an increase in the non-resident population. These data are available from the ABS annually at the SLA level and can be used to adjust the cross-border factors in each annual update and for previous years.

34. **Commission decision.** The Commission accepts that a conceptual basis exists for regular updating of cross-border regional populations. The conceptual case is supported by data, which the Commission is satisfied is comparable and representative, and provides a strong basis for updating cross-border regional populations on an annual basis. The Commission has decided to update the cross-border populations annually, based on the annual estimates made by the ABS of Statistical Local Area populations.

2004 REVIEW ASSESSMENT APPROACH

35. The Commission has decided to adopt a three-stage approach to cross-border assessments for the 2004 Review:

- (i) where there is an existing agreement in place between States (for example, the AHCA), no assessment would be made;

- (ii) where robust service utilisation data exist, those data would be used as the basis of the assessment; and
- (iii) where no data are available, the existing general method of assessment for cross-border influences will be used.

36. The Commission has also decided to update cross-border regional populations on an annual basis, using annual ABS updates of Local Government Area population data.

37. Category-specific cross-border arguments are considered in the relevant draft assessment papers.

38. The Attachment outlines the approach taken in the assessment of cross-border factors in the 2004 Review. Table A-2 provides an overview of cross-border factors assessed for the 1999 Review and the 2004 Review, based on the assessment guidelines and methods.

ATTACHMENT A

GENERAL APPROACH TO ASSESSMENT FOR THE 2004 REVIEW

1. The Commission has decided that the following approach should be taken in the assessment of cross-border factors in the 2004 Review.

Conceptual case

2. Cross-border costs are incurred where a State provides services to residents of other States without any direct reimbursement from the home State. While all States experience some such costs, the largest net impact is on the ACT. Residents of surrounding New South Wales make use of services provided in the ACT because it is the major centre for the region. ACT residents may also use some services in New South Wales. However, there is a substantial net impact on the ACT budget over which the ACT has no control.

3. Therefore, given net cross-border population flows cause the ACT to incur additional costs in providing a number of services (and, correspondingly, cause New South Wales costs to decrease) the conceptual basis for the assessment of cross-border disabilities is sound for those services affected.

Data, direction, size

4. **Existing agreements.** Where an existing cross-border agreement is in place between States (for example, the AHCA), no assessment will be made.

5. **Good data.** Where robust service use data exist, those data will be used as the basis of the assessment rather than using the general method (set out below). Accordingly, the actual use data for New South Wales and the ACT will be used to calculate a cross-border factor in the following manner:

$$\text{ACT factor} = \frac{[\text{ACT population} + \text{NSW actual net cross-border service population}]}{\text{ACT population}}$$

$$\text{NSW factor} = \frac{[\text{NSW population} - \text{NSW actual net cross-border service population}]}{\text{NSW population}}$$

6. An example of ‘good data’ would be person-level data showing the number of people served by ACT community health services by postcode of residence in each of the

past five financial years. Ideally, these data would be externally validated by comparing them with third party administrative reports or datasets (for example, Health Insurance Commission and Australian Institute of Health and Welfare reports/datasets).

7. *No/poor data.* Where no or poor quality service use data exist, the general method will be used based on the weights set out in Table A-1.

General method

8. The general method of assessment recognises:

- (i) the susceptibility to cross-border use of services provided by the ACT; and
- (ii) the extent of use by residents of surrounding areas, based on distance and their likely reasons for visiting the ACT.

9. The general method assumes that there is a general inverse relationship between the distance from place of residence to the location of services (expressed as travelling time) and the extent of average utilisation of the services. In other words, distance predicts use.

- (i) People who live in close proximity to the ACT are assumed to be more frequent visitors for purposes such as employment, education and training, and are assumed to have a higher impact on services provided by the ACT.
- (ii) People who live further from the ACT are assumed to be less frequent visitors and are assumed to have a lower impact on services provided by the ACT.

10. To capture the likely frequency of visits to the ACT, the south-eastern region of New South Wales was divided into two groups of Local Government Areas (LGAs) using distance of the LGAs from the ACT as the criterion. Group 1 comprised four Local Government Areas (LGAs) closest to Canberra which were assumed to generate most use of ACT services. Group 2 comprised other areas of the south-eastern region of New South Wales, assumed to generate less use of services.

11. In particular, the LGAs comprising the two groups were as follows:

- (i) Group 1: Queanbeyan, Yass, Yarrowlumla and Gunning; and
- (ii) Group 2: Bega Valley, Bombala, Boorowa, Cooma-Monaro, Crookwell, Eurobodalla, Goulburn, Harden, Mulwaree, Snowy River, Tallanganda and Young.

12. To capture the likely use of services, proportions of cross-border populations were estimated on the basis of available evidence and with reference to the nature of the service. In general, a weight of 50 per cent was assigned to the Group 1 LGAs, which are

close to the ACT. A lower weight (20 per cent) was assigned to the more distant Group 2 LGAs.

13. For some services, the use weights were adjusted to reflect the nature of the service and its estimated use. For example, corrective services (prisons and community based corrections component) has weights of 10 per cent for Group 1 and 5 per cent for Group 2 because a much smaller proportion of people use corrective services than, say, non-inpatient and community health services.

14. For other services, there is some socio-demographic composition differentiation. For example, the weights for population and preventive health (breast cancer screening component) apply only to the relevant age and gender service population — females aged 40 years and over.

15. The cross-border adjusted population for the ACT was calculated by adding the population base of the south-eastern region assumed to access ACT services to the ACT population. Cross-border factors for the relevant categories were calculated by taking the ratio of the cross-border adjusted population for the ACT to its usual resident population. An offsetting adjustment was made to the New South Wales population base.

Table A-1 CROSS-BORDER ASSESSMENTS, 2004 REVIEW

Category	Net additional population served by the ACT
Non-inpatient and Community Health Services (community health services component)	50 per cent of Group 1 population. 20 per cent of Group 2 population.
Population and Preventive Health (breast cancer screening component)	50 per cent of Group 1 females aged 40 and over ^(a) . 20 per cent of Group 2 females aged 40 and over ^(a) .
Population and Preventive Health (organised immunisation component)	15 per cent of Group 1 population aged 0 to 4 years.
Population and Preventive Health (communicable disease control component)	25 per cent of Group 1 population. 10 per cent of Group 2 population.
Police (crime investigation and judicial processes, road safety and traffic management, and other police services components)	50 per cent of Group 1 population. 20 per cent of Group 2 population.
Administration of Justice (criminal courts and civil courts components)	50 per cent of Group 1 population aged 10 years and over. 20 per cent of Group 2 population aged 10 years and over.
Corrective Services (prisons and community-based corrections components)	10 per cent of Group 1 population aged 17 years and over. 5 per cent of Group 2 population aged 17 years and over.
Corrective Services (juvenile detention component)	50 per cent of Group 1 population aged 10 to 17 years.
Homeless and General Welfare (SAAP component)	50 per cent of Group 1 population aged 11 years and over. 20 per cent of Group 2 population aged 11 years and over.
Homeless and General Welfare (other welfare component)	50 per cent of Group 1 population. 20 per cent of Group 2 population.
Family and Child Services (child care component)	50 per cent of Group 1 population aged 0 to 12 years. 20 per cent of Group 2 population aged 0 to 12 years.
Aged and Disabled Services (disability services component)	25 per cent of Group 1 population aged 0 to 59 years. 10 per cent of Group 2 population aged 0 to 59 years.
Culture and Recreation (services component)	25 per cent of Group 1 population. 10 per cent of Group 2 populations.

(a) Different proportions are applied to different cohorts within the 40 years and over age group: 10 per cent of 40-49 years; 60 per cent of 50-69 years; and 30 per cent of 70+ years.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Mental health	This category no longer exists.	-	-	-
Inpatient Services	No cross border factor assessed.	No cross border factor to be assessed, because cross border payments for inpatient services are covered in the Australian Health Care Agreements.	-	-
Non-inpatient and Community Health Services: — Community health services component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the community health component of community health to recognise that community health centres provide services to the residents within easy travelling distance of the ACT.	Assessment retained.	None.	General method, because there are no data on cross-border use of community health services.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Population and Preventive Health: — Breast cancer screening component	Breast cancer screening was not a separate component in the 1999 Review. A cross-border factor was assessed in the population health component of public health using the general method to recognise net cross-border flows. Breast cancer screening expenses were included in this component.	Breast cancer screening is now a separate component. A cross-border factor will be continue to be assessed.	Breast cancer screening is a separate component in the 2004 Review.	General method, because there are no data on cross-border use of breast screening services.
— Organised immunisation component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the childhood immunisation component of public health.	Assessment retained.	In the 1999 Review, the factor took into account 50 per cent of the Group 1 population aged 4 to 6 years. The target population has now changed — based on estimated cross-border use, the factor will now take into account 15 per cent of the Group 1 population aged 0 to 4 years.	General method, because actual cross-border data are not available.
— Communicable disease control component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the population health component of public health. Communicable disease control expenses were included in this component.	Communicable disease control is now a separate component. A cross-border factor will continue to be assessed.	None.	General method, because actual cross-border data are not available.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Police: — Crime investigation and judicial processes component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the single service delivery component, Police Services, to compensate the ACT for police services used by residents of New South Wales.	Crime investigation and judicial processes is a new component. A cross-border factor will apply to the component.	-	General method, because actual cross-border data are not available.
— Road safety & traffic management component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the single service delivery component, Police	Road safety & traffic management is a new component. A cross-border factor will apply to the component.	-	General method, because actual cross-border data are not available.
— Other Police Services component	Services, to compensate the ACT for police services used by residents of New South Wales.	Other Police Services is a new component. A cross-border factor will apply to the component.	-	General method, because actual cross-border data are not available.
	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the single service delivery component, Police Services, to compensate the ACT for police services used by residents of New South Wales.			

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Administration of Justice: — Criminal Courts component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the Criminal Courts component to compensate the ACT for the additional costs it incurred in providing court services to New South Wales residents.	Assessment retained.	None.	General method, because actual cross-border data are not available.
— Civil Courts component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the Civil Courts component to compensate the ACT for the additional costs it incurred in providing court services to New South Wales residents.	Assessment retained.	None.	General method, because actual cross-border data are not available.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Corrective Services: — Prisons component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the Prisons component to compensate the ACT for the costs incurred in providing prison services to New South Wales residents.	Assessment retained.	None.	General method, because actual cross-border data are not available.
— Community-based Corrections component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the Prisons component to compensate the ACT for the costs incurred in providing prison services to New South Wales residents. Community corrections were included in the component.	Assessment retained.	Community-based Corrections is a new component.	General method, because actual cross-border data are not available.
— Juvenile Detention component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the juvenile detention component of family and child welfare to compensate the ACT for the costs incurred in providing prison services to New South Wales residents.	Assessment retained.	Now assessed in Corrective Services.	General method, because actual cross-border data are not available.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Homeless and General Welfare: — SAAP component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the SAAP component of other welfare to compensate the ACT for the costs incurred in providing SAAP services to New South Wales residents.	Assessment retained.	The 1999 Review assessment was based on the population aged 11 years and over. The 2004 Review assessment is based on the population aged 12 years and over.	General method, because actual cross-border data are not available.
— Other welfare component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the other welfare component of other welfare to compensate the ACT for the costs incurred in providing other welfare services to New South Wales residents.	Assessment retained.	None.	General method, because actual cross-border data are not available.
Family and Child Services: — Child care component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the children's services component of family and child welfare to compensate the ACT for the costs incurred in providing child care services to New South Wales residents.	Assessment retained.	None.	General method, because actual cross-border data are not available.

Table A-2 CROSS-BORDER FACTORS, 1999 REVIEW ASSESSMENT AND 2004 REVIEW DRAFT ASSESSMENT (continued)

Category/component	1999 Review	2004 Review	Changes	Basis of calculation
Aged and Disabled Services: — Disability Services component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the disability services component of aged and disabled welfare to compensate the ACT for the costs incurred in providing disability services to New South Wales residents. The cross-border factor was based on a net incoming population of 25 per cent of the Group 1 population aged 0-59 years and 10 per cent of Group 2 population aged 0-59 years.	Assessment retained.	None.	General method, because actual cross-border data are not available.
Culture and Recreation: — Services component	Assessed using the general method to recognise net cross-border flows. A cross-border factor was applied to the service provision component to compensate the ACT for the costs incurred in providing culture and recreation services to New South Wales residents. The cross-border factor was based on a net incoming population per annum of 25 per cent of the Group 1 population and 10 per cent of the Group 2 population.	Assessment retained.	None.	General method, because actual cross-border data are not available.