

ATTACHMENT A

DOCUMENTATION AND SUPPORTING ACTIVITIES FOR THE 2004 REVIEW

1. This attachment provides details of publications issues by the Commission during the review, submissions it received from the States and the Australian Treasury, the agendas and representation at conferences and the program for the workplace discussions in each State.

DISCUSSION, INFORMATION AND DRAFT ASSESSMENT PAPERS ISSUED BY THE COMMISSION

2. During the review, the Commission circulated discussion and information papers outlining issues on which it considered State comments would assist its deliberations or to keep the States informed of progress. These papers are as follows.

Information papers

CGC 2002/1	Guidelines for Implementing Horizontal Fiscal Equalisation
CGC 2003/1	2004 Review Draft Assessments — Preliminary Analysis of Change
CGC 2003/2	2004 Review December Relativities and Changes since 2003 Update
CGC 2003/3	Changes to Assessment Methods since the September 2003 Conferences

Discussion papers

CGC 1999/3	2004 Review Proposed Work Program
CGC 2000/2	Urban Transit – A Concessions and Other Payments Approach
CGC 2000/3	Working Party on the Depreciation and Debt Charges Assessments Scoping Paper

CGC2000/5	State Policies and Disabilities
CGC2000/6	Impact of Changes in Public Administration
CGC2000/7	Simplicity
CGC 2001/4	Implementing Horizontal Fiscal Equalisation — A Background Paper
CGC 2001/5	Trends in Equalisation
CGC 2001/6	2004 Review Work Program
CGC 2001/7	Interpretation of the Terms of Reference for the 2004 Review, and Issues of Concepts and Methods
CGC 2001/8	Development of the Standard Budget
CGC 2001/9	Developing Simpler Assessments
CGC2001/10	Urban Transit — A Proposed Assessment for the 2004 Review
CGC 2001/12	Scope and Structure of the Standard Budget
CGC 2001/13	The Relativities — What Assessments are Important?
CGC 2001/14	Why Relativities Change Over Time?
CGC 2001/16	Administrative Scale
CGC 2001/17	Issues in the Schools Education Assessments for the 2004 Review
CGC 2001/18	An Assessment Approach to Concessions and Other Community Service Obligations
CGC 2002/1	Size of Equalisation Redistributions
CGC 2002/2	Contemporaneity and Equalisation Over Time
CGC 2002/3	Scope and Structure of the Equalisation Budget
CGC 2002/4	Global Revenue Assessments
CGC 2002/5	Cross-border Disabilities and Special Circumstances of the Australian Capital Territory
CGC 2002/6	Economic Development Policies: How Should Equalisation Account for Their Costs and Benefits?
CGC 2002/7	Developments in Technology and Public Administration — Implications for Assessments
CGC 2002/10	Population Issues
CGC 2002/11	Capital Grants
CGC 2002/13	The Land Revenue Assessment
CGC 2002/14	The Payroll Tax Assessment
CGC 2002/15	Review of the Mining Assessment

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CGC 2002/16	The Gambling Assessment
CGC 2002/17	Financial Transaction Taxes
CGC 2002/18	The Insurance Taxation Assessment
CGC 2002/19	The Stamp Duty on Conveyances Assessment
CGC 2002/20	Input Costs
CGC 2002/21	Socio-Demographic Composition
CGC 2002/22	Dispersion
CGC 2002/23	The Administrative Scale Factor
CGC 2002/24	The Assessment of Urbanisation Disabilities in the 2004 Review
CGC 2002/25	Depreciation
CGC 2002/26	Debt Charges
CGC 2002/27	Urban Transit — A Proposed Approach for the 2004 Review
CGC 2002/28	Schools Education
CGC 2002/29	Inpatient Services Assessment
CGC 2002/30	Non-inpatient and Community Health Services
CGC 2002/31	Population and Preventive Health
CGC 2002/32	Welfare Part 1: Aged and Disabled Services
CGC 2002/33	Housing
CGC 2002/34	The Roads Assessment
CGC 2002/35	Concessions and Community Service Obligations
CGC 2002/36	Law and Order
CGC 2002/37	Services to Indigenous Communities
CGC 2002/38	Services to Industry
CGC 2002/39	The Superannuation Assessment
CGC 2002/40	Vocational Education and Training
CGC 2002/41	Public Safety
CGC 2002/42	National Parks and Wildlife Services
CGC 2002/43	Isolation
CGC 2002/45	Welfare Part 2: Family and Child Services
CGC 2002/46	Welfare Part 3: Homeless and General Welfare
CGC 2003/1	Privately Financed Projects
CGC 2003/2	Treatment of Commonwealth Revenue Payments

CGC 2003/3	Education — Analysis of Post-compulsory Enrolments
CGC 2003/4	Wages Input Costs
CGC 2003/5	Treatment of Economic Development Assistance
CGC 2003/6	Law and Order Fees and Fines
CGC 2003/7	Privately Financed Projects
CGC 2003/8	Impact of Technology on Assessments
CGC 2003/10	The 2004 Review New Developments Discussion Paper — Proposals for the Treatment of New Developments in State Finances, and Data Changes Relevant to the 2004 Review of Relativities
CGC 2003/11	Wages Input Costs — Technical Update

Draft assessment papers

3. In addition to the above papers, the Commission also provided the States with information on its preliminary conclusions in the form of draft assessment papers in July and August 2003. These preliminary calculations were then discussed at a conference with Heads of Treasury and at a staff level conference, both held in September 2003. Following is a list of draft assessment papers released to the States:

DAP 2003/01	Payroll Taxation
DAP 2003/02	Land Revenue
DAP 2003/03	Stamp Duty on Conveyances
DAP 2003/04	Financial Transactions Taxes
DAP 2003/05	Stamp Duty on Shares and Marketable Securities
DAP 2003/06	Gambling Taxation
DAP 2003/07	Insurance Taxation
DAP 2003/08	Heavy Vehicle Registration Fees and Taxes
DAP 2003/09	Other Vehicle Registration Fees and Taxes
DAP 2003/10	Stamp Duty on Motor Vehicle Registrations and Transfers
DAP 2003/11	Other Revenue
DAP 2003/12	Assessment Guidelines
DAP 2003/13	Mining Revenue
DAP 2003/14	Contributions by Trading Enterprises
DAP 2003/15	Hospital Patient Fees
DAP 2003/16	Law and Order Fees and Fines
DAP 2003/17	Property Titles

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DAP 2003/18	Revenue Replacement Payments — Petroleum, Tobacco and Alcohol (FAG Relatives)
DAP 2003/19	Schools Education
DAP 2003/20	Pre-school Education
DAP 2003/25	Vocational Education and Training
DAP 2003/26	Higher Education
DAP 2003/27	Transport of Rural School Children
DAP 2003/28	Inpatient Services Assessment
DAP 2003/29	Non-inpatient and Community Health Services
DAP 2003/30	Population and Preventive Health
DAP 2003/31	Family and Child Services
DAP 2003/32	Aged and Disabled Services
DAP 2003/33	Homeless and General Welfare
DAP 2003/34	Services to Indigenous Communities
DAP 2003/35	Housing
DAP 2003/36	First Home Owners Scheme
DAP 2003/37	Police
DAP 2003/38	Administration of Justice
DAP 2003/39	Corrective Services
DAP 2003/40	Public Safety and Emergency Services
DAP 2003/41	Culture and Recreation
DAP 2003/42	National Parks and Wildlife Services
DAP 2003/43	Concessions and Other Payments — General Issues and Electricity and Gas
DAP 2003/44	Concessions and Other Payments — Water, Sanitation and Protection of the Environment
DAP 2003/45	Concessions and Other Payments — Non-urban Transport
DAP 2003/46	Roads
DAP 2003/47	Urban Transit
DAP 2003/48	Primary Industry
DAP 2003/49	Mining, Fuel and Energy
DAP 2003/50	Tourism
DAP 2003/51	Manufacturing and Other Industry
DAP 2003/52	Subsidies — Petroleum Products

DAP 2003/53	Subsidies — Alcohol Products
DAP 2003/54	Superannuation
DAP 2003/55	GST Administration
DAP 2003/56	General Public Services
DAP 2003/57	Debt Charges
DAP 2003/58	Depreciation
DAP 2003/59	Socio-demographic Composition Factors
DAP 2003/60	Administrative Scale
DAP 2003/63	Dispersion
DAP 2003/64	Assessing Urban Influences
DAP 2003/65	Isolation
DAP 2003/68	Cross-border Factors
DAP 2003/69	Land Rights
DAP 2003/70	Native Title
DAP 2003/71	National Capital Factors
DAP 2003/72	ACT Special Fiscal Needs
DAP 2003/73	Population Issues
DAP 2003/77	Equalisation Budget for the 2004 Review
DAP 2003/78	Treatment of Specific Purpose Payments
DAP 2003/79	Input Costs — Accommodation and Electricity

SUBMISSIONS RECEIVED BY THE COMMISSION

4. Consultation with the parties is an important aspect of Commission processes and written submissions are the main means by which States present their views and arguments to the Commission.

5. Work on this review started with the Discussion Papers published in 2000, 2001 and 2002. States were given the opportunity to respond to those papers if they chose. In the later stages of the review, States were given the opportunity to present written submissions on the full range of issues they considered should be examined during the review. In particular, they were given the opportunity to make:

- (i) comments on specific issues such as depreciation, debt charges and urban transit by December 2002;
- (ii) a main submission, by May 2002;

- (iii) a rejoinder submission on issues raised by other States and issues in the Commissions 2002 Discussion Papers by February 2003;
- (iv) responses to Discussion Papers published in 2003;
- (v) a final submission by 3 October 2003, covering responses to the draft assessment papers and issues raised during the Draft Assessment Conferences held on 5 and 10-12 September 2003; and
- (vi) comments on major issues following the Revised Assessments Conference held on 11 December 2003.

The States also made additional submissions at other times.

6. The following is a list of the submissions made by the States during the review.

NEW SOUTH WALES

R2004/NSW/001	New South Wales Treasury — Work Program for the 2004 Review — February 2000
R2004/NSW/002	New South Wales Treasury — 2004 Review — Discussion Paper 2000/2 - Urban Transit — October 2000
R2004/NSW/003	New South Wales Treasury — 2004 Review — Priority Issues Discussion Papers - State Policies and Disabilities, Impact of Changes in Public Administration, Simplicity - January 2001
R2004/NSW/004	New South Wales Treasury — 2004 Review — Depreciation and Debt Charges Assessments — January 2001
R2004/NSW/005	New South Wales Treasury — 2004 Review — Depreciation and Debt Charges — July 2001
R2004/NSW/006	New South Wales Treasury — 2004 Review — Urban Transit — January 2002
R2004/NSW/007	New South Wales Treasury — 2004 Review — NSW Main Submission — May 2002
R2004/NSW/008	New South Wales Treasury — 2004 Review — Rejoinder Submission — February 2003
R2004/NSW/009	New South Wales Treasury — 2004 Review — Wages Input Costs and Economic Development Assistance — July 2003
R2004/NSW/010	New South Wales Treasury — 2004 Review — Discussion Paper CGC 2003/6 - Law and Order Fees and Fines — July 2003

- R2004/NSW/011 New South Wales Treasury — 2004 Review — Discussion Paper CGC 2003/3 - Education — Analysis of Post-compulsory Enrolments — August 2003
- R2004/NSW/012 New South Wales Treasury — 2004 Review — Discussion Paper CGC 2003/07 - Privately Financed Projects — August 2003
- R2004/NSW/013 New South Wales Treasury — 2004 Review — Final Submission — October 2003
- R2004/NSW/014 New South Wales Treasury — 2004 Review — Submission — Administrative Scale, Debt Charges, Public Safety (including User Charges), Roads, Socio-demographic Composition, Urban Transit and Wages Input Costs — November 2003

VICTORIA

- R2004/VIC/001 Victoria, Department of Treasury and Finance — 2004 Review — Work Program for the 2004 Review — February 2000
- R2004/VIC/002 Victoria, Department of Treasury and Finance — 2004 Review — Defining Disability Project — May 2000
- R2004/VIC/003 Victoria, Department of Treasury and Finance — Discussion Paper 2000/2 - Urban Transit Assessments — October 2000
- R2004/VIC/004 Victoria, Department of Treasury and Finance — Discussion Paper CGC 2000/3 - Depreciation and Debt Charges Assessments — October 2000
- R2004/VIC/005 Victoria, Department of Treasury and Finance — 2004 Review — Priority Issues Discussion Papers — State Policies and Disabilities, Impact of Changes in Public Administration, Simplicity — December 2000
- R2004/VIC/006 Victoria, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2001/10 Urban Transit — December 2001
- R2004/VIC/007 Victoria, Department of Treasury and Finance — 2004 Review — Main Submission — April 2002
- R2004/VIC/008 Victoria, Department of Treasury and Finance — 2004 Review— Rejoinder Submission — February 2003
- R2004/VIC/009 Victoria, Department of Treasury and Finance— 2004 Review— Discussion Paper CGC 2003/03 - Education — Analysis of Post-compulsory Enrolments — August 2003
- R2004/VIC/010 Victoria, Department of Treasury and Finance — 2004 Review — Final Submission — October 2003

R2004/VIC/011 Victoria, Department of Treasury and Finance — 2004 Review—
Submission — Land Revenue, Debt Charges, Public Safety and
Emergency Services, User Charges, Population and Preventative
Health — December 2003

QUEENSLAND

R2004/QLD/001 Queensland Treasury— 2004 Review — Proposed Work Program—
March 2000

R2004/QLD/002 Queensland Treasury— 2004 Review — Discussion Paper 2000/2 -
Urban Transit— October 2000

R2004/QLD/003 Queensland Treasury— 2004 Review — Discussion Paper CGC
2000/3 - Depreciation and Debt Charges Assessments— November
2000

R2004/QLD/004 Queensland Treasury— 2004 Review — Priority Issues Discussion
Papers — December 2000

R2004/QLD/005 Queensland Treasury— 2004 Review— Discussion Paper CGC
2001/10 - Urban Transit — December 2001

R2004/QLD/006 Queensland Treasury — 2004 Review Main Submission — April 2002

R2004/QLD/007 Queensland Treasury — 2004 Review — Rejoinder Submission —
February 2003

R2004/QLD/008 Queensland Treasury — 2004 Review — Discussion Paper CGC
2003/2 - Treatment of Specific Purpose Payments and CGC 2003/6 -
Law and Order Fees and Fines— June 2003

R2004/QLD/009 Queensland Treasury — 2004 Review — Discussion Paper CGC
2003/04 - Wages Input Costs — July 2003

R2004/QLD/010 Queensland Treasury — 2004 Review — Discussion Paper CGC
2003/03 - Education — Analysis of Post-compulsory Enrolments —
August 2003

R2004/QLD/011 Queensland Treasury — 2004 Review — Treatment of Economic
Development Assistance — August 2003

R2004/QLD/012 Queensland Treasury — 2004 Review — Discussion Paper CGC
2003/8 - Impact of Technology on Assessments — August 2003

R2004/QLD/013 Queensland Treasury — 2004 Review — Discussion Paper CGC
2003/07 - Privately Financed Projects — August 2003

R2004/QLD/014 Queensland Treasury — 2004 Review — Final Submission — October
2003

WESTERN AUSTRALIA

R2004/WA/001	Western Australia, Department of Treasury and Finance — Comments on the 2004 Review Work Program — March 2000
R2004/WA/002	Western Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2000/2 - Urban Transit — November 2000
R2004/WA/003	Western Australia, Department of Treasury and Finance — 2004 Review — Priority Issues Discussion Papers — January 2001
R2004/WA/004	Western Australia, Department of Treasury and Finance — 2004 Review — Capital Issues — February 2001
R2004/WA/005	Western Australia, Department of Treasury and Finance — 2004 Review — Depreciation and Debt Charges — July 2001
R2004/WA/006	Western Australia, Department of Treasury and Finance — 2004 Review — Urban Transit — January 2002
R2004/WA/007	Western Australia, Department of Treasury and Finance – 2004 Review — Debt Charges and Depreciation — March 2002
R2004/WA/008	Western Australia, Department of Treasury and Finance – 2004 Review — Main Submission – April 2002
R2004/WA/009	Western Australia, Department of Treasury and Finance — 2004 Review — Rejoinder Submission — March 2003
R2004/WA/010	Western Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper Law and Order Fees and Fine — June 2003
R2004/WA/011	Western Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/2 - Treatment of Commonwealth Revenue Payments — June 2003
R2004/WA/012	Western Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/4 - Wages Input Costs — June 2003
R2004/WA/013	Western Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/3 - Education — Analysis of Post-compulsory Enrolments — August 2003
R2004/WA/014	Western Australia, Department of Treasury and Finance — 2004 Review — Final Submission — October 2003
R2004/WA/015	Western Australia, Department of Treasury and Finance— 2004 Review — Supplementary Submission — Debt Charges, Mining, Dispersion, National Parks and Wildlife Services, Inpatient Services — December 2003

SOUTH AUSTRALIA

- R2004/SA/001 South Australia, Department of Treasury and Finance — Comments on the Work Program for the 2004 Review — February 2000
- R2004/SA/002 South Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper 2000/2 - Urban Transit Assessment — October 2000
- R2004/SA/003 South Australia, Department of Treasury and Finance — 2004 Review— Discussion Paper CGC 2000/3 - Depreciation and Debt Charges Assessments — October 2000
- R2004/SA/004 South Australia, Department of Treasury and Finance — 2004 Review Priority Issues of Principle — Impact of Changes in Public Administration, Policies and Disabilities, Simplicity — December 2000
- R2004/SA/005 South Australia, Department of Treasury and Finance — 2004 Review — Depreciation and Debt Charges — August 2001
- R2004/SA/006 South Australia, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2001/10 - Urban Transit — December 2001
- R2004/SA/007 South Australia, Department of Treasury and Finance — 2004 Review — Treatment of Capital Grants — March 2002
- R2004/SA/008 South Australia, Department of Treasury and Finance — 2004 Review — Main Submission — April 2002
- R2004/SA/009 South Australia, Department of Treasury and Finance — 2004 Review — Rejoinder Submission — February 2003
- R2004/SA/010 South Australia, Department of Treasury and Finance — Review 2004 Treatment of Commonwealth Revenue Payments — Wages Input Costs — Law and Order Fees and Fines — July 2003
- R2004/SA/011 South Australia, Department of Treasury and Finance — 2004 Review — Discussion Papers CGC 2003/5 - Economic Development and CGC 2003/7 - Privately Financed Projects — August 2003
- R2004/SA/012 South Australia, Department of Treasury and Finance — 2004 Review — Final Submission — Comments on Draft Assessment Papers — October 2003
- R2004/SA/013 South Australia, Department of Treasury and Finance — 2004 Review — Supplementary Submission — Public Safety, Urban Transit, Debt Charges, Wages Input Costs, Superannuation — December 2003

TASMANIA

R2004/TAS/001	Tasmania, Department of Treasury and Finance — Submission on the 2004 Review Work Program — March 2000
R2004/TAS/002	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper 2000/2 - Urban Transit — October 2000
R2004/TAS/003	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2000/3 - Depreciation and Debt Charges — November 2000
R2004/TAS/004	Tasmania, Department of Treasury and Finance — 2004 Review — Changes in Public Administration, State Policies and Disabilities, Simplicity — December 2000
R2004/TAS/005	Tasmania, Department of Treasury and Finance — Depreciation and Debt Charges — July 2001
R2004/TAS/006	Tasmania, Department of Treasury and Finance — 2004 Review – Discussion Paper CGC 2001/10 - Urban Transit — November 2001
R2004/TAS/007	Tasmania, Department of Treasury and Finance — 2004 Review — Depreciation Assessment — February 2002
R2004/TAS/008	Tasmania, Department of Treasury and Finance — 2004 Review — Main Submission — April 2002
R2004/TAS/009	Tasmania, Department of Treasury and Finance — 2004 Review — Rejoinder Submission — February 2003
R2004/TAS/010	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/6 - Law and Order Fees and Fines — June 2003
R2004/TAS/011	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/2 - Treatment of Commonwealth Revenue Payments — June 2003
R2004/TAS/012	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/4 - Wages Input Costs — June 2003
R2004/TAS/013	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/7 - Privately Financed Projects — August 2003
R2004/TAS/014	Tasmania, Department of Treasury and Finance — 2004 Review — Discussion Paper CGC 2003/3 – Education — Analysis of Post-compulsory Enrolments — August 2003
R2004/TAS/015	Tasmania, Department of Treasury and Finance — 2004 Review — Final Submission — October 2003
R2004/TAS/016	Tasmania, Department of Treasury and Finance — 2004 Review — Supplementary Submission — Mining — December 2003

AUSTRALIAN CAPITAL TERRITORY

- R2004/ACT/001 ACT Department of Treasury — ACT Response to the Commonwealth Grants Commission's Proposed Work Program for 2004 Review — February 2000
- R2004/ACT/002 ACT Department of Treasury - 2004 Review - Discussion Paper 2000/2 - Urban Transit — November 2000
- R2004/ACT/003 ACT Department of Treasury — 2004 Review — Priority Issues of Principle Conference for the 2004 Review — January 2001
- R2004/ACT/004 ACT Department of Treasury — 2004 Review — Discussion CGC 2001/10 - Urban Transit — December 2001
- R2004/ACT/005 ACT Department of Treasury — 2004 Review — Main Submission — May 2002
- R2004/ACT/006 ACT Department of Treasury — 2004 Review — Rejoinder Submission — February 2003
- R2004/ACT/007 ACT Department of Treasury — 2004 Review — Rejoinder Submission - Discussion Paper Supporting ACT Gambling Claims — March 2003
- R2004/ACT/008 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/2 - Treatment of Commonwealth Revenue Payments — June 2003
- R2004/ACT/009 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/6 - Law and Order Fees and Fines — June 2003
- R2004/ACT/011 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/4 - Wages Input Costs — June 2003
- R2004/ACT/012 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/5 - Treatment of Economic Development Assistance — July 2003
- R2004/ACT/013 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/07 - Privately Financed Projects — July 2003
- R2004/ACT/014 ACT Department of Treasury — 2004 Review — Discussion Paper CGC 2003/3 - Education — Analysis of Post-compulsory Enrolments — August 2003
- R2004/ACT/015 ACT Department of Treasury — 2004 Review — Discussion Paper CGC2003/8 - Impact of Technology on Assessments — August 2003
- R2004/ACT/016 ACT Department of Treasury — 2004 Review — Final Submission - October 2003
- R2004/ACT/017 ACT Department of Treasury — 2004 Review — Supplementary Submission — Superannuation, Roads, Urban Transit, Post Compulsory Education, Administrative Scale — December 2003

NORTHERN TERRITORY

- R2004/NT/0001 Northern Territory Treasury — 2004 Review — Submission on the 2004 Review Work Program — March 2000
- R2004/NT/0002 Northern Territory Treasury — 2004 Review — Discussion Paper CGC 2000/2 - Urban Transit — November 2000
- R2004/NT/0003 Northern Territory Treasury — 2004 Review — Priority Issues Discussion Papers — January 2001
- R2004/NT/0004 Northern Territory Treasury — General Revenue Grant Relatives — 2004 Review — Main Submission — April 2002
- R2004/NT/0005 Northern Territory Treasury — 2004 Review — Rejoinder Submission — February 2003
- R2004/NT/0006 Northern Territory Treasury — Discussion Papers CGC 2003/2 - Treatment of Commonwealth Revenue Payments, CGC 2003/4 - Wages Input Costs, CGC 2003/6 - Law and Order Fees and Fines — June 2003
- R2004/NT/0007 Northern Territory Treasury — Discussion Paper CGC 2003/3 – Education — Analysis of Post Compulsory Enrolments — August 2003
- R2004/NT/0008 Northern Territory Treasury — Discussion Paper CGC 2003/5 - Treatment of Economic Development Assistance — August 2003
- R2004/NT/0009 Northern Territory Treasury — Discussion Paper CGC 2003/7 - Privately Financed Projects — August 2003
- R2004/NT/0010 Northern Territory Treasury — Discussion Paper CGC 2003/8 - Impact of Technology on Assessments — August 2003
- R2004/NT/0011 Northern Territory Treasury — 2004 Review — Final Submission — October 2003
- R2004/NT/0012 Northern Territory Treasury — 2004 Review — Supplementary Submission — Inpatient Services, Superannuation, Debt Charges — December 2003

AUSTRALIAN GOVERNMENT

- R2004/COM/0001 National Capital Authority — 2004 Review — Special Circumstances of the ACT — January 2003
- R2004/COM/0002 Commonwealth Treasury — 2004 Review — Issues in the 2004 Methodology Review, Comments of Commonwealth Treasury Officials — May 2003

CONFERENCES: AGENDAS AND REPRESENTATION

7. During the review, the Commission held the following conferences:

- (i) Priority Issues Conference, 28 September 2001;
- (ii) 2004 Review General Conference, 23 October 2002;
- (iii) Draft Assessments Conference, 5 September 2003; and
- (iv) 2004 Review, Draft Relativities Conference, 11 December 2003.

8. Transcripts were taken at all the conferences and are held in the Commission's library. Copies were also provided to each of the major parties to the review.

9. Details of the agenda and the representation of each party to the review at each conference are provided below.

**PRIORITY ISSUES CONFERENCE
28 SEPTEMBER 2001
CANBERRA**

Agenda

- 1. Interpretation of 2004 Review terms of reference and scope of the review:
 - (i) Commission's paper
 - (ii) State views
- 2. Policies and disabilities:
 - (i) policy and disability
 - (ii) impact of changes in public administration
- 3. The standard budget and GFS
- 4. Simplification and transparency:
 - (i) developing simpler assessments
 - (ii) principles for evaluating disability factors
- 5. Accessibility of Commission methods
- 6. The scope of equalisation
- 7. Other matters:
 - (i) review work program.

Representation

Australian Treasury

Greg Smith	Deputy Secretary, Budget Group, The Treasury
Bruce Paine	General Manager, Commonwealth-State Relations
Tony Webster	Commonwealth-State Relations Division
Matthew Bishop	Commonwealth-State Relations Division
Andrew Hawkes	Commonwealth-State Relations Division

New South Wales

John Pierce	Secretary, New South Wales Treasury
Michael Clark-Lewis	Director, Revenue Strategy
Hugo Harmstorf	Manager, Intergovernmental Relations

Victoria

Grant Hehir	Acting Secretary, Department of Treasury and Finance
Brett Rowse	Deputy Secretary
Jeff Byrne	Director, Inter-Governmental Financial Relations
Sarah Stuckey	Revenue Analyst, Inter-Governmental Financial Relations
Nick Morris	Tasman Economics
Jennifer Orr	Tasman Economics

Queensland

Gerard Bradley	Under Treasurer, Queensland Treasury
Tim Spencer	Deputy Under Treasurer
David Smith	Assistant Under Treasurer
Bob Flanagan	Director Intergovernmental Relations

Western Australia

John Langoulant	Under Treasurer, Department of Treasury and Finance
Anne Nolan	Executive Director (Economics)
Alex Scherini	Assistant Director, Intergovernmental Relations

South Australia

Jim Wright	Under Treasurer, Department of Treasury and Finance
Rob Schwarz	Assistant Under Treasurer (Revenue and Economics)
John Henderson	Director Commonwealth-State Relations

Tasmania

Don Challen	Secretary, Department of Treasury and Finance
Mark Kerslake	Deputy Secretary, Economic and Financial Policy
Wendy Sawford	Director, Intergovernment and Financial Policy
Tony Jacques	Principal Policy Analyst, Intergovernment and Financial Policy

Australian Capital Territory

Howard Ronaldson	Under Treasurer, ACT Department of Treasury
Roger Broughton	Director, Finance and Investment Group
Andrew Philip	Commonwealth-State Finances Section

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Ben Morris	Commonwealth-State Finances Section
Peter Johnson	Commonwealth-State Finances Section

Northern Territory

Ken Clarke	Under Treasurer, Northern Territory Treasury
Jennifer Prince	Deputy Under Treasurer
Tony Stubbin	Senior Director, Public Finance

Observers

Rob Edwards	Acting Australian Statistician, Australian Bureau of Statistics
Peter Harper	Acting Deputy Australian Statistician, Australian Bureau of Statistics
Betty Gruber	Director, Public Finance Section, Australian Bureau of Statistics

**2004 REVIEW GENERAL CONFERENCE
23 OCTOBER 2002
CANBERRA**

Agenda

1. HFE and the Garnaut/FitzGerald report
2. The concept of the standard policy, including:
 - (i) global revenue assessments
 - (ii) global expenditure assessments
3. The treatment of economic development
4. The Mining Revenue assessment
5. The wages input cost factor
6. Private financing of public sector infrastructure
7. Assessment of the costs of capital:
 - (i) the Debt Charges assessment
 - (ii) the Depreciation assessment
8. Contemporaneity.

Representation

Australian Treasury

Richard Murray	Executive Director, Fiscal Group, The Treasury
Jan Harris	General Manager, Commonwealth-State Relations Division
Rob Sturgiss	Manager, Commonwealth-State Relations Division

Clare Savage	Policy Analyst, Commonwealth-State Relations Division
Andrew Hawkes	Policy Analyst, Commonwealth-State Relations Division
Tracy Crump	Policy Analyst, Commonwealth-State Relations Division
John Neil	Policy Analyst, Commonwealth-State Relations Division

New South Wales

John Pierce	Secretary, New South Wales Treasury
Robert Carling	Executive Director, Economic and Fiscal
Hugo Harmstorf	Acting Director, Intergovernmental Finances
Merrilyn Wilson	Senior Economist, Intergovernmental Finances

Victoria

Ian Little	Secretary, Department of Treasury and Finance
Brett Rowse	Deputy Secretary, Economic and Financial Policy
Jane Chapman	Acting Director, Revenue Policy

Queensland

Gerard Bradley	Under Treasurer, Queensland Treasury
Gary Ward	Director — Regulatory and Inter-Governmental Relations
Andrea Smith	Acting Principal Treasury Analyst — Regulatory and Inter-Governmental Relations

Western Australia

John Langoulant	Under Treasurer, Department of Treasury and Finance
David Smith	Acting Executive Director (Economic)
Mark Altus	Director, Intergovernmental Relations
Alex Scherini	Assistant Director, Intergovernmental Relations

South Australia

Jim Wright	Under Treasurer, Department of Treasury and Finance
Robert Schwarz	Assistant Under Treasurer, Revenue and Economics
John Henderson	Director, Commonwealth-State Relations

Tasmania

Don Challen	Secretary, Department of Treasury and Finance
Rob Nicholl	Deputy Secretary, Economic and Financial Policy
Wendy Sawford	Director, Intergovernment and Financial Policy
Fran Blain	Principal Policy Analyst, Intergovernment and Financial Policy

Australian Capital Territory

Tu Pham	Acting Under Treasurer, ACT Department of Treasury
Roger Broughton	Acting Deputy Under Treasurer
John Purcell	Manager Commonwealth-State Finances
Andrew Philip	Project Manager Commonwealth-State Finances

Northern Territory

Jennifer Prince
Tony Stubbin
Emma Keeler
Nardia Harris

Under Treasurer, Northern Territory Treasury
Senior Director Public Finance
Acting Principal Research Officer
Senior Research Officer

**PRELIMINARY CALCULATIONS CONFERENCE
5 SEPTEMBER 2003
CANBERRA**

Agenda

1. Opening statements:
 - (i) Chairman
 - (ii) States
2. Wages input costs
3. Debt Charges
4. Depreciation
5. Mining Revenue
6. Socio-demographic composition disabilities
7. Other nominated topics:
 - (i) Economic Development
 - (ii) Dispersion
 - (iii) Urban Transit
 - (iv) Administrative Scale
8. Concluding session:
 - (i) achieving consensus on issues that require further work
 - (ii) the timetable for the final phases of the review.

Representation

Australian treasury

Richard Murray
Frank Di Giorgio
Rob Sturgiss
John Neil

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Acting General Manager, Commonwealth-State Relations
Manager, Commonwealth-State Relations
Policy Analyst, Commonwealth-State Relations

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Ashley Chamberlain Senior Director, Public Finance

Observers

Paul Williams Assistant Statistician, Census, Demography and Geography,
Australian Bureau of Statistics

Garth Bode Assistant Statistician, Labour Statistics, Australian Bureau of
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Denis Farrell Assistant Statistician, Industry Statistics, Australian Bureau of
Statistics

**2004 REVIEW DRAFT RELATIVITIES CONFERENCE
11 DECEMBER 2003
CANBERRA**

Agenda

There was no agenda for the meeting but discussion was based on two Information Papers that had been released to the States on 4 December 2003:

- (i) *CGC Information Paper 2003/2 2004 Review December Relativities and Changes since the 2003 Update*; and
- (ii) *CGC Information Paper 2003/3 Changes to Assessment Methods since September Conferences*.

Representation

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Western Australia

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David Smith	Acting Executive Director (Economic)
Alex Scherini	Acting Director, Intergovernmental Relations

South Australia

Jim Wright	Under Treasurer, Department of Treasury and Finance
John Henderson	Director, Commonwealth-State Relations

Tasmania

Don Challen	Secretary, Department of Treasury and Finance
Rob Nicholl	Deputy Secretary, Economic and Financial Policy
Wendy Sawford	Director, Intergovernment and Financial Policy

Australian Capital Territory

Tu Pham	Acting Under Treasurer, ACT Department of Treasury
John Purcell	Manager, Commonwealth-State Finances
Andrew Philip	Project Manager, Commonwealth-State Finances
Jan Horley	Policy Officer, Commonwealth-State Finances

Northern Territory

Jennifer Prince	Under Treasurer, Northern Territory Treasury
Tony Stubbin	Assistant Under Treasurer (Economics)
Ashley Chamberlain	Director, Public Finance

OTHER CONFERENCES AND MEETINGS

10. The following conferences involving staff of the Commission, the States and the Australian Government were held:

- (i) Urban Transit Conference, 28 August 2000;
- (ii) Urban Transit Conference, 27 November 2000;
- (iii) Urban Transit Conference, 14 September 2001;
- (iv) Staff General Conference, 20-21 November 2002; and

- (v) Staff Draft Assessments Conference, 10-12 September 2003.
11. During the review, working parties held meetings on specific topics. These were:
- (i) Depreciation and Debt Charges Working Party, 23 June 2000;
 - (ii) Depreciation and Debt Charges Working Party, 30 April 2001;
 - (iii) Depreciation and Debt Charges Working Party, 21 September 2001;
 - (iv) Depreciation and Debt Charges Working Party, 7 December 2001;
 - (v) Valuers-General Conference, 6 September 2002;
 - (vi) Information and Communications Technology Conference, 5 December 2002;
 - (vii) Draft Assessments Information Day, 20 August 2003; and
 - (viii) Mining Data Workshop, 1 October 2003.

REPORTS ON WORKPLACE DISCUSSIONS

12. Workplace discussions have proven to be extremely valuable to the work of the Commission. Feedback from the States during previous reviews has indicated that most States strongly support the inclusion of workplace discussions in the review process.
13. Workplace discussions allow:
- (i) Commission members to witness first hand disabilities experienced by, and the relative revenue capacities of, the States (this gives the members a basis on which to exercise judgement when this required);
 - (ii) States to put their particular concerns to the Commission; and
 - (iii) the Commission to test issues of relevance to its work.
14. As part of the 2004 Review work program, workplace discussions were held during 2001 and 2002. The Commission members and staff visited all States. They met with officers providing services ‘on the ground’ as well as with officials from central policy areas of State departments. These visits of from two to five days in each State took place in metropolitan and country areas. Provision was made for further discussions with the States in March and April 2003, if required.
15. The following workplace discussions were held during this review:

- (i) Northern Territory: 28-31 August, 2001 and 8 April 2003;
- (ii) Queensland: 15-19 October, 2001 and 10 April 2003;
- (iii) New South Wales: 19-23 November 2001 and 1 April 2003;
- (iv) Australian Capital Territory: 10-14 June 2002 and 23 October 2003;
- (v) South Australia: 24-28 June 2002 and 2 April 2003;
- (vi) Victoria: 15-19 July 2002 and 12 March 2003;
- (vii) Western Australia: 29 July-2 August 2002 and 20 March 2003; and
- (viii) Tasmania: 12-16 August 2002 and 13 March 2003.

NEW SOUTH WALES

16. The Commission visited New South Wales from 19 to 23 November 2001 and again on 1 April 2003.

17. The agenda for the main discussions was designed by the New South Wales Treasury to highlight the following issues:

Congestion and urbanisation disability

- High costs arise from the need for urban planning and provision of infrastructure including roads, CBD electricity augmentation, rail line, water board replacements — historical development of infrastructure (retrofitting and ageing of existing infrastructure), geo-physical features and environmental constraints but population pressures and economic development are adding to demand.
- There is pressure on housing and greater consolidation has cost implications.
- Sydney has the most severe transport and traffic control problems of any Australian city. High land values limit the capacity to extend the urban transit system above ground, the State is forced to use tunnels.
- Sydney has the highest rates of crime, partly because of the anonymity of people in a major city and its role as a gateway to Australia and a leading financial centre.

Migrants — costs of servicing diverse ethnic groups

- The high proportion of migrants in Sydney, especially recent arrivals, adds to costs.

- Migrants are from diverse backgrounds with different and complex needs, leading to gang problems for policing and corrective services and the need for policing liaison officers for migrant groups.
- Service delivery costs are increased by the high costs of translation and interpreter services and counselling.
- The high intra-State migration of older migrants and low socio-economic groups including transient persons to regional services and the subsequent lack of social network support increases costs.

Resources to deal with drug related problems

- The high incidence of illegal drug trafficking and abuse affects costs of providing law and order, education, health, housing and other community services.
- Drug use has resulted in considerable mental illness.
- Sydney as a gateway to the nation has meant a higher than average proportion of overseas drugs enter via Sydney.
- Drug diversionary programs are required.

Other issues

- Diminishing marginal returns lead to increasing diseconomies of scale.
- New South Wales' land tax rates affect the values of land used in the land tax revenue assessment.
- The ageing population is increasing costs.
- Transient populations in Sydney and Lismore increase the costs of services.

18. The itinerary for the workplace discussions was as follows.

Monday 19 November 2001

Treasury presentation
Department of Urban Affairs and Planning
New South Wales Treasury — Capital Budgeting
Department of Education
Department of Housing
Department of Transport

Tuesday 20 November 2001

Attorney-General's Department
Department of Corrective Services — Long Bay Gaol
Department of Health — Prince of Wales Hospital
Roads and Traffic Authority — Traffic Control Centre

Wednesday 21 November 2001

Department of Ageing, Disability and Home Care
New South Wales Police Service
Department of Community Services
Department of Education — Granville

Thursday 22 November 2001

Lismore Education District Office, Goonellabah
Education
Housing
Department of Ageing Disability and Home Care
Police
Attorney-General's Department
Health
Department of Community Services

Friday 23 November 2001

New South Wales Treasury
Revenue issues
Summing up.

19. Further discussions on 12 March 2003 covered the following issues:
- (i) migration and its effects on New South Wales services, in particular: Transport; Housing; Health; Welfare; and Law and Order;
 - (ii) how the rate of land tax affects the value of land, and how the Commission should adjust for the effects of interstate differences in land tax rates;
 - (iii) New South Wales' public sector salaries;
 - (iv) New South Wales' broad-based approach to Economic Development; and
 - (v) Department of Transport: the costs associated with building additional capacity within existing infrastructure.

VICTORIA

20. The Commission visited Victoria from 15 to 19 July 2002 and again on 12 March 2003.

21. The agenda for the main discussions was designed by the Victorian Treasury to cover the following issues:

Cultural and linguistic diversity:

- Victoria's large and diverse ethnic population increases the costs of providing education, health, law and order services.
- Allowances for low fluency in English should be made in more categories.
- Cultural and linguistic diversity contribute to costs in more ways than just the effects of low fluency in English.

Urbanisation

- Urbanisation is a major disability and the factor should be increased and applied in more categories.
- Urbanisation requires complex and costly solutions for traffic problems and road safety, with the result that urban arterial roads are 3 times more costly than rural arterial roads.
- Vandalism is a major problem for technical education colleges.
- Urbanisation creates extra costs for police services because of problems of major fraud, anti-terrorism, drug related crime and gang violence.
- Urbanisation creates extra costs for emergency services – population density increases difficulties of handling emergencies and proximity of major venues to residential areas increases risks.

Technology

- Reduces costs of service to dispersed populations, implying that the dispersion cost weights for telephones and travel should be reduced.
- Tele-medicine reduces unit costs and absolute costs.
- Video—conferencing has reduced costs of many functions, such as in courts. Co-operative school networks also reduce costs via use of videoconferencing to extend range of courses.

Salinity and water resources

- Management - over development of water resources has resulted in additional costs of extraction and problems of irrigation salinity.

Other items

- Retention rates – actual enrolments are an indicator of need and non-English speaking background contributes to higher retention rates.
- Payroll tax – different thresholds contaminate the Commission's assessment and elasticity issues affect tax arrangements.
- Interest earnings should be offset against debt charges.

- It is important that the Commission adopt a high burden of quantitative evidence to support a disability.

22. The itinerary for the workplace discussions was as follows.

Monday 15 July 2002

Dandenong Drug Court and Police
Carwatha College, Noble Park
Noble Park English Language Centre
Holmesglen TAFE

Tuesday 16 July 2002

Treasury presentation
Post-compulsory student retention
Dandenong Ranges National Park
Alfred Hospital
Deer Park Women's Prison

Wednesday 17 July 2002

Horsham /Rocklands Dam
Victorian Institute for Dryland Agriculture
Wimmera Catchment Management Authority and Wimmera
Mallee Water presentations
Horsham/Rocklands presentation
Swan Hill
Northern Irrigation Region — Salinity impacts
Salinity inspection — Loddon Murray wetlands and irrigation
and drainage infrastructure

Thursday 18 July 2002

Mildura Courts presentation
Mildura Police presentation
Mildura Hospital
Robinvale Secondary School/Nichols Point Primary School
Robinvale Multi-purpose Health Centre

Friday 19 July 2002

Melbourne Traffic Control Centre
North Richmond Community Centre
Emergency Services Command Centre
Treasury presentation.

23. Further discussions on 12 March 2003 covered the following issues:

- (i) payroll tax;
- (ii) post-compulsory school enrolments;

- (iii) socio-demographic composition and urbanisation;
- (iv) land revenue and gambling revenue.

QUEENSLAND

24. The Commission visited Queensland from 15 to 19 October 2001 and again on 10 April 2003.

25. The agenda for the main discussions was designed by the Queensland Treasury to cover:

Urbanisation

- Growing populations in the southeast result in high costs of new infrastructure.
- Brisbane faces the same congestion, traffic, and urbanisation costs as Sydney and Melbourne.

Declining, dispersed and isolated communities

- High costs of maintaining infrastructure and services are incurred in areas of declining population.
- Services to dispersed populations in rural and remote areas are increased by the high costs of travel; freight; staff recruitment, retention and turnover.
- Isolated areas, such as the Torres Strait Islands, require unique methods of service delivery and obligations that either do not exist elsewhere, or exist to a much lesser degree.

Indigenous and Non-English speaking background

- Indigenous and non-English speaking people add to the costs of providing health, housing and education services because services need to be delivered in culturally appropriate ways.

Physical environment

- The aggressive climate in tropical coastal environments increases the costs of infrastructure and maintenance costs, and reduces asset lives.

Technology

- Queensland uses technology to deliver services but remoteness and isolation mean on-line services do not substitute for conventional services. 'Virtual

services' give access to the same ranges of services available elsewhere rather than services at lower cost.

Economic environment

- The State is a price taker for many services, such as teachers and nurses and non-State sector wage differentials underestimate the price Queensland must pay.
 - Market failure in remote areas means that the State has to support services that elsewhere would be provided by private sector, eg air services.
26. Queensland also raised:
- (i) questions about the reliability of population counts in parts of the State;
 - (ii) the data used in the Roads assessment;
 - (iii) the elasticity adjustment for mining;
 - (iv) the emerging costs of climate change; and
 - (i) problems posed by the large unskilled component in the State workforce.
27. The itinerary for the workplace discussions was as follows.

Monday 15 October 2001

Queensland Treasury: presentation on Queensland's economy,
Mining revenues; population and Census issues; panel discussion
Logan Hospital

Tuesday 16 October 2001

Traffic Control Centre, Brisbane
Queensland Transport/panel discussion

Wednesday 17 October 2001

Barcaldine Hospital, Barcaldine
Q Build and Department of Housing
Barcaldine State High School
Roads

Thursday 18 October 2001

Horn Island, Torres Strait
Thursday Island
Thursday Island Hospital
Q Build and Department of Housing

Friday 19 October 2001

Thursday Island State School

Horn Island
Summary presentation, Cairns.

28. Further discussions were held on 10 April 2003 and covered:
- (i) issues of principle;
 - (ii) the treatment of assistance for economic development;
 - (iii) minimisation of revenue stream volatility;
 - (iv) data issues, including the adequacy of GFS data and difficulties in collecting other data sought by the Commission;
 - (v) measures of socio-economic status (SEIFA) — discussion and demonstration of what SEIFA indices are designed to show and why they are not appropriate for use in Commission assessments;
 - (vi) socio-demographic composition — impact of CALD groups on service delivery;
 - (vii) telecommunication infrastructure — the delivery of ICT services to rural and remote Queensland; and
 - (viii) Queensland electricity grid — provision of power supply to dispersed communities in Queensland.

WESTERN AUSTRALIA

29. The Commission visited Western Australia from 29 July to 2 August 2002 and again on 20 March 2003.

30. The agenda for the main discussions was designed by the Western Australian Treasury to cover the following issues:

Stamp Duty on Conveyances

- Western Australia has rigorous enforcement measures for private unit trusts – in some States managed funds place properties into sub-trusts and avoid conveyance duty.

Land tax

- The revenue base should include residential property.

Education

- Western Australia's policy of structuring schools to better integrate with TAFEs and Universities has led to improved retention rates.
- Technology does not necessarily reduce costs in providing services in remote areas: equipment is expensive to acquire and maintain.

Infrastructure

- Extra infrastructure is needed for police, health and education services because of population growth.

Police

- Crimes rates are affected by unstable population, high unemployment and short-term economic shocks.

Remoteness

- Service and capital costs are in remote areas.
- It is difficult to attract staff to remote areas and higher allowances must be paid. Inadequate private health services in remote areas places an additional load on State services. Technology is often not effective and does not replace the need to build relationships with Indigenous persons. Fragmented Indigenous communities add to costs. The State provides health services that are usually funded by Commonwealth.
- Capital costs for schools, roads and water supplies are very high, partly because of the scarcity of skilled labour. Roads are affected by the harsh environment and heavy vehicles. Water supply services are also affected by the environment. User charges that are generally uniform across the State do not adequately cover the costs.

Soil conservation and salinity costs

- Shallow water tables and large scale land clearing has led to salinity problems. The impacts on the productivity of land, parklands, biodiversity, and infrastructure such as roads and water are high.
- The Commission should consider measuring needs using the Commonwealth's assessment of needs under the National Action Plan (NAP) on Salinity and Water Quality.

Economic development

- Direct State involvement in financing infrastructure is necessary to attract and support the development of resources sector. The Commission's

asymmetrical assessment of the revenue from resource projects and related capital expenditure is unfair to Western Australia.

31. The itinerary for the main discussions was as follows.

Monday 29 July 2002

Treasury presentation and discussions, Perth
School of Isolation and Distance Education, Leederville
Peel Development Commission, Mandurah
Health and education and road facilities in Mandurah

Tuesday 30 July 2002

Meekatharra / Karratha
Burrup Peninsula - assistance for economic development and health issues in remote areas

Wednesday 31 July 2002

Jigalong - providing health, housing education, law and order services in a remote Indigenous community

Thursday 1 August 2002

Kalgoorlie Hospital
Kalgoorlie secondary school and campus

Friday 2 August 2002

Katanning workplace discussions – the effects of salinity
Agriculture Offices
Salt damage around Katanning
Water catchment areas serving Perth.

32. Further discussions on 20 March 2003 covered the following issues:

- (i) law and order services;
- (ii) servicing Indigenous people, especially welfare, education and health;
- (iii) economic development;
- (iv) Native Title; and
- (v) regional power subsidies.

SOUTH AUSTRALIA

33. The Commission visited South Australia from 24-27 June 2002 and again on 2 April 2003.

34. The agenda for the discussions was designed by the South Australian Treasury to highlight:

Contemporaneity

- Equalisation is not being achieved over time because of trends in States' economies, and lagged relativities.

Electricity costs

- The national electricity market has not eliminated price differentials between South Australia and the eastern States. South Australia is an importer of electricity and will continue to face higher wholesale prices. It also faces higher retail costs because of network provision costs for mid size and small users.

Gambling revenue

- The Commission's assessment should take account of the effects of population characteristics on propensity to gamble. The recreation and culture expenditure component of final consumption expenditure is a better measure of the revenue base.

Health and aged welfare

- Appropriate socio-economic weights are not being applied. Poverty is a cost driver but its effects are not being picked up. South Australia has to provide services to refugees.

Housing

- Public housing has a welfare role. The socio-demographic factor does not adequately pick up the demand for public housing, and the housing stock is aging and becoming more costly to maintain.

Water supply

- South Australia challenges the Commission's that full cost recovery is possible and its interpretation of the implications of competition policy.

National park

- The Commission should use a consistent definition of national parks and increase the component weight for conservation expenditure. The quality of data on visitor numbers is a concern, and the dispersion factor should be assessed by reference to the location of parks rather than population.

35. The itinerary for the workplace discussions was as follows.

Monday 24 June 2002

Treasury presentation
Royal Adelaide Hospital
Aged Welfare issues

Tuesday 25 June 2002

Whyalla Hospital
Housing
Bus tour of Whyalla Housing Trust houses
Water Supply

Wednesday 26 June 2002

Port Augusta
National Parks presentation
Carlton Primary School
Pika Wiya Health Service
Port Augusta Police Station
Impact of Woomera Detention Centre

Thursday 27 June 2002

Adelaide Central Community Health Service, Port Adelaide
Housing, Salisbury
Tour of Salisbury Housing Trust houses
Elizabeth Police Station
Treasury presentation.

36. Further discussions on 2 April 2003 covered the following issues:

- (i) Contemporaneity;
- (ii) the Debt Charges assessment;
- (iii) the treatment of capital grants in the Depreciation assessment;
- (iv) South Australia's capacity to raise revenue from:
 - gambling taxes;
 - land revenue; and
 - mining revenue; and
- (v) the Commission's approach to assessments of:
 - wages input costs;
 - socio-demographic composition disabilities; and
 - concessions and other community service obligations.

TASMANIA

37. The Commission visited Tasmania from 12 to 16 August 2002 and again on 13 March 2003.

38. The agenda for the main discussions was designed by the Tasmanian Treasury to cover the following issues.

Low socio-economic status of many Tasmanians

- The allowances for socio-economic status (SES) weight should be increased and the disability applied to more categories. For police, there is a correlation between low SES and crime. For education, low SES results in low literacy, behavioural problems and vandalism. For health, low SES means poorer health status.

Scale disadvantages

- The disability should be increased and applied to more categories. Commonwealth initiatives such as national DNA database and national counter terrorism program are costly to Tasmania.

Cost of servicing rural populations

- Tasmania has a heterogenous industry structure, dispersed population, small population centres, and lacks a significant urban centre. All of which increase costs of providing services.
- Tasmania incurs higher costs because of the need to provide services to many small centres. State-wide costs are high because of the small population and isolation from the mainland. The community expects magistrate courts in local areas to stay. The difficulty of staffing isolated areas increases costs. Dispersion of population increases ambulance and patient transport costs, often requiring use of helicopters. Tasmania has relatively more road travel and travel times are longer because of topography.
- Technology improves the quality of services but does not reduce the costs. It requires a teacher to sit in on online learning. Costs can be higher than traditional services. Tele-health is costly and is not delivered well because of poor linkages between small rural areas and major hospitals.

Ageing population

- Large numbers of elderly populations needing nursing homes are placing a strain on hospitals. Aging population increases demand for community health, concessional fares for transport and public housing.

39. The itinerary for the workplace discussions was as follows.

Monday 12 August 2002

Treasury presentation, Burnie
Administration of Justice and Adult Correctional Services, Burnie
Courtrooms
Devonport Don College — Secondary School
Devonport TAFE — Vocational Education and Training
Deloraine Youth Correctional Services

Tuesday 13 August 2002

Launceston Police Headquarters — police services
Launceston General Hospital — hospital services
Scottsdale Forestry Centre
Policing issues in rural areas
St Helens Health Centre — rural community health services
Marine and Small Station Policing

Wednesday 14 August 2002

St Marys District High School — rural secondary schools
Bicheno Primary School — primary schools
Clarence Health Centre Bayfield Street Rosny — urban and rural
community health services

Thursday 15 August 2002

Royal Hobart Hospital — Statewide hospital services
Moonah Metro Offices — urban transit
Bridgewater Urban Renewal Project — housing services
Hobart Treasury — roads and assistance to industry development

Friday 16 August 2002

Hobart Treasury — impact of technology
Revenue rising capacity, industry policy, capital needs
Treasury summing up.

40. Further discussions on 13 March 2003 covered the following issues:

- (i) administrative scale: proposed abolition of the variable component;
- (ii) socio-demographic composition: needs measurement in relation to socio-economic disadvantage and double counting issues (urbanisation, CALD);
- (iii) input costs: fundamental justification for the wage cost factor; evidence contradicting underlying assumptions; measurement of the wage cost factor; alternative measurement approaches;

- (iv) financial transactions taxes: proposed abolition of centralised banking adjustment;
- (v) debt charges: proposed population and inflation factor;
- (vi) contemporaneity issues;
- (vii) use of judgement: the importance of judgement; when and how it should be used;
- (viii) technology and the cost of service delivery: Tasmanian experience of the impact of ICT on service delivery and costs.

AUSTRALIAN CAPITAL TERRITORY

41. The Commission visited the Australian Capital Territory from 13 to 15 November 2002 and again on 23 October 2003.

42. The agenda for the main discussions was designed by the ACT Treasury to cover the following issues:

National Capital influences

- The ACT said that its dispersed urban layout was inherited from the Commonwealth and is entrenched by the national capital plan (NCP). The layout adds to costs of planning, urban development, public transport, roads, infrastructure and areas of open space. The NCP increases the ACT's costs and restricts its economic development.

Cross-border influences

- The ACT said that the use of services by non-residents has a big effect on costs. Current allowances are too low and out-of-date. The cross-border disability should reflect the actual data on usage provided by the ACT.

Diseconomies of small scale

- The ACT said that diseconomies of small scale are real and larger than the Commission has recognised. The role of government has become more complex and resource intensive with increasing demands for accountability and transparency. The ACT has to staff the full range of policy, economic, administrative and legislative sections as other States. Case studies demonstrate the existence of large fixed costs. 'Piggy-backing' on the larger States, is not possible because the ACT residents expect autonomous responses with ACT interests in mind.

43. The itinerary for the ACT workplace discussions was as follows.

Wednesday 13 November 2002

Regatta Point Business Centre — Treasury presentation
Business Canberra — economic profile and related support measures, tourism
Small Government — superannuation, diseconomies of small scale and cross-border issues
National Capital Influences and their influences on service delivery
Welfare Services and Housing — SAAP issues, housing issues including land tax
Non-inpatient Health Services — non-inpatient and community health services, population and preventive health.

Thursday 14 November 2002

Namadgi National Park Visitors' Centre
National Capital claims — roads, national parks and wildlife services, forestry
Dickson College — government primary and secondary education
Gungahlin Joint Emergency Services Centre — special circumstances of the ACT — National Capital influences
Law and Order — public safety and emergency services, police.
ACT Legislative Assembly

Friday 15 November 2002

The Canberra Hospital — overview, Inpatient services.
Supreme Court Building — Corrective Services
Casino Canberra — gambling taxation
Treasury presentation

44. Further discussions on 23 October 2003 covered the following issues:
- (i) self-government for the Australian Capital Territory and the role of the Commonwealth Grants Commission;
 - (ii) developments in the administration of the Australian Capital Territory;
 - (iii) the Commission's principles for assessing National Capital claims;
 - (iv) the application of the principles for assessing National Capital claims;
 - (v) the Commission's deferral of an updated methodology for cross-border claims; and
 - (vi) ACT Special Fiscal Needs for police and corporate regulation.

THE NORTHERN TERRITORY

45. The Commission visited the Northern Territory from 28 to 31 August 2001 and again on 8 April 2003.

46. The agenda for the main discussions was designed by the Northern Territory Treasury to cover the following issues.

Special features of the Northern Territory

- The Territory is different from other States in terms of its population characteristics and services to be provided and these differences affect the nature of services and on cost disabilities.
- The Northern Territory has a similar range of disabilities in urban areas as other States, but it also has a range of service delivery obligations that either do not exist elsewhere, or exist to a much lesser degree.

Scale

- Scale is a major disability. Scale problems are affected by other disabilities — socio-demographic characteristics require special programs, isolation and lack of skilled staff, dispersion impacts on scale.

Socio-demographic composition

- One third of the population are Indigenous, a large proportion of whom do not speak English. Two thirds of Indigenous persons live in remote areas.

Indigenous population

- The Indigenous population has poor health status, use hospitals more frequently and stay longer and they require special primary health care services that have to be provided in special ways.
- They have poor education outcomes despite lower student to teacher ratios.
- Their high imprisonment rates reflect social disorder from alcohol abuse, cultural breakdown and high unemployment.
- Their insufficient housing and funding from the Australian Government is not based on need.
- Their high mobility presents service delivery with extra challenges.

Dispersion and scale related dispersion

- A large part of the Territory population lives in remote areas in small communities, resulting in services being provided at less than optimal size:

Improved communications do not replace the requirement for basic services.

Public/private mix

- The Territory government is the sole service provider in many areas, especially outside Darwin. It has less chance to use private funds for service provision, particularly in health and education.

Population

- The population of the Northern Territory is under-enumerated in Census counts, especially Aboriginals in remote areas; and under-estimated between Censuses.
- The population has the youngest age in Australia but the Indigenous population is prematurely ageing.

47. The itinerary for the August workplace discussions was as follows.

Tuesday 28 August 2001

Menzies School of Health Research
Population and Aboriginal identification issues
Health — overview of issues affecting health status
Maternal and child health
Education — overview of service delivery
Royal Darwin Hospital — private vs public provision of services
Karama Primary School — Indigenous students in an urban environment
Cavenagh House
Local government reform
Aboriginal essential services
Magistrate Courts – circuit courts

Wednesday 29 August 2001

Wadeye
Court House — general police issues
Health
Wadeye Council
Infrastructure requirements
Naiiyu
School library
Naiiyu Council
Police — role of Aboriginal community police officers
Education — Naiiyu school
Katherine
Katherine Emergency Operations Centre — flood management and police issues

Thursday 30 August 2001

Katherine

Knotts Crossing — coordinated care

Education — Kalkarindji

Katherine West Health Board

Katherine High School — Secondary services for a mixed population

Kalkarindji

Infrastructure, the issues of floods and the provision of power and water services in Indigenous communities

Education — Kalkarindji School

Health Clinic

Kalkarindji Council

Friday 31 August 2001

Laramba

Laramba Council — community services

Health — diabetes program and market garden

Education — Laramba school

Alice Springs

Centralian College — secondary and TAFE delivery

Diversionary programs

Alice Springs Hospital — service provision

48. Further discussions on 8 April 2003 covered the following issues:

- (i) Population: the remote Indigenous population is difficult to enumerate accurately;
- (ii) Native Title: the recent Ward High Court ruling, declaring invalid the declaration of the Keep River National Park in Western Australia, has important implications for the status of some parks in the Territory and the administration costs for those parks;
- (iii) Information and communication technology: does the intensive use of ICT substantially reduce the unit cost of providing services;
- (iv) Education: the Commission's proposal to remove the adjustment for the Territory's low enrolment rate for compulsory ages of schooling;
- (v) Health: the very high utilisation of health services by Indigenous Territorians and the extreme shortage of private health care providers throughout the Territory; and
- (vi) Allowances for scale-affected variable costs: why the Commission should not discontinue the assessment of the scale-affected variable component of the administrative scale factor.

