




Australian Government
Commonwealth Grants Commission

Discussion Paper

New issues in the 2024 Update

September 2023

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Submissions sought by	<p>3 November 2023. Submissions should be placed in your private state channel in CGC Engagement Teams, with a post notifying Katrina Baldock.</p> <p>Submissions of more than 10 pages in length should include a summary section.</p>
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Background

1. In expectation of receiving terms of reference for the 2024 Update of GST relativities, this paper sets out the new issues and Commonwealth payments identified by the Commission as relevant to this update. The Commission is seeking the views of Commonwealth and state and territory (state) treasuries on proposals for the treatment of new issues and Commonwealth payments.
2. States are asked to provide comments and raise any other issues relevant to this update by 3 November 2023. States should upload their submissions to their private CGC Engagement channel in Teams. The contact officer for queries is Peter Lock (peter.lock@cgc.gov.au).
3. In addition to the formal submission process, Commission staff will continue to engage in discussions with state officials through the new issues consultation process.
4. The issues in this paper have been divided into 3 sections:
 - updated data for information, which includes the incorporation of Australian Bureau of Statistics (ABS) 2021 Census data into the assessments
 - data issues for consideration, which include:
 - new geography, distance to work and average slope data for use in the urban transport assessment
 - First Nations population estimates in the justice assessment
 - changes in payroll tax source data
 - other issues for consideration, which include the treatment of ACT's potential negative assessed GST needs for the national capital assessment and the treatment of new Commonwealth payments.

Summary of Commission's preliminary views

Updated ABS census data for information

- Adjust First Nations population projections based on the ratio between actual and projected First Nations populations for 2021.
- Use 2021 Census data to update measures of remoteness area and socio-economic status.
- Use 2021 Census data to update discrete First Nations communities, significant urban areas and urban centres.

Data issues for consideration

- In the justice assessment, retain ABS Estimated Resident Population data with First Nations population estimates based on the 2016 Census.
- Update the transport assessment with ABS 2021 Census geographies and distance to work data, 2016 Census passenger numbers and Geoscience Australia slope data.
- Amend the payroll tax assessment by removing the defence force personnel and Department of Foreign Affairs and Trade overseas employees' adjustment from Compensation of Employees data. This adjustment is no longer needed due to the change in scope of the ABS Employment and Earnings, Public Sector, Australia data.

Other issues for consideration

- It is expected that there will be negative assessed GST needs for the national capital assessment. The Commission proposes to suspend the national capital assessment from the calculation of GST relativities for the 2024 Update if the ACT's assessed GST needs for the national capital assessment are negative.
- In the mining revenue assessment, nickel has become material. Consistent with the 2020 Review method, the Commission proposes to introduce a separate mining revenue assessment for nickel.

Updated data for information

Incorporating additional ABS 2021 Census data

5. The 2021 Census was conducted in August 2021 and data have become progressively available. In the 2023 Update, the following census-based data were updated:
 - total disaggregated estimated resident population
 - social housing use rates in the housing assessment
 - client base for services to industry regional costs data in the services to industries assessment.
6. The following section describes the updates the Commission will make to the census data used in the assessments for the 2024 Update.
7. The Commission will share an indicative impact of the population changes on the GST distribution when data have been provided by the ABS and incorporated into the assessment calculations. This is likely to be in late October or early November.
8. A list of census variables used in assessments, by component, is included at Attachment A.

First Nations population

9. Apart from census years, the ABS does not estimate population data for First Nations people. Hence in the 2023 Update, the Commission estimated the disaggregated First Nations population using the 2016 Census shares applied to the total disaggregated population. The resulting First Nations population estimates (by state and age) were then scaled to match ABS projections based on the 2016 Census.
10. ABS sub-state First Nations population estimates for 2021 will be incorporated into the 2024 Update.
11. The ABS has not yet updated the First Nations population projections based on the 2021 Census. These will be available in 2024 after finalisation of the update. In the interim, the ABS First Nations population projections will be adjusted by the Commission to be more current. In this update, First Nations population projections (by state and age) will be adjusted based on the ratio between actual and projected First Nations populations for 2021. This follows the approach used in the 2018 Update, before the projections based on the 2016 Census were available.

Remoteness and socio-economic status

12. The Commission uses remoteness as a key aspect of some expense category assessments, affecting both the use of services, and the cost of delivering services.
13. The ABS remoteness classification used by the Commission divides Australia into 5 classes of remoteness (major cities, inner regional, outer regional, remote and very remote), based on distance to various sized population centres. The remoteness of certain areas has changed after the 2021 Census, primarily because some urban centres, along with their surrounding areas, have grown and become more accessible.

14. The Commission relies on agency data for states classified by remoteness for the following assessments:
 - schools
 - post-secondary education
 - health
 - housing
 - services to communities
 - welfare
 - justice
 - geography.
15. For the 2024 Update, the remoteness classifications have been updated to account for changes in the 2021 Census.
16. Socio-economic status is another element of the socio-demographic composition assessment used in many expense assessments. The Commission uses 3 measures of socio-economic status:
 - Indigenous Relative Socio-Economic Outcomes index (IRSEO) for the First Nations population¹
 - Non-Indigenous Socio-Economic Index for Areas (NISEIFA) for the non-Indigenous population²
 - Socio-Economic Indexes for Areas (SEIFA) Index of Relative Socio-economic Disadvantage as a general measure for the total population.³
17. The Commission relies on agency data classified by IRSEO/NISEIFA and SEIFA for the post-secondary education, health, welfare and justice assessments.
 - In the 2024 Update, the measures of IRSEO, NISEIFA and SEIFA used to classify these data have been updated with new data from the 2021 Census.
 - The Commission generally uses data classified by IRSEO/NISEIFA. In the health assessment, the non-state sector adjustment calculations are classified by SEIFA. From the 2024 Update onwards, data will be available that will allow these calculations to shift from SEIFA to IRSEO/NISEIFA based data. This would bring these assessments in line with all other assessments that use IRSEO/NISEIFA.

1 IRSEO is produced by the Centre for Aboriginal Economic and Policy Research (CAEPR).

2 NISEIFA was developed by the Australian Bureau of Statistics for the Commission in 2011 and updated by Commission staff for subsequent censuses.

3 SEIFA is produced by the Australian Bureau of Statistics.

Discrete First Nations communities

18. The Commission defines discrete First Nations communities as Statistical Area Level 1 where First Nations people are at least 50% of the estimated resident population.
19. The population of discrete First Nations Communities have been updated by the Commission based on 2021 Census data. These were estimated based on census counts, calibrated to the ABS First Nations population estimates by Statistical Area Level 3.

Other geographic classifications

20. ABS population data classified by significant urban areas and urban centres are used in the roads, transport and services to communities assessments.
21. ABS data on significant urban areas and urban centres will be updated in the transport and services to communities assessments using 2021 Census geographies.
22. Urban populations will be updated for the urban roads assessment using the latest populations and boundaries. A synthetic road network, used in the rural roads assessment, is based on roads between adjacent urban centres with populations above 1,000 people. The Commission does not propose to re-estimate this network based on centres growing above, or falling below, the threshold. The assessment of rural roads will be considered in the 2025 Review.

Data issues for consideration

Justice — use of 2021 Census disaggregated First Nations population estimates

Issue

23. The Commission needs to consider whether it is appropriate to use ABS 2021 Census estimates of First Nations populations in the justice assessment for the 2024 Update.

Background

24. The ABS has released First Nations population estimates based on the 2021 Census. Population estimates are combined with use weights from the 2020 Review to calculate a policy neutral number of justice service users.
25. In the 2020 Review, use weights were derived using state data for offenders and defendants from 2015 to 2017 and ABS 2016 Census estimated residential population for 2016–17. Service use data is collected once during each review because it is highly disaggregated and difficult for states to collect. From the 2020 Review to the 2023 Update, the use weights and First Nations population projections corresponded with the 2016 Census.
26. However, use weights derived using 2016 Census estimated populations are not suitable for use with the 2021 Census estimated First Nations populations. The

2021 Census First Nations population includes growth from non-demographic as well as demographic factors.

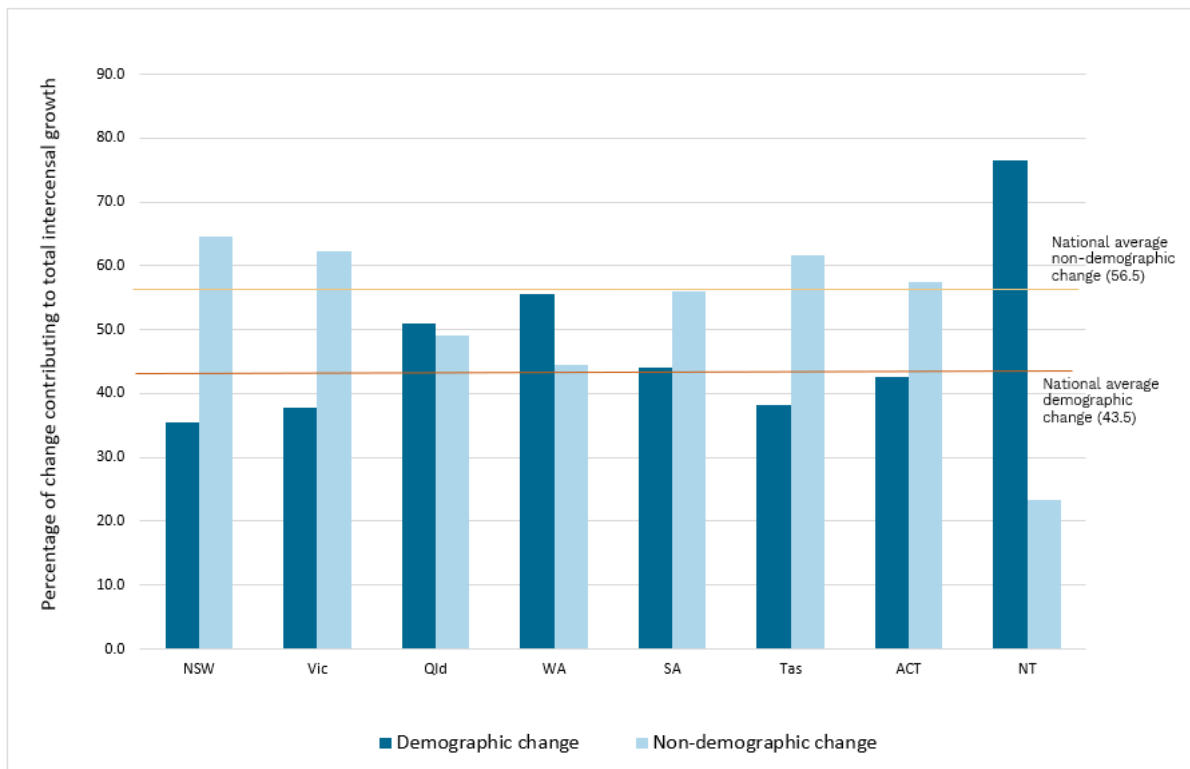
27. According to the 2021 Census, over half the reported growth in First Nations population since the 2016 Census was due to non-demographic factors, including increased self-identification and improved census coverage (Figure 1).⁴ As a result, the composition of the First Nations population in the 2021 Census is not comparable with the 2016 Census population projections.
28. Applying existing use rates to 2021 projections of First Nations populations would likely incorrectly estimate the number of justice service users. This is because data used to derive existing use rates are sourced from 2015–17. Until the 2025 Review is finalised the Commission will not have data on the use of justice services of the First Nations population from the 2021 Census.
29. A similar issue was previously considered in the 2018 Update. The Commission concluded that:

While the Commission has data on the distribution of the 2016 Census based Indigenous population, it has no data on their use of justice services. Therefore, it has decided to continue to use the 2011 Census based Indigenous use rates applied to the 2011 Census based Indigenous population distribution.⁵
30. The Commission’s preliminary view is to apply 2016 Census based use weights to 2016 Census based population estimates for First Nations people in the 2024 Update justice assessment.
31. In the 2025 Review [Justice assessment consultation paper](#), the Commission proposed to recalculate use weights for the police and criminal courts assessments once it has received updated state data. The Commission anticipates that 2021 Census estimates of First Nations populations will be incorporated into the justice assessment during the 2025 Review.

4 Australian Bureau of Statistics (ABS), [Understanding change in counts of Aboriginal and Torres Strait Islander Australians: Census](#), ABS website, 2023, accessed 10 September 2023.

5 Commonwealth Grants Commission (CGC), [Report on GST Revenue Sharing Relativities, 2018 Update](#), CGC, 2018, p 42.

Figure 1 Analysis of 2021 First Nations Census population



Notes:

- (a) Data are based on inter-census counts rather than estimated resident population.
- (b) Demographic change refers to growth of First Nations Australians due to births, deaths and migration (2021 Census estimates). Non--demographic change refers to growth of First Nations Australians due to altering Census coverage and changing patterns of First Nations identification.

Source: Commission calculation using ABS data. Australian Bureau of Statistics (ABS), 'Table 7. Components of change in Census counts, Aboriginal and Torres Strait Islander persons, 2016-2021', [Understanding change in counts of Aboriginal and Torres Strait Islander Australians: Census](#), ABS website, 2023, accessed 4 September 2023.

Preliminary view

The Commission’s preliminary view is to apply 2016 Census based use weights to 2016 Census based population estimates for First Nations people in the 2024 Update justice assessment.

Transport — ABS 2021 Census — urban area geography data available

Issue

- 32. The Commission needs to consider whether to use the ABS 2021 Census definition of significant urban areas in the urban transport assessment.
- 33. If the 2021 Census urban areas are used in the 2024 Update, the Commission also needs to consider whether to use updated slope and distance to work data in the urban transport assessment.

34. In the 2023 Update, the Commission determined that passenger numbers from the 2021 Census were impacted by COVID-19 restrictions and not appropriate for use in the assessment. Therefore, 2016 Census data will continue to be used to represent passenger numbers until 2026 Census data become available.

Background

35. The Commission's urban transport assessment uses regression analysis to estimate the impact of urban centre characteristics on net per capita expenses. The variables modelled include:
 - demand (population weighted density)
 - service provision (passenger numbers)
 - topography (slope)
 - network complexity (distance to work)
 - the availability of water transport (ferries).
36. The regression coefficients are based on data from 2013–14 to 2015–16 and the ABS 2016 Census. The coefficients are held constant between reviews.
37. In an update, the coefficients are applied to significant urban areas (defined by the ABS). Between census years, urban areas are unchanged, and characteristics are updated using the latest ABS estimated resident population data.⁶ This changes the population-weighted density and the modelled passenger numbers.

Urban area geography

38. The geography data used to define significant urban areas are updated by the ABS after each census. The significant urban areas based on the 2021 Census differ from those identified in the 2016 Census. A list of the changes to significant urban areas between the 2021 and 2016 Censuses is at Attachment B.
39. In the 2021 Census, the ABS amalgamated Melton and Yanchep into the Melbourne and Perth significant urban areas, respectively. Melton and Yanchep were previously identified as satellite cities in the 2020 Review because their labour markets were closely integrated with the neighbouring capital city. No new satellite cities were identified when the method was applied to 2021 Census geographies.
40. In addition, ABS population estimates have been revised which will impact the population density of new and existing significant urban areas.
41. The Commission considers it appropriate to apply the coefficients based on data from the 2016 Census to the 2021 Census geographies. This is because the newly defined urban areas have similar urban centre characteristics to those modelled in the regression.⁷ As a result, applying the 2016 Census based coefficients to updated data does not introduce bias in the assessment.
42. Changes in population from using the 2021 Census are presented in Table 1. The changes in population-weighted density are provided in Table 2.⁸

⁶ the introduction of a ferry service as a mode of transport is also updated in an update.

⁷ After controlling for changes due to ABS revisions, no statistically significant differences were found in the populations and population-weighted densities of the 2016 and 2021 Census urban areas.

⁸ To calculate assessed GST needs the 2021 Census urban centre boundaries have been applied to all assessment years. The 2020–21 year is shown in Table 2 and Table 3 to aid comparison.

Table 1 Changes in 2021–22 capital city populations due to ABS revisions

	Syd	Mel	Bri	Per	Ade	Hob	Can	Dar	Total
	'000	'000	'000	'000	'000	'000	'000	'000	'000
2016 Geography	4,777	4,723	2,429	2,141	1,353	214	440	131	16,207
2021 Geography	4,791	4,822	2,428	2,140	1,359	215	452	130	16,338
Change (%)	0.29%	2.10%	-0.05%	-0.02%	0.47%	0.55%	2.83%	-0.06%	0.81%

Source: Commission calculation based on ABS Estimated Resident Population data

Table 2 Changes in 2021–22 capital city population weighted density due to ABS revisions

	Syd	Mel	Bri	Per	Ade	Hob	Can	Dar	Ave
	People per km ²	People per km ²	People per km ²	People per km ²	People per km ²	People per km ²	People per km ²	People per km ²	People per km ²
2016 Geography	6,393	4,209	2,999	2,566	2,507	1,911	3,006	2,564	3,269
2021 Geography	7,196	5,125	3,397	2,649	2,518	1,990	3,315	2,690	3,610
Change (%)	12.56%	21.76%	13.27%	3.24%	0.43%	4.18%	10.31%	4.90%	10.42%

Source: Commission calculation based on ABS Estimated Resident Population data

43. Changes in the GST distribution from using 2021 Census data are shown in Table 3.

Table 3 GST impacts of using 2021 Census data for significant urban area populations and density

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Urban transport	-8	38	-9	-30	-28	-8	5	-6	0
Investment in Urban transport	-9	76	-21	-80	-66	-8	82	-28	0
GST	-17	114	-30	-110	-93	-16	86	-33	0

Source: Commission calculation based on 2023 Update

44. As a result of large upward revisions in population and population-weighted density in Melbourne and Canberra, the assessed GST needs for Victoria and the ACT are expected to rise.
45. For the remaining states that had smaller increases (or reductions) in population and/or population-weighted density, assessed GST needs are expected to fall.
46. As part of the 2025 Review, updated net expense data will be collected, and the regression will be re-estimated to incorporate 2021 Census populations, geographies and distance to work data. It is the Commission's preliminary view that, for the 2025 Review, the 2016 Census passenger numbers will be maintained until 2026 Census data are available. This is due to concerns about the impact of COVID-19 on the use of public transport in the 2021 Census passenger numbers.

Network complexity and topography

47. In addition to updating the populations and population density of urban areas, the network complexity and topography measures also need to be updated. Updated data are available for use in the 2024 Update.

48. ABS census distance to work data are used as a proxy for network complexity in the transport assessment. The Commission discussed the suitability of using 2021 Census distance to work data in the [2025 Review Transport assessment consultation paper](#). While the pandemic heavily impacted public transport use, the complexity of existing networks was largely unaffected. Therefore, the Commission’s view is that the 2021 Census data are suitable for use in the 2024 Update. Updated data for capital cities are shown in Table 4.

Table 4 Median distance to work, capital cities, kilometres

Capital cities	2016	2021
Sydney	10.5	10.5
Melbourne	11.5	11.5
Brisbane	10.5	11.5
Perth	11.5	12.5
Adelaide	9.5	9.5
Hobart	8.5	8.5
Canberra	10.5	11.5
Darwin	9.5	9.5

Source: Commission calculation based on ABS 2016 and 2021 Census distance to work data.

49. Average slope data from Geoscience Australia are used as a proxy for topography in the model. The Commission will use updated slope data from Geoscience Australia based on the 2021 Census urban areas in the 2024 Update.
50. The Commission does not expect the new average slope data to be significantly different. This is because topography does not change over time and the new ABS urban area boundaries do not include regions with extreme topographic variations. The Commission considers updated slope data will be fit for purpose for use in the 2024 Update.

Preliminary view

The Commission’s preliminary view is to update the characteristics of urban areas that are applied to the regression coefficients in the urban transport assessment using:

- 2021 Census significant urban areas definitions to update urban area population and population weighted densities
- 2021 Census distance to work data to update network complexity
- Updated Geoscience Australia average slope data to update topography
- 2016 Census passenger data to model passenger numbers.

Payroll tax — change in ABS Employment and Earnings, Public sector data

51. The Commission needs to consider whether to remove an adjustment in the payroll tax assessment due to changes in the scope of ABS public sector wages and salaries data.

Background

52. The payroll tax assessment measures each state's revenue-raising capacity using 'taxable remuneration' in the private and public sectors. Taxable public sector remuneration is based on public sector compensation of employees data (sourced from ABS national accounts), adjusted to remove remuneration of general government sector employees and remuneration below an average payroll threshold.⁹
53. The general government sector and threshold adjustments are made by applying a 'taxable proportion', derived from ABS wages and salaries data, to public sector compensation of employees.¹⁰ Before applying the taxable proportion, the Commission makes an adjustment to remove compensation of employees relating to Australian Defence Force (ADF) personnel and employees of Australian embassies overseas.¹¹ While the remuneration of these employees is not liable for payroll tax, it is outside the scope of the ABS wages and salaries data and, therefore, cannot be removed using the taxable proportion. This adjustment was material in the 2020 Review.
54. From 2022–23, the ABS will change its method of collecting the public sector wages and salaries data used by the Commission. These will be sourced from the Australian Taxation Office's single touch payroll data, instead of from the ABS Survey of Employment and Earnings, which has been discontinued.
55. The ABS has confirmed it will continue to provide the public sector wages and salaries data used by the Commission. However, these data will now include wages and salaries of ADF personnel and Australian embassy employees.
56. As a result, the remuneration of these employees can now be excluded from compensation of employees data using the taxable proportion.¹² The Commission can therefore cease the separate adjustment to remove the remuneration before the taxable proportion is applied. The change will apply from the 2022–23 assessment year. Terms of reference allow the Commission to make method changes, after consulting states, where necessary to overcome data problems.

Preliminary view

The Commission's preliminary view is to discontinue the separate adjustment to remove the remuneration of Australian Defence Force personnel and Australian embassy employees from its measure of the payroll tax base from the 2022–23 assessment year, as it is no longer necessary.

9 The general government sector is not generally liable for payroll tax. States cannot tax the general government sector at the Commonwealth level and raise only minor revenue at the local government level. Payroll tax revenue collected by some states from their general government agencies represents an internal budget transfer.

10 The ABS provides customised public sector wages and salaries data based on its publication *Employment and Earnings, Public Sector, Australia*.

11 The adjustment uses data published by the Department of Defence and the Department of Foreign Affairs and Trade, together with some historical data from the ABS.

12 The taxable proportion will include wages and salaries of ADF personnel and embassy employees in the denominator (total public sector wages and salaries) but not in the numerator (taxable public sector wages and salaries).

Other issues

National capital — negative assessed GST needs

57. The Commission needs to consider whether to suspend the national capital assessment from the calculation of GST relativities if the ACT's assessed GST needs for the national capital assessment are negative. This would impact the justice and other expenses categories.

Background

58. The national capital assessment recognises the unavoidable additional costs incurred by the ACT because of Canberra's status as the national capital or legacies inherited from the Commonwealth when granted self-government.
59. If the assessment method were to be included in the 2024 Update, the ACT's assessed GST needs for the national capital assessment would likely be negative. This would be the result of the police allowance's negative assessed expenses – the wages paid to Australian Federal Police in ACT Policing are less than those estimated using the wage costs assessment – more than offsetting the planning allowance.
60. As the national capital assessment is designed to recognise only the additional costs incurred by the ACT, the ACT having negative assessed GST needs would be inconsistent with the 2020 Review method. To ensure that the assessment is consistent with the 2020 Review method, the ACT's assessed GST needs for the national capital assessment could be set to zero for the 2024 Update if those needs are negative. That is, the Commission would assess the ACT to have no unavoidable additional costs related to Canberra's status as the national capital.
61. The future of the national capital assessment will be discussed as part of the 2025 Review.

Preliminary view

The Commission's preliminary view is to suspend the national capital assessment from the calculation of GST relativities for the 2024 Update if the ACT's assessed GST needs for the national capital assessment are negative.

Mining revenue — a separate assessment of nickel is material

62. The Commission assesses state mining capacity using a 'mineral by mineral' approach. Under this approach, a mineral is separately assessed if doing so materially affects a state's GST outcome.

Background

63. In the 2020 Review, the Commission noted that its intention was to retain its mining revenue structure until the following review. However, if there was a major change in circumstances, for example, if one of the separate mineral assessments became

immaterial or a separate assessment of another mineral became material, it would exercise its judgment on whether equalisation would be improved by changing the structure of the mining assessment.

64. In the 2020 Review, the Commission determined a separate assessment of nickel royalties was no longer material and was unlikely to become material in the foreseeable future. It discontinued the separate assessment of nickel royalties and assessed them in the other minerals component.
65. Western Australia's 2023–24 budget papers forecast nickel royalties to rise to \$154 million in 2022–23 and to remain above the figure for the foreseeable future. This would make a separate assessment of nickel material. The Commission's preliminary view is to introduce a separate assessment of nickel royalties.

Preliminary view

The Commission's preliminary view is to separately assess nickel royalties in the 2024 Update.

New Commonwealth payments

66. Each year the Commission needs to decide whether new Commonwealth payments and associated expenses should impact the calculation of state GST needs.

Treatment of Commonwealth payments commenced in 2022–23

67. The Commission has examined new Commonwealth payments commencing in 2022–23, as listed in the Commonwealth Final Budget Outcome, 2022–23, and proposes to treat them as set out in Attachment C, Tables C1 and C2. The proposals are based on the following guidelines adopted in the 2020 Review.
 - Payments which support state services, and for which expenditure needs are assessed, will impact state fiscal capacities. If needs are not assessed, it will have no impact on state fiscal capacities.
 - If a payment has multiple components, and the Commission decides that one or more components should not affect state fiscal capacities, staff will collect information to split the payment to ensure the appropriate treatment is applied.
68. Table C2 in Attachment C provides a list of projects under the City and Regional deals that commenced in 2022–23 and the proposed treatment for each project.
69. The Commission is yet to receive terms of reference for the 2024 Update. The proposed treatment of some new Commonwealth payments could change, if directed by terms of reference. The Commission's understanding is that the Commonwealth intends to exempt the \$2 billion *Social housing accelerator program* payment from the GST distribution calculation.

Preliminary view

The Commission's proposed treatment of new Commonwealth payments is outlined in Attachment C.

Attachment A — Census variables used in assessments by component

Category/Component	Census measure
310 Schools	
310-11 State funded government schools	Nil
310-12 Commonwealth funded government schools	Nil
310-20 State funded non-government schools	Nil
320 Post-secondary education	Estimated Resident Population (ERP) disaggregated by Socio-Demographic Composition (SDC) (incl. socio-economic status)
410 Health	
410-10 Admitted patients	ERP disaggregated by SDC (incl. SEIFA)
410-21 Emergency departments	ERP disaggregated by SDC (incl. SEIFA)
410-22 Non-admitted patients	ERP disaggregated by SDC (incl. SEIFA)
410-30 Community and other health	ERP disaggregated by SDC (incl. SEIFA)
410-40 Non-hospital patients transport	ERP by remoteness
510 Housing	
510-01 First home owner expenses	Nil
510-02 Social housing	Census housing counts, adjusted for undercount.
510-10 Social housing user charges	Census housing counts, adjusted for undercount.
520 Welfare	
520-10 Child protection and family services	ERP disaggregated by SDC (incl. SEIFA)
520-21 National Disability Insurance Scheme (NDIS)	ERP by state
520-22 Non-NDIS, aged care, national redress	Nil
520-41 Concessions	Nil
520-42 Other welfare	Nil
530 Services to communities	
530-10 Water subsidies	ERP by very small area
530-20 Electricity subsidies	ERP by very small area
530-30 Indigenous community development	Indigenous ERP by small area
530-40 Other community development and amenities	Nil
530-50 Environmental protection	Nil
610 Justice	
610-10 Police	ERP disaggregated by SDC (incl. SEIFA)
610-21 Criminal courts	ERP disaggregated by SDC (incl. SEIFA)
610-22 Other legal services	Nil
610-30 Prisons	ERP disaggregated by SDC (incl. SEIFA)
710 Roads	
710-11 Rural roads	ERP by area; whether town needs road
710-21 Urban roads	ERP by area
710-31 Bridges and tunnels	Nil

Category/Component	Census measure
720 Transport	
720-10 Urban transport	ERP by small area; Commuter patterns by transport mode
720-20 Non-urban transport	Nil
810 Services to industry	
810-10 Agriculture regulation	Count of employed persons by place of work
810-20 Mining regulation	Count of employed persons by place of work
810-30 Other industries regulation	Count of employed persons by place of work
810-40 Business development	Nil

Note: The table only lists Census measures used directly by the Commission. Other data inputs may have Census changes embedded in them.

Attachment B — Changes to Significant Urban Areas

Changes to significant urban areas (SUA) between the ABS 2016 and 2021 censuses

Significant Urban Area	State	Change
Airlie Beach-Cannonvale	Qld	New SUA
Burnie-Somerset	Tas	Name change
Byron Bay	NSW	New SUA
Castlemaine	Vic	New SUA
Gisborne	Vic	Name change
Gladstone	Qld	Name change
Medowie	NSW	New SUA
Melton	Vic	Amalgamated into Melbourne
Mildura-Buronga	Vic	Name change
Parkes	NSW	Removed
Yanchep	WA	Amalgamated into Perth

Source: Australian Bureau of Statistics (ABS), 'Significant Urban Areas association – 2016 to 2021 [data set]', [Australian Statistical Geography Standard \(ASGS\) Edition 3](#), ABS website, 2021, accessed 2 September 2023.

Attachment C — Preliminary views on the treatment of Commonwealth Payments that commenced in 2022–23

Table C1 Proposed treatment of Commonwealth payments commenced in 2022–23, Commonwealth Final Budget Outcome, 2022–23

Commonwealth payment	Description	2022–23 \$m	Proposed treatment	Reason for treatment (including expense category where 'no impact' payments will be deducted)
Health				
Access to HIV treatment	Funding to support the delivery of (HIV) care to all people living with HIV in Australia who are not eligible for Medicare.	0.6	No impact	Service is normally provided through Medicare. Medicare is treated as a non-state service (Community and other health)
Medicare Urgent Care Clinics	Establishment of 50 clinics that are available after hours to reduce pressure on hospital emergency departments and improve access for urgent situations.	8.8	No impact	Clinics are to support Medicare-funded health services. Medicare is treated as a non-state service (Community and other health)
Palliative Care Services Navigation Pilot	Support for the delivery of a pilot to test a palliative care services navigation model. The pilot will develop an approach to end-of-life care pathways in South Australia.	1.0	Impact	Admitted patient services are a state responsibility and needs are assessed.
Primary Care Pilot	Funding to co-develop and pilot models that reduce pressure on emergency departments (ED) including ED diversion, ED prevention and strengthening partnerships between primary care, community care and the public health system.	50.0	Impact	Community health is a state service and needs are assessed.
Surge capacity for BreastScreen Australia	Funding as a one-off boost to capacity for the BreastScreen Australia program. It will enable services to catch up on delayed appointments.	2.0	Impact	Community health is a state service and needs are assessed.
World-class newborn bloodspot screening program	Funding to increase the number and consistency of conditions screened through the newborn bloodspot screening program.	4.9	Impact	Community health is a state service and needs are assessed.
Child Development Unit at Campbelltown Hospital	Funding to establish a child development unit to enhance current services for children aged 2-6 years with developmental delay concerns at Campbelltown Hospital.	4.0	Impact	Health investment is a state function and needs are assessed.
Comprehensive Cancer Centres	Funding to support the establishment of Comprehensive Cancer Centres in Brisbane, Perth and Adelaide.	2.5	Impact	Health investment is a state function and needs are assessed.
South Australian Genomics Lab	Funding to establish a cancer genomics laboratory in South Australia, which aims to improve	7.0	Impact	Health investment is a state function and needs are assessed.

Commonwealth payment	Description	2022-23 \$m	Proposed treatment	Reason for treatment (including expense category where 'no impact' payments will be deducted)
	treatment options for Australians with cancer.			
Supporting Palliative Care in Launceston	Funding to support the construction of a new hospice, located within the Launceston General Hospital Precinct, to improve palliative care in northern Tasmania.	5.0	Impact	Health investment is a state function and needs are assessed.
Expansion of the John Flynn Prevocational Doctor Program	Funding for additional rural primary care training rotations for junior doctors through the John Flynn Prevocational Doctor Program.	12.5	Impact	Hospital services are a state function and needs are assessed.
Registration Scheme for Personal Care Workers	Funding to establish a national registration scheme and code of conduct for personal care workers in the aged care sector.	1.2	No impact	Aged care is a Commonwealth responsibility (Non-NDIS Disability services, aged care and national redress scheme)
Education				
Building boarding schools On-Country	Commonwealth investment to provide more options for local secondary education in remote communities through Studio Schools of Australia.	54.1	Out of scope	This is a payment to a non-government school. Support for non-government schools is primarily a Commonwealth rather than a state responsibility and therefore out of scope.
National Student Wellbeing Program	This program supports the wellbeing of students through the provision of pastoral care services in participating schools.	61.4	Impact	Schools are a state service and needs are assessed.
Schools Upgrade Funding – Round 1	Provision of \$265.8 million as part of the schools' upgrade fund, supporting capital projects to keep students and school staff safe after disruptions due to COVID-19.	49.1	Impact	School infrastructure is a state function and needs are assessed.
Student Wellbeing Boost	Funding to schools to support mental health and wellbeing through the impacts of COVID-19.	192.0	Impact	Pastoral care in schools is a state function and needs are assessed.
Workload Reduction Fund	Funding to pilot new approaches to reduce teacher workloads and maximise the value of teachers' time.	4.0	Impact	School staffing is a state function and needs are assessed.
Skills and Workforce Development				
Fee-free TAFE – 12-Month Skills Agreement (including TAFE Technology Fund)	Provision of \$493.3 million for fee-free TAFE places to be matched by the states, \$6.8 million to improve critical data infrastructure, and \$50.0 million for a TAFE Technology Fund to improve workshops, laboratories, and IT facilities across the country.	349.6	Impact	Vocational education training is a state function and needs are assessed.
Community				
Changing Places Implementation	Funding of up to one-third of the build cost per facility, to support the construction of Changing Places facilities.	0.4	Impact	Community facilities are a state service and needs are assessed.

Commonwealth payment	Description	2022-23 \$m	Proposed treatment	Reason for treatment (including expense category where 'no impact' payments will be deducted)
Extra high visibility police and law enforcement operations	Funding to improve remote community safety.	5.1	Impact	Community policing is a state service and needs are assessed.
Family, Domestic and Sexual Violence Responses Agreement – 500 community sector and frontline workers	Funding for new frontline and community sector workers to provide support to women and children who are experiencing violence.	14.9	Impact	Welfare is a state service and needs are assessed.
Family, Domestic and Sexual Violence Responses Agreement – Innovative approaches to addressing perpetrator behaviour	Funding to develop innovative approaches to address family, domestic, and sexual violence perpetrator behaviour.	0.5	Impact	Frontline family services are a state service and needs are assessed.
Remote Community Store Licensing Scheme	Funding to transition the remote community store licensing scheme currently delivered by the Australian Government to the Northern Territory Government.	6.0	No impact	The Australian Government established a licensing regime for community stores in the NT as part of the Northern Territory National Emergency Response (NTNER). Because the NTNER was a quarantined payment, this follow-up part of the payment, that transfers responsibility for licensing from the Commonwealth to the NT government should also be no impact (Other industries regulation).
Affordable Housing				
Housing and essential services on Northern Territory Homelands	Funding to deliver critical housing and essential infrastructure on NT homelands.	25.0	No impact	This payment is part of the Commonwealth's closing the gap initiative that aims to address structural disadvantage for which needs are not assessed. (Housing, social housing component)
Social Impact Investments – People at risk of homelessness	Funding to state governments to trial social impact investments to help people at risk of homelessness.	0.3	No impact	Welfare services are a state function. However, the Commission has been unable to determine a driver of state expense needs for services such as this, which are classified in the Commission's 'other welfare' component.
Environment, energy and water				
Bolstering Australia's Biosecurity System – Protecting Australia from escalating exotic animal disease risks	Funding to support targeted actions by developing an inter-jurisdictional plant biosecurity network that will enhance detection and response capacity within northern Australia to combat new detections of diseases.	0.4	Impact	Agriculture regulation is a state service and needs are assessed.
CarbonNet	Funding to support CarbonNet's establishment of a commercial carbon capture and storage network in Victoria's Gippsland Basin.	10.0	Impact	Business development is a state service and needs are assessed.

Commonwealth payment	Description	2022-23 \$m	Proposed treatment	Reason for treatment (including expense category where 'no impact' payments will be deducted)
Disaster Ready Fund - Coastal and Estuaries Risk Mitigation Program	\$50.0 million from the Disaster Ready Fund in 2022-23 to target high priority locally and nationally significant coastal and estuarine disaster risk mitigation projects.	50.0	No impact	Environmental protection is a state service, but needs are not assessed.
Food Waste for Healthy Soils Fund	Funding to support infrastructure that will divert organic waste from landfill towards improving Australian soils, as well as a \$10 million program aimed at avoiding food waste.	4.9	Impact	Business development is a state service and needs are assessed.
Horse traceability	Funding to increase horse traceability, targeting the spread of infectious diseases that have potentially significant market access and/or human health impacts.	0.6	Impact	Agriculture regulation is a state service and needs are assessed.
Investing in Australia's First Nations Culture and World Heritage	Funding to support the protection of First Nations' cultural heritage, including support for the addition of First Nations' heritage values to world and national heritage listings.	2.2	Impact	Cultural heritage is a state service and needs are assessed.
Marine Parks Management – Northern Territory Marine Parks	A partnership between the Director of National Parks and the Northern Territory Government to support Northern Territory marine parks.	0.2	No impact	Environmental protection is a state service, but needs are not assessed.
Raine Island Recovery Project	Funding to re-establish and maintain Raine Island as a viable island ecosystem.	0.7	No impact	Environmental protection is a state service, but needs are not assessed.
Strengthen Australia's frontline biosecurity capability and domestic preparedness	Funding to support on-farm and off-farm transition to a national livestock traceability system, including for the individual electronic identification of sheep and goats, to be delivered and co-funded by state governments and industry.	2.2	Impact	Agriculture regulation is a state service and needs are assessed.
Temporary cap on the price of coal	Funding to support the New South Wales and Queensland governments to implement a temporary cap of \$125 per tonne on the price of coal used for electricity generation.	165.4	No impact	Measures to reduce national energy prices are not a usual state service (Services to Communities, electricity subsidies component).
Transforming Digital Environmental Assessments	Programs to harmonise and share biodiversity data among Commonwealth and state governments. Under this program, states will transform and share biodiversity data with the new National Biodiversity Data Repository.	1.2	No impact	Environmental protection is a state service, but needs are not assessed.

Commonwealth payment	Description	2022-23 \$m	Proposed treatment	Reason for treatment (including expense category where 'no impact' payments will be deducted)
Other purposes				
National Legal Assistance Partnership - Support Criminal Justice Reform through Coronial Inquiries	Funding is for Aboriginal and Torres Strait Islander Legal Services (ATSILS) in each state. ATSILS are required to use this funding to provide culturally appropriate legal assistance in coronial inquiries for First Nations peoples.	2.7	No impact	Legal services for coronial court matters are a state function. However, the Commission has been unable to determine a driver of state expense needs for services such as this, which are classified in the Commission's 'other legal service' component. Therefore, needs are not assessed.
Additional funding for Legal Aid – Commissions to support court reform	Funding for legal aid commissions to improve their capacity to support the implementation of, and transition to, a new case management approach in the Federal Circuit and Family Court of Australia. The funding supports the delivery of timely and effective family law services by legal aid commissions in response to increased demand arising from the new approach to case management.	16.5	No impact	Payment is for a state service (other legal services). However, the funding is used specifically to deliver advice for use of a fully funded Commonwealth entity.
Scotdesco water security project	Funding to contribute towards the investigation and delivery of a permanent solution to drinking water for the remote community of Scotdesco in South Australia.	0.3	Impact	Subsidised water is a state service and needs are assessed.

Table C2 Proposed treatment of City and Regional Deals projects commenced in 2022–23

Commonwealth payment	Description	2022–23 \$m	Proposed treatment	Reason for treatment
Adelaide		10.0		
Digital technologies academy	Construction of an educational facility for digital technologies. The DTA will address the current skills gaps by developing specialised and highly adaptable education and training facility designed to support pathways linked to jobs and skills outcomes.		Impact	Payment supports an education facility. Investment in post-secondary education is a state function and needs are assessed.
Albury-Wodonga		3.6		
Albury Entertainment Centre Redevelopment	A major redevelopment of the Albury Entertainment Centre Convention Wing to create a regional events, conference and function centre.		Impact	Payments are for the development of a cultural centre. This is a state service and needs are assessed under Services to Communities.
Albury Airport Western Precinct Expansion	Infrastructure to enable the development of the Airports Western Precinct to support aerial firefighting, aeromedical services, general aviation, freight and emerging technology.		Impact	Payment supports emergency and industry services. General public services, including public safety, is a state responsibility and needs are assessed.
Wodonga TAFE Heavy Vehicle Technology Program - Stage 1	The Heavy Vehicle Training Program proposes increased scale and specialised facilities that will significantly improve heavy vehicle training capacity and capability. Wodonga TAFE Logic Innovation Precinct Stage 1 Heavy Vehicle Technology Program includes six projects and three construction phases: Heavy vehicle 4WD obstacle circuit; Cyber Range; Heavy vehicle workshop; Main Client Building; Carpark; and External infrastructure upgrades.		Impact	Payment supports investment in a TAFE facility. Investment in post-secondary education is a state function and needs are assessed.

Source: Department of Infrastructure