

Ms Christine McDonald  
Secretary  
Standing Committee on Finance and Public Administration

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Dear Ms McDonald

*Re Inquiry into the implementation of the National Health Reform Agreement*

I write to make a supplementary submission to the Senate Inquiry and to clarify some of the remarks I made at the hearing in Melbourne on 21 February, particularly in answer to questions posed by Senator Di Natale.

Prior to the hearing I was not aware of the flawed basis of the Commonwealth's calculation of the population growth estimate. I have previously supported the Commonwealth's use of the Australian Statistician's revised population estimates. That is still my position.

However, I was not aware that the Commonwealth had only used the revised estimates for the current population and had used the previous population estimates for the base population. It is therefore not estimating population growth at all. It is not comparing like with like and its estimates of so-called growth are erroneous. The more appropriate method would be to use the same source of population estimates for both the numerator and denominator of any growth calculation. I now understand this is the advice the Statistician gave for local government grant determination. It is also consistent with his published advice (in Demographic Statistics <http://www.abs.gov.au/AUSSTATS/abs@.nsf/featurearticlesbyCatalogue/19A3351F47CC2AD9CA257AD7000D109B?OpenDocument>) which is to use the new estimates for calculating population growth. This is what the Commonwealth should have done.

The failure to be clear about the method of calculation gives further support for the need for disclosure and transparency in grant calculations.

Yours sincerely

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