

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Commonwealth Grants Commission

Question: BET 25

Topic: Distance Truncation

Reference: Hansard page no. 90 - 01 June 2015

Senator: Ketter, Chris

Question:

Senator KETTER: I have some questions in relation to distance truncation. There is a particular impact on WA with respect to this new approach. Could you provide an explanation of how the 1,254 kilometre truncation was determined?

Mr Spasojevic: I will have to take that on notice.

Answer:

BET 25 - The Commission uses the ABS standard classification of remoteness areas, based on the Accessibility/Remoteness Index of Australia (ARIA), in its methodology. ARIA was developed by the ABS in conjunction with other agencies such as the then Department of Health and Aged Care. That process included the adoption of a truncation point.

Based on the available documentation, that truncation was determined as three times the average distance of locations to their nearest major city. The documentation notes "It seemed intuitively that, at least beyond a certain point, the relationship between distance and remoteness was no longer linear."¹

In using the national standard classification of remoteness, we have implicitly accepted the professional advice of the ABS and other agencies involved in the development of ARIA on this issue.

¹ Department of Health and Aged Care, 2001. *Measuring Remoteness: Accessibility/Remoteness Index of Australia (ARIA)*, Revised edition, p. 16, accessed 2nd June 2015 from the [Department of Health website](http://www.health.gov.au/internet/main/publishing.nsf/Content/E2EE19FE831F26BFCA257BF0001F3DFA/$File/ocpanew14.pdf) ([http://www.health.gov.au/internet/main/publishing.nsf/Content/E2EE19FE831F26BFCA257BF0001F3DFA/\\$File/ocpanew14.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/E2EE19FE831F26BFCA257BF0001F3DFA/$File/ocpanew14.pdf)).