



Response to 2010 Review Draft Report:

Services to Industry

Department of Treasury and Finance

September 2009

Tasmanian Position

- Tasmania has been generally supportive of the Commission's approach to the Services to Industry assessment through the Review.
- We have acknowledged that data limitations have made an assessment difficult, but have supported the use of states' survey data and the proposed indicators as producing an equalisation outcome that is acceptable, particularly given that the Commission has exercised a significantly conservative approach to assessing differential needs.
- While it is true that responses to the Commission's survey will contain a level of subjectivity by the individual respondents in each state, Tasmania notes that generally speaking, the survey results for three assessment years (and collected over two surveys) demonstrated a reasonable level of consistency in how expenses were considered in terms of purpose and cost drivers.
- Tasmania supports the Commission's intention not to differentially assess business development expenses, but rather to assess these equal per capita due to the difficulty in finding a common policy.
- Tasmania supports the Commission's proposal to differentially assess regulatory expenses using a mix of factor income, number of establishments and population data, where appropriate and where reliably measured.
- Tasmania had previously accepted the Commission's intention to assess separate disabilities for three sectors: agriculture, forestry and fisheries; mining, fuel and energy; and other industries, being the balance of service expenses. However, we now accept that further data have shown that separately assessing mining, fuel and energy is not material and, therefore, we support the Commission's decision to only assess two industry sectors - agriculture, forestry and fisheries; and all other industries.
- Tasmania supports the Commission's intention to recognise administrative scale disabilities in the Service to Industry assessment.
- Tasmania notes the Commission's approach to Location in the Services to industry assessment. We have argued previously that a SARIA-based assessment of location may not be appropriate in this category.
- The Commission should refer to Tasmania's response to the CGC Position Paper if further detail on our arguments, and the evidence we have presented, is required to understand Tasmania's position on this assessment.