



Response to 2010 Review Draft Report:

Administrative Scale

Department of Treasury and Finance

September 2009

Tasmanian Position

- Tasmania and other jurisdictions (notably the NT and ACT) provided a considerable amount of material throughout the 2010 Review demonstrating a conceptual case, with supporting evidence, that administrative scale costs have increased beyond indexation.
- At this point in the Review, Tasmania does not have any further evidence regarding the growth in administrative scale costs. Tasmania urges the Commission to reconsider the detailed evidence provided in Tasmania's earlier submissions.
- Tasmania is of the view that the readily available evidence, relating to the growth in statutory positions, intergovernmental workloads and ICT costs, strongly suggests that a re-examination of the CGC 2004 Review estimates of administrative scale costs is required.
- The evidence provided to the Commission regarding the growth in costs relevant to administrative scale was resource intensive to collect and it was difficult to prove that there were not some service delivery effects in the data, or that reprioritisation of existing resources was not having some effect.
- Nevertheless, the evidence provided by states was strong and justifies some recognition of the increase in administrative scale costs beyond indexation. The Commission should use judgement to increase the administrative scale quantum based on the strong evidence provided by states.
- Tasmania supports the inclusion of labour cost indexation in administrative scale and hence can see merit in the Commission's proposed approach to indexation. The approach also does not require judgement from the Commission and is a third party data source.
- Tasmania supports functionalising the Superannuation and Depreciation expenses in the 2010 Review (Tasmania notes that staff are now considering assessing Depreciation in its own category, but Tasmania does not support this approach).
- In the absence of a detailed data request to test the portion of Superannuation and Depreciation expenditure to be allocated to administrative scale, the estimation method proposed appears reasonable.