



COMMONWEALTH GRANTS COMMISSION

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ADMINISTRATIVE SCALE

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INTRODUCTION

1. This paper presents a draft assessment for the administrative scale factor for the 2004 Review. It builds on the staff proposals set out in *Discussion Papers CGC 2001/16 Administrative Scale*, and *CGC 2002/23 The Administrative Scale Factor*, discussions at the November 2002 Conference, and comments and data provided in the rejoinder submissions.

1999 REVIEW ASSESSMENT

Description of the factor

2. The administrative scale factor was assessed to recognise the relative costs to States of operating the minimum administrative structure required to provide State-type services. The minimum structure comprised that part of head offices of State departments which provided corporate services, policy and planning functions and some whole of State services (such as those provided by Treasuries and State museums).

3. In the 1999 Review, the Commission calculated administrative scale disabilities for minimum fixed costs and scale-affected variable costs. Minimum fixed costs were costs of the minimum amount of corporate services and basic head office structures required to provide policy and planning for State-wide functions regardless of the size of the task. Scale-affected variable costs were expenses on corporate services and policy and planning additional to minimum fixed costs, but still subject to some diseconomies of small scale.

4. The assessment applied different factors for each of those disabilities. The factors were combined and applied in a scale-affected expense component. The assessment involved two basic steps:

- (i) identifying the disability factors which indicate how per capita fixed and scale-affected variable costs vary across States; and
- (ii) identifying the absolute level of fixed and scale-affected variable costs for each service.

Minimum fixed cost factors

5. The calculation of the minimum fixed cost factors assumed that each State needed to spend the same absolute amount to provide the minimum sized central office. The factors, as shown in Table 1, were calculated as the inverse of State population shares.

Table 1 MINIMUM FIXED COST FACTORS, 1999 REVIEW

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Population (million) ^(a)	6.242	4.585	3.369	1.783	1.477	0.474	0.309	0.184	18.423
Population share	0.339	0.249	0.183	0.097	0.080	0.026	0.017	0.010	1.000
Inverse of pop shares	2.951	4.018	5.468	10.334	12.474	38.847	59.708	99.869	8.000 ^(b)
General minimum fixed cost factor ^(c)	0.36893	0.50229	0.68347	1.29177	1.55922	4.85594	7.46347	12.48364	1.00000

(a) 1996-97 mean resident populations.

(b) Population weighted average.

(c) Calculated by dividing the inverse of population shares by 8.

Scale-affected variable cost factors

6. The variable cost factors shown in Table 2 were estimated by:
- (i) establishing a value for the Northern Territory using data on education departments;
 - (ii) setting the factors for New South Wales, Victoria and Queensland to 1.0000;
 - (iii) interpolating factors for the other States by reference to their population size and their actual expenditures; and
 - (iv) rescaling the factor so that the population-weighted Australian average was 1.0000.

Table 2 SCALE-AFFECTED VARIABLE COST FACTORS, 1999 REVIEW

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Variable cost factors	1.00000	1.00000	1.00000	1.15000	1.20000	1.40000	1.60000	3.00000
Variable cost factors – rescaled	0.93378	0.93378	0.93378	1.07384	1.12053	1.30729	1.49404	2.80133

Adjustments to scale factors

7. The unadjusted scale-affected variable scale cost weight for the ACT (as shown in Table 2) was reduced from 1.6 to 1.5 for a number of categories where the client base serviced by the ACT was affected by cross—border use. This included all Education categories, all Health categories except Nursing Homes, all Law and Order categories except Public Safety & Emergency Services, all Welfare categories, Culture and Recreation, and National Parks & Wildlife Services.

8. The administrative scale factors for the ACT were also adjusted to reflect its zero or low needs for the Services to Indigenous Communities, Primary Industry and Mining, Fuel and Energy categories.

9. Tasmania's unadjusted scale-affected variable scale cost factor was also reduced to zero for Services to Indigenous Communities. Table 3 summarises the adjusted factors.

Table 3 ADJUSTED MINIMUM FIXED AND VARIABLE COST FACTORS, 1999 REVIEW

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Adjusted minimum fixed cost factors — ACT set at zero	0.42164	0.57405	0.78111	1.47631	1.78197	5.54964	0.00000	14.26702
Adjusted variable cost factors — ACT set at 1.5	0.93524	0.93524	0.93524	1.07552	1.12229	1.30933	1.40286	2.80572
Adjusted variable cost factors — ACT set at zero	0.95774	0.95774	0.95774	1.10140	1.14929	1.34084	0.00000	2.87322
Adjusted variable cost factors — ACT and Tasmania set at zero	0.99198	0.99198	0.99198	1.14078	1.19038	0.00000	0.00000	2.97594

Combined administrative scale factor

10. A single administrative scale disability factor was calculated by combining minimum fixed costs and scale-affected variable cost factors, weighted by the proportions of minimum fixed costs and variable costs in total scale-affected costs. Attachment A provides details.

11. Table 4 illustrates the calculation using the General Public Services category where total scale-affected expenditure was \$50 million, consisting of \$30 million in minimum fixed costs (60 per cent) and \$20 million in scale-affected variable costs (40 per cent).

12. In assessing the category disability factor, the combined factor was weighted by the proportion of scale-affected costs in the category. Thus, for General Public Services, the scale-affected costs of \$50 million represented 27.1 per cent of total costs of \$184.5 million (calculated as one-eighth of the five-year Australian average expenditure of \$1 476.2 million for the years 1993-94 to 1997-98).

13. Attachment A shows the proportion of scale-affected costs in each category. The proportion was highest for the General Public Services category and lowest for the Superannuation category.

Table 4 CALCULATION OF ADMINISTRATIVE SCALE FACTOR FOR GENERAL PUBLIC SERVICES, 1999 REVIEW

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Minimum fixed cost factor (Table 1)	0.36893	0.50229	0.68347	1.29177	1.55922	4.85594	7.46347	12.48364
* 0.6								
<i>Equals (a)</i>	<i>0.22136</i>	<i>0.30138</i>	<i>0.41008</i>	<i>0.77506</i>	<i>0.93553</i>	<i>2.91356</i>	<i>4.47808</i>	<i>7.49019</i>
<i>Plus</i>								
Variable cost factor (Table 2)	0.93378	0.93378	0.93378	1.07384	1.12053	1.30729	1.49404	2.80133
*0.4								
<i>Equals (b)</i>	<i>0.37351</i>	<i>0.37351</i>	<i>0.37351</i>	<i>0.42954</i>	<i>0.44821</i>	<i>0.52291</i>	<i>0.59762</i>	<i>1.12053</i>
Total factor (a) + (b)	0.59487	0.67489	0.78359	1.20460	1.38375	3.43648	5.07570	8.61072

14. The estimated total scale-affected variable costs were of comparable magnitude to fixed scale costs (see Attachment A). However, the scale-affected variable cost factors resulted in a lower redistribution than the minimum fixed costs factors because the variable cost factors were closer to one (see Table 5).

Table 5 ADMINISTRATIVE SCALE FIXED AND SCALE-AFFECTED VARIABLE COST FACTORS (Aust = 1.0000), 1999 REVIEW

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Minimum fixed cost factors	0.36893	0.50229	0.68347	1.29177	1.55922	4.85594	7.46347	12.48364
Variable cost factors	0.93378	0.93378	0.93378	1.07384	1.12053	1.30729	1.49404	2.80133

15. For the 2003 Update, the administrative scale factor redistributed \$652.8 million in total. Table 6 summarises the redistribution among States.

Table 6 GRANT SHARE EFFECT OF ADMINISTRATIVE SCALE - 2003 UPDATE FAG RELATIVITIES^(a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
\$m	-348.9	-203.9	-100.0	57.3	78.7	148.1	163.4	205.3	652.8
\$pc	-52.67	-41.49	-26.92	29.47	52.09	314.37	515.15	1021.35	33.14

(a) Estimated using 2003 Update FAG Grant Simulator.

PROPOSED ADMINISTRATIVE SCALE ASSESSMENT 2004 REVIEW

Scope of assessment

16. Administrative scale disabilities are assessed to recognise that in providing a full range of State-type services to their populations, each State needs to establish a basic administrative structure. That structure needs to cover the costs of core head office functions of departments and services that must be provided for the whole of the State, the costs of which are inevitably greater in per capita terms for less populous States.

17. The Commission accepts that a strong conceptual case continues to exist for recognising that the less populous States incur greater per capita fixed costs in providing a basic administrative structure. Data are available to measure the population based disability. The estimates of fixed costs for each category are based on judgment, informed by some reasonable data.

18. The Commission is not convinced about the conceptual case for scale-affected variable costs. Logically, they vary with the size of the service being delivered, although possibly not in a direct proportion. The Commission therefore considers that they are better treated as service delivery costs.

19. For the 2004 Review, the Commission proposes to assess administrative scale needs for fixed costs only, in a fixed cost expense component. Some particular needs of the ACT and the Northern Territory will also be recognised. Costs previously recognised as scale-affected variable costs will be reclassified as service delivery costs.

Component weights

20. The component weights for each category to which the administrative scale factor will apply have been calculated, for each assessment year, as the ratio of minimum fixed cost expenses to category standard expense.

21. The remainder of this draft assessment paper discusses:

- (i) the minimum fixed costs factor;
- (ii) the estimation of the minimum fixed costs;
- (iii) the frequency of updating;
- (iv) the treatment of scale-affected variable costs;
- (v) adjustments to account for the ACT's needs; and
- (vi) adjustments to account for the Northern Territory's needs.

MINIMUM FIXED COST FACTOR

1999 Review

22. The minimum fixed costs factor was calculated as the inverse of State population shares.

Staff proposal

23. As noted in *Discussion Paper CGC 2002/23*, Commission staff proposed to retain the 1999 Review assessment method for the minimum fixed cost factor.

State views

24. All responding States supported this approach. However, Queensland and Western Australia suggested that the factor should be partly related to the geographic size of the State as well as population size. Western Australia also suggested that additional administrative costs arose from the impact on central offices of Indigeneity and dispersion disabilities.

25. The Northern Territory argued that it incurred fixed costs in relation to the different types of services provided to its two population sub-groups – its Indigenous population and its non-Indigenous population. It argued that it had to undertake research, planning and policy development tasks to respond to the service delivery needs of these two very different groups. It argued that these were non—uniform fixed costs. They existed for the Northern Territory because its Indigenous population was 30 per cent of its population and very significant in terms of its needs.

Analysis

26. The minimum fixed cost assessment (the factor and the component weight) is designed to give each State the same absolute capacity to operate the minimum sized head office. This is not the whole of the head office of the smallest State, but a part which every States requires, regardless of its population size or characteristics or the size of the task.

27. The head office of the smallest State would include the ‘minimum level of resources’ but would also be affected by the State’s particular service delivery requirements, such as policy development targeted at different population groups, administration and regulation services relating to the size of the service and so on.

28. Under a strict definition of fixed costs, those types of head and regional office services would be considered service delivery costs. Service delivery costs are assessed in their respective categories and disabilities are applied to them to reflect State

needs arising from differences in their socio—demographic composition, population dispersion and other non—policy influences on costs.

29. We accept that many disabilities impact on central and regional office administrative costs but they would not affect the minimum fixed costs. The Commission proposes not to change the assessment of minimum fixed costs to try to incorporate such impacts. By definition, minimum fixed costs represent the resources any State requires to provide services regardless of its population size or characteristics. Thus minimum fixed costs are defined as relating only to those activities that are common to the central offices of all States.

30. The Commission accepts, however, that the non—uniform administrative costs the Northern Territory says it faces differ from those driven by normal disabilities. The Northern Territory is arguing that it requires two different service delivery models to provide services to its populations, and each has its own fixed costs. A special allowance for these costs is discussed further below.

Commission decision

31. The Commission considers that there is a strong conceptual case that less populous States experience diseconomies of scale in providing minimum head-office services. The absolute value of those costs incurred by each State are the same – they are fixed costs. The disability arises because of the different sizes of State populations. A State with a small population incurs higher per capita costs than a State with a larger population. The factor is therefore calculated as the inverse of State population shares, as shown in Table 7.

Table 7 MINIMUM FIXED COST FACTORS, 2001-02

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Population ^(a) (millions)	6.641	4.855	3.670	1.918	1.519	0.473	0.323	0.200	19.599
Population share	0.33884	0.24772	0.18728	0.09787	0.07749	0.02414	0.01646	0.01020	1.00000
Minimum fixed cost factors	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311	1.00000

(a) ABS, 2001-02 Mean Resident Population.

ESTIMATES OF MINIMUM FIXED COSTS — COMPONENT WEIGHTS

1999 Review

32. The estimates of minimum fixed costs were derived using judgment following a review of the nature of the services in each category, analysis of annual reports and budget papers, and an examination of the size of the central offices in the smaller States.

Staff proposal

33. The Commission reconsidered the 1999 Review estimates. *Discussion Paper CGC 2001/16* examined the structure of education departments and police departments using annual reports and other related material. It also used information from the Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP) report.

34. The results of that work suggested that the 1999 Review estimates were reasonable for those functional areas.

35. The November 2002 staff conference agreed to a special data collection to gather information to:

- (i) consider whether the 1999 Review minimum fixed costs used in each category were reasonable estimates; and
- (ii) investigate whether minimum fixed costs should be modified as a result of changes since the 1999 Review in the way States provided services.

36. In December 2002, a special data request was sent to the States asking for information and data on changes in head office operations since the 1999 Review. Information and data on organisational structure, and a description of the functions and the staffing of the head offices of Education, Police and Treasury Departments were also requested. States' responses to the special data collection are summarised in Attachment B.

State views

37. States had differing views on the size of the minimum fixed costs component. New South Wales and Victoria said that the 1999 Review minimum fixed costs were overestimated. Queensland said that they were about right and should simply be inflated by wage and salary increases since the 1999 Review. Western Australia, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory said that they were underestimated.

38. New South Wales suggested that the Commission's policy standards should take into account the tendency for smaller States to piggy back on larger States in various areas of service delivery. Victoria and Queensland suggested that the recent upsurge in interest in privately financed projects (PFPs) had increased opportunities for piggy backing between States.

39. New South Wales also suggested that the Commission was confusing the concept of fixed cost, on which the administrative scale factor is based, with the concept of minimum variable cost. It said that fixed costs were unavoidable costs that must be incurred, regardless of the volume of services provided (determined by the size of the population being serviced). On the other hand, minimum variable costs occurred in respect of services that did not have a fixed cost component. They occurred because of the need to have a critical mass before the service became viable. New South Wales urged the

Commission to bear in mind the distinction between fixed cost and minimum variable cost when the results of the current data collection were examined. It considered that no administrative scale disabilities should be assessed for most States in respect of functions which have a minimum, as opposed to a fixed, cost component.

40. Western Australia suggested that minimum fixed costs had been generally underestimated. It said that evidence provided in its main submission suggested that minimum fixed costs had been understated by a factor of 2.5 in education.

41. South Australia said that, from a small State perspective, recent increases in head office costs were obvious. It gave the following examples:

- (i) pressures for greater accountability (such as freedom of information (FOI) requirements);
- (ii) application of microeconomic reform (including the National Competition Policy (NCP) demands for legislative reviews);
- (iii) increased application of technology and the accompanying need for centralisation of IT services to obtain maximum efficiencies, which tend to increase the share of fixed head office costs;
- (iv) increased demands of intergovernmental liaison (eg GST administration, Council of Australian Governments, energy market review); and
- (v) increased head office costs involved in managing outsourcing contracts and PFPs.

42. South Australia said that some countervailing savings may have occurred through the application of technology, as suggested in the Victorian workplace discussions (although these seem to relate more to dispersion disabilities). But it concluded that there had been a net increase in head office costs over the last five years.

43. Tasmania argued that there had been substantial net increases in administrative costs in recent years, which suggested changes in the underlying nature of the minimum fixed costs. It said that significant improvements had happened in government services to reduce overall costs, but these efficiencies had shifted many costs from service delivery to the head office.

44. The ACT said that greater demand on governments for accountability and transparency were examples of greater per capita costs for smaller States. It provided a detailed example of increases in FOI requirements (see Attachment C).

45. The Northern Territory considered that it would be appropriate to update administrative expenditure by identifying influences on costs (such as staffing levels) that have occurred since the 1999 Review. It also said that the division of costs at the administrative level into fixed and variable scale—affected costs was arbitrary and the Commission should take care not to underestimate the size of fixed costs.

Analysis

46. The analysis in *Discussion Paper CGC 2001/16*, States' responses to the 2004 Review special data collection (see Attachments B and C) and the work done for this paper (see Attachment D and E), suggest that the minimum fixed costs estimated in the 1999 Review were within the range of expectations. They seem reasonable in the context of the price levels and State government functions that existed at the time of the 1999 Review.

47. Most States accepted that increases in wages and prices would have increased minimum fixed costs. Australian Bureau of Statistics data on Public Sector Wage and Salaries and consumer price indices (CPI) show that, in the last five years, average wages and salaries for State government employees increased by 15.7 per cent and prices increased by 14.4 per cent.

48. Accepting the reasonableness of the 1999 Review estimates and the changes in wages and prices over the period, minimum fixed costs estimates should be increased to reflect at least the increase in wages and inflation. An increase of 15 per cent for prices and wages would increase the total minimum fixed costs from \$114 million in the 1999 Review to about \$131 million. This should be the starting point for any adjustment to minimum fixed costs.

49. Western Australia's suggestion that minimum fixed costs for education departments were \$30 million (2.5 times the current \$12 million estimate) seems unlikely. According to the Productivity Commission's report on government services and relevant annual reports, this amount is greater than the actual spend on education department head offices by Tasmania and the ACT. Western Australia's estimate must cover more than minimum fixed costs.

50. The Northern Territory questioned whether the allocation between fixed and variable costs was reasonable. The definition of fixed costs used in the 1999 Review and that proposed for the 2004 Review are the same. While we readily acknowledge that the estimation of fixed costs is approximate, the lack of convincing evidence for large changes makes it difficult to treat amounts which were classified as scale-affected variable costs in 1999 as fixed costs this time.

51. The next question is whether the minimum fixed costs should be changed to reflect the way service provision has changed between the two reviews. In their responses to the special data collection, all States argued that changes in regulation, legislation, and technology had increased head office costs.

52. All States said that most changes since the 1999 Review had not led to a reduction in head office costs, although most changes had helped to achieve greater efficiency and increased service facility. Only Victoria reported that the introduction of its Management Reform Program and other changes resulted in executive staff reductions in its Department of Treasury and Finance. However, it acknowledged increases in other areas such as dealing with *A New Tax System* and its Financial Management Act. Generally, States reported that:

- (i) outsourcing and contracting out had not reduced the minimum fixed cost requirements;
- (ii) piggy backing opportunities were limited and had not increased since the 1999 Review;
- (iii) the adoption of more efficient work practices had increased productivity but had no impact on organisational structure or total head office costs;
- (iv) new technology had increased head office expenditure through:
 - additional support and planning services; and
 - new services; and
- (v) new regulations and legislation had increased head office costs (NCP, FOI, legislation requiring greater transparency and consultation in budget preparation).

53. States provided details of costs associated with some of these new functions. They reported that:

- (i) to deliver a better service using improved technology, the Western Australia Treasury employed an additional 15 staff;
- (ii) the cost of providing data communications to Tasmania's 218 schools and colleges was approximately \$3 million a year;
- (iii) technology support to Tasmanian schools involved the provision of technical support services for more than 14 000 PCs and 600 servers in schools at a cost of approximately \$4 million a year;
- (iv) the Tasmanian Education Department spent approximately \$380 000 a year on student record systems and learning management system software;
- (v) Tasmania's Treasury and Finance Department has employed at least 10 more full time staff to address increased legislative requirements since the 1999 Review;
- (vi) the Tasmanian Education Department required \$950 000 for involvement in national reporting requirements;
- (vii) Tasmania required \$923 000 to comply with national agreements — Hand Gun Law Reform to commence from 1 July 2003 will expand this further; and
- (viii) South Australia's Department of Treasury and Finance has increased its staff by 5 to 10 positions to deal with NCP requirements.

54. Such costs add up to around \$10 million for the Education and Treasury departments in one State¹. However, this information does not provide an estimate of the minimum fixed costs associated with these extra functions. Nor does it tell us whether similar cost increases were experienced by other government departments.

55. To estimate the total increase in minimum fixed costs across all categories it is reasonable to assume that:

- (i) other State government departments have been affected by similar cost increases as the Education and Treasury departments;
- (ii) data available for the education and police head offices suggest that minimum fixed costs represent about 10 per cent of State head office expenditure; and
- (iii) the Education and Treasury minimum fixed costs are about 10 per cent of total minimum fixed costs.

The total increase across all categories is estimated to be \$10 million².

Commission decision

56. The Commission has concluded that the information collected during this review indicates that the level of fixed costs estimated for the 1999 Review was reasonable. On the basis of movements since then in public sector wages and the CPI, it proposes a 15 per cent increase to the 1999 Review minimum fixed costs to allow for price and wage increases. This would increase the estimated fixed costs for each State from \$114 million to about \$131 million. It also proposes that a further \$10 million be added to allow for the increases in minimum fixed costs due to changes in technology and increased regulation and need for transparency. This extra amount is to be apportioned across categories, as far as practicable, on the basis of each category's share of total expenses in the equalisation budget.

57. Attachment F shows how minimum fixed costs have been updated. It shows the proposed minimum fixed costs as they would have been for the 1999 Review categories and moves them across to the 2004 Review categories.

58. Table 8 shows component weights calculated as the proportion that minimum fixed costs (excluding the Northern Territory special allowance) represent of category expenses in 2001-02.

¹ Assuming that one FTE costs about \$50 000. See Attachment B.

² \$10 million reported increase for Education and Treasury*10% (to obtain estimate of fixed cost increase)*10 (for all categories).

Table 8 ADMINISTRATIVE SCALE COMPONENT WEIGHTS – 2004 REVIEW

Category	Minimum fixed cost	Component weight
	\$m	(2001-02) %
EDUCATION	16.00	
Pre-school Education	0.26	0.50
Government Primary School Education	4.36	0.49
Non-Government Primary School Education	1.30	1.76
Government Secondary School Education	3.78	0.48
Non-Government Secondary School Education	1.29	1.55
Vocational Education and Training	5.00	1.13
HEALTH	13.00	
Inpatient Services	8.16	0.48
Non-inpatient and Community Health Services	2.84	0.52
Population and Preventive Health	2.00	1.40
WELFARE	11.50	
Family and Child Services	1.45	1.10
Aged and Disabled Services	3.45	1.06
Homeless and General Welfare	1.10	0.70
Housing	5.00	1.04
Aboriginal Community Services	0.50	2.65

Table 8 ADMINISTRATIVE SCALE COMPONENT WEIGHTS – 2004 REVIEW
(continued)

Category	Minimum fixed cost	Component weight
		(2001-02)
	\$m	%
LAW, ORDER AND PUBLIC SAFETY	16.00	
Police	7.00	1.37
Administration of Justice	5.00	2.28
Corrective Services	2.00	1.11
Public Safety	2.00	1.23
CULTURE AND RECREATION	11.00	
Culture and Recreation	9.00	4.28
National Parks and Wildlife Services	2.00	3.26
ECONOMIC ACTIVITIES	23.00	
Electricity and Gas	2.00	2.85
Water, Sanitation and Protection of the Environment	2.00	2.00
Non-urban Transport	2.00	1.64
Roads	5.00	0.90
Primary Industry	3.00	1.46
Mining, Fuel and Energy	3.00	8.65
Tourism	3.00	7.15
Manufacturing and Other Industry	3.00	15.20
GENERAL PUBLIC SERVICES	50.50	
Superannuation	0.50	0.06
General Public Services	50.00	6.94
TOTAL	141.00	

SCALE-AFFECTED VARIABLE COSTS

1999 Review

59. The variable cost factor was assessed using the methods outlined in paragraph 6.

Staff proposal

60. In *Discussion Paper CGC 2001/16*, staff proposed discontinuing the assessment of scale-affected variable costs because it was difficult to conceptualise them and data to measure them were not available. Staff said that service delivery disabilities should be applied to these costs in the future.

State views

61. New South Wales, Victoria, Queensland and Western Australia supported the proposal to discontinue the assessment of scale—affected variable costs and accepted the reasons for doing so.

62. South Australia acknowledged the difficulties attached to scale—affected variable costs but continued to advocate the importance of non-minimum fixed costs in determining scale effects. Tasmania supported the Commission’s use of judgment when required. It considered that the scale—affected variable cost component was an area in which the Commission should continue to use its judgment.

63. The Northern Territory said that there were legitimate administrative costs covered by the scale-affected variable cost component which would still need to be recognised. It rejected the view set out in the discussion paper that the impact of other disabilities on head office expenditure (excluding minimum fixed functions) would be accounted for in the service delivery components. The Northern Territory said that this statement failed to recognise that, when reduced to a per capita measure, these costs were affected by scale disabilities. It said that the cost of a service that arose because of specific population characteristics, such as Indigenous health research, did not vary in proportion to the service delivery task. Therefore, it would still require the application of a population-based disability to account for per capita cost differences. It said that the Commission should continue to assess these costs as administrative scale disabilities.

Analysis and Commission decision

64. The Commission accepts that judgment is part of its work in assessing States’ needs. However, in the case of scale-affected variable costs, it is difficult to develop a conceptual basis for the assessment. The limited amount of evidence available also makes it difficult to estimate a factor. Given the difficulties, the Commission decided to remove the scale-affected variable cost component from the administrative scale assessment.

ADJUSTMENTS FOR THE ACT

1999 Review

65. The ACT was assessed as having zero or very low needs in the categories of:

- Services to Indigenous Communities;
- Primary Industry; and
- Mining, Fuel and Energy.

66. The administrative scale factor for the ACT in those categories was adjusted to reflect the low needs. The adjustments were made by reductions in the estimated scale-affected costs for the ACT. The scale-affected costs for each of the Services to Industry categories was set at \$3 million fixed costs and \$2 million variable scale-affected costs for all States except the ACT. In the Primary Industry and Mining Fuel and Energy categories, the fixed costs for the ACT were set at \$1 million and its variable scale-affected costs at zero.

67. For Services to Indigenous Communities, the ACT was considered to have no needs and its fixed cost factors were set at zero.

Analysis

68. The average annual expenses of each State in these three categories for the last five years are shown in Table 9. The ACT is still recording very low expenses in the Services to Indigenous Communities category and no expenses in the last four years. For Primary Industry, GFS records expenses of less than \$300 000 for the last available financial year. For Mining, Fuel and Energy, GFS records no expenses in the last two years, and less than \$200 000 in any of the last five years.

Table 9 1997-98 TO 2001-02 STATE AVERAGE ANNUAL EXPENSES, ABS
GFS DATA

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Aboriginal Community Services	5.67	1.30	105.78	6.67	2.22	0.04	0.01	52.49	174.19
Primary Industry	604.96	422.77	452.11	238.93	177.02	42.28	0.82	40.95	1979.85
Mining, Fuel and Energy	93.61	14.66	48.00	74.37	20.63	6.78	0.06	22.02	280.13

Source: 2004 Review Preliminary Equalisation Budget.

69. As the ACT has recorded no expenses for Services to Indigenous Communities in the last four years, the Commission proposes to assess zero minimum fixed costs for the ACT.

70. The ACT does not have Primary Industry and Mining, Fuel and Energy sectors large enough to warrant separate government departments. However, the Commission accepts that some costs would be incurred on behalf of these functions. The estimate of \$1 million used in the 1999 Review has not been challenged and appears to be reasonable.

Commission decision

71. The Commission proposes to assess for the ACT:
- (i) no minimum head office expenditure for the Indigenous Community Services category; and
 - (ii) total minimum fixed costs of \$1 million for the Primary Industry and Mining, Fuel and Energy categories.

ADJUSTMENTS FOR THE NORTHERN TERRITORY

1999 Review

72. No additional assessment was made for the Northern Territory in the 1999 Review.

Staff proposal

73. In *Discussion Paper CGC 2002/23* staff said that the impact of other disability factors on head office expenditure (excluding minimum fixed functions) was accounted for in the service delivery components.

Further State views

74. The Northern Territory said during its bilateral discussions, that it faced different costs from those driven by normal disabilities. It argued that it required two different service delivery models to provide services to its populations, and each had its own fixed costs.

75. It also said that the approach proposed by the Commission in its discussion paper meant that service delivery weights would be applied to all Indigenous people. This was not appropriate because some States did not incur these non—uniform fixed costs. The Indigenous group did not represent a sufficient mass in their populations.

Analysis

76. The fixed cost expense component includes only part of head office expenses. The remainder is included in the service delivery components of the relevant categories. Therefore, if Indigenous people were assessed as costing more to service than non-Indigenous people, this would be reflected in the needs for non—fixed head office expenditure. However, this is not the equivalent of assessing minimum fixed costs for a separate head office Indigenous function.

77. We are not in favour of expanding the concept of minimum fixed cost. We consider that minimum fixed costs should be limited and tightly defined. Expanding the definition may lead to arguments to include all sorts of fixed costs associated with the provision of services.

78. Taking a broad perspective, however, the Northern Territory is arguing that the national average does not apply to it. This would mean, in the administrative scale context, that its minimum fixed costs are not only different from average, but that they reflect a reality markedly different from all other States.

79. We accept this. At a conceptual level, the argument is plausible. Indigenous people represent more than 30 per cent of the Northern Territory's population compared with 3.8 per cent for Tasmania, the State with the second highest proportion of Indigenous people. In addition, the Northern Territory has a high proportion of its population living in remote areas, 48 per cent compared with 7 per cent for Western Australia, the State with the second highest proportion.

80. Further, the Northern Territory provided evidence relating to health and education services that supported the argument that it incurs two sets of fixed cost for its Indigenous and non-Indigenous populations. In its bilateral discussions, the Northern Territory showed, for the health function, that its large proportion of Indigenous people resulted in:

- (i) higher prevalence and different patterns of disease and illness;
- (ii) the provision of a different model of care as a result; and
- (iii) a greater reliance on the public sector.

81. For the Northern Territory, this meant it needed to develop two service delivery and financing models to meet Indigenous and non-Indigenous needs.

82. In its main submission, the Northern Territory argued that the establishment of two research centres, the Menzies School of Health Research and the Cooperative Research Centre for Remote Aboriginal and Tropical Health were the result of Indigenous health needs.

83. The Northern Territory also said that to address specific barriers to effective Indigenous education, and to cater for the specific educational needs of Indigenous people, it established an Indigenous Education Branch within its head office. The major functions of this branch are:

- (i) ensuring Indigenous students attend school, including enrolment initiatives and parent/community involvement;
- (ii) intervention and support for Indigenous students' particular health needs, especially hearing and nutrition;

- (iii) delivery of appropriate schooling through the development of curriculum and teaching methods, as well as structured oracy, literacy, numeracy and Two-Way Learning (language) programs;
- (iv) tracking of Indigenous students throughout formal education and measurement of educational outcomes; and
- (v) recruitment and retention strategies to increase the employment of qualified and effective Indigenous and non-Indigenous teaching staff.

84. Overall, we consider that a conceptual basis for an extra disability exists. The sum of the evidence is large enough to justify an additional and separate minimum fixed cost allowance exclusively addressing the costs faced by the Northern Territory at head office level in servicing its Indigenous population.

85. We consider that this additional minimum fixed cost should be recognised in the education, health, welfare and housing functions, but not police. This is partly because the information provided shows important and separate Indigenous functions in the education department but not in the police department. The Northern Territory's budget documentation also supports this conclusion.

86. We are proposing to assess, for the Northern Territory, an additional minimum fixed cost for head office Indigenous functions of \$1.1 million in each of the education, health, welfare and housing functions. The \$1.1 million is based on data provided on the Northern Territory's Department of Education, Indigenous Education Branch. Attachment F shows the detail of the analysis. Two scenarios were used to obtain an indication of the relevant minimum fixed cost:

- (i) scenario 1 assumed that only a single staff member at every nominated level was required to perform minimum head office functions; and
- (ii) scenario 2 assumed that only one staff member was required for each head office function.

87. Scenario 1 gives a minimum fixed cost of about \$1.6 million for the Northern Territory funded positions and scenario 2 \$0.6 million. We took the average.

88. We consider that this type of adjustment should not be applied to other population groups. No other State experiences the disparity from the average that the Northern Territory does. Table 10 compares the population proportions of Indigenous people and people born in non-English speaking countries.

89. The table shows that, for Indigenous people, the ratio of the highest proportion of Indigenous people to the lowest is 51.9 (30.9 for the Northern Territory divided by 0.6 for Victoria). The similar ratio for people born in non-English speaking countries is 4.3 (33.4 for Victoria divided by 7.7 for Tasmania).

90. We have also been told that services for people born in non-English speaking countries are largely provided through mainstream services, augmented by culturally appropriate services. Different service delivery models are not applied.

Table 10 POPULATION PROPORTIONS OF INDIGENOUS PEOPLE AND PEOPLE BORN IN NON-ENGLISH SPEAKING COUNTRIES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
Proportion of Indigenous people	2.1	0.6	3.6	3.6	1.7	3.8	1.3	30.9	2.4
Proportion of people born in non-English speaking countries	32.1	33.4	14.8	23.5	20.5	7.7	26.9	15.8	26.6

Source: 2001 Census.

Commission decision

91. The Commission accepts that there is a conceptual case that the Northern Territory must provide services using different service delivery models for their Indigenous and non-Indigenous populations. This is because both populations are of a significant size. That fixed costs are incurred for each model is to be expected, given the way the Commission has defined fixed cost. The Northern Territory has provided data to support the conceptual case and to allow the additional costs to be estimated in a satisfactory way using judgment. We propose to assess an additional minimum fixed cost allowance for the Northern Territory for head office Indigenous functions of \$1.1 million each for the education, health, welfare and housing functions.

UPDATING OF ASSESSMENT

1999 Review

92. The current administrative scale factors were calculated for the 1999 Review by reference to the mean resident populations for 1996-97. They were applied to all assessment years. They were not changed in subsequent updates. This meant that scale-affected expenses increased at the same rate as category expenditure standards. State disability levels were not changed, even though populations changed.

State views

93. In their main submissions, some States argued that keeping component weights constant throughout the review period implied a growth in minimum fixed costs. This was because the component weights were held constant but category expenditure standards increased over time.

94. New South Wales argued that minimum fixed costs should only be increased for inflation and not for the growth in volume. It proposed a two—stage annual process to update the estimates of minimum fixed costs:

- (i) increase minimum fixed costs according to the changes in the expenditure standard (as is happening currently through the fixed component weights); and
- (ii) reduce the estimates by the level of growth using either the estimates of relevant population or the aggregate State population.

Staff proposal

95. *Discussion Paper CGC 2002/23* recommended that:

- (i) minimum fixed cost scale disability factors be updated each year using the latest mean resident population data to reflect population changes; and
- (ii) component weights and minimum fixed costs not be updated because it was considered that only minor revisions would be required, introducing a level of spurious accuracy.

Further State views

96. In the case of minimum fixed cost estimates and the component weights, States argued for a grant share outcome that was not artificially influenced by the mechanics behind the calculation of relativities.

97. Queensland favoured the annual updating of minimum fixed costs by using wage price inflation estimates and adjusting component weights accordingly. It suggested that, as the size of the State government sector was not growing, the main impact on head office costs would be wages growth.

98. South Australia supported the annual updating of minimum fixed cost factors by population data and minimum fixed costs using the actual data. It suggested that, in the last five years, head office costs have increased due to:

- greater accountability;
- microeconomic reform;
- increased application of information technology;
- increased demands on intergovernmental liaison; and
- changes in management practices, such as outsourcing and PFPs.

It argued these changes would continue and should be recognised.

Analysis

99. There are three options for the Commission:
- (i) update neither minimum fixed costs nor component weights in subsequent updates, and accept that the increase in implied minimum fixed costs resulting from fixed component weights and increasing category standards is adequately capturing increases in wages and in prices;
 - (ii) keep minimum fixed costs constant over the review period and adjust component weights in each update to ensure the intended grant share outcome; or
 - (iii) update minimum fixed costs every update to capture the effects of wage and price increases, and adjust the component weights to reflect the new estimates and the new category standards.

100. It is likely that option (i) would over-estimate needs because State expenses have increased by almost 50 per cent over the last five years compared with a 15 per cent increase in wages and prices.

101. Option (ii) is unlikely to deliver a fair equalisation outcome as, other things being equal, increases in wages and prices will change the minimum fixed costs.

Commission decision

102. The Commission proposes to annually update:
- (i) the minimum fixed cost factors by using mean resident population, with separate factors for each assessment year;
 - (ii) the minimum fixed costs estimates for the effects of wage and price increases, and component weights to reflect the new estimates and new category standards; and
 - (iii) the minimum fixed cost for head office Indigenous functions in line with the general minimum fixed cost estimates.
103. This will deliver up-to-date assessments for administrative scale.

SUMMARY OF RESULTS

104. Attachment H summarises the minimum fixed cost factors for the last five years that will be used for the draft assessment calculations.

ANALYSIS

105. The grant share impact of the Commission decisions on administrative scale is shown in Table 15.

Table 15 REDISTRIBUTION OF GRANTS ATTRIBUTABLE TO ADMINISTRATIVE SCALE ASSESSMENT

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Proposed 2004 Review	-301.9	-172.0	-76.3	33.9	59.1	129.2	139.3	188.7	550.2
2003 Update	-348.9	-203.9	-100.0	57.3	78.7	148.1	163.4	205.3	652.8
Difference	47	31.9	23.7	-23.4	-19.6	-18.9	-24.1	-16.6	102.6

Source: 2003 Update, Grant Simulator.

106. This outcome is the result of mainly four influences:

- (i) the removal of the scale-affected variable cost assessment, which increased the grant shares of the three largest States;
- (ii) the increase in the minimum fixed costs from \$113.5 million to \$141 million, which increased the grant shares of the five smallest States;
- (iii) the introduction of an additional fixed costs allowance for the Northern Territory to recognise its dual service delivery requirements, which increased its grant share; and
- (iv) the recalculation of the minimum fixed cost component weights, which increased the grant shares of the three largest States.

107. The net effect of removing the variable cost assessment will not be as large as might be suggested here (some part of the \$102.6 million shown in the table). Expenses which were previously considered to be scale-affected variable costs will now be treated as service delivery costs. As such, they will be subject to disabilities that reflect interstate differences in the size of the task (such as socio-demographic composition disabilities) and cost related disabilities (such as input costs and dispersion). It is not possible, at this stage, to quantify the net impact but it is highly likely that the shares of the less populous States will be less than in the 1999 Review.

ATTACHMENT A

MINIMUM FIXED AND SCALE-AFFECTED VARIABLE COSTS, 1999 REVIEW

	Minimum fixed cost	Scale-affected variable cost	Total scale-affected expenditure	Proportion of scale-affected expenditure
	\$m	\$m	\$m	%
Education (excluding TAFE)	8.0	5.0	13.0	
Pre-school education	0.2	0.1	0.3	0.78
Government primary education	3.3	2.1	5.4	0.78
Non-government primary education	0.8	0.5	1.3	0.78
Government secondary education	2.8	1.8	4.6	0.78
Non-government secondary education	0.8	0.5	1.4	0.78
TAFE	4.0	5.0	9.0	2.70
Transport of rural school children				
Health (excluding Public Health)	8.0	3.0	11.0	
Hospital services	5.4	2.0	7.4	0.64
Nursing home services	0.3	0.1	0.4	0.64
Mental health services	0.7	0.3	0.9	0.64
Community health services	1.7	0.6	2.3	0.64
Public health	2.0	15.0	17.0	24.01
Law and Order	13.0	13.0	26.0	
Police	5.0	5.0	10.0	2.83
Administration of justice	4.0	4.0	8.0	5.37
Corrective services	2.0	2.0	4.0	3.74
Public safety and emergency services	2.0	2.0	4.0	4.28
Welfare	8.0	9.0	17.0	
Family and child welfare	1.2	1.4	2.6	2.42
Aged and disabled welfare	2.3	2.9	5.2	2.42
Other welfare services	0.5	0.6	1.2	2.42
Housing	4.0	4.0	8.0	4.87
Culture and Recreation	9.0	9.0	18.0	
Culture and recreation	7.0	7.0	14.0	14.72
National parks and wildlife	2.0	2.0	4.0	10.30
Community Development	0.5	0.5	1.0	
Aboriginal Community Services	0.5	0.5	1.0	4.84
General Public Services	30.5	21.5	52.0	
Superannuation	0.5	1.5	2.0	0.42
Other general public services	30.0	20.0	50.0	27.10
Services to Industry	12.0	8.0	20.0	
Primary industry	3.0	2.0	5.0	3.41
Mining, fuel and energy	3.0	2.0	5.0	16.53
Tourism	3.0	2.0	5.0	17.76
Manufacturing and other industry	3.0	2.0	5.0	12.56
Transport	4.0	4.0	8.0	
Road maintenance	4.0	4.0	8.0	2.95
Regulatory and Other Services	15.0	15.0	30.0	
Regulatory and other services	15.0	15.0	30.0	19.44
Total	114.0	108.0	222.0	

Source: Commonwealth Grants Commission 1999 Review Working Papers Volume 3, March 1999.

ATTACHMENT B

STATE RESPONSES TO SPECIAL DATA COLLECTION

1. Police and Education departments and Treasuries were asked to provide information relating to changes in head office costs since the 1999 Review in the areas of:

- (i) outsourcing and contracting out;
- (ii) piggy backing;
- (iii) effects of new technology;
- (iv) adoption of more efficient work practices;
- (v) changes in spending priorities;
- (vi) restructuring of departments; and
- (vii) other reforms in public administration.

Outsourcing and contracting out

2. ***Use of these mechanisms.*** New South Wales, South Australia, Tasmania and the ACT said that the level of outsourcing and contracting out had remained largely unchanged since the 1999 Review. The Victorian Education and Treasury Departments increased their use of outsourcing and contracting out, although it was suggested that the quality of service provision became more important than cost savings in outsourcing initiatives. Queensland experienced a decline in outsourcing. In the Treasury Department, the cost of outsourced works declined from approximately \$170 000 (25 contractors) in 1999 to approximately \$90 000 (14 contractors) in 2003. Western Australia experienced some increase in the use of outsourcing and contracting out over the last five years.

3. ***Effects on organisational structure.*** New South Wales, South Australia, Tasmania and the ACT said that the impact on organisational structures had been minimal. Since the 1999 Review, the New South Wales Treasury experienced a marginal increase in staffing to manage contracts and deal with strategic issues. South Australia considered that, while outsourcing had increased the scope of the services provided, it had had no impact on either the internal structure of the function, nor the departmental structure. In the Northern Territory Police and Education Departments, the major outsourcing activity since the 1999 Review happened in the IT area.

Piggy backing

4. New South Wales, Western Australia, Tasmania and the Northern Territory considered that opportunities for piggy backing had not increased since the 1999 Review. South Australia questioned the validity of piggy backing, particularly in the areas of Education and Police. The Tasmanian Education and Police Departments were of the view that the impact of piggy backing on the cost of service delivery was relatively minor. The Tasmanian Treasury and Finance Department did not consider piggy backing opportunities had increased since the 1999 Review and noted that small States sometimes did the 'carrying'. The Northern Territory did not consider that States piggy back on each other. Although they use similar systems, due to specific conditions, they develop their own unique policy responses.

5. However, Victoria and Queensland argued that the recent upsurge in interest in PFPs had increased opportunities for piggy backing between States.

Increased regulation and other legislative requirements

6. New South Wales suggested that, since the 1999 Review, regulation and other legislative requirements have been relatively constant. However, it reported that the introduction of the GST in 2000 resulted in the allocation of an additional four positions.

7. However, in the same period, Victoria suggested that its Treasury and the Departments of Police and Education were affected by increased regulation and legislative changes. For example, to comply with the *New Tax System*, the Victorian Treasury created a separate function and a separate unit at a cost of \$600 000 per annum. The requirements as result of the amendment of the *Victorian Financial Management Act* in 2000 also added \$200 000 to the Victorian Treasury's annual costs.

8. In Queensland, following the introduction of the *New Tax System*, the requirements of whole-of-Government information standards and privacy legislation have increased expenses. For example, the Australian Government Taxes Unit increased staffing levels by five and an additional 1.5 FTE was provided for planning and reporting whole-of-Government requirements.

9. The Western Australian Education Department increased staffing by six FTE and supplemented its budget by \$1.4 million annually to comply with the national reporting requirement related to literacy testing. An increase was also experienced in the Department of Treasury and Finance. For example, the reporting requirements of the *Government Financial Responsibility Act 2000* required an additional three positions and the Business Tax Review increased the resource costs by around 20 per cent.

10. South Australia considered that the introduction of the National Competition Policy reforms has shown signs of reducing overall service provision and delivery costs. However, there was no evidence that this reduction was reflected in head office costs. South Australia said that micro-economic reforms had increased the complexity of government service provision, resulting in increases in scale disabilities. It estimated that National Competition Policy had resulted in five to ten additional positions in the Treasury

and Finance Department. The Department of Education and Children's Services reported a significant increase in the amount of administrative resources dedicated to complying with new Australian Government policies.

11. Tasmania reported that the introduction of the GST had led to increased costs in the level of administration for its Department of Education. The Treasury and Finance Department had employed at least 10 more full time staff to address increased legislative requirements since the 1999 Review. The level of commitment and involvement in national reporting requirements was increasing as the number of national measures of educational performance increased. The costs of participation in Education Department related forums together with the increased cost of collecting and analysing the data required for national reporting had led to a significant increase in central office costs. Tasmania estimated the increased costs since 1999 associated with these requirements to be \$950 000.

12. Nationally promoted counter-terrorism, gun law reform and CrimTrac initiatives impacted on the resources of the Tasmanian Police and Public Safety Department as follows:

- (i) counter terrorism measures required a restructure of specially trained groups within DPPS to take on full-time responsibilities;
- (ii) to comply with national agreements, Gun Law Reform will expand further with Hand Gun Law Reform to commence from 1 July 2003, costing \$923,000; and
- (iii) national CrimTrac initiatives to support policing services in all jurisdictions include National Automated Fingerprint Identification System, DNA analysis, CrimTrac Police Reference System, National Criminal History Record Checking and the National Criminal Investigation DNA Database.

13. In the Northern Territory, police and education services both stated that increased regulation and legislative requirements increased head office costs since the 1999 Review. The Northern Territory Department of Education suggested that additional staff and administration costs were in the order of \$270 000 to comply with the requirements of FOI legislation.

Effect of new technology

14. New South Wales reported that the use of new technology, while increasing the efficiencies, also increased the costs. However, due to outsourcing and contracting out, it had no impact on Treasury's structure.

15. Victoria suggested that significant changes had occurred in the use of technology to support the administration and delivery of services. However, the expectation was that the use of new technology would not necessarily deliver direct cost savings to the Government. Rather it would continue to improve the efficiency and the quality of the service provided.

16. In Queensland, some agencies had experienced cost savings while others experienced increases due to the use of new technology. In the Office of State Revenue, the introduction of electronic payments had reduced the need for labour. However, in the corporate services area of the Treasury Department, improvements in the central finance system increased workload by approximately one FTE and the continual growth of internet use had increased costs.

17. In Western Australia, the Treasury, Police and Education departments experienced significant improvements in service delivery as a result of new technology. However, they also experienced significant increase in costs as well. For example, to deliver a better service by using improved technology, the Department of Treasury and Finance employed an additional 15 staff.

18. South Australia was also of the view that the introduction of new technology increased the efficiency and effectiveness of delivering head office services, but did not reduce the cost of providing these services. Furthermore, an increase in the policy development and planning required to ensure that employee and community expectations were met resulted in an overall increase in head office service costs.

19. The Tasmanian Education Department said that technology had increased head office costs, citing the following IT costs:

- (i) approximately \$3 million per annum to provide data communications to Tasmania's 218 schools and colleges;
- (ii) approximately \$4.0 million per annum to provide technical support services for more than 14,000 PCs and 600 servers in schools; and
- (iii) approximately \$380 000 per annum on student record systems and learning management system software.

20. The Northern Territory police suggested that no new technology of any significance had been introduced to reduce head office costs. On the contrary, it considered that the introduction of new technology resulted in increased costs. The Education Department stated that, although the expectation is that there will be savings over time, because of the size of the Territory, the lack of competition within the IT industry had impacted on the cost of services.

Adoption of more efficient work practices

21. The New South Wales Treasury had been working to introduce productivity improvements by focusing on the improved use of consultancy and contracting funds, and better skill transfer. There had been minor increases in staffing levels (five positions) rather than reductions.

22. Victoria, Western Australia, South Australia and the Northern Territory stated that the impact was on productivity rather than the organisational structure or the total head office costs. Adoption of more effective work practices since the 1999 Review had helped to achieve greater efficiency and increased service facility.

23. The Queensland Government had reduced costs by establishing a single corporate identity.

24. Tasmania acknowledged that the adoption of new technologies had provided work efficiencies and associated cost savings in certain areas. However, in Tasmania, savings arising from the reduction in menial tasks were offset by the cost of automation provided through IT.

Changes in spending priorities

25. In New South Wales, the use of PFPs resulted in an increase of five positions.

26. The Victorian Department of Treasury and Finance created a new function to manage the State's obligations with respect to the *New Tax System*. Furthermore, as a result of changes in government programs, new authorities were established and new areas were created within the department.

27. The Queensland Government's use of PFPs contributed to cost increases through additional functions.

28. Policy changes led to the creation of new functions within Western Australia's Treasury and Finance Department. For example, the annual administrative costs for the Australian Government's First Home Owners Grant scheme were approximately \$75 000.

29. South Australia experienced similar developments. A number of major policy changes resulted in the creation of new functional areas such as the Public Private Partnership unit and the Microeconomic Reform and Infrastructure Branch within the South Australian Department of Treasury and Finance, and the Global Budget Management Unit within the Department of Education and Children's Services.

30. In Tasmania, the major re-prioritisation of spending since 1999 was increased spending in the IT area. The Education Department established an 'E-business' branch for the purposes of reforming service delivery, improving business processes and enabling effective information and communications management through the use of IT. The Tasmanian Treasury and Finance Department established new branches to deal with new areas of policy, regulation and administration generated by the implementation of National Competition Framework, such as the Energy Markets Branch. The Tasmanian Department of Police and Public Safety faced increased costs due to occupational health, safety and welfare requirements, new workplace standards requirements and vehicle lease costs.

Restructuring of departments

31. In all States, there had been a degree of restructuring since the 1999 Review. However there is no evidence that restructuring activities had any impact on head office costs.

32. Victoria suggested that some savings were achieved due to the abolition of functions. For example, in 2001-02 the Department of Treasury and Finance's Corporate Services Centre was dissolved and its functions absorbed across the department, providing savings in ongoing salary costs.

33. Western Australia's Departments of Treasury and State Revenue were merged on 1 July 2001 to form the Department of Treasury and Finance. This was expected to provide some savings over time, but the initial impact had been to increase costs.

34. The Western Australian Office of State Revenue was restructured to respond to an increased number of customers and non-compliance. The wages and salaries costs increased by approximately \$1.5 million per annum.

35. In the Northern Territory Education Department, reviews and the amalgamation of agencies have created some savings due to centralised finance functions.

Other reforms in public administration

36. The Management Reform Program has impacted on the Victorian Department of Treasury and Finance's costs since the 1999 Review. The number of executive positions was reduced by almost 30 per cent from 110 at June 1999 to 78 at June 2000.

37. The introduction of accrual output budgeting in Queensland resulted in an increase of three positions in the Treasury Department.

38. Financial Management Reform and GST Implementation impacted on the cost of Education Department head office services in Tasmania.

39. The introduction of accrual accounting and Outcomes/Output based budgeting in the Northern Territory increased costs.

ATTACHMENT C

ACT'S RESPONSE TO DATA REQUEST — THE FOI EXAMPLE

1. At the ACT's Workplace Discussions, a case study was provided to the Commission demonstrating the diseconomies of scale faced by a number of States in providing a standard government service — the management of Freedom of Information (FOI) applications.

2. Existing statutory accountability requirements in the ACT, such as budget statements, quarterly financial and output performance reports, annual reports and *Freedom of Information Act 1989* requirements, have been supplemented by new legislation, which requires greater accountability and monitoring by the ACT Government to the Legislative Assembly and the community. Four new Acts have commenced since 1999-2000 which require an accountability focus:

- (i) *Executive Documents Release Act 2001* – provides for the publication of certain executive documents 10 years after submission;
- (ii) *Government Procurement Act 2001* – established a government procurement board and makes provision about the procurement of goods and services by Territory entities;
- (iii) *Public Access to Government Contracts Act 2000* – provides for public access, as far as possible, to the terms of government contracts over \$50,000; and
- (iv) *Territory Records Act 2002* – encourages open and accountable government by ensuring that government records are made, managed and preserved in an accessible form.

3. These types of legislative and monitoring requirements are usually managed as a central office or corporate service function of departments and government agencies and are faced by all jurisdictions. The commencement of new procurement and records management legislation imposes additional administrative costs such as the sourcing and engagement of qualified and experienced practitioners to manage the implementation of the legislative requirements.

4. FOI legislation gives members of the community rights to access official documents of government. This type of legislation operates in all States. In the Northern Territory the *Information Act 2002* was passed more recently, on 8 October 2002.

5. In the ACT, the effective administration of the legislation is the responsibility of the Chief Executive. In this context, the function is usually managed by an

FOI coordinator in a central office or corporate service area within a department or government agency with some of the larger departments also identifying FOI contact officers in key business units. It is usual that the coordinator and contact officers would also be responsible for other functions.

6. The ACT Auditor-General estimated the level of resourcing of the FOI function in the ACT at \$1 million in 1999-2000, excluding the time of the decision-maker.³ The resourcing levels primarily comprise salary costs and related administrative costs and will increase over time in accordance with indexation and other related employee expenses.

7. There is no single source of information about the use and cost of the FOI function across States. The approach taken for this case study was to complete a comparative analysis of FOI applications in central policy coordination departments by State.

8. Analysis of FOI applications across States for 2000-01 and 2001-02 are detailed in the following table.

Table C-1 2000-01 AND 2001-02 FOI APPLICATIONS RECEIVED BY STATES IN CENTRAL POLICY COORDINATION DEPARTMENTS PER 100,000 POPULATION¹

Jurisdiction	2000-01			2001-02		
	FOI's Received ²	Pop. at end June 2001 ³ ('000)	FOI's per 100,000 pop.	FOI's Received ²	Pop. at end June 2002 ³ ('000)	FOI's per 100,000 pop.
NSW Premier's Dept	21	6,609.3	0.3	46	6,663.7	0.7
Queensland	n/a	3,635.1	n/a	n/a	3,708.7	n/a
Victoria Dept of Premier & Cabinet	108	4,822.7	2.2	156	4,883.3	3.2
WA Dept of the Premier & Cabinet	24	1,906.2	1.3	27	1,929.3	1.4
South Australia	n/a	1,514.8	n/a	19	1,522.2	1.2
Tasmania Dept of Premier & Cabinet	22	472.9	4.6	19	473.6	4.0
ACT Chief Minister's Dept	16	321.7	5.0	21	323.6	6.5
Northern Territory ⁴	n/a	200.0	n/a	n/a	200.1	n/a

N.B. Data not available for Queensland, South Australia and the Northern Territory.

(1) Covers States' central policy coordination departments (that is, Departments of Premier and Cabinet, Departments of Chief Minister).

(2) Source: States' annual reports.

(3) Source: ABS 3101.0 Australian Demographic Statistics.

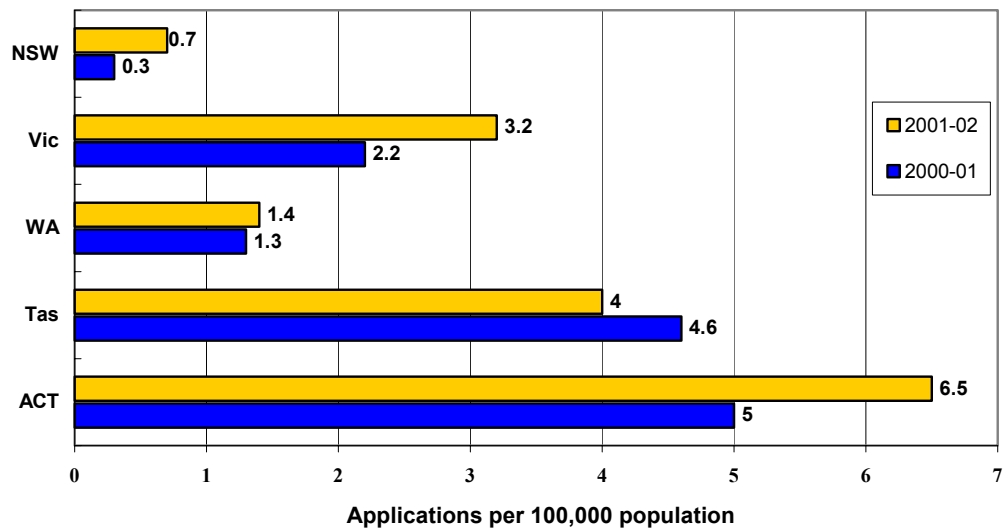
(4) FOI legislation in the Northern Territory was passed on 8 October 2002.

³ Auditor-General ACT, *The Freedom of Information Act*, Report No 12, Canberra, 2001, p 46.

9. The results are graphically displayed in the following figure, and show that during the two-year period the less populous States of Tasmania and the ACT managed a greater number of applications per 100,000 persons than those States with a larger population base. Interestingly, New South Wales, Victoria and the ACT have all experienced significant growth rates in the number of applications between 2000-01 and 2001-02.

10. The large number of applications in the ACT is thought to reflect the fact that the Territory has a large proportion of the population employed in the public sector who are aware of their rights in regard to accessing information and also have a greater internet usage and access to government given the metropolitan setting.

Figure C-1 FREEDOM OF INFORMATION APPLICATIONS PER 100 000 PEOPLE, BY STATE, 2000-01 AND 2001-02



11. The ACT provided a detailed analysis with a summary of the staffing levels and functions of each department by State, shown in Table B-2. The departments are broadly similar in functional responsibilities and the staffing levels are relative to the population base of the jurisdiction.

12. In the context of the management of FOI legislation, the case study identifies that each State has similar responsibilities and provide similar public sector administrative arrangements.

13. In Tasmania and the ACT, there are higher per capita administrative costs in sustaining these administrative arrangements due to the smaller population base in these States. These are fixed administrative costs which smaller States are required to provide and at an expected level of service and over time these costs increase.

14. In compiling data relevant to the processing of FOI applications across States, information has been sourced from State government agencies with portfolio

responsibilities similar to those of the ACT Chief Minister’s Department. Using online resources including departmental annual reports and government web pages, the following agencies have been selected for comparison based on their similarities of functions to the ACT Chief Minister’s Department. These are shown in Table C-2.

Table C-2 STATE GOVERNMENT AGENCIES AND PORTFOLIO RESPONSIBILITIES

State	Functions	Staff numbers
NSW (Premier’s Department)	The NSW Premier’s Department: provides strategic advice and services to the Premier; manages issues and projects of significance to NSW; provides direction and leadership to the NSW Public Sector to ensure a whole of government approach to policy development and service provision as well as the effective management of public sector staff and resources; works toward improving the management of public sector resources to achieve improved equity, efficiency and effectiveness; and delivers policy, advisory and administrative services to support efficiency and continuity in State Government administration.	354 approx.
Victoria (Department of Premier and Cabinet)	The Department’s primary focus is to: support the Premier as head of Government and Cabinet provide strategic policy leadership develop Whole of Government initiatives deliver services and programs in relation to Government Information and Communication and Arts Victoria.	376 approx.
Western Australia (Ministry of the Premier and Cabinet)	The Department provides: support for the functions of Executive Government; administration of entitlements for Members of Parliament; and support for Ministerial Offices and the Leader of the Opposition Parties; support to the Minister for Public Sector Management on functions under the Public Sector Management Act; human resource management and change; whole of Government reporting on public sector workforce demographics, trends and management issues; support for organisational restructuring following the Machinery of Government review; development, coordination and implementation of multicultural policies; and support for participation in community events and promotional programs.	579 approx.
South Australia (only 2001-02 details available)	The Department’s role and strategic priorities are to: support the Premier as Head of Government and contribute to the social, cultural and economic development of South Australia; promote excellence in government by providing leadership in improving government services and responsiveness; advance the cultural, social and economic well being of South Australians through the development of a vital and creative arts sector; provide policy development and services in relation to occupational health and safety, industrial relations, executive employment and leadership development; and provide the Premier and Cabinet with responsive, relevant services through the most effective use of staff and departmental resources and systems.	304 approx.
Tasmania (Department of Premier and Cabinet)	The Department supports Government policy objectives by: leading the public sector in all areas of government business, Community leadership and engagement; whole-of-government social justice issues; and continual review and monitoring of the Department’s structure and use of resources.	255 approx.

Table C-2 STATE GOVERNMENT AGENCIES AND PORTFOLIO RESPONSIBILITIES (continued)

State	Functions	Staff numbers
ACT (Chief Minister's Department)	The Department provides a whole of government focus on: policy and strategic advice to Government; policy and support on women, Indigenous issues and multicultural affairs; the promotion of the economic and cultural development of Canberra; improved information and transactional services; information management policy; and enhanced public sector management, focusing on public service renewal.	250 approx.
Northern Territory (Information Bill 2002 passed on 8 October 2002)	The Department facilitates the directions and priorities of government through: leadership of cross-agency co-ordination; promoting effective communications across agencies and monitoring progress towards Government's key policy objectives; facilitating the development of major projects and knowledge-based industry in the Northern Territory; and stimulating policy in areas of social priority, integrating social policy initiatives and providing effective responses for specific groups in the community.	224 approx.

ATTACHMENT D

EDUCATION AND POLICE HEAD OFFICE EXPENDITURE

1. In response to the 2002 data request on administrative scale, States provided information on head office costs for their education, police and treasury departments. We have attempted to derive minimum fixed costs for these three departments based on that information. We have looked at three different scenarios to estimate minimum fixed costs:

- (i) Scenario 1 involved removing head office functions that are not part of minimum fixed costs, such as regional offices and Indigenous programs;
- (ii) Scenario 2 assumed that only a single staff member in every nominated level is required for performing minimum head office functions; and
- (iii) Scenario 3 assumed that only one staff member is required for each head office function.

2. In Scenario 1, expenditure on regional offices, Indigenous programs and the like were removed from the minimum fixed cost because expenditure and disabilities associated with these programs are captured in the service delivery components of each category.

3. It is important to note that the data below relate only to salary costs. To get an estimate of the total costs, salary costs should be increased by 25 per cent, which is consistent with the Commission's estimate in the input costs assessment that wages represent 80 per cent of head office expenditure.

Education

4. Table D-1 shows the data on head office costs of education departments provided by the States. Queensland, Western Australia and South Australia did not provide data. Data provided by Victoria, Tasmania and the ACT were not detailed enough to make adjustments to calculate minimum head office costs

Table D-1 EDUCATION DEPARTMENTS HEAD OFFICE STAFFING INFORMATION AS SHOWN IN DATA RETURNS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Staff Number (FTE)	4 157	1 740				647	597	529
Salary Cost (\$m)	233.4	103.5				35.9	35.6	29.7

Source: State data returns, Administrative Scale special data request, 2004 Review.

5. States' data show that cost of head office functions of education departments varied between \$30 million and \$234 million. We have adjusted New South Wales and the Northern Territory data for the three scenarios described above. Tables D-2 and D-3 show the results.

Table D-2 NORTHERN TERRITORY DEPARTMENT OF EDUCATION HEAD OFFICE STAFFING

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section
Office of the CEO				
Chief executive officer	2	2	2	2
Media & marketing services	9	9	9	1
Ministerial liaison	5	5	5	1
General manager central Australia	2	0	0	0
Total staff	18	16	16	4
Staffing cost (\$million)	1.202	1.021	1.021	0.418
Schools and Corporate Branch				
General manager corporate services/schools	2	2	2	2
Gm schools Darwin Katherine	2	0	0	0
Gm schools Arnhem/Palmerston	2	0	0	0
Darwin office	8	5	4	1
Gm schools central Australia	4	0	0	0
Financial services	40	31	31	8
HR services	36	23	19	4
Information technology services branch	16	14	14	3
International services	7	0	0	0
Audit & review	1	1	1	1
Legal services	3	3	3	1
Total staff	121	79	74	20
Staffing cost (\$million)	6.954	4.650	4.362	1.678
Indigenous Education, Employment And Training, Planning And Improvement Branch				
Deputy CEO IE/E&T/P&I	2	2	2	2
Indigenous education				
NT funded positions	45	0	0	0
Externally funded positions	24	0	0	0
Employment and training division				
Employee services E&T	65	37	37	7
Project & consultancy services	11	4	4	1
Business planning & information division				
Business information services	2	2	2	2
Business information services	7	7	5	1
Planning & review services	7	6	6	1
IESIP funded	2	2	2	1
Total staff	165	60	58	15
Staffing cost (\$million)	9.003	3.903	3.787	1.391

Table D-2 NORTHERN TERRITORY DEPARTMENT OF EDUCATION HEAD OFFICE STAFFING (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section
School Services Branch				
General manager school services	2	2	2	2
Office of work health	33	11	11	3
Curriculum services	83	36	35	7
Student services	79	30	30	1
Strategic and leadership development	29	21	21	6
Total staff	226	100	99	19
Staffing cost (\$m)	12.561	5.752	5.687	1.503
Grand total	529	255	247	58
Total staffing cost (\$million)	29.721	15.325	14.858	4.989

Source: State data returns, R2004 Administrative Scale special data request.

Table D-3 NEW SOUTH WALES DEPARTMENT OF EDUCATION HEAD OFFICE STAFFING

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section
Corporate Services	1329	1329	192	15
Administrative services	108	108	14	1
Child protection investigation	68	68	14	1
Corporate management	50	50	9	1
Corporate services	6	6	4	1
Finance	2	2	2	1
Financial accounting	99	99	12	1
Information technology	296	296	19	1
Legal services	31	31	16	1
Personnel	72	72	17	1
Personnel programs	80	80	15	1
Personnel services	196	196	15	1
Properties	18	18	10	1
Properties services	93	93	11	1
Properties support	64	64	19	1
Staffing services	146	146	15	1

Table D-3 NEW SOUTH WALES DEPARTMENT OF EDUCATION HEAD OFFICE STAFFING (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section
Director General	182	182	55	5
Audit	78	78	11	1
Executive support	29	29	11	1
Office of the Director-General	30	30	12	1
Public affairs	44	44	20	1
Strategic projects	1	1	1	1
District Office	986	0	0	0
Schools	794	339	192	16
Disability programs	81	0	18	1
Early childhood, primary & rural ed	23	0	11	1
Equity programs	107	0	25	1
Primary education	42	0	11	1
Professional support & curriculum	196	196	25	1
Safety and security	74	0	17	1
School education services (ADG)	3	3	3	1
School operations	2	2	2	1
Schools (DDG)	6	6	4	1
Secondary education	12	12	9	1
Special needs students & equit prog	15	0	11	1
Special programs	1	0	1	1
Specialist units	56	0	12	1
Student assess & school account	82	82	15	1
Student welfare	56	0	13	1
VET in schools	38	38	15	1
Strategic Planning	658	658	116	12
Adult & community education	47	47	12	1
External relations policy	21	21	10	1
Higher education	13	13	9	1
Industry programs	89	89	12	1
Industry training centres	169	169	10	1
National art school	43	43	13	1
Recognition services	210	210	13	1
Skills developmt & workforce policy	20	20	8	1
State training services (ADG)	3	3	3	1
Strategic information and planning	31	31	15	1
Strategic planning & regulation (DDG)	5	5	4	1
Strategic research	7	7	7	1

Table D-3 NEW SOUTH WALES DEPARTMENT OF EDUCATION HEAD OFFICE STAFFING (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section
TAFE	199	199	54	4
ED TAFE	10	10	8	1
TAFE (DDG)	15	15	10	1
TAFE educational services	121	121	21	1
TAFE NSW — corporate marketing	53	53	15	1
TAFE Institutes	17	0	0	0
Total staff	4157	2707	609	52
Total staffing cost (\$m)^(a)	233.350	163.019	36.708	4.473

(a) Northern Territory corresponding average staff salary used to calculate total staffing costs.

Source: State data returns, R2004 Administrative Scale special data request.

6. Table D-4, below, shows that, according to Scenario 3, minimum head office costs varied between \$4.5 to \$5 million. Scenario 2 shows a minimum fixed cost of \$14.9 million for the Northern Territory and \$36.7 million for New South Wales. The New South Wales figures are too high as the Northern Territory spends less than that on total head office function. Scenario 1 shows much larger numbers. The 1999 Review estimate of minimum fixed for education was \$8 million (about \$10 million adjusted for inflation). Based on Table D-4, the minimum fixed cost would lie somewhere between \$4.5 million and \$15 million.

Table D-4 DEPARTMENT OF EDUCATION MINIMUM HEAD OFFICE COSTS

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Northern Territory staff numbers	529	255	247	58
Northern Territory staffing cost (\$m)	29.7	15.3	14.9	5.0
Northern Territory staffing cost increased by 25 per cent (\$m)	37.2	19.2	18.6	6.2
New South Wales staff numbers	4157	3162	609	52
New South Wales staffing cost (\$m)	233.4	190.4	36.8	4.5
New South Wales staffing cost increased by 25 per cent (\$m)	291.7	238.0	45.9	5.6

Police

7. Table D-5 provides information on head office staffing costs of police departments. New South Wales, Queensland and South Australia did not provide data on police departments. Victoria, Tasmania and the ACT data were not detailed enough to make adjustment to estimate the minimum head office costs. Victoria’s estimates look very small compared with the other States.

Table D-5 POLICE DEPARTMENTS HEAD OFFICE STAFFING INFORMATION AS PROVIDED IN STATE DATA RETURNS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Staff number (FTE)		74		676		190	92	434
Salary cost (\$m)		4.2		33.6		9.8	16.7	22.0

Source: State data returns, Administrative Scale special data request, 2004 Review.

8. States estimated that the total head office staffing costs for police departments varied between \$4.2 million in Victoria to \$33.6 million in Western Australia. Based on the Northern Territory and Western Australian data, we have estimated the minimum head office staffing costs for three different scenarios mentioned above. The last scenario (Scenario 3) assumed that only one staff is required for each sectional function. However, for the police function some sectional responsibilities required both sworn and unsworn staff. Tables D-6 to D-9 show the results.

- (i) Table D-6 shows the Northern Territory sworn staffing numbers;
- (ii) Table D-7 shows the Northern Territory unsworn staffing numbers;
- (iii) Table D-8 shows the Northern Territory combined staffing numbers;
and
- (iv) Table D-9 shows Western Australia sworn and unsworn staffing numbers.

Table D-6 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – SWORN STAFF

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Commissioner’s Office	6	6	5	1
Operations Command	4	4	4	1
Darwin region	2	2	2	1
Reg. opp supp. & rural	1	1	1	1

Table D-6 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – SWORN STAFF (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
PMC/road safety	1	1	1	1
Crime Prevention & AES	3	3	3	1
Neighbourhood watch	3	3	3	1
Juvenile diversionary unit	10	10	5	1
Prosecutions	14	14	4	1
Coroners office	3	3	1	1
Central region	3	0	2	0
Southern region	7	0	0	0
Crime prevention unit	3	0	0	0
Prosecutions	6	0	0	0
Crime & Support Command	2	2	2	1
Territory crime	1	1	1	1
Drug & intell div	1	1	1	1
BCI	15	15	3	1
Police tech unit	3	3	1	1
Forensic/admin	5	5	3	1
Crime scene	4	4	1	1
Firearms exam.	2	2	1	1
Fingerprints	10	10	3	1
Information bureau	7	7	3	1
Terr support div	2	2	2	1
Marine & fisheries	14	14	3	1
Terr response group	24	24	3	1
Southern crime	1	1	1	1
Crime scene S/C	4	4	1	1
PF&ES college				
College	2	0	0	0
Devel & asses unit	1	0	0	0
Operational unit	3	0	0	0
OSTT	2	0	0	0
Driver training unit	3	0	0	0
Instructional unit	9	0	0	0
Services Command	3	3	2	1
Promis/CAD	3	3	2	1
Communications	33	33	3	1
Firearm recording	2	2	2	1
Welfare	1	1	1	1
Information services	3	3	1	1
Drug & alcohol policy	1	1	1	1
Professional responsibility	9	9	5	1

Table D-6 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – SWORN STAFF (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
TOTAL	236	197	77	33
Total staffing costs (\$m)	13.370	10.807	5.483	2.802

Source: 2004 Review Administrative Scale special data collection, Northern Territory data return

Table D-7 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – UNSWORN STAFF

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Commissioner's Office	5	5	3	1
Operations Command	2	2	2	1
Crime prevention & AEA	0	0	0	0
PCYC	1	1	1	1
Neighbourhood watch	1	1	1	1
Darwin Region	1	1	1	1
Darwin LPO	1	1	1	1
Casuarina LPO	1	0	0	0
Palmerston LPO	1	0	0	0
Prosecutions	3	3	1	1
Traffic camera office	2	2	1	1
Nightcliff	1	0	0	0
Katherine	4	0	0	0
Southern Region	1	0	0	0
Alice Springs admin	12	0	0	0
Crime Prevention S/region	2	0	0	0
Prosecutions S/region	1	0	0	0
Alice Springs division	7	0	0	0
Tennant Creek	2	0	0	0
Crime & Support Command	2	2	2	1
Northern crime	3	3	1	1
Drug & intelligence unit	2	2	1	1
Bureau crim intelligence	2	2	1	1
Police tech unit	1	1	1	1
S/region CIB	1	0	0	0
Forensic	4	4	3	1
Biology	8	8	4	1
Chemistry	3	3	1	1
Fingerprints	2	2	1	1
Information bureau	4	4	1	1
Photography clerk	1	1	1	1
Airwing	5	5	2	1
Services Command				
Communications	2	2	1	1
PROMS/CAD support	4	4	3	1
Personnel/administration	2	2	2	1
Personnel services	12	12	6	1
Financial services	1	1	1	1
Budgets	10	10	6	1
Strategic & audit	3	3	2	1
Records management	10	10	5	1
Statistical services	3	3	3	1
Info services unit	1	1	1	1
Comm & elect services	5	5	2	1
Firearm policy & rec	3	3	2	1

Table D-7 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – UNSWORN STAFF (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Supply	6	6	3	1
Facilities	11	11	9	1
Fleet	10	10	9	1
College administration	6	0	0	0
Development & assess	3	3	2	1
Armoury	1	1	1	1
Professional response	1	1	1	1
Diversionsary unit	4	4	3	1
Secretariat & policy	3	3	3	1
Legal services	3	3	3	1
Ministerial office	2	2	2	1
Drug & alcohol policy	2	2	1	1
Media & corporate	4	4	1	1
TOTAL staffing	198	159	102	44
Total salary costs (\$m)	8.679	7.312	4.927	2.400

Source: 2004 Review Administrative Scale special data collection, Northern Territory data return

Table D-8 NORTHERN TERRITORY POLICE HEAD OFFICE STAFFING – TOTAL STAFFING

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Sworn staff	236	197	77	33
Unsworn staff	198	159	102	44
Total staffing	434	356	179	77
Total salary costs (\$m)	22.049	18.119	10.410	5.202

Table D-9 WESTERN AUSTRALIA POLICE HEAD OFFICE STAFFING

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Executive				
Office of commissioner of police	3	3	3	2
Royal commission unit	3	3	3	1
Office of state commander d/commissioner	4	4	3	2
Office of executive director – admin	3	3	3	2
National conference & coordination unit	2	2	2	1
Commissioner’s secretariat	5	5	4	1
Media & public affairs branch	14	14	8	2
WA police pipe band	15	15		
Total	49	49	26	11
Professional standards				
Professional standards	4	4	4	2
Risk assessment unit	2	2	2	1
Ethics & standards	1	1	1	1
Standards development	5	5	5	2
Standards compliance	3	3	3	2
Management audit	13	13	9	2
Internal investigations	17	17	7	2
Internal affairs	32	32	8	2
Total	77	77	39	14
Strategic & corporate development				
Strategic & corporate development	2	2	2	2
Strategic services	3	3	3	1
Corporate performance & reporting	6	6	5	1
Corporate planning	6	6	4	2
Strategic policy & development	3	3	3	2
Corporate research & development	3	3	2	2
Legal services	22	22	6	2
Research & project coordination	9	9	7	2
Freedom of information unit	7	7	4	2
Library services	3	3	2	1
Computing branch	57	57	9	1
Records	15	15	5	1
Major projects business unit	80	80	12	2
Total	215	215	64	21
Administration				
Human resources				
Hr directorate	9	9	8	2
Hr planning equity & selection	14	14	7	2
Organisational psychology unit	3	3	3	1
Sworn recruitment & selection	17	17	9	2
Health & welfare services	14	14	9	2
Medical transfers	22	22	6	1
Personnel services centre	42	42	10	2
Workplace relations branch	16	16	6	1
Subtotal	136	136	58	13

Table D-9 WESTERN AUSTRALIA POLICE HEAD OFFICE STAFFING (continued)

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
Police academy	2			
Business management section	11			
Assessment unit	9			
Quality management unit	2			
Development & technology unit	10			
Management training faculty	1			
Probationary constable development unit	3			
Training services unit	14			
Operational training faculty	1			
Legal & procedural training unit	20			
Crime management training unit	10			
Skills training faculty	1			
Scenario training unit	3			
Operational safety & tactics training unit	16			
Traffic training unit	15			
Physical training unit	5			
Command and land operations unit	4			
Subtotal	126			
Finance				
Finance directorate	2	2	2	1
Finance - budget management	9	9	5	1
Financial accounting	18	18	7	1
Financial systems	2	2	2	1
Finance - tax compliance	3	3	3	1
Subtotal	34	34	19	5
Asset administration				
Asset management directorate support	4	4	4	1
Land and building management branch	10	10	6	1
Strategic asset management	5	5	5	1
Contracts & tendering branch	13	13	5	1
Vehicle management branch	7	7	5	1
Subtotal	39	39	25	5
Total	335	209	102	23
Total staffing	676	550	231	69
Total salary cost (\$m)	33.565	27.504	12.543	3.556

Source: 2004 Review Administrative Scale special data collection, Western Australia data return

9. Table D-10 provides summary for the two States. Based on scenario 3, minimum head office costs were \$3.6 million for Western Australia and \$5.2 million for the Northern Territory.

10. Under scenario 2, the minimum head office costs were \$10.4 million and \$12.5 million for Northern Territory and Western Australia respectively. The minimum fixed cost component relating to police functions was estimated as \$5 million in the 1999 Review (\$7 million adjusted for price and wage increases).

Table D-10 POLICE HEAD OFFICE COSTS

	Unadjusted	Adjusted for region and special programs	One staff per level within sections	One staff per section (one sworn and/or one unsworn)
	\$m	\$m	\$m	\$m
Northern Territory				
Police head office costs	22.0	18.1	10.4	5.2
Police head office costs increased by 25 per cent	27.6	22.6	13.0	6.5
Western Australia				
Police head office costs	33.6	27.5	12.5	3.6
Police head office costs increased by 25 per cent	42.0	34.4	15.7	4.4

Treasury

11. Table D-11 provides information on State Treasury departments' staffing levels and salary costs. Unlike other functions, head office staffing costs for Treasury departments do not show huge variations. The minimum salary cost is in the order of \$15 million according to data provided by the States. Increased by non-salary costs the minimum figure is \$18.8 million.

12. States did not provide more detailed information to do further analysis. The 1999 Review did not estimate a specific minimum fixed cost for State Treasuries because it was included in the estimate for the Other General Public Services category.

Table D-11 TREASURY DEPARTMENTS HEAD OFFICE STAFFING INFORMATION

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Staff number (FTE)		506	868	426	380	299	276	224
Salary cost (\$m)		34.4	55.1	27.0	26.8	15.3	16.2	14.3

ATTACHMENT E

HEAD OFFICE DATA FROM THE PRODUCTIVITY COMMISSION'S REPORT ON GOVERNMENT SERVICES

Education

1. Further to the data provided by States, the Report on Government Services⁴ provides estimated data on government schools' 'out of school expenditures' including redundancy payments, grants and subsidies for the years 1996-97 to 2000-01. According to the SCRCSSP report, in 2000-01, Tasmania and the Northern Territory's out of school expenditure were about \$29.5 million and \$39.9 million respectively (see Table D-2).

2. Between 1996-97 and 2000-01 there was a huge variation among the States' out of school expenditure. While Victoria's expenditure increased by 52 per cent, the ACT's expenditure decreased by 29 per cent. In the same period expenditure for Australia increased by 28 per cent.

Table E-1 GOVERNMENT RECURRENT OUT OF SCHOOL EXPENDITURE ON GOVERNMENT SCHOOLS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1996-97	190 196	138 782	173 068	88 864	85 054	26 651	23 852	36 555	763 022
1997-98	185 314	130 834	158 800	100 333	83 503	25 551	27 665	41 542	753 550
1998-99	202 348	151 634	159 012	118 874	89 852	25 122	25 841	37 199	809 882
1999-2000	235 289	173 553	195 927	112 646	89 590	27 996	19 695	42 396	897 092
2000-01	246 145	210 683	224 425	119 196	91 467	29 462	16 932	39 947	978 257
Change 1996-97 to 2000-01 (%)	29.4	51.8	29.7	34.1	7.5	10.5	-29.0	9.3	28.2

Source: SCRCSSP Reports on Government Services 1999, 2000, 2001, 2002 and 2003, Productivity Commission, Canberra.

3. According to the Productivity Commission, the ACT was the only State to experience about 30 per cent savings in out of school expenditure. It is difficult to know how credible the numbers provided by the Productivity Commission for the ACT are, especially when the ACT Department of Education's annual report for 1999-2000 showed

⁴ Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP), Reports on Government Services 1999, 2000, 2001, 2002 and 2003, Productivity Commission, Canberra.

head office expenditure of \$26.1 million, and the data return \$35.6 million for 2001-02 compared with \$19.7 million for 2000-01 in the Productivity Commission report. The analysis below ignores the Productivity Commission's figures for the ACT.

Police

4. Table E-11 provides non operational staffing costs for all States estimated by the Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP) for the years 1997-98 to 2001-02. Other than New South Wales, in all States non-operational staffing costs for police decreased between 1997-98 and 2001-02. Although figures show some fluctuations, Tasmania's non-operational staffing costs for police services were in the order of \$12 million in 2001-02.

5. The table shows that in 2001-02 non-operational staffing costs for police services varied between \$7 million for the ACT and \$220 million for Queensland. For the provision of community police services, the ACT has special arrangements with the Australian Federal Police (AFP). The AFP provides community policing services to the Australian Capital Territory according to a purchase agreement between the ACT Minister and the Chief Police Officer. After the ACT, the lowest non-operational staffing cost for police services was about \$11 million for the Northern Territory.

Table D-11 POLICE SERVICE EXPENDITURE - NON-OPERATIONAL STAFFING COSTS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Average non-police staff costs (\$)	57 252	40 364	112 859	53 323	36 576	50 886	69 858	49 646
Staff Numbers								
1997-98	2,546	2,854	na	1,862	1,305	579	144	283
1998-99	na	2,048	343	1,278	409	125	148	126
1999-00	1,539	2,057	648	459	433	203	57	177
2000-01	2,989	2,192	3,741	510	412	238	101	182
2001-02	2,910	2,166	1,946	489	391	240	102	217
Staff Cost (\$m 2001-02 prices)								
1997-98	145.8	115.2	na	99.3	47.7	29.5	10.1	14.0
1998-99	na	82.6	38.7	68.1	15.0	6.4	10.3	6.3
1999-00	88.1	83.0	73.1	24.5	15.8	10.3	4.0	8.8
2000-01	171.1	88.5	422.2	27.2	15.1	12.1	7.1	9.0
2001-02	166.6	87.4	219.7	26.1	14.3	12.2	7.1	10.8
Change 1997-98 to 2001-02	14.3	-24.1	na	-73.7	-70.0	-58.6	-29.7	-22.9

Source: SCRCSSP Report on Government Services 2003, Productivity Commission Canberra.

ATTACHMENT F

DERIVATION OF MINIMUM FIXED COSTS

1. Table F-1 shows the updated proposed minimum fixed costs for the 1999 Review categories. Table F-2 shows them moved across to the 2004 Review categories.

Table F-1 FIXED COSTS, 2004 REVIEW – 1999 REVIEW CATEGORIES

	1999 Review	Wage and price increases (15%)	Allowance for other changes	2004 Review
	\$m	\$m	\$m	\$m
Education (excluding TAFE)	8	2	1	11
Pre-school education				
Government primary education				
Non-government primary education				
Government secondary education				
Non-government secondary education				
TAFE	4	1	0	5
Transport of rural school children	0	0	0	0
Health (excluding Public Health)	8	2	1	11
Hospital services				
Nursing home services				
Mental health services				
Community health services				
Public health	2	0	0	2
Law and Order				
Police	5	1	1	7
Administration of justice	4	1		5
Corrective services	2	0		2
Public safety and emergency services	2	0		2
Welfare	4	1	1	6
Family and child welfare				
Aged and disabled welfare				
Other welfare services				
Housing	4	1	0	5
Culture and Recreation				
Culture and recreation	7	1	1	9
National parks and wildlife	2	0		2
Community Development				
Services to Indigenous Communities	0.5	0	0	0.5
General Public Services				
Superannuation	0.5	0		0.5
Other general public services	30	4	3	37
Services to Industry				
Primary industry	3	0	0	3
Mining fuel and energy	3	0	0	3
Tourism	3	0	0	3
Manufacturing and other industry	3	0	0	3
Transport				
Road maintenance	4	1	0	5
Regulatory and Other Services				
Regulatory and other services	15	2	2	19
Total	114	17	10	141

Table F-2 FIXED COSTS, 2004 REVIEW - 2004 REVIEW CATEGORIES

1999 Review Category Structure		2004 Review Category Structure	
	\$m		\$m
EDUCATION	11.0	EDUCATION	11.0
Pre-School		Pre-school	
Government Primary		Government Primary School	
Non-Government Primary		Non-Government Primary	
Government Secondary		Government Secondary	
Non-Government Secondary		Non-Government Secondary	
TAFE	5.0	VET	5.0
HEALTH (excluding public health)	11.0	HEALTH	11.0
Hospital Services		Inpatient services	
Nursing Home Services ^(a)			
Mental Health Services ^(b)			
Community Health Services		Non-inpatient and Community Health Services	
Public Health	2.0	Population and Preventive Health	2.0
WELFARE	6.0	WELFARE	6.0
Family and Child Welfare ^(c)		Family and Child Services	
Aged and Disabled Welfare		Aged and Disabled Services	
Other Welfare Services		Homeless and General Welfare	
Housing	5.0	Housing	5.0
COMMUNITY DEVELOPMENT			
Aboriginal Community Services	0.5	Services to Indigenous Communities	0.5
LAW & ORDER		LAW, ORDER AND PUBLIC SAFETY	
Police	7.0	Police	7.0
Administration of Justice	5.0	Administration of Justice	5.0
Corrective Services	2.0	Corrective Services	2.0
Public Safety & Emergency Services	2.0	Public Safety	2.0
CULTURE AND RECREATION		CULTURE AND RECREATION	
Culture and Recreation	9.0	Culture and Recreation	9.0
National Parks & Wildlife Services	2.0	National Parks and Wildlife Services	2.0

1999 Review Category Structure	2004 Review Category Structure	
SERVICES TO INDUSTRY	ECONOMIC ACTIVITIES ^(d)	
	Electricity and Gas	2.0
	Water, Sanitation and Protection of the Environment	2.0
	Non-urban Transport	2.0
Roads Maintenance	5.0 Roads	5.0
Primary Industry	3.0 Primary Industry	3.0
Mining, Fuel and Energy	3.0 Mining, Fuel and Energy	3.0
Tourism	3.0 Tourism	3.0
Manufacturing and Other Industry	3.0 Manufacturing and Other Industry	3.0
Regulatory and Other Services ^(e)	19.0	
GENERAL PUBLIC SERVICES	GENERAL PUBLIC SERVICES	
Superannuation	0.5 Superannuation	0.5
Other General Public Services	37.0 General Public Services ^(e)	50.0
Total	141.0	141.0

- (a) Nursing homes will be absorbed by Aged and Disabled Services in the 2004 Review.
- (b) Mental Health Services will be absorbed by Inpatient Services (75%) and Non-inpatient and Community Health Services (25%) in the 2004 Review.
- (c) Juvenile Services part of Family and Child Services will be included in Corrective Services in the 2004 Review.
- (d) Administrative scale components introduced to COP categories in the 2004 Review. These categories contain expenses on regulatory functions.
- (e) Regulatory and Other Services will be absorbed by General Public Services in the 2004 Review.

ATTACHMENT G

MINIMUM FIXED COST — NORTHERN TERRITORY ADJUSTMENT

Table G-1 NORTHERN TERRITORY DEPARTMENT OF EDUCATION -
INDIGENOUS EDUCATION BRANCH, STAFFING LEVEL

	Unadjusted	One staff per level One staff per section within sections	
NT funded positions	45.0	21.0	8.0
Director	1.0	1.0	1.0
Admin assistant	1.0	1.0	
Indigenous trainee	1.0	1.0	
<i>Policy planning & resourcing</i>			
Director	1.0	1.0	1.0
<i>Policy planning & research</i>			
Senior policy officer	1.0	1.0	1.0
Policy officer	2.0	1.0	
Admin officer	1.0	1.0	
<i>Resourcing</i>			
Manager resources	1.0	1.0	1.0
Resource project officer	1.0	1.0	
Manager two-way learning	1.0	1.0	1.0
Language resource officers - Darwin/Alice/Arnhem	4.0	1.0	
Indigenous cadets 5	5.0	1.0	
<i>Learning lessons implementation</i>			
Manager partnerships & communications	1.0	1.0	1.0
Snr project officer - partnerships & communications	1.0	1.0	
Project officer - partnerships & communications	1.0	1.0	
Admin support officer - partnerships & communications	1.0	1.0	
<i>Learning lessons secretariat</i>			
Senior project officer	1.0	1.0	1.0
Admin officer	1.0	1.0	
<i>Regional</i>			
Manager indigenous ed central Australia	1.0	1.0	1.0
Admin support officer	1.0	1.0	
ITESS trainees	17.0	1.0	
Total staffing	45.0	21.0	8.0
Minimum Fixed Costs (\$m)		1.575	0.600

Source: State data returns, R2004 Administrative Scale special data request.

ATTACHMENT H

ADMINISTRATIVE SCALE FACTORS

1. The factors in the table below have been calculated by multiplying the population-based fixed cost factors by the relevant component weight for each year for each category.

Table H-1 ADMINISTRATIVE SCALE FACTORS

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Education Categories									
1997	0.34496	0.47030	0.63974	1.20956	1.45841	4.54364	6.96944	18.08858	1.00000
1998	0.34487	0.47141	0.63651	1.20391	1.46724	4.60875	7.03915	17.87223	1.00000
1999	0.34482	0.47200	0.63408	1.19857	1.47645	4.67348	7.07127	17.77111	1.00000
2000	0.34484	0.47231	0.63138	1.19613	1.48613	4.73247	7.08520	17.69123	1.00000
2001	0.34476	0.47241	0.62841	1.19549	1.49842	4.79253	7.08979	17.66644	1.00000
2002	0.34518	0.47215	0.62452	1.19502	1.50943	4.84445	7.10408	17.77059	1.00000
Health Categories									
1997	0.33991	0.46342	0.63038	1.19186	1.43708	4.47717	6.86749	19.28352	1.00000
1998	0.33982	0.46451	0.62720	1.18630	1.44578	4.54134	6.93619	19.05288	1.00000
1999	0.33978	0.46510	0.62480	1.18104	1.45485	4.60512	6.96784	18.94507	1.00000
2000	0.33979	0.46540	0.62214	1.17863	1.46439	4.66324	6.98156	18.85992	1.00000
2001	0.33971	0.46550	0.61921	1.17800	1.47650	4.72243	6.98609	18.83349	1.00000
2002	0.34013	0.46524	0.61538	1.17754	1.48735	4.77358	7.00016	18.94453	1.00000
Welfare Categories (Family and Child Services, Aged and Disabled Services, Homeless and General Welfare)									
1997	0.31532	0.42989	0.58476	1.10561	1.33308	4.15317	6.37050	25.10884	1.00000
1998	0.31523	0.43090	0.58181	1.10045	1.34115	4.21269	6.43423	24.80853	1.00000
1999	0.31519	0.43144	0.57959	1.09557	1.34956	4.27186	6.46359	24.66816	1.00000
2000	0.31520	0.43172	0.57712	1.09334	1.35841	4.32577	6.47631	24.55729	1.00000
2001	0.31513	0.43182	0.57440	1.09275	1.36965	4.38067	6.48052	24.52287	1.00000
2002	0.31551	0.43157	0.57085	1.09232	1.37971	4.42813	6.49357	24.66745	1.00000

Table H-1 ADMINISTRATIVE SCALE FACTORS (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Housing									
1997	0.30219	0.41200	0.56043	1.05960	1.27760	3.98034	6.10540	28.21617	1.00000
1998	0.30211	0.41296	0.55760	1.05466	1.28534	4.03738	6.16647	27.87869	1.00000
1999	0.30207	0.41349	0.55547	1.04998	1.29340	4.09409	6.19461	27.72095	1.00000
2000	0.30209	0.41375	0.55310	1.04784	1.30188	4.14576	6.20681	27.59636	1.00000
2001	0.30202	0.41385	0.55050	1.04728	1.31266	4.19838	6.21083	27.55769	1.00000
2002	0.30238	0.41361	0.54709	1.04686	1.32230	4.24385	6.22335	27.72015	1.00000
Aboriginal Community Services									
1997	0.36036	0.49130	0.66830	1.26355	1.52352	4.74648	0.00000	26.63272	1.00000
1998	0.36026	0.49245	0.66493	1.25766	1.53275	4.81450	0.00000	26.31418	1.00000
1999	0.36022	0.49308	0.66238	1.25208	1.54236	4.88212	0.00000	26.16529	1.00000
2000	0.36023	0.49339	0.65956	1.24953	1.55247	4.94374	0.00000	26.04769	1.00000
2001	0.36015	0.49350	0.65646	1.24886	1.56532	5.00648	0.00000	26.01119	1.00000
2002	0.36059	0.49323	0.65240	1.24837	1.57681	5.06072	0.00000	26.16454	1.00000
Law and Order and Public Safety Categories									
1997	0.36868	0.50264	0.68372	1.29271	1.55867	4.85601	7.44859	12.47237	1.00000
1998	0.36858	0.50382	0.68027	1.28668	1.56812	4.92560	7.52310	12.32319	1.00000
1999	0.36853	0.50445	0.67767	1.28097	1.57795	4.99478	7.55742	12.25346	1.00000
2000	0.36854	0.50478	0.67478	1.27836	1.58830	5.05782	7.57230	12.19839	1.00000
2001	0.36846	0.50489	0.67161	1.27768	1.60144	5.12202	7.57722	12.18130	1.00000
2002	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311	1.00000
Culture and Recreation Categories									
1997	0.36868	0.50264	0.68372	1.29271	1.55867	4.85601	7.44859	12.47237	1.00000
1998	0.36858	0.50382	0.68027	1.28668	1.56812	4.92560	7.52310	12.32319	1.00000
1999	0.36853	0.50445	0.67767	1.28097	1.57795	4.99478	7.55742	12.25346	1.00000
2000	0.36854	0.50478	0.67478	1.27836	1.58830	5.05782	7.57230	12.19839	1.00000
2001	0.36846	0.50489	0.67161	1.27768	1.60144	5.12202	7.57722	12.18130	1.00000
2002	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311	1.00000

Table H-1 ADMINISTRATIVE SCALE FACTORS (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Economic Activities Categories (Electricity and Gas, Water, Sanitation and Protection of the Environment, Non-urban Transport, Roads, Tourism, Manufacturing and Other Industry)									
1997	0.36868	0.50264	0.68372	1.29271	1.55867	4.85601	7.44859	12.47237	1.00000
1998	0.36858	0.50382	0.68027	1.28668	1.56812	4.92560	7.52310	12.32319	1.00000
1999	0.36853	0.50445	0.67767	1.28097	1.57795	4.99478	7.55742	12.25346	1.00000
2000	0.36854	0.50478	0.67478	1.27836	1.58830	5.05782	7.57230	12.19839	1.00000
2001	0.36846	0.50489	0.67161	1.27768	1.60144	5.12202	7.57722	12.18130	1.00000
2002	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311	1.00000
Primary Industry									
1997	0.40379	0.55051	0.74883	1.41583	1.70712	5.31849	2.48286	13.66021	1.00000
1998	0.40368	0.55180	0.74506	1.40922	1.71746	5.39471	2.50770	13.49683	1.00000
1999	0.40363	0.55250	0.74221	1.40297	1.72823	5.47048	2.51914	13.42046	1.00000
2000	0.40364	0.55285	0.73905	1.40011	1.73956	5.53952	2.52410	13.36014	1.00000
2001	0.40355	0.55298	0.73557	1.39936	1.75396	5.60983	2.52574	13.34142	1.00000
2002	0.40404	0.55267	0.73102	1.39881	1.76684	5.67060	2.53083	13.42007	1.00000
Mining, Fuel and Energy									
1997	0.40379	0.55051	0.74883	1.41583	1.70712	5.31849	2.48286	13.66021	1.00000
1998	0.40368	0.55180	0.74506	1.40922	1.71746	5.39471	2.50770	13.49683	1.00000
1999	0.40363	0.55250	0.74221	1.40297	1.72823	5.47048	2.51914	13.42046	1.00000
2000	0.40364	0.55285	0.73905	1.40011	1.73956	5.53952	2.52410	13.36014	1.00000
2001	0.40355	0.55298	0.73557	1.39936	1.75396	5.60983	2.52574	13.34142	1.00000
2002	0.40404	0.55267	0.73102	1.39881	1.76684	5.67060	2.53083	13.42007	1.00000
General Public Services									
1997	0.36868	0.50264	0.68372	1.29271	1.55867	4.85601	7.44859	12.47237	1.00000
1998	0.36858	0.50382	0.68027	1.28668	1.56812	4.92560	7.52310	12.32319	1.00000
1999	0.36853	0.50445	0.67767	1.28097	1.57795	4.99478	7.55742	12.25346	1.00000
2000	0.36854	0.50478	0.67478	1.27836	1.58830	5.05782	7.57230	12.19839	1.00000
2001	0.36846	0.50489	0.67161	1.27768	1.60144	5.12202	7.57722	12.18130	1.00000
2002	0.36891	0.50461	0.66745	1.27717	1.61320	5.17750	7.59249	12.25311	1.00000