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Commonwealth Grants Commission

2020 REVIEW

ADMINISTRATIVE SCALE

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ADMINISTRATIVE SCALE

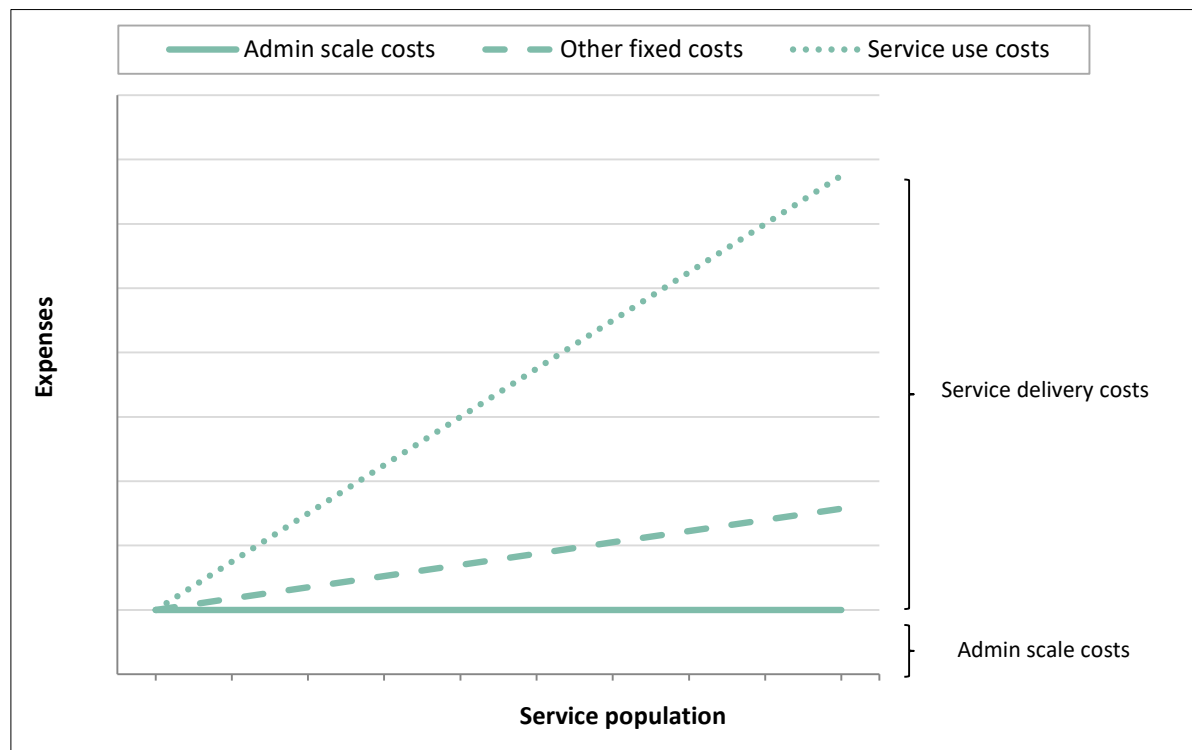
- 1 This paper provides the Commission staff proposals for the assessment of administrative scale for the 2020 Review.
- 2 As with other draft assessment papers, this paper covers methodology issues for review that staff have identified. It also contains:
 - staff responses to State comments on Staff Research Paper CGC 2017-06-S which are in Attachment A.
 - preliminary staff estimates of administrative scale costs for some functions
 - Attachment B covers Treasury and Finance
 - Attachment C covers Parliamentary and Premiers departments
 - Attachment D covers cultural, recreation, sporting and national park agencies
 - Attachment E covers services to industry
 - Attachment F covers justice functions (police, courts, corrective services and other justice-related activities).

2015 REVIEW APPROACH

- 3 The administrative scale disability recognises the costs States incur in delivering services which are independent of the size of the service population. The costs are measured on the basis that States follow average policies, including operating with average efficiency, in delivering the services. They include costs associated with:
 - core head office functions of departments (for example, corporate services, policy and planning functions, but not all staffing and other resource costs incurred in delivering the services)
 - services that are provided for the whole of the State (for example, the legislature, the judiciary, the Treasury, the revenue office, and a State museum, but not all staffing and other resource costs incurred in delivering them).
- 4 Administrative scale is not an assessment of all fixed costs or 'non-front line services'. It is an assessment of minimum fixed costs which do not vary with service populations. All remaining fixed costs are included in the service delivery component of each expense assessment and assessed according to the disabilities relevant to that component. Figure 1 illustrates the approach graphically.

- 5 Implicit in most expense assessments is an assumption that other fixed costs and service use costs combined, increase in a linear fashion as service users increase. That is, while the Commission identifies some diseconomies of small scale (the service delivery scale factor), it generally makes no allowance for either economies, or diseconomies, of large scale in its assessments.¹

Figure 1 Graphical depiction of administrative scale costs



Source: Commission illustration.

The conceptual case for administrative scale costs

- 6 States with small populations have intrinsically higher per capita costs because the minimum functions of government are spread over a smaller number of residents. The administrative scale assessment provides an allowance for this influence.
- 7 As the administrative scale assessment reflects the costs of providing services which are independent of the size of the service population, each State has the same requirement. The appropriate assessment is therefore an equal per State assessment, which implies a greater per capita cost for the less populous States.²

¹ The exception is urban transport where service delivery costs for cities of various sizes show diseconomies of scale are present.

² In the 2015 Review, the ACT received slightly less because it does not need to provide some services and the Northern Territory received slightly more because it was considered to require a dual service delivery mode.

Calculation of administrative scale expenses

- 8 Table 1 shows the administrative scale affected expenses for 2016-17 by category. These administrative scale expenses are based on the expenses identified for the 2004 Review, mapped to the 2015 Review categories. They have been indexed by the ABS State and local government final consumption expenditure (SLGFCE) deflator.
- 9 Administrative scale expenses are adjusted for the ACT and the Northern Territory.
- The ACT does not need to provide the average level of service in areas where it has zero or very low needs — services to Indigenous communities, non-urban transport, primary industry and mining, fuel and energy. Accordingly, its assessed scale expenses in categories where these services are provided in other States were reduced by \$11 million in 2016-17.
 - The Northern Territory is considered to need to provide an above average level of service in the areas of education, health, welfare, housing and services to communities. In these areas, it operates dual service delivery models for its Indigenous and non-Indigenous residents. Its assessed scale expenses in categories where these services are provided were increased by \$7 million in 2016-17.

Table 1 Assessed expenses, administrative scale, 2016-17

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Schools education	18	18	18	18	18	18	18	19	143
Post-secondary education	9	9	9	9	9	9	9	10	76
Health	24	24	24	24	24	24	24	26	194
Housing	9	9	9	9	9	9	9	11	77
Welfare	9	9	9	9	9	9	9	11	77
Services to communities	4	4	4	4	4	4	3	4	32
Justice	26	26	26	26	26	26	26	26	206
Roads	5	5	5	5	5	5	5	5	39
Transport	4	4	4	4	4	4	3	4	34
Services to industry	27	27	27	27	27	27	18	27	205
Other expenses	124	124	124	124	124	124	124	124	990
Total	260	260	260	260	260	260	249	267	2 073

Note Administrative scale expenses in the table have been indexed by growth in the SLGFCE deflator between 2002-03 and 2016-17 (a factor of 1.6529). Figures shown are before the wage cost factor is applied.

Source: Commission calculation.

- 10 The wage costs factor is applied to 80% of the administrative scale expenses.

ISSUES AND ANALYSIS

The conceptual case for administrative scale and its definition

- 11 Commission staff and most States consider the conceptual case for administrative scale and its definition, as described in paragraphs 3 to 7, are settled.
- 12 New South Wales and Western Australia have argued that economies/ diseconomies of scale exist in the provision of head office and whole of State services. However, administrative scale is intended to measure the interstate differences in the per capita cost of a range of basic leadership, administrative, policy and planning services which every State requires to facilitate service provision. These costs do not vary with service populations. Staff do not intend to pursue the issue of possible differences in service provision costs arising from increased complexity of arrangements caused by the need to provide large (or very small) volumes of services (often called diseconomies of scale). The existence of diseconomies of scale is a separate issue which has previously proven extremely difficult to establish with the available data. Staff do not propose to examine that issue in the 2020 Review.
- 13 New South Wales and Western Australia's views, together with staff responses, are provided in detail in Attachment A.

Staff propose to recommend the Commission:

- retain the 2015 Review definition of administrative scale.

Re-estimating the administrative scale costs

- 14 In Staff Research Paper CGC 2017-06-S *Administrative scale*, staff proposed to re-estimate administrative scale costs through two main approaches:
 - deriving a basic structure and staffing for any given department/function and costing it (the 'bottom up' approach)
 - making estimates by reference to the size of head offices and whole of State services in the smallest States, after removing any staffing/expenses considered inconsistent with the average minimum structure (the 'top down' approach).
- 15 Those approaches are similar to those used in the 1999 and 2004 Reviews. Other approaches used in past reviews, such as regression analysis, were unsuccessful.
- 16 The research paper provided preliminary estimates of administrative scale costs for the education and health functions. It proposed that estimates for each assessment function would need to be provided using the best approach possible
- 17 In their responses to the research paper, all States except New South Wales supported the proposed processes for re-estimating the administrative scale costs.

- 18 New South Wales preferred using the top-down approach and regression analysis. We consider the bottom-up and top-down approaches are both useful because they provide two separate perspectives. Work in the 1999, 2004 and 2015 Reviews showed regression analysis was not a viable method for estimating scale costs. It is not clear why it would work in this review.
- 19 Victoria agreed a separate assessment should be made of each primary department's administrative scale expenses, rather than using education and health to approximate other functions. Western Australia, on the other hand, said the proposed approaches would involve a lot of work that is unlikely to improve significantly the quality of the assessment.
- 20 To the extent possible, we aim to estimate administrative scale expenses for each category. After education and health, our priority has been to focus on the Other expenses, Services to industry and Justice categories, which account for a high proportion of total administrative scale expenses. Re-estimating administrative scale costs does involve considerable work and if all functions cannot be covered, we may have to estimate some administrative scale costs using the estimates for similar functions as a guide.
- 21 States broadly agreed with the proposed education and health stylised agency structure. However, some suggested possible refinements, which we will review.
- 22 Several States questioned the reliability of the estimated staffing numbers and staff classifications, the salaries and labour: non-labour costs ratios. We rely on the States to provide data to improve the preliminary estimates. We will send data requests to obtain information on the number of head office staff, their classifications and remuneration for each function.
- 23 The Northern Territory argued that the scope of admin scale costs should be expanded to include the minimum level of ICT infrastructure required to run a bureaucracy, and staffing costs associated with those functions. It added that there was specific ICT infrastructure and reporting requirements in the health sector. We seek further evidence from States to pursue this issue.
- 24 State views are described and answered in detail in Attachment A.

Staff propose to recommend the Commission:

- to the extent possible, re-estimate administrative scale expenses for each expenses category using the bottom-up and top-down approaches.

Adjustments for the Northern Territory and the ACT

- 25 In the 2015 Review, administrative scale expenses for the Northern Territory and the ACT were adjusted.

- 26 The Commission considered the ACT did not need to provide the average level of service in areas where it has zero or very low needs — services to Indigenous communities, non-urban transport, primary industry and mining, fuel and energy. Accordingly, its administrative scale expenses in these categories were reduced by \$10.9 million in 2016-17, as shown in Table 2.

Table 2 Adjusted administrative scale expenses, ACT, 2016-17

	Other States	ACT	Difference
	\$m	\$m	\$m
Services to communities	4.1	3.1	1.0
Transport	4.4	3.4	1.0
Services to industry	26.7	17.8	8.9
Total	35.2	24.3	10.9

Source: 2018 Update.

- 27 The Commission also recognised that the Northern Territory needs to provide an above average level of service in the areas of education, health, welfare, housing and services to communities. In these areas, it operates dual service delivery models for its Indigenous and non-Indigenous residents. Its administrative scale expenses in those categories were increased by \$7.4 million in 2016-17, as shown in Table 3.

Table 3 Adjusted administrative scale expenses, Northern Territory, 2016-17

	Other States	NT	Difference
	\$m	\$m	\$m
Schools education	17.7	18.9	1.2
Post-secondary education	9.4	10.0	0.6
Health	24.0	25.8	1.8
Welfare	9.4	11.2	1.8
Housing	9.4	11.2	1.8
Services to communities	4.1	4.3	0.2
Total	74.0	81.4	7.4

Source: 2018 Update.

- 28 Staff think it remains appropriate to adjust a State's administrative scale expenses where there is reliable evidence that either:
- it has zero or very low need implying it does not need to provide the average level of service; or
 - it needs to provide an above average level of service due to material disabilities.
- 29 We intend to continue to adjust the ACT scale expenses. ABS GFS data show the ACT has no spending on services to Indigenous communities, non-urban transport services

and mining and mineral resources other than fuels. Between 2013-14 and 2015-16, the ACT spent, on average, \$5 per capita on services to primary industries compared with a national average of \$94 per capita.

- 30 We will estimate the adjustments required when we re-estimate the administrative scale expenses for those functions.
- 31 In the case of the adjustments currently made to the Northern Territory's administrative scale expenses, our review of the education and health head office functions suggests that States have elevated the focus on Indigenous services. Most States now appear to provide services specifically designed to meet Indigenous needs. Accordingly, the proposed stylised head office structure for the education and health functions includes an Indigenous services role. In contrast, the 2004 Review head office structure for education did not have an Indigenous specific function. The Northern Territory, therefore, may no longer require extra administrative scale expenses for Indigenous services, at least for the education and health functions.
- 32 We seek evidence from States on whether they have dual Indigenous/non-Indigenous service delivery models and, if so, which functions have them. If the adjustments are to continue, we need to establish that unique circumstances in the Northern Territory create a need for extra administrative, policy and related staff in its head offices.

Staff propose to recommend the Commission:

- continue to adjust the ACT's scale expenses to reflect its minimal spending needs for Indigenous communities, non-urban transport, primary industries, and mining and mineral resources other than fuels
- decide whether to retain the adjustments for the Northern Territory based on State provided evidence about the existence of dual service delivery models.

Wage costs adjustment

- 33 Victoria said the 2015 Review proportion of administrative scale expenses to which the wage costs factor applies (80%) should be reviewed.
- 34 Staff research paper 2017-06-S suggests 60% may be a more appropriate proportion. This estimate was based on Productivity Commission data on out-of-school staff and expenses, and data from the Commonwealth departments of health and education.
- 35 New South Wales disputed the Commission staff estimated ratio between staff and non-staff costs for the education and health functions. It provided data from a number of agencies showing a labour: non-labour costs split of 75-77: 25-23.
- 36 We intend to review the preliminary estimate by collecting State data on labour and non-labour costs for head offices and whole of State agencies.

Staff propose to recommend the Commission:

- re-estimate the proportion of administrative scale expenses to which the wage costs factor should apply through the collection of State data on the proportion of wage related expenses for head office functions and whole of State services such as Treasuries, for all the Commission's categories.

Indexing the administrative scale expenses

- 37 Since estimating scale expenses using the bottom-up and top-down approaches is a very resource intensive task, it will not be feasible in the update context. This was recognised in past reviews and subsequent updates when data driven estimates were escalated by the ABS SLGFCE deflator. This would be the most reliable way forward in future updates.

Staff propose to recommend the Commission:

- keep the administrative scale expenses up-to-date in updates following the 2020 Review by indexing them using the ABS State and local government final consumption expenditure deflator.

Presentation

- 38 In the 2015 Review report, all administrative scale expenses were included in the Other expenses category, rather than being included separately in each expense category. This was intended to simplify the calculations by having just one administrative scale assessment and avoiding the need to create a separate small expense component in each expense category.
- 39 However, it has been suggested it would be preferable if the scale expenses remained in each expense category because it would better align the category expenses with data in ABS government finance statistics publications.

Before making a recommendation to the Commission:

- staff seek State views on whether administrative scale expenses should all be included in a component of the Other expenses category or separately identified in each expense category.

PRELIMINARY ESTIMATES OF ADMINISTRATIVE SCALE COSTS

40 Commission staff have made preliminary estimates of the administrative scale affected costs for the following departments and associated agencies:

- education departments
- health departments
- treasury and finance departments
- parliaments, parliamentary departments and Premier's/Chief Minister's departments
- justice departments
- arts, cultural, recreational and national parks departments
- those providing services to industry, including primary industry.

41 The estimates and supporting logic for the preliminary education and health departments was in Staff Research Paper CGC 2017-06-S and those for the other departments are in Attachments B to F.

42 As far as possible the preliminary estimates for each group of agencies have been prepared using a similar, and predominantly bottom up, process.

- The administrative structures of the relevant agencies in all States were examined.
- A simplified basic agency was formed by reference to the common components and features of the State agencies. This process concentrated on the central office leadership, policy, planning, administrative and regulatory aspects of agency activities, rather than the service delivery activities. Even in the case of corporate service activities, it recognises only the basic need for the services and does not seek to provide all the resources necessary to deliver the services to the agency. This was because other disabilities assessed by the Commission capture the effects of factors affecting service delivery expenses.
- Minimal notional staffing was attributed to the proposed agency structures and employee expenses estimated using the Commonwealth Department of Finance costing template and a standardised section structure.
- Total agency costs were estimated on the basis of an assumption that employee expenses were 60% of those total costs.

- Total agency costs were then reduced by 10% to recognise that Commonwealth remuneration levels were generally higher than those applying in the States.

- 43 A simpler approach was adopted to estimate the scale affected costs of the statutory authorities States use to fulfil some whole-of-State responsibilities, especially in the arts and culture area. This process is described in the attachments.
- 44 Table 4 compares the resulting preliminary estimates of administrative scale expenses for 2016-17 with comparable figures from the 2018 Update.

Table 4 Comparison of preliminary estimates of scale expenses with 2018 Update figures, 2016-17

	Preliminary estimate	2018 Update	Difference
	\$m	\$m	\$m
Schools education	28.8	27.1	1.7
Health	35.2	24.0	11.2
Police	13.5	11.6	1.9
Justice, corrective services and related agencies	30.1	14.2	15.9
Agencies providing services to industry	29.3	26.7	2.6
Arts, culture, recreation and national parks agencies	24.6	20.7	3.9
Treasury and finance departments	29.1		
Parliamentary and Premier's departments	52.1		

Note: The figures are those which would apply to all States before any adjustments for cases where a State has zero or very low need to provide the service or has high and special needs.

Source: Preliminary estimates of administrative scale expenses in Staff Research Paper CGC 2017-06-S (for education and health) and Attachments B to F (for the other agencies).

- 45 It is not possible to directly compare the preliminary estimates of administrative scale costs for the Parliamentary, Premier's, Treasury and Finance departments with amounts assessed in the update. This is because the update assessments were prepared for the Other expenses category in total and cannot be fully dissected.
- 46 In total, the 2016-17 administrative scale expenses for the Other expenses category were \$123.7 million. Of that amount, \$20.7 million could be attributed to Arts, culture, recreation and national parks agencies and \$4.6 million to public safety and emergency services agencies. This leaves \$98.4 million for all other general public service agencies. The Parliamentary, Premier's, Treasury and Finance departments (81.2 million) account for a large proportion of that amount.
- 47 Most of the preliminary estimates are comparable to those in the 2018 Update but those for justice and health agencies are noticeably higher. Those differences are not

unexpected because the estimation methods are different and State services have changed over the last 15 years. The update figures were based on applying administrative scale cost proportions for education and police to health, justice and other agencies which made little allowance for the different nature of those services. Whereas the current preliminary estimates reflect a bottom-up analysis of the structure of the relevant agencies in each State and recognise the whole-of-State nature of many activities – this is particularly so for the justice agencies. The preliminary estimates take better account of the administrative structures States, on average, currently have in place.

- 48 **ACT (and Northern Territory) adjustments.** It was noted earlier that we intend to adjust the estimated administrative scale expenses for the ACT in cases where it has zero or very low needs to provide a service. Some such cases occur in the cases of agencies providing services to industry and in the parliamentary agencies.
- 49 We consider the ACT has no or very low need to provide services in relation to primary industry, mining and mineral resources. Nor does it need to fund a Governor and Governor's Office. We propose to adjust the preliminary estimates of administrative scale expenses for the agencies providing services to industry and the Parliamentary agencies. We have done so by omitting from the ACT's estimated administrative scale expenses the expenses attributed to those parts of the relevant agencies which provide services to primary and mining industries and support the Governor's office in the other States. Those adjustments reduce the preliminary estimate of administrative scale expenses for the ACT by:
- \$8.9 million³ for agencies providing services to industry – the ACT's preliminary estimated scale costs for those agencies is \$20.4 million
 - \$2.3 million for Parliamentary and Premier's departments - the ACT's preliminary estimated scale costs for those agencies is \$49.8 million.
- 50 No adjustments are currently proposed for the Northern Territory's preliminary estimates of administrative scale expenses. As noted in paragraphs 31 and 32, we propose to consider the need for such adjustments in the education and health areas in the light of further information from States.

³ This adjustment amount and that for Parliamentary and Premier's Departments are after discounting the estimated costs based on the Finance template e by 10%.

CONCLUSION AND WAY FORWARD

- 51 We have begun the task of re-estimating administrative scale expenses for all expense categories. We have previously provided States with preliminary estimates for the health and education functions. Preliminary estimates for some other functions are in the attachments to this paper. Preliminary estimates for other functions will be provided to the States for comment as they become ready. We will review all the preliminary estimates in the light of State comments and further data on their structures, employee classifications and remuneration. We aim to finalise the preliminary estimation and review process before the draft report early in 2019.
- 52 It is acknowledged the preliminary estimates are based on highly simplified representations of the agency structures adopted by the States and involve assumptions about staffing, remuneration levels and the relationship between employee costs and total agency expenses. The aim has been to capture the essence of the central leadership, policy and administrative structures State require if they are to be in a position to begin delivering services to their populations. Consistent with the intent of the administrative scale disability, the preliminary estimates do not take account of many detailed issues States must respond to in delivering services.

ATTACHMENT A

STATE VIEWS ON THE PROPOSED APPROACH AND PRELIMINARY ESTIMATES FOR EDUCATION AND HEALTH, AND STAFF RESPONSES

THE CONCEPTUAL CASE FOR ADMINISTRATIVE SCALE AND ITS DEFINITION

- 1 New South Wales said there were economies/diseconomies of scale in the provision of head office and whole of State services.
 - Small-scale operations can have coordination and agility advantages that can offset diseconomies suffered by the smaller States. Smaller States can also organise their structure in a way that offsets diseconomies of small scale by combining agencies into larger, more economic units.
 - Outsourcing of corporate functions can be used to offset diseconomies of small scale and has become more prevalent in recent years.
 - Large organisations may have to invest more resources into internal coordination to offset communication diseconomies as organisations get larger.
 - The more complex nature of larger organisations leads to a need to employ more highly graded staff.
 - Policy issues generally come to prominence earlier in the larger States, and any policy responses developed can benefit all jurisdictions. New South Wales provided some examples of this.
- 2 Queensland identified outsourcing of corporate services to the private sector as an efficiency measure adopted to reduce costs within a department. It argued that this should be taken into consideration when estimating administrative scale expenses.
- 3 Queensland also said the use of shared corporate services may reduce administrative scale through the removal of duplicate functions and the pooling of resources. It said that Queensland Shared Services (QSS) provides finance, procurement, human resources management, telecommunications and mail support services to Queensland Government agencies and statutory authorities. Queensland noted that South Australia, the ACT and the Northern Territory also have shared services.
- 4 Western Australia expressed concerns with the conceptual approach to administrative scale and its graphical presentation (see Figure 1). Western Australia's

comments imply that there could be economies or diseconomies of scale in the provision of head office type and whole of State services. However, it admitted that there are no data to assess the materiality of such disabilities.

- 5 *There seems to be some confusion about what administrative scale is measuring. It is intended to measure the basic or minimum fixed costs that do not vary with service populations. It is not intended to measure the existence of economies or diseconomies of scale in the provision of head-office functions and whole of State services. Their existence is a separate issue from that of administrative scale. We do not intend to pursue this issue. It would be difficult to obtain sufficiently reliable data to test for the existence of economies or diseconomies of scale. In addition, work done in the 1999 and 2004 Reviews could not establish a clear conceptual case for such as disability.*
- 6 *The graphical presentation used in the discussion paper has been used since the 2010 Review. It is used for illustrative purpose. In the 2010 and 2015 Review reports, the Commission made it clear that the upward sloping straight lines do not represent a view about the existence of economies or diseconomies of scale in the provision of services.*
- 7 *We agree that total costs would be reduced through shared services or outsourcing but the costs are not eliminated. Our examination of State administrative structures as part of the bottom up approach indicates that even when an outsourced or shared services approach is adopted, there are associated costs and, moreover, agencies generally retain some corporate service units – thus, the minimum or administrative scale cost would remain.*
- 8 *New South Wales considered that because of the abstract nature of the concept, administrative scale expenses cannot be estimated reliably and, therefore, lack credibility. It provided data showing administrative scale as a proportion of total assessed expenses by category, and noted that for some categories, especially housing, the proportions appeared to be high.*
- 9 *Staff note the New South Wales analysis of housing is based on housing expenses net of revenue. Ratios calculated using gross expenses are similar to those of most categories. We also note there is not necessarily a typical or constant ratio between the administrative scale affected expenses and the total category expenses. The ratios will be affected by the nature of the services in the expense category. For example, it would be expected that the ratios for education and health categories would be small because those categories contain large service delivery components. Conversely, the ratios would be larger for categories with relatively small service delivery components and significant amounts of whole of State services. For example, the Services to industry and Other expenses categories have higher ratios because they contain several whole of State agencies such as treasuries, parliaments, cultural agencies and tourism departments.*

- 10 New South Wales reported on regression analysis of local government population against local government staffing. It argued that the results appear to indicate that smaller councils adopt a different service delivery model, which enables them to operate with lower levels of staff than would be indicated by the line of best fit. New South Wales considered those results should be applicable to States.
- 11 *Evidence accumulated through the work on the education and health administrative scale expenses indicate smaller States will organise their head office type functions to suit their size and more limited financial flexibility. This is why the discussion paper said our approach to determining the average corporate structure was to look across States at the functions they normally provide and use the small States' structures as a guide to a stylised (or simplified) minimum average structure.*
- 12 New South Wales argued that if small States are aware that any improvement in their departmental and organisational structure will result in a lower share of GST, the incentive to reform to take advantage of these efficiencies is removed.
- 13 *This argument contradicts New South Wales' previous argument which noted evidence that suggests small States organise their agencies to suit their own circumstances. There is no evidence that State decisions on departmental and organisational structure is influenced by a potential effect on the GST distribution.*
- 14 New South Wales said that if the Commission retains the approach of discounting assessments, the administrative scale assessment should be discounted to account for the above incentive as well as for the lack of robust data to support the estimates of administrative scale expenses.
- 15 *In the 2015 Review, the Commission said that discounting was not appropriate for judgment based estimates, such as the proportion of expenses to which a disability should be applied, because in making that judgment it had already incorporated all relevant information and weighted it according to its reliability. The Commission is unlikely to change its view on this in the 2020 Review.*
- 16 Western Australia wrote that the current assessment does not recognise scale disabilities for regional administration (particularly for dispersed States).
- 17 *Similar to the issue of economies of scale, needs for regional administration in dispersed States is a separate issue from that of administrative scale. It is more appropriately handled as part of the regional costs assessment.*

RE-ESTIMATING THE ADMINISTRATIVE SCALE COSTS

General approach

- 18 Most States supported the use of the bottom-up and top-down approaches to re-estimate administrative scale costs.
- 19 New South Wales preferred the top-down approach, which it said would provide a more reliable and transparent result based on empirical data and minimal judgement. New South Wales also suggested the use of regression analysis using data from other countries such as the United States and Canada.
- 20 New South Wales concluded that if a bottom-up approach is to be pursued, the Commission should take into account the conceptual case for diseconomies of large scale.
- 21 Western Australia was concerned that the proposed approach for the 2020 Review will involve a lot of work that is unlikely to improve significantly the quality of the assessment.
- 22 Tasmania asked why Commission staff were proposing to simply re-estimate administrative scale costs using the same methodology rather than considering alternative approaches, as it did in the 2015 Methodology Review, when it applied three different methods.
- 23 *Many approaches have been tried since the 1999 Review. The only ones that have been successful were the bottom-up and top-down approaches. For example, regression analysis has been tried in the 1999, 2004 and 2015 Reviews without success. It is not clear why this approach would be successful in the 2020 Review. Continuing with both the bottom-up and the top-down approaches retains the capacity to make the best use of all relevant information that is available. It is not clear that discarding one approach would provide any advantages.*
- 24 *Nevertheless, staff would welcome further suggestions on alternative methods to calculate administrative scale expenses.*
- 25 Queensland argued that the staffing of the stylised head office structures should not include junior or supporting staff. It said they are broadly responsible for operationalising the decisions made by the senior or strategic staff and their numbers can be reasonably expected to increase with population size, as delivery of services becomes more complex. It argued that employee expenses for what is considered to be operational staff would appear not to align with the 2015 Review definition of administrative scale expenses and, therefore, should not be included.
- 26 *We do not support Queensland's view of administrative scale costs. We are trying to reflect the minimum cost of a basic head office structure based on what States do. If,*

on average, some of the tasks of junior staff relate to operationalising decisions, the minimum number of junior staff should be recognised.

- 27 Tasmania did not share the Commission Staff view that the top down approach validates the bottom up estimates. It noted that the smaller States' actual health and education head office staffing levels were significantly higher than Commission staff preliminary estimates.
- 28 *The top-down approach is used to provide an upper limit to the administrative scale expenses. Administrative scale costs are not intended to cover all head office costs. They should be lower than the actual expenses of the smaller States which are clearly related to population size. For example, the ACT's education head office structure has multiple school improvement branches, each allocated to service a different area of the territory.*
- 29 Tasmania said the Commission should update the administrative scale cost estimate later in the review.
- 30 *We do not propose to update the States' organisational structures throughout the review because it is not practical to do so. States often change their organisational structures. However, such changes do not fundamentally change what States do.*
- 31 Tasmania argued that the reason the preliminary estimates yield similar results to the 2004 Review is in large part because the same methodology has been used.
- 32 *The similarities between the 2004 Review estimates and the current preliminary estimates likely reflect that little has change in the States' head office functions.*

Education and health estimates

Stylised structure

- 33 States broadly agreed with the proposed education and health stylised head office structure. However, some States raised specific issues about the proposed structures.
- 34 South Australia made the following comments.
- The proposed health structure does not appear to include a commissioning function⁴ and asked the Commission to consider whether one is warranted.
 - In South Australia, complaints about a health practitioner that is not registered by Australian Health Practitioner Regulation Agency (AHPRA) (for example, social workers and paramedics) are dealt with by the Health and Community

⁴ South Australia described the commissioning function as the process of arranging continuously improving services that deliver the best possible quality and outcomes for patients, meet population health needs and reduce inequalities within the resources available. Essentially, it is a process used by Health authorities to align funding allocations with the evolving health needs of the community and to set and monitor performance expectations.

Services Complaints Commissioner, which is funded by the South Australian Government. The Commission may wish to consider including the relevant staff in the stylised structure.

- 35 Tasmania said there was a case for including the ambulance function as an eighteenth branch in the proposed average structure of health departments.
- 36 The ACT said its education structure has changed recently and the relevant tables in the discussion paper should be updated accordingly.
- 37 The ACT also said:
- it was not entirely accurate to say the board overseeing curriculum and assessment for years 11 and 12 (the Board of Senior Secondary Studies) has only unpaid positions. While there are some unpaid positions, the board also includes active members of the ACT Public Service including an Executive Director. The key aspect is that the Education Directorate not only provides administrative support, it also provides leadership
 - some functions should be added to the proposed basic stylised structure of health departments, including insurance and legal, workplace quality and safety, internal audit and communication groups.
- 38 In addition to its comments about education and health, the ACT made comments about other functions.
- It recommended that the Chief Minister, Treasury and Economic Development Directorate be broken down into two streams – the Chief Minister stream and the Treasury stream. This would facilitate comparison with other jurisdictions.
 - There is a missing element in the list of agencies captured in the ‘Other Expenses’ category in the discussion paper. The Office of the Legislative Assembly provides procedural and administrative advice and support to the Assembly and its committees. The office is staffed by public servants but is not subject to the direction of the ACT Executive.
- 39 The Northern Territory proposed the inclusion of additional divisions in the proposed basic structure for early childhood education and tertiary education and training instead of including those functions in the ‘schools’ division. It also said additional branch level functions should be included in the schools division for non-government schools, disability and engagement, Indigenous enrolment and attendance and student wellbeing.
- 40 The Northern Territory also said the proposed head office structure for the health function significantly underestimated the minimum structure and associated costs. It proposed the following modifications to the proposed structure.
- The health services development branch should be promoted to a division, with branches for mental health, alcohol and other drugs, disability services, primary health services and hospital services.

- Environmental health should be included as an additional branch under the public health output.
- 41 The Northern Territory argued government service provision, including the bureaucracy, has changed significantly since the original scale estimates were produced in the 1999 and 2004 Reviews, due to:
- public expectations for electronic interactions with government departments
 - national electronic reporting requirements for the full range of government services, particularly health and education
 - expectations for real-time virtual communications for intergovernmental fora
 - electronic human resource services and automated payment systems
 - a move towards paperless record keeping and electronic data storage.
- 42 It said such developments indicated the importance of ICT has increased since the 2004 Review. It considered ICT costs were now unavoidable for the provision of contemporary government services and on a per capita basis were considerably higher for small States due to the scale of minimum infrastructure required.
- 43 As such, it considered the scope of administrative scale costs should be expanded to include the minimum level of ICT infrastructure required to run a department, and staffing costs associated with those functions. It also noted that health requires specialised ICT services and infrastructure to meet the high volume of internal and external information, compliance and reporting requirements and requests. It said that, while the departmental structures outlined in the staff discussion paper include an ICT function and some non-labour ICT costs, it is not clear that they cover the necessary range of functions or the ICT infrastructure costs.
- 44 The Northern Territory also wrote that the administrative scale costs for health services must include amounts to capture specific requirements of the health industry, particularly ICT infrastructure and services, and health policy development and compliance with a range of national quality standards and regulations.
- 45 *In answer to all the above comments, the stylised basic structures for the education and health functions are intended to capture the average of what States do. They may not reflect individual State circumstances. That said, we will review whether all relevant core services, including ambulance services, are appropriately accounted for.*

46 *Staff also make the following responses to specific matters raised by States.*

- *We consider the health commissioning function is captured in the functions covered by the strategy and planning division.*
- *Spending by the small States⁵ on considering complaints about a health practitioner that is not registered by AHPRA appears to be very small and is unlikely to change the broad and simplified view of what States do on average.*
- *We note the existence of the ACT's Office of the Legislative Assembly and will ensure it is included in our analysis for the Other expenses category.*
- *The Northern Territory's suggestion to promote some branches to divisions is not supported because it would not reflect what States do on average. The three smaller States guided the stylised structure. While early childhood education is a division in many States, it is not in the two smaller States.*
- *We consider that environmental health is already covered by the proposed 'disease control' and 'health promotion' branches.*
- *The Northern Territory's arguments about ICT requirements and, more specifically, the health reporting requirements are noted. While we think the costs generally would be included in the non-labour cost estimates, we acknowledge there could be a fixed cost element to ICT that may not be captured in the preliminary estimates. We intend to seek further evidence from States to see whether such costs are significant.*

Staffing allocation

- 47 Queensland, Tasmania and the ACT considered that the allocation of resources to the health and education structures, particularly the number and classification of supporting managers and officers needs to be strengthened. Tasmania and the ACT also said the staffing number estimates were too low.
- 48 For the education function, Tasmania said it is unclear why the Commission considers the Productivity Commission Report of Government Services (RoGS) data (which excludes TAFE/VET and therefore underestimates head office staff) indicates that the preliminary estimate of 133 employees is justified. The 2016 RoGS results also illustrate that the Commission's estimation of 133 employees is well below the averages, over a five year period, for Tasmania and the ACT.
- 49 Tasmania also considered that the staff number estimates for the health function are too low compared with the actual head office staffing numbers in the ACT and the Northern Territory. Tasmania was uncertain how the Commission Staff estimates were calculated and whether in fact they are reasonable.

⁵ 'Small' is used to describe the less populous States of Tasmania, the ACT and the Northern Territory.

- 50 The ACT considered that the discussion paper's staffing estimates for education and health of 133 and 170 respectively, were too low. Using the top-down approach, it estimated staffing numbers of 238.5 FTE for education and health of 318.2 FTE.
- 51 The ACT attributed the difference to the number of staff below the branch head level. It said its estimates indicate the relevant ratios for health should be about three to four managers per branch and four to five staff per manager. This is compared with the Commission's assumption of only two direct reports (managers) to branch heads and only three staff reporting to each manager.
- 52 The Northern Territory said its Department of Education provided alternative preliminary estimates of administrative scale costs. It will work with Commission staff to resolve differences and determine the appropriate scope of data to be provided.
- 53 Finally, South Australia noted the stylised structure includes an average of one personal assistant for two branch heads, however, its experience is that each Branch Head would have a personal assistant allocated to them.
- 54 *We note the States' comments. Commission staff will seek information from States to refine the preliminary estimates. For example, the best way for us to estimate the appropriate staffing numbers and classification is to look at the staffing structures of the small States.*

ATTACHMENT B

INITIAL ESTIMATES OF ADMINISTRATIVE SCALE EXPENSES FOR TREASURY AND FINANCE FUNCTIONS

- 1 Staff examined the annual reports and websites of the State Treasury and Finance departments and many of their associated statutory authorities to identify the functions they perform and the administrative structures in each State.
- 2 We then followed a bottom up approach to estimating the administrative scale expenses for a Treasury/Finance structure. We identified the functions common to State Treasury/Finance departments and prepared a simplified and minimalistic structure to provide those services.

THE STATE TREASURY/FINANCE STRUCTURE

Departments

- 3 Four States (Victoria, South Australia, Tasmania and the Northern Territory) have combined Treasury and Finance departments. Two States (New South Wales and Western Australia) have separate Finance departments (the New South Wales one is also responsible for services and innovation). Queensland and the ACT have Treasury departments, which take on the finance role.
- 4 This suggests the average or standard policy is to have a single structure which recognises both treasury and finance responsibilities. Since six States (including the three small States⁶) have a combined treasury/finance or a straight treasury structure, that structure should be used in devising scale effects.⁷ The practical differences between a combined treasury and finance and a straight treasury agency do not appear large. It is proposed they be ignored in deriving scale effects.
- 5 All observed functions in the Treasury/Finance structures, including related authorities, are State-wide or head office type functions.

⁶ 'Small' is used to describe the less populous States of Tasmania, the ACT and the Northern Territory.

⁷ The two department structure implies extra overheads, consisting of an extra departmental head and supporting staff at the least. They need not be recognised in a scale disability.

Department responsibilities and structure

- 6 Every State Treasury has a Secretary (or Under Treasurer) and an Office of the Secretary (or Under Treasurer) to provide support to them.
- 7 The responsibilities of the Treasury/Finance agencies are numerous and diverse. They often include responsibilities which some States allocate to other departments (such as Premiers, State Development and Lands). Some such tasks have been taken into account in this paper, provided they fall within the Commission's Other expenses category. An overview of Treasury/Finance structures and functions is provided in Table B-1.
- 8 All States have general government resources responsible for the following tasks.
 - Economic policy advice which includes monitoring, research and advice on:
 - economic conditions, social conditions Statewide labour markets and forecasts of economic conditions
 - fiscal policy
 - revenue policy, including forecasts of revenues
 - intergovernmental financial relations
 - competition policy
 - State budgeting and finance including
 - State budget strategy
 - State budget preparation, accounting, monitoring and reporting at the whole of government level
 - monitoring the performance of other government agencies (primarily departments) and liaising with them on budget matters.
 - Commercial, shareholder policy or infrastructure advice such as the following.
 - Monitoring performance of GBEs.
 - Advice on, and management of, State financial assets and liabilities⁸. In all States, a Treasury Corporation, or its equivalent Treasury unit, is also involved, subject to policies or guidance from Treasury officials.

⁸ **New South Wales** has a Crown Asset and Liability Management Branch to manage the Crown Entity which covers public sector wide assets, the debt portfolio and certain general government superannuation and long service leave (LSL) liabilities.
Victoria has a Financial Assets and Liabilities Branch to advise on assets, liabilities, superannuation and insurance debts.
In **Queensland**, a unit in the Fiscal Group manages the State debt.
In **Western Australia and South Australia**, debt, asset and investment management services are provided by, respectively, the Treasury Corporation and the South Australian Government Finance Authority (a branch of Treasury), presumably with input from other Treasury officials.

- Major infrastructure financing (including public private partnerships) and other issues relating to selection and management of infrastructure projects.⁹
- Asset sales and managing State real estate portfolios.¹⁰

In **Tasmania**, the Budget and Finance Division identifies, quantifies and manages the State debt and financial assets. Operational borrowing and investment tasks are done by the Tasmanian Public Finance Corporation.

The **ACT** Treasury directorate's Asset and Liability Management unit within the Economic and Financial group manages financial assets and liabilities, including superannuation liabilities.

The **Northern Territory**'s Financial Analysis unit is responsible for the Territory's Central Holding Authority and hence its financial assets and liabilities.

⁹ In **New South Wales**, the Commercial group in Treasury is responsible for private involvement and financing of projects (including PPPs). The Finance Department also has a Public Works Division and a Public Works Advisory unit to provide advice on asset procurement and management.

In **Victoria**, three units (the Infrastructure Policy, Investment Approvals and Infrastructure Contracting units) in DTF's Commercial division are responsible for infrastructure policy, investment decisions, risk management for infrastructure projects and the management of commercial activities, especially PPPs. In **Queensland**, the Treasury's Commercial group has sub-units responsible for assessing opportunities for private investment, procuring privately financed infrastructure and services, and monitoring PPPs.

Western Australia's Infrastructure and Finance unit in the Treasury is tasked with infrastructure policy, planning and delivery, and managing complex commercial transactions such as PPPs.

In **South Australia**, a unit in the Treasury's Budget, Analysis and Performance branch advises on capital issues, including PPPs.

In **Tasmania**, the Economic and Financial Policy Division and the Budget and Finance Division have responsibilities for financial policies and procurement. (There is no explicit mention of major infrastructure projects or PPPs in the Treasury annual report.)

In the **ACT**, the Treasury's Infrastructure Finance and Advisory Division is responsible for the selection, funding, delivery and whole-of-life management of major infrastructure projects, including PPPs.

In the **Northern Territory**, the Commercial unit in Treasury's Economic group advises on commercial issues, major government projects, and PPPs. In addition, the Strategic Infrastructure and Projects division in the new Department of Trade, Business and Innovation leads strategic infrastructure policy and initiates, coordinates and facilitates the delivery of major projects.

¹⁰ **New South Wales** has Property NSW a statutory authority within the Finance department to manage all aspects of its property portfolio, including maintenance, cleaning and security.

In **Victoria**, a sub-unit in DTF's Commercial division is responsible for future uses or disposal of surplus government land, property and office accommodation.

Queensland has statutory authorities (QTC and QIC) to manage all aspects of its property portfolio.

In **Western Australia**, the Strategic Projects and Asset Sales unit in Treasury is responsible for major non residential building projects and the asset sales program. Also, the Building Management and Works unit in Finance is responsible for the planning, delivery and management of the property portfolio, including delivering new building projects and maintaining existing buildings.

South Australia has the Commercial Projects Group within Treasury which is responsible for realising the value of selected state assets including through commercial property sales.

In **Tasmania**, the Procurement and Property Branch of Treasury manages the Government's owned and leased office accommodation portfolio and property sales.

The ACT has the Land Development Division and the Sales, Marketing and Property Management Division in the Economic Development stream of the Chief Minister, Treasury and Economic Development Directorate to advise on and manage government owned and leased property at a whole of government level and deal with surplus properties. In the **Northern Territory**, responsibility for property related tasks is spread over the Commercial unit in Treasury and the Strategic Infrastructure and Projects division of the new Department of Trade, Business and Innovation.

Table B-1 Treasury/Finance Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
TREASURY (TREASURY/FINANCE)	6 Divisions + Office of Secty	4 Divisions + Office of Secty	5 Divisions + Office of Secty	5 Divisions + Office of Secty	8 Branches + Office of Secty	4 Divisions + Office of Secty	7 Divisions + Office of Secty	5 Divisions + Office of Secty
	Fiscal & Economic Agency Budget and Policy	Economic Budget & Finance	Economics Fiscal	Economic Infrastructure & Finance	Public Finance Budget Commercial	Economic & Financial Policy	Economic & Financial Finance & Budget	Economic Financial Managmnt
	Commercial	Commercial	Commercial	Strategic Policy & Evaluation	Government Fin Auth	Budget & Finance	Infrastructure Finance	Revenue Office
	Financial Risk Management	Corporate & Government Services	Office of Industrial Relations	Strategic Projects & Asset Sales	Super SA, Revenue SA	Revenue & Gaming & Licensing	Expend Review Revenue	Corporate & Governance
	Industrial Relations		Corporate	Budget Co-ord, Exp Review & Corporate	Lifetime Support Auth Corporate	Corporate	Workplace Safety & Ind Rels Shared Servs	Super Office
Treasury Senior Staff	Secretary, 4 Deputies and 3 Exec Directors	Secretary, 4 Deputies	Secretary, 4 Deputies, 1 Assistant Sec	Secretary, 1 Deputy, 4 Exec Directors	Secretary, 2 Deputies, 7 GMs & 4 Directors	Secretary, 4 Deputies	Secretary, 6 Exec Directors & 1 Director	Secretary, 2 Deputies, 2 Assist Secs, 5 Snr directors
FINANCE	6 Divisions + Office of Secty			7 Units + Office of Secty				
	Revenue Office			Revenue Office				
	Property & Advisory			Building Mgmt & Works				
	Customer Services			Procurement				
	ICT & Digital Govt			Public Utilities				
	Regulation			Eco Reform				
	Govt & Corp Services			Strategy & Reform Corporate				

Table B-1 (continued) Treasury/Finance Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Finance Senior Staff	Secretary, 6 Deputies and 2 other senior execs			Secretary, 2 deputies, 3 Exec directors, 1 director, 1 commissioner				
OTHER MAJOR STAT AUTHORITIES								
Revenue collection	A division of Finance	State Revenue Office	Office of State Revenue	A division of Finance	State Revenue Office in these States is a division of Treasury			
State Finance agency	NSW Treasury Corp	Treasury Corp of Vic	Qld Treasury Corp	WA Treasury Corp	<i>Part of Treasury</i>	Tas Public Finance Corp ^(a)	<i>Part of Treasury</i>	NT Treasury Corp ^(a)

(a) Resources provided by Treasury. In the four largest States, the corporations have their own resources.

Source: Compiled by an examination of relevant department and authority annual reports and websites.

- Corporate support and human resources services, which include human resource management and training, corporate finance, legal services, corporate technology and information systems (including records management), and communications. Treasury/Finance manages these services in all States and delivers most of them. Shared service providers deliver services in some States.
 - A State Revenue Office, which may be separate agencies reporting to Treasury or offices in the Treasury/Finance departments. They are responsible for advice on tax matters, managing and administering tax laws, collecting State taxes, tax compliance and administering some grant, rebate and subsidy schemes.
- 9 In most States, statutory authorities which report to and are overseen by Treasury/Finance perform the following activities.
- **State financing.** Most States have a separate statutory authority reporting to Treasury to manage and arrange their borrowing, investment and cash management activities. However, in South Australia it is a branch of the Treasury; in the ACT it is a branch of Treasury; and in the Northern Territory it is a statutory authority but Treasury provides its resources.
 - **Economic regulation.** All States have an independent State financed economic regulator or similar unit to regulate pricing and other operations of essential utilities (electricity, gas, water and sewerage). They also examine competitive neutrality and access to infrastructure issues.
 - **Management of superannuation schemes for government employees and parliamentarians.** This is done by statutory authorities in five States and appears to be largely self-financing. However, Treasury units administer superannuation in the two smallest States and in South Australia a Treasury branch administers superannuation on behalf of the South Australian Superannuation Board. The investment and payment services are outsourced.
 - **Government insurance services.** There are a variety of mechanisms to cover the workers compensation, property, public liability, motor vehicle and other risks of government agencies. In all but the Northern Territory, the relevant bodies are in the Treasury/Finance structure and they are self-financing – that is, costs are mostly recovered from client departments. While the insurance costs are recovered from client agencies, policy/management processes are an essential part of State operations, are in the Treasury/Finance structure and generally State funded. Some allowance for those functions is included in the simplified structure.
- 10 The following activities are Treasury/Finance responsibilities in some States but are undertaken in other departments in the others.
- **Whole-of-government procurement policy and procedures.** In general, decisions are made by a independent government procurement board, which is supported by a departmental sub-unit. They also manage common use contracts.

- It is a finance/treasury responsibility in five States - New South Wales, Victoria, Western Australia, South Australia and Tasmania¹¹.
- It is the responsibility of a branch in the Department of Housing and Public Works in Queensland.
- It is the responsibility of a division in the Economic Development stream of the Chief Minister's Directorate¹² in the ACT.
- It is the responsibility of Procurement NT, a branch of the Department of Trade, Business and Innovation in the Northern Territory.
- **Red tape reduction.** All States have a unit to advise on opportunities to improve regulation, including by reducing red tape. It is a Treasury/Finance task in four States, State Development task in three and a Premiers task in one.¹³
- **Whole of government information and communications technology (ICT) policy, directions and development.** States commonly aim to develop ICT systems which facilitate across government integration. It is a:
 - Finance responsibility in New South Wales.
 - Department of Premier and Cabinet (or equivalent) responsibility in four States - Victoria, South Australia, Tasmania and the ACT.
 - Innovation department responsibility in two States - Queensland (the Department of Science, Information Technology and Innovation) and Western Australia (the Department of Innovation).

¹¹ **New South Wales** - the NSW Procurement and government services unit in the Department of Finance supports the NSW Procurement Board.

Victoria – the Strategic sourcing unit in the Corporate and Government Services Division of the Department of Treasury and Finance and the Victorian Government Purchasing Board.

Western Australia - the Government Procurement unit (which subsumes the State Supply Commission) in the Department of Finance.

South Australia – the Procurement Policy and Governance unit of Department of Treasury and Finance supports the State Procurement Board.

Tasmania - a sub-unit in the Procurement and Property branch of the Budget and Finance Division of the Department of Treasury and Finance.

¹² More precisely, ACT Government Procurement Board is supported by the Procurement and Capital Works division in the Economic Development stream of the Chief Minister, Treasury and Economic Development Directorate.

¹³ The red tape reduction task is in the Treasury/Finance structure in four States: New South Wales (Better Regulation Division of Finance); Victoria (Commissioner for Better Regulation/Red Tape Commissioner in the Department of Treasury and Finance); Western Australia (Economic Reform Unit in Finance); and South Australia (Simpler Regulation Unit in the Department of Treasury and Finance). It is in business/State development departments in three States: Queensland (Red Tape Advisory Council in the small business arm of the Department of Tourism, Major Events and Small Business); Tasmania (Red Tape Reduction Co-ordinator in Co-Ordinator General's Office in Department of State Growth); and Red Tape Abolition Squad in Department of Trade, Business and Innovation). In the ACT, the Regulatory Reform Team is in the Chief Minister's stream.

- Department of Corporate and Information Services responsibility in the Northern Territory.
- **Land valuations.** This is an essential input to State and local government revenue efforts. Each State has an independent Valuer-General who is usually supported by resources from a parent department which is:
 - the Treasury/Finance department in three States – New South Wales (Property NSW in the Department of Finance); South Australia (a statutory authority in Treasury and Finance); and the ACT (Valuation Services within the Revenue Management Division of Treasury)
 - a lands, natural resources or similar department in four States – Victoria (Land Use Victoria in the Department of Environment, Land, Water and Planning); Queensland (Natural Resources Division of the Department of Natural Resources and Mines); Western Australia (Land Information Authority which is a statutory authority reporting to the Minister for Lands); and Tasmania (Land Tasmania, a branch of the Department of Primary Industries, Parks, Water and Environment)
 - the Department of Infrastructure, Planning and Logistics in the Northern Territory.

In some States (such as the Northern Territory and the ACT), at least some of the valuation services are outsourced to private valuers or other State valuers.

- **Land titles registry, surveying and geographical naming tasks.** These are done by:
 - lands, natural resources or similar departments in four States – Victoria (Land Use Victoria in the Department of Environment, Land, Water and Planning); Queensland (Natural Resources Division of the Department of Natural Resources and Mines); Western Australia (Land Information Authority which is a statutory authority reporting to the Minister for Lands); and Tasmania (Land Tasmania which is a branch of the Department of Primary Industries, Parks, Water and Environment)
 - Finance in one State – New South Wales (Customer Services Division of the Department of Finance)
 - the Planning agency in one State - South Australia (a sub-unit of the Department of Planning, Transport and Infrastructure)
 - Justice/ Attorney General department in one State - Northern Territory (Justice Services Division of the Attorney General's Department)
 - Premier/Chief Minister in one State – the ACT (Access Canberra in the Chief Minister Directorate).
- **Liquor and Gaming licensing and regulation.** This is generally done by several independent commissions or boards supported by a unit in a government department. It is:

- a Treasury responsibility in Tasmania
 - a Justice/Attorney-General responsibility in five States - New South Wales, Victoria, Queensland, South Australia and the Northern Territory¹⁴
 - a Chief Minister’s responsibility in the ACT – liquor licensing is done by Access Canberra and gaming licensing is done by the ACT Gambling and Racing Commission
 - a Department of Racing, Gaming and Liquor responsibility in Western Australia.
- **Private sector workers compensation and compulsory third party insurance.** The five larger States have separate statutory authorities reporting to the Treasurer, or units in Treasury, to provide and/or oversee the operation of these insurances. These authorities often also operate nominal or default insurer schemes to cover cases where employers do not have workers compensation insurance. The authorities often operate under ‘Workcover’ or ‘Worksafe’ titles. They are self-financing trading enterprises with minimal impact on the State budgets.

However, the relevant agency is part of a government department in the three small States:

- in Tasmania, Worksafe Tasmania is a branch of the Department of Justice and Workcover Tasmania (which oversees the workers compensation scheme) and its supporting tribunals are supported by that department
 - in the ACT, the Workplace Safety and Industrial Relations branch is part of Treasury
 - in the Northern Territory, NT Worksafe is a division of the Department of Business.
- **Government business enterprises (GBEs).** The three large States have entities holding some or all of the assets of GBEs. The other States either do not have similar bodies or they are part of the departments responsible for the service. These bodies are more relevant to the ‘Transport’, ‘Services to Communities’ and ‘Services to Industry’ categories and should be considered there.

¹⁴ **New South Wales** - Liquor & Gaming NSW in the Liquor, Gaming & Emergency Management Division of the Department of Justice and the Independent Liquor and Gaming Authority Board.
Victoria - the Department of Justice and Regulation which has a Liquor, Gaming and Racing division with branches/sections for Liquor & gambling policy, Gambling licensing, Office of Racing and Racing Integrity Unit plus it supports the Victorian Commission for Gambling and Liquor Regulation and a Racing Appeals Disciplinary Board.
Queensland – Office of liquor and Gaming Regulation in the Liquor, Gaming and Fair Trading Division of the Department of Justice and Attorney-General.
South Australia – the Consumer and Business Services Division in the Attorney Generals Department.
Northern Territory - Licensing NT which became a division of Attorney General in September 2016 but it was in the Department of Business in 2015-16.

- **Industrial relations.** New South Wales, Queensland and the ACT have a division or other unit in their Treasury/Finance structure responsible for public and private sector industrial relations. In Western Australia a similar division is in the Department of Commerce. They are presumably in industry-type departments in the other States. They are more relevant to the 'Services to Industry' category and are examined there.
- **Long service leave.** Most States have self-financing statutory authorities administering portable long service leave schemes for the building and construction, contract cleaning and security industries. These authorities report to Treasury/Finance in three States (New South Wales, Queensland and the ACT); to industrial relations in South Australia; the Department of Commerce in Western Australia; and the Department of Business in the Northern Territory. The relevant bodies in Victoria and Tasmania are companies. They are not considered further here as they are more relevant to the 'Services to Industry' category and they have minimal financial impact on the States.

A SIMPLIFIED AVERAGE TREASURY/FINANCE STRUCTURE

11 The details above suggest the average structure is:

- a single department of Treasury and Finance with an Office of the Secretary (including responsibility for co-ordination with the Minister's office) and five major divisions, each with several branches and sections:
 - Economic policy division with three sections covering
 - i Economic and social conditions
 - ii Fiscal policy, including forecasts of revenue and expenditure
 - iii Intergovernmental financial relations
 - State budgeting division with the following sub-units
 - i State budget strategy section
 - ii Budget preparation, accounting and whole-of-government reporting branch with two sections
 - iii Departmental and GBE monitoring and performance branch, with two sections
 - Revenue collection and compliance division (State revenue office) with the following sub-units:
 - i Tax legislation section
 - ii Tax assessment and collection branch, with two sections
 - iii Tax compliance section
 - iv Grant administration section
 - Commercial activities, State financing and superannuation division with

- i State financing branch with two sections for managing and monitoring State financial assets and liabilities and State borrowing, investment and cash management
 - ii Major infrastructure financing and PPPs section
 - iii Management of State superannuation and insurance section
 - Corporate services division
 - i Human resource management section
 - ii Corporate finance section
 - iii Legal section
 - Two statutory authorities reporting to Treasury and Finance:
 - an independent economic regulator of essential utilities
 - a regulator (or overseer) of Statewide workers compensation and third party insurance (a Treasury/Finance responsibility in six States, Justice in one and Business in one).
- 12 ***Procurement policy and oversight.*** This could also be considered a Treasury/Finance responsibility. As noted in paragraph 10, independent State procurement boards are supported by branches/sections in government departments (Treasury/Finance in five States, Premiers in one, Housing/Public Works in one and Trade, Business and Innovation in one). Since the expenses are in the Other expenses category in at least six States, a section has been included in the simplified Treasury/Finance structure.
- 13 A Red Tape Reduction section has also been included since all States have such a unit (albeit not always in the Treasury/Finance structure) and much of its work is linked to State procurement and promoting State development.
- 14 ***Whole of government ICT policy, land valuation, land title registry and licensing/regulation of racing and gaming.*** These functions are performed by several different departments across the States, including Treasury/Finance. Since the functions are related to State procurement or State revenue collection, allowance for them has been included in the Treasury/Finance structure. We have included four, four person sections (to cover land valuation, land titles and racing and gaming (one section for racing and another for gaming/casinos and lotteries) plus two Branch head positions (each with a personal assistant) to represent the Valuer-General and a Racing/Gaming commissioner – a total of 20 positions. Since these functions are performed by lands/State development or justice agencies in some States, the functions have been excluded from the estimated scale costs for those agencies.
- 15 We also included a Chief ICT officer (branch head level) to reflect the combined responsibilities for both whole of government policy and department ICT support.

This person would be supported by an enhanced section of section head, two senior officers, two mid-level officers and one junior officer (7 positions).

- 16 ***Summary of the basic Treasury/Finance structure.*** The staffing has been derived as follows.
- Secretary/Under-Treasurer plus a head of office (section head level), a liaison officer (senior officer) and a personal assistant (junior officer) (4 staff)
 - five division heads at the senior executive director level¹⁵ plus five personal assistants (10 staff)
 - twenty sections each with a section head and three staff¹⁶ plus four branch heads (84 staff)
 - a procurement policy section and a red tape reduction section each with a section head and three staff (8 staff)
 - Land valuation, land registry (also with responsibility for surveying and place names) and two racing/gaming sections plus a Valuer General and a Racing/Gaming commissioner each with a personal assistant (20 staff)
 - a Chief ICT Officer plus a six person section (7 staff).
 - an economic regulator (section head level) plus three staff (4 staff)
 - an insurance regulator (section head level) plus three staff (4 staff).
- 17 In total, it is estimated the administrative scale affected staff of this base case Treasury/Finance structure would be 141.
- 18 This is a first and broad estimate. It has made use of the limited publicly available information from the States, particularly the three small States. Given the limitations and in the interests of simplicity, the assumed section staffing is an average. In reality, some (such as those in the revenue and budgeting areas) would have many more staff and those in others less.
- 19 All the assumptions need to be verified in the light of State feedback and detailed information on their resources (such as staff numbers, classifications and salaries). Such information from the small States will be particularly important.
- 20 To assist the consistency and practicality of estimating scale affected costs, we have generally used the same assumptions about branch/section sizes and employee classifications as were used in estimating scale costs for education and health. Those assumptions drew on staffing numbers and classification levels in the ACT. That benchmark was used because the comparatively low job classifications better reflect

¹⁵ This is assumed to be equivalent to the Commonwealth division head (SES Band 2) level.

¹⁶ Using the Commonwealth classifications, each section is assumed to consist of an EL2 (the manager), one EL1, one APS6 and one APS5. The same structure is used in costing education and health administrative scale affected costs.

the scale of operations and costs of a small State. The use of those assumptions for all services or expense categories helps simplify the estimation process.

Costing the staff numbers

- 21 In the absence of detailed salary data for the States (and hence an average State salary), the Commonwealth Department of Finance costing template has been used. This template uses Commonwealth salary, superannuation and long service leave rates. It also includes overheads amounting to 20% of salaries and superannuation.¹⁷
- 22 Applying the template to the estimated 141 staff produces an administrative scale cost in 2016-17 of \$23.2 million. However, the overhead costs included in that figure are based on marginal costs, not average costs, which understate the total cost. Available data from the States indicate the non-employee expenses of Treasury departments in the three small States are, on average, 43% (46% if Western Australia is included).
- 23 On this basis it is reasonable to assume non-employee expenses are 40% of total Treasury/Finance expenses. This is the same proportion as that used in the calculation of administrative scale costs for education and health.
- 24 Using the 40% figure for overheads increases the estimated Treasury/Finance administrative scale costs to \$32.3 million.¹⁸

Some sensitivity testing on wage rates

- 25 The costing template uses Commonwealth remuneration levels. It may be argued those rates are higher than the State rates. Limited salary details are available for the States. However, ACT remuneration rates were available.
- 26 The ACT remuneration rates, and the assumption that employee expenses are 60% of total operating costs, have been applied to the simplified basic Treasury/Finance structure. This approach produced total scale affected costs of \$30.2 million¹⁹. This figure represents about a 6% discount of the base case costs.
- 27 Available data on remuneration for senior treasury officers casts some doubt on whether a discount is necessary. Those data indicate State payments to the Treasury secretary and the deputies are higher than the figures used in the costing template.²⁰

¹⁷ Overheads include the costs of training, HR support, organisational services, desktop ICT services and property services. They amounted to \$3.835 million for the estimated structure which was 20% of its estimated salary and superannuation costs.

¹⁸ Calculated as \$19.378 million (the estimated salary and superannuation costs) / 0.6 = \$32.296 million.

¹⁹ The estimated employee expenses of \$18.134 million / 0.6 = \$30.223 million.

²⁰ The 2015-16 average remuneration for treasury heads and deputies in all States except the Northern Territory was \$489 000 and \$306 000. The staff estimates based on the Commonwealth template used figures of \$405 000 and \$279 000 respectively. In addition, press reports on 3 April 2017, indicated the

- 28 However, this may be offset by payments to other staff which are below the Commonwealth figures. The ACT salary scale suggests payments for the equivalents of Commonwealth EL2, EL1 and APS 6 grade officers are about 7% below the Commonwealth levels.
- 29 At this point, the estimated costs for the simplified treasury/finance structure, like the estimates for other departments, have been discounted by 10% to allow for the possible higher Commonwealth salaries. This produces total estimated employee expenses of \$17.4 million for 2016-17 and total estimated costs of \$29.1 million.

Comparison with actuals

- 30 The estimated staff levels of 141 compare with the following employment in the Treasuries of the small States.
- Tasmania – 294 staff, excluding staff in the red tape reduction, land valuation, land titles and ICT policy areas.
 - ACT – 264 staff, including the Independent Competition and Regulatory Commission but excluding staff in Workplace Safety and Industrial Relations, Land Development, Procurement and Capital Works, Shared Services, and Access Canberra. Many of the excluded positions are service delivery positions rather than scale-related ones.
 - Northern Territory – 164 staff, excluding staff responsible for Strategic Infrastructure, procurement, red tape reduction, whole of government ICT, land valuation and registry, and liquor and gaming licensing and regulation.
- 31 The estimated employment numbers are noticeably lower than the employment in the small States.
- 32 The comparison for employee expenses is:
- estimated simplified structure employee expenses - \$17.4 million
 - Tasmania - \$24.5 million
 - ACT - \$25.2 million
 - Northern Territory - \$17.3 million.
- 33 The estimated employee expenses are below those in Tasmania and the ACT but similar to those for the Northern Territory. However, the comparisons are misleading because the State figures are understated. The State figures exclude employment and expenses for many of the functions performed in agencies outside the general government part of Treasury, but which are included in the simplified structure.

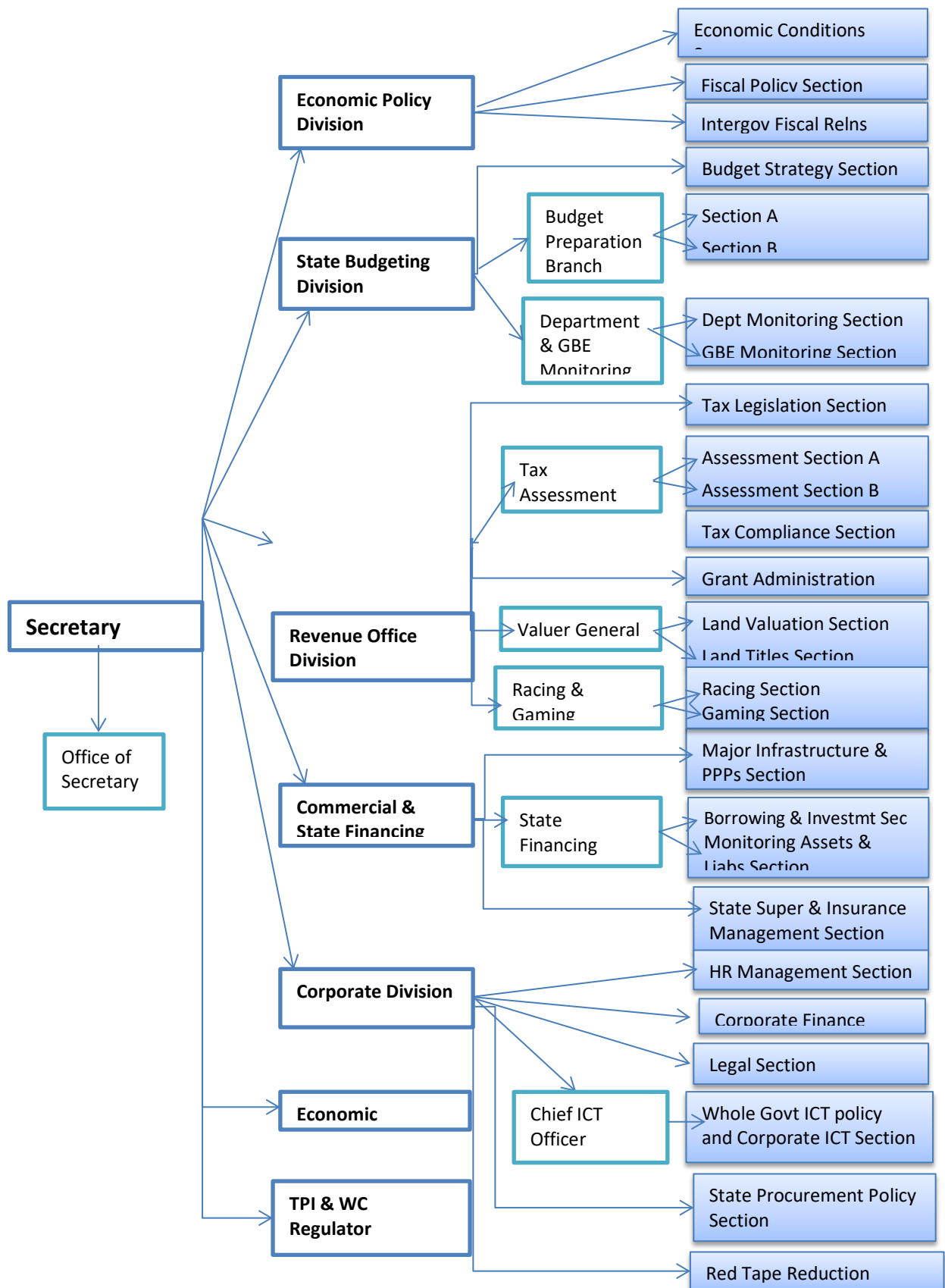
highest paid official in Western Australia is the Racing and Gaming Commissioner, with total remuneration of about \$605 000. The estimates in this paper cost that position at \$199 764.

- 34 On the whole, the comparisons suggest the assumed structure does not overstate the minimum administrative scale affected resources required for the full range of Treasury/Finance functions.
- 35 It is not possible to compare the current estimates of Treasury/Finance administrative scale expenses with figures from the 2018 Update. In the Update, the 2016-17 administrative scale expenses for the entire 'Other Expenses' category were \$123.7 million. However, that figure was calculated as a whole and figures for individual departments or services in the category cannot be estimated. More importantly, the 2018 Update figures were estimated by indexing figures originally prepared in 1999 or 2004 for price level changes. The breadth of Treasury/Finance functions have expanded considerably since the previous estimates were made.

Conclusion

- 36 The estimated Treasury/Finance administrative scale costs based on the simplified basic departmental structure with staffing of 141 positions is \$32.3 million. If the Commonwealth salary levels are considered too high, the expenses could be discounted by 10%, implying a total of \$29.1 million. A graphical representation of the suggested Treasury/Finance Structure is presented in Figure B-1.

Figure B-1 Suggested Treasury/Finance Structure



TREASURY/FINANCE ADMINISTRATIVE SCALE COSTING

37 Table B-2 shows the costing of the simplified, basic treasury/finance department based on the Department of Finance template.

Table B-2 Simplified basic treasury/finance department costs, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		0
APS 4 (Personal assistant)	71 852	8	575
APS 5 (Junior officer)	78 046	29	2 263
APS 6 (Junior officer)	92 583	30	2 777
EL 1 (Senior officer))	112 901	31	3 500
EL 2 (Manager)	142 789	30	4 284
SES 1(Branch head)	199 764	7	1 398
SES 2 (Division head)	256 798	5	1 284
SES 3 (Secretary)	340 298	1	340
Total		141	16 422
Superannuation (% of salary)	15.40%		2 529
Long service leave (% of salary)	2.60%		427
Total direct remuneration			19 378
Standard marginal on-costs/overheads			
Worker's compensation premium	na		
Staff training and development costs (% of salary)	3.00%		493
Human resources support costs (\$ per person)	1 238		175
Organisational services costs (\$ per person)	6 096		860
Desktop ICT services costs (\$ per person)	4 877		688
Property operating expenses (POE) (\$ per person)	11 493		1 621
Total overhead costs			3 835
Total costs			23 213
Total costs (direct remuneration/0.6)			32.296

Source: Staff estimates based on the Department of Finance costing template.

ATTACHMENT C

INITIAL ESTIMATES OF ADMINISTRATIVE SCALE EXPENSES FOR STATE PARLIAMENTARY AND PREMIERS DEPARTMENT FUNCTIONS

- 1 Staff examined the annual reports and websites of each State's Parliament, Parliamentary departments, Premiers/Chief Ministers department and associated bodies to identify the functions they perform and their administrative structures.
- 2 We then followed a bottom up approach to estimating the administrative scale expenses for a Parliament/Premier's department structure. We identified the functions common to State Parliaments, Premier's Departments and related bodies and prepared a simplified and minimalistic structure for those services. The structure was costed using the Commonwealth Department of Finance costing template. When that template was not appropriate (such as for Parliament), costs were based on those in the three small States.
- 3 While the functions covered by this study are generally provided in all States, they are not always performed by Parliamentary or Premier's departments. For example, in some States, some functions are performed by Justice/Attorney General's departments or agencies linked to them. Those services have been included in this study and excluded from the Justice/Attorney General function.

THE STATE PARLIAMENTARY STRUCTURE

Parliaments

- 4 All States have a Parliament and supporting departments. In three States (Queensland, the ACT and the Northern Territory), the Parliament has only one chamber (the Legislative Assembly). Parliaments in the other five States have two chambers (a Legislative Assembly and a Legislative Council).
- 5 Tasmania, the ACT and the Northern Territory have 25 seats in their Legislative Assembly and Queensland has 89. But the ACT operated with 17 members from 1989 when the first Assembly was elected until October 2016. Tasmania also has a Legislative Council (upper house) with 15 members.

- 6 The other four States have between 47 members (South Australia) and 93 members (New South Wales) in their Legislative Assembly and between 22 members (South Australia) and 42 members (New South Wales) in their Legislative Council.
- 7 The more people there are in a State's population, the more members there are in its Legislative Assembly and Legislative Council (when it has one). That the Northern Territory and the ACT currently have the same sized parliament, even though the Northern Territory's population is about 40% smaller than the ACT's, suggests population dispersion may also affect the size of the parliament.
- 8 Salaries of Members of parliament are determined by an independent remuneration tribunal process in each State. It also sets entitlements for expense allowances, superannuation, car allowances and support staff.
- 9 Ministers and officer holders in the parliaments (such as the speaker, deputy speaker, party whips, chairs of parliamentary committees) receive extra salary and allowances plus extra staffing allowances. Examples of the extra salaries are in Table C-1.

Table C-1 Loadings above Member's base salaries for select parliamentary positions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%
Premier/Chief Minister	95		152	127	100	115	110	100
Ministers	57-67		107	77		70	70	65
Leader of opposition	57		107	77		70	70	65
Speaker	57		91	64		35	55	65
Deputy speaker	30		53				15	20

(a) Figures represent the extra loading over and above the base salary effective during 2015-16. They exclude electorate, communication, car and other entitlements.

Source: Determinations of relevant remuneration tribunals.

- 10 Ministers are also entitled to a range of support staff to help run their offices and advise on potential policies. The available data are summarised in Table C-2.
- 11 Members of parliament are entitled to engage the following electorate staff:
 - New South Wales – two staff plus another part-time up to 70 days a year
 - Victoria, Queensland and Western Australia – two staff
 - South Australia – two staff but some office holders may have extra (eg Premier and leader of opposition get one extra assistant)
 - Tasmania – one person
 - ACT – not available
 - Northern Territory – one plus another part-time up to 104 hours a quarter.

Table C-2 Ministerial office staff

State	Data used	No. of Ministers (a)	Premiers office staff	Other ministers staff	Total ministers staff	Average staff per minister
New South Wales	June 2016	22	27.9	177	204.9	9.3
Victoria (b)	Dec 2015	23	40+	196	236	
Queensland (b)	Dec 2015	20			210	
Western Australia (c)	April 2014	17	22.0	185.4	207.8	12.2
South Australia (b)	Dec 2015	14			255	
Tasmania	Mar 2016	9	12.8	51	70.8(d)	7.9
ACT	June 2016	7			47.7	6.9

(a) The number of people who are ministers (including the Premier), not the number of portfolios.

(b) Sourced from Herald Sun, 3 December 2015, "Victoria's ministers have 258 staff" by Peter Mickelborough. Victoria also had 22 drivers In addition to the 236 advisers. This article said New South Wales had 187 advisers and Western Australia had 215.

(c) Return on staffing in each minister's office, downloaded from internet on 25 July 2017.

(d) The total includes 2 staff in the Speakers office and 5 staff in the Tasmanian Government Communications Office. There were also 10 ministerial drivers and an administration assistant who are not included in the figures.

Source: Figures from various ministerial staff returns found on web on 25 July 2017.

Governor/Administrator and their offices

- 12 Reflecting the Westminster system of government in Australia, the Commonwealth has a Governor-General and every State, except the ACT, has a Governor or, in the case of the Northern Territory, an Administrator. These positions perform the functions of the head of the Executive — commissioning government, proroguing parliament and enacting legislation. There is no such vice-regal post in the ACT. The relevant functions are performed by the Assembly and the Chief Minister.
- 13 All governors have an Office to provide personal, administrative, procedural and logistical support and maintain the Government House and its grounds. The offices are headed by an Official Secretary. They are sub-divided into business units for: policy and procedural advice; administration and corporate support (finance, HR, IT); and operations (security, building and grounds maintenance, catering, housekeeping). The available data on staff levels show there were 44 staff in Queensland, 29 in Western Australia, 23 in Tasmania and 17 in the Northern Territory.

Parliamentary Departments

- 14 Every State has between one and three departments to provide: procedural and administrative advice and support to parliament, members and committees; record keeping, library, security and catering services; public education and engagement services; and maintenance services for the parliamentary buildings and grounds.

- There is one parliamentary department in Queensland, South Australia, the ACT and the Northern Territory. They are independent agencies. The Clerk of the Assembly is the CEO in Queensland, the ACT and the Northern Territory. In South Australia, the department is administered by the Joint Parliamentary Service Committee (Speaker, President and 2 members from each house) and there is a clerk for each house.

The departmental structures in Queensland and the ACT include a Clerk's office, a Parliamentary support branch and a corporate services branch. The Northern Territory has a similar structure except its parliamentary support unit is split into a House division and a Committees division, resulting in four divisions. The services provided in the three States are similar.

The structure in South Australia has more units but they are more specialised. It has clerk's offices, a parliamentary reporting division, a parliamentary library division, a catering division and a joint services division.

- The other four States have three parliamentary departments - one supporting each house and a parliamentary services department. In general, the house specific departments support the operations of the houses and committees while the joint services department provides HR, finance, information technology, security and facilities management services.

15 Publicly available data on staffing in the parliamentary departments are in Table C-3.

Table C-3 Parliamentary department staff numbers (a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Dept of Legislative Assembly	64*	54.2	204.0	27.2	na	16.4	47.6	40.3
Dept of Legislative Council	37.8	40.0	na	31.3	na	12.0	na	na
Joint Services Dept	173*	132.6	na	110.0	107	42.3	na	na
Total	274.8	226.8	204.0	168.5	107	70.7	47.6	40.3

(a) Most staff numbers are full-time equivalents. Figures marked with an * are head counts.

Source: 2015-16 annual reports of the departments.

16 There is diversity in the structure of State Parliaments and their supporting agencies. Their complexity and size generally increases with population. However, the administrative scale factor aims to reflect only the unavoidable minimum basic structure of State bodies. While factors such as population size, growth, dispersion and composition and the complexity of modern society also affect the size and structure of a State's parliament, they affect the variable costs rather than the unavoidable minimum basic structure. The effects of those factors are reflected in other parts of Commission assessments.

17 The simplified basic parliamentary structure is considered to be the following.

- A single parliamentary chamber with 17 members. This reflects the observation that the ACT had a 17 member assembly for its first 27 years and the Northern Territory initially had 19 members. Reflecting the common practices, especially in the small States, the simplified structure should recognise the extra allowances for the Premier/Chief Minister, four ministers²¹, a leader of the opposition and a speaker. It should also allow for ministerial support staff (six for the Premier/Chief Minister (a head of staff, two senior and two junior advisers and an administration assistant), three support staff per minister and the opposition leader (a senior and a junior adviser and an administration assistant), an administration assistant for the speaker and one electorate support staff for each member.
- A single parliamentary department to support the operation of parliament. Reflecting the functions and structure in many States, especially the territories, it would be headed by the clerk of the house and have three branches: a clerk's office (with sub-units for administration/procedures and communication/education); a parliament and committee support branch (with sub-units for chamber and committee support) and a business services branch (sub-units for HR/finance, Hansard/library, and building operation/security).
- A Governor/Administrator plus a personal assistant plus a supporting office consisting of a secretary and three sub-units (for policy and procedural support, business services, and operations). A Governor is a feature of the government in seven States. However, an adjustment should be made for the ACT to exclude the estimated scale costs of an Administrator and office since its self-government legislation does not provide for one.

PREMIER'S/CHIEF MINISTER'S DEPARTMENT

Responsibilities and structure

- 18 Every State has a Premier's/Chief Minister's department as the lead agency in its public sector. In all States except the ACT, it is a stand-alone department, with associated statutory authorities. In the ACT, it is part of a wider Chief Minister, Treasury and Economic Development Directorate.
- 19 The head of the Premier's/Chief Minister's Department in each State has an Office of the Secretary (or CEO) to support them.
- 20 The responsibilities of the Premier's/Chief Minister's Departments are numerous and varied. Reflecting their position at the head of the State public sector and primary

²¹ Excluding the Premier/Chief Minister: Tasmania has eight ministers; the ACT had three from 1989 to 1997, four from 1998 to 2015, five in 2016 and currently seven; the Northern Territory had between four and six when the assembly had 19 members and between six and 10 when it had 25 members. It currently has six.

advisers to the Premier/Chief Minister, they have units to co-ordinate or oversee policy development in major areas and areas important to the State. As the issues requiring attention change over time, the administrative structures tend to be flexible to allow units to be formed and re-assigned as necessary. They also have units which advise and liaise with State Cabinet and provide communication services.

- 21 An overview of Premier's/Chief Minister's structures is at the end of this attachment. Total staff numbers for the department in each State are shown in Table C-4. As far as possible, the figures exclude staff in parliamentary offices, in agencies providing customer access to government services, and statutory corporations in the Premier's portfolio (such as Parliamentary Counsel and Public Service Commission).

Table C-4 Premier's/Chief Minister's department staff, 2015-16 (a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Total departmental staff	625	551	464	na	1416(b)	198(c)	160(d)	203(e)
(a)	Staff numbers are full-time equivalents, but in New South Wales a head count figure is used.							
(b)	Includes staff of Services SA (an agency providing people with access to government services), Office for the Public Sector, support staff in offices of ministers and members of parliament.							
(c)	Excludes the 129 staff of Service Tasmania (provides access to government services); 80 in the Office of eGovernment and TMD (provide ICT services to government agencies); 12 in the Parliamentary Counsel's office; 24 in the State Service Management office; and 12 in the Local Government division. Source: Annual Report page 53.							
(d)	Excludes the 565 staff of Access Canberra, the shopfront for public contact with government and 10 staff of Office of Chief Digital Officer. (Source: Annual Report page 149.)							
(e)	Total Chief Minister staff of 323 less 103 ministerial staff and 17 Government House staff.							
Source:	2015-16 Annual reports of the various departments.							

- 22 All States have general government resources responsible for the following tasks.
- **Cabinet and parliamentary.** This support includes:
 - Cabinet office to support the operations of Cabinet, provide secretariat and liaison services, manage Cabinet records, manage legislative agendas, maintain Administrative Arrangements and manage Executive Council business. The tasks are fulfilled by at least one branch in each State.²²
 - Communications, media and/or publishing units to co-ordinate departmental media activity and whole-of-government communication

²² **Cabinet and parliamentary support.** **New South Wales** has the Cabinet branch and Ministerial services branch. **Victoria** has the Cabinet Office (a branch). **Queensland** has Cabinet Services and Government Services Units (both branches). **Western Australia** has a Cabinet Secretariat, a State Administration unit (each are branches with three sections) and Ministerial offices. **South Australia** has a Cabinet Office (with two relevant sections) plus an Electorate services section. **Tasmania** has a Government Services branch (with two sections), a Ministerial support section, a Portfolio Services section and Ministerial transport and courier sections. In the **ACT**, services are provided by part of the Policy and Cabinet Division. The **Northern Territory** has a Cabinet Office and DCM Secretariat branch, a Ministerial Liaison section and a Protocol section.

tasks and support ministerial media operations. Each State has at least a branch (or equivalent) to perform these tasks.²³

- **Policy development and co-ordination.** This is the major area of the department's responsibilities. These units co-ordinate and guide the actions of line agencies and focus on matters of high importance to the State or where a whole-of-government response is required. The units may be grouped into economic²⁴ and social policy²⁵ divisions/branches.

²³ **Communications tasks.** **New South Wales** has units in its Government, Corporate and Regional Co-ordination Group responsible for communications support to DPC, political offices and their staff and whole-of-government advertising and communications. **Victoria** has a branch in its Government Policy and Co-ordination Group for Strategic communication and engagement. **Queensland** has a unit in its Strategy and Engagement division for Strategic engagement and protocol. **Western Australia** has a DPC media office in its State Administration and Corporate Support Division and a State Law Publisher for publishing and printing services. **South Australia** has a Government Communications, Engagement and International Relations unit with sub-units for Communications Services, Engagement and Priority delivery. **Tasmania** has a Communications and Protocol Unit in its Corporate and Governance Division. **The ACT** has a Communications branch to co-ordinate communications, community engagement and advertising for the directorate, co-ordinate whole-of-government media projects and provide media support to the Chief Minister's Office. The **Northern Territory** has a Strategic Communication and Engagement branch to provide a whole-of-government approach to communications and marketing.

²⁴ **Economic Policy units.** **New South Wales** has an economic policy group headed by a deputy secretary with branches for: State economy; cities; resources and land use; international; and local government reform. It also has a Premier's Implementation Unit to oversee the Premier's priority issues (such as Infrastructure, jobs, domestic violence, hospital service standards). It is headed by a Deputy Secretary. **Victoria** has an Economic Policy and State Productivity division headed by a deputy secretary which has branches for: economic development and international; economic strategy; infrastructure planning and major projects; and energy, resources and environment. **Queensland** has a Policy division headed by a deputy director-general which has branches for economic policy and environment policy. **Western Australia** has a Cabinet and Policy Division with two deputy director-generals. One has responsibility for an economic and deregulation branch (covering economic matters, environment and natural resources, planning, housing and infrastructure and federal regulatory issues). **South Australia** has a deputy chief executive heading the Premier's policy and strategy group which has branches for economic matters, such as: resource infrastructure and investment; minerals; energy resources; energy regulation; economic priorities; and low carbon economy. Together these branches have 16 sub-units. It also has an Office of Data Analytics and an Energy Plan Implementation Taskforce. **Tasmania** has a Policy Division and the Tasmanian Climate Change Office which report to a deputy secretary - a total FTE of 21.9. A Local Government division with a FTE of 12.0 is among the units reporting to a second deputy secretary. The **ACT** has a Policy and Cabinet Division headed by a Deputy director-general and has about 47 staff working on economic and social policy issues as they arise. The **Northern Territory** has an Economic and Environment Policy Branch and a Fracking taskforce.

²⁵ **Social Policy.** **New South Wales** has a Social Policy Group headed by a deputy secretary covering: health; education; NDIS; justice and police; family and community services; and service reform. **Victoria's** Social Policy and Service Delivery Reform Division is headed by a deputy secretary and has branches for: Aboriginal Victoria; Social policy (Aboriginal affairs, education and justice); Health, human services and NDIS; multi-cultural affairs (with four sections); Family violence and Service delivery reform (these two branches have up to ten sections (or other sub-units)). **Queensland** has a Social Policy Branch and a Policy Futures Branch in its Policy Division, plus a Strategic Policy Branch in the Strategy and Engagement Division. In **Western Australia**, the second deputy director general in the Cabinet and Policy Division is in charge of a Community and Human Services Unit, and units for Human Services Reform. There is also a Native Title Unit in the division and a Whole-of-Government, Future

- New South Wales, Victoria and Western Australia each have separate divisions (or major units) headed by deputy secretaries for economic and social policy issues. New South Wales has a third deputy heading a Premier’s Implementation Unit which also operates in the ‘policy space’. Western Australia also has a Whole-of-Government, Future Directions Strategic Policy Unit providing advice directly to the Secretary.
- Queensland, South Australia, Tasmania, the ACT and the Northern Territory have one Policy division headed by a deputy secretary for economic and social policies, plus other units working on policy issues.²⁶
- **Intergovernmental Relations.** Every Premier’s/Chief Minister’s Department has a unit responsible for: State intergovernmental policies; developing/responding to COAG and Council of Federation agenda items; preparing the Premier/Chief Minister for the meetings; and overseeing negotiations on subject specific intergovernmental agreements. These units are additional to the Intergovernmental finance units in the Treasuries.
- **Corporate Services.** Every Premier’s/Chief Minister’s Department has a Corporate Services (or similar) unit. They are at least branches and are division equivalents in the large States. They are responsible for human resource management and training, corporate finance, legal services, corporate technology and information systems (including records management). These units set departmental policies and manage delivery of the services in all States. They also deliver the services in most States.²⁷

Directions and Strategic Projects unit. **South Australia** does not have branches obviously directed to social policies, but it has a Strategy and Governance Branch (aimed at service reform) and an Early Intervention Research Directorate in its Premier’s policy and Cabinet offices. **Tasmania** has sections for: Aboriginal affairs; Women; Safe Homes, Safe Families; Communities; and Veterans within a Communities, Sport and Recreation division of 71.6 FTE which reports to the same deputy secretary as the Policy division. It is reasonable to assume 20 to 30 FTE work on social policy. The **ACT’s** Policy and Cabinet division has 47 staff to cover both economic and social issues. It also has an Asbestos Response Taskforce with 41.6 staff. The **Northern Territory** has a Social Policy branch plus an Office of Aboriginal Affairs and an Aboriginal Land Strategic Policy unit, each of which are branches.

²⁶ For example: South Australia has an Office of Data Analytics and an Energy Plan Implementation Taskforce, a Strategy and Governance Branch and an Early Intervention Research Directorate; Tasmania has the Climate Change Office; the ACT has an Asbestos Response Taskforce with 42 staff; and the Northern Territory has a Royal Commissions and Inquiries branch plus a Fracking Taskforce, an Office of Aboriginal Affairs and an Aboriginal Land Strategic Policy unit.

²⁷ **Corporate services.** **New South Wales** has a Government, Corporate and Regional Co-ordination Group to provide corporate governance, including human resources, IT, finance, governance and communications support to DPC, political office holders and their staff, coordination and support to other entities in the Premier and Cabinet cluster. It also has other sub-units providing services to support cabinet and the Governor’s Office. **Victoria** has a People, Culture and Operations Group providing human resources, finance and budget, ICT, corporate strategy, risk management and assurance services to the Department. **Queensland** has a Corporate Services branch in its Corporate and Government Services Group which provides the usual range of corporate services. However, the department purchases transactional processing services from Queensland Shared Services. **Western Australia** has the State Administration and Corporate Support division. Among other things, the

Some States have shared service providers to provide transactional processing services, but not policy and oversight services.

- **State security and emergency co-ordination unit.** Every State has a unit to co-ordinate policy, responses and media activity – actual responses are tasks of line agencies such as Emergency Services, Police and Health. Queensland also has the central Queensland Reconstruction Authority. Victoria, Western Australia, South Australia, Tasmania and the Northern Territory have an office or branch for these tasks. The others have smaller units akin to sections.

23 The above material suggests a simplified structure which captures the basic features of Premier's/Chief Minister's departments would have the following components.

- A Secretary or CEO and a small office to support them consisting of a head of office (section head level), a senior adviser and a personal assistant.
- A Cabinet and Parliamentary Support division, headed by a deputy secretary to support the operation of cabinet and executive council, manage records and administrative arrangements, fulfil liaison tasks and provide whole-of-government/departmental communications/media. It would have five sections.
- A Policy division to co-ordinate policy preparation and deal with major matters arising in the State. It would be headed by a deputy secretary and dominated by relatively senior positions. It would have a flexible four branch/section structure to cover economic and social policy issues (including a State specific major policy taskforce) plus an intergovernmental relations unit.
- A State security and emergency co-ordination branch/section to co-ordinate anti-terrorism activities and emergency responses.
- A corporate services branch with three sections to provide HR, finance and information technology services. While shared service providers are often used, management and co-ordinating resources are retained. The estimated administrative scale costs are intended to reflect only those services – costs of the shared service provider are not included.

assistant director-general is directly responsible for HR services, facilities management and FoI services. There is also a Finance and Information Services unit (headed by a director) for finance, information management and technology, corporate information and library services. **South Australia** has a Chief operating officer responsible for the following units: People & culture; Finance; Strategic procurement; Policy standards; Workplace & business performance; FoI; and Shared Services SA (a centralised provider of financial and payroll services). **Tasmania** has a Corporate and Governance Division led by a deputy secretary whose responsibilities include Business Improvement; HR; Financial management services; IT; Properties and Procurement. The **ACT** has a Corporate Management branch (FTE of 31 in 2015-16) to provide strategic, governance, organisational development, administrative and human resources functions for the whole Directorate and the ACT Executive. It also has a strategic finance unit with 17 FTE to provide financial and budgetary management and an Office of Chief Digital Officer. Allowance for the Chief Digital Officer is in the administrative scale costs for State Treasuries. **The Northern Territory** has a corporate services agency to provide corporate and governance services to the department and other agencies under a shared services model.

STATUTORY CORPORATIONS OR OTHER INDEPENDENT BODIES

- 24 Every State has a number of other independent bodies providing services essential to the functioning of a parliamentary system and the public sector. These bodies may report direct to the parliament, through the Premier's/Chief Minister's department or, in some cases, the Attorney General's/Justice department.
- 25 These independent agencies include:
- Public Service Commission
 - Parliamentary Counsel's Office
 - Electoral Commission
 - Audit Office
 - Ombudsman's Office
 - Crime and corruption investigatory bodies.

Public Service Commission

- 26 Every State has a body which provides independent policy advice and services relating to State workforce management, employment policy, industrial relations, health and safety, workforce development and training, workforce reform and performance management. Publicly available information on some major features of their resourcing is in Table C-5.

Table C-5 Major features of State Public Service Commissions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	128	46.7	74	129.6	66.9	24.4	41.1	32.4
Number of senior executives	10	6	4	6	na	4	na	5
Total employee benefits (\$'000)	15 670	5 899	10 163	17 745	8 691	2 864	na	4 384
Ave payment per FTE staff (\$'000)	122.4	126.3	137.3	136.9	129.9	117.4	na	135.3

Source: Annual reports and websites of each State's Public Service Commission or equivalent.

- 27 Activities common to all States are: workforce and industrial relations policy; leadership, training and development; and performance management and reform. In some States, the Commission also has responsibility for workforce health and safety, managing redundancies, employing senior executives and general recruitment processes, and data collection and analysis. Investigating minor issues relating to public sector integrity and conduct is also a public service commission responsibility in some States but it is a Premier's Department or corruption commission task in others. The Commission has its own corporate services area in most of the larger States, but those services are provided by a parent department or a shared service

provider in the smaller States. The Northern Territory's Office of Public Employment also has a branch dedicated to Indigenous employment and career development.

- 28 This suggests a minimum structure could consist of a Commissioner, a deputy, an executive assistant and four sections covering: workforce management and industrial relations; performance management and reform; leadership, training and development; and business services (including data collection).

Parliamentary Counsel's Office

- 29 Every State has a Parliamentary Counsel's office which drafts bills and subordinate legislation for parliament and departments and prints legislation. The Parliamentary Counsel's Office is a unit within the Premier's department or wider portfolio in New South Wales, Victoria, Queensland and Tasmania but an office or unit in the Attorney General's/Justice Department in Western Australia, the ACT and the Northern Territory. Information on some of the major features of their resources is in Table C-6.

Table C-6 Major features of State Parliamentary Counsel's Offices

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	46(a)	38	56		19	12	22	15
Total employee benefits (\$'000)	7 083		8 746		2 703(b)			2 018
Ave payment per FTE staff (\$'000)	155.7		156.7		140.8			134.5

(a) There are another 6 part-time contract drafters.

(b) A staff estimate.

Source: Annual reports and websites of each State's Public Service Commission or equivalent.

- 30 Parliamentary Counsel Offices are typically headed by the Chief Parliamentary Counsel and have two output or work groups in their structure – a drafting group and a legislative services/publishing group. The offices in New South Wales, Victoria and Queensland also have administrative/corporate services sections.²⁸ Corporate services are provided by the parent departments in the other States.
- 31 Details of the office establishments in New South Wales, Victoria and the Northern Territory (the only States for which detailed staffing data are available) indicate about 55% of staff are legislative drafters/lawyers. This proportion becomes 70% when the

²⁸ The New South Wales Parliamentary Counsel Office is headed by the Parliamentary Counsel and has another 12 senior executives. It has three branches (drafting, services (publishing and corporate) and legislative systems). Drafting branch has 21 positions plus 6 contractors. The Office of the Chief Parliamentary Counsel in Victoria has three branches of parliamentary counsels (drafters), a publishing branch, an administration section and an information management section. The Office of the Chief Parliamentary Counsel in Queensland has two branches (drafting and business services (with sub-units for publishing, ICT and corporate)). The Parliamentary Counsel's Office in the Northern Territory has a group of nine parliamentary counsels and a legislation management section.

administrative staff are excluded from the figures for New South Wales and Victoria to better align their structures with those in the smaller States.²⁹

- 32 This suggests the minimum structure could consist of a Chief Parliamentary Counsel, an executive assistant, a drafting branch and a publishing unit.

Electoral Commission

- 33 Every State has an electoral commission. They are independent bodies and report to:
- parliament in New South Wales, Tasmania, the ACT and the Northern Territory
 - a special minister in Victoria and Western Australia
 - the Attorney General in Queensland and South Australia.
- 34 Common responsibilities are: to conduct State and local government elections (except for the ACT where there is no local government); conduct (sometimes on a cost recovery basis) elections for other bodies such as industrial bodies, unions, Aboriginal land councils, clubs; maintain electoral rolls; conduct research and public education/awareness actions on electoral matters; and support electoral boundary reviews.³⁰ In New South Wales, Queensland, South Australia and Tasmania, the electoral commissions also have responsibilities for the registration and public funding of political parties. The New South Wales commission registers lobbyists.
- 35 Information on the structures and staffing of the electoral commissions is in Table C-7. That information does not include short term staff engaged to conduct elections.

Table C-7 Major features of State Electoral Commissions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	85	92	52	46.9	23	8.7	9.8(a)	18.2
Number of branches	8	6	5	4	5			3(b)
Total employee benefits (\$'000)	11 685	10 948	7 142	6 065	2 304	1 241(c)	1 226	2 123
Ave payment per FTE staff (\$'000)	137.5	119.0	137.3	129.3	100.2	142.6	125.1	116.6

(a) Average FTE for the year. The ACT had 15 FTE at 30 June 2016.

(b) The sub-groups in the Northern Territory are more like sections.

(c) An estimate based on assuming employee expenses were 50% of total expenses.

Source: Annual reports and websites of each State's Electoral Commission.

²⁹ Total staff in New South Wales, Victoria and the Northern Territory is 45.5, 38 and 15 respectively and drafting staff are 21, 23 and 11 respectively, giving a drafting proportion of 55%. Administrative staff in New South Wales and Victoria are 13 and 7. Excluding them gives a drafting proportion of 70%.

³⁰ Some States (including New South Wales, Queensland and South Australia) have separate bodies to make decisions on electoral boundaries.

- 36 The Commissions are typically headed by an electoral commissioner and have at least one other senior executive plus an election operations unit and various sub-units for enrolments, public education/research and information technology.³¹
- 37 While the Commissions in the larger States (New South Wales, Victoria, Queensland, Western Australia, and South Australia) have their own corporate and business services sub-units, those support services are provided by, or bought from, other agencies in Tasmania, the ACT and the Northern Territory.
- 38 Noting the small permanent size of the commissions in the small States, a minimum structure could consist of an electoral commissioner, a deputy, an executive assistant and four one person units to cover election planning, enrolments, education and research, and business services.

Audit Office

- 39 Every State has an Auditor General and a supporting Audit Office. The Auditor General and their Office is an independent agency, reporting direct to each State Parliament. They are responsible for auditing State and local government agencies, except in the ACT which does not have a separate local government. (The task has only included local government in Western Australia since 2016-17.)
- 40 In each State, they undertake financial and performance audits and may also examine issues of wasteful use of public money. Some States also undertake information system audits. A noticeable proportion of financial audits are performed through contracted private sector audits in all States. Those contracted auditors perform almost all audits in the Northern Territory due to the difficulties of recruiting qualified staff to the public sector in a small State. Consequently, the number of staff in the Northern Territory Audit Office is much lower than in other States. Information on the structures and staffing of the Audit Offices is in Table C-8.

³¹ The **NSW Electoral Commission** has eight branches – Elections; Enrolment; Funding, Disclosure & Compliance; Information Services; Human Resources; Finance; Performance Measurement; and Legal. The **Victorian Electoral Commission** has six branches – Elections; Electoral Enrolment; Communication, Education and Research; Information Technology; Human Resources; and Finance. The **Queensland Electoral Commission** has five branches: Elections Operations & Planning; Elections Support & Change; Funding, Disclosure & Regulation; Information Communication & Technology; and Business Services. The **Western Australian Electoral Commission** is headed by the electoral commissioner and has a deputy plus four branches (Electoral operations; Enrolment & Education; IT; and Business Services plus five other officers for communications, public affairs, GIS analysis and risk analysis. The **South Australian Electoral Commission** is headed by the electoral commissioner and has a deputy plus five branches (Elections; Funding and Disclosure; Community Awareness & Research; IT; Finance & Corporate Services). The **ACT Electoral Commission** has a commissioner and deputy plus sub-units for elections operations, Education, Funding and Disclosures, and Office management. The **Northern Territory Electoral Commission** has sub-groups for: Operations; Public Awareness; and Business Management.

- 41 The offices vary in size (measured by staff employed) substantially. This is partly because the larger States have corporate and support services units. Shared service providers deliver most of those services in Tasmania, the ACT and the Northern Territory, but the Audit offices have resources for managing the services.³²
- 42 Financial audits of State agencies and local government audits are done on a fee for service basis in all States. Performance and special audits are usually done from government appropriations. This raises a question of the appropriate scope of costs to be included in the administrative scale costs for the Audit Office. Since an annual financial audit is an essential feature of every agency's operations the simplest approach and the one staff have adopted is to include the total costs of a minimum Audit Office structure in a single figure. The alternative would be to allocate a similar level of costs across each Commission category.

Table C-8 Major features of State Audit Offices

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	273	176.6	179	132.3	123.3	43.3	37.6	4.9
Number of business units	3	5	4	5	6	4	3	2
Total employee benefits (\$'000)	32 599	23 517	20 667	15 330	12 747	4 964	4 686	992
Ave payment per FTE staff (\$'000)	119.4	133.2	115.5	115.9	103.4	114.6	124.6	202.4
Payments to contractors as per cent of employee benefits (%)	12.0	50.6	68.3	30.0	10.2	26.6	22.2	424.4

Source: Annual reports and websites of each State's Audit Office.

- 43 Overall, a minimum Audit Office structure could consist of an Auditor General, a contract/executive support unit plus a financial audit branch and a performance audit branch each with one section. This structure has been applied to all States, including the Northern Territory where the almost complete outsourcing of service provision is

³² **New South Wales** Audit Office has a three division/branch structure with units for financial audit, performance audit and corporate services. **Victoria** has a five unit structure with units for financial audit, performance audit, technical audit services (covering information systems audits, standards & quality, and legal and strategy), corporate services and office of the Auditor-General. **Queensland** has a two stream structure with one stream covering audit operations (sub-divided into branches for financial audits, performance audits and specialist audits) and the other support services (sub-divided into financial services, HR and information services). **Western Australia** has a five unit structure covering Financial audit, Performance audit, Information systems and performance audit, Technical and Audit quality, business/corporate services and an office of the Auditor General. **South Australia** has a six unit structure with three field operations units covering State agencies, one unit covering public interest reviews plus the treasury and finance portfolio, one unit covering local government and information technology audits and one unit for policy, planning and standards including corporate finance, HR and IT. **Tasmania** has a four unit structure with a Financial audit branch, a performance audit branch plus a corporate support area and an office of the AG. All payroll, HR and IT functions are done by the Department of Justice. **The ACT** has a three unit structure with a financial audits branch, a performance audits branch and a professional services (including technical and quality assurance) unit. The Northern Territory has two business units (Audit and Review, and Corporate and governance).

attributable to its unique circumstances rather than an indication of the minimum requirements under the average service delivery policy.

Ombudsman's Office

44 Every State except the ACT has an Ombudsman, supported by an office, whose role is to enquire into administrative actions taken by State agencies and local councils. They are independent officers who report to Parliament. In the ACT, the Ombudsman's role is delivered by the Commonwealth Ombudsman under a Services Agreement. A Senior assistant ombudsman and a team are dedicated to ACT tasks.

45 Information on the structures and staffing of the Audit Offices is in Table C-9.

Table C-9 Major features of State Ombudsman's Offices

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	236	76.5	59	64.6	20.1	17		14
Total employee benefits (\$'000)	28 565	10 115	6 472	7 796	1 897	1 816	1 147(a)	1 683
Ave payment per FTE staff (\$'000)	121.0	132.2	109.7	120.7	94.4	106.8		120.2

(a) This is the total amount paid to the Commonwealth for Ombudsman services for the ACT.

Source: Annual reports and websites of each State's Ombudsman's Office.

46 As the table shows, the size and structure of the offices varies across the States.³³ The exact structure in each State appears to reflect the emphasis the State wishes to give particular areas or types of investigation.

47 A minimum structure could be interpreted as consisting of the Ombudsman, an executive assistant and two investigatory sections.

Crime and corruption investigatory bodies

48 Every State, except the ACT, has one or more independent bodies responsible for investigating claims of corruption or improper conduct by members of parliament,

³³ The Ombudsman's office in **New South Wales** has three Deputies who each head a business unit (Police & compliance; Human services; Public administration) plus another two deputies (heading 'Operation Prospect'; and Aboriginal programs) and two positions of Assistant Ombudsman (heading a corporate branch; and a strategic projects division). **Victoria** has nine branches/offices (Early resolution; Investigations; Portfolios & administrative improvement; Education services; Executive office; Communication & engagement; People & development; Finance & business improvement; Knowledge & technology). **Queensland** has five branches/offices in the structure (Public interest disclosures; Intake & major projects; Investigation & resolution; Education & engagement; Corporate services) plus an executive services area. **Western Australia** has four investigative branches plus a corporate services unit. **South Australia** has four teams (Investigations; FoI, Assessments; and Administration) plus two smaller units (Information sharing and Education). **Tasmania** has six units in its structure (Ombudsman, Right to information, Health complaints, Energy, Corporate and Official visitors).

other public officials (including police) or public agencies. They generally report direct to parliament.

- New South Wales has the Inspector of Independent Commission Against Corruption, the Independent Commission Against Corruption, the Inspector of the Police Integrity Commission and the NSW Crime Commission.
- Victoria has the Victorian Inspectorate, the Independent Broad-based Anti-corruption Commission and the Local Government Investigations and Compliance Inspectorate.
- Queensland and Western Australia both have a Parliamentary Inspector of the Crime and Corruption Commission and a Crime and Corruption Commission.
- South Australia has the Independent Commissioner against Corruption and the Office of Public Integrity.
- Tasmania has the Integrity Commission.
- The Northern Territory has the Commissioner for Information and Public Interest Disclosures. It has announced it will create an Anti-corruption, Integrity and Misconduct Commission which will broaden the sphere of potential investigations and absorb the Commission for Public Interest Disclosures.
- The ACT Government has announced it will establish an ACT Integrity Commissioner 'assisted by a team of specialist investigators, who will investigate, conduct hearings, and have the power to recommend prosecutions for serious breaches of integrity across the public sector'.

- 49 Several States, including Queensland, Tasmania and the ACT, have a Parliamentary Standards officer (or similar) to advise members of parliament on ethical, conduct and related matters.
- 50 Since all States either have or have announced their intention to establish at least one crime and corruption commission as part of their State government oversight and integrity processes it is considered such a body is part of the standard or average policy and government structure.
- 51 Some features of these commissions are shown in Table C-10.

Table C-10 Major features of State Integrity or Crime and Corruption agencies

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number of staff (FTE)	265.3(a)	143.9(b)	342.2	130.2(c)	41.5(d)	15.8(e)		6(f)
Total employee benefits (\$'000)	34093	21086	36400	17701	5965	1579		916
Ave payment per FTE staff (\$'000)	128.5	146.5	106.4	136.0	143.7	99.9		152.7

- (a) Includes Independent Commission against Corruption and NSW Crime Commission.
 (b) Includes Independent Broad-based Anti-corruption Commission and Victorian Inspectorate.
 (c) Includes Crime and Corruption Commission and Parliamentary Inspector of the Crime and Corruption Commission.
 (d) Includes the Office of Public Integrity and the Independent Commissioner Against Corruption.
 (e) Covers Integrity Commission only.
 (f) Covers Commissioner for Information and Public Interest Disclosures only.

Source: Annual reports and websites of each State's integrity or crime and corruption agencies.

- 52 In the absence of these bodies until now in the two territories, the minimum requirements have been based on those in Tasmania and South Australia. They indicate the body would have as a minimum a commissioner, a CEO, an executive assistant and three sections for: operations/investigations; misconduct prevention, education and communication; and business services, including legal services.

Whole of Government ICT Strategy/eGovernment Office

- 53 States commonly aim to develop ICT systems which facilitate across government integration. In Victoria, South Australia, Tasmania and the ACT the unit responsible for whole-of-government ICT strategy (Chief Digital Officer or similar title) is part of the Premier's/Chief Minister's department. It is a:
- Finance responsibility in New South Wales.
 - Innovation department responsibility in two States - Queensland (the Department of Science, Information Technology and Innovation) and Western Australia (the Department of Innovation).
 - Department of Corporate and Information Services responsibility in the Northern Territory.
- 54 A small allowance for that position and some State-wide resources was included in the estimated administrative scale costs for State Treasuries. Therefore, they are not included in the Premier's/Chief Minister's department structures suggested for administrative scale purposes.

SUMMARY OF THE SIMPLIFIED AVERAGE PARLIAMENTARY AND PREMIER'S DEPARTMENTS STRUCTURE

- 55 The simplified average structure for scale purposes for each of the bodies within the Parliamentary and Premier's/Chief Minister's structures is summarised below. It is important to emphasise that these are simplified, stylistic depictions of the structures and resources to enable each State to have the capacity to undertake a minimum level of the types of activities States, especially the small States, provide on average. It is not intended to cope with the actual level of activity in any State, even the small States. Nor is it intended to cope with any unique features or extra costs States may face arising from large volumes of activity, population dispersion or a special role. The implications of those factors are considered in determining other disability factors.
- 56 To assist the consistency, practicality and simplicity of estimating scale affected costs, the branch/section sizes and employee classifications included in the simplified structure are based on those used in estimating scale costs for education and health. Those resourcing assumptions drew on staffing numbers and classification levels in the ACT. The ACT was used as the benchmark because its comparatively low job classifications better reflect the scale of operations and costs of a small State.
- 57 Earlier sections indicated the simplified structure should consist of the following.
- A single parliamentary chamber with 17 members, including a Premier/Chief Minister, four other ministers, a leader of the opposition and a speaker. It should also have six support staff for the Premier/Chief Minister (a chief of staff at SES1 level, an EL2 principal adviser, an EL1 senior adviser, two junior advisers (APS6) and an assistant (APS4), three support staff for other ministers and the opposition leader (an EL2, and APS6 and an APS4), an assistant for the speaker (an APS4) and an electorate support staff for each member (an APS5). This implies a total establishment of 56.
 - A single parliamentary department headed by the clerk (SES1 level) with three branches: a clerk's office (with two sub-units); a parliament and committee support branch (with two sub-units) and a business services branch (with three sub-units). There would be a person heading each branch (an EL2 level) and each sub-unit would consist of three people (an EL1, APS6 and APS5). This gives a total establishment of 25.
 - A Governor/Administrator plus a supporting office consisting of a secretary (EL2 level) and three sub-units. Each sub-unit would have the same three person staffing as those in the parliamentary department (an EL1, APS6 and APS5). The resulting total establishment is 11.
 - A Premier's/Chief Ministers department consisting of:
 - A Secretary and a supporting office with a head of office (EL2 level), a senior liaison officer (EL1 level) and an executive assistant (APS4 level).

- A Cabinet and Parliamentary Support division, with a division head (SES2 level), an executive assistant (APS4), a branch head (SES1) plus five sections each consisting of four staff (an EL2, EL1, APS6 and APS5).
- A Policy division headed by a division head (SES2 level), an executive assistant (APS4) plus a flexible four branch/section structure each having a SES1, an EL2, EL1, APS6 and APS5 plus an intergovernmental relations unit (consisting of an EL2 and a EL1).
- A State security and emergency co-ordination branch/section to co-ordinate anti-terrorism activities and emergency responses (consisting of SES1, EL2, EL1, APS6 and APS5). These resources will be omitted from subsequent estimates of scale costs for emergency service agencies.
- A corporate services branch (headed by an SES1) with three sections to provide HR, finance and information technology services to the department (each consisting of an EL2, EL1, APS6 and APS5).
- This implies a total departmental establishment of 69.
- A number of statutory agencies, with the following establishments:
 - A Public Service Commission consisting of a Commissioner (an SES2 which reflects the data on the remuneration paid in the ACT and the Northern Territory), a deputy (an SES1), an executive assistant (an APS4) and four sections (each having an EL2, EL1, APS6 and APS5) - a total of 19 people.
 - A Parliamentary Counsel's Office consisting of a Chief Parliamentary Counsel (an SES2 which reflects the data on the remuneration paid in the Northern Territory), an executive assistant (an APS4) a drafting branch (consisting of an SES1, an EL2, EL1, APS6 and APS5) and a publishing section (an EL2, EL1, APS6 and APS5) - a total of 11 people.
 - A Electoral Commission consisting of an Electoral Commissioner (an SES1 which reflects the data on the remuneration paid in the ACT and the Northern Territory), a deputy (EL2), an executive assistant (APS4) and four one person units (each an EL1) - a total of 7 people.
 - An Audit Office consisting of an Auditor General (an SES2 officer which broadly reflects the remuneration in the small States and the relationship with other authority heads, such as the Public Service Commissioner), a contract/executive support unit (consisting of an audit contract manager (EL2), an EL1 and an APS4, a financial audit branch and a performance audit branch, each headed by an SES1 and with one section (consisting of an EL2, EL1, APS6 and APS5) - a total of 14 people.
 - An Ombudsman's Office consisting of an Ombudsman (an SES1 officer), an executive assistant (APS4) and two investigatory sections each having an EL2, EL1, APS6 and APS5 - a total of 10 people.

- An independent Commission Against Corruption with a commissioner (an SES2), a CEO (an SES1), an executive assistant (an APS4) and three sections each with an EL2, EL1, APS6 and APS5 - a total of 15 people.
- This suggests a total of 76 people across all statutory agencies.

Costing the simplified structure

- 58 In the absence of detailed salary data for the States (and hence an average State salary), the Commonwealth Department of Finance costing template has been used to set position classifications and remuneration. The template uses Commonwealth salary, superannuation and long service leave rates.
- 59 The template is relevant to many public sector positions, but it is not entirely suited to some of the employment categories covered by the parliamentary and premier's/chief minister's functions, such as parliamentary members, department and statutory authority heads, statutory officers and legal staff. In these cases, remuneration rates have been guided by those paid in the small States. For example, the base salary of members of parliament was set at \$144 300 which is the average of the estimated base salary paid in the three small States at 1 July 2016.³⁴ An amount of \$27 500 was then added to reflect a motor vehicle allowance.³⁵ Other allowances are not included. They were considered to be part of overheads or variable costs.
- 60 Applying the template to the estimated 237 people in the simplified structure produces administrative scale employee expenses (including superannuation and long service leave) of \$34.2 million. The calculations are in Table C-14.
- 61 The figures in Table C-11 show the employee expenses Premier's/Chief Minister's and associated statutory authorities in the three small States are, on average, 56.3% of total expenses.

³⁴ The average estimated base salary paid in all States at 1 July 2016 was \$150 600. Average estimated base salaries at 1 July 2016 were estimated as the salary paid as close as possible to that date multiplied by the change in the State's wage price index for ordinary time earnings for all industries in the private and public sector between the date in question and 1 July 2016.

³⁵ The \$27 500 was based on the amount payable for motor vehicles in the Commonwealth at June 2016.

Table C-11 Premier's/Chief Minister's department employee expenses as a proportion of total expenses, 2015-16

		Western Australia	Tasmania	ACT	Northern Territory	Total
Employee expenses (a)	(\$'000)	83 503	60 673	30 585(b)	46 147	220 908
Total operating expenses (c)	(\$'000)	142 601	100 665	56 564(b)	92 534	392 364
Employee expense proportion	(%)	58.6	60.3	54.1	49.9(d)	56.3

(a) Includes superannuation expenses.

(b) The sum of government strategy, asbestos taskforce, workforce injury management and industrial relations outputs.

(c) Figures exclude grants and subsidies and transfer payments.

(d) The Northern Territory's total expenses include \$10.537 million in consultant's fees. If these are viewed as substitutes for employee expenses, the employee expense proportion becomes 61.3% and the total four State percentage becomes 59.0.

Source: Premier's/Chief Minister's department annual reports for 2015-16.

62 On this basis it is reasonable to assume non-employee expenses are 40% of total Parliament/Premiers structure expenses, the same proportion as the one used in estimating administrative scale costs for education, health and treasury/finance.

63 Using the 40% figure for overheads produces total estimated parliamentary and premier's administrative scale costs of \$57.0 million³⁶.

64 This is a first and broad estimate. It has made use of the publicly available data for the States, particularly the three small States. Given the limitations and in the interests of simplicity the assumed section staffing is an average. In reality, some agencies and branches in them would have many more staff while others would have less.

65 All the assumptions need to be verified in the light of State feedback and detailed information on their resources (such as staff numbers, classifications and salaries). It will be important to seek such information from the small States as their situations most closely resemble the administrative scale concept.

Comparison with actuals

66 The estimated staff levels for parliament (including parliamentary departments and Governor's office), Premier's/Chief Minister's departments and associated statutory bodies are compared with those for Western Australia, Tasmania, the ACT and the Northern Territory in Table C-12.

67 The table shows estimated administrative scale employment levels are about half the average employment in the three small States. That proportion is boosted by the figure for the statutory bodies (which account for one third of the estimated

³⁶ Calculated as \$34.183 million (the estimated salary and superannuation costs)/0.6 = \$57.0 million

employment) where the estimated to small State employment ratio is 71%³⁷. That high ratio reflects the observation that, apart from the Audit Office, the bodies are small and the staffing to deliver the basic services provided by States is a relatively large part of their establishment.

Table C-12 Comparison of estimated employee numbers with Western Australia, Tasmania, the ACT and the Northern Territory

	Western Australia	Tasmania	ACT	Northern Territory	Estimated scale numbers	Estimated as % of small States
	No.	No.	No.	No.	No.	%
Parliament and support staff	303(a)	158	100	153	56	40.9
Parliamentary department	168	71	48	40	25	47.3
Governor's office	29	23	0	17	11	55.0(f)
Premier's/Chief Minister's dept	na	162(c)	160	203	69	39.5
Statutory bodies	504	121	110(d)	91(e)	76	71.0
Total	1 004(b)	535	418	504	237	48.8

- (a) Includes members and ministerial staff only; electorate staff of members (estimated at a minimum of 118 - being two staff per Legislative Assembly member) are excluded.
- (b) Excludes Premier's department and member's electorate staff.
- (c) Includes half the 71.6 staff in the Communities, Sport and Recreation division as sport and recreation services are considered outside the average Premier's department responsibilities.
- (d) Excludes Ombudsman office staff as the services are outsourced to the Commonwealth.
- (e) Includes only 4.9 staff in the Auditor General's office as almost all auditing services are outsourced.
- (f) Calculated relative to the average of Tasmania and Northern Territory only.

Source: 2015-16 annual reports of agencies.

68 A similar comparison of estimated and actual employee expenses is in Table C-13. It shows the estimated employee costs for administrative scale purposes are 57.7% of the average for the three small States. This is somewhat higher than the ratio for employment which is partly because the estimated figures are in 2016-17 dollars whereas the State actuals are in 2015-16 dollars (State data for 2016-17 were not available). If the estimated figures are discounted by 2% to allow for wage movements, the ratio becomes 56.5% which is still higher than the employment ratio.

³⁷ It is also boosted by the omission of outsourced provider staff in the ACT and the Northern Territory.

Table C-13 Comparison of estimated employee expenses with Western Australia, Tasmania, the ACT and the Northern Territory

	Western Australia	Tasmania	ACT	Northern Territory	Estimated scale numbers	Estimated as % of small States
	\$m	\$m	\$m	\$m	\$m	%
Parliament and support staff	31.9 (a)	22.8	13.6	11.4		
Parliamentary department	18.5	4.8	5.6	4.6		
Governor's office	3.7	na	0	1.7		
Premier's/Chief Minister's dept	83.5	16.6(c)	16.4	44.5(f)		
Statutory bodies	64.6	12.5(d)	12.2(e)	11.2(g)		
Total	202.2 (b)	56.7	47.8	73.4	34.2	57.7

(a) Includes members only. Employee costs of ministerial staff and electorate staff are not available.

(b) Excludes ministerial and member's electorate staff.

(c) Includes half the expenses of the Communities, Sport and Recreation division as sport and recreation services are considered outside the average Premier's department responsibilities.

(d) Excludes expenses of Parliamentary Counsel which are in Attorney-General's Department.

(e) Excludes Parliamentary Counsel costs (part of Attorney-General) but includes costs paid to Commonwealth for Ombudsman services.

(f) Includes ministerial staff costs. Figure for parliament covers members and electorate staff only.

(g) Excludes costs of outsourced auditors.

Source: 2015-16 annual reports of agencies.

Lower wage rates

69 The costing template uses Commonwealth remuneration levels. The observation that the ratio of estimated to small State employee expenses (57.7%) is higher than that for employment levels (48.8%) may suggest the Commonwealth pay rates are higher than the State rates.

70 A 10% discount was applied to estimated employee costs in the estimation of administrative scale costs for education and health functions as a simple means of allowing for potentially higher salary scales. Adopting the same approach here for all salaries except those for members produces revised employee benefits of \$31.2 million and revised total administrative scale expenses of \$52.1.³⁸ A discount has not been applied to the salaries and allowances of the suggested members of parliament (including ministerial allowances) because they were based on the average of those paid in the small States rather than Commonwealth rates.

71 Another perspective on a discounted figure has been obtained by using ACT remuneration rates, and the assumption that employee expenses are 60% of total

³⁸ Discounted estimated employee expenses of \$31.231 million / 0.6 = \$52.051 million.

operating costs. This approach produced total scale affected costs of \$54.0 million.³⁹ This figure is represents about a 5% discount of the base case costs.

- 72 However, it is not clear that a discount is necessary. Available data indicate State payments to members of parliament and many heads of agencies and senior executive positions are similar to the figures used in the costing template. However, this may be offset by payments to other administrative officers which are below the Commonwealth figures. The ACT salary scale suggests payments for the equivalents of Commonwealth EL2, EL1 and APS 6 grade officers are about 7% below the Commonwealth levels.

Comparison with 2018 Update administrative scale figures

- 73 It is not possible to compare the current estimates of administrative scale expenses for parliament, premier's/chief minister's department and associated agencies with figures from the 2018 Update. In the Update, the administrative scale expenses for the entire 'Other Expenses' category for 2016-17 were \$123.7 million. However, that figure was calculated as a whole and figures for individual departments or services in the category cannot be estimated. More importantly, the Update figures were estimated by indexing figures originally prepared in 1999 or 2004 for price level changes. Furthermore, the breadth of premier's/chief minister's department functions appears to have expanded since the previous estimates were made.

Conclusion

- 74 On the whole, the comparisons with actual State establishments suggest the estimated simplified structure is commensurate with a minimum level of resources required for a State to deliver the average range of functions normally performed by State parliaments, premier's/chief minister's departments and associated agencies.
- 75 The estimated administrative scale expenses for these agencies, assuming employee expenses are 60% of total departmental expenses and discounting by 10% to allow for possibly higher wages in the Commonwealth, are \$52.1 million. This is based on estimated total staffing of 237 people. In the ACT's case, this figure should be reduced by the estimated costs of the Governor's office (\$2.3 million when discounted by 10%), becoming \$49.8 million.

³⁹ The estimated employee expenses of \$32.409 million/0.6 = \$54.015 million.

PARLIAMENTARY AND PREMIER'S DEPARTMENT ADMINISTRATIVE SCALE COSTING

76 Table C-14 shows the costing of the simplified, basic parliamentary and Premier's departments based on the Department of Finance template.

Table C-14 Parliamentary and Premier's structure costing, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		
APS 4 (Personal assistant)	71 852	16	1 150
APS 5 (Junior officer)	78 046	53	4 136
APS 6 (Junior officer)	92 583	43	3 981
EL 1 (Senior officer))	112 901	44	4 968
EL 2 (Manager)	142 789	40	5 712
SES 1(Branch head)	199 764	16	3 196
SES 2 (Division head)	256 798	6	1 541
SES 3 (Secretary)	340 298	1	340
Member of Parliament	171 800	10	1 718
Speaker	242 450	1	242
Minister/Leader of Opposition	271 110	5	1 356
Premier/Chief Minister	328 430	1	328
Governor	300 930	1	301
Total		237	28 969
Superannuation (% of salary)	15.40%		4 461
Long service leave (% of salary)	2.60%		753
Total direct remuneration			34 183
Standard marginal on-costs/overheads			
Worker's compensation premium	na		
Staff training and development costs (% of salary)	3.00%		869
Human resources support costs (\$ per person)	1 238		293
Organisational services costs (\$ per person)	6 096		1 445
Desktop ICT services costs (\$ per person)	4 877		1 156
Property operating expenses (POE) (\$ per person)	11 493		2 724
Total overhead costs			6 487
Total costs			40 670
Total costs (estimated as total direct remuneration/0.6)			57.0

Source: Staff estimates based on the Department of Finance costing template.

OVERVIEW OF PREMIER'S DEPARTMENT ADMINISTRATIVE STRUCTURES

Table C-15 Premier's/Chief Minister's Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
PREMIER'S	5 Divisions/Groups + Office of Secty	5 Divisions + Office of Secty	5 Divisions + Office of Secty	2 Divisions + Office of Secty + 6 other units	3 Divisions, a major branch, 3 task forces + Office of Secty	3 Divisions + Office of Secty	8 Divisions or branches + Office of Secty	2 Divisions, 2 other units + Office of CEO
	Cabinet & Legal	Governance Policy & Co-ordination	Cabinet & Parliamentary Services	Cabinet & Policy division Cabinet Secretariat, State Admin, Ministerial & O'seas Offices	Cabinet Office & Office for Customer, ICT and Digital Transformation Govt Communication Engagement & International Relations branch	Govt Services Branch, Portfolio Services Unit, Communication & Protocol Unit, Ministerial Support, Ministerial transport	Policy & Cabinet Division & Communication branch	Cabinet Office & DCM Support, Ministerial Liaison, Strategic Communication, Federal Policy & Co-ordination branches, Royal Commissions & Inquiries
	Economic Policy	Economic Policy & Productivity	Policy (Economic & Social)	Economic & deregulation (in C&P)	Economic & resources division, Energy Plan Taskforce, Economic Development Board	Policy Division (includes Intergovmt relations unit)		Economic & Environment Policy
	Social Policy	Social Policy		Community & Human Servs (in C&P), Native Title unit				Social Policy branch, Office of Aboriginal Affairs, Aboriginal Land Policy Unit

Table C-15 (continued) Premier's/Chief Minister's Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
PREMIER'S (cont)	Govt, Corporate & Regional Co-ord	People, Culture & Operations	Corporate & Govt Services	State Admin & Corporate	Corporate and procurement units	HR, IT Services, Financial Services, Business Improvement Unit, Properties & Procurement	Corporate & Strategic Finance branches	Corporate services, Regional Office Network
	Premier's Implementation	Office of General Counsel	Strategy & Engagement	State security & Emergency	Office of French Strategy	Office of Security & Emergency		Security & emergency services
			Office of Parliamentary Counsel		Office of Agent-General	Local Government Division	Asbestos Response Taskforce	Fracking Taskforce
			Arts QLD	Office of Science	State Co-ordinator General	Communities, Sport and Rec		
						State Services	Access Canberra	
						Office of eGovt (included in Treasury costs)	Chief Digital Office (included in Treasury costs)	

Table C-15 (continued) Premier's/Chief Minister's Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Premier's Senior Staff	Secretary, 5 Deputies, 15 Exec Directors	Secretary, 4 Deputies, 21 Exec Directors	Secretary, 5 Deputies	Secretary, 2 Deputies, 2 Assistant director generals, 5 Exec Directors	Secretary, 2 Deputies, a chief operating officer & 4 others in charge of offices or taskforces	Secretary, 3 Deputies + CEO of State Services	Secretary, 6 Exec Directors & 1 Director	Secretary, 2 Deputies
OTHER MAJOR STAT AUTHORITIES								
Electoral Commission	NSW Electoral Commission	Vic Electoral Commission	QLD Electoral Commission (reports to Attorney General)	WA Electoral Commission (reports to Min for Electoral Affairs)	SA Electoral Commission (reports to Attorney General)	Tas Electoral Commission	ACT Electoral Commission	NT Electoral Commission
Public Service Commission	NSW Public Service Commission	Vic Public Service Commission	QLD Public Service Commission	WA Public Sector Commission	Office for the Public Sector	State Services Management Office & Commissioner for Public Employment	Workforce Capability & Governance Division of CMTEDD & Public Sector Standards Commissioner	Office of Commissioner for Public Employment
Ombudsman	NSW Ombudsman	Vic Ombudsman	QLD Ombudsman	WA Ombudsman	Ombudsman SA	Ombudsman Tasmania	ACT Ombudsman	Ombudsman NT
Parliamentary Counsel	A unit in the Premier's cluster	Office of Chief Parliamentary Counsel	Part of the Dept	Unit in Attorney- Generals	Unit in Attorney- Generals	A unit in the Premier's Department	Unit in Attorney- Generals	Unit in Attorney- Generals

Table C-15 (continued) Premier's/Chief Minister's Administrative Structures and Senior Staffing, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Integrity Commissions	Independent Commission Against Corruption & Inspector of ICAC & Inspector of Police Integrity	Independent Anti-corruption Commission, Commissioner for Privacy, FoI Commissioner, Local Govt Compliance Inspectorate, Public Interest Monitor	Office of Integrity Commissioner, Crime & Corruption Commission (reports to Attorney General)	Crime & Corruption Commission & Parliamentary Commissioner for Crime & Corruption Commission	Office of Public Integrity & Independent Commissioner against Corruption	Integrity Commission & Parliamentary Standards Commissioner	ACT is in process of establishing an Integrity Commission	Commissioner for Information & Public Interest Disclosures & NT is establishing an Integrity Commission
Audit Office	Audit Office	Auditor General	QLD Audit Office	WA Auditor General	Auditor General's Department	Tasmania Audit Office	ACT Audit Office	NT Audit Office (much of its work is outsourced)
Others	Infrastructure NSW Natural Resources Commission	Multicultural Commission Public Record Office	Family & Child Commission					

Source: Compiled by an examination of relevant department and authority annual reports and web sites.

ATTACHMENT D

INITIAL ESTIMATES OF ADMINISTRATIVE SCALE EXPENSES FOR CULTURAL, RECREATION, SPORTING AND NATIONAL PARK SERVICES

- 1 This group covers a diverse range of services provided through a mix of departmental arrangements, statutory corporations and other subsidised bodies. Material outlining the agencies in each State and the State departments responsible for overseeing them and developing relevant policy can be provided on request.
- 2 Given the many ways States organise these functions, identifying material necessary to determine a basic minimal structure for administrative scale purposes from public sources is difficult. Proposals in this paper are based on information gleaned from annual reports and websites on how States organise cultural and recreation services, museums, libraries and national parks.
- 3 Observations about the services which point to a standard policy are as follows.
 - All States have parts of several departments which provide policy direction and advice, oversee the actions of the statutory bodies providing services, and distribute grants. Some States, particularly the small ones, are moving to consolidate the activities in one department.
 - All States provide major cultural and recreational facilities (museum, art gallery, library and performing arts) for their populations and visitors on a whole of State basis from a small number of locations in the capital city. In most States the services are provided by statutory authorities, with departmental oversight.
 - All States except Queensland and the ACT provide botanic gardens, mostly through statutory bodies. They are provided by the Brisbane City Council in Queensland and the Commonwealth in the ACT, but the ACT Government is responsible for an Arboretum and other major parks and gardens.
 - All States support performing arts bodies.
 - All States support an Institute or Academy of Sport and other bodies for elite sportspeople and also support community sporting and recreational bodies. Most provide or support major sporting grounds and facilities.
 - All States have or support heritage or historical bodies.
 - All States have bodies responsible for national parks, reserves and wildlife conservation.

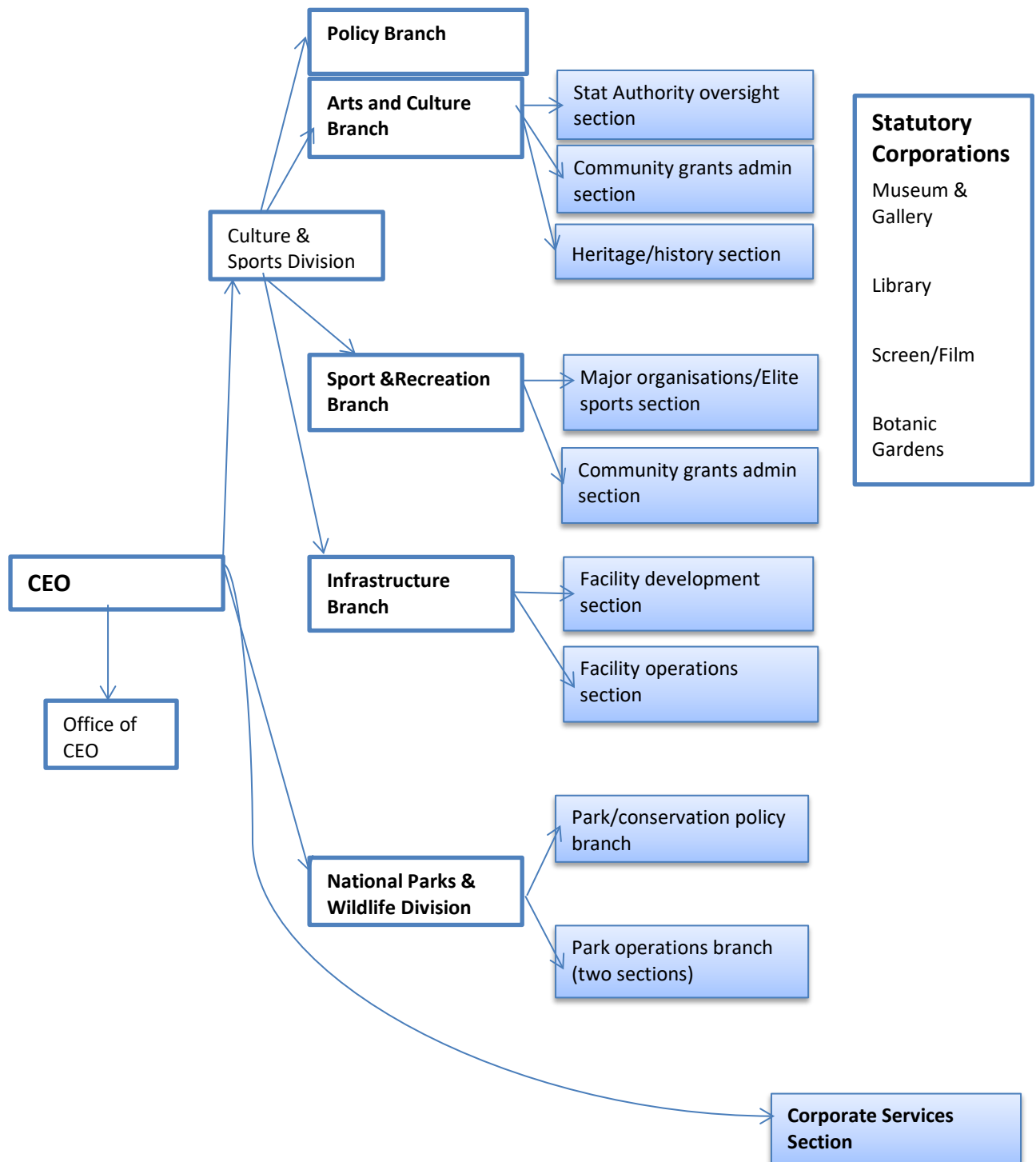
- All States have bodies to regulate and monitor racing, gaming and betting (*these are included in the Treasury scale cost estimates*).
 - Most States have bodies to support major cultural events and festivals.
 - Most States have a screen or film body and all subsidise community film bodies.
- 4 The above material indicates the standard or average policy towards delivery of cultural, recreation, sporting and national park services would be:
- a department to provide policy advice, administer grant and other support schemes, and oversee the major State bodies providing services
 - a national parks and wildlife conservation body
 - statutory authorities, or other bodies, for museum and art gallery services, library, screen/film arts and botanic gardens.
- 5 **Costing the department.** The resources estimated to provide a minimum departmental head office framework for delivering the basic managerial, policy and oversight services are listed below. (The number and level of service delivery staff will vary with the level of activity, geographical spread of activity and other factors. Such influences are reflected in other parts of the Commission's assessments.)
- A department to provide policy advice, administer grant and other support schemes, and oversee the major State bodies providing services. This department would have:
 - a CEO and CEO's office (a head of office and a personal assistant)
 - a Culture and Arts division head and personal assistant
 - an Arts, Culture and Recreation Policy Branch for policy advice on most departmental responsibilities (consisting of a branch head, personal assistant and a section of four staff⁴⁰)
 - a Arts and Culture Branch (consisting of a branch head, three sections of four staff covering Grants administration, Statutory authorities oversight and heritage/history activities)
 - a Sport and Recreation Branch (consisting of a branch head, a personal assistant and two sections of four staff covering Major organisations/elite sports and Grants administration)
 - an Infrastructure Branch (branch head and two sections of four staff covering Infrastructure development and Facility operations and support)
 - a Corporate Services section with four staff for corporate HR and finance.
 - A national parks and wildlife body, a division of the department, with a CEO (department deputy level) plus a personal assistant, a park/conservation policy branch (consisting of a branch head and a section with four staff) and a Park

⁴⁰ As in other functions, a section is assumed to consist of a section head (EL2), an EL1 officer, an APS6 and an APS5.

operations branch (consisting of a branch head and two sections with four staff) to plan and oversee park management, upkeep and visitor engagement.

6 The basic structure for administrative scale purposes is summarised in Figure D-1.

Figure D-1 Basic Arts, Culture, Recreation, Sport and Parks Department Structure



- 7 Using the Commonwealth Finance Department costing template (as in the estimated scale costs for other functions), the salary and superannuation costs of such a department would be \$8.9 million in 2016-17 dollars (see Table D-3). Discounting that figure by 2% to approximate 2015-16 dollars produces a figure of \$8.7 million.
- 8 Based on the assumption used in other calculations that employee expenses are 60% of total costs, the total scale affected costs of a arts, culture, recreation, sport and parks department in 2016-17 would be \$14.8 million (\$14.5 million in 2015-16).
- 9 If, as in other calculations, the Finance-based estimated costs are discounted by 10% to recognise Commonwealth salaries are higher than State salaries, the 2016-17 estimated administrative scale costs for the arts, culture, recreation, sport and parks department become \$13.3 million (and \$13.1 million in 2015-16).
- 10 **Costing the statutory authorities.** The statutory authorities provide services to the whole of each State's population from limited centralised locations. In previous reviews, the Commission has decided the costs of providing the minimum level of those services for administrative scale allowance purposes should be based on the costs of the services in the small States. This approach remains appropriate.
- 11 The simplest way to estimate the minimum basic costs of services provided through statutory authorities is to derive a minimum State subsidy based on applying the lowest per capita subsidy in the small States to the Northern Territory's population. However, that per capita cost has been discounted by 10% to ensure it better reflects the concept of the scale affected costs – that is, the per capita cost of the minimum service provided in small States.
- 12 Subsidies are used as the basis of the calculation (rather than gross costs of the authorities) because they recognise costs are partly recouped from patrons and they reflect the impact on the State budget.
- 13 **State museum and art gallery.** The five larger States have separate bodies providing museum and art gallery services. However, the three small States have a single body for these purposes and in the ACT that body is also responsible for the theatre and historical places.
- 14 The 2015-16 per capita subsidies for the State museum (and art gallery in the small States) are shown in Table D-1.

Table D-1 Museum subsidies, 2015-16 (a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Per capita subsidies	14.49	7.55	5.35	9.88	6.71	19.26	18.46(b)	30.38	10.21

(a) The State Art gallery is included in the figures for Tasmania, ACT and Northern Territory.

(b) Excludes \$1.0 million of subsidies, assumed to be for historical places and the Canberra Theatre.

Source: Calculations for this table are based on figures drawn from annual.

- 15 The 2015-16 scale cost would be \$4.1 million, estimated as 90% of the lowest small State subsidy (\$18.46 per capita in the ACT) applied to the Northern Territory population.⁴¹
- 16 **State library.** State libraries in the three small States operate within their broader State and lending library services. (Those services also include the State Archives in Tasmania and the parliamentary library in the Northern Territory.) Very little information is publicly available on the costs attributable to the State-type reference libraries in the small States. Such information will need to be sought if the following estimates require refinement to make them sufficiently reliable.
- 17 The very limited available information is that:
- Tasmania's State subsidies to LINC Tasmania in 2015-16 were \$33.2 million (after excluding the costs of the archive services). LINC Tasmania is a state-wide network of library, community learning, adult literacy, State archive and heritage services. One of its five divisions (Information services and Access) includes the State Library of Tasmania.
 - Northern Territory subsidies to its library services in 2015-16 were \$23.2 million. The subsidy was for the Scientific and Cultural Collections of the then Department of Arts and Museums which included the Parliamentary library and activities to support the broader community library services in the Territory.
- 18 It has been estimated the 2015-16 scale-affected costs for a State library would be \$4.7 million. This estimate was calculated as 33% of the lowest small State per capita subsidy (the estimated Tasmanian subsidy of \$64.33 per capita), discounted by 10% and applied to the Northern Territory population.⁴²
- 19 **State screen/film body.** All States have a State screen/film body.⁴³ They are statutory authorities or wholly State-owned companies, but the States subsidise them. However, limited information is available from public sources. The available data indicate the 2015-16 subsidies were \$54.8 million in Victoria, \$18.6 million in Queensland, \$10.1 million in Western Australia, \$1.2 million in Tasmania and \$1.2 million in the Northern Territory. Screen NSW received a \$9.9 million subsidy in 2013-14.

⁴¹ In this and all other per capita calculations, the State populations are those used in the 2018 Update.

⁴² The 33% was applied because available data on small State subsidies cover more than State library services. In the larger States, State library subsidies average 66% of total library subsidies and a further 50% reduction was made to exclude the costs of the community learning and adult literacy functions performed by LINC Tasmania and the Northern Territory. The unadjusted subsidy for LINC Tasmania (excluding the archive costs) was \$64.33 per capita in 2015-16.

⁴³ They are Screen NSW (now part of Create NSW), Film Victoria and Australian Centre for the Moving Image, ScreenQLD, Screenwest, SA Film Corporation, Screen Tas, Screen ACT and Screen Territory.

- 20 A 2015-16 scale-affected cost of \$0.5 million has been estimated for the screen body. It was calculated as the lowest small State per capita subsidy (\$2.33 per capita in Tasmania), discounted by 10% and applied to the Northern Territory population.
- 21 **Botanic Gardens.** All States except Queensland and the ACT subsidise the bodies running the botanic gardens. Readily available public information indicates subsidies or spending provided in 2015-16 were: \$39.6 million in New South Wales⁴⁴, \$15.9 million in Victoria, \$14.7 million in Western Australia, \$2.4 million in South Australia and \$4.0 million in Tasmania.
- 22 A 2015-16 scale-affected cost of \$1.7 million has been estimated for the botanic gardens. It was calculated as the lowest small State per capita subsidy (\$7.75 per capita in Tasmania), discounted by 10% and applied to the Northern Territory population.⁴⁵

Considerations relating to the ACT

- 23 It can be argued (and was argued in the Commission's first inquiry into ACT finances in 1984) that the ACT does not need to provide State art gallery, museum, library or botanic gardens services because the National Gallery, National Museum, National Library and National Botanic Gardens are located in Canberra and funded by the Commonwealth. In its 1984 report, the Commission considered the presence of those bodies removed the need for the ACT to incur expenses on providing State-type services. Accordingly, it assessed negative national capital allowances equal to the average expenses on the relevant services.
- 24 However, in the 1988 and 1991 reports on financing the ACT, the Commission accepted arguments that the charters of the National Library, Museum and Gallery stressed their national focus and they had no programs directed specifically at the ACT community. It accepted those agencies provided services which were significantly different in character from those provided by State facilities. It, therefore, ceased assessing the negative national capital allowances. A negative allowance was retained for the Botanic Gardens but was subsequently discontinued.
- 25 The argument that the presence of national institutions in the ACT reduces the need for the ACT Government to provide library, museum, gallery and garden services has some validity in terms of the total expenses for those services. However, it remains the case that those institutions have a national focus and do not replace the State-type and more locally oriented services provided by the State institutions. The ACT needs to provide ACT specific services and incurs administrative scale type expenses.

⁴⁴ This amount fell to \$23.1 million in 2016-17. The reason for the large change is not clear.

⁴⁵ The ACT's zero subsidy was not used because botanic garden services with a national focus are provided in the ACT and funded by the Commonwealth.

Summary of estimated administrative scale costs

26 From the above figures, an initial estimate of administrative scale costs for an arts, culture, recreation, sport and parks department and the associated statutory authorities for 2015-16 is \$24.1 million, consisting of the following:

- Department \$13.1 million
- Museum and art gallery \$4.1 million
- State library \$4.7 million
- Screen/film body \$0.5 million
- Botanic gardens \$1.7 million
- TOTAL 24.1 million

27 If the above figure is converted to 2016-17 terms, it becomes \$24.6 million.⁴⁶

COMPARISONS WITH ACTUALS

28 The estimated administrative scale costs are compared with actual expenses in Tasmania and the Northern Territory in Table D-2. ACT figures are not included because they are not readily available in public documents.

29 The comparisons are approximate due the number of assumptions and adjustments needed to prepare the State figures. Overall, the estimated administrative scale figures are about 20% of the average costs in Tasmania and the Northern Territory. This figure reflects the whole-of-State characteristics of the services involved.

30 The 2015-16 administrative scale costs estimated in this paper (\$24.1 million) are \$3.7 million higher than the administrative scale costs attributable to culture, recreation and national parks services in the 2017 Update (about \$20.4 million).⁴⁷

⁴⁶ This has been estimated by: scaling the estimated department costs up by 2% to allow for wage movements; and dividing the estimated 2015-16 subsidies for other bodies by the Northern Territory 2015-16 population, scaling the result up by 2% and multiplying by the Northern Territory 2016-17 population.

⁴⁷ An approximation of the 2017 Update scale affected costs for 2015-16 was derived as follows. Total scale affected costs have doubled between the 1999 Review figure used as a base for 2004 Review assessments (\$123 million) and the non-location adjusted figure for 2013-14 (\$243 million). So, the initial base figure for culture, recreation and national parks of \$9.8 million was doubled and then inflated by 4% to take it to a 2015-16 equivalent figure of \$20.4 million.

Table D-2 Comparison of actual arts, culture, sport and park expenses with estimated scale costs, 2015-16

	Department	Museum & gallery	State library	Screen body	Botanic Gardens	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Tasmania						
Department of State Growth – culture & creative output –						
Employee expenses	11.7(a)					
Other expenses excl grants	6.2(a)					
Premier & Cabinet – Sport & recreation parts of Communities, Sport and Recreation Division -						
Employee expenses	4.0(b)					
Other expenses excl grants	2.0(b)					
Department of Primary Industry, Water & Environment – National Parks division						
Employee expenses	32.6					
Other expenses excl grants	45.6					
Total - Tasmania	102.1	9.9	11.0(c)	1.2	4.0	128.2
Northern Territory						
Arts, Culture, Recreation, Sport and Parks Dept – Employee expenses	33.9					
Other expenses (excl grants)	65.4					
Subsidies to statutory bodies		7.4	7.7(d)	1.2	na	
Total – Northern Territory	99.3(e)	7.4	7.7	1.2	na	115.6
Estimated scale costs	13.1	4.1	4.7	0.5	1.7	24.1

- (a) Estimated as 98% of the 2016-17 figures of \$11.9 million and \$6.4 million respectively.
- (b) Estimated as 50% of the 2015-16 expenses of Communities, Sport and Recreation division – 50% was used to exclude expenses of the division's communities functions.
- (c) Estimated as 33% of the Tasmanian government appropriation for LINC Tasmania (excluding the Archive costs). The 33% is intended to exclude the costs of LINC's non-library services.
- (d) Estimated as 33% of the Territory government appropriation for the NT Library. The 33% is intended to exclude Parliamentary library and local library costs.
- (e) Estimated as the total 2015-16 expenses of the sport and recreation, arts and museums and parks and wildlife agencies less grants and subsidies paid by them.

Source: Material extracted from the relevant department and other agency annual reports.

ESTIMATED ADMINISTRATIVE SCALE COSTS OF ARTS, CULTURE, RECREATION AND SPORT DEPARTMENT

- 31 The following table uses the Commonwealth Department of Finance costing template to estimate the costs associated with the basic Arts, Culture, Recreation and Sport Department described in the paper.

Table D-3 Arts, Culture, Recreation and Sport Department administrative scale structure costing, 2016-17 dollar (a)

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		0
APS 4 (Personal assistant)	71 852	5	359
APS 5 (Junior officer)	78 046	12	937
APS 6 (Junior officer)	92 583	12	1 111
EL 1 (Senior officer))	112 901	12	1 355
EL 2 (Manager)	142 789	12	1 713
SES 1(Branch head)	199 764	6	1 199
SES 2 (Division head)	256 798	2	514
SES 3 (Secretary)	340 298	1	340
Total		62	7 528
Superannuation (% of salary)	15.40%		1 159
Long service leave (% of salary)	2.60%		196
Total direct remuneration			8 883

(a) This structure includes the costs of a national parks and wildlife division.

ATTACHMENT E

INITIAL ESTIMATE OF ADMINISTRATIVE SCALE EXPENSES FOR SERVICES TO INDUSTRY, AGRICULTURE & MINING

- 1 Services to industry cover State activities relating to the regulation and development of businesses and industries, and other economic affairs. Some actions relate to specific industries including agriculture, forestry, mining, manufacturing, tourism and construction. Others relate to all businesses, or to consumers. State total spending on services to industry, agriculture and mining are summarised in Table E-1.

Table E-1 Services to industry, agriculture and mining, total expenses, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Agriculture, forestry, fishing	670	352	660	363	162	135	3	84	2 429
Mining and mineral resources	104	91	108	190	67	10	11	35	616
Other industries and other economic affairs	855	783	478	430	303	120	64	181	3 214
Total Services to Industry	1 629	1 226	1 246	983	532	265	78	300	6 259
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Agriculture, forestry, fishing	87	59	137	139	95	261	8	344	101
Mining and mineral resources	14	15	22	73	39	19	28	144	26
Other industries and other economic affairs	111	131	99	165	178	232	163	742	134
Total Services to Industry	212	204	259	378	312	512	198	1 230	261

Source: Based on ABS 4 digit GFS data.

- 2 The table indicates Western Australia, South Australia, Tasmania and the Northern Territory spent above average amounts per capita in 2015-16. Queensland spent about average, while New South Wales, Victoria and the ACT spent below average amounts. Those differences reflect differences in both policies and circumstances. For example, the ACT's low spending is mainly because it has virtually no agricultural industries and does not need to spend money regulating and developing them. Similarly, the ACT has minimal mining industry and the expenses attributed to mining

in the table stems from a 'fuel and energy nec' classification and as such its precise nature is not known.⁴⁸

- 3 Each State's agencies, and major divisions covering services to industry, agriculture and mining are summarised in Table E-2. Further supporting details can be provided on request. In many States, these agencies draw together a wide range of functions. As far as possible, the table omits units (such as racing and gaming regulation, energy and water resources and regulation, training, culture and national parks, environment protection and land valuation/titling) whose activities are in other categories.
- 4 All States undertake broadly similar activities to regulate and develop their industries and businesses.
 - Most States have two or three departments providing policy advice and managing/providing services relating to State and regional development, industry, agriculture, mining, forestry, fisheries, tourism and small business. However, there seems to be a move to consolidate administrative structures – virtually all the services are covered by one department in Victoria, all except resources and energy are covered by one department in New South Wales and Western Australia now has three instead of six departments.
 - All States undertake a common set of regulatory functions.
 - All States regulate mining exploration and production.
 - All States have a geological survey office.
 - Most States offer mineral exploration and development grants.
 - All States promote development of priority industries considered to offer the best potential for growth given their competitive advantage.
 - Some economic development programs target all businesses while others support particular industries or regions. Activities include investment and trade promotion, regional development programs, major project facilitation, skills development, job creation projects and support for small businesses.
 - All States have a statutory authority responsible for national and international tourism promotion, tourist industry development, supporting regional tourism and administering tourism industry assistance.
- 5 The ACT is an exception to some of these generalisations as its city/State nature means it has virtually no agricultural and mining industries and thus little need to provide some services.

⁴⁸ The spending may be attributable to broader energy or energy regulation services.

Table E-2 State services to industry, agriculture and mining agencies

	Department/Statutory Authority	Major Divisions
New South Wales	Dept of Industry	Skills & economic development; Department of Primary Industries (incl biosecurity, fisheries); Crown lands; Corporate services; Office of CEO; Jobs for NSW; Small business commissioner
	Dept of Planning & Environment	Resources & energy (incl Geological survey, policy, industry investment)
	Destination NSW	
Victoria	Dept of Economic Development, Jobs, Transport & Resources	Employment; Investment & trade (incl policy, regional & industry development, investment & economic projects, agriculture (incl biosecurity), resources (incl mining development, regulation, surveys but not energy) and creative & visitor industries); Strategy & planning (incl emergency management); corporate services; office of CEO
	Dept of Environment, Land, Water & Planning	Forests
	Small Business Commission	
Queensland	Visit Victoria	
	Dept of State Development, Manufacturing, Infrastructure & Planning	Coordinator-General; Economic and Industry Development; Major Projects and Property; Regional Economic Development; Business Solutions; Special Projects; office of CEO
	Dept of Tourism, Major Events, Small Business & Commonwealth Games	Tourism; Office of Small Business; and Corporate Services; office of CEO
Western Australia	Dept of Natural Resources & Mines	Natural resources & land management (regional operations, land valuation & titles); minerals & energy resources (incl surveys & safety); policy; corporate services; office of CEO
	Dept of Agriculture & Fisheries	Agriculture; biosecurity; fisheries & forestry; corporate; office of CEO
	Tourism & Events QLD	
Western Australia	Dept of Jobs, Tourism, Science and Innovation	Policy, planning & science; resources & industry development; international education & investment; corporate; office of CEO
	Dept of Primary Industries & Regional Development	Regional & business development; strategy & policy; agriculture; biosecurity; fisheries; corporate

Figure E-2 (continued) State services to industry, agriculture and mining agencies

	Department/Statutory Authority	Major Divisions
South Australia	Dept of Mines, Industry Regulation & Safety	Mines & petroleum; geological survey; consumer protection; labour relations; corporate; office of CEO
	Tourism WA	
	Small Business Corporation	
	Dept of State Development	Industry development; Science; small business; strategy & policy; international promotion; public projects; corporate; office of CEO
	Dept of Primary Industries & Regions	Agriculture; food; biosecurity; fisheries; forestry; regions; research; corporate
Tasmania	Dept of Premier & Cabinet	Mineral resources; economic strategy; economic development; co-ordinator general
	SA Tourism Commission	
	Dept of State Growth	Industry development & strategy; trade & international relations; planning & policy; resources policy; geological survey; forests; small business; corporate; infrastructure; co-ordinator general; office of CEO
ACT	Dept of Primary Industry, Parks, Water & Environment	Policy; biosecurity; agriculture; fisheries
	Tasmanian Development & Resources	Industry development; investment
	Tourism Tasmania	
	Economic Development Unit	Economic development; land policy; infrastructure; trade promotion; business development; small business; events
Northern Territory	Visit Canberra	
	Dept of Trade, Business & Innovation	Business development; small business; Northern Australia development; international engagement; economic & industry development; Indigenous development; strategic infrastructure & projects; corporate; office of CEO
	Dept of Primary Industry & Resources	Mines; geological survey; fisheries; primary industry development; policy & strategy; corporate; office of CEO
	Tourism NT	

Source: Derived from an examination of departmental annual reports and web sites.

A simplified structure for services to industry

- 6 On the basis of the summary in paragraph 4 and the range of sub-units and functions highlighted in Table E-2, a simplified departmental structure for the Services to industry category would consist of one department, with several divisions each having a number of branches and/or sections as follows:
- State and regional development
 - State development policy
 - Infrastructure and major project attraction, facilitation
 - Regional development
 - Co-ordinator general
 - Industry assistance/grant administration
 - Primary industry, fisheries and forestry
 - Policy and strategy
 - Development attraction, facilitation and investment
 - Biosecurity
 - Fisheries
 - Forestry
 - Mining & resources
 - Policy & strategy
 - Mining industry development
 - Mining regulation
 - Mining titles
 - Geological survey
 - Other development/regulation
 - Small business development
 - Consumer protection
 - Worksafe unit
- 7 It would also have a corporate services branch with sections for HR, finance, legal and liaison/communication plus an office of the secretary.
- 8 Each State would also have a tourism authority with a CEO, a deputy and three sections for tourism development, promotion and regulation.
- 9 It is important to emphasise the structure suggested in paragraphs 6 to 8 is a simplified, stylistic depiction of the structure and resources intended to provide each State with a basic leadership structure, provide basic policy development, regulatory and administrative processes and have the capacity to undertake a minimum level of

activities of the types States, especially the small States, provide on average. It is not intended to cope with the actual level of activity in any State, even the small States. These 'variable' or workload dependent requirements are covered by the assessments for the bulk of the expenses in each category. Nor, subject to the special case of the ACT mentioned in paragraph 18, is it intended to cope with any unique features or extra costs States may face arising from large volumes of activity or population dispersion. The implications of those factors are considered in determining disability factors in other categories.

Costing the simplified structure

- 10 To assist the consistency, practicality and simplicity of estimating scale affected costs, the branch/section sizes and employee classifications included in the simplified structure are based on those used in estimating scale costs for other functions. Those resourcing assumptions drew on staffing numbers and classification levels in the ACT. The ACT was used as the benchmark because its comparatively low job classifications better reflect the scale of operations and costs of a small State.
- 11 In the absence of detailed State staffing data for the many functions in this Services to industry category⁴⁹, and to keep the estimation process as simple as possible, most of the sub-units in each major division have been assumed to consist of a branch head and a four person supporting section.
- 12 Furthermore, in the absence of detailed salary data for the States (and hence an average State salary), the Commonwealth Department of Finance costing template has been used to set position classifications and remuneration. The template uses Commonwealth salary, superannuation and long service leave rates.
- 13 The simplified structure outlined above consists of:
 - The department
 - A CEO (at the Commonwealth SES Band 3 level) plus a head of office (section head level), a senior officer and a personal assistant (junior officer) – 4 staff
 - Four division heads at the Commonwealth SES Band2 level plus four personal assistants (8 staff)

⁴⁹ Ideally, such data would provide details of the staffing of each service delivery unit and would be disaggregated to allow more informed distinctions between staffing for the scale-affected functions (staff for policy, supervision and readiness to provide a very small number of services) and the variable levels of staffing (additional staff to provide the actual level of services).

- Eighteen branch/sections each with a branch head, section head and three other staff (90 staff)⁵⁰
 - A corporate services branch with a branch head and three four person sections (13 staff)
 - A tourism authority with a CEO (SES 2 level), a branch head (SES 1), a personal assistant and three four person sections (15 staff).
- 14 In total, it is estimated the administrative scale affected staff of this services to industry structure would be 130. Applying the template to the estimated staffing in the simplified structure produces administrative scale direct employee expenses (including superannuation and long service leave) of \$19.5 million. The calculations are in Attachment J.
- 15 Based on the assumption (also used in other calculations) that salary and superannuation costs are 60% of total costs, the total scale affected costs of a services to industry department would be \$32.5 million. Discounting that figure by 2% to approximate 2015-16 dollars produces a figure of \$31.9 million.
- 16 If, as in other calculations, the Finance-based estimated costs are discounted by 10% to recognise Commonwealth salaries are higher than State salaries, the 2016-17 total administrative scale costs for the services to industry department become \$29.3 million (and \$28.7 million in 2015-16).
- 17 This is a first and broad estimate. It has made use of the limited publicly available information from the States, particularly the three small States. All the assumptions need to be verified in the light of State feedback and detailed information on their resources (such as staff numbers, classifications and salaries). That important from the small States will be especially important.
- 18 ***An adjustment for the ACT.*** In past reviews, the estimates of administrative scale costs for the ACT included negative adjustments to allow for its lower need to provide mining and agriculture services. A similar process is proposed in the current estimates.
- 19 However, in the current estimates, that allowance will be set equal to most of the costs of the simplified primary industry and mining and resources divisions. The branches for biosecurity, forestry and survey will be retained in the adjusted ACT estimates. On this basis, the estimated basic scale affected staff number for the ACT becomes 91 FTE . The 2016-17 estimated staffing costs are:

⁵⁰ Using the Commonwealth classifications, each section is assumed to consist of an EL2 (the manager), one EL1, one APS6 and one APS5. The same structure is used in costing education and health administrative scale affected costs.

- \$13.6 million (\$13.3 million in 2015-16) before allowing the 10% reduction for higher Commonwealth salaries – after that adjustment the 2016-17 figure becomes \$12.2 million (\$12.0 million in 2015-16)
- the total scale affected costs are \$22.6 million (\$22.2 million in 2015-16) before the 10% adjustment – after that adjustment the 2016-17 figure becomes \$20.4 million (\$19.9 million in 2015-16).

Comparison with actuals

- 20 The estimated scale affected employee number of 130 people and the estimated 2016-17 employee expenses for the simplified services to industry department of \$17.6 million (when discounted by 10%) as a percentage of the employee numbers and employee expenses for Western Australia, South Australia, Tasmania, ACT and Northern Territory are shown in Table E-3. Similar percentages of estimated scale affected employee expenses to total employee expenses for the three largest States were: 4.7% for New South Wales; 5.9% for Victoria; and 3.3% for Queensland.

Table E-3 Estimated scale affected staffing and employee expenses as percentage of observed figures in States, 2016-17

	Estimated staffing as % of State FTE (a)	Estimated employee expenses as % of State expenses (b)
	%	%
Western Australia	3.8	4.3
South Australia	7.6	10.2
Tasmania	17.0	19.2
ACT	24.8	
Northern Territory	18.5	18.8

(a) Calculated as 130 people divided by the State FTE numbers shown in Attachment I.

(b) Calculated as \$17.6 million divided by the total employee expenses shown in Attachment I.

Source: Staff calculation using State annual reports as summarised in Attachments A to I.

- 21 On average across the three smallest States, the estimated scale affected staffing is 19.6% of the total staffing. This proportion is increased by the very low level of staffing in the ACT for agriculture and mining activities and the unavailability of staffing data for consumer affairs in the Northern Territory. Relative to Tasmania and the Northern Territory, the proportion is 17.7%.
- 22 That the estimated staffing numbers and employee expenses are comparatively large proportions of the small State actual numbers reflects the central office and whole-of-State nature of the resourcing and activities covered by the scale costs.
- 23 The estimated scale costs of \$29.3 million for 2016-17 (including the 10% adjustment) are slightly higher than the \$26.7 million used in the 2018 Update.

ESTIMATED ADMINISTRATIVE SCALE COSTS OF SERVICES TO INDUSTRY DEPARTMENT

- 24 Table E- uses the Commonwealth Department of Finance costing template to estimate the costs associated with the basic Services to industry Department described earlier.

Table E-4 Estimated administrative scale costs for Services to industry department, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		0
APS 4 (Personal assistant)	71 852	5	359
APS 5 (Junior officer)	78 046	24	1 873
APS 6 (Junior officer)	92 583	24	2 222
EL 1 (Senior officer)	112 901	24	2 710
EL 2 (Manager)	142 789	25	3 570
SES 1 (Branch head)	199 764	20	3 995
SES 2 (Division head)	256 798	5	1 284
SES 3 (Secretary)	340 298	1	340
Total		128	16 353
Superannuation (% of salary)	15.40%		2 518
Long service leave (% of salary)	2.60%		425
Total direct remuneration			19 297
Total costs (estimated as direct remuneration/0.6)			32.2
Total costs discounted by 10%			28.9

Source: Staff calculation based on Department of Finance costing template.

- 25 Table E-5 uses the Commonwealth Department of Finance costing template to estimate the costs associated with the basic Services to industry Department as adjusted to reflect the ACT's zero or low needs to provide primary industry and mining services.

Table E-5 ACT estimated administrative scale costs for Services to industry department, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		0
APS 4 (Personal assistant)	71 852	3	216
APS 5 (Junior officer)	78 046	17	1 327
APS 6 (Junior officer)	92 583	17	1 574
EL 1 (Senior officer))	112 901	17	1 919
EL 2 (Manager)	142 789	18	2 570
SES 1 (Branch head)	199 764	13	2 597
SES 2 (Division head)	256 798	3	770
SES 3 (Secretary)	340 298	1	340
Total		89	11 313
Superannuation (% of salary)	15.40%		1 742
Long service leave (% of salary)	2.60%		294
Total direct remuneration			13 350
<hr/>			
Total costs (estimated as direct remuneration/0.6)			22.2
Total costs discounted by 10%			20.0

Source: Staff calculation based on Department of Finance costing template.

ATTACHMENT F

INITIAL ESTIMATE OF ADMINISTRATIVE SCALE EXPENSES FOR THE JUSTICE CATEGORY

- 1 This attachment contains an overview of a simplified basic departmental structure for the services in the Justice category (police, courts and corrective services) and the estimated costs of that structure based on the Commonwealth Department of Finance costing template. Details of the structure of relevant departments, their staffing and costs for each State can be provided on request.
- 2 Total spending by each State on police, courts and corrective services is in Table F-1.

Table F-1 Total expenses for Justice, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Police	3 086	2 379	1 771	1 143	769	222	154	303	9 827
Courts	1 269	957	793	831	315	80	91	155	4 491
Corrective services	1 268	966	616	867	301	66	60	178	4 322
Total Justice	5 623	4 302	3 180	2 841	1 385	368	305	636	18 640
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Police	402	397	368	439	452	429	392	1 242	411
Courts	165	160	165	319	185	155	231	636	188
Corrective services	165	161	128	333	177	128	153	730	181
Total Justice	733	717	661	1 091	813	711	776	2 608	779

Source: Commission adjusted budget for 2015-16 in 2017 Update.

- 3 The table shows police services are the major component of justice expenses accounting for 53% of the total expenses in 2015-16, on average. Above average per capita amounts are spent in the Northern Territory (over 3 times the average), Western Australia and South Australia. Spending is below average in Queensland, Tasmania, Victoria and New South Wales. The ACT spending is very close to the average. The ACT contracts its police services from the Australian Federal Police.
- 4 In the 2017 Update, administrative scale affected costs for 2015-16 were estimated as \$25.4 million per State, which was 1.11% of State actual expenses. The proportion for each State ranged between 0.46% in New South Wales and 9.29% in the ACT, as

shown in Table F-2. The relatively low figure of 4.22% for the Northern Territory reflects its very high total spending on justice services.

Table F-2 Administrative scale costs as proportion of State expenses, 2015-16

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
Scale cost as % of expenses	0.46	0.59	0.82	0.91	1.89	7.53	9.29	4.22	1.11

Source: Commission calculations based on 2017 Update assessments and 2015-16 adjusted budget.

POLICE DEPARTMENT

- 5 All States, except the ACT have a police agency. The ACT obtains its police services under a contract with the Australian Federal Police.
- 6 Table F-3 shows Police departments have large staffing. However, only a small proportion of them are the central leadership, policy and administrative type staff covered by the administrative scale disability. As in education and health, most staff are service delivery staff and interstate differences in their numbers are partly driven by factors such as population size, composition and regional distribution.

Table F-3 Police department staffing 2016-17 (a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Number (persons)	20 667	18 440	14 080	8 776	6 000	1 653	946	1 829
Per capita (persons pc)	0.0027	0.0030	0.0029	0.0034	0.0035	0.0032	0.0023	0.0075
% of Aust average (%)	89	99	97	115	118	107	78	251

(a) Figures are head counts for New South Wales and South Australia and FTE for other States. The ACT figure includes FTE equivalent of services provided to ACT Policing by broader AFP units.

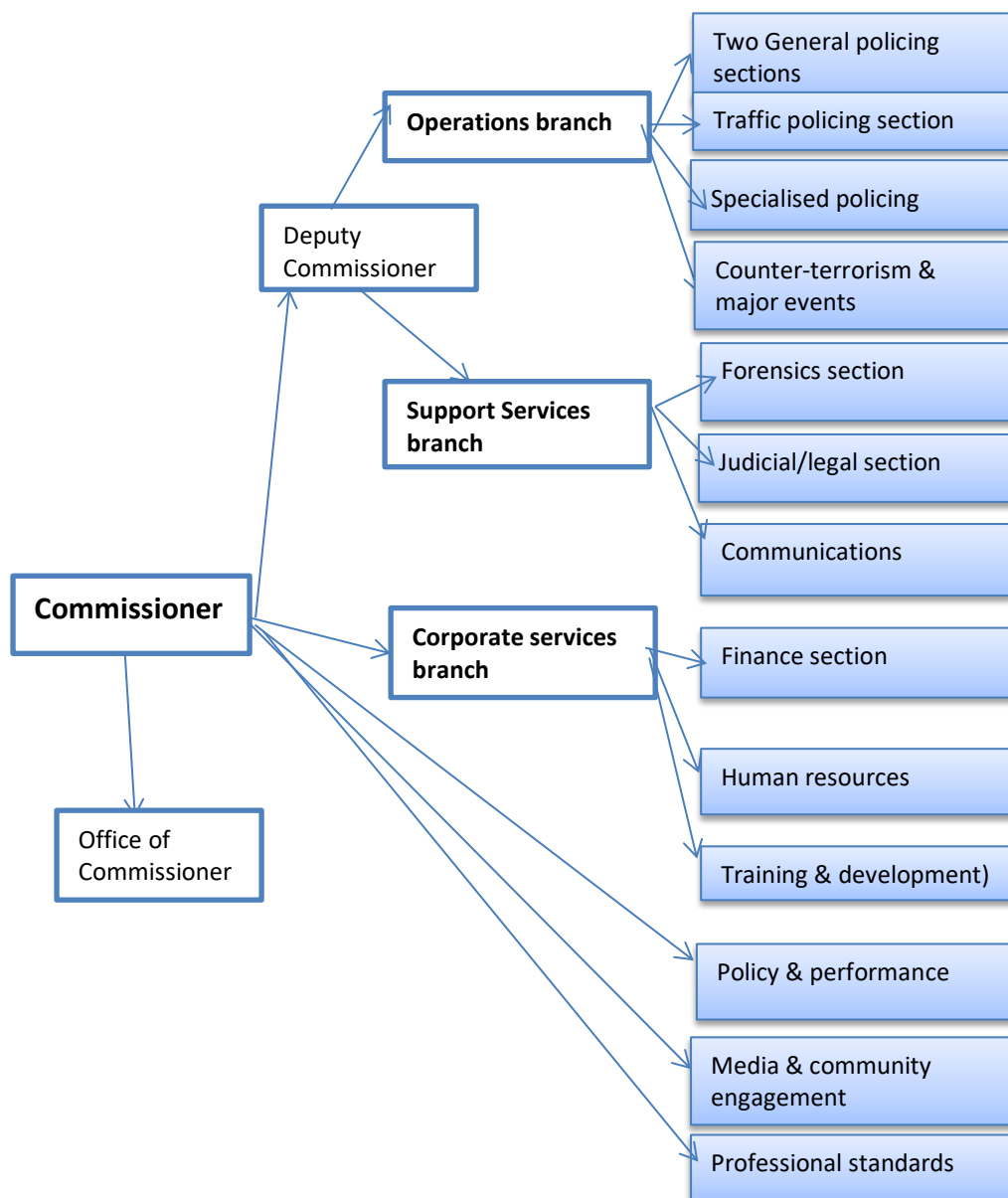
Source: Police department annual reports.

- 7 Police department structures are summarised in Table F-5.
- 8 That summary shows all police departments have a similar range of units including:
 - a commissioner, between one and five deputies, and a supporting office
 - between two and six regional commands of operational police which include traffic operations in Tasmania and the Northern Territory (traffic is a separate command in the other six States)
 - counter-terrorism and special response units
 - specialised crime units (including family violence, gangs, organised crime etc)
 - forensics
 - judicial/legal support
 - training

- corporate services including finance, human resources, IT
- policy, performance improvement
- professional standards
- media & communication.

- 9 ***A simplified Police department and its staffing.*** On the basis of this overview, a simplified police department for administrative scale purposes might have the structure shown in Figure F-3.

Figure F-3 Basic Police Department Structure



- 10 The staffing of this simplified department has been estimated as follows.
- Commissioner plus a head of office (section head level), a support officer (senior officer) and a personal assistant (junior officer) (4 staff)
 - one deputy commissioner at the senior executive band 2 plus a personal assistant (2 staff)
 - three branch heads at the senior executive band 1 plus one personal assistant (4 staff)
 - fourteen sections each with a section head and three staff (56 staff)⁵¹
- 11 In total, it is estimated the administrative scale affected staff of this simplified Police department structure would be 66. As for other functions, this simplified staffing does not reflect the resources required to deliver services to State populations.
- 12 **Costing the simplified department.** Using the Commonwealth Finance Department costing template (as has been done in the estimated scale costs for other departments), the salary and superannuation costs of such a department would be \$9.0 million in 2016-17 dollars. Discounting that figure by 2% to approximate 2015-16 dollars produces a figure of \$8.8 million (see Table F-9).
- 13 Based on the assumption (also used in other calculations) that employee expenses are 60% of total costs, the total scale affected costs of a simplified police department in 2016-17 would be \$15.0 million (\$14.7 million in 2015-16).
- 14 If, as in other calculations, the Finance-based estimated costs are discounted by 10% to recognise Commonwealth salaries are higher than State salaries, the 2016-17 estimated administrative scale costs for the simplified police department become \$13.5 million (and \$13.2 million in 2015-16).
- 15 However, it is noted the estimated expenses were based entirely on Commonwealth public service salary levels. Those salary levels may not be entirely appropriate for some of the professional staff in areas such as forensics or judicial/legal services, nor may they adequately reflect the overtime and other allowances typically received by many police staff. In the absence of more detailed data on typical employee expense levels in the States (especially the smaller States), the Commonwealth levels have been retained to help simplify the overall scale estimates and provide a measure of consistency across the estimates for all categories.

Comparison with actuals

- 16 The estimated scale affected number of police employees of 66 people and the estimated 2016-17 employee expenses for the simplified police department of \$8.8

⁵¹ Using the Commonwealth classifications, each section is assumed to consist of an EL2 (the manager), one EL1, one APS6 and one APS5. The same structure is used in costing other functions.

million (when discounted by 10%) are compared with similar figures for the States in Table F-4.

Table F-4 Comparison of estimated scale employee costs and State employee costs

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Simplified dept
Staff numbers (persons)	20 667	18 440	14 080	8 776	6 000	1 653	946	1 829	66
Employee costs (\$m)	2 690	2 114	1 672	1 042	721	173	105	279	8.8
Simplified staff numbers as % of State (%)	0.32	0.36	0.47	0.75	1.10	3.99	6.98	3.61	100.00
Simplified employee costs as % of State costs (%)	0.30	0.38	0.48	0.78	1.12	4.68	7.70	2.90	100.00

Source: Police department annual reports.

- 17 The estimated scale affected staffing is 4.5% of the average police staffing in the three smallest States. This proportion is increased by the low level of staffing in the ACT which may reflect the compact nature of the ACT and other characteristics of its population and possibly its access to broader Australian Federal Police resources. Relative to Tasmania and the Northern Territory, the proportion is 3.8%.
- 18 In terms of employee expenses, the estimated scale affected expenses are 4.4% of the average employee expenses for the three smaller States and 3.6% of the average employee expenses for Tasmania and the Northern Territory. These employee expenses proportions are similar to the employee level proportions.
- 19 The estimated total police scale costs of \$13.5 million for 2016-17 (including the 10% adjustment) are \$2.0 million (17 %) higher than those used in the 2018 Update, which are estimated as \$11.6 million).⁵²

⁵² Total scale costs have grown from \$157.6 million in the 2004 Review to \$260 million for 2016-17 in the 2018 Update due to wage and cost escalation. This is a 65.3% increase. Increasing the 2004 Review Police scale costs of \$7 million by 65.3% gives a 2016-17 figure of \$11.6 million.

Table F-5 Structure of Police Departments

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
High level structure							
Commissioner & their office + 5 divisions headed by deputy commissioners	Commissioner & their office + 5 divisions headed by deputy commissioners	Commissioner & their office + 3 divisions headed by deputy commissioners	Commissioner & their office + 3 divisions headed by deputy commissioners	Commissioner & their office + 1 deputy commissioner	Commissioner & their office + 1 deputy commissioner	Commissioner & their office + 2 deputy commissioners	Commissioner & their office + 5 divisions headed by deputy commissioners
Field operations							
Six regional commands	Four regional commands	Five regional commands	Three regional commands	Two regional commands	Three regional commands	Two district commands	Three regional commands
Specialist police and support (usually commands or branches)							
Traffic	Road policing	Road policing	Traffic police	Traffic support & licensing branches	In regional commands	Traffic operations & planning	In regional commands
Police transport	Transit & safety	Railway squad		Public transport			
Counter-terrorism	Counter-terrorism	Counter-terrorism & security	Counter-terrorism unit	In Crime services	Special response & counter-terrorism	Special response (broader AFP)	Specialist services command
Forensics	Forensics	Forensics	In specialist & support division	Forensic services	Forensic science service	Forensics (broader AFP)	Forensics branch
State services (homicide, child abuse, gangs, etc)	Family violence Crime	State services (homicide, child abuse, gangs, drugs)	State crime	Crime services (Organised, family violence etc)	Serious & organised crime, Safe Families	Community safety & family violence	Crime command
Intelligence	Intelligence & covert support	Intelligence & covert support	Intelligence	Intelligence branch	Investigation & intelligence	Intelligence	Intelligence services unit
Operational communications	Info systems & security	Information management	State control centre	Communications group	Technology services & Radio dispatch	Policing operations	Information branch
Major events & incidents	State emergencies	Commonwealth Games		Emergency & major events	Special response	Special response (broader AFP)	Security & emergency co-ord

Table F-5 (continued) Structure of Police Departments

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Judicial support							
Prosecutions	Legal services	Prosecution	Judicial services	Prosecutions	Legal services unit	Judicial operations	Legal branch
General counsel		Legal services		General counsel		Legal (broader AFP)	
Corporate services							
Education & training	People development	People capability Recruit training	WA Police Academy	Police academy	Education & training	Learning (broader AFP)	College command
Finance	Corporate finance		Business strategy & finance	Financial management	Business services	Finance & commercial	Finance branch
Human resources	Human resources		Workforce	HR service	People & culture	Human resources	HR branch
	Procurement			Procurement & contracts	Property & procurement		Infrastructure & procurement
Business & technology	Info systems & security	Information management	Business IT systems	IT systems & technology	Technology services	IT (broader AFP)	Information branch
Strategic technology & planning			Policy & legislation		Legislation & review, policy development	Broader AFP	Governance, protocol & legislative reform
	Investment; Infrastructure		Asset management	Asset services	Engineering & asset services		
Perf improvement & planning	Corporate strategy; Service delivery reform	Organisational capability & improvement	Police innovation & improvement	Performance & management	Business improvement unit	Ministerial, policy & improvement	Organisation performance division
Professional standards	Professional standards	Ethical standards	Professional standards	Anti-corruption & Ethical & professional stds	Professional stds command	Broader AFP	Police standards command
Media & corporate communication	Media & corporate communication	Media & Corporate communication	Media & corporate communication	Media & public engagement	Media & communications unit	Media & public engagement	Media & corporate communications

Source: Police department annual reports.

DEPARTMENT OF JUSTICE – ATTORNEY-GENERAL’S DEPARTMENT

- 20 A summary of the structures of Justice/Attorney-General’s departments is in Table F-6. The table includes units related to justice services but which some States place in other departments – this includes youth justice services and units providing checks for people who work with vulnerable people which are sometimes in health or community services departments. On the other hand, the table omits service units States place in Justice Departments but which are in other assessment categories, such as WorkSafe, consumer affairs and liquor and gaming licensing bodies.
- 21 The table indicates all States have a Justice or Attorney-General’s department plus a number of independent statutory authorities to advise on, manage and operate the State’s legal framework and related services. It shows they all have:
- a Secretary or CEO for the Justice/Attorney-General’s department together with an office to support them plus at least one deputy secretary
 - a number of justice or court services
 - a supreme court plus supporting administrative resources
 - a magistrates court plus supporting administrative resources, these courts also provide children’s court and coroners court services in all States plus other responsibilities (such as drug courts) in many States
 - a civil and administrative tribunal plus supporting administrative services
 - victims support unit
 - unit for conducting checks on people working with children or vulnerable children (this unit is part of a department of health or community services in some States)
 - a number of legal services to the State and to the courts
 - public prosecutor and supporting office
 - crown solicitor and supporting office
 - legal policy, strategy, performance management, and corporate services, including
 - strategy and policy, governance, performance and risk management services (including internal audit)
 - financial services
 - human resources
 - IT services
 - corrective services, which is a separate department in Western Australia and South Australia and a division or sub-department in the others and covers
 - custodial services for adults

- community corrections for adults
- youth justice services which is in a community services or similar department in four States (including the three small States) and which has sub-units for community operations and custodial services
- offender management or programs unit
- most States also have security and intelligence units (although they are not readily identifiable in public documents for South Australia, ACT and Northern Territory) and corrective services corporate services and governance units (these are not readily identifiable in public documents for the ACT and the Northern Territory either).
- a range of independent agencies, including
 - registrar of births, deaths and marriages (but it may be a unit in the department)
 - Law reform commission
 - Public trustee
 - Public advocate (or public defender) and public guardian
 - Anti-discrimination commission
 - Information and privacy (or similar) commission
 - Legal aid commission

22 *A simplified Justice/Attorney-General's department and its staffing.* On the basis of this overview, a simplified Justice/Attorney-General's department (including associated statutory authorities) for administrative scale purposes might have the structure shown in Figure F-4.

Table F-6 Structure of Justice/Attorney General's Departments

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
High level structure							
CEO/Secretary & their office, 5 deputies + 5 divisions	CEO/Secretary & their office, 10 deputies + 11 divns	CEO/Secretary & their office, 3 deputies + 6 divns	CEO/Secretary & their office + 9 divisions	CEO/Secretary & their office, + 4 divisions	CEO/Secretary & their office, 2 deputies + 3 divisions	CEO/Secretary & their office, 2 deputies + 3 divisions	CEO/Secretary & their office, 1 deputy + 8 divisions
Justice or court operations							
Supreme court	Supreme court	Supreme court	Supreme court	Supreme court	Supreme court	Supreme court	Supreme court
County/magistrates courts	County/magistrates courts	Magistrates courts	District/magistrates courts	District/magistrates courts	Magistrate's court	Magistrate's court	Magistrates, district, local courts
Civil & admin tribunal	Civil & admin Tribunal	Civil & admin Tribunal	Admin review tribunal	Civil & admin Tribunal	Heard in Magistrate's court	Civil & admin Tribunal	Civil & admin Tribunal
State debt recovery office (part of State Revenue Office)	Fines Vic, infringement enforcement	State Penalties Enforcement Register	Fines & civil enforcement	Fine enforcement	Monetary penalties enforcement	Access Canberra	Fines recovery unit
Dispute resolution, Community justice	Dispute resolution	Dispute resolution branch					Community justice centre
Office of Children's Guardian	Work with children check unit	Blue card checks unit	Unit in Dept of Communities	Screening unit Dept of Communities	Unit in Dept of Justice	Access Canberra/ Working with vulnerable people	Safe NT (Ochre card) in Territory Families Dept
Victim support	Community ops & victim support	Victim assist	Victims of crime commn	Victim's rights	Victims support services	Victims of crime commn	Victims support/ Witness assistance
Diversity services	Koori justice unit Native title unit		Aboriginal justice program				Aboriginal justice
Legal services (Crown solicitors, Public Prosecutors)							
Public prosecutor	Public prosecutor	Public prosecutor	Public prosecutor	Public prosecutor	Public prosecutor	Public prosecutor	Public prosecutor
Crown solicitor, Solicitor-General Crown advocate	Government solicitor	Crown solicitor	State solicitor	Crown solicitor Solicitor General	Crown solicitor Solicitor General	Govt solicitor	Crown solicitor
Corrective services			Separate dept	Separate dept			
Custodial services	Operations	Custodial services	Custodial services	Prison services	Tas Prisons service	Custodial operations	Custodial operations
Community corrections	Part of operations	Probation & parole	Adult community corrections	Community corrections	Community corrections	Community corrections	Community corrections

Table F-6 (continued) Structure of Justice/Attorney General's Departments

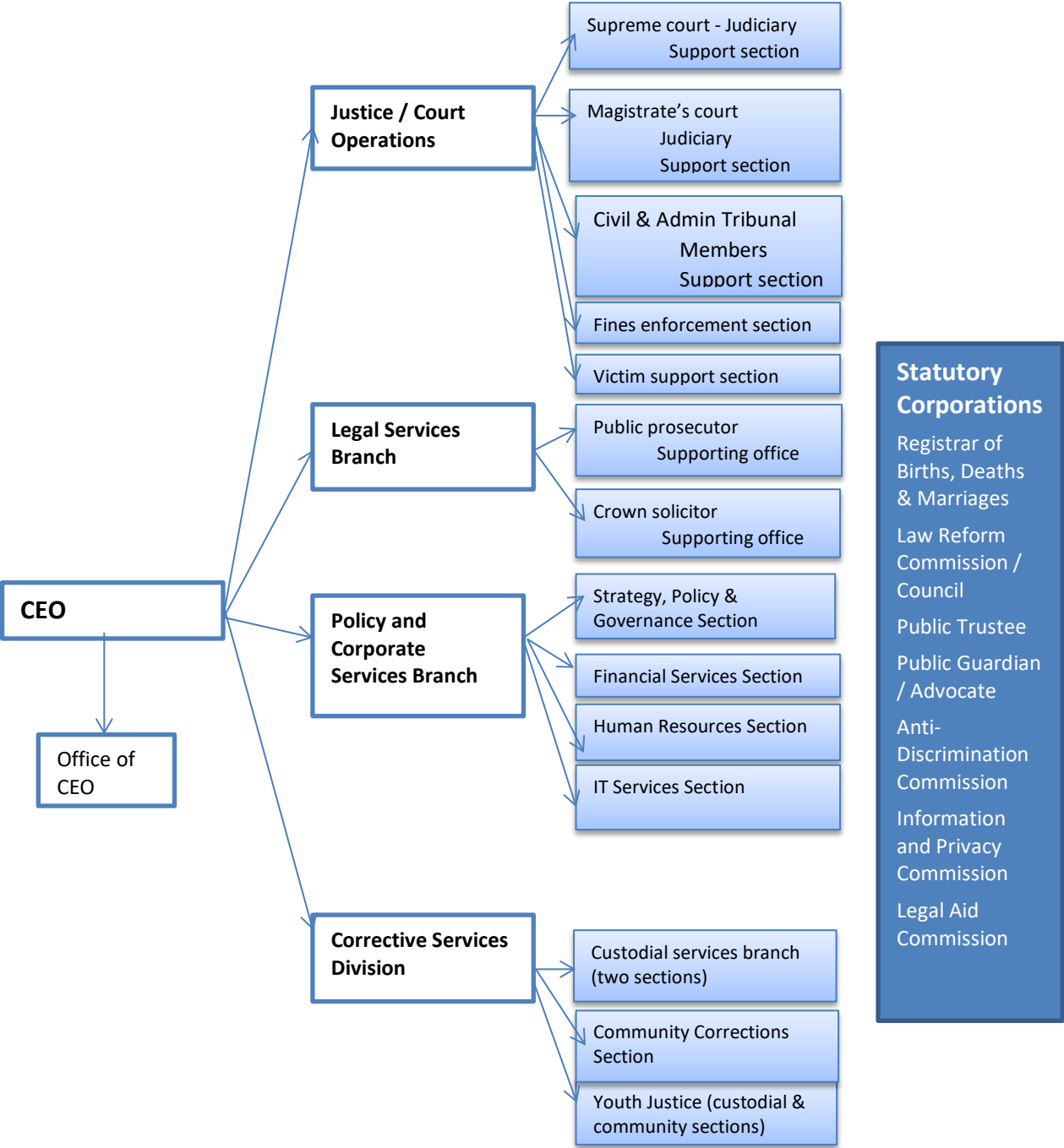
NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Juvenile justice	Youth justice	Youth justice	Youth justice	Youth Justice division of DCSI	Dept of Health, Youth Justice Services	Community Services Directorate	Youth Justice div in Territory Families
Offender management	Offender management	Rehab & management	Rehab & reintegration	Offender development	Offender management	Part of custodial services	Programs & rehab
Security & intelligence	Security & intelligence	Intelligence & investigations	Security, intelligence		Directorate security		
Strategy & policy	Policy & planning	Policy & perform	Policy & review		Policy advice		Office of CEO
Governance & improvement	Corrections business services	Corrections corporate support	Corrections corporate support	Corrections corporate services	Corrections corporate services		
Policy & Corporate services							
Strategy & policy	Criminal justice strategy & co-ord Law policy	Strategic policy & child safety	Strategic policy	Policy & research Legislative services	Strategic legislation & policy	Legislation, policy & programs	Legal policy
Performance & system design	Strategic planning			Strategic planning			Policy co-ordination
Strategic finance & procurement	Financial services	Financial services	Financial management	Financial services	Finance	Finance	Finance
Human resources	People & culture	Human resources	Human resources	Human resources	Human resources	People & workplace strategy	Human resources
It services	Knowledge, info & IT / Strategic communication	IT Communication services	IT & records Public affairs	ICT services Strategic communication	IT & Communications	IT	IT
Performance & assurance	Transformation & reform / Risk audit & integrity	Ethical standards internal audit	Management assurance Business services		Projects & info	Governance	Governance & risk
Infrastructure & assets	Built environment Investment & perf	Facilities management	Asset management	Facilities & security	Consumer, building & occupational services	Capital works	
Bureau of Crime Statistics	Crime Statistics agency			Criminal Info management			Research & stats

Table F-6 (continued) Structure of Justice/Attorney General's Departments

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Independent agencies							
Births, deaths & marriages	Births, deaths & marriages	Births, deaths & marriages	Births, deaths & marriages	State records	Births, deaths & marriages	Registrar general	Registrar general
Legal services commission		Legal services commission					
Law reform commission	Law reform commission	Law reform commission	Law reform commission	Law reform institute	Law reform institute	Law reform advisory council	Law reform committee
Public trustee	Public trustee	Public trustee	Public trustee	Public trustee	Public trustee	Public trustee	Public trustee
Public defender	Public advocate	Public guardian/advocate	Public advocate	Public advocate	Public guardian board	Public advocate/guardian	Public guardian
Anti-discrimination commission	Equal opportunity & human rights commission	Anti-discrimination commission	Equal opportunity	Equal opportunity	Equal opportunity Tas	Human rights commission	Anti-discrimination Commission
		Family & Child Commission		Child protection commission			Children's commission
Information & privacy commission	Information integrity & access	Right to info & privacy	Office of Information Commissioner	Stat records	Right to information unit	Information commissioner	Information & public interest
Legal Aid NSW	Legal Aid Vic	Legal Aid Qld	Legal Aid commission	Legal services commission	Legal Aid Tas	Legal Aid ACT	Legal Aid commission

Source: Annual reports of Justice or Attorney General departments and other authorities.

Figure F-4 Simplified Justice/Attorney-General’s Department Structure



- 23 Based on the simplified structure outlined in Figure F-4, the resources estimated to provide a departmental head office framework for delivering the basic managerial, policy and oversight services are listed below. (The number and level of service delivery staff will vary with the level of activity, geographical spread of activity and other factors reflected in other parts of the Commission's assessments.)
- a CEO and CEO's office (a head of office, a support officer (senior officer) and a personal assistant) (4 staff)
 - a Justice /Court Operations division consisting of a division head (Commonwealth Senior executive band 2) and a personal assistant (2 staff) plus
 - a supreme court with two judges, two personal assistants and a supporting section of four staff (a section head and three ASO 5 level officers)⁵³ (8 staff)
 - a magistrate's court with two magistrates⁵⁴, two personal assistants and a supporting section of four staff (a section head and three ASO 5 level officers) (8 staff)
 - a civil and administrative appeals tribunal with one tribunal member and a supporting section of four staff (a section head and three ASO 5 level officers) (5 staff)
 - a monetary penalties enforcement section of four staff⁵⁵
 - a victim support section of four staff
 - a Legal Services Branch with 11 staff consisting of a Branch head (Commonwealth Senior executive band 1) plus
 - a public prosecutor and a supporting office with one section of four staff
 - a crown solicitor and a supporting office with one section of four staff
 - a Policy and Corporate Services Branch with a branch head, a personal assistant and four sections, each with four people for Strategy, Policy & Governance; Financial Services; Human Resources; and IT and Communication Services (18 staff)

⁵³ The basic number of people in a section used in all other scale estimates (four people) has been retained but the level of most staff has been reduced as the nature of most court support services provided (records, scheduling, administrative assistance, recording, facility maintenance and security) generally require less senior personnel.

⁵⁴ Two Supreme Court judge and two Magistrates were considered necessary to provide the minimal basic establishment to cover the multiple roles of the Supreme Courts (criminal, civil and appellate courts and Magistrate's Courts (criminal, civil, children's and coroner's courts).

⁵⁵ This section and all others where the composition is unstated are assumed to have the same composition as used in the health, education and other functions - a section head (EL2), an EL1 officer, an APS6 and an APS5.

- a Corrective Services division with 22 staff, consisting of a division head (Commonwealth Senior executive band 2), a personal assistant plus
 - a custodial services branch with two sections to provide 24 hour services
 - a community corrections section with four staff
 - a youth justice unit with two sections (one for custodial services and one for community services)
- 24 On the basis of the above estimates, the simplified Justice/Attorney General's department would have 86 staff.
- 25 The statutory authorities for Registrar of births, deaths and marriages; Law reform; Anti-discrimination (equal opportunity); Information and Privacy Commission; and Public Guardian (Advocate) are each estimated to consist of four people (a head (EL2), an EL1 officer, an APS6 and an APS5), totalling 20 people.
- 26 The Legal Aid services are typically funded by grants, which are estimated separately below. Public trustee services are operated by State-owned corporations which typically recover costs from users, but those recovered costs usually include a community service obligation payment from the State which is estimated separately below.
- 27 *Costing the simplified department.* As was done in estimating the scale costs for other departments, the Commonwealth Finance Department costing template has been used to cost most positions in the simplified justice/attorney general's department.
- 28 However, that template is unsuitable for the judiciary and many senior legal officer positions in the simplified department. Those officers generally have remuneration determined specifically for them by a State remuneration tribunal or equivalent. Unfortunately, only limited details could be readily found from public sources.
- 29 For the current estimates, the following placeholder annual salaries have been used. They approximate the lowest salaries paid in 2016-17 in the States for which data were found (see Attachment I):
- about \$426 000 for Supreme Court judges and \$296 500 for magistrates - based on average 2016-17 salaries paid in South Australia
 - \$400 000 for the director of public prosecutions, \$300 000 for the crown solicitor and \$260 000 for the Civil and Administrative Appeals Tribunal member based amounts paid in the ACT, Queensland and the ACT respectively.
- 30 Based on the Commonwealth template and the estimated salaries for senior legal officers, the estimated 2016-17 employee costs for the simplified department are \$15.7 million. Discounting that figure by 2% to approximate 2015-16 dollars produces a figure of \$15.4 million.

- 31 Based on the assumption (also used in other calculations) that employee expenses are 60% of total costs, the total scale affected costs of a simplified justice/attorney general's department in 2016-17 would be \$26.1 million (\$25.6 million in 2015-16).
- 32 If, as in other calculations, the Finance-based estimated costs are discounted by 10% to recognise Commonwealth salaries are higher than State salaries, the 2016-17 estimated administrative scale costs for the simplified department become \$24.0 million (and \$23.5 million in 2015-16). The discount has not been applied to the remuneration of judicial officers and senior legal staff because their remuneration was based on State salary levels.
- 33 However, to help simplify the overall scale estimates and provide some consistency across the estimates for all categories, the estimated expenses have been based on Commonwealth public service salary levels and estimated salaries for the judiciary and other senior legal officers; the basis of which are the lowest amounts paid in the States for which data were found. All the estimates need to be reviewed in the light of data to be collected from the States on the salaries they paid for major classification levels. That review will be very important for specialised positions such as the legal officers.
- 34 **Costing the legal aid and public trustee bodies.** Since every State funds a legal aid commission on a whole of State basis and most provide community service obligation support to public trustees, it is appropriate to recognise the scale affected component of those expenses. As in the estimates of scale expenses for statutory authorities in the arts, cultural and recreational services, the minimum scale affected costs have been estimated by reference to the lowest per capita grants or subsidies paid in the three smallest States discounted by 10% and applied to the Northern Territory population.
- 35 Table F-7 shows the State subsidies to legal aid and public trustee bodies in 2016-17.

Table F-7 State Subsidies to Legal Aid and Public Trustee bodies, 2016-17

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Legal aid									
\$m	230	145.1	141.4	76	39	12.5	13.5	13.4	670.9
\$ per capita	29.50	23.24	28.95	29.60	22.71	24.08	33.22	54.68	27.52
Public trustee									
\$m	5.1	18				2.0	2.1		27.2
\$ per capita	0.65	2.88				3.85	5.17		1.12

Source: 2016-17 Annual reports of State Legal Aid Commissions and Public Trustees

- 36 The estimated 2016-17 scale affected costs for legal aid are \$5.3 million (or \$5.2 million in 2015-16) and those for the public trustee are \$0.8 million (\$0.8 in 2015-16).

- 37 Thus the total preliminary estimate of scale affected costs for Justice/Attorney General's departments (including the 10% adjustment for higher Commonwealth salaries) is \$30.1 million in 2016-17 and \$29.5 million in 2015-16.

Comparison with actuals

- 38 The estimated scale affected number of Justice/Attorney General employees of 106 people and the estimated 2016-17 employee expenses for the simplified department of \$14.4 million (including the 10% discount) are compared with similar figures for the States in Table F-8.

Table F-8 Comparison of Justice/Attorney General department estimated scale employee costs and State employee costs, 2016-17

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Simplified dept.
Staff numbers (persons)	(a)	5 094(b)	8 771(c)	6 243(d)	4 258(e)	1 038(f)	1 058(g)	1 343(h)	106
Employee costs (\$m)	1 590	1 005	760	732	248	107	109	157	14
Simplified staff numbers as % of State (%)		2.08	1.21	1.70	2.49	10.21	10.02	7.89	
Simplified employee costs as % of State costs (%)	0.91	1.43	1.89	1.97	5.80	13.51	13.27	9.17	
(a)	The department had a total of 12 310 FTE employees in June 2017, but that number includes people providing services not covered by the Justice category.								
(b)	Excludes staff in emergency management, police and crime prevention, regulation and regions but includes court services, office of public prosecutions and the office of crown solicitor.								
(c)	Includes all staff employed under the department's controlled funds (including liquor & gaming) but it excludes judicial officers and the Legal Aid Commission.								
(d)	Includes staff of the Attorney General department (including the Parliamentary Counsel's office), Corrective Services and Office of Public Prosecutions.								
(e)	Includes Attorney-General's Department, Courts Administration Authority and Corrective Services but excludes youth justice staff.								
(f)	Includes Justice department staffing but excludes those engaged in regulatory and related services, legal aid, electoral services and youth justice.								
(g)	Covers Justice and Community Services Directorate staffing, excluding Emergency Services Agency, Parliamentary Counsel's Offices and Public Trustee. It also excludes youth justice staffing.								
(h)	Covers total Department of Attorney General And Justice staffing excluding Licensing NT, Worksafe NT, Consumer Affairs, Parliamentary Counsel and Public Trustee. It also excludes youth justice staff.								
Source:	Justice/Attorney General department annual reports.								

- 39 The estimated scale affected staffing is 9.6% of the average Justice and related agency staffing in the three smallest States⁵⁶. This proportion is higher than for other services because of the relatively large number of small whole-of-State services in the justice category. States have separate units for the two levels of courts plus an administrative appeals tribunal, separate public prosecutor and crown solicitor offices and separate units for registering births, deaths and marriages, law reform, public guardian, equal opportunity, and information and privacy.
- 40 In terms of employee expenses, the estimated scale affected expenses are 11.6% of the average employee expenses for the three smaller States. These employee expenses proportions are higher than the employee level proportions due to the comparatively high remuneration for judicial and legal officers.
- 41 The estimated total justice/attorney general department scale costs of \$30.1 million for 2016-17 (including the 10% adjustment) are over twice those used in the 2018 Update, which are estimated as \$14.2 million).⁵⁷ This increase reflects the better information base obtained from the bottom up examination of the structure of State Justice and Attorney General's departments and their associated agencies together with some recognition of the higher costs of judicial and legal officers.

⁵⁶ This comparison should be treated with some caution as it was drawn with a limited amount of detailed staffing information presented in departmental annual reports.

⁵⁷ Total scale costs for the Justice category in 2016-17 were \$25.8 million of which \$11.6 million was attributed to the police department earlier in this attachment. The balance of \$14.2 million is attributable to Justice/Attorney General and corrective services activities.

CALCULATION OF ESTIMATED SCALE AFFECTED EXPENSES FOR POLICE SERVICES

- 42 This attachment uses the Commonwealth Department of Finance costing template to estimate the costs associated with the basic simplified Police Department described in the paper.

Table F-9 Police department administrative scale structure costing, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850		0
APS 4 (Personal assistant)	71 852	3	216
APS 5 (Junior officer)	78 046	14	1 093
APS 6 (Junior officer)	92 583	14	1 296
EL 1 (Senior officer))	112 901	15	1 694
EL 2 (Manager)	142 789	15	2 142
SES 1(Branch head)	199 764	3	599
SES 2 (Division head)	256 798	1	257
SES 3 (Secretary)	340 298	1	340
Total		66	7 636
Superannuation (% of salary)	15.40%		1 176
Long service leave (% of salary)	2.60%		199
Total employee costs			9 011

- 43 Using Table F-9, a total cost of \$15 million in 2016-17 dollars is estimated by dividing \$9.0 million by 0.6 to account for the contribution of 2016-17 total employee costs. To calculate the total cost in 2015-16 dollars, the 2016-17 total cost is scaled down by 2% to \$14.7 million.
- 44 Similarly, total employee costs in 2015-16 dollars are calculated as \$8.8 million by scaling down the total costs incurred in 2016-17 of \$9 million by 2%.

ESTIMATED SCALE AFFECTED EXPENSES FOR JUSTICE/ATTORNEY GENERAL AND CORRECTIVE SERVICES

- 45 This attachment uses the Commonwealth Department of Finance costing template and estimated judiciary and senior legal officer salaries to estimate the costs associated with the basic Justice/Attorney General's Department.

Table F-10 Justice/Attorney General's administrative scale structure costing for States other than the ACT, 2016-17 dollars

	Rate/FTE	Staffing numbers	Expenses
	\$	no.	\$'000
Base Salary			
APS 1	50 364		
APS 2	57 175		
APS 3 (Personal assistant)	64 850	0	0
APS 4 (Personal assistant)	71 852	8	575
APS 5 (Junior officer)	78 046	27	2 107
APS 6 (Junior officer)	92 583	18	1 666
EL 1 (Senior officer))	112 901	19	2 145
EL 2 (Manager)	142 789	22	3 141
SES 1(Branch head)	199 764	2	400
SES 2 (Division head)	256 798	2	514
SES 3 (Secretary)	340 298	1	340
Supreme Court judges	426 000	2	852
Magistrates	296 500	2	593
Tribunal member	260 000	1	260
Director of public prosecutions	400 000	1	400
Crown Solicitor	300 000	1	300
Total		106	13 293
Superannuation (% of salary)	15.40%		2047
Long service leave (% of salary)	2.60%		346
Total direct remuneration			15686

- 46 Using Table F-10, a total cost of \$26.1 million in 2016-17 dollars is estimated by dividing \$15.7 million by 0.6 to account for the contribution of 2016-17 total direct remuneration. To calculate the total cost in 2015-16 dollars, the 2016-17 total cost is scaled down by 2% to \$25.6 million.
- 47 Similarly, total direct remuneration in 2015-16 dollars are calculated as \$15.4 million by scaling down the same figure for 2016-17 of \$15.7 million by 2%.