

APPENDIX IV

DISCREPANCIES IN REPORTING OF FOI COSTS

Department of Finance

The Department of Finance's Annual Report 1984-85 stated:

The cost of Freedom of Information to the Department during the year was assessed as \$123,610. This cost was assessed in accordance with guidelines issued by the Attorney-General's Department and takes account of overheads. The overheads percentage used was calculated in accordance with the formula contained in Volume 4 of the Personnel Management Manual.¹

The 1984-85 FOI Annual Report 1984-85 at page 327 listed the total cost to the Department of Finance for that year as being \$65,630 made up of salary costs (including 88% overheads) of \$63,830 and non-labour costs of \$1800.² When the Committee raised the discrepancy with the Department at a public hearing, the explanation offered was that the difference resulted from differing methods of calculating overheads.³

A more detailed explanation was later supplied by the Department of Finance in a letter to the Committee dated 9 September 1986:

In calculating the costs, the Attorney-General's Department obtained from Finance an estimate of the staff years the latter had expended on FOI within three groups, viz FOI staff, decision makers and support staff. The cost calculations were done by the Attorney-General's Department on the basis that the staff years were multiplied by an average salary for each group and 88% added to the total for on costs. The same average

1. P. 63.

2. See similarly the figures for 1986-87: the Department of Finance Annual Report 1986-87, p. 127, gives the total cost of FOI as \$43,496; but the FOI Annual Report 1986-87, p. 112, lists the total cost as \$38,952.

3. Evidence, pp. 1198-99.

salaries were applied to all agencies and thus did not reflect actual salary expenditure within individual agencies.

The figure shown in the Finance annual report more accurately represents the salary costs for FOI in the Department. Actual salaries for each group were used rather than generalised averages and the calculation of the percentage on costs to be applied gave rise to a figure of 113.5%, primarily because of a higher incidence of computer services costs than that used in the example formula.

The Committee accepts that where a Department uses actual salaries it will not arrive at totals identical to those of the FOI Annual Reports, which use averages for salaries.⁴ But the Committee would expect the differences to be small if the average salary levels used to produce FOI Annual Report totals have been chosen carefully.

Yet, after allowing for the use of 113.5% rather than 88% to calculate on-costs, the actual salaries of those Department of Finance officers engaged in FOI duties must have been nearly 60% higher than the agency-wide averages used by the Attorney-General's Department to translate staff-hours as supplied by agencies into the dollar costs shown in the FOI Annual Reports. If these averages understate the actual salaries to this extent across all agencies, the staff cost of FOI, reported in the 1984-85 FOI Annual Report, page 328, as being \$18,441,299, is only about 60% of the actual cost.

There is some reason to suggest that the Department of Finance is atypical in that it uses more senior staff to process FOI requests than the agency-wide average. According to the 1984-85 FOI Annual Report 1984-85, Appendix E, the Department of Finance is one of only a few agencies where the authority to grant access and the authority to refuse access is confined to senior executive service level.

4. The FOI Annual Reports warn that this may occur: e.g. 1984-85 Report, p. 126.

The averages used in 1984-85 to produce the FOI Annual Report costs assume staff time spent on FOI falls into one of three groups, to each of which an average is assigned:

- . officers working wholly or partially on FOI \$25,800
- . principal officers and their advisers \$35,400
- . support staff \$14,800⁵

The average used for principal officers is below the salary level that applies at the lower end of the senior executive service scale.

The Committee does not consider that the averages used are only about 60% of the actual salary costs of all agencies. For the many agencies where FOI decision-making is done by junior and middle level officers, the averages are probably close to actual staff costs.

Nevertheless, the examination of the difference in reported costs did underline the fact that averages, not actual case-by-case costs, form the basis of the totals in the FOI Annual Reports. Whilst this need not necessarily lead to any large mis-statement of the actual costs, it is a reason to be cautious in using the figures in those Reports in any precise way.

Australian Broadcasting Tribunal

The Australian Broadcasting Tribunal's Annual Report 1984-85, page 28, stated that the 'total cost to the Tribunal for freedom of information activities in the [reporting] period was about \$16,000'. The ABT's total costs are shown as \$32,983 in the FOI Annual Report 1984-85. This is made up of \$25,666 salary cost + 88% overheads and \$7317 for non-labour costs. In the respective 1983-84 Reports, the totals given are \$21,500 and \$31,253.

5. FOI Annual Report 1984-85, p. 126.

The Australian Broadcasting Tribunal provided the Committee with an explanation of the discrepancy. In part, it arose from the Australian Broadcasting Tribunal's use of the actual salary levels of staff involved in FOI work. The FOI Annual Report figure was derived by multiplying staff hours (as supplied by the agency) by an average salary. In part, it arose because the Australian Broadcasting Tribunal added 85% to salary totals to reflect overheads, while the FOI Annual Report added 88%. According to the Australian Broadcasting Tribunal:

However, the discrepancies in the 1984-85 figures were principally caused by arithmetic errors made by both the Tribunal and A-G's. The Tribunal's original estimate of its salary costs was \$8,607-87, to which was added 85% on-costs of \$7,316-69, giving a total of \$15,924-56. On rechecking we have discovered that the salary cost for the hours reported should have been \$12,907-98. With the 85% on-costs added, the total should have been \$23,879-76. Using its own formula, A-G's estimated the Tribunal's costs, including salaries and 88% on-costs, at \$25,666. This figure is comparable with the Tribunal's revised calculation. However, the Department also added the Tribunal's earlier reported on-costs (\$7317) to give the reported total of \$32,983.

The discrepancy in the figures for the 1983-84 year also appears to approximate to the 85% on-cost figure reported by the Tribunal for that year.⁶

6. Letter from the Australian Broadcasting Tribunal to the Committee, 22 August 1986.