



Inquiry into the impact of the efficiency dividend on small agencies

The Chair of the Public Accounts Committee, Sharon Grierson MP, today announced that the Committee would inquire into the impact of the efficiency dividend on small public sector agencies.

The dividend was introduced in 1987-88. Each year, the public funding component of agencies' budgets has usually been trimmed by 1.25 per cent. For the 2008-09 year only, the Government increased the efficiency dividend by an extra 2 per cent. This implemented an election commitment.

The Chair stated, "The Committee is concerned that the efficiency dividend may have had a greater effect on small agencies than the larger ones. Small agencies often don't implement new policy, so they don't receive extra funding on a regular basis. It appears that for some agencies the only funding experience may be a constant shaving of their budget."

"Although they have small budgets, these agencies play a vital part in our system of government. They include the High Court, the Australian National Audit Office, the Ombudsman and the Parliamentary Departments."

Preliminary statistics of agencies' budgets between 2000-01 and 2008-09 show a noticeable difference in growth between types of agencies. For small agencies (budgets less than \$150 million per annum), their budgets grew by 27 per cent on average. For non-security large agencies, budget growth was 57 per cent. In the large security agencies, budget growth was 185 per cent on average. Over this period, the Consumer Price Index increased by 30 per cent.

Ms Grierson said, "Preliminary statistics suggest that the budgets of small agencies are barely keeping up with inflation, and have lagged behind the budgets of larger agencies. The Committee will examine the impact on smaller agencies' functions, performance and staffing arrangements."

For more information: please contact the Committee chair, Sharon Grierson MP, on 0412 291 654, the inquiry secretary on (02) 6277 4574 or at <http://www.aph.gov.au/house/committee/jpaa/efficdiv/index.htm>.