

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBE 570-574

Topic: Public Service Efficiencies (ATO)

Written: 29 November 2013

Senator LUDWIG asked:

570. Has there been a reduction in business flights? What are the estimated savings for each year over the forward estimates?
571. Has there been a reduction in the use of external consultants and contractors? Has this impacted on the Department/agency, and how? What are the estimated savings for each year over the forward estimates?
572. Provide an update of moving recruitment advertising online. Is any recruitment still in printed materials, and if yes, why? What are the estimated savings for each year over the forward estimates?
573. Has the department/agency reduced its printing costs? If no, why not? Have printing costs increased, and if yes why and how much?
574. Has the five per cent savings target been achieved – if yes, how, or if it will not, why not? What are the estimated savings for each year over the forward estimates?

Answer:

570. From 1 July to 30 November 2013, the number of business class bookings reduced by 9.9 per cent (compared with the same period in 2012). Associated expenditure fell by \$237,650 or 8.5 per cent.

Table 1: Year on year comparison of ATO domestic business class travel

| Business class travel (domestic) | 2010-11 | 2011-12 | 2012-13 | 2013-14 to YTD Nov 13 |
|----------------------------------|---------|---------|---------|-----------------------------|
| Airfares (\$m) | 7.7 | 7.1 | 6.6 | 2.6 |
| Percentage reduction | - | ▼7.5 | ▼6.8 | - |

Savings over the forward estimates are difficult to estimate. The ATO will continue to closely monitor travel expenditure including business class travel, seeking ongoing opportunities to minimise expenditure on travel.

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571. The ATO engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. While the ATO is committed to reducing discretionary expenditure on contractors, approximately 77 per cent (\$930 million) of the ATO's 2013-14 supplier budget (approximately \$1.2 billion) is made up of fixed medium to long term contractual arrangements, including property leases and IT contracts.

While there have already been savings achieved in supplier expenditure, the large non-discretionary component of the ATO's supplier budget limits the capacity to find significant savings from this source. For example, the table below shows a downward trend in expenditure on consultancies over the period from 2007-08 to 2013-14.

Savings over the forward estimates are difficult to quantify, however the ATO will continue to closely monitor external consultants and contractors expenditure.

Table 2: Consultancy expenditure – 2007-08 to 2012-13

| Year | Total Expenditure (\$) |
|---------------------------|------------------------|
| 2007-08 | 22,053,114 |
| 2008-09 | 28,117,188 |
| 2009-10 | 11,804,233 |
| 2010-11 | 11,511,263 |
| 2011-12 | 9,784,869 |
| 2012-13 | 8,356,291 |
| 2013-14 - YTD 30 Nov 2013 | 5,346,024 |

572. All ATO recruitment advertising is online, aside from some approved exemptions and exceptions permitted by the APS *Non-Campaign Recruitment Advertising Policy*. Exceptions include advertising in regional newspapers for vacancies in sites such as Albury, Townsville, Alice Springs and Darwin.

In addition, the ATO was granted an exemption by the Department of Finance and Deregulation for a newspaper advertisement in relation to a recent Second Commissioner vacancy. The exemption was based on the role being a high-profile position which required specific knowledge, skills and experience.

Savings over the forward estimates are difficult to quantify, however recent changes to APS recruitment arrangements will reduce recruitment advertising in the short to medium term.

573. In 2013-14 to 30 November 2013, the ATO printing costs have reduced by \$147,948 (12 per cent) compared to the same period in the previous year.
574. Refer SBE 573 above. Yes, printing costs have reduced as the ATO seeks to decrease the volume of printed material it produces in favour of online access to many publications. Savings over the forward estimates are difficult to quantify, however the ATO will continue to closely monitor printing expenditure.