

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Group 3

Question No. 77

Senator Seselja asked the following question at the hearing on 24 February 2014:

1) Is the Commission facing a potential loss in the 2013-14 financial year?

If yes, when did the Commission begin to exceed its estimates or realise it was facing difficulties for forward periods?

2) What are the reasons for the erosion of the financial position of the Commission from the start of year figures?

3) Have any of the Commission's programmes or areas of work been defunded, ceased or reduced over the last three years?

4) Has the Commission made a submission to the Department of Finance for funds to manage staff reductions, drawing on the provision in MYEFO?

5) What are your current and forward plans for staff reductions, including redundancies?

6) How many of these reductions and redundancies relate to efficiency dividends?

7) How many relate to decisions made in the 2013 budget or earlier to cease or terminate programs?

8) If redundancies have been offered to staff, when were the decisions to offer redundancies made?

The answer to the honourable senator's question is as follows:

1) The ACC is facing a potential loss of \$1.2m in the 2013–14 financial year. The loss in 2013–14 was quantified in January 2014.

2) The operating loss comes as a result of changes in timing of the finalisation of the National Indigenous Intelligence Task Force (NIITF) and the reduction in the ACC's staffing levels as a result of voluntary redundancies following savings measures announced up to the Pre-Election Financial Outlook.

3) The ACC's budget position has reduced in recent years, primarily due to efficiency dividends and increased costs. To address this, the ACC has implemented a scalable operating model enabling more flexibility in assigning resources to priorities as they arise, and reducing work effort against lower priority work. The ACC has also cut all non-essential positions and supplier expenses.

The decline in appropriation can be seen in the below table:

| in \$'m | 2010-2011 | 2011-2012 | 2012-13 | 2013-14 | Comparison |
|---|----------------|----------------|---------------|---------------|--------------|
| | Actual | Actual | Actual | Budget | to 10-11 |
| Appropriations | 92.166 | 90.602 | 88.635 | 89.7 | 97.3% |
| State and Territory Funding | 2.296 | 2.392 | 2.526 | 2.589 | |
| Jurisdiction funded resources | 1.844 | 1.975 | 2.129 | 2.000 | |
| Other S31 Revenue | 7.327 | 6.106 | 5.058 | 2.479 | |
| Total Revenue | 103.633 | 101.075 | 98.348 | 96.768 | 93.4% |
| CPI Index | 99.2 | 100.4 | 102.8 | 104 | |
| Indexation Factor | 1.05 | 1.04 | 1.01 | 1.00 | |
| Indexed Approp | 96.626 | 93.851 | 89.670 | 89.700 | 92.8% |
| Indexed Revenue | 108.648 | 104.699 | 99.496 | 96.768 | 89.1% |
| Efficiency Dividends and Savings | (3.696) | (5.083) | (8.891) | (10.458) | |
| | Actual | Actual | Actual | As at Dec 13 | |
| FTE (excl. Secondees) | 606.61 | 565.21 | 553.94 | 536.73 | 88.5% |
| FTE including Secondees and contractors | 689 | 622 | 597 | 581.73 | 84.4% |

4) Yes.

5) An internal Workforce Optimisation Project commenced in 2013 to better understand the resource distribution and criticality of positions within the ACC and improve the efficiency of the Commission. This work continues and is contributing to the ACC's strategic plan and to discover, understand and respond to achieve our vision to combat serious and organised crime. The ACC is currently not offering any redundancies to staff. However, application of savings measures means future redundancies may be necessary.

6) Where possible, the ACC has looked across the Commission to reduce expenses. This has included reducing supplier costs, staff expenses where appropriate and minimising recruitment of non-essential positions. Since February 2013, the ACC has been working to realise a reduction in staffing levels to meet its affordable Average Staffing Levels (ASL) as published in the 2013–14 Portfolio Budget Statements.

7) No reductions or redundancies relate to decisions made in the 2013 budget or earlier to cease or terminate programs. Reductions and redundancies have been a result of declining appropriations since 2010-11, the effect of efficiency dividends and rising costs.

8) In July 2013, the ACC commenced a number of reduction strategies including a voluntary redundancy strategy specifically targeting Executive Level 2 positions. The ACC offered a total of seven redundancies to six Executive Level 2 staff and one SES B1 staff.