

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 96**Topic: Consultancies (ATO)**

Senator Bushby asked:

1. How much has the Department spent on consultancy services since Budget Estimates 2010? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (ie. open tender, direct source, etc).
2. How can the department justify this expenditure?
3. How many consultancies have been undertaken or are underway since Budget Estimates 2010? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (ie. open tender, direct source, etc).
4. Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since Budget Estimates 2010 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.
5. Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?
6. Has there been any change in the consultancies planned for this calendar year since Budget Estimates 2010? If yes, have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.
7. Could the Department provide a complete list of current consultancy services? For each consultancy, please indicate the rationale for the project and its intended use. For each consultancy, please indicate why the Department or its agencies could not have undertaken the work themselves.

Answer:

This response is limited to the ATO and does not include information relating to the broader Treasury portfolio.

For the purposes of this response, consultancies are classified in accordance with Financial Management Guidance (FMG) No.15. The figures quoted do not include arrangements for less than \$10,000 which are not required to be gazetted on AusTender.

1. In the current financial year (01 July 2010 to 31 October 2010) the ATO has spent \$1.5 million (including GST) on consultancy services. This consists of \$1.021 million

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against contracts awarded in prior years and \$0.479M in contracts awarded in the 2010-11 financial year.

2. The use of consultants by the ATO is justified where there is a need for a specialist or professional skill not able to be sourced from within the agency, a need for independent research or where the skills required are not available within the agency.
3. In the current financial year (01 July 2010 to 31 October 2010) the ATO has entered into 46 new consultancy arrangements totalling \$2.3 million (GST inclusive). Attachment A sets out the following details for each consultancy entered into in the current year:
 - name of the consultant,
 - a brief description of the consultancy,
 - the duration of the consultancy,
 - the gazetted cost of the consultancy, and
 - the method of procurement.
4. The following table details the total value of consultancy contracts awarded and actual expenditure on consultancy services by year. All figures include GST.

Financial year	Total value of consultancy contracts awarded	Expenditure against contracts awarded in prior years	Expenditure against contracts awarded in the current year	Total expenditure
2008-09	\$22,895,119	\$10,682,968	\$17,434,220	\$28,117,188
2009-10	\$11,010,308	\$3,662,171	\$8,142,062	\$11,804,223
YTD Oct 10	\$2,323,923	\$1,021,450	\$478,793	\$1,500,243

5. The ATO updates the AusTender website on a regular basis in accordance with the Commonwealth Procurement Guidelines. The ATO 2010-11 Annual Procurement Plan was published on 1 July 2010 and all approaches to market are advertised on AusTender as they become known. When a preferred supplier has been determined, the contract arrangement is gazetted on AusTender. The figures on AusTender are correct.
6. As at the date of this response there has been no change to the planned consultancies for the calendar year since the Annual Procurement Plan was published. If, as the year progresses the requirement for further consultancies emerges the ATO will publish updates as part of its quarterly Annual Procurement Plan update on AusTender. The ATO is currently collecting data for our next quarterly update.
7. In addition to the consultancies identified in Attachment A, there are a number of consultancy arrangements entered into in prior years which are still operational in the current year. Details of these consultancies are set out in Attachment B. Attachments A and B represent a complete list of all consultancy arrangements that have been active or continue to be active during the current financial year. The intended use of the

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consultancy service can be ascertained from the column labelled subject matter. The rationale for the use of a consultant is listed in the column labelled reason to employ.

Attachments:

A: Consultancies commenced since July 2010

B: Consultancies commenced prior to July 2010