

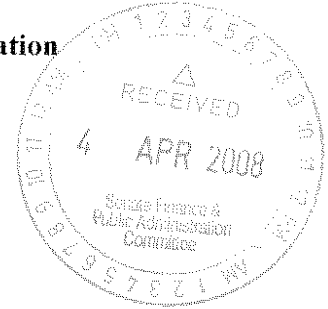
Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Finance and Deregulation Portfolio

Department of Finance and Deregulation

Additional Estimates Hearing – February 2008



Question: F59

Outcome 1, Output 1.1 and 1.2

Topic: Efficiency Dividend

Hansard Page: F&PA 80

Senator MURRAY asked:

What are the chief effects of that efficiency dividend on your department?...

Dr Watt—There is the existing dividend, which was already in our base, as it is for all agencies, of one per cent going forward for 2008-09 and beyond, there is the additional quarter of a percentage point that was announced by the previous government, which starts in 2008-09; and then there is the additional one-off dividend of two per cent announced by the then opposition and phased in in 2007-08. We are currently going through our budget review committee arrangements. We are reviewing our own internal budget in the light of the efficiency dividend and one or two other things that we will have to absorb. We have not finished that review. In fact, we have only just started it. We had papers prepared through the Christmas period and we are working our way through it now.

Senator MURRAY—Could I therefore ask you on notice that when you have completed your assessment you advise the committee of the affects of that?

Dr Watt—I am happy to do that....

Senator MURRAY—...I want you to tell the committee within the more narrow confines of my questioning whether, if I can summarise it, your role as a fiscal tool in this present environment will be diminished in any way.

Dr Watt—I am happy to take that on notice, when we have finished our budget review.

Answer:

1. The effects of the efficiency dividend on the Department of Finance and Deregulation are as detailed below.

Dividend	2007-08	2008-09	2009-10	2010-11	Total
	\$m	\$m	\$m	\$m	\$m
Election commitment saving: 2% efficiency dividend	0.96	4.08	3.95	4.00	12.98
Efficiency dividend - increase in the rate from 1% to 1.25%	-	0.58	1.05	1.59	3.22
Total Savings	0.96	4.66	4.99	5.58	16.20

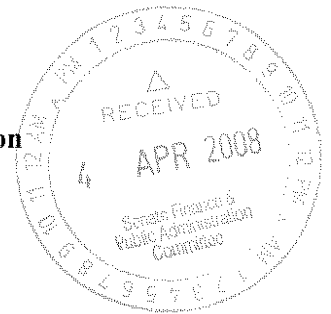
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2. As with all agencies we will have to reduce some of our activities and will do so to minimise the overall impact on our outcomes and outputs.