

**Standing Committee on Finance and Public Administration**

ANSWER TO QUESTION ON NOTICE

Supplementary Budget Estimates Hearing – October 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

**Outcome 2, Program 2.1**

**Topic: Savings**

**Question reference number: F33a, 33b and 33c**

**Type of Question: Hansard F&PA 29 - 34, 20 October 2009**

**Date set by the committee for the return of answer: 4 December 2009**

**Number of Pages: 3**

**(a) Senator Coonan asked:**

Have there been any savings on consultancies? ... I would like to know what the minister has achieved by way of reductions, as he promised, specifically in relation to advertising expenditure, specifically in relation to expenditure on consultancies, specifically in relation to non-defence related recruitment expenses, specifically in relation to opinion poll and market research spending and specifically in relation to media monitoring undertaken by departments.

**Answer:**

Information on spending on campaign advertising is published each year in the report Campaign Advertising by the Australian Government. This report is available from the Department of Finance and Deregulation (Finance) website.

In relation to non-defence related recruitment please see the response provided to question F33b.

Finance does not monitor agency expenditure on consultancies, opinion poll and market research or media monitoring. To provide an aggregated figure for savings achieved in each department and agency, in the above categories, would require analysis of annual reports for all departments and agencies over a number of years. This would be an unreasonable diversion of resources.

**(b) Senator Coonan asked:**

Do you have some way in which you can inform the committee what savings have been achieved for non-defence related recruitment expenses?

**Answer:**

No information is available at this level until 1 July 2009 when a new contract for non-campaign advertising became fully operational.

## Standing Committee on Finance and Public Administration

### ANSWER TO QUESTION ON NOTICE

#### Supplementary Budget Estimates Hearing – October 2009

#### Department of Finance and Deregulation

#### Finance and Deregulation Portfolio

However, for non-campaign advertising, which includes Recruitment, Tender and Public Notices, for all *Financial Management and Accountability Act 1997* (FMA) expenditure in 2008 was \$44.9 million compared to \$63.9 million in 2007 calendar year. For 2009, up to 31 October 2009, non-campaign advertising expenditure was \$34.1 million.

Recruitment advertising in broad terms is estimated to contribute to about 80 per cent of the non-campaign advertising expenditure.

Based on the above data estimated recruitment advertising expenditure in 2008 for all FMA agencies including defence was about \$36 million compared to about \$51 million in 2007. For 2009, up to 31 October 2009, estimated FMA recruitment advertising expenditure including defence was about \$27 million.

From 1 July 2009 to 31 October 2009 non-defence FMA recruitment advertising expenditure was \$4.9 million. Defence related recruitment expenditure is interpreted as recruitment advertising placed by the Department of Defence and Defence Materiel Organisation.

#### **(c) Senator Coonan asked:**

Is the study undertaken by the Department of Finance and Deregulation (Finance) concerning media monitoring services available, and if so, would you produce it?

#### **Answer:**

The study referred to was internal to Government, undertaken by Finance over the period of June and July 2008, to determine if there were possible savings from a more coordinated approach to media monitoring. The study contains some commercially sensitive information and was not released to agencies or more broadly for comment. However, a summary of the report is provided that establishes the background to the report and captures the essence of its findings. The findings were in the context of an identified spend of \$8.9 million in both 2006/07 and 2007/08 on media monitoring services by substantial (Management Advisory Committee (MAC)) agencies.

Based on the findings of the report, actions were established to:

- produce good practice guidance (the Guide) for agencies to follow in the area of media monitoring services;
- issue the Guide to agencies with a request to undertake a review of their media monitoring services where one has not already been undertaken; and
- remind agencies of their existing reporting requirements.

**Standing Committee on Finance and Public Administration**

ANSWER TO QUESTION ON NOTICE

**Supplementary Budget Estimates Hearing – October 2009**

**Department of Finance and Deregulation**

**Finance and Deregulation Portfolio**

The Guide, which has been developed on information gathered at a meeting facilitated by Finance to allow agencies to share the benefits of best practice approaches to media monitoring, has been circulated to MAC agencies for comment. Once MAC agencies have had the opportunity to comment on the Guide, Finance intends that it be released formally.

**OVERVIEW**  
**MEDIA MONITORING SERVICES -**  
**MANAGEMENT ADVISORY COMMITTEE**  
**AGENCIES**

**Department of Finance and Deregulation**  
**July 2008**

## Media Monitoring Services - MAC Agencies

1. The Cabinet Secretary asked through the Department of the Prime Minister and Cabinet, that the Department of Finance and Deregulation (Finance) undertake a review of key departments and agencies to determine the costs and scope of media monitoring services and collect information on current service providers, including for provision of media monitoring services to Ministerial offices. The review was intended to inform options for the future management of media monitoring services, including an assessment of any benefits from a whole of government contractual arrangement for media monitoring services.
2. Finance conducted a survey of the 24 Management Advisory Committee (MAC) agencies, seeking information on media monitoring services being provided to agencies and Ministerial offices. Information was collected on expenditure, scope of services and service providers.
3. Finance also conducted a workshop, attended by representatives from 16 MAC agencies, to:
  - a. inform the review and assessment of agency responses to the survey; and
  - b. allow agencies an opportunity to share better practice approaches to the management of media monitoring services.
4. Finance examined the media monitoring arrangements in place for Finance and for the Department of Immigration and Citizenship (DIAC), as these agencies had recently reviewed media monitoring services management arrangements. In doing so, they had been able to achieve significant savings and demonstrate better governance (through for example, reduced spending and improved management and decision making arrangements for the provision of services), having established different arrangements given their agencies' needs.
5. The key findings of the survey are:
  - a. A small number of agencies that have already taken action to review their management of media monitoring arrangements have achieved significant savings.
  - b. Expenditure for a small number of agencies has increased significantly in the last year.
  - c. Requirements of agencies are diverse, with very different needs for most agencies. For example, monitoring of international media for trade purposes is not relevant to the operations of most agencies, or to international media monitoring for a purpose such as quarantine.
  - d. Around half of the agencies are not able to separately identify the cost of providing media monitoring services to their Ministerial offices.
  - e. Over-servicing is a common problem. Agencies view the provision of media monitoring services based on 'key word' searches results in a significant proportion of irrelevant articles being 'pushed' to agencies, with each article increasing the cost.
  - f. The majority of agencies have contracts that will end in the period mid to late 2009. Around half the agencies have 'terminate for convenience' clauses in their contracts.

## ***Key Findings of the Report***

6. Key conclusions of this report are:
  - a. The relatively low total expenditure by agencies on media monitoring services offers limited opportunity for savings from establishing a whole of government arrangement, with costs and risks arising from:
    - i. costs of establishing new centralised contracting arrangements; and
    - ii. the delay in achieving savings from much larger cooperative procurement contracting arrangements if Finance was required to divert effort from products that can afford more significant savings (such as air travel and telecommunications).
  - b. The key opportunity to achieve savings is through a program of activity for agencies to actively manage provision of their own media monitoring services, including through arrangements to control and monitor demand. This activity is also likely to benefit from sharing of experience across agencies through an agency meeting. A requirement to address this issue is best advised through a letter from the Finance Minister to portfolio Ministers.
  - c. Opportunities to undertake cooperative procurement across agencies with like needs should be identified and investigated through the media monitoring services agency meeting. While cooperative procurement offers less of an opportunity for significant cost savings, it is not accompanied by some of the costs and risks attached to a whole of government approach to the market, and offers the opportunity for agencies to collaborate to achieve improved service provision.
  - d. Whole of government arrangements are likely to be complex and costly to implement with limited opportunity to obtain savings given relatively low expenditure.
  - e. A whole of government approach is likely to impinge on larger savings objectives for cooperative procurement contracting.
  - f. The efficiency dividend already provides a basis for encouraging savings from media monitoring services.
  - g. There are limited opportunities to realise any benefits from a single whole of government arrangement for the provision of media monitoring services to Ministerial offices. Regular reporting of the costs of services would assist in reducing expenditure.