

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program: 1/1.1

Topic: Savings proposed for business class travel

Senator: Ryan

Question reference number: F28

Type of question: Hansard, F&PA Committee, Pages 56 & 57, 16 October 2012

Date set by the committee for the return of answer: Friday, 30 November 2012

Number of pages: 4

Question:

Senator RYAN: Is it possible to get a copy of that advice?

Senator Wong: Disaggregation by portfolio? Is that what you are asking?

Senator RYAN: I was after the disaggregation, but I was also after the instruction.

Senator Wong: About?

Senator RYAN: The instruction to agencies.

Mr Tune: There is a standard letter that I wrote in conjunction with Ian Watt, Secretary of PM&C, to each secretary. That letter has a standard text. I can supplement that by giving you the detail of agency by agency.

Senator RYAN: That is fine. It would be very helpful.

...

Senator RYAN: I appreciate that. There was also a statement about reducing the Public Service's reliance on external consultants and contractors. Again, can you provide a breakdown? I will assume it is by portfolio.

....

So it was just a flat percentage of the spend by portfolio?

Answer:

Portfolio Allocations of Targeted Savings 2012-13

While indicative savings by portfolio are outlined in the table below, portfolio specific factors will influence savings actually achieved.

Portfolio	Recruitment Advertising	Printing & Publishing	Consultants	Domestic Travel	International Travel	Total
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Agriculture , Fisheries and Forestry	48.92	97.24	1014.47	636.19	206.10	2002.92
Attorney General's	409.73	787.21	8213.06	3528.22	818.65	13756.85
Broadband, Communications and the Digital Economy	28.96	35.35	368.80	297.46	0.00	730.57
Climate Change and Energy Efficiency	30.67	54.22	565.68	256.44	111.32	1018.33

Education, Employment and Workplace Relations	91.88	251.25	2621.31	1717.90	0.00	4682.33
Families, Housing Community Services and Indigenous Affairs	60.10	173.35	1808.57	1357.17	0.00	3399.19
Foreign, Affairs and Trade	222.09	485.34	5063.65	1870.57	1427.29	9068.94
Finance and Deregulation	151.21	118.72	1238.61	181.69	69.35	1759.57
Health and Ageing	126.28	223.49	2331.69	1903.79	0.00	4585.25
Human Services	133.34	1172.17	12229.37	4131.39	0.00	17666.26
Immigration and Citizenship	39.66	401.09	4184.59	1537.19	514.11	6676.63
Industry, Innovation, Science, Research, and Tertiary Education	56.19	243.98	2545.52	1544.90	656.80	5047.39
Infrastructure and Transport	4.85	93.21	972.43	531.97	67.37	1669.83
Parliamentary Departments (excluding Department of the Senate and Department of the House of Representatives)	6.31	34.52	360.17	0.00	0.00	401.00
Prime Minister and Cabinet	58.81	85.35	890.52	286.81	50.91	1372.40
Regional Australia, Local Government, Arts and Sport	47.40	37.69	393.19	186.31	0.00	664.58
Resources, Energy and Tourism	54.51	96.62	1008.00	227.97	148.48	1535.57
Sustainability, Environment, Water, Population and Communities	100.90	235.45	2456.45	740.98	164.22	3698.01
Treasury	504.06	1330.69	13883.25	4230.20	146.45	20094.65
	2175.85	5956.91	62149.32	25167.14	4381.05	99830.28

Instruction to Agencies

The following content was provided to portfolio secretaries affected by the target savings with only minor variations on 3 September 2012.

Dear

We are writing to you regarding the recent decision made by Government regarding further departmental savings [REDACTED].

Government agreed to the total savings to be allocated by portfolio and asked that the breakdown of the funding reduction between your Department and agencies within the portfolio be agreed between us. The final agreed amounts will be reflected in the Mid-Year Economic and Fiscal Outlook. You should note that the total savings for your portfolio is fixed.

As you are aware, the savings were identified by examining four areas: non-recruitment advertising; printing and publications; consultants and contractors; and domestic air travel. The decision was also made to include international travel. However, you have the discretion to find the quantum of savings from anywhere within your portfolio and you will not be required to report on the savings found in these areas.

Attached to this letter as a guide, is a breakdown by agency within your portfolio for 2012-13 and the forward years (Attachment A). This was how the savings were allocated when calculating portfolio totals and is notional only. An explanation of how the calculations were arrived at is also provided at Attachment B.

Please confirm in writing to Mr Tune by 30 September your allocation of savings for 2012-13 and the forward years included in Attachment A. The contact for the Department of Finance and Deregulation is Ms Rosemary Deininger, First Assistant Secretary, Implementation and Performance Improvement Division. Ms Deininger can be contacted on 6215 3005 or rosemary.deininger@finance.gov.au.

Yours sincerely

Dr Ian Watt AO
Secretary
Department of the Prime Minister and Cabinet

Mr David Tune PSM
Secretary
Department of Finance and Deregulation

3 September 2012

3 September 2012

Attachment A

For the purpose of this question on notice, please refer to above table that provides portfolio totals of the targeted savings for 2012-13.

Attachment B

DESCRIPTION AND BASIS FOR THE CALCULATIONS

Non-Campaign Recruitment Advertising

New non-campaign recruitment advertising policy requires *Financial Management and Accountability Act 1997* (FMA Act) agencies to cease recruitment advertising in metropolitan and national newspapers and advertise those opportunities on-line.

The non-campaign recruitment advertising savings were based on a comparison of the total cost of composite advertisement for 2010-11 less the estimated cost if the 2010-11 composite advertising had been placed on-line. Savings for each portfolio were estimated using the level and distribution of all FMA Act agencies expenditure on non-campaign recruitment advertising in 2010-11.

Printing and Publishing

Government sought for savings to be made from a reduction in printing and publication expenses in 2012-13. Going forward, this will be supported by an investigation for an approach across government for publications to be 'on-line only', except where required under legislation or for accessibility reasons. The total savings across government seek for an approximately 5% reduction in 2012-13 (from 2010-11 levels) recognises that an immediate large reduction in printing and publications is not necessarily feasible, based on current requirements (including legislative, regulatory, accessibility requirements and current contracts). The total savings across Government have been allocated by portfolio based on the same allocation as the one-off Efficiency Dividend.

Consultants and Contractors

In 2010-11 Australian Government entities spent approximately \$2.08 billion on consultancies and contractors. It is proposed that to support savings, a reduction in consultancy and contractor expenditure be made across Australian Government entities. The total savings across Government have been allocated by portfolio based on the same allocation as the one-off Efficiency Dividend.

Domestic and International Air Travel

Government sought for savings to be made from a reduction in domestic air travel expenditure through changes to travel management behaviour regarding: reducing domestic business class travel; the use of flexible airfares; reducing the volume of domestic travel; and utilising Teleconferencing facilities and other technological alternatives. The savings are based on the top 30 spending agencies (excluding Defence), which represents about 83 per cent of domestic travel expenditure.

The savings are based on a five per cent reduction in the volume of domestic travel; movement of 75 per cent of the Canberra-Sydney-Melbourne business class flights to economy class; and 70 per cent of the total saves possible for moving fully flexible economy class flights to semi-flexible. The factor of 25 per cent and 30 per cent above is primarily an estimate of the potential availability of the fares to be purchased by agencies and recognises that these options may be required in some instances.

Government sought for savings to be made from a 5 per cent reduction in international air travel expenditure. The savings are based on the top 21 spending agencies (excluding Defence), which represents about 83 per cent of international travel expenditure. The threshold of spend per Agency was approximately \$1 million international expenditure including Trans Tasman expenditure across all cabin classes (First class, Business class and Economy class).