

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2016-17

Finance Portfolio
28 February 2017

Department/Agency: Finance
Outcome/Program: 2/2.2
Topic: Government waste

Senator: Xenophon
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Type of question: Written
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Number of pages: 2

Question:

Given that government and opposition politicians have all raised concerns over time and had policies on government waste:

1. Is there a central government authority responsible for the elimination of waste?
2. If so
 - a. Is there a government wide definition on the meaning of 'waste', and if so, what is that definition?
 - b. How does this central government authority monitor and manage waste within the Department?
 - c. Is there a central government mechanism (e.g. phone number, email address, web site) for public servants or contractors to report Departmental waste?
 - d. How much Departmental waste was identified by the central government authority in FY 13/14, FY 14/15 and FY 15/16?

Answer:

The Department of Finance has responsibility for expenditure review and control, which includes responsibility for coordinating efforts to eliminate waste and improve public sector efficiency and productivity. There are a number of whole-of-government strategies and frameworks that seek to drive efficiency. Initiatives aimed at improving the efficiency and effectiveness of the Commonwealth public service include:

- comprehensive Functional and Efficiency Reviews, which provide independent advice to Government on opportunities to remove inefficiency or reduce lower priority expenditure so that finite public resources are focused on the activities that matter most. Outcomes announced to date have delivered savings of around \$2.7 billion;
- Smaller Government reforms to the size and structure of Government, with announced savings of \$1.5 billion since 2013-14;
- a requirement that all new spending be offset by reductions in spending elsewhere within the budget, as set out in the Government's budget repair strategy;
- the efficiency dividend, which has driven reform to inefficient programs and practices. In the 2016-17 Budget the Government announced that it would maintain

the efficiency dividend at 2.5 per cent in 2017-18, then reduce it to 2 per cent in 2018-19 and further reduce it to 1.5 per cent in 2019-20;

- Operation Tetrus has successfully filled over 60,000 square metres of previously vacant and surplus office space under lease in and around Canberra, realising savings of over \$250 million over 10 years;
- consolidation of Shared and Common Services (financial and human resources), with structural changes expected to achieve annual savings of \$38 million to \$59 million by 2021-22;
- a more rational property portfolio, by divesting surplus properties to align property holdings with current and anticipated needs;
- streamlined Government grants administration, with two hub agencies streamlining their grants management processes, and 11 other granting agencies transitioning their grant programs to one of the two hubs; and
- the Digital Transformation Agenda, with the savings impact of many of these reforms to build over time.

In the 2016-17 Budget the Government also provided \$500 million for the Public Service Modernisation Fund to support new and continuing initiatives that modernise, transform, and improve the efficiency of the public sector. Government provided for this funding from the partial reinvestment of efficiency dividend savings.

Further detail of these initiatives can be found in the 2016-17 Budget Paper No. 4.