

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-2011, 20 October 2010

Question: E10-174

OUTCOME 0: Whole of Portfolio

Topic: EFFICIENCY DIVIDEND

Written Question on Notice

Senator Fierravanti-Wells asked:

- a) Has your portfolio started implementing the Government's savings election commitment of a maintaining the annual efficiency dividend on departmental expenses at 1.25 per cent?
- b) If not, why not? If yes, give details.
- c) Will any agencies in your portfolio be seeking an exemption to implementing the efficiency dividend?
- d) How do you think you will implement it? Give examples of the types of cuts you will make (i.e. no more pot plants in departmental buildings).
- e) Will there be cuts to staff? If yes, give details.

Answer:

- a) Yes.
- b) The Department and Health Ageing and portfolio agencies incorporate appropriation parameter adjustments into respective annual business planning cycles. All departmental appropriations are subject to a Wage Cost Index increase (generally 2.3%) and the efficiency dividend (presently 1.25%). The Department's business planning cycle commences generally six months before the start of the relevant financial year. This allows known funding pressures to be identified and prioritised including the impact of parameter adjustments.
- c) No.
- d) The department manages efficiencies dividends through on-going business process improvements and by obtaining improved value for money outcomes when contractual arrangements are entered into. More recently the Department of Finance and Deregulation has undertaken centralised procurement activities which allow savings to be achieved through a whole of government approach to market. Health portfolio agencies have access to these whole of government procurement arrangements.
- e) No.