

Senate Community Affairs Legislation Committee

SUPPLEMENTARY ESTIMATES - 18 OCTOBER 2012 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Efficiencies

Question reference number: HS 73

Senator: Boyce

Type of question: Written question

Date set by the committee for the return of answer: 7 December 2012

Number of pages: 3

Question:

- a) Please detail how the department/agency will achieve savings over the forward estimates through pursuing further efficiencies in the way the public service operates (see media release by the Minister for Finance and Deregulation and the Special Minister of State of 25 September 2012 http://www.financeminister.gov.au/media/2012/mr_1982012.html).

In addition, please provide the following detail:

- b) How will reductions in air travel spending be achieved? What is the estimated savings for each year over the forward estimates?
- c) What restrictions will be implemented for business flights? What are the estimated savings for each year over the forward estimates?
- d) How will the use of external consultants and contractors be reduced? How will this impact on the Department/agency? What are the estimated savings for each year over the forward estimates?
- e) How will the department/agency manage moving recruitment advertising online? Will all future recruitment advertisement be online only? If not, explain why. What are the estimated savings for each year over the forward estimates?
- f) How will printing costs be reduced? Explain if and how the department/agency will reduce its printing costs by five per cent, or if it will not, why not? How will it be determined what documents will no longer be printed? What are the estimated savings for each year over the forward estimates?

Answer:

- a) The Department of Human Services is achieving savings through efficiencies in the way the Department operates. Savings have been made through integrating corporate operations and cutting down on duplication and overlap of what were previously separate infrastructures.

- b) The Department is seeking to make savings in staff travel through:
- actively promoting the use of the lowest practical fare for all travel and implementing system enhancements to facilitate ease;
 - encouraging the use of video and teleconferencing technology as an alternative to travel;
 - approving travel only where it is essential and supported by a business case;
 - reducing business class travel; and
 - the recent implementation of an online booking tool which will reduce the cost of travel management fees, and assist staff to select best value fares and use tickets in credit.

Estimated savings for air travel is \$1million dollars in each year over the forward estimates.

- c) Non-SES staff and other APS employees and contractors are required to travel economy class for air travel within Australia when travelling at departmental expense. Non-SES staff may only travel business class in exceptional circumstances with the prior written approval of the employee's SES Band 1 officer (or higher) and supported by a documented business case.

SES employees must travel economy class for flights on the Canberra/Sydney or Canberra/Melbourne route for single leg trips. Business or premium economy class may be selected for all other domestic routes, if available.

In circumstances where business class is selected, officials are still required to obtain the lowest practical fare within the available fare choice for business class and not make a choice based on personal preference for a particular airline or aircraft type or access to airline lounges. SES employees are also requested to consider classes of air travel other than business class, where practical and reasonable to do so.

Estimated savings for air travel, including business class, is \$1million dollars in each of the forward estimates.

- d) The Department utilises external consultants only when a business need is identified to provide specialist services and advice when those skills are not available in-house or where independent research and assessment is required. Similarly, contractors are only used where they are the most cost-effective mechanism for meeting the Department's needs.

Requests for approval of consultancies and contractor arrangements are considered at a very senior level to ensure effective value for money assessment and consistency with the Commonwealth Procurement Rules. As the need for specialist services does not become apparent until specific issues or business needs are identified, the Department cannot plan for the use of consultants and, as a result, it is not meaningful to project potential implications of any reduction in use of consultancies or contractors or to estimate potential savings.

- e) The Department has aligned advertising of vacancies with the requirements of the Department of Finance and Deregulation's Non-Campaign Advertising Policy.

All vacancies are advertised through various online sites and only in exceptional circumstances, in line with the Non-campaign Advertising policy, will print advertising be used. This is managed through a centralised area within the Department ensuring that appropriate controls are in place.

Estimated savings for advertising is \$180,000 in each year over the forward estimates.

- f) The Department will achieve a reduction in printing costs by pursuing the following strategies.
- Effective and competitive procurement practices using a panel of print providers.
 - Increased use of online channels, including online claiming, transactions and communication.
 - Print rationalisation, which focusses on reducing the number of customer products printed and warehoused.
 - Implementing the ICT 'follow me' initiative, which aims to reduce printing by departmental staff.
 - Letter and form reduction.

The following are examples of initiatives underway to support the online channel and letter and form reduction strategies.

- Implementation of Medicare Direct Billing forms online, resulting in a significant reduction in the use of manual paper forms.
- Replacement of Medicare provider bulk bill cheques with Electronic Funds Transfer (EFT) payment arrangements.
- Implementation of a Department project referred to internally as 'Simplify and Reduce Letters' will see a reduction of letters being printed and posted. Letters which can appropriately be sent electronically to customers will need no printing costs.
 - As at week ending 2 November 2011, approximately 1.3 million customers have subscribed to receive their Centrelink letters electronically.

The 2011-12 printing budget for the Department was \$36.3 million. The Department expects it to be less for 2012-13, but is unable to quantify this.