

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2016-17 Supplementary Budget Estimates
20 October 2016

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Corporate Network Costs

REFERENCE: Question on Notice (Hansard, 20 October 2016, page 115-116)

QUESTION No.: SI-27

Senator KIM CARR: Let's go to corporate network costs. Again, I am referring to the incoming minister brief volume 2, prepared for Minister Hunt, which shows a total allocation to corporate ICT and related departmental services in 2016-17 of \$165 million. How does that compare to the previous year?

Ms Beauchamp: I responded to some claims about our corporate services that were reported a couple of weeks ago. We have had our corporate services benchmarked. In fact, we have had a large accounting firm undertake a functional efficiency review of the department that indicated our corporate services were around 14 per cent of our budget, which I think benchmarks very well in the public sector.

Senator KIM CARR: It is \$166.5 million for 2015-16. Is that an accurate figure?

Ms Weston: Can you clarify where the \$166 million is coming from? Is it based on the incoming government brief?

Senator KIM CARR: I am just trying to find the relevant page in the brief. I do not have it with me. Are you saying it is not true?

Ms Beauchamp: The reports that were made a few weeks ago are definitely not true; they are absolutely incorrect. We do have corporate services support in the order of 14 per cent. I think the number you are referring to may have been an addition of a number of divisions. Some of those divisions provide, for example, services to business through business.gov. We also provide parliamentary services. I do not see that as a corporate overhead.

Indeed, I see that as part of core business to government. There are also a number of services provided through the Office of the Chief Economist that provide evidence based evaluation and information to market, industry and business. I do not see those as corporate services either. From my point of view, what was reported and what was provided through the FOI has very much been misinterpreted.

Senator KIM CARR: Can you confirm that the figure of \$156.5 million was contained in the department's incoming government brief volume 2? Can you take that on notice?

Ms Beauchamp: There was not a separate figure of \$156.511 million; it was someone's addition of indicative budgets for a number of divisions—not all of the divisions but some.

Ms Weston: And some of those that were included are actually policy divisions rather than what people would term 'corporate' in a 'benchmarking of corporate' sense.

Senator KIM CARR: I will ask you to take it on notice.

ANSWER

The figure of \$156.5 million was not contained in the department's incoming government brief volume 2. The incoming government brief included indicative budgets for divisions. The \$156.5 million figure, reported in an article in The Australian, reflects the sum of the indicative budgets for a number of divisions, and incorrectly includes divisions and activities that are not corporate support costs for the administration of the department. Refer to the attached letter from the Secretary to the editor of The Australian on this matter.

Dear Editor

Your article, *Industry's own costs suck 42 pc of budget* (page 4, October 13), is misleading and I wish to clarify some points which appeared in the article.

For the record, and to report the facts, a recent independent review of the Department by a major accounting firm found the costs of the department's corporate services are in the order of 14 per cent of the department's budget.

This review is part of the Functional and Efficiency Reviews (refer Budget 2016-17 Paper 4, p2) which provide advice to Government on opportunities to remove inefficiency or reduce lower priority expenditure so that public resources are focused on the activities that matter most.

I would encourage you to view the department's website to see the important contribution the department makes in supporting the Government's focus on improving productivity, growth and jobs. It does this through supporting science and commercialisation, growing business investment, resources policy and regulation, improving business capability and industry transition, streamlining regulation and making it easier for businesses to engage with government.

We focus on engaging with key stakeholders, building the evidence base for government and businesses to make informed decisions, undertake regulatory functions with integrity and efficiency and provide services and programmes to support Government priorities. I am proud of the highly skilled and engaged workforce we have around the country to ensure we deliver our services efficiently.

Glenys Beauchamp PSM
Secretary, Department of Industry, Innovation and Science

(Note that The Australian published an abbreviated version of the letter.)