Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 1, Program 1.1
Topic: Reduction in Consultancy Costs

Question reference number: F38
Type of Question: Hansard, F&PA 99 and 100, 27 May 2009
Date set by the committee for the return of answer: 10 July 2009

Number of Pages: 1
Senator Coonan asked:

a) The second reason is that the minister made a very bold claim that consultancy costs would be cut by $350 million. I think I am quite entitled to ask how that is being done and whether in fact it happened.

…

b) That is very interesting because he attached to this press release a summary of Labor's savings and in fact this was listed and highlighted as an item, and there was no reference to it being rolled up in any way as efficiency savings.

…

c) All right. Can you take on notice and point out to me where there have been savings of $350 million in consultancies in the efficiencies, as he claimed?

a-c) Answer:

A $395 million reduction in consultancy costs was proposed by the then Shadow Minister for Finance, Mr Lindsay Tanner, in a media release dated 2 March 2007. Subsequently, on 22 November 2007, in a media statement entitled "Labor Delivers on Savings", the savings were incorporated instead within a separate proposed one-off additional 2 per cent efficiency dividend. A specific target for consultancy expenditure was not retained.

The one-off additional 2 per cent efficiency dividend was implemented by Government with effect from 1 March 2008.