



Australian Government

Department of Finance and Deregulation

Australian Expenditure and Strategic Reviews

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Ambassador and Permanent

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Australian Background

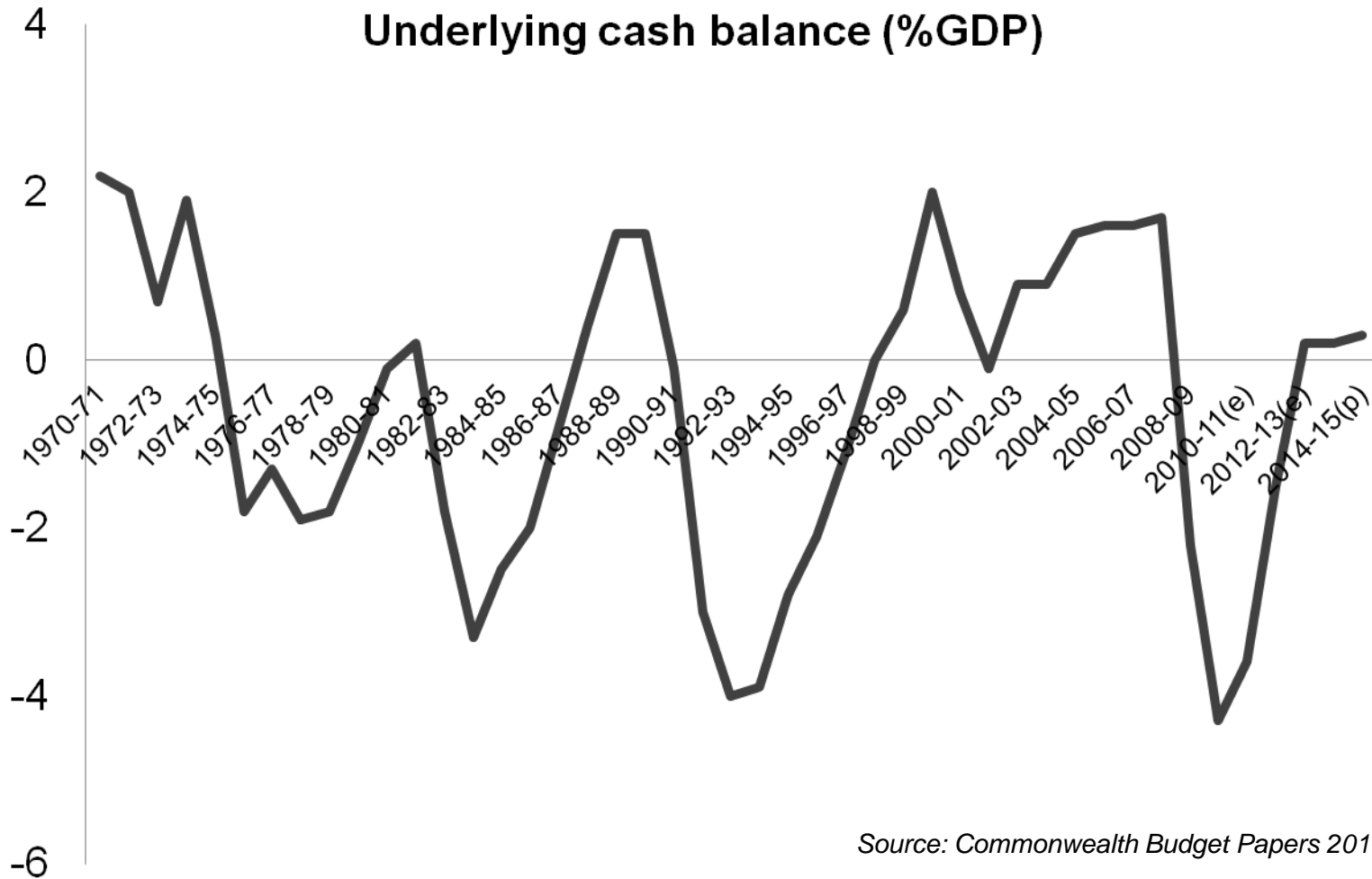
- Government structure
- Budget process
- Review mechanisms





Some fiscal context

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Source: Commonwealth Budget Papers 2011-12



Australian Typology

- Expenditure Reviews
 - Comprehensive Expenditure Review Programs
 - Tactical
 - Ad-Hoc Budget Reviews
 - Offsetting Savings
- Strategic Reviews
 - Targetted independent reviews of strategically significant policies, programs, agencies or activities.
 - Not specifically about savings
 - Primary aim to assist Cabinet decide priorities in budget formulation



Comprehensive Expenditure Reviews

- A new Australian Government was elected in 2007.
- Faced immediate budget pressure and needed to make room for its own new commitments.
- The new Government established an Expenditure Review Taskforce in February 2008 to identify cost savings in existing programs to relieve this pressure.
- Previous expenditure reviews included:
 - The 'Razor gang' (1980-81)
 - National Commission of Audit (1996)



Expenditure Review Principles

- Appropriateness
- Effectiveness
- Efficiency
- Integration
- Performance Assessment
- Strategic Policy Alignment

<http://www.finance.gov.au/budget/budget-process/expenditure-review-principles.html>



Outcomes of these reviews

- Comprehensive Expenditure Reviews
 - Specific savings and revenue options as part of the 2008–09 Budget totalling \$A 5.7 billion.
 - Savings of \$A 3.2 billion over the forward years announced in the 2009-10 Budget.
 - Savings announced in the 2010-11 Budget in excess of \$200 million over the forward estimates.
 - Improvements in the administration and delivery of Government programs.
- The Expenditure Review Principles have now been incorporated into Strategic Reviews.



Origins of Strategic Reviews

- Introduced in 2007.
- The Department of Finance and Deregulation manages strategic reviews as part of the Australian Government's broader performance and accountability framework.
- Complement decentralised *evaluations* conducted by agencies – but are typically broader/more strategic.
- A small number of high level strategic reviews every year.
- The emphasis is on major policy and spending areas focusing primarily on the overall *efficiency, effectiveness* and *appropriateness* of programs.



Developing Strategic Review Topics?

- A broad list of possible reviews is produced by the Department of Finance and Deregulation.
- This list is discussed with other central agencies of Government.
- Develop draft Terms of Reference.
- Consult affected agencies where appropriate.
- A prioritised selection of important Strategic Reviews (5 or 6 each year) is recommended to Cabinet for endorsement.
- The Government may also commission a Strategic Review at any time.



Management of Strategic Review

- Strategic Reviews undertaken by Finance department.
- Terms of reference (review scope) agreed by Ministers.
- Establish a Review Team, from existing Finance staff and people from relevant agencies.
 - May require leader with special skills and experience
 - May need expert consultants/advisers
- Form Reference Group of senior agency officials to meet periodically and discuss review progress.
- Ensure effective and wide consultation (within government at least) – but maintain necessary confidentiality.



Completion of Strategic Reviews

- Drafts of review report sent to relevant agencies for comment.
- Final Strategic Review report presented to Government.
- Further consultation with affected agencies.
- Finance and relevant agencies may present a separate follow-up document making recommendations to Government as part of the Budget process content.



Examples of Strategic Reviews

- Australian Government Climate Change Programs;
- Administration of Australian Government Grant Programs;
- Indigenous Expenditure;
- Future Direction for Australian Government Service Delivery;
- Job Capacity Assessments Program; and
- Geoscience Australia.

<http://www.finance.gov.au/publications/index.html>

http://www.finance.gov.au/foi/disclosure-log/2011/foi_10-27_strategic_reviews.html



Outcomes from Strategic Reviews

- Strategic Review – Job Capacity Assessment (2009-10)
 - Savings of \$A 383 million over 4 years.
 - More efficient and accurate assessments for Disability Support Pension and employment services.
- Strategic Review – Geoscience Australia (2010-11)
 - Main activities of Geoscience Australia soundly based on serving the government's interests in facilitating resource development and managing the natural environment.
 - Recommended improvements to strategic planning, priority setting and performance reporting.



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Conclusions and Questions

www.finance.gov.au