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From: Trevor Plowman
Sent: Monday, 6 February 2012 10:56
To: Cherie Stitz
Subject: FW: Copy of 2012-13 Budget after ED 110112 V@.xls [SEC=UNCLASSIFIED]

Attachments: Copy of 2012-13 Budget after ED 110112 V@.xls
Security Classification: UNCLASSIFIED

From: Trevor Plowman
Sent: Friday, 13 January 2012 13:22
To: Ray Canterford; Cherie Stitz
Subject: Copy of 2012-13 Budget after ED 110112 V@.xls [SEC=UNCLASSIFIED]

DCB and ED savings attached.

Hope this was what you were looking for.

Trevor

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Initiatives to meet the additional Efficiency Dividends

Planning is still progressing with each Division and Program within the Bureau to determine measures and actions to meet the Additional Efficiency Dividends (2.5%) and reduction in DCB (20%) and to contain expenditure within budget allocation. Reductions in Departmental Capital have a flow on impact to our operating activities, so assessments are still underway to determine best course of action.

A number of initiatives are being consider including:

Capital Program

Operating Budget Savings:

As above planning is underway, and a broad range of initiatives have been considered. Including

- Review service and staffing levels across all functions
- Review property operating lease holdings
- limit non essential staff movements
- Reduction in over time and higher duties
- Reduce travel and increase use of video conferencing
- Reduce level of expenditure on fee for service activities
- Explore structure savings

From: NEVILLE SMITH
Sent: Sunday, 4 December 2011 20:51
To: Rob Vertessy; Trevor Plowman
Subject: RE: MYEFO implications for BoM [SEC=UNCLASSIFIED]

Doc 3

Rob

The analysis is more or less at the same place, though there is a little question mark around whether the 2.5% ED is also applied to DCB over and above the 20%.

We will deliver over \$15M in additional savings/efficiencies. I note these words in Penny Wong's release "The Government's strong expectation is that agencies will continue to meet the efficiency dividend without resorting to forced redundancies, or reduced services to regional Australia."

The envisage these savings will derive from:

1. Reductions in the use of consultants and contractors;
2. Replacing domestic and international travel with the use of the Government's virtual meeting (telepresence) facilities;
3. Reductions in agency spend on hospitality and entertainment;
4. Minimising media and advertising expenditure;
5. Reductions in printing and publication expenditure;
6. More efficient and consistent delivery of training.

Neville

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Bureau Executive
AGENDA ITEM: 03

Exec 2011/23
For [Noting/Approval/Comment]

16 December 2011

Possible Savings Measures – First Pass



Written by: a/ADF John Stamoulis, DIR EO Cherie Stitz

Executive Sponsor: a/DDC Chris Stocks

PURPOSE

To inform the Executive on opportunities for savings that can be materialised in the remainder of the 2011/12 financial year.

TIMING

- 2 Options need to be implemented no later than January 2012 for the purpose of achieving the full benefit of the possible savings identified within this paper.

RECOMMENDATION

- 3 That the Executive:
 - a. Notes the possible savings initiatives outlined in the paper;

- b. Provides guidance on the possible business rules that they would like to implement to realise whole or part of the savings identified in the paper; and
- c. Provides guidance on next steps to realise savings.

BACKGROUND

- 4 From the commencement of this financial year the Executive has been aware of the budget pressures faced by the agency. There is now a need for urgent and decisive action to curb 2011/12 expenditure to both land this year's budget and improve the Bureau's position moving into the 2012/13 financial year.
- 5
- 6 An increase in the Public Service Efficiency Dividend to 4 per cent (an additional 2.5 per cent on top of the existing 1.5 per cent) and a 20 per cent decrease in Departmental Capital Budgets were announced as part of the Government's Mid-Year Economic Fiscal Outlook (MYEFO) by The Hon Penny Wong (Minister for Finance and Deregulation) on 29 November 2011. In real-terms for the Bureau, this means a reduction of approximately \$5.4m in appropriation and \$11m of the agencies Departmental Capital Budget in the 2011-12 financial year. The efficiency dividend will return to 1.25 per cent in 2013-14 and 2014-15.
- 7 As expressed in the Monthly Financial Performance Report presented to the Executive on 7 December 2011, recent guidance communicated at the

Divisional Performance meetings suggested a potential appropriated overspend of \$ for the 2011/12 year. This result coupled with the efficiency dividend increase for the 2012/13 year necessitates immediate action to overcome a potential operating loss position in both the 2011/12 and 2012/13 years.

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- 9 The list of possible savings is by no means exhaustive and with further work more possible savings measures could be identified and those already identified could be considered in further detail.

DISCUSSION

- 10 In her announcement Minister Wong focused on the following areas where agencies should commence finding efficiencies. This paper attempts to take a first look at these areas. They are:
- a. Reducing the use of consultants and contractors;
 - b. Using teleconferencing instead of domestic and international travel;
 - c. Cutting spending on hospitality and entertainment;
 - d. Minimising media and advertising expenditure (*expenditure identified, is minimal, further investigation required before savings could be suggested*);
 - e. Cutting spending on printing and publications; and
 - f. More efficient and consistent delivery of training (*has not been looked at as yet as more detailed analysis would be required*).
- 11 Other areas were also identified where there is a possibility of reigning in discretionary expenditure. These additional areas have the following characteristics:
- a. Yield can be achieved with minimal or no resource investment;
 - b. Timelines to realise savings are short;

- c. Efficiencies would not leave negative lasting legacies that impact on the service deliverables of the organisation in the long term;
 - d. Efficiencies would not impact staff health, safety and well-being; and
 - e. Investment in indigenous employment will not be touched.
- 12 Any strategies or initiatives identified within this paper do not differentiate on current Program budget position or exclude any parts of the business for other reasons (aside from those mentioned in paragraph 11). Personal employee entitlements through employment contracts have not been factored into the analysis.
- 13 This paper provides line of sight on the agencies expenditure in discretionary areas and suggests possible options for business rules that would create boundaries to restrict expenditure. The list of suggested business rules is by no means exhaustive and will be the subject of discussion and direction by the Executive. Savings are possible, not guaranteed, depending the extent to which boundaries and business rules are applied and implemented.
- 14 Once guidance is received from the Executive, some areas may require testing for feasibility under the industrial relations framework. Some may also require further consultation to ensure critical business outputs are not impacted.
- 15 This paper identifies possible preliminary savings measures as a first step in a staged process to identify broader efficiency savings across the enterprise.

ISSUES

- 16 It goes without saying that this paper presents some difficult and potentially unpopular decisions. Comprehensive and thoughtful communication throughout the agency of decisions and the imperatives behind these decisions will be a key factor in staff take-up of any new business rules.

FINANCIAL IMPLICATIONS

- 17 **A note on the methodology** - Where possible, the historic expenditure back to 2009/10 has been included. To arrive at the forecast expenditure

figures, the 2011/12 expenditure to date has been straight line extrapolated. 2011/12 figures include YTD expenditure to end of November 2011. Possible savings will be reduced dependant on expenditure in December. Throughout the paper "EA" refers to the Bureau's Enterprise Agreement 2011-14.

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NEXT STEPS

- 27 Settle on a set of business rules to realise savings.
- 28 Develop an implementation and communication plan.
- 29 Implement.

COMMUNICATION

- 30 This paper is strictly confidential to the Executive and ADF.
- 31 A comprehensive communication plan will need to be developed regarding implementation of any new business rules that are decided.

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In Confidence

Bureau Executive
AGENDA ITEM: 08

Exec 2011/22
For comment

7 December 2011

Budget 2011-12 and forward years

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- 59 In order to ensure that the 2012-13 internal budget is agreed, loaded into the financial system and communicated by May 2012, the Executive is asked to consider and make decisions over the next two months in respect of:
- i. How the additional efficiency dividend will be applied, options include application proportionally across all areas or targeting specific areas or functions:
 - ii. Changes in internal priorities, which will necessitate allocation changes between programs/functions/activities:
- 60 The likely reduction in the Departmental Capital Budget will necessitate a complete rethink and realignment of the current Asset Investment and Replacement Program, as the cut acerbates the aging of the Bureau's asset base, and the associated risks and costs. This should be undertaken concurrently with the 2012-13 budget build.



Australian Government

Bureau of Meteorology

MINUTES OF EXECUTIVE MEETING 2011/23

21 DECEMBER 2011

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Australian Government
 Bureau of Meteorology

Agenda Item 3: Possible Savings Measures - First Pass

4. The Executive:

- a) noted the paper written by a/ADF John Stamoulis and DIR EO (Cherie Stitz) to inform the Executive on opportunities for savings that can be materialised in the remainder of the 2011/12 financial year to both assist in the Bureau meeting budget for 2011/12 and set-up the agency to be better prepared for a tight budget year in 2012/13. a/ADF joined the meeting to discuss this item;

[Action 1]: DDC, with Corporate Communications, to lead development of communication to staff regarding areas where savings will be pursued in January 2012 (DDC, 6 Jan 2012).

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(D) Approach to rebalancing the budget

11. The Executive discussed the progress of action 2011/22(No.6) "a project design around rebalancing the agency to meet the Bureau's budget". It was agreed that:
 - a) Dr Louise Minty will be taken offline to lead the project for delivery by April 2012; and
 - b) Louise will consider the Bureau panel of experts and data gathering methodology and socialise this with the Executive before embedding it into the draft project outline.

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WEEKLY MESSAGE



Australian Government
Bureau of Meteorology

DOC 7

*Dr Rob Vertessy –
Acting Director*

30 January 2012

A much bigger challenge for us will be coping with a sizable budget reduction for 2012/13 and beyond. At the November 2011 Mid Year Fiscal Economic Outlook (MYEFO) the government announced an additional 2.5% efficiency dividend in operating expenses and a 20% cut in our Departmental Capital Budget. These cuts have been applied across the APS, with few exceptions. We can and will cope with these cuts but will have to put in place a range of measures to reduce spending and, possibly, increase revenue. Particular attention is being given to reframing our Asset Investment and Replacement Program for the years ahead.

A project has been instigated to develop options for reducing expenditure and increasing revenue, over a four-year horizon, with priority to be given to identifying actions that can be implemented in the short term. The project '*Rebalancing the Bureau Budget*' is led by Dr Louise Minty and is supported by the Finance and Budgets Branch and Cherie Stitz (DIR EO). The project will report to the Executive each meeting until the 2012-13 budget is finalised in mid April 2012.

Given the size of the challenges we face, it is vital that we start reducing expenditure immediately. At a special Senior Managers Meeting held last week I announced initial actions for immediate implementation. These include reducing domestic and international travel, managing recruitment actions (including application of the Temporary Assignment of Duties policy) more carefully, reviewing contracts, and reducing our large excess leave balance. Further actions will be announced in the future as our response strategy matures and our budget position is clarified. Senior Managers have been encouraged to communicate openly with staff on these changes.

I regret having to start the year with this kind of news. I'm aware that many of you feel like we are struggling to make do with the resources we have, and are feeling the pressure that arises from a growing demand for our services. I urge you all to remain positive and contribute to what must be a broad-based team effort. I am confident that together we can surmount these challenges and continue to deliver great service to our stakeholders.

rt

Best wishes, Rob

Contact for further information or to provide feedback: Debra Green, Director's acting Executive Assistant on d.green@bom.gov.au

Doc 8

From: Trevor Plowman
Sent: Monday, 6 February 2012 10:58
To: Cherie Stitz
Subject: FW: Copy of 2012-13 Budget after ED 110112 (2).xls [SEC=UNCLASSIFIED]

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From: Trevor Plowman
Sent: Thursday, 12 January 2012 18:44
To: Ray Canterford
Cc: Sue Barrell; Cherie Stitz; Trevor Plowman
Subject: Copy of 2012-13 Budget after ED 110112 (2).xls [SEC=UNCLASSIFIED]

Ray,

As discussed this is probably not a document to share at this stage with the department. We have not finalised our internal planning, and the implication of proposed changes in asset investment will need to be worked through to operational impacts and operating budget impacts.

Regards
Trevor

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