

# MINISTER FOR PUBLIC WORKS AND SERVICES

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## OVERVIEW

<i>Agency</i>	<i>Budget 1999-2000 \$m</i>	<i>Budget 2000-01 \$m</i>	<i>Variation %</i>
<b>Office of the Minister for Public Works and Services</b>			
Total Expenses	34.1	41.8	22.6
Asset Acquisitions	...	...	...
<b>Department of Public Works and Services</b>			
Total Expenses	339.5	362.7	6.8
Asset Acquisitions	18.4	18.1	(-) 1.6
<b>State Valuation Office</b>			
Total Expenses	13.2	12.4	(-) 6.1
Asset Acquisitions	...	0.1	...
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<b>Total, Minister for Public Works and Services</b>			
Total Expenses	<b>386.8</b>	<b>416.9</b>	<b>7.8</b>
Asset Acquisitions	<b>18.4</b>	<b>18.2</b>	<b>(-) 1.1</b>

## OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

The recurrent funding for the Office of the Minister for Public Works and Services provides for the development of operational policy and risk management frameworks that ensure effective utilisation of resources and reduce Government's risk exposure in its procurement activities.

The services include advice and policy development for procurement, risk management, total asset management, management of Government-wide contracts and provision of maintenance services for key heritage buildings.

These services are purchased from the Department of Public Works and Services.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

Total expenses have increased by 22.6 percent from the 1999-2000 Budget. The variance is mostly due to expenses relating to the CBD Core Office Accommodation Strategy.

Over recent years, significant funding has been provided for the City Improvement Project (\$41 million). The work includes construction of kerb realignment in George Street (Bathurst Street and Railway Square) and Railway Square, increasing footpath area and improving safety and amenities for pedestrians. The Sydney City Council and the NSW Government jointly funded the project.

Other main items include expenditure on Project Risk Management, Total Assets Management and Specialist Policy Advice and Investigations.

Funds provided for Project Risk Management and Total Assets Management activities are used to reduce risks in contracting for capital works and to make optimal use of Government assets through effective planning, acquisition, management and disposal strategies.

The Specialist Policy Advice and Investigations program provides for impartial advice and professional expertise on business services and infrastructure to the NSW Government. Areas include environment and energy management initiatives, natural disaster relief, Government liaison and heritage conservation advice.

## **STRATEGIC DIRECTIONS**

The Office of the Minister for Public Works and Services has an advisory role to Government and develops whole of Government policies and activities including:

- ◆ development of a whole of Government approach to total asset management policy, procedures and standards;
- ◆ provision of leadership in the reform of the building and construction industry;
- ◆ consolidation of the Government's purchasing power to maximise benefits and cost savings to Government and clients;
- ◆ consolidation of the Government's contracting to maximise benefits of the risk management process across all procurement functions;
- ◆ provision of information to the public on Government initiatives and activities through various communication media and the Government Gazette; and

- ◆ impartial advice and expertise on business services and infrastructure to the Government in areas including environment and energy management, natural disaster relief and heritage conservation.

## **2000-01 BUDGET**

### **Total Expenses**

Total Expenses of \$41.8 million include:

- ◆ \$8.3 million for the CBD Core Office Accommodation Strategy to enable the relocation of agencies from Governor Macquarie Tower to cheaper accommodation;
- ◆ \$5.8 million allocated to Project Risk Management and Total Assets Management activities in 2000-01. This is to reduce risks in contracting for capital works and to make optimal use of Government assets through effective planning, acquisition, management and disposal strategies;
- ◆ \$4.3 million for stonework and heritage maintenance projects and \$5 million for the purchase of sandstone. Restoration work is to be carried out on Sydney Observatory, Art Gallery, Australian Museum, Government House, State Library, Darlinghurst Court and East Sydney College;
- ◆ \$4.8 million allocated to Specialist Policy Advice and Investigations;
- ◆ \$3.3 million for ongoing Construction Industry Development;
- ◆ \$2.3 million for the provision of Government wide procurement and purchasing policies which, pass on savings to agencies through the bulk purchasing power of the Government; and
- ◆ \$1.6 million for the maintenance of Parliament House and Government House.

## **DEPARTMENT OF PUBLIC WORKS AND SERVICES**

The Department of Public Works and Services was established in 1995, following recognition by the NSW Government of the need for a specialist organisation which would focus on eliminating the duplication of non-core functions in government agencies and the provision of efficient service delivery with reduced waste.

The Department develops a strategic partnership with its clients, bringing together a wide range of technical, managerial and specialist skills which, together with an intimate knowledge of Government, its policies and processes, ensures that clients are provided with innovative and practical solutions to all their asset related needs. As a commercially focused service delivery organisation, the work of the Department is broad and diverse, ranging from providing leadership in developing and implementing whole-of-government policies to providing commercial business services that meet client needs.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

As the Department's major client base is the public sector, changes in Government policies and directions have a direct impact on its financial performance. Savings in government spending, restructure of agencies, new policy initiatives and redirection of funding to specific portfolios have the capacity to open up new markets or conversely restrict other markets with a resultant impact on performance.

The Department's expenditure for 2000-01 is expected to marginally increase mainly due to award salary increases and expenses associated with E-Commerce projects.

### **STRATEGIC DIRECTIONS**

To ensure that the Department remains competitive in the current and future economic climate, it has introduced new business programs in recent years. These are aimed at defining the Department's business strategy in terms of key markets, clients and products and therefore set the overall marketing objectives.

To meet these objectives, a new business support model will deliver a more centralised approach to future corporate services delivery within the Department. Significant benefits in the form of economies of scale and improved efficiencies will result.

Another recent key strategic development has been the implementation of the Department's Information Management and Technology strategy. This initiative is intended to ensure that the Department will provide clients with efficient and timely service. This will become increasingly important as commerce moves rapidly towards new and more demanding means of delivering products and services.

It is anticipated that these changes will have a positive impact on financial performance of the Department from the year 2000-01.

## **2000-01 BUDGET**

### **Total Expenses**

Total expenses for 2000-01 are estimated to be \$362.7 million, an increase of 6.8 percent over 1999-2000. The variation is mainly due to the increase in award salaries and expenses associated with E-Commerce projects. These additional costs are expected to be partly offset by savings from the Corporate Change Program.

### **Asset Acquisitions**

Total expenditure for 2000-01 is budgeted at \$18.1 million, compared to \$18.4 million during 1999-2000. Major expenditure for 2000-01 includes \$2.6 million for the Integrated Management System, the \$3.7 million E-Commerce Project and the \$8.0 million Corporate Infrastructure and System Upgrade.

## **STATE VALUATION OFFICE**

The State Valuation Office (SVO) was transferred, as a commercial unit, to the Department of Public Works and Services (DPWS) from the Department of Land and Water Conservation on 8 April 1999.

The SVO operates in a contestable market in the provision of services to the regulatory body, the Valuer-General's Department.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The transfer of the SVO has resulted in a restructure of the business including transfer of information technology infrastructure and support services to DPWS. This will facilitate full integration of the operations of the SVO with the Department's operations.

## **STRATEGIC DIRECTIONS**

The SVO delivers mass land rating and taxing valuations to Government and provides a property consultancy service to other Government agencies (local and State). The SVO competes with the private sector for this business, which includes market valuations, rental and compensation assessments.

The SVO's future will depend on its ability to supply its services in a competitive environment.

## **2000-01 BUDGET**

### **Total Expenses**

Total expenses for 2000-01 are estimated to be \$12.4 million, which is marginally lower than the forecast for 1999-2000.

The majority of the SVO's staff are qualified real estate valuers. The remainder manage and/or support the delivery of client services. Corporate support functions are outsourced to enable concentration on core business.

### **Asset Acquisitions**

Some rationalisation of accommodation is proposed during 2000-01. The asset acquisition program provides for minor fit-out costs estimated at \$60,000.