

4.3.16 MINISTER FOR PUBLIC WORKS AND SERVICES

OVERVIEW

Agency	Forecast 1997-98	Estimate 1998-99	Variation
	\$m	\$m	%
Office of the Minister for Public Works and Services			
Total Expenses	67.1	55.2	(-) 17.7
Asset Acquisitions
Department of Public Works and Services			
Total Expenses	319.9	328.6	2.7
Asset Acquisitions	10.4	11.3	8.7
Total, Minister for Public Works and Services			
Total Expenses	387.0	383.8	(-) 0.8
Asset Acquisitions	10.4	11.3	8.7

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

The total Consolidated Fund allocation for the Office of the Minister for Public Works and Services in 1998-99 is \$55.2 million, an increase of \$9.6 million over 1997-98. The increase is mainly due to funding for the City Improvement Project of \$20.5 million in 1998-99 compared to \$7.4 million in 1997-98. This increase was partly offset by the transfer of \$4.1 million for Government-wide information management and technology policy and services, including construction and management of the Government Radio Network, to the Office of Information Technology.

The City Improvement Project includes improvements to the Railway Square precinct and George Street south. The proposed work includes construction of kerb realignment in George Street (Bathurst Street to Railway Square) and Railway Square, increasing footpath area and improving safety and amenities for pedestrians. Total cost of the project is \$41 million, which is to be jointly funded by the Sydney City Council (\$10 million) and the Government (\$31 million).

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;
- 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 activities;
- 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.

1998-99 Budget

Total Expenses

Total expenses are estimated at \$55.2 million, a decrease of 17.7 per cent. The decrease is mainly due to increases in redundancy payments and an abnormal expense item of \$19.3 million during 1997-98, offset by increased expenditure on the City Improvement Project in 1998-99. The abnormal item represented the removal of assets held as work in progress on the Commemorative Museum at First Government House Site.

Funds totalling \$10.5 million have been allocated to Project Risk Management and Total Asset Management activities in 1998-99 to reduce risks in contracting for capital works and make optimal use of Government assets through effective planning, acquisition, management and disposal strategies.

The Budget also provides \$3.4 million for ongoing Construction Industry Development and \$2.3 million for the provision of Government-wide procurement policies, which pass on savings to agencies through the bulk purchasing power of the Government. An amount of \$1.3 million has been provided for the maintenance of Parliament House and Government House. Funding for Government Information Services of \$2.3 million and Specialist Policy Advice and Investigations of \$5.4 million has also been granted.

Additional funding of \$0.5 million has been granted for the transport and disposal of contaminated polychlorinated biphenyl waste. Disposal started in 1997-98 with \$0.5 million provided in that year.

An amount of \$4.3 million has been provided for stonework and heritage maintenance projects and \$2 million for the purchase of sandstone. Restoration work will be carried out on Sydney Observatory, the Australian Museum, the Art Gallery of NSW and Government House.

An amount of \$20.5 million has been provided for the City Improvement Project.

DEPARTMENT OF PUBLIC WORKS AND SERVICES

Stemming from the functional review conducted in mid 1995, the Government created the Department of Public Works and Services to provide a sharper focus on service delivery, reduce waste and eliminate duplication. Through the provision of various services to the Government and its agencies, the Department aims to deliver maximum benefit to the community.

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 focussed 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 can have the effect of opening up new markets or conversely restrict other markets with a resultant impact on performance. This, together with the mergers and restructuring that has occur in recent years, has tended to make it difficult to distinguish any clear trends in expenditure.

In the Department's quest to provide whole of government solutions and service delivery levels to meet the requirements and expectations of the Government and its clients, expenditure levels in 1997-98 have increased. However, this has been kept to a minimum through efficiency gains.

Strategic Directions

In 1997-98 the Department developed an extensive Corporate Change Program that included the Best Practice Program, a range of corporate human resource strategies, Management by Projects, a new marketing framework and a divisional structural review. The aim of the Program is to deliver maximum revenue, efficiency and client satisfaction.

To ensure the Department remains competitive in the current and future economic climate, a major business improvement strategy has been developed as part of the Corporate Change Program.

A major component of the strategy is the realignment of the Department's structure. To improve the efficiency, accountability, competitiveness and financial viability, a revised structure based on groups directly related to the delivery of products or services, with an accompanying increased accountability for market success and profitability, has been successfully developed.

The Department's new Strategic Marketing Plan is seen as a key driver within the Corporate Change Program. It defines the Department's business in terms of key markets, clients and products and therefore sets the overall marketing objectives.

The Department's staff, through the Best Practice Program, has identified opportunities to reduce costs, particular in the area of corporate overheads. The Department is implementing the Corporate Overheads Review to develop a detailed model on how the Department can better manage and deliver corporate and business support services. A shared business services approach is expected to deliver economies of scale and improved efficiencies.

The final major strategic initiative in business reforms is the implementation of the Department's Information Management and Technology strategy. The strategy focuses on the standardisation of information management and development of core business applications.

The Corporate Change Program is anticipated to have a positive impact on the financial performance of the Department from the year 1999-2000.

1998-99 Budget

Total Expenses

Total expenditure for 1998-99 is expected to be \$328.6 million, an increase of 2.7 per cent over 1997-98. As would be expected from a service-focused organisation, staff related costs are the major contributor to variations in expenditure.

Asset Acquisitions

Total expenditure for 1998-99 is budgeted at \$11.3 million, an increase of 8.7 per cent over forecast expenditure for 1997-98. A provision of \$2.3 million has been included under major work in progress to complete the redevelopment and refurbishment of the Manly Hydraulics Laboratory. The Budget also provides for major new work costing \$1.1 million which comprises a sorter/bar coding machine and an inserting and packaging machine for State Mail Services to enable the continuation of the working arrangement with Australia Post. It is expected that this expenditure will have a reasonably short payback period. Included in the new works is a provision for the 2000 millennium bug and the replacement of obsolete assets.