

6.3 SAVINGS INITIATIVES

The 2012-13 Budget introduces a range of savings initiatives totalling \$180.5 million over four years. These initiatives focus on reducing input costs, both in staff and non-staff resources consumed, to facilitate a redirection of expenditure to higher priority areas of Government.

The redirection of resources is sought through savings across several ACT Government agencies in a range of areas, namely:

- savings in administrative costs of \$37.3 million, through continuing to improve the efficiency of back office functions and reducing input costs such as travel, accommodation, fleet, printing, stationery, advertising and marketing expenditure;
- savings in employee costs of \$59.9 million, through the redirection of resources to higher areas of need and new priority initiatives;
- savings from extending the operating life of ICT Equipment \$4.8 million;
- future agency savings of \$45.9 million; and
- reprioritisation of program expenditures of \$18.6 million, achieved through the redirection of lower priority programs and ceasing of less important initiatives from past budgets, to invest in higher priority activities and service delivery.

A broad overview and summary by agency is provided in Chapter 1.6: *2012-13 Budget Savings*. This Chapter provides information on the specific expenditures targeted for savings.

Table 6.3.1 below outlines the savings targets for each agency.

Table 6.3.1
2012-13 Budget Savings Initiatives

Across Government Savings	2012-13	2013-14	2014-15	2015-16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
ACT Executive	0	17	34	50	101
Chief Minister and Cabinet Directorate	433	582	701	820	2,536
Health Directorate	3,739	6,001	8,371	10,512	28,623
Territory and Municipal Services Directorate	2,706	3,993	5,107	6,178	17,984
Treasury Directorate	440	624	791	959	2,814
Shared Services Centre	2,509	4,321	4,398	4,456	15,681
Economic Development Directorate	1,005	1,590	1,933	2,277	6,805
Justice and Community Safety Directorate	3,801	5,064	6,307	7,526	22,698
Environment and Sustainable Development Directorate	1,316	1,819	2,188	2,544	7,867
Community Services Directorate	1,831	2,908	4,008	5,026	13,773
Housing ACT	454	523	697	814	2,488
Education and Training Directorate	3,778	6,839	7,640	8,846	27,103
Canberra Institute of Technology	1,676	2,224	2,600	2,971	9,471
Land Development Agency	823	945	972	999	3,739
Legal Aid Commission (ACT)	32	46	59	73	210
Total Agency Savings	24,543	37,496	45,806	54,051	161,893
Ceasing Initiatives	2,343	4,440	4,535	7,301	18,619
Total 2012-13 Budget Savings	26,886	41,936	50,431	61,352	180,512

Travel and Accommodation

Travel and accommodation expenditure across Government was around \$9 million in 2010-11. As part of the 2011-12 Budget, a reduction of 10 per cent was made.

For the 2012-13 Budget, an additional 10 per cent reduction in the ACT Government's travel and accommodation costs has been applied, increasing to 15 per cent from 2013-14, with savings to be achieved through reduced travel expenditure, greater use of advanced travel planning, and increased use of teleconference facilities.

**Table 6.3.2
Travel and Accommodation**

Travel and Accommodation	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	797	1,225	1,255	1,285

Printing and Stationery

In 2010-11, Government expenditure on printing and stationery was around \$18 million. As part of the 2011-12 Budget, a reduction in these costs of 10 per cent was applied. For the 2012-13 Budget, the Government is seeking a further reduction of 10 per cent.

Broadly, agencies will be expected to consider cost reduction strategies such as better pricing, greater use of electronic publications as an alternative to printing and more efficient stationery use.

**Table 6.3.3
Printing and Stationery**

Printing and Stationery	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	1,736	1,795	1,839	1,885

Consultants and Contractors

Government agencies engage external consultants and contractors for a range of reasons, for example, to source expertise that may not be cost effective to maintain in the public service, or to meet the requirements of a surge in work.

There is potential to better coordinate the engagement of consultants across government, and in some cases, for cross-agency advice and assistance. Savings of around \$14.4 million across 2012-13 and the forward estimates are planned.

**Table 6.3.4
Consultants and Contractors**

Consultants and Contractors	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	3,007	3,698	3,791	3,886

Recruitment and Training

Targeting and attracting quality staff is important. Expenditure on training and staff development is an important investment that ensures provision of high quality advice and delivery of high quality services, as well as the retention of productive staff.

There is, however, potential to streamline recruitment and development processes and activities. An overall reduction target of 10 per cent on 2011-12 expenditure has been adopted.

**Table 6.3.5
Recruitment and Training**

Recruitment and Training	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	898	920	943	967

Advertising and Marketing

Advertising and marketing expenditure across Government was around \$9 million in 2010-11. As part of the 2012-13 Budget, a 10 per cent reduction target against these costs has been applied, increasing to 15 per cent from 2013-14.

**Table 6.3.6
Advertising and Marketing**

Advertising and Marketing	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	818	1,257	1,288	1,321

Fleet Leasing

Currently, there are around 1,100 leased vehicles in the Government Fleet. Many of these vehicles are underutilised, with around a third of vehicles travelling 20 per cent or more under their agreed kilometre limits. In an endeavour to gain greater efficiency in vehicle use, the fleet will be reduced by 50 vehicles across the service.

**Table 6.3.7
Fleet Leasing**

Fleet Leasing	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	0	284	582	596

Employee Expenses

The size of the public service is growing to provide for the services need in a growing city. This growth, however, has been partially constrained by reducing FTEs in the order of 180.

**Table 6.3.8
Employee Expenses**

Employee Expenses	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	16,974	18,962	18,794	19,055

Extending the Operating Life of ICT Equipment

The aim of this initiative is to reduce the operating cost and environmental impact of ICT equipment, particularly desktop computers, laptops and monitors through better life cycle management and extending the operating life of existing equipment.

Table 6.3.9
Extending the Life of ICT Equipment

Extending the Life of ICT Equipment	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	0	1,600	1,600	1,600

Other Agency Savings

Additional productivity improvements will provide savings in the order of \$45.9 million over the period 2012-13 to 2015-16. These savings will provide an additional \$7.4 million in 2013-14, \$15.4 million in 2014-15 and \$23.1 million in 2015-16.

The Government is taking a measured approach to the application of these savings, agencies will have a year to review structures, processes and procedures, and identify appropriate measures against the targets.

The savings task will be overseen centrally through the formation of a Better Service – Better Practice Advisory Group to develop advice to assist the Government in making decisions on Public Sector reform that will ensure our services improve their practice and are affordable.

Table 6.3.10
Other Agency Savings

Other Agency Savings	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	2,208	11,534	19,146	26,978

Land Development Agency Savings

Additional savings will be made in improving the efficiency of selling processes and office services within the Land Development Agency. These savings will provide an additional \$1.3 million over four years

Table 6.3.11
Land Development Agency Savings

Land Development Agency Savings	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000
	313	321	329	337

Ceasing Initiatives

The Government is redirecting resources from lower priority / non-essential programs, and those programs that are no longer required to areas of higher priority.

**Table 6.3.12
Ceasing Initiatives**

Ceasing Initiatives	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<i>Chief Minister and Cabinet Directorate</i>				
CMCD - Council of the Australian Federation	13	13	13	13
<i>Treasury Directorate</i>				
Strategic Asset Management	0	0	466	466
Accelerated Land Release	1,000	1,000	0	0
Mortgage Relief Fund (\$0.3 million Capital)	0	0	0	0
Whole of Government Desktop Upgrades	0	829	1,686	1,721
<i>Economic Development Directorate</i>				
Affordable Housing Building Award	20	20	20	20
ACT Festival Fund (Remove Indexation)	6	32	58	84
Live in Canberra Program	225	231	237	243
<i>Territory and Municipal Services Directorate</i>				
Australian Science Festival Accommodation (Rental Cost Reduction)	39	39	39	39
Lower Cotter Catchment Plantings	215	220	225	230
Support for Accelerated Land Development (Partial Reduction)	300	300	0	0
<i>Environment and Sustainable Development Directorate</i>				
ACTSmart Programs (Partial Reduction)	246	1,465	1,496	1,989
Implementation of the Canberra Spatial Plan	135	135	135	135
Implementation of the Climate Change Strategy	83	85	87	89
Commercial and Industrial Land Supply Strategy	58	58	58	58
Community Partnerships for Sustainability and the Environment	1	9	9	9
Maintain ACT Building Quality	0	0	0	1,094
Master Planning Program	0	0	0	1,103
<i>Community Services Directorate</i>				
Audrey Fagan Grant Program (Remove Indexation)	2	4	6	8
Total Ceasing Initiative Savings	2,343	4,440	4,535	7,301

