

4.3 SAVINGS INITIATIVES

The 2011-12 Budget introduces savings initiatives totalling \$150.7 million over four years. These initiatives focus on reducing input costs, both in non-staff and staff resources consumed, to deliver the same level of outputs.

The efficiency improvements are sought across all ACT Government agencies by reducing:

- administrative expenses such as travel, accommodation, printing, stationery, recruitment, electricity usage and fleet; and
- employee expenses, through the streamlining of business processes, and improving the productivity of the policy development and service delivery of staff.

A broad overview and summary by agency is provided in Chapter 1.5: 2011-12 Budget Savings. This Chapter provides information on the specific expenditures targeted for savings.

Table 4.3.1 below outlines the savings targets for each agency.

Table 4.3.1
2011-12 Budget Savings Initiatives

Across Government Savings	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
Legislative Assembly	16	16	17	17
ACT Executive	25	26	26	27
Auditor-General	1	2	2	2
Chief Minister's Directorate	574	755	761	768
Territory and Municipal Services Directorate	3,877	4,798	4,847	4,899
ACTION	366	535	538	542
Economic Development Directorate	971	1,342	1,357	1,369
Treasury Directorate	759	996	1,003	1,012
Shared Services Centre	784	800	810	819
Health Directorate	5,622	6,720	6,792	6,865
Justice and Community Safety Directorate	3,672	4,064	4,114	4,164
Sustainable Development Directorate	1,895	2,676	2,695	2,713
Education and Training Directorate	2,710	3,257	3,294	3,334
Community Services Directorate	1,755	2,183	2,203	2,223
Housing ACT	385	474	478	482
ACT Gambling and Racing Commission	2	5	5	5
ACT Insurance Authority	0	1	1	1
Canberra Institute of Technology	1,439	1,672	1,694	1,718
Cultural Facilities Corporation	228	234	237	241
Land Development Agency	7,936	8,197	7,301	9,525
Total Savings	33,017	38,753	38,175	40,726

Travel and Accommodation

Travel and accommodation expenditure across government over the past few years has averaged around \$15 million per annum.

A 5 per cent per annum reduction in the ACT Government's travel and accommodation budget is targeted to be achieved through more use of teleconference facilities, and advanced travel planning.

Table 4.3.2
Travel and Accommodation

Travel and Accommodation	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	639	655	671	688

Printing and Stationery

Agencies have already adopted a number of measures to limit the increase in stationery usage and costs, for example, through double sided printing. In this Budget, the Government is seeking a reduction in printing and stationery costs with an overall target of 10 per cent across government.

The specific measures will be subject to agency discretion, and will depend upon the business needs of the agency. Broadly, however, agencies are expected to utilise non print media where possible and appropriate.

Table 4.3.3
Printing and Stationery

Printing and Stationery	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	1,866	1,913	1,960	2,009

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 \$15.5 million across 2011-12 and the forward estimates are planned.

Table 4.3.4
Consultants and Contractors

Consultants and Contractors	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	2,000	4,500	4,500	4,500

Shared Services: Human Resources (HR) and Finance Processes

Reviews of HR and Finance Business Processes were undertaken as part of the Expenditure Review and Evaluation Committee's work.

The reviews identified potential savings in the order of \$4.5 million per annum across the forward estimates from a number of improvements in transaction processing and systems. For 2011-12, savings have been scaled down to \$2 million to allow time for process changes.

Further information on this initiative is provided in Chapter 1.4: Expenditure Review and Evaluation Committee.

Table 4.3.5
Shared Services: HR and Finance Processes

Shared Services: HR and Finance Processes	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	2,000	4,500	4,500	4,500

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 retention of productive staff.

There is potential to streamline recruitment processes and adopt more efficient advertising strategies. An overall reduction target of 5 per cent has been adopted.

Table 4.3.6
Recruitment and Training

Recruitment and Training	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	1,038	1,038	1,038	1,038

Electricity Usage

The electricity usage in the ACT Government has grown, albeit, reflective of the growth in services and the streetlight network. It is important that electricity usage is reduced, and energy efficiency improved, if the goal of a carbon neutral public service is to be achieved.

The Budget introduces a target of 10 per cent savings in electricity costs. Agencies are expected to achieve the costs savings through reducing the usage, and a reduction in the unit price through a new electricity contract.

Table 4.3.7
Electricity Usage

Electricity Usage	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	2,290	2,347	2,406	2,466

Efficiency in Land Development and Land Development Agency Savings

The Land Development Agency (LDA) undertakes land development which should in principle be on the same footing as its private sector competitors. It has been provided with a loan facility, which to date, has not been used.

The Budget introduces an interest charge on the agency relating to the land transferred from the Territory and Municipal Services Directorate. The agency is required to meet holding costs through improving the efficiency of its site servicing and land development operations.

Potential for savings of \$2 million per annum in LDA's legal and advertising costs has been identified. Routine legal work will be consolidated in the ACT Government Solicitor's Office. Expenditure on marketing will also be reduced.

Table 4.3.8
Efficiency in Land Development and other Land Development Agency Savings

Efficiency in Land Development and other Land Development Agency Savings	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
Efficiency in Land Development	5,640	5,880	4,980	7,200
LDA Savings	2,000	2,000	2,000	2,000

Fleet Leasing

Currently, there are around 1,000 leased vehicles in the ACT Government Fleet.

While the lease charges are set by the fleet leasing provider, and not able to be adjusted, the savings at the end of lease terms should in principle be part shared with the budget. This would leave reasonable incentives for agencies to maintain vehicles in good condition, and realise prices higher than the residual values in lease contracts.

Table 4.3.9
Fleet Leasing

Fleet Leasing	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	495	495	495	495

Staff Savings

The Government is seeking to limit growth in the public service staffing. Increasing staff productivity should be the focus of every public service.

The work undertaken through the Expenditure Review and Evaluation Committee has identified considerable potential for streamlining processes along with investments in technology to increase the level and accuracy of transactions.

The review of the ACT Public Service has also identified potential for more effective policy development and program delivery across government under a new structure and approach.

In addition to the staff reductions implicit in the other initiatives (such as, streamlining business processes in HR and Finance), the Government is seeking to reduce the staffing numbers by around 200 FTEs. This will be achieved under the auspices of the Strategic Board.

**Table 4.3.10
Staff Savings**

Staff Savings	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000
	15,047	15,423	15,624	15,827

