

1.6 EXPENDITURE REVIEW AND EVALUATION COMMITTEE

Overview

The Expenditure Review and Evaluation Committee (EREC) was established in 2009 as a key element of the Budget Plan to return the Territory to surplus.

The Committee is tasked to report to Cabinet, and provides advice on options to improve the efficiency and effectiveness of Government services.

The Committee is jointly chaired by the Under Treasurer and the Chief Executive of the Chief Minister's Directorate, with the Strategic Board as a Reference Group. Where necessary, the Committee engages with the agency directly in pursuing joint work.

EREC provided advice on the development of the 2011-12 Budget, including on the Efficiency Dividend measures.

During 2010-11, EREC completed a number of reviews including process mapping of the various functions of Shared Services. Potential reforms identified through these reviews will be implemented in 2011-12. The Budget incorporates savings of \$4.5 million per annum from streamlining business processes.

The Committee also assisted Territory and Municipal Services in undertaking reviews of its structure, base budget and contracts. Process reviews in parks and city services functions have been completed.

Implementation of potential reforms has commenced, with potential efficiency savings of \$5.5 million to be utilised in meeting efficiency dividend targets, base budget pressures and growth of the city.

In 2011-12, EREC will continue to engage with agencies to assist them in identifying measures and developing options to improve the efficiency of their services and programs in the longer term, and to meet their savings targets incorporated in the Budget.

Summary of Committee's Work in 2010-11

In 2010-11, EREC engaged with agencies to identify opportunities to improve efficiency through better processes and structures, and where appropriate, through the use of technology and systems.

The Committee provided advice to the Budget Committee of Cabinet Government, as part of the 2011-12 Budget development on the reasonableness and achievability of the efficiency dividend measures provided by agencies.

During the year, a number of reviews were completed on the various functions in Shared Services and Territory and Municipal Services. The outcomes of these reviews informed the savings program for 2011-12 and forward years.

Besides savings of around \$10 million per annum, these reviews have also identified potential for improving services to agencies (in the case of Shared Services), and the community (in the case of TAMS).

Reviews of Shared Services Centre

The Shared Services Centre (Shared Services) provides information and communication technology, procurement, publishing and records services, human resources and finance services to the ACT Government.

Shared Services was established as part of the 2006-07 Budget reforms to streamline and improve service delivery. It also delivered savings through efficiencies of scale and removing duplicate services in a range of Government agencies.

During 2010-11, the Expenditure Review and Evaluation Committee completed or commenced a number of reviews of Shared Services, including:

- a post-implementation review to assess the extent to which the benefits envisaged of establishing shared services have been realised;
- a review and mapping of business processes in Human Resources (HR) and Finance functions;
- an assessment of the performance of Procurement Solutions in delivering the ACT's capital works projects; and
- a review of ICT strategic planning and service costing.

These reviews have identified potential for further reform, including the second round efficiencies envisaged at the time of the establishment of the Centre.

Post Implementation Review

The post implementation review has examined whether the objectives of the 2006-07 reforms have been met, and potential for improvement to the governance model and its functioning processes.

Implementation will be undertaken in 2011-12 through the Strategic Board.

Procurement Solutions: Capital Projects

The Procurement Solutions Capital Projects Review examined roles and responsibilities in government procurement, the funding model and skills base, and advised on improvements to processes.

The review highlighted the need for greater clarity around roles, the need for early involvement by Procurement Solutions in project development, and the adequacy of the pricing model.

The review findings will be implemented in 2011-12.

Human Resources and Finance Business Processes Reviews

The mapping of business processes in human resources and finance functions scoped and identified potential for improvement. Specifically, it highlighted improvements through changes to the Management Operating System, revised staffing arrangements, further utilising technology, and changes to staffing and team structures for more efficient transaction processing services to agencies.

The scoping of reform has identified potential savings in the order of \$4.5 million per annum. The recommendations of the review have been supported by Government for implementation (with \$2 million in 2011-12) during 2011-12. Funding of \$1 million is being provided for investment in reform including systems and training for staff.

Achieving savings is estimated to reduce staffing largely through normal staff turn over as the processes are reconfigured and work reallocated during the implementation phase. There will be no involuntary redundancies.

The future focus of this project will be on further centralisation and the full realisation of the benefits of the Shared Services administrative model, as Service Level Agreements with Government agencies are redrafted, renegotiated and managed.

Information Technology (IT): Strategic Planning and Project Delivery and Service Costing and Pricing

The reviews of IT are focusing on options for improving service delivery and aim to deliver savings across government.

The reviews and implementation plans will be finalised in the coming months, and considered by the Budget Committee of Cabinet.

Other Reviews

During the year, EREC also undertook a number of other reviews with a view to improving the efficiency of structures and business processes in ACT Revenue Office, and Territory and Municipal Services.

Territory and Municipal Services (TAMS)

The Committee engaged with TAMS to identify opportunities for improvements in its structure, processes and work practices.

The review consisted of four parts, examining:

- TAMS overall structures and processes;
- the underlying budget drivers;
- Parks and City Services; and
- expenditure and contracts.

The review of parks and city services has highlighted potential for more efficient task allocation, management of complaints from the community, and work processes. The review of service contracts has also identified potential for improvement in the medium term.

Implementation of the improvements scoped in the parks and city services review has already commenced.

The combined savings of the two reviews have been estimated in the order of \$5.5 million have been estimated. These savings will be utilised in meeting the efficiency dividend targets and budget pressures relating to growth of the city.

Canberra Connect

Canberra Connect provides a single point of contact for the community for information and services. It principally acts to allocate reactive work arising from complaints from the members of the community, generally in relation to municipal services.

The Committee has commenced the review of Canberra Connect to ensure that its task allocation procedures are linked to changes to work practices and processes in TAMS (parks and city services).

The review will also examine the efficacy of call handling procedures.

Social Housing Review

The Social Housing Review will examine the role and purpose of public and community housing in the ACT and provide advice on options for growing the social and affordable housing sectors.

Outlook for Committee's Work in 2011-12

In 2011-12 the Committee's principal focus will be on:

- implementing the reforms identified in the reviews and scoping work already completed to achieve savings identified in the Budget;
- assisting agencies in meeting their savings targets; and
- engaging with agencies in order to develop options for improving the efficiency and effectiveness of their services.