

CHAPTER 2

IMPROVEMENT TO CAPITAL PLANNING, DELIVERY AND MANAGEMENT

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Revised Framework and Guidelines

The Government's current Asset Management Framework was implemented as an extension to the 1996 Financial Management Reforms. The principles of the reforms were to enhance disclosure, achieve greater accountability and ensure a more effective use of public resources.

The current Asset Management Framework is aimed at improving the cost effectiveness of public assets in providing services to the community. It recognises the importance of providing quality information to decision makers on what assets to use, how they are to be valued, how they should be used and for how long, and the timing of their disposal.

The Territory aims to optimise the utilisation of its asset base by:

- ensuring the cost effectiveness of public assets in providing services to the community;
- undertaking maintenance on assets at standards appropriate to their use and life cycle;
- ensuring asset stocks provide effective support for stated service delivery objectives;
- making sound capital investment and asset disposal decisions; and
- utilising the Territory's assets to increase the productive capacity of the ACT economy.

The fundamentals of the 1997 Framework are sound, however, it is timely that it be reviewed and updated to reflect current best practice. This work is currently under way, and is due to be completed by the end of 2008.

Like all jurisdictions, the Government must balance the needs of investing in new assets with the costs of sustaining its current asset base. Updating the current Framework will further enhance the integration of asset planning and management with whole-of-government budget and service delivery planning.

The revised Framework will assist Government in forecasting its future infrastructure needs to support its longer term service delivery aspirations.

Asset Management Plan Refresh

Agency asset management plans have been developed at various times since the introduction of the financial management reforms. Their currency and the quality of information is variable across agencies due to organisational and administrative arrangement changes that may have taken place over the previous years.

A rolling program of work is being initiated to review and refresh, and develop, where necessary, standardised agency asset management plans. Asset management plans provide a sound basis to develop strategic asset management plans focussed on long-term investment.

This program will also provide the building blocks to strengthen strategic infrastructure planning processes.

The program will be coordinated by Treasury, with \$5 million allocated in the Budget and forward years (\$2 million in 2008-09).

Procurement Improvements

A number of initiatives are also under way to make it easier for the building and construction industry to do business with the Territory. For example:

- the publication of the Call Tender Schedule in October 2007. The Schedule aims to assist the local building and construction industry with its planning, by informing it of the status and timing of tendering and construction of Government capital works projects. Following the release of the 2008-09 Budget a revised Schedule will be issued, providing additional information on new and existing projects, including separate dates for design and construction work;
- the review of the ACT Government Prequalification System is well under way. The proposed changes to the prequalification process are largely aimed at making it easier and more attractive for industry to tender for ACT Government work, but efficiencies in the procurement process should also result, including:
 - eliminating some duplication between the prequalification stage and the tendering stage; and
 - streamlining processing of applications for prequalification to cut down the time and resources taken to do this task;
- a review is under way of the suite of template contract documents used for ACT Government tendering. The aim of this project is to:
 - simplify and shorten the procurement and tendering process;
 - provide greater clarity to contractors about what is required; and
 - provide greater transparency in relation to ACT Government standard requirements.
- commissioning enhanced internet-based business systems to allow tenders to be downloaded and lodged on-line and increasing the efficiency of information exchange between tenderers and the Government.