

Annex A

List of Some Initiatives under the Economy Drive in FY05

Some Economy Drive efforts of public officers are as follows:

LESS PAPER!

Does the Government use too much paper? Not if officers from the Economic Development Board (EDB) and Parliament have anything to say about it.

Faced with the high cost of disseminating hardcopies of confidential corporate reports to their colleagues overseas, EDB officers Kevin Chow, Catherine Holbrook, Shauna Siew, Linda Leong and Low Kiah Woon devised a system to allow overseas EDB officers to access such reports online without compromising security. This initiative saves EDB \$5,000 annually on manpower and materials to prepare and deliver these reports.

In a similar vein, Mr Siow Peng Han, Principal Assistant Clerk of the Singapore Parliament, thought of using emails to notify Ministries and the general public of softcopy Government Bills as and when they are made available on the Parliament website. This practice has reduced the print run of Government Bills and replaced the old practice of delivering hardcopies in envelopes to the people concerned, saving \$41,762.

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POOL AND SAVE!

When it comes to saving money, pooling resources is one of the oldest tricks in the book. And it's a trick that civil servants seem to know very well – from pooling vehicles to offices and even the management of Foreign Missions.

Through a slew of initiatives, the Public Utilities Board (PUB) reduced its vehicle fleet by 18 vans from 2004 to 2005, saving \$1m in vehicle cost and \$27,500 in annual operating costs. One initiative was the central pooling of its service vans, instead of assigning fixed numbers to different zones in Singapore. This allowed better allocation of vehicles.

Another combining act was pulled off by the Accounting and Corporate Regulatory Authority (ACRA), which was previously operating from two separate locations. Established on 1 April 2004 with the merger of the Registry of Companies and Businesses (RCB) and the Public Accountants Board (PAB). ACRA renovated and occupied RCB's former premises in International Plaza. Under Mrs Chng Lee Soon Gim's supervision, RCB's office space was optimised to accommodate the additional staff and functions of PAB. In addition, ACRA retained the advantage of being located where its customers have easy access to its many service collaborators, such as the CPF Board. The co-location of ACRA and PAB resulted in savings of \$117,599.

Not to be outdone, the Ministry of Foreign Affairs (MFA) grouped its Overseas Missions in clusters of three for cost efficiency in operations and maintenance. Previously, the Managing Agent contracts for these Overseas Missions (OMs) were awarded separately. The first cluster was tested out in July 2003 by grouping Kuala Lumpur and Brunei Missions together with MFA HQ, resulting in savings of about \$399,000 per annum. Since then, two more cluster contracts have been awarded, bringing total annual savings close to \$564,000.

Government agencies have been aggregating their procurement of common goods and services since 2003. Till March 2006, the value of purchases under demand aggregation (DA) is estimated to about \$400m per year, spreading across 25 different categories contracted with about 120 suppliers. These categories include office supplies & equipment, printing, bus hiring, pest management, courier services, catering services, electricity and fuels. For FY05, the savings from Demand Aggregation is estimated to be around \$16m.

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THINK ALTERNATIVES!

We've heard it before: "If it's too good to be true, it probably is". And we probably believe it, too. But what if such an attitude costs you an unnecessary \$4 million every year?

That was the challenge faced by MINDEF when several of its software licences became redundant after Microsoft terminated support for MS Office 97. While upgrading to MS Office XP or MS Office 2003 would have been the commonsensical thing to do, staff of MINDEF Chief Information Office (MCIOO), namely Dr Cheok Beng Teck, Mr Chong Chan Meng and Mr Jimmy Lee noted that the proprietary software vendors have a tendency of introducing new and expensive versions every 3 to 4 years. It was clear that this would be a recurring problem unless an alternative was found. This alternative came in the form of open-source software (OSS), which allowed MINDEF the flexibility to put resources to better use. After several months of testing the usability of the various OSS available in the market, MCIOO received approval for MINDEF to switch from the existing proprietary software to OpenOffice.

The team had to design and implement a comprehensive change management program to help the organisation adjust to OpenOffice. Users of MINDEF applications hard-coded to use MS Office were allocated a copy of the original proprietary software, as were officers who needed to collaborate with external agencies using MS Office. Those who did make the switch to OpenOffice, attended short courses were specially organised for them. In addition, the team put e-Learning modules on the MINDEF Intranet to reach out to as many of the affected MINDEF officers as possible.

By adopting the OpenOffice, MINDEF will save approximately \$14m every 3 to 4 years, which would otherwise be incurred as licensing fees paid to the proprietary

software's vendor. The adoption of the OpenOffice also reflects MINDEF officers' confidence and ability to manage major changes.

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BEST SOURCE!

The public sector has adopted Best Sourcing as one of the key tools under the Economy Drive movement. Best Sourcing is about choosing the provider who can do a function most efficiently and effectively. The best value for money provider is determined through market testing, whereby a public sector agency compares the cost of doing the function in-house against the bids from external providers to perform the same function. If an external provider can perform the function more economically, it will be engaged to do so. If not, the public sector agency will continue to do the function itself.

Best Sourcing does not just lead to cost savings. When public agencies outsource their non-strategic functions to external providers where this makes economic sense, they can focus more on delivering their strategic functions which are central to their core public missions. This improved focus and agility will enable public agencies to better meet the challenges posed by the fast changing environment they operate in.

Since Best Sourcing began in Feb 2003, about 13.7% or 231 of the non-strategic functions in the public sector have been market-tested as at Feb 2006. Of the 231 functions that were market-tested, 135 or 58% were subsequently outsourced, resulting in \$200 million worth of contracts for the private sector. The annual savings in operational costs from outsourcing these functions was about \$25 million or 20%-30% of the in-house costs.

Non-strategic functions which had been market-tested thus far include operational and administrative functions such as car park enforcement, facilities management, IT, security, audit, document management, call centres, and library services. Some of the major Best Sourcing efforts in FY05 are as follows:

- **HDB and URA** outsourced their car parks enforcement function to private service providers in August 2005. HDB had already outsourced its parking enforcement function for 30% of its car parks in 2003. As the earlier exercise showed that the private sector could carry out the parking enforcement

function more efficiently and effectively, HDB market-tested and subsequently outsourced the remaining 70% of its car parks enforcement function to two private sector provider in August 2005 under a three-year contract. URA also market tested and subsequently outsourced all its car parks enforcement function to another private service provider in August 2005 under a three-year contract. HDB expects annual savings of 20% or \$3.2 million per year while URA expects savings of 20% or \$700,000 per year.

- **MOE** outsourced the management of their libraries for staff and teachers under a six-year contract for an expected annual savings of \$250,000 per year.
- **Accountant-General's Department** outsourced its data centre operations to an IT vendor under a 5-year contract for an expected annual savings of \$1.1m per year.
- The **Supreme Court** outsourced its transcription services under a three-year contract and expects annual savings of \$230,000 per year.

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