



Opening Statement to the Public Accounts Committee

by Chairman and Accounting Officer for the Office of Public Works

Thursday, 23 February 2012

I am pleased to come before the committee to talk to members about the Appropriation Account for the Office of Public Works for 2010.

If I may, I would like to deal with the first item listed on today's agenda which is Chapter 9: Public Procurement

Chapter 9: Public Procurement

The National Procurement Services (NPS), which was established in April 2009, was charged with a number of tasks;

- To establish national framework agreements to procure goods and services in order to achieve better value for money.
 - The service now has over 50 framework contracts in place from which in excess of 300 individual contracts have been placed to date. The contracts have a combined value of €1.4 billion achieving estimated savings of €79 million in 2012 alone, through the analysis, review and re-tendering of some of major Government contracts. Further administrative savings in the procurement area and the better value being achieved by Government Departments will in fact secure savings well in excess of the above.

- To provide professional procurement advice.
 - The NPS has established several cross sector networks with suppliers, buyers and procurement experts. The Service has also created a standard suite of tender and contract documents complying with all relevant EU legislation and Directives for use across the public sector. In 2012 these documents will be augmented by single and multi supplier framework tender and contract documentation. This has provided new opportunities to all suppliers - including SME's - to actively partake in the Government procurement process.

- NPS were asked to target procurement training and education measures.
 - Supplier education events, awareness conferences, procurement seminars and workshops have all been arranged to meet demand in recent years. Accredited training in the form of a Diploma/Certificate course for NPS staff in conjunction with Dublin Institute of Technology and a Masters in Strategic Procurement in DCU are now in place.

- The final objective was in relation to web based eProcurement.
 - Significant progress has been made and it is anticipated that the enhanced eTenders website will be re-launched in late 2012. In addition the NPS launched www.procurement.ie in April, 2011 which is an asset of importance to both suppliers and buyers alike providing strategic information and relevant data supporting both procurers and suppliers. Finally, a pilot project looking at elnvoicing was launched by the NPS earlier this month. I am anticipating that the outcomes from this project will be successful and will inform Government on the best way forward for the introduction of elnvoicing. This major project will be strategically monitored as the outcome will have a major impact on how business is done in Ireland into the future.

While the above highlight progress on specific objectives set by Government for the NPS they do not fully reflect the advancements which are underway in the procurement area. The next challenge, now that a procurement template has been established for the public sector, will be to encourage greater use of centralised contracts to ensure maximum efficiencies and savings for the users, Government and ultimately the taxpayer. The question of mandatory usage of some of these large framework contracts is being critically examined at present.

I would welcome a discussion on the progress made to date and the challenges that lie ahead for the shared service as it forms one of the core deliverables for my Office under the Reform Agenda.

I will now take the opportunity to refer to some other important aspects of the work that was funded through the 2010 Appropriation Account and provide you with an update on the current position. As part of the Government Reform Agenda OPW participated in a pilot programme for revised estimates in 2011. The Revised Estimate presentation, which attempts to align input resources - staff and money - with demonstrated tangible outputs, refers to three main areas of OPW activity, the National Procurement Service, which I have already referred to, Flood Risk Management and Estate Portfolio Management.

Flood Risk Management

The OPW is the lead agency for the management of flood risk in Ireland.

Although there has been an overall drop in OPW's capital funding of 63% since 2008, the Government's commitment to this critical area of investment is clearly demonstrated by the ring-fencing of capital funding for flooding.

The vision of the programme is to minimise the national level of flood risk to people, businesses, infrastructure and the environment and this will be achieved through the primary functions of this programme that is

- to develop and deliver on flood risk management work programmes and measures;
- to maintain an effective programme of maintenance of river courses drained under the provisions of the Arterial Drainage Acts; and
- to advise the Government on flood risk management and flood risk management policy.

In 2010, the accounting period being examined today, OPW made significant advances on capital works in this area, including the completion of first phase major flood relief schemes in Mallow, Clonmel, Waterford and Ennis with further phases of Mallow and Clonmel to be completed this year. Other schemes that progressed in 2010 included works at Mornington in Meath, in Johnstown, County Kildare and on the river Dodder in Dublin.

While major defence schemes tend to attract most public scrutiny and attention, the committee is well aware that there are many areas of the country afflicted by severe localised flooding events that fall outside of the remit of the major flood defence programme. In 2009 OPW has developed a programme, first introduced in 2009, of minor or small-scale flood defence works in local areas. Under the programme, a total of €16 million has so far been approved to local authorities for works and studies in respect of 193 projects located nationwide, with €9.9m provided to local authorities in 2010 in the aftermath of the 2009 flood event, and a further €5.2m in 2011.

As part of our aim to foster greater co-operation with local authorities, set out in the Action Plan for the Croke Park Agreement, OPW will continue to work with Local Authorities to undertake flood mitigation measures in their administrative areas.

Estate Portfolio Management

The Estate Portfolio Management programme involves the management, maintenance and development of the State's property portfolio, including the care, protection and presentation of national monuments and historic properties. The programme comprises a wide variety of services, including professional services such as architecture, engineering, valuation, quantity surveying and project management.

The primary constituent parts of the programme, which, in funding terms, were the largest in 2010 were:

- property management functions, primarily rents;
- heritage services involving the care of 750 national monuments and 26 national historic properties with a combined provision of 69 visitor facilities;
- the provision of building and maintenance works at OPW managed buildings and
- the management of unitary payments relating to the National Convention Centre in Dublin.

The programme also administers certain grant payments on behalf of the Government, and in 2010 grants were made to Dublin Zoo and Glasnevin Cemetery, two fantastic visitor attractions in the capital city. The Zoo is now the most visited attraction in Ireland with over 1 million visitors passing through its gates in 2011.

The committee may be interested to know that the most visited "attraction" in 2010 was in fact in Shanghai, China where the Irish Pavillion at EXPO welcomed over 3 million visitors through its doors in a six month period.

As part of its property management role, the Office of Public Works endeavours to ensure the best deployment of State property assets through a combination of owned and leased property resources. In recent times the office has actively pursued opportunities to rationalise office accommodation

and dispose of more expensive leases with a view to achieving significant rental savings.

Expenditure on rents amounted to €128m in 2010, a significant part of the OPW Vote. The same year saw the surrender of 41 leases and a total of 358,000 square feet through the rationalisation programme. The impact of this on the rental bill in 2011 was a fall in the annual outturn to €118m. As we continue to exit long-term lease arrangements and renegotiate existing terms, the total amount spent by the OPW in this area will continue to fall and the total cost of leasing buildings will further reduce in 2012 to €112m.

The OPW continues to be actively involved in the area of energy conservation and significant savings, amounting to some 16% per annum on energy consumption in all our large buildings, have been achieved in recent years. A combination of awareness campaigns such as the “Optimising Power at Work” campaign and individual energy audits to analyse and monitor consumption at larger buildings are just some of the measures being undertaken in this area. In monetary terms these savings amount to almost €4million. The target for the current programme, to the end of 2012, is 20% energy savings per annum.

In the Heritage area, the Office undertook a task of particular significance in the past year. The work carried out by OPW staff in the facilities management area at OPW sites including Dublin Castle, Farmleigh, the Garden of Remembrance, the Memorial War Gardens and the Rock of Cashel at the time of the State visits by Queen Elizabeth II and President Obama demonstrated the flexibility of the OPW organisation to meet the various tasks assigned to it by Government. A large part of this work was carried out behind the scenes and preparations are now underway to prepare for Ireland’s hosting of the upcoming term of the EU Presidency in 2013.

Other Services

Finally may I draw the Committee's attention to the fact that the OPW also manages many services, which are not directly funded from its Vote. Although the gross 2010 outturn for the OPW Vote in the Appropriation Account amounted to **€453 million**, this did not reflect the full range of activities of the Office. The OPW acts as an agent, and incurs expenditure, on behalf of a range of other Government Departments and Agencies the total amount of which was over **€112 million**.

Furthermore, the Project Management and Architectural Services of the Office provides specialist procurement and technical advice to the Government and various Departments on major projects which in 2010 saw the completion of the new Lansdowne Road Stadium and the Convention Centre Dublin.

More recently the OPW has agreed to project manage the delivery of at least eight replacement schools due for completion in 2013, together with ten school extension projects, which will be funded by the Department of Education and Skills.

These do not appear as expenditure items in the Vote but provide a valuable input to the development of the State's portfolio and assist the Departments and agencies concerned in delivering on their various remits.

I thank the members of the committee for their attention. I will be glad to answer any questions they may wish to raise on the 2010 accounts and report.

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