

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S PORTFOLIO

Group: 1

Program: General

Question No. BE15/085

Senator Collins asked the following written question from the 27 and 28 May 2015 hearing:

Last year's budget provided for savings of \$1.6m over four years for consolidating the back office functions of the National Cultural Institutions. It provided for expenditure this financial year (2014-15) of \$1m to set up a shared services unit.

1. What is the progress on setting up the shared services unit? What have been the set up costs so far?
2. The projected savings were \$1.6m over 4 years. Will those saving be achieved?
3. How was that figure calculated?
4. Was the estimated saving simply derived by deducting 10% from the existing corporate costs of the institutions?
5. What analysis has been undertaken to show that a shared services centre is the most efficient and best way to meet the needs of the institutions?
6. Has the Department conducted a review of its own shared services centre to determine whether it is efficient and effective?
7. Has the Department examined the functioning of shared services centres in other portfolios? In this context, is it the case that the Department of the Prime Minister and Cabinet has decided not to proceed with a shared services centre for that Department?
8. Has the Department engaged a consultant or consultants to assist in the implementation of the shared services initiative?
9. Who are they? What has been the cost of that contract or contracts?
10. What reports or documents have been produced by the consultant(s)? Please provide those reports.
11. Were those reports, or other reports from the Department, discussed with the institutions before they were delivered in final form?
12. Who delivered those reports to the CEOs of the institutions?
13. What functions have been identified for takeover from the institutions?
14. What savings have been identified in those reports? Are the savings consistent with the estimate in last year's budget (\$1.6m)?
15. What positions are projected to be cut from the institutions at SES, Executive Level, or lower? Do they include such positions as Director Finance or Director Human Resources? Is it correct that two Chief Financial Officers have already left the institutions?
16. It appears some functions will not be taken over by the shared services centre. An example could be the calculation of final moneys and leave entitlements for staff terminating or moving to another agency. Is this specific example correct? How will the institutions perform this function when they no longer have the expertise or systems to perform this function? Are there other functions of this nature that will remain with the institutions?
17. Many of the IT systems in the institutions have been tailored and customised over time to meet the specific needs and functions of the institutions. How will the shared services centre meet the specific needs of the institutions as they work to fulfil their quite different functions?

18. How will the Department avoid a duplication of activity, proliferation of second tier systems, unofficial spreadsheets, and reports, within the institutions?

The answer to the honourable senator's question is as follows:

1. The Attorney-General's Department's Service Centre is established and is currently providing its services to 5 agencies, 2 royal commissions and the Defence Abuse Response Taskforce in addition to the 14 divisions of the department. The 2014-2015 budget measure included funding of \$1 million to consolidate the back office functions of the arts agencies. Additional expenditure has been absorbed by the Attorney-General's Department.
2. The 2014-2015 Budget Measure provided savings of \$2.4 million over 4 years. The savings are expected to be achieved.
3. The savings were agreed by the Government in the 2014-2015 budget process.
4. The savings were agreed by the Government in the 2014-2015 budget process.
5. The measure is part of the smaller Government reform agenda and is referenced in the "Smaller and More Rational Government 2014-15" Ministerial Paper published by the Minister for Finance in May 2014.
6. At this relatively early stage of implementing shared services for the arts agencies, a formal review has not been commissioned. The Department has engaged experts with experience in shared services operations within state government and collecting institutions. Overall the feedback from transitioned agencies provided to the Department has been very positive.
7. The Attorney-General's Department is working closely with other Commonwealth agency shared service centres and is sharing learnings. Questions concerning the Department of the Prime Minister and Cabinet should be directed to that Department.
8. The Attorney-General's Department engaged a firm to assist with the transition of the collecting institutions to the department's Services Centre. Fyusion Asia Pacific Pty Ltd was the successful tenderer and has provided expert staff for various important aspects of implementing shared services for the seven cultural institutions. The Fyusion staff have specialist skills and experience in shared services and corporate service restructures of State government and collecting institutions. Fyusion assisted the department in the transition by collaboratively working with staff in the Arts collecting institutions to undertake business process documentation and reengineering activities, business process mapping, organisational change management and project management.
9. a) Contractors are engaged through Fyusion Asia Pacific Pty Ltd.
b) The total cost to 30 June 2015 is \$610,596.00 (exc. GST) which has been absorbed by the Department to minimise the budgetary impact on the individual agencies. This expenditure has funded the cost of the collaborative work undertaken with staff in the Arts collecting institutions for business process documentation, business process mapping, organisational change management and project management.
10. The contractors have produced many reports and documents. A number of these documents and reports are Commercial-in-Confidence as they contain sensitive information pertaining to

the contractor's business review methodologies.

11. Documents relevant to individual agencies were discussed with them in advance.
12. Reports and documents have provided to agencies by the Attorney-General's Department for their use at their discretion.
13. Functions being consolidated into the AGD Service Centre are those that are common across the agencies. These are delivered in a relatively consistent way, and comprise payroll, accounts, records management and common goods and services purchasing.
14. The reports are commercial-in-confidence.
15. Questions related to staffing should be directed to the individual agencies.
16. This specific example is not correct. AGD is not aware of other functions of this nature that have remained with the institutions and not transitioned to the AGD Service Centre.
17. Tailored and unique ICT systems relating to core business and collection management will continue to be managed by each agency. Only payroll, accounting and records systems will be hosted and managed by the AGD Service Centre.
18. Each agency is responsible for not creating unnecessary duplication of services.