



TRANSCRIPT OF PROCEEDINGS TRANSFORMATION THROUGH SHARED SERVICES

**ROSEMARY HUXTABLE PSM
SECRETARY, DEPARTMENT OF FINANCE**

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Kathy Leigh:

Good morning, everyone, and welcome to today's event, Transformation Through Shared Services. IPAA ACT's delighted to partner with the Department of Finance to deliver today's event. Over the past few years, IPAA has run two events on shared services, and they've both generated a lot of interest, but things have moved considerably since our last shared services event, which was in April 2015. This year's federal budget provided funding for an APS-wide shared services programme, focused on the provision of common services through centres of excellence. Hubs. The Department of Finance has the lead. And Rosemary will address us shortly about this initiative.

On our panel, we have Lucelle Veneros, who's assistant secretary of the finance department's service delivery offers, and she has responsibility for the implementation of this programme. We also have Michael Schwager, chief operating officer of the Department of Industry Innovation and Science, who has responsibility for one of the hubs. From New South Wales, we have Rod Greenaway, executive director in the New South Wales Department of Finance and Innovation. New South Wales has also been undergoing a process of consolidating the corporate and shared back office processes of its agencies, and Rod has responsibility for managing the delivery by outsourced providers of shared services to New South Wales agencies. From the ACT, we have Graham Tanton. In the ACT, we've had a shared services since 2007, and while it's long standing, it's a function that continues to evolve. Graham is the executive director who heads ACT shared services.

I'd now like to introduce Rosemary Huxtable, PSM, to provide her address. Rosemary is the secretary of the Department of Finance, having commenced in that role in December 2016. Rosemary joined finance in June 2013 as deputy secretary budget and financial reporting. Prior to joining finance, Rosemary was a deputy secretary in the Department of Health and Ageing, where she had responsibility for policies and programmes in the areas of ageing, age care, mental health and e-health. Rosemary was awarded a public service medal for her work on Medicare in 2005. Please join me in welcoming Rosemary to the lectern.

Rosemary Huxtable:

Well, thank you very much, Kathy, for your introduction and also for chairing what I think's a very important event today. I, too, would like to start by acknowledging the traditional custodians of the land on which we meet today, the Ngunnawal people, and pay my respect to their Elders, past and present, and also extend that respect to other aboriginal and Torres Strait Islander people here today. Thanks for much for the opportunity to speak at today's forum. I feel as if I'm in a very unique position to speak about transformation through shared services, and that's for three reasons.

Firstly, as Kathy pointed out, as the secretary responsible for delivering the government's shared and common services programme, of course, in collaboration with my colleagues, across the Australian public service, I have an acute interest in the policy settings of shared and common services.

Secondly and more recently, I've also become the accountable authority for a shared services hub. The Service Delivery Office, which was previously the Shared Service Centre. Lucelle Veneros is here today. She's leading the Service Delivery Office, and you'll hear more about our experience with

shared services. But the great value of that is that we are now experiencing firsthand the practical application of shared services policy and delivery, and being in the unique position to be able to feed our practical experience back into the policy development process.

Thirdly, I have a role as a potential consumer of shared services. We in finance our going through our own processes and planning to undertake what we hope will be a successful transition to shared services arrangements.

Today I wanted to focus on four themes. The drivers behind transformation through shared services, what the APS has learnt about shared services through the experience of others, why I believe shared services can work in the APS, and the path we're taking to get there. Today's event, though, is really about learning and sharing. I hope you will find my contribution useful. Reflections that come from my perspective of those various role that I have, and that will give you food for thought in the discussions that follow. In particular, as I've mentioned earlier, we have two speakers here with a very strong grasp of the Commonwealth Programme, and I'm sure they'll be very happy to share more with more. Michael Schwager, responsible for the Department of Industry hub, and, as I said, Lucelle from finance managing the Service Delivery Office.

We, the APS, need to focus on delivery the priorities of government and meeting community expectations in an environment of fiscal pressure and rapid change. If you haven't already, I would encourage you to read the preface of budget paper number four from the 1718 budget. It's not as dry as you might think. The government and the community rightly expect that we will deliver what the government wants and what citizens, people need, as efficiently and effectively as possible. I think it's safe to say, and I don't think this is particularly controversial, that no government any time soon, or in any jurisdiction, is likely to have a significant appetite to invest resources into public sector back office administration. In fact, it is our responsibility as the guardians of public expenditure, not only in the Department of Finance, to ensure our systems and processes are as effective and efficient as possible.

I don't think that that is really any different to what the private sector reasonably expects in delivering for its shareholders. In 2017, departmental expenditure was around 7% of total government expenditure. On face value, this may sound reasonable. It's clearly less than the running costs of the 1960s, which were totalled around 16% of total government expenditure mark, though I'm not entirely sure that's an apples to apples comparison. A lot's changed in that time, clearly. Not only have I got a lot older, I'd have to say. Despite this positive downward trajectory, which is largely result of technological advancement, it's notable that on average 20% of current departmental expenditure is still being directed toward corporate support and services. This means we're spending more than two billion dollars every year on corporate services across the APS, and I would say that's a quite conservative estimate, as it excludes the defence portfolio and it also excludes ICT services.

At the same time, the APS needs to position itself to respond to a rapidly changing environment, and the continued need for fiscal discipline. As many

of you would be aware, from the public sector who are here today, agencies have been subject to efficiency dividends for many years, and there is government policy, which all agencies contribute to, to maintain average staffing levels at 0.67 levels. So 167,596 ASL or below. In fact, since 2013, initiatives such as the Smaller Government agenda, contestability, Operation Tetrakis, and the efficiency dividends have generated around 7.6 billion dollars in saving. The secretary's APS reform committee, which is a sub-committee of the secretary's board, are working together to drive the transformation and modernization of the APS. A question we posed at a recent meeting was, "Are we fundamentally changing the way in which we operate and which we organise ourselves, or are we trying to get by shoehorning activities in without making really significant changes to our operating models?"

To be effective into the future, we need to find innovative ways to free up valuable human and financial resources so that we can focus on the highest priorities for government and citizens. My view in this regard is that we're at a crossroads in terms of disrupting traditional models, with doing business, and pushing the boundaries as to how we work. We are no different to any other sector in this regard. Think of the changes, for example, in the telecommunications or entertainment sectors, or banking. In our current environment, corporate services have been highly customised from agency to agency, based on historic practises, preferences, and legacy issues. Most agencies have been providing their own back office functions, supported by their own enterprise resource planning systems, with their own customised requirements. That adds costs at every layer.

The shared services programme aims to reduce the costs associated with delivering these back office functions by established centres of excellence, or hubs, that will leverage economies of scale and focus on standard processes and practises that over time improve results and reduce costs. Shared services aim to allow a greater focus on the core priorities of government rather than on delivering transactional corporate services. The ability to share and maintain new and emerging technologies and better data for informed decision-making. Before I go into too much detail about the Commonwealth shared services programme. I wanted to address what might be seen as an elephant in the room. You may have heard of failed attempts to establish shared services. In fact, these have tended to dominate the media's coverage. So just to read out a few headlines. "Whitehall shared service centres not value for money," says National Audit Office. That's a UK public finance publication. And, put in almost any name you wish, "Called to account for shared services failing." So again, in various journals.

Shared services isn't without risks and challenges, and I acknowledge that experiences with shared services haven't been universally positive. Though some of the headlines are point in time rather than an evaluation of the impact over the long-term. Importantly, however, the approach that we are adopting in Australia is informed by what we have learnt and what we continue to learn through the relationships we've formed with our counterparts in other jurisdictions and overseas. We tend to hear more about the failures than the successes, something I hope will change as a result of today's panel discussion. While they may not make headlines, there are success stories. New South Wales is here today. It's been particularly generous in sharing their experiences with us, which have been very positive.

The success of the New South Wales experience was largely due to taking a more gradual transition approach. Transition in corporate services, in a piece by piece approach, with a central oversight function playing a critical role.

Rod Greenaway from the New South Wales government is here today to speak more about this. The ACT is also collaborating with us. Although on a much smaller scale, the ACT shared services is now well-established, and leading innovation in the process. You will be also hearing from Graham Tanton about the ACT experience. The collective evidence suggests that in order to be successful, shared services must involve three important elements. Consolidation, standardisation, and contestability. Consolidation is about bringing all corporate services functions together to build economies of scale, standardisation means establishing standard business processes and optimising those processes, and contestability is about testing the market to understand who is best placed to deliver services. These are not linear processes and they can occur concurrently. Later on, I'll explain a little more about how we are applying these elements.

Another important lesson we have learnt is that shared services is a long-term game. It takes time to established arrangements that deliver structural savings. Many jurisdictions have attempted to implement such arrangements on the back of overly optimistic business cases. We have learnt through the experience of others to take a staged and gradual approach. Another lesson is that upfront investment is required. I'll speak about this shortly in relation to the modernization fund. Finally, leadership and collaboration is key. There is a need to champion the policy at a whole of government level, but also within each agency. As with any transformational change, we cannot underestimate the need to address, at a practical level, what does this change mean and what's in it for me? The large number of HR and finance systems currently maintained by individual agencies imposed significant costs that can reduce through greater sharing of enterprise resource planning systems and the business processes they support.

But we must also remember there are staff delivering services on the ground who themselves need to be supported through change. With their responsibilities to achieve the best value from departmental resourcing, agencies themselves are coming to the realisation that they can no longer afford not to invest strategically in shared services. They are also realising that they must start a meaningful dialogue with their staff now to lead and support them through the change. So where are we now and how are we going? To date, the Commonwealth has established six centres of excellence, or hubs, to provide services to consuming agencies. This is part of that first consolidation process. Is six the right number? Further consolidation is likely to occur over time as the hubs explore their strengths and weaknesses, and mature. Some hubs will be viable on their own. Others may consider merging to achieve the necessary scale. As you can see from the slide, agencies are in the process of transitioning to hubs.

In total, there are 90 agencies in scope to transition, while three have a deferral to participate, bringing the number to 87. 17 of these, however these cover 50% of employees, have already successfully transitioned to a hub. 60, covering the remaining 47%, have committed to a transition timeframe. Finance coordinates an annual benchmarking process which is

maturing over time, and is providing us with a greater understanding of the costs associated with delivering corporate services. Of the agencies who are currently participating in the benchmarking, the majority would reduce their corporate services if they transition now. While they are transitioning, agencies and hubs are working together to standardise business process, the aim being to remove complexity and redundancy, and create consistency and efficiency, and I'm sure Lucelle will talk a little more about the SDO experience in this regard.

The number of agencies that would reduce their corporate service costs increases again once these efficiencies are realised through scale, process, and capability improvement. As part of this process, we're establishing whole of government standard business processes, supported by an ERP panel. The panel will incorporate agreed standards into their products, reducing the need for highly customised systems. All agencies will eventually benefit from consistent professional services, modern technology platforms, and better whole of government data to inform business decisions. Next slide, please.

As mentioned, transitioning to a hub requires upfront investment. When we started our journey, we were still gaining an understanding of the true costs with what we call the onboarding process. We knew that insufficient upfront investment had led to failures in other shared services programmes, and we were keen to mitigate the cost. The government has provided an 87 million dollar injection of funds through the modernization fund to support agency transitions. The funding also allowed investments in the capability of the hubs, and the investment has accelerated the transition of agencies by at least four years. The modernization fund has helped to address financial barriers for agencies to participate and has helped to break down cultural resistance. The standardisation and consolidation processes are preparing us for the final important element: contestability. I just want to talk a little bit about some of the practical issues that we've experienced. At the end of 2016, the Department of Finance began to offer a range of transactional services as part of the Shared Services Programme, under the Service Delivery Office.

Some examples of services on offer include accounts receivable, accounts payable, and payroll functions. The SDO currently services 13 clients, covering around five and a half thousand employees. In its first year of operation, it has focused on working with consumer agencies to build a governance framework in line with the ANAO's guidance on better practise governance. The SDO has bridged the gap in governance highlighted in ANAO findings of the previous shared service centre by having one accountable authority instead of two, and by forming key committees and board with decision-making authority. It has also established a range of assurance controls to reduce risk and increase accountability for consumers. A typical day in the life of the SDO, and you can see some of their data on the slide, includes 4,804 pays each pay period, 114 payments made each day, and the range of services that you can see there.

But underlying the daily delivery of these services is a shift for consumer agencies. Reducing costs and increasing quality are progressively enabling consumers to focus more of their time on their core business, not on

ensuring staff and bills are paid. In practise this means, for an organisation such as the Department of Employment, that they can focus more of their efforts on delivering employment services to Australia's citizens, or for the Department of Education, they can be better placed to achieve their goal of maximising opportunity and prosperity through national leadership on education and training.

The next 12 months and beyond are integral for transformation through shared services. Successful engagement and implementation of standard business processes, the continued transition to the hubs with support of the MOD fund investment, and the role of the ERP panel will provide a springboard for further engagement and the benefits of economies of scale. We continue to learn through our experience and the experience of others, and today provides another opportunity to share and learn from each other. I trust the panel session that follows, with the active engagement of the audience, will accelerate that shared knowledge and experience to drive further success on the shared services journey. Thank you.

Kathy Leigh:

The format now is to hear from our panellists about their experiences with shared services, and I'd like to start with Michael. If we start with the APS and the Department of Industry Innovation and Science. And Michael, you've got responsibility for one of the six hubs. Could you tell us a little bit about your experience with that?

Michael Schwager:

Thanks, Kathy. So I'd just like to say, at the moment, I have one of the funniest jobs in the public service. It's a suitable place to work, and part of that is the challenge of implementing shared services with a fantastic team that are dedicated to making this work, and that makes my job a pretty good place to be. From our perspective, I just want to make a couple of points up front. We strongly believe that this is about tranche two in shared services. We are aiming to ensure that the services we provide, and the services across the shared services programme, extend to at least tranche two. That's the evaluated services, because that's where the benefit lies for the taxpayer, so we see that as a point that we will get to and that we are striving towards with everything we do in our particular hub.

I want to cover off on two things. We obviously provide TechOne and Orion. We are one of the two hubs for TechOne and Orion, and I guess I was going to talk a little bit about our experience and where we're headed with both of those HR and financial services. Let's talk about TechOne. We have a very strong relationship with TechOne and have had now for many years. In-house instance of TechOne is quite sophisticated. We use TechOne for our procurement workflow. We're rolling out a credit card acquittal with TechOne. These, we have found, over the years, to be hugely advantageous to our efficiency inside our department, and we're quite keen to make sure that when we get to offering business processes service for TechOne, through TechOne, that we are able to offer those level of services to our customers. To that end, our focus for the next nine months is to work very closely with TechOne, to push our instance into the Cloud, and to work with TechOne on OneGov. Now, we see that as being OneGov plus enabling us to work with other providers who can add on to the TechOne instance of OneGov so that we can provide the suite of tranche two services in financial, or business process as a service, as soon as we possibly can.

Our goal is to get our instance in the Cloud, and OneGov by the end of this financial year. And we're certainly keen to work with ... We are working closely with TechOne to achieve that particular goal. That will help us build capability and maturity in the market so that we can offer viable alternatives to SAP, for instance, in terms of the complexity that comes with tranche two evaluated services. In terms of Orion, we, as of this week, have onboarded the Department of Communication and the Arts. Our first department of state as a customer. We have had a successful shared services payroll provision now for some time. We have, as I said, I think, seven customers, as of the onboarding of Communication and the Arts.

Our experience with payroll has been ... It's not always easy. It's a bit complex, particularly when you get things moved to you being a provider of services to external clients. That in-house relationship that you have is all of your staff and colleagues becomes obviously very clearly a customer service relationship, and so things become escalated a little bit more quickly, and so part of what we have to do in our payroll experience is making sure that we shift our capabilities to be as customer-focused as possible, so the days of just doing our payroll and doing those services for in-house clients are gone. We have to shift very clearly our HR capabilities in that area to customer service delivery.

On Orion, it's also been quite contested as to whether or not it's value for money, coming into a hub like us. Some of our customers have said, "Really? Don't quite believe this is value for money." We want to challenge that, and so I'm quite proud that the HR, my payroll team, are taking on that challenge. We intend to test the market with our group as it currently exists for payroll, so we're going to pause in our onboarding and customers in HR, at least until the end of this financial year. We're going to knuckle down on automation. We're going to make ourselves as efficient as possible and then we're going to put a contestability lens across it. That contestability lens process will provide our colleagues in the Department of Finance with very valuable information about the future of contestability. As you've seen from Rosemary's slides, it's not a linear process. They can occur concurrently, and we're going to attempt to do that with our payroll service by the end of this financial year.

So we'll be going out to the market, testing the market, and hoping to have best practise in that over the next little while so that we can assure ourselves that we are either competitive with the private sector, or maybe the private sector is able to provide those services, in which case we'll make a value for money decision and go to the private market on our payroll hub. That remains to be seen, how that all pans out, but certainly that's our focus, HR payroll, for the next nine months or so.

The other thing I should mention is governance. We've learned a lot of lessons on governance. We're working quite closely to ensure that the governance processes we have in place for our hub offer certainty, as much as we can, to our customers, without burdening us with extra audit work. Luckily, we have recently worked very closely with one of our biggest, in fact our biggest client, IP Australia, to collaborate on an audit of our payroll function, and we're using an experience and looking at the experience of SDO, looking at the guidance from the ANAO, working closely with the

ANAO, to try and get to a point where we minimise the impact of audits on our hub, and that the processes we set up for our hub provide the assurance that our customer audit committees want. And that's something that we have been working quite closely through the hard work of our governance team.

I should say in all of this, very quickly, I'll wrap up with one final comment, and that's that all the progress we've achieved over the last little while, we couldn't have done without fantastic support from a key partner, in terms of the project programme delivery and management, so I will give a shout out to Deloitte, who have helped us enormously over the last 18 months. That's it from me.

Kathy Leigh: Thanks, Michael. I think that's given us a really good practical understanding of what's happening on the ground, so that's really helpful. Thank you. Rod, we might move now to New South Wales, and I've known in particular that New South Wales is quite similar to the APS in terms of size and scale, so it could be useful to us from that point of view.

Rod Greenaway: First things first, what is GovConnect New South Wales, which is our brand of our shared services model. So what is that, just some of our major successes to date, challenges to date, what we've done to tackle those challenges, and what are the lessons learnt, and what are our next steps? What are we doing, because this is a continually evolving shared services operation that we're dealing with.

So first things first. GovConnect New South Wales. What is it? Well, New South Wales government, across its central agencies, not the larger revenue earning agencies, but across the central agencies, had an insource model with an organisation called ServiceFirst. ServiceFirst were an internal organisation providing services across eight clusters in central government agencies, which I'll get to in a second. But I guess there was some mixed feelings about the model within New South Wales government, also clients. Some customer satisfaction issues, but, to be fair, the ServiceFirst, I think, what government was really looking for was to do standardised processes and get as much efficiency out of a shared services model as possible, and in early 2014 they made a decision to go to market, to the private sector, and ask the private sector how they would do this for government, and how would they propose a transition and a transformation of our shared services model.

Cut a long story short, that concluded in May 2015, and we signed two contracts. A six year term with Infosys for business process outsourcing, covering HR payroll and finance back office transactions, and for ICT, which is mostly with the shared services element of ICT, predominantly infrastructure, data centres and using computing networks, was signed with Unisys for a six year term as well. We decided to give it a brand name. The government owns the brand, and we called it GovConnect New South Wales, and the model there is it's a contestable model. We can bring vendors in or out, and if we add new services to the catalogue, the idea is we roll those services underneath that brand name, and if that's provided through a new vendor, or an insource vendor, or whatever the case may be, the gateway to

our service catalogue is through that GovConnect New South Wales channel and brand.

We went live. We had a six month transition and we went live. We signed the contracts in May 2015, and we went live in December 2015. So it was quite an aggressive transition plan. We probably would have needed and would have liked more time to do that, but I guess we had a double-edged sword there because we had an insource environment who were facing voluntary redundancies, and who were obviously exiting, looking for new roles within government. At the same token, we had to ramp up the knowledge within the vendors, so the six month timeline probably could have done with a bit more time, but with those risks, we did the six months and went live then.

Who are our clients? Our clients are the department I work for, the Department of Finance Services and Innovation, about 50% of our department is on the platform, and the other 50% is moving onto the platform throughout the next 18 months. We've got Property New South Wales going live next month, onto the platform. Department of Premier and Cabinet, the Treasury, New South Wales Treasury, that is, Public Service Commission, Service New South Wales, Office of the Children's Guardian, and Healthcare Complaints Commission. And more recently, with the commercial structure we have of our arrangement with both Infosys and Unisys, where we've got a parent agreement, and each agency signs up to their own direct customer outsourcing agreement with the vendors directly, will able to enable TAFE New South Wales, who had to vacate the Department of Education's SAP platform and shared services model. They were able to use the mechanics behind our contract structure in order to engage emphasis to provide financial transactional services in a very short period of time. They went live in July this year, and they've got their own SAP system at the moment because they're obviously very large, but they're using our commercial construct to operate that.

What's our size and our scale? I think you need to be at least around about 20,000 users to get the right scale, but the scale that we're at, we've got roughly around about seven and a half thousand staff on our payroll. We've got nine and a half thousand users on our platform, when you include contractors and the like. We do about 13,000 tickets are raised with us each month, through our service desk.

Successes to date for us, I guess, given that we are an outsource model, one of the key factors for us was governance and strong governance, given that we have a commercial arrangement with the private sector for two large organisations in the private sector here. We now have a governance structure covering the strategic, the technical and the operational elements of the arrangement. We've actually got a full service catalogue now across HR, payroll, finance and IT, with unitized pricing. And that continues to evolve, and the vendors learn more about how we interact with them, so it's an evolutionary service catalogue across all those three major streams.

For BPO, we had two SAP platform when we first started the GovConnect New South Wales. We merged those two platforms to one, so we've now got one single SAP platform now, so as we bring new agencies on board, they

adopt our new platform. That's the model. And we call that platform SAP Connect. We've also, in order to move to, I think, which is probably most people's target in shared services, we're looking to move to an automated process where we can avoid human touch with agents in the backend, so we're starting to now mobilise smarter digital forms. They're not just a rehash of the existing PDF forms that we have that are quite ugly and cumbersome. We're now rolling out ... We're up to around about three to five per month now. Took us about three-ish months, four months to get the first two out, but now we've got a much more agile approach and a much more stronger mobile approach now to rolling out forms, in order to enable us for automation as the next phase around all that.

And for IT, we've now built an IT as a service platform that's fully integrated with Office 365, and soon to be with Microsoft Azure for server platforms, which is now about 50 to 60% now into migrations, and that's built in our New South Wales government data centres, based in Silverwater, and Western Sydney, and a place called Unanderra, which is just near Wollongong in South Sydney. Southern. South of Sydney. So the challenges today, again, they're not unique, I don't think. The challenges have really been around that continued push to adopt the standard processes. I think when we had the insource environment, there was probably a tendency to pamper to the agencies and to adjust the model for their bespoke likes just to keep them happy. I think the idea behind injecting a private sector model was to probably is to enforce that these are our standards and this is, if you're going to come on board, this is what you need to adopt.

Funding new investments is also a challenge. We didn't prepare the client agencies with this new model on how we fund new investments, so we're continuing to work with that, and we're not geniuses as that, and we're still starting to work through other agencies now and prepare them each year as to what we forecast might be funding and new investments to continue to evolve and improve the platform. Because we outsource, we had many years of experience of an insource model, and suddenly we moved to an outsource model where some staff from certain spheres did move to either Infosys or Unisys, but it was a new game for the vendors, and their knowledge was nowhere near as at the standard of the insource model, so knowledge management and growth of that knowledge was also a challenge for us in our structure, with an outsource environment.

How did we tackle these challenges? We've actually changed our governance structure. We've actually introduced a higher level at the strategy board, which is at the secretary level of our client agencies. And their role is really to set the principles and what the rules of the game are. The notion is that if you're in the game, you've got to play by the rules, and the rules are, if you're in the game as a shared services model, either you're in or you're out. Let's see how that plays out, but they've been very strong in their messages today. Over the last three months. And it's beginning to work. We've got a client counsel now that's there to oversee commercial changes or financial impacts, and to approve those with any agencies as we create change, but also oversee the change programme and what the impacts will be to their agencies as we continue to evolve and to adopt standard processes.

And then probably the key change here is the evolution of who owns a process, and the original notion was that my central team, the vendor management office, owned the processes. It didn't work. We've now divested the process ownership into the three functional committees known as the finance committee, the HR committee and the ICT committee, and my peers are the CIO, the CFO and the executive director of HR in Department of Finance, Services and Innovation. They're now on the hook and accountable for the ownership of processes, and I think how the model works, and works well or works better is it's a first amongst equals approach.

So when they set their functional committees, they've got the CFOs around the table of each of the client agencies, or the heads of HR, or the CIOs, and they're all in the same boat, trying to drive the same outcome. They don't have this [inaudible 00:39:29] the vendor management office. Who are they? What are they? Who are they? Are they contract managers? Are they ICT specialists? Are they finance specialists? Are they HR specialists? Who are we? I think when we try to promote, quite often, similar change, it didn't resonate as well with them. They potentially thought there might have been a different agenda or what were they on about.

In a very short space of time, since we introduced this new model, we're starting to see a lot of change and change starting to emanate, and the fact that they're on the hook now, and they own these process, and they're in control, and we're expecting them to now create change, and to drive the adoption and the standards moving forward. It's starting to work very, very well. Changing management was probably the biggest problem we had when we moved, and how we train the agencies to understand how to work, not only with a changing shared services model, but to an outsource shared services model. We're now getting billed by a private sector organisation every single month, and how do you dispute that bill? Was it this many widgets we consumed or that many widgets? But when you do so, you've got 10 days to do it, otherwise you're going to have to wear it.

So I think that whole contract management, as it aligns to each of the agencies, as opposed to we're more an all of client contract management division, is something that we need to prepare them better for moving forward. So the role of my team moving forward with the fact that that divesting the process ownership is really starting to focus more on more now on contract management and performance management of the vendors, but not only the vendors, but also the clients. We took a focus on these new, big, bad vendors coming in. They're not government agencies. They're not public sector. The SLAs was all about their SLAs. What are they going to do to make sure that they're fulfilling their part of the pie? But in the day, the objective is a business outcome. We want to make sure all vendors are being paid within 30 days. We want to make sure all staff are paid correctly, et cetera, et cetera.

The focus of the SLAs wasn't on that. The focus of the SLAs, what their bit was, but not what the agencies input was, and what we're finding is a lot of the problems are due to the data integrity of agency input, so our role now is to build a process for performance management across the whole [inaudible 00:41:56].

Just quickly in the next steps is obviously just to continue around ... We're looking at onboarding processes for employees, AP payments to be across the board, vendor clean-ups and travel expenses. And this whole entering performance management, and finally a big focus on customer experience and our service culture across the board.

Kathy Leigh: Thanks, Rod. And you mentioned 20,000 users being a good size for a start for shared services, which I think is exactly the size Graham is responsible for in the ACT, so I'd hand over to Graham to talk about some of the lessons learnt over the last 10 years from the ACT.

Graham Tanton: Thanks, Kathy. Thanks, Rod. So interesting is that Kathy mentioned, and also Rosemary, ACT government established its shared services. Basically was announced by the chief minister at the time, Stan Hope, in 2006. Roughly about 12 months later, in 2007, it was established as fairly much as a big bang theory we'll put in practise. We currently provide services to over 22,000 staff from a very diverse staffing background, from ACT rangers, to nurses, to teachers, and all of the different enterprise agreements that come across that, and systems that need to go in clinical systems in hospitals and the like, so very broad, diverse range of services.

10 years down the track, and it's interesting, coming from the commonwealth to the ACT, and also commercial before that, is really having a look at the journey that everyone is going through in establishing a shared services, and with ACT, bit of hindsight. So when I was reflecting on the journey and those discussions that I've been having with different areas over time, the reflection going through from the establishment from the announcement of shared services, and really, I googled to see what the five steps would be and it came up to be the five steps of grieving, is that most shared services folks implementing and being on board go through, and that goes from denial, anger, bargaining, and bargaining's about why you shouldn't be part of shared services and that your services won't be able to deliver as well as yourselves, and that your processes aren't working, through to depression, then through to acceptance.

And it's basically, if you've got multiple clients or services, you're delivering to people who are on that spectrum across the whole broad of those five ranges of where they're at. So one of the lessons learned, and some of things I can say is part of the governance structures, and I think everyone's, both Michael and Rod, have mentioned about the governance structure's really bringing on board your clients, and the need, and we're talking about transformation, is transforming the agency providing services into a customer service delivery agency, and that's one thing for the public sector. It's something that we're generally not used to providing, so one, getting your staff understanding why they're providing a service to others. Noting that they will start to get external criticism about their work, or if things go wrong. They've got that level of transparency that's required to carry out their roles.

Also for those agencies who are now getting services, to become a good client. To understand. To be part of the process. To look at that continuous improvement, rather than just saying, "It's not working. We should go back to the old ways." Because people like to have their sense of ownership, and

around that grieving period that sense of loss about what they own, how they do it, their part of their role and the importance of what they do. So the ACT government, at the moment, where we're currently at, we're basically, across the board, at that acceptance level. And when you get to that acceptance level, things start to open up for you. And that is around looking at how you can use automation, you can look at your single processes to improve. But noting about process, if you've got a bad process that you're trying to push onto other people, that bad process will come out very quickly, so there is an ongoing discussion about how you deliver those services and how you outline them.

But once you've hit that acceptance model, you do then have the scope of work to get the benefits out of a shared services organisation. Currently we're going through a very big phase of automation through all of our processes in both our backend but also in our ICT area, where we've recently partnered with Microsoft, but also Google. Delivering school programmes within the school and within the Google net. So that's opened a lot of advantages. For the ACT government in the past 10 years, we've put basically close to in excess of 250 million dollars back into the community coffers, which has allowed for additional resources, as I mentioned, into schools, into hospitals, into those services that we all [inaudible 00:46:49], and expect and enjoy a high level of standard of living. So that's one of those benefits that you don't necessarily realise that you need to bring back to why you're doing what you're doing. Going forward, it will be for us to really look at our peer group. To look at starting to deliver those range of services at peer best, so best practise across the board, especially in our unit pricing. One of the things that we are very positioned on is getting the best out of and becoming if not better than our corporate peers, noting that they're a long way down the track in going forward.

So lessons learnt: ensure that your governance supports what you're looking to do. Empower your staff and have an engaged workforce. I can't stress enough the importance of having a staff that is customer service-focused. That they'll go above and beyond. They'll look at the customers as a customer rather than just another government department ringing them up because they've got a problem. And again, from the agencies who are taking on the services, really be part of the solutions. Shared service is not something that you can really set and forget. It's constant management. It's constant negotiation. It's constant management. Especially as we ask them to drive that transformational, where you may have those five or six agencies at different parts of that ... I'll call the grieving process. The people who have already made acceptance are now looking for the next thing. They want to now look at what you can do on the Cloud. They want to look at what services you can provide whereby you're still looking at the others who are still trying to come to acceptance about the basic processing.

You cannot stop that level of discussion with your whole client base, and you focus on one part of that client base at your own peril. You need to really bring them all into the tent and really learn from each other. I guess that's the lessons learnt for the ACT at this stage, but I think we're all very much a peer group, and we've all gone through the same processes, so it's an interesting pathway.

Kathy Leigh: Thanks, Graham. And we've heard already from the overview of the Department of Finances perspective, but now I'd like to ask Lucelle to talk about the Service Delivery Office, from the Department of Finance.

Lucelle Veneros: Thank you for that. Firstly, it's nice to be at the end of this line because I do feel like I've got lots of peers going through exactly the same lessons that the service deliveries office has had, so there's a lot of commonality and the advantage of sharing and collaborating's really important. In the Service Delivery Office, as with all business models focused on delivering goods/service, the SDO has been looking at how do we deliver services that go beyond just focused on cost, and actually return a broader benefit. Also some of the lessons our colleagues have had around looking to the Cloud, and the Service Delivery Office is also in its final stages of establishing its ERP environment in the Cloud, looking at process optimization through both standardisation and automation, but bringing it back to some of those really good fundamental principles around governance have been actually quite key to the Service Delivery Office, in shaping up what it is we do and how we should go about it.

Our operating model, the service delivery operating model, is very focused on how do we continue that. Watching how we realise a benefit. So bringing that business practise into the way we're operating in a government to government service provision environment. We're very clear at the moment we haven't hit contestability, and we're not in a contractual relationship, but how we make sure that we support our secretaries who remain, and all of the department staff members who remain the accountable authorities, how do we support them in delivering their key responsibilities and being a true partner that offers value and a benefit in providing these services.

The Service Delivery Office has sent a fair bit of time over the last six months reflecting on some of the lessons that have come out of shared services, including some of the findings out of the ANAO that the secretary spoke about, and how do we adopt, and continue to be productive and take on board some of those key messages. Governance has been really key for us in this space, and picking up some of the lessons about making sure that our clients are implemented throughout our governance arrangements. That they have a really strong voice, and understand how we're delivering it, but often some of the best solutions, we're finding, actually come from the staff on the ground who have been working with these issues for many, many years.

We're also leveraging in the Service Delivery Office in our governance focus, not just our own internal looking at the Commonwealth, but leveraging other organisations, or, most importantly, individuals who've had practical experience in delivering shared services. So New South Wales is part of our overall strategic board. New South Wales government are represented there, and we've also got other experts who have actually delivered shared services in the private industry, so building on some of that good, robust process.

Some of the other issues that we've been focusing on, in terms of delivering the Service Delivery Office agenda, is how do we integrate good vertical governance, in terms of very clear roles and responsibilities between both

our clients and the Service Delivery Office, and making sure that we feed that back through to our shared service programme. But we've also been looking at the broader vertical governance around collaboration and cooperation in everything we do, and how we share some of those lessons.

Some of the challenges that we've had in the last few months have been focused around A, just building that robust understanding about what it means to be a provider of a government to government service at this stage. And also focusing on issues around understanding what shared risks mean in the context of a shared service programme. The risks, unfortunately, are not as clear-cut as in many other organisations, and many of those risks actually require a strong collaboration and a cooperation to actually manage them effectively as we push through into some of the reform agendas, and taking on some of the new innovations.

So we spent a bit of time working with our clients in this space. Also sharing some of the lessons we've had with the other hubs around this, and building into our practises, building on Michael's earlier comments around how do we actually make sure our assurance programme also recognises how we deliver these services in a meaningful way, and that we're not unduly creating a burden on the hub or the client through poor assurance mechanisms that are not well-managed.

In doing this, obviously, strong engagement has been really important for us, and as I said to you, we've got that built back in through all of our arrangements at the moment. What we're seeing in the Service Delivery Office, also, in some of the changes, picking up some of your beautiful points about grieving, is we've moved away from a lot of conversations that are focused on if and when to how we move into a shared service environment, and taking on some of the other, broader messages around how do we move to tranche two and three services, which is where we see that shared services really start to deliver benefits beyond cost for all of our clients. We're starting to see a little bit of shifting. I'm not sure that we've got to the final stage of acceptance, but we're certainly starting to see that transitioning through some of the conversations we're having with our clients. So I'll stop there.

Kathy Leigh:

Thank you, Lucelle. We're going to have a brief panel discussion now before we open up for audience questions. And I think one of the key things that's come through from Rosemary and each of the panellists is that cultural change, both for the providers of shared services and for the users, is going to be at the heart of success in any shared services programme. And so there's a whole audience here ready to be agents for you of that cultural change, and I wondered what each of you would like to say you think is the key to achieving that, and Rod, I wondered if you'd like to start with New South Wales experience.

Rod Greenaway:

I think the key to cultural change is the strong involvement of the agencies throughout the whole process, and to make sure that we're listening to their feedback. But also, at the same time, balancing that with what the goal and objectives are of a shared services organisation, and making sure we meet in the middle. So there's a lot of preparation for agencies in what they're doing today, if they're not in a shared services world and moving to a shared

services world, how they engage with that, and the type of people that they need, and understanding how to work with the fact you don't have that complete control, which is probably what some of the grievance is all about, is what's key. And assisting them, and actually enabling to be able to manage a different environment.

Kathy Leigh: Thanks. Graham, do you want to add to it?

Graham Tanton: Yeah, it's interesting you say that, and I think there needs to be a focus on organisations around the staffing and the staff training of your supervisors, and what it really means to be delivering a shared services, or a service, and a customer service to that. Interesting, we do a staff survey every year. In 2015, we started at 45% of our staff actually felt valued for what they did in providing a shared services. We spent a lot of time really with our supervisors, training about what the customer service, but also getting staff to really appreciate the value that they provide to those members on the ground who are working in oncology, or working in emergency centres, who are working to provide services to teachers and the likes. So one thing that we found in a recent survey earlier this year was that that sense of worth for what they're doing in their roles has gone up to over 65%. That's in three years, and that's really getting them to understand the role that they play as part of what the bigger picture is, is really valued.

So they're striving up, and we're seeing that in our customer surveys as well. We've actually seen it rise in those same three years as the engagement and the empowerment of our staff to actually deal with those issues on the ground, so one, by empowering our staff to deal with the answers and deal with the problems, the mid-level of noise and dissatisfaction within our customer base has gone down, which is feeding this empowerment and engagement of staff, which is coming over in our customer. So that's a very broad one. If you can get that link into what your staff are providing, and so that they understand that what they do do is make a difference, will go a long way to start that delivery of service.

Kathy Leigh: Thanks. Michael?

Michael Schwager: I'm sure there are no sceptics at all in the audience, but there are positive case studies that we have. Everyone has heard, and Rosemary alluded to, everyone's heard the horrible headlines about where it hasn't worked. I think the four examples you have here are good examples of where stuff is working, when lessons have been learned. The stories are remarkably similar. We were chatting before the panel commenced, and we've all learned similar things, and we are sharing that experience, and we are not repeating mistakes, hopefully. I think for people, in terms of advocating for this, look at what is working, because we can point to success, and that's going to continue.

Rosemary talked about this being a staged process. There's the Commonwealth level. A staged and considered, and our colleagues in finance are leading that, and they are communicating with customers. They're communicating with providers. And the successes that we're seeing are going to build over time, and I think, a bit like Rod said, just got to be on that bus and part of that journey, because this is not going away. This makes

sense, in terms of the fiscal constraints we are under, and it just makes sense for the taxpayer that we achieve these efficiencies, and that, I think, will happen, as well as providing consistency in valuated services across the board, so most of our customers actually end up, or a lot of our customers will end up thinking that the valuated service is actually worth it in the long run.

So I think that that's key. The other point I wanted to make was about managing expectations in our customer base we identified very early as absolutely critical to our success. We're not aiming low, but we do want to be realistic about what to expect, and setting those expectations with our customers is really key to being able to bring people along across our customer base. So that's always been one of the key risks we've identified, and we put a lot of effort into that communication part of the discovery process we had with each of our customers before we actually go live.

Kathy Leigh: Lucelle, would you like to add anything?

Lucelle Veneros: I think most of it's been covered, but I would agree, in terms of the cultural change, both working with the staff within the team and understanding how to be a good customer service-focused organisation, and what does that mean in terms of how do we manage ... picking up that point meeting expectations in that, and making sure that that is in line with expectations that our clients want, but also taking on that stronger agenda about working both across the hubs, both in private and public sector, to grab those lessons early and make sure that we keep learning from each other, and then working that back in with our clients and understanding how do we continuously review our own processes and systems, for example, to drive some of those behaviours that actually deliver on the broader agenda.

Kathy Leigh: Thank you, Lucelle. I'm going to open up now for questions from the audience. We've got two roving mics, so if people would like to put their hands up when they'd like to ask a question, and before you commence, if I could ask you to say who you are and which agency you're from. People have a question up here at the back.

Tony Hoff: Hi, it's Tony Hoff from KPMG. I was just wondering if any of the panellists would like to share their perspectives more around assurance, and the need to help audit committees and accountable authorities in client agencies meet their reporting obligations, either through controls over the integrity of outlays or compliance with key government policies.

Kathy Leigh: Thank you. Who'd like to make a start?

Rod Greenaway: In New South Wales, we have a management assurance framework that we do on behalf of all of our clients, and we quality assure the vendors performance. We use a third-party auditor to come in and perform that function for us, as well as the vendors do their own self-assessment and my centralised team also do our own quality assurance of those quality self-assessments in order to get a successful attestation at year end. We follow the ASAE 3402 standard in that approach, so we look at our key processes and we follow that standard for the key processes, but we also do a general risk management audit across the base across all processes with that same

third-party, and then we then go outbound to our agencies and say, "These are the results." If the results aren't as good as what we want them to be, we work with the agencies on how we fix that through that same framework. So that's the approach that we've taken in New South Wales.

Kathy Leigh: Anyone else?

Graham Tanton: From the ACT side of things, I guess we get fairly heavily audited, both in the financial statements side of things for the directors, but as each of the directors have got a separate risk and audit committees, which are independent from ourselves, so we often get audited by the auditor general as a central advisory, but also by directorates, depending on what those directorates' risks profiles are and what they're looking at at the time, so it's probably some more work that we can do in that space, and how do we do those. Centralise audits and provide them outside, but the auditor general does take a lot of that role up.

Kathy Leigh: Thank you. Did you want to add something, Lucelle?

Lucelle Veneros: The Service Delivery Office has been focusing on assurance. Working with our clients. We also have an assurance framework that was developed jointly with our clients to make sure that it actually met not only our responsibilities in being a provider of services, but also the responsibilities that remain resting with the client agencies. In line with that, we also have developed an audit protocol that allows us to identify where we may have common audits, to pick up your point about leveraging audit processes for the benefits of all clients, and also about sharing any of the findings out of those across our clientele, so that the lessons are more broadly learnt across the public service as quickly as possible. But that audit protocol also then provides us with transparency back to our clients about what we're focused on, but also then allows those clients agencies to identify where they may want to do a subsequent piece related to their organisation, or alternative, to speak to the SDO about how we could do something jointly.

In addition to that, in picking up your point about controls, controls has been a focus for the last six months amongst the team, and we've done a lot of cultural change around understanding what controls are and how important they are, and we provide transparency back to our clients every month about those controls being operational and effective, and then that's followed up with an annual audit process. So we've doing a bit of work in that space.

Kathy Leigh: Thank you.

Michael Schwager: If I could just add very briefly, Kathy, I'll make two comments. Very similar comments to Lucelle's, but the two things that I'll mention. We're very conscious that the audit committees and the audit chairs are very determined to maintain their independence and provide independent advice to their accountable authorities, and so they should. Before we onboarded Department of Communication and the Arts, we went across and did a presentation to their audit committee chaired my Ian McPhee. We presented our assurance framework. We exposed all of our paperwork. They gave it a big tick. We're very pleased with that, and that gave them a certain amount comfort over what we were going to do, in terms of delivering

payroll, and then the more specific level. I think I mentioned IP Australia is our biggest customer in terms of payroll. They've recently had their auditors come in to audit our system with a view to working closely. May even have been KPMG, Tony. But to audit, and then look at the lessons learnt from that so that we can align that with the ANAO's expectations, and then share that across our customer base so that we don't have auditors coming in from each of our clients.

Kathy Leigh: Thank you. Is there another question from the audience?

Anne Nicole: Anne Nicole from the Department Industry, Innovation and Science. I'm just really interested in the New South Wales experience with going out to a vendor, and how that works in relation to handing over that information, that responsibility, but still owning that accountability, and how that looked, and how you sell that, particularly one with your suggestion there. Moving forward into an assessment on viability, that it could be a better option, going private. How that processing can do it and what [inaudible 01:08:17] around that.

Rod Greenaway: We've built in contractual measures around privacy. We know where our data is. Most of actually is in the government data centres. The only difference there is with our service desk system. The service desk is provided by our ICT supplier, but outside of that, to get information, all the data's held inside our government data centres on our SAP platform, et cetera. So when we went to market, we were very conscious and very robust in our process around those type of concerns, and how we made sure we had those obligations in the contracts with both vendors to protect government data and privacy of government employees.

Then we managed the transition. Again, that was our six month exercise I spoke about, where we shifted from the insource model to the outsource model. Obviously there's a large programme transition effort. How we look to mobilise staff from the ServiceFirst organisation into the outsource vendors to have a retention of knowledge, but also how we kept knowledge within government as well with retained organisations. I think we're able to do that with the onset of my team, with the vendor management office. I think what it did expose, though, with the previous insource model, was a lot of the knowledge of the agencies, and the clients around corporate services and those backend transactions, was lost over the period of time into that insourced area.

When we put into the outsource model, the new service catalogue and the operation of that, we realised that some of that knowledge had shifted back into the client agencies, and that's what we're going through now and rebuilding, because, in the end of the day, to your point, we are accountable for it. You might be able to outsource the transactional processing, but you can't outsource the accountability, and that goes to that KPMG question as well around the assurance for controls [inaudible 01:10:27] the end of the day, so secretaries have to attest at the end of each year. So it's just finding that right balance.

Kathy Leigh: I'm going to ask a question while people are gathering their thoughts. Rosemary was really keen that we have eyes open to the challenges ahead,

and while the efficiencies and being able to redirect resources away from back office to government priorities is a clear no-brainer, what about the countervailing issue of responsiveness and innovation to enable agencies, again, to deliver those government priorities? Graham, you're starting to say something.

Graham Tanton: Yeah, I might start, because we're obviously heading down that pathway where we've got a lot of standardised process and unit pricing, so one thing that comes from driving efficiency is standardised process and procedures, however that can often be seen as a barrier to innovation and agility when you're putting and getting your benefits out of a transactional price. There's that constant pressure to be more agile in what you're doing, knowing that the more agile and bespoke that you become to try and meet some of those needs, the less efficient that you're going to come by and be.

So there is that level of flexibility, but it's more in the ICT space that we see, especially as people are moving to the Cloud, and the Cloud is sort of seen as a panacea to all things good, and it'll change the world, and rainbows and unicorns will come out of it. But it is a move where we're going at the moment where we do need to move away from the investment in data centres, because that's really the next phase of optimization, is looking to provide those services that governments shouldn't really be providing as of such, but how do we look to engage.

And also provide the flexibility, because people can get online now and see some new innovation, and we see it very much in the health space. The health technology's moving so quickly. We've got clinical services, and people looking on and coming to say, "We want this next trial," or, "We want this next widget." And we're saying, "Well, we're actually not ready to do it because we're still running the platform Microsoft 2003," whatever it may be. How do you do that? So that is probably really the next challenge that we do have. How do we keep that process where we've got the funding to do the R&D, the research and development, to be agile, to be innovative, whilst keeping those ... and I don't have an answer. We're still finding our way through that one, and that is a, as you know, is it's always that sort of agitation at the moment.

Michael Schwager: We've had a bit of an internal discussion about this, and part of it is just keeping an open mind for us, that our way of doing things, although we're pretty proud of the way we do things, and we think we've done a lot of great stuff in terms of our innovation in things like credit card acquittal and our travel, and other bits and pieces, our procurement workflows. We think that's quite good, but the key for us is to keep an open mind, as particularly when we're onboarding customers, that, in fact, their way of doing things might be better, and that goes to discussing that with our design authority. I haven't mentioned that, of course, as a TechOne/Orion hub, one of two, we want to work very closely with Treasury in a design authority, if you like, where we're headed with TechOne and Orion in the Cloud, and how that works. So hopefully it's about keeping an open mind to the fact that other people could be doing things better, and we want to be open to adopt that as we move forward.

Kathy Leigh: Thanks, Michael. No one else like to comment on that?

- Rod Greenaway: I think with us we just go. It's getting the basics right, and to us, the basics are is if we're going to be a shared services organisation, we need to strive for that standard business processes and standard systems and standard solutions, so we've still got a couple of travel expenses solutions on our platform. Still got a couple of AP payment solution, and scanning and invoicing. So we're trying to get the basics right first, and to get those standards in place will probably take another 12 to 18 months. And then build on that, and our focus is really around, again, innovation and continuing to drive down that transactional cost with our vendors, and reduce human touch, and reduce error, and increase self-service. We're going to start measuring the number of self-service transactions, and I think it'd be probably quite low at the moment.
- Graham Tanton: Kathy, can I just add on that? I think there is a challenge for shared services that if you're not seen to be moving with technology or with the advancements, there's that risk that you become irrelevant. And as soon as you start becoming irrelevant, people will start going, "Well, I'll go to another provider," and then that noise will start to raise, so you need to keep adjusting that business processes, looking over the horizon to see what's coming next, because it is a fairly ... We've all got models there at the moment. If you become irrelevant, that noise will start, and you'll start getting that grow back of services where people are going off and doing their own things, or people end up having their own server boxes, and now they've got software as a service in the Cloud. They can go and procure things straight through the Cloud, and that starts to erode your business case for shared services, so you just need to be very careful how you manage it.
- Lucelle Veneros: So we've been also going through many of the same lessons around how to balance those two quite closely, and everything we look at is through the pyramid of how do you ... It's through our business model in the first instance, but in the context of how do you support optimization, of all three aspects, I think, we've talked about, of process, of systems, and in the way we actually do our business in terms of service delivery. We continue to look at those. How we actually augment processes with other innovative solutions, and trends coming from both the public and the private sector in relation to the delivery of shared service, but also in the way that workforce is now operating more broadly, and some of the ways we're actually building capabilities, both within our own operating environment, within the SDO, but also more broadly across the public service and how we take advantage of that. So we're, I think, treading with caution, being very eyes open, but also trying to also work out how to leverage those opportunities as they arise, and work out how do we actually fit them in versus constantly being [inaudible 01:17:07], and what's the next best thing on the horizon.
- Kathy Leigh: Yeah. Thank you. Any final questions from the audience? I'm going to close now, then, with one final topic, which is everyone talked about governance, and also we heard from everyone, including Rosemary, about the importance of leadership across the service, and not just from the shared services hubs themselves. The shared services providers. So how do we use governance to ensure that we have that collaborative leadership across the service?

- Graham Tanton: It's a very broad question, but again, it is really getting that open-mindedness to the table, around that continuous improvement. Noting that there will be things that will change. Things that'll be done a bit differently that your staff may not really like the change, because it is a massive, big change process, and that senior leadership to manage and to assist people through that change is really important. I think if you can get that engagement at the high levels, it'll filter through, and then that becomes that willingness to really come to the table and deliver a desired outcome. What sometimes you do get the sense is that sometimes there's noise down here which starts to escalate up, and it's really then from the managers to set that strategic tone, to say, "This is the pathway that we're heading. We're all in this together. Yes, it's not perfect, but this is the outcomes that we're going to get from this." It's integral to the success of shared services, I think.
- Michael Schwager: Sort of on from what Graham just said, because I think the key for us is transparency with our customers. We are very open about how things are working, what problems might exist, giving them a sense of co-ownership, not just through our governance board, where our customers will be part of that governance board, but through that relationship, that partnership, that people are prepared, then, to work for what is clearly a common good for the public sector.
- Kathy Leigh: Thank you.
- Rod Greenaway: Yeah, I think for us it's not only a shared service outbound to clients, it's also a shared consumption of those services, in a way. So we need all the agencies to be on board, and there's a shared accountability, and, like I said earlier, it has to be an all-in approach. And governance is the mechanism to facilitate that shared thinking, that shared accountability, that shared ownership and shared decision-making, in my view.
- Kathy Leigh: Would you like to add anything, Lucelle?
- Lucelle Veneros: I think we've nicely covered it. The three words I wrote down that we've been focusing on was engagement, accountability and transparency, and they nicely just ticked each of them off, so I'm not sure that we could add much more.
- Kathy Leigh: Thank you. So it's good to hear that everybody's of the same mind, and the themes are really coming together. That brings us to the end of our programme today. I'd first of all like to thank each of the speakers for bringing their experience to this topic. I think it's been really helpful for everyone and given us some real insights into what this means for us all on the ground and how we can make this work. So thank you very much.

END OF TRANSCRIPT