

OFFICE OF SHARED SERVICES - AUDITOR GENERAL'S REPORT

**270. Mr P.D. OMODEI to the Treasurer:**

I refer to the damning report tabled today by the Auditor General into the centrepiece of the Premier's public sector reforms, the Office of Shared Services.

- (1) Can the Treasurer explain how in three short years the cost of this project has blown out from \$80 million to at least \$200 million and suffered delays of two years?
- (2) Given the fact that the Auditor General cannot estimate individual agency costs, and hence the total project costs, can the Treasurer inform the house of the current total project cost?
- (3) Why did the Treasurer inform the house last November that the approved funding to date was \$122 million when the actual funding at the time was \$144 million?

**Mr E.S. RIPPER replied:**

- (1)-(3) I would not accept the premise of the Leader of the Opposition's question that the Auditor General's report is damning. The Auditor General's report is positive about the merits of the shared services proposal. Of course the Auditor General's report draws attention to implementation issues, which I reported to the house late last year. The total budget for the project is \$198 million to 2008-09. The project budget does not include individual agency contributions; for example, their preparation for rolling to the shared services, their requirement to cleanse their data and so on. Those agency budgets have not been supplemented for those costs. It would be a good thing for agencies to be doing this sort of work anyway. Cleansing data is part of the normal responsibilities of an agency.

It is also the case that were it not for the shared services project, agencies would be embarking on their own information technology projects for which rolling preparation would be required. The Auditor General drew attention to his view that I should have reported that \$20 million was allocated to the shared services project in November. The best way to describe this is that one amount is the gross amount and the other amount is the net amount. Certain savings that were achieved by the shared services project were not delivered to the consolidated account; rather, the government decided to reinvest them in the shared services project. There was no additional claim on taxpayers' fund; nevertheless, gross expenditure on the shared services project increased by that \$20 million. We are not alone in experiencing difficulties in the world of commerce and big projects. The private sector has a lot of trouble delivering projects in the context of this booming economy. Part of what has happened has been that the shortages of skilled labour that people have been experiencing in other parts of industry -

Several members interjected.

**The SPEAKER:** I call the members for Avon and Vasse to order.

**Mr E.S. RIPPER:** Members opposite can choose to listen to my explanation or they can interrupt me every three words I say and destroy any chance of a communicated understanding of what is going on.

We are delivering a big and challenging project at a time when the economic circumstances confronting anybody's delivery of big and challenging projects makes those projects even more difficult to deliver. It is a worthwhile project. It will ultimately achieve savings of \$55 million a year, savings that can be redirected to important areas such as health, education, law and order, disability services, environmental services and so on. As I reported to the house late last year, the project has not gone according to plan. The government recognised the issues and took action to strengthen the management and governance of the project. We are working hard to deliver it because of the ultimate benefits for taxpayers.