Office of Shared Services

Annual Report 2005-06

The OSS will be recognised for delivering value-for-money, high quality corporate services to general agencies of the W A Government

The Hon. Alan J Carpenter MLA

Premier; Minister for Public Sector Management; State Development; Federal Affairs.

2005-06 Annual Report

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament the inaugural Annual Report for the Office of Shared Services.

The Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

Ron Mance

EXECUTIVE DIRECTOR
25 September 2006

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Contents

The Office of Shared Services

1. EXECUTIVE DIRECTOR'S OVERVIEW

The 2005-06 reporting year is the first year of operation for the Office of Shared Services (OSS), following our launch on 1 July 2005.

This first year of operations has seen the OSS capitalise on the significant work that had already been undertaken by previous organisations, the Functional Review Implementation Team, and, prior to that, the Functional Review Taskforce. The establishment of the OSS, the work involved in the development of the shared services centre business systems and the ongoing implementation of the whole of government Shared Corporate Service reform project over the past year has required the dedicated efforts of a number of different work teams.

A major focus for the year has been the development of the complex whole of government business system and processes required to provide shared corporate services to client agencies. To operate the business systems, application and infrastructure management services have also been acquired. A key phase in the building of this system has been the testing strategies put in place to prove that both the systems and infrastructure are robust and capable of providing high quality services.

At the time of writing, this work was one of the biggest Information and Communications Technology (ICT) developments in Australia, and has attracted attention from around the globe due to its size and significance.

The "people" side of the reform and the development of the staffing structure for the OSS saw the commencement of the Recruitment, Selection and Appointment process to fill approximately 440 permanent positions in the Office. This process initially restricted applications to registered employees (redeployees) and permanent public sector employees whose substantive positions in agencies were in affected corporate service areas. Where applicable, positions were then filled on an open merit basis. The staffing of the OSS with skilled and experienced staff is a major focus for the Office and I am pleased to report that it has been performed with rigour, dedication and a clear undertaking to get the most suitable persons for the positions.

The staffing arrangements of the OSS underwent a transformational phase over the past 12 months, which reflects the changing nature of the work from a project base to the filling of permanent positions in readiness for go-live operations in mid 2006. When the OSS officially came into being in July, the core work of the office was to support the implementation of the whole of government reform project. The OSS continues to second a large number of public sector staff from other government agencies, who lend their expertise and experience to the project.

The Transition Team has been helping agencies prepare to roll-in and receive corporate services from the OSS. This involves the provision of ongoing information, advice and support to agencies across a range of technical and business change issues, such as data migration and user training. This agency readiness work is crucial to the successful implementation and provision of corporate services to agencies.

The OSS has a significant range of client, customer and stakeholder groups, both within and outside the public sector. Another key focus for the OSS during the year has been keeping all our stakeholders informed through a diversity of communication tools that include flyers, websites, newsletters, seminars and regular sector updates.

A major external stakeholder is the business community, where over eighty thousand private sector suppliers to government agencies need to be informed of the new business process under the shared services environment. The Supplier and Industry Orientation Team has commenced delivering a series of workshops that inform and educate suppliers about the new business processes.

The other two shared service centres, the Health Corporate Network and the Education and Training Shared Service Centre commenced services earlier this year on existing systems. They will both progressively take on board the whole of government business system developed and implemented here at the OSS.

The implementation of shared corporate services across the public sector is a once in a generation opportunity, which will deliver significant cost efficiencies and enhanced service capability. Not only will ongoing annual savings of $55 million from 2008-09 be achieved to support other government community priorities, sector wide improvements will also be attained and corporate service staff will have greater career opportunities.

The past year has been an eventful one that has seen considerable progress made on one of the most important reforms the WA public sector has seen. In presenting this report I would like to acknowledge the hard work and dedication of all the staff who have contributed so much to what has been an exciting and dynamic period for us all.

I would also like to thank the former Premier Hon. Dr Geoff Gallop MLA for his encouragement during his term in Office, and I extend my thanks to the Treasurer, Hon. Eric Ripper MLA and the Premier, Hon. Alan Carpenter MLA for the leadership and vision they have shown in their enthusiastic support of this exciting and worthwhile government initiative.

Ron Mance
EXECUTIVE DIRECTOR

2. ABOUT THE OFFICE OF SHARED SERVICES

The Office of Shared Services (OSS) was established on 1 July 2005 to provide corporate services to most general agencies of the Western Australian Government (excluding agencies in the Health and Education and Training sectors). The OSS also implements other reform or whole of government functions and activities as required by government.

The Shared Corporate Services model provides an integrated framework for the sector to leverage economies of scale through the key principles of consolidation, standardisation, simplification and automation of `back office' corporate service functions and activities. In the medium and long term, this framework will provide:

- Increased efficiencies across the sector, creating significant cost savings to government i.e. $55 million ongoing from 2008-09;
- Increased effectiveness through standardisation of policies and procedures and simplification of processes, creating better services to agencies;
- Allowing agencies to focus on their core business to the community of WA;
- Increased opportunities for continuous improvement; and
- Overall value-for-money.

History of the OSS

In June 2001 the Machinery of Government Review, which was established to review the number of entities in the WA public sector and to make recommendations to enhance the operation of the machinery of Government, recommended that agencies should investigate ways to reduce corporate service costs through greater sharing of corporate support services.

The Functional Review Taskforce (FRT) was established in June 2002 to undertake a Review of the Effective Delivery of Government Priorities. This Taskforce, which made a total of 89 recommendations, noted that limited progress had been made in the delivery of cross-agency shared corporate services and recommended that a small team be established to commission a business plan for the implementation of shared corporate services.

In January 2003, the Functional Review Implementation Team (FRIT) was established to review, coordinate, monitor and implement the recommendations of the FRT report, including the recommendation relating specifically to shared corporate services. Between April and July 2003, FRIT developed the Deliverable A report, which provided a strategic business review of corporate services delivery, and identified possible models for future delivery. A second report, Deliverable B, contained a collection of baseline data for benchmarking future performance measurement and reporting as well as refining the benefits of the proposed reform. The final Deliverable C report of November 2003, which included the final business case, an implementation plan and a governance framework, was endorsed by Cabinet in December 2003.

Over the period from late 2003 to the establishment of the OSS in July 2005, the FRIT undertook a range of activities to implement shared corporate services:

- In late 2003, a Request for Proposal One (RFP1) was issued. This RFP requested specialist services, advice and assistance for the development, implementation and acquisition of shared corporate services;

- Between January and September 2004, Request for Proposal Two (RFP2), for the development and provision of business systems, was issued. Following a rigorous selection process, preferred tenderer status was awarded to a consortium led by Oracle/ASG Australia;

- 2004 also saw the design of generic business processes, a project that took 11 months and involved the contribution of over 1000 public sector employees;

- Governance boards to oversee the development of shared services were established in April 2004, and in the same month, five interim General Managers were appointed for the then-proposed five shared service centres within the sector;

- In September 2004, the FRIT Offices were relocated from temporary accommodation to the current home of the OSS, the Mason Bird Building in Cannington;

- The shared service governance arrangements were reviewed in December 2004, with Cabinet approving the establishment of the OSS as the entity to provide shared services to general government agencies. This replaced the previous model of having three separate shared service centres attached to three different "host" agencies. The Health and Education and Training Centres remained as previously envisaged, resulting in a total of three shared service centres being established;

- In January 2005 a Memorandum of Understanding was signed with the Civil Service Association of Western Australia (Inc) (CSA). This followed months of negotiation between the union and the Department of Consumer and Employment Protection, and resulted in a sound foundation for future employment of OSS staff;

- Between March and May 2005, a series of workshops termed Position Application Workshops were undertaken. These workshops outlined the recruitment, selection and appointment process that would apply to the filling of permanent OSS positions by affected public sector staff;

- Following a rigorous period of contract negotiations that began in November the previous year, the RFP2 to supply, implement and support the whole of government business system was awarded to Oracle Corporation Australia Pty Ltd and ASG (Asia Pacific) Pty Ltd in June 2005. This is a 10-year contract valued at $66.8 million; and

- Two Client Management Councils were originally established to support Cluster A and Cluster B within the OSS Shared Service Centre. These were merged into one from the beginning of 2006, with the two General Managers reporting to the Council on the activities of the OSS Shared Services Centre.

3. HIGHLIGHTS 2005-06

A summary of highlights for 2005-06 are:

- The business case for the Corporate Services reform was reviewed and presented to the Expenditure Review Committee in November 2005, resulting in an increase of the savings target from $50 million to $55 million;

- A 10 year contract valued at $66.8 million over 10 years to supply, implement and support the whole of government business system was awarded to Oracle Corporation Australia Pty Ltd and ASG (Asia Pacific) Pty Ltd;

- A contract of $87.8 million (over 10 years) was awarded in December 2005 to ASG (Asia Pacific) Pty Ltd for the provision of application and infrastructure management services for the computing and telecommunications structures. This contract also involves an alliance of partners called WA Global;

- The whole of government Oracle business system for finance and human resources services has been designed, built and tested, for implementation in mid 2006. The payroll component has been delayed and will be implemented later in 2006;

- Transition planning to assist agencies to roll-in to the shared service environment has been completed and work has commenced with pilot agencies and those agencies in the first wave of implementation;

- A draft Service Level Agreement has been finalised in readiness for implementation with individual agencies;

- The "OSS Our Business" document was created in consultation with the OSS Client Management Council, outlining the strategic directions of the OSS Shared Service Centre;

- The Recruitment, Selection and Appointment process was commenced for filling "at level" positions in the Office. A total of 732 applications were received for the 439 positions identified across 114 roles. A total of 125 offers of appointment have been made in readiness for the delivery of corporate services to client agencies;

- Ongoing support has been provided to the whole of government Shared Corporate Services Steering Committee, the governance body for this reform;

- In partnership with the Department of Treasury and Finance, agency budget adjustments relating to both the savings to be achieved ($55 million) and charges relating to the services to be delivered by the Office to agencies, have been made as part of the 2006-07 budget process; and

- Outstanding recommendations from the Functional Review Taskforce Report (FRT - December 2002) have continued to be monitored by this Office. Responsibility for the implementation and finalisation of each recommendation rests with individual Ministers, with outstanding recommendations having now been reduced to 14% of the original recommendations.

4. CORPORATE OVERVIEW

Background

The Office of Shared Services (OSS) was established on 1 July 2005 under the provisions of Section 52(4) of the *Financial Administration and Audit Act (FAAA) 1985*, and is accountable to the Minister for Public Sector Management. The OSS is a separate accountable office, incorporating the former Functional Review Implementation Team (FRIT – created in 2003), with the Department of the Premier and Cabinet (DPC) as the Employing Authority. Under Section 33 of the *Public Sector Management Act 1994*, the Director General of DPC has delegated powers and duties in relation to the functions outlined in that Act to the Executive Director of the OSS.

Under the provisions of the *FAAA*, the Executive Director is responsible to the Premier as Minister for Public Sector Management for the financial administration of the services under the control of the Office. Operationally, the Executive Director reports to the Treasurer in his role as Minister Assisting the Minister for Public Sector Management.

The major focus of the work undertaken by the Office, the shared corporate services reform, has been led by the whole of government Corporate Services Steering Committee. Chaired by the Director General of DPC, the Committee comprises representatives of the three Shared Services Centres and Directors General from key strategic stakeholders such as the Departments of Treasury and Finance and Consumer and Employment Protection.

Responsible Minister

The Hon. Alan Carpenter MLA, Premier; Minister for Public Sector Management; State Development; Federal Affairs.

Our Vision

The OSS will be recognised for delivering value-for-money, high quality corporate services to general agencies of the WA Government. The OSS will achieve this through a dynamic engagement with client agencies and other stakeholders, and by our people continually striving for excellence.

Our Mission

By December 2008, the OSS will be a viable Business Centre to general agencies of the WA Government, delivering continually improving, responsive and customer-focussed corporate services through our skilled and motivated people.

Our Core Values

During this year of establishment, the four core values of the OSS were identified as centring upon the following areas:
- Ethical Behaviour;
- People;
- Customers and Stakeholders; and
- Professional Attitude.

Our Critical Success Factors

Critical Success Factors have been established for the delivery of services from the OSS Shared Service Centre, and are detailed in the OSS brochure titled Our Business. These factors focus upon the core areas of:

- Customers and Stakeholders;
- People;
- Services; and
- Finance.

Relationship to the Government Goals

The Government's Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector (2003) sets out a number of goals for agencies. Given that the OSS role is primarily servicing internal government functionality through the provision of 'back office corporate service functions', the OSS aligns predominantly with Goal 5 – Governance.

Goal 5 Governance	Desired Outcome	Services
To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.	Quality, value for money corporate services within a whole of government shared services framework.	1. Project management, coordination and implementation of the whole-of-government Shared Corporate Services reform. 2. Provision of financial and human resources services.

Major achievements for these services are summarised below, while a detailed report of the Office's work in achieving these services can be found under Section 5 - The Year In Review.

Service 1: Project management, coordination and implementation of the whole of government Shared Corporate Services reform.

This aspect of the OSS's operations will continue until late 2008 when the last of the general agencies will commence receiving corporate services from the OSS.

Major Achievements

- Two major contracts were awarded for the acquisition of the whole of government business system and the provision of services and infrastructure to support the system;
- The Oracle business system for implementation has been designed, built and tested for financial and human resources services with some delays being experienced with the payroll functionality;
- Transition planning has been a priority to assist agencies in their readiness to go-live to receive services; and
- Refurbishment of the Cannington premises was completed through an incentive provided by the building owner.

Service 2: Provision of financial and human resources services.

This service will commence in late 2006 when the first pilot agencies are scheduled to roll-in and during this reporting period the Office undertook a range of activities to prepare for go-live operations.

Major Achievements

- The Recruitment, Selection and Appointment process was undertaken for 'at level' positions at the Office. A total of 732 applications were received for the 439 positions identified across 114 roles;
- The operational plan is being finalised, with this planning being supported by the continued recruitment of resources to enable the Office to commence operations;
- A total of 125 offers of appointment have been made in readiness for the delivery of corporate services to client agencies;
- Continued engagement of client agencies, participation in Steering Committees and other governance forums associated with roll-in strategies across government;
- A draft Service Level Agreement has been finalised in readiness for implementation with individual agencies;
- A Supplier and Industry Team was formed to assist the WA business community to understand the transition to the shared services environment; and
- A Customer Service Centre is being established to handle service enquiries.

Future Directions and Achievements

Service 1: Project management, coordination and implementation of the whole of government Shared Corporate Services reform.

- Further functionality and enhancements will be built and tested for future releases of the business system to enable subsequent agencies to roll-in. Functions such as project accounting, i-expenses and time and labour will be required; and
- The overarching agency roll-in schedule, encompassing a two year time period through to late 2008, will be reviewed regularly to ensure the optimal and most effective transitioning of individual agencies.

Service 2: Provision of financial and human resources services.

- Commence the delivery of corporate services to client agencies from late 2006;
- Evaluate system capability, design a system improvement strategy and commence planning for ongoing system design and enhancement; and
- Progressive establishment of the Customer Service Centre to assist in customer service matters.

Other Government Goals

In addition to Goal 5, the OSS supports the other Goals implicitly via its internal business operations and adherence to policies (see Section 7- Obligatory Reporting for full details).

Goal 1 - People and Communities

The OSS endeavours to support and protect the interests of the people of Western Australia, inclusive of public sector employees, through its

commitment to ensure that people with disabilities are able to fully access the services and facilities that we provide. In addition, the OSS has diversity processes and procedures in place to ensure a balanced and diverse workforce is recruited and represented wherever possible.

Goal 2 - The Economy

Through the whole of government Shared Corporate Services reform, which is being led by the OSS, savings of $55 million annually will be made from 2008-09. These savings have been earmarked for redistribution to the government's core focus areas of health, education and law and order, thus supporting the development of a stronger WA economy.

The OSS will also provide more efficient services to government suppliers as they will be able to use online facilities that will provide electronic payment of accounts for goods and services supplied to government agencies, eliminating the need for "hard copy" receipts and invoices. The use of online facilities will also result in shorter waiting times for the payment of invoices, reducing pressure on finance staff and enabling businesses to concentrate on their core functions. In this way, the OSS will also have a positive impact on business growth.

Goal 3 – The Environment

Through the establishment and implementation of our Sustainability Action Plan, Energy Smart regime and Waste Paper Recycling program, our business practices will support the commitment to sustaining and protecting our environment.

In addition, the use of online Human Resources, Payroll and Financial systems at the OSS will significantly reduce the need for the Office and its client agencies to use paper for "hard copies" of forms, accounts and receipts, among other articles. Considering the estimated number of 9000 transactions per day that will take place at the OSS when it is fully operational, the migration to an online environment will reduce the usage of paper resources across more than 100 government agencies, as well as a significant number of government suppliers.

Goal 4 – The Regions

In the future the OSS will provide corporate services support to a number of agencies that have a regional presence throughout Western Australia, such as the Department of Agriculture and Food, the Department of Corrective Services and the Department of Environment and Conservation.

Close engagement has already begun with these agencies to ensure a smooth transition to shared services, with particular attention being paid to the unique needs that follow from having obligations to regional clients.

As with all government agencies, the provision of shared corporate services support will enable regional agencies to focus on their core services, which in turn benefits the public and clients of the agency.

Our Structure and Staffing Profile

The Office of Shared Services consists of four structural areas as outlined below.
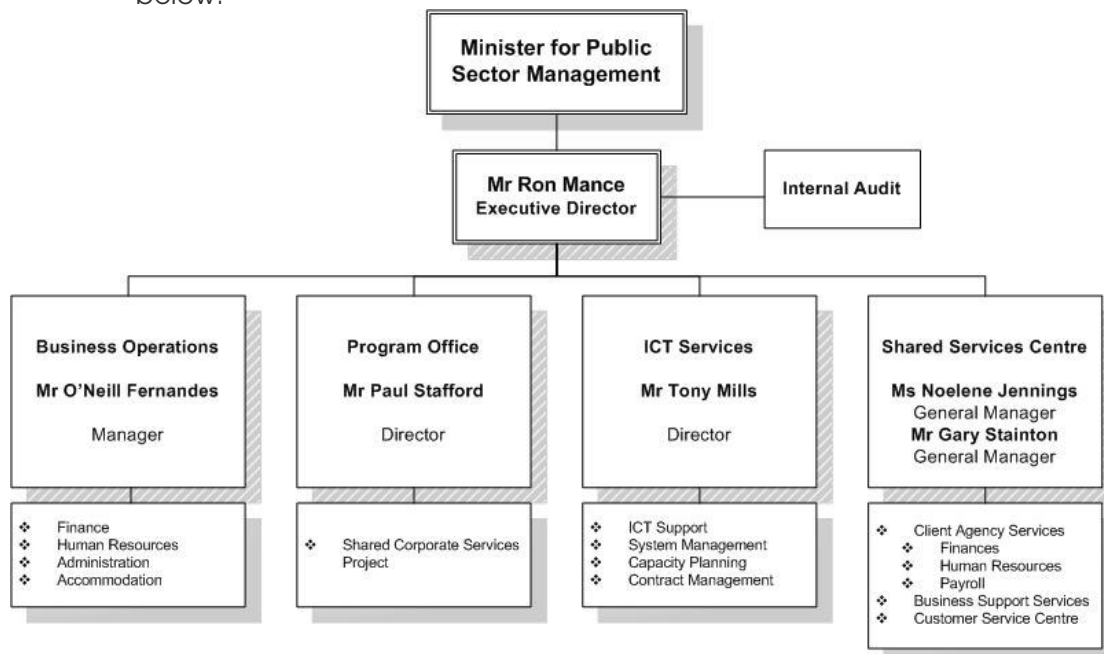
Executive Director

MR RON MANCE has forty-two years corporate service experience comprising human resources, information management and ICT, finance, asset management, procurement and administrative services. He has considerable experience in the management of large projects.

He joined the Functional Review Implementation Team in late December 2002 and has led this key strategic Shared Corporate Services reform agenda on behalf of the Strategic Management Council since this time.

Shared Service Centre General Managers

MS NOELENE JENNINGS was appointed to the position of Director of Corporate Services at the City of Perth in 1996, before joining the Office of Shared Services in April 2005. Apart from her Client Agency duties, Noelene is currently the Project Director for the Transition and roll-in of agencies and is chair of the OSS Risk Management and Policy Committees.

Noelene is a member of the Australian Computer Society, Local Government Managers Association and the Institute of Public Administration of Australia. She is also an experienced evaluator of the Australian Business Excellence Awards.

MR GARY STAINTON has worked for twenty-five years in the human resource and general management fields in both management and consulting roles. Gary has been involved with shared services since its inception in NSW government. He is the former General Manager of two NSW government Shared Services Centres.

Since October 2003 he has worked within the WA government on the current shared services reform, and was appointed General Manager in

April 2005. He has contributed particularly in the areas of developing governance, service delivery, change management and funding frameworks associated with the reform. Gary was also project sponsor for the Customer Service Centre and Portal systems development.

ICT Services Director

MR TONY MILLS has spent 28 years in the IT industry, including the last 19 in the State Public Sector. He has been involved in the design, procurement and deployment of complex information technology and management systems for such entities as Government Employees Superannuation Board, Department of Education and the Department of Health.

During his Public Service career he has been involved in whole of government initiatives such as the State Telecommunications Enhancement Program and currently as a member of the SPIRIT Steering Committee.

Program Office Director

MR PAUL STAFFORD has been the Director of the Program Office for the duration of the WA government's Shared Corporate Services implementation program. For the last two years Paul has been leading the team responsible for the design and implementation of the new whole of government Business Systems Solution.

In the years immediately preceding his involvement with the Shared Services reform project, he was responsible for the delivery of corporate services for a number of agencies within the WA public sector. Paul has also previously been heavily involved in major Machinery of Government changes including the establishment, merging and abolition of Government Departments.

Manager Business Operations

MR O'NEILL FERNANDES has over 30 years experience in corporate services. This comprised 24 years in Western Power encompassing Management and Cost Accounting, Financial System Development and Commercial Services, three years in private enterprise as a Financial Controller and Consultant and four years at the Department for Planning and Infrastructure as Manager Business Services.

O'Neill joined the Office of Shared Services in March 2006 as Manager Business Operations and Chief Finance Officer. O'Neill is currently involved in setting up the corporate governance framework for the OSS and laying the foundations for agency specific corporate services and activities.

5. THE YEAR IN REVIEW

Overview

During 2005-06, the Office of Shared Services (OSS) went through a challenging period of considerable change. The organisation moved from a predominantly whole of government project focus into the implementation phase and readiness for go-live operations.

From a project perspective, the major focus has been on developing the business systems and associated infrastructure requirements for the implementation of shared corporate service arrangements.

The signing of the contract with Oracle in June 2005 signalled the beginning of the Design, Build and Test (DBT) phase of the Oracle solution. The work undertaken by Oracle/ASG, in partnership with the OSS, is one of the most significant IT projects in WA government history. Oracle experts from around the world have come to Perth to take part.

The design and build of the business system has seen the OSS and Oracle become leaders in the development of shared corporate services. This achievement prompted local, national and international interest, and requests for information and visits came from many government departments and non-government organisations.

Contracting continued to be a key feature of work undertaken by the Office in 2005. A major contract was issued for a service provider to manage and operate the infrastructure required to support the computing and telecommunications elements of the shared services centre. Following the release of the Request for Proposal in 2005, a contract was signed in December 2005 with an alliance of partners led by ASG (Asia Pacific) Pty Ltd. The signing of the contract concluded the major series of contracts supporting the implementation of shared corporate services.

In early 2006 the testing phase of DBT began, in some areas concurrent with the solution build. A critical phase of work preparatory to the finalisation of the licence payments with Oracle, User Acceptance Testing, also began. A range of other testing practices, such as load or capacity testing, are also being undertaken to prove that the systems and infrastructure being used are robust and capable of providing a high quality service.

A range of activities was undertaken in preparation for go-live operations in mid 2006. The Office has a range of client, customer and stakeholder groups, including prospective staff, client agencies and private sector suppliers and a number of programs have been put in place to assist these groups with the changes that will occur.

Following the appointment of the two OSS Shared Service Centre General Managers in early 2005, the recruitment, selection and appointment of permanent staff began with Senior Executives in April 2005. Appointment of permanent OSS staff at other levels began in earnest in early 2006.

All positions are to be progressively brought on board as the OSS is established and agencies roll-in through to late 2008. A number of the OSS

permanent staff already appointed are "on-loan" to functional areas within the Program Office. These staff members are helping with User Acceptance Testing, among other tasks, pending the completion of the DBT phase.

The development of the OSS Customer Service Centre continued during 2006, with the establishment of telephony and business systems, staffing arrangements and business flows. The aim of the Centre is to deliver consistent customer service against a defined services framework.

A major focus for 2005-06 has been preparing client agencies to transition, or roll-in, to the shared service arrangements. The Office has established dedicated Roll-in Teams to support agencies. These teams provide ongoing information, advice and support across a range of technical and business change issues. A number of check points are being finalised, including acceptance criteria and deployment plans, which will be agreed to and signed off by the OSS and client agencies prior to going live.

A supplier information survey was conducted by the Supplier Industry Orientation Team to assist them in finalising the content of their Supplier Seminars, which began in May 2006. These seminars are designed to inform the business community of the new business processes that will be implemented under the shared service environment.

The OSS also collaborated with the Department of Treasury and Finance on a joint strategy for briefing 750 government suppliers who operate under the whole of government common-use contracts. Briefings for contract managers were held in February 2006.

Ongoing strategic reporting to the Premier, Deputy Premier, Expenditure Review Committee, Director General Department of DPC and the Under Treasurer took place during the year. This reporting has ensured that key stakeholders have been kept fully informed during the establishment of the OSS, and implementation of the whole of government Shared Corporate Services reform.

Our Business in Detail

The following sections outline in detail the specific achievements of the Individual Units of the OSS in 2005-06:
· OSS Shared Service Centre;
· OSS Program Office;
· Information and Communications Technology Services: and
· Business Operations.

The OSS Shared Services Centre

The OSS Shared Services Centre (OSS SSC) will commence providing its first range of services in mid 2006. The agencies scheduled to roll-in during the first part of the 2006-07 financial year are the OSS and the Department of Fisheries.

In preparing the OSS SSC to deliver finance, payroll and human resources services to agencies, the following key achievements and activities were undertaken in readiness for go-live operations.

Recruitment, Selection and Appointment (RSA) of OSS Staff

A specially developed Recruitment, Selection and Appointment (RSA) strategy was employed to ensure affected corporate services personnel across the public sector had the first opportunity to apply for OSS jobs.

In October 2004 the Whole of Government Corporate Services Steering Committee endorsed a customised approach to the filling of permanent positions. To minimise possible redeployment of corporate service employees, these roles were only made available to permanent public servants whose jobs were to be affected by the new arrangement. This resulted in a Memorandum of Understanding (MOU) being signed by the Community and Public Sector Union/Civil Service Association (CPSU/CSA), the Minister Assisting the Minister for Public Sector Management, and the Director General, Department of the Premier and Cabinet on 20 January 2005.

The MOU provided for a quarantining arrangement for the initial advertising and filling of OSS positions from Levels 1 through to 8. This arrangement restricted applications to registered employees (redeployees) and to existing "at-level" permanent public sector employees whose substantive positions were in affected corporate services areas.

It was agreed under the MOU that following selection by the panel and expiry of breach of standard process, appointment pools of suitable applicants would be formed for each role. Successful applicants remain in the pool for 15 months or until appointed to a permanent position. Where there are more candidates in an appointment pool than vacancies, appointments are made on agreed criteria. Once pools are empty, positions are advertised on an open merit basis.

On 31 May 2005, the Commissioner for Public Sector Standards granted partial exemption to the Department of the Premier and Cabinet from the Recruitment, Selection and Appointment Standard. The exemption related to the advertising of specified positions in the OSS during the initial recruitment of staff to the Office. This allowed for selected OSS positions to be quarantined to existing corporate service employees in the first instance.

Details about the RSA process were communicated to over 800 employees from 39 different agencies who attended Position Application Workshops held from 1 March 2005 until 12 May 2005. For those in regional areas unable to attend, a video was produced and distributed on request.

The Recruitment and Appointment Process

The quarantined recruitment process commenced with the advertising of 24 roles at Levels 7 and 8 on 20 June 2005. Level 5 and 6 roles were advertised on 12 July 2005 and the last set of positions advertised, Levels 1 to 4, closed on 24 August 2005. Applications for the 114 roles were restricted to existing permanent public sector employees who met the eligibility criteria.
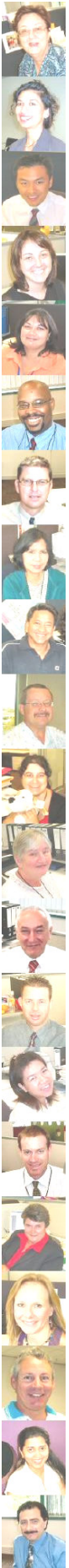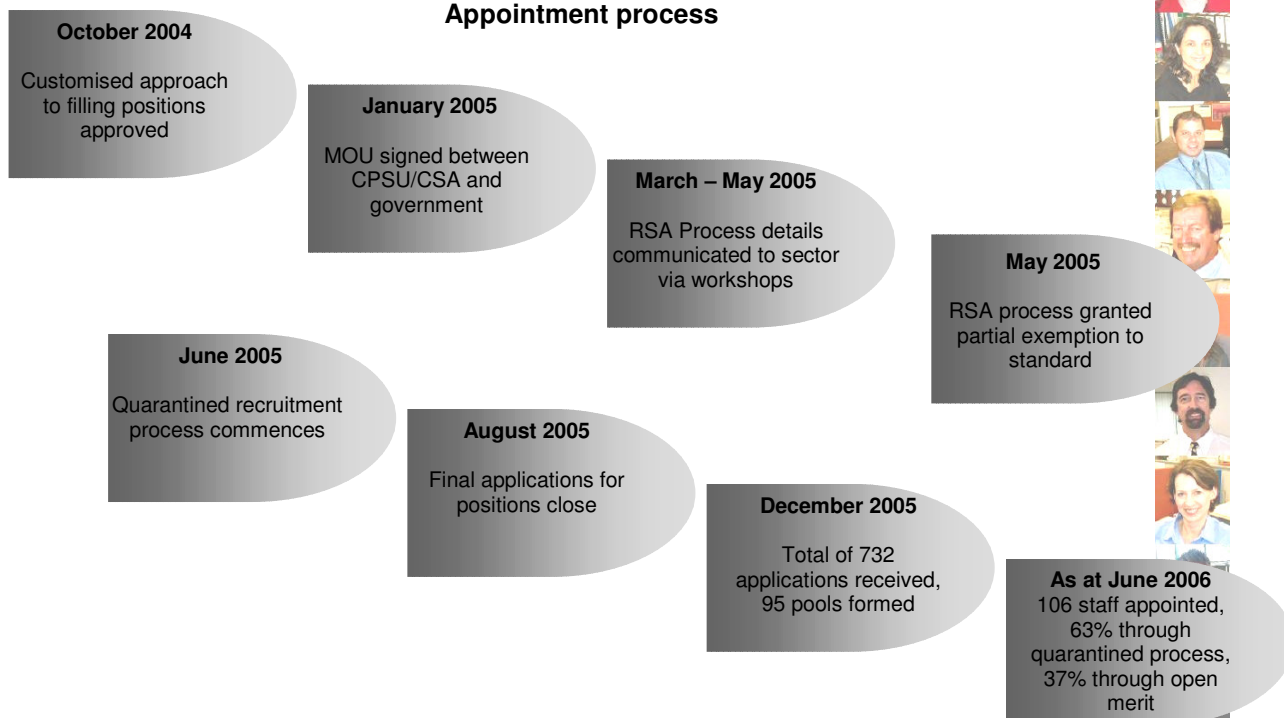
The table below shows the applications received by level. In total 732 applications were received from 395 applicants in 33 agencies.

	Number of roles advertised	Applications Received	Number of Applicants	Roles with no or unsuitable applicants	Number of pools formed
Level 8	7	8	3	5	2
Level 7	17	27	16	3	14
Level 6	10	30	22	3	7
Level 5	24	105	48	4	20
Level 4	21	111	66	3	18
Level 3	12	130	66	0	12
Level 2	15	212	126	1	14
Level 1	8	109	48	0	8
TOTAL	**114**	**732**	**395**	**19**	**95**

All panels completed the recruitment and selection process and 95 pools of eligible candidates were formed by December 2005.

Of the staff appointed to the OSS, 63% had been appointed through the quarantined pool process and 37% through open merit. Open merit selection was only undertaken where pools were empty or where candidates declined and there were no others left in the pool. By June 2006, 52% of the pools still had one or more candidates.

OSS Recruitment, Selection and Appointment process

October 2004
Customised approach to filling positions approved

January 2005
MOU signed between CPSU/CSA and government

March – May 2005
RSA Process details communicated to sector via workshops

May 2005
RSA process granted partial exemption to standard

June 2005
Quarantined recruitment process commences

August 2005
Final applications for positions close

December 2005
Total of 732 applications received, 95 pools formed

As at June 2006
106 staff appointed, 63% through quarantined process, 37% through open merit

Client Relationship Management

The OSS SSC has adopted a client relationship management model to provide client agencies with a responsive and supportive executive connection with their business operations. This strategy involves early consultation with client agencies, executive engagement, transition support and ongoing relationship management.

Early engagement with agencies has sought to gain informal agreement as to the frequency, nature and type of contact to be maintained with each client agency. During this time, collation of client information and intelligence pertaining to their business operations, environments and imperatives has been undertaken. This will ensure the OSS SSC is best positioned to support a client's core business. The OSS SSC will be negotiating individual service level agreements with each agency to form a base line of service expectations.

The OSS SSC Executive Management Team members regularly engage with client agency leaders through direct meetings and governance committees. The Heads of Corporate Services Committees and Client Management Council meet regularly to ensure continual engagement with key stakeholders. This engagement at the executive level ensures that client agencies, including those coming on board in later years, are kept abreast of developments and are able to provide input throughout the roll-in period.

Industry and Suppliers

The Supplier and Industry Orientation (SIO) Team was formed to assist the WA business community's understanding of the shared corporate service environment and the transition process.

As many as 80,000 suppliers to WA government agencies need to be informed of the new business processes to be used under the shared corporate service environment. Many of these suppliers currently hold supply contracts for essential government goods and services. Additionally, up to one third of WA government suppliers are located outside of the metropolitan area and have unique information needs and constraints. Key industry groups such as the Chamber of Commerce and Industry WA have been kept informed of the latest developments in the future business processes.

The SIO team have also established partnerships with agencies such as the Department of Treasury and Finance, State Supply Commission, Department of Industry and Resources and the Small Business Development Corporation. These partnerships have been established to provide the agencies with information to support their suppliers and industry partners in the transition to the shared services environment. Some of these agencies also have the ability to assist in the implementation of the reforms as they impact on the business community.

The Customer Service Centre

The Customer Service Centre which will handle all customer enquiries at the OSS is being established against a service standards framework. The Customer Service Centre will be accessible through multiple gateways – telephone, fax, email, post and the internet, via the OSS Portal. Enquiries will be captured in the form of electronic "service requests" which enable the work to be managed and tracked through to completion.

Customer Service Centre staff will be equipped to respond to a range of enquiries from client agencies relating to human resources, payroll and finance, as well as to suppliers of goods and services to government agencies. Throughout the past year, the establishment of the Customer

Service Centre's telephony and business systems, human resource strategy and its policies and business processes has progressed.

A contract for a Telephony and Contact Centre Solution was awarded to NEC Business Solutions Limited in September 2005, while the Business Management System is being provided by Oracle's TeleService module. These systems will enhance the ability of the OSS SSC to report on service levels achieved in the Centre, as well as other factors such as cost per contact, enquiry types and volume.

Program Office

The OSS has a whole of sector reform or coordination focus as a continuation of the original Cabinet directive for ongoing monitoring and implementation of functional review activities across the sector (see table below). This includes the monitoring and reporting on the 89 recommendations contained within the Functional Review Taskforce Report, of which 14% remain outstanding within a small number of Ministerial portfolios. The responsibility for this work resides within the OSS Program Office.

The main focus of the Program Office has been, however, on the implementation of the whole of government Shared Corporate Services reform project, in particular the design, build and test of the Oracle business system for Finance, Payroll and Human Resources services.

Program Office: Key whole of government responsibilities during 2005-06				
Managing project budget and resources.	Coordination of project implementation across all work streams, activities and deliverables.	Monitoring and reporting on implementation, risk management and benefits realisation.	Supporting Shared Corporate Services Whole of Government Steering Committee.	Providing interface to other Government reforms.

The Shared Corporate Services project within the OSS consists of two major elements, the Business Solution and Transition/Roll-in Teams. The staffing of the project has been supported by a significant number of agencies across the sector via the secondment of key staff, in addition to support from specialised consultants where required. The Project is also supported by a dedicated Project Service Centre which ensures a rigorous project management and reporting regime is in place.

The Program Office will be involved in benchmarking service levels and costs across the three Shared Service Centres within the sector, and for driving continuous improvement.

Business Solution

The Business Solution Team has been responsible for the development of the Enterprise Resource Planning system (ERP), most commonly referred to as the Oracle business system. This system will simplify, automate and standardise corporate services processes across the WA public sector.

The beginning of the detailed Design, Build and Test Phase of the project coincided with the establishment of the OSS in July 2005. During this Design Phase, OSS project staff worked closely with Oracle/ASG personnel

to determine the best outcome in terms of business systems for the OSS and the other Shared Services Centres - the Health Corporate Network and the Education and Training Shared Service Centre.

Design Development

Following the early work of the Design Phase, WA public sector agency staff were invited to attend design outcomes presentations. This was undertaken with the joint objectives of providing opportunity for comment and feedback, but also to ensure corporate services staff from across the sector were kept informed of the progress being made by the Program Office.

Staff were informed of the approach that had been taken for generating the business solution. The presentations also detailed how the Oracle business system design was matched against the OSS business requirements, and how gaps were identified and prioritised.

Specialist sub-functional areas (e.g. Accounts Payable, Accounts Receivable, Assets, General Ledger, Cash Management, Procurement, Tax, Reporting and Budget) were investigated in more depth and the findings and subsequent design developments were also shared with agency staff. A key focus area was the proposed new WA government Chart of Accounts and General Ledger structure.

The Human Resources (HR) groups looked at Recruitment processes, including a demonstration of parts of the new system. Further sessions comprised presentations including Payroll, Occupational Health and Safety (OHS) and Workers Compensation.

Overviews of system architecture, reporting and information management elements of the proposed system were also presented to agency representatives. A further session concerning Information Technology processes was conducted, detailing the functional integration, collaboration systems and application security being incorporated into the build.

Business Solution Configuration (Build)

From the outset the OSS has committed to maintaining a standard or "vanilla" Oracle business system. This was seen as preferable to customising the software solution, which risks compromising the long-term sustainability of the implementation.

This approach has required a preparedness to adapt, wherever possible, existing business practices and processes to match the solution, rather than the opposite. This will provide a form of future-proofing the business system.

It has been possible to address many solution gaps, such as those between the functional requirements and the standard Oracle product functionality. These gaps have been addressed via the Oracle Application Implementation Methodology, which provides for a managed approach to configuring the solution without losing the opportunity to readily upgrade.

This work has involved the identification and consideration of proposed changes to the standard solution through the use of "CEMLIs." CEMLIs represent Configurations, Extensions, Modifications, Localisations and Integrations, which refer to ways in which the standard solution could be modified to meet WA government requirements. The build of the business system was largely complete by mid-May 2006.

Conference Room Pilot (CRP) Sessions

To inform OSS staff of both the Design and Build Phases of the Oracle business system, a series of Conference Room Pilot sessions (CRPs) were held. The aim of the CRP's was to allow OSS staff to work closely with Oracle personnel in the development and configuration of the system software.
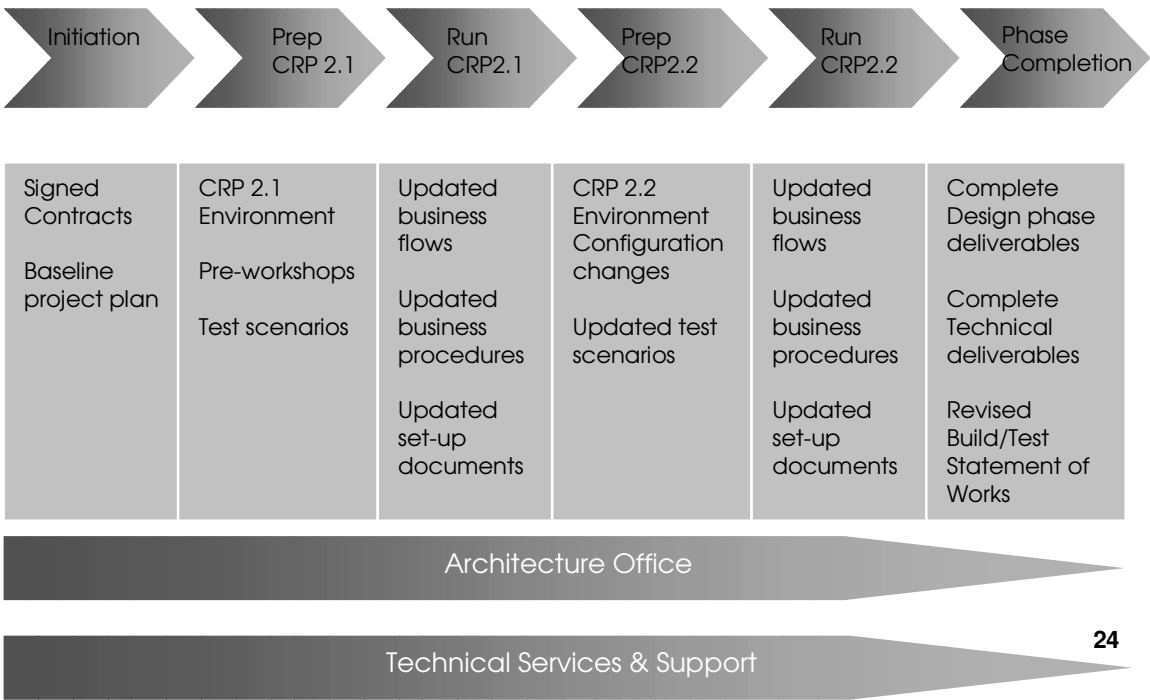
The pre-configured solution was displayed in a "live" screen-based environment to allow the consideration of its look, feel and workflow. All in-scope functional areas were examined, including the Finance and HR sections of the Oracle Business Flows Methodology.

OSS staff from all HR and Finance sections used the Oracle software modules and provided critical feedback as they tested and developed the various systems. This was done to ensure they complied with the business rules, security issues and process maps that guided the planning of this undertaking.

Following the first CRP, a clear position was established on the required configuration of the standard Oracle business system. This position formed the basis of the whole of government solution, albeit one that would need some additional configuration to meet the more specific needs of certain agencies.

This process occurred again during the detailed Design Phase and then during the Build Phase to ensure that all in-scope business flows were successfully identified and accepted by the OSS. Through this process, government staff were able to use a system that was approximately 75% configured to OSS requirements. The resultant feedback from these staff was used extensively by Oracle to complete the design and build of the solution.

An overview of the strategy implemented is depicted below:

Initiation	Prep CRP 2.1	Run CRP2.1	Prep CRP2.2	Run CRP2.2	Phase Completion
Signed Contracts Baseline project plan	CRP 2.1 Environment Pre-workshops Test scenarios	Updated business flows Updated business procedures Updated set-up documents	CRP 2.2 Environment Configuration changes Updated test scenarios	Updated business flows Updated business procedures Updated set-up documents	Complete Design phase deliverables Complete Technical deliverables Revised Build/Test Statement of Works

Architecture Office

Technical Services & Support

The CRP approach was utilised through the Build Phase as well, to enable OSS Business Solution Team staff to "prove" the effectiveness of the system design and enhance this as appropriate. This approach had the added advantage of building knowledge within the team in relation to the Oracle system structure and workflow. Many of these team members will be taking up permanent positions in the OSS SSC where they will be working with the solution as part of their daily activities.
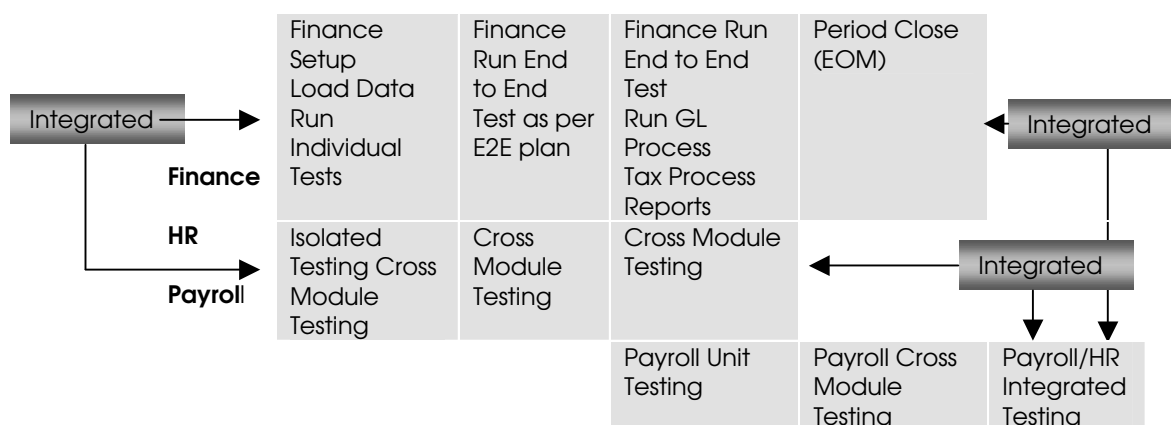
Systems Testing

Prior to the initial agency roll-in, User Acceptance Testing (UAT) was conducted to thoroughly assess the business system. UAT also ensured that the solution met all contractual requirements and could operate in the ICT infrastructure environment.

The comprehensive testing regime focused on the system capabilities from both functional and load perspectives. The testing process was automated as much as possible to reduce the dependency on staff resources, while utilising some existing and planned labour to conduct tests that cannot be automated. The scope of testing included Oracle's base product itself as well as the CEMLIs referred to above.

An overview of the testing strategy is depicted here:

User Acceptance Testing – End to End Approach

Integrated				
Finance	Finance Setup Load Data Run Individual Tests	Finance Run End to End Test as per E2E plan	Finance Run End to End Test Run GL Process Tax Process Reports	Period Close (EOM)
HR **Payroll**	Isolated Testing Cross Module Testing	Cross Module Testing	Cross Module Testing	Integrated
			Payroll Unit Testing	Payroll Cross Module Testing	Payroll/HR Integrated Testing

One of the critical aspects of the testing process was to ensure that all interfaces required for the business operations were correctly aligned. This is because the Oracle business system is required to interact with other computer systems both within the WA government and with external systems such as banks and other financial institutions.

Testing was overlayed by further assessments that ensured the security of system access via the portal. The confirmation of this activity was addressed by 1649 separate test scripts. In all, 5286 different scenarios and variations were covered by the testing. The processes outlined enabled defects in the application to be trapped, recorded, rectified and subsequently verified as resolved.

User Acceptance Testing is an on-going process, and the iterative progression of testing and fine-tuning will continue. The rigour of the test regime will ensure that the business system will be robust and deliver appropriate levels of functionality and usability.
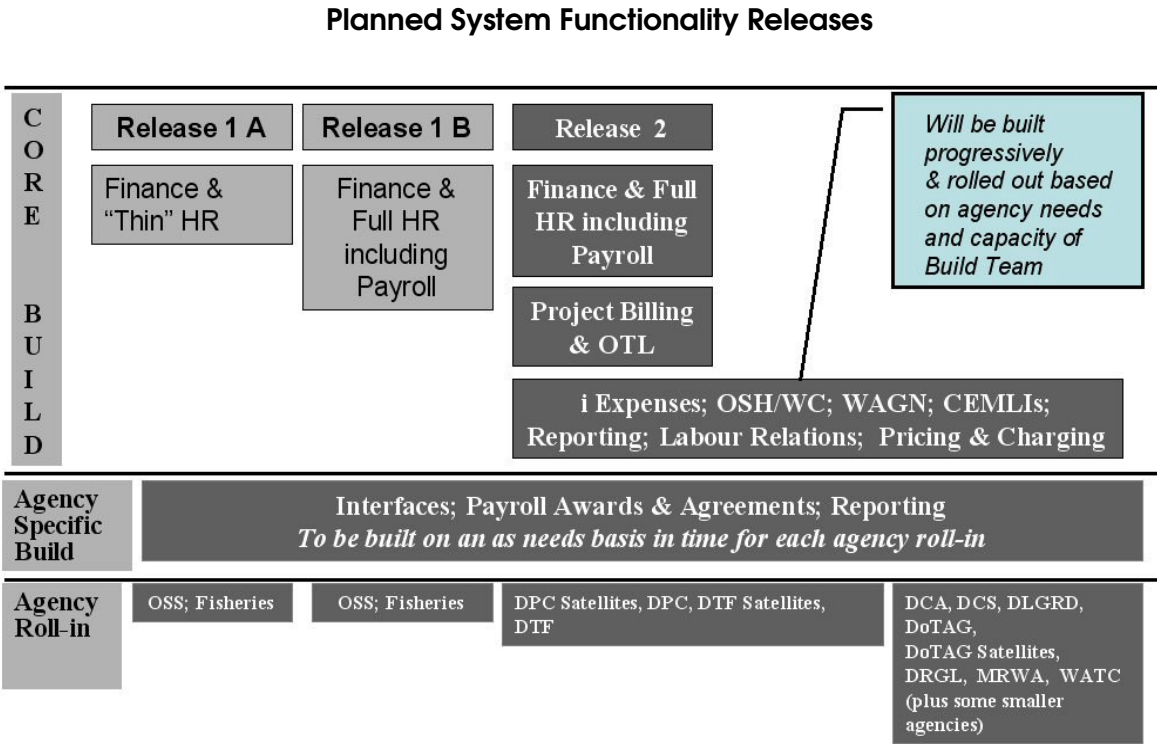
Performance testing of the system was completed successfully by late May 2006 and the transition from the testing environment to the permanent environment was completed shortly thereafter.

Ongoing Systems Development

The Program Office made an early decision to release business solution functionality to agencies in a progressive manner, rather than attempt to have all functions available from Day One. This "phased release" ensures a manageable project load and a lower risk approach.

The initial release of services to agencies, known as Release 1, contains the core Human Resource and Financial Services functions as well as supporting services and systems infrastructure. This initial release will meet over 90% of the business needs of the 25 largest agencies. The business system build will be progressively developed to meet future agency requirements. For example, Release 2 will contain Project Billing and Oracle Time and Labour (OTL) modules.

This release is depicted in the following diagram:

Planned System Functionality Releases

CORE BUILD	Release 1 A	Release 1 B	Release 2	Will be built progressively & rolled out based on agency needs and capacity of Build Team
	Finance & "Thin" HR	Finance & Full HR including Payroll	Finance & Full HR including Payroll	
			Project Billing & OTL	
			i Expenses; OSH/WC; WAGN; CEMLIs; Reporting; Labour Relations; Pricing & Charging	

Agency Specific Build	Interfaces; Payroll Awards & Agreements; Reporting *To be built on an as needs basis in time for each agency roll-in*

Agency Roll-in	OSS; Fisheries	OSS; Fisheries	DPC Satellites, DPC, DTF Satellites, DTF	DCA, DCS, DLGRD, DoTAG, DoTAG Satellites, DRGL, MRWA, WATC (plus some smaller agencies)

As well as the standard suite of corporate services activities that the OSS will provide to general agencies, there is the possibility that a group of agencies with a similar business requirement could generate a business case for additional services.

Following discussions regarding funding, timing and other resource implications, functionality such as Assets and Works Management and Project Management modules could be added onto the core solution with the active involvement of the OSS.
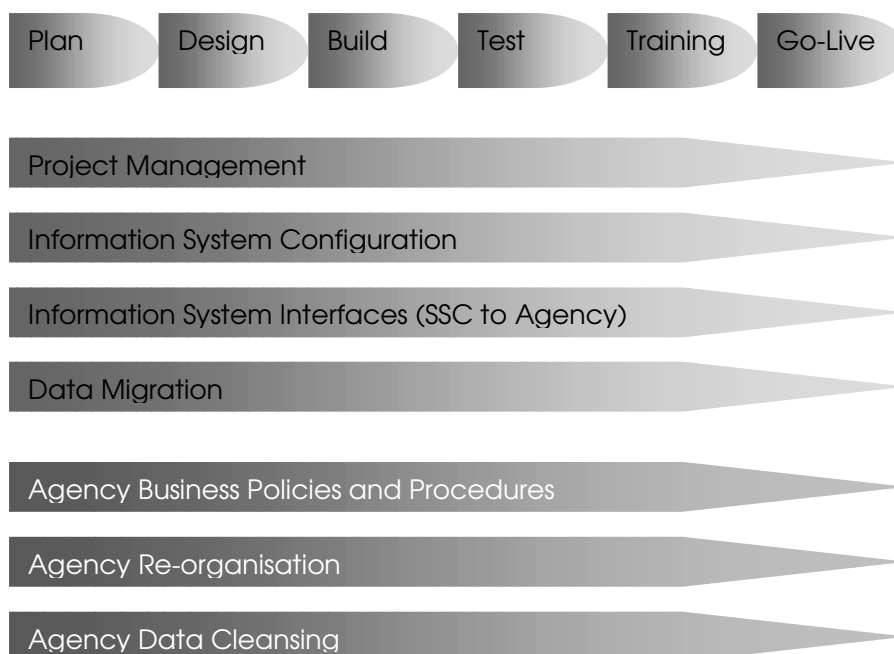
Transition and Roll-in

An OSS Transition Roll-in Team has been formed to support each Agency that will progressively be rolled in to use OSS services in 2006. The Team comprises a designated Roll-In Coordinator and key Subject Matter Experts (SMEs) for specific agencies.

The Roll-in Team's support strategy involves providing ongoing information, advice and support to agencies across a range of technical and business change issues. Initially, contact with agencies involved the introduction of SMEs to the transition teams established within each agency. A transition resource pack, project charter and plan for agency use were also provided. The Team also provides a first point of contact for agencies on the general operations of the OSS SSC.

A number of check points including an Agency Acceptance Criteria document and Deployment Plan have also been established. The project and agency teams work through these items in readiness for the agency going live. Throughout an agency's roll-in phase, the team also liaises with other OSS teams (for example user training, data migration, ICT security) to ensure all agency requirements will be addressed.

The Transition Roll-In Team frequently meets with the individual agency project teams. Throughout the past year the Team has worked closely with the Departments of Fisheries, Agriculture and Food, Attorney General, Corrective Services, Culture and the Arts, Treasury and Finance, Premier and Cabinet, Consumer and Employment Protection, Planning and Infrastructure, as well as the Zoological Parks Authority, the Botanic Gardens and Parks Authority and Main Roads WA.

OSS Agency Roll-in Strategy

Plan | Design | Build | Test | Training | Go-Live

Project Management

Information System Configuration

Information System Interfaces (SSC to Agency)

Data Migration

Agency Business Policies and Procedures

Agency Re-organisation

Agency Data Cleansing

Accommodation

In 2003, the Sevenoaks Building in Cannington was chosen as the home for the Office of Shared Services. The Cannington premises consists of four levels and covers an area of over 22 000sqm, of which the Office will occupy Levels 2 and 3, with the remaining space to be leased to other government agencies. The ground floor, which includes new conference and seminar facilities, is partly tenanted by other government agencies. Woodhead International was engaged to undertake the design and fit-out of the OSS premises. The main brief for the design was to provide an innovative, work friendly environment in which employees would feel comfortable and energised. A series of briefing sessions were held to ensure input and feedback on the concepts were incorporated into the design. This provided a master plan that encompassed floor plans, fit-out, colours and textures.

As part of the fit-out an energy management review was completed which identified options for inclusion in the fit-out design. This included use of motion sensors in meeting rooms, utility areas and offices, energy controllers, retrofitting of base building lighting, mimic panels and digital lighting controls which reduces energy consumption in the tenancy.

The final design included partitions that are designed to provide large amounts of natural light and ease of access to workstations. A special inclusion was the Seminar and Conference suites, a Boardroom and two purpose-built ICT training areas to cater for ongoing training requirements. The workplace was designed in accordance with best practice and exceeds Occupational Safety and Health requirements.

The premises were officially opened in late 2005 by the then Premier, Hon. Dr Geoff Gallop MLA.

Information and Communication Technology Services

The ICT Services Unit services the OSS and is responsible for supporting the whole of government technology platform. The original concept for this Business Unit, as outlined in the Deliverable C Report, was for it to be located within the Department of Treasury and Finance. This was changed, however, as part of the revision to the reform governance arrangements in December 2004.

As the table below indicates, there are three major service activities within the ICT Services Unit:

Service Delivery	Architecture, Planning and Risk Management	Project Services
Monitors, coordinates and manages the delivery of day-to-day ICT services that support the provision of shared corporate services to the OSS, inclusive of Contract Management.	Supports the infrastructure and applications used to deliver shared corporate services.	Provides the technical coordination and management of systems enhancement projects.

The Director of ICT Services was appointed during the year and the process to fill the positions in the rest of the Unit's structure has begun. The Project Services area will not be established until the primary implementation projects wind down.

A number of OSS ICT policies and procedures have been developed since the Unit's inception. These will ensure that the ICT processes within the OSS are managed and controlled during the population of the structure. The policies and procedures have undergone review and additional policies are being developed as the need for them arise.

Major Tenders, Procurements and Contracts

As indicated in the following table, the ICT Services Unit has engaged in a number of major tenders, procurements and contracts during 2005-06. The tenders included RFPs (Request for Proposal) 3 and 4, a tender for the provision of Local Area Network (LAN), Server and Desktop Support Services and a tender for the installation of telephony services:

Tender	Requested Services	Purpose	Provider
RFP3	Provision of a panel of organisations with specialist and project management skills.	Assist public sector agencys' integration of core systems into OSS Systems. Migrate financial and human resources data into OSS.	Specialist Panel.
RFP4	Provision of managed ICT services to the OSS.	Acquisition of application and infrastructure management services for computing and telecommunications infrastructure.	ASG (Asia Pacific) Pty Ltd.
Local Area Network/Desktop Services	Provision of interim LAN and managed server and desktop support services. Installation of LAN.	Support OSS network and online environment. Transfer of interim services to RFP 4 contractor.	WJ Moncrieff Pty Ltd.
Telephone Services	Provision of telephony services.	Installation of VoIP and phone network. Installation of Genesys Express Contact Centre Solution.	NEC Business Solutions.

The RFP4 contract for services allows for the infrastructure to be built and maintained in two separate data centres. One data centre will act as the Primary Data Centre (the production site) where transactions from the OSS and transactions initiated in agencies will be processed. These transactions will then be passed to the Secondary Data Centre (the backup and disaster recovery site) where they will be recorded to provide a recovery facility, should processing at the Primary Data Centre be stopped for any reason.

The Secondary Data Centre is in a separate physical location to the Primary Data Centre. This arrangement caters for on-line backup of data from the Primary Data Centre. It also provides an instant switch to the Secondary Data Centre should processing facilities fail at the Primary

Data Centre. The contract also provides for full on-site technical support services and facilities to the OSS infrastructure facilities in both Data Centres have been installed and commissioned. These have replaced the interim data centre facilities, provided by Oracle Corporation Australia Pty Ltd, which were used during the design and build of the shared corporate systems.

Testing Functionality and Performance

To test the systems and infrastructure being used at the OSS an additional tender was prepared, finalised and evaluated. This tender was for the provision of software to support and automate the testing being undertaken by the Business Solution Team at the OSS. This tender resulted in the purchase of the Mercury Interactive testing tool.

The testing tool is being used to provide documentation of the test requirements and develop scripts to automatically run tasks and processes to test the system. The testing tool also records and tracks the resolution of any issues that may arise during the testing process. Test laboratories for specific areas of the systems being implemented were established to help make the testing process as comprehensive as possible.

The integrity of the testing results is also being protected by the introduction of a standard operating environment (SOE) on all desktop and laptop computers used within the OSS. The SOE supports any results from the testing process so they can be duplicated on every Personal Computer (PC) used by staff in the OSS. It also assists efficiency by ensuring that every PC used in the OSS uses the same software and operates in the same way.

The standardisation of hardware and software versions deployed within the OSS simplifies and reduces the effort that is required to maintain and support the IT environment. It will also help to reduce costs in the area and contribute to the delivery of value-for-money services to agencies.

A separate module of the Mercury Interactive testing tool was also implemented to perform load testing. This simulates the workload capacity of the data centres as more functionality is added and as more agencies are rolled in to use the OSS services. This tests the capability of the infrastructure to cope with workload in terms of performance and data storage.

To complement testing and the SOE in ensuring that the systems and infrastructure will provide a high-quality service, a comprehensive capacity plan has been developed by ICT Services in conjunction with ASG. This capacity plan has reviewed the volume of transactions and data that will be generated by the agencies that will roll into the shared service centre within the first year of operations.

The capacity of the computing infrastructure, including the networks, has been built to ensure that all transactions will process with maximum efficiency, even during peak processing periods, such as the end of the month.

Security and Business Continuity

Security of data within the SSC systems is a high priority. The security systems that the OSS has in place to protect agency information not only operate at the database level but are also prevalent throughout the local and wide area network infrastructures.

As part of a security plan, considerable time and effort was spent examining the best method of protecting information while it is being transmitted between the agencies and the OSS. A Virtual Private Network (VPN) was found to be the most secure method and a network is being established for each agency. Infrastructure will ensure that the VPN operates with speed and efficiency and that all data transmission is done within a secure environment.

The OSS has recognised its operational dependency on computer systems including the LAN, database servers, email and internet, as well as the applications providing the business functions. The potentially devastating loss of services and operational control that may occur in the event of any incident was noted as being a matter worth careful scrutiny.

As part of the focus on security, ICT Services held workshops and spent considerable time with representatives from the centre's business functionality areas to understand business continuity and disaster recovery requirements. These have been documented in an ICT Services Continuity Management Plan that identifies the risks, mitigating strategies, and business imperatives of the OSS. It also sets out steps to be followed by ICT Services in the event of an emergency that results in disruption to services.

The Management Plan includes back-up and risk management strategies and requires tests to evaluate the effectiveness of the Plan. ICT Services are working with ASG as part of the plan to develop processes that will ensure any unforeseen outside factors that may impact on the continuous delivery of services to agencies will be minimised.

Future Activities

Whilst the focus of ICT Services has been on the procurement, implementation and establishment of software and infrastructure to facilitate the delivery of value-for-money, high-quality services, it has also been looking to the future.

As part of this forward looking process ICT Services has developed an Operational Plan to provide the OSS with an overview of the activities that will be undertaken in the coming year. This Operational Plan identifies how the technical deliverables and key performance indicators contained in the various ICT contracts are managed and provided.

Business Operations

The Business Operations Unit is responsible for providing a range of corporate support to staff and management of the OSS. The main areas of responsibilities are Finance, Human Resources, Administration, Accommodation and Reporting. Other corporate service support includes corporate governance, risk management, compliance and the statutory reporting requirements of the Office.

As part of establishing the OSS and transitioning from the Department of the Premier and Cabinet, policies and procedures have been gradually developed and adopted to suit the needs of the new entity. Many activities and functions are still to be established.

The Unit is undertaking a key role in establishing and forming a new client focused culture whilst managing a workforce that is transient in nature, acknowledging the large number of secondees within the Program Office helping implement the Corporate Services reform. The OSS comprises permanent employees and secondees who have a range of cultural differences and expectations and who come from over 35 different agencies within the public sector.

In addition to an establishment role, the Unit is also involved in the roll-in of the OSS as a client, into shared corporate services. The successful roll-in and subsequent evaluation of functionality of the business solution will also underpin the phased roll-in of other public sector agencies. In the next financial year (2006-07), the Unit's focus will be on the final establishment and consolidation of the internal operations of the OSS.

Finance

During the year the Finance Team has been involved in many regular tasks such as contract management, purchasing and corporate reporting as well as the transition of the financial system from the Department of the Premier and Cabinet's 'SUN system' to Oracle Financials.

Development of policies specific to the Office has been a priority and will continue in 2006-07 as the understanding of the business solution becomes clearer.

Human Resources

The OSS supports a learning culture within the organisation and encourages staff to undertake training that will enable them to make a greater contribution in the workplace and enhance their career development. The OSS is mindful of the positive impact training has on staff, their professional development and the delivery of services they provide to clients. The OSS has developed a study leave policy that encourages staff to utilise study leave for attendance at accredited courses.

The OSS is aware of the importance of maintaining a balanced lifestyle and encourages staff to participate in activities that contribute to their physical well-being. The recent refurbishment of the Mason Bird Building included the re-commissioning of an exercise/activities room that will be used for various staff activities.

Since 1 July 2005, a significant number of human resource policies have been formulated for the operations of the OSS. These policies include those specifically developed for the day-to-day operations of the OSS and those developed to focus on the health and wellbeing of the organisation and its employees. All policies and procedures have been made available to staff on the OSS Intranet site.

Administration

The administration area consists of reception, property management, purchasing, security and logistics. This has been a busy year with the appointment of staff and the moving to refurbished accommodation on Level 2 and 3 and ground Floors of the Mason Bird Building at Cannington. The lessee, as part of an incentive scheme, funded the fit-out of the accommodation.

During the year the development of waste recycling and sustainability plans commenced and these are likely to be completed in the near future.

Communications and Coordination

The OSS Communications Team, reporting directly to the Executive Director, has undertaken a range of corporate reporting, communications and strategic advice functions on behalf of the OSS.

Given the significance of the Corporate Services reform on the WA public sector, as well as other stakeholders, the accurate and timely dissemination of information on the progress of the project to all stakeholders has been an important task over the past year.

Regular reporting to Ministers, the Expenditure Review Committee, Director General of the Department of the Premier and Cabinet, the Under Treasurer and other key stakeholders has been a priority over the past year. In addition, briefings to key industry groups and other jurisdictions have been prepared and undertaken.

Corporate communications has encompassed a monthly newsletter publication disseminated across the sector, website development and maintenance, Fact Sheets and specialised Sector Updates.

The "OSS Sharing Corporate Services" newsletter keeps stakeholders fully informed of the progress of all aspects of the Shared Corporate Services reform. Over thirty previous editions are archived on the OSS website and span the period from early 2004 to the present.

Fact sheets have been produced by the Communications Team on an "as needs" basis, to convey to stakeholders an in-depth report or detail of a specific aspect of the reform. Again, these are archived on the OSS website, as well as being distributed to all agencies in an Information File.

Specific sector updates are released across the sector on behalf of the Executive Director, when it is necessary to communicate time critical information. These have included information regarding contracts, appointments and accommodation.

The OSS website, currently hosted by the Department of the Premier and Cabinet, is a critical resource in ensuring that information regarding the Shared Services Reform is effectively communicated to stakeholders as well as to other governmental and non-governmental institutions. The OSS Communications Team regularly addresses queries from national and international sources requesting further information about the reform.

The Transition / Roll-in Team has undertaken separate change management, engagement and communication activities targeting agency roll-in and transition needs and requirements.

6. OBLIGATORY REPORTING

Disability Access and Inclusion Plan

To assist in establishing and promoting the culture of the organisation and meeting diversity requirements, the Business Operations Unit will be progressing the development of management plans for disability access and inclusion, including other strategies that can be incorporated into existing business plans within the OSS during 2006-07. As this plan is under development, a transitionary arrangement is in place whereby the Office has adopted the disability access and inclusion plan from Department of the Premier and Cabinet as the employing authority.

It is noted however that the OSS has been proactive in this area through:

- The engagement of two sign language specialists in the delivery of a workshop session for agency personnel to accommodate the needs of attendees;
- A hands-on workshop and personal briefing was conducted following consultation with case managers and the major employing agencies for people with disabilities, in relation to the Recruitment, Selection and Appointment process undertaken for the OSS;
- The accommodation fit-out has been compliant with access regulations, including signage internally (brail) for visually impaired people; and
- Dissemination of external Newsletters in formats applicable for conversion for visually impaired people.

Cultural Diversity and Language Services

As a newly formed Office, the OSS is currently developing policies to support cultural diversity and language services, whereby language will not be a barrier to staff or customers of culturally and linguistically diverse backgrounds. These will be reviewed and implemented in 2006-07.

Currently the Language Services Policy adopted by the Department of the Premier and Cabinet includes indigenous languages, Australian Sign Language and migrant languages. The OSS has access to these services as an interim measure, however, the values of the OSS are an important foundation for this area.

Youth Outcomes

The OSS has employed approximately one quarter of its permanent workforce to date. The appointment of staff to permanent roles has been made from existing public sector employees who have been drawn from the pool recruitment process undertaken in 2005.

As the number of youth aged 25 and below was a relatively small field comparative to the whole pool recruitment process, a supplementary recruitment process was undertaken in late 2005 to attract university graduates to undertake roles in the Information, Communications and Technology fields.

It is proposed that the OSS will develop and implement a formal Graduate Development Program for 2006-07 and in addition will consider recruiting Trainees and Cadets through existing public sector traineeship programs.

Substantive Equality

The OSS is aware of the requirements and intent of the Premier's Circular relating to the Substantive Equality Framework. As the policy framework relates to preventing and eliminating any systemic racial discrimination in the provision of public sector services, the OSS Shared Service Centre will have a key role in this compliance aspect in the future.

Waste Paper Recycling

The Office contributes towards the State's waste management and recycling objectives by providing paper recycling bins in print rooms positioned in numerous locations throughout the office.

Energy Smart Government Policy

The OSS integrated energy efficient mechanisms into the accommodation fit-out of the Mason Bird Building in Cannington. In keeping with the Office's commitment to continuous improvement, the OSS will practice energy efficiency throughout the tenancy and in procuring equipment whenever it is cost effective to do so. The Office will work towards achieving the requirements of the Energy Smart Government Program through implementation of energy management projects. Current consumption levels will be monitored and target levels will be determined during 2006-07.

The WA government chose the current site of the OSS, the Mason Bird Building, from a number of properties that were available at the time. One of the reasons that the building was selected was the high level of environmental considerations that are apparent in its design, including the use of double-glazed windows, the optimisation of natural light and an open-plan design to reduce dependency on artificial lighting and air conditioning. The refurbishment that took place during 2005-06 capitalised on the environmentally sensitive design of the building.

The OSS were not occupying the Mason Bird Building during the baseline period and energy consumption levels were reported as part of the Department of the Premier and Cabinet's (Functional Review Implementation Team) in the 2004-05 Annual Report, however these figures have been extracted to represent OSS occupancy details.

Due to the current nature of the OSS, the energy consumption levels may not provide meaningful indicators until the building is fully occupied over consecutive years. Energy consumption, cost and performance indicators for 2004-05 and 2005-06 are shown below.

Energy Smart Government Program	2004-05	2005-06
Energy Consumption (GJ)	1,319	2,139
Energy Cost ($)	57,061	93,643
Area (sqm)	17,312	17,312
Occupants	178	331
MJ/sqm/annum	76	124
MJ/occupant/annum	7,410	6,462
Greenhouse Gas (tonnes CO2)	330	535

Regional Development

As a newly formed agency, the OSS is currently reviewing the potential impacts and issues regarding regional development, particularly in relation to regional clients of the Shared Service Centre.

A number of regional meetings are planned for 2006-07 and the Office will continue to work closely with the Department of Local Government and Regional Development in the delivery of shared corporate services to regional clients.

Evaluations

The *Public Sector Management Act 1994* Section 7(e) states that agencies should have as their goal a continual improvement in the efficiency and effectiveness of their performance and they should be administered with that goal always in view.

The Premier's Circular 2003/16 outlines that agencies are to use a strategic planning framework as an overall guide in relation to their strategic management activities, including: strategic, planning, budgeting, service delivery, ongoing performance monitoring, evaluation and reporting.

The Office is currently utilising the Australian Business Excellence Framework to develop a strategic framework, which will form the basis of administering the OSS' strong commitment to improved effectiveness and efficiency.

Information Statement

The OSS is currently developing its own Information Statement for use in 2006-07. No Freedom of Information applications were received in 2005-06.

Recordkeeping Plan

In November 2005 an initial draft OSS Recordkeeping Plan was submitted to the State Records Commission (SRC) and is considered to demonstrate progress towards compliance with the minimum requirements of SRC Standard 2. Further work is in progress to obtain clearance and approval of the Plan by the Commission, as well as preparation for the utilisation of two recordkeeping systems. Oracle will be used to transact with client agencies through web portal technologies and Hummingbird EDMS will be used internally to capture OSS agency information.

Transitional arrangements have also been put in place in accord with an endorsed Records Management Development Program that includes:
- Use of TRIM records management software through network connection to the Department of the Premier and Cabinet until the Hummingbird EDMS and Oracle software becomes available;
- The publication of Intranet newsletters concerning general record-keeping requirements, electronic recordkeeping and record-keeping obligations under the State Records Act;
- The communication of record-keeping obligations to all staff;
- Formulation and Executive endorsement of a range of information management policies;
- Adoption and implementation of "Keyword AAA" for records language control;

- Formulation of an OSS Retention & Disposal Schedule utilising the General Disposal Authorities published by the State Records Office;
- Purchase of records thesaurus software for formulation, creation and placement of the OSS File Classification Structure and Retention & Disposal Schedule online;
- Strategy planning for performance measurement, disaster recovery and business continuity;
- Needs analysis for induction training and software training, for system deployment both within OSS and for transacting with client agencies;
- Membership subscription to peak information bodies such as the Records Management Association of Australia and the Institute of Information Management in order to maintain best practice standards; and
- Establishment of a new OSS Information Management Program in compliance with government and industry standards such as SRC Standards 1 – 6 and AS ISO 15489.

Work is progressing to fill newly created positions within the permanent Information Management structure in preparation for the imminent "start up" of operations. A Scanning Software Solution for imaging mail is underway and mail room and storage facilities have also been established.

Advertising

In compliance with Section 175ZE of the *Electoral Act 1907,* the OSS is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Details are as follows:

Market Research	$ Nil
Polling	$ Nil
Advertising (non Salary Vacancies)	$ Nil
Direct mail organisations	$ Nil
Media advertising organisations	$ Nil

Sustainability

As a newly formed agency, the OSS is planning to develop a Sustainability Action Plan that will outline future commitments in accordance with the Sustainability Code of Practice. The accommodation has been fitted out with energy efficient mechanisms and the office currently participates in a paper recycling program and toner recycling program. Future sustainability initiatives will be developed and implemented in 2006-07.

Consistent with the requirements of the Western Australian State Sustainability Strategy, the OSS is working towards a Sustainability Action Plan for 2006-2007. The outcomes of this plan will further inform planning and decision-making through the principles of inclusiveness, engagement, collaboration and capacity building.

As discussed above, at an operational level the OSS actively pursues environmentally and economically sustainable activities through recycling programs and energy conservation.

Equal Employment Opportunity

The OSS currently has diversity processes and procedures in place as part of the recruitment, selection and appointment of staff to ensure a balanced and diverse workforce is recruited and all diversity groups are represented wherever possible within the organisation. Additional strategies to promote the OSS as the premier Shared Services Centre and employer of choice include family friendly policies and flexible work practices such as telecommuting and part-time work arrangements available to employees, are under development.

A number of policies have already been developed for the OSS including policies on discrimination, harassment and grievance procedures. The OSS will be providing training for Grievance and Contact Officers during 2006-07 to supplement the number of existing staff providing this service.

Corruption Prevention

In accordance with the Premier's circular entitled 'Corruption Prevention' issued on 31 March 2005, the Office has engaged in a number of risk management activities in the last twelve months as part a strategy to prevent/minimize the incidence of corruption and/or misconduct within the organisation. In addition a Risk Management Committee has been formed as part of governance processes and further risk management strategies will be put in place to reduce the risk of corruption.

Public Interest Disclosures

No public interest disclosures have been received by the OSS in the period 2005 – 2006. In accordance with Section 23 of the *Public Interest Disclosure Act*, the Executive Director will designate the occupant of a specified position to be the person responsible for receiving disclosures of public interest information and will provide protection from detrimental action to any employee of the OSS who makes an appropriate disclosure of public interest information. A Policy is currently under development.

Compliance with Written Laws

The Office of Shared Services complies with the following written laws:
* *Disability Services Act 1993*
* *Equal Opportunity Act 1984*
* *Financial Administration and Audit Act 1985*
* *Freedom of Information Act 1992*
* *Industrial Relations Act 1979*
* *Minimum Conditions for Employment Act 1993*
* *Occupational Safety and Health Act 1984*
* *Public Interest Disclosure Act 2003*
* *Public Sector Management Act 1994*
* *State Records Act 2000*
* *Workplace Agreement Act 1993*

In the financial administration of the Office, we have complied with the requirements of the *Financial Administration and Audit Act 1985* and every other relevant written law, and exercised controls which provide

reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

Staff Profile

As at 30 June 2006, the Office of Shared Services had 106 permanent employees, 49 female and 57 male. It is noted that a further 111 staff employees are working within the OSS Program Office, on secondment from other agencies or on contract, to support the implementation of the whole of government shared corporate services reform project.

The following table illustrates the gender representation on a sector and tenure basis:

OSS Employees			
	Total	Women	Men
Permanent Full-time	105	48	57
Permanent Part-time	1	1	0
Total	106	49	57
Project Team Employees / Secondees			
	Total	Women	Men
Permanent Full-time	107	39	68
Permanent Part-time	4	4	0
Total	111	43	68

Internal Audit

The Internal Audit Committee is under formation, with an external Chair being appointed. Ernst and Young have been appointed as Internal Auditors and have assisted the OSS prepare the Internal Audit Plan and Approach.

Corporate Governance

The OSS is committed to operating within a sound corporate governance framework and is in the process of developing a whole of organisation strategic plan, which will incorporate the corporate governance framework and future directions of the Office. The development of specific operational business unit plans is also in progress.

The OSS Shared Service Centre will also be establishing Service Level Agreements with each agency as part of the Whole of Government corporate services solution. A governance charter and framework has also been established for the Whole of Government Corporate Services Steering Committee. Clear statements of roles, responsibilities, and accountability have been established for the Client Management Council, Heads of Corporate Services, Whole of Government Corporate Services Steering Committee, and OSS Corporate Executive.

To facilitate good corporate governance, the OSS Executive has appointed various committees to expedite the affairs of the OSS. Some of the main committees are:

- OSS Executive;
- OSS Policy Committee which reviews new and existing policies and recommends approval to the OSS Executive;
- OSS Risk Management Committee;
- OSS Governance Committee; and
- Classifications Review Committee.

Other committees such as the Audit Committee and the Joint Consultative Committee are in the formation stages and will be in operation in the 2006-07 financial year.

Safety, Health and Welfare

During 2005-06 the OSS did not received any claims for workers' compensation and rehabilitation. The OSS will be developing an Occupational Safety and Health Policy and related strategies later in 2006, to ensure the safety of its employees.

To date, the OSS has provided staff with influenza vaccinations and access to eyesight screening in accordance with internal policies. The OSS will continue to develop further strategies such as First Aid Training and providing the services of a qualified Employee Assistance Program that includes counselling, training and assistance with performance management for the benefit of all managers and staff.

Declarations of Interest

At the date of reporting, other than normal contracts of employment services, no Senior Officers or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Office and Senior Officers.

Major Capital Projects

During 2005-06, the OSS continued to develop the Oracle business system which will be used to deliver shared corporate services to client agencies.

The project is planned to be completed in 2008-09 when the final agency is scheduled to commence receiving shared corporate services. The total capital cost of the project is estimated at $64 million and $44 million has been spent to 30 June 2006, leaving an estimate of $20 million to complete the project.

Publications

The following publications produced by the OSS are available on request or can be obtained via our website on www.oss.wa.gov.au ;

- Annual Report 2005 – 06;
- OSS Our Business Brochure; and
- Monthly OSS Newsletters.

Ministerial Directives

No ministerial directives were received during the financial year.

Compliance with Public Sector Standards and Ethical Codes

In line with requirements set out in the *Public Sector Management Act 1994,* policies, procedures and strategies have been designed to promote the values, culture and behaviours expected of the agency and its employees. To achieve this, a Code of Conduct was developed and a booklet distributed to all staff in early 2006.

The OSS Code of Conduct draws on the principles of natural justice, respect for persons and responsible care as part of the requirements related to the broader Public Sector Code of Ethics. The OSS Code of Conduct has been incorporated into the induction process provided to all new employees where they are reminded of their obligations and commitment to professional integrity and accountability when representing the OSS. The Code of Conduct has also been made available to staff on the OSS intranet.

The OSS has in place relevant policies and guidelines relating to the Public Sector Standards in Human Resource Management and has further reviewed these policies in line with changes to the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005,* introduced in September 2005.

To date, the OSS has employed approximately a quarter of its permanent workforce. Along with those staff recruited from pools which were quarantined 'at-level' within the public sector, the OSS has advertised a total of 77 permanent and temporary positions from 1 July 2005 to 1 May 2006. A total of 745 applications were received and of the successful applicants approximately 55% were male and 45% were female which at this early stage is a good representation of both genders.

A reflection of the strong recruitment practices and compliance with standards has resulted in nil breach claims being lodged against the Recruitment, Selection and Appointment Standard. In addition, no claims have been made against any other processes related to the Public Sector Standards in Human Resource Management.

Compliance with Public Sector Management Act 31(1)

1. In the administration of the Office of Shared Services, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.

2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in (1) is correct.

3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged   nil
Number of breaches found, including details
    of multiple breaches per applications   nil
Number still under review   nil

Ron Mance
Executive Director
25 September 2006

PERFORMANCE INDICATORS

Section 66(1)(b) of the *Financial Administration and Audit Act 1985* requires the Office of Shared Services (OSS) to prepare performance indicators in accordance with the provisions of Treasurer's Instruction 904 and Section 68 of the Act requires these indicators to be submitted to the Office of the Auditor General.

The OSS is limited to the extent that it is able to report on its performance for 2005-06 for the reasons outlined below.

The OSS was established on July 1, 2005. The desired outcome of the Office will be to deliver quality, value for money corporate services within a whole of government shared services framework.

During 2005-06, the OSS was primarily involved with building the Oracle Business System and establishing the Office in readiness to deliver corporate services to client agencies. The delivery of finance, human resource and payroll corporate services is scheduled to commence in late 2006 and will continue over the next two financial years when the last agencies are scheduled to commence receiving corporate services from the OSS.

Key effectiveness and efficiency indicators will be reported for the 2006-07 financial year.

RON MANCE

ACCOUNTABLE OFFICER

13 September 2006

8. FINANCIAL STATEMENTS 2005-06

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Office of Shared Services have been prepared in compliance with the provisions of the *Financial and Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

At the date of signing we are not aware of any circumstances, which would render the particulars included in the financial statements misleading or inaccurate.

Ron Mance

ACCOUNTABLE OFFICER

13 September 2006

O'Neill Fernandes

CHIEF FINANCIAL OFFICER

13 September 2006

AUDITOR **GENERAL**

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF SHARED SERVICES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion
In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Office of Shared Services at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions; and

(ii) the controls exercised by the Office provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Scope
The Executive Director is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Summary of Consolidated Fund Appropriations and Income Estimates, and the Notes to the Financial Statements.

Summary of my Role
As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

D D R PEARSON
AUDITOR GENERAL
25 September 2006

**OFFICE OF SHARED SERVICES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 ($'000)
COST OF SERVICES		
Expenses		
Employee benefits expense	7	5 093
Supplies and services	8	3 523
Depreciation and amortisation expense	9	239
Accommodation expenses	10	3 655
Other expenses	11	14
Total cost of services		12 524
Income		
Revenue		
Other revenue	12	119
Total revenue		119
Total income other than income from State Government		119
NET COST OF SERVICES	23(b)	12 405
INCOME FROM STATE GOVERNMENT		
Service Appropriation	13	14 192
Assets assumed / (transferred)	13	(45)
Liabilities assumed by the Treasurer	13	19
Total income from State Government		14 166
SURPLUS FOR THE PERIOD		1 761

OFFICE OF SHARED SERVICES
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 ($'000)
ASSETS		
Current Assets		
Cash and cash equivalents	14	816
Receivables	15	1 385
Amount receivable for services	16	884
Total Current Assets		3 085
Non-Current Assets		
Furniture, computers and office equipment	17	1 041
Intangible assets	18	42 823
Total Non-Current Assets		43 864
TOTAL ASSETS		46 949
LIABILITIES		
Current Liabilities		
Payables	19	78
Other liabilities	20	2 681
Provisions	21	1 887
Total Current Liabilities		4 646
Non-Current Liabilities		
Provisions	21	454
Total Non-Current Liabilities		454
TOTAL LIABILITIES		5 100
Net Assets		41 849
EQUITY		
Accumulated surplus	22	1 761
Contributed Equity	22	40 088
Total Equity		41 849
TOTAL LIABILITIES AND EQUITY		46 949

OFFICE OF SHARED SERVICES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 ($'000)
Balance of equity at start of period		0
CONTRIBUTED EQUITY		
Balance at start of period		0
Capital contribution		38 798
Other contributions by owners		5 534
Distribution to owners		(4 244)
Balance at end of period		40 088
ACCUMULATED SURPLUS (RETAINED EARNINGS)		
Balance at start of period		0
Surplus for the period	22	1 761
Balance at end of period		1 761
Balance of equity at end of period		41 849
Total Income and Expense for the period (a)		1 761

(a) The aggregate net amount attributable to each category of equity is: surplus $1 761 000.

OFFICE OF SHARED SERVICES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 ($'000)
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		13 308
Capital contribution		38 798
Cash assets transferred in from other sources		5 679
Cash assets transferred out to other agencies		(4 245)
Net cash provided by State Government		53 540
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(3 028)
Supplies and services		(1 069)
Superannuation		(210)
GST payments on purchases		(4 328)
GST payments to taxation authority		(211)
Other payments		(3 624)
Receipts		
GST receipts on sales		212
GST receipts on taxation authority		2 943
Other receipts		119
Net cash provided by/(used in) operating activities	23(b)	(9 196)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current physical assets		-
Purchase of non-current physical assets		(43 528)
Net cash provided by/(used in) investing activities		(43 528)
CASH AND CASH EQUVALENTS AT THE END OF THE PERIOD	14	816

OFFICE OF SHARED SERVICES
SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS
AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2006

	2006		
	Estimate ($'000)	Actual ($'000)	Variation ($'000)
Delivery of Services Item 8 Net Amount appropriated to deliver services	14 192	14 192	0
Total Appropriations provided to deliver services	14 192	14 192	0
Capital Item 127 Capital Contribution	38 798	38 798	0
GRAND TOTAL OF APPROPRIATION	**52 990**	**52 990**	**0**
DETAILS of Expenses by Service			
Service 1 - Project Management and Coordination of Shared Corporate Services Reform	14 192	12 524	1 668
Less total income	0	119	119
Net Cost of Services	**14 192**	**12 405**	**1 787**
Adjustments	0	1 787	-1 787
Total Appropriations Provided to Deliver Services	**14 192**	**14 192**	**0**
Capital Expenditure			
Purchase of Non Current Physical Assets	0	1 273	(1 273)
Purchase of Intangible Assets	38 798	42 255	(3 457)
Adjustment from Other Funding Sources Capital Contribution (Appropriation)	0	(4 730)	4 730
	38 798	38 798	0

1. Mission, Funding and Reporting Entity

The Office's mission is "by December 2008, the Office of Shared Services, (OSS) will be a viable Business Centre, delivering continually improving, responsive and customer-focused corporate services through our skilled and motivated people."

The Office was predominantly funded by Parliamentary appropriations.

The Office was established on 1 July 2005 pursuant to section 52(4) of the *Financial Administration and Audit Act*. Under this Act, the Treasurer has declared the Executive Director of the Office as the Accountable Officer.

2. First Time Adoption of Australian Equivalents to International Financial Reporting Standards

These are the Office's first published financial statements prepared under Australian equivalents to Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements.

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005.

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards' and 2005-3 'Amendments to Australian Accounting Standards (AASB 119)'; AASB 2005-4'Amendments to Australian Accounting Standard (AASB 139, AASB 132, AASB 1,AASB 1023 & AASB 1038)' and AASB 2005-6 'Amendments to Australian Accounting Standards (AASB 3)' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

3. Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the Office's financial statements.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording.

The *Financial Administration and Audit Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modifications are required and have material or significant effect upon the reported results, details of that modification and the resulting effect are to be disclosed in the notes to the financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 (Financial Reporting for Government Departments) on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which will be measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000).

(a) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 22 "Equity".

(b) Income

Revenue is measured at the fair value of consideration received and receivable. Revenue is recognised for the major business activity as follows:

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into

the Office's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 10 'Income from State Government' for further detail.

Net Appropriation Determination
The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Office. The Office retained $119 000 from the following:
- Sale of services; and
- other Office revenue.

(c) Plant, Equipment, Furniture, Computers and Office Equipment

Capitalisation/Expensing of assets
Items of plant and equipment costing over $5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than $5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement
All items of property, plant and equipment are initially recognised at cost.

Depreciation
Depreciation was calculated on the straight line basis, using rates which are reviewed annually or as set in the terms of the contract. Expected useful lives for each class of depreciable asset were:
- Furniture and Fittings   10 years
- Computer Equipment   3 years
- Office Equipment   3 years

(d) Intangible Assets

Capitalisation/Expensing of assets
Acquisitions of intangible assets costing over $5,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Office have a finite useful life and zero residual value. The expected useful life for intangible assets is:
- Major Software 10 years
- Minor Software 3 years

(e) Impairment of Assets

Plant, equipment and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated.

(f) Financial Instruments

The Office has two categories of financial instrument:
- Loans and receivables (cash and cash equivalents, receivables); and
- Non-trading financial liabilities (payables).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method. The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(g) Leases

The Office currently has no rights or obligations under any finance leases, which are leases that effectively transfer to the Office substantially all of the risks and benefits incidental to ownership of the leased items, these are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments.

The Office had entered into a number of operating lease arrangements for buildings and motor vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash includes cash and cash equivalents. These include cash on hand and short term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(i) Accrued Salaries

Accrued salaries (refer note 20) represents the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end.

(j) Amounts Receivable for Services (Holding Account)

The Office receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services.

The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash

funding requirement to cover items such as leave entitlements and asset replacement.

(k) Receivables

Receivables are recognised at the amounts receivable, as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful debts is raised where some doubts as to collection exist.

(l) Payables

Payables, including accruals not yet billed, are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date. See note 21 'Provisions'.

(i) Provisions - Employee Benefits

Annual and Long Service Leave
The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. All annual leave and unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Office has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

Employees who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share. See also note 3 (n) Superannuation Expense.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 11 'Other Expenses' and note 21 'Provisions'.

(n) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 3(m)(i)), a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 13 'Income from State Government'. The superannuation expense does not include payment of pensions to

retirees, as this does not constitute part of the cost of services provided in the current year.

Defined contribution plans - in order to reflect the Office's true cost of services, the Office is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund. The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(o) Resources received free of charge or for nominal value

Resources received free of charge or for nominal value that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(p) Comparative Figures

The Office began operations on 1 July 2005 and accordingly there are no comparative figures.

4. Judgements made by management in applying accounting policies.

Judgements made in applying accounting policies do not have a significant effect.

5. Key sources of estimation uncertainty.

No key sources of estimation uncertainty have a significant effect.

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard
No initial application of Accounting Standards has had an effect on the current period, that is impactable to determine the amount of the adjustment.

Voluntary changes in Accounting Policy
There were no voluntary changes in Accounting policies.

Future impact of Australian Accounting Standards not yet operative
The Office cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Office has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective.

These will be applied from their application date:

(1) AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038)'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

(2) AASB 2005-9 'Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 & AASB 132)' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Office does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

(3) UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Office has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

(4) UIG Interpretation 9 "Reassessment of Embedded Derivatives". This Interpretation clarifies the circumstances that require an entity to assess whether an embedded derivative contained in a host contract is required to be separated from the host contract and accounted for as a derivative under AASB 139. The Office has not identified any embedded derivatives resulting in no impact when the Interpretation is first applied.

The Interpretation is required to be applied to annual reporting periods beginning on or after 1 June 2006.

The following amendments are not applicable to the Office, as they will have no impact:

AASB Amendment	Affected Standards
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards (AASB 1 & AASB 139)'
2006-1	AASB 121 (Net Investment in foreign operations)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.

UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.'	
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.	
UIG 8	Scope of AASB2	

Changes in Accounting Standards

There were no changes in Accounting Estimates.

7. Employee Benefits Expenses

Salaries (a)	3 196
Superannuation - Defined Contribution Plan (b)	428
- Defined Benefits Plan (c) (d)	19
Annual Leave (e)	367
Long Service Leave (e)	1 070
Other related expenses	13
	5 093

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State and Gold State (contributions paid).

(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

(d) An equivalent notional income is also recognised (see note 21 Income from State Government).

(e) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'. The employment on-costs liability is included at note 21 'Provisions'.

8. Supplies and Services

Communications	46
Consultants and Contractors	458
Motor Vehicle Lease	53
Consumables	2 889
Other	77
	3 523

9. Depreciation and Amortisation Expenses

Depreciation	
Computer Hardware	40
Furniture and Fittings	146
Office Equipment	47
Amortisation	6
Intangible Assets	**239**

10. Accommodation Expenses

Lease rentals	3 623
Electricity, Gas, Water	32
	3 655

	2006 ($'000)
11. Other Expenses	
Employment On-costs	11
Other expenses	3
	14
12. Other Revenue	
Government Vehicle Scheme	36
Other	83
	119
13. Income from State Government	
Service Appropriation (a)	14 192
Liability assumed by Treasurer	
Superannuation (b)	19
Assets assumed/transferred (c) (d)	(45)
	14 166

Determined on the following estimates provided by agencies:

(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. (The notional superannuation expense is disclosed at note 7 'Employee Benefits Expense').

(c) Where the Treasurer or other entity has assumed a liability, the Office recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 nondiscretionary non-reciprocal transfers of net assets (ie restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity. Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government.

(d) The Assets assumed/transferred were computer switches and a PABX.

		2006 ($'000)

14. Cash and Cash Equivalents

Cash on hand	1
Operating Account	815
	816

15. Receivables

Current	
GST Receivable	1 385
	1 385

16. Amounts Receivable for Services

Current	884
	884

Represents the non-cash component of service appropriations. See note 3(j) 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

17. Furniture, Computers and Office Equipment

(a) Furniture and Fittings

At Cost	284
Accumulated Depreciation	(146)
	138

Computer Equipment

At Cost	151
Accumulated Depreciation	(40)
	111

Office Equipment

At Cost	839
Accumulated Depreciation	(47)
	792

Total Furniture, Computers and Office Equipment	
	1 041

(b) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below:

2006	Office Equipment $'000	Computer Equipment $'000	Furniture $'000	Total $'000
Amount at start of year	0	0	0	-
Additions	839	151	284	1 274
Disposals	0	0	0	-
Depreciation	(47)	(40)	(146)	(233)
Accumulated depreciation	0	0	0	-
Carrying Amount at End of Year	**792**	**111**	**138**	**1 041**

	2006 ($'000)

18. Intangible Assets

(a) Intangible Assets
At cost — 42 829
Accumulated depreciation — (6)
42 823

(b) Reconciliations
Reconciliations of the carrying amounts of property, plant, equipment and infrastructure at the beginning and end of the current and previous financial year are set out below.

2006	Licences $'000	Software $'000	Total $'000
Carrying amount at start of the year	0	0	-
Additions	0	42 829	42 829
Disposals	0	0	-
Amortisation	0	(6)	(6)
Accumulated depreciation	0	0	-
Carrying amount at the end of the year	**0**	**42 823**	**42 823**

19. Payables

Trade Payables — 78
78

20. Other Liabilities

Current
Accrued Salaries — 737
Accrued Expenses — 1 944
2 681

21. Provisions

Current
Employee Benefits Provision
  Annual leave (a) — 888
  Long Service Leave (b) — 990
1 878

Other provision
  Employment on-costs — 9
1 887

Non Current
Employee Benefits Provision
  Long Service Leave (b) — 451

Other Provision
  Employment On-costs (c) — 3
454

2 341

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	888
More than 12 months after reporting date	0
	888

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	990
More than 12 months after reporting date	451
	1 441

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in note 11 'Other expenses'.

Employment On-Cost provision	
Carrying amount at start of year	0
Additional programs recognised	12
Carrying amount at start of year	12

22. Equity

Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community.

Contributed Equity	
Balance at the start of the year	0
Contribution by Owner	
Capital contribution	38 798
Transfer of net assets from Other agencies	
Department of the Premier and Cabinet	1 284
Department of Treasury and Finance	4 000
Office of e-Government	250
Total Contribution by Owner	44 332
Distribution to Owner	
Transfer of net asset to other agencies	6
Department of Education and Training	(762)
Department of Health	(3 482)
Total Distribution by owner	(4 244)
Balance at the end of the year	**40 088**

	2006 ($'000)
Accumulated surplus / Deficit (Retained Earnings)	
Balance at the start of the year	0
Result for the period	1 761
Balance at the end of the year	1 761

23. Notes to the of Cash Flow Statement

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the of Cash Flow Statement is reconciled to the related item in the Balance Sheet as shown:

Cash Assets (see also Note 14)	**816**

(b) Reconciliation of net cost of services to net cash flows provided by / (used in) operating activities

Net cost of services	(12 405)
Non cash items:	
Depreciation expense	239
Superannuation expense	19
Write off of property	4
Other	(767)
(Increase) / decrease in assets:	
Current receivables	0
Increase / (decrease) in liabilities:	
Current payable	78
Provisions - current	1 887
- non-current	454
Other liabilities	2 681
Net GST receipts / (payments)	(1 385)
Change in GST receipts / (payments)	0
Net cash used in operating activities	**(9 196)**

24. Commitments for Expenditure

Lease commitments

Commitments in relation for leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within 1 year	3 224
Later than 1 year and not later than 5 years	13 636
Later than 5 years	34 613
	51 473
Represented by:	
Non Cancellable operating leases	**51 473**

The property lease is a non-cancellable lease with a 12-year term,
with rent payable monthly in advance. The Office also leases motor
vehicles with terms ranging from 2 to 3 years which are also non-cancellable.

25. Remuneration of Senior Officers

Remuneration
The number of senior officers whose total of fees, salaries, superannuation
and other benefits for the financial year fall within the following bands are:

$	2006
20 001 – 30 000	1
100 001 – 110 000	1
110 001 – 120 000	3
130 001 – 140 000	2

The total remuneration of senior officers is: 761

The total remuneration includes the superannuation expense incurred
by the Office in respect of senior officers.

No senior officers are member of the Pension Scheme.

26. Financial Instruments

(a) Financial Risk Management Objectives and Policies
Financial instruments held by the Office are cash and cash equivalents, finance leases,
Treasurer's advances and receivables and payables. The Office has limited exposure to
financial risks. The Office's overall risk management program focuses on managing the risks
identified below.

Credit risk
The Office trades only with recognised, creditworthy third parties. The Office has policies in
place to ensure that sales of products and services are made to customers with an
appropriate credit history. In addition, receivable balances are monitored on an ongoing
basis with the result that the Office's exposure to bad debts is minimal. There are no
significant concentrations of credit risk.

Liquidity risk
The Office has appropriate procedures to manage cash flows including drawdowns of
appropriations by monitoring forecast cash flows to ensure that sufficient funds are
available to meet its commitments.

Cash flow interest rate risk
The Office is not exposed to interest rate risk because cash and cash equivalents and
restricted cash are non-interest bearing and have no borrowings.

(b) Financial Instrument disclosures
Financial instrument information for the year ended 2005 has been prepared under the
previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of
Financial Instruments'. Financial instrument information from 1 July 2005 has been
prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial
Instruments: Recognition and Measurement'. See also note 3(p) 'Comparative figures'.

Interest rate risk exposure

The following table details the Office's exposure to interest rate risk as at the operating date:

Financial instruments	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate Maturity			Non interest Bearing	Total
			Less than 1 year	1 to 5 years	Over 5 years		
2006	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and cash equivalents						816	816
Receivables						1 385	1 385
Amounts receivable for services						884	884
Total financial assets						3 085	3 085
Financial Liabilities							
Payables						78	78
Total financial liabilities						78	78

(c) Fair Values
The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 3 to the financial statements.

27. Trust Funds
As at the reporting date, the Office did not hold any trust monies.

28. Contingent Liabilities
As at the reporting date, the Office is not aware of any contingent liabilities that will materially affect its position.

29. Affiliated and Related Bodies
As at the reporting date, the Office did not have any Related or Affiliated bodies.

30. Events Occurring after Balance Date
There have been no significant events after the balance date that affect these financial statements.

31. Supplementary Financial Information

(a) Write offs:

During the reporting period, nothing was written off the Office's asset register under the authority of:

- The Accountable Officer   4
- The Minister   0
- Executive Council   0

(b) Losses through theft, defaults and other causes:

- During the year, no losses of public monies through theft or default occurred.

(c) Gifts of Public Property

- No gifts of public property were provided by the Office.

32. Explanatory Statements

The Office was established on 1 July 2005, there are no significant variances between the estimates and the actuals.

33. Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows;

Auditing the accounts and financial statements.   36