



# Government Secrecy surrounds end to \$210m project 'Shared services' given boot

**Noel Towell**  
Chief Public Service Reporter

The Coalition government has quietly abandoned its Abbott-era "Shared Services Centre" white elephant after sinking more than \$210 million of taxpayers' money into the failed project.

But government departments are keeping secret the full scale of the debacle. Hundreds of public servants working at the SCC have been quietly sent back to their departments or moved to the Finance Department and the centre's functions taken over by the Employment and Education departments.

The centre was established by the Abbott government in 2014, following the recommendations of Tony Shepherd's Commission of Audit and by early 2015 it had 600 public servants, bigger than some departments, and had taken over "backroom functions" from 11 departments and agencies.

But there were problems from the start, highlighted in an Audit Office report from 2016 that showed the centre was charging three times as much to provide some payroll services than the best-performing departments.

The "in-sourcing" of the Prime Minister's department's wages system descended into farce when the

Shared Services Centre had to call in private sector contractors to manage the handover.

A review into the centre, undertaken by the Finance Department in late 2015 is understood to have uncovered even more embarrassing details but the increasingly secretive central agency has blocked a Freedom of Information request to release the document.

The Audit Office noted that the government had plenty of lessons to draw upon, from around Australia and overseas, when it launched its shared services drive. "Various reviews of these arrangements have indicated that their performance has been mixed and that for the most part, the anticipated benefits and outcomes have not been achieved," the auditors wrote.

Former Public Service Commissioner Andrew Podger said he was "not surprised" by the apparent demise of the centre and said the government had plenty of warning of the perils of shared services.

The West Australian government finally axed its plan to roll corporate services into one department, at a cost to the state's taxpayers of at least \$460 million, in 2011, describing the affair as the

"one of the greatest bumbles of public administration in WA".

Queensland's Shared Services Initiative, launched in 2003, led that state into the IBM payroll catastrophe that has now cost the state's taxpayers at least \$1 billion.

But the federal government still insists shared services can deliver

big savings and is now pinning its hopes on six "corporate service hubs" with an ambitious agenda to cover more than 140,000 public servants within four years.

The departments of Education and Employment, which jointly ran the centre, say the SSC cost about \$70 million annually to run but the centre's financial statements are not publicly disclosed. The SCC disclosed its costs to the Audit Office in the financial year 2015-2016 alone as \$120 million.

The departments confirmed to Fairfax that the remaining 511 public servants working at the SCC had either been absorbed into Employment or Education or had moved to the Finance Department.

## Senate F&PA Committee

### Tabled Document

Inquiry: Budget Estimates 2017-18

Date/Time: 25/5/17

Witness Name Senator Paterson

Organisation: .....